

**ADOPTION OF DIVERSIFICATION AND INNOVATION
STRATEGIES BY THE NATION MEDIA GROUP, KENYA**

BY

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DECLARATION

This project is my original work and has not been presented for a degree in any other university.

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

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DEDICATION

I dedicate this project to my parents Mr & Mrs Muthuki Kihuria for their selflessness, dedication, commitment and guidance in ensuring I become the person I am today.

ABSTRACT

Diversification and innovation are some of the most useful tools in ensuring that organizations survive the turbulent and competitive environment in today's business arena. Due to high competition and demand for products and services that meet the changing customer's needs, organizations have no choice than to remain innovative as well as diversify their operations through generation of new ideas, processes and products as well as expand internally and externally. Media industry in Kenya and globally is no exception and hence this research was conducted to establish how Nation Media Group has adopted diversification and innovation strategies to remain competitive and to continue growing in light of the changing environment facing media industry. The research was conducted through a case study and data analyzed through content analysis. The data was collected from respondents drawn from supervisory and management level and cutting across the various departments within the organization. The study observed that Nation Media Group had embraced the diversification and innovation within its objective, mission and vision and this has made it the biggest media house in east and central Africa. It has continued to grow its product lines as well as expand its reach in the region. The study at the same time recommends that the company need to continue venturing in innovative projects that will add value to all stakeholders. This is the only way that Nation Media can sustain its lead in the media industry in the region and at the same time serve its customers with relevant products and services while growing shareholders wealth. The study however cautions the management against adopting projects that are half baked thereby contributing unwarranted costs and exposing the organization to risks that may deter achievement of its vision.

ABBREVIATIONS

Ad	Advertisements
CCK	Communication Commission Of Kenya
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
MPL	Monitor Publications Limited
MCL	Mwananchi Communications Limited
NMG	Nation Media Group Limited
R & D	Research and Development

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CHAPTER ONE: INTRODUCTION

1.1 Background of The Study

Today's competitive environment presents difficult challenges for executives in many mature organizations: global competition, industry convergence, disruptive technologies, new entrants, evolving customer needs, and the rapid commoditization of products and services. It is during the last decades that innovation and diversification increasingly gained the attention of both scholarly and business communities as valuable strategies for achieving sustainable competitive advantage and firm performance. From a strategic management perspective, firms therefore need to develop the capacity to formulate business ideas, to assess and select them, and to implement them effectively if they are to develop economically viable and high-growth business ventures.

Facing ongoing growth and earnings pressures, executive sponsors of senior-level action learning programs are increasingly asking participants to 'think differently' about the business, to look at markets expansively, and to conceptualize new sources of customer value that will catalyze new businesses and revenue streams (Hambrick, 2003). Organizations are open systems that are influenced by the external environment and should use available resources of people, structures, and processes aligned with the right business strategy to yield gains in performance, efficiency, and productivity (Matsuno and Mentzer, 2000). In other words, they are asking for strategic innovation.

Media industry in Kenya has encountered several challenges in the recent past in coping with the ever changing environment. This is especially so because with the advent of

technological changes and the development of complex and faster platforms of conveying news. The proliferation of social media and internet, which transmits news real time as well as need to go digital has greatly affected print and electronic media. Nation Media Group has managed to weather most of these challenges through introduction of new products and different lines of income and at the same time improve on current processes through innovation. It is as a result of all these and other developments that media companies must embrace innovation and diversification to remain afloat and survive in this turbulent environment.

1.1.1 Concept of strategy

Mintzberg defined strategy as a pattern in a stream of decisions" to contrast with a view of strategy as planning while Max McKeown (2011) argues that "strategy is about shaping the future" and is the human attempt to get to "desirable ends with available means. Johnson and Sholes (Exploring Corporate Strategy) define strategy as the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Thompson and Strickland (1987) observe that strategy consists of four components including product-market scope, growth vector, competitive advantage and synergy. The product-market aspect of the strategy indicates the particular industries to which the firm confines its product market position and compete for patronage.

Organizational strategy is the creation, implementation and evaluation of decisions within an organization that enables it to achieve its long-term objectives. Organizational strategy

specifies the organization's mission, vision and objectives and develops policies and plans, often in terms of projects and programs, created to achieve the organization's objectives. It also allocates resources to implement them. Organizational strategy is related to organizational studies, an academic field that analyzes organizations and what makes them succeed or fail. It provides overall direction for the organization. Formulating a strategy combines the following three main processes. The first process is performing an analysis of the organization's situation internal and external, micro- and macro-environment. This means asking both what is going on with its competitors and with each part of the organization. The second process involves setting objectives both short-term and long-term. This means creating vision and mission statements. The final process is developing a strategic plan that provides details about how to achieve the organization's objectives.

1.1.2 Diversification strategy

Diversification is a corporate strategy to increase sales volume from new products and new markets. Diversification can be expanding into a new segment of an industry that the business is already in, or investing in a promising business outside of the scope of the existing business. Ansoff (1999) pointed out that a diversification strategy stands apart from the other growth strategies. The other business growth strategies are usually pursued with the same technical, financial, and merchandising resources used for the original product line, whereas diversification usually requires a company to acquire new skills, new techniques and new facilities. Note: The notion of diversification depends on the subjective interpretation of "new" market and "new" product, which should reflect the

perceptions of customers rather than managers. Indeed, products tend to create or stimulate new markets; new markets promote product innovation.

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

1.1.3 Innovation strategy

Innovation strategy- a fusion of strategy and innovation is best understood as innovation at the business concept level. It involves the introduction of new business models (frameworks for creating customer and economic value) that radically transform industry economics and upend entire markets, often at the expense of sleepy industry incumbents. Constantinos Markides (2000) of the London Business School, writes, ‘Strategic innovation is a fundamental re-conceptualization of what the business is all about that, in turn, leads to a dramatically different way of playing the game in an existing business. Innovation strategies adoption is a holistic, systematic approach focused on generating beyond-incremental, breakthrough or discontinuous innovations. Innovation becomes “strategic” when it is an intentional, repeatable process that creates a significant difference in the value delivered to consumers, customers, partners and the corporation (Hambrick, 2003). Mass media innovations are based on scarcity.

