AN INVESTIGATION INTO THE NATURE OF AND FACTORS INFLUENCING COLLABORATIVE ARRANGEMENTS IN KENYA'S MEDIA INDUSTRY

BY

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DECLARATION

This management project is my original work and has not been submitted for a degree in any other University.

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DEDICATIONS

This project is dedicated to my wife Maua, lovely daughters Chebet, Chumba and my brothers and sisters who have been very supportive and understanding throughout the often difficult times encountered of trying to balance the often hostile office environment and the quality requirements of the programme.

This work is also dedicated to my parents Mr. Noah Chepkairor, my mums Elizabeth and Peris for their blessings.

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ABSTRACT

In the face of globalisation and liberalisation it is entirely plausible that collaborative arrangements have come to be strategic or useful to the companies involved in the collaboration. There exists a real danger for local companies of being of short-changed in the globalisation equation. Most companies in developing countries are currently facing a crisis due to extreme lack of resources. As a result of this state, during negotiation with a partner with more resources and one that can give today's solutions, they often sacrifice the future prospects or birthrights over today's benefits thus committing a cardinal sin of negotiating when tired and hungry. They will not care much for the future or the details since as the argument goes, what is the use of tomorrow when life itself is at risk or cannot be guaranteed? And yet no meaningful progress can be achieved without investment. On what basis is the existing collaborative arrangements predicated upon? Are they on economic expediency or a long focused integrated strategy for use of today's products for tomorrow's harvest through building of a critical mass to carry the organisations into the coming millennium?

This study examines the nature of collaborative arrangements in the context of Kenya's media industry. It also seeks to identify those factors that drive their formation. The findings indicate that nature of collaborative arrangements in the industry, take several forms ranging from loose arrangements to strategic alliances. The extent of involvement as

indicated by the findings is low. However, there is a discernible trend towards enhancing the degree and quality of involvement. It is possible that in years to come, these forms would have matured progressively to be of more strategic use than they are presently.
It was evident from the study that several factors are also at play in influencing their formations. While access to markets and the need to overcome legal and political impediments were crucial for a foreign partner, resource limitations in the form of technology and capital, tended to take a more central role for a local partner in the collaborative arrangement.

The study makes several recommendations on how collaboration can be made more beneficial to the parties concerned. The need to harmonise the objectives is important for staying on course the arrangements. Communication meshes the collaborative arrangements, thus enhancing its strategic value. Finally the study makes suggestions for further research. In light of the fact that, Kenya is emerging from a highly regulated economy to one that is gradually being liberalised, coupled with increased global interaction, the need for collaboration has never been more intense.

CHAPTER I

INTRODUCTION

1.1 Background

Over the years there has been significant developments the world over. The Second World War of 1945 saw the defeat of the Germans and the emergence of two world powers resulting in the polarization of the world into two political and economic blocks. The Eastern Block practicing communism, was championed by the soviet union while the western block which comprised of western countries and the United States of America (USA), advocated for capitalism. African countries which gained independence in early 1960,s were caught in these two often conflicting systems. Each block in an attempt to secure better strategic military and economic vantage positions encouraged creation of various bilateral agreements with new African countries.

The successful military alliances among the tripartite countries of USA, Britain and France, may have given an impetus to consider the extension of these alliances in the economic front. According to World Bank report (1997), the Marshal plan of 1952, was set up primarily to reconstruct the destroyed economies of Japan and Germany. Realizing that there were obvious benefits of collaboration many companies in USA entered into strategic arrangements with Japanese as well as European companies (Rugman and Hudgetts, 1995).

Buoyed by the encouragement of their governments, and the need to secure greater market access for their products, companies extended this strategy into emerging new markets in Africa. As a result, various cooperative arrangements mainly guaranteed by these countries were entered into.

The collapse of communism in 1989, and the emergence of one superpower, the United States of America may have caused re-alignments of various world systems, thus affecting to varying degrees the kind of relationships countries have with one another. More importantly, these re-alignments may have affected the level of interaction and engagement by individual companies with other organizations internationally. The collective impact of these developments, coupled with technological advancement, globalization, and increased economic uncertainties, brought about by many changes in the environment, may be forcing companies to consider various strategies of survival and development.

Keegan (1995), noted that collaboration being one of these strategies, was a possible solution to problems faced by organizations the world over. Collaboration has been in existence even before it gained '*strategic value*', and popularized by many writers and practitioners since the end of the Second World War of 1945 (Kenichi, 1990). While it is true, that collaborative arrangement is not a new phenomenon, its value seems to have increased, as evidenced by the formations of regional economic blocks and the recent revival of the East African Community.

In Kenya the stage is set for collaboration as the safety net for most companies has been effectively removed through liberalisation of all the sectors of the economy. Companies have had to compete in a different environment altogether. Most of them perhaps not expecting or knowing when liberalisation would be effected had not sheltered their operations from its full effects and to successfully expand their markets.

Still there seems to be many opportunities beyond their reach un-exploited. Foreign companies eager to capitalise on this, rushed to have partnership arrangements with local companies to full fill the criteria of 40% maximum rule for foreign owned companies (CAP 411 Laws of Kenya). The challenge of getting a local partner who can meet the steep capital requirement is no mean task.

The media in this country perhaps due to the extent to which politics is involved is an interesting case to study. The reasons for alliance are not purely economic but include shelter from political influences. Firstly, that the rule bars more than 40% foreign holding may serve as a reason to collaborate to meet the requirements of the law or to disguise their ultimate intentions. Collaboration should be considered in the present context of economic and political liberalisation. It may be that as companies come of age we will witness other more balanced and purposed arrangements with clearly defined strategies.

There appears to have been lack of widespread adoption of collaborative arrangements by Kenyan business prior to the liberalisation period that started after 1990. This may be attributed in part to unwillingness to *partner* owing to differences in approach, greater desire for independence, lack of trust, perception that it was largely foreign instigated strategy and past failure to provide solutions to problems faced. Indeed, collaboration coming soon after independence may have met with mistrust but increased interaction of world economies is putting back into the agenda the need for closer collaboration.

However, perhaps due to limited opportunities, pressure from external potential partners Kenyan businesses are positively warming up to the prospect of collaboration. Due to low period of involvement the road to successful integration of businesses through collaboration is bound to be difficult and uncertain, presenting even more challenges.

The way collaborations have been established is raising more questions than answers on the perceived benefits of collaboration While companies enter into alliances, the perceived benefit may not always be realised forcing companies to examine whether collaboration has any place in company's performance. Kenya Airways has undertaken collaboration with KLM and going by the performance seems to be doing fine enabling it to be a world class airline (The Standard, July 1999). The success story of Kenya Airways is prompting an active search for collaboration as evidenced by some arrangements in the media industry.

The issues of control, independence and sharing of power are likely to present significant challenges unless the collaboration yields payoffs sooner rather than later (Weston, 1998). This has profound implication on the way businesses will be configured. It is equally possible that these arrangements are made at the prompting of an outside partner rather than internally led. This has implications on the kind of negotiating framework and more importantly on the form it will evolve towards (Wolfgang, 1982).

1.2 Operational Definitions

Collaborative arrangements as defined by Pitts (1996), are all forms of agreements where firms jointly for strategic reason come together. They encapsulate all that we think of in co-operation, which may be between competitors or largely among various stakeholders such as government and principal industry players. This term embraces joint ventures, consortiums, and licensing, franchising and strategic alliances to other loose forms of arrangements. The particular form is governed by the extent of involvement in terms of resources, management, contractual obligations and the scope in terms of range of activities and going beyond the company itself to include some form of vertical and horizontal integration. These forms may have a short term, long term or even undefined duration.

This definition attempts to rationalise the meaning by which collaboration exists and encompasses all strategic business arrangements. Each of these specific forms are defined below:

Licensing arrangements allow a firm to enter a market in exchange for a fee or royalty. It represents the least sophisticated form of collaborative arrangements (Wolfgang, 1982).

Geringer and Louis (1989), defined **joint venture** as a legal entity owned by two or more legal organisations that share in the joint venture decision. Although a separate entity from those of the owners, linkages evidenced in the form of management and shareholders agreement exist.

Consortiums represent complex and intricate linkages among group of companies. They include collaborations to share technology or collection of companies that involved in extensive equity cross-holdings aimed at building long- term focus or technological critical mass among all the members (Pitts, 1996).

Porter (1990) uses the term coalitions to refer to long term agreements that go beyond normal market transactions but fall short of mergers. He defines **strategic alliance** as a partnership between two or more firms, which involve the sharing of complementary resources for their mutual benefit. Similar views were also expressed by Moore (1997) when he describes strategic alliances as being broader and involve forms of collaboration over marketing, technology and production.

Loose arrangements

These are all those arrangements with no formal contractual commitment, formed for no specific purpose, have no fixed time frame, undefined, often started at the behest of good relationships enjoyed by individuals of the organisations (Hamel and Prahalad, 1989). They serve expedient economic and management deficiency of the managers. They can best be described as gentleman's understanding and have their basis predicated upon social responsibility and desire for good relationships. The strategic value lies in building a good basis for enhancing and moving the collaboration into a more serious formal stage. This kind of collaboration has its foundations on trust and goodwill. Its temporal nature may not be beneficial in the long run owing to instability and its prone to changing circumstances.

The **media industry** constitutes all the companies involved in the dissemination of news and information either in the print or the electronic media. Companies in the print include newspapers and other periodic publications such as the weeklies and magazines. The electronic sector encompasses companies involved in broadcasting of signals via Electro-magnetic waves over large territories. They are best represented by Television and Radio broadcasting.

The definitions above are presented and modelled along the views of renowned authors, scholars and practitioners of strategic management. They are neither universal nor exhaustive but largely provide a useful guide to the overall understanding of this study. This researcher intends to use these terms as defined above for operational requirements of this study only, however the reader is at liberty to infer greater meaning than may be conveyed by the term.

