

**STRATEGIC RESPONSES BY NATION MEDIA GROUP (NMG)  
TO CHANGES IN THE EXTERNAL ENVIRONMENT**

**BY**

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## **DECLARATION**

I the undersigned, declare that this research project in its form and content is my original work and that the same as never been presented to any other college, institution or university for academic or other purpose to the best of my knowledge.

Signed: ..... Date.....

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**D61/70739/2008**

This research project has been presented for examination with my approval as the appointed supervisor

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## **DEDICATION**

This work is dedicated to my parents Esther and Patrick Kimani, my sister Jane and brothers Ken, Evans and George for their selfless efforts and lifetime dedication in form of education, financial resources and moral support through the entire period.

## ABSTRACT

Over the past few years, the general business environment has become more volatile, unpredictable and highly competitive. Coping with the increasingly turbulent environment has pushed firms into rethinking their operational and strategic interventions. As Pearce and Robinson (1997) observed, the external environment exerts pressure on firms to be proactive and to formulate successful strategies that facilitate responses to anticipated, planned and actual changes in an increasingly dynamic and changing environment.

NMG has faced a number of challenges in the external environment since inception. The objectives of this study were to establish the specific changes in the external environment which had affected NMG and find out the strategic responses the firm had employed to cope with them.

The research design used was a case study. The method was found suitable because it aimed at giving an in-depth account of how NMG is responding to changes in the external environment. Primary data was collected through face to face interview with six respondents drawn from the organization's top management.

The study found that the greatest challenge facing NMG was the digital growth that has seen viewers, readers and advertisers shift to the internet, shunning traditional media platforms such as newspapers. Competition and government regulation were also found to be significant factors threatening NMG's survival and profitability. NMG has responded in a number of ways among them investing heavily in technology and online platforms. The other strategy involves forming strategic alliances with firms both in the media industry and without to draw synergies.

The study was not without limitations. Being a case study of NMG, some of the findings in respect of NMG's direct and indirect business rivals may not be exhaustive. In probing the respondents, the researcher may have left out certain variables that could have highlighted the

challenges in the external environment facing NMG and the strategic responses the organization has employed in a more exhaustive manner. The researcher also faced time constraints in collecting data from NMG's senior managers through in-depth face to face interviews. This took a lot of time since the respondents were busy and did not have sufficient time to finish the interviews in one sitting.

The study was however not exhaustive and therefore recommends further research on on the challenges NMG is facing as it seeks to grown and maintain its market leadership position in the media industry among other areas.

# TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iv</b>
<b>ABSTRACT.....</b>	<b>v</b>

## **CHAPTER ONE: INTRODUCTION**

1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	6
1.3 Objectives of the Study.....	7
1.4 Importance of the Study.....	8

## **CHAPTER TWO: LITERATURE REVIEW**

2.1 The concept of Strategy.....	9
2.2 Organisational Environment, Strategy and Internal Capability.....	10
2.4 Strategic Responses to External Environment.....	14

### **CHAPTER THREE: RESEARCH METHODOLOGY**

3.1 Research Design.....	21
3.2 Data Collection.....	21
3.3 Data Analysis.....	22

### **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

4.1 Introduction.....	24
4.2 External Challenges Facing NMG.....	24
4.3 Strategic Responses by NMG to External Environment Changes.....	30
4.4 Discussion of Results.....	38

### **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

5.1 Summary of Results.....	40
5.2 Conclusions of the Study.....	42
5.3 Recommendations of the Study.....	43
5.4 Limitations of the Study.....	44
5.5 Suggestions for Further Research.....	45



<b>REFERENCES.....</b>	<b>46</b>
<b>APPENDICES.....</b>	<b>49</b>

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

The corporate and business world globally is increasingly going through radical shifts and trends brought about by factors such as technological changes, entry of new competitors as well as growing internal challenges. As such, corporate planners and strategists are always faced with the challenge of ensuring sustainable existence of a firm and survival over time. In such a shifting business environment, the only cushion has been and will always be the ability of the firm to synthesize the environment and as such craft strategies and responses that can give it's the much needed competitive edge (Pearce and Robinson, 2005).

To ensure survival, the firms must also develop capability to ably manage threats and exploit emerging opportunities at the ample time before for example the rivals get wind of it. Ansoff and McDonnell (1990) see proactive approach to threats and opportunities as the only way for a firm's success as it will not only ensure the firms long-term profitability but also give it the much needed capacity to outdo rivals.

### **1.1.1 Organisation and the Environment**

Organizations do not exist in a vacuum. In a dynamic business environment, a host of external factors informs a firm's choice of direction and action and ultimately its organisational structure and internal processes.

These factors constitute the external environment and can be divided into three interrelated subcategories: Factors in the remote environment, factors in the industry environment and factors in the operational environment, conclude (Pearce and Robinson, 2005). In the remote environment, these are factors that originate beyond the firm's control and usually are irrespective of any single firm's operational situation. Such include economic, social, political, technological and ecological influences.

The industry elements include the barriers to entry, supplier power, buyer power, availability of substitutes and competitive rivalry (Porter, 1979). He calls these competitive forces and argues they shape the strategy and responses of a firm to the external environment. Finally, the operational environment includes competitors, creditors, customers, labour and suppliers (Pearce and Robinson 2009).

The external environment exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive responses to anticipated, planned and actual changes in an increasingly dynamic and competitive environment. As the business environment is becoming more complex, unpredictable and competitive, corporate survival requires a firm that performs at a higher level with a broader competitive and capability force (Ansoff and McDonnell, 1990).

According to Kotler (2003), the external environment trends call for closer attention since they represent large political, economic, social and technological changes which are always hard to come by but once adopted, they act as a base to a company's long-term

survival and profitability. This has left firms with no option than to respond to all the unmet needs and trends.

To survive, the firm needs to evaluate itself through the SWOT Analysis. This summarizes the key issues from the business environment and strategy capabilities of an organisation, helping the firm craft responses. Underhill (1996) in response says some firms are reviewing their core competences, selling some divisions, outsourcing some processes while others are re-organizing their internal structures and functions to better meet the market realities. The external environment presents firms with opportunities, threats and constraints, meaning firms must always aim at exerting meaningful reciprocal influence or responses through strategic thinking, (Drucker, 1983).

### **1.1.2 The Media Industry in Kenya**

Kenya's media market has been as turbulent as it is diverse. Since independence, the industry has encountered key shifts especially in frequently defying hard economic and regulatory times to become what it is today. The media market has adopted an almost duopolistic structure since independence, dominated by the Standard Group and the Nation Media Group (NMG) (Loughran, 2010). The two firms are listed at the Nairobi Stock Exchange (NSE). However, new investors have been making inroads into the market in response to its liberalization in the late 1980s. The new big investors include Royal Media Services which is largely in the broadcast segment.

In the print media segment, there is also Mediamax Limited which owns K24 TV, the People Daily and other outlets while approximately 120 foreign correspondents representing 100 media organizations report from Nairobi, says (Loughran, 2010) while concluding there is no government-owned or controlled newspaper. Major independent radio and television media are controlled by Kenya Television Network (KTN), the broadcast media arm of the Standard Group; Citizen Radio/Television, owned by Royal Media Services which also owns at least 20 FM radio stations. The government owns and controls the Kenya Broadcasting Corporation (KBC) and its subsidiaries which include a television network and several radio stations.

