

// **COMPETITIVE STRATEGIES ADOPTED BY NATION
MEDIA GROUP LIMITED //**

UNIVERSITY OF NAIROBI
WATER MARKET LIBRARY

BY:

MUGANDA ROBERT EKIRAPA

**A management research project submitted in partial
fulfillment of the requirement for the award of the degree of
Master Of Business Administration, School Of Business,
UNIVERSITY OF NAIROBI**

OCTOBER 2007

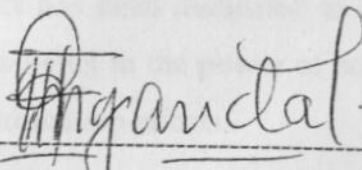
University of NAIROBI Library



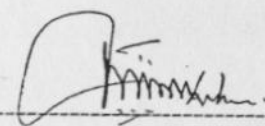
0306670 1

DECLARATION

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

Signed  date 2/10/07.
Muganda R. Ekirapa
REG: D61/P/7133/04

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

Signed  date 2/10/2007

M.C KIBISU
Senior Lecturer
Department of Business Administration.
School of business
University of Nairobi.

ACKNOWLEDGEMENTS

DEDICATION

I would like to thank God for helping me throughout my period of study and This project has been dedicated to my mother Mrs. Jane Asere Ekirapa for her continuous belief in the power of education and supporting me through prayers in all my education efforts.

I would also like to thank Mr. Kibetu for continuously guiding me in this project to the end.

I will also thank all my friends and family for all the assistance they gave me and the understanding I was accorded when I couldn't join them because of class schedules and exams.

Lastly I would want to thank all the senior managers at Nation Media Group who took time out of their busy schedules to accept my interviews. I am highly indebted for the favor I was accorded.

ACKNOWLEDGEMENTS

Declaration

I would like to thank GOD for helping me throughout my period of study and for the comfort my prayers to him brought to strengthen my completion of this course.

CHAPTER ONE: INTRODUCTION

I would also like to thank Mr.Kibisu for continuously guiding me in this project to the end.

1.1.2 Overview of the Kenyan Media Industry

I will also thank all my friends and family for all the assistance they gave me and the understanding I was accorded when I couldn't join them because of class schedules and exams.

CHAPTER TWO: LITERATURE REVIEW

Lastly I would want to thank all the senior managers at Nation Media Group who took time out of their busy schedules to accept my interviews. I am highly indebted for the favor I was accorded.

2.4. Successful Hypercompetitive Strategies

2.5. Competitive Strategies

2.6. Competitive Strategy Models

2.7. Porter's Generic Strategies

2.7.1 Overall Cost Leadership

2.7.2 Differentiation

2.7.3 Focus

2.8. Grand Strategies

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Research Design

3.2. Population and Sample Size

TABLE OF CONTENTS

	PAGE
Declaration	(i)
Dedication.....	(ii)
Acknowledgements.....	(iii)
Abstract.....	(iv)
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background.....	1
1.1.1 Overview of Competitive Strategies.....	2
1.1.2 Overview of the Kenyan Media Industry.....	3
1.2 Statement of the Problem.....	6
1.3 Objectives of the Study.....	7
1.4 Importance of the study.....	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 The Concept of Strategy.....	8
2.2 Competition.....	11
2.3 Competitive advantage.....	13
2.4 Successful Hypercompetitive Strategies.....	14
2.5 Competitive Strategies.....	16
2.6 Competitive Strategy Models.....	18
2.7 Porter's Generic Strategies.....	19
2.7.1 Overall Cost Leadership.....	19
2.7.2 Differentiation.....	20
2.7.3 Focus.....	21
2.8 Grand Strategies.....	22
CHAPTER THREE: RESEARCH METHODOLOGY.....	26
3.1 Research Design.....	26
3.2 Population and Sample Size.....	26

3.3	Data Collection Method.....	26
3.4	Data Analysis.....	26

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1	Introduction.....	28
4.2	Nation Media Group’s underlying characteristics and Dynamic.....	28
4.2.1	Corporate level management.....	29
4.2.2	Divisional level management.....	30
4.3.3	Editorial guidelines and policies.....	32
4.3	Competitive Strategies Adopted By Nation Media Group.....	34
4.3.1	Cost Leadership Strategy.....	35
4.3.2	Diversification Strategy.....	36
4.3.3	Grand Strategies.....	38
4.3.3.1	Consortia.....	38
4.3.3.2	Joint Venture.....	38
4.4	Competitive Strategies and NMG’s Competitive Advantage.....	39

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

5.1	Introduction.....	42
5.2	Summary.....	42
5.3	Conclusion.....	43
5.4	Limitation of the Study.....	43
5.5	Suggestions for Further Research.....	44

REFERENCES.....	45
-----------------	----

APPENDICES.....	49
-----------------	----

Appendix 1:Letter of Introduction.....	49
--	----

Appendix 2: Interview Guide.....	50
----------------------------------	----

ABSTRACT

One of the challenges presented by a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants, and substitute products. It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces.

It is against this background that this study was designed to determine the unique underlying characteristics in Nation Media Group Ltd and establish the competitive strategies adopted by the company to cope with competition in the media industry in Kenya.

From the research findings, it was revealed that the Nation Media Group possesses unique underlying characteristics which are exhibited by the way the company is organized and structured. The company is organized around its core business, making the company a highly divisionalized organization, a characteristic which makes it responsive to developments in the wider business and competitive environment and uphold a high degree of flexibility with regard to strategy formulation, implementation, evaluation and control.

The results also revealed that the company has adopted a number of competitive strategies to cope with increasing competition in the media industry. The strategies include cost leadership strategy, concentric diversification strategy; and grand strategies of consortia and joint ventures. The strategies, according to the study findings, have placed the company in a favorable position relative to the competition. The strategies have made the Nation Media Group to not only achieve high levels of efficiency and effectiveness but also gain and sustain competitive advantage.

CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations exist as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the organizations operate is never static. All organizations lend themselves to this environment which is highly dynamic, chaotic, and turbulent that it is not possible to predict what will happen and/or when it will happen. Consequently, the ever-changing environment continually presents opportunities and challenges. To ensure survival and success, firms need to develop capability to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental requirements. Success therefore calls for proactive approach to business (Pearce and Robinson, 2003).

One of the challenges presented by a dynamic environment is increased competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players but also in form of customers, suppliers, potential entrants, and substitute products. It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces (Porter, 1989). Porter (1989) further notes that the essence of formulating competitive strategy is relating a company to its environment. He observes that the intensity of competition in an industry is neither a matter of coincidence nor bad luck. Rather, competition in an industry is rooted in its underlying economic structure and goes well beyond the behavior of current competitors.

Due to the changing environment that is fraught with increased competition for the limited resources, market share, and new competitive challenges; implementation of competitive strategies within organizations is very important. This is essentially due to the firm's quest to finding less threatening ways to do business, keeping their customers loyal to the firm's products and services and keeping them off those competitors. Firms

are in competition with each other when they try to sell identical products and services to the same group of customers or try to employ factors from the same group of suppliers.

Porter (1985) observes that for firms to be able to retain competitive advantage, they need to examine their environment both internal and external and respond accordingly. Ansoff and McDonnell (1990) also point out that the success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. This is because each level of environmental turbulence has different characteristics, requires different strategy(ies), and requires different firm capabilities. Therefore, each level of environmental turbulence requires a matching strategy, and the strategy has to be matched by appropriate organizational capability for survival, growth and development.

Fundamental forces of change have been experienced in the global business environment resulting in unprecedented competition. Organizations responding to these changes have realized that their existing strategies and configurations may no longer serve them well (Ansoff and McDonnell, 1990). The Kenyan environment is not exempted from what the global scenes are experiencing. Organizations being environment dependent, they have to constantly adapt their activities and internal configurations to reflect the new external realities and failure to do this may put the future of an organization in jeopardy (Aosa, 1998).

1.1.2 Overview of the Kenyan Media Industry

1.1.1 Overview of Competitive Strategies

Johnson et al. (2005) defines competitive strategy as the bases on which a business unit might achieve competitive advantage in its market. Organizations achieve competitive advantage by providing their customers with what they want, better or more effectively than competitors; and in ways, which their competitors find difficult to imitate. Porter (1998) defines competitive strategy as being different. It means deliberately choosing to perform activities differently or to perform different activities better than rivals to deliver unique mix of value. He further observes that an effective competitive strategy takes offensive or defensive action in order to create a defensible position against the five

competitive forces. According to him, this broadly involves a number of possible approaches, i.e.: positioning the firm so that its capabilities provide the best defense against the existing array of competitor forces; influencing the balance of forces through strategic moves, thereby improving the firm's relative position; or anticipating shifts in the factors underlying the forces and responding to them, thereby exploiting change by choosing a strategy appropriate to the new competitive balance before rivals recognize it.

A company's competitive strategy therefore, consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. The competitive strategies provide a framework for the firm to respond to the various changes within the firm's operating environment. Firms also develop competitive strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1998). The competitive aim is to do a significantly better job of providing what buyers are looking for, thereby enabling the company to earn a competitive advantage over rivals in the market place. The core of a company's competitive strategy consists of its internal initiatives to deliver superior value to customers. But it also includes offensive and defensive moves to counter the maneuvering of rivals; actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to whatever conditions prevailing at the moment.

