INNOVATION STRATEGIES ADOPTED BY FM RADIO STATIONS IN KENYA

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DECLARATION

I declare that this is my original work and has never been presented in any other college or examination body.

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This research project has been submitted for examination with my approval as the supervisor.

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DEDICATION

I dedicate this research project to my dear mum, loving daughters, my dad, brother and my fiance for being supportive during the time of my studies.

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LIST OF ACRONYMS AND ABBREVIATIONS

ATP	-	Advanced Technology Program
CCK	-	Communications Commission of Kenya
E-HR	-	Electronic Human Resource
FM	-	Frequency Modulation
GDP	-	Gross Domestic Products
ILS	-	Innovation Leadership Style
SPSS	-	Statistical Package for Social Sciences
TV	-	Television

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ABSTRACT

To succeed in the long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. To accomplish this they must find suitable ways for creating and adding value for their customers. Strategic management is a highly important element of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every member's contribution. Every successful organization has this business self-awareness and every successful business seems to have this clarity of vision, even though it does not arise from a formal planning process.

The objectives of this study are to determine the innovation strategies adopted by FM Radio stations in Kenya as well as identifying the factors influencing choice of an innovation strategy by an FM Radio Station. This study adopted a descriptive survey research design. It involved collecting data in order to answer questions concerning this study where the target population consisted of all the Radio stations currently operating in Kenya and is at least six months since they commenced their operations. According to Communication Commission of Kenya (2009), are 86 radio stations in operation during the period of the study. Simple random sampling technique was used to sample out 35 radio station from the population.

The study used both the primary and secondary data. Primary data was collected using a semi-structured questionnaires and interviews with the marketing managers, while secondary data was in form of literature review sourced from the relevant journals, articles and magazines. Collected data was both quantitative and qualitative in nature. Quantitative data was analyzed using a statistical package. Data was analyzed using descriptive statistics such as the frequencies, mean and the standard deviations. From the study, the research concluded that innovation strategies are very essential in any business and hence they should be put in place at any cost since it helps the organization to realize their objectives.

However, successfully implementing innovative strategies is not easy for any organization and effective steps have to be put in place to ensure successful implementation. Management of the

company needs to have the required knowledge, expertise and skills before they can agree and embark upon an implementation programme.

CHAPTER ONE: INTRODUCTION

1.1 Background

Kenya has the largest economy in East Africa, but is now facing serious competition from both Uganda and Tanzania whose economies are growing in strength. Furthermore, conditions in Kenya have deteriorated significantly over the past decade because of the failure to sustain prudent macro-economic policies, the slow pace of structural reform, and the persistence of governance problems such as corruption, a deteriorating infrastructure and an inefficient parastatal sector. Investor and donor confidence has been adversely affected, there has been a rapid build-up of short-term debt, poverty has increased and social indicators deteriorated. However, since early 1998 Kenya has pursued generally cautious macroeconomic policies, and these have gone some way towards addressing weaknesses in the governance area (World Economic Outlook, 2008).

The economy is heavily dependent on agriculture, which despite declining steadily over the past four decades, accounts for around 24% of GDP and 18% of wage employment in both agriculture and agro-industries. Almost half of all output is for subsistence and not marketed. Tourism is the second largest export earner after tea, but is periodically affected adversely by security concerns, and is constrained by a deteriorating transport infrastructure. The industrial sector, which accounts for around 10% of GDP is dominated by food-processing industries, most of which are located in the urban centres, (Kenya Economic Survey, 2008).

Economic experts had been predicting that the economy could be less affected by the financial and economic crisis gripping the West and acknowledged that Kenya's financial system had remained insulated from the credit crunch for over a year, (Daily Nation, 2009).

Growth prospects are, however, now being revised to take account of the fact that when the financial crisis that started on Wall Street began to hit workers in the US, it had a knock-on effect on the economic wellbeing of many Kenyans who benefited from family members working in the West.

Despite early disillusionment with the government, the economy has seen a broad-based expansion, led by strong performance in most of the sectors. Nevertheless, risks to continuing robust growth remain, including weak infrastructure, drought, political instability in the run-up to the December 2007 elections, and diminution of financial flows from donors because of ongoing corruption allegations (Kenya Economic Survey, 2008).

In this unprecedented climate, competition has been obvious and imminent in every industry. Every company is coming up with innovation strategies in order to survive in the market. Among the industry where innovation strategies are indispensable is the media industry, whose broadcasting airwaves were fully liberalized in 1996 by issuing broadcasting permits to private entities to venture into the broadcasting sector.

The media industry in Kenya is a diverse and vibrant growing industry which faces an uncertain future. Due to liberalization, the industry has witnessed tremendous growth in Kenya. The phenomenal growth of private media, led by the explosion of radio stations in the region over the past 15 years since liberalization of the sector began, has established the dominant position of private media players in the region (Media Diaries, 2007).

1.1.1 Innovation Strategy

The term innovation refers to both radical and incremental changes in thinking, things, and processes or in services, (Mckeown, 2008) In many fields, something new must be substantially different to be innovative, not an insignificant change, e.g., in the arts, economics, business and government policy. In economics, the change must increase value, customer value, or producer value. The goal of innovation is positive change, to make someone or something better. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy, (Mitchell Madison Group, 1995).

Innovation strategy is an advantage over competitors gained by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices (Thompson et al, 2007). A sustainable innovation strategy is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy.

Organizations should not wait until there are signs of crisis before they start thinking about transforming themselves to discover new products as by then it may be too late. The time to worry about is when they are successful, when they are making excellent profits, when the media say what wonderful organizations they are. That is when it is so important to raise their sights to the future, anticipate what might happen and deal with it. To be able to create ambition, it means fighting any sense of complacency or arrogance. It requires restlessness, constantly striving for perfection, an understanding of the fluidity of business, an appreciation that things are never permanent, never as good as it might look, and that the company is always vulnerable. Invariably that understanding and awareness leads to taking momentous decisions. It might mean changing a product range, creating a new distribution channel and deciding to operate in certain functional areas, businesses or countries (Pearce Robinson, 2003).

In her post entrepreneurial model Kuczmarski & Associates (1994) states that traditional organizations face a difficult balancing act between gaining the full benefits from existing mainstream business and at the same time creating new activities that will become the mainstream business of the future. The job of creating new products or ventures used to be the sole domain of the strategic planners or the research and development departments.

Today, innovation strategy is a crucial determinant of competitiveness and organization progress. In many countries, the pace of change in financial sector is dramatic. Frequently reported trends are blurring of industry boundaries, deregulation, and globalization, pressures from new and existing competitors, rapidly advancing information technology, and increased customer sophistication. The insurance industry worldwide is becoming increasingly interrelated (Mols, 1999).

New types of corporate and business strategies are being explored: industry consolidation, better market segmentation, expanded product offerings and changed delivery channels (Brooks, 1987). Joint ventures and strategic alliances between banks and insurance companies have proliferated. Information technology (IT) has been recognized as a key enabler of change (Bradley *et al.*, 1993). It is also becoming a driver of change with new products such as electronic data interchange (EDI), debit cards and smart cards. Turbulent industry conditions are accompanied by many attempts at radical organizational change. This runs from hiring a new CEO and top management team to product innovation, business process re-engineering, and TQM/continuous improvement. Many efforts are strategic in character and driven from the top of the firm (Canals, 1993).

1.1.2 FM Radio Stations in Kenya

The FM stations worldwide have been known to compete on different angles. Chief among the strategies have been differentiation and focus where each station has always gone for a specific market to serve. This is seen in terms of the stations serving an international market, regional market, national market, or local market. Others have differentiated themselves as purely serving specific generations for instance, the youth or the middle aged. Other FM stations have differentiated themselves in terms of religions as there are those that specifically target specific religious groups. There are also those stations that market themselves as purely entertainment while others are a mix of different programs other than entertainment. Even within the entertainment niche, there are those FM stations that just play a specific genre of music. The radio stations have also devised ways of making the listeners hooked up to the station by engaging them in live discussions where they call in and take part in the topic of the day. This is augmented by the use of clowns in the stations to add more humour to their shows especially in the morning.

Kenya, compared to nations in other developing countries, enjoy a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. The FM industry has been registering high numbers of new entrants. As the competition intensifies in the industry, only those providers with good strategies will survive (Schollei, 1999). Heightened competition has meant that players have to go flat out for anything that differentiates them from the rest of the industry. Kenyans now have access to over 40 FM radio stations. Today, about 50 FM radio stations command the airwaves (CCK, 2008). These broadcast in various languages such as Kiswahili, English, foreign languages as well as vernacular languages.

In terms of ownership, the radio stations are owned by various media houses. For instance, Nation Media Group owns Easy FM, Royal Media Services owns Citizen Radio and several other radio stations transmitting in local languages. The radio stations are usually one of the business units of media houses as most of the media houses have other business units such as TV stations and print media. Kenya Media Diaries provides a comprehensive statistical analysis of radio stations in the country. The report gives a station-by-station analysis of the various radio stations and their reach in the country, based on primary data gathered through a representative national sample. The data is based on the respondents' previous seven days of listening and viewing.

The FM radio stations have been using more of differentiation and focus strategies to gain competitive advantage. This has been seen in the FM stations targeting a secular group, an ethnic community, an age group, a social class, or a region. The level of competition has always been intense in a certain category that a station chooses to go for. Thus, the main challenge has been how to have a competitive advantage over the rest since the fight is to capture an audience and make the audience loyal to the station. The government has played a major role in the industry as a regulator through the Communications Commission of Kenya (CCK). Some of the FM stations have been forced to reinvent themselves so as to remain competitive in the market. This is in pursuit of making sure that the customers are satisfied.

It is upon this background that this study is formulated to study the innovation strategies adopted by the FM radio stations in Kenya amidst the rising competition. In the recent past, radio stations in Kenya have been making significant progress in applying differentiation in a bid to gain competitiveness. These strategies helps a radio station to be distinct thus attracting its own class of listeners which it intends to have. With a given clientele it's possible for a radio station to grow but more so sustain its profitability. These strategies are also aimed at maintaining a stable relationship with other existing radio stations to avoid conflict of interests. Each station therefore will have its uniqueness as it has differentiated itself (CCK bulletin issue No. 30, 2005/2006).