1.3 Media Industry in Kenya

The development of the media industry can be traced way back to 1920's when the European settlers arrived in Kenya. The settlers needed a medium of receiving and disseminating information about the colony. The electronic sector of the industry in particular can be traced to 1927, when an agreement between the colony's government and the British East Africa Company led to the establishment of regular radio service in 1928

Soon after independence a number of indigenous publication sprung up to serve the interests of the newly formed Kenya government. The government policies encouraged nationalisation of business. In July 1964, the then Voice of Kenya, now Kenya Broadcasting Corporation was nationalised. This probably marked the entry of government into the media industry. It is interesting to note that, the companies licensed to operate media companies either had a significant government shareholding or belonged to those closely allied her. The journalistic orientation bears testimony to this trend. Since 1964, there have been many changes taking place within the Kenya business environment and in the global business arena. Perhaps due to the involvement of the government through restrictive regulations, the media seems to have operated oblivious of these changes. This rigidity and lack of responsiveness may have accentuated the forces that would challenge the relevance of the media industry in satisfying the needs of the emerging sophisticated readers and viewers. Restrictive regulations stifled creativity, which largely resulted in stagnation of the media. Some of the policies adopted then did not give a free hand to the media. The style and content of journalism, or the programmes aired, evidence this state.

The inability of the media to respond to challenges posed by competition in the global and changed customer profile greatly accelerated the problems it was yet to encounter. Some of the problems relate to the potential of damaging credibility and exposure owing to high media visibility. The existing media, used to a protective environment, over time had not learned to operate independently or actively develop strategies to match the emergent needs of post liberalisation, namely, competing in a turbulent environment, against the worlds best and with limited resource capability.

The liberalisation undertaken since 1990 has witnessed licensing of various television and radio companies. *Kenya Television Network now (Baraza Ltd)* in 1990, followed closely Stellavision Ltd (*STV*). When transition was effectively undertaken, after 1995 there was a flood of new players waiting to enter the market. Since then over thirty (30) Television and Radio companies have been licensed, but only a few are operational and over a hundred applications await granting of licenses. It is difficult to imagine how all of them will survive in a small but highly competitive market such as Kenya is. Perhaps because it is so crucial to influence the world that there is such a fixation of entering the industry. Others may just want to tell their story and exit the scene. This is evidenced by a number of four paged publications referred to as the gutter press by the mainstream media who are very irregular in publication.

The proliferation of these publications is indicative of untapped market or existence of other non-commercial reasons. It may also suggest that players enter without first analysing the opportunities. The failure rate suggests that indeed this may be the cause. Many publications such as *The Weekly Review* and *Finance* have since folded. *Nairobi Times* was sold to Kenya African National Union (*KANU*) in 1982 and continued publication as *Kenya Times* This paper served the interests of the ruling party. The *Standard Newspapers* and the *Daily Nation* have continued with market oriented approach to suit the exigencies of the time in addition to maintaining a large degree of independence owing to objectivity and strong financial base.

As per the regulation of CAP 411 of the Laws of Kenya, the Ministry of Information and Broadcasting grants the broadcasting license in the case of electronic broadcast media. It then requests the Communication Commission of Kenya to allocate the relevant frequencies. Communications Commission of Kenya was recently established through an Act of parliament to oversee the licensing requirements of the communication industry. There is scepticism from various stakeholders regarding its ability to fairly discharge its responsibilities given that the government largely controls it. Being a stakeholder greatly prejudices it case of objectivity.

Liberalisation of the sector changed the *ball game* altogether. The freedom granted meant that each organisation going back to the drawing board to reformulate market oriented strategies. The reality was that none was equipped to exploit fully, the untapped market opportunities that existed, or even protect their turf against onslaughts by new competitors. This state created an impetus for collaboration. Those who undertook it appear not to have fully grasped what they were getting into. The unwilling partner cohabitation coupled with mistrust was later to present significant challenges to the collaborative arrangement struck. It is as if the floodgates were opened and each was undertaking a separate survival dash. To survive and retain market share meant picking partners almost at random without necessarily vetting how their objectives, perspectives, vision, and strategic orientation fit with the new situations.

A pattern that is emerging is cross media ownership. The Restrictive Trade Practices, Monopolies and Price Controls (Laws of Kenya, CAP 504), of 1996, considers monopolistic tendencies undesirable, since it makes it possible for a company to have exclusive control of information. Without a mechanism to check media excesses it would be dangerous and inconsistent to the new-found spirit of political pluralism and democracy. The pace and intensity of involvement of cross media ownership will probably increase in the coming millennium.

There are several collaborative arrangements ranging from sharing of relay facilities to equity participation. Globalisation is forcing home the issues of customer service and quality. The question that abounds is whether the media industry in this country possesses the capacity to meet the challenges posed by this phenomenon?

1.4 Statement of the Problem

The media industry in Kenya seems to be at cross roads. The liberalisation undertaken since 1990, and peaked in 1997, has brought in many changes rather impacting adversely on all sectors of Kenya's economy. The media industry has not been spared either. Deregulation facilitated entry of many competitors into the industry, intensifying competition. A glance of the type of programmes, the quality of journalistic content and their credibility all point to an industry beset with many challenges to redefine itself in the face of growing pressures of globalisation, liberalisation and democratisation, in order to remain relevant to an increasingly sophisticated viewers. Liberalisation has removed the safety net for most companies, (Koo, 1995), paving way for increased global competition.

Given the comparatively low state of development between Kenyan organisations and those found in developed countries, it is entirely plausible to premise that, foreign companies would have the upper hand in any negotiations on collaboration. Serious concerns could arise regarding how the negotiation framework for the collaboration would be undertaken to create a positive sum game for all the partners. Furthermore, due to the pace at which they are being formed, it is doubtful whether Kenyan organisations, have really benefited from collaborative arrangements thus casting doubt on the whole strategic rationale for collaboration. And yet, as Fisher (1996) noted, collaboration is the place to edge all your bets.

In Kenya, and the media industry specifically, there seems to be a significant movement towards the formation of collaborative arrangements for which little is known, about their form and state. Similarly, the forces that drive collaborative arrangements in the media industry, currently at the centre stage of major transformations may be rather unique. Freeing the airwaves is seen as a crucial part of the ongoing political democratisation process. Therefore, changes for example, such, as acquisition of a strategic partner tends to take a more sensitive dimension. Furthermore, due to large capital outlay required for start up operations especially for the electronic media, it appears that few companies may have capability to exploit market opportunities.

Given the scenario described above, there is a critical need to understand the nature these collaborations are taking, and the factors that are influencing their formations.

Firstly, this study seeks to answer the question; what is the nature the collaborative arrangements in the context of changed media industry in Kenya? And secondly, determine the forces influencing their formation

1.5 Objectives of the Study

The main objectives of this study are:

- To document the nature of collaborative arrangements by companies in Kenya's media industry.
- To determine the factors that influence collaborative arrangements in Kenya's media industry.

1.6 Significance of the Study

This study is expected to be of significant use to the following:

- Management of various media companies by bringing to the forefront possible areas of collaboration as well as providing information on the key factors that influence collaborative arrangements. Knowledge of the nature and the forces driving these collaborations will provide the ingredients that form the basis for strategy formulation in the industry.

- The parties involved in collaboration, by enhancing their level of awareness about the aspects of collaboration as well as assisting them, in making judicious decisions on the nature and extent of possible involvement. Additionally, this study is expected to provide useful insights of the experience of companies involved in collaborative arrangements and thus give vital lessons for would be participants which is hoped will accelerate the learning curve in this industry.
- The government in formulating appropriate policies aimed at regulating the collaborative arrangements in order to create equitable arrangements for the country,
- Academicians by stimulating academic interest in the whole aspect of collaboration, and hence may form the basis of future research in strategic orientation of the media industry and in other sectors of Kenya's economy.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Foundation of Collaborative Arrangements

The theoretical foundation of collaborative arrangements rests ion the paradigm that unity is strength. This essentially entails the existence of a problem, which can only be effectively tackled through convergence of effort and resources. In a sense collaborative arrangements may be viewed as part of an array of strategies that companies adopt to enhance their competitive advantage or to reduce any competitive disadvantage. And as Pitts (1990) pointed out, collaboration has its fundamental basis in teaming and allying together for advantage. This teaming may be between firms undertaking competitive business or may involve other stakeholders who although are not directly competing, nevertheless have a stake in the business. Firms engaged in collaboration need not be related at all. For example, a government may have an interest in the development of a particular industry either because it has a strategic value or its success would have far reaching implications on the other sectors of the economy. Through collaboration with the private sector, it may be able to develop the industry attractiveness for both the existing and potential players including itself, albeit indirectly, (Sessional Paper No 10. 1986).

While the expressed aim of any collaboration is to create a positive sum- game for the parties concerned, just like in any game, parties could be playing for a hidden competitive agenda. A lack of thought convergence in the association could result in a win- lose or a loss-loss situation contrary to the expectation of the parties concerned. Moore (1997) further cautions on the need to be realistic about the expected life of the alliance since once the objectives of the partners change the alliance may become unworkable.

Hamel and Prahalad (1989) were of the view that through licensing, outsourcing agreements and joint venture, winning is possible without fighting. This presupposes the existence of advantages through collaboration. Winning in this context is not about outplaying ones competitor but gaining significant advantage in the market through collaboration.

Further evidence to support the game theory of collaboration may be adduced from the experience of Japanese companies involved in international joint ventures.

Prahalad (1989) observed that In fighting large global rivals by proxy, Japanese companies have adopted a maxim as old as human conflict, “my enemy’s enemy is my friend”. Similar strategies seemed to have been adopted by Matsushita who in early 1980’s established joint ventures with Thorn (UK), Telefunken in Germany and Thormson (France) which allowed it to quickly multiply the forces arrayed against Philips leadership in Europe VCR business. A different dimension perhaps was the significant developments that have taken place within the media industry since 1995. This year marked the growing influence of Rupert Murdoch’s Fox Network and its raids on other network affiliates in an attempt to become the leading network. The purchase of 12 network affiliates for 500M Dollars from New

World Communication was the largest network realignment in TV history (White 1996). This has had serious ramification to the development of the media and the level of competition within the media global scene as pointed out by Turner of CNN.

During 1980's joint ventures became broadened to a concept of strategic alliances (Moore, 1997). Strategic alliances may involve investment by one or two companies in a specific venture. It may be broader and involve forms of collaboration over marketing, technology, and production. Companies need to find ways of competing with global competitors who may be operating on a large scale. The government of Kenya is in collaboration with World Financial institution such as International Monetary Fund (IMF) and the World Bank for funding development projects, introduction and implementation of structural adjustment programmes, privatisation and overall management of macro economic policies geared at jump starting the economy (Sessional Paper 1996). These institutions have played a crucial role in the formulation and implementation of government strategies (World Bank Report, 1997). Collaborative arrangements have gained prominence in developed countries such as the USA since the 1980's. This strategy has been widely used by western companies in pursued of global business expansion. Japanese *keirtsus* and Korean *chaebols* firms have deepened further the use of collaboration in the form of consortia to build long term focus and critical mass among affiliated firms (Pitts, 1990). He also pointed out that in Europe, several consortia have formed to protect and reinforce industry capability in an attempt to rival those of USA companies.