1.1.2 Overview of the Kenyan Media Industry

An industry is defined as a group of firms that offer products that are close substitutes of each other to a market (Grant, 2000; Porter, 1980; Kotler, 1998). The media industry is generally composed of media firms that engage in print media (daily newspapers, the magazines, the regional newspapers), broadcast (Radio and Television), and electronic media (Internet). Kenya's media industry is noteworthy given the continent's history that has had a devastating effect on the industry. At independence most African states had media that could have been developed into vibrant institutions (De Beer et al., 1995). In most cases, however, as Ayittey (1999) observes, African nations engineered systematic schemes that decimated the industry.

According to Abuoga and Mutere (1988), the media industry in Kenya was largely state controlled during the period 1963 (when Kenya achieved independence) to the late 1990's. The Kenya government had total control over the one and only television and radio network, the then Voice of Kenya (VoK) now the Kenya Broadcasting Corporation (KBC). Kenya Broadcasting Corporation (KBC) which has both radio and television broadcasts in both English and Swahili, as well as in most local languages of Kenya (Gethii, 1971).

Kenyan, if compared to people in other developing countries, now enjoy a vibrant media industry, offering opportunities for entrepreneurs, both local and foreign. There are new and exciting thought provoking publications, some of which are indigenous, covering a wide range of issues. The Kenyan media industry describes the once very distinct, but today interactive, mass media businesses of newspaper, magazine, books, radio, Internet and TV industries. Kenyans today have access to over eight (8) TV channels (Kenya Broadcasting Corporation, KTN, NTV, EATV, Family TV, STV, Channel 2, and Citizen TV); up to twenty-eight (28) radio stations including vernacular stations; and Print media is tops at seven (7) with 4 alternative media i.e. The Independent, The Leader, The confidential and Citizen.

The Kenyan Media industry has undergone tremendous growth. The late 1990's saw the liberalization of the media industry. Internal and external pressures have brought about the positive changes. The FM stations especially have increased dramatically and are providing the audience and advertisers a wide range of choice. The government continues to keep a close eye on these developments. The print industry in Kenya has improved over the last ten years especially after the government opened the economy to market forces. By 1994, the government had dismantled most foreign exchange rates, removed importer licensing and liberalized domestic marketing of major products. The Kenyan print media has since become "vibrant" dynamic and economically sound. The issue of growth presents both opportunities and threats for media houses. Any media house must therefore formulate appropriate strategies to exploit the emerging opportunities and face

the inherent threats in order to reap the potential benefits. One of such firms is the Nation Media Group.

The Nation Media Group (NMG), one of the leading multi-media houses in the East African region was founded by His Highness the Aga Khan in 1959. Today NMG has become one of the largest independent media houses in East and Central Africa. The company operates print and electronic media as well as the Internet. It has been quoted on the Nairobi Stock Exchange since the early 1970s, (Abuoga and Mutere 1988).

The company has a number of divisions in all the East African countries. These include Nation Newspapers Division; Nation Broadcasting Division; Nation Carriers Division; and Nation Marketing and Publishing. Nation Media Group has formed a joint venture company with Media 24 Magazines, a leading publisher of printed material based in South Africa. East Africa Magazines Ltd (EAM) is the publisher of two Media 24 titles - Drum and True Love. The company operates Monitor Publications Ltd in Uganda which also runs an FM radio station. Further, the Nation Media Group has controlling shareholding in Mwananchi Communications Limited (MCL) of Tanzania which publishes Kiswahili papers (Mwananchi and Mwana Spoti) and an English daily, the Citizen (Nation news issue no.17 August 2007).

In consideration of this, the company's quest for capacity expansion becomes the single most significant factor vis-à-vis the limited resource base available for the rapid creation of a global network, coupled with the issue of how to deal with the contending force of rivalry from other established competitors. Threats to a typical media house emerge from the fact that protection of traditional markets, previously catered for by regulation and bilateralism is quickly dwindling and the threat of entry by new competitors is fast becoming an additional contending force to deal with. Profitability over the long term is now, more than ever, a key demand on media house's management by shareholders. In light of these issues, Nation Media Group must formulate appropriate competitive strategies to strengthen its competitive position and become a major player in a newly emerging global arena.

1.2 Statement of the Problem

In the last ten years there has been an upsurge in the number of players in the media industry in Kenya namely print, electronic, internet etc. This is as a result of the relaxation by the government on conditions for acquiring licenses for both print and electronic media and the growing need for advertising opportunities in the country. A number of FM stations are already entertaining and educating listeners across the country and competition is cut throat. The number of newspapers has gone up tremendously and a wide variety of magazines are already in circulation both local and international.

The liberalization of the economy and forces of globalization coupled with developments in the business environment have made competition become stiffer in the media industry. Each player in the industry faces more external competition from other players as each one of them steps efforts to garner a sizeable market share. This calls for, among other things, strong product and service offerings from each of the players along various frontiers which bring about stiff competition in the industry. To address these developments in the competitive environment and reverse the situation, it becomes imperative and inevitable for a concerned media house to be aggressive in its competitive endeavors by crafting appropriate competitive strategies, while stepping up its defensive strategies where it enjoys some competitive advantage.

A number of studies (Murage, 2001; Gathoga, 2001; Karanja, 2002; Ngeera, 2003; Obado, 2005; and Kitoto, 2005) have been done on competitive strategies. However these studies have been done under totally different contexts. Murage did hers in the petroleum industry; Gathoga looked at the banking industry; Karanja in the real estate firms; Ngeera in the retail sector of pharmaceutical industry; while Obado and Kitoto focused on the sugar industry and Kenyan universities respectively. It was evident from these studies that firms in each respective industry adopt different competitive strategies which are unique in each context.

Studies done on the media industry have focused on different aspects. For instance Sang's (2001) study focused on competitive intelligence practices by FM stations in

Kenya; Mbuthia (2003) carried out a survey on advertising agencies in Kenya; and Thuo's (2002) study focused on the diversification strategy of the Nation Media Group. Other studies by Kandie (2002) and Kiptugen (2003) show the effects of environmental changes to firms in specific industries. Whereas Thuo's (2002) study studied one aspect of competitive strategies adopted by the Nation Media Group, no known study that has looked at the totality of competitive strategies the company has adopted to contend with the forces in the competitive environment in which it operates. To contribute towards bridging the existing knowledge gap, it is imperative that an investigative study be carried out on the competitive strategies adopted by Nation Media Group. The study will therefore seek to answer the following questions:

- i. What are the unique underlying characteristics and dynamics in Nation Media Group as a major player in the Kenyan media industry?
- ii. What competitive strategies has the Nation Media Group adopted to cope with increasing competition in the media industry in Kenya?

1.3 Objectives of the Study

The objectives of this study will be to:

- i. To identify the unique underlying characteristics and dynamics in Nation Media Group.
- ii. To establish the competitive strategies adopted by the Nation Media Group to cope with increased competition in the media industry in Kenya.

1.4 Importance of the study

The findings of this study will be useful to a vast majority of managers at all levels in Nation Media Group and other media companies in assessing their companies' competitive strategies and hence re-evaluate their competitive position. Further, the study will contribute to the bridging of the knowledge gap by underscoring how companies' competitive strategies are context-dependent. Therefore, future scholars may find the study useful for reference purposes as they carry out further related studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

Strategy is a multi-dimensional concept and various authors have defined strategy in different ways. Chandler (1962), in strategy and structure, calls strategy "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals". Strategy is the match between an organization's resources and skills and the environmental opportunities and risks it faces and the purpose it wishes to accomplish (Hofer 1978). It is meant to provide guidance and direction for activities of the organization, since strategic decisions influence the way organizations respond to their environment, the purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Schendel and Hofer, 1979).

According to Ansoff (1965), the concept of strategy is the firm's business and the common thread which is arrived at through the use of product-market scope. Andrews (1971), defines strategy in terms of corporate strategy as the pattern of major objectives, purposes, or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be. Mintzberg (1994) defines strategy as a pattern in a stream of decisions and actions. He defines strategy as a plan, ploy, pattern, position, and perspective. Ansoff and McDonnell (1990), define strategy as a set of decision-making rules for guidance of organizational behavior such rules, they note, are of four types. First, they are yardsticks by which present and future performance of the firm is measured (goals and objectives). Then there are rules for developing the firm's relationship with its external environment (business strategy), next are rules for establishing the internal relations and processes within the organization (organizational concept). Finally, there are rules by which the firm conducts its day-to-day business (operating policies).

According to Johnson and Scholes (1999), strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of the market and to fulfill stakeholder expectations. Quin (1980), defines strategy as a plan that puts together an organization's major goals, policies and action sequences. A well-formulated strategy enables an organization to marshal and allocate its resources in a unique way on the basis of its relative internal competencies and limitation, expected changes in the environment, and contingent actions by competitors. Strategy therefore, not only focuses on the goals and objectives of an organization and the means of achieving them, but also gives an indication of the nature of the company and its business, both in the present and in the long run.