Despite the growth, the market has been faced with challenges including harsh economic realities and several attempts by the Government to control the operations of the media especially on the dicey issue of extensive cross-media ownership and irresponsible reporting. Increased use of technology, mainly internet and mobile phones, has also rattled the print media market in the country.

### **1.1.3 The Nation Media Group**

The NMG was established in 1960 through the launching of three newspapers. It was founded by His Highness The Aga Khan and has grown to become one of the biggest newspaper group in East and Central Africa. It all began in 1958 with the purchase of a small Kiswahili Weekly the Taifa Leo which was two years later turned into a daily newspaper. The same year, the media conglomerate started printing the Sunday Nation and Daily Nation (NMG, 2009).

The vision of the Aga Khan was to produce newspapers 'edited and staffed by African, containing news of specific interest to Africa and expressing an African point of view to Kenyans Loughran (2010). Later, NMG was to set up The East African which serves the regional market of Rwanda, Uganda, Tanzania, Kenya and Burundi, the five East African Community (EAC) nations. In 2007, the firm established the Business Daily, a premier newspaper reporting business news. The organization also has interest in the broadcasting market as it runs NTV, ETV for the TV segment and Easy FM in the radio section.

NMG through its subsidiaries Mwananchi Communications and Monitor Publications runs newspapers and broadcast platforms in Tanzania and Uganda respectively. In Tanzania, it owns Kiswahili papers Mwananchi Daily and MwanaSpoti a weekly all-sports newspaper as well as The Citizen while in Uganda; the company runs Daily Monitor, a daily newspaper, NTV Uganda and FM radio station, 93.3 KFM.

NMG as one of the biggest independent print media player in Kenya relies on advertising and circulation revenues to survive. The fact that it is not in a monopoly in the market means such sources of revenues as well as its overall profitability is threatened by among other things the strategic moves of competitors as well as other challenges in the environment. Competitors are increasingly rolling out new products meaning the readers are spoilt for choice, (Thujo, 2003). NMG's biggest rival since the 1960's, The Standard, has been threatening NMG's profitability by under-pricing in order to attract advertising. It is therefore necessary to study how the NMG is responding to these pressures.

## **1.2 Statement of the Problem**

Firms are increasingly facing a more challenging operating environment arising from among other things political, social, economic and technological changes. As such, they must adapt to the environment to succeed (Pearce and Robinson, 1997). This calls for constant redesigning of the firm's operations to help the firm fit within the environment. For a firm to thrive in a competitive market, it must effectively align its strategy to the external environment even as it straightens this with the internal environment. It is from the environment that organizations draw customers, human resources, and resources.

As part of the mainstream media, the Nation Media Group plays a critical role of dissemination of information may it be Government policy, corporate news and human interest stories, notes Loughran (2010) adding that the firm has been a critical vehicle for change, a role it plays by promoting transparent and accountable political and governance offices. It also sets a platform for dialogue and social discourse on matters of national interest. But for the media firms, despite this otherwise oversight role, they must do so while ensuring that they boost their profitability and survival. This endeavour is however normally threatened in the current environment by technological changes and strategic moves by competitors, concludes (Loughran, 2010).

Several studies have been done on strategic responses to the external environment among them (Chepkwony, 2001; Thiga, 2002 and Nkirote, 2004). Chepkwony (2001) looked at Petroleum Firms in Kenya while Thiga (2002) studied the Aviation Industry. Nkirote (2004) surveyed the Mortgage Industry Firms in Kenya. The studies concluded each of those industries were experiencing unique factors in the external environment which were determining the strategic direction of firms in the sector. These findings would however not be adequately applied in Kenya's print media market and by extension the NMG due to its uniqueness. Studies done on

NMG focused on different aspects. They include Muganda (2007) who looked at competitive strategies adopted by NMG, focusing specifically on competition and Porter's Generic Strategies, leaving out other factors in the environment. Thuo (2003) looked at the diversification strategy at NMG.

A knowledge gap therefore exists regarding the strategic responses employed by the NMG to the changing factors in the external environment beyond competition. This study therefore sought to address the following questions: What factors in the external environment of print media firms in Kenya have affected the NMG? and what strategic responses has NMG adopted to cope with these changes in the external environment?

### **1.3 Objectives of the Study**

The study sought to address the following objectives:

- i. Establish the factors in the external environment of print media firms are faced by the NMG.
- ii. Establish the strategic responses NMG has adopted to cope with the changes in the external environment of print media firms in Kenya.



## **1.4 Importance of the Study**

The print media market is key to the growth of the country's economy due to its contribution to informing citizens, promoting democracy, accountability and transparency in public governance. The importance of this study rests on its attempt to unveil the environmental forces and their magnitude in the operations of print media firms in Kenya, delving into the strategic responses employed by such organisations. Thus, the study will be useful to business executives will be able to identify the environmental forces in the market and as such craft apt strategies to respond to such.

Investors will also be able to know the future of the print media market, based on the responses firms are putting in place and as such they will be able to make informed investment decisions. Government bodies will find a source of information on what is affecting the print media firms in the market with the view of making regulation decisions so as to either cushion the industry from pitfalls or tighten rules to avoid excesses. Finally the findings of this study may trigger further research in the future which will move a step further in building more knowledge on how to enhance corporate management in Kenya.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 The Concept of Strategy

Firms must adapt to their environment to succeed. This according to Pearce and Robinson (1997) calls for constant redesigning of the firm's operations to help it fit within its environment. For a firm to thrive in a competitive market, it must effectively align its strategy to the external environment even as it straightens this with the internal environment. It's through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by changing environment.

Thompson and Strickland (1996) note that strategy consists of all moves a firm is taking to attract customers, withstand competitive pressures and improve its market positioning in light with changing business environment. It is what the firm is doing to outwit rivals and gain competitive advantage. They argue that since each organisation has its own specific situation and market environment, there are as many strategies as there are companies trying to compete in any market. Johnson, Scholes and Whittington (2006) see strategy as a basis on which a business unit achieves competitive advantage in the market. And, Porter (1980) posits that an organization can outperform rivals only if it can establish a differentiation that it can.

Lawrence and Lorsch (1967) argue that for an organization to survive, its operations must be characterized by; a clear business strategy and vision for the future, a strategic direction endorsed by senior managers taking into account partners and other shareholders, a system of governance and several levels that ensure you coordinate everything even when there are competing goals and priorities in the enterprise. A similar argument is pushed by Thompson and Strickland (1993) who says the strategic manager's main role is to develop a business concept and forming a vision of where the organisation needs to be headed in effect giving the organisation sense of purpose.

Chandler (1962) recognizes the importance of coordinating the various aspects of management under one all encompassing strategy. It is Selznick (1957) who brings along the argument that organizations need to match their internal operations with the happenings in the external environment through strategy.