2.2 Forces Driving Collaboration

There are many forces that drive companies towards convergence of their strategies. As Porter (1985), notes the forces that operate in the industry environment, acting together determine the industry attractiveness. With technology in a constant change, transforming industry architecture, no company can afford to remain aloof for long, Koo (1995). Rapidly changing technology and increasingly sophisticated customers make it difficult for companies to continuously innovate. Furthermore, costs of serving customers are on the increase and companies may not have the resource capability to match their demands.
As Fisher (1996), in his studies on how strategic alliances work in biotech, observed that while independence and integration used to be the hall marks of strength for American corporations, today they could be signs of weakness as evidenced by firms large and small rushing to form intricate webs.

It can be inferred that there exist certain forces within the internal and external environment that are pushing these companies to form webs of collaboration. As Muller (1988) pointed out, alliances take place in a period of high business activity. He further argues that, firms in this period are unable to independently exploit resources fully, hence the need for collaboration. Strategic alliances often forced on companies because of the costs of transmission and in some situations government controls or protective rules make alliances the only way of getting into the market. The drive for collaboration may be partly fuelled by the fact that the number of companies available for acquisition is limited. Companies need to find ways of competing with global competitors who may be operating on a large scale. As the world systems are integrated making it effectively a global village, no country can remain isolated from forces of globalisation no matter the location. It is not possible to undertake globalisation agenda without collaboration. Industry attractiveness is determined by the degree of competition (Porter, 1985).

In developing countries due to high cost of technology it is not possible to undertake a successful business alone unless one is able to obtain tons of money. Collaboration arrangement especially in the form of consortiums represented by various interest groups in the industry such as government, media houses, telecommunication companies and certain multinationals may result in successful acquisition of satellite for African broadcasting. A foreign company with local consortiums may just be the answer. The cost of undertaking it alone is too prohibitive. Pooling resources will provide the possibility for this. In order to fortify your position against predators from abroad, it is important to collaborate. An African controlled satellite is crucial for shielding against the forces of globalisation. Further more it will enable them to participate in a more effective manner in the race to globalise or secure markets in uncharted territories. Globalisation demands mergers in order to produce and deliver services of truly global appeal.

The World Bank Report (1997), asserts that globalisation is a threat to weak or capriciously governed states. It further argues that globalisation sharpens the need for effective international co-operation in pursuit of global collective action This report has a lot of implication for companies in developing countries that may be poorly managed or are lacking in fundamental resource. By advancing the argument for states to co-operate, it underscores the need for companies to collaborate in order to combat international resource deficiencies. The issue of collaboration should therefore be cast against the backdrop of international or global integration. The question that may be validly posed is whether companies really have a choice. Collaboration therefore, may just be the solution.

Perhaps due to their relatively undeveloped state of economy, firms in developing countries have a greater need for collaboration in order to jumpstart efficiency and raise their level of competencies. The growth of strategic alliances between Biotechnological upstarts of the industry and the giant pharmaceutical companies has been dramatic (Fisher 1996), resulting in a virtual laboratory for the creation of strategic alliances. He further asserts that market forces often beyond their control have driven them to align spin these intricate webs.

2.3 The Need for Collaboration

Companies form collaborative arrangements to remove competitive disadvantage (Pitts 1996). Western companies form alliances with local entities as a way of cutting through individual country's complexities such as bureaucracy (Koo, 1995). Local entities on the other hand could be looking for cutting edge technology. Koo (1995) in his studies on international alliances with Chinese firms noted that the dilemma of western companies going to China would not be the lack of prospective local partners but rather choosing the right partners among local entities to enter into arrangement.

This phenomenon could be similar to the case in Kenya, between local verses foreign holding. This study in part aims at highlighting and explaining any discernible trend in the media industry. Collaboration reduces the cost of differentiation, enhances competitive advantage, boosts efficient utilisation, helps a company rapidly move down a learning curve, (Morrison and Lee, 1990). According to them it also provides an opportunity to gain advantage from shared activities. These have proliferated because of monumental development, technology, deregulation and competition.

When there are so many similar businesses in the market none can make a reasonable profit. Knowledge, products and local markets and the need to combine different technologies makes it difficult for any one organisation no matter how large to possess all the experience necessary to carry on a complete and, often long term strategic business opportunities (White, 1996). Alliances, partnerships, joint ventures, outsourcing and formation of economic webs usually around a particular technology platform have become ways to harness a disparate range of expertise and economic resources. In some cases the size of the market potential and the cost of Research and Development are such that the alliances are the only way to develop such opportunities. Alliances are less costly, less risky and more flexible than outright acquisitions. Acquiring a company means buying its weaknesses along with its strengths although successful alliances can lead into an acquisition, (Fisher, 1996). Collaborative arrangements enable companies to achieve synergy in all fronts, (Ansoft, 1988).

Prahalad (1990), found that NEC entered into a myriad of alliances between 1980 and 1987 mainly to learn and absorb other company skills all aimed at building competencies rapidly and at low cost. He argued too that it is critical to understand the rationale for alliances and the goal for internalising partner skills. Competencies must be nurtured and protected. Knowledge fades if it is not used. In analysis of Japanese verses western companies, it is clear that Japanese companies have benefited from the alliance and have learned how to build their own competencies.

Affirming the need for collaboration is various documented collaborative arrangements in Europe and North America and with some south East Asian countries. Fujitsu and SIEMENS and STC in Europe and AMIDAHL in USA entered into collaborative arrangements to enhance manufacturing volume and access western markets. Others such as *Conus* a member of independent news gathering information co-operatives of local stations in USA has had a remarkable success, decreasing the stations dependence on the networks. Programme syndication is bound to grow rapidly with increased level of collaborations. Still as pointed out by White (1996), an alliance in the making is one between USA corporation, MCI (20% partnership in ASkyB) and Echostar communications. Others include the innovative, *sport beam* technology that has revolutionised the media industry in USA. *Sport Beam Technology* enables digital transmission of several video channels.

The information sector is a relative new business from a world wide perspective. Prior to the information age most businesses were largely goods based. However this changed from 1970's to be mainly services oriented. The 1990's have seen dawning of an information age; business is now largely conducted through information channels. Without the media globalisation strategies may have largely been ineffectual.

Judging by the pace of development elsewhere in the media industry alludes to the need to adequately prepare for these competitive fields. This does not necessarily reduce the risks facing collaborative arrangements.

2.4 Pitfalls

Strategic alliances are not necessarily a panacea as was pointed out by Muller, Ravenscraft and Schemer (1988). The failures of strategic alliances allude to the fact that care must be taken when entering into them. Sustaining competitive position ultimately requires a firm to develop its internal capability in area of competitive advantage. Alliances carry substantial costs in co-ordination .The fact that partnerships with more robust competitive advantage or are more dynamic could become tomorrow's competitors places partnership in an ethical dilemma, Lei (1996).

The challenge to firms involved in joint ventures according to, Geringer and Heber, (1989), is to have co-ordination and control without burdening the joint venture with administrative management hierarchy whose costs outweigh the gains from the most successful implementation of the joint venture strategy. The challenge to the local partner (usually weak) is how to select the right partner and how to warm up continuously the ties.

Joint ventures do not always provide solutions. As noted by Wenlee (1988), anticipated risk reduction in joint ventures may be short-lived especially when local counterparts begin to acquire some degree of expertise as a result of learning curve phenomenon.

> *"In fact at some stage the joint venture itself becomes a source of risk for the foreign partner as differences in management objectives, philosophy and other cross-cultural conflicts gradually emerge. International joint ventures will always remain an expedient and artificially contrived marriage of convenience between partners that are frequently separated by management orientation and cultural background"* (Wenlee, 1988)

Potential for high-risk reduction may be realised if both partners provide high degree of commitment and persistent efforts. A more lasting arrangement may be designed by establishing a mutually accommodating balance of power within the joint venture.

In selecting the partner to align operations it is critical to ensure each party is aware of the objectives of the other party. If the aims of the alliance partners are not compatible, chances are that the alliance will break (Hussey, 1994).

Most emerging countries make it a condition of entry that joint ventures are created with local countries. As with all co-operative joint ventures, success will be elusive unless there is strong leadership, clear objectives, respect, mutual trust, fairness and dependency. These are hard values to build and the projected life of the venture more often than not does not last a courtship. As noted previously collaborative arrangements take several forms ranging from joint ventures to loose arrangements (Pitts 1996). However these forms also come with a myriad of problems mainly arising from lack of harmonised shared vision and divergent rather than convergent perspectives. The need to be aware of the pitfalls suggests a need to exercise caution in entering into forms of arrangements for which less than complete understanding is lacking. The successful integration of any form is predicated upon goodwill, honest communication and common shared objectives

Still while it is obvious that there exists divergent views on the attractiveness of collaborative arrangements, forces within the external environment of the firm suggests the need to consider utilisation. The fact that it has worked elsewhere may give a more urgent impetus for its adoption in developing countries. The media industry may provide an area for drumming up support on the fact that unlike any other industry, it is the most visible in the sense of it controlling the communication channels necessary for popularising and celebration of success.

CHAPTER III

RESEARCH DESIGN

3.1. Study Design

The study design is exploratory. Exploratory designs are useful in understanding a phenomenon for which little is known about. This design was therefore deemed appropriate for this study since little information is available on the nature and factors influencing formation of collaborative arrangements in Kenya's media industry

3.2. Population

The population of interest in this study comprised of all operating media companies as at end of July 1999. At the end of July 1999, there were 19, fully operational media companies in Kenya as listed by Ministry of information and Broadcasting. The period covered was considered significant because it was the most current period on the companies operating in Kenya. Hence useful to policy planners who may need to know the operating status of media companies in Kenya.

3.2. The Sampling

The sample studied was drawn from a sampling frame consisting of the entire population of interest. Since all the companies in the sample frame were being considered a census study was deemed appropriate. From the sampling frame the media companies were classified as being in the Electronic or the Print sector.

The Electronic sector comprised companies involved in broadcasting through Electro-magnetic waves such as the Television and Radio. Out of the total 19 companies in the industry, twelve were in the electronic sector. All of them were studied.

The Print sector included companies disseminating information by way of daily, weekly or monthly publications such as newspapers and magazines. In all there were seven companies and all were also studied.

