OPERATIONS STRATEGY AND COMPETITIVENESS OF MEDIA HOUSES IN KENYA

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DECLARATION

I declare that the work contained in this paper is my original work, and has not previously in its entirety or in part been presented at any other university for a degree. All the references cited in the text have been duly acknowledged.

DAMCLYNE MOKEIRA

D61/72948/2012

SUPERVISOR

This research paper has been submitted with my approval as the University supervisor.

Signature-- Date. ………………………………

ONSERIO NYAMWANGE

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DEDICATION

To my immediate family without whose inspiration and encouragement, I would not have come this far. To my extended family, thank you for the moral support. Last but not least to all my lecturers who have greatly contributed to shaping my future.

ACKNOWLEDGEMENT

I thank God almighty who gave me the strength to start and finish

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ABSTRACT

This study sought to investigate the operations strategies adopted by media houses in Kenya and how these strategies contribute to competitiveness. The study was guided by the following three objectives; to determine the operations strategies adopted by media houses in Kenya and to establish the relationship between operations strategy and competitiveness of media houses in Kenya. This study adopted a cross sectional survey design of the various media houses in Kenya. The study used a sample of 72 employees from four main media houses in Nairobi Kenya. Primary data was collected through the use of questionnaires which were designed on the basis of the research objective. The questionnaires were administered by the researcher in order to capture all the issues required and also to avoid low response rates Data analysis was carried out using descriptive and regression analysis. The results of the study show that media houses in Kenya have adopted various strategies to ensure they compete favourably in the industry. The results also show that the three operations strategies mostly used by the media houses are cost leadership strategy, differentiation strategy and market segmentation strategy. Further, the results of the study show that there is a positive and significant relationship between cost leadership, differentiation and market segmentation strategies and competitiveness of media houses in Kenya. The study therefore concludes that the adoption of the cost leadership, differentiation and market segmentation strategies lead to competitiveness of media houses. The study recommends the use of these strategies by media houses in order to achieve competitiveness. The study further recommends that further studies should be carried out focusing on other operations strategies in future studies to ascertain how they affect competitiveness of media houses in Kenya as well as replicated outside the media industry and outside Kenya to establish whether these variables influence competitiveness.

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CHAPTER ONE: INTRODUCTION

1.1 Background

To maintain a competitive position in the market place, a company must have a long-range plan. This plan needs to include the company's long-term goals, an understanding of the marketplace, and a way to differentiate itself from its competitors. All other decisions made by the company must support this long range plan. Otherwise, each person in the company would pursue goals that he or she considered important and the company would quickly fall apart. The long-range plan of a business is called the business strategy. The role of each of the individual business functions, such as operations, finance, and marketing, is to find ways to best support the business strategy. The role of everyone in the company is to do his or her job in a way that supports the business strategy (Boyer and Lewis, 2002). In today's highly competitive, Internet based, and global marketplace, it is more important than ever for companies to have a clear plan for achieving their goals (Swink, Narasimhan & Kim, 2005).

Most organizations set objectives by way of vision, mission or set goals. The firm will need to acquire resources to be able to operate and compete in a given market. They need to compete in specific businesses by allocating the resources among those businesses. It needs to define the scope and boundaries of the strategic business units in terms of how it addresses the specific markets that it serves and the products that it provides. In order to not only survive but also prosper in today's fiercely competitive market place, the strategic business units need to differentiate themselves from the competition. Manufacturing firms for examples introduce automation, the use of technology as well as lean production systems so as to ensure that their production costs are minimised thus gaining competitiveness in the market. Service provision firms on the other hand introduce the use of technology in the order process and delivery of services, develop high quality products at lowest costs possible, engage in innovation as well as ensure the organisation is dependable in its delivery of services as well as flexible. In such a high competitive environment, customers will buy solely on the basis of price, thereby driving prices down and shrinking profit margins. In this type of situation, only the low-cost producer in an industry can be successful. Porter (2008) suggested that even this isn't guaranteed. He recommended that beyond low-cost strategy, other strategies are necessary, which include; market segmentation and product differentiation. Functional strategies (like operations, marketing, human resources, etc) are developed to support or align with the above established business strategy.

A company's competitiveness refers to its relative position in the market place in terms of how it competes with other firm in its industry. Operations Strategy defines how the operations management function contributes to a firm's ability to achieve its competitive advantage in that market place. It is concerned with the development of a long-term plan for determining how to best utilize the major resources of the firm so that there is a high degree of compatibility between these resources and the firm's long-term corporate strategy. Operations Strategy addresses very broad questions about how these major resources should be configured in order to achieve the desired corporate objectives.

1.1.1 Operations Strategies

According to Russell and Taylor (2000), the role of operations strategy is to provide a plan for the operations function so that it can make the best use of its resources. Operations strategy specifies the policies and plans for using the organization's resources to support its long-term competitive strategy. The operations function is responsible for managing the resources needed to produce the company's products or services. Operations strategy is the plan that specifies the design and use of these resources to support the business strategy. This includes the location, size, and type of facilities available; worker skills and talents required; use of technology, special processes needed, special equipment; and quality control methods. It is the role of operations strategy to provide an overall plan for the use of all these resources. The operations strategy must be aligned with the company's business strategy and enable the company to achieve its long-term plan (Hill, 2000).

Operations strategy is the total pattern of decisions which shape the long term capabilities of an operation and their contribution to overall strategy (Tuwei, 2013). On the other hand, Lowson (2001) defined operations strategy further as major decisions about, and strategic management of core competencies, capabilities and processes, technologies; resources; and key tactical activities necessary in any supply network, in order to create and deliver products or services and the value demand by customer. Operations Strategy adopted by an organization is to a large extent determined by operations priorities for that organization. According to Oltra, Maroto, and Segura (2005), operations priorities are consistent set of goals, while decision areas attempts to capture the key choices for operations.

Mintzberg et al. (1998) pointed out that all business organizations are concerned with how they will survive and prosper in the future. A business strategy is often thought of as a plan or set of intentions that will set the long-term direction of the actions that are needed to ensure future organizational success. However, no matter how grand the plan or how noble the intention, an organization's strategy can only become a meaningful reality, in practice, if it is operationally enacted. An organization's operations are strategically important precisely because most organizational activity comprises the day-to-day activities within the operations function. It is the myriad of daily actions of operations, when considered in their totality that constitute the organization's long-term strategic direction. Mintzberg et al. (1998) further argue that the relationship between an organization's strategy and its operations is a key determinant of its ability to achieve long-term success or even survival. Organizational success is only likely to result if short-term operations activities are consistent with long-term strategic intentions and make a contribution to competitive advantage.