1.2 Statement of the Problem

To succeed in the long term, organizations must compete effectively and out-perform their rivals in a dynamic environment (Trigeorgis, 2001). To accomplish this they must find suitable ways for creating and adding value for their customers. Strategic management is a highly important element of organizational success. The need to know what the business is about, what it is trying to achieve and which way it is headed, is a very basic requirement determining the effectiveness of every member's contribution. Every successful organization has this business self-awareness and every successful business seems to have this clarity of vision, even though it does not arise from a formal planning process (Pearce and Robinson, 2003).

As new FM stations come up, the existing ones continue expanding to reach more listeners. Thus, there is a rush by the radio stations to appeal to more listeners. In this respect, the radio stations have to come up with strategies to compete for the clients. The management literature is vast with various competitive strategies that firms can adopt to remain competitive. These strategies include differentiation, cost leadership, and market focus. Studies have shown that the extent to which these strategies are employed vary from industry to industry (Murage, 2001; Karanja, 2002; Ngeera, 2003; Kitoto, 2005).

Despite this phenomenon, the researcher is not aware of any study that has been carried out to establish what innovative strategies the radio stations have adopted to respond to competition. The only studies relevant in this area are Owiye, (1999) and Kitoto (2005). While Mbugua (2007) sought to establish competitive strategies adopted by Nation Media Group, Kitoto (2005) on the other hand identified the competitive strategies adopted by universities in Kenya. Mbugua (2007) only focuses on Nation Media Group which at the time had a radio station, TV station and a daily newspaper as well as magazines.

The FM radio stations' industry has been selected as an appropriate context of analysis for many reasons. First, interpersonal relationships are especially important where price competition simply does not exist. Interpersonal relationships are often the main tool for creating differentiation in a fast-changing and very competitive marketplace (Hendy, 2000)

Therefore, gaps in knowledge of innovation strategies in the media industry remain. The study thus fills the Gap by answering the question: what are the innovation strategies adopted by the media industry in Kenya? This study will have a special reference to the FM radio stations in Kenya.

1.3 Research Objectives

i. To determine the innovation strategies adopted by FM Radio stations in Kenya.

ii. To identify the factors influencing choice of an innovation strategy by an FM Radio Station.

1.4 Importance of the study

The study is invaluable to several stakeholders in the media industry including the management of radio stations, the policy makers as well as the scholars. The management of radio stations in Kenya will find the results of this study intriguing as a source of information on what competitive strategies are applied in the market and what they need to do in order to be competitive in the market.

At the same time, the policy makers will obtain knowledge of the media industry dynamics and the responses that are appropriate and specific for radio stations; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector. Moreover, the study will provide information to potential and current scholars on strategic management in radio stations in Kenya This will expand their knowledge on competitive strategies in radio stations and also identify areas of further study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature review in the conceptual form. Areas addressed by this chapter include the need for the innovation strategies, the different approaches used in developing innovation strategies as well as the different innovation strategies especially in the service industry.

2.2 Need for Innovation Strategies

Firms, according to the resource-based approach, compete according to their different capabilities. Strategies to cope with a changing competitive environment are associated with the firm's capabilities. According to Nelson and Winter (1982, pp. 280) and Schumpeter (1950, pp. 105),

> *"...perfect competition was incompatible with innovation As a matter of fact, perfect competition is and always has been temporarily suspended whenever anything new is being introduced..."*

implies the importance of timing and critical mass of use. Being first to the market can help firms to take advantage of benefits from initial demand in the market and enjoy an extra profit until competitors can respond. The pre-emptive move to capture the profit-making opportunities and to respond more accurately to the needs and responses of customers before a further move to launch other products may be more important and thus the innovation, from the outset, does not have to take off with the first best solutions to the market.

As far as analysis of strategy is concerned, the adoption of strategies (whether collaborative strategy or competitive strategy) is thus important in managing innovations and in making the innovation happen. When the resources and capabilities required in the diffusion of innovation are not available within an economic entity, it is likely that innovators adopt collaborative strategy and vice versa. However, the innovatory strategies employed by innovators along the stages of innovation can change over time. The changes of the strategies of the innovator in the light of ever-changing market competition, in turn, influence the progress of innovation.

Nonetheless, the adoption of strategy to achieve successful innovation is a question that needs some reviews of strategy concepts. According to Porter (1980), a firm should adopt competitive strategy to defend itself against outside forces. Although his competitive forces model is widely accepted in the 1980s, it has increasingly been subject to criticisms in a competitive context in the 1990s. The competitive strategy in Porter's model ignores the active and dynamic roles of complex socio-economic factors of which firms may not have sufficient resources or capabilities to implement strategies unilaterally. Practically, it seems difficult for any innovators to have full resources and therefore they need integration of capabilities to create and build know-how into their product innovations. The chosen strategies along the stages of innovation have a strong connection with innovators' organizational conditions in reacting to the competitive environment.

In Porter's model, firms adopt competitive strategies rather than collaborative strategies. This view clearly ignores the active and dynamic roles of complex socio-economic factors where most organizations do not have the capabilities to compete on their own or wish to take the sole risks of using them if they have them. Theoretically, Porter's strategy can only be fulfilled provided firms are ready in terms of the resources or capabilities to implement strategies unilaterally. Practically, the adversarial relation may not be preferred if innovators see the benefits of entering into collaboration being higher than those from pursuing the going alone strategy. In other words, innovators may choose a collaborative approach because it reduces the absolute size of risks and capital involved; risk of competitive innovation and provides innovation with opportunities to leverage their resources according to their comparative advantage.

Porter's view of using technology platform as a resource (Porter, 1980) to achieve a competitive advantage can be seen as incomplete. This is because technology platform, while potentially generating a variety of new innovations and applications with advantage, is vulnerable to imitability and obsolescence by a better technology even though it is highly protected by patent.

However, the use of technology platform as the basis of the sustainable competitive advantage described by Porter is challenged by the business platform emphasized by Hamel and Prahalad

(1994). They argue that competitive advantage is not necessarily rooted in technology platform but a bundle of skills and technologies. The case of Microsoft Windows in the software industry provides a good example. Their competitive advantage in product extension comes from Microsoft's ownership over the business platform (capabilities in owning over 90 per cent PC customers). However, while the firm-specific capabilities other than technology seem to be important, it is not argued that the technological capabilities underlying the firm's technology platform assumed by Porter should be understated.

Therefore in the process of innovation, the innovator's choice to carry out particular strategy may have implications for platform creation. Whether a firm has the capabilities to achieve competitive advantage or not seems less important than whether it has appropriate strategies or not (Schroeder, 1990). This is because effective competition can be enhanced if innovator could adopt appropriate strategy to establish its technology as an industry standard. The ability to establish the standard would attract more use of the innovation from of its capability in interoperability (Hawkins *et al.*, 1995), for example GSM standard in mobile telephony, VHS and Betamax standard in video cassette recording. A disproportionate share of the benefits that innovators could expect is strongly dependent on their decisions on the use of strategies.

2.3 Approaches of Innovation Strategy

Some companies choose a strategy that involves constant innovation for example to be a technological leader. For such firms, the perception of newness, of constant innovation, is critical to carrying out their chosen strategy (Gitonga, 2003).

Other companies choose a strategy that emphasizes stability, reliability, and a clear implication that the old familiar product or service will be there when the customer wants it. For firms whose marketing strategy is strong on stability, the perception of change may be harmful to the execution of their strategy. This does not mean that they will not or should not entertain any innovation at all. It does mean that they need to favor at least the appearance of stability over change whenever they can (Booz and Hamilton, 1982).

As with each of the three dimensions of innovation, the strategies of most firms fall somewhere along a continuum with regard to innovation. Only a relatively few companies place strong strategic emphasis on innovation and build their self-identity around pride in newness. At the other extreme, most firms do not center their self-identity on sameness and lack of innovation. If the previous discussion of the three dimensions of innovation is basically accurate, then firms can take a stance toward innovation and implement it through judicious selection of new products, services, and procedures (Oke and Goffin, 2001).

Innovations that are radical, inventive, and early have some characteristics in common. They typically require more planning and effort, and involve higher cost and risk of failure. But they also frequently offer greater rewards and performance improvement if they succeed. The cultures of some companies are much more supportive of such innovations than are the cultures of others. A strategy that favors the development and introduction of innovations with these characteristics might be called proactive (Nelson, 1993).

On the other hand, innovations that are incremental, imitative, and relatively late have different characteristics from those described above. They require the ability to improve on another firm's invention; that is, to deliver a product or service at relatively high volume and low cost, as well as a culture that accepts the position of follower rather than leader in terms of innovation. A strategy that favors the development and introduction of such innovations might be called reactive (Nelson, 1993).

2.3.1 Proactive Innovation Strategy

Proactive innovation strategy depends at least partly for its success on the quality of creative genius. Individuals who have this quality often do not fit well in large bureaucratic organizations. Some companies find and keep such people apparently by chance. However, firms long known for their proactive innovation strategy, such as 3M, Motorola, and Hewlett Packard, appear to work at creating structures and reward systems that encourage the exercise of creative genius (Tushman and Anderson, 1988).

Companies that have strongly proactive innovation strategy are rewarded the effort as well as results. The radical, inventive innovation that is introduced early is a relative rarity. It might be compared to the home run in baseball. Batters who try for home runs often strike out, but when they succeed the outcome of the contest is sometimes changed immediately. Proactive innovators must have a tolerance for failure, along with a strong focus on the key innovation that will change the competitive structure of an industry (Nelson, 1993).

The company that practices a proactive innovation strategy cannot be satisfied with all strikeouts. Even though unsuccessful efforts are a partial consequence of this strategy, the company that has too many of them in a row is likely to run out of money and die. Success, in the form of commercial products or services selling at a profit, must be held up as the company's goal, and rewards for successful effort must signal the importance of this goal (Nelson, 1993).

2.3.2 Reactive Innovation Strategy

According to Porter (1990), companies with a reactive innovation strategy aim to hit many singles. These are easier to achieve than home runs, but each one by itself does not move a team as far. As indicated above, a succession of incremental, imitative, late innovations can have a very dramatic cumulative effect. However, this strategy appears less dynamic than that of the proactive innovator; neither is always and automatically better.