When broadcasting frequencies are rationed, or when newspaper presses represent tremendous capital investments, media products must appeal to the broadest markets possible. In the 1980s, technological advances ranging from satellite and cable distribution to the Internet and digital cameras reduced the barriers to entry in content creation, production, duplication, and distribution. This allowed the emergence of content creation for specific market segments. MTV, CNN, and the Weather Channel are classic examples of such niche content. Not surprisingly, audiences have demonstrated a clear preference for media content that matches their interests more closely than the portmanteau fare that was the norm during previous decades. In the United Kingdom between 1993 and 2003 the viewing share of non-terrestrial channels (effectively those offering niche content) increased from 6% to 33% (at the expense of the mass market networks).

1.1.4 The Media industry in Kenya

The media in Kenya is a diverse and vibrant growing industry which faces an uncertain future. It includes four major daily newspapers, more than 50 FM radio stations. Kenya's media industry has witnessed exponential growth in recent years with the creation of more newspapers, magazines, radio stations and TV channels. The Kenya Broadcasting Corporation (KBC) is assumed as the only nationwide broadcaster (Rutten, Mazrui & Grignon's, 2001).

Although many Kenyans can claim to own a small radio station, magazine or shares in a listed media house, the real industry players are few. At the same time, the Kenya's media are one of the most respected, thriving, sophisticated and innovative in Africa,

according to a policy briefing by the BBC World Service Trust. The report, which records the role of the media and communication in the 2007 General Election and their aftermath, notes that over the past 15 years, the media in Kenya have been increasingly assertive and self-confident. They have played a substantial role in mediating relationships between citizens and state, in shaping the democratic dispensation in the country and have transformed how some of the marginalized people in society access information on issues that shape their lives (LaRosa, 2008).

The mass media and communication sector in Kenya remains vulnerable to system-wide pressures. The recent post-election violence and the resulting ban on live broadcasting are just two recent examples of this. The causes of this are weak, irresolute and inadequate legal, regulatory and policy framework inherited from the colonial era. The growth and development of the mass media and communication has been slow, stunted, haphazard and often inconsistent with public and investor expectations over the years because of a disenabling legal and policy environment. This has forced the media houses to seek strategies that may help them withstand the changing environments.

1.1.5 Nation Media Group

Nation Media Group (abbreviated as NMG) is a Kenyan media group listed on the Nairobi Stock Exchange. NMG was founded by Aga Khan IV in 1959 and is the largest private media house in East and Central Africa with offices in Kenya, Uganda, Rwanda and Tanzania. In 1999, NMG launched NTV, a news channel in Kenya, and Easy FM. The group publishes The EastAfrican, Daily Nation (Kenya's largest newspaper), The Business Daily, Daily Monitor, The Citizen, Mwananchi, Taifa Leo and Mwanaspoti.

The Daily Nation and the Sunday edition of the same newspaper, the Sunday Nation, are currently celebrating their 50th anniversaries; branded by the Nation Media Group as 50 Golden Years. NMG owns 76.5% stake in the Monitor Publications Ltd in Uganda and 100% of the Mwananchi Communications Ltd in Tanzania. The two outfits have added a significant amount in the group's revenue, and Monitor Publications Ltd (including KFM) returned handsome profits in 2012. Mwananchi Communications Ltd (including Mwananchi, Mwanaspoti and the Citizen) are on a path to profitability (www.nationmedia.com).

In an effort to strategically position its uniqueness, the Nation Media Group possesses unique underlying characteristics which are exhibited by the way of organization and structure. The company is organized around its core business, making it to be highly valued in terms of products and the services offered so far, a characteristic which makes it responsive to developments in the wider business and competitive environment upholding a high degree of flexibility with regard to strategy formulation, implementation, evaluation and control (www.nationmedia.com).

1.2 Research Problem

The need for organizations to adopt modern diversification and innovation strategies cannot be overemphasized. In the past, however, many organizations have been able to survive even with very limited amounts of diversification and innovation. They focus on providing quality products and simply update them to a level that maintains their competitiveness in the market (Dodge, 2003). Organizations need more than good

products to survive; they require innovative processes and diversification management that can drive down costs and improve productivity. Consumer expectations also drive the amount of diversification and innovation in the market. Customers are used to products that continually improve and make their life easier. Modern consumers are more informed and have more options in terms of what they buy and who they buy it from. Essentially, customers won't accept mediocrity because they know they can always go somewhere else. Hence the need to realize that innovation is important as it is one of the primary ways to differentiate products from the competition. If an organization cannot compete on price, managers will need diversification and innovative products and ideas to make the business stand out from the crowd (Gitonga, 2003).

Nation Media Group is the biggest media company in East and Central Africa and has been the market leader not only in revenues but also in the variety of products and product lines it manages. This has been occasioned by its strong focus on innovation and diversification that seeks to generate new products and at the same time enhance the existing processes. However, in order to maintain this lead, the company must embrace new ways of doing things and expand their operational base through expansion and strategic investment in order to align its strategy with its vision to become media of Africa for Africa.

A few studies have been done in Kenya on diversification and innovation strategies. For example, Locally, Gitonga (2003) did a study on innovation processes and the perceived role of the CEO in the banking industry. Kihumba (2008) conducted a survey on the determinants of financial innovation and its effects on banks performance in Kenya.

Odhiambo (2008) carried out a research on the innovation strategies at the Standard Chartered Bank. None of these studies have been done in the media industry and hence the focus of this study was to identify diversification and innovation strategies adopted in the media industry to enable survival and growth. The study sought to answer the question; what are the diversification and innovation strategies adopted by the Nation Media Group, Kenya?

1.3 Research Objectives

The objectives of the study were:

- i. To determine the diversification and innovation strategies adopted by the Nation Media Group, Kenya.
- ii. To establish the drivers of diversification and innovation strategies adopted by the Nation Media Group, Kenya.

1.4 Value of the Study

The results of this study would be valuable to the targeted company managers –the Nation Media Group and other media companies in the region for they would realize how well they can effect on the management approaches towards the better performance of the organizations. In this case, they may be able to evaluate on the diversification strategies in place and come up with new innovation strategies that drive company success.

This study would also be valuable to the government of Kenya, especially the CCK in that the results presented would lay the foundation of their policy works or help them create more effective policies that govern the operations of the organizations at large. It is through the results that they would also understand the issues surrounding the growth in the media companies.