Porter (1980), states that strategy is basically about competition and the means by which an organization tries to gain a competitive advantage. According to Ohmae (1983), the only purpose of strategic planning is to empower an organization to efficiently gain a sustainable competitive edge over its competitors. Strategy can be seen either as the building of defenses against competitive forces or as the finding of positions in the industry where competitive forces are weakest (Pearce and Robinson, 1997). Grant (2000), adds that the ability to identify and occupy attractive segments of an industry is critical to the success of an organization. Hill and Jones (2001) conclude that the strategies an organization pursues have a major impact on its performance relative to its peers.

Ohmae (1983), emphasizes on strategy as the way in which a corporation endeavors to differentiate itself positively from its competitors, using its relative strategies to better satisfy customer needs. Strategy is therefore considered as a preparation for the uncertainty of the future, by positioning the enterprise in the form of making it adaptable and thus prepared for the future. According to Ansoff and McDonnell (1990), recourse to explicit strategy occurs when rapid and discontinuous changes occur in the environment of the firm. This may be due to saturation of traditional markets, technological

discoveries or a sudden influx of new competitors. With such changes in the environment, organizations are no longer able to use their established traditions and experiences to cope with the new opportunities and threats. Thompson and Strickland (2003), consider the essence of good strategy making as that of building a market position strong enough and organizations capable enough to produce successful performance despite unforeseeable events, potential competition, and internal difficulties. The more likely the company will be a solid performer and a competitive success in the market place.

According to Porter (1996), the essence of strategy formulation is coping with competition. He states that competition in an industry is rooted in its underlying economies and will include customers, suppliers, potential entrants and substitute products. Ansoff and McDonnell (1990), note that strategy is a powerful tool, which offers significant help for coping with turbulence confronted by business firms today. By the concept of strategy, we mean its content and substance. Hax and Majluf (1996) have presented strategy as a multidimensional concept that embraces all the critical activities of the firm, providing it with a sense of unity, direction, and purposes, as well as facilitating the necessary changes induced by its environment. They provide a unified definition of the concept of strategy as: a means of establishing the organizational purpose in terms of its long-term objectives, action programs, and resource allocation; a definition of the competitive domain of the firm; a response to external opportunities and threats, and internal strengths and weaknesses, in order to achieve a sustainable competitive advantage; a way to define managerial tasks with corporate, business, and functional perspectives; a coherent, unifying, and integrative pattern of decisions; a definition of the economic and noneconomic contribution the firm intends to make to its stakeholders; an expression of strategic intent: stretching the organization; a means to develop the core competencies of the organization; and as a means of investing in tangible and intangible resources to develop the capabilities that assure a sustainable advantage.

There is no single definition of strategy. What emerges however is that strategy has to do with how a firm relates to its environment. This has to take into account the internal capabilities of the firm in relation to the external opportunities and threats. As an organization's environment changes, it is necessary that the firm continuously adapt its activities and internal configurations to reflect the new external situation. Failure to do this endangers the future success of the organization (Aosa, 1998). According to Grant (2000), a successful strategy is consistent with organization's goals and values, external environment, resources and capabilities, and organizational systems. This indicates the fact that the organization depends on the environment for its survival and the responses to the environmental situation will determine its performance. Thus, when there are changes in the environment, the organization's capabilities and strategy would have to be changed in order to ensure a continued strategic fit. Johnson and Scholes (1999) identify three levels of strategy: corporate strategy, business unit strategy, and operational/functional strategy. Corporate strategy is concerned with the overall purpose and scope of the organization to meet the expectations of the owner and/or major stakeholders and add value to the different parts of the enterprise. Business unit strategy is about how to compete successfully in a particular market. Operational/functional strategy is concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver corporate and business level strategic direction.

2.2 Competition

One of the environmental influences to a business arises from competition. Increased competition threatens the attractiveness of an industry by reducing the profitability of players. Competition exerts pressure on firms to be proactive and to formulate successful response strategies to changes in the competitive environment: all in the effort to gain competitive advantage. Firms that do not respond effectively to increased competition are not likely to succeed in business. Competition denotes the existence of firms that try to sell identical products or services to the same group of customers. A firm's competitors may change over time in terms of their characteristics, strategies and strategic focus due to environmental factors that affect the structure of the industry (Porter, 1980). Industry and competitive analysis seek to analyze the industry's competitive process to discover

the main sources of competitive pressure and how strong each of the forces is. Industry analysis and subsequent review of the Generic strategies are largely the work of strategic management guru, Michael Porter, and this study will draw heavily from his works.

Porter (1980), explains his strategic options in light of analyzing the market opportunities, which form the background of competitive behavior. Industry analysis is oriented towards an assessment of industry attractiveness and as such, competitive strategy must grow out of a sophisticated understanding of the rules of competition that determines an industry's attractiveness. Competitive strategy therefore aims to establish a profitable and sustainable position against the forces, which determine competition (Lowes et al, 1994). According to Porter (1985), the key to a successful competitive strategy is to establish a position which is less vulnerable to attack from competitors and to erosion from buyers, suppliers and substitute goods. Porter (1980) argues that most businesses must respond to five basic competitive forces that drive industry competition. According to him, the collective strength of these forces determines the ultimate profit potential of the industry and thus its attractiveness.

The five forces are threat of new entrants, bargaining power of buyers and suppliers, threat of substitutes and rivalry within competitors. Porter's (1980) model is a powerful tool for systematically diagnosing the chief competitive pressure in a market and assessing how strong and important each one is. A proper analysis of the five forces will help a firm choose one of Porter's generic strategies that will effectively enable the firm to compete profitably in an industry. Porter (1980) discusses government as a force in industry competition. He explains that government at all levels must be recognized as potentially influencing many of, if not, all aspects of industry structure both directly and indirectly. In many industries, government is a buyer or a supplier and can influence industry competition by the policies it adopts. Government can also affect the position of an industry with substitutes through regulations, subsidies, or other means. Thus no structural analysis is complete without diagnosis of how present and future government policy, at all levels, will affect structural conditions.

Porter's model exposes what competition is like in a given market in terms of the strength of each force, the nature of competitive pressure comprising each force and the overall structure of the competition. The stronger the collective impact of the forces, the lower the combined profitability of participating firms (Porter, 1996). When a company's competitive strategy is increasingly effective, the more it provides good defenses against the five competitive forces, alters competitive pressures in the company's favors and helps create sustainable competitive advantage. Managers can only develop winning strategies by first identifying the competitive pressures that exist, gauging the relative strength of each and gaining a deep understanding of the industry's whole competitive structure.

2.3 Competitive advantage

According to (Hill and Jones 2000), competitive advantage is the ability of a company to outperform competitors within the same market. Hill and Jones further state that innovation, efficiency and customer responsiveness can be regarded as three of the main building blocks of competitive advantage. Quality is fourth. Superior efficiency enables a company to lower its costs; superior customer responsiveness allows it to charge higher prices and superior innovation can lead to lower unit costs. Together these four factors help a company create more value by lowering costs and differentiating its products from those of competitors. They observe that successful innovation can revolutionize industry arrangement. One of the most common consequences of innovation has been to lower fixed costs of production thereby reducing barrier to entry and allowing new and smaller enterprises to compete with large established corporations.

Rivalry in the media industry takes various forms in a bid to achieve or maintain leadership. This includes price competition, advertising battles, promotions, new product introduction and increased customer service. Nation Media Group either feels the pressure or sees an opportunity to improve its position. (Aosa 1992) concluded that the fact that companies strive to maintain leadership over their competitors is an indication of the desires of companies to survive. He further stated that as complexity increased the companies reacted differently to maintain their competitive edge. Aosa also found that

for the competitive strategy model to be applicable in Kenya, it required the inclusion of additional strategic forces when compared to similar models put forward in developed countries context. This model had the following forces: a customer, suppliers, logistics power play and government. The essence of formulating a competitive strategy is relating the company to its environment.

2.4 Successful Hypercompetitive Strategies

Strategists face increasingly turbulent, fast changing, uncertain situations and increased levels of competition. Whereas competition in slower moving environments may be primarily concerned with building and sustaining competitive advantages that are difficult to imitate, hypercompetitive environments require organizations to acknowledge that advantages may be temporary. Competition may become more to do with disrupting the status quo so that no one is able to readily achieve long-term advantage (Johnson and Scholes, 2002).

Kotler et al, (1999) state that the competitive strategy that will make sense the most will depend on the company's industry position and its objectives, opportunities and resources. The company's competitive strategy depends on whether it is a market leader, challenger, follower or nicher. The leader faces three challenges: expanding the total market, protecting market share and expanding market share. Kotler et al (1999) emphasize that the market leader wants to expand the total market because it will benefit most from any increased sales. To expand the market size, the leader looks for new users of the product, new uses and more usage.

(Johnson and Scholes 2002) identified the following strategies as suitable for sustaining a leadership position. They include:

Pre-empt imitation by others -Sustaining old advantages can be a distraction from developing new advantages. A leader's willingness to cannibalize the basis of their own success is crucial. In order to gain advantages, firms must be prepared to destroy the bases of their own competitive advantage. Instead of trying to protect competitive

advantage, the firm has to be prepared to pre-empt imitation by others, by identifying niches which can be exploited, or developing and launching new products or services.

