

**FACTORS THAT INFLUENCE NEW PRODUCT
DEVELOPMENT DECISIONS IN THE TEXTBOOK
PUBLISHING INDUSTRY:**

The case study of the Kenya Literature Bureau

By

BABU MICHAEL HAMISI

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School of Business,

University of Nairobi

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DECLARATION

I declare that this report is my original work and has not been submitted to any other college or university for academic credit.

Signature..... Date.....

Babu Michael Hamisi

D61/7140/2006

This research project was submitted for examination with my approval as the university's supervisor.

Signature..... Date.....

Prof. Francis Kibera

Supervisor

DEDICATION

To my son Jamal, with gratitude.

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This research would not be possible without the support of so many people.

I wish to express my sincere gratitude to my family, Kendi and Jamal for support and encouragement throughout my studies.

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“Thanks to you all and God bless!”

ABBREVIATIONS

EAC	East African Community
EAU	East Africa Union
ECDE	Early Childhood Development Education
EAEP	East African Educational Publishers
EALB	East African Literature Bureau
FPE	Free Primary Education
FSE	Free Secondary Education
GOK	Government of Kenya
ICTs	Information and Communication Technologies
JKF	Jomo Kenyatta Foundation
KIE	Kenya Institute of Education
KBA	Kenya Booksellers Association
KESSP	Kenya Education Sector Support Programme
KLB	Kenya Literature Bureau
KSES	Kenya School Equipment Scheme
KOPIKEN	Reproductive Rights Society of Kenya
KPA	Kenya Publishers Association
MOE	Ministry of Education
NIBF	Nairobi International Book Fair
SAPs	Structural Adjustment Programmes
UAP	Oxford University Press

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ABSTRACT

This study investigated the factors that influence new product development (NPD) decisions in the textbook publishing industry with special reference to Kenya Literature Bureau (KLB), a governmental profit-oriented institution.

The problem statement revealed that several factors influenced new product development decisions in the textbook publishing industry. The study was exploratory in nature and used case study research design to establish factors that influence new product development. To investigate these factors and their degree of influence, the researcher administered a total of 50 questionnaires to KLB staff after which the information extracted. Data was analyzed using the Statistical packages for social sciences (SPSS) software and presentations were done using tables and pie charts where appropriate.

The research results revealed a number of factors that not only influence new product development in government publishing institutions but also in other publishing firms. Such factors as governmental policies, technological advancement, frequent review of curricula and changes in readership patterns were found to have significant influence on new product development in text book publishing.

Consequently, this study has made several recommendations about managing such factors to stakeholders and researchers based on the findings of the study. This report shows a need for review of governmental policies to streamline text book publishing in Kenya to meet market needs. If publishers were allowed to research and develop new textbooks to meet advanced market needs without having to rush to revise their books to fit government requirements in syllabus review, students would be kept abreast with the today's advancements in education.

CHAPTER ONE

INTRODUCTION

1.1: Background of the study

The global market today is highly competitive and dynamic and so many companies are seeking opportunities to grow, to remain competitive and to meet changing business conditions. The liberalization of textbook market through private sector participation gave schools and parents the freedom to choose the books to be used in their schools. The intensity of marketing to schools and parents has been stepped up by publishers if they are to succeed in the more competitive market. The need for this research therefore arose from the realization that marketing of textbook products is currently faced with various challenges, key among them are challenges in new product development. This research focuses on factors that influence new product development decisions in the textbook publishing industry, a case study of a government owned publisher under the Ministry of Education.

This chapter presents an overview of new product development (NPD), publishing and the structure of publishing industry in Kenya, the Kenya Literature Bureau, the Kenyan government policies on textbook publishing industry, the statement, the objectives, the significance and scope of the study.

1.1.1: The Concept of new product development (NPD)

Product development is a broad field of endeavour dealing with the design, creation, and marketing of new products. Sometimes referred to as new product development (NPD), the discipline focuses on developing systematic methods for guiding all the processes involved in getting a new product to the market. Kotler et al (1996) argues that new products include original products, product improvements, product modifications and new brands that the business develops through its own research and development efforts.

The process of NPD is crucial within any organisation. Products go through the stages of their lifecycle and will eventually have to be replaced. Intense competition, short product and technology lifecycles, unpredictable consumer buying patterns and possible market

stagnation makes new product development a critical activity in most businesses. Faced with an increasingly volatile environment, characterized by shorter product life cycles, heightened competition from home and abroad, maturing and flat markets and the rapid pace of technological developments, companies are in a position where NPD is no longer a strategic option, but a necessity (Kotler, 1988). New products provide organisations with growth opportunities that allow them to strengthen their market position. Companies typically see new product development as the first stage in generating and commercializing new products within the overall strategic process of product life cycle management used to maintain or grow their market share. Improving and updating product lines is crucial for the success for any organisation. Failure for an organisation to change could result in a decline in sales and with competitors racing ahead.

Other reasons for new product development include spare resources by the firm, existing product aging that need replacing, diversification, move to new raw materials by the firm. Profits attraction or sales motive, need to stimulate distribution channels and need to lower overheads or sales force cost thus steal on competition may add to the reasons. NPD process characterizes itself is an integration between marketing, research and development or engineering and manufacturing.

1.1.2: The concept of publishing

According to Wikipedia, Publishing is the process concerned with the production of literature or information, the activity of making information available for public view. Traditionally, the term refers to the distribution of printed works such as books and newspapers. With the advent of digital information systems and the Internet, the scope of publishing has expanded to include Websites, blogs and other forms of new media. Publishing includes the stages of development, acquisition, copy editing, graphic design, production/printing, marketing and distribution of the printed works.

Publishing has evolved from small, ancient and religion-bound origins into a vast industry that disseminates every kind of information. In ancient civilizations, everything that could be written on including stone, tree bark and metal sheets were used for writing. Alphabetic writing emerged in Egypt about 5,000 years ago. The ancient Egyptians would often write on papyrus. The fall of the Roman Empire in the 5th century A.D. saw the decline of the culture of ancient Rome. Papyrus became difficult to obtain due to lack of contact with Egypt, thus

parchment became the main writing material. The book covers were made of wood and covered with leather. Before the invention and adoption of the printing press, almost all books were copied by hand, which made books very expensive and rare. The Arabs revolutionized books production and binding. They were the first to produce paper books after they learnt papermaking from the Chinese in the 8th century. Woodblock printing originated in China in the Han dynasty, as a method of printing on textiles was later used to print on paper.

After the paper technology reached the West from China in the 11th century, the central innovation in Western publishing was from Johannes Gutenberg. Gutenberg's invented the use of movable metal types, assembled into words, lines, and pages and then printed by letterpress (Feather 1988). Today, majority of books are printed by offset lithography. Chakava, (1998) expounds that publishing is a component of the book industry where other players include authors, printers, booksellers, distributors and librarians.

1.1.3: The structure of the publishing industry in Kenya

Book publishing in Kenya can be traced back to 1894 when the Church Missionary Society set bases in Kenya. The books were mainly religious literature consisting of the bible and hymn books, which were later translated into local languages. The first state publisher may have been the Government Printer in 1899, which basically produced government reports, notices and other literatures. In 1945, small nationalist printers such as Henry Muoria printed political documents. This was in order to offer the people of Africa an alternative to that which was made available to them by the missionary presses. At this time there was little material being published to aid cultural development.

After World War II, the East African Literature Bureau (EALB) now the Kenya Literature Bureau was born in 1947 after the demands of war veterans for appropriate reading materials to support their newly acquired literacy. The East African High Commission set up the EALB due to a call from Kenyans for indigenously published African reading material. In 1948 Longman (now the Longhorn), Oxford University Press (OUP), and the East African Literature Bureau (EALB) were the three main publishers. However, Longman and OUP did not publish in Kenya but sent quality manuscripts to London for publishing.

Although Kenya achieved independence in 1963, it was not until 1965 that the East African Institute of Social and Cultural Affairs established the first indigenous publisher, the East African Publishing House. The aim of this institute was to aid cultural development by producing a journal that contained East African's opinions on many areas of life in their society. It is apparent that at this time there was a great demand for indigenous publishers to publish African works and therefore new publishers came up.

In 1964 education was acknowledged as the key to national development (Makotsi et al, 1997). Due to changes in the governing structures, the task of creating new syllabi was that of the newly established Kenyan Institute of Education (KIE). At this time the Jomo Kenyatta Foundation (JKF) was also established in order to publish various subject materials for the KIE.

Within five years after independence Kenya had nine publishing houses but most of them were multinationals. Apart from printing most of the publishing tasks were done abroad. It has been noted that these companies managed to get along amicably with each other. By 1973 rivalry developed between foreign and indigenous publishers and the closure of the border between Kenya and Tanzania in 1977 added to the problems as Kenya lost most of its export trade. By the 1980's the situation was steadily improving in Kenya as the East African Publishing House became more successful in its production of children's books and adult readers. Between 1977-1997, the number of publishing houses in Kenya increased by 60%, of which 95% were indigenous by nature (Makotsi et al, 1997).

Currently the structure of the textbook publishing industry in Kenya is divided into state owned, foreign owned and local indigenous investors/ publishers. Government owned publishers include Kenya Literature Bureau (KLB), Jomo Kenyatta Foundation (JKF) and the University of Nairobi (UON) press. Macmillan was one of the last survivors in an industry that is being taken over by indigenous investors as they edge out foreign -based firms. Macmillan has therefore joined Thomas Nelson, Heinemann, and Longman—the foreign book publishing houses that have sold off their local operations to Kenyan investors, most of whom were their former employees.

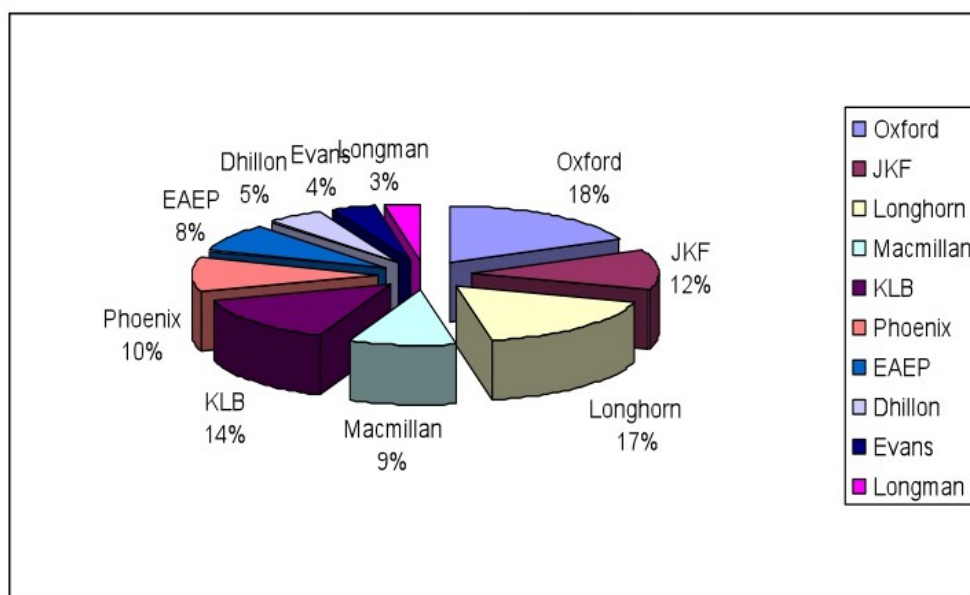
In 1992, Henry Chakava and a few other Kenyans completed the purchase of Heinemann Educational Books and changed its name to East African Educational Publishers (EAEP). Another investor is Francis Thumbi Nyamu, who owns Longhorn publishers after a group of

locals broke off from Longman Publishers in 1990s. Moran Publishers (formerly Macmillan), is now owned by local entrepreneur David Muita. The string of buyouts has left the UK-based Oxford University Press (OUP) as the only firm fully owned by foreigners in Kenya.