This study would also be valuable to the future researchers and academicians who would be pursuing studies in the same area of strategic diversification and innovation. In this case, this study would add to their knowledge while at the same time lay a foundation of their further research in the same area.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented the literature review on the diversification and innovation strategies adopted by organizations. The main areas presented here were the concept of strategy, theoretical review on diversification and diversification strategies, diversification and innovation strategies adopted by organizations, effect of the diversification and innovation strategies on the performance of organizations and; the drivers of diversification and innovation strategies in organizations.

2.2 Concept of Strategy

According to Glueck, (2000) strategy is the unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through proper implementation process. Ansoff (1999) views strategy in terms of market and product choices. According to his view, strategy is the common thread among an organization's activities and the market. Johnson and Scholes (2002) view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholder's expectations.

According to Pearce and Robinson (2007) strategy is the company's "game plan" which results in future oriented plans interacting with the competitive environment to achieve the company's objectives. In a simple conceptualization, Hill and Jones (2004) posit that

the term strategy refers to the determination of the basic long-term goals and objectives of an enterprise and the adoption of relevant courses of action and the allocation of resources to carry out these goals. The latest definition is by Delaney (2008) opines that strategy is the weapon fashioned against competitive attacks from competitors in the corporate world. This is because the best weapon against competition is preparation of relevant arsenal to ward off competitors' actions in the company's line of business (Glueck, 2000).

2.3 Theoretical Review on Diversification and Innovation Strategies

Strategic theoretical approaches suggest that diversification encourages more innovation because it enables more opportunities for innovation outcomes to be exchanged and exploited (Nelson, 1959). An agency theory perspective also suggests that diversification reduces the organizational investment risk which encourages management to accept more risk from innovation (Garcia-Vega, 2006). In contrast, diversification can be a sign of an agency problem, where management avoids personal risk by diversifying the firm's activities. Hence, diversified firms might be unwilling to undertake innovation risk (Holthausen, 1995). The negative effects of diversification on innovation are also argued to be expected due to the complexity of increasing the number of decision-making channels in diversified structures (Scherer, 1984). It has been argued that rather than diversification, it is the degree of specialization that helps focus the organizational innovation activities and therefore increase the efficiency of the innovation output (Glaeser et al., 1992; Feldman and Audretsch, 1999; Breschi et al., 2003).

Empirical testing of the relationship between diversification and innovation has received significant attention in the literature. However, various empirical approaches have produced contradictory and inconsistent findings. In fact, this inconsistency in previous research results has added to the theoretical ambiguity of the relationship. Results of the same study show no significance for the two variable relationships in a third industry (i.e., the petroleum industry). Teece (1980) found that diversification and R&D expenditure in petroleum firms were significantly related, and attributed his findings to efficiency considerations, as his analysis of the petroleum industry demonstrated the relevance of the developed technology to the diversified products of petroleum firms. The findings of Kim and Kogut (1996) suggest that firms' development of technology impacts on their research experience and helps to open up new market opportunities, and lead to diversification.

Breschi et al. (2003) tested the relationship between technological innovation and diversification; their results suggested that technological diversification did not occur randomly but was determined by the existing knowledge and key competences generated by the firm's technological innovation. They considered their result as consistent with the view that higher diversification strategies are implemented with a greater emphasis on short-term financial controls; R&D expenditures are considered long-term projects and therefore this can explain why the intensity of these projects is less in highly diversified firms. Miller (2004) noted that most of the firms that diversify in his study sample had more R&D intensity status prior to diversification. Miller attributed this finding to the

fact that not all firms are innovative leaders. Rather, the majority of firms are innovative laggards who end their innovation race with lower profit and limited market share.

These innovative laggards diversify to enhance their profitability and therefore cut R&D to fund their other options. Hoskisson and Hitt (1989) and Hitt et al. (1990) indicate that reliance on financial controls in evaluating managers' performance in diversified firms negatively impacts innovation. These studies recognize that strategic controls tend to encourage more management commitment to innovation. However, although highly diversified firms may be able to better utilize innovations, managers in these firms tend to place more emphasis on objective financial criteria to assess performance.

An explanation of the tendency provided by these studies is that diversification requires a process of richer strategic information and new knowledge in operations that managers may not understand sufficiently well to control. This leads to the use of more objective performance measures, which create managerial risk aversion and undervalues those firms investing heavily in innovation, which, as a result, may lower managers' commitment to innovation (Garcia-Vega, 2006).

2.4 Diversification and Innovation Strategies Adopted by Organizations

Diversification is part of the four main growth strategies defined by Igor Ansoff's Product/Market matrix: market penetration, market development, product development and diversification. Innovation consists of invention, the creation of novel knowledge and commercialization, the exploitation of knowledge to create products and services. Applying knowledge to new uses (innovation) allows the firm to explore novel

knowledge combinations Nonaka, 2000). Breschi et al. (2003) and Teece (1982) provide evidence for the role of knowledge-innovativeness in extending the ways firms can diversify their innovative activities.

2.4.1 Diversification Strategy

Depending on the applied criteria, there are different classifications of diversification. Diversification strategies involve widening an organization's scope across different products and market sectors. It is associated with higher risks as it requires an organization to take on new experience and knowledge outside its existing markets and products (Barbiroli & Focacci, 2003). According to Dodge (2003) the organization may come across issues that it has never faced before. It may need additional investment or skills. On the other hand, however, it provides the opportunity to explore new avenues of business. This can spread the risk allowing the organization to move into new and potentially profitable areas of operation. According to Barbiroli and Focacci (2003) diversification typically takes one of three forms: vertical integration – along your value chain; horizontal diversification – moving into new industry and geographical diversification – open up new markets. Means of achieving diversification include internal development, acquisitions, strategic alliances, and joint ventures. As each route has its own set of issues, benefits, and limitations, various forms and means of diversification can be mixed and matched to create a range of options.

Depending on the direction of company diversification, the different types are (Gallini, and Scotchmer, 2002): Horizontal diversification refers to acquiring or developing new products or offering new services that could appeal to the company's current customer

groups. In this case the company relies on sales and technological relations to the existing product lines. For example a dairy, producing cheese adds a new type of cheese to its products.

Vertical diversification occurs when the company goes back to previous stages of its production cycle or moves forward to subsequent stages of the same cycle - production of raw materials or distribution of the final product. For example, if you have a company that does reconstruction of houses and offices and you start selling paints and other construction materials for use in this business. This kind of diversification may also guarantee a regular supply of materials with better quality and lower prices.