Unpredictability- Predictability is dangerous. Surprise is important. If competitors come to see a pattern in the behavior of another competitor, they can predict the next moves to be taken and can easily learn how to imitate or outflank. Managers must learn ways of at least appearing to be unpredictable or even irrational to the external world whilst internally, thinking through carefully.

Not attacking competitor's weaknesses- Beware of attacking competitors' weaknesses. If a competitor gets used to being attacked in the same way, that competitor can learn about the strengths of the firm and how they will compete.

Engaging in smaller strategic initiatives- Rather than trying to identify and implement a 'grand plan' in the form of a one-off change in strategy, smaller strategic initiatives which develop into longer term shift in overall strategy have their advantages. The longer-term direction is not as easily discernible by competitors and they allow flexibility in the management of strategy.

Misleading signaling- Misleading signaling of the strategic intentions is useful. In this the company will signal moves which competitors may expect but which are not the surprises that actually occur.

Fast mover advantage- This is by being the first to make a strategic move in the market e.g. by launching a new product. It may take time for competitors to catch up and hence allowing the first mover to enjoy the benefits of economies of scale and build customer loyalty.

Building strongholds- A firm in this case may try to dominate a particular area e.g. geographic area or market segment. By doing so they seek to achieve market power in that area. Domination of strongholds may also have built switching costs for buyers.

The advantage of 'deep pockets'- This is substantial surplus of resources which allow a competitor to withstand an intensive competitor war. Such deep pockets may take different forms: most obviously financial, but also conceivably in terms of talent or perhaps global reach which gives an organization the opportunity to gain competitive knowledge worldwide and also move resources wherever they are necessary either to preserve their own interest or tackle competition.

2.5 Competitive Strategies

With changing business environment, firms are finding it increasingly difficult to find industry environments in which there is good enough conditions that allow a rate of return above the competitive level. Competitive strategies provide a framework for the firm to respond to the various changes within the firm's operating environment. Firms also develop competitive strategies that enable them develop strategic initiatives and maintain competitive edge in the market (Grant, 1998). Ansoff and McDonnell (1990) define competitive strategy as the distinctive approach, which a firm uses or intends to use to succeed in the market. In examining the concept of competitive strategies, different authors have approached the concept from different angles. However, studies in this area have been largely the work of Porter who defines competitive strategy as the art of relating a company to the economic environment within which it exists.

Porter (1998) explains that every firm competing in an industry has a competitive strategy whether explicit, that is, developed through a formal planning process or implicit, that is, has developed through the various functional planning activities of the firm. The goal of competitive strategy is to find a position in the industry where the company best defends itself against competitive forces or uses them in its favor. According to Lowes et al (1994), business strategy is concerned with the formulation of long-term plans by a firm to achieve its business objectives. The plans enable the firm to develop appropriate policies for dealing with the firm's changing environment especially the changes in the market demand and competition. Business strategy emphasizes

improvement in the competitive position of a corporation's products or services in the specific industry served by that division.

Companies pursue competitive strategies to gain a competitive advantage that allows them to outperform rivals and achieve above average profitability. Developing a competitive strategy is essentially developing a broad formula of how the business is going to compete, what its goals should be and what policies are needed to carry out these goals. Competitive strategy grows out of an understanding of the rules that guide competition. A business strategy is only powerful if it produces a sizeable and sustainable competitive advantage. The strategy should therefore emphasize an improvement in the competitive position of a firm's product in the industry. Business strategy is essentially concerned with how the firm competes within a particular market or industry. If the firm is to prosper within an industry, it must establish a competitive advantage over its rivals also known as competitive strategy. It focuses on improving the competitive position of a company's services or products within the specific market segment that the company or its business serves (Wheelen and Hunger, 1996).

Firms in dynamic industries respond to competitive forces in different ways. While some may resort to improving current markets and products, diversification, divestiture, others employ techniques that ensure operational effectiveness. However, much as operational effectiveness is necessary, it is not sufficient in achieving sustainable competitive advantage. In order to achieve this, competitive strategy needs to focus on unique activities (Porter, 1996).

Competitive strategy is a key area of strategy and must therefore grow out of sophisticated understanding of the rules of competition that determine an industry's attractiveness. Competitive strategy will ultimately aim at changing the rules of competition to favor a firm (Wheelen and Hunger, 1995). Greenstein (2001), in his study on technological mediation and commercial development in the Internet access market, also supports the idea that different firms respond with different strategies to the same opportunities. Some offer similar solutions to different users, others develop expertise to

ensure repeat business from complementary services. With the same products and markets, a firm tries to improve its competitiveness by protecting and building its current market position. Using the same competencies, they may decide to consolidate or penetrate the market further to gain market share. The option of withdrawal from some current activities may be pursued especially where the firm lacks competencies to compete effectively.

2.6 Competitive Strategy Models

Regardless of the type of industry of an enterprise, from start to venture, to a multi product firm, strategic planning is difficult. Various planning tools have therefore been developed to use as a function of the company's objective and these include: the General Electric Planning Grid, Ansoff's Growth Matrix, Boston Consulting Group's Product Portfolio Matrix, Porter's Generic strategies, and Cliff Bowman's Competitive Strategies.

Ansoff's is a well known marketing tool that is used by firms which have the objective of growth. Ansoff's Matrix offers strategic choices to achieve the growth objective. The four main categories for selection are market penetration, market development, product development, and diversification (Ansoff, 1990).

The Bowman's "Strategy Clock" based upon the work of Cliff Brown is another suitable way to analyze a company's competitive position in comparison to the offerings of competitors. As with Porter's Generic Strategies, Bowman considers competitive advantage in relation to cost advantage or differentiation advantage. There are six strategic options which include low price/low added value, low price hybrid differentiation, focused differentiation, increased price/ standard value, increased price/ low value, and low value/ standard price.

The Boston Consulting Group's Product Portfolio Matrix was developed by the Boston Consulting Group and is an approach to portfolio planning. It has two controlling aspects namely: relative market share (i.e. relative to competitors), and market growth (Hunger, and Wheelen 1995). The model evaluates strategic business units based on market growth

rate and relative market share enabling the management to give consideration to both the future potential of the market and the strategic business units' competitive position. The four major strategies that can be pursued are to build, to hold, to harvest, or to divest.

The logic behind the General Electric Model is based on the argument that it is not always possible to develop objectives or make investment decisions solely on the basis of growth-share matrix. This model identifies business units in terms of market attractiveness and business strengths (Johnson and Scholes, 2002). As indicated earlier, this paper will adopt and use Porter's Generic Strategies to achieve its objectives.

2.7 Porter's Generic Strategies

The aim of any firm should be to develop a distinctive competence that is greater than its competitors. Porter (1988), identifies three generic strategies for achieving the above average performance in an industry and these are Cost leadership, differentiation, and Focus. Each of the strategy is a different approach to creating and sustaining competitive advantage (Lowes et al, 1998). To be an average performer, a firm must generally make a choice amongst them rather than attempt to address all of them at once. It was originally determined that firms choose from among four generic business-level strategies to establish and exploit a competitive advantage within a particular competitive scope: cost leadership, differentiation, focused low cost, and focused differentiation. A fifth business level strategy, the integrated low-cost/differentiation strategy, has evolved through firms' efforts to find the most effective ways to exploit their competitive advantages. None of the five business-level strategies is inherently or universally superior to the others. The effectiveness of each strategy is contingent on the opportunities and threats in a firm's external environment and the possibilities permitted by the firm's unique resources, capabilities, and core competencies.

2.7.1 Overall Cost Leadership

Businesses following this strategy ensure that their processes make them the lowest cost producers or suppliers in the market. Striving to be the industry's overall cost provider is a powerful competitive approach in many markets where buyers are price sensitive. Cost

leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost curve control cost minimizations in various functions (Porter, 1980). In pursuing low cost leadership, managers must take care to include features and services that buyers consider essential. The value of cost advantage depends on its sustainability, whether rivals find it easy or inexpensive to imitate the low cost methods will determine the duration of the advantage. The cost leadership strategy benefits the firm in that it is able to withstand intense price competition and buyers may appreciate the offer for low prices (Thompson and Strickland, 1998). New entrants are also deterred by low cost capabilities and supply price increases are more easily absorbed.

2.7.2 Differentiation

Differentiation is where the business creates differential advantage through features or services that sets it apart from others in the market. The essence of differentiation is to be unique in ways that are valuable to customers and that can be sustained (Pearce and Robinson, 1997). For a company to be successful in the strategy, it has to study buyers' needs and behavior carefully to learn what they consider important with value and what they are willing to pay for it. There is almost no limit to a firm's opportunities depending on the nature and characteristics of the product. However, it has been claimed that anything can be turned into a value added product or service for a well defined or newly created market. The advantage or uniqueness maybe in the form of customer service, design, brand image or technology (Porter, 1980). Differentiation extends beyond the characteristics of the product or service to encompass every possible interaction between the firm and its customers. Differentiation strategies are not about pursuing uniqueness for the sake of being different but are about understanding the product or service and the customer (Grant, 1998). Differentiation insulates against the competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to price. The strategy leads to higher margins, which helps in dealing with supplier power. Buyer power is also mitigated since the buyers lack comparable alternatives to choose from and therefore less sensitive to price.