Kenya Publishers' Association (KPA) is the umbrella body for book publishers in Kenya. This association encourages the widest possible spread of printed books throughout Kenya and beyond. Apart from promoting and protecting by all lawful means the interests of the publishing industry in Kenya, the association also seeks to protect its members by dealing collectively with problems that affect the Kenyan publishing industry. Currently KPA has 34 members.

Figure 1 depicts market share in percentages of different Kenyan textbook publishers.

Figure 1: Market share of Kenyan textbook publishers.



Source: KLB Strategic Plan 2010-2014, Marketing Department.

1.1.4: The Kenya Literature Bureau

The Kenya Literature Bureau (KLB) is a government owned corporation. It was established in 1980 by an Act of Parliament, Chapter 209 of the Laws of Kenya. It took over the functions of the former East African Literature Bureau. KLB together with JKF specialized in the publishing of school textbooks and thus became the publishing arm of Kenya Institute of Education (KIE).

KLB was mandated to publish, print and distribute a variety of books, periodicals, journals and magazines. It promotes the production of low cost adult literacy, educational, cultural and scientific literature material, which it distributes throughout Kenya. It also promotes and encourages Kenyan authors through financial incentives. To date the bureau has published over 800 titles in all subjects for local and international markets. It has over 120 titles for primary school textbooks and over 300 titles for secondary and tertiary education.

At 14% market share, educators rate KLB third after OUP and Longhorn (KLB Strategic Plan 2010-2014). The Kenyan textbook industry has reached maturity stage due to free primary education (FPE) and free day secondary education (FSE) funding. As a brand KLB has reached maturity. Apart from the pre-school and secondary school titles, most KLB products have reached maturity. The textbook industry is now clearly defined: Market leaders, challengers, followers and niches have marked territories. Prospects for phenomenal growth are limited.

1.1.5: Government policies on textbook publishing

A number of commissions have been set up to review Kenya's education system since independence in 1963. The first commission was established in 1964 and was aimed at reviewing the whole education system. Ominde (1964), Ndegwa (1971), Gachathi (1976), Mackay (1981), Kariithi (1983) were chairs. Another commission was the presidential working party on education and manpower training for the next decade and beyond in 1988. These commissions have influenced the education policies and practices in Kenya. The Gachathi report (1976) led to the recommendation that school textbooks be published and printed centrally by the JKF.

The colonial government had set up District Education Boards (DEBs). The DEBs were responsible for book provision to schools. The Ministry of Education (MOE) instead of coming in as a referee it came in as a player. The ministry started the centralised supply of books to schools via the Kenya School Equipment Scheme (KSES). KSES generated order lists, which it distributed to schools via the DEBs. Schools then selected the books they wanted from these lists and the KSES supplied them with the titles requested (Muita, 1998). A book on the list brought in huge orders, hence large print-runs and low unit prices. On the downside, it set precedence for massive corruption as publishers clamoured to have their books in the order lists (Chakava, 2006).

The Mackay Commission (1981) came out with recommendations to overhaul the entire education system introducing the 8-4-4 system of education (Rotich, 2004). This sudden change of policy resulted in the MOE mandating the KIE to write books. These books were ultimately to become the official textbooks for schools. Books from private publishers were relegated to supplementary material or teacher reference.

In 1995/6, the Netherlands Government agreed to finance a pilot project to test textbook supply. This pilot project is what formed the basis of the National Policy on Textbooks Publication, Procurement and Supply. The Ministry's major roles were to be advisory and supervisory. The Ministry was to produce and issue a list of six recommended titles per subject annually. This marked the stiff competition among publishers each fighting to get as many books as possible to be approved by KIE in the orange book, which is a special catalogue of books by KIE after evaluation.

Makotsi and Nyariki (1997) showed the importance of creating a national book policy, which would coordinate and oversee all of the activities of book publishing. The policy would govern the creation (authorship), production (publishing), and promotion of books. To support a coordinated approach to ICTs in education, Ministry of Education (MOE) has a policy for the adoption of the draft National ICT Policy to ensure a consistent framework is utilised for ICTs in education activities.

Early 2011, KIE suggested that textbooks for subjects like science, history and government be submitted in Kiswahili following constitutional declaration that Kiswahili is now both official and national. Publishers turned down a plea by KIE to submit textbooks in Kiswahili and vernacular citing lack of stock of works in Kiswahili, and poor sales for vernacular text (Daily Nation, 7th February 2011). There is an existing government policy on teaching of mother tongue to lower primary schools. The policy states that mother tongue promotes knowledge acquisition in early stages of education especially in rural settings where majority of Kenya's schools are located. The Ministry for National Heritage and Culture has taken a task to promote indigenous languages through activities that promote local authorship and local content material with a view of promoting reading culture.

Government policies to date continue to be a determinant of new product development in the publishing industry. MOE recently declared that it was going to regulate the purchase of books to schools after four years, which led to an outcry from the publishers. A row broke

out in early 2010 between textbook publishers and the government over two reports critical of the 8-4-4 education system. The reports said some of the books in the market had massive errors, implying a shoddy job by publishers. Therefore, KIE said it could venture into textbook publishing. KPA did reject the reports saying KIE were the ones that evaluated and approved books so they should explain how substandard materials got into the market (Ngujiri, 2010). The suggestion that MOE be allowed to develop instructional materials was an attempt at taking our country back to the days of monopoly in book development by institutionalising publishing by the state (Karimi, 2008).

1.2: Statement of the problem

The liberalization of the Kenyan economy in the mid-1980s and thereafter greatly changed the operations of the Kenyan publishing sector. The Structural Adjustment Programmes (SAPs) fronted by the IMF/World Bank resulted in reduction of government spending in the educational sector. Thus the Government of Kenya (GOK) abolished provision of free textbooks to schools. The textbook market liberalization made the Kenya Institute of Education (KIE) to concentrate on vetting and evaluation of textbooks since it would no longer be involved in textbook writing (Rotich, 2004).

Hitherto state publishers were made to learn to compete with private sector publishers on equal terms. This meant that their products were no longer guaranteed of sale. They were to embark on strategies to author quality books and market them to all the regions in Kenya. This entailed massive investments in training of editors in curriculum interpretation, sales team on sales and marketing, and elaborate supply mechanism.

KLB continues to experience challenges in new product development as it makes its publications available to the market. Its product development cycle takes too long to fruition. The response of the organisation on new product development ideas lags so that by the time it is realized, the competitor has already taken up the business opportunity.

The Ministry of Education (MOE) through KIE took the role of maintenance of standards by vetting textbooks to be recommended for use in Kenyan schools. Once the recommended list is compiled it is published in what is known as the Orange Book (Chakava, 1996). Teachers are restricted when undertaking book purchases for public schools to follow the Orange Book. These developments meant that KLB had to change from the way it undertook

business. It had to develop new products, have them vetted and approved. Furthermore, the organization had to undertake aggressive marketing and sales promotions across the country.

KLB operates under the State Corporation Act, Chapter 446. Therefore it has to subject its investment decisions for approval by the parent ministry. The technological shift in book publishing has meant that the organization has to invest in both hardware and staff training. Investment beyond a certain amount of money has to be sanctioned by the ministry of finance/treasury. The act incorporating KLB restricts its access to East Africa union (EAU) markets. This has to be revised through a bill in Parliament to extend its mandate to cover external markets. The time taken to seek approval and justify investment decisions in both new products and technological changes, all conspire to affect overall response to new product development. This means KLB response to market needs are hampered.

Since the educational publishing market is directly linked to the educational institutions as its market, government policies on education also affect the growth of the publishing industry (Rotich, 2004). This study therefore seeks to investigate the changing factors in the textbook publishing industry in Kenya, and its influence on new product development by KLB.

1.2.1: Research questions

The research sought to answer the following questions;

- i. What are the factors that influence new product development (NPD) decisions in the textbook industry in Kenya?
- ii. To what extent do these factors influence new product development (NPD) process in the textbook industry in Kenya?
- iii. To what extent do these factors influence new product development (NPD) decisions textbook industry in Kenya?

1.3: Objectives of the study

The objectives of the study were to;

- i. Identify factors that influence new product development (NPD) decisions in the textbook industry in Kenya.
- ii. Determine the extent to which these factors influence new product development (NPD) process in the textbook industry in Kenya.

- iii. Assess the extent to which these factors influence new product development (NPD) decisions in the textbook industry in Kenya.

1.4: Significance of the study

KLB will find the study useful, as the recommendations will be pertinent to the organisation. The study will contribute to the Bureau's analytical studies on its business operations. The management and its marketing staff will utilize the findings of the study in the implementation of organizational arrangement of new product development process and thus improve the quality of textbooks.

Other publishing organisations in Kenya can use the findings of the study to improve their performance in the market. The study will assist marketing researchers with reference materials on the publishing industry in Kenya. Other scholars/researchers may use these findings as a tool for reference.

The study will also assist the Ministry of Education and the Kenya Institute of Education on the regulation and policy formulation of the textbook publishing industry and provide the necessary framework for the publishers to improve the quality of textbooks.

1.5: Scope of the study

The study will cover publishing sector in Nairobi specifically targeting the operations of the Kenya Literature Bureau. This is due to the fact that KLB has a rich heritage in book publishing industry in Kenya with full functioning publishing structures. KLB as a local firm has maintained a considerable market share in the publishing industry making it a suitable candidate for research. The study will target the staff of the KLB as the main respondents for the study due to their expertise and experience in the publishing industry in Kenya.

CHAPTER TWO

LITERATURE REVIEW

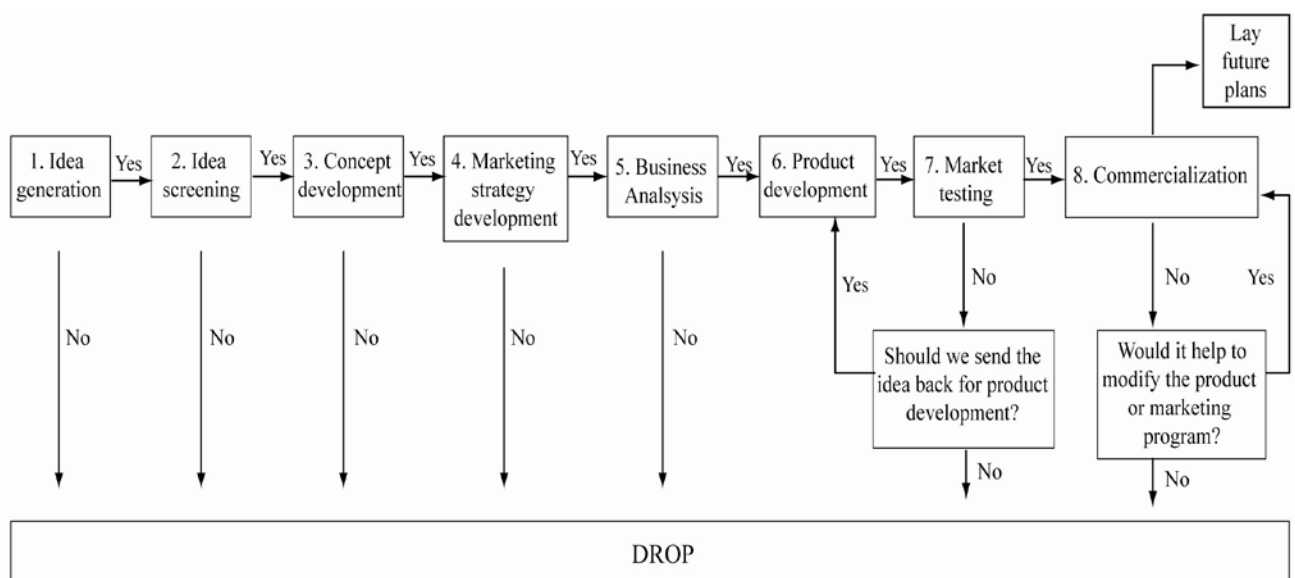
2.1: Introduction

This chapter discusses the factors that constitute challenges to new product development and in the textbook publishing industry in Kenya.