3.3 Data Collection Methods

The study entailed mainly the use of primary data. The data was collected using a structured questionnaire. The questionnaire comprised of three sections. The first section labelled Section A contained seven questions designed to collect data on the company profile. The second section labelled Section B, had a series of twelve questions aimed at collecting information on the nature of collaborations. The final section labelled section C, included one question with several sub-sections on how the respondents ranked the factors that drive the collaborative arrangements in their company.

The researcher administered the questionnaire. The purpose was to facilitate clear and accurate information. Because some of the information was considered sensitive it was important not only to establish an adequate level of trust to elicit the required responses for the state of the existing collaborations but also to assure the respondents that the information collected would be treated confidentially.

The questionnaire was then administered to the Managing Directors and /or managers of various Departments. These persons were considered sufficiently informed about the nature of collaborative arrangements and the factors influencing them.

3.4 Data Analysis Methods

The data collected was edited soon after collection to check for accuracy and remove inconsistencies. Coding and definitions of variables in the questionnaire was undertaken before final input into the computer in the appropriate manner that was going to facilitate use of the Statistical Package for Social Sciences (SPSS) software in the analysis. The Explore procedure available in the software was used to screen for errors in recording or during inputting of data and also to examine the normality assumptions to ensure that the data was meaningful for analysis.

Using the software, frequency tabulations were obtained for all the relevant variables of interest. This was necessary to facilitate comparisons of the results. Cross tabulations were done to determine the relationships of various variables such as the size of company, ownership and type on the form of collaboration. This was aimed at highlighting the forms of collaboration that are common in different sectors of the media such as the Print and the Electronic. Further cross tabulations was done to compare the degree of formality in the sectors and between foreign and local companies. Averages and percentages were computed to determine the extent of collaborations. These were further tabulated for comparative purposes.

Several probable factors influencing collaborative arrangements were identified. In order to quantify collaboration, a five point Likert scale was administered to each respondent. Each of these factors were then further grouped into seven broad categories namely; personal, political, economic, competition, globalisation, marketing and technological factors. Each of the response was then accorded score value as weights accordingly, using the following criteria:

Response	**Value**
Least important	1
Slightly important	2
Fairly important	3
Important	4
Very important	5

An average figure was then calculated for each of the broad seven categories to obtain the mean response of that factor per company.

In order to determine the significance of the effects of factors on form of collaboration, a two-way analysis of variance (ANOVA) was deemed an appropriate model. This is based on the fact that there might be significant effects of the factors and sectors and interaction term of factors and sectors. Appropriate hypotheses were then generated to test for any significance of the respective relationships.

The mean score attributed to each factor (broad category) was taken as the measure of the extent of collaboration in each sector and was used in the analysis of variance. Tabulations and graphs were then used to present the information of the findings.

CHAPTER IV

DATA ANALYSIS AND FINDINGS

4.1 Introduction

To exhaustively address the objectives of this study, this section presents an analysis on the nature of the collaborative arrangements and attempts to identify the factors affecting collaborative arrangements.

Nature constitutes the form, type ownership structures, and extent of intertwined relations of various companies in terms the areas in which they collaborate. The perceptions and the benefits or problems experienced also give an indication of the relationships in collaboration which may have a bearing on the extent to which collaboration is considered a significant factor in overall company business.

A number of forces may be at play in influencing the particular form of collaboration. It is important to know the degree to which these forces influence the type of collaborative arrangements currently practised by the media companies in Kenya.

4.2 NATURE OF COLLABORATION

4.2.0 Companies Profiles

The companies in the media industry were categorised as being either foreign or local. Local companies are those with principal activities and control exercised within Kenya. Foreign companies on the other hand, have principal activities and control undertaken outside Kenya. In the industry there were 13 (68.4%) local companies compared to 6 (31.6%) of foreign representing a ratio of approximately two to one (2:1).

The companies in the media were also grouped according to ownership of the companies. Three forms of ownership were identified, namely private, public and quasi government. The study findings reveals that 16 (84.2%) of the companies are privately owned, 2 (10.5%) are public owned and 1(5.3%) is quasi-government owned. The high proportion of private companies compared to government related owned companies might be indicative of substantial liberalization of the industry.

4.2.1 Sectors of the Industry

The sectors of the media industry were categorized as Electronic or Print media. The Electronic media were further categorized into Television, Radio and Radio and Television. The study findings indicated that 7 (36.8%) of the media companies are in television sector, 3 (15.8%) are in Radio, 5 (26.3%) and 4 (21.1%) are in Print and Radio & Television respectively. Generally, Electronic media caters for 73.7% of the industry while Print media accounts for 26.3% in terms of companies operating.

4.2.2 Type of Company and Forms of Collaboration

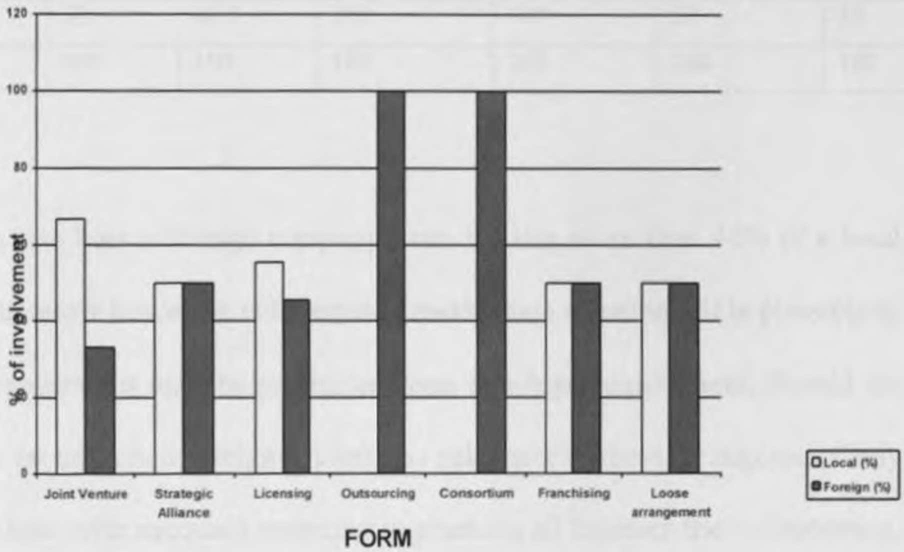
It is important to find out the extent of involvement of foreign and local companies in various forms of collaboration existing in the industry. Table 1 below shows the results of the finding.

Table 1: Extent of Various Forms of Collaboration

FORM / TYPE	Joint Venture	Strategic Alliance	Licensing	Outsourcing	Consortium	Franchising	Loose arrangement
Local (%)	21.1	26.3	26.3	0	0	5.3	42.1
Foreign (%)	10.5	26.3	21.1	0	5.3	5.3	5.3
Total	31.6	52.6	47.4	0	5.3	10.6	47.4

The table above indicates that there were 31.6 % Joint ventures in the industry, compared with 52.6 % strategic alliances. Licensing and loose arrangement forms of collaboration each constituted 47.4%. Franchising and consortiums contributed a meagre 10.6% and 5.3% respectively. There was no outsourcing in each of the type of the sector. Graph 1 below illustrates the proportions of local and foreign companies to the forms of collaborative arrangements. The proportions between local and foreign in loose arrangements for instance indicate a ratio of almost 8:1. There is an equal proportion in strategic alliances and franchising, while the ratio in joint ventures is on a scale of 2:1. Foreign companies have all forms of collaboration except outsourcing while local does not have outsourcing and consortium alliances. The graph below is a pictorial representation of the results in table 1 above with figures converted to 100%

Graph 1: **<u>Form of Collaboration in Type of companies</u>**



The graph above shows that for both local and foreign companies, the level of collaborative arrangements are almost equal in strategic alliances, licensing, franchising and loose arrangements. It also shows that joint ventures are more popular in local companies compared with foreign companies.

When the results in table 1 are converted to reflect the actual representation of the companies for those found in each of the form of collaboration, the results are as tabulated in table 2 below.

Table 2: **Type of company Vs form of collaboration**

FORM / TYPE	Joint Venture	Strategic Alliance	Licensing	Outsourcing	Consortium	Franchising	Loose arrangement
Local (%)	66.8	50	55.5	0	0	50	50
Foreign (%)	33.2	50	45.5	100	100	50	50
Total	100	100	100	100	100	100	100

The legal condition also bars a foreign company from holding more than 40% of a local business entity in the sector hence the collaboration under these situations; it is plausible to premise that the arrangements may be predicated upon this legal requirement. Should the law change to allow for unlimited foreign holding, the relevance of these arrangements may decline, leading to those with adequate resources to abandon all together the collaboration, and undertake the business alone. Foreign companies involved in collaboration in most cases may have more resources and expertise than their local counter-parts. Local companies may have entered into these arrangements to bolster their image through internationalisation linkages and are likely to stay on, provided they still benefit.

In the case of strategic alliances, the situation may not change much because local entities in the collaboration may still have something of value to offer to the partnership. This may be in knowledge of the markets, production of local programmes, which are relevant and may have a special appeal to the audiences. Loose arrangements are also not expected to change since they are not permanent and can be dispensed with ease once they cease serving the interests of the parties.

4.2.3 Sector and Form of Collaboration

It was necessary to find out the extent of collaborations in different sectors of the industry. The sectors were categorised according to the principal activities undertaken. In all four sub-sectors were identified namely;-TV, Radio, Print and those with Radio and TV operations.

The results of collaboration in the different sectors are presented in table 3 below.

Table 3: Sectors Vs Form of collaboration

FORM / SECTOR	Joint Venture	Strategic Alliance	Licensing	Outsourcing	Consortium	Franchising	Loose arrangement
TV (%)	21.1	31.6	21.1	0	0	0	15.8
Radio (%)	5.3	10.5	5.3	0	0	5.3	5.3
Print(%)	0	5.3	5.3	0	0	0	21.1
TV and Radio (%)	5.3	5.3	15.8	0	5.3	5.3	5.3
Total (%)	31.7	52.7	47.5	0	5.3	10.6	47.5

Table 3 above indicates that the TV sector has more collaborative arrangements in joint venture, strategic alliances and licensing than any other sector. The print has more loose arrangements than any other sectors. Generally, Electronic media has more collaborative arrangements than the Print irrespective of the form of collaboration.

The values in table may be converted to reflect the situation restricted to only companies with particular form of collaboration. The results in table 4 below are then obtained.

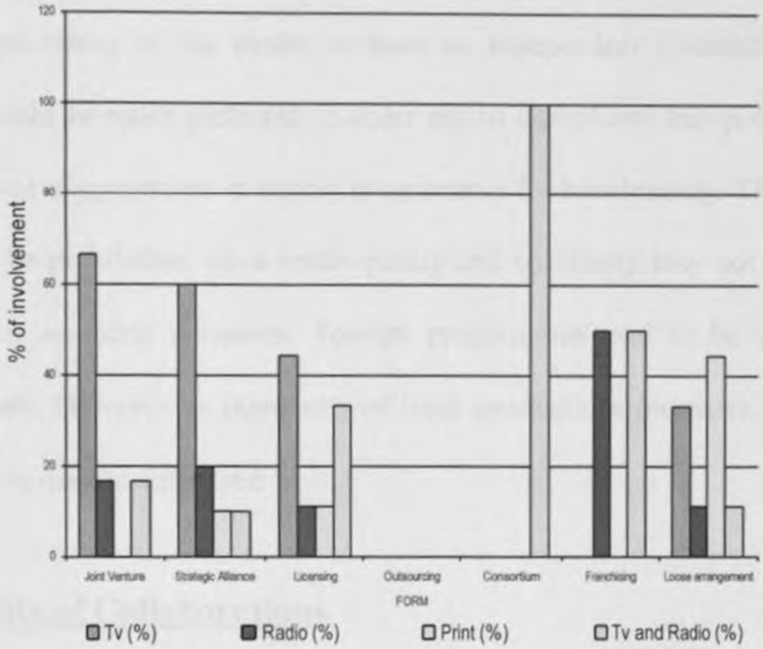
Table 4: Extent of collaborative arrangements in different sectors

FORM / SECTOR	Joint Venture	Strategic Alliance	Licensing	Outsourcing	Consortium	Franchising	Loose arrangement
TV (%)	66.6	60.0	44.4	0	0	0	33.2
Radio (%)	16.7	19.9	11.1	0	0	50	11.2
Print(%)	0	10.1	11.2	0	0	0	44.4
TV and Radio (%)	16.7	10.0	33.3	0	100	50	11.2
Total (%)	100	100	100	0	100	100	100

Table 4 above indicates that of the joint ventures 66.7% are in TV compared with 16.7 % each in both Radio and Radio / TV respectively. There were no joint ventures in the Print sub-sector. 60% of the strategic alliances were in TV alone while the print had only 10%. The rest were found in the Radio and or Radio/TV sub-sectors. TV also had the highest percentage in licensing followed by companies with TV/Radio operations accounting for 44.4 % and 33.3 % respectively. The print and radio separately accounted for 11 % each. There were no outsourcing and consortiums in the sectors, while radio and Radio/Tv companies accounted for 50% and 10 % respectively for franchising arrangements.

Comparative analysis for loose arrangements indicated that the majority of loose arrangements were in the print followed by the TV sub-sector. The radio and TV/Radio sub-sectors had an equal percentage of 11.2 % each. Graph 2 below further illustrates the above results.

Graph 2: **Proportion of collaboration in each sector**



The graph above illustrates the proportions of the collaborative arrangements in the various sub-sectors.

The fact that there are more forms of collaborative arrangements in the electronic sector than the print may be explained partly by the differential costs in undertaking business in each of these sectors. The cost of setting up TV stations may be high as indicated by companies with television operations. Companies consider collaborations in the form of joint ventures and strategic alliances not only crucial but essential. In a particular joint venture in the industry, the foreign provides the technical equipment in addition to managing the subscriber service. In yet another case, the local company is responsible for the purchase of the equipment for the transmission network while the foreign entity, is responsible for sourcing and marketing of the programmes.

The fact that loose arrangements are mainly found in the print media suggests a low cost structure. Perhaps owing to the desire to have an independent editorial policy, loose arrangements would be more preferred in order not to complicate this policy. Licensing arrangements involve agreements to supply programmes for broadcasting. The cost of local production may be prohibitive. As a result quality and continuity may not be guaranteed owing to lack of adequate resources. Foreign programmes tend to be cheap and are therefore preferred. However as popularity of local productions increases, more local to local arrangements may be witnessed.

4.2.4 Formality of Collaborations

It was necessary to find out the extent to which the various arrangements were formalised. The finding indicate that 68.4% of the arrangements were formalised against 21.6 % which were informal. The informal arrangements were mainly found in local to local companies that account for 21% (see table 5 below). All foreign companies had no informal arrangements except companies that had significant local holding.

Table 5: Nature of Company Vs Formality

	Formal	Informal	Both	Total
Local (%)	42.1	21.1	5.3	68.5
Foreign (%)	26.3	0	5.2	31.5
Total	68.4	21.1	10.5	100

The degree of formality, allude to the level of trust by local managers in which personal factors feature prominently in the management approach. It may also allude to the attitude of local managers to do things alone rather than a formal commitment, lack of awareness or both. The absence of formality may also signal a lack of willingness to have long term commitments where the degree of freedom to set strategies unencumbered is compromised. Fear of loss of control may also explain the absence of formality.

Foreign companies initiated all formal arrangements as per the findings of the study. This was also true for issues included in the contracts. This suggests the way foreign business deal with local entities when uncertainties as to their capacity to keep their end of the bargain is predicated upon many intricate factors and the need a serious intention to do business rather than lack of trust *per se*.

4.2.5 Areas and Forms of Collaboration

The study intended to find out the areas of company's operations where collaboration is practised. Eight areas of collaborations were identified, namely Finance, Management, Technology, Distribution, Research and Development, Marketing, Production and Sourcing. As shown in table 6 below collaborations are in the form of technical co-operative arrangement financing accounting for 47.4% and 31.7% respectively, outsourcing accounts for 52.7% and is the highest percentage in the industry. The lowest involvement is in Research and Development.

Table 6: **Areas of Collaboration Vs Media Sector**

	Finance	Management	Technical	Distribution	Research	Marketing	Production	Sourcing
TV (%)	15.8	26.3	21.1	21.1	15.8	21.1	5.3	26.3
Radio (%)	5.3	0	10.5	5.3	0	5.3	5.3	5.3
Print(%)	5.3	5.3	5.3	10.5	0	15.8	5.3	15.8
TV and Radio (%)	5.3	5.3	10.5	5.3	0	0	5.3	5.3
Total (%)	31.7	36.9	47.4	42.2	15.8	42.2	21.2	52.7

The analysis went a step further by considering how these collaborations are distributed within the sectors of the industry. Table 7 below shows how the areas of collaboration are distributed within the sectors. Of all finance related collaborations 83% is in the electronic sector compared with 14% in the Print. All the research and development is also in the electronic sector.

Table 7: **Percentage distribution of areas of collaboration within the sectors**

	Finance	Management	Technical	Distribution	Research	Marketing	Production	Sourcing
TV (%)	49.8	71.3	44.5	50	100	50	25	49.9
Radio (%)	16.7	0	22.2	12.6	0	12.6	12.6	10.1
Print(%)	16.7	14.1	11.2	24.9	0	37.4	37.4	30.0
TV / Radio (%)	16.7	14.4	22.2	12.6	0	0	0	10.0
Total (%)	100	100	100	100	100	100	100	100

When the comparative analysis is performed on type of companies, it was found that Local companies viewed finance and technical resources as critical while foreign companies tended to focus mainly in marketing. The case normally is that local companies lack the technical or marketing expertise hence perhaps the need for a more refined and proven technology or marketing approach. There is need to blend them for better results.

The relatively high percentage of collaboration in Finance and Technical areas in the electronic sector may be explained by the high costs in the sector and the complexity of the technology required. The technology has been rapidly changing and so have viewers requirements. High quality and technology that tends to be obsolete fairly fast implies the need for collaboration. It may also suggest that the industry is fairly young and the companies have not built sufficient threshold or critical mass in knowledge and resources such as technology and financial to undertake business alone.

4.2.6 Ownership and Forms of Collaboration

It was deemed necessary to find out the proportion of each form of collaboration according to the ownership of company. Three principal types of ownership were identified namely;- private, public or quasi public companies. The table below shows the proportion of each form of collaboration for each type of company.

Table 8: Ownership Vs Form of Collaboration

TYPE	Joint Venture	Strategic Alliance	Licensing	Outsourcing	Consortium	Franchising	Loose arrangement
Private (%)	26.3	52.6	42.1	0	5.3	10.5	31.6
Public (%)	0	0	5.3	0	0	0	10.5
Quasi Public (%)	5.3	0	0	0	0	0	5.3
Total (%)	31.6	52.6	47.4	0	5.3	10.5	47.4

From table 8, 26.3% of those in joint ventures (equivalent to 83.2 % of the joint ventures arrangements) were found in private companies while 5.3% (16.8% % of the joint venture arrangements) were in the quasi public. All strategic alliances, consortiums and franchising were in the private companies. Approximately 42.1 % of those with licensing collaborative arrangements were in the private sector compared to 5.3 % in public companies.

Of the loose arrangements however, majority of them were also in the private sector with 31.6% followed closely by public companies with 10.5%. The quasi public companies accounted for the remaining percentage of 5.3%. The above results indicate that most arrangements are practised in the private sector. This may explain the entrepreneurial tendencies of private companies. The high number of collaborative arrangements in the private sector, may be explained by the increased number of companies that entered the industry after it was effectively liberalised in 1996. Increased competition in an industry that is stagnating reduces the amount of profits available to companies. This situation tends to draw companies together to either protect the industry or facilitate exploitation of opportunities through sharing this is based on the maxim that *its better little than none at all*. The fact that public related companies had some degree of collaboration disapproves the view that these companies are self -sufficient and therefore does not need collaboration.

4.27 Duration of Collaboration

The duration of the type of arrangements indicates that 85 % are of less than five years (see table 9 below). 29 % have arrangements lasting for less than one year. When this is considered against the backdrop of the majority of companies having been licensed only five years ago (since 1994), it is expected therefore, that duration of the arrangements would follow a similar pattern.

Table 9: Duration of Collaborative Arrangements

	Less than one year	1-5 years	6-10 years	Over 10 years
Frequency	11	22	3	2
Percentage(%)	29	58	8	5

Collaborative arrangements just like marriages have a short honey moon period before problems set in. In the industry this appears to be a period between one to five years. However a study may be undertaken to confirm this view.

4.2.8 Intention to renew Collaboration

Approximately 52.6% of companies in the industry were not sure of renewing the arrangements. This could be due to the existence of problems with the particular form of arrangement and a desire to alter the form into one that is more beneficial and constructive.

Otherwise, roughly 42% were willing to renew the collaborative arrangement as opposed to 5.3% who were not willing to renew any further. This unwillingness can be attributed, to failure by of the parties, to stick to the agreement or due to increasingly divergent views.

4.2.9 Benefits and Problems of Collaboration

The findings indicate that approximately 84% of the respondents find these arrangements beneficial. However, the forms were not without problems. When respondents were asked as to what they are looking for, local companies indicated immediate relief on some serious limiting constraint such as financing. Foreign companies on the other hand seemed to have a long-term view of the arrangements. Up to 16% of the companies felt that the benefits derived from collaborative arrangements equaled the costs. There were no companies in which costs exceeded benefits from the collaboration (see table 10 below).

Table 10: Comparison of benefits and costs of collaboration

	Frequency	Percentage
Benefits>Costs	16	84.2
Benefits = Costs	3	15.8
Benefits<Cost	0	0
Total	19	100

All the local companies involved in collaboration with foreign companies were generally dissatisfied by the collaborative arrangements. The reasons cited include the fact they seem to have been locked out of effective participation in the operations of the company. Lack of honesty and sincerity were cited as some of the problems faced by local companies. It is possible that local companies are looking only at the short-term gains. In the long-run benefits may be heavily skewed in favour of the foreigner who sees greater business opportunity in the future than the local entity whose parameters for benefits are limited to the short term only. This assertion perhaps confirms the view that local companies negotiate during a situation of crisis and hence are more concerned about issues to do with survival and immediate relief. Current benefits are considered more important than future unrealised opportunities.

4.3 Factors Influencing Collaborative Arrangements

The second part of this analysis focussed on meeting the requirements of the second objective namely to; - identify the factors that have influenced collaborative arrangements in Kenya's media industry. Several factors identified were grouped into seven principal categories. These factors working individually or collectively may have influenced to varying degrees the particular form or the extent of collaborative arrangements in the industry.

An analysis was conducted to find out if these factors were similar or more prevalent in the sectors of the industry. The study revealed that most of the factors grouped were all considered important by the respondents.

The following table indicates the frequency of the responses on each of the factors of collaborations.

Table 11: Frequency of responses on Factors of Collaboration

SCORES	FACTORS OF COLLABORATION							Total
	Personal	Political	Economic	Techno-logical	Marketing	Competi-tion	Globalisation	
Least Important	2	1	0	0	0	0	0	**3**
Slightly important	9	11	5	3	1	8	5	**42**
Fairly Important	5	4	12	11	7	6	9	**54**
Important	3	3	2	3	10	5	4	**30**
Very Important	0	0	0	2	1	0	1	**4**
Total	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**133**

Based on the above responses, a Kruska Wallis test was carried to determine the significance of the effects of the factors on collaboration. The one-way Analysis of Variance (ANOVA) technique is a statistical procedure that is used to test whether or not the means of two groups of variables are significantly different from one another.

The ANOVA technique tests the hypothesis that;

Null hypothesis H_0: $\mu_1 = \mu_2 = \ldots = \mu_k$, that all treatment population means are equal

Alternative hypothesis H_1: $\mu_1 \neq \mu_2 \neq \ldots \neq \mu_k$, that some of the population means are different from others, where μ_i is the mean of group i.

The F statistic is calculated using the expression: -

F_c = Variation among the sample means / variation within the samples.

If the means are far apart, especially relative to the variation within each group, the size of the calculated F statistic is large and the null hypothesis is rejected. If two groups are used in the analysis, the F statistic is equal to the square of the t statistic from a two-sample t-test. The ANOVA procedure assumes that the populations are normally distributed with equal variances and that the observations taken are independent.

In using the ANOVA to test the null hypothesis against the alternative, the procedure is to reject H_0 whenever the $F_c > F_{tab}$ (the tablulated value) and accept it otherwise. Alternatively, a probability value $P = Pr [F_{tab} > F_c]$, the probability of the tabulated value being greater than the computed statistic, is computed and the procedure is to reject H_0 whenever $P < \propto$, the level of significance. The SPSS software calculates the P-values, conclusions are easily made by comparing the same and the significance level $\propto$, which for this study is 5%.

It was necessary to ascertain if the response was not only affected by the factors mentioned but also the type of the sector in the industry. Thus a two-way analysis of variance was deemed an appropriate model to measure the significance of the contribution of the factors and sectors and the interaction effect. In order to carry out the test, it was necessary to assume that the weighted mean response attributed to each of the factor is a quantifiable measure of collaboration.

The hypotheses being tested are;

1. H_0: That there is no relationship between factors of collaboration on collaborative arrangements,

   H_1: That there is relationship between factors of collaboration on collaborative arrangements,

2. H_o: That there is no relationship between the sectors of the media on collaborative arrangements

   H_1: That there is a relationship between the sectors of the media on collaborative arrangements

3. H_o: That there is no relationship between factors and the media sector on the extent of collaborative arrangements

   H_1: That there is a relationship between factors and the media sector on the extent of collaborative arrangements

The above analysis yields the following results:

Source of Variation		Sum of Squares	df	Mean Squares	F	Sig.
Main effects						
	(Combined)	19.044	9	2.116	3.119	.002
	Factors	17.985	6	2.997	4.419	.001
	Sectors	1.059	3	0.353	0.520	.669
Interaction		8.980	18	0.499	0.736	.768
Model		28.024	27	1.038	1.530	.066
Residual		71.224	105	.678		
Total		99.248	132	.752		

The output indicate that only factors have significant effect on collaboration since the significance value equals to 0.001 which is far less than the 0.05 significance level. The sectors and the interaction between sectors and factors have insignificant effect on collaboration. This means that the extent of collaboration is equitably practised in all the sectors of the media i.e. there is no evidence to suggest that collaboration is pronounced in some sectors more than others.

It may be of interest to examine the degree at which these factors of collaboration affect collaboration. A more realistic way of achieving this is by comparing the mean effects of each of the factors on each of the media sectors and the industry at large. Table 12 below shows the mean values of the measures of collaboration by sector basis and their overall industry effect.

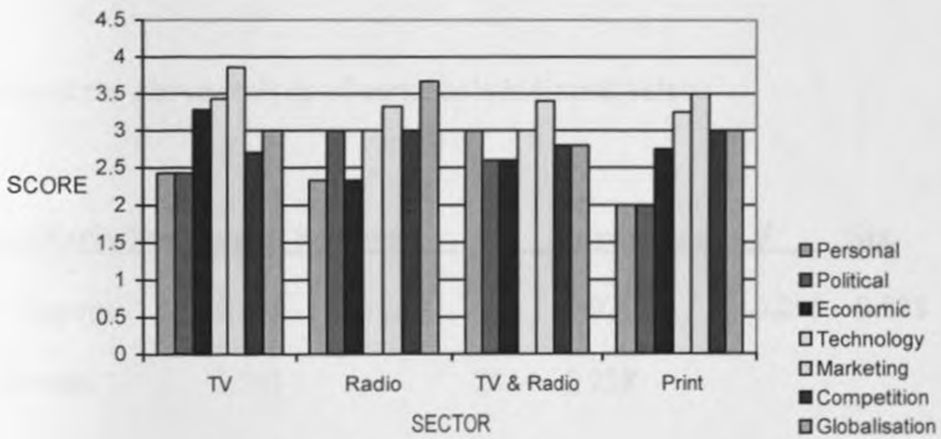
Table 12: **Mean values of collaboration per sector and the grand industry mean**

FACTORS	SECTOR				Average
	Television	Radio	TV and Radio	Print	
Personal	2.43	2.33	3.00	2.00	2.47
Political	2.43	3.00	2.60	2.00	2.47
Economic	3.29	2.33	2.60	2.75	2.84
Technological	3.43	3.00	3.00	3.25	3.21
Marketing	3.86	3.33	3.40	3.50	3.58
Competition	2.71	3.00	2.80	3.00	2.84
Globalisation	3.00	3.67	2.80	3.00	3.05
Grand Mean	3.02	2.95	2.89	2.79	2.92

From the above results, under the Television sector, collaboration in marketing ranks the highest followed by technology and economic factors in that sequence. In the radio sector, globalisation ranks first then marketing second and competition and technology tied in third position with a mean score of 3.00. For those operating both Television and Radio stations simultaneously, there main concern in collaboration seems to be marketing then technology and personal reasons both in second position.

In the newspapers sector, the main concern lies in marketing then technology, competition and globalisation in that sequence. Marketing, globalisation and technology seems to be the main factors across the sectors. Graph 3 below illustrates this scenario further.

Graph 3: **Extent of the effect of factors of collaboration in each media sector**



The above graph indicates that in the Television sub-sector, marketing rates highest followed by technology and economic factors. In the Radio sub-sector globalisation is the main factor leading to companies going for collaboration. Marketing ranks second then political and competition follows in that order.

Due to the differences existing in each sector, a comparative analysis was necessary to determine the differences in the mean scores to see if the differences in the collaborative arrangements vary significantly between the sectors in the media industry. Thus a one-way analysis of variance was performed to test the hypothesis:-

H_0: That there are no differences in the mean scores between the given media sectors,

against the alternative hypothesis,

H_1: That the are differences in the mean scores between the given media sectors.

The results of the above analysis of variance is indicated below:

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.211	3	0.0703	0.296	0.828
Within Groups	5.701	24	0.238		
Total	5.912	27			

The above results indicate that no significance differences exist between the mean scores of different sectors since the resulting significance value of 0.828 is greater than 0.05 the significance level.

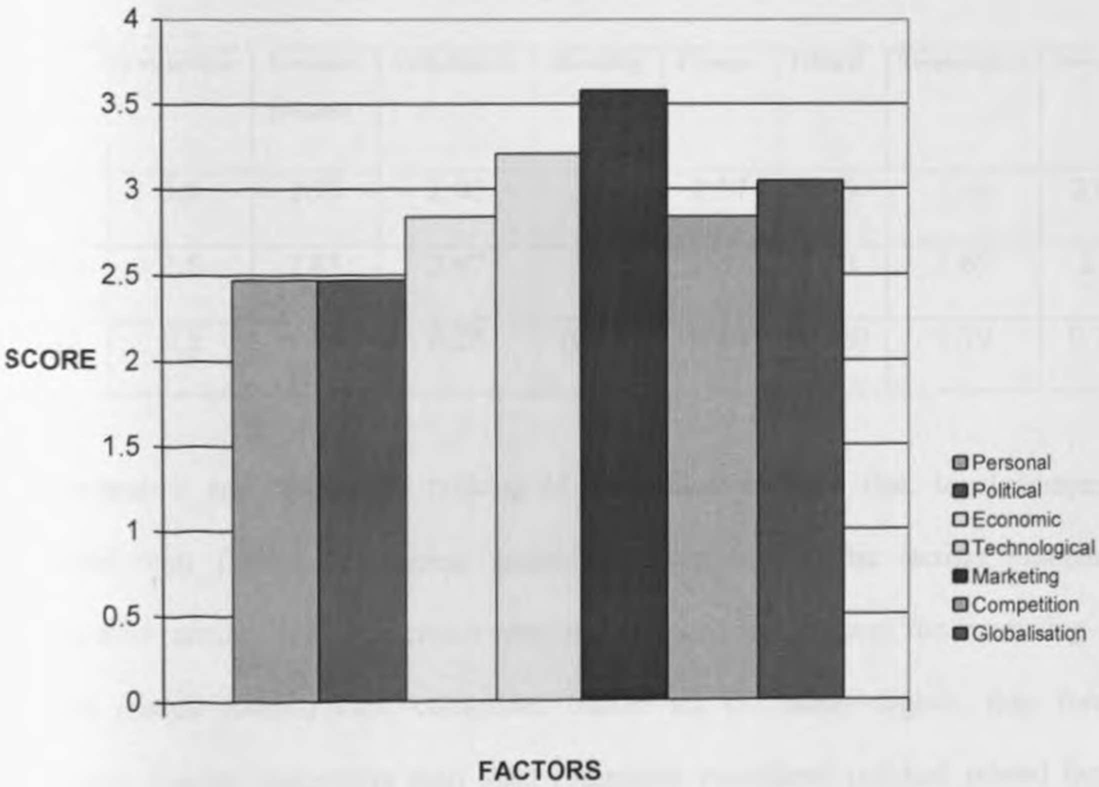
A further post hoc analysis below using the Least Significance Difference (LSD) method, which compares pairwise the least differences of the means of the mean scores of the factors, confirms the results of the above analysis of variance.

(I) Sector	(J) Sector	Mean Diff. (I-J)	Std. Error	Sig.	95%Conf. Interval Lower Bound	Upper Bound
TV	Radio	.0700	.261	.790	-.4677	.6077
	TV-Radio	.1357	.261	.607	-.4019	.6734
	Print	.2357	.261	.375	-.3019	.7734
Radio	TV	-.0700	.261	.790	-.6077	.4677
	TV-Radio	.0657	.261	.803	-.4719	.6034
	Print	.1657	.261	.531	-.3719	.7034
TV-Radio	TV	-.1357	.261	.607	-.6734	.4019
	Radio	-.0657	.261	.803	-.6034	.4719
	Print	.1000	.261	.704	-.4377	.6377
Print	TV	-.2357	.261	.375	-.7734	.3019
	Radio	-.1657	.261	.531	-.7034	.3719
	TV-Radio	-. 1000	.261	.704	-.6377	.4377

From the above results, it is clear that the significance figures are far above 0.05 the level of significance at which this analysis was carried out. This confirms the earlier result that no significant difference exists between the mean responses in each of the media sectors considered.

In the general industry however, it does appear that marketing ranks first as the main driving factor towards collaboration (see graph 4 below). Technological factor then globalisation closely follow. Political and personal related factors are not very prominent but nonetheless feature as part of the variables to consider. Political and legal related factors were ranked very highly in the electronic sector especially in Radio sub-sector. This may be explained by the legal restriction put in place by the government barring more than 40% shareholding of a local company by a foreign entity in a local establishment.

Graph 4: **Measure of each factor of collaboration**



The graph above depicts that personal and political factors, in general, are weak driving forces for collaboration, though as indicated previously, the differences in the mean scores of all factors on collaboration are not statistically different.

Further analysis was conducted to determine how foreign or local companies considered the factors influencing collaborative arrangements important. The results of the finding are tabulated below:-

Table 13: <u>Mean values of type of company vs factors</u>

Type	Competition	Economic/ Financial	Globalisation	Marketing	Personal	Political	Technological	Average
Local	3.0	2.75	2.92	3.54	2.77	1.85	3.46	2.898
Foreign	2.5	2.83	2.67	3.67	2.17	2.83	2.67	2.76
Spread	0.5	0.08	0.25	(0.13)	0.60	(0.98)	1.79	0.138

A comparative analysis on the ranking of these factors reveal that, local companies compared with foreign companies, generally ranked higher, the factors influencing collaborative arrangements. A closer analysis indicates that, except for marketing and political related factors, local companies ranked all the others higher, than foreign companies. Foreign companies than local companies considered political related factors more important by a spread of 0.98 i.e. by 2.83 to foreign against 1.85. On the other hand personal related factors had the opposite effect where the finding was that this was more important to local companies than foreign by as much spread as 0.60

In order to find out whether there was a significant difference in the mean score ranking by the type of company, a t-test was conducted. The results are summarised below

	Mean	Std. Deviation	Std.Error Mean	Correlation	Significance
Foreign	2.7629	0.4600	0.1739	0.322	0.481
Local	2.8986	0.5591	0.2113		

From the results, there was no statistical difference in the ranking. Paired sample correlation indicates that the correlation is small at 0.322. This correlation was not significant at 95% level of confidence.

	Paired differences							
				95% confidence interval of the differences				
	Mean	Std . dev.	Std. Error	Lower	upper	T	df	Sig.2 tailed
Foreign X Local	-1.357	.5988	.2263	-.6895	.4181	-.600	6	.571

The results above imply that there is no evidence to suggest that the differences in the mean responses for the two types of media companies are significantly different. This means although the mean ranking is higher for local companies than foreign this difference is insignificant

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

From the analysis of the finding and the discussions following, several conclusions can be made on the nature of and the factors influencing collaborative arrangements in Kenya's media industry.

Firstly, that collaborative arrangement is a fairly recent phenomenon. This probably explains why it is not so deeply entrenched within the industry. The fact that the companies are fairly new with the majority having been licensed hardly five years ago. Their relative infancy may not make them attractive as vehicles for carrying out the collaboration, besides it is highly doubtful that they would have mechanism to undertake more serious form of engagement. Furthermore they are still learning hence are unlikely to have much value. The fact that almost all without an exception have some form of collaborative arrangement could be a pointer to more in-depth association in the future as companies mature.

Secondly, although most indicated that generally collaborations are beneficial they are not without problems and majority of local companies actually felt that foreign companies are giving them a raw deal. Their exclusion from major decisions affects their willingness to progress the arrangement from being superficial to a real marriage of equals. The fact that most formalised arrangements was at the behest of foreign entity suggests a situation were the benefits are tilted very much in favour of the one driving the negotiation. The fact that these arrangement are entered into quickly suggests lack of adequate time to prepare for the intricacies of negotiation thus creating the possibility of companies in the local scene being short-changed in the long run or entering into associations with partners who will later turn to be incompatible.

Collaborative arrangements take several forms. These forms are not extensive in the industry although there is a discernible trend towards increased activity. This as indicated previously can be transformed to more serious forms as the need for collaboration intensifies.

From the findings, several factors are at play in influencing collaborative arrangements. While marketing, technological and economic related factors take more pronounced positions, other factors such as political and personal, also play some role, albeit small. Collaboration is undertaken for a variety of reasons, and precisely for this variety, they bound to take several forms. The degree to which the type of company considers the factors important may be indicative of the extent of political associated risk. Foreign companies consider political and government systems in Africa unstable with a high element of business risk. The legal requirement offers some degree of comfort when there is a local partner.

Another equally important conclusion is that local companies attach a high degree to personal related factors. This may emanate from the social interactions and level of social responsibility. However, these personal related factors may be purely on account of type of managers at a particular point in time. Foreign companies on the other hand, view political related factors more important than do local companies. From an industry wide perspective, marketing related factors were generally considered more important in influencing the form of collaborative arrangement, suggesting that generally business concern rather than personal related issues take a more prominent role in the form of collaboration.

5.2 Recommendations

The study has highlighted pertinent information about the media industry. In collaborative arrangements, companies must clearly understand the negotiating framework if they expect to enter into meaningful long-term association. Care must be done in selection of partners
It may be instructive to construct an *ideal form profile* to form a basis of negotiation. This will ensure that all crucial aspects are fully explored before entering into any formalised arrangement. The ideal form profile should, at the very least, indicate the reasons for the collaboration, duration, a provision for equitable termination of the engagement, and the arrangement would be administered to ensure equitable distribution of benefits, responsibility as well as balanced control.

To seal any loopholes in the arrangement parties entering into negotiation should make use of legal aid as per as practical provided the have agreed on broad heads of agreement. The government should also periodically examine the structures of the contracts as part of its advisory services as well as ascertaining that the contracts still serve the interests of the parties and more importantly protecting the general economic interests of the country. The government should also provide a legislative framework to guide the parties intending to contract.

More crucial however is a constant communication. Increased formal and informal contacts create opportunities for more forums at which intentions are clarified and the objectives harmonised. Communication level eventually determines the extent of goodwill and the level of trust and engagement of the parties in collaboration and may help elongate the duration of the arrangement.

In order to fully exploit the market potential and undertake a more comprehensive engagement, collaboration should be intensified to include as many aspects of the organisation as possible. Local companies should actively explore areas of collaboration by pooling resources to not only achieve requisite mass to exploit opportunities and prevent exploitation by a more resource endowed foreign entity. A strong collaboration in the sector could be transformed to a major force to lobby the government for improvement of the industry. Current efforts by the recently formed media owners association is seen as key to revamping the industry through lobbying of appropriate legislation to make the industry attractive for investments. Equally beneficial is the move to rationalise transmission sites to remove high cost and inconvenience viewers wishing to access more than one signal would face if they have to content with multiple antennas.

Teaming and allying for advantage is critical in an industry that is at the centre of change where competitive advantage cannot be secured for long. With increased sophistication of viewers, coupled with the need to cover larger territorial markets, it is obvious that no company acting alone can be able to meet the high attendant cost. The government together with the industry players including the telecommunication industry and foreign companies, should actively search for formation of a consortium with industry cross holding to jointly put up an up-linking facility to distribute the signal. This is expected to assist companies in Kenya to communicate their market offerings as well as bolstering government efforts of dissemination of information to all thus quickening the pace of development in areas that have for a long time been cut off from effective world-wide communication system.

Companies engaged in collaboration should examine closely the link between the factors and the form of collaboration with a view of rationalising the most appropriate form for the moment. They should then adopt those that serve the overall interests of the organisation. Noting that collaboration is not a panacea to the company's strategic problems; an organisation should not adopt it a wholesome without configuring its place in the overall strategic orientation of the company. Collaborative arrangement is one among an array of strategies available for a company. It should not be a substitute for innovation and entrepreneur-ship. While collaborations are more applicable in a period of scarcity and instability in the industry, knowledge of how long the forces at play in this setting, are expected to remain valid, would help in determining the extent of involvement. The instability experienced currently is as a result of many changes within the country democratisation and liberalisation as championed by western countries. The coming millennium portends even more challenges that a company is well advised to critically consider. Collaboration may just be the way forward as the uncertainties and deficiency of meeting rapidly changing and sophisticated consumer's needs mounts.

Finally because of these challenges, the need for collaboration will become even more critical. It is important to select a truly strategic partner, one that comes with a complete solution package. A wrong selection of partner may spell disaster for the collaboration and the business as well. If the interests of the parties are not harmonised, the organisation may be left strategically weak, as it may not effectively use its internal resource capability to match the external offering.

A final caution to local companies is to learn to perfect the art of negotiation;-

"Do not negotiate your future with any body when in a crisis or under extreme resource deficiency, for you could be selling your birthright (tomorrow's opportunities) for today's benefits insignificant against future prospects."

5.3 Suggestions for Future Research

This study has been useful in establishing a platform to which future research will stand. A similar study may be undertaken within different sectors and especially within government organisations. Such a study together with this will provide a more complete picture of the nature and factors influencing collaborative arrangements in Kenya. While the factors enumerated in this study may have a general applicability, it is important to understand those that are specific to the industry. Knowledge of these factors will form a valuable information base for those desirous of entering into collaboration. Future research should also focus on the upward and downward linkages to provide a more complete picture of the collaborative arrangements in the industry.

Another equally useful study is predicting the period of honeymoon in the collaborative arrangements and specifically answering the question how strategic are strategic alliances in Kenya.

APPENDIX 1

MEDIA COMPANIES

1. NATION MEDIA GROUP
2. CAPITAL MEDIA GROUP
3. THE STANDARD GROUP OF NEWSPAPERS
4. STELLAVISION LIMITED(STV)
5. CITIZEN TV AND RADIO
6. KENYA BROADCASTING CORPORATION(KBC)
7. MULTICHOICE KENYA
8. THE PEOPLE
9. KENYA TIMES MEDIA TRUST
10. THE PARENTS LTD
11. BRITISH BROADCASTING CORPORATION(BBC)
12. AFRICA BROADCAST NETWORK (TV AFRICA)
13. BARAZA LIMITED (KTN)
14. METRO EAST LIMITED
15. REUTERS
16. CABLE TELEVISION NETWORK (CTN)
17. COMMUNITY SERVICE TELEVISION(SCTV)
18. FAMILY TV AND RADIO
19. WORLD SPACE

APPENDIX 11

QUESTIONNAIRE

PART A: COMPANY PROFILE

1. NAME OF COMPANY --------------------------------
2. YEAR OF INCORPORATION --------------------------------
3. OWNERSHIP OF COMPANY
   i. PRIVATE ------------------------
   ii. PUBLIC ------------------------
   iii. QAUSI QOVERNMENT ------------------------

4. TYPE OF COMPANY
   I. LOCAL --------------------
   II. FOREIGN ---------------------

5. SECTOR --

6. NUMBER OF EMPLOYEES --------------

7. NUMBER OF DEPARTMENTS --------------

8. Describe (Name) your company's products.

------------------------------------ --

PART B: NATURE OF COLLABORATION

9. State the various forms of collaboration undertaken by your Company

i. Joint Venture	( )	v. Consortium	( )
ii. Strategic Alliance	( )	VI. Franchising	( )
iii. Licensing	( )	vii. Other (specify)	( )
iv. Outsourcing	( )		

10. State the areas where collaboration is undertaken

i. Equity	( )	v. Research & Development	( )
ii. Management	( )	vi. Marketing	( )
iii. Technical	( )	vii. Production	( )
iv. Distribution	( )	viii. Sourcing	( )

ix. Other (specify) ---

11. State whether Collaboration is

i. Formal ( )

ii. Informal ( )

12. State the number of organisations in which you have collaborative arrangements?

----

13. For each arrangement state the duration

TYPE	Less than One Year	1-5 Years	6-10 Years	Over Ten Years
i. JOINT VENTURE	----------	---------	---------	----------
ii. STRATEGIC ALLIANCE	----------	---------	---------	----------
iii. LICENSING	----------	---------	---------	----------
iv. OUTSOURCING	----------	---------	---------	----------
v. CONSORTIUM	----------	---------	---------	----------
vi. FRANCHISING	----------	---------	---------	----------
vii. LOOSE ALLIANCE	----------	---------	---------	----------
viii. OTHER(SPECIFY)	----------	---------	---------	----------

13. For each collaborative arrangement what is the composition of shareholding

i. Local ( )%

ii. Foreign ( )%

14. Upon expiry of the contract do you intend to renew it?

YES	NOT SURE	NO
------	------------	----

15. Who is involved in the implementation of the collaboration?

A. Directors/Management ----------

B. Employees ----------

C. Shareholders ----------

16. How often do you hold meetings with your partners

A. None ( )

B. Once a year ( )

C. Frequently (at least twice yearly) ( )

17. Approximately what percentage (%) of your total revenue does your affiliate unit contribute?

0-25 %	26-50 %	51-75 %	76-100 %
( )	( )	( )	( )

18. Does your company intend to globalise/internationalise operations soon?

----

19. Who exercises more control in the following areas of company activity?

	Self	Partner
A. Marketing	----------	---------
B. Finance	----------	---------
C. Technical	----------	---------
D. Operations	----------	---------

20. Who exercises more responsibility in the following areas of company activity?

	Self	Partner
A. Marketing	---------	---------
B. Finance	---------	---------
C. Technical	---------	---------
D. Operations	---------	---------

21. Who exercises more power in the following areas of company activity?

	Self	Partner
A. Marketing	---------	---------
B. Finance	---------	---------
C. Technical	---------	---------
D. Operations	---------	---------

22. Are there any problems encountered in the arrangement?

Yes. ( )

No. ( )

If yes state which be specific as possible

----

23. Describe some additional costs not planned for during negotiation

Increased co-ordination	---------
Loss of control	---------
Loss of image	---------
Loss of market share	---------
Likelihood of take-over/acquisition	---------

24. Describe some benefits from collaboration

----

25. Kindly make suggestions on the space provided below on how collaboration can be made more effective.

PART C: FACTORS INFLUENCING COLLABORATIVE ARRANGEMENT

26. State how you rank the following factors that may have influenced the existing collaborative arrangement

Key
5=Very important
4=Important
3=Fairly important
2=Unimportant
1=Least important

	1	2	3	4	5
❑ **Personal**					
NEED TO:					
i. Improve positive image	( )	( )	( )	( )	( )
ii. Gain a better social standing	( )	( )	( )	( )	( )
iii. It is fashionable to acquire strategic partner	( )	( )	( )	( )	( )
❑ **Political pressure**					
i. Government policies	( )	( )	( )	( )	( )
ii. Political threat	( )	( )	( )	( )	( )
iii. Legal impediment	( )	( )	( )	( )	( ).
iv. Lobby government	( )	( )	( )	( )	( )
v. Cultural considerations	( )	( )	( )	( )	( )
vi. Leverage political goodwill	( )	( )	( )	( )	( )

- Economic/financial

i. Cost reduction	( )	( )	( )	( )	( )
ii. Avoid taxes	( )	( )	( )	( )	( )
iii. To achieve economies of scale	( )	( )	( )	( )	( )
iv. Raise capital	( )	( )	( )	( )	( )
v. Diversify financial risk	( )	( )	( )	( )	( )
vi. Eliminate resource disadvantage					
Management,	( )	( )	( )	( )	( )
Finance,	( )	( )	( )	( )	( )
Capacity(low or excess)	( )	( )	( )	( )	( )

- Technological

Need to:

i. Acquire cutting edge technology	( )	( )	( )	( )	( )
ii. Innovate processes	( )	( )	( )	( )	( )
iii. Expand high-end. value added activities	( )	( )	( )	( )	( )
iv. Achieve resource / activity synergy	( )	( )	( )	( )	( )
Due to:					
v. Rapid technological Changes	( )	( )	( )	( )	( )

- Market exploitation

Need to:

i. Enter new markets	( )	( )	( )	( )	( )
ii. Exploit market opportunities	( )	( )	( )	( )	( )
iii. Share distribution mechanism	( )	( )	( )	( )	( )
iv. Have better marketing	( )	( )	( )	( )	( )
v. Have better distribution	( )	( )	( )	( )	( )

vi.	Access to local / foreign market	( )	( )	( )	( )	( )
vii.	Protect the industry	( )	( )	( )	( )	( )
viii.	grow the business	( )	( )	( )	( )	( )
ix.	Expand the market	( )	( )	( )	( )	( )
x.	Maintain market share	( )	( )	( )	( )	( )
xi.	Assure supply of programmes Material	( )	( )	( )	( )	( )

Due to:

xii.	Changing customer profiles	( )	( )	( )	( )	( )

- **Competition**

Due to:

i.	Existence of local competitors	( )	( )	( )	( )	( )
ii.	Desire to learn from competitors	( )	( )	( )	( )	( )
iii.	Extent of total competition	( )	( )	( )	( )	( )
iv.	Need to diversify risk	( )	( )	( )	( )	( )
v.	Calibrate competitors	( )	( )	( )	( )	( )
vi.	Influence competition	( )	( )	( )	( )	( )
vii.	Disarm your competitors	( )	( )	( )	( )	( )
viii.	Establish good industry relations	( )	( )	( )	( )	( )

- **Globalisation**

Due to:

i.	Fear of being left out in the globalisation equation/ race	( )	( )	( )	( )	( )
ii.	Need to meet global standards	( )	( )	( )	( )	( )
iii.	Shake /Style up management practices	( )	( )	( )	( )	( )
iv.	Modernise systems upgrade value chains	( )	( )	( )	( )	( )
v.	Create truly global operations	( )	( )	( )	( )	( )
vi.	Need to survive competition	( )	( )	( )	( )	( )
vii.	To be part of a global network	( )	( )	( )	( )	( )
viii.	To integrate and prepare the company for global competition	( )	( )	( )	( )	( )

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