2.7.3 Focus

This is a strategy about identification of a particular customer segment or geographical market and coming up with products suitable for that segment. It is built around serving a particular target very well and once the segment is identified, then the firm may pursue either cost or differentiation strategies (Porter, 1980). The target segment may be defined by geographical uniqueness, specialized requirements in using the product or by special product attributes that appeal only to segment members. Cost focus is a low competitive strategy that focuses on particular buyer group or geographic market and attempts to serve only this niche. It seeks a cost advantage in its target segment (Hunger and Wheelen, 1995). Differentiation focus concentrates on a particular buyer group, product line segment while seeking differentiation in its target segment. It seeks to offer segment members something they perceive is better.

According to Porter (1980), the target market segments must either have buyers with unusual needs or else the production and delivery systems that best serve the market segment must differ from that of other industry segments. Focusing is attractive where the segment has good growth potential and the focusing firm has the capabilities and resources to serve the targeted niche effectively. For most firms, the ultimate aim is to make profit and to develop a distinctive competence greater than its competitors. The profit potential in an industry depends on the collective strength of the five competitive forces that determine industry attractiveness (Porter, 1980). These forces are essential for determining how a firm positions itself in the industry and thus in the end determines whether a firm's profitability is above or below the industry average. The forces determine profitability because they influence the prices, costs and required investment of firms in an industry and these are essential elements in getting a return on investment. A proper analysis of the five forces should lead a firm into determining its competitive advantage. The fundamental basis for above average performance in the long run is sustainable competitive advantage. The two basic types of competitive advantages that a firm can possess are low cost and differentiation. According to Thompson and Strickland (1998), winning business strategies are grounded in sustainable competitive advantage.

Investing aggressively therefore in creating sustainable advantage is a company's most dependable contributor to above average profitability.

2. 8 Grand Strategies

Firms may respond to increased competition by entering new markets with similar products. These could be markets they are currently not serving, or new geographical markets. They can come up with new uses for their current products thus exploit opportunities through some light modifications to suit the needs of the market. Market entry strategies may include acquisition, strategic alliances and joint ventures. Firms may also react to competitive forces by developing new products. This means extending their portfolio and spreading the risk on many products. Such products can be directed to markets currently covered by the firm. Diversification as a response to competition can be related or unrelated. Related diversification may take the form of vertical integration. In the face of increased competition, this has the benefit of cost reductions, defensive market power, and offensive market power. Backward integration takes you back closer to suppliers mainly to increase supplier dependability or reliability. Forward integration takes you closer to the customer by putting a given output of the core under the firm's output. Forward diversification can mean increasing predictability of demand for a firm's output. Unrelated diversification may involve acquisitions of businesses not within the current product and market scope (Pearce and Robinson, 1997).

Research on strategic collaboration between firms has received increasing attention in the literature during the last decade, reflecting the increasing frequency and importance in the strategic alliances in business practice. Two main streams, in terms of focus, in this literature can be identified: one stream is mainly concerned with examining the underlying conditions favoring alliance formation (motivation for alliance formation or intent) (Harrigan, 1985; Teece, 1986; Contractor and Lorange, 1988; Hennart, 1988; Kogut, 1988; Oliver, 1990; Williamson, 1991), and the other stream is occupied with investigating alliance outcomes and the impact of alliances on the partner firms (Kogut, 1989; Blodgett, 1992; Dussage and Garrete, 1995; Doz, 199; Mitchell and Singh, 1996; Park and Russo, 1996; Nakamura, Shaver and Yeung, 1996). Lately, some researchers

have begun to explore issues related to alliance dynamics (Singh and Mitchell, 1996; Gulati, 1998; Koza and Lewin, 1998). This paper aims at contributing to the research concerning alliance dynamics by combining elements from two streams.

Building on the assumptions identified by Barnard (1938), Simon (1957), and others, recognizing that firms on their own cannot create resources and capabilities necessary to prosper and grow, collaboration can be regarded a viable way of combining resources in order to exploit new business opportunities. However, the fact that the opportunity set a firm may perceive for strategic actions can be influenced in important ways by the social structural context in which it is placed must also be taken into consideration. Hence, combining the resource-based view of the firm with the network perspective, taking into account the embeddedness of firms in the social and structural context, collaboration in this paper is approached from a dynamic, synergistic perspective.

As argued by Harrigan, strategic alliances are more likely to succeed when partners possess complementary assets and thus a firm will seek knowledge it considers lacking but vital for the fulfillment of its strategic objectives (Harrigan, 1985). One traditional view is that in seeking and applying this relevant knowledge, a firm will furthermore need to possess a knowledge base in the same or similar area, since only such similarity will allow for an understanding of the intricacies of the new knowledge as well as of its applicability to the firm's unique circumstances (Cohen and Levintal, 1990). Another dominant interpretation holds that a firm will seek knowledge complementary to its own, especially when that enables and/or facilitates the absorption of other knowledge. This interpretation has its roots in strategic alliance literature, identifying the possession of complementary knowledge as conducive to international strategic alliance formation (Beamish, 1988; Geringer, 1988; Parkhe, 1993). Hence, according to Balakrishnan and Koza (1993), a joint venture can be defined as a special mechanism for pooling complementary assets.

The literature on motivation for alliance formation is rich and fragmented. One main theoretical explanation for why firms collaborate is offered by the transaction cost

perspective. According to Williamson (1991), intermediate asset specificity and low uncertainty are conditions that may lead to a preference for hybrid forms of governance structure over both arm's length transactions and internationalization. Hence, the network perspective has been advanced- from a traditional Williamson-like transaction cost standpoint- as an intermediate form between market and hierarchy, in order to explain the existence and economic justification of these networks, suggesting the existence of a continuum of organizational forms ranging from market through network to vertically integrated firms (Williamson, 1985; Powell and DiMaggio, 1991).

The literature has produced an impressive list of reasons for why organizations enter into an alliance, including categorization such as "learning alliances", where the objective is to learn and acquire from each other products, skills, and knowledge (Lei and Slocum, 1992) and "business alliances", intending to maximize the utilization of complementary assets. In terms of strategic choice of the firm, this is consistent with the widely accepted dichotomy in terms of the choice between exploiting existing resources and capabilities or exploring new opportunities (March, 1991; Koza and Lewin, 1998). Exploration is concerned with increasing the productivity and efficiency of employed capital and assets through standardization, systematic cost reductions, and improvement of existing technologies, skills, and capabilities (Koza and Lewin, 1998). Exploitation, on the other hand, is associated with discovering new opportunities for wealth creation and above average returns via innovation, invention, building new capabilities, and investment in the firm's absorptive capacity (Cohen and Levinthal, 1990). Although conceptually a clear distinction, in practice this dichotomy reflects a continuum of choices between these two extremes, as firms are likely to seek both exploiting and exploring benefits from their involvement in collaborative ventures.

Differentiation is used as a response technique to increased competition by firms. A firm can also resort to creating entry, mobility and substitution barriers to strategic groups. Such barriers discourage potential competitors from entering the market. Substitution barriers can be in the form of differentiation that makes it difficult to imitate products. This constitutes some of the factors that make cottage firms in developing countries to

compete effectively with large firms (Sushil, 1990). Firms may also respond to competition, especially emanating from international sources, by collaborating with other players in the industry. Increased forces towards globalization have pushed more and more firms to seek collaboration with other firms in foreign countries to enable them to compete effectively in those markets among other reasons. Such collaborations take the form of strategic alliances, mergers and acquisitions, licensing, franchising among others. Shollei (1999), argues that in order to fortify a firm's position against predators from abroad, it is important to collaborate. Collaboration also reduces the cost of differentiation and enhances competitive advantage (Morrison and Lee, 1990 in Shollei, 1999).

Collaboration Sampling and Sample Size

Another way that firms respond to increased competition is through structural and process reorganizations such as restructuring/reengineering, total quality management (TQM), rightsizing, and outsourcing among others. These are measures that firms take in order to improve their efficiency of operations and are therefore related in one way or another. These measures have long-term effect and involve a lot of a firm's resources and therefore can be considered as strategic decisions. Market segmentation can be an effective way of responding to competition. With increased competition and other challenges, new efforts are being expended in determining and focusing on customer segments providing the most profit potential. They are also using information technology to build large relational databases. According to Porter (1998), companies' strategies for competing in an industry can differ in a wide variety of ways, which are specialization, brand identification, product quality, vertical integration and technological leadership.

On carrying out an intensive study of the competitive strategies adopted by the Media Group. To achieve this, an interview guide was used to collect the data. This was obtained from Nasim Media Group's policy and strategy documents.

Data Analysis

The fact that both the primary and secondary data were qualitative in nature, content analysis was the best suited method of analysis. This is a technique for making

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a case study research design where the unit of study was the Nation Media Group. The design is most appropriate when detailed, in-depth analysis for a single unit of study is desired. Case study research design provides very focused and valuable insights to phenomena that may otherwise be vaguely known or understood. This research design was successfully used by Thuo (2002) in a similar study.