2.2: New product development (NPD)

Successful introduction of new products increases the revenue generation and profitability of the businesses. The long-term viability of any business organization, therefore, is critically dependent on new product development (NPD). Organizations employ NPD strategies to sustain competitive advantage by entering emerging markets and improving the market share. In some situations, the NPD strategy becomes imperative as the result of changing customer needs or market conditions. In business, new product development (NPD) is the term used to describe the complete process of bringing a new product or service to market. Products go through the stages of their lifecycle and will eventually have to be replaced.

Figure 2: New product development decision process.



Source: Kotler et al (2006).

Kotler et al (2006) identified six categories of new products. New to the world products that create entirely new markets. New product lines that allow a company to enter an established market for the first time. Additions to existing product lines. Improvements and revision of existing products. Repositioning where existing products are targeted to new markets.

New product development addresses the fundamental issue of how publishers survive and prosper through development of new publishing ideas. There are eight stages in the new product development process but not always followed in order. The first stage is idea generation. New product ideas have to come from somewhere. Ideas for new products can be obtained from basic research using a SWOT analysis, market and consumer trends, company's R&D department, competitors, focus groups, employees, sales people, corporate spies, trade shows etc. One important research technique used to generate ideas is brainstorming where open-minded, creative thinkers from inside and outside the company gather and share ideas.

According to KLB Strategic Plan (2005 – 2009), one means of idea generation was institutionalizing market research & development as a guide in establishing consumer needs. Previous marketing researches commissioned by KLB have defined the current marketing strategies. They include strategies of increasing book product portfolio in pre-school, primary, ECD teacher training (diploma & certificate) and external markets.

The second stage is Idea Screening. It involves shifting through the ideas generated and selecting ones that are feasible and workable to develop. The object is to eliminate unsound concepts prior to devoting resources to them. In 2004/05, a series of KLB management and authors' workshops were done at Marble Arch Hotel. The objective was to try to co-opt authors in the marketing /publishing process. This culminated in the authors facilitating all KLB teachers' seminars (on average about 45 seminars per year).

The third stage is concept development and testing. The publisher may have come across what they believe to be a feasible idea; however, the idea needs to be taken to the target audience. What do they think about the idea? Will it be practical and feasible? Will it offer the benefit that the organisation hopes it will? or have they overlooked certain issues? The idea and concept is taken to the target audience not a working prototype at this stage.

The fourth stage is marketing strategy and development. How will the product idea be launched within the market? A proposed marketing strategy must be written laying out the

marketing mix strategy of the product, the segmentation, targeting and positioning strategy sales and profits that are expected. The fifth stage is business analysis. The publisher has a great idea, the marketing strategy seems feasible, but will the product be financially worthwhile in the long run? The key objective at this stage is to obtain useful forecasts of market size (overall demand), operational costs (production costs) and financial projections (sales and profits).

The sixth stage is product development. This is the stage where a prototype is finally produced. The prototype will clearly run through all the desired tests, and be presented to the target audience to see if changes need to be made. The seventh stage is test marketing. This means testing the product within a specific area. The product will be launched within a particular region so the marketing mix strategy can be monitored and if needed, be modified before national launch. Book sampling to customers and consumers (a popular industry practice) is still a competitive disadvantage for KLB. Product tests for KLB Alpha series pre-school books in Uganda, Rwanda, Burundi and S. Sudan are in the works.

The last stage is commercialization. If the test marketing stage has been successful then the product will go for national launch. There are certain factors that need to be taken into consideration before a product is launched nationally. These are timing of how the product will be launched, where the product will be launched, will there be a national roll out or will it be region by region.

2.2.1: New product development (NPD) challenges

Failure to develop new products by a company is disastrous as their existing products become vulnerable to various factors. These include changing consumer needs and tastes, new technologies, shortened product life cycles (PLC) and increasing competition. New products more or less fail due to several factors. Pushing an idea through to commercialization in spite of negative market research findings because it looks favourable is a factor. An idea can be good but over estimating the market size can be detrimental to new product. Other factors may include incorrect position of the product, insufficient advertising or distribution and over pricing the new product. Lack of proper management of NPD process may result in the development costs of the new product being higher than expected. Competitors may also fight back harder than expected.

There may be few ways left to improve some product (shortage of ideas) thus hindering new product development. Fragmented markets like the book market where numerous areas of publishing are much smaller e.g. indigenous books mean lower sales for new product ventured into that segment by the publisher. High research and development, manufacturing and marketing costs make cost of developing new products beyond reach. Some companies with good ideas cannot raise funds to develop new products.

Time to develop a new product is critical to get the product to the market at the right time. This may be achieved by learning how to compress development time by using new technologies, early concept tests and advanced marketing planning. Concurrent product development in which cross-functional teams collaborate to push new products from development to commercialization is encouraged. Concurrent product development resembles a rugby match rather than a relay race (Kotler et al, 1996).

2.2.2: New product development (NPD) theories

A theory is a proposed explanation whose status is still conjectural and subject to experimentation, in contrast to well-established propositions that are regarded as reporting matters of actual fact. Barry Bayus, professor of marketing, researches in the areas of innovation, new product design and development, marketing strategy and technological change.

2.2.2.1: Speed to market and new product performance tradeoffs process

Time-to-market decisions clearly play an important role in determining the ultimate success or failure of a new product. Bayus (1997) discusses the relationship between product development time and costs, and he formulates a mathematical model that simultaneously considers the decisions regarding time-to-market and product performance levels. He suggests that fast development of low-performance products is optimal under the following conditions: a relatively short window of market opportunity, a weak competitor, and relatively high development costs. For example, if the competitor is weak, high performance levels are not necessary and the firm can safely reduce time-to-market. Under the same scenario (that is, accelerating development to catch a competitor), the analysis suggests that fast development of products with high performance levels is optimal under conditions of relatively high sales and relatively flat development costs.

In the second scenario, the firm must decide whether to speed development efforts to beat the competition to market. Analysis of the various tradeoffs for this scenario suggests that first-to-market status for a product with a high performance level is optimal under the following conditions: a relatively long window of market opportunity, relatively high sales, and relatively flat development costs. With a long product lifecycle, stable margins, and high sales, the firm can generate sufficient revenue to offset the increased cost incurred in speeding a high-performance product to market. This theory is relevant to this research due to the simple fact that in a liberalised book market, speed to market is critical due to competition.

2.2.2.2: Effectiveness and cost efficiency of new product development (NPD) process

Bayus et al (1997) address the following key questions: When should a firm introduce a new product? What should its performance level be, and how do the decisions of a competing firm affect a firm's timing and product performance decisions? They presented a detailed case study of the initial competitors in the personal digital assistant industry on the basis of which they construct stylized game-theoretic model of entry timing and product performance level decisions in a duopoly. Situations in which the duopolists are symmetric as well as asymmetric in terms of their estimates of market size and product development capabilities are considered. When firms are symmetric, the authors show that an equilibrium exists when the firms enter at different times with different performance levels. In the asymmetric cases, the firm that has a higher estimate of market size enters first, as does the firm with a superior development process. The performance level decisions, however, depend on the sensitivity of demand to this variable. The results provide one explanation for empirical observations that market pioneers maintain their leadership in some cases, and later entrants eventually dominate in other cases. They then related the model results to actual decisions in the personal digital assistant market, finding that Apple's Newton was "too little, too early."

Bayus et al (1997) showed that cross-functional teams, quality function deployment, total quality management (TQM) positively influences new product development (NPD). This theory is relevant to this research as it illustrates that NPD in turn positively influences effectiveness and cost efficiency.

2.2.2.3: Sustained level of New Product Development process

Souza, Bayus and Wagner (2004) believed that a constant level of New Product Development (NPD) is appropriate theory. The propositions were clock speed and changes in price, positively influences external selection. Competitive factors and timing positively influences product quality decisions. Inventory costs, product development and production positively influence internal selection. Internal selection, external selection and product quality decisions positively influences new product development (NPD). Ibid (2004) study showed how industry clock speed, internal firm factors, such as product development, production, inventory costs and competitive factors determine a firm's optimal new-product introduction timing and product-quality decisions. They found that more frequent new product introductions are optimal under faster clock speed conditions. This theory is relevant to this research as it supports constant level of new product development is needed in a competitive industry like the textbook industry in Kenya that is liberalised.

2.3: The consumer-adoption process

After completion of commercializing a new product then next step is how a potential consumer learns, tries, adopts or rejects the product. Adoption is an individual consumer's decision to become a regular user of a product. The theory of innovation diffusion and consumer adoption helps the companies in identifying early adopters. An innovation is a product that is perceived by someone as new. The consumer-adoption process focuses on the mental process through which an individual passes from first hearing about an innovation to final adoption. The steps of the consumer-adoption process include awareness, interest, evaluation, trial and adoption. A new product marketer should facilitate the product movement through these five stages.

A marketer pushing a new product into the market must consider factors that influence the adoption process. A marketer must consider characteristics of the adoption process that include differences in individual readiness to try out the new product. Another consideration is the effect of personal influence and different rates of adoption. Rogers (1983) illustrated five adopter categories namely innovators, early adopters, early majority, late majority and the laggards. This classification suggests that company should research on the demographic, psychological of innovators and early adopters and directly communicate to them. Why this

two groups to be specific? Innovators are venturesome, willing to try new products. Early adopters are guided by respect and thus are opinion leaders in their market segment.

Characteristics of innovation are based to the time taken for a new product to gain acceptance by potential customers. Relative advantage, compatibility, complexity, divisibility and communicability form these characteristics. Other characteristics that influence the rate of adoption are cost, risk and uncertainty, and social approval. The new product marketer has to research all these factors and give the key ones attention in the NPD process.

2.4: The State Corporations Act chapter 446 of the Laws of Kenya

The Kenya government forms state corporations to meet both commercial and social goals. KLB is a government owned corporation. It was established in 1980 by an act of parliament chapter 209 of the Laws of Kenya. The State Corporation act is an act of parliament to make provision for the establishment of state corporations and for control and regulation of state corporations. The structure of financing and financial management – many state corporations are allocated funds through line ministries thus end up being chronically underfunded. Expenditure controls are weak (Njiru, 2008). State corporations are managed by boards of directors. The president appoints a chairman of the board.

There is an Inspector of State Corporations whose office is in the public service and whose duties are to advise the Government on all matters affecting the effective running of state corporations, to report periodically to the Minister on management practices within any state corporation; and to report to the Controller and Auditor-General and the Auditor-General (Corporations) any cases where moneys appropriated by Parliament are not being applied by state corporations for the purposes for which they were appropriated. As concerns KLB ventures, Part V of the acts established the State Corporations Advisory committee that examines proposals by state corporations to acquire interests in any business or to enter into joint ventures with other bodies or persons or to undertake new business or otherwise expand the scope of the activities and advise thereon.

The main challenges facing state corporations are inadequate financial resource allocations for construction, maintenance and rehabilitation of infrastructure; unfavourable contractual commitments; lengthy procurement procedures leading to protracted court cases; fragmented institutional framework, stringent and inefficient regulatory frameworks (Njiru, 2008).