## **2.2 Organizational Environment, Strategy and Internal Capability**

Strategic actions are influenced by the environmental complexity and volatility. Changes in the environment lead to changes in strategy and direction of an organisation. Businesses do not operate in a vacuum, it has to act and react to what happens in the external environment. Thompson and Strickland (1992) argue that many factors enter into the formulation and implementation of a company strategy. The interplay of these factors is frequently complex and always industry and organisation specific. No two strategic choices are made in exactly the same context because situational factors differ.

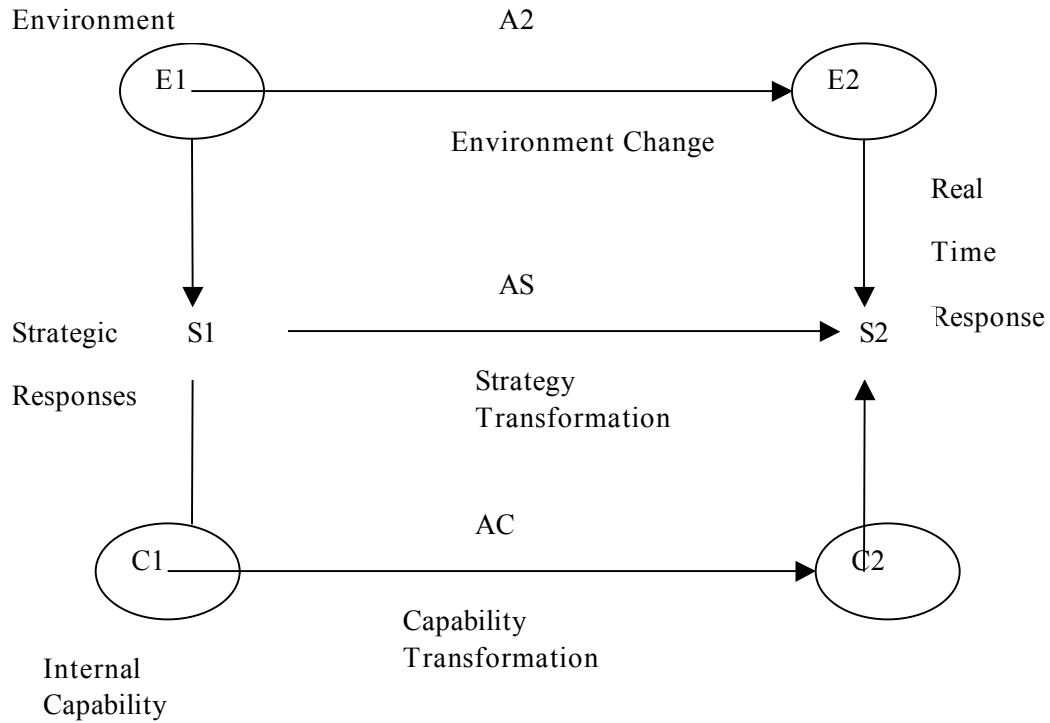
Firms must scan the external environment to ease strategy making and implementation Johnson Scholes (1999). This they say is done through (Political, Economic, Social and Technological or what is normally referred to as PEST) which involves identifying the political, economic, socio-cultural and technological influences on an organisation - providing a way of auditing the environmental influences that have impacted on an organisation or policy in the past and how they might do so in future.

There exists a strong link between the environment, strategy and the internal capability. Strategic responses involve change in a firm's strategic behavior to assure success in transforming future environment. Strategic diagnosis identifies whether there is need to carry out such changes out of which specific action is selected and executed to bring the firm aggressiveness and responsiveness in line with the future environment (Ansoff, 1999). This relationship between the environment, strategy and internal capability is illustrated in Figure 2.3 below.

The illustration in figure 2.3 explains a model of elements of strategic management showing the environment's influences on organization and corresponding shift in the firm's strategies. In the figure, when there is a shift in the in the environment from E1 to E2, this requires a shift in the firm's strategy from S1 to S2. A shift in strategy is possible only if the organization capability C1 to C2 was effected. The organization creates opportunities and threats, the competitiveness of the organization and the expectations of stakeholders.

**Figure 2.3 Relationships among the Organization Environment, Strategy and the Company**

**Capability**



(Source: Ansoff and McDonnell, 1990). *Implanting Strategic Management*, (2<sup>nd</sup> Edition, PP 40).

New York: Prentice Hall.

**Key**

E1-Present Environment

C1-Present Internal Capability

E2-Future Environment.

A2Capability Transformation

AE-Change in environment turbulence.

S1-Present Strategy

S2-Future Strategy.

AS-Strategic Transformation.

## **2.3 Strategic Responses to Environmental Changes**

It is the environment that influences the strategic responses of an organisation. To stress this Pearce and Robinson (1997) conclude that changes in the environment will lead to shifts in the objectives and strategies of an organisation. On his part, Burnes (1996) concludes that the environment is complex and ever changing and will continue to change rapidly, radically and unpredictably. This means that managers have to keep on reviewing strategies based on the changes in the environment.

The ability of a firm to command competitive advantage depends on the practicability of its strategic responses. The business environment in Kenya has for example changed drastically resulting to print media firms re-looking at their business. Though there is no commonly agreed definition of strategy, it is clear that strategy is about managerial decisions that give a firm an edge over rivals as well as help it contend with the environment for both short-term and long-terms profitability, growth and survival, Burney (1997). The business environment in the country has drastically changed pushing media firms like many organizations to look for ways to survive in the wake of increased competition and general environmental turbulence.

The role of a corporate strategist is to find a position that can best defend the firm against these forces of the external environment or can influence them to its favour. Strategic managers are frequently frustrated in their attempt to anticipate the environment's changing influences in a firm. Different external elements affect different strategies and responses at different times and with varying strengths. For an organization to obtain a sustainable competitive advantage Porter (1985) suggests that they should follow either one of three generic strategies. These include Cost

Leadership, Differentiation, Niche strategies or 'Stuck in the middle'. Having a competitive advantage which allows the company and its products ranges to stand out is crucial for their success.

### **2.3.1 Managerial Responses**

Ansoff and McDonnell (1990) argue that the bulk of managerial time in business is spent in trying to cope with the uncertainties induced by the external environment which may include competitors' moves, economic fluctuations, technology and labour demand among others. They identify three ways that management responds to surprising changes in the external environment. They are reactive, decisive and planned strategic management.

When a spate of discontinuity hits a firm, its impact typically remains hidden with normal performance fluctuations. The management reacts to the situation using historically proven strategic responses. The initial response is normally cost reduction, efficiency improvement, sales aggressiveness, unless the threat or opportunity has been identified by special forecast thus warranting special treatment, says (Porter, 1985). For established firms with long history of success, the mere presence of persuasive data frequently fails to trigger response.

Secondly, there is decisive management. In this scenario, the firm does not engage in environmental forecasting but they are quick to learn from the failure of conventional responses. As soon as data shows that culminating loss of profit cannot be due to normal management

fluctuations and triggers a response. This is characteristic of small firms which are led by a slightly younger management, (Ansoff, 1990).