The main task of the operations is to produce goods and provide services. In other words, "The profit generating engine of any company is its operations" (Schroeder et al., 2011). Accordingly, in developing strategies, companies should pay a great deal of attention to operations and grant it a suitable strategic role. Operations strategies, recently, has attracted the attention of many researchers. Hayes and Wheelwright's product-process matrix is the one to be mentioned. Product-process matrix delineates operations decisions in terms of two priorities of process structure and product structure. The range of process structure is defined to include job shop to continuous production. The range of product structure is defined to cover products with low design standardization (highly customized products) to similar highly standardized products. Based on the fact that most industries try to align their process and product structures, a two-dimensional matrix is formed from these dimensions. The combination of the product and the process creates coordination between product requirements and process capabilities. Product-process matrix was gradually modified and FMS and JIT were added later.

Another aim of the operation strategy is to help the organization achieve its purpose. This purpose is passed down from the mission, through the corporate and business strategies, on to the operations strategy and then to operations. So the operations strategy according to Waters (2006) forms a link between the more abstract and fuzzy higher strategies and more precise details needed by operations. On the other hand, Slack et al (2004) observed that strategy in a business organization is essentially about how the organization seeks to survive and prosper within its environment over the long-term. The decisions and actions taken within its operations have a direct impact on the basis on which an organization is able to do this. The way in which an organization secures, deploys and utilizes its resources will determine the extent to which it can successfully pursue specific performance objectives. Slack *et al.* (2004) argue that there are five operations performance objectives: Cost; Quality; Efficiency/Speed; Customer Focus/Dependability/Responsiveness; and Flexibility.

1.1.2 Competitiveness of Media Houses

With increasing competition in the world, there is a growing interest in the competitiveness strategy. Political leaders, businessmen, and media members all believe to have an idea about what competitiveness is. They also put forward popular strategies related to the competitiveness issue. On the other hand, there are organizations and researchers who try to define the competitiveness and develop proper metrics for measuring the competitive power. Some of these measures include cost efficiency, quality of products, flexibility of the organisation to both internal and external environmental conditions, dependability in the delivery of products and services as well as innovativeness. However, the term is still ambiguous. On-+going discussions try to build a proper framework that helps to investigate competitiveness. There are two different classical perspectives that try to define competitiveness. In general, macroeconomic perspective is known as the perspective that identifies what international competitiveness is in terms of price-based factors. On the other hand, microeconomic perspective tries to identify firm level competitiveness with non price-based factors investigating rivalry among companies (Wignaraja, 2003).

The concept of globalization and technology advancement has influenced the media industry all over the world in a significant manner. Especially, in the last decade the media, information and communications landscape has changed decidedly. Technological and demographic developments, deregulation and the convergence of different media, information and communications markets have left an important mark on the configuration of the traditional markets (Wirtz, 2001; Picard, 2003). Not only have these developments pose threats to companies operating on these markets, but also create new opportunities for companies to engage in profitable new ventures and businesses both in home markets and abroad.

The media company's reaction to these developments may have consequences for the organizational structure and performance of the company. The strategic decision of a media company to diversify its product line or geographical scope may alter the fundamental nature of the company and may involve as well a substantial redeployment of resources and a redirection of human energy (Rumelt, 1974). The company must decide which businesses and countries it will enter, the degree to which it will build on past strengths and competences or require the development of new ones, and the degree it will diversify. The degree of diversification of the company includes both product diversification and (international) geographic area diversification. Corporate diversification strategy has become an integral part of the strategy of many media companies, nowadays (Slater and Olson, 2001).

In sustaining competitiveness, media houses face many pressures and constraints due to their limited resources of finance, skilled manpower and advanced technology. Their strategy should match to the organization resources, the changing environment and in particular markets and customers (Porter, 1998). The relationship between the business environment and an organisation's operations strategy determines the performance of the firm. Williams et al., (1995) identified a significant relationship between operations strategy and firm performance. The environment in which media houses operate has over the last decade changed tremendously as a result of growth of the internet, mobile telephony and social media and this has resulted in various adaptive strategies by firms such as the focus on online advertising, development of electronic newspapers as well as the use of social media to give news updates. It is therefore clear that for media houses to survive in this new competitive age, they will have to develop suitable strategies for cost reduction, quality improvement, making new investments and developing appropriate competencies. Due to the dynamic nature of both the Kenyan market and the international markets, strategies will have to be dynamic and change over time. Singh et al. (2006) observed that firms should be flexible in developing their strategies. Chou and Hsu (2005) suggested that by developing industry portals, firms can aggregate flexibility and agility.

A significant task of operations strategy is to identify and explore core competencies that must be added. Otherwise current competencies can become obsolete and begin to function as core rigidities. A more natural and fruitful approach is therefore to think of knowledge and skills required by a company in order to maintain or improve its competitiveness. Chaston et al. (2001) observed that the areas of competence concerned with new product development, human resource management practices, organizational productivity, the management of quality and management of information are extremely crucial in terms of influencing growth rates. They also observed that firms which have adopted a higher level learning orientation can be expected to exhibit statistically significant higher competencies across the areas of measuring customer expectations, identifying quality variance, implementing quality improvements, using information to optimize information, identifying market changes and using IT to acquire data.

1.1.3 Media Industry in Kenya

Media in Kenya includes more than 90 FM stations, more than 15 TV stations, and an unconfirmed number of print newspapers and magazines. Publications mainly use English as their primary language of communication, with some media houses employing Swahili. Vernacular or community-based languages are commonly used in broadcast media; mostly radio. The media in Kenya is regulated by a statutory body called the Media Council of Kenya. The Media Council of Kenya is an independent national institution established by the Media Act, 2007 as the leading institution in the regulation of media and in the conduct and discipline of journalists. It is mandated amongst other to register and accredit journalists, register media establishments, handle complaints from the public and create and publish yearly media audit on the Media Freedom in Kenya (Muganda, 2007).