2.5: Areas of book publishing in Kenya

Kenya has one of the most advanced publishing sectors in Africa, South Africa aside. Between 1977-1997, the number of publishing houses in Kenya increased by 60%, of which 95% were indigenous by nature (Makotsi and Nyariki, 1997). It is estimated that the textbook market potential in Kenya has been exploited up to 70 per cent, while that of non-textbooks stands at a mere 30 per cent. According to Karimi (2008), 95% of all publications in Kenya are school textbooks. There is a notion that once a book has been approved by the KIE you only need to deliver them to booksellers and schools will make their orders. Marketing departments of publishers are comprised of glorified salespeople who spend most of their time hustling school teachers (Ngunjiri, 2010). Table 1 on the gives an overview of the Kenyan textbook market.

Table 1 : An overview of the Kenyan textbook market

CATEGORIES	NUMBER	ENROLMENT
Pre-School	33,121	1.67 Mill.
Primary Schools	20,229	7.26 Million
Secondary Schools	4,247	1.03 Million
Tertiary Colleges	535	0.35 Million
Total	58, 132	10.37 Million

Source: A presentation on the Kenya book market, Steadman 2009.

It is important to note that this industry has been shaped or influenced by key aspects such as a marked increase in literacy levels, introduction of free primary (FPE) and secondary education programmes (FSE), profit-oriented publishers and the current market size among other issues (Altbach and Hoshino, 1995).

Areas of book publishing in Kenya are wide. General publishing is the area of publishing that is concerned with the publishing of books that are not guided by set rules such as educational curriculums. Literary books are written in a more serious and academic approach, and are mostly used as set books for students in secondary school and universities especially faculties of linguistics and literature.

Young adults' books cover wide topics on issues affecting this age group, which can be issues on relationships, peers, sexuality, and hygiene among others. Children books are mostly fully illustrated, highly colourful and simple to read storybooks, workbooks, charts etc. They contain pop-up, tangible quizzes and embossed subject items. Publishers have joined in publishing of children books but only after the release of a curriculum for early childhood development education (ECDE). (12th NIBF Magazine, 2009)

Mind, body and spirit books are books mostly based on themes that are geared towards provision of motivational reading material. Most of these books are imported but some below the line have produced several books with a local angle to themes on motivation.

Non general publishing/educational books are also known as curriculum based, course books or schoolbooks. They are segmented into four major sections namely; ECDE books, primary school books, secondary school books and primary teachers education (PTE) books. Subject specialists mainly career teachers, educators or consultants with wealth of experience in their relevant fields, generally author them. Supplementary readers, revision books and PTEs have grown as a result of KIE recommending some reading literature to supplement the course books.

Indigenous literature for pupils of class one to three where the target market is the rural Kenya where most of these languages are spoken. KLB has been producing books for virtually all spoken languages in Kenya as the TLY *Tusome Lugha Yetu* brand.

Professional books are based on subjects about the current careers/professions in Kenya. Training manuals, periodicals and databases are key features of this area. KLB has published Laws of Kenya and Foundation of Accounting in this field. General reference books are books published for referencing purposes that include dictionaries and atlases. KLB has commissioned Map Studio, South Africa for their latest atlas project.

special interest books are books on music, arts and braille are published in small numbers or combined with other related subject course books. Few local publishers venture into this area due to marked low profits. Religious books publishers are concerned with the publishing and production of translation of holy books to local languages. In Kenya close to all public and private universities publish books internally.

During 11th annual Nairobi international book fair (NIBF) at the Sarit Centre, book piracy was cited as one of the biggest obstacles facing the textbook publishing industry. It is

estimated that vice costs the publishing industry Sh10 million annually. KPA is one of seven members of KOPIKEN. The reproduction rights organization of Kenya (KOPIKEN) is a collecting society established under the Copyright Act of 2001 to collect royalties on behalf of relevant right holders within Kenya. NIBF is in its 13th edition is a big promoter of textbook publishing in Kenya. Events at the book fair include: workshops and seminars on topical issues, book launches, children activities, presentation of the Wahome Mutahi literary award, budding authors seminars, and book auction cum books clearance sales. The event offers opportunity to book lovers to meet and interact with their favourite authors.

2.6: Technology changing publishing

Successful introduction of new products in the market place is critical to the continued success of any company. Increased competition in the 21st century global economy and advances in the information and communication technologies (ICTs) have significant impact upon the approach of businesses to new product development (NPD). The future of education in Kenya is digital (Karimi, 2008). Amazon the largest online retailer of books in the last three months of 2010, e-book downloads outsold paperbacks. It had sold 115 e-book downloads for every 100 paperback books, excluding downloads of free books (BBC, 2010). The book publishing industry has been the subject of much attention as it integrates digital publishing with print publishing. ICT has had a great impact in education especially in this era of knowledge economy and information society. The use of computers in education in particular promises better and improved methods of content delivery, as well as expanding the available teaching and learning resources.

There are currently 4000 public secondary schools in Kenya and the recent massive increase in primary school enrolment is putting pressure on the demand for and access to secondary schools (MOE, 2005). There are obvious benefits for integrating computers into secondary schools as students at this age need to focus on subject-specific content, greater critical thinking skills, scientific inquiry, and maths, science and languages. Students will benefit greatly with the analytical, creative, and collaborative power of computers to map out and analyse assumptions, present ideas, and participate in projects with peers from around the country and around the world. MOE has put a lot of emphasis and support on ICTs as documented in the Kenya education sector support program (KESSP).

With integration of ICTs into education, apart from hardware and connectivity, content development is a must. KIE, the MOE curriculum development and educational media services institute, has been building e-content development capacity. KIE has embarked on a digital content design and development project, whose terms of reference are to design, develop and produce digital content for use in schools in line with our national curriculum. Kenya Vision 2030 is the country's development blueprint covering the period 2008 to 2030.

The advantages of e-books are that they can be downloaded from the Internet and read on a portable device. You can store hundreds of books in one device. The reader can change the font and its sizes, highlight any section and bookmark any page by swiping a finger. The reader can click on a footnote, read it instantly even know what sections were most highlighted by other readers (Bindra, 2011).

Few publishers have tried to provide publications in form of CD/DVD ROMS and links to online databases. KIE through digital and virtual learning centres recently launched a comprehensive e-learning package and a computer based revision kit for pupils (Sunday Nation, Sep 8th 2009). In 2010 KIE prepared new digital formats for schools. Eleven Form One subjects from January 2010 were taught in digital format (Daily Nation, 9 Aug 2009). In 2005, Eduvision piloted pocket PC education programme in Kenya (BBC, 2010). Organizations like Computers for Schools Kenya (CFSK) and School Net Kenya have greatly contributed to provision of computer to schools. JICA funded SMASSE (Strengthening Math and Science in Secondary Education) has played a big role in producing math and science content into digital format.

Without access to electricity, computers are out of reach for many. But there is a generation of Kenyans that is quite well versed in digital technology and these ones have to be taken care of as well. Open and distance learning (ODL) has been given a recent push as ICTs have provided opportunities to expand and improve delivery mechanisms. Universities in Kenya are developing their own ODL courses that utilise electronic systems.

KLB has released books in digital format into the market, becoming the first local publisher to make such product offering. The move makes real the possibility of e-learning, with computers being used in schools. It also opens up the possibility of schools undertaking distance learning programmes. Under the first phase of the project, KLB did publish 10 of its titles in English, Kiswahili, general science and social studies in digital formats to be sold in

form of CDs. The CDs, would be sold alongside the book print versions. With the project, KLB planned to ride on the back of the government's policy of supplying computers to schools countrywide.

With a right infrastructure, digital books have a low cost of distribution and marketing hence covering a large area in a short time. There is therefore need for serious investment and sensitization in the ICT sector to ensure that people make use of this opportunity brought by technology to better their lives. Print will continue to play a significant role in publishing in Kenya, but the use of eBooks will expand dramatically in the next few years.

2.7: Organizing new product development (NPD) process

Companies organize NPD in many ways. Some organization top management decide on the budget for NPD. Research and development outcomes are so uncertain that it is difficult to use normal investment criteria. Some companies try to solve this by financing as many projects as possible trying possibilities of achieving a success in one. Other companies apply percentage of sales figure or try the comparative parity by applying what their competitors are doing.

In organizing the NPD process, many companies assign responsibilities for new product ideas to product managers. Some companies have management committees charged with reviewing and approving proposals. Some companies establish a new product department headed by a manager who is responsibilities includes generating and screening new ideas, working with R&D and carrying out field testing and commercialization.

Some examples of ways of organizing the NPD process include creation of a venture team which is a cross-functional group charged with developing a new product. Other companies use the stage-gate system to manage the innovation process. This is where the NPD process is divided into several stages and at the end of each stage is a gate or a checkpoint.

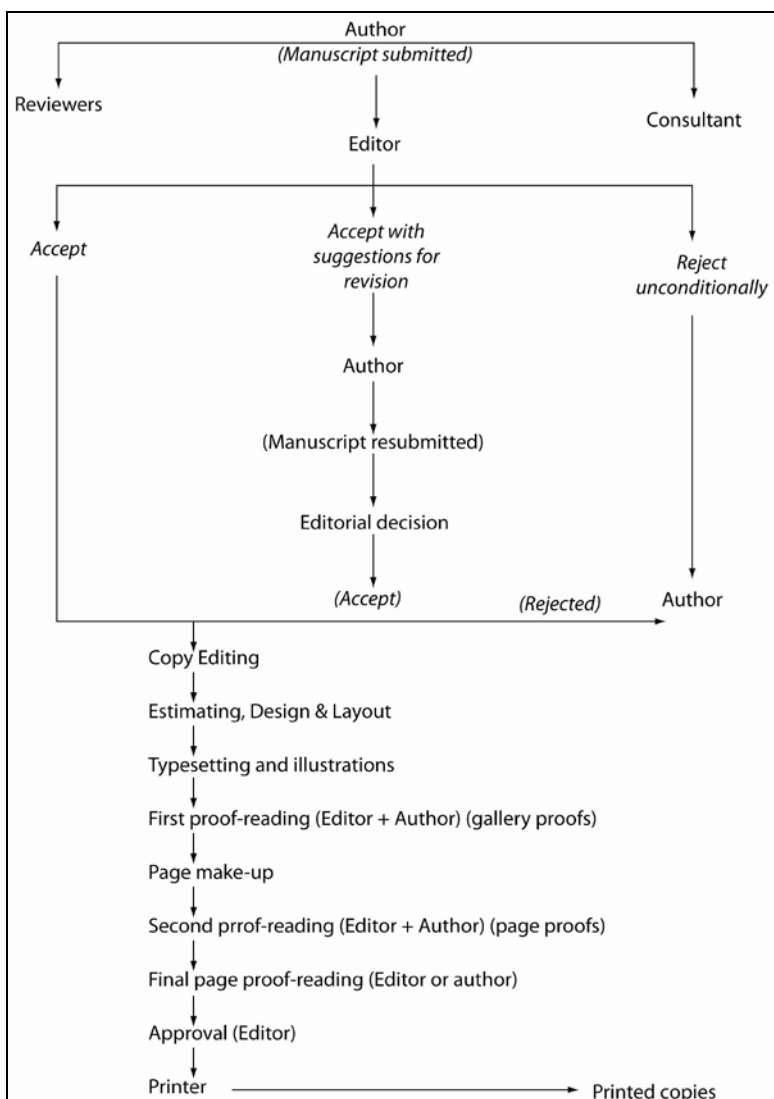
2.7.1: KLB organization structure

An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. An organization can be structured in many different ways, depending on their objectives.

Organizational structure is the framework within an organisation that divides the decision making functions within department into specific groups with distinct job functions.