Concentric diversification which refers to the enlargement of the production portfolio by adding new products with the aim of fully utilizing the potential of the existing technologies and marketing system. The concentric diversification can be a lot more financially efficient as a strategy, since the business may benefit from some synergies in this diversification model. It may enforce some investments related to modernizing or upgrading the existing processes or systems. This type of diversification is often used by small producers of consumer goods, example a bakery starts producing pastries or dough products.

Heterogeneous (conglomerate) diversification is moving to new products or services that have no technological or commercial relation with current products, equipment, distribution channels, but which may appeal to new groups of customers. The major motive behind this kind of diversification is the high return on investments in the new industry. Furthermore, the decision to go for this kind of diversification can lead to

additional opportunities indirectly related to further developing the main company business - access to new technologies, opportunities for strategic partnerships, etc. and finally, corporate diversification which involves production of unrelated but definitely profitable goods. It is often tied to large investments where there may also be high returns.

2.4.2 Innovation Strategy

An important part of a firm's (product) innovation strategy is the design of new products and in particular the determination of the quality level to be reached before market introduction. Dawid (2005) asserts that every period firm's decide whether they consider their ongoing product innovation efforts sufficiently advanced in order to take the new product to the market. They base this decision on a comparison of the expected attractiveness of the new product (which is determined by the R&D stock accumulated at that point) with the anticipated development of the attractiveness of the existing products (Cohen, et.al, 1996). A study by Gallini, and Scotchmer, (2002) reported that some cooperation and credible commitment to uphold high quality standards in innovations seems necessary. There are three main types of innovation (process, product/service, and strategy), each of which can vary in the degree of newness (incremental to radical) and impact (sustaining versus discontinuous).

Process innovation became an important topic with the rise of the quality and continuous improvement movements and, then again, with the more recent attention directed at change management, organizational learning and knowledge management. Incremental product/service innovation is oriented toward improving the features and functionality of

existing products and services. Radical product/service innovation is oriented toward creating wholly new products and/or services. It is, of course, possible to incrementally improve one's business strategy but Hamel (2003) contends that radical business concept innovation is now paramount. He claims that the current environment is hostile to industry incumbents and hospitable to industry revolutionaries.

Most executives and management leaders now look to innovation as a principle source of differentiation and competitive advantage (Brown 2008). Innovations in general provide unique and meaningful benefits to products and services. Creativity or innovation is defined in terms of meaningful novelty of some output (e.g., a painting, a chemical compound) relative to conventional practice in the domain to which it belongs (e.g., abstract art, adhesives). Thus, a creative product is that which differentiates, that is, evokes a meaningful difference from other competing products in the product category. A creative marketing program (e.g., advertising) represents a meaningful difference from marketing practices (e.g., media advertising) in a given product category.

Innovation does not always mean a new technology; for instance, it can imply market innovation. Market Innovation is one's ability to meet changing market conditions by using innovation to drive the market intangibles (e.g., a new niche, market void, new fad, new need) become your weapon to conquer the market chaos, find your niche and succeed (Morris 2001). This is what Wal-Mart did in outrunning K-Mart, and what Michael Dell did in becoming number one in PCs, outpacing IBM, Apple, HP, Compaq and Gateway. Most of their innovations did not imply radical new technologies: they excelled in inventory management, distribution, logistics, customization and service.

The dawn of buyouts, mergers, acquisitions, corporate restructuring, and strategic alliances. Seeking to unlock the value of underutilized assets, “shareholder value” became a rallying cry. In Europe, restructuring was associated with the privatization of state-owned enterprises now exposed to the pressure of capital markets. The major innovation product of this era was software and other major IT products related to process innovation (e.g., airline reservations, travel package reservations). Financial innovations such as derivatives and other forms of financial engineering, financial supermarkets combining banks, leveraged buyouts, and some global products (e.g., Sensor Excel of Gillette, Microsoft software) emerged.

Hammer (2000) speaks of operational innovation. It is the invention and employment of new ways of doing work. It is not the same as operational improvement or operational excellence. These terms refer to achieving high performance via existing modes of operation (e.g., reducing errors via total quality management (TQM) or Six Sigma; reducing costs via scale economies. Operational innovation invents entirely new ways of doing normal operations such as filling order, developing products, providing customer service, or doing any other activity that the entire firm performs. Thus, operational innovation is by nature disruptive, so it should be concentrated in those activities with the greatest impact on an enterprise’s strategic goals (Hammer, 2000).

Management innovation is a “marked departure from traditional management principles, processes, and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed” (Hamel, 2006). While operational innovation focuses on a company’s business processes (e.g.,

procurement, supply chain management, transportation, logistics, costing, and customer support), management innovation targets a company's management processes (example., setting goals, motivating employees, coordinating and controlling activities, accumulating and acquiring resources, acquiring and applying knowledge, mergers and acquisitions, identifying and developing talent, building and nurturing relationships, and co-aligning company's strengths with market demand and needs).

2.5 Drivers of Diversification and Innovation Strategies in Organizations

Thompson Jr. and Strickland (1987) observe that strategy consists of four components including product-market scope, growth vector, competitive advantage and synergy. It is expected that innovation, defined as activities directed to the creation and improvement of new practical products and processes (Nelson, 2000) is valuable to diversification strategies as its value is implicit in the definition of these strategies. Increased human capital generally allows increased diversification, particularly if the accumulation of this human allows countries to change their specializations in the direction of more advanced products. Opening up at an international level as a factor is supposed to increase the number of exporters and varieties in Melitz-type monopolistic competition.

A positive relation between opening up and diversification may be expected. Mélitz (2003) on macroeconomics factors reported that improved trade terms, increasing export profitability, should allow increased diversification. A rise on export prices may make resources toward these sectors more attractive and so reinforce the existing concentration.

A fall in the exchange rate may lead to new exporters entering and so favor diversification in monopolistic competition but if entry costs are too high, there will be no further diversification. For the institutional variables, organizations investment may help improve diversification but some studies have advanced non-linearities (Ben Hammouda et al., 2009). Lastly, industrial policies, infrastructures, governance and state aid may contribute to greater diversification and innovation of the productive processes if the policies pursued are appropriate (Ben Hammouda et al., 2009).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter set out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. This section contained an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question.

3.2 Research Design

This study used a case study research design approach. The study was a case study since it involved one organization which is the Nation Media Group, Kenya. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003).