Thirdly, there are planned strategic responses. This entails an expectation to find anticipation of threats and opportunities to be matched by anticipatory responses. However, only firms that engages in forecasting exhibit the same procrastination behavior of reactive firms (Ansoff and McDonnell, 1990). In such, early impact of discontinuous departures from historical trends remains hidden behind the normal statistical fluctuations.

Finally, Ansoff (1990) argues that the period between first awareness of a threat and a point in time at which manager's turns to coping with it may take days, months or years. It ushers in extraordinary measures meant at coping with discontinuous changes in the firm's relationship with the environment in its internal dynamics.

### **2.3.2 Competitive Strategies**

Porter (1980) argues that a firm must find a position in the industry where it can effectively defend itself from the five competitive forces namely threat of entry, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and rivalry among competitors. For this, Porter (1980) identifies three successful generic strategies which include overall cost leadership, differentiation and focus.



It is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by changing environment. As such, a good strategy neutralizes threats, exploits opportunities, capitalizes on strengths and fixes weaknesses (Pearce and Robinson, 1997).

### 2.3.3 Marketing

Kotler (2000) defines marketing as a social process by which individuals and groups obtain what they need and want through creating offering and freely exchanging products and services with others. An excellent way of analysing marketing as a strategic response is to use Product-Marketing Expansion Grid proposed by Ansoff (1957) detailed below in figure 2.4.

**Figure 2.4 Three Intensive Growth Strategies: Ansoff's Product Market Expansion Grid**

	CURRENT PRODUCTS	NEW PRODUCTS
CURRENT MARKETS	1. Market Penetration	3. Product development Strategy
NEW MARKETS	2. Market development Strategy	4. Diversification Strategy

Figure 2.4; source Kotler P.J & Armstrong G. (1990). *Marketing: An introduction*. PP 220. Prentice Hall Inc, London.

Kotler (2000) says a marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Ansoff and McDonnell (1990) conclude that firms which do not innovate don't survive.

### **2.3.4 Diversification**

Diversification makes sense when growth opportunities can be found outside the current business. Kotler (2000) states that a good opportunity is the one which industry is highly attractive and the organisation has a good mix of business strengths. Three types of diversification are therefore possible. A company, Kotler (2000) says could seek new products that have technology or marketing synergies with existing products line even though they will create a new customer line. It could also search for new products which appeal to the current customers although technologically unrelated to the current product line. Thirdly, it can also seek new business that has no relationship to the current company technology, products or markets.

Thompson and Strickland (1996) say the strategies of diversification can include internal development of new products or markets, acquisition of a firm, alliance with a complementary company, licensing of new technologies, and distributing or importing a products line manufactured by another firm. Generally, the final strategy involves a combination of these options. This combination is determined in function of available opportunities and consistency with the objectives and the resources of the company (Thompson and Strickland, 1996).

### **2.3.5 Divestiture**

This is the sale of a firm or a major component of a firm. The company must not only develop new business but also carefully prune, harvest and divest from tired and weak units or products in order to release needed resources and cut costs (Kotler, 2000). Divestment is a form of retrenchment strategy used by businesses when they downsize the scope of their business activities.

Ansoff (1990) says divestment usually involves eliminating a portion of a business. Firms may elect to sell, close, or spin-off a strategic business unit, major operating division, or product line. This move often is the final decision to eliminate unrelated, unprofitable, or unmanageable operations, Ansoff (1990) who adds that divestment is commonly the consequence of a growth strategy.

### **2.3.6 Technology**

Information processing capability can improve organization's strategic capability to create a competitive edge. Ansoff and McDonnell (1990) argue technology innovation and responsiveness has become an almost indispensable ingredient as part of firms' strategic responses to the increasing changes in the external environment.

Ansoff (1990) says an organisation needs to create an IT strategy focused on creating and measuring business value from the business investment in IT, and not as traditionally done which is starting with IT and figuring out how to deliver business value. Other generations of technology-related strategies primarily focus on: the efficiency of the company's spending on

technology and how people, for example the organization's customers and employees, exploit technologies in ways that create value for the organization.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

For this study, the researcher used a case study. This method was found to be the best suited as it helps gain in-depth insight into the topic appropriately providing the researcher with specific company related data regarding the NMG's responses to challenges in the external environment.

Kothari (1990) defines a case study as a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit. This is a method that delves deeper into issues on a certain unit rather than skimming through a wide range of issues and units. It's the easiest form of research which is free from material bias and it enables one to study extensively a particular unit (Mugenda and Mugenda, 2003). The design is also ideal as it provides insights into the research problem by describing the variables of interest in detail.

### **3.2 Data Collection**

The researcher relied on primary data to establish the strategic responses by the NMG to changes in the external environment. This was done by conducting personal interviews on senior managers at the NMG. The interviews were guided by an interview schedule. Mugenda and Mugenda (2003) define an interview schedule as a set of questions that the interviewer will ask during the interview. This is mainly to give him a guideline especially to ensure that no question or issue is left untouched and also ensure there is a logical flow of thoughts in the questioning.

Data was collected from five respondents across the NMG's functional areas. The specific managers targeted were the Chief Executive Officer, Group Managing Editor, Advertising and Circulation Director, Human Resource Director and the Finance Director. These are officials involved in crafting and implementation of strategy in the entire company to be implemented in the various units in Kenya, Uganda and Tanzania.

The respondents listed the challenges in the external environment facing the NMG's operations as well as the strategic responses the company has adopted to deal with them. The researcher deemed this method as the most appropriate as the study was interested in cases that have the required information in respect to the objectives of the study. For secondary data, the study relied NMG's annual reports for various years.

### **3.3 Data Analysis**

The data collected was analyzed using content analysis. Mugenda and Mugenda (2003) point out that content analysis measures the semantic content or the 'what' aspect of message. As such, content analysis cushions against selective perception of content. Further, content analysis helps to determine the presence of key words and concepts and make inferences from them. This being a case study, the responses were qualitative in nature and the researcher aimed at make general statements on how categories or themes of data are interrelated.

According to Kothari (1990), content analysis consists of a series of digging into the content of documentary materials which can either be printed or spoken. The researcher used the data to

present research findings in respect to the strategic responses employed by NMG to changes in the external environment.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter deals with data analysis and interpretation of the research findings. The data from the five respondents interviewed in this study was analyzed using content analysis. The respondents have been involved in strategy formulation and implementation in the company.

The respondents head the various divisions/departments of the Group and are charged with the responsibility of crafting the specific divisions'/departments' strategies and ensure that the same are executed efficiently and effectively to place NMG in a favourable competitive position with the media industry both in Kenya and in the region. NMG is facing challenges in the external environment. Set out below is a review of how NMG has been responding to these challenges.

### **4.2 External Challenges Facing NMG**

NMG has been operating for over 50 years now since the early 1960s when it launched its first publication, Taifa Leo, followed by the Sunday Nation and Daily Nation. The researcher established that the major external challenges faced by NMG are: Continued growth in the use of Internet, government regulation, volatile newsprint prices in the global markets, attraction and retaining of key talent and intense competition. The respondents felt that the biggest challenge that NMG had faced recently and from which was yet to recover from are the economic



disruptions brought about by the 2008 post election crisis. The violence disrupted the distribution lines and hurt the economy, leaving households with little to spend. Companies suffered from subdued sales and as a result they cut their advertising budget as the economy weakened, draining NMG of its key income stream. NMG's pre-tax profit fell to Ksh1.7 billion in 2009 from Ksh1.9 billion the previous year, a drop the company attributed to the effects of the post-election crisis.