Organizational structure impacts on new product development (NPD) effectiveness and thus more successful products for the organisation. If project personnel perform routine operational work, it may be difficult for them to focus on projects and meet schedules. If the flow of information across departments is difficult, it may affect ability to share resources. Figure 3 illustrates the manuscript flow chart in KLB Publishing department.

Figure 3: KLB manuscript flow chart

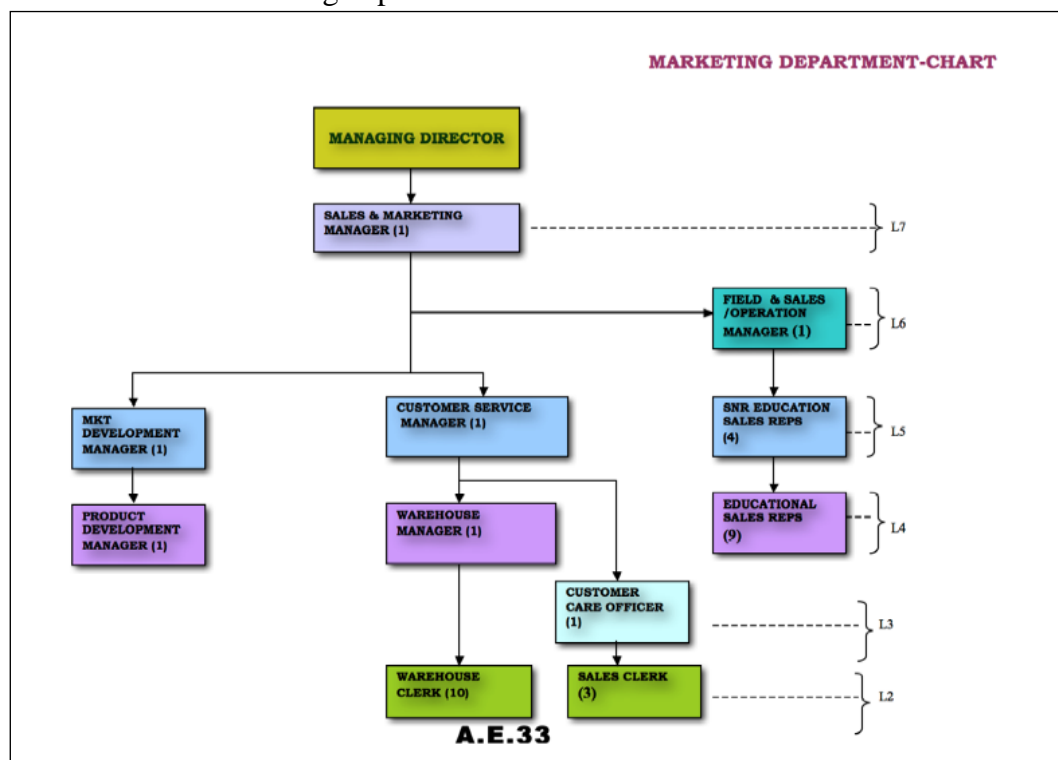


Source: *KLB editorial guide for authors and editors (1989)*.

The publishing department is the core unit of KLB publishing business. It comprises the editorial, typesetting, proofreading and art & design sections. The department acquires manuscripts from prospective writers and takes them through several preparatory stages for publication. Editorial assess manuscripts and edit jobs under production for factual correctness, style, grammar and relevance. This team serves as the link between the author and the reader, often responding to queries raised by various stakeholders pertaining to publications. Typesetting lay out manuscripts in readiness for printing. Proofreading ensure accuracy and consistency in copy. They work on the text and illustrations to ensure no distortion occurs during transition from one stage to the other. After laying out of pages, the proofreaders verify the proofs accuracy; and later check the press (machine) proofs against to ascertain reproduction quality and precision. Art and design comprises of fine artists and graphic artists. Book designs and illustrations service are actualised in this section. This section also works in liaison with commissioned artists

New product development (NPD) in KLB includes new products, new editions and new reprints with corrections, improvements or additions that do not qualify as new editions. NPD in KLB has been the preserve of the publishing department. In reality, NPD should be a joint effort of all departments. Every employee is a stakeholder in NPD.

Figure 4: Sales and marketing department chart



The creation of a product development and market development function in the marketing department was not a means of excluding all other stakeholders or downgrading the vital role of publishing department but as a driver of product development. The charts below show the structure of sales and marketing department in KLB with an emphasis on the post of product development manager (PDM) who is instrumental in the NPD process.

The introduction of a product development manual (2008-2013) in April, 2008 was meant to guide editors and authors in developing new products. It was prepared from a marketing perspective whereby the consumer is kept uppermost in mind. Critical to NPD success in the organization is where personnel with varied skills are set into a coherent structure that delivers the intended results. Because the NPD process typically requires both publishing and marketing expertise, cross-functional teams are a common way of organizing projects. The team is responsible for all aspects of the project, from initial idea generation to final commercialization. A cross-functional team is composed of people with varied levels of skills and experience brought together to accomplish a task. The team members come from different departments and may be permanent or ad hoc. A powerful few are being replaced with self-empowerment of all workers. At the forefront is the suppression of individualism and the embracement of teamwork. To spearhead the adoption of the product development manual(2008-2013), an ad-hoc committee on product development innovation was formulated comprising of staff from various departments and expertise. High levels of cross-functional cooperation enhances NPD success during different stages especially product testing and market launch.

2.8: Conceptual framework

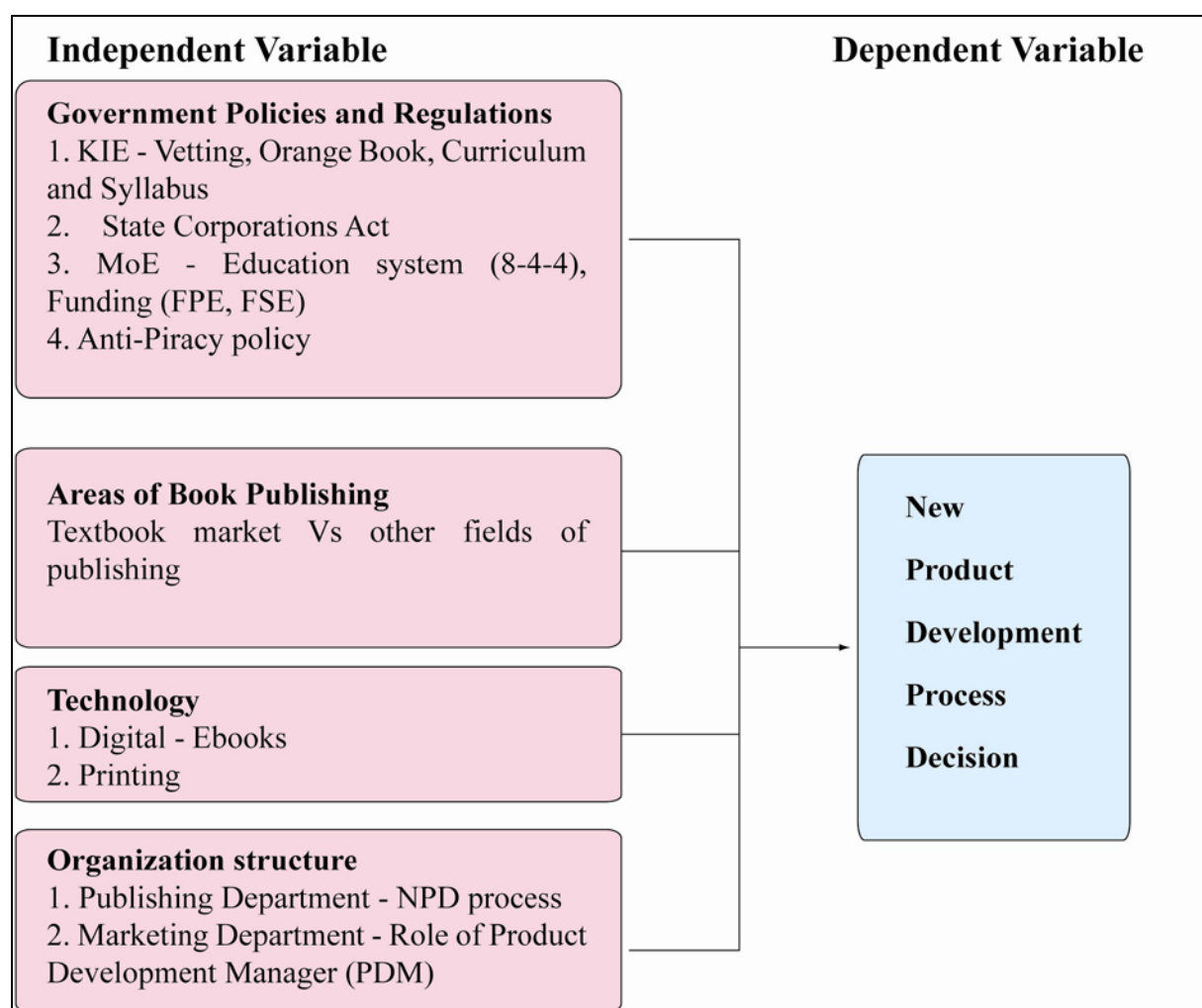
Liberalization of the publishing industry in Kenya has greatly affected new product development (NPD) decisions for textbook publishers in the last decade. Hart (1993) notes in her conclusion that measuring success in NPD is multi-dimensional and the research findings are meaningful only when the dynamic interrelationships between dependent and independent variables are clearly understood. This conceptual framework seeks for the likely the challenges of new product development in the textbook publishing industry in Kenya.

A conceptual framework outlines possible courses of action or to present a preferred approach to an idea or thought. Conceptual frameworks (theoretical frameworks) are a type of intermediate theory that attempt to connect to all aspects of inquiry (e.g., problem

definition, purpose, literature review, methodology, data collection and analysis). Conceptual frameworks can act like maps that give coherence to empirical inquiry but take different forms depending upon the research question or problem.

The relationship between the independent and dependent variables is depicted in Figure 5.

Figure 5: Conceptual framework



Source: Current researcher, 2011.

New product development decision by a publisher is dependent variable because the publishing firm decision depends on other factors like Government policies, areas of book publishing, new technology and its organizational structure. Other publishing problems in Kenya publishing industry include a high rate of illiteracy, lack of the reading habit, lack of local writers, language problems, lack of finance, high production costs, marketing and distribution problems. Lack of expertise and inadequate publicity are other problems. These can affect both indigenous and foreign owned publishers (Gundu, 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0: Introduction

This chapter presents the description of the research design, the population of the study, sample design, data collection and data analysis methods to be used in the study.

3.1: Research design

This study was exploratory in nature, using case study research design intended to establish the factors that influence new product development (NPD) decisions by textbook publishers in Kenya. The study focused on Kenya Literature Bureau as a unit of study.

3.2: Population

The study population comprised all employees in the publishing and marketing departments of the Kenya Literature Bureau as they were directly involved in the decisions to publish a book. Six managers were selected as they sit on management meetings that evaluate publishing proposals. The total number of employees stood at 216 as at July 2011.

Table 2: *The sample design of employees in the Kenya Literature Bureau.*

DEPARTMENT	NO. OF EMPLOYEES	TARGET SAMPLE
Publishing	25	25
Sales & Marketing	21	21
Production	58	1
Corporate	83	1
Human Resource	12	1
Finance & Audit	17	1
TOTAL	216	50

Source: (KLB HR, 2010).

3.3: Sample Design

The research selected 50 employees, which is 25% of the total study population. Palier(1994) explains that sample studies that are deterministic and descriptive in nature are deemed adequate within 10% of the target population, while Mugenda and Mugenda(2004) recommends a sample size of 30%. To obtain the said sample size given the different departments, proportional stratified random sampling was used.