The primary purpose of a case study is to determine factors that have resulted in the behavior under study. It enabled a researcher to get an in-depth investigation that considers underlying issues. This study sought to gather in-depth information regarding the diversification and innovation strategies adopted by the Nation Media Group.

3.3 Data Collection

The data for this study was collected from the management staff who were currently employed at the Nation Media Group headquarters in Nairobi. This study used an interview guide to collect data from the targeted respondents. The interview schedule structures were based on the research objectives stated.

The interviewees were 10 of the top managers and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division. The researcher sought to utilize the respondents knowledge since they are more versed with strategic issues for it is them that formulate and oversee the implementation of strategic decisions and are as a consequence experienced in that area.

3.4 Data Analysis

The data obtained from the interview guide was analyzed using content analysis. Most of the data collected was qualitative. Qualitative data analysis makes general statements on how categories or themes of data are related (Mugenda and Mugenda, 2003). In this case, content analysis was used. Content analysis is a method for summarizing any form of content by counting various aspects of the content.

Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of objects, items or things that comprise the object of study (Cooper and Schindler, 2003). The themes (variables) that were used in the analysis were broadly classified into two: diversification and innovation strategies adopted by the Nation Media Group. Besides, the study established the drivers of diversification and innovation in the organization.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis, interpretation and presentation of the data as was obtained from the field on diversification and innovation strategies adopted by the Nation Media Group, Kenya. The analyzed data from the interviewees is based on the various aspects that were being determined on diversification and innovation strategies at Nation Media Group. A total of nine (9) respondents were interviewed by the researcher relative to the study specific aspects in the interview guide.

4.2 General Information of the Respondents

The study required the interviewees to state their positions in the organization which in this case is the Nation Media Group Limited, Kenya. The respondents indicated that they are senior accountants, management and accounting officers, senior production managers, process and improvement administrators/systems managers, courier team leader, marketing managers and audit staff/officer.

Interviewees were required by the study to indicate the name of the department they were serving in. According to the responses obtained, the study found out that most of the respondents were from the finance department, production department, Nation Courier department, marketing and sales department.

The respondents were required by the study to indicate the period they had served in the organization. According to the responses obtained regarding this question, the study

found out that most of the interviewees sampled and reached by the study had served at NMG for a period of 5 to 20 years.

The fact that respondents were drawn from various departments of the organization and the fact that they hold significant positions in the organization and the fact that most of them had served for long period would mean that they are experienced enough and hence understand the diversification and innovation strategies adopted by the organization as well as the dynamics surrounding the same.

4.3 Adoption of Diversification And Innovation Strategies

The objective of the study was to determine the diversification and innovation strategies adopted by NMG as well as establishing the drivers of these strategies. The research targeted 10 respondents out of which 9 gave feedback through interview sessions guided by the interview guide. The interviewees were drawn from supervisory and management of diverse departments within Nation Media Group Ltd who are conversant with company strategies.

4.3.1 Awareness of diversification strategies in NMG

The study required the respondents to indicate whether they were aware of any diversification strategies in the organization. According to the responses obtained, the study revealed that the respondents were aware of various diversification strategies adopted by NMG which ranged from digitalization, creation of a radio station, creation of a TV station, acquisition of Monitor Publications Ltd (MPL), acquisition of Mwananchi Communications Limited, the introduction of the courier services, money transfer

services, introduction of the online sales and marketing platform (N-Soko) and having a notable regional expansion of the organization.

Respondents also noted that one of the main diversification strategies for the organization was aimed at enhancing the editorial content by covering international, national and county news to drive readership and viewership and to attract and maintain customer loyalty.

4.3.2 Awareness of innovation strategies in NMG

The study required the respondents to indicate whether they were aware of any innovation strategies in the organization. On this question and dependent on the responses, the study found out that there were various innovation strategies within the NMG. Most of the interviewees indicated availability of product innovations where they mentioned Nation Hela, a money transfer service and N-soko, an online sales platform as examples. The interviewees also stated in their responses that the management as well as other teams of staff has managed to develop products for all age groups including the youth, old, children and other categories.

The respondents also indicated other innovation strategies such as the improving and development of the NMG social media which has so far managed to reach wider client coverage by the introduction of e-paper websites in the year 2009 that keep readers informed.

Other notable innovations as mentioned by the interviewees are in the creation of the Ad sales through Mpesa, creation of East African newspapers, creation of business daily

newspapers, and the creation of a platform for harnessing talents. Also noted is the NMG capacity to take part in community development programs by application of creativity and the constant training and development by use of focused programs that ensures the best resource capacity. The capacity to create new or geographical diversification in Uganda, Tanzania and other places was also mentioned as part of innovation.

4.3.3 Importance of diversification and innovation strategies

The interviewees were required to indicate their views on the influence of the diversification strategies adopted by NMG to the performance. On this question, majority of the respondents indicated that the organization has been acquiring and developing new products and offering new services that appeal to the company's current and potential customer groups. In this case the company relies on sales and technological relations to the existing product lines. Most of the respondents indicated that the influence of the said diversification strategies has been targeting to increase the profitability, market share and shareholders' value.

Respondents also had the view that the organization has grown tremendously in the East African region having managed to produce some of the bestselling newspapers in Kenya, Uganda and Tanzania as well as creating establishments in the new and emerging economies like Rwanda and South Sudan. The company also has products that cut across the countries in the region for instance The East African weekly newspaper.

On the same question, the study established that due to the diversification in the acquisition of other companies like MCL and MPL, synergy has since been created and

this they indicated has led to the growth of the company making it the most popular media house in the region.

The study sought to establish from the respondents their views on how the innovation strategies adopted have served the organization. On this question, most of the respondents had the view that the focus of the innovation strategies adopted by the NMG was to improve the performance which has been mainly on both financial and non-financial measures such as profitability, market share, customer satisfaction and new products development among others. Due to innovation, the study established from most of the respondents that the digital division has continued to launch new products that position it to take advantage of the new media trends which has also led to increased market share of the Nation Media.

In general, most of the interviewees argued that the adoption of the diversification and innovation strategies have made Nation Media Group to not only achieve high levels of efficiency and effectiveness but also gain and sustain competitive advantage which is the heart of its performance. Respondents added that their adoption have also led to increased revenue sources for the organization, increased market share, impressive financial performance, creation of a powerful media house in the region and the attraction of great talents which impress the audience (readers and viewers).