Consequently, NMG was under pressure to put in place strategies that responded to the dictates of the business environment in order to survive and compete effectively. Below are the changes in the external environment that respondents felt were of concern to NMG's operations.

#### **4.2.1 Competition**

The liberalization of the media industry has led to an increase in the number of players in both the print and broadcast segment. Liberalisation of the industry in the 1990s saw the emergence of private publishers and broadcasters, magazines, pay TV Channels and other community broadcasters. This expansion, the study found had led to intense competition for advertising and circulation revenues, editorial and programming independence, diversity of reporting and more choices for audiences and readers. The advertiser was attracted by content that appealed to his or her target consumer, the reach in terms of geographical coverage as well as the numbers and a competitive price.

On competition, the study established that the major competitors to the NMG were media firms such as Standard Group, Royal Media Services and mobile phone companies such as Safaricom, Orange, Yu and Zain. The media firms competed with NMG in terms of selling the same services and products such as newspapers, radio and Television. The communication companies competed

with NMG by the fact that they had recently launched services where subscribers could log on their mobile phones to read up to date news on what is happening in the country. Competitors were increasingly rolling out new products meaning the readers are spoilt for choice. NMG's biggest rival since the 1960's, The Standard, threatened NMG's profitability by under-pricing in order to attract advertising according to the respondents.

#### **4.2.2 Growth of Internet use**

Strategic challenges affect the long term viability of the organization. The threat to NMG is no longer just from other media houses. The new media is posing a serious challenge to NMG. All the respondents interviewed acknowledged that the biggest threat to the future of NMG is the onslaught of growth in internet use. Mobile telephony platforms such as the I-Phone had made it possible for consumers to download news, movies, music and podcasts through the internet and watch or listen either on the phone or personal computers.

With the emerging technologies mainly social networking tools like *Twitter*, *Facebook*, and *Myspace*, NMG is encountered serious shifts in consumer consumption of news. Respondents felt that such platforms were turning citizens into journalists and allowed for instant updates on breaking news, diminishing the immediacy of print media. As such, the company's advertising revenues and readership were being drained by a young generation which is more comfortable attuned to the screen and keyboard. *Youtube* for example provided whatever content the consumer desired, wherever and whenever they wanted. Newspaper readers and TV viewers did not therefore have to be tied down by programming schedules which sometimes dictated viewership or the following day's newspaper to read yesterday's news.

On a positive note, the interactivity provided by the Internet and mobile telephony was helping support news gathering and dissemination. Respondents said Short Messaging Services (SMS) and E-mail were being used to create viewer interactivity in TV as well as in quickly disseminating breaking news. The internet was also a good source of research material for programme producers and journalists in general.

### **4.2.3 Volatile Newsprint Prices Globally**

The respondents felt that since NMG was almost fully reliant (80 per cent) on the print section for its revenues, volatile newsprint prices in the global markets was increasingly becoming a threat to the profitability and survival of the company. The prices had been edging up, leaving the company with high production costs yet the street price of a newspaper had remained stagnant over the last ten years. This explained why NMG in September 2010 increased the price of the Friday edition of the Daily Nation from the previous Sh35 to Sh40. NMG's main competitor The Standard also raised the price by the same margin to Sh40 per copy.

The study also found that NMG had been disadvantaged by the fact that it was a relatively small buyer of newsprint in the global market compared to other media conglomerates, buying at least 2,000 tonnes annually compared to an average Indian media firm which procures 50,000 tonnes annually. This, respondents said meant that NMG could hardly bargain for discounts which big buyers were getting.

#### **4.2.4 Shifting Consumer behaviour to preference for local programmes**

The study found that NMG was keen to grow its revenues in the broadcast segment, to wean the Group of its continued overreliance on the print section for growth and profitability. Respondents felt that viewers were increasingly demanding local programmes. Competition among the broadcasters had therefore shifted to local programming. Citizen TV had for example taken full advantage of this shift by generating different genres of local programming. Respondents said advertisers would always 'vote' with the consumer since media was only a platform to reach the target consumers. NMG's main TV station NTV had therefore found consumer demand for local programming content as another important source of competitive pressure. Citizen TV appeared to be winning the battle for advertising revenue and viewers around local programming content. The station, the study found, had attractive local programmes straight after the early evening news at 7PM.

Respondents felt that NTV had invested little on local programming content, presenting one of the biggest challenges to its revenues and therefore hurting the contribution of the broadcasting segment to NMG's revenues and overall profitability. According to the respondents, advertisers were increasingly following the viewers to their favourite local programmes. This posed a serious threat to NTV's advertising revenues and long-term profitability.

The shift in consumer preferences had also brought to the fore the growth of community radios. NMG's key rivals such as KBC and Royal Media Services had been keen to roll out vernacular radio stations, posing a big threat to NMG's radio segment. Citizen for example commanded at

least 30 vernacular radio stations countrywide while NMG boasted of two radio stations—Easy FM and Q-Fm—both stationed in Nairobi.

#### **4.2.5 Government Regulation**

The study established that Kenya's media had been a target of government regulation over the past few years, a trend that had hurt players such as NMG. Respondents felt that some of the regulations had hindered the growth and profitability of NMG. One major set of regulations cited by the respondents as being prohibitive was the Kenya Communication (Amendment) Act which came into effect in January 2010. The Act among other things regulated broadcast content and curtailed cross ownership meaning a media house was barred from investing in print and broadcast media together; it has to settle for one. The regulations allowed the government to control broadcast programming and introduce term licenses where media owners would have seven years before re-applying for frequencies unlike in the past when there was no need for renewal. Those with inactive frequencies would have to surrender them.

The study found that the raft of government regulations stifled growth of media firms and discouraged them from venturing into bigger investments. Respondents said the regulation barring cross ownership and number of frequencies potentially meant that NMG was finding it difficult to roll out radio stations countrywide and at the same time remain a big player in the newspaper and TV segments.

### 4.3 Strategic Responses by NMG to External Environmental Changes

Kenya's media industry is highly turbulent and competitive. From the study, the researcher found that NMG had managed to cope with changes in the external environment by increasing sales and marketing activities, entering into joint ventures, diversifying, product differentiation and continued investment in highly skilled human capital. It had also coped with the changes in the external environment by embracing technology use and introducing new products (technology driven).

The respondents felt that NMG had successfully responded to the changes in the external environment. This was because customer perception of the company's products had changed to the better while revenue (from circulation and advertising) had increased. New services and products introduced (such as Business Daily, TV stations and online news service in the name of websites) had been well received by the public and this had been translating into better returns for the company, as shown in Table 4.1 below which depicts NMG's financial performance over the past five years.

**Table 4.1 NMG five years' financial performance**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Sales in billion KSh</b>	<b>5.5</b>	<b>6.3</b>	<b>7.6</b>	<b>8.2</b>	<b>8.7</b>
<b>Pre-tax Profits in billion KSh</b>	<b>1.01</b>	<b>1.15</b>	<b>1.6</b>	<b>1.9</b>	<b>1.7</b>

Source: NMG (2009)

### **4.3.1 Investment in Human Capital Development**

Respondents felt that journalism required highly skilled staff, especially in specialised reporting fields such as IT, health and business. As such, NMG had been keen to re-look its human capital strength to ensure that it had the right people in the right jobs. The study found that rigorous training programmes were in place to ensure that there was sufficient pool of manpower to run the operations of the NMG news platforms to the required international standards. NMG had an elaborate in-house and external target programmes that target to fill in deficiencies in occupational skills across the organisation.

Respondents felt that talent war among the leading media houses in Kenya was increasingly becoming a big concern to the organisation. This study found that at least ten journalists were being ‘poached’ annually from the various NMG operations by competitors, leaving a void in the human capital establishment. To respond to this, NMG had launched an in-house training school set up in 2008 where it admitted 12 fresh graduates from across its region of operations which include Uganda, Kenya and Tanzania annually. The trainees were taken through a one-year intensive training and later deployed to the various platforms.

The study found that rapidly changing media environment was forcing NMG to enhance staff exchange learning programmes with other global media houses such as Reuters News Service, Kansas City Star. Most of these programmes took at least one year. The respondents felt that attracting and retaining the best talent at NMG remained the biggest challenge to serve in all the markets the company operates.

### **4.3.2 Restructuring**

The respondents stated that in 2008, the company carried out a business re-engineering process that was guided by a restructuring strategy. This intended to re-organise the company structure so that it would create value for customers by eliminating costly functions in the Group. This saw the closing down of the Daily Metro, a daily newspaper that had been in existence for barely two years. Respondents said the newspaper was piling costs on the Group at a time when the business environment was subdued by the global recession and the effects of the 2008 post-election violence that rocked Kenya.

Further restructuring was to follow in 2009 when the company attempted to merge the operations of the business desk at the Business Daily, NTV and Easy FM. While this exercise is yet to be fully rolled out, the respondents felt that its success would be cascaded to other units. The idea was to have every business journalist file articles for TV, radio and newspaper platform to cut on operational costs.

### **4.3.4 Diversification**

The study found that one of the biggest challenges in the external environment which faced NMG was competition from its rivals the Standard, Royal Media Services among others. NMG was active in formulating and executing strategies to help it keep its rivals at bay. The study revealed that the company had put in place a diversification strategy.



Diversification involves the company rolling out new products and services that draw from the existing production line, although the new products and services may appeal to a different class of customers. The idea here is to use existing synergies in technology and marketing to drive the sales of the new products and services. The study found that NMG had rolled out products in print, electronic and internet sections across its region of operation in Uganda, Kenya and Tanzania. Every newspaper for example carried with it various sections each day to attract maximum readership in households. The Daily Nation carried DN2, a special pullout that is themed every day of the week touching on issues such as relationships on Thursday, Motoring on Friday etc. Respondents said the idea was to ensure that every person in the household was attracted to a specific section of the newspaper thus driving up circulation. The study established that the one single strategy that NMG hoped to adopt on this front was offering '360 degrees' media solutions to its customers. This included setting up a billboard making company, advertising agency etc to enrich its product offering tap into more resources and reduce costs.

NMG had also implemented the diversification strategy by rolling out the Business Daily in 2007, a premium business dedicated newspaper that the respondents felt had broken even and is projected to be a major contributor to the print segments revenues in the coming few years.

#### **4.3.4 Regional Expansion**

Respondents felt that the Kenyan market was increasingly becoming saturated and therefore the need for NMG to look beyond the borders. As such, NMG had boosted its investment in Uganda and Tanzania and planned to expand to Zambia, Malawi and Ghana among other African

Countries as it sought to increase its presence and profitability. The expansion strategy, respondents argued for example included rolling out the Rwandan edition of the East African.

Respondents said that the regional markets were key in providing NMG's new growth, adding that EAC region still had unexploited potential that could generate revenue consistencies while reducing economic risk exposure. This had been done by penetrating in key media streams internet, television and radio as well as putting more focus on internet-based (subscriber) business to pump new life into the business while keeping an eye on the impact of newsprint costs on the gross margin.

#### **4.3.5 Joint Ventures and Partnerships**

The study established that NMG had resorted to strategic partnerships with other companies to try earn a competitive advantage against rivals as well as cope with some of the challenges posed by the external environment. With the price of newsprint being the biggest threat to NMG's major source of revenue, the print section, the company had opted for strategic alliances which would help it source the material at a cheaper cost. Respondents said the firm was seeking to sign deals with several large media firms in India to help reduce the cost of newsprint. The thought was that since the big firms buy at discounted price and enjoy economies of scale, NMG could hide under their wings and procure the product cheaply. Respondents said the strategy was under discussion with the unnamed firms. The company had tried hedging against the cost of newsprint, a strategy that had also proved unsustainable. The study found that in 2008/2009 financial year, NMG had hedged for newsprint but the prices came crushing, leaving the firm with tonnes of expensive newsprint.

NMG was also increasingly reaching out for producers of local documentaries and programmes with an aim at developing high class customer attractive programmes for airing in its radio stations. On the print platform, it had contracted renowned experts in politics, education, policy, international relations etc to write columns and opinions to attract wider readership. Respondents said readers were demanding columnists with in-depth understanding of issues especially local politics and social issues.

Further, the study found that NMG had formed a joint venture company (East African Magazines EAM) with Media 24 Magazines, a leading South African publisher. EAM was to publish two media 24 titles-Drum and True Love. While the partnership collapsed early 2010, it had managed to position Drum and True Love as leading magazines in the country.

The study also established that NMG had a controlling stake in Mwananchi Communications Limited of Tanzania which published NMG's three titles, Mwananchi, Mwanaspoti and The Citizen all which have taken competition by storm. NMG also owned a majority shareholding at Monitor Publications in Uganda. The company used this platform to publish Daily and Sunday Monitor. Monitor Publications also runs a radio station KFM.

### **4.3.6 Investment in Vernacular Radio Stations and local TV programmes**

The study found that for many years, NMG had played an up market firm by providing products targeted at the middle and high income consumers. As such, it had shunned vernacular radio stations and continued to air foreign soap operas at a time when its rivals mainly Royal Media Services and the Standard were focused on the above. This had proved an expensive strategy for NMG especially so with the rapid shift in consumer preferences to local programming content and vernacular stations. Respondents said the best strategy to salvage the declining revenues from NMG's broadcasting segment as consumers shifted to rivals providing local programmes was intensive investment in the same.

The study established that NMG had recently launched several local programmes on its TV station NTV, replacing the Mexican Soap Operas that were being aired almost daily in the evening hours. The new local programmes included Wash and Set, Beba Beba and Higher Learning. The respondents argued that NMG also planned to roll out several vernacular radio stations to effectively compete with its rivals. The shift to local programming had seen NMG turn its eyes on locally produced documentaries such as The Making of a Nation.

### **4.3.7 Convergence**

In a bid to cut operational costs and make use of its human capital establishment, NMG had rolled out a strategy that could in future see it merge all the reporting functions in the company. The

strategy was founded along the premise that a reporter in any of the platforms would file news stories in all platforms including radio, TV and newspapers and also write for the online portals.

Respondents said the strategy was in response to growing pressures to cut labour costs, adopt global trends and develop and all round human capital that can effectively and efficiently deliver revenues to the company at the most minimal cost. The company for example had different business journalists (at least 100) sitting in the various business desks of the news platforms such as radio, NTV, Business Daily, Smart Company and the East African. The study found that this had been piling labour costs and therefore envisage a day when the company would have a single business desk employing a sizeable number of journalists, potentially much less than the current number.

#### **4.3.8 Courting the Government on Regulations**

The study established that NMG had been courting the Government to try tone down some of the regulations introduced in the media industry. Among them were the discussions which led to the removal of the controversial clause that empowered the State to raid broadcasting stations which was contained in the Media Bill, 2010.

NMG being the biggest media house in East and Central Africa had been on the forefront in lobbying the government through the Media Owners Association (MOA) to have some of the regulations reviewed or toned down to avoid their implications on the media industry. MOA has been influential in advising the Government on regulations prior their publication. Respondents said as a result, the Government was increasingly consulting NMG and other media players before publishing new regulations.

## 4.4 Discussion of Results

The study found that NMG faced a turbulent environment ranging from among other things growing rivalry to increased government regulation and shifting consumer behaviours which required strategic responses to ensure the firm's survival. The firm had responded to try fit within the changing environment by for example investing more on technology and human capital, expanding in the East African region and restructuring its operations. Pearce and Robinson (2005) noted that in a shifting business environment, the only cushion has been and will always be the ability of the firm to synthesise the environment and as such roll out strategies and responses that can give it's the much needed competitive edge. And as Porter (1980) concluded, the import of crafting strategy is to fit the organisation within the environment in which it operates. He noted that the intensity of competition in an industry is neither a matter of coincidence nor bad luck.

Thujo (2003) found that due to emerging shifts in consumer tastes and preferences, NMG had opted for diversification as a way of capturing a wider market while investing on existing products and markets. He concluded that for a firm to remain profitable, it must align itself to the changes in the external environment. Karoney (2008) concluded that strategic responses adopted by firms will usually come at a huge cost implication. She notes that with increased competition among firms and shifting fundamentals in the external environment, the only source of competitive advantage is the ability to generate new sources of competitive advantage.

NMG on its side hoped to outdo its rivals by charting strategies that would give it a competitive edge as well as ensure that it shielded its profitability in an environment whose dynamics were

increasingly changing. To avoid obsolescence and promote innovation for example, the firm was taking advantage of technology changes. Pearce and Robinson (2009) argue in their theory of technology forecasting that creative technological adoption can suggest possibilities of new products or for improvement in existing products or marketing techniques. Technological changes can spawn sophisticated new markets and products or shorten the anticipated life of a firm. NMG, the study found had launched website versions of its news platforms to lock in more readers and attract online advertisers.

# **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 Summary of the Results**

The success of an organisation in terms of long-term profitability and survival is determined by how best the organisation is able to match its strategies to the changes in the environment in which it operates.

Ansoff and McDonnell (1990) see proactive approach to threats and opportunities as the only way for a firm's success. This should be supported by aggressiveness in responding to changes in the environment which can be best achieved by matching strategic responses to the level of turbulence in the external environment.

### **5.1.1 Changes in the External Environment Affecting NMG**

The first objective of the study was to determine the factors in the external environment faced by NMG. The study established that NMG faced several dimensions of challenges in the external environment. The organization faced threats such as the growth in the use of internet, intense government regulation, volatile newsprint prices in the global markets, competition, changing consumer preferences to local programming content and talent wars.

On competition, the study established that NMG faced intense pressure from major competitors such as the Standard Group, Royal Media Services and mobile phone companies (such as



Safaricom and Zain). The media firms competed with NMG in terms of selling the same services and products such as newspapers, radio and Television. The communication companies rivaled NMG by the fact that they had launched services where subscribers could log on in their mobile phones to read up to date news on what was happening in the country.

Respondents felt that the volatility in the global newsprint prices had also remained a big threat to NMG's main revenue stream, the print media segment. As such, the company continued to incur heavy costs from the ever rising prices of newsprint. The study also established the fight for talent in the media industry had reached an all time high while it had become hard to get experienced specialized journalists especially to cover technical aspects such as business and finance, medicine and information technology.

The study further unearthed that the Government was increasingly interfering with the operational space of the media firms by rolling out prohibitive regulations such as the one curbing cross ownership. This and others had among other things restricted media firms from expanding and curtailed their operations.

### **5.1.2 Strategic Responses by NMG**

The second objective of the study was to establish the strategic responses NMG had adopted to cope with changes in the external environment. The researcher reached the conclusion that NMG employed restructuring, expansion, diversification and use of technology as responses to the changes in the external environment to place it at a competitive edge against its key rivals. The organization had also reached out for partners in the media industry such as big newsprint buyers

to help it procure the key raw material at a cheaper price given that the cost had been going up in the global market.

Respondents also said that the company had set up an internal training facility to help it churn journalists annually to be absorbed in all its platforms both in Kenya and other countries where the NMG has interests. The other response, the study found, was the increased investment in technology to make use of the growing shift into internet use. The company had also launched websites for all its media platforms which are updated every moment with breaking news of the day. This was to try interest the millions of Kenyans who were increasingly shifting to the internet, carrying with them advertisers.

Consequently, the study revealed that the above strategic responses had made NMG not only achieve high levels of profitability and survival but also gain and sustain competitive advantage in an industry where more rivals were coming up and environmental turbulence was becoming a greater concern to players. The study established that the company had attained this position as a result of a combination of internal competences as well as strategic responses to the changes in the environment. The study was however not exhaustive but provided useful insights into the dynamics in the external environment of media houses in Kenya which are affecting NMG.

## **5.2 Conclusions of the Study**

The study revealed several dynamics around NMGs operating environment and strategic orientation towards this turbulence. Generally, the company has had to wade off a number of harsh changes in the environment among them rivalry, the threat of continued use of internet,

intense Government regulation and interference, volatile newsprint prices in the global markets and challenges in attracting and retaining key talent to drive the growth of the company.

But the company has been keen to craft responses to cushion it from these pressures in the external environment. Among the responses it has put in place include diversification, regional expansion, hedging for newsprint, strategic partnerships and alliances, setting up a media lab to train journalists, investing in technology, local programming content and vernacular radio stations. This has helped the company grow its profitability which has leaped from Kenya Shillings 1 billion in 2005 to Kenya Shillings 1.7 billion in 2009, (NMG, 2009).

### **5.3 Recommendations of the Study**

To revamp the competitiveness of Kenya's media industry, the Government needs to address the issue of regulations of the sector especially by ensuring that the laws that come in place are put across for the players to review them before they are implemented, to cushion the industry. The Government also needs to urgently address the state of ICT and transport infrastructure to reduce the cost of doing business for the media players.

On its part, NMG needs to often scan its operational environment to ensure that its strategies are in line with the changes. The company should also ensure that it swiftly moves with industry trends and in most cases ahead of competitors such that it is well positioned in tapping on areas of profitability. A good example is on adoption of local programming. The firm, by virtue of being the market leader needs to be ahead of rivals in adopting strategies that increase its market share

and profitability and at the same time cushions NMG from turbulence in the external environment.

#### **5.4 Limitations of the Study**

The study was not without limitations. The research was based on a case study of NMG and some of the findings in respect of NMG's direct and indirect business rivals may not have been exhaustive. In probing the respondents, the researcher may have left out certain variables that could have highlighted the challenges in the external environment facing NMG and the strategic responses the organization had employed in a more exhaustive manner. The study also gives only the perspectives of NMG senior managers in respect of the dimensions of changes in the external environment and NMG's strategic responses vis-a vis those of rivals.

The researcher also faced time constraints in collecting data from NMG's senior managers through in-depth face to face interviews. This took a lot of time since the respondents were busy and did not have sufficient time to finish the interviews in one sitting. Others were frequently travelling abroad making it hard to secure timely interviews with them. This disrupted the logical flow of data and ease of data collection and analysis.

#### **5.4 Suggestions for Further Research**

The researcher felt there was need to probe several other aspects in regard to the media industry. Since this study focused specifically on NMG, it would be worthwhile to expand it into a survey that will look at how other media houses are responding to the changes in the external

environment. This would give an industry wide feeling of the various dominant strategic responses being adopted and how each of the companies is fairing after adopting the strategies.

On the broadcast segment, since the market was just beginning to shift towards local programming content, it would be interesting to investigate what kind of impact the trend was having in terms of how advertising were allocating their budgets to various media houses. Another aspect of environmental change worth investigating was the impact of internet and mobile telephony on the print media industry in Kenya. Further research also needs to be done on the challenges NMG faced as it sought to grow and maintain its market leadership position in the media industry.

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## **APPENDICES**

### **APPENDIX ONE**

#### **REQUEST LETTER-MBA Project (UoN, 2010)**

August 2010

To Whom It May Concern:

Re: Strategic Responses to changes in the external environment by the Nation Media Group.

My name is Peter Mwaura Kimani and I'm student working on my Master of Business Administration (MBA) project at the University of Nairobi. I would like to request you to participate in a face-to-face interview for my research project on the Strategic Responses to changes in the external environment by the NMG.

The purpose of this study is to explore the strategic responses print media firms are employing to counter changes in the external environment such as internet, human capital shifts, economic political and social factors. I will specifically be looking at NMG as it owns several newspapers both in the Kenyan market and in the region, making it the biggest media house in East and Central Africa.

Here in Kenya today the print media particularly plays a critical role of dissemination of information may it be Government policy, corporate news and human interest stories. The industry is a critical vehicle for change, a role it plays by promoting transparent and accountable political and governance offices. It also sets a platform for dialogue and social discourse on matters of national interest.

Your participation will add significant value to this study on the print media market in Kenya. The benefits of this project are primarily academic but may have both policy and practical implications. Your participation in the interview is entirely voluntary. You have the right to not participate or not answer certain questions with no consequences.

All the information received from you and your company/institution will be kept anonymous and confidential. The face-to-face interviews will take about 20-30 minutes and if you may be interested in the final findings of my research, you can contact me or my supervisor (by phone or by email) and request a copy of my project report by the end of December 2010.

I am looking forward to listening to your significant insights on the print media industry.

Yours truly,

Peter Mwaura Kimani, MBA (Strategic Management) Candidate,

Tel 0721309344, [pmkimani@ke.nationmedia.com](mailto:pmkimani@ke.nationmedia.com)

Prof Evans Aosa, project supervisor Tel 0722518872

**APPENDIX TWO**

**INTERVIEW GUIDE-MBA Project (UoN, 2010)**

**Questions To The Chief Executive Officer**

1. Is the NMG facing any external environmental challenges? If yes, what are they?

.....  
.....  
.....

2. What changes in the environment would you say poses the greatest challenge to NMG's business?

3. If you were to list the changes in the external environment in order of the level of threat starting with the one that poses the greatest challenge, what would your order be?

4. Please briefly explain how the external changes in the environment affect the business operation of the NMG.

5. Has NMG put in place any strategies to address the changes in the external environment listed above? Please give details enumerating the various strategies..

6. In your own opinion, which is the single most needed strategy response that NMG should immediately adopt to achieve significant results in responses to the changes in the external environment?

7. Which strategic responses model has been used by NMG to respond to the changes in the external environment?

Use of Technology ( )

Product development ( )

Market development ( )

Expansion/diversification ( )

Others, (Please Explain)

.....

**Questions To The Advertising Director**

1. Is the NMG facing any external environmental challenges which affect the advertising function? If yes, what are they?

.....

.....

2. To what extent is the growth in the use of internet in Kenya a threat to your function in terms of advertising revenues?
3. To what extent has the growth in the use of internet in Kenya presented an opportunity to your business?
4. How has the entry of social networking platforms such as Facebook, Twitter etc impacted on your advertising business?
5. How if at all is mobile telephony affecting your advertising revenues?
6. How have the changes in the external environment influenced your advertising rates? (kindly explain)
7. How do you compare your advertising rates with those of competitors?
8. What strategic responses have you applied to respond to the above stated changes in the external environment? Please give details

.....  
.....

**Questions To The Group Managing Editor**

1. What changes in the external environment have affected the editorial operations of the Group and how?.....  
.....
2. To what extent is the growth in the use of internet in Kenya a threat to your business, especially in its editorial functions?
3. To what extent has the growth in the use of internet in Kenya presented an opportunity to your business, especially the editorial department?
4. How has the entry of social networking platforms such as Facebook, Twitter etc impacted on functions at the editorial department?
5. How if at all is mobile telephony affecting you're the editorial function of the Group?
6. How is the Group's editorial department responding to the changes in the external environment (Please give details).....  
.....  
.....

**Questions To The Finance Director**

1. Is the NMG facing any external environmental challenges which have hurt or could affect its financials? If yes, what are they?.....  
.....

2. What changes in the environment would you say poses the greatest challenge to NMG's financial performance?
3. If you were to list the changes in the external environment in order of the level of threat to the financial strength of NMG, starting with the one that poses the greatest challenge, what would your order be?
4. Has the changes in the external environment influenced the company's financial policies? If so, how?
5. In your own opinion, which is the single most needed strategy response that NMG should immediately adopt to achieve significant financial results in responses to the changes in the external environment?
6. Which strategic responses is NMG applying to respond to the changes in the external environment? (What has NMG done in response)

**Questions To The Human Resources Director**

1. Is the NMG facing any external environmental challenges especially in reference to human capital management? If yes, what are they?

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2. In terms of human capital, how have the forces of the external environment affected you?
3. Have the changes in the external environment influenced the company's employment trends in terms of the people its looking for? (Give details).
4. What strategies have you put in place to respond to these changes? Please give details.