3.4: Data Collection

Primary data were collected using a semi-structured questionnaire (Appendix I). The questionnaire was administered through 'drop and pick' up later method. The questionnaire was divided into two parts. Part A designed to collect general information about the respondents. Part B was to collect data on various aspects of new product development (NPD). Part C focused on challenges by KLB in managing its NPD process.

3.5: Data Analysis

Descriptive statistics were used to analyze the data. SPSS (Statistical Package for Social Sciences) software was used to analyze the data in terms of frequency tables and percentages. Tables, pie charts and graphs were also used to present the results pictorially where appropriate.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

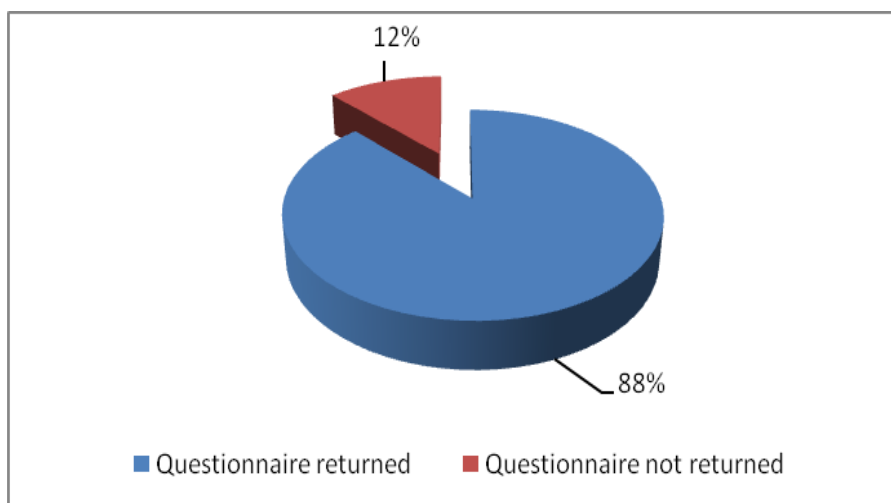
4.0: Introduction

The data were collected from the population of 50 employees at the Kenya Literature Bureau in the month of August, 2011. The data analysis was based on the respondents' background knowledge of new product development factors in the textbook industry in Kenya. The pertinent results are presented here below.

4.1: Characteristics of surveyed employees

A total of 50 questionnaires were given out and 44 received back. The response represented 88% of the sampled population. The completed questionnaires were usable though some of them had missed vital details. The responses are summarized in figure 6.

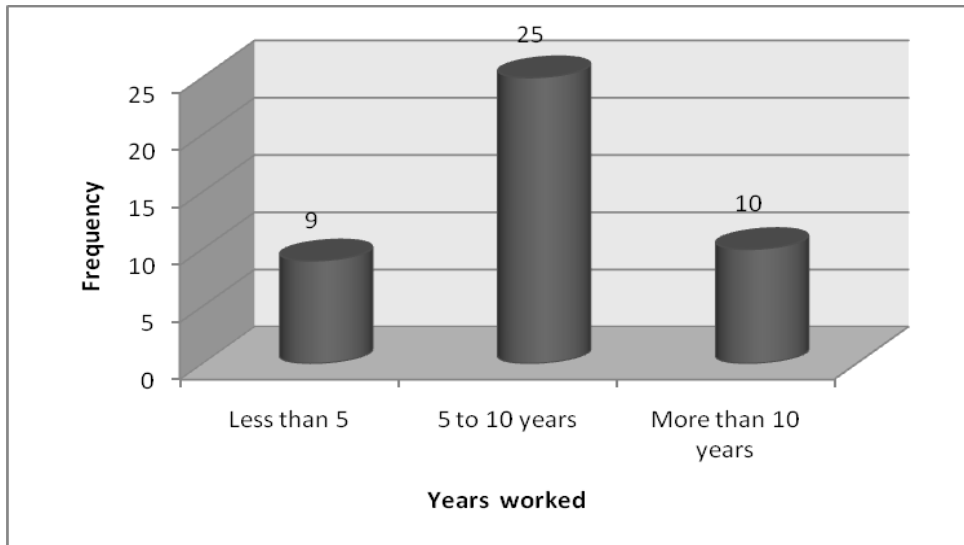
Figure 6: *Number and percentage of respondents.*



Of the total returned questionnaires, 32 respondents were male and 12 were female.

The employment years of the respondents is depicted in figure 7. All the curriculum/syllabus reviews were done in the past ten years thus figure 7 is able to illustrate the number of those years in employment in KLB thus participation in the review phases.

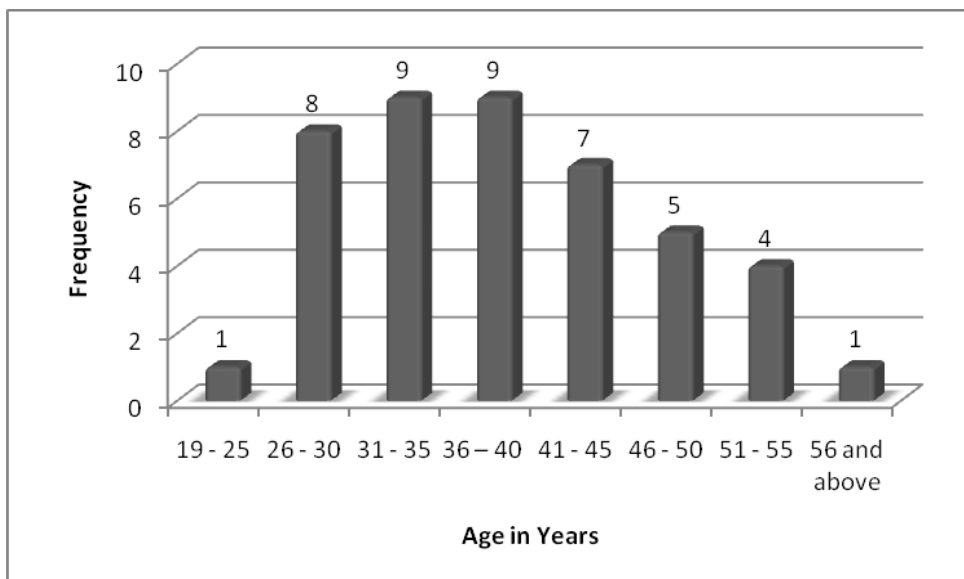
Figure 7: Years worked by respondents in the organisation.



From figure 7, more than half (57 %) of the respondents have been with KLB for over 5 years, 23% for over 10 years and 20 % less than 5 years. The data indicate that 23% of the respondents participated in all the syllabus reviews in the last 10 years thus the choice of respondents is extremely beneficial to this research. Employees with more experience have an upper hand in developing new products due to their participation in several syllabus review phases.

Figure 8 shows the age distribution of the respondents. This helps in establishing how long the organisation has been in operation as a player in the textbook publishing industry.

Figure 8: Age distribution of respondents.



The distribution of respondents was mainly staff from the core departments of publishing and marketing. The age distributions also assist in assumption of IT conversant levels of the staff with majority being in ages of 26 to 45. A youthful distribution of staff can indicate professionalism dictated by the generation.

4.2: Factors that influence new product development decisions in KLB

Syllabus reviews in the Kenyan education sector were done from the year 2000 – 2010 in phases. These reviews meant that textbook content had to be revised thus most of the textbooks had to be done afresh or reviewed depending on the requirements by KIE. Respondents' participation in syllabus review phases is depicted in Figure 9.

Figure 9: Respondents participation in syllabus review phases.

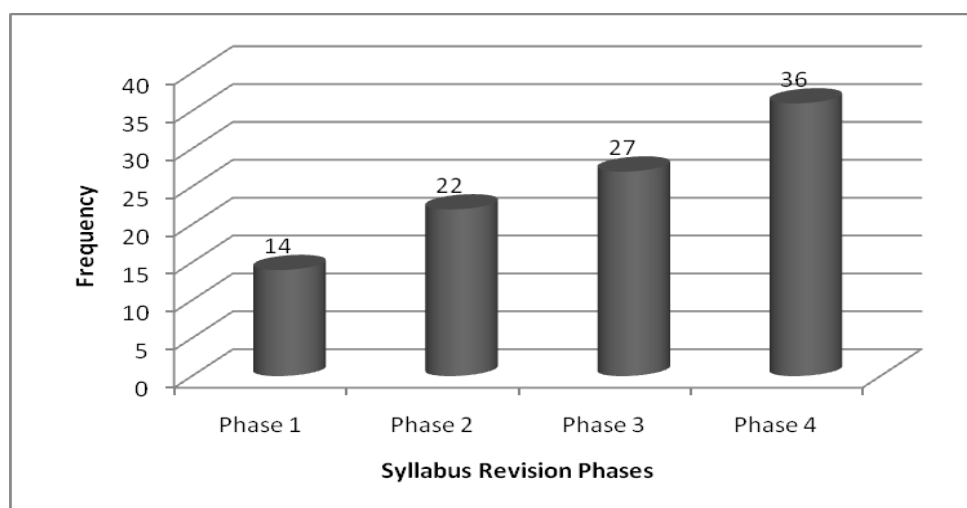
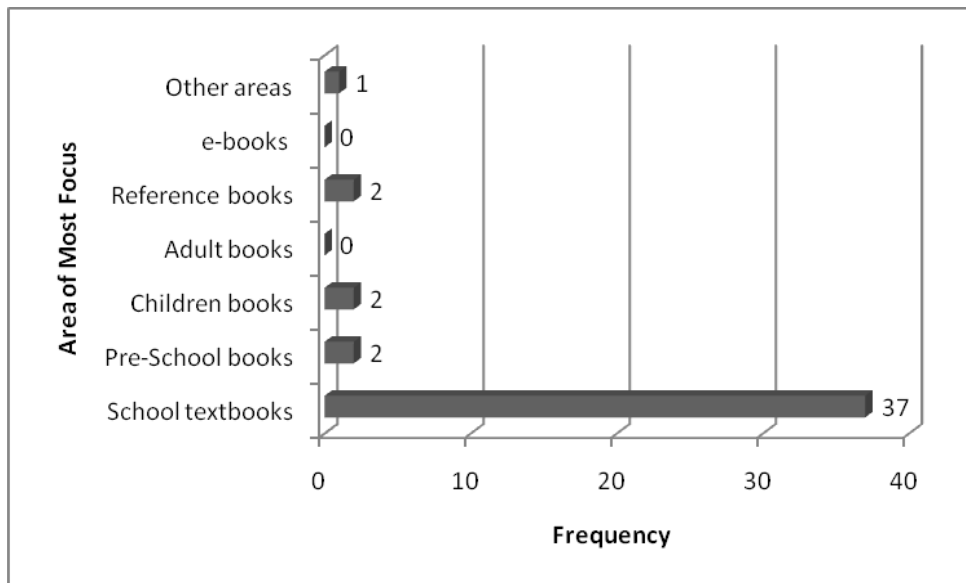


Figure 9 shows the percentage of the respondents who participated in each with Phase 4 having majority of the participation. This is as a result of new employees joining the organisation due to demands in trying to beat the KIE submitting deadline date as well as having a good number of projects submitted for vetting. This fact is also beneficial to the research as most respondents participated in the syllabus review phases thus participated in new product development (NPD) process.

Figure 10 illustrates the area of book publishing that KLB is most focused. Though KLB has ventures in numerous areas of book publishing (with more than 800 titles), school textbooks is the main cash cow of the organisation.

Figure 10: Area of book publishing most focused by KLB.