The reactive innovation strategy requires more emphasis on process than product innovation. Because innovations of this type are easier to achieve, reward systems need to emphasize results. Results need to be viewed in terms of commercial success. The culture of reactive innovators tends to be less supportive of creative genius and more congenial to those who progress systematically in a logical fashion (Gitonga, 2003).

In some ways, reactive innovators need to devote more time and attention to their competitors than do proactive innovators. Because the reactive innovator emphasizes adoption of the inventions of others, there is clearly a need to stay current on what inventions are being introduced, how they are being received, and what factors determine the most opportune time for a late mover to introduce its innovation. Further, imitative innovations require not just awareness but also a detailed understanding of the product or service being imitated (Alam, 2002).

2.4 Innovation Strategies in the Service Sector

2.4.1 Technological Innovations

The first significant development in technology management has been the globally-distributed engineering (Harrison *et al.*, 2001). A typical example of the GDE is the automotive manufacturing (Wang, 2005). In Harrison *et al.* research, the specification and deployment of enterprise modeling and component-based system concepts were developed to facilitate the distributed engineering of automotive manufacturing using the life cycle engineering approaches that improve the change capability of component-based automotive machines and the engineering environment approaches that enable distributed engineering teams. These approaches represent a more holistic model of integrating human resources, systems structure and organizations so as to enable the significant levels of complexity and uncertainty when globally engineering automotive manufacturing machines to be handled. To facilitate this process, Mills and Tanik (2000) developed a resource-focused process engineering formalism that supports the development and maintenance of distributed process systems that ensure the transformation of key resources. While distributed-technology is becoming a significant development among both the multinationals and local companies, a strategic entrepreneurship model is needed to integrate human resources, technology systems and organizational culture with more empirical research.

Another new trend is the information technology innovation and the popularity of e-HR development. Ye (2002) studied the collaborative information infrastructure in a distributed virtual enterprise and presented a theoretical approach to engineering collaboration in the process of designing production systems. The process is defined as a system modeling process in which system design options emerge as a problem-solving process: identifying constraints, searching for optimal values and better design options, defining information interface between engineers, exchanging their contributions to the system model based on four levels of abstraction and the decision theory, facilitating the development of an information environment for engineering collaboration in distributed virtual enterprises. Chang *et al.*(2002) regarded information technology development as a process of entrepreneurship and used an advanced technology program (ATP) to support early stage technology development, especially the high-risk R&D

projects, and to encourage collaboration among firms and other organizations, foster information exchange, and facilitate technology entrepreneurship activities.

The third important trend in technology innovation is the development of professional service and customer relations management in rapidly transforming product companies such as traditional electronic firms into service-centered ones (Lah *et al*, 2002; Heneman and Greenberger, 2002; Cunningham, 2004; Agrawal, 2004). Ekeledo and Sivakumar (2004) studied the role of e-commerce on the entry mode choice of service firms and called for the re-conceptualization of marketing theories and concepts with services as a key component. Researchers recommended incorporating technological factors into the entry-mode conceptual framework to account for the important role of technology in the marketing of services in today's e-commerce environment. Apparently, an important factor for technology innovation effectiveness is the innovation leadership style (ILS). Bossink (2004) studied four basic types of ILSs: charismatic, instrumental, strategic, and interactive ILSs. The results showed that the four leadership styles had significant effects on the project innovativeness, ecological information, knowledge and competence. In fact, innovation has been seen as effective strategies for challenges in network markets (Sheremata, 2004). Formulating an effective business strategy for a firm is a complex task. Strategic and organizational requirements for person-system-organization fit are therefore becoming an important area of research for competitive advantage through deepening knowledge of technology, strong financial backing, learning new technological skills and information, building up the capabilities and competencies for organization design that can distribute and serve a large customer base (Lei and Slocum, 2005).

In general, to meet with these new challenges from globally-distributed technology innovation, information age and service development, a holistic approach is needed to integrate key strategies to achieve sustainable development through technology innovation and HRM. More future research is expected to build up a strategic and holistic model of human resource development so as to effectively integrate culture, organizational change and high-technology.

2.4.2 Product/Service Innovation

The importance of having a clearly defined new product/service strategy guiding the innovation process was recognized by Griffin (1997) and Cooper *et al.* (1999). Innovation strategy provides a clear direction and focuses the effort of the entire organization on a common innovation goal. Management needs to develop the strategy and communicate the role of innovation within a company, decide how to use technology and drive performance improvements through the use of appropriate performance indicators. Oke (2004) suggested that the first step in formulating an innovation strategy is to define what innovation means to the firm or the areas of focus in terms of innovation. By understanding the drivers of innovation needs, a firm can develop its focus areas for innovation. The innovation strategy needs to specify how the importance of innovation will be communicated to employees to achieve their buy-in and must explicitly reflect the importance that management places on innovation. Kuczmarski & Associates (1994) suggested that more successful firms had more tangible and visible signs of management commitment to new product development especially in terms of providing adequate funding and resources, than less successful firms. A Mercer Management Consulting (1994) study also reveals that the management of high performing companies was visibly and tangibly committed to new product development and explicitly formulated and communicated the firm's new product development strategy.

The middle portion of the framework, creativity and ideas management, selection and portfolio management and implementation management, comprises the processes necessary for carrying out or developing an innovation. The process used in carrying out an innovation task is a heavily researched topic and requires understanding of how firms manage the process of developing new products and services. Development includes the process of generating, selecting and transforming ideas into commercially viable products and services. Several studies suggest that firms with high performance in innovation usually have a formal process for developing new products and services (Cooper and Kleinschmidt, 1995, Griffin, 1997; Swink, 1998; Tatikonda and Rosenthal, 2000 and Shaw *et al.*, 2001). In service firms, however, the use of formal processes does not appear to be common (Mitchell Madison Group, 1995).

This formal process includes creativity and ideas management, selection and portfolio management and implementation management. Creativity and Ideas Management is the stimulation of ideas addressing customer requirements. The scope of ideas should be wide and all employees should be involved and ideas from customers cultivated. Selection and Portfolio Management provides an efficient means to select from the many ideas generated and choose the best ideas for implementation. Implementation is the fundamental capability to turn new ideas into new products, new services and processes. Many manufacturers have structured implementation processes and these are often based on Stage-Gate approaches to new product development. Innovative companies manage new product development similar to a manufacturing process, for example, by looking at bottlenecks and how they can be avoided (Oke and Goffin, 2001).

2.4.3 Innovation on Human Resource

The Human Resource Management element of innovation deals mainly with people and organization climate issues: the underlying impetus of innovation management is the need to create an environment where employees are motivated to contribute to innovation. An effective human resource policy that supports innovation and encourages the development of an innovative organization is needed. O'Reilly and Tushman (1997) suggested that firms should focus on norms that support creativity and implementation in order to build an innovative culture. Rewarding employees for their innovation effort is one way to build an innovative culture.

Studies that have looked at the type of reward mechanisms that best practice firms offer to their employees have been based on financial and non-financial rewards (Kuczmarski & Associates, 1994; Feldman, 1996; Griffin, 1997). Griffin's (1997) study found that the most frequent source of reward for new product development in the firms surveyed is the completion dinner, where the team shares a celebratory meal paid for by the firm.

Building a culture of innovation, however, is more than just rewarding the employees for a job done well. In terms of the categories in the Pentathlon framework, human resource policy or people issues have been relatively ignored in the literature. It is important to note that being good in one area of the Innovation is typically not good enough. Just like in the sporting analogy (Pentathlon sport) good performance in all five areas is often more important than exceptional performance in just one area (Oke and Goffin, 2001). The present challenge is to explore the applicability of the Innovation Pentathlon framework in service sector companies.

Ali (1994) argues that the type of innovation and the innovativeness of an innovation being developed relate to the approach or practice that a manager employs to develop or implement the project. Song and Montoya-Weiss (1998) find that a formal process may be detrimental to success when the human resource innovation is an improvement to performance of an organization.

2.4.4 Strong Brand Equities

Building a strong brand in the market is the goal of many organizations in creating innovation strategies (Hooley *et al.*, 2005). This is because it provides a host of benefits to a firm, including less vulnerability to competitive marketing actions, larger margins, and greater intermediary co-operation and support and brand extension opportunities. The most recent literature (Falkenberg, 1996; Srivastava *et al.*, 2001) considers brand equity as a relational market-based asset because it exists outside the firm and resides in the relationships of final users with brands. At the same time, the emergence of relationship marketing as a dominant focus of both marketing theorists and practitioners suggests that trust is the main factor on which a relationship is based. Connecting, then, the relationship principles with a resource-based approach to brand equity, we propose the following research question

A firm's survival and wealth is determined by its ability to create a superior value to the market. From a resource-based view of the firm, the sources of wealth creation are found in the resources endowment that enable the firm to efficiently and/or effectively produce a market offering that has value for some market segments (Hunt and Morgan, 1995). By doing so, the firm achieves superior financial performance that is reflected in higher dividends and value of stocks (Falkenberg, 1996).

Aaker (1991) equates brand equity with the following elements: brand loyalty, brand awareness, perceived quality, brand association, and other proprietary brand assets. According to Yoo and

Donthu (2001), and Washburn and Plank (2002), however, brand equity, specifically consumer-based brand equity, can be measured according to four elements: brand loyalty, brand awareness, perceived quality, and brand association. According to Washburn and Plank (2002), the element of other proprietary brand assets is not appropriate to measure consumer-based brand equity. Here, consumer-based means that "cognitive and behavioral brand equity at the individual consumer level through a consumer survey" (Yoo and Donthu, 2001, p. 2).

Therefore, there is a growing recognition, regarding the resources in which this superior financial performance lies, that a significant proportion of organizational performance is determined by intangible assets such as: the quality and experience of personnel, corporate culture, knowledge, brand equity, and so forth (Falkenberg, 1996; Srivastava *et al*, 1998). As with other intangible assets, brand equity exhibits the qualities required for creating a sustainable competitive advantage. It adds value for customers, helps to create defensible competitive positions, takes time to develop, is inherently complex, and cannot be easily transferred to other organizations (De Chernatony and MacDonald, 1992).

2.5 Factors Influencing the Choice of a Strategies

2.5.1 Availability of Resources

These resources include finance, time and the human resource. Hewlett (1999) suggests that most innovative strategies are hurdled by the financial constraints during the time of their implementation. It is important, particularly at the business level, to integrate non-financial measures such as market share or market growth in the budget, so that one can better assess the extent to which improved competitive strength is being achieved as well as the extent to which deviations are due to changes in the business attractiveness. Also, since most budgets will be based on operating departments, it is important to superimpose key non-dollar factors that would signal whether the strategic programs are proceeding on schedule. The concern for financial measurement accuracy in the budgets seems to have jeopardized the concern for relevance in some companies' budgets.

The various program alternatives need to be economically evaluated in two respects. First, there are different ways to achieve a particular strategic implementation action and these alternatives should be compared. A cost/benefit analysis is needed, but unfortunately is done too often on narrow grounds. By only looking at the financial costs and benefits without taking a strategic risk-assessment into account one might easily pursue the less favorable project or fail to search for less risky alternatives (Porter, 1985).

To assess risk in this strategic context three steps of analysis must be carried out: a specific assessment of which budgetary factors might significantly affect the innovative strategy's effectiveness; an assessment of the degree of predictability of each factor; and an assessment of one's own potential for responding to a particular environmental development to ameliorate adverse effects or to take advantage of favorable developments. Thus, the choice of plan alternative should put major emphasis on maintaining strategic flexibility (Eisenstat, 1993). Unfortunately, a too narrow financial analysis typically seems to take place which does not pay proper attention to maintaining strategic flexibility. The second aspect of the economic evaluation of the innovative strategizing activities relates to the aggregation of strategic programs into an overall "package" for the division. Many businesses do not take existing programs into account when choosing the overall "package" of strategic programs; thus, the continued relevance of existing strategic programs is not examined (Kaplan, 2005).

2.5.2 Complexity of the Implementation Process

Beer et al. (1990), and Woolridge and Floyd (1990) emphasized that strategy implementation could be more difficult than thinking up a good strategy. Harrison and Pelletier (1998) explained that the real value of a decision surfaced only after the implementation of a decision. In other words, it will not be enough to select a good decision and effective results will not be attained unless the decision is adequately implemented. Hitt and Tyler (1991) argued that it was essential that strategic level manager's demographic characteristics should have been examined for the formulation and implementation of strategic decisions.

Wessel (1993) stated that there were mostly individual barriers to strategy implementation such as too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. Eisenstat (1993) pointed out that most companies trying to develop new organization capacities failed to get over these organizational hurdles of competence, co-ordination, and commitment. Sandelands (1994) indicated that there were difficulties to conjecture the commitment, time, emotion, and energy needed to translate plans into action. McGrath et al. (1994) explained that the political turbulence might be the most important issue facing any implementation process. Lingle and Schieman (1994) stated that market, people, finance, operation, adaptability, and environmental factors play a vital role to long-term successful strategy implementation.

Christensen and Donovan (1998) mentioned that intended strategies would be implemented as they have been envisioned if three conditions were met. First, those in the organization must understand each important detail in management's intended strategy. Second, if the organization is to take collective action, the strategy needs to make as much sense to each of the members in the organization as they view the world from their own context, as it does to top management. Finally, the collective intentions must be realized with little unanticipated influence from outside political, technological, or market forces.

2.5.3 Dimensions of Strategy Implementation

Peng and Litteljohn (2001) noted two dimensions of strategy implementation: structural arrangements, and the selection and development of key roles. According to Govindarajan (1989), effective strategy implementation is affected by the quality of people involved in the process. Peng and Litteljohn (2001) claimed the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position.

McKinsey's (1982) model describes the seven factors critical for effective strategy execution. The 7-S model identifies the seven factors as strategy, structure, systems, staff, skills, style/culture, and shared values. Strategy is the plan of action an organization prepares in response to, or anticipation of, changes in its external environment. Strategy is differentiated by tactics or operational actions by its nature of being premeditated, well thought through and often practically rehearsed. It deals with essentially three questions, one where the organization is at this moment in time, two, where the organization wants to be in a particular length of time and three, how to get there. Thus, strategy is designed to transform the firm from the present position to the new position described by objectives, subject to constraints of the capabilities or the potential (Kaplan, 2005).

2.5.4 Structure and Strategy Implementation

Structure refers to the way in which tasks and people are specialized and divided, and authority is distributed; how activities and reporting relationships are grouped; the mechanisms by which activities in the organization are coordinated (Kaplan, 2005). Organizations are structured in a variety of ways, dependent on their objectives and culture.

The structure of the company often dictates the way it operates and performs (Waterman et al., 1980). Traditionally, the businesses have been structured in a hierarchical way with several divisions and departments, each responsible for a specific task such as human resources management, production or marketing. Many layers of management controlled the operations, with each answerable to the upper layer of management. Although this is still the most widely used organizational structure, the recent trend is increasingly towards a flat structure where the work is done in teams of specialists rather than fixed departments. The idea is to make the organization more flexible and devolve the power by empowering the employees and eliminate the middle management layers (Boyle, 2007).

2.6 Effectiveness of Innovation Strategies

Intense competition in domestic and international markets, more demanding, assertive customers and rapid advancement of technology (all primarily fuelled by the internationalization of business) has placed greater pressure on organizations in industrial nations to seek ways to achieve a sustained competitive advantage. The strategies developed must therefore be effective for sustainability of an organization (Hoque, 2004). The effectiveness of any strategy, however, is not only about strategic choice. It is widely recognized that organization and management systems are designed to support the business strategy of the firm in order to achieve competitive advantage (Hoque, 2004).

The effectiveness of innovation strategies largely depends on the situation and is influenced by such factors as importance and type of commitment the company puts on them as well as the resources available. Effectiveness is also dependent on the way in which the service provider handles the problem; responsiveness, empathy and understanding improve the effectiveness of the strategy (Bitner *et al.*, 1990; Hart *et al*, 1990). Thus, both what was done and how it was done contribute to the effectiveness of the innovation strategy. For this investigation, the primary focus is on what was done in terms of the relative effectiveness of assistance and competitiveness. Assistance involves actions taken to rectify a problem. The goal is to obtain the competitiveness. Assistance is possibly the most effective single innovation strategy because it can bring the customer back to the original purpose of buying the service. In the case of certain core failures such as waiting for service even with a reservation, it is argued that the service firm has little leeway; it must fix the problem quickly (Parasuraman *et al.*, 1991). With this view, assistance is a necessity, and compensation plus other actions may add to the success of the innovation effort. In this study, assistance is a reduction in the time the customer waits for the service.

Such high turnover at the top suggests that the real problem isn't a lack of innovation its sustained innovation. Companies may seize upon a good idea that gives them an advantage for a while, but sooner or later, they cede this advantage to a competitor who has found an even better idea. In recent years, companies have tried to address this problem by introducing innovation programs, typically in the form of new business development incubators. However, such programs rarely endure for more than two or three years and their budgets are usually among the first casualties in a drive to cut costs (Phillips *et al.*, 2006).

Until now, innovation has been somewhat of a black art. Managers currently lack the requisite metrics to make informed decisions about their innovation programs. Admittedly, some metrics have been developed for new product development. However, such metrics are very limited. Managers have only a vague sense of their company's overall innovativeness; they have little or no means to assess the effectiveness and efficacy of a particular innovation program. They need tools with which to diagnose impediments, for example, fear of cannibalization within the existing business or a corporate culture that's excessively risk averse – to their innovation processes and to evaluate the innovative capacity of potential acquisition targets (Grant, 2002).

Collaborations are also useful if the parties want to pursue innovation effectively. Strategic alliances are beneficial to those seeking technological innovation by complementing resources of members who are at the same level of the value chain (horizontal integration) or gaining knowledge from key sources either upstream or downstream of the supply chain (vertical integration) (Lamming, 1993; Spekman *et al.*, 1998). However, organizations pursuing discontinuous innovation (which take place when a new or existing player in an industry changes the rules in an unusual way) might consider participating in collaborative dalliances (Phillips *et al.*, 2006). In collaborative dalliances, supply chain partners test radical ideas outside their normal relationships.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a descriptive survey research design. It involved collecting data in order to answer questions concerning this study. Since the population of study was not very large, it was thus be possible to get results that show a feel of the whole media industry.

This design is justifiable because it compares the quantitative reasoning of a sample. In addition the design, by the virtual of being cross-sectional, gives a representation of the whole population with minimum bias. Moreover descriptive survey makes standardized measurement more precise by enforcing uniform definitions upon the respondents. This standardization ensures that similar data can be collected from groups/strata then interpreted comparatively.

3.2 Population of the Study

The target population for this study consisted of all the Radio stations currently operating in Kenya and is at least six months since they commenced their operations. According to Communication Commission of Kenya (2009), there were 86 radio stations in operation during the period of the study. These radio stations were classified in terms of their regional reach as local, national or regional; and in terms of the language used to broadcast as English, Kiswahili, or ethnic languages as well as the ownership of the stations.

3.3 Sample Design

Simple random sampling technique was used to sample out 35 radio station from the population. The technique was preferred because it eliminated any bias in the selection of the sample since each element of population had an equal chance of being sampled. In addition, simple random sampling permitted greater balancing of statistical power of tests of differences between elements in the population. The sample size was justifiable as it represents 41% of the population and therefore a representative of the same.

3.4 Data Collection

The study used both the primary and secondary data. Primary data was collected using a semi-structured questionnaires and interviews with the marketing managers, while secondary data was in form of literature review sourced from the relevant journals, articles and magazines. The questionnaire was well structured and detailed to address the research questions.

The questionnaires were administered to the marketing managers of the selected FM radio stations who were the targeted respondents in this study. Drop and pick method was used to give the respondents enough time to answer all questions After the period of returning the questionnaires had elapsed, the researcher followed up by reminding the non-respondents about the importance of their input in the survey. The marketing managers were chosen to be the respondents due to the strategic role they play in dealing with competition in the market.

3.5 Data Analysis

Collected data was both quantitative and qualitative in nature. Quantitative data was analyzed using a statistical package. Data was analyzed using descriptive statistics such as the frequencies, mean and the standard deviations. The basis of using descriptive approach was to give a basis for determining the weights of the variables under the study.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter discusses data findings, analysis, interpretation and presentation. Data was analyzed using the SPSS programme and presented using bar graphs and pie charts. The study was an empirical investigation on the need for the innovation strategies and the different approaches used in developing these strategies especially in the service industry.

4.2 Importance of Innovation Strategies

Innovation strategies are very important in any business that is venturing in new markets or any that has been in the market and plans to grow. The strategies are also significant in the media industry since these businesses experience very high competition. This section is divided into three parts first one deals with the demographic information, second one deals with information on innovation strategies, while the third one deals with the choice of innovation strategies

Innovation strategy is an advantage over competitors gained by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices A sustainable innovation strategy is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy.

Organizations should not wait until there are signs of crisis before they start thinking about transforming themselves to discover new products as by then it may be too late. The time to worry about is when they are successful, when they are making excellent profits, when the media say what wonderful organizations they are. That is when it is so important to raise their sights to the future, anticipate what might happen and deal with it. To be able to create ambition, it means fighting any sense of complacency or arrogance. It requires restlessness, constantly striving for perfection, an understanding of the fluidity of business, an appreciation that things are never permanent, never as good as it might look, and that the company is always vulnerable. Invariably that understanding and awareness leads to taking momentous decision it might mean changing a product range, creating a new distribution channel and deciding to operate in certain functional areas, businesses or countries

Simple random sampling technique was be used to sample 35 radio station out of 86 in the population. The technique was preferred because it eliminates any bias in the selection of the sample since each element of population has an equal chance of being sampled. In addition, simple random sampling permits greater balancing of statistical power of tests of differences between elements in the population. The sample size represents 41% of the population and therefore a representative of the same.

4.3 Demographic Information

This section deals with the general information about the respondents FM radio station, and also some information about the respondent. This included Position held in the organization, the year they joined the station, no of employees in the station, the annual turnover of the company, when the radio station was established, the reach, the language of transmitting, and who owns the radio station? From the findings most of the respondents were operation managers of the various FM radio stations targeted, this implies that the study was able to get reliable information from the personalities that are involved in decision making in the media industry.

The question on when the radio station was established helped the researcher determine the effectiveness of the innovation strategies applied by any particular station; it also assists the study to get the strategies of the media houses that are venturing into the industry to become competitive in the market.

Information of the company's annual turn over helps the researchers to tell the most effective innovative strategy to be applied.

Table 4.1: The FM Station Reach

Reach	Frequency	Percent
International	6	17.1
National	15	42.9
Regional	9	25.7
Local	5	14.3
Total	**35**	**100.0**

Table 4.1 show shows the FM station coverage. From the findings majority of the stations 42.9% have a national coverage while only 14.3% have local coverage. This implies that the study was able to get reliable information from different sources. The same information was put in form of a bar graph below.

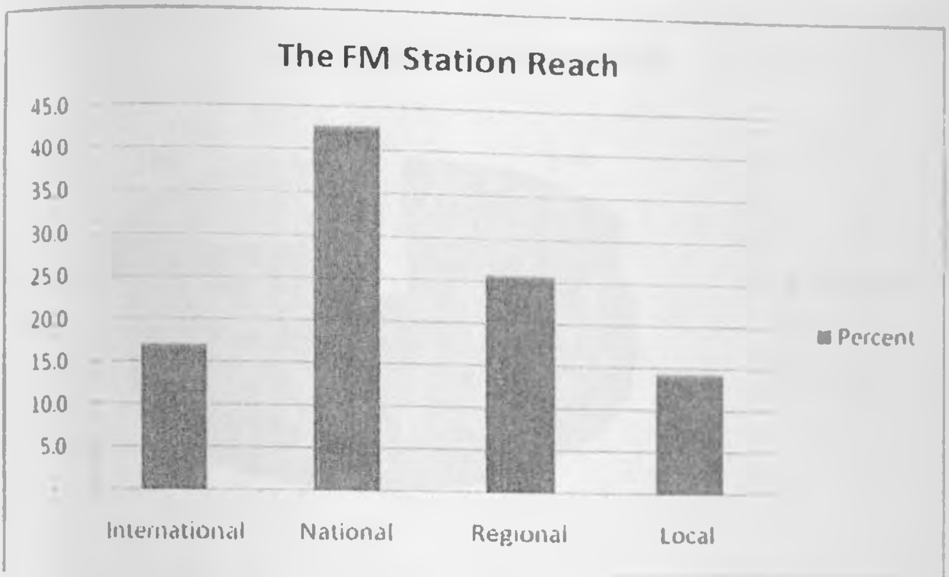


Table 4.2: Language of Transmission

Language	Frequency	Percent
Vernacular	7	20.0
English	20	57.1
Kiswahili	8	22.9
Total	35	100.0

Table 4.2 show the language used by the FM stations in transmission, majority 57.1% use English, while a few 22.9% use Kiswahili and the minority use Vernacular. This implies that target market can understand English and Kiswahili. The pie chart below illustrates the same information.

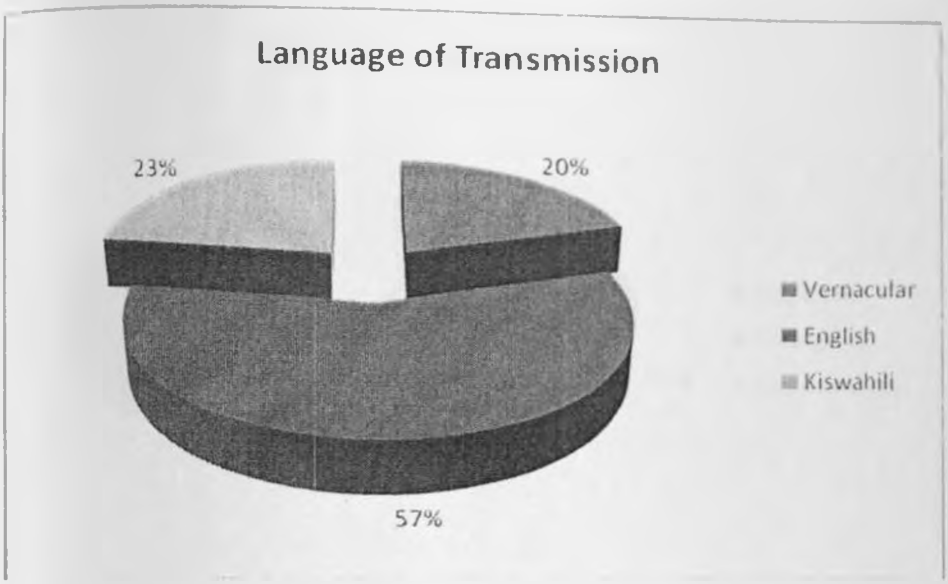
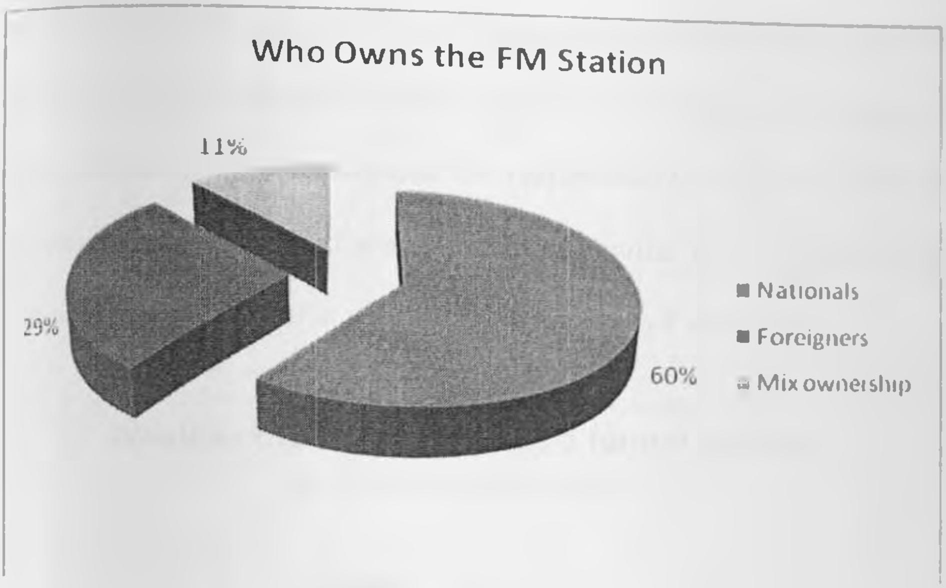


Table 4.3: Who owns the FM Station

Ownership	Frequency	Percent
Nationals	21	60.0
Foreigners	10	28.6
Mix ownership	4	11.4
Total	**35**	**100.0**

Table 4.3 explains the ownership of the FM radio stations. From the findings majority of the stations, 60.0% are owned by nationals, while only 11.4% has mixed ownership. This implies that the study was able to get reliable information from the owners who are nationals since it is easy to reach them. The pie chart below shows this information.



4.4 Information on Innovation Strategies

This section deals with the information about the innovation strategies. This included details on whether the organization has a formal documented mission and vision statements, if they do who were involved in the formulation of the company's mission and vision, how often the missions and vision statements is reviewed and whether the radio station has some innovation strategies in place.

Table 4.4: Whether the FM station has a formal mission and vision statements

Response	Frequency	Percent
Yes	32	91.4
No	3	8.6
Total	**35**	**100.0**

Table 4.4 shows the number of the FM radio stations with formal documented mission and vision statement. From the findings majority 91.4% have while only 8.6% do not have a mission and vision statement. This implies that the respondents were in a position to give the study viable information since they had already done the initial step of formulating a mission and vision statement. This information was expressed in form of a pie chart.

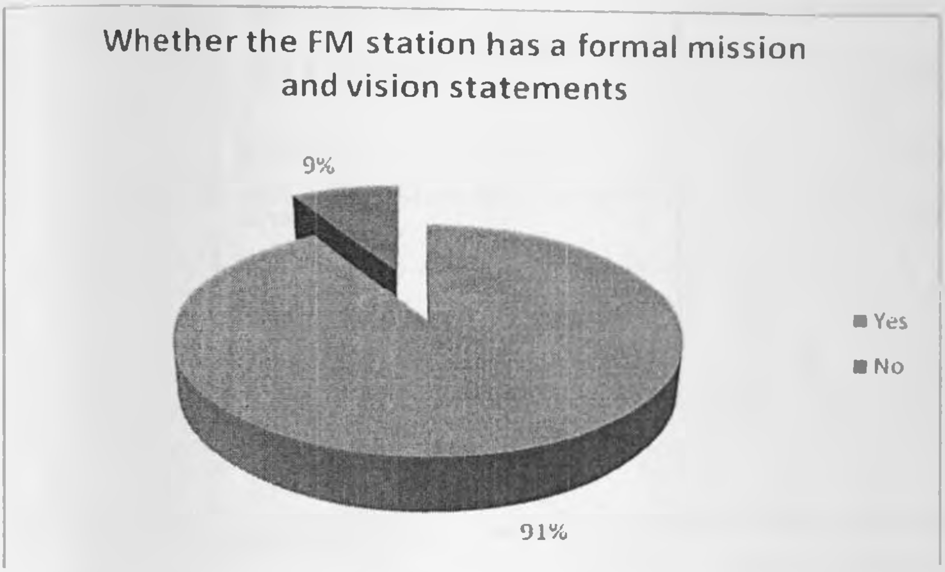


Table 4.5: Those Involved in the Formulation of Mission and Vision Statements

Mission / vision Formulators	Frequency	Percent
Consultants	13	40.6
Shareholders	7	21.9
Directors	12	37.5
Total	**32**	**100.0**

Table 4.5 illustrates the parties invloved in the formulation of mission and the vision statements for their respective companies. According to the table, 40.6% of all the respondents' companies

used consultants while 37.5% used directors. Only 21.9% of the companies involved their shareholders. This is an indication that majority of FM radio stations seek for the consultants services in formulation of their mission and vission statement.

Table 4.6: How often are the missions and vision statements reviewed?

Review Duration	Frequency	Percent
After every 5 Years	5	14.3
Annually	14	40.0
Semiannually	10	28.6
Quarterly	3	8.6
Total	**32**	**91.4**

Table 4.5 shows among the FM radio stations that have a formal mission and vision statements, how many change it often and how often. Majority 40.0% review their mission and vision statements annually while only 8.6% change their statements as often as quarterly. This information is also put in form of a bar graph below

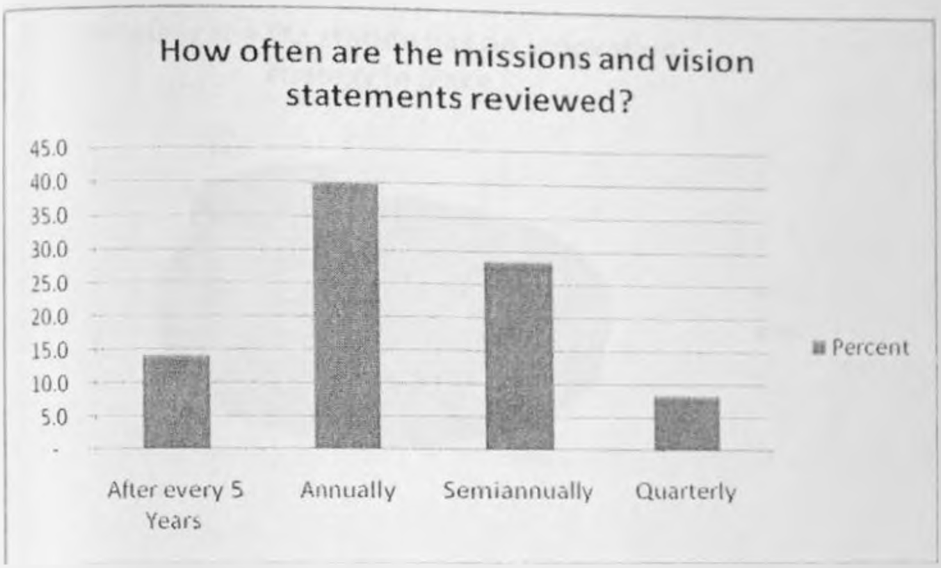


Table 4.7: Whether the FM station has an innovation strategy in place

Response	Frequency	Percent
Yes	30	85.7
No	5	14.3
Total	**35**	**100.0**

Table 4.6 shows whether the FM radio stations have innovation strategies or not. From the findings the majority 85.7% have innovation strategies in place. While 14.3% do not have these strategies in place. This demonstrates that the research was able to get reliable information on the innovation strategies in the media industry. The same information is put in form of a pie chart.

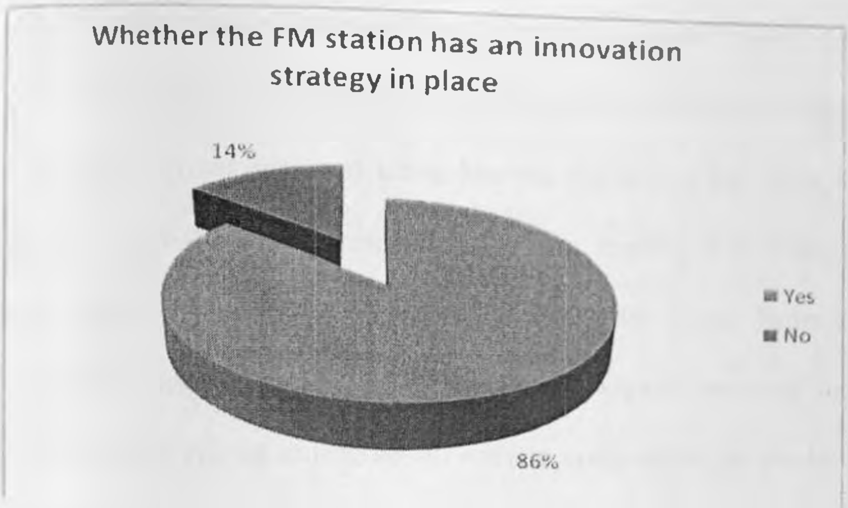


Table 4.8: The extent to which the stations adopt innovation strategies

Innovation Strategies	Mean	Standard Deviation
Offering a wide range of services	3.7	0.9
Inventing new products	2.9	1.1
Use of specific language	3.2	0.9
Using known celebrities	3.7	1
Reducing operating staff	2.2	1.1
Offering lower charges	3.1	1.1
Engaging high skilled staff	3.4	1.2
Use of publicity	3.5	1.3
Increasing the coverage	3.1	1.2
Exploring new markets	3.6	1.1
Outsourcing support staff	2.6	1.3
Intensive staff training	2.8	1.1
Avoiding loss making areas	2.9	0.9
Serious advertising	3.6	1
Redefining the niche	2.7	1.2

Table 4.7 shows to what extent the respondent can adopt the given strategies so that they can remain competitive in the market. From the analysis one meant not at all, two meant that the resopondent considers the strategy to a little extent, three meant to a moderate extent, four meant

to a great extent while five meant to a very great extent. Hence the greater the mean the greater the extent to which the respondent can adopt the innovation strategy. From the findings Offering a wide range of services and using known celebrities had each a mean of 3.7 and a standard deviation. of 0.9 and 1.0 respectively. This implies that majority of the FM radio stations considered these two factors greatly than any other factor. From the interviews the respondents unanimously agreed that they look for a new range of services through out and constantly hold shows with the known celebrities to remain competitive in the industry. Exploring new markets and doing serious advertising are other strategies that are popular in the media industry with a mean of 3.6 each and a standard deviation. of 1.1 and 1.0 respectively. Use of publicity, has a mean of 3.5 and a standard deviation of 1.3 while Engaging high skilled staff, has a mean of 3.4 and a standard deviation of 1.2. from the study Reducing operating staff is not one of the strategies to be considered in the media industry. The respondent said that this strategy does not influence the aspect of competitiveness in the industry. This factor had a mean of 2.2 and a standard deviation of 1.1 this implies that innovation strategies can be successfully implemented in a company regardless of the number of the operating staff. The same information is put in form of a bar graph below.

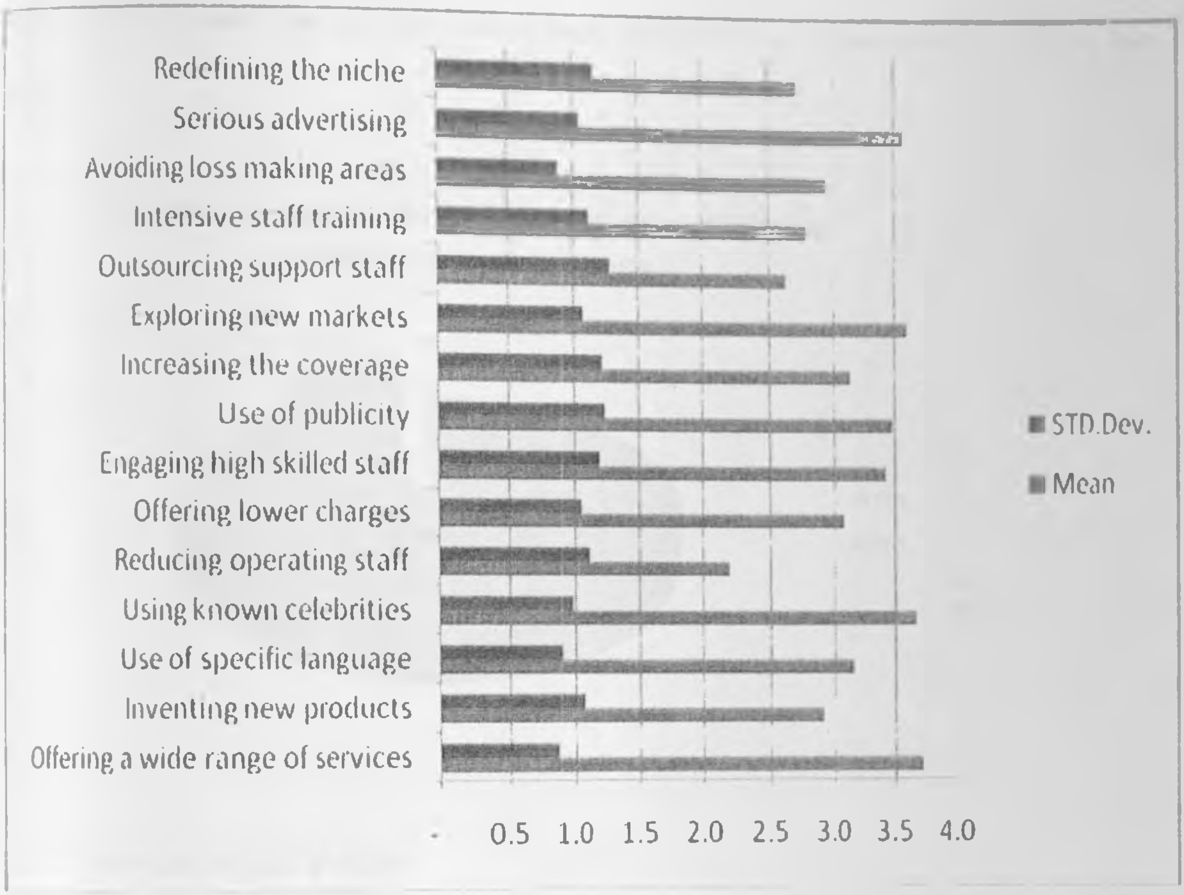
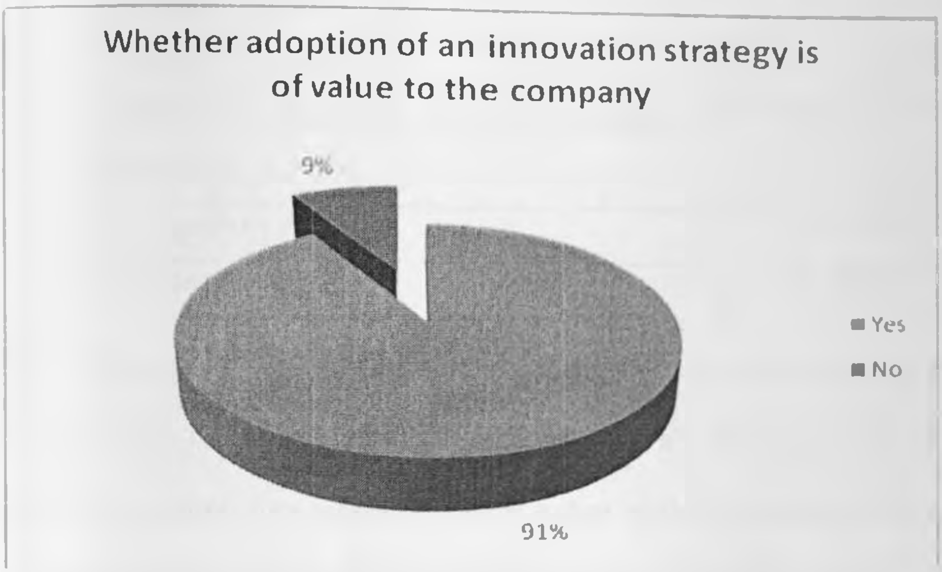


Table 4.9: Whether adoption of an innovation strategy is of value to the company

Response	Frequency	Percent
Yes	32	91.4
No	3	8.6
Total	35	100.0

Table 4.8 shows the respondents opinion on whether adoption of an innovation strategy is of value or not. Majority of the respondents 91.4% said that it is of use to have an innovation strategy. While only 8.6% said it's not important. This implies that the respondents were able to give enough information about the innovation strategy to the research. From the interviews the

respondents explained that the innovation strategies assist the organization to achieve their set goals.



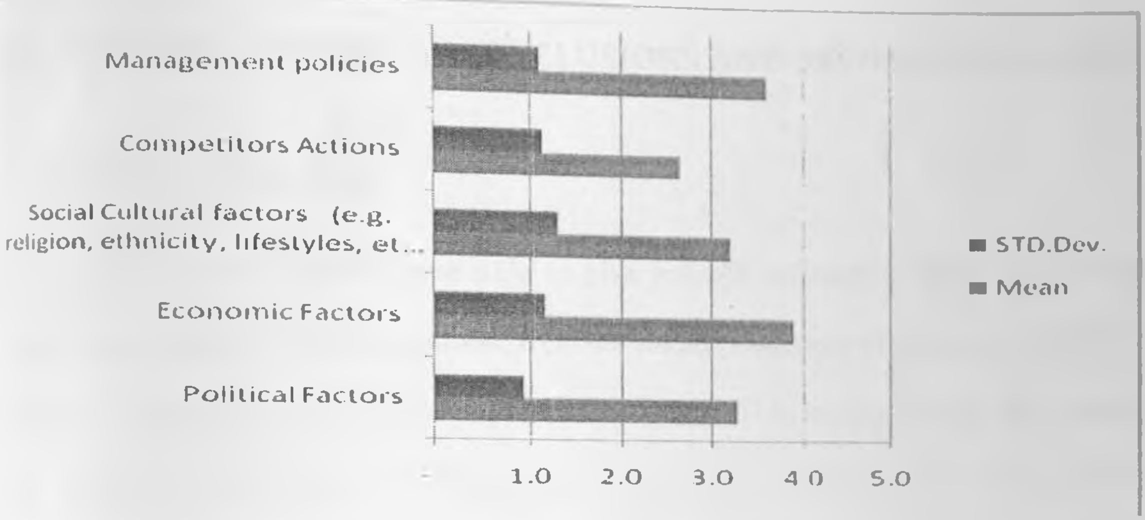
4.5 Innovation Strategies

This section explains the factors that affect choice of innovation strategies in any FM radio station. Innovation strategy is a crucial determinant of competitiveness and organization progress. In many countries, the pace of change in the Media sector is dramatic. Frequently reported trends are blurring of industry coverage, language and, pressures from new and existing competitors, rapidly advancing information technology, and increased customer sophistication.

Table 4.10: Factors affecting choice of innovation strategies in a company

Factors	Mean	Std Dev
Political Factors	3.3	0.9
Economic Factors	3.9	1.2
Social Cultural factors (e.g. religion, ethnicity, lifestyles)	3.2	1.3
Competitors Actions	2.7	1.1
Management policies	3.6	1.1

Table 4.9 shows the to which the given factors affect the choice of an innovation strategy in a FM radio station From the analysis one meant not at all, two meant to a little extent, three meant to a moderate extent, four meant to a great extent while five meant to a very great extent. Hence the greater the mean the greater the extent to which the factor affect choice of an innovation strategy. From the findings economic factors have a mean of 3.9 and a standard deviation of 1.2. this implies that this is the greatest factor that affect the choice of an innovation strategy in the media industry. Management policies, had a mean of 3.6 and a standard deviation of 1.1 Political Factors had a mean of 3.3 and a standard deviation of 0.9 while Social Cultural factors (e.g. religion, ethnicity, lifestyles,) had a mean of 3.2 and a standard deviation of 1.3, the factor that least affects the choice of innovation strategy is Competitors Actions with a mean of 2.7 and a standard deviation of 1.1.


Management policies
Competitors Actions
Social Cultural factors (e.g. religion, ethnicity, lifestyles, et...
Economic Factors
Political Factors
STD.Dev.
Mean
1.0
2.0
3.0
4.0
5.0

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The respondents to this research were able to give reliable information about the innovation strategies applied by the FM radio stations; from the findings majority of the stations 42.9% have a national coverage while only 14.3% have local coverage. This implies that the study was able to get reliable information from different sources. 57.1% use English, while a few 22.9% use Kiswahili and the minority use Vernacular. This implies that target market can understand English and Kiswahili. 60.0% are owned by nationals, while only 11.4% has mixed ownership, implying that the study was able to get reliable information from the owners who are nationals since it is easy to reach them.

On whether the organization has a formal documented mission and vision statements 91.4% have while only 8.6% do not have. This implies that the respondents were in a position to give the study viable information since they had already done the initial step of formulating a mission and vision statement. However, 40.6% of all the respondents' companies used consultants while 37.5% used directors. Only 21.9% of the companies involved their shareholders. 40.0% review their mission and vision statements annually while only 8.6% change their statements as often as quarterly 85.7% have innovation strategies in place. While 14.3% do not have these strategies in place. This demonstrates that the research was able to get reliable information on the innovation strategies in the media industry.

From the findings offering a wide range of services and using known celebrities had each a mean of 3.7 and a standard deviation of 0.9 and 1.0 respectively. This implies that majority of the FM radio stations considered these two factors greatly than any other factor. From the interviews the respondents unanimously agreed that they look for a new range of services through out and constantly hold shows with the known celebrities to remain competitive in the industry. Exploring new markets and doing serious advertising are other strategies that are popular in the media industry with a mean of 3.6 each and a standard deviation. of 1.1 and 1.0 respectively. Use of publicity, has a mean of 3.5 and a standard deviation of 1.3 while Engaging high skilled staff, has a mean of 3.4 and a standard deviation of 1.2. from the study Reducing operating staff is not one of the strategies to be considered in the media industry. The respondents said that this strategy does not influence the aspect of competitiveness in the industry. This factor had a mean of 2.2 and a standard deviation of 1.1 this implies that innovation strategies can be successfully implemented in a company regardless of the number of the operating staff.

On the factors that affect the choice innovation strategies economic factors have a mean of 3.9 and a standard deviation of 1.2. this implies that this is the greatest factor that affect the choice of an innovation strategy in the media industry. Management policies, had a mean of 3.6 and a standard deviation of 1.1 Political Factors had a mean of 3.3 and a standard deviation of 0.9 while Social Cultural factors (e.g. religion, ethnicity, lifestyles,) had a mean of 3.2 and a standard deviation of 1.3 , the factor that least affects the choice of innovation strategy is Competitors Actions with a mean of 2.7 and a standard deviation of 1.1.

5.2 Conclusions

The research concludes that innovation strategies are very essential in any business and hence they should be put in place at any cost since it helps the organization to realize their objectives.

As far as analysis of strategy is concerned, the adoption of strategies (whether collaborative strategy or competitive strategy) is thus important in managing innovations and in making the innovation happen. When the resources and capabilities required in the diffusion of innovation are not available within an economic entity, it is likely that innovators adopt collaborative strategy and vice versa. However, the innovatory strategies employed by innovators along the stages of innovation can change over time. The changes of the strategies of the innovator in the light of ever-changing market competition, in turn, influence the progress of innovation.

Nonetheless, the adoption of strategy to achieve successful innovation is a question that needs some reviews of strategy concepts. Innovation strategy implementation for small and medium-sized enterprises in Kenya has become a widespread philosophy in many businesses across the world as a means of advancing competitive position. Placing an emphasis on planning and striving for successful implementation accomplish this advancement. An organization aspiring to become a leader must identify key success areas and adopt a strategic plan to successfully implement a given strategy. However, implementation of the policies throughout an organization is not an easy process and many businesses have failed to experience the benefits due to wrong economic decisions. Understanding the reasons behind failure is essential and examination of the environment of operations provides the answer.

5.3 Limitations of Study

The main limitation of the study was its inability to capture data from all the radio stations in Kenya. The study was limited to the FM radio stations thus the competitive strategies that were found in the study did include the strategies used by AM radio stations. In addition, only a sample of 35 FM radio stations was considered for data collection as it would be practically impossible to collect data from all the 86 stations that existed during the period of this study. Moreover, the radio stations were reluctant to reveal their survival strategies fearing that this would expose them to their competitors to outdo them after their strategy had been exposed.

Another limitation was non-responsiveness by some respondents due to their busy schedules. This was tackled by administering the questionnaires to other respondents in the same category at appropriate times when they were in a position to set aside time for the study. The researcher also experienced the challenge of financial resources since the cost of collecting the data was too high.

5.4 Recommendations for Policy & Practice

Successfully implementing Innovation strategies is not easy for any organization and effective steps have to be put in place to ensure successful implementation. Management of the company needs to have the required knowledge, expertise and skills before they can agree and embark upon an implementation programme. In addition, the management needs to learn from others as to what has worked in other firms and what has not. In essence a number of actions need to be taken in order to increase the likelihood of success. These include; embarking of serious advertising, redefining the niche market, exploring new markets and intensive loss making areas. An organization should set up a steering committee, identify the norms, values and behaviors for the organization's people, agree on a plan of action, implement that plan and review the progress. Furthermore, the plan of action needs to be sensitive and in line with the organization's history and future. Therefore each organization will need to identify its own unique approach, as "off the shelf" packages are not readily associated with success.

However, by far the most important element of that plan is that leaders "walk the talk", get involved in the process and never let their enthusiasm wane. Achieving successful strategic plan takes time, energy and resources from everyone within the organization, an endeavor that is totally worthwhile given the positive impact of strategic planning.

The research recommends that the relevant government ministry assists in reducing unhealthy competition among the media houses. This step will protect the upcoming FM radio stations in the industry. The researcher also recommend that the government and the other stakeholders that determine the economic status of the country make sure that its stable since it highly affects the choice of innovation strategy

5.5 Suggestions for Further Studies

This study recommends that more study be done on the other strategies affecting the media industry, this can be a study on competitive strategies. This will help the media houses to make long term plans and achieve their goals since from the research carried out many radio stations fail to achieve their goal due to the unhealthy competitions. A study on growth strategies is also very important since the media industry is growing very fast. This will assist the new companies venturing into the industry to make progress. The researchers also suggest that the study on innovation strategies be carried out in another industry; this will assist them to project to the future.

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APPENDICES

Appendix I: FM Radio Stations in Kenya

	Broadcaster	Frequency	Station Title
1	Abeingo Networking SHG	89.5	Hossana 89.5 FM
2	African Gospel Church	103.7	Radio Injili
3	BBC	93.9	BBC world service
4	Biblia Husema Studios	102.9	Bibla Husema
5	Bridge media	91.5	Homeboyz Radio
6	Capital Group	102.7	Capital FM
7	China Radio International	91.9	China Radio
8	Christ Co-workers Fellowship	107.3	Light & Life FM
9	Christ is the answer ministries (NPC)	93.9	Hope FM
10	Community broadcasting services	91.7	Chitambe 91.7 FM
11	Daystar University	103.1	Shine FM
12	Digitopia	89.7	Milele FM
13	Dominion	96.1	mwanedu fm
14	Eastern Broadcasting Corporation	92.5	Mbaitu FM
15	Eastern Communication Systems	88.7	Syokimau FM
16	EATN	94.4	
17	Faith Ministries & churches Intern'l	98.9	The just liveth
18	Feba Radio	95.5	Baraka FM
19	Garissa fm	88.9	
20	GO Commucations	97.1	Bahasha FM
21	International Broadcasting Bureau (VOA)	107.5	Voice of America
22	International Children's Mission	105.9	Jesus is Lord Radio
23	International Christian ministries	88.8	Imani FM
24	IQRA	95.1	IQRA FM
25	Kalee Ltd	89.1	Kass FM
26	KBC	96.5	English service
27	KBC	87.6	KBC Idhaa ya Taifa
28	KBC	87.7	Metro FM
29	KBC	93.3	Pwani FM

30	KBC (Nyadundo)	99.7	Coro FM
31	Kenya Episcopal Conference	88.3	Radio Waumini
32	Kenya Meteorological Department	106.5	Kangema FM
33	Kenyatta University	99.9	KU 99.9 FM
34	Ke-Wi Media	94.3	Radio Sahara
35	KIMC	104.7	KIMC
36	Koch FM	99.9	Koch FM
37	Lingam Enterprises	106.3	East FM
38	Mang'elete	89.1	Radio Mang'elete
39	Maseno University	98.1	Equator FM
40	Masinde Muliro University (MMUST)	103.9	MMUST FM
41	Neural Digital	87.7	Radio Umoja
42	North Eastern Media & Telecomms	97.1	Star FM
43	North Eastern Media & Telecomms	97.5	
44	Osienala	92.1	Radio Lake Victoria
45	Pamoja Development	99.9	Pamoja 99.9 FM
46	Pro-Phase marketing	89.5	Radio Salaam
47	Q - FM		
48	Radio Africa Ltd	93.5	Kiss 100
49	Radio France International	105.5	Radio France International
50	Radio Holdings International	89.3	
51	Radio Maria Kenya	88.1	Radio Maria
52	Radio One IPP	94.7	East Africa Radio
53	Rahma Broadcasting Ltd	91.3	Radio Rahma
54	Regional Reach	88.3	Kameme FM
55	Royal Media Services	98.6	Abagusii FM
56	Royal Media Services	90.4	chamge FM
57	Royal Media Services	103.2	Egessa FM
58	Royal Media Services	96	Hot 96
59	Royal Media Services	98.9	Inooro FM
60	Royal Media Services	97.9	Mulembe FM
61	Royal Media Services	103.6	Musyi FM
62	Royal Media Services	88.9	Muuga FM
63	Royal Media Services	106.7	Radio Citizen
64	Royal Media Services	107.1	Ramogi FM
65	Royal Media Services	106.5	

66	Sauti Communications	91.1	
67	Sauti ya Mwananchi FM & TV	100.9	Sauti ya Mwananchi
68	Sauti Ya Pwani	103.3	Setal Radio
69	Sauti Ya Rehema RTV	90.5	Sayare
70	SDA Baraton University	103.9	Baraton University
71	Seventh Day Adventist	105.3	Wikwatyo 105.3
72	SIDAREC	99.9	Ghetto FM
73	Sirwo Enterprises	105.5	Classic 105
74	Southern Hills Development Agency	93.1	Kaya FM
75	St Pauls University	99.9	Light FM
76	Stangy Boyz	87.9	Sound Asia
77	Star Radio & TV Network	96.1	Star Radio
78	TBN Family Media	96.5	Family FM
79	Toads Media Group	104.5	Radio Simba
80	Tony Msalame Productions	106.6	Sheki FM
81	Transworld Radio	101.1	SIFA Garissa
82	Universal Entertainment	91.5	Rahma FM
83	West Media Ltd	94.9	West FM
84	Word of truth Ministries	97.1	Fish FM
85	X - FM		
86	Yepchinit FM &TV Ltd	88.9	Yepchinit FM

Appendix II: Research Questionnaire

SECTION A: GENERAL INFORMATION

1. Radio station you work for: ....

2. Position held in the organization ....

3. When did you join the organization (Year)? ....

4. How many employees are there in the station ....

5. What is the annual turnover of the company ....

6. When was the radio station established ....

7. What is your reach?

International	( )	Regional	( )
National	( )	Local	( )

8. In which language do you transmit?

Vernacular ( )

English ( )

Kiswahili ( )

Others (specify): ....

9. Who owns the radio station?

Nationals ( )

Foreigners ( )

Mix ownership ( )

SECTION B: INFORMATION ON INNOVATION STRATEGIES

7. (i) Does your organization have a formal documented mission and vision statements?

Yes ( )

No ( )

(ii) If Yes in 7(i) above, please indicate those that were involved in the formulation of the company's mission and vision.

Consultants ( )

Shareholders ( )

Directors ( )

Any Others (Please specify) ....

8. How often are the missions and vision statements reviewed?

After every 5 Years ( )

Annually ( )

Semiannually ( )

Quarterly ( )

Any other period (Please specify)...........................

9. Does your organization have an innovation strategy in place?

Yes ( ) No ( )

If yes explain the operation of the strategy...

....

....

10. To what extent do you adopt the following strategies to remain competitive in the market?

	Not at all	Little	Moderate	Great	Very Great
	1	2	3	4	5
Offering a wide range of services					
Inventing new products					
Use of specific language					
Using known celebrities					
Reducing operating staff					
Offering lower charges					
Engaging high skilled staff					
Use of publicity					
Increasing the coverage					
Exploring new markets					
Outsourcing support staff					
Intensive staff training					
Avoiding loss making areas					
Serious advertising					
Redefining the niche					

11. In your own opinion, is adoption of innovation strategies of any value to the firm?

Yes ( )

No ( )

Please explain

....

....

....

....

12. Comment on the general competitive environment in which you work.

....

....

....

....

SECTION C: CHOICE OF INNOVATION STRATEGIES

13. To what extent do the following factors affect choice of innovation strategies in your organization?

Factors	Not at all	Little	Moderate	Great Extent	Very Great Extent
	1	2	3	4	5
Political Factors					
Economic Factors					
Social Cultural factors (e.g. religion, ethnicity, lifestyles, etc.)					
Competitors Actions					
Management policies					
Any Other (Please specify)					

Thank you for your responses