3.2 Population Sampling and Sample Size

The study targeted a total of fourteen managers drawn from both corporate and divisional level management. From corporate level, the study targeted the Group finance director, Group editorial director, and the Group IT director. From the divisional level, the study targeted the Chief operating officer, Managing editor Daily Nation, Managing editor The East African, General manager marketing and circulation, General manager advertising, Managing director - Nation Broadcasting Division, Head of TV, Head of radio, Head of news, General manager- Nation Carriers Division, Fleet manager, Courier sales manager, General manager- Nation Marketing and Publishing, Sales manager, General manager- East African Magazines and Managing editor.

3.3 Data Collection Method

The study involved the collection of both primary and secondary data. The focus of the study was on carrying out an intensive study of the Competitive strategies adopted by the Nation Media Group. To achieve this, an interview guide was used to collect the data. Secondary data was obtained from Nation Media Group's policy and/strategy documentations.

3.4 Data Analysis

Given the fact that both the primary and secondary data were qualitative in nature, content analysis was the best suited method of analysis. This is a technique for making

inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. It is further argued that the method is scientific as the data collected can be developed and be verified through systematic analysis (Nachmias and Nachmias, 1996; Strauss and Corbin, 1990). This approach has been used previously in similar research papers like the one by Thuo (2002).

The study aims to achieve two objectives: to identify the underlying characteristics and dynamics in Nation Media Group, and to establish competitive strategies adopted by the Nation Media Group to cope with increased competition in the media industry in Kenya. The collected data has been analyzed and interpreted in line with these objectives using content analysis. This involves the analysis of meanings and implications emanating from respondents' information coupled with gathered data regarding strategy implementation. This chapter presents the findings of the study with regard to the objectives and discussions of the same under the two major thematic objectives and various sub themes.

Respondents in this study were drawn from two levels of management of Nation Media Group Limited: corporate and divisional levels. They have been involved in strategy formulation and implementation of strategies in the company. Majority of the respondents head various divisions/departments and are charged with the responsibility of executing the specific divisional/departments' strategies and ensure that the same are implemented efficiently and effectively to place NMG in a favorable competitive position vis-à-vis the competition and hence give the company a competitive edge in the market.

Nation Media Group's Underlying Characteristics and Dynamics

As a leading player in the media industry, the NMG exhibits unique characteristics and dynamics which are manifested in the way the company is organized and the way it has changed its offerings. It was the objective of this study to investigate how the company's organization defines roles played by the various managers in the company's strategic planning and whether each division and/or department crafts strategies which are complementary of the corporate strategy. Respondents were drawn from both the top level and middle level management.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study adopted personal interview to collect the data, which was recorded by way of writing the responses. The study intended to achieve two objectives: to identify the unique underlying characteristics and dynamics in Nation Media Group; and to establish the competitive strategies adopted by the Nation Media Group to cope with increased competition in the media industry in Kenya. The collected data has been analyzed and interpreted in line with these objectives using content analysis. This involves the analysis of meanings and implications emanating from respondents' information coupled with documented data regarding strategy implementation. This chapter presents the findings of the study with regard to the objectives and discussions of the same under the two major thematic objectives and various sub themes.

The respondents in this study were drawn from two levels of management of Nation Media Group Limited: corporate and divisional levels. They have been involved in strategy formulation and implementation of strategies in the company. Majority of the respondents head various divisions/departments and are charged with the responsibility of crafting the specific divisions'/departments' strategies and ensure that the same are executed efficiently and effectively to place NMG in a favorable competitive position within the competition and hence give the company a competitive edge in the market.

4.2 Nation Media Group's Underlying Characteristics and Dynamics

As a leading player in the media industry, the NMG exhibits unique characteristics and dynamics which are manifested in the way the company is organized and the way it has packaged its offerings. It was the intention of this study to investigate how the company's organization defines roles played by the various managers in the company's strategic planning and whether each division and/or department crafts strategies which are independent of the corporate strategy. Respondents were drawn from both the top level and middle level management.

From the findings of the study it was revealed that the company is organized around its core product/service offerings with other departments offering support services. At corporate level, the office of the Group Finance Director plays a pivotal role in the company's strategic planning. Among the keys roles include guiding the business planning and annual budgeting process; developing and implementing financial policies; reviewing and analyzing investment proposals to confirm their viability and fit into overall business plans; development and enablement of business strategy in partnership with the CEO and other corporate managers; and development and enablement of finance functional strategies in partnership with departmental heads.

4.2.1 Corporate level management

Group finance director-It was also revealed that the office has documented strategies place that Nation Media Group in a favorable position within the competition. The strategies ensure that the company always has adequate financial resources for investment and implementation of competitive strategies; enable continuous upgrading of accounting systems which ensures proper financial management through credit management and cost control. This protects the company from any fraudulent activities since the systems can track historical financial information and cannot be tampered. The strategies also ensure that departments are able to churn out new products and improve existing ones on a continuous basis. This places the company at better competitive position.

Group editorial director-At the corporate level is also the office of the Group Editorial Director, which also plays a similarly important role in NMG's strategic planning. Key among the roles include setting the group's standards for performance, as well as for motivating and developing the staff; developing and maintaining the group's editorial budget in terms of money required for staff development and equipment; and in collaboration with managing editors, the office is responsible for operational planning for the group. The office's documented strategies, it was established, are reinforced by the company's strong editorial policy. The strategies are reviewed from time to time

depending on the prevailing circumstances. The strategies have placed NMG in a favorable position within the competition by enabling NMG's publications to be number one in the market. The fact that NMG continuously introduces new columns and magazines within its publication has helped the company maintain and grow in readership and circulation. The company's balanced reporting has lent credibility to its publications and therefore enjoying unequaled loyalty among the readers. The group's TV and Radio news items equally follow the same strategies. The talk shows and commentaries are quite relevant to the targeted audience.

Group IT director-Lastly, at the corporate level is the office of the Group IT Director, which like the above two offices plays unequivocal role in NMG's strategic planning. Specifically, the office Analyzes the environment in terms of technological changes and the driving forces for new technology; analyzes and advises on the current strengths and weaknesses of the IT systems and procedures; sets strategic direction in terms of what new IT systems to purchase, what it will achieve and how it will be achieved; allocates responsibilities and timelines to the people championing particular projects during the year; comes up with methods of monitoring and evaluating achievement of each objective; and develops a budget for the money needed for the resources e.g. human resources, equipment and materials.

4.2.2 Divisional level management

At the divisional and/or middle level management, the various offices play equally important but different roles in NMG's strategic planning, roles which were seen to be complementing the corporate level albeit at Strategic Business Unit (SBU) level. The office of the Managing Editor-Daily Nation, for instance, sets and evolves the editorial direction of both the printed and online versions of Daily Nation; sets and oversees the editorial schedule, managing the budget, and developing the skills of the writers. This office also comes up with its own strategies and action programs which ensure that publications within Daily Nation meet the needs of various readers. Other offices at this level include those of the General manager-marketing; Fleet manager-Nation courier; General manager- advertising Nation newspapers; Managing Director Nation

Broadcasting division; Head of TV; General manager-production (printing plant); Managing editor –*The East African*; and the Courier manager;

The office of the General manager-marketing and circulation- plays the role of analyzing the business environment through research and monitoring competitor activities; setting strategic direction in terms of the strategic goals and methods of achieving them for both marketing and circulation; laying out action plans for achieving each objective; allocating responsibilities and timelines for each action plan; identifying and analyzing target markets for all publications; monitoring the competition, market trends and generally developing expert market knowledge in order to identify and act upon new opportunities as and when they arise; setting budgets for the marketing and circulation activity designed to achieve them; and preparing and planning distribution and market coverage programmes.

The Fleet manager's office-Nation courier plays the role of developing and managing a fuel purchase plan; and developing and managing a fleet department's budget and monitoring cost and efficiency.

General manager- advertising Nation newspapers-On its part, the office of the general manager advertising, plays the role of analyzing the business environment, monitoring competitor activities and analyzing the strengths and weaknesses of the advertising department; setting goals and objectives of the department and ways of achieving them; allocating responsibilities and timelines to section managers to achieve the departmental strategic objectives; and setting budgets for the department in terms of revenues to be achieved and money to be spent on human resource, equipment and materials. This same role is also played by the offices of the Managing Director Nation Broadcasting division; head of TV; General manager-production (printing plant); Managing editor –*The East African*; and Courier manager but each laying focus on different aspects specific to the office.

The above findings indicate that NMG's unique characteristics and underlying dynamism underpin the main reason behind the organization's design and structure. The findings also reflect the organization's approaches in carrying out its core business upon which the efficiency, effectiveness, and competitiveness of the various Strategic Business Units (SBUs) are hinged.

4.3.3 Editorial guidelines and policies

The study has revealed that the editorial department has a code of conduct which is intended as a guide for everyone working for the Nation Media Group and is based on the premise that all journalists have a duty to maintain the highest professional and ethical standards. It is founded on the individual's fundamental right to be informed and to freely receive and disseminate information. The fundamental objective of a journalist is to report fairly, accurately and without bias on matters of public interest. All sides of a story should be reported. It is important to obtain comments from anyone mentioned in an unfavourable context. Whenever it is recognised that an inaccurate, misleading or distorted report has been published, it is corrected promptly. Corrections should report the correct information and not restate the error except when clarity demands. Ideally, corrections should be made in a regular format and similar position over time. This ensures that the company is not exposed to litigation and the attendant costs.