The media in Kenya has grown tremendously in the last two decades more or less in parallel with the expansion in democratic space, which in itself evokes the close linkage between media and democratic tenets. It is true that both broadcast and print media were severely constrained before the 1990s. It is also true that the number of broadcast outlets and the quality and vibrancy of print media have risen steadily since then. For instance, the Kenya Broadcasting Corporation, founded in 1928, remained the sole operator of television and radio stations up till 1989 when Kenya Television Network (KTN) was established; a development that was a precursor to a flood of new broadcast stations. The print media scene has, on the other hand, been dominated mainly by The Nation Media Group and The Standard, with other publications surfacing and disappearing at various times (Saurombe, 2006)

The last two decades have been definitive for the media in Kenya. Firstly, the operating environment has become freer, liberalised and more competitive. Secondly, the broadcast media, partly as a result of the liberalisation policies, has grown in leaps and bounds as the number of radio and television outlets has multiplied significantly. But print media, while it faces fewer possibilities of external interference today, has not grown at the same pace as the broadcast, in particular at mainstream level. It remains dominated by The Standard and The Nation, although The Star also joined the market in 2006 (Ogola, 2011). The environment in which the media houses are operating in today is characterised by advanced technology, the use of the internet as well as mobile telephony which has impacted on their operations in a significant manner. Media houses are not only competing against themselves but also against these new media and they therefore need to develop operations strategies that ensure their improved competitiveness in such a market. These strategies must be based on lowering of costs of operation and improving the quality of their content as well as the ease of access of this content by consumers.

The situation in Kenya today is such that the major media houses Standard Media Group, Royal Media Services and Nation Media Group are engaged in stiff competition in terms of both content and pricing strategies. These media houses therefore need to develop operations strategies which ensure they can compete with each other and maintain the market share, sales revenues as well as viewership and readership domestically and on the international scope. For example, Media max has been giving free newspapers to readers as a way of promoting the other services that the media house offers and this is intended to result in increased sales and viewership. The effect of new media such as the internet and the use of the mobile technology is another issue that is facing traditional media houses in terms of competition. Most mobile subscribers tend to use their internet enabled devices to access the news, entertainment and even the social media negatively affecting the growth of traditional media houses. It is therefore important that these traditional media houses develop new operations strategies and implement them in the right manner in order to improve their competitiveness in the face of the new market dimensions (Deloitte, 2013).

New media in Kenya is experiencing rapid growth. New media is beginning to challenge traditional media (radio, television and print) as the preferred platform for accessing news and information. The information society is now inseparable from communications media which enables interactive communication through the internet and mobile telephony. There are 22.3 million mobile subscribers in Kenya, and an estimated 8.69 million internet users. Fixed broadband subscriptions increased from 18,626 subscribers to 84,726 between 2010 and 2011. However a whopping 99 per cent of the internet traffic in Kenya is through mobile operators, mainly through 3G, as well as Edge or GPRS. This suggests that mobile phones are the leading platform across board for information access in Kenya, enabling users to access voice, text and the internet on one platform. There is therefore need for traditional media houses to come up with new operations strategies to ensure that they remain competitive in the volatile market. Failure to do so will result in a situation where new media will overtake them and become the most prominent media in the country leading to loss of market share and revenue (Nyabuga, 2011).

1.2 Statement of the Problem

Research indicates that operations strategies serve to give direction to the organisation and thus lead to improved competitiveness (Njaaga (2013). Developing operations strategies is one of the critical functions of the management of a company since without these strategies then the firm would be operating without a clear guideline and direction. Operation strategies therefore help media houses and other organisations achieve their purpose as is indicated by the organisation mission, vision and organisation strategy. In the face of globalisation and the exponential growth in information technology being experienced today, developing operations strategy that are in line with the global trends is a critical issue in the media houses as it ensures that they gain competitiveness and thus they are able to survive in the over competitive market. Competitiveness is critical in an organisation as being able to compete with other market players ensures that a firm can carry out its business activities in a profitable manner (Deloitte, 2013).

Media houses across the world are adopting new strategies to ensure sustainability in the increasingly competitive market. Media companies are increasingly diversifying their products and the main strategy they are using is the use of the internet to provide information to the people. This is a major competitive front due to the fact that most people have access to the internet either through personal computers or other internet enables devices such as mobile phones and tablets. Media companies that want to remain in competition must therefore identify the opportunities brought about by the internet and social media in order to gain competitiveness (Njaaga, 2013). The competition brought about by the internet means that most people get their information from social media and therefore lack the need for traditional media such as newspapers and television. Media houses will therefore need to use the internet and social media specifically to ensure competitiveness.

A search for empirical literature on the relationship between operations strategies and competitiveness of firms reveals a few studies. Shin (2001) studied the strategies for competitive advantage in electronic commerce. The results showed that by understanding the impact of the Internet on marketing mix and competitive forces, e-business managers can adopt appropriate strategies for meeting the unique challenges of e-business. Kranenburg (2004), evaluated the strategic options for the newspaper publishing companies. The results showed that in order to survive, publishing companies are forced to reconsider their strategy and product portfolio. A publisher's ability to change its organizational structure and existing activities and businesses along the evolution of technology in the industry can be seen as a major source of failure or success. Njaaga (2013) evaluated the Competitive strategies adopted by Television broadcast media stations in Kenya. The results of the study showed that the competitive strategies used by television media stations were cost leadership and differentiation Considering the market dynamics of the media industry in the country in terms of competition, it is clear that few studies have focused on the relationship between operations strategies and competitiveness of the media houses in Kenya. There is therefore a gap as far as the study on the relationship between operations strategies and competitiveness of the media houses in Kenya. This study therefore sought to answer the following question: What is the relationship between operations strategies and competitiveness of media houses in Kenya?

1.3 Research Objectives

The main objective of this study was to investigate the operations strategies adopted by media houses in Kenya and how these strategies contribute to competitiveness.

The Specific Objectives wre:

1. To determine the operations strategies adopted by media houses in Kenya
2. To establish the relationship between operations strategy and competitiveness of media houses in Kenya

1.4 Value of Study

The study will be of value in the sense that the traditional media industry in Kenya has experienced increased competition from new media such as the internet and mobile phones making the competition stiffer and survival harder. The study will therefore provide information on the operations strategies that these media houses can adopt to ensure competitiveness.

The findings of this study will be significant to academicians in that it will add to the body of knowledge of the researchers in this field of study. Researchers will also be able to borrow from this study when carrying out similar studies.

The study will also be valuable to the policymakers in government as it will serve as a guide them in their tasks of making policies for growth and development of the media sector in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. First, a theoretical review is provided focusing on theories that explain the issues of operations strategy and competitiveness in the media industry. Secondly, the empirical review of the studies that have been done on the relationship between operations strategy and its effects on competitiveness of firms is made with a bias towards media houses. The research gap is then provided.