This table help to shows that KLB was a relevant case study because of its dominance in text book publishing. The responses for other areas e.g. pre-school could be influenced by subject editors' beliefs.

Does KLB conduct research before developing a new product? This question was intended to determine if research findings like market needs analysis influence new product development decisions. Research done prior to new product development is depicted in Figure 11.

Figure 11: Research done prior to new product development.

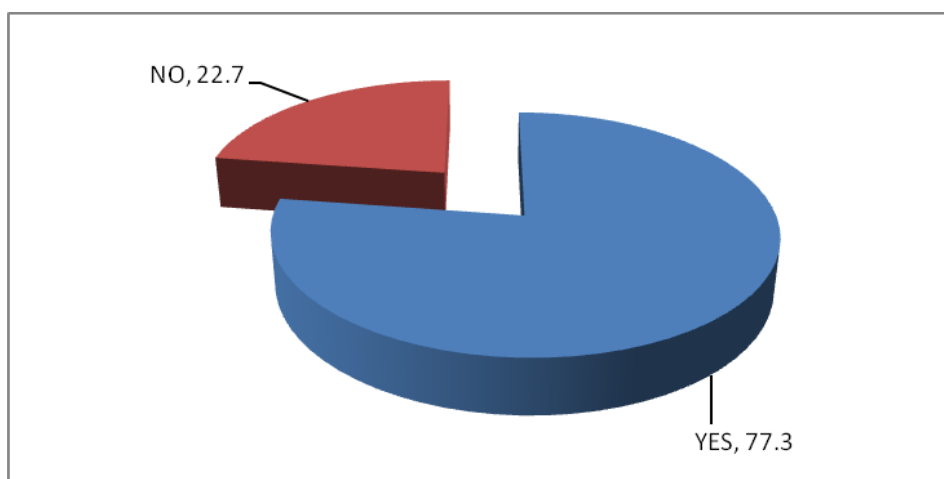
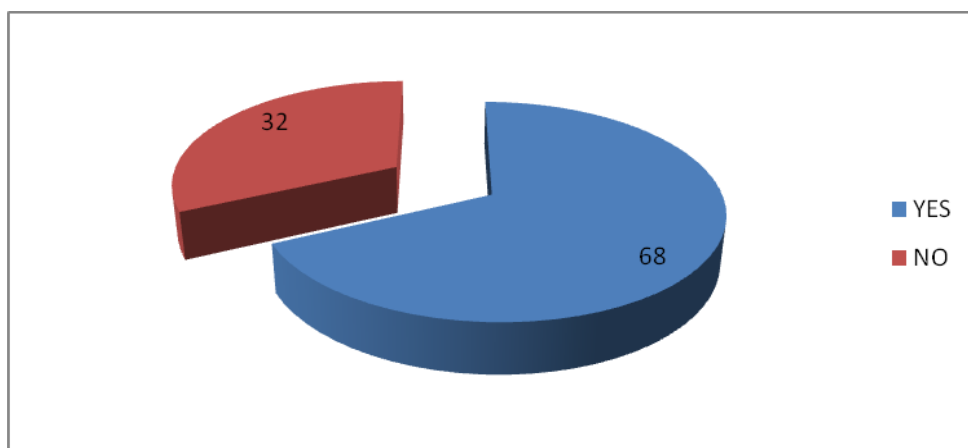


Figure 11 indicates that employees of the core departments do believe there is some form of research done prior to commencement of new product development. The respondents who responded NO illustrate that research findings may be exclusive to some level of staff

members such as middle level managers. The exclusion of some members from the product development committee could be a reason behind some responses. Collaboration between publishing and marketing department is depicted in figure 12.

Figure 12: *Collaboration between Publishing and marketing department.*

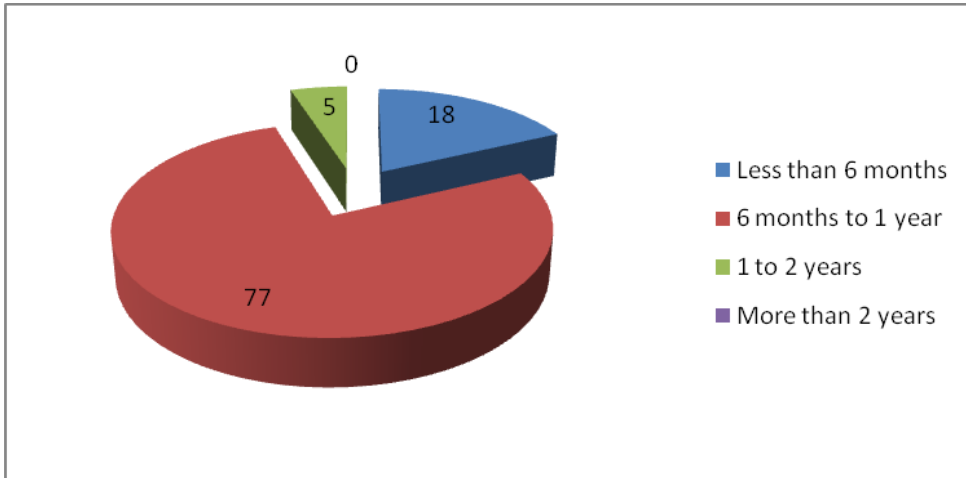


New product development process cuts across both core departments of publishing, sales and marketing thus the need to determine level of collaboration. This question was followed by an open ended question to allow respondents illustrate the partnership. The product development committee has been a plus to cement collaboration between the two departments. The process of rebranding products has been a result of suggestion from the committee where both departments had to brainstorm for ideas. There is greater need to utilise the benefits of the product development manager whom the respondents felt would direct and shape the NPD process. He would facilitate provision of feedback from the market on performance of KLB products and thus feedback on their efforts.

There has been considerable investment in ICT by KLB in the last 5 years. The investment has been in computer and their software's, printing machines and internet. Internet was attributed to faster communication with authors and other stakeholders thus improving speed of manuscript processing. The respondents on the other side felt that internet was not exploited to its full potential in selling especially the eBooks and informing.

Figure 13 indicates the duration KLB takes to come up with new products, from acquisition of manuscripts to print to sales centre on Kijabe Street in Nairobi. Time to develop a new product is critical to get the product to the market at the right time.

Figure 13: Duration of product development to final stage.

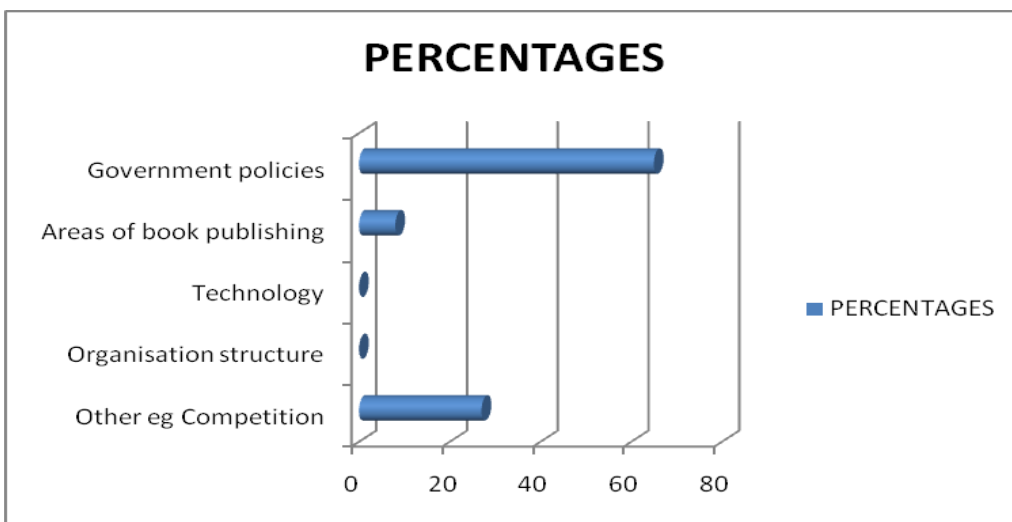


The reasonable period would have been less than six months considering the liberal market but six to one year period is 77%. The organisation needs to improve on speed of NPD process. KLB computer studies book is an example of a product that took too long to fruition encountering other publishers had already penetrated the market.

4.3: Challenges facing KLB in new product development (NPD) process

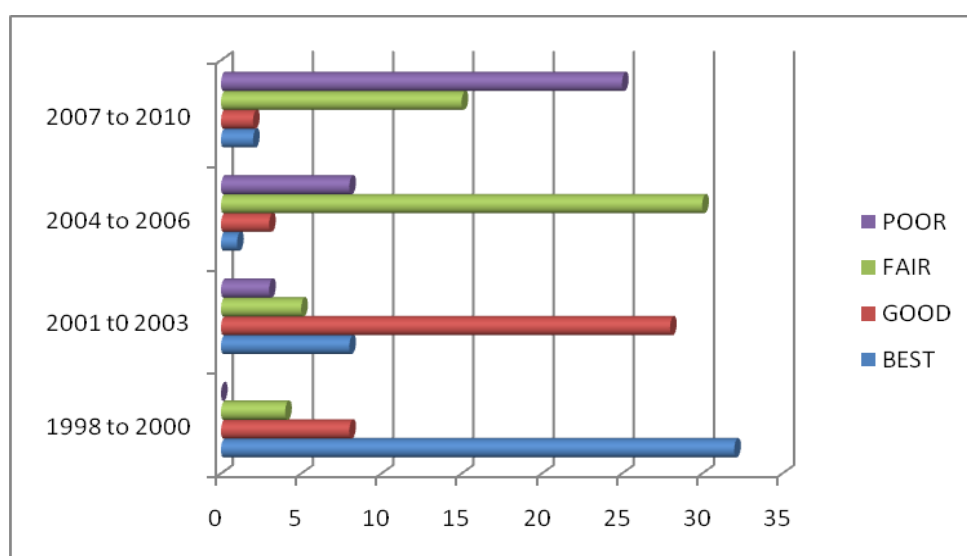
The respondents were asked which factor influence new product development choices for KLB the most. The major factor that influences new product development choices in KLB is depicted in figure 14.

Figure 14: Major factor that influence new product development choices.



65% of respondents indicated that government policies influence the most, mainly KIE syllabus reviews and the quest to get books listed in the orange book. The greater the amount of books approved by the MOE through KIE, the greater the performance. 27% of respondents stated competition as a major factor illustrating that the organisation has started to consider operation in a liberalised market as a factor. With low performance in terms of books approved in the last submission to KIE the organisation is chasing the competitors in new product development ventures. Figure 15 indicates the responses of KLB performance in number of book titles approved.

Figure 15: *KLB performance in number of book titles approved.*



The respondents were asked to rate KLB performance in the past 10 years with the number of title approved by KIE as a parameter. Figure 15 shows the first two phases of syllabus review were more successful to KLB based on the number of titles approved. The performance has been gradually depreciating because of poor approval in the last phases of book review. The failure has been blamed on technicalities e.g. book specifications but not on content. The book specifications by KIE involve the choice of paper in terms of grams, the stitching of the book and general printing aspects that include legibility etc Even with the low approvals the organisation has continued to expand its product brands in the last 10 years. There were also claims of unethical practices by private publishers in having their books approved by respondents in trying to explain the poor performances of the last two phases.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.0: Introduction

In chapter five, the research discusses pertinent findings, draw conclusion and make recommendations of the findings.