A quality control and monitoring committee meets regularly to review the performance of the Group's products. The publication of any material as the result of proven improper motivation or any form of unprofessional behaviour cannot be tolerated. Editorial conferences are routinely held to review the planned content for print, broadcasting and the online publication. The conferences are held at appropriate times in the mornings and afternoons and involve the assigning editors, chief subs and managing editors. The morning conferences are both a post-mortem session concerning the previous day's efforts, as part of efforts to monitor and improve on quality, as well as a comprehensive review of the pending news docket. The afternoon conference review coverage at hand and possible later developments, selecting possible lead stories for each medium, identifying content for syndication and for common usage across the regional platforms.

The weekly publications convene in conference on Monday or Tuesday mornings to review their previous week's performance and to plan coverage for the new week. Given the relatively small size of their staff, the conferences are attended by all staff and are chaired by the respective managing editor.

Regional or bureau office staffs similarly hold meetings as appropriate and submit a docket of their pending news coverage to the respective editor in time for discussion at the morning conference. In all areas, regular updates of the news or story dockets will be imperative. News management is the powerhouse of the newspaper. Its organisation must be lively, flexible, enterprising and well informed. All reporters are deployed on arrival not only to regular diary assignments (e.g. police, courts and hospital calls), but also to running and developing stories- sequels to earlier headlined events, building news features, and inquiring into leads and tips. The news editor(s) will analyse the subject content of the particular publication and the competition, and record all forthcoming events and developments in the diary, specifically including all follow-up possibilities.

As news coverage is a round-the-clock affair, the news desk has effective coverage up to midnight throughout the week. Late news appears in the following day's paper, not the day after. Reporters and sub-editors are assigned to night duty and the publications and broadcasts will be sufficiently flexible to accommodate any late newsbreaks. The Internet editions have full interactivity of stories and offer Nation Media website visitors enhanced utility by enabling easy printing, e-mailing, feedback and customisation. Stories acquired from the print editions for publication on the website are repurposed and edited to augment their international significance and particular interest to the East African Diaspora.

It is ensured that all journalists employed on the English language platforms are able to write and speak clear, concise English and are fully up to date with the modern usage of the language. Likewise, journalists employed on the Kiswahili language platforms will be proficient in the written and spoken use of the language. All these journalists must have a reasonable numeracy competence.

The editorial department-Daily Nation plays major role in ensuring efficiency and effectiveness by ensuring that the editorial policies are adhered to by all in the department, that deadlines are met, all the stories are accurate and fair. The department also ensures that transport for journalists is available at all times so that reporters do not miss their assignments. It also ensures that all advertisements that are carried meet the required and/or set standards. The marketing and circulation department ensures that the publications reach the intended destinations at the right time. Through research the department advises editorial department accordingly in terms of what the readers require. It also ensures that returns are accounted for accordingly to check on losses.

The advertising department ensures that deadlines are met consistently to reach the market early; ensures quality of advertising material that give clients value for their money and that the company debts are collected on time. The Nation Broadcasting division in ensuring efficiency and effectiveness, provides up to date 24 hour news coverage and promotes the group's other products. The department also reinforces print editorial material by way of pictures. The production department (printing plant) ensures that printing deadlines are adhered to in order to reach the market early and ensures high quality maintenance.

The Fleet department-Nation courier, on its part, plays a role in ensuring that the Nation publications reach their destinations on time before the competitors; that the Nation courier delivery system is efficient and safe. The department also maintains parts inventories; reports misuse or abuse of vehicles by superiors; and develops a preventive maintenance program for vehicles.

4.3 Competitive Strategies Adopted by Nation Media Group

According to Porter (1980), the essence of formulating competitive strategy is relating a company to its environment. He observes that the intensity of competition in an industry is neither a matter of coincidence nor bad luck. Rather, competition in an industry is

rooted in its underlying economic structure and goes well beyond the behavior of current competitors. The findings discussed in the previous section have shed light on the NMG's aspiration to position itself within a fierce competitive environment. It is against this background that this study sought to investigate and establish the competitive strategies adopted by the NMG as it grapples with the challenges presented by the ever-turbulent, dynamic and chaotic competitive environment.

The findings of the study reveal that the company adopts various competitive strategies which are in tandem with the different markets in which it operates. The study also found that, to remain competitive, each of the company's divisions and/or departments crafts its own strategies but which draw from the broad policy guidelines crafted at the corporate level. Therefore, in discussing the findings of the study, reference will be made to the renowned competitive strategies advanced by various authors, key among them Porter (1980); Pearce and Robinson (1997), Ansoff (1990) among others. Also, the findings will be discussed as adopted by each division and/or department.

4.3.1 Cost Leadership Strategy

According to Porter (1980), cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions, and tight cost control in various functions. It was established that the NMG pursues a number of approaches in its various divisions aimed at driving costs down. In its vigorous pursuit of cost reductions, cost control, and cost minimizations in various functions, the study found out that the company, through the office of the Group Finance Director, pursues this strategy through annual budgeting process where various departments present their budgetary needs for the year and the department scrutinizes each of the budgets and makes the necessary amendments. This process is vigorous and leaves no room for wastage of financial resources. The process also looks at control in telephone call budgets in which each employee is allocated a certain amount to spend in a month, outsourcing of transport services for some employees, having a number of employees on freelance basis hence reducing the cost of employment, leasing of certain equipment which requires constant replacement to avoid keeping obsolete equipment, etc.

The company, through the use of Information and Communication Technology, which is the province of the ICT department, has enabled communication with branch offices without spending money through calling via an extension. The internet has allowed the country offices to send material to the main office without the use of courier services. Through the use of satellite technology, video clips can be sent to Nation centre for broadcasting without spending any money. Through the acquisition of computer to plate technology, NMG is able to send to the printing plant as many publications as possible therefore ensuring that it can print many pre-prints to achieve its differentiated product portfolio.

As a support department, ICT ensures that the operations in NMG run smoothly. It ensures that communication within and without is perfect and enables the printing process to take place through the latest technology (computer to plate printing). This saves so much on costs and time. The broadcasting division through ICT department is now able to relay news from anywhere in the world in the shortest time possible via satellite. Also, through ICT, all departments in the company are able to interact and therefore enhancing effectiveness. ICT has also enabled E-business to thrive especially in advertising department.

The study also revealed that NMG in pursuing the cost leadership strategy, each department puts a number of measures to ensure high levels and effectiveness.

4.3.2 Diversification Strategy

This is a growth strategy in which an organization could seek new products that have technological and/or marketing synergies with existing product lines, even though the products may appeal to a new class of customers (concentric); or it might search for new products that could appeal to its current customers though technologically unrelated to its current product line (horizontal); or it could seek new products that have no relationship to its current technology, products, or markets (conglomerate) (Pearce and Robinson, 1997). According to the research findings, NMG has, to a large extent, adopted the

concentric diversification strategy to enhance its competitive position. This is exhibited by the fact that company has a portfolio of products with high degrees of compatibility. The study established that the company product portfolio is held in neighboring countries in the East Africa region (Tanzania and Uganda).

4.3.2 Grand Strategies

It was established that as the leading multi-media house in the East African region, the company has print as well as electronic media and the Internet which attracts a regular readership quite unparalleled in the region. The NMG publishes the *Daily Nation* and *Taifa Leo* on week days, and *Sunday Nation* and *Taifa Jumapili* on every Sunday. Both the Saturday and Sunday editions have pullouts including a *children's magazine*. On the other days of the week it carries special sections: football on Monday, business on Tuesday, society on Wednesday, Money issues on Thursday, and family and entertainment on Friday. The *Nation*, although targeting the Kenyan market, is also distributed throughout the East African region.

and *Sunday Monitor* are now the leading independent national newspapers in Uganda while KPM attained market leadership in

In order to have a regional reach, the group launched the up market, business-oriented weekly, *The EastAfrican* in 1994. The air of authority and the high standards evident in this title has won it a loyal readership in Uganda and Tanzania as well as Kenya. The division has continued to roll out successful new products including **Smart Company** which comes free with the Tuesday paper and **Money**, a pull out in the Thursday paper. Following the immense success of the **Smart Company** and **Money**, the division has rolled out an all business newspaper to meet the needs of the growing market for business and financial news and information. This is **The Business Daily** which is published Monday to Friday. The latest introduction in the NMG product portfolio is the *Daily Metro*.

Communications Limited (MCL) of Tanzania. MCL publishes Kiswahili papers *Mwanasitani* and *Mwazi Spoti*. The former is produced daily while the latter is weekly

Although the NMG has had a newspaper division since 1960 its broadcasting division comprising NTV and Easy FM were launched only in 1999. Besides giving informative news, the electronic division now entertains with music, movies, comedies and talk shows.

From the findings of the study, it could be observed that the diverse product portfolio enables NMG to be self sustaining and all the products are marketed in house. The company is also able to satisfy the needs of all its consumers from children to adults.