2.2 Theoretical Review

This section presents a review of the theories related to operations strategy and competitiveness in general. This study will be based on three main theories. These are Porter's Five Forces Competitive Model, Trade-Offs Theory and McCarthy's Four Marketing Mix Model. A discussion of these theories is presented below

2.2.1 Porter's Five Forces Competitive Model

According to Porter (1980), a firm develops its business strategies in order to obtain competitive advantage (i.e., increase profits) over its competitors. It does this by responding to five primary forces: (1) the threat of new entrants, (2) rivalry among existing firms within an industry, (3) the threat of substitute products/services, (4) the bargaining power of suppliers, and (5) the bargaining power of buyers. A company assesses these five competitive forces in a given industry, then tries to develop the market at those points where the forces are weak (Porter 1980). For example, if the company is a low-cost producer, it may choose powerful buyers and sell them only products not vulnerable from substitutes. The company positions itself so as to be least vulnerable to competitive forces while exploiting its unique advantage (cost leadership). A company can also achieve competitive advantage by altering the competitive forces. For example, firms establish barriers to deter new entrants from coming into an industry by cultivating unique or capital-intensive resources that new firms cannot easily duplicate. Firms also increase bargaining power over their customers and suppliers by increasing their customers' switching costs and decreasing their own costs for switching suppliers. The five competitive forces model provides a solid base for developing business strategies that generate strategic opportunities.

Since the Internet dramatically affects these competitive forces, media companies should take these forces into account when formulating their strategies.

Recently, Porter (2001) reemphasized the importance of analyzing the five competitive forces in developing strategies for competitive advantage by asserting that although some have argued that today's rapid pace of technological change makes industry analysis less valuable, the opposite is true. Analyzing the forces illuminates an industry's fundamental attractiveness, exposes the underlying drivers of average industry profitability, and provides insight into how profitability will evolve in the future. The five competitive forces still determine profitability even if suppliers, channels, substitutes, or competitors change.

2.2.2 Trade-offs Theory

It is suggested that operations strategies have five major performance objectives and these are cost, quality, Speed/Efficiency, Flexibility and Customer service. Researchers further note that it is unlikely that any single organization can excel simultaneously at all of the five operations performance objectives. An attempt to do so is likely to lead to a lot of confusion in the organisation since the operations managers in the various departments pursue different objectives at different times. This lack of clarity is likely to lead to suboptimal performance and result in a failure to excel in any of the operations performance objectives. Consequently, organizations need to choose which performance objectives they will give priority to. This may result in having to 'trade-off' less than excellent performance in one aspect of operations in order to achieve excellence in another (Tuwei, 2013).

Skinner (1969I was the first scholar to discuss the concept of trade-offs in relation to operations objectives. His argument was that operations could not be 'all things to all people'. What was needed was to identify a single goal or 'task' for operations; a clear set of competitive priorities to act as the objective. The task would then act as the criterion against which all decisions and actions in operations could be judged. Most organisations do this through setting up a mission statement which serves to guide it in its operations. It is worth noting, that some operations management scholars reject the concept of the trade-off. They point to the ability of some organizations to outperform their competitors on multiple dimensions. They appear to have better quality, greater dependability and a faster response to changing market conditions and lower costs.

According to Ferdows and de Meyer (1990), certain operational capabilities enhance one another, enabling operations excellence to be built in a cumulative manner. In their 'sandcone' model of operations excellence, they maintain that there is an ideal sequence in which operational capabilities should be developed. According to their model, the starting point, the base of the 'sandcone' is excellence in quality. The next point is excellence in dependability, then flexibility (speed and efficiency), then cost. Their model emphasizes that efforts to further enhance quality should continue whilst commencing efforts to build dependability. Similarly, actions on quality and dependability need to continue whilst building flexibility. Finally efforts to reduce costs take place alongside continuing efforts to improve quality, dependability and flexibility. They claim that operational capabilities developed in this way are more likely to endure than individual capabilities developed at the expense of others (Tuwei, 2013).

2.3 Operations Strategy and Competitiveness

Studies show that there are various operations strategies that firms can adopt in order to ensure they remain competitive in the market. These strategies include the cost leadership strategy which ensures that the firm, in this case a media house is able to produce their content and distribute it at the lowest cost possible and lower than all the other competitors in the market. This can be done through various innovations, the use of information technology as well as the use of cheaper mediums of distribution such as the internet. The other operations strategy is a differentiation strategy which involves a situation where the media house differentiates itself in the market along the dimensions that are of immense value to the consumers. They may seek one or maybe a few attributes that a large amount of customers find important and positions themselves uniquely to meet those needs. In other words, the differentiation strategy must add value in terms of greater customers satisfaction, lower cost, and unique features. The others include delivering high quality products, being efficient in their operations, being flexible in terms of the content they offer, being dependable as well as ensuring quality customer services (Tuwei, 2013).

Media companies worldwide are struggling to understand and adjust to wide ranging external and internal changes that are altering modes of production, rapidly increasing competition, eroding their traditional audience and advertiser bases, altering established market dominance patterns, and changing the potential of the firms. The need for media companies to understand and adjust to the new conditions grows daily because such changes can lead to failure of both existing and new products and ultimately, the loss of value or collapse of firms. The past stability of media industries is a legacy that all media are struggling against in the new environment. The newspaper and magazine industries have existed for three centuries, the motion picture and radio industries for about a century, and television industry for half a century. Because of a variety of governmental policy choices and operational conditions, the industries and their markets have been relatively stable, requiring little strategic thinking during their life cycles. As a result, media managers' knowledge of strategy and strategy processes are limited and most media firms do not have strategy units or organized business intelligence activities (Jennifer, 2008).

2.4 Empirical Review

Sharma and Fisher (1997) carried out an empirical analysis of the functional strategies and competitiveness adopted by Australian manufacturing firms. The study used primary data which was collected through the use of a questionnaire. Correlation analysis carried out to investigate the degree of association among functional strategies using the data from the past few years show highly significant inter-correlations between the seven functional strategies. This is a strong indication of a preference for mixed strategies. These observations suggest that focusing on individual strategies is not seen as a particularly effective way of behaving for a manufacturing business. Rather, a holistic approach which integrates the functional strategies toward the successful implementation of an overall business strategy is considered to be the most appropriate for manufacturing companies.

Singh, Garg and Deshmukh (2006) analysed the different aspects of competitiveness relating to the Indian auto component sector, set within a globalised economy with its attendant pressures and constraints. It examines the strategies adopted for quality improvement, cost reduction, investment and competency development. It also aims to establish the relationship between strategies and the different dimensions of competitiveness. A questionnaire was used to collect the research data: 75 valid responses were received. Statistical analysis of data acquired from the survey was carried out by a reliability test, t-test and correlation analysis. A growth-supportive environment, raising funds from the market and a shortage of technical manpower are major constraining factors whereas cost, quality, and delivery time are the main pressures on the auto component sector. The auto component sector is flexible in developing strategies and those strategies relating to cost, quality; investment and competency development are significantly correlated with competitiveness.

Kranenburg (2004) evaluated the strategic options for the newspaper publishing companies. The traditional publishing markets are undergoing a fundamental transformation. These developments pose threats to the traditional newspaper publishing companies, but also create new opportunities for these companies to engage in profitable new ventures and businesses. The companies have to find their way in the turbulence landscape. This study contributes to the existing analysis on the publishing strategy topic by putting the forces active in the market into perspective and by narrowing the problem down to such an extent that current and future changes in the publishing industry can be linked to possible strategic choices. A newspaper publishing company's competitive advantage for copying with the rapid changes in the landscape is not in its current distinctive competencies, but in those that it can grow tomorrow.

Shin (2001) evaluated the Strategies for Competitive Advantage in Electronic Commerce. The researcher notes that despite rapid and sustained development of electronic commerce, many companies doing e-business are still in the investment and brand-building phase and have yet to show a profit. However, as e-businesses shift their focus from building a customer base to increasing revenue growth and profitability, they should re-evaluate their current business strategies, if any, and develop strategies that provide a clear path to profitability. This study uses McCarthy's four marketing mix model and Porter's five competitive forces model to identify strategies for Internet companies that respond to the five competitive forces and thereby achieve a competitive advantage. The study provides significant new insights into the development and implementation of e-business strategies that contribute to increased profit.

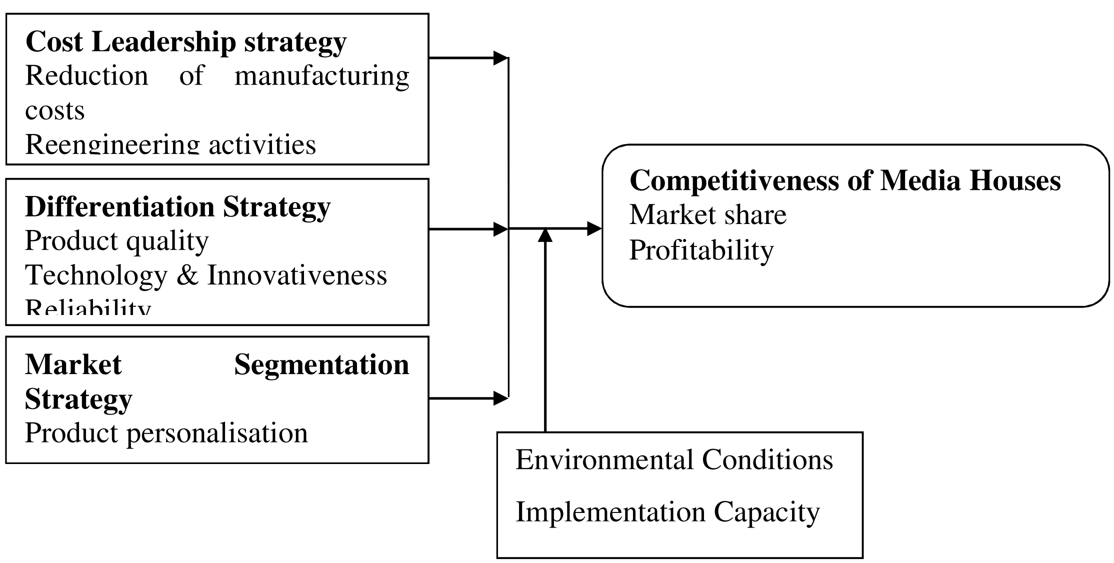
Karoney (2008) carried out a study that sought to determine the dimensions of competition faced by KTN and also establish the competitive strategies KTN has adopted to cope with the challenges of increased competition in the Broadcast Media Industry in Kenya. The researcher used a case study of the Kenya Television Network (KTN). The research established that in terms of free-to-air television KTN faces stiff competition from NTV, Citizen TV and to some extent KBC. The level of threat is however determined by the type of programming and the reach in terms of numbers and geographical coverage. The research established that local programming content is becoming a key driver for audiences and advertising revenue s there is a general market shift in favour of local programming content. Competition for premium international content is also driving up the cost of programming as suppliers have greater bargaining power. The dimensions of competition for KTN include competition for content and advertising revenue with other free-to-air TV channels, pay TV channels, radio and the new media such as the internet and mobile telephony. Competition for human capital has introduced another dimension to KTN's competitive pressures. Television presenters drive viewership on TV and KTN's competitors have over the last three years targeted KTN presenters for recruitment. Besides undermining programming, this competition for human capital has significantly increased the cost of human capital not just to KTN but other industry players as well. KTN employs focused differentiation as a competitive strategy, using technology and human capital to offer a differentiated product to the high and middle income socioeconomic groups.

Njaaga (2013) sought to determine the dimensions of competition faced by television media stations in Kenya and also establish the competitive strategies that television media stations has adopted to cope with the challenges of increased competition in the television broadcast media industry in Kenya and targeted all the operational TV channels in Kenya. Proportionate stratified sampling was used to arrive at 14 TV channels and data was collected through the use of questionnaires. The study found out that the competitive strategies used by television media stations were cost leadership and differentiation. The strategies according to the study findings have placed the companies in a favourable position relative to the competition. These strategies have also made television media stations to not only achieve high levels of efficiency and effectiveness, but to also gain and sustain competitive advantage. The study also found out that the dimensions of competition for television media stations were threats of new entrants, threat of substitutes, power of suppliers, bargaining power of buyers and intensity of rivalry. It is clear from the review of the previous studies carried out above that various researchers have various views on the operations strategies that media firms can adopt to ensure competitiveness in the industry. Kaoroney (2008) notes that competition in KTN is carried out on the basis of content provision and advertising revenue. Njaaga on the other hand notes that most media companies adopt cost leadership strategies and differentiation strategies in order to ensure competitiveness. It is therefore clear that there is need to carry out a comprehensive study and determine the operations strategies adopted by these media houses and how they contribute to their competitiveness.

2.5 Conceptual Framework

The study will be guided by the following conceptual framework. This conceptual framework will be used to establish the various operations strategies adopted by media houses in Kenya and how they influence their competitiveness in the market. The independent variables which are the operations strategies are cost leadership strategy, differentiation strategy and market segmentation strategy. The dependent variable is the competitiveness of the media houses.

Figure 1: Conceptual Model



Source: Author (2014).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology. First, a presentation of the research design is provided. This is followed by an explanation on the target population, sampling design, description of research instruments, a description of data collection procedures and a description of data analysis procedures.

3.2 Research Design

This study adopted a cross sectional survey design of the various media houses in Kenya.. According to Cooper & Schindler (2006) in a cross sectional design, either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research questions of interest. The information about the variables that is gathered represents what is going on at only one point in time.

3.3 Population of the Study

The population of this study consisted of the four major media houses in the country. According to a survey carried out by Maina (2013), these media houses are, MediaMax, Royal Media Services, Standard Group and Nation Media Group. These were therefore the target population for this study

3.4 Sampling Design

Stratified sampling was used to group the employees into six strata depending on the department. These are the operations department, business development, finance, Human Resources, Procurement and the marketing department since these are the main departments responsible for operations strategies and competitiveness of firms. Further, simple random sampling was used to select 3 employees from the each of the departments from the four media houses. The total sample size was therefore be 72 employees from the four media houses working in the departments mentioned above

3.5 Data Collection

For the purposes of this study, primary data was used to investigate the operations strategies adopted by media houses in Kenya and how these strategies influence their competitiveness. Primary data was collected through the use of a questionnaire that was structured to meet the objectives of the study. The questions were closed ended to help capture results that can be quantified during analysis. Questions were also based on a 5 point likert scale. The questionnaires were administered by the researcher in order to capture all the issues required and also to avoid low response rates.

3.6 Data Analysis

The data collected from the respondents was checked for completeness and correctness followed by coding, tabulation and organizing. Descriptive statistics were used for this study including measures of central tendency (mean, mode and median) and measures of dispersion (variance, standard deviation and range) in order to investigate the operations strategies adopted by media houses in Kenya and how these strategies influence their competitiveness. This is due to its usefulness in summarizing and analyzing such study data thus enabling the researcher to obtain underlying features of the respondent's firms. In addition, a regression model was used to evaluate the overall relationship between operations strategies of media houses and their competitiveness.

Regression Model

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon$

Where:-

Y – Competitiveness of Media houses

X_1 – Cost leadership

X_2 – Differentiation

X_2 – Marketing segmentation

a – is the constant

ϵ- Error term

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the results found from the data analysis. It therefore consists of the data analysis presentation and interpretation of findings. The objectives of this study were to determine the operations strategies adopted by media houses in Kenya and to establish the relationship between operations strategy and competitiveness of media houses in Kenya. Primary data that was used was collected using questionnaires which were designed based on the variables of the study and was intended to meet the objective of the study. The analysis was done as below.

4.2 General Information

From the data collected, out of the 72 questionnaires administered, 68 were filled and returned. This represents a response rate of 94.4%. This response rate is considered satisfactory to make conclusions for the study. The study was also interested in establishing the gender of the respondents. The results show that a majority (53%) of the respondents were female while 47% were male. The study was also interested in establishing the age of respondents. The results show that most (32%) of the respondents were aged 31-35 years of age while only 4% were aged below 25 years of age. The respondents were also asked to state how long they had been working in the media industry in Kenya. The results show that most (40%) of the respondents had been working in the banking sector for 5-7 years, 24% between 2-4 years, 20% between 8-10 years, 12% for over 10 years and 4% for less than 2 years.

4.3 Operations Strategies Adopted by Media Houses

The researcher sought to establish the various operations strategies that media houses use to achieve competitiveness. These are presented in the following sections.

4.3.1 Cost Leadership Strategy

The study sought to establish the extent to which media houses in Kenya adopt the cost leadership strategy. The results from the table below show that the cost leadership strategy is adopted by media houses in Kenya (Mean 3.94). This indicates that the cost leadership strategy is a common strategy among media houses seeking competitiveness.

The results also show that the cost leadership strategy was adopted in order to improve the competitiveness of the company (Mean 4.87). This is in line with other studies which indicate that firms seeking competitiveness adopt strategies such as cost leadership (Njaaga, 2013).

The results also show that the cost leadership strategy is used together with other strategies (Mean 4.77). The results also show that cost leadership strategy has been effective in helping the media house achieve competitiveness (Mean 3.85). These results show that it is common to find firms using the cost leadership strategy together with other operations strategies for the purposes of attaining competitiveness in their industry.These results are a clear indication that media houses in Kenya are competing on the basis of cost leadership and this is being done by all the media houses. The media houses therefore lower their advertising costs in order to attract more customers. This is supported by the results of Njaaga (2013) which showed that the competitive strategies used by television media stations in Kenya were cost leadership and differentiation.

The researcher also sought to establish the extent to which these media houses have adopted the cost leadership strategy. The results show that a majority 57% of the respondents felt that cost leadership strategy is adopted to a moderately large extent while another 31% felt that it is adopted to a very large extent. These results show that the cost leadership strategy is a common strategy to seek competitiveness among media houses in Kenya. This is as indicated in the results of Oltra and Luisa (2009).

4.3.2 Differentiation Strategy

The study sought to establish whether media houses in Kenya adopt the differentiation strategy. The results from the table below show that the differentiation strategy is adopted by media houses in Kenya (Mean 3.92). This indicates that the differentiation strategy is a common strategy among media houses seeking competitiveness. The results also show that the differentiation strategy was adopted in order to improve the competitiveness of the company (Mean 3.94). The results also show that the differentiation strategy is used together with other strategies (Mean 4.89). These results show that it is common to find firms using the differentiation strategy together with other operations strategies for the purposes of attaining competitiveness in their industry.

Finally, the results also show that the differentiation strategy has been effective in helping the media house achieve competitiveness (4.34). Other studies that have shown that the differentiation strategy is effective include that of Muganda (2007) who show that differentiating from competitors is one of the main strategies that firms can use to achieve competitiveness in an industry.

These results are a clear indication that media houses in Kenya are competing on the basis of differentiation and this is being done by all the media houses. Media houses are providing their customers with differentiated services in order to ensure they remain competitive and in operation. This is in line with the results of Njaaga (2013) which showed that the competitive strategies used by television media stations in Kenya were cost leadership strategies and differentiation strategies.

The researcher also sought to establish the extent to which these media houses have adopted the differentiation strategy. The results show that a majority 50% felt that the differentiation strategy has been adopted to a very large extent while another 41% felt that it had been adopted to a moderately large extent. These results show that the differentiation strategy is a common strategy to seek competitiveness among media houses in Kenya. This is as indicated in the results of Nyabuga (2011).

4.3.3 Market Segmentation Strategy

The study sought to establish whether media houses in Kenya adopt the market segmentation strategy. The results show that the market segmentation strategy is adopted by media houses in Kenya (Mean 3.86). This indicates that the market segmentation strategy is a common strategy among media houses seeking to achieve competitiveness in the industry.

The results also show that the market segmentation strategy was adopted in order to improve the competitiveness of the company (Mean 4.58). The results also show that the market segmentation strategy is used together with other strategies (Mean 4.35). These results show that it is common to find firms using the market segmentation strategy together with other operations strategies for the purposes of attaining competitiveness in their industry.

Finally, the results show that the market segmentation strategy has been effective in helping the media house achieve competitiveness (Mean 3.82). This indicates that using operations strategies in marketing is an effective way of achieving competitiveness.

These results clearly show that the marketing personnel of media houses are aware of the different categories of customers and thus have segmented them and developed their services based on these segments so as to satisfy the need for them. This can be supported by the fact that most media houses have established vernacular radio stations as a way of targeting various tribes and this has proved to be a very effective marketing tool. This is in line with the results of Karoney (2008).

The researcher also sought to know the extent to which these media houses have adopted the market segmentation strategy. The results show that a majority 63% felt that the market segmentation strategy has been adopted to a moderately large extent while another 24% felt that the strategy has been adopted to a very large extent. This means that market segmentation is a popular strategy adopted by media houses in Kenya. This is earlier shown in the results of Oltra and Luisa (2009).

4.3.4 Influence of Environmental Conditions

The researcher also sought to evaluate the influence of environmental conditions on the effectiveness of competitive strategies in achieving competitiveness. The results show that a majority 36.7% of the respondents felt that environmental conditions influence effectiveness of competitive strategies in achieving competitiveness to a moderately large extent. The results further show that 26.4% of the respondents felt that environmental conditions influence effectiveness of competitive strategies in achieving competitiveness to a very large extent, while another 23.5% of the respondents felt that, environmental conditions influence effectiveness of competitive strategies in achieving competitiveness to a moderately low extent.

These results clearly indicate that environmental conditions influence the effectiveness of competitive strategies in achieving competitiveness. Some of these environmental conditions include the threat of new entrants, the economic conditions and the rules and regulations in the industry. This is in line with the results of Kranenburg (2004).

4.3.5 Influence of Implementation Capacity

The researcher also sought to evaluate the influence of implementation on the effectiveness of competitive strategies in achieving competitiveness. The results show that a majority 54.4 % of the respondents felt that implementation capacity influence effectiveness of competitive strategies in achieving competitiveness to a very large extent.

The results also show that 38.2 % of the respondents felt that implementation capacity influence effectiveness of competitive strategies in achieving competitiveness to a moderately large extent. These results clearly show that implementation capacity greatly determines whether a media house achieves competitiveness through the use of various strategies. This is due to the fact that without implementation capacity, then the strategies are useless (Tuwei, 2013).

The table below shows the results of correlation analysis. The correlation analysis was done for all the independent variables and the dependent variable in the study. The dependent variable was competitiveness of media houses while the independent variables were cost leadership strategies, differentiation strategies and market segmentation strategies. This analysis was carried out in order to determine whether there were serial correlations between the independent variables. As serial correlations are a problem when performing regression analysis, this preliminary test was carried out first.

Table 1: Correlation Matrix

	Competitiveness	**Cost Leadership**	**Differentiation**	**Marketing Segmentation**
Competitiveness	1	.346*	.230*	.401*
		.102	.501	.121
Cost Leadership		1	.612	.354
			.114	.011
Differentiation			1	.658
				.139
Marketing Segmentation				1

The results show that there were low correlation between the independent variables and therefore no serial correlations between the variables. None of the correlations between the independent variables was significant. On the other hand, the independent variables all had significant effects on the competitiveness of media houses in Kenya

The table below shows the regression results showing the relationship between operations strategies and competitiveness of media houses in Kenya. Significance of the relationships is shown in parentheses.

Table 2: Regression Results

	Competitiveness of Media Houses
Constant	1.192
Cost Leadership	1.427 (.002)
Differentiation	1.664 (.001)
Marketing Segmentation	1.924 (.021)
R	.936
R^2	.876
F	2.676 (.001)

The study sought to determine the relationship between cost leadership strategy and the competitiveness of media houses in Kenya. The results show that cost leadership had a positive and significant effect on competitiveness ($\beta = 1.427$). This effect was significant at 5% level of confidence. This means that the adoption of cost leadership strategy leads to improved competitiveness of media houses (Jennifer, 2008).

The study sought to determine the relationship between differentiation strategy and the competitiveness of media houses in Kenya. The results show that differentiation had a positive and significant effect on competitiveness ($\beta = 1.664$). This effect was significant at 5% level of confidence. This means that the adoption of the differentiation strategy leads to improved competitiveness of media houses (Tuwei, 2013).

The study sought to determine the relationship between market segmentation strategy and the competitiveness of media houses in Kenya. The results show that market segmentation had a positive and significant effect on competitiveness ($\beta = 1.924$). This effect was significant at 5% level of confidence. This means that the adoption of market segmentation strategy leads to improved competitiveness of media houses. These results are consistent with the results of (Njaaga, 2013).

The study found that the independent variables had a very high correlation with Competitiveness ($R = 0.936$). The results also show that the variables accounted for 87.6% of the variance in ROA ($R^2 = 0.876$). ANOVA results show that the F statistic was significant at 1% level. Therefore, the model was fit to explain the relationships

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main objective of this study is to investigate the operations strategies adopted by media houses in Kenya and how these strategies contribute to competitiveness. This chapter presents the summary of findings, conclusion, recommendations, and suggestions for further research.

5.2 Summary of Findings

The major findings are summarized as follows based on the conceptual framework of the study.

The study sought to determine the relationship between cost leadership strategy and the competitiveness of media houses in Kenya. The results show that cost leadership had a positive and significant effect on competitiveness. This effect was significant at 5% level of confidence.

The study also sought to determine the relationship between differentiation strategy and the competitiveness of media houses in Kenya. The results show that differentiation had a positive and significant effect on competitiveness. This effect was significant at 5% level of confidence.

The study sought to determine the relationship between market segmentation strategy and the competitiveness of media houses in Kenya. The results show that market segmentation had a positive and significant effect on competitiveness. This effect was significant at 5% level of confidence.

5.3 Conclusions

The study found that cost leadership strategy had a positive effect on competitiveness of media houses in Kenya. The study therefore concludes that the adoption of the cost leadership strategy leads to competitiveness of media houses in Kenya.

The study found that differentiation strategy had a positive effect on competitiveness of media houses in Kenya. The study therefore concludes that the adoption of the differentiation strategy leads to competitiveness of media houses in Kenya.

The study found that market segmentation strategy had a positive effect on competitiveness of media houses in Kenya. The study therefore concludes that the adoption of the market segmentation strategy leads to competitiveness of media houses in Kenya.

5.4 Recommendations

The study recommends that the management of media houses should make use of the cost leadership strategy if they seek to achieve competitiveness and also use this with other strategies.

The study recommends that the management of media houses should make use of the differentiation strategy if they seek to achieve competitiveness and also use this with other strategies.

The study recommends that the management of media houses should make use of the market segmentation strategy if they seek to achieve competitiveness and also use this with other strategies.

5.5 Limitations of the Study

The researcher faced several limitations in the course of the study. First, the study was limited in terms of scope as it only focused on the relationship between operations strategies and competitiveness of media houses in Nairobi, Kenya.

The study was also limited in terms of geographical area since it only focused on media houses in Nairobi. This was however overcome through the use of appropriate sampling methods which ensured that the results of the study could be generalised to the entire population.

5.6 Suggestions for Further Research

There is need to focus on other operations strategies in future studies to ascertain how they affect competitiveness of media houses in Kenya. This study can also be replicated outside the media industry and outside Kenya to establish whether these variables influence competitiveness.

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Appendix 1: Questionnaire

Answer these questions as truthfully as possible. There is no right or wrong answers. The responses will be kept confidential.

Section 1: General Information

1. Please indicate your gender?

   Male ( )

   Female ( )

2. What age category do you belong in?

   Below 25 years ( )

   26-30 years ( )

   31-35 years ( )

   36-40 years ( )

   41-45 years ( )

   46 or above ( )

3. Which Media house do you work for?

   ....

4. What is your designation?

   ……………………………………………………………………………………

5. How long have you been working in the Media House?

   Less than 2 years ( )

   2-4 years ( )

   5-7 years ( )

   8-10 years ( )

Over 10 years ( )

Section 2: Study Questions

Use the key 1-5 for all sections as outlined in the questionnaire

1) Strongly disagree 2) Moderately disagree 3)Neutral

4) Moderately agree 5) Strongly agree

Cost Leadership Strategy

		1	2	3	4	5
6.	Your media house has adopted a cost leadership strategy					
7.	The cost leadership strategy was adopted in order to improve the competitiveness of the company					
8.	The cost leadership strategy is used together with other strategies					
9.	The cost leadership strategy has been effective in helping the media house achieve competitiveness					

10. Does the cost reduction strategy lead to a reduction in manufacturing/production costs?

Yes ( )

No ( )

11. Please indicate whether the reduction of production costs results in competiveness of your firm

Yes ( )

No ( )

12. Please indicate whether the cost reduction strategy involved the reengineering of activities?

Yes ( )

No ( )

13. Please indicate whether the reengineering of activities results in the competiveness of your firm

Yes ( )

No ( )

14. To what extent do you believe that the cost leadership strategy influence competitiveness of the media house?

Very large extent ( )

Moderately large extent ( )

Am neutral ( )

Moderately low extent ( )

Very low extent ( )

Differentiation Strategy

		1	2	3	4	5
.15	Your media house has adopted a differentiation strategy					
16.	The differentiation strategy was adopted in order to improve the competitiveness of the company					

17.	The differentiation strategy is used together with other strategies					
18.	The differentiation strategy has been effective in helping the media house achieve competitiveness					

19. Does the differentiation strategy lead to improvement in product/service quality?

Yes ( )

No ( )

20. Please indicate whether the improvement in product/service quality results in competiveness of your firm

Yes ( )

No ( )

21. Please indicate whether the differentiation strategy involved technology and innovativeness?

Yes ( )

No ( )

22. Please indicate whether the use of technology and innovativeness results in the competiveness of your firm

Yes ( )

No ( )

23. To what extent do you believe that the differentiation strategy influence competitiveness of the media house?

Very large extent ( )

Moderately large extent ( )

Am neutral ( )

Moderately low extent ( )

Very low extent ( )

Market Segmentation Strategy

		1	2	3	4	5
24.	Your media house has adopted a market segmentation strategy					
25.	The market segmentation strategy was adopted in order to improve the competitiveness of the company					
26.	The market segmentation strategy is used together with other strategies					
27.	The market segmentation strategy has been effective in helping the media house achieve competitiveness					

28. Does the market segmentation strategy lead to product personalisation?

Yes ( )

No ( )

29. Please indicate whether product specialisation results in competiveness of your firm

Yes ( )

No ( )

30. Please indicate whether the market segmentation strategy involves different pricing arrangements for each segment?

Yes ( )

No ( )

31. Please indicate whether the differentiation of pricing arrangement results in the competiveness of your firm

Yes ( )

No ( )

32. To what extent do you believe that the market segmentation strategy influence competitiveness of the media house?

Very large extent ( )

Moderately large extent ( )

Am neutral ( )

Moderately low extent ( )

Very low extent ( )

32. Please indicate to what extent environmental conditions influence the effectiveness of competitive strategies in achieving competitiveness

Very large extent ( )

Moderately large extent ( )

Am neutral ( )

Moderately low extent ( )

Very low extent ( )

33. Please indicate to what extent implementation capacity influence the effectiveness of competitive strategies in achieving competitiveness

Very large extent ( )

Moderately large extent ( )

Am neutral ( )

Moderately low extent ( )

Very low extent ( )