5.1: Conclusion

The results of the study have suggested that government policies have the biggest influence in developing new products in the textbook publishing industry. The research findings further indicated that textbook buying trends are dictated by KIE approvals (the orange book), relevance to syllabi, and conformity to national/professional exams. The approval status means the book is listed in the national list of approved books (orange book) by which school heads, teachers and parents consider when it comes to purchases. The more titles approved the greater the sales the greater the profits. This has given rise to unethical practices by publishers to have their books approved and even a greater disadvantage for the state corporation guided by government laws. As for KIE approval rate in the orange book, both KLB primary and secondary books command a 69% approval rating each. Sales skewed too heavily on one segment (secondary textbooks 70%). High approval ratings should of necessity, translate into corresponding high sales. This is not so for KLB primary school books as it is for the secondary school books. Titles with a high approval e.g. Let's Learn Maths with a 50% non-approval rating commanded a mere 2.9% sales contribution in 2008/09 as compared to science with a similar 50% non-approval rating but moving 33% of sales volumes. Rating failing to sell well depicts a problem with either the product, or promotion mix.

The speed to approve capital investments by the parent ministry is a huge hindrance in a liberalized market where speed to market is critical. KLB is a late entrant in the EAC market as evidenced by the prominent presence its Kenyan competitors in Uganda and Rwanda. Entry into EAC markets by KLB will require legal adjustments in corporate identify and operations by government acts that govern its operations.

Other factors also do play a pivotal role in NPD decisions but not in the magnitude of

government policies. NPD strategies must include adding innovative value addition to existing brands, introduction of new exciting brands or re-positioning of mature brands. Teachers are most significant as they are the major influencers and deciders in the buying decision process. Area of book publishing namely school textbook has been KLB life line with secondary segment being the cash crop. There are strategies in place to try and hold that market share as the organization seeks to get a hold of the primary school segment.

Increased exposure to and use of ICT will increase the demand for e-learning and digital materials. The introduction of fibre optics will increase access to the internet and hence an opportunity for increased demand for e-learning materials country-wide. Computer-for-schools projects are opening up a new e-learning market segment though this area is currently not well developed due to the absence of a robust ICT infrastructure. KLB has responded to this by being the first publisher to produce eBooks. Though a good move, the rate of return on investment raises a big issue. Market research done before the commencement of any project would be of great benefit to the organisation. This strategy is both preventive and pre-emptive. KLB has an active website but not utilized to full capacity. The website should be exploited for marketing communications and e-trade. Investment in latest graphic applications to improve quality as well as printing machines to increase speed of production have been a plus for KLB. The organisation has invested in latest Adobe CS4 suites and a 4 colour RAPIDA print machine to channel out books faster. Piracy is a threat that has not been adequately addressed.

Organisation structure is critical for the smooth flow of the publishing process. The low emphasis on the role of product development manager (PDM) post though proposed in the strategic plan has been attributed to finances. This has resulted in continual production of books dictated by the publishing department that do not meet market needs.

5.2: Recommendation

This report shows a need for review of governmental policies to streamline text book publishing in Kenya and meet market needs. Though readership of literary and reference books, which does not necessarily form part of the curricula, is greatly dependent on the reading culture of the people, publishing to meet curriculum (text books) is mainly dependent on the regulations put in place by the MOE since text books are a must read to meet examination needs. A closer look at the 8-4-4 system of education reveals that it is too exam

oriented. This means that continued publishing and in particular of new text books is only determined by governmental policies such as those that lead to the changes in syllabus. Alternative drivers of new product development decision would help to ensure even better quality and standards of education, make informed and value adding publishing decisions.

Today innovations in text book publishing that would enable a publisher to develop new and better content, is hampered by government's monopoly in decision making in the text book publishing industry, in Kenya. Dependence on donors for textbook funding is prone to risk in case of disagreements between donors and the government e.g. the recent suspension of DFID funding for primary school textbooks due to graft allegations in the MOE. National budgetary constraints can also lead to erratic funding e.g. ECD not funded in 2009/10 financial year as promised earlier.

If publishers were allowed to research and develop new text books to meet advanced market needs themselves, without having to rush to revise their books only to fit government requirements in syllabus review, students would be kept abreast with the today's advancements in education and the latter would be tailored to meet market needs. Research is the means by which KLB can stay in tune with the user, respond rapidly and continuously find new and innovative ways of delivering brand promise and exceeding user expectations. KLB does not have the internal expertise nor adequate finances to conduct its own or contracted research on regular basis as the market environment requires. However, simple surveys can be carried out on a regular basis. New tastes in full colour illustrations, big font sizes, emerging issues, bundling of main course books with value adding products are fast dictating/influencing consumer choices.

The educational publishing industry in the region has come on in leaps and bounds. For instance, the Kenyan government's introduction of free primary education and subsidised secondary education has led to unprecedented growth in educational publishing in Kenya. Additionally, the signing of the East African Community protocol has also opened doors for publishers within the region to participate in the development of educational materials, not only for their nationals but also for other countries as well. KLB must develop books for EAC market outside Government-funded book projects for profitability. Faster outsourcing of the production of e-books should be done to back up the PR gains made so far by KLB. Quickly developing of in-house skills and competencies for self-reliance in the production of e-learning materials would be a plus.

Other areas especially reference books should be invested in to supplement revenue. There is a growing demand in the market for books for general readership such as personal development books. Current trends in self-improvement are translating into spending on knowledge/life skills based literature. Improved economy and increased employment opportunities will drive the growth of ECD Centres where working parents can conveniently leave their children to be cared for and to learn. Targeting ECD teachers to from the time they are in training will be the key to capturing the ECD learners' market. 76% of KLB ECD course books were not approved by KIE. They are almost obsolete as they don't conform to the new ECD syllabus. Huge stocks were printed in anticipation that the GOK was going to fund ECD Education beginning 2010 as had been promised. This never happened.

With continuing reduction in government textbook expenditure (since 1988), the intensity of marketing to schools and parents will have to be stepped up by publishers if they are to succeed in the more competitive market.

5.3: Limitations

Literature review material on the subject of textbook publishing in Kenya is hard to come by. Descriptive statistics which have been used applied in this research have their problems especially in demonstrating link between the factors and influence. However despite this limitation, the study was carried with utmost care to reduce errors.

5.4: Suggestions

The findings of this research indicate that further research needs to be carried out. A similar study could be carried out over a longer period of time and probably different results could be obtained. It would be beneficial for a comparative study to be done to determine whether private owned publishers are affected by the same factors in determining new product development decisions.

Other publishing problems in Kenya include a high rate of illiteracy, lack of the reading habit, lack of local writers, language problems, lack of finance, high production costs, and marketing and distribution problems. Lack of expertise and inadequate publicity may provide suggestions on further topics of research.

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7.0: APPENDICES

7.1: Appendix I - Survey Questionnaire

Questionnaire No:

This research is part of the requirements of a MBA degree. Please do not sign your name. The information in this questionnaire will be used strictly for academic purposes and will be treated with utmost confidentiality.

FACTORS THAT INFLUENCE NEW PRODUCT DEVELOPMENT(NPD) DECISIONS IN THE TEXTBOOK PUBLISHING INDUSTRY.

PART A: BIO DATA

(Please tick the appropriate box.)

1. Gender: Male Female
2. Age bracket: 19-25 26-30 31-35 36-40
 41-45 46-50 51-55 56 and over
3. For how long have you been working in KLB?
Less than 5 years 5-10 years Over 10 years
4. Department: Publishing Marketing Other (Specify) _____

PART B: Factors that influence NPD choices

5. Does your department carry out any New Product Development activity? Yes No

Please indicate the stage of New Product Development that your department is involved

- | | |
|--|---|
| (i) Idea Generation <input type="checkbox"/> | (v) Business Analysis <input type="checkbox"/> |
| (ii) Idea Screening <input type="checkbox"/> | (vi) Product Development <input type="checkbox"/> |
| (iii) Concept Development <input type="checkbox"/> | (vii) Market Testing <input type="checkbox"/> |
| (iv) Marketing strategy <input type="checkbox"/> | (ix) Commercialization <input type="checkbox"/> |

6. What are the key factors that your department consider before starting a new product (book) development? _____

7. In the past 10 years, how many syllabus review projects have you participated at KLB?

Phase 1

Phase 2

Phase 3

Phase 4

8. Please indicate the area of book publishing that KLB is MOST focused (Select ONE)

School textbooks Fiction books Pre-School books

Children books Young Adult books Religious books

eBooks Indigenous Literature Professional books

Reference books Special interest books eg Braille

9. On a scale of 1 to 5 where 5 is the BEST, how would you rate KLB market share in the publishing industry?

Poor 1 2 3 4 5 Best

10. What government policies are there to regulate how KLB produce books?

11. What is the role of KIE in new product development process in KLB?

12. In your opinion, which department should the initiator of new products in KLB.

Publishing Marketing Other (Specify) _____

13. Does the KLB conduct any research before developing a new product? Yes No

If Yes, please give some of the new products KLB has produced recently

14. What is the role of a product development manager (PDM)?

15. Do the core departments of Publishing and Sales & Marketing collaborate in the new product development (NPD) process? Yes No Don't Know

If Yes, how? _____

16. Has KLB invested in technology (ICT) in the last 5 years? Yes No

If Yes, how has technology affected book publishing in KLB _____

17. How has technology (ICT) affected new product development (NPD) decisions in your department? Yes No Don't Know

If Yes, how?

18. How long does KLB take to come up with new products?

- less than 6 months 6 months to 1 year
 1 to 2 years More than 2 years

PART C: Challenges facing KLB in managing its New Product Development process

19. How do external organizations help KLB in New Product Development process?

20. In your opinion, which ONE of the following factors influences New Product Development choices for KLB the most?

- Government policies Areas of book publishing
Technology Organization structure

Others (Specify) _____

21. If you were the Managing Director, what would be the one thing you would change about how new products are developed in KLB?

22. Has KLB expanded its product brands in the last ten years? Yes No Don't Know

If Yes, by how many titles? Less than 100 100-500 Over 500

Please list some of the new titles _____

23. How would you rate KLB performance in the past 10 years in number of titles approved by KIE? (On a scale of 1 to 5; where 1 is POOR and 5 is the BEST)

1998-2000	2001-2003	2004-2006	2007-2010

24. Suggest ways in which you would like KLB to improve its new product development (NPD) processes _____

25. In your opinion what are the advantages of liberalization of the book publishing industry for publishers? _____

26. In your opinion what are the Disadvantages of liberalization of the book publishing industry for publishers?

27. How would you rate the speed by the Ministry of Education in approving KLB projects?

Excellent 5 4 3 2 1 Poor

28. In your opinion, would KLB have performed better if it was not a state owned/parastatal?

Thank you for your co-operation.

7.2: Appendix II - OPERATIONAL DEFINITION OF TERMS

Global Industry is one in which competition within the industry crosses national borders.

Liberalization refers to the emergence of an ever-changing environment, which has influenced the world activities into a homogeneous entity.

Publishing is the process of production and dissemination of literature or information – the activity of origination and development of intellectual contents from ideas to finished book and making of such information available for public view. Traditionally, the term refers to the distribution of printed works such as books. The scope of publishing has expanded to include electronic resources.

Book is a literary composition that is published or a written or printed work consisting of pages glued or sewn together along one side and bound in covers. (Oxford American dictionary 2009)

An area of book publishing is the sector or realm in book industry that provides a basis for the production of relevant reading material to meet the literacy needs of the market.

New product development (NPD) is the term used to describe the complete process of bringing a new product or service to market.

Policies are the basic principles by which a government is guided. The declared objectives that a government seeks to achieve and preserve in the interest of national community.

Technology is the usage and knowledge of tools, techniques, crafts, systems or methods of organization in order to solve a problem or serve some purpose.

Information technology (IT) is the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications

Information and Communication Technologies (ICTs) is often used as an extended synonym for information technology (IT). ICTs consists of all technical means used to handle information and aid communication, including computer and network hardware, communication middleware as well as necessary software.

7.3: Appendix III – Letter of Introduction