4.3.3 Grand Strategies

4.3.3.1 Consortia

Consortia are defined as large interlocking relationships between businesses of an industry (Pearce and Robinson, 1997). It was established that NMG has pursued this strategy as one of its competitive moves. This, the company has implemented through the **Monitor** in Uganda. The findings of the study revealed that the **Monitor** was started in 1992 and has grown from a basement operation to a multi-media consortium with offices spread across Kampala city. Besides the daily and **Sunday Monitor** papers, Monitor Publications Ltd. runs an FM radio station, **93.3 KFM**. All these products have been relaunched to great success. Daily Monitor and Sunday Monitor are now the leading independent national newspapers in Uganda while KFM attained market leadership in Uganda's crowded FM market.

4.3.3.2 Joint Venture

Pearce and Robinson (1997) observe that two or more capable companies lack a necessary component for success in a particular competitive environment. The solution, they say, is a set of joint ventures, which are between commercial companies (children), created and operated for the benefit of the co-owners (parents). According to the findings of the study, the NMG has pursued this strategy to a considerable extent. The study established that the Nation Media Group has controlling shareholding in Mwananchi Communications Limited (MCL) of Tanzania. MCL publishes Kiswahili papers **Mwananchi** and **Mwana Spoti**. The former is produced daily while the latter is weekly all-sports newspaper. In September 2004, MCL launched an English daily, **The Citizen** which has taken competition by storm. The MCL has managed in its short history to develop into a major player in the media scene in Tanzania committed to editorial independence and journalistic excellence. The Nation group's investment represents yet

another milestone in the group's efforts to be a truly regional company by pursuing grand strategy in form of joint venture.

Further, it was established that Nation Media Group has formed a joint venture company with Media 24 Magazines, a leading publisher of printed material based in South Africa. East Africa Magazines Ltd (EAM) is the publisher of two Media 24 titles - **Drum** and **True Love**. True Love is now the market leader in the women's magazine category while Drum is the most read magazine in the country at the moment. The regional reach has made NMG be felt all over the region and enhancing its competitiveness through the expansion strategies.

4.4 Competitive Strategies and NMG's Competitive Advantage

The findings of the study have revealed that the NMG adopted a number of competitive strategies in its bid to gain a competitive edge in the market. Respondents were asked to describe the competitive environment and relate it to their divisions' and/or departments' role in the company's competitive advantage. It was established that the various divisions and/or departments understand the environment as one which is highly volatile and with many participants, hence presenting enormous challenges. However, through their specific strategies and/or action programs, the divisions and/or departments, they have been able to place NMG at a competitive advantage.

The finance department, for instance, ensures that there is a healthy cash flow at any one time to ensure that all company strategies are perfectly implemented. Also, in conjunction with other departments, it ensures that there is no wastage of resources and that only those viable projects are implemented. The IT department, on its part has responded very well to the latest technological advances to ensure that the company is always on the lead and be able to exploit any emerging business opportunities. The editorial department has worked towards enhancing the company's competitive position by introducing many products to take care of various customer needs and preferences and all have ensured that

all the company's readers are served adequately and therefore outperforming the competition.

The marketing and circulation department has played its role in developing and implementing the marketing (and pricing) strategy for the company's publications in conjunction with other departments; monitoring the competition, market trends and generally developing expert market knowledge in order to identify and act upon new opportunities as and when they arise; analyzing previous marketing activity along with resulting sales; making use of market research to monitor consumer response, then if necessary adapt a marketing strategy or even the product itself; implementing agreed plans for product development; forecasting future sales and/or profits; liaising with other internal departments (e.g. other marketing personnel, sales, production, data management etc) to ensure that all communications regarding the brands, whether internal or external, are consistent and on brief, and to ensure that the marketing strategy is implemented effectively, on time and to budget; liaising closely with distributors to ensure that the products reach every part of the country including the most remote areas.

The Courier services department place NMG at a competitive advantage by offering overnight express door to door service, collecting and delivering mails and parcels for corporate organizations, private firms and individuals to all parts of the country. The department operates seven days a week including public holidays. The department also offers Overnight Nation Courier Express Service -This service is offered for six days in a week and charged at a flat rate. The customer drops the mails or parcels at NMG's respective branch and informs the consignee to collect the mail from our respective branch. For this service, NCS does not deliver door to door.

It was also established that the company has unique and distinctive competencies which place it at a better competitive edge in executing its strategies. Key among them include very modern and top of the range broadcasting equipment; highly qualified human resource; extensive area coverage; adequate financial resources; and clear reception throughout the country. Others include efficient company transport for delivering the

company's publications to the required destinations; very strong In-house research team; good working relationship with vendors across the country; and very high team spirit. These competencies have led to the provision of comprehensive news coverage; conducting highly educative and informative talk shows; having interesting documentaries; sourcing news wherever it happens in Africa; and covering every part of the country among others.

5.2 Summary

The success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. The competitive strategies provide a framework for the firm to respond to the systemic changes within the firm's operating environment. Organizations achieve competitive advantage by providing their customers with what they want, better or more effectively than competitors; and in ways, which their competitors find difficult to imitate (Ansoff and McDonnell, 1990; Porter, 1998). This study sought to investigate the Nation Media Group's underlying characteristics and dynamics; and establish the competitive strategies it adopts to cope with increased competition in the media industry in Kenya.

The study established that the Nation Media Group possesses unique underlying characteristics which are exhibited by the way the company is organized and structured. The most predominant characteristic, according to the research findings, is the company is organized around its core business, making the company a highly divisionalized organization. Further findings revealed that this design makes NMG to be responsive to developments in the wider business and competitive environment and uphold a high degree of flexibility with regard to strategy formulation, implementation, evaluation and control. This is because each division and/or department is given autonomy to craft and implement its own strategies, which, however, should draw the overall direction from the corporate policy guidelines. The design was also found to encourage inter-divisional and inter-departmental collaborations to come up with effective competitive strategies.

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

5.1 Introduction

In this chapter, the findings of the research are summarized and discussed. The chapter also offers conclusions of the study; highlights the limitations of the study; and provides suggestions for further research.

5.2 Summary

The success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. The competitive strategies provide a framework for the firm to respond to the various changes within the firm's operating environment. Organizations achieve competitive advantage by providing their customers with what they want, better or more effectively than competitors; and in ways, which their competitors find difficult to imitate (Ansoff and McDonnell, 1990; Porter, 1998). This study sought to investigate into the Nation Media Group's underlying characteristics and dynamics; and establish the competitive strategies it adopts to cope with increased competition in the media industry in Kenya.

The study established that the Nation Media Group possesses unique underlying characteristics which are exhibited by the way the company is organized and structured. The most predominant characteristic, according to the research findings, is the company is organized around its core business, making the company a highly divisionalized organization. Further findings revealed that this design makes NMG to be responsive to developments in the wider business and competitive environment and uphold a high degree of flexibility with regard to strategy formulation, implementation, evaluation and control. This is because each division and/or department is given autonomy to craft and implement its own strategies, which, however, should draw the overall direction from the corporate policy guidelines. The design was also found to encourage inter-divisional and/or departmental collaborations to come up with effective competitive strategies.

Among the predominant strategies that were unearthed by the study which the NMG has adopted to compete included cost leadership strategy, concentric diversification strategy; and grand strategies of consortia and joint ventures. It was established that each of the division/department in the company adopts different approaches in pursuant of these strategies. The strategies, according to the study findings, have placed the company in a favorable position relative to the competition.

Consequently, it was revealed that the above competitive strategies have made the NMG to not only achieve high levels of efficiency and effectiveness but also gain and sustain competitive advantage. The study unearthed that the company has attained this position due to the fact it has numerous distinctive competencies, which span across all its main functional and operational areas.

5.3 Conclusion

The findings of this research have unearthed a number of realities regarding Nation Media Group's unique underlying characteristics and dynamics, and the competitive strategies adopted by the company to cope with increasing competition in the media industry in Kenya. Generally, the company is largely organized around its core business where a lot of flexibility is exhibited and inter-divisional/departmental collaborations are providing a health environment for the company to come up with effective competitive strategies, which have seen the company achieve sustainable competitive advantage. The company has been able to attain this position because it has been able to understand the forces driving competition in the media industry through a thorough analysis of the environment, and it has been able to develop numerous distinctive competencies which have enabled the company to craft appropriate strategies and implement them with high degrees of success.

5.4 Limitation of the Study

The study adopted a case study approach whose predominant data collection technique is personal interviews. In this way, the respondents had to spare time out of their busy schedules to participate in the study. Therefore, the study was limited by time with

respect to data capturing because the interviewees could spare very short time which proved inadequate to ask all the questions and do further probing.

5.5 Suggestions for Further Research

With regard to further research, it is suggested that a study be carried out to determine the forces driving competition in the media industry in Kenya to provide an understanding on the nature of competitive forces adopted by the players in the industry.

It is also suggested that interested future scholars to look at strategic responses by the various media companies to changes in the environment to provide further insight on the nature of developments taking place in the industry and what kind of responses could be predominant.

Further research should also be carried out to find out the challenges faced by Nation Media Group in maintaining its market leadership position and in implementing its strategies.

REFERENCES

- Abuoga, J. B. and Mutere, A. A. (1988) **The History of the Press in Kenya**, ACCE, Nairobi.
- Andrews, K. R (1971), **The Concept of Corporate Strategy**, Bombay: Taraporerala.
- Ansoff, I. And McