

# Strategic Responses by the Kenya Broadcasting Corporation to Increased Competition //

UNIVERSITY OF NAIROBI  
LOWER KABETE LIBRARY

By

Migunde Florence Achieng'

D61/P/8748/2000

Supervisor: Dr. Martin Ogutu

A management research project submitted in partial fulfillment of the requirements of the degree of Master of Business Administration,

Faculty of Commerce

University of Nairobi

October 2003

# TABLE OF CONTENTS

	Page
Declaration.....	i
Dedication.....	ii
Acknowledgement.....	iii
List of Tables.....	iv
Abstract.....	v
<b>CHAPTER 1 .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background .....	1
1.2 The Research Problem.....	2
1.3 Research Objectives.....	3
<b>CHAPTER 2.....</b>	<b>4</b>
<b>LITERATURE REVIEW.....</b>	<b>4</b>
2.1 Kenya's Broadcast Media Industry.....	4
2.2 Previous Related Studies.....	4
2.3 Theoretical Foundation of Competition.....	6
2.4 Strategic Implications of Competitive Forces.....	8
2.5 Concept of Strategy and Strategic Responses.....	10
2.6 Strategic Responses and Competition .....	11
<b>CHAPTER 3.....</b>	<b>15</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>15</b>
3.1 The Case of KBC.....	15
3.2 Data Collection .....	15
3.3 Data Analysis.....	15

CHAPTER 4.....	16
DATA ANALYSIS AND FINDINGS.....	16
4.1 Forces of Increased Competition in the Broadcast Media Industry.....	16
4.2 Strategic Responses Adopted by KBC.....	20
CHAPTER 5.....	23
CONCLUSION.....	23
5.1 Summary, Discussions and Conclusions .....	23
5.2 Limitations of the Study.....	25
5.3 Recommendations for Further Research.....	26
5.4 Recommendations for Policy and Practice.....	26
6.0 References .....	28
7.0 Appendices .....	30
7.1 Appendix 1 Interview Guide.....	30
7.2 Appendix 2 Letter of Introduction.....	34

# DECLARATION

This Management Project is my original work and has not been presented for a degree in any other University.

Signed  Date 9/10/2003

MIGUNDE FLORENCE ACHIENG

This Management Project has been submitted for examination with my approval as University Supervisor

Signed  Date 10/10/2003

Dr. MARTIN OGUTU  
LECTURER  
DEPARTMENT OF BUSINESS ADMINISTRATION  
FACULTY OF COMMERCE  
UNIVERSITY OF NAIROBI

## DEDICATION

This study is dedicated  
to my dear husband Carey,  
daughter Harriet,  
mum and dad,  
family members and friends.

## ACKNOWLEDGEMENT

My utmost thanksgiving goes to the Almighty God, my creator, provider and saviour without whom the course would have been meaningless. Thank you for your mercies that are new every morning.

There are many who contributed to this project right from inception to its successful conclusion. I owe special thanks to my Supervisor, Dr. Martin Ogutu for his constructive criticism, support and insightful guidance that has yielded to the successful completion of the study.

I am additionally grateful to the management of Kenya Broadcasting Corporation who allowed me to conduct a case study on the Corporation. I would particularly like to mention the senior managers who I interviewed for their time and patience.

To my beloved husband Carey and daughter Harriet for their love patience and understanding during those long study hours. You both were supportive and cheerfully helped me through a multitude of ways.

I am grateful to my parents for inculcating the importance of education to me. My thanks also go to my brothers and sisters whose love and moral support was invaluable.

Finally, I want to thank my friends Joyce, Rosemary, Symprose, Aggie and their families. They were patient and understanding particularly when I had to miss friends' meetings because of continuous assessment tests (CATs).

**MAY GOD BLESS YOU AND KEEP YOU.**

# LIST OF TABLES

	Page
Table 1 Nature of Change.....	19
Table 2 Extent of Environmental Effect on KBC.....	21

# ABSTRACT

The Broadcast Media Industry (BMI) operates in a highly dynamic environment, which is a common characteristic in the modern liberalized business world. In such circumstances it is imperative for business organizations to be ahead of developments in the industry to realize success. This case study sought to identify the forces of increased competition in the BMI that have affected the Kenya Broadcasting Corporation (KBC) and to determine the strategic responses the Corporation has adopted to cope with such forces.

The study was based on Porter's Five Forces Model modified to include the aspect of government influence. Given that KBC is a state-owned public broadcaster, the government exercises some influence in determining the strategic direction of the Corporation. In determining the strategic response, the study was generally guided by product-market strategic alternatives.

Findings from the study indicate that competition in the BMI has intensified over the last decade as shown by increased collective strength of industry competitive forces. The response strategies have been minimal and reactive in nature thus creating some limitations to achievement of sustainable competitive advantage. This resulted in dislodging of KBC from industry leadership to a mere follower whose future success is threatened unless something is done fast to turn it around.

The study recommends further research that seeks to understand the extent of government influence on public corporations faced with competition. Whereas the need for a clear strategic direction was evident, KBC also requires a clear separation between commercial and public broadcasting roles in order to compete effectively in the liberalized, competitive market.



# INTRODUCTION

### 1.1 Background of study

All organizations lend themselves to the external environment. The environment is highly dynamic and continually presents opportunities and challenges. To ensure survival and success, firms need to develop capability to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental requirements. Success therefore calls for proactive approach to business (Pearce & Robinson, 1997).

One of the challenges presented by a dynamic environment is increasing competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players, but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for any firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces (Porter, 1979).

Strategic responses differ from operational responses in many ways. While operational responses are short-term and more concerned with efficiency of operations, strategic responses are long-term in nature and embrace the entire organization. Strategic responses also involve large amounts of resources and decisions relating to them are usually made at corporate and business level.

Globally, very few industries remain in which competition has not intruded on stability and market dominance. The Broadcast Media Industry (BMI) has not been spared from competition either. Due to the role it plays in society, it has attracted a lot of interest from both governments and private companies. Globalization, modern technology and knowledge transfer have also contributed to enormous expansion of the industry over the years (Porter, 1979).

In Kenya the Broadcast Media Industry dates back to 1920s during which time it was under the colony of Europeans. The first radio service, English Radio Broadcasting began in 1928 and targeted white settlers who monitored news from their home and other parts of the world. Voice of Kenya (now Kenya Broadcasting Corporation) was established and nationalized in 1964 by an Act of Parliament. By 1989, Kenya Broadcasting Corporation (KBC) had developed to transmission of both radio and television programmes.

Then, KBC was the only broadcast station known in Kenya. Being a state corporation, it enjoyed monopoly status for over six decades. However, liberalization of the airwaves in the 1990s saw the licensing of more broadcasting stations thus introducing competition in the industry. The key competitors to KBC are Kenya Television Network (KTN), Nation Media, Capital FM, Kiss FM, Kameme Fm and Royal Media. Other than increased competition, the industry has also undergone changes of political, social, economic and technological nature. These forces have had a major impact on the Kenya's Broadcast Media Industry.

## 1.2 The Research Problem

Firms in dynamic industries respond to competitive forces in different ways. Responses can be operational or strategic by nature. In order to achieve competitive advantage, strategic decisions need to focus on unique activities. Strategic responses may involve changes in products and markets, collaboration, diversification and even divestiture (Porter, 1996).

Despite changes that have taken place in the Electronic Media Industry both globally and locally, that have created immense opportunities, KBC has consistently lost market share and consequently, experienced negative growth in revenues. Furthermore, the industry advertising spend is growing while KBC revenues are declining. This trend signals the existence of a problem (Steadman & Associates, 2003).

Studies that have been done in the BMI have looked at aspects other than strategic responses. However, strategic response has been studied widely even though no such study relating to increased competition has been done in Kenya's BMI, yet this industry is unique in various ways.

The industry has registered rapid growth in terms of both revenues and number of players. Revenue of Kshs175m in 1990 to 3.8bn in 2002 while the number of players has increased from 1 to 18. The industry performs a key role in national growth and development. Furthermore, the collection of challenges facing the industry is different from other industries: Some of which are technology and globalization.

KBC is unique in context in several ways. It is the only station with a true national footprint and that has been in existence for over 75years. Also, being a public broadcaster owned by the government, the Corporation has limited flexibility since its functions are spelt out in an Act of Parliament. The public service culture, inherent in KBC, could also have a role to play in its response to competitive forces. These differences may have led to differences in practice of strategic management in KBC. The station is therefore likely to respond in a unique way to changes in the competitive environment.

Arising from the description above, several questions need to be answered. What aspects of increased competition in the Broadcast Media Industry have affected KBC? What strategic responses has KBC adopted to cope with increased competition in the industry? The following objectives will try and address the questions above.

### **1.3 Research Objectives**

The following objectives will try to answer the questions raised above.

- i. To identify the forces of increased competition in the Broadcast Media Industry that have affected KBC
- ii. To determine the strategic responses KBC has adopted to cope with increased competition in the Broadcast Media Industry

### LITERATURE REVIEW

#### 2.1 Kenya's Broadcast Media Industry

The liberalization of BMI in Kenya ushered in new broadcasting stations that have impacted heavily on the industry thus leading to cutthroat competition. Despite the increase in the number of players, the level of development of the Kenyan Media Industry is incomparable to developed countries. The industry still lacks clear guidelines on issuance of licenses and provision of legal parameters within which the stations need to operate.

Currently, there is a pending media bill that is supposed to give clear policy guidelines and possibly consider provision for an independent media regulatory body. If enacted, this bill is expected to bring sanity by promoting professionalism in the media industry as a whole. Currently the only available guideline is the outdated KBC Act CAP 221. This Act needs to be amended to incorporate changes that have taken place in the industry since liberalization.

In his budget speech of June 2003, Finance Minister proposed to put an end to KBC issuing Radio and Television permits by amending the KBC Act to remove the section requiring licenses for owning radio and television sets (Daily Nation, 28<sup>th</sup> June 2003; Kenya Times, 6<sup>th</sup> June 2003). This implies that KBC has been denied even the little revenue it was collecting from the public, further aggravating the lack of financial support from the government. Having come from a monopoly background, the Corporation may be forced to employ defensive strategies in order to survive in the increasingly competitive market.

#### 2.2 Previous Related Studies

It is important to note that the study is not the only one that has been done in this area. Other studies have been done in both television and radio. Shollei (1999) carried out an investigation in to the nature of and factors influencing collaborative arrangements in Kenya's media industry. He concluded that due to the infancy of most media firms in Kenya, collaboration has not been a major force in Kenya's media industry, but more activity is expected in future. That collaboration in this industry is mainly influenced by marketing, technology and economic related factors.

Similarly, Gacenga, (2000) studied “A benefit based segmentation of radio audiences in Nairobi - a case study of University students”. Mwaura (2001) focused on Strategic planning within television companies in Kenya. His findings indicate that strategic management is only just beginning in the television industry and most of their plans are short-term. Sang, (2001) “Competitive intelligence practices by FM radio stations operating in Kenya” found out that competitive intelligence strategy is important for competitive advantage and is being used by Kenyan FM stations.

The following studies were conducted on strategic responses to various environmental factors. Abdullahi, (2000) “A study of the strategic responses by Kenyan insurance companies following liberalization.” He concluded that a good percentage of firms in the industry consider plans as important and prepare strategic plans for their business, but overlooked the importance of strategic alliances and mergers. Kandie (2001) studied the strategic responses by Telkom Kenya Limited in a competitive environment. He found out that financial constraints and lack of managerial empowerment has considerably limited capacity to respond to environmental challenges. Isaboke, (2001) “An investigation of the strategic responses by major oil companies in Kenya to the threat of new entrants”. The study revealed that the level of competition in the industry is very high and that responses to threat of entry included products, markets, and technology. Firms also use a combination of generic strategies and customer service, as well as lobbying for a level playing field.

Other similar studies included Kombo, (1997) studied “Strategic responses by firms facing changed environmental conditions – a study of motor vehicle franchise holders in Kenya” Muturi, (2000) “Strategic responses by firms facing changed competitive conditions - E.A.B. Ltd.” Chepkwony, (2001) “Strategic responses of petroleum firms in Kenya to challenges of increased competition in the industry”. These studies also confirm that firms respond differently to forces in the external environment.

It is clear from these studies that firms respond differently depending on the collection of challenges that they face. Therefore, though the studies are relevant, they do not consider how firms in the BMI have responded to increased competition in its entirety.

## 2.3 Theoretical Foundation of Competition

(Based on a Modified Porter's Five Forces Model)

Industry competition can be analyzed and understood using a Modified Porters Five- Forces Model. That competition in an industry depends on the collective strength of five basic forces. The model provides a framework that enables a player to formulate strategies to influence or defend itself against the forces (Porter, 1979). For purpose of this study, a modified model will be used given the nature of the BMI and the context in which it is operating.

Wheeler and Hunger, (1990) in Waithaka, (2001), argues that Porter's Five Forces model was developed for developed country contexts which are different from developing countries. The strategies may therefore be different. They suggested that a 6<sup>th</sup> force called "other stakeholders" should be included in the model. The other stakeholders include power unions, government and other interested parties. For the purpose of this study, government will be considered as a separate force due to the influence that it has in the BMI in Kenya.

Competition has intensified dramatically over the last decades, in virtually all parts of the world. Gone are the days of protected markets and dominant market positions. Intensification of competition is attributed mainly to the remarkable post-World War II economic progress of Germany and Japan. This increase in competition has played a major role in unleashing innovation and driving progress worldwide (Porter, 1979). Likewise, there are very few industries that have not experienced competition. No company, and no country can afford to ignore the need to compete and each therefore must try to understand and master competition.

Porter, (1979) postulates that the essence of strategy formulation is coping with competition. In the fight for market share, competition is not only manifested in other players, but also in customers, suppliers, potential entrants and substitute products. Porter argues that competition in an industry is dependent on the collective strength of five basic forces. See figure 1

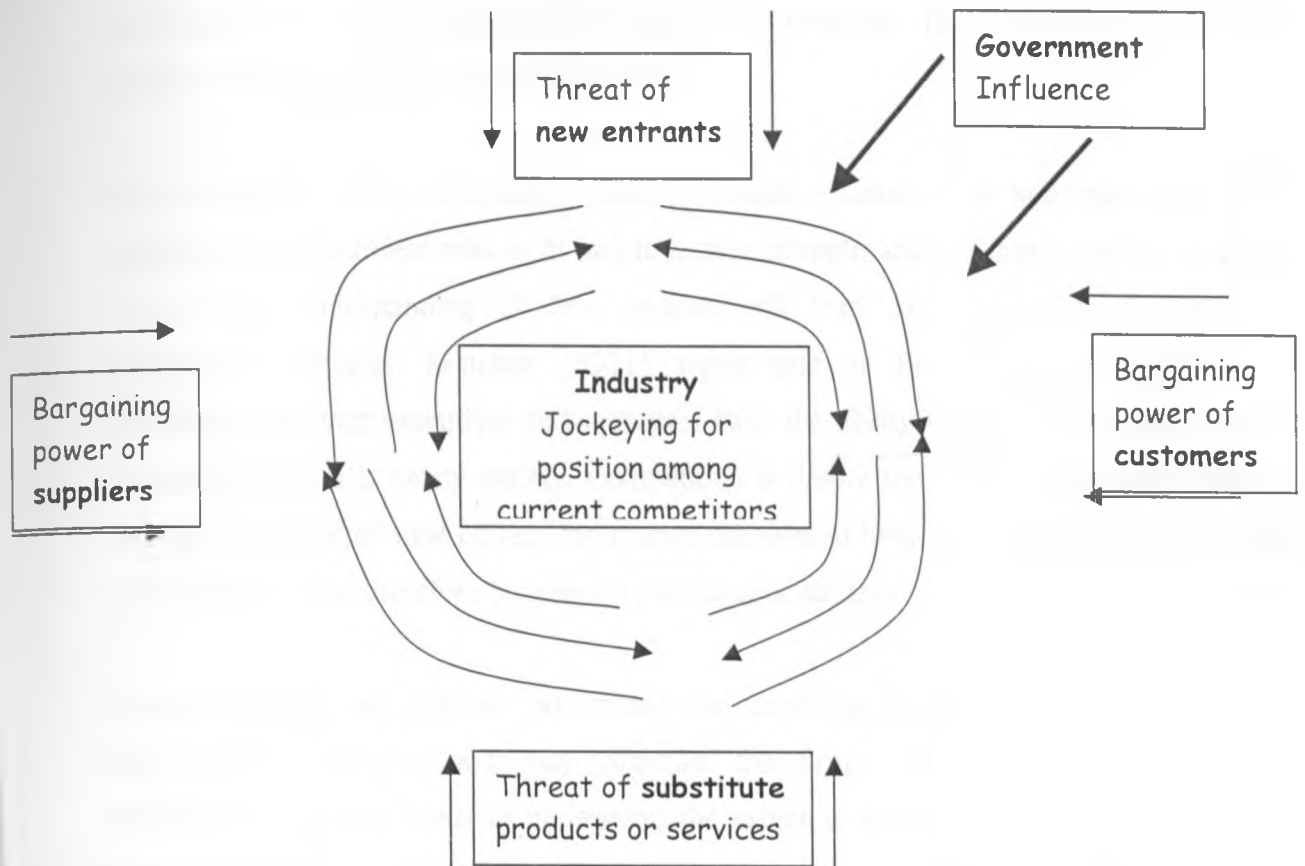
Threat of entry is a major force in competition because new entrants bring new capacity, gain market share and often bring substantial resources. Threat of entry depends on barriers created by existing players and their expected retaliation. An industry with strong entry barriers is likely to be more attractive than where entry is easy. Intense competitive rivalry can affect an industry negatively by use of tactics such as price competition, product introductions and heavy advertising costs. Such actions may reduce industry profitability especially if the industry is not growing.

Powerful suppliers and buyers determine the attractiveness of an industry because they exert pressure on industry margins. Suppliers, through manipulation of their prices and quality of their offerings, can squeeze industry profitability. Meanwhile customers can force down prices and demand better quality or more services: an act that can play competitors off against each other at the expense of industry profits. When both suppliers and buyers are strong, they negatively affect industry profitability hence making it unattractive.

Substitute products limit the potential of an industry by placing a ceiling on prices it can charge. Substitutes of strategic concern are those that are subject to trends improving their price performance tradeoff with the industry's product, and also those produced by industries earning high profits. Where such substitutes are available, they can stifle industry growth and earnings thus making it unattractive.

Government on its own presents challenges to an industry because they play dominant roles in the economy. Government regulates operations of the industry by formulating policies to be used by all practitioners in the industry. In Kenya, the government has exercised a lot of control through selective issuing of licenses, among other things. Aosa, (1992) in Waithaka, (2001), brought in another aspect of government "power play". He argues that managers in Kenya complained of external interference and unfair treatment while carrying out their normal managerial activities. This behaviour results in obstruction and illegal competition. He argues that individuals in high government positions wield such power that they could flout government policies and controls at its will. The government and such powerful individuals form a strong strategic force that needs to be considered in making strategic decisions.

Figure 1



Forces governing competition in an industry (Adapted with modification from Michael Porter, *On Competition*, 1979)

The above contending forces do not operate in isolation. Collective strength of the forces determines the industry attractiveness. However for the purpose of analysis, firms need to dissect each of the forces to understand the effect it has on their business and what they need to do to influence the force. Only then will they be able to draw conclusions on the collective strength of the forces.

## 2.4 Strategic Implications of Competitive Forces

Porter's five forces model is used at the level of strategic business unit (SBU). An SBU is a unit within the general organization for which there's an external market for goods and services distinct from another SBU (Johnson & Scholes, 1997 p11). It is at this level that strategic decisions concerned with best satisfying customer needs for competitive advantage are made.



Any corporate strategist tries to look for a position in the industry where his company can best defend itself against the forces above or to influence them. To do so, there is need to understand the underlying sources of competitive pressure. This knowledge provides the ground works for a strategic agenda for action.

Since barriers to entry differ by industry, product, market, it is important that a firm establishes which barriers exist in its industry, their strength and the firm's position in all this. A thorough understanding of firm position will lead to formulation of appropriate competitive strategies. Beaudan (2001) argues that in the new global economy, the traditional view that executives and managers have the ability to fully grasp their industry's competitive forces is nearly extinct. Competition is simply too quick and unpredictable. He says that unsuspected new players can change the rules of long established industries. Leaders and managers must therefore be keen on execution of strategy.

Power of buyers and suppliers are related and constitute the firm's value chain. Together they influence margins and may constrain the firm's strategic freedom. In strategy formulation, the firm needs to understand the extent to which power can be enhanced, or mutual interest accommodated in the supplier buyer channel (Johnson & Scholes, 1997).

Firms must be careful not to limit the scope of substitutes. The threat may take the form of product for product substitution, or substitution of need, generic substitution or doing without. Firms need to analyze their products vs. substitutes to establish whether they threaten their products or provide a higher perceived benefit or value. How easy can customers shift to substitutes and how can the threat be reduced? (Johnson & Scholes, 1997).

A firm also needs to know how competitive the industry is. Competitive rivalry encompasses all the other contending forces. However it also considers the market growth rates and the level of differentiation. The most competitive conditions are those in which entry is likely, substitutes threaten, buyers and suppliers exercise control, product differentiation is minimal and the market has matured. The key questions to ask are what rivalry is based on, its trend of intensity, and how it can be influenced (Johnson & Scholes, 1997).

The collective strength of the competitive forces determines profitability of an industry. Because each industry is unique, different forces take on prominence in shaping competition in each industry. A firm therefore needs to analyze its position in the industry against competition to establish their standing in relation to the forces highlighted above. They may conduct a SWOT analysis in relation to key forces at work in the industry. Arising from the analysis, they can determine what needs to be done to influence competitive forces affecting their businesses.

## 2.5 Concept of Strategy and Strategic Responses

Strategy is a game plan that creates a match between a firm's capabilities and the environment. A strategy is an action that a firm takes in order to achieve a set of goals aimed at responding to changes in the environment. Strategy guides firms to superior performance through establishing competitive advantage. In this process companies consider alternative courses of action and choose a set of strategies for their enterprises. Firms employ strategies in a dynamic environment in order to adapt to new realities such as increasing competition.

All organizations are faced with the challenge of managing strategy. Strategic issues by nature are future oriented and require large amounts of the firm's resources. They often affect the firm's long-term prosperity and therefore have enduring effects on firms for better or worse. They are based on what managers forecast, and not what they know. In a turbulent competitive world, a firm will succeed only if it takes a proactive (anticipatory) stance towards change.

Strategic issues need to be understood in terms of the particular context of an organization. Different organizations are likely to emphasize different aspects of the strategic management process. They will therefore be faced with different challenges: For some it is competitive strategy, others understanding competencies, still others creating a fit as well as innovation (Johnson & Scholes, 1999 pg 37).

Strategic responses grow out of a firm's assessment of the current situation. Strategic responses require top management decisions. By nature such decisions have broad implications and need power to authorize the necessary resource allocations (Pearce & Robinson, 1997). Strategic responses are therefore the choices that firms make in an attempt to address the key issues that arise from internal and external analysis of the firm and its business environment.

## 2.6 Strategic Responses and Competition

One of the environmental influences to a business arises from competition. Increased competition threatens the attractiveness of an industry by reducing the profitability of players. Competition exerts pressure on firms to be proactive and to formulate successful response strategies to changes in the competitive environment: all in the effort to gain competitive advantage. Firms that do not respond effectively to increased competition are not likely to succeed in business.

A firm assesses its internal capability to exploit emerging opportunities effectively and also manage threats. A SWOT analysis will identify core competences that provide competitive advantage for an organization. Never the less, overtime, competitors may imitate such competencies. "Core competencies are likely to be more robust and difficult to imitate if they relate to the management of linkages within the organizations' value chain and linkages into the supply and distribution chains" (Johnson and Scholes, 1997).

In identifying strategic opportunities, the choice of strategy depends essentially on comparing and minimizing the risks involved. This is done by assessing one's capabilities in the chosen broad areas of the business and comparing them with those of potential competitors (Commentary, European Journal of Marketing, 1988). A perspective of capability and strategy holds that capability may be the lead – edge of strategic developments. New opportunities may exist by stretching and exploiting the organizations unique resources and competencies in ways which competitors cannot match or in new directions altogether (Johnson and Scholes, 1997).

Firms in dynamic industries respond to competitive forces in different ways. While some may resort to improving current markets and products, diversification, divestiture, others employ techniques that ensure operational effectiveness. However, much as operational effectiveness is necessary, it is not sufficient in achieving sustainable competitive advantage. In order to achieve this, competitive strategy needs focus on unique activities (Porter, 1996). Greenstein (2001), in his study on technological mediation and commercial development in the Internet access market, also supports the idea that different firms respond with different strategies to the same opportunities. Some offer similar solutions to different users, others develop expertise to ensure repeat business from complementary services.

With the same products and markets, a firm tries to improve their competitiveness by protecting and *building their current market position*. Using the same competencies, they may decide to consolidate or penetrate the market further to gain market share. The option of withdrawal from some current activities may be pursued especially where the firm lacks competences to compete effectively

A firm may respond to increased competition by entering *new markets* with similar products. These could be markets they are currently not serving, or new geographical markets. The can come up with new uses for their current products thus exploit opportunities through some slight modifications to suit the needs of the market. Market entry strategies may include acquisition, strategic alliances and joint ventures. Firms may also react to competitive forces by developing *new products*. This means extending their portfolio and spreading the risk on many products. Such products can be directed to markets currently covered by the firm.

*Diversification* as a response to competition can be related or unrelated. Related diversification may take the form of vertical integration. In the face of increased competition, this has the benefit of cost reductions, defensive market power and offensive market power. Backward integration takes you back closer to suppliers mainly to increase supplier dependability or reliability. Forward integration takes you closer to the customer by putting a given output of the core under the firm's umbrella. Forward integration can mean increased predictability of demand for a firm's output. Unrelated diversification may involve

acquisitions of businesses not within the current product and market scope. Other forms are joint developments and strategic alliances. However, such are usually the responses to international competitive forces.

*Differentiation* is used as a response technique to increased competition by many firms. To differentiate is to make one unique and distinct (Moore, 1996 in Barman, 2002). In a study conducted by Barman, (2002), she identified differentiation as a strategy used by nonprofit organizations when they are faced with a crowded market. Firms seek to assert uniqueness and superiority over their rivals by constructing a hierarchical relationship between them and others based on a certain criteria. That rivalry drives organizations to avoid following what others have done and to stake out their own positions (Han, 1994 in Bauman, 2002).

A firm can also resort to creating entry, mobility and substitution *barriers* to strategic groups. Such barriers discourage potential competitors from entering the market. Substitution barriers can be in the form of differentiation that makes it difficult to imitate products. This constitutes some of the factors that make cottage firms in developing countries to compete effectively with large firms (Sushil, 1990).

Market *segmentation* can be an effective way of responding to competition. Trethowan and Scullion (1997) found out that banks in the UK and the Irish republic had previously attempted to be "all things to all men" as they embarked on mass marketing campaigns. With increased competition and other challenges, new efforts are being expended in determining and focusing on customer segments provide the most profit potential. They are also using information technology to build large relational databases.

Firms may also respond to competition, especially emanating from international sources, by *collaborating* with other players in the industry. Increased forces towards globalization have pushed more and more firms to seek collaboration with other firms in foreign countries to enable them compete effectively in those markets among other reasons. Such collaborations take the form of strategic alliances, mergers and acquisitions, licensing, franchising etc. Shollej, (1999) argued that in order to fortify a firm's position against predators from

abroad, it is important to collaborate. He also mentioned that pooling of resources is necessary since some market opportunities are too massive for a single firm to exploit. Collaboration also reduces the cost of differentiation and enhances competitive advantage (Morrison and Lee, 1990 in Shollei, 1999).

Another way that firms respond to increased competition is through *structural and process reorganizations* such as restructuring (reengineering), total quality management (TQM), rightsizing, outsourcing etc. These are measures that firms take in order to improve their efficiency of operations and are therefore related in one way or another. These measures have long-term effect and involve a lot of a firm's resources therefore can be considered as strategic decisions.

Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed (Pricewaterhouse, 1997). Reengineering is about changing the way we do things. It forces us to look at what we do and ask why we do it. If it is still required, then is there a better way of doing it? Firms often consider outsourcing when they need to concentrate on their core business for competitive advantage. In such cases, non-core activities in the value chain are sourced from external companies. Rightsizing involves establishing the optimum number of staff that a firm requires to operate effectively and efficiently. TQM is centred on customer needs. It embraces continuous improvement and participative management style; all geared towards satisfaction of customer needs.

From the literature above, it is clear that competitive environment is continually changing. Specifically, there have been enough changes from the era of protected markets and government controls to that of liberalization of economies. Such changes have intensified competition forcing many firms to respond by adopting strategies to ensure they achieve competitive advantage. Sustainable competitive advantage leads to long-term success of firms. In Kenya's Broadcast Media Industry, increased competition seems to have overwhelmed the key player KBC as characterized by continued loss of market share and revenues to the level that the Corporation is almost grinding to a halt. This study therefore, seeks to establish the strategic responses adapted by KBC to increased competition.

# RESEARCH METHODOLOGY

### 3.1 The Case of KBC

The research was conducted through a case study design. KBC, being a major player in the Broadcast Media Industry, can be considered important in understanding the challenges of increased competition in BMI and the strategic responses to such competition. Apart from having been in existence for over six decades, KBC broadcasts both radio and television and also performs functions of public as well as commercial broadcasting.

It is important to note that Kenya Television Network only broadcasts television while Nation Media Group have been in the broadcast business for a relatively shorter time to be give a clear picture of the challenges of increased competition and ensuing strategic responses.

### 3.2 Data Collection

Given the nature of study, the main source of data was primary. Personal interviews guided by a semi-structured questionnaire as well as a tape recorder for recording qualitative answers, were used. Data was collected from 8 respondents from the senior management team. These are heads of department some of whom have been in the business before the industry was liberalized. This cadre of staff control the Corporation's resources, make policy and are therefore directly involved in making strategic decisions.

### 3.3 Data Analysis

Data was analyzed using content analysis. This being a case study, most responses were qualitative in nature thus necessitating content analysis.

## CHAPTER 4

### DATA ANALYSIS AND FINDINGS

Data for this chapter was analyzed and presented in order of the objectives of the study. The first set of data sought to identify the forces of increased competition that have affected KBC while the second objective was to determine the strategic responses KBC has adopted to cope with the increased competition in the BMI industry.

#### 4.1 Forces of Increased Competition in the Broadcast Media Industry

The first objective of this study sought to identify the forces of increased competition in the Broadcast Media Industry that have affected the Kenya Broadcasting Corporation. Two types of data were collected for this objective. The first type of data sought to determine the direction of change of the industry competitive forces. The data was collected on a three-point scale where 1 referred to decline, 2 referred to constant and 3 to increase. This data was analyzed using mean scores and the results are presented in Table 1 below.

As the table shows, five out of the six forces changed by increasing while government influence remained constant. The threat of new entrants and bargaining power of buyers increased, when bargaining power of suppliers is near constant. An interview with senior managers in the Corporation provided more insight into the factors that may have led to the direction of change.

The increased threat of new entrants was attributed to the government, which, by instituting controls in the industry, had created a strong barrier to entry into the BMI prior to liberalization. Afterwards, however, the playing ground leveled and 18 new players were attracted to the industry. The threat of entry is still strong and is increasing particularly with the new government that is seen to be more transparent.



Another reason cited is the fact that entrants have access to more affordable and modern broadcasting equipment thus removing the earlier entry barrier that required a large outlay of capital to invest in broadcasting.

Table 1: Nature of Change		
Force	Mean Score	SD
1	3.000	0.0
2	2.875	0.242
3	2.250	0.610
4	3.000	0.0
5	2.875	0.242
6	1.875	0.75

- Key:
- 1- Threat of Entry
  - 2- Threat of Substitutes
  - 3- Bargaining Power of Suppliers
  - 4- Bargaining Power of Buyers
  - 5- Number of Players
  - 6- Government Influence

The study shows that buyers' bargaining power has increased a great deal. Due to increased competition, clients have more choice and influence their trading terms as well as programme content. Audiences indirectly buy the services of information, education and entertainment from the media house, but advertisers capture the audience by booking their commercials during their preferred programmes.

The threat of substitutes in the BMI is increasing as the results show. Strong substitutes in the BMI included Internet, print media, outdoor media, word of mouth, recreational and social activities such as picnics, church fellowships etc. The strong substitutes for television are recreation, computers and Internet, and specifically cinema in the rural areas. Strong radio substitutes included word of mouth, even though in general television came out more strongly than radio in most threats.

Industry rivalry increased remarkably. The player numbers have risen from one to eighteen in a period of 10 years. Competitive rivalry in the industry is based on scramble for market share, attraction to audience and advertisers, reach and pricing. Recently, there has been a tendency to capture regional or community based audience groups through radio.

The second type of data collected sought to determine the extent to which KBC was affected by the industry competitive forces. This data was collected on a five-point scale where 1 referred to no effect, 2 to little effect, 3 to moderate, 4 to strong and finally 5 to very strong effect. Likewise, the data analysis was done using mean scores. The forces affecting KBC are presented in Table 2 below.

As shown in Table 2, all the forces except bargaining power of suppliers have affected the Corporation strongly. The strong threat of entry is attributed to the fear of reduced market shares, which disturbs the stability of monopoly status that the Corporation enjoyed for a long time.

The strong threat of substitutes was attributed to the quick growth in electronic industry worldwide. This has played a major role particularly with the advent of Internet technology that is becoming a real threat in the BMI. Recent industry research shows that television-viewing patterns are changing with concentrated viewing around News bulletins. Most substitutes highlighted during the interview rated strongly against television viewing.

While KBC was still a monopoly, the bargaining power of buyers was minimal. However, this power increased after liberalization. There are two sets of clients in the BMI namely: audience and advertisers. KBC sells programmes to the audiences and airtime to the advertisers. Advertisers, particularly Advertising Agencies, influence business decisions because they control a sizeable proportion of business (over 70%) in KBC. They not only influence trading terms but also programme content. On the other hand, audiences are more discerning and their influence is directed towards programme content, quality. Customers are exposed to choice and dissatisfaction with one station leads them to another, thus compelling the media owner to be competitive by offering unique programmes.

**Table 2: Extent of Environmental Effect on KBC**

Force	Mean Score	SD
1	4.375	1.053
2	4.375	1.130
3	2.875	1.074
4	4.375	1.118
5	4.375	1.136
6	3.875	1.138

- Key: 1-Threat of Entry  
2-Threat of Substitutes  
3-Bargaining Power of Suppliers  
4-Bargaining Power of Buyers  
5-Number of Players  
6-Government Influence

New players have provided audiences with a choice and also resulted to reduced market shares. Competitors have attacked the Corporation both from the national and regional levels and the intensity of rivalry is expected to increase in the future with licensing of more stations, further fragmenting the already saturated market. New competitors have modern and powerful equipment that ensures better quality delivery but some of them do not adhere to equipment standards set by Communication Commission of Kenya thus interfering with the airwaves.

Evidently, the effect of government influence on KBC is strong. Government limits their freedom and requires that KBC offer services that are not economically viable, but instead in the interest of the public. At the same time the government does not provide the necessary funds to facilitate the provision of such services. Other areas of influence include issuing policy guidelines and procedures such as human resources, procurement, setting of corporation roles of providing education, information and entertainment to Kenyans, and sometimes having direct influence on material to be aired.

For instance, KBC is careful not to carry material that is deemed to be offensive to the government in any way while other players exercise more freedom in content. Furthermore, heads of state corporations are appointed directly by the president, which may necessitate that they fulfill certain obligations as may be required from time to time.

#### **4.2 Strategic Responses Adopted by KBC**

The second objective of the study sought to determine the strategic responses adopted by KBC to cope with increased competition in the Broadcast Media Industry. Data for this objective was collected using the interview method through use of guiding questions. Some of the data was recorded on tape.

The members of the senior management team of the Corporation were interviewed and two sets of questions were administered to each manager. The first set consisted of general questions while the other set were specific to departmental responses. The responses were analyzed using content analysis and presented in product-market scope format as shown below.

In an effort to protect and build its market position from attacks by competitors, the Corporation embarked on product improvement strategies seen in more audience-driven programmes for both radio and television. This came with the realization of the need to satisfy their audience and increase loyalty. Television programming has been improved by collaborating with foreign broadcasters for programme links and also acquiring more quality foreign programmes. They also cover wider programme content arising from lesser controls after market liberalization. In keeping abreast with competitive pressure, they extended transmission time by 12 hours a day and also improved scheduling.

In radio programming, they have developed new formats that are more sensitive to listener needs, have a wider choice of content, and have clearer market segmentation that matches clients' target market. There is aggressive internal promotion of popular programmes. They are engaging in more programme research, have improved presentation style and are more aggressive in sourcing material such as music. However the Corporation's obligation to

uphold high moral standards and to conform to set broadcasting standards limits the extent of its competitiveness.

KBC has entered new market segments with its current programmes and products. It produces various programmes that target different socio-economic classes and classified under the categories of music, sports, drama and comedies. Since liberalization, they produce programmes suitable for clearly defined market segments that were previously neglected. The programme genres mainly target children, youth and young adults. This is also the core target for most advertisers.

In response to and in anticipation of increased competition, KBC has introduced 4 new radio and television services. The stations were set up purely on a commercial platform to compete with the upcoming private stations. The new stations included Metro FM (1996), Coro FM (2000), Metro TV (2000) and Pwani FM (2001). Their core essence, like that of most competitors, is to provide entertainment to their relatively younger audiences.

KBC has done very little in terms of differentiating its services from competitors. The media services are basically similar in transmission time and programme genres. Having been the first in the market, KBC has not significantly changed instead competitors have differentiated their services away from it. There is however, a more recent move towards building a clearer station identity. A major aspect of differentiation is in local productions that many Kenyans relate to. Though quickly being eroded, KBC still has an edge over competition in this area.

The corporation collaborates mainly with global media players and bodies in various forms. Such forms include provision of programmes, programme productions, exchange programmes and staff training for both radio and television. The major players include Commonwealth Broadcasting Association, British Broadcasting Corporation, URTNA among others.

Broadcast Media Industry relies heavily on technology in its transmission equipment. The use of modern quality equipment directly influences the quality of output. Since liberalization, the Corporation has undertaken technological advancement in areas such as programme

production, transmission and studio equipment. The process of modernization is ongoing. However there is still a lot to be desired in terms of matching competitive quality.

The corporation undertook a business reorganization process in 1997 to improve their service delivery by increasing their efficiency and effectiveness. It embarked on a restructuring programme under the guidance of Deloitte and Touche Management Consultants. Human resources reduced tremendously from 1700 in 1998 to 1300 in 2003 arising from a recommended retrenchment programme. However, suffered loss of its best staff to competition, which compelled it to discontinue the programme. Recruitment strategy changed towards employment of professionals and talented artistes. Training and development achieved through international collaborations, internal and local external training.

The corporation also reorganized the procurement function and procurement is now done through competitive bidding instead of previous selective tendering. But in general, the procurement process is still long and tedious compared to those of competing stations. The recommendations made by the consultants were however not fully implemented partly due to change of CEO and also lack of funds.

From a marketing perspective, the Corporation has responded to competition by adopting a personalized selling strategy focused towards building long-term relationships with clients. There is a positive move towards branding of the various services offered. The Corporation now has Brand Managers to build each of the services and ensure that they satisfy customer needs. They are considering re-launching the services to communicate change and intended new positioning and identity. The Corporation is considering expansion beyond the borders to include East Africa markets to sell local productions.

## CHAPTER 5

### CONCLUSION

This chapter concludes by looking at the summary, discussions and conclusions from the research findings highlighted above and the limitations and recommendations for further study, policy and practice.

#### 5.1 Summary, Discussions and Conclusions

In this section the results of the study are summarized, discussed and conclusions drawn. This is presented in the order of objectives. Objective 1 sought to identify forces of increased competition in the BMI that have affected KBC. The results indicate that 4 out of 6 industry forces had changed by way of increasing. Government influence however did not change while the increase in bargaining power of suppliers was negligible. Regarding effect, the results indicate that all forces except bargaining power of suppliers had a strong effect on the Corporation.

Results of the study indicate that competition in BMI has intensified over the last decade. This is shown by the collective strength of the industry forces. This is in line with world trends of competition. Indeed, as earlier speculated, gone are the days of protected markets and dominant market positions. Instead the markets have been opened up thus inviting many players that offer the customer wider choice.

New entrants have acquired a large share of the market and continue to threaten the success of KBC as a commercial enterprise. Furthermore, technological developments in the last decade have contributed to increase in the threat of entry and of substitute infotainment and educative channels. It has also become very easy for customers to shift from one substitute to another particularly within the BMI services. Print media in particular poses a major threat as a substitute medium for advertisers.

The result of the increased rivalry is seen in the fight for market shares, price wars characterized by new players employing undercutting strategies. It has also resulted in reduced audiences for the Corporation and the increased attacks from all regions necessitating that it employs defensive strategies in order to protect its market share from further cannibalization.

Market environment has changed and customers contribute by demanding better quality services and forcing service providers to focus on differentiation strategies with the aim of creating an identity in the market. From the study KBC has made little effort towards differentiating its services or improving its quality to match competition, hence it has continued to experience reduced audiences.

From the foregoing discussions, the following conclusions can be drawn. KBC has been dislodged from its position as the industry leader because of increased competitive intensity in the industry. The Corporation's success as a commercial enterprise is under serious threat arising from the great extent to which most of the industry forces have negatively affected the Corporation.

Objective 2 sought to determine the strategic responses KBC has adopted to cope with increased competition in the BMI. The results indicate that the Corporation has made some positive move towards becoming more competitive even though the effect has been minimal compared to competitor moves. Strategic responses adopted by a firm should guide it towards achieving competitive advantage in a dynamic industry like the BMI.

One of the response strategies adopted by the Corporation in anticipation of increased competition was the introduction of four new commercial services. These four services basically target the same market as competition and also form the same target for most advertisers. This strategy worked for the Corporation even though sustaining it has been difficult due to increased competitive attacks.

There was an effort towards collaborations with external broadcasting stations all aimed at improving the quality of services to the audience in the long run. Such collaboration took the



forms of programme exchange, production and staff training. However, opportunities for collaboration with external media players are open to all players in the industry. The Corporation also made attempts to reorganize the business process through programmes such as rightsizing to reduce the excessive number of employees. However, these programmes have not been fully implemented.

KBC also improved the services it offered to its customers so as to further penetrate the market and consolidate its market share. They acquired some modern equipment, improved some studio facilities, all in an effort to satisfy the customer through improved delivery. They have improved programming and are in the process of improving their image that suffered in the hands of the former regime.

The corporation however made minimal effort towards differentiating its services from competition with only local productions standing out as the key differentiator. These local productions are also sold in foreign markets. Despite existence of several opportunities for differentiation, the Corporation is slow to respond to such opportunities and many times competitors move fast to exploit them.

From the discussions above, KBC response strategies have been minimal and most of them are reactive in nature. For the Corporation to achieve competitive advantage, there is need for a proactive business approach. The Corporation urgently needs to formulate suitable competitive strategies to defend its market share and realize success.

## **5.2 Limitations of the Study**

One major limitation of the study was the fact that some heads of department were not available for interview and I was forced to interview their deputies instead. The absence of the senior managers may have some slight implication on the direction of the study because they are better placed to handle strategic management matters.

### 5.3 Recommendations for Further Research

I would recommend a study on understanding and determining the extent to which government influence affects the effectiveness of state corporations in a competitive business environment. Such a study would highlight the underlying forces that affect government owned institutions operating in a business environment. An aspect of the study could look at bureaucratic organizations: Can such bureaucracies survive in a competitive environment?

### 5.4 Recommendations for Policy and Practice

The Corporation needs to embrace strategic thinking in its business guided by a clear vision. From the results of the study it is evident that KBC lacks proper direction and clear station positioning. The line between commercial and public broadcasting is also not clear thus making it increasingly difficult for the Corporation to compete effectively and defend its market share.

The Corporation evidently needs to consolidate its strengths and capabilities in order to develop a unique identity that can work towards rebuilding audience confidence and enhancing a positive image. The strong heritage that the Corporation currently enjoys, that is also related to experience in broadcasting, will reinforce the move to recapture its lost market share. KBC should also reposition itself in the market as a mature, confident, trusted and entertaining station if it has to chart its way back to the leadership position that it once enjoyed.

The Corporation needs to understand and master competition in order to come up with winning competitive strategies. Since losing its leadership position to competition, KBC seems to have settled comfortably as one of the followers without much effort to recapture it. The competitors have a field day entering the market with powerful modern equipment while KBC watches helplessly. A leader must adopt a proactive business approach; drive the industry by taking the lead in innovation while keeping abreast with developments in the external environment. Only then will it identify and promptly exploit emerging opportunities and also manage any threats.

It is imperative for KBC to reorganize its processes with a view to becoming more efficient and effective in its operations. This may require a total business process reengineering aimed at improving the service delivery and significantly reducing the response time to exploiting environmental opportunities. The business environment particularly in the BMI is volatile and requires faster response to changes taking place. The current policies and procedures are not conducive for operating in a highly competitive environment.

The corporation should urgently consider sourcing for financial resources to facilitate acquisition of modern equipment for the improvement of its services. The services in terms of geographical reach and signal are poor in quality compared to competitors'.

In sum the study has highlighted a major strategy gap that exists in the Corporation taking in to consideration the dynamic broadcasting business environment. The observations from the study indicate that the Corporation is not aggressive, not innovative but rather reactive and slow in its response to the changing environment. However the findings of the study have clearly highlighted areas that need improvement. Strategic thinking is imperative in turning around the business and realizing success in the long run.

## REFERENCES

- Abdulahi, O. "A Study of the Strategic Responses by Kenyan Insurance Companies Following Liberalization", MBA Project, 2000, Unpublished
- Barman, E A. "Asserting Difference: The Strategic Response of Nonprofit Organizations to Competition" Social Forces, Vol. 80 Issue 4 2002.
- Beaudan, E. "Leadership: The Failure of Strategy" Ivey Business Journal, Vol. 65 Issue 3 2001.
- Chepkwony, J. "Strategic Responses of Petroleum Firms in Kenya to Challenges of Increased Competition in the Industry", MBA Project, 2001, Unpublished  
Commentary. European Journal of Marketing, Vol. 22 Issue 2 1988.
- Gacenga, F. "A Benefit Based Segmentation of Radio Audiences in Nairobi: A Case of University Students", MBA Project, 2000, Unpublished
- Greenstein, S. "Technological Mediation and Commercial Development in the Early Internet Access Market" California Management Review, Winter Vol. 43 Issue 2 p75 2001
- Isaboke, S. "An Investigation of The Strategic Responses by Major Oil Companies in Kenya to the Threat of New Entrants", MBA Project, 2001, Unpublished
- Johnson G. and Scholes K. (1997), Exploring Corporate Strategy. Prentice Hall 4<sup>th</sup> edition.
- Johnson G. and Scholes K. (1999), Exploring Corporate Strategy. Prentice Hall Europe, 5<sup>th</sup> edition.
- Kandle, P. "Strategic Responses by Telkom Kenya Ltd in a Competitive Environment", MBA Project, 2001, Unpublished
- Kenya Times, Friday, June 6, 2003 page 12
- Kombo, H. " Strategic Responses by Firms Facing Changed Environmental Conditions: A Study of Motor Vehicle Franchise Holders in Kenya", MBA Project, 1997, Unpublished
- Laws of Kenya, "The Kenya Broadcasting Corporation Act", CAP 221, Revised edition 1990.
- Muturi, G. "Strategic Responses by Firms Facing Changed Competitive Conditions – E.A.B. Ltd", MBA Project, 2000, Unpublished
- Mwaura, J. "Strategic Planning Within Television Companies in Kenya", MBA Project, 2001, Unpublished
- Pearce J. and Robinson R. (1997), Strategic Management: Strategy Formulation, Implementation and Control. Irwin, 6<sup>th</sup> edition.

Porter, M. "The Competitive Forces Shaping Strategy", Harvard Business Review, March-April, 1979

Pricewaterhouse, "Business Process Reengineering: Unga Limited" 1997

Sang, C. "Competitive Intelligence Practices by FM Radio Stations Operating in Kenya", MBA Project, 2001, Unpublished

Saturday Nation, June 28, 2003 page 9

Shollei, W. "An Investigation in to the Nature of Factors Influencing Collaborative Arrangements in Kenya's Media Industry", MBA Project, 1999, Unpublished

Sushil, Vachani. "Strategic Responses of Multinationals to Competition for Developing Country Cottage Firms" International Marketing Review, Vol. 7 Issue 3 1990.

Trethowan, J and Scullion, G. "Strategic Responses to Change in Retail Banking in the UK and the Irish Republic" International Journal of Bank Marketing, Vol. 15 Issue 2 1997

Waithaka, W. "An Analysis of Funeral Industry Attractiveness: A Study of Funeral Service Providers in Nairobi", MBA Project, 2001, Unpublished

## INTERVIEW GUIDE

### SECTION 1

#### GENERAL QUESTIONS

(All Interviewees)

1. Answer the last question
2. Has KBC entered any new markets with its current products in the last 12 years? If so, which markets and why?
3. Is KBC involved in any form of collaboration with other players in the BMI either locally or internationally? If so, what form? With who? Purpose?
4. What forms of business reorganizations, if any, has KBC undertaken since liberalization of the BMI? If so, when and why? Give cues. Has KBC introduced any new services in the last 12 years? If yes, which ones? When? Why?
5. What major process changes has KBC made since liberalization? Explain (give cues)
6. In What ways does the government affect your function? Explain

## SECTION 2

### DEPARTMENTAL QUESTIONS

#### DIRECTORATE

(For Ag. MD interviewed John Osoro)

7. What role does KBC play as a public broadcaster? (Functions highlighted in Act of Parliament)
8. In what ways does the government support the Corporation to perform these functions?
9. What controls has the government put in place to ensure that these roles are performed?
10. What specific areas of business are affected by the roles highlighted above? In what ways does this affect KBC competitive position?

#### MARKETING

(Marketing Manager, Mr. Isaac Nkari)

11. Who are your major competitors in Kenya today?
  - a. When did each enter the Kenyan market?
  - b. In what ways has the entry of these firms affected KBC? Explain
12. What substitutes exist for your radio and television services?
13. To what extent are your services differentiated from competition? Explain basis
14. In terms of perceived value by customers, what are the strengths of these substitutes?

Please tick

	<i>Very Strong</i>	<i>Strong</i>	<i>Average</i>	<i>Weak</i>	<i>Very Weak</i>
<i>Substitute 1</i>	-----	-----	-----	-----	-----
<i>Substitute 2</i>	-----	-----	-----	-----	-----
<i>Substitute x</i>	-----	-----	-----	-----	-----

15. How easy is it for customers to switch from one service to another? Please tick

	<i>Very easy</i>	<i>Easy</i>	<i>Average</i>	<i>Difficult</i>	<i>V. Difficult</i>
Radio	-----	-----	-----	-----	-----
Television	-----	-----	-----	-----	-----

16. What services does KBC provide?

17. Who are the major customers for KBC services?
18. Do the customers have power to influence decisions? Explain (Cue)
19. From largest to smallest, please classify the BMI players under the following categories (list)
  - a. Monthly Advertising Revenues
    - i. Large (Kshs50m and above)
    - ii. Medium (25-50m)
    - iii. Small (Below 25m)
  - b. Countrywide Audience Delivery
    - i. Large (20% and above)
    - ii. Medium (10 –20%)
    - iii. Small (Below 10)
20. What is competitive rivalry in the BMI based on? Cues.
21. What is the trend of competitive intensity in the BMI since liberalization?
  - a. In what ways has KBC reacted to the trends above?
22. What is the market growth trend in the BMI?
  - a. What has KBC done in response to this growth/decline?

## NEWSROOM

(Editor-In-Chief, Mr. H. Mucheke)

23. What comprises KBC editorial policy?
24. In what ways has competition affected your function since liberalization? Explain

## PROGRAMME PRODUCTION

(For Radio Programmes Manager, Mr. Koech and For Television Programmes Manager, Mary Onyango)

25. What major changes have you made in programming since liberalization?
26. In what ways are you using programmes to create a competitive advantage in the market?
27. What challenges do you face in production of programmes

## PROCUREMENT

(Admin. Manager, Mr. Z. Ochako)

28. Who are the key suppliers for KBC? Local and Foreign
29. Do these suppliers have power to influence terms of trade? Explain



## **TECHNICAL**

(For Ag. Manager Technical Services, Mr. Otieno and Kivuitu)

30. To what extent is the company using technology as a competitive tool? Explain (give cues)

## **HUMAN RESOURCES**

(For Human Resources Manager, Mr. Mbingi)

31. What major changes have taken place in your human resources since liberalization?
32. Are any of the changes attributable to competition? If yes, in what way?

33. How has KBC been affected by the following industry forces since liberalization? Please tick appropriately

	Nature of change			Extent of effect on KBC				
	<u>Declined</u>	<u>Constant</u>	<u>Increased</u>	<u>None</u>	<u>Little</u>	<u>Moderate</u>	<u>Strong</u>	<u>V. Strong</u>
	1	2	3	1	2	3	4	5
Threat of entry	( )	( )	( )	( )	( )	( )	( )	( )
Threat of substitutes	( )	( )	( )	( )	( )	( )	( )	( )
Barg power of suppliers	( )	( )	( )	( )	( )	( )	( )	( )
Barg power of buyers	( )	( )	( )	( )	( )	( )	( )	( )
Number of players	( )	( )	( )	( )	( )	( )	( )	( )
Govt. influence	( )	( )	( )	( )	( )	( )	( )	( )

Notes:

Barg= Bargaining; Govt. Influence = Government influence or "power play"

LETTER OF INTRODUCTION

JUL/AUG 2003

Dear Respondent

MBA RESEARCH PROJECT

This interview is designed to gather information on strategic responses by KBC to increased competition.

This study is being carried out for a management project paper as a requirement in partial fulfillment of the degree of Master of Business Administration, University of Nairobi.

Your responses will be treated strictly confidential and your cooperation will be highly appreciated.

Yours Sincerely,

FLORENCE MIGUNDE  
STUDENT

DR. MARTIN OGUTU  
SUPERVISOR