4.3.6 The management support on adoption of diversification and innovation strategies

The study sought to determine how the management had embraced the diversification and innovation strategies to enhance the performance of the organization (NMG). According to the results as obtained and analyzed, the study established that the management has incorporated the strategies into the mission and objectives of the organization and that the Nation Media Group possesses unique underlying characteristics which are evident in the structure and leadership of the organization.

According to most of the respondents the company has continued to support entrepreneurial and corporate leadership in partnership with other East African companies through its support and partnership with like-minded companies in the programs that promote innovation. According to the interviewees, the management has provided the necessary resources and expatriate that encourages innovation and diversification and hence fully embraces the two strategies.

4.3.7 Challenges in adopting diversification and innovation strategies

Respondents were required by the study to indicate the various challenges in the adoption of diversification and innovation strategies in the organization. According to the responses received on this question, the study found out that the adoption of diversification and innovation strategies has not been without challenges which ranged from lack of technical knowhow/skills among the staff, resistance to change, internal competition, restrictive government policies, political instability, intimidation by

government, technological deficiencies, cultural problems and the slow growth of innovated products and services.

From the same data, the study found that the challenges faced in the adoption of the diversification strategies at NMG also included stiff competition from rival companies, lack of trained staff, lack partners to take up outsourced business functions and high cost involved in adoption of these strategies and their implementation as well as use of poor measures of performance on the new products generated. Other challenges mentioned by a few of the interviewees were competition contributed by the turbulent business environment in Kenya, poor follow up and monitoring mechanisms, lack of adequate planning, hurried assessment of results and poor approaches to performance measurement.

4.3.8 Measures taken to ensure success in the adopted strategies

Participants in the study were requested to state the measures the management had put in place to ensure that the diversification and innovation strategies adopted by the organization work. From the findings, the interviewees indicated that the measures adopted by NMG to ensure its diversification and innovation strategies work were but not limited to; rewarding staff for innovation ideas, partnering with authorities and communities through CSR activities, continuous appraisal of the projects and staff performance, staff sensitization on matters related to company growth, application and use of benchmarking and effective team management. Other measures mentioned by the respondents included; the engagement of other firms in financial management, effective recruitment and selection of right staff, effective placement of staff in right tasks, R&D,

ensuring there is a harmonized culture, use of new technologies and human resource management as a key component of the organizations growth.

4.4 Drivers of Diversification and Innovation Strategies

This part of the study sought to establish the key drivers that Nation Media Group Ltd has that ensures its success in identifying and implementing the diversification and innovation strategies it has put in place. The most important aspect on key drivers is to identify the link to the performance and success of the organization.

4.4.1 Drivers of diversification and innovation strategies at NMG

In order to determine the drivers of the diversification and innovation strategies adoption at Nation Media Group, Kenya, interviewees were requested to indicate some of the drivers as well as their influence on diversification and innovation strategies. On this, the study found out that some of the drivers of innovation and diversification were the use of CSR initiatives, availing of the funds and resources specific to diversification and innovation, the use of the modern technologies, research and development, vigorous employee training and development and the availability of skilled personnel with specific expatriates.

The study also found out that most of the respondents indicated top management support, employee motivation, effective communication systems and coordination of activities as important factors that drive organization growth. Also noted are the employee rewards and bonus schemes that encourage new ideas and better performance.

4.4.2 Factors influencing adoption of diversification and innovation strategies

The study required the interviewees to explain how various factors influenced the adoption of diversification and innovation in Nation Media Group. According to the data collected, most of the respondents indicated that through CSR initiatives, NMG has distinguished itself as a leader in community engagement with robust programmes in environment, health, education, food relief and sports. This has also made the organization popular in the East Africa region hence its good performance in terms of profitability and market share over the years.

Respondents also indicated that the availability of funds and other resources that support the adoption of the selected strategies has continued to be a key determinant of the growth of the media company. The management has shown commitment in ensuring availability of funds for purposes of research, awareness creation, procurement and capacity building. The interviewees also reported that the use of modern technology has helped the organization to innovate and develop new products and services including opening of a radio station. Respondents indicated that the group has been at the forefront in leveraging the use of cutting edge technology to drive performance and efficiency.

On research and development, the study established that there have been vigorous research and development measures adopted by the organization which all aim at improving the performance of the organization both financially and otherwise. At the same time, the availability of innovative skills through recruitment of qualified and

experienced staff with the technical knowhow and innovative mind and the vigorous employee training and development offered by the company was mentioned by the respondents as having enabled NMG to be a popular media house not only in Kenya but also in Africa. Investment in talent search programs for instance media lab has also contributed greatly in capacity building.

A number of the interviewees indicated in their responses that the top management support has been experienced in the organization, citing directors role in providing and guiding staff in the activities of the organization. The interviewees indicated that the management has managed to motivate employees through the provision of scholarships, media orientations, bonus and incentive schemes and more to this, the training and development programs.

In the determination of the impact of adoption of innovation and diversification strategies discussed and presented previously, most of the interviewees who took part in the study indicated that this has led to the introduction of new products which have been successful in the market. Respondents also added that it's due to the adoption of innovation and diversification that the NMG has emerged among the top blue chip companies in Kenya due to its financial strength and being the best media house in terms of innovation and diversification. Respondents also noted the management's effort in entrenching the corporate values as well as emphasizing greater performance and innovation from staff.

The management has since 2008 rolled out a Rewards and Recognition policy where deserving staff are recognized and rewarded during all staff quarterly meetings. A few of the interviewees also added that recognized staff receives cash awards and certificates at

the end of the year for their great innovation and contributions towards the performance of the organization. This they added makes them feel attached to the organization and therefore work harder in their daily operations thus making NMG the best in the region while at the same time ensuring key staff retention.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The following chapter presents the research findings of the study on adoption of diversification and innovation strategies by the Nation Media Group Ltd (NMG) Kenya. The specific objectives of this study were to determine the diversification and innovation strategies adopted by the Nation Media Group, Kenya and to establish the drivers of diversification and innovation strategies adopted by the company. Content analysis was used to analyze the responses based on the study objectives.

5.2 Summary of Findings

The main objective of the study was to determine the diversification and innovation strategies adopted by Nation Media Group, Kenya and at the same time establish the drivers of these two strategies. The background information had indicated that media industries must embrace diversification and innovation strategies in order to survive in the current turbulent and competitive environment. Nation Media Group being the biggest media house in east and central Africa was found ideal company for this study because it has remained a market leader and continues to generate products that appeal to the market. The study sought to answer two research questions; what are the diversifications and innovation strategies adopted by NMG as well as what are the drivers of diversification and innovation strategies in NMG.

The study revealed that most of the respondents were aware of the diversification strategies at Nation Media Group and the various diversification strategies listed were: digitalization, creation of a radio and TV station to serve specific niche markets, , acquisition of MPL and MCL, introduction of the courier services, venturing into money transfer services, introduction of the online sales and marketing platform (N-Soko) and having a notable regional expansion of the organization having established outlets in Uganda, Rwanda and Tanzania as examples. The study also found out that main diversification strategy for the organization has been geared towards enhancing the editorial content by covering international, national and county news both in electronic and print media to drive readership and viewership and to attract and retain customers.

Besides, the study also found out that there were various innovation strategies within NMG as listed by the respondents. They include existence of new product innovations for instance Nation Hela (a money transfer facility), Business Daily, a unique business paper in the region and a host of other products. The study also established the ability of the organization to develop products that appeal to all age groups including the youth, old and children. It was also revealed in the analysis that other notable innovation strategies were the development of the NMG social media sites which has managed to post real-time newsflash as well as maintain customer loyalty, introduction of the e-paper websites for all print products including the Swahili hub since year 2009 that taps wide network of customers and keep readers informed, the creation of the online Ad sales platform and payments through money transfer services and creation of East African and Business Daily newspapers.

Nation Media Group has also in the last five years been running a media lab which identifies and trains young and aspiring journalists. This has greatly helped in harnessing talents for capacity building and growth of journalism in the region. NMG has also invested heavily in community development programs through sponsorships, rewarding creativity and partnerships. These initiatives are key in ensuring market growth and customer loyalty. The capacity to create new products and geographical diversification in Uganda, Tanzania and other countries was also mentioned as a strong move to diversify. This therefore implies that in essence, the Nation Media Group has adopted diversification and innovation strategies which the study sought to establish.

This study also found out that NMG has been acquiring and developing new products and offering new services that appeal to the company's current and potential customer groups. It was also revealed from the findings that the company relies on growth in sales and technological advancements to boost the existing product lines and that the influence of the said diversification strategies has resulted to increase in profitability, market share and shareholders value.

From the results, the study established that most of the respondents felt that the organization has had an impressive growth in the East African region. This has been contributed by efficiency in its production cycle, process improvement, product diversification and investment in new projects. The company has also ventured into non related product lines for instance the recent money transfer service, Nationhela. Digital platforms have introduced new revenue lines and they are viewed as the next frontier in the growth of this giant media house. The study established that due to the diversification

through the acquisition of other companies like MCL and MPL, synergy has since been created and this has led to the significant growth of NMG.

The study findings revealed that the focus of the innovation strategies adopted by the NMG was to improve the performance which is measured through financial tools such as profitability, turnover, earnings per share and so on and the non-financial tools such as market share, customer satisfaction and new products development. The study established from the findings that due to innovation, the digital division has continued to launch new products that position it to take advantage of the new media trends which has also led to increased market share not only locally but globally. This implies that the adoption of the diversification and innovation strategies has made the Nation Media Group to not only achieve high levels of efficiency and effectiveness but also gain and sustain a competitive advantage in the industry. The study also revealed that adoption of the diversification and innovation strategies has led to increased revenue sources for the organization, enhanced the creation of a powerful media house in the region and facilitated attraction of talents who create more value to products.

On how the management has embraced the diversification and innovation strategies towards the performance of the organization, the study found out from the responses that the management has incorporated the strategies into its objectives, mission and vision. Nation Media Group possesses unique organizational structure and leadership style that fosters innovation and growth. The findings also reveal that Nation Media Group has continued to enhance entrepreneurial and corporate leadership in partnership with other East African companies through its support and participation in forums targeted at

promoting idea generation. The study revealed that the management/leadership at NMG has provided the necessary resources and expertise that encourages innovation and diversification within its departments.

There were various challenges in the adoption of diversification and innovation strategies at NMG. According to the study, these challenges include lack of technical knowhow/skills among the staff, resistance to change, internal competition among the various divisions, restrictive government policies, political instability, cultural differences and the slow implementation of innovated products and services. The study also revealed that stiff competition from rival companies, lack of trained staff, lack of specialization, prohibitive cost of adoption of these strategies and use of poor measures of performance as deterrents to adoption of these strategies. Other challenges quoted were harsh business environment in Kenya, poor monitoring and evaluation mechanisms and lack of adequate planning.

The study reveals that that measures adopted by NMG management to ensure that the diversification and innovation strategies adopted work were but not limited to; rewarding staff for innovation ideas, partnering with authorities and communities through CSR activities, continuous appraisal of the projects and staff, staff sensitization on matters related to the company growth, application and use of benchmarking and effective team management. The findings also reveals that other measures mentioned by the respondents included; the engagement of other firms in financial management, effective recruitment and selection of right staff, effective placement of staff in right tasks, R&D, ensuring

there is a harmonized culture, use of new technologies and human resource management as a key component of the organizations growth.

There are various drivers of innovation and diversification at NMG including the use of CSR initiatives, management facilitation through funding of diversification and innovation projects, use of modern technologies, research and development, vigorous employee training and development and the availability of skilled personnel. The study also found out that top management support, employee motivation, effective communication systems and coordination of activities were key in driving innovation and diversification. This implies that without the said drivers or factors, the growth of the organization under study would not be established.

On how the various factors listed influence on the adoption of the diversification and innovation strategies at NMG, the study established that through CSR initiatives, the NMG has distinguished itself as a leader in community engagement with robust programs supporting environment, health, education, food relief and sports initiatives. The study revealed that NMG engagement in CSR has made the organization popular in the region thereby attracting attention and large customer base and hence its good performance over the years.

The study established that that the availability of funds and other resources that aid in the adoption of the strategies has continued to be a key determinant of the growth of this media company. The management is committed to ensuring funds availability for appraised and selected projects that conforms to its vision of being the media of Africa for Africa. It was also revealed from the findings that the use of modern technology has

helped the organization to innovate and develop new products and services cutting across print and electronic media, digital platforms as well as courier and money transfer services. The group has been at the forefront of leveraging the use of cutting edge technology to drive performance and efficiency. On research and development, the study established that there have been vigorous research and development measures adopted by the organization which all aim at improving the performance of the organization.

An investment in programs that tap and train young journalists has continued to be the hallmark of NMG's industry leadership in editorial and has kept away threats by competitors. Media lab has trained media experts from across the region and it is an investment that has reaped big for the company. The study revealed that management has managed to motivate employees through the provision of scholarships, media orientations as well as training and development programs.

5.3 Conclusion

This study concludes that NMG has adopted diversification and innovation strategies and these have contributed to its growth and performance over the years. There are quite a number of identifiable products that have arisen as a result including digital revenue platforms, TV and radio stations serving various niche markets, strategic acquisition of related companies in the region, introduction of the courier services to take advantage of idle space during newspaper transportation, venturing into money transfer services and introduction of the online sales and marketing platform (N-Soko) among other examples. Max McKeown (2011) argues that "strategy is about shaping the future" and is the

human attempt to get “desirable ends with available means”. The study concludes that the main aim of diversification and innovation strategies is to enhance the editorial content, expand and retain customer base, gain customer loyalty so that eventually it can grow sales and profitability thereby increasing stakeholders’ benefits.

Currently, media industry is facing new challenges in the advent of digitalization of news transmission. The social media has grabbed the opportunity to inform public on the happenings from media companies. At the same time, there is stiff competition from emerging media companies and hence the playfield is getting saturated to an extent that companies cannot grow their sales by merely increasing prices. If an organization cannot compete on price, managers will need diversification and innovative products and ideas to make the business stand out from the crowd (Gitonga, 2003). This study concludes that innovation strategies adopted by NMG has enabled the company to develop new products including Nationhela and e-paper websites that generated new lines of revenues. At the same time, the development of NMG social media sites which has so far managed to reach wider client coverage as well as, the creation of the online Ad booking platform and payment through mobile money transfer has had a significant boost in sales and growth. Kim and Kogut (1996) suggest that firms’ development of technology impacts on their research experience and helps to open up new market opportunities, and lead to diversification.

Depending on the direction of company diversification, the different types are (Gallini and Scotchmer, 2002) horizontal, vertical, concentric and heterogeneous. The study found that NMG has grown tremendously in East African region following strategic

acquisition of MPL and MCL while at the same time investing in new product lines and research and development. It is due to these acquisitions and new product development that the company has benefited from synergy that has greatly reduced cost of operations and production thereby growing the bottom-line.

It can also be concluded from the discussion that the adoption of the diversification and innovation strategies have made the Nation Media Group to not only achieve high levels of efficiency and effectiveness but also gain and sustain a competitive advantage. The findings show that the management has incorporated the strategies into the mission and vision of the organization and the leadership of the company is fully committed to achievement of these goals. Facing ongoing growth and earnings pressures, executive sponsors of senior-level action learning programs are increasingly asking participants to ‘think differently’ about the business, to look at markets expansively, and to conceptualize new sources of customer value that will catalyze new businesses and revenue streams (Hambrick, 2003).

Nation Media Group has clear drivers of diversification and innovation strategies according to the study and this is evident on the policies entrenched in the organization. Organizations are open systems that are influenced by the external environment and should use available resources of people, structures, and processes aligned with the right business strategy to yield gains in performance, efficiency, and productivity (Matsuno and Mentzer, 2000). NMG possesses unique underlying characteristics which are exhibited by the way the company is organized and structured in terms of its management and leadership. It has incentive and reward policy that offers cash and other forms of

awards to staff who live the culture of promoting innovation and growth through idea generation. The performance pegged bonus that has also been put in place ensures that employees think through the processes to ensure improvements that lead to good performance. The company also invests in training and development that has enabled realization of great talents that direct the company growth strategies.

5.4 Recommendations

This study recommends that the management of NMG continue to pursue strategies that promote innovation and diversification because the media industry is faced with high level dynamism which has seen some of the big players exit the market. It is therefore paramount for NMG to embrace these strategies in order to assure its stakeholders continued existence and survival. However, the study at the same time recommends that the management be cautious on the strategies selected for implementation so as to reduce the exposure and risks associated with uncalculated expansion and change. This should be done through proper project appraisal, implementation and monitoring.

The study also recommends that the government harmonizes the operations of media industry in Kenya so as to improve their working environment by removing restrictive and backward policies cited by respondents as deterrents to investment and innovation by media companies.

The study appreciates that employees are key resource in organization and NMG should invest more in their training and development in order to bring the best out of them and promote innovative culture.

5.5 Limitations Of The Study

The study was limited to one media company only. The data was collected from 9 respondents and time taken to conduct the study may not have been sufficient to tackle all the aspects of the research question. The research would have been more comprehensive if it incorporated other media companies and interviewed more respondents.

The other constraint is that the study was restricted to one industry. The findings could have been different or diverse in other industries thereby enhancing the results of the study. However, the resources were not available to conduct the research across several industries.

5.6 Suggestions For Further Studies

This study limited itself on two strategies of diversification and innovation. More research should be conducted to establish the impact of other strategies that facilitate organization survival and growth.

This study recommends that in future, further studies be done on the same research problem but with the incorporation of more media houses in Kenya and East Africa at large to find out whether the same results will be replicated.

The study recommends that besides the drivers of diversification and innovation established in this study, other future studies should seek to establish if the findings are shared across other industries without necessarily limiting the study to media.

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APPENDIX 1: INTERVIEW GUIDE

I am a student from the University of Nairobi pursuing a Master's Degree course in Business Administration (MBA). As part of the academic requirements, am required to undertake a research study entitled 'diversification and innovation strategies adopted by the Nation Media Group, Kenya. I therefore request for your contributions to some chosen questions here in.

Kindly answer all the questions;

1. What is your position in the organization?
2. What is the name of your Department?
3. How many years have you served in the organization?
4. Are you aware of any diversification strategies in your organization?
5. Are you aware of any innovation strategies in your organization?
6. In your view, how have the strategies in 4 & 5 above served the organization?
7. How have the management embraced the diversification and innovation strategies towards the performance of the organization?
8. What are the various challenges in the adoption of diversification and innovation strategies in place?
9. What measures have the management put in place to ensure that the diversification and innovation strategies adopted by the organization work?
10. What are the factors influencing the adoption of diversification and innovation strategies at Nation Media Group, Kenya?
11. In your view how has each of the factors in 10 above affected the adoption of diversification and innovation in Nation Media Group?

THANK YOU FOR YOUR CONTRIBUTION