THE STRATEGIC RESPONSES BY THE

KENYA TELEVISION NETWORK TO CHANGES IN ITS EXTERNAL ENVIRONMENT

BY

MUSYOKA SHARON WANDII

A Research Project Submitted in Partial Fulfillment for the Degree of
Master of Business Administration, School of Business,
University of Nairobi.

November, 2011

DECLARATION

This research project is my original work and has not been submitted for the award of degree in any other university or institution for any other purpose.
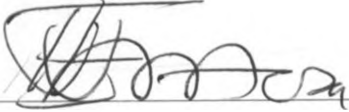
Student

Signature: _____ Date _21|11|2014_

Sharon W. Musyoka.

D61/70735/2008

Supervisor

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

Sign: _____ Date _24/11/2009_

Prof. Aosa Evans

Lecturer,

School of Business,

University of Nairobi.

ACKNOWLEDGEMENTS

My gratitude goes to the Almighty God for my times on earth are in his hands. It's by His grace I was able to complete this project.

I wish to thank my supervisor, Prof .E. Aosa for his wisdom, guidance, criticism and support enabling me to complete this project. God bless you.

Lastly, I offer my gratitude to all the senior managers at KTN who took time out of their busy schedules to accept my interviews. I really appreciate may God increase you.

DEDICATION

This research project is dedicated to my Dad Nathan Kimenye for inspiring, trusting and cheering me during the entire period of my study. To my mum Beatrice Kimenye for her continued commitment and prayers to my well being .To all my siblings Catherine, Samuel, Mirriam, Mathew, Janet and Gideon for their love and support. To my nieces and nephews for looking up to me as a role model.

Finally, to my loving husband and children yet to come for having been patient and allowing me to do this research project without feeling guilty of absconding family duties.

ABSTRACT

Organizations are environment dependent .They operate within an environment that is constantly presenting new opportunities and threats. Successful companies take an outside view of their business .They understand the importance of continuously monitoring and adapting their activities to changes in the environment. Companies that fail to see change as an opportunity, resist change until it's too late. Their strategies, structures, systems and organizational culture grow increasingly obsolete and dysfunctional.

Over the past 15 years, the media industry in Kenya had grown exponentially with tremendous changes in its external environment. Until the 1990s, KBC was the only Kenyan TV station. The liberalization of the airwaves in the early 1990s created opportunities for a more diverse media playing field, with KTN being the first private owned TV station to break KBC's monopoly. The objective of this study was to determine the strategic responses by the Kenya Television Network to changes in its external environment.

In achieving the research objective, the researcher adopted a case study research design approach. Senior staff members at KTN were interviewed and gave information that helped in arriving at the research objective and conclusion. An interview guide was used to guide the researcher in collecting data. Content analysis was then used to analyze the qualitative primary data which had been collected by conducting interviews.

The study established that KTN had faced numerous changes in its business environment just like any other organization and was strategically responding to these changes in the environment. KTN revealed that it had a 3-5 years plan that would see the company improve and expand its

infrastructure. This is expected to give the company a competitive edge over competition. While in the past TV viewership was driven by news, the situation had changed and TV viewership was controlled by programming with the biggest audience segment having a high affiliation for local content. In response to the need for local content, the station was investing a lot in the production of local content that is of high quality and that would attract high viewership.

While all other stations were transmitting from Limuru, KTN had its transmission in Ngong giving it poor reception compared to other stations. It had since moved its transmission equipment to Limuru and expected viewership to go up. The country is expected by law to go fully digital by 2015 bringing with it new technological changes into the industry. The researcher established that KTN's systems where compliant to the new technology and that it was a market leader in technology advancement. It was working towards a tapeless work flow.

The government had also played hard on the station through its regulatory body CCK by not licensing it to transmit in all parts of the country. This had limited KTN's outreach compared to its competitors who are licensed to operate in these areas. The researcher also established that competition in the industry was on the rise with more players coming on board and segmenting the industry further and so the station was differentiating itself further by offering unique quality programming.

The researcher feels a great need for KTN and the industry to invest more in integrating their systems to the internet as there was a growing shift by the young generation from TV to social networks such as face book, twitter and you tube. With the transition from analog to digital, TV stations should tap into the new opportunity need to personalize TV viewership.

This study adopted a case study approach whose predominant data collection method is personal interviews. In this way, the respondents had to spare time out of their busy schedules to participate in the study. Therefore the study was limited by time with respect to data capturing because the interviewees could spare very short time which prove inadequate for further probing.

A similar study should be done after few years to establish the impact of the strategic responses being undertaken now. It is also suggested that a study be carried out to determine the strategic responses by other TV stations in Kenya towards changes in the environment. This will provide further insight on the nature of developments taking place in the industry and what kind of responses could be prominent.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

- CNN-Cables News Network.

- CCK-Communications Commission of Kenya.

- DTV-Digital Television.

- FM-Frequency modulated.

- KBC-Kenya Broadcasting Corporation.

- KTN - Kenya Television Network.

- NTV-Kenya Broadcasting Corporation.

- TV-television.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations all over the world do not exist in a vacuum. They operate within a large external environment, which exercises severe constraints or yields potential opportunities for the organization. This external environment can be divided into three interrelated subcategories, factors in the remote environment, factors in the industry environment and factors in the operating environment. These factors are beyond the firm's control and therefore influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes.

This environment is dynamic and keeps on changing. To remain competitive and survive in the long run, organizations change their strategies to keep pace with the changing environment. They continuously scan the external environment for potentially important out-ring developments, assess their impact and influence and adapt the company's direction and strategy as needed.

Over the past 15 years, the media industry in Kenya has grown exponentially with tremendous changes in its external environment. Until the 1990s, KBC was the only Kenyan TV station. The liberalization of the airwaves in the early 1990s created opportunities for a more diverse media playing field, with KTN being the first private owned TV station. KTN became famous for activism journalism in the 1990s, developing a sophisticated, aggressive and unique style news coverage, and has continued with the same hard line stance, issue-based reporting to date. The industry has grown since then, segmenting the TV market further and competition for viewership heightening.

1

1.1.1 Organizations and the external environment

Ansoff and McDonell (1990) assert that organizations are environment serving. They interact with the environment in such a way that they get inputs from the environment, process them and give back to the environment in the form of goods and services. The external environment consists of factors beyond the control of the firm that influences its choice of direction and action, organizational structure and internal processes. A host of external factors influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes.

According to Barbara and Joycelyne (2006), organizations are systems comprising elements of formal organization management and operations as well as elements of more informal aspects of organizational life. The organizational systems themselves are conceptualized as operating in three types of environment. These are the temporal, external and internal environments whose elements interact with each other to form the "triggers "of change that are significant in bringing about organizational changes.

The remote environment comprises factors that originate beyond, and usually irrespective of, any single firm's operating situation: economic, social, political, technological and ecological factors (Pearce&Robinson,2008).The environment presents firms with opportunities, threats and constraints but rarely does a single firm exert any meaningful reciprocal influence.

The business environment is rapidly changing, making it imperative for organizations to continually adapt their activities to changes in the environment in order to succeed. To survive in a dynamic environment their strategies need to focus on their customers and

deal with emerging environmental challenges (Hofer& Schendel, 1977). One of the most critical aspects of organizational stability and long-term survivability is constant analysis of internal and external driving forces that affect organizations in either a positive or negative way. An insightful diagnosis of a company's external and internal environment is a prerequisite for managers to succeed in crafting a strategy that is an excellent fit with the company's situation, is capable of building competitive advantage, and holds good prospect for boosting company performance-the three criteria of a winning strategy (Thomson&Strickland, 2008).

Successful companies take an outside view of their business. They recognize that the marketing environment is constantly presenting new opportunities and threats and they understand the importance of continuously monitoring and adapting to that environment, continually reinventing their brands to keep up with the changing marketing environment (Kotler, 2003).Many companies fail to see change as an opportunity, they resist change until it's too late. Their strategies, structures, systems and organizational culture grow increasingly obsolete and dysfunctional.

Thomson and Strickland(2008) assert that, "as companies scan the external environment, they must be alert for potentially important out-ring developments, assess their impact and influence and adapt the company's direction and strategy as needed"(P. 48).Change is inevitable, it will always occur, key is the ability to look for opportunities that environmental changes offer.

The task of crafting a strategy should always begin with an appraisal of the company's external and internal situation (as a basis for developing strategic vision of where the

company needs to head), then move toward an evaluation of the most promising alternative strategies and business models and culminate in choosing a specific strategy. (Thomson&Strickland, 2008).The environment is dynamic and keeps on changing. While organizations may be able to control factors in the immediate environment, they may not be able to control factors in the remote environment as these are beyond their control.

Johnson and Scholes (2002) note, in an ever-changing global economy, organizations must find ways of operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Modern executives device ways and respond to the challenges posed by the firm's immediate and remote environment (Pearce &Robinson, 2003). These challenges must be anticipated, monitored, assessed and incorporated into the executives' decision making process.

Barbara and Joycelyne (2006) note as competition becomes more severe and markets oversupplied, organizations must find products and services that are differentiated not only by purpose and form but also by the added value which attaches to them. This means identifying potential customer expectations and then exceeding them. Organizations must constantly increase customer's perceived value for money.

While organizations may do little or nothing to change these forces of their external environment, they have no alternative but to respond to them. They must identify, evaluate, and react to the forces outside the enterprise that may affect its operation.

In order for an organization to remain competitive, it must be willing and ready to modify it's strategy in response to changing political/legal framework, social and economic conditions, advancing technology, the fresh moves of competitors, shifting buyer needs

and preferences and emerging market opportunities. A company's strategy is always a work in progress.

1.1.2 Overview of the Media Industry in Kenya

An industry is defined as a group of firms that offer products that are close substitutes of each other to a market (Porter,1980).Kenya's media is one of the most respected, thriving, sophisticated and innovative in Africa, according to a policy briefing by the BBC World Service Trust. There are more than ninety FM stations, fourteen TV stations and unconfirmed number of print newspapers and magazines in Kenya with only two main independent national newspapers; The Standard newspaper and the Nation newspaper. Kenya's State owned KBC remains the only broadcaster with countrywide coverage.KTN, KBC, NTV, Citizen TV and K24 are the biggest TV stations in Kenya in terms of coverage and viewers. Recently entertainment TV ventured in the Kenyan airspace with the inclusion of Kiss TV and Classic TV which have since merged.KBC, Citizen FM, Kiss FM(pop),Classic, Capital, Radio Maisha,Easy,Metro,XFM,Homeboyz Radio, are the popular radio stations in Kenya in terms of listeners and coverage.

Over the past 15 years, the media industry in Kenya has grown exponentially with tremendous changes in its external environment. Until the 1990s, KBC was the only Kenyan TV station and had been founded in 1928, during colonialism. After independence, the station was renamed into Voice of Kenya and it became the official mouthpiece of the Kenyan government.

The liberalization of the airwaves in the early 1990s created opportunities for a more diverse media playing field,with KTN being the first private owned TV station to break

KBC's monopoly. The number of voices and perspectives in the media also grew while government control of the sector reduced. The return of multiparty democracy in 1992 opened the way for the licensing of frequency modulated (FM) radio stations; increased freedom for the public and other institutions to express themselves through the media, and increased political content. Inevitably, political battles would be fought through the media. The socio-political changes in the country also increased public demand for news and information.

The media in Kenya has 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. The new Constitution of Kenya (2010) is media friendly and sets forth the frameworks for a truly free media. Unlike the Lancaster Constitution, it guarantees both the right to freedom of expression and freedom of the media. Kenyan media have not been left behind by technological convergence. The Kenyan media use print, TV, radio, mobile and internet platforms to deliver news and advertising.

The media industry in Kenya has grown exponentially. This growth has also been characterized by the deployment of the latest technological innovations in the field of communication, regional expansion within East Africa, increased number of professional media practitioners and the growth of citizen media. Technological convergence has made live coverage easy and quite convenient, even reducing the number of personnel engaged in a live broadcast. The Internet databases have made it easier for journalists to

research and verify information and sources. Technological convergence (visual, audio and print) has made online publishing and broadcasting possible.

1.1.3 The Kenya Television Network (KTN)

The Kenya Television Network (KTN) is one of the four main brands of the Standard Group Limited, which is a leading media house in Kenya. The principle activities of the Standard Group are; the publishing of the Standard newspaper and the new county edition, television broadcasting under the name KTN, Radio broadcasting(Radio Maisha) and the distribution of selected local and international newspapers, magazines and periodicals.

KTN was incorporated under the companies Ordinance (chapter 288) in the 1990 under the name Baraza Ltd. It was founded by Jared Kangwana and was the first non-pay privately owned TV-station in Africa, and the first to break KBC's monopoly in Kenya.KTN became famous for activism journalism in the 1990s, developing a sophisticated, aggressive and unique style news coverage, and has continued with the same hard line stance, issue-based reporting to date, branding itself as authoritative and independent news channel. KTN became the model governments in Africa used when they allowed for media liberalization to take place in the late 1990s.Many of the new radio and TV stations across East and Central Africa not only relied on KTN as a model, but benefited directly in terms of recruiting former KTN staff to run their operations.

Since 1990, Kenya Television Network has been in operation, offering a mixture of relayed re-transmission of Cable News Network(CNN)programming, business and entertainment, as well as MT, and European, American and Australian programming, in

addition to programs developed in other African States.KTN also filed stories for use by affiliated foreign stations.

The station won bid to carry the 1992 Olympics, as well as the rights to several other international events. The negations for global television rights to the 1992 Olympic festivals in Albertville and Barcelona marked the first time that the International Olympic Committee(IOC)had exercised complete authority over financial discussions with the world's television networks.KTN has proven adept at competing internationally against other media corporations. Effectively, the competition represented KTN forced the state-owned Kenya Broadcasting Service, as well as the other stations in neighboring African states to improve the quality of programming.

The success of KTN inspired Africans. As a result, several independent productions were set up in Kenya to generate programs to service both KTN and KBC, as well as other stations that were to be established. Many of the exile communities from neighboring African states relied on KTN to air their concerns. The station fostered a marked change in the urban culture of Kenya as well.

The vast majority of beneficiaries of the growth of KTN were the music and theatre industries, as well as the African fashion industry that benefited from the improved media culture. Nairobi, already the hub of the East and Central African region, became even more fashionable, hosting more international events and trade popularity of programming at KTN was remarkably exceptional, even by international standards. In these early years, Kenyan commercials began to win international standards. In these early years, Kenyan commercials began to win international awards, and foreign correspondents flying into

8

Africa came increasingly to depend on KTN reporters for orientation and research.KTN also provided briefings for relief agencies and corporate investors, as well as access to KTN facilities for editing and filing stories to stations outside and Africa.

Even though it was privately owned, KTN struggled to provide independent news coverage because of excessive political interference with its editorial direction. The political interference finally forced KTN to scrap the transmission of local news for over one year between 1993 and 1994. When the Kenya Television Network (KTN)opened in 1990,it caused a major shift in the role of electronic media in Africa. This station caused a stir when it broadcast news bulletins that did not start with reports about a Head of State as was common throughout Africa at that time.KTN became so popular that there was a massive spike in television sales in Kenya.KTN was watched closely by other governments in Africa to see how it would impact the public and the politics..

KTN came at a very opportune moment as it was in the middle of the multiparty democracy movement in Africa, and it became the first TV station to give voices to the subversives, dissidents and opposition politians.KTN covered the most controversial events that included the volatile political chaos of the transition period from dictatorial single-party state systems to multiparty democracy in the early 1990s.

Over the years, KTN continued putting public interest first, and became the voice of the voiceless. It became the most trusted news station with a loyal viewership across the country and its signal being received country wide in all the major urban towns.KTN became the home of award winning programs and news features as mending the ribbon, health digest, jicho pevu and the rogue tracker just to mention a few. KTN's success can

be attributed to professionalism, top class programming and being Kenya's preferred news channel.

1.2 Research Problem

Organizations are environment serving and operate within a large external environment, which exercises severe constraints or yields potential opportunities for them. They interact with the environment in such a way that they get inputs from the environment, process them and give back to the environment in the form of goods and services. The external environment consists of factors beyond the control of the firm that influences its choice of direction and action, organizational structure and internal processes. A host of external factors influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes.

The environment forms the basis for which organizations formulate strategies. An insightful diagnosis of a company's external and internal environment is a prerequisite for managers to succeed in crafting a strategy that is an excellent fit with the company's situation. Successful companies take an outside view of their business. They recognize that the environment is constantly presenting new opportunities and threats and they understand the importance of continuously monitoring and responding to that environment. These responses may involve crafting new strategies and implementing them.

Over the past 15 years, the media industry in Kenya has grown exponentially with tremendous changes in its external environment. Until the 1990s, KBC was the only Kenyan TV station but with the liberalization of the airwaves in the early 1990s, it

created opportunities for a more diverse media playing field, with KTN being the first private owned TV station to break KBC's monopoly. The return of multiparty democracy in 1992 opened the way for the licensing of frequency modulated (FM) radio stations; increased freedom for the public and other institutions to express themselves through the media, and increased political content. Inevitably, political battles would be fought through the media. The socio-political changes in the country also increased public demand for news and information. The media industry in Kenya has grown exponentially. This growth has also been characterized by the deployment of the latest technological innovations in the field of communication, regional expansion within East Africa, increased number of professional media practitioners and the growth of citizen media.

The Kenya Television Network has been in operation since 1990. It was the first private owned station in Kenya and in Africa. The Kenya Television network like any other organization has been operating in an environment that is believed to be continually changing. In this regard, the political, economic, social, technology and legal environment has changed since 1990 and has transformed the country as well as the media industry. This research will be focused on finding out how KTN has strategically responded to the challenges posed by its changing external environment.

Previous studies have been carried out in relation to strategic responses by organizations in Kenya to changing environmental conditions and their impact on these organizations. Mudanya (2007), Isaboke (2001) and Kinuu (2007)notes that many Kenyan organizations have responded to changing environmental conditions. However none of these studies

was focused on The Kenya Television Network. This study was particular to KTN as strategic management is context sensitive. Strategies applicable in one environment may not apply in a different environment as environmental forces which are especially important for one organization may not be the same for another. How has KTN strategically responded to changes in its external environment?

1.3 Research Objective

This study had one objective which was to establish KTN's strategic responses towards changing environmental conditions.

1.4 Value of the study

This study is important to the Standard Group Company, stakeholders, policy makers and various groups of people.KTN will find the study useful, as its management will use it to evaluate their commitment in monitoring, identifying the key drivers to change and strategically responding to these changes.

This study also forms a basis of conducting future research .Students wishing to carry out research will find it useful as it will contribute to existing literature in the field of strategic management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is a summary of previous studies and findings in the field of strategic management. It reviews the literature on strategy and strategic responses to environmental changes.

2.2 The Concept of Strategy

Strategy is the underlying concept in strategic management, to this end, one of the concepts that has been developed and is very useful to management is strategy. Many management scholars and practitioners have underscored the importance of this concept (Porter,1980; Mintzberg,1987;Johnson and scholes,2002;Ansoff,1990).

Strategy is 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 to fulfill stakeholder expectations. By strategy, managers mean their large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organization objectives. A strategy represents a firm's "game plan"(Pearce &Robinson 1998).It reflects the company's awareness of how to compete, against whom, when, where and for what.

Strategy helps in providing long-term direction for an organization. This provides a perspective for the various diverse activities overtime, which enables organizations perform current activities at the same tie viewing them in terms of their long term implications for the probable success of the organization. Similarly, strategy helps

companies to cope with change (Pearce &Robinson 1988).Due to the constant changes in an organizations operating environment, companies need strategy in order to respond to these changes at all time. Strategy can help to guide the pattern of responses to changes taking place in their environment.

Strategy enables companies to focus their resources and effort (Pearce &Robinson 1988).The development of strategy helps managers identify critical tasks that need to be performed and hence helping an organizational strategic thrust. Strategy also helps an organization develop a competitive advantage in the market. This in turn enables the organization to outperform the competition successfully.

Different authors have defined strategy in different ways. The various definitions suggest that the authors gave selective attention to aspects of strategy, which are all relevant to our understanding of the concept (Aosa, 1992).Chandler defined strategy as the determination of the basic long-term goals and objectives of an organization, action plans and resource allocation patterns to achieve the set goals and objectives.

Porter (1980) viewed strategy as building a defense against the competitive forces and finding position in the industry where the forces are weakest. Knowledge of the company's capabilities and of the causes of the competitive forces will highlight the areas where the company should confront competition and where it should avoid. Strategies need to be considered not only in terms of the extent to which the existing resource capability of the organization is suited to opportunities but also in terms of the extent to which resources can be obtained and controlled to develop a strategy for the future.

According to Mintzberg(1987) strategy could be seen as a plan, ploy, a pattern, a position and a perspective. As a plan, strategy specifies a consciously intended course of action of an organization. The strategy is designed in advance of actions and is developed purposefully. As a ploy, strategy is seen as a maneuver to outwit competitors. As a pattern, strategy is seen as a pattern emerging in a stream of actions. Strategy is seen as consistency in behavior and the strategy develops in the absence of intentions. As a position, strategy is a means of locating an organization in its environment. Strategy as a perspective consists of a position and of an ingrained way of perceiving the world. It gives an organization identity or a personality.

As evidenced in these varied definitions, none can be said to capture explicitly all the dimensions of strategy. Lack of a precise definition of strategy can be attributed to the fact that strategy is a multi dimensional concept in terms of content and substance which embraces all critical activities of the organization providing it with a sense of unity, direction and purpose, as well as facilitating the necessary changes induced by its environment. However, most authors in terms of definition emphasize on the essence and nature of strategy and agree that strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization.

2.3 Organizations and the external environment

Pearce and Robinson,(1997)define environment as all conditions and forces that affect a firm's strategic options and define its competitive situation in the market. The factors are grouped into three categories depending on their influence namely; Macro, operational and industry factors. Macro factors are those that originate beyond a firm's operating situation and they are political/legal, Economic, Social and Operating factors are; Competitive position, customer profiles, shareholders, general public's, employers, distributors and governments. Industry factors are competitor rivalry, substitute products, new entrants threats, supplier's power (Porter,1997).Operating factors influence demand for the firm's products and resources while industry factors i.e structure determine the industry attractiveness.

Ansoff and McDonell (1990) assert that organizations are environment serving. They interact with the environment in such a way that they get inputs from the environment, process them and give back to the environment in the form of goods and services.p.48.Organizations need the environment while the same environment need organizations, none can exist without the other

According to Jocelyne and Barbara (2006), organizations are systems comprising elements of formal organization management and operations as well as elements of more informal aspects of organizational life. The organizational systems themselves are conceptualized as operating in three types of environment. These are the temporal, external and internal environments whose elements interact with each other to form the "triggers "of change that are significant in bringing about organizational changes.

Pearce and Robinson (2008) define the external environment as the factors beyond the control of the firm that influences its choice of direction and action, organizational structure and internal processes. A host of external factors influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes. These factors which constitute the external environment can be divided into three interrelated subcategories; factors in the remote environment, factors in the industry environment and factors in the operating environment.

The remote environment comprises factors that originate beyond, and usually irrespective of, any single firm's operating situation: economic, social, political, technological and ecological factors. (Pearce& Robinson, 2008).The environment presents firms with opportunities, threats and constraints but rarely does a single firm exert any meaningful reciprocal influence.

The business environment is rapidly changing, making it imperative for organizations to continually adapt their activities to changes in the environment in order to succeed. To survive in a dynamic environment their strategies need to focus on their customers and deal with emerging environmental challenges (Hofer & Schendel, 1977). An insightful diagnosis of a company's external and internal environment is a prerequisite for managers to succeed in crafting a strategy that is an excellent fit with the company's situation, is capable of building competitive advantage, and holds good prospect for boosting company performance-the three criteria of a winning strategy (Thomson&Strickland, 2008).

Successful companies take an outside view of their business. They recognize that the marketing environment is constantly presenting new opportunities and threats and they understand the importance of continuously monitoring and adapting to that environment, continually reinventing their brands to keep up with the changing marketing environment (Kotler 2001).Many companies fail to see change as an opportunity, they resist change until its too late. Their strategies, structures, systems and organizational culture grow increasingly obsolete and dysfunctional.

Thomson and Strickland (2008) assert that, as companies scan the external environment, they must be alert for potentially important out-ring developments, assess their impact and influence and adapt the company's direction and strategy as needed. The task of crafting a strategy should always begin with an appraisal of the company's external and internal situation(as a basis for developing strategic vision of where the company needs to head),then move toward an evaluation of the most promising alternative strategies and business models and culminate in choosing a specific strategy.

The environment is dynamic and keeps on changing. While organizations may be able to control factors in the immediate environment, they may not be able to control factors in the remote environment as these are beyond their control. Modern executives device ways and respond to the challenges posed by the firm's immediate and remote environment (Pearce &Robinson, 2003).These challenges must be anticipated, monitored, assessed and incorporated into the executives decision making process.

Johnson and Scholes (2002) note in an ever-changing global economy, organizations must find ways of operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Competition becomes more severe and markets oversupplied, organizations must find products and services that are differentiated not only by purpose and form but also by the added value which attaches to them. This means identifying potential customer expectations and then exceeding them. Organizations must constantly increase customer's perceived value for money.

Environmental forces which are especially important for one organization may not be the same for another and over time their importance may change. It is useful to consider what environmental influences have been particularly important in the past, and the extent to which there are changes occurring which may make any of these more or less significant in the future for the organization and Its competitors.

2.4 Strategic Responses

Organizational response strategies are deliberate efforts to develop plans for organization based on changed environmental conditions with a view to attain set goals. An organization can make strategic or operational responses based on the changed environmental factors facing it. Johnson and Scholes (2000) identify three levels of strategic decision making in organizations namely; corporate, business and operational.

Corporate level strategy is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to the different parts of the enterprise. Burns , (2000)notes that at corporate strategy level,

19

an organization can pursue several strategies ;Stability, growth, retrenchment, harvesting and combination strategies.

Business level strategy is about how to compete successfully in a particular market through each strategic business unit (SBU). According to (Burns, 2000) three strategies that an organization can pursue at business level are; cost leadership, differentiation and focus strategy. Operational strategies are concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate and business level strategic direction.

Pearce Robinson (1991) define strategic responses as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve firm's objectives while (Schendel &Hofer,1977)refer to long term responses made to suit the firm as strategic needs. Strategic responses are long term plans in nature whose results will be realized and assessed in the long run.

A strategic response considers what it needs in future to achieve the organization's desired aims and establishes an approach to change considering the key players, barriers and enablers of change. It focuses on the effectiveness of the entire organization and requires more resources to implement. Regardless of the industry, organizations operate in a dynamic and turbulent environment hence unpredictable and these external changes have to be assessed continuously so as to keep abreast of the variables underpinning current and future business operations. The changes could be smooth or bumpy incremental, erratic, or discontinuous. Planning ahead enhances the chances of success.

Strategic responses often involve a change in the competitive position a firm occupies in the competitive industry (Porter ,1998)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will discuss the research methodology that was used to carry out this study. This chapter will also discuss the research design, the method of data collection, data analysis and data presentation methods that were employed in the study.

3.2 Research Design

This study was undertaken in the form of a case study. A case study is an empirical inquiry that investigates a contemporary phenomenon. It is the preferred strategy when the how or why questions are being posed. According to Yin(1988),research design refers to the way the study is planned and conducted, the procedures and techniques employed to answer the research problem or question. It is not only the blue print of the research but also shows whom to study, what to observe, when to observe and how to collect data.

According to Cooper and Schindler (2005), case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. As research endeavor the case study contributes uniquely to our knowledge of individual, organizational, social and political phenomena (Yin, 1988).

3.3 Data Collection

This study relied on primary and secondary data .Primary data is information gathered directly from respondents which is qualitative in nature .This is through questionnaires, interviews, focus groups, discussions, observation and experimental studies .Secondary

data is collected from the existing sources. Primary data was collected from KTN's top management through an in-depth open ended interview guide. Secondary data was also obtained from KTN's management reports, Steadman survey reports and the Standard group's website.

The purpose of data collection is to obtain information to keep on record, to make decisions about important issues, to pass information on to others. An interview is an oral administration of a questionnaire or an interview schedule. An in-depth interview allowed for probing into deeper information that helped in meeting specific the objective of this study.

3.4 Data Analysis

Data collected was analyzed using content analysis. According to Kothari (1990),content analysis consists of analyzing the contents of documentary materials such as books, magazines, newspapers and the contents of all other verbal materials which can be either be spoken or prints. It is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends.

It is the process of inspecting, cleaning, transforming and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. The purpose of data analysis is to obtain meaning from the data collected (Churchil&Lacobucci, 2005). Content analysis involves explanation of status of some phenomena or contents of documentary materials or contents of verbal material that can be spoken or printed (Kothari, 1990).The technique enables inferences to be made

through systematic and objective identification of specific messages and then relating the trends. This type of analysis had been used in similar studies in the past by Mudanya (2007), Isaboke (2001) and Kinuu (2007) among others.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine the strategic responses by KTN to changes in its external environment. This chapter presents the findings and analysis with regard to the objective and discussion of the same.

4.2 KTN'S VIEWERSHIP IN THE MARKET

This first part of the interview guide sought to establish KTN's position currently in the market. The researcher found out that KTN was a strong brand but was facing stiff competition from other TV players. It was noted that viewership patterns in the country had changed from news driven to programs driven, and in particular local content giving KTN a run for its money. The researcher established that KTN was started in the 1990 as the first private owned news driven station to break KBC's state owned station monopoly and programming was not its core business. KTN became famous for activism journalism in the 1990s, developing a sophisticated, aggressive and unique style news coverage, and continued with the same hard line stance, issue-based reporting to date, branding itself as authoritative and independent news channel.

The findings showed that KTN was established as a news station just like other TV stations like NTV that were established after KTN. The establishment of Citizen TV brought into the market local content that captured the mass market that KTN and NTV stations had not captured and a need not met that has transformed viewership in the

country ever since. KTN's programming was foreign and played as support to it's news delivery core business.

The situation is such that, TV viewership in the country is controlled by three main audience segments, namely the Kenya Centric which comprise 27% of the total television audience which has a high affiliation for local content, the young and the restless which control 17% and the sophisticated achievers who comprise 17%. It was established that the sophisticated achievers have a strong affiliation towards KTN and are very loyal to it. Although this audience likes foreign programs, they do not mind local programs that are of high quality. They are self centered egoistic individuals, sophisticated in nature, are technological savvy and want to feel in power. They have a superiority complex and are not keen to conform to societal norms. They admire western culture and would readily adopt it 100%. Current television channels would find it hard to please this segment. They have a strong affiliation towards KTN. However they are ready to watch local content that is of superior quality similar to the acquired programs both in concept and production.

The KTN brand is strong and has leadership in acquired programs content offer (comedy, drama, series, reality shows, cartoons, documentaries), news content and presentation but was weak in local content offer .KTN is responding to the changed viewership patterns by introducing new local programs that are of high quality. KTN's management acknowledges that it took long to respond to changing viewership patterns in the country giving room for competition to capitalize on local programming at the station's expense.

4.3 Environmental Challenges

This part of the interview guide was intended to establish the current business environment that KTN was operating in and to determine the challenges that resulted from the same operating environment. All the respondents appreciated the fact that the organization's operating business environment had experienced great changes in the last ten years.

4.3.1 Change in Consumer Tastes

The findings have established that the Kenyan viewers have become very discerning and versatile changing the viewership patterns in the country. While TV in Kenya was news driven in the past, viewers want more variety and especially local programming content. KTN's core business was news delivery and programming played as a supporting tool. With this need for local programming, KTN is responding to the challenge by developing new quality programs and segmenting its viewers into male, female, the youth and kids programs. The cost for producing high quality local content is however higher than acquiring the foreign programs and this becomes a challenge for the station in regard to its return on investment.

While KTN's target market is the educated and sophisticated that was in the past inclined to foreign programs, it was noted that the same market wants to watch local programs creating a challenge for KTN in striking a balance between local and foreign.KTN has engaged its production department into producing local content but of high quality to meet the need.

4.3.2 Technology

The findings established that KTN is the market leader in terms of technology advancement, giving it an edge over its competitors. It has a virtual studio system and portable studio systems which are the latest technologies in the industry. Technological advances create new products, production techniques and way of managing and communicating. Firms cannot succeed without incorporating into its strategy the astonishing technology that exist and continue to evolve .The new optic fibre technology into the country has contributed into the new technology adoption at lower costs. While increasing the internet service band width which plays into high internet speeds was an affordable, the optic fibre cable has played largely into the cost reduction in acquiring new technology enabling KTN to increase its band width.

Growing technology has seen KTN's news gathering process change from manual to computer based. News is being delivered in soft from old tedious and traditional hard material. To stay ahead of competition, KTN has taken lead in adopting new technology. Currently news reporters can send news from location thanks to laptops, modems, smart phones and the 3G mobile technology that allow the sending of video clips from location. Work flows have greatly improved such as video editing through the use of IT innovations.

The streaming infrastructure is one of the latest adoptions by KTN tested for the first time during the Hague confirmation hearings that began late August this year. This infrastructure enables the delivery of video clips in from a remote location to studio through the internet. The technology has seen its success from the increased internet

service band width speed. KTN has one of the latest studios currently in the market. Studio enhancement into virtual studios has brought about more flexibility of sets, more features, graphics. The current studio can do more than achieve much more than before with less effort required. The management acknowledged that though they had been ahead of competition in regard to technology, they still needed to do more to achieve a tapeless workflow system.

To avoid obsolescence and promote innovation, a firm must be aware of technological changes that might influence its industry. All firms must strive for an understanding both of the existing technological advances and the probable future advances that affect their products and services. The country is expected to go fully digital by year 2015 and KTN is all systems go, ready and prepared with all it's equipment compliant to the new technology. The new technology is expected to transform TV viewing in Kenya as this technology enables the TV to be computer compliant(It gives the TV intelligence like a computer).This means that the TV will be able to understand the computer language. The new technology also calls for high innovation and creativity in terms of content in order to meet the demand for more content. The KTN has however had a share of technology challenges like any other firm in Kenya and in the world. The liberalization of the airwaves in the early 1990s created opportunities for a more diverse media playing field, with KTN being the first private owned TV station to break KBC's monopoly had it's transmission equipment based in Ngong.

While all other stations were transmitting from Limuru, KTN was the only station transmitting from Ngong. This was a big challenge for KTN as viewers to receive KTN signal had to have an extra aerial facing Ngong.KTN faced thorough reception challenge

with many viewers choosing to tune their aerials towards Limuru instead of Ngong. It was made clear that TV viewership is greatly dependent on transmission for it determines reception. With this challenge KTN has had to relocate its transmission equipment from Ngong to Limuru putting KTN on the same playing level with other competitors as viewers can now watch KTN with the same aerial as for competitors.

4.3.3 Competition

The liberalization of the media industry in the industry saw an increase in the number of players in the broadcast media industry in Kenya.It led to the emergence of private broadcasters, pay TV and community broadcasters.KTN has witnessed the entrance of new competitors into the market segmenting the TV industry further and giving KTN a run for its money as this has taken up part of KTN's viewers. The same has resulted into more choice for viewers in terms of content which has seen the adoption of local programming by KTN and other TV stations.

KTN is a strong brand and has maintained a culture of thorough training and professionalism for its staff .In the process, competition has targeted KTN's employees especially its anchors who were brand ambassadors for KTN by offering them very lucrative remunerations. The latest to enter into the market is CCTV expected to start transmission next resulting to KTN's loss of its staff. This has been a big challenge as these anchors have helped in endorsing competition and creating confidence among viewers. With the increased competition KTN has resulted into hiring and training new anchors which have been a very costly undertaking for the station. The station has had to

change its remuneration scheme for staff and in some cases been unable to beat competition opting to lose the staff to competition.

Piracy in the country is on the rise and this has been a big challenge for KTN .Influx of foreign programs into the market through illegal pirating has given the majority of Kenyans the opportunity to watch programs locally availed in dvds at costs that as low as ksh.50 .This has rendered KTN's foreign programming almost irrelevant with many viewers having access to the same programs from the local market way before they are aired on the station.

The researcher established that the entrance of pay TV channels in the country has also greatly impacted on its business. The station targets the up market client targeted by pay TV channels and has lost its viewers to these channels which have the resources to acquire the best international programs and air them before KTN can air them. These programs become less attractive to viewers and this has been a big challenge to KTN.

The researcher established that KTN was not only competing with other TV stations but was also in competition with other mediums such as print, Radio and below the line advertising such as billboards. In response to competition, the Standard Group which owns KTN has adopted diversification by bringing on board Radio maisha and below the line advertising in the form of bill boards. This was a strategy to have a bigger share of the total spend from advertisers whose spend is a split of the four main mediums

4.3.4 political/Legal

KTN has had it's share of political/legal challenges that have affected its operations greatly. The government has put in place very strict controls through CCK which controls

transmission of airwaves. KTN has been denied licensing in some parts of the country like North Eastern and also the frequency for extending its signal to other parts of the country. These same controls however seem to favor some competitor stations who have the operating license to those parts. It was noted that the government in power greatly affects how media in Kenya operates and that we have not yet as a country achieved full press freedom one free and independent from the government of the day.

The different media houses in the country are perceived to be associated with certain political parties in the country. There is a perception among the public that KTN supports ODM but the researcher established that KTN's editorial content is just free and fair and independent and concerned in putting the interests of the public first. This perception has affected KTN's viewership in some parts of the country such as the central which is PNU's stronghold.

4.3.5 Economic Factors

The findings show that the cost of operating a TV station is very high compared to other mediums such as print and radio. The high cost of acquiring foreign programs has been a challenge with local pirated DVDs being sold locally for as low as ksh.50.It was noted that the weakening Kenyan shilling is straining operations with high costs of doing business being experienced. Sending news crew out for news gathering has become very expensive, the latest big expense incurred during the hague live confirmation hearings with the station having sent its crew for almost two months.

A good number of KTN's target market have surplus income and can afford pay TV which is believed to offer more channels and variety. By the time KTN is airing some

programs, its viewers have already watched them on these channels. Acquiring high quality programs for the station is paramount for its target market which can only appreciate high quality. This is proving difficult for the station to have the programs on time due to the weakening Kenya shilling. The production of local quality programs is also very expensive and this has an effect on KTN's return on investment.

4.4 Strategic responses by KTN to its External environment

This section of the interview guide sought to establish the strategic responses by KTN to the changes it faced in its environment. KTN is operating in a very dynamic environment and this study established that it had made deliberate efforts to respond to the ever changing broadcast industry. From the findings, it was established that KTN had made certain strategic responses. They stated that they had strategic plans in place covering 3-5 years. One major observation of the strategic plan is expansion and improvement of infrastructure.

Organizational response strategies are deliberate efforts to develop plans for an organization based on changed environmental conditions with a view to attain set goals. An organization can make strategic or operational responses based on the changed environmental factors facing it. Strategic responses are long term plans in nature whose results will be realized and assessed in the long run. There are three levels of strategic decision making in organizations, corporate, business and operational.

4.4.1 Corporate Strategic Responses by KTN

Corporate strategic responses entail addressing issues concerning organization's structure, social responsibility, corporate image, working processes, cultural practices. KTN is part of the Standard group which publishes the Standard newspaper. The

Standard group was employing diversification strategy as a growth strategy focusing on having a bigger share of the advertisers' spend in the industry .The group had incorporated into its business Radio and bill boards. It had also launched a county newspaper targeting the new counties and had introduced new magazines .This strategy is to see the organization's profitability increase. With the industry expected to grow with the new digital technology, the organization is expected to operate another TV station and more radio stations.

4.4.2 Business Strategic responses by KTN

In response to changing business environment, KTN was responding at a business level to gain an edge over competitors. These are strategies designed for individual strategic business units (SBU's) in the organization and they are supposed to support the realization of the corporate strategy. The responses are concerned with competing successfully in particular markets and achieving superior financial performance by seeking competitive positioning that allows the business to have sustainable advantage over firm's competitor's.

KTN was employing the cost leadership strategy in staying ahead of competition. The diminishing value of the Kenyan shilling is a key threat to all investors return on investment. KTN is aware of this and has put in place measures to ensure that it is producing at the lowest cost possible without compromising its quality. This strategy calls for the firm to seek to achieve the position of being the lowest producer in an industry while highest quality benchmark for the customer.

KTN's production cost is highest in the industry as its emphasis is on high quality. With the shifting demand for local content, KTN has since experienced an increase in its cost of production since getting high quality local content is expensive compared to the already produced foreign programs. It is currently outsourcing its local productions as

34

this is a cheaper option compared to in house production. It is also partnering with key sponsors in meeting the production costs.

KTN is embracing differentiation strategy to gain a competitive edge over other players in the industry by offering quality to its viewers. Differentiation calls for development of products and services with unique attributes e.g. special brand image, technological features, customer services superior quality that customers value most and perceive to much better than competitors. KTN has positioned itself as an independent, authoritative channel. Its news delivery and presentation is engaging and flexible.

KTN has been proactive and has stayed ahead of competition in terms of technology advancement. The station's equipment is digital compliant ready for next year. The new digital virtual studio can generate superior quality graphics giving the station a sophisticated look and feel. It also allows versatility in terms of presentation of programmes and allows for change of programme backgrounds easily, quickly and in a cost-effective manner. The station is working towards a tapeless work flow. The industry will move fully digital with tapeless workflow systems which are largely automated with limited human interventions in the production process.KTN is looking for technology that is modular, scalable and with a longer life span to guarantee return on investment.

TV viewership has moved from news driven to programming driven with a big number of viewers having a very affiliation towards local content.KTN has since responded by engaging its production department and in outsourcing of high quality local programs and have been received positively with KTN's viewership numbers going up. The station has also embraced creativity and innovation in differentiating its way of presentation from competition. The station has also employed professionalism in its news presentation and always telling the story as it is.

KTN is also employing the focus strategy as its main target is the up market viewers who comprise 17% of the total TV audience. Firms pursue this strategy by concentrating on narrow segments (products, customers and regions) that are ignored by other firms in the market through cost leadership or differentiation approaches. Being niche markets, volume tends to be low and the strategy is most preferred by small firms that do not have the requisite capabilities to venture into segments that already crowded by other firms, usually big.

The sophisticated achievers have a strong affiliation towards KTN and are very loyal to it. Although this audience likes foreign programs, they do not mind local programs that are of high quality. They are self centered egoistic individuals, sophisticated in nature, are technological savvy and want to feel in power. They have a superiority complex and are not keen to conform to societal norms. They admire western culture and would readily adopt it 100%.Other stations find it hard to target this group.

4.5 Discussion of results

The guiding theory of this study was organizations and the external environment. Numerous theories exist in this field and a number of empirical studies have been carried out in Kenya on the same field of study. The researcher's findings should establish whether this study agreed or disagreed with the existing theories and previous empirical studies.

4.5.1 Existing Theories

Ansoff and McDonell (1990) assert that organizations are environment serving. They interact with the environment in such a way that they get inputs from the environment, process them and give back to the environment in the form of goods and services. Organizations need the environment while the same environment needs organizations, none can exist without the other.

Pearce and Robinson (2008) define the external environment as the factors beyond the control of the firm that influences its choice of direction and action, organizational

structure and internal processes. A host of external factors influence a firm's choice of direction and action and ultimately, its organizational structure and internal processes.

Thomson&Strickland (2008) note that an insightful diagnosis of a company's external and internal environment is a prerequisite for managers to succeed in crafting a strategy that is an excellent fit with the company's situation, is capable of building competitive advantage, and holds good prospect for boosting company performance.

Johnson and Scholes (2002) note in an ever-changing global economy, organizations must find ways of operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Many companies fail to see change as an opportunity, they resist change until it's too late. Their strategies, structures, systems and organizational culture grow increasingly obsolete and dysfunctional (Kotler, 2003).

This study established that KTN was operating in a very dynamic media industry that had experienced tremendous changes over the last ten years and that more changes were expected with the country expected to go fully digital next year. Like any other organization, KTN has had to change its strategy continuously to adapt to the ever changing media industry. Key among the many challenges were noted as changed consumer tastes, economic strain with increased cost of living and a depreciating Kenya shilling, government policy and technology advancement.

 KTN's management confirmed that KTN was strategically responding to these challenges and confirmed to have a 3-5 year plan that would see the organization improve and expand its infrastructure. KTN's infrastructure was the latest in the media with all its equipment compliant to 2012 digital technology. KTN had also relocated its transmission

equipment to Limuru and started the production of high quality programs that would see KTN's viewership improve, KTN also admitted that its slow response to changed consumer tastes to local content resulted to its viewership decline and was currently investing on local quality content to exceed the rising viewers' need for local content.

The researcher's findings therefore agree with existing theories that organizations are environment dependent. Organizations operate in a dynamic environment and as the environment changes, organizations have to change their strategies to adapt to those changes in order for them to remain competitive and survive in the long run.

4.5.2 Previous Empirical Studies

According to the previous studies carried out in relation to strategic responses by organizations in Kenya to changing environmental conditions and their impact on these organizations, Mudanya (2007), Isaboke (2001) and Kinuu (2007) noted that many Kenyan organizations had responded to changing environmental conditions.

This study was particular to the Kenya television network one of the leading TV stations in Kenya and the first private owned TV station in Kenya to bit KBC's monopoly. From the study's findings, the researcher established that KTN was operating in a dynamic media industry and was continuously responding to changing environmental conditions.

Regardless of the industry, organizations operate in a dynamic and turbulent environment hence unpredictable and these external changes have to be assessed continuously so as to keep abreast of the variables underpinning current and future business operations. The changes could be smooth or bumpy incremental, erratic, or discontinuous. Planning ahead enhances the chances of success.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides summary, conclusions and recommendations and suggestions for further research from findings of the study. Study limitations are also discussed in this chapter. The researcher's objective was to establish the strategic responses by KTN to changes in its external environment.

5.2 Summary of the Findings

The success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. The summary and conclusions in this section are guided by the objective of the study which was to determine the strategic responses by the Kenya Television Network to changes in its external environment. The external environment is beyond the control of the firm and influences its choice of direction and action, organizational structure and internal processes. A host of external factors affecting KTN include; competition, technology, political, economic and social .These factors have influenced KTN's choice of direction and action and ultimately, its organizational structure and internal processes. The research established that KTN had responded strategically at corporate, business and operational levels of the organization. The station was on a 3-5 year plan to improve its infrastructure and to be fully compliant to digital operations.

5.3 Conclusion

This study's main objective was to document the strategic responses by KTN to changes in its external environment. Many companies fail to see change as an opportunity. They resist change until it's too late. Their strategies, structures, systems and organizational culture grow increasingly obsolete and dysfunctional. KTN's management acknowledged that their slow response to changing viewership patterns from news driven to local programs driven led to declined viewership numbers with viewers switching to competition whose programming is highly local.

Changing consumer needs affecting viewership patterns and changing technology are the key drivers of change at KTN and it has deliberately responded strategically as well as operationally as discussed in the previous chapter. Strategic responses being long term and embrace the whole organization and operational responses being departmental oriented activities. The two categories of responses are interrelated and must work in harmony to deliver effective results.

With the transition from analog to digital TV, more changes are expected in the industry. Only those players that will set ready to embrace the new technology will survive in the competitive environment. Social networks are also key to watch for any serious players who intend to be in the competitive business in the future.

5.4 Recommendations

It's important to note that, as competition becomes more severe and markets oversupplied, organizations must find products and services that are differentiated not

only by purpose and form but also by the added value which attaches to them. This for KTN means identifying potential customer expectations and then exceeding them. From the research findings, it is clear that there is a need for local content. KTN will have to focus more on development of programs which are unique and completely differentiated from what competitors are offering. It will also need to work on its brand loyalty strategies such as switching costs since differentiation alone can easily be duplicated by competition.

Technology change in the country is growing at a pace that desires a lot of attention for key players in the media industry. There is a growing shift from TV and other mediums to the internet enabled mediums such as mobile phones and computers and this is a great threat to TV viewing. Social networks such as face book, twitter are taking over TV viewership by the young generation as they tend to be more personalized. The transition from analog TV to digital is an opportunity for KTN to incorporate mobile TV and social networks such as face book and twitter into their systems for more interactions with the young viewers. The new technology brings into the market more competition and the need for stations to differentiate themselves further. Innovation, creativity and proactivity will be key for KTN to have an edge over competition.

5.5 Limitations of the Study

This study experienced challenges which were mainly time and availability related. Interviewing top the management team at KTN was a challenge due to their busy schedules. The whole process of data collection therefore took longer than it was expected to take.

This study adopted a case study approach whose predominant data collection method is personal interviews. In this way, the respondents had to spare time out of their busy schedules to participate in the study. Therefore the study was limited by time with respect to data capturing because the interviewees could spare very short time which prove inadequate for further probing.

5.6 Suggestions for further Research

With regard to further research, it will be advisable for one to do a similar study after few years to establish the impact of the strategic initiatives being undertaken now. It is also suggested that a study be carried out to determine the strategic responses by other TV stations in Kenya towards changes in the environment. This will provide further insight on the nature of developments taking place in the industry and what kind of responses could be prominent.

The transition from analog to digital TV is the next big change expected in the media industry come next year. With competition expected to stiffen further, the researcher also recommends a study to be carried out on the competitive strategies adopted by TV stations in Kenya in response to the digital TV.

REFERENCES

Andrews, K. (1971). *The concept of corporate strategy*. Bombay: Taraporcrala.

Andrew, J.(2009). *Essentials of management*. Canada: South-West Cengage.

Ansoff, I., & McDonnel,E.(1990*). Implanting strategic management*. New Delhi:

   Prentice Hall.

Aosa,E.(1992). *An empirical investigation of aspects of strategy formulation and*

   implementation within large, private manufacturing companies in Kenya

   (Unpublished phd thesis). University of Strathclyde, Glasgow Scotland.

Barbara,S.&Joycelyne,F.(2006). *Organizational change*. UK: Prentice Hall.

Barnard,C.(1938). *The functions of the executives*.Harvard University Press: Cambridge.

Burns,B.(2000). *Managing change: A strategic approach to organizational dynamics*.

   New York:Harper Collins publishers.

Chandler, A.(1962). *Strategy and structure*. Cambridge Massachusetts: MIT.

Copper,D.&Schindler,P.(2000). *Business research methods*. BurrRidge, IL: Irwin.

Gerald, C.(2004). *Management theory and practice*. UK:TJ International.

David, F.(1980). *Strategic management*. New Jersey: Prentice-Hall.

Hambrick,D.C (1982), Environmental scanning and organizational strategy, *Strategic*

   *Management Journal,3,*159-74.

http://www.standardmedia.co.ke

Hofer,W., & Schendel,D.(1977). *Strategic formulation: Analytical concepts*. London:

   S t.Paul West Publishing.

Isaboke,M.S.(2001). *An investigation of the strategic responses by major oil companies*

   *in Kenya to the threats of new entrant*s (Unpublished MBA research project). School

   of Business University of Nairobi,Kenya.

 Jeremiah,O.(2007). *Differentiation strategies adopted by manufacturers of fast moving*

   consumer goods in Nairobi(Unpublished MBA research project). School of Business

   University of Nairobi,Kenya.

Johnson, G.,& Scholes ,K.(2002).*Exploring corporate strategy*. New Delhi: Prentice-Hall

   of India.

Kothari,C.R.(1990). Research methodology:Methods and techniques.New

   Delhi:Vishwaprashan.

Kotler, P.(2001). *Marketing management*. New Delhi:Prentice-Hall of India.

Kinuu, D.(2007). *Management of strategic change at Tamoil Kenya(* Unpublished MBA

   research project). School of Business University of Nairobi,Kenya.

KTN Management Report(2004).Nairobi: Standard Group.

Laws of Kenya (1990)."The Broadcasting Corporation Act,CAP 221."Revised

edition.Nairobi: Government press.

Mintzberg,H.(1979). *The structuring of organizations.* London:Prentice Hall.

Mintzberg,H.(1987). *The structuring of organizations.* London:Prentice Hall.

Mudanya,S.M.(2007). *Response strategies to environmental challenges by firms in the*

cement industry in Kenya (Unpublished MBA research project).University of

Nairobi,Kenya.

Njoroge ,P.(2003). *Diversification strategy: Nation Media Group*(Unpublished MBA

research project).University of Nairobi, Kenya.

Pearce,A., &Robinson,B.(1997). *Strategic management: Formulation, implementation*

and control. London:McGraw-Hill.

Pearce,A., &Robinson,B.(1998). *Strategic management: Formulation, implementation*

and control. London:McGraw-Hill.

Pearce,A.,&Robinson,B.(2008). *Strategic management: Formulation, implementation*

and control. London:McGraw-Hill.

Porter, M.E.,(1980). *Competitive advantage: Creating and sustaining superior*

performance. New York: The Free Press Ltd.

Robert,K.Yin(1988). *Case study research: Design and methods.* New Delhi:

Sage publications.

Rose,O.(2007).*Change management practices adopted by Kenya Revenue Authority in its*

    Reform and modernatization programme (Unpublished MBA research project).

    University of Nairobi, Kenya.

Shin, B.P.(1977)."Organizational change and its external environment in relation to

    selected levels" *Management International Review,*Vol.17,No.3,pp.45-50.

Steadman report survey. Nairobi: The Steadman Group.

Thomson, A.A., &Strickland, A.J.(2003). *Strategic management-Concepts and cases.*

    New York: Tata McGraw-Hill International.

Thomson, A.A., & Strickland, A.J., &Gamble, J.E. (2008). *Grafting and executing*

    strategy. Boston: McGraw-Hill International.

APPENDICES

Appendix 1:Introduction Letter

Sep 2011

Dear Sir/ Madam,

RE: MBA RESEARCH PROJECT

I am a Postgraduate student at the School of Business, University of Nairobi pursuing Master of Business Administration (MBA) degree program.

Pursuant to the pre-requisite course work, I would like to conduct a research project to determine the strategic responses by KTN in response to changing external environment. The focus of my research will be KTN and this will involve interview with members of the senior management team.

In order to undertake the research, you have been selected as one of the respondents. This letter is therefore to request your assistance in collecting information to enable me carry out the research. The information you provide is purely for academic purposes and will be treated with strict confidentiality.

A copy of the final report will be available to you upon request. Your assistance and co-operation will be highly appreciated.

Yours Sincerely,

Sharon Wandii.

MBA Student

Prof. Evans Aosa

Department of Business Administration

School of Business

University of Nairobi.

Appendix 11: Interview Guide-Top Management

A: Introduction

The Kenya Television network was the first private owned TV station in Africa, breaking the state owned KBC's monopoly in Kenya.KTN caused a shift in the role of electronic media becoming a very popular station and the leading TV station in the country. The environment has changed since then, and this interview intends to document the strategic responses by KTN towards these changes.

PART B:

I.   Name of the respondent(optional)

II.   Title(designation)of the respondent

III. Male or Female

IV.   Length of Survive in the organization

PART C: Challenges and Responses

1) Is KTN the leading TV station in Kenya? If not why?

....
....

2) What challenges is KTN facing in the environment.

....
....

3) How is KTN responding to these challenges?

....
....

Thank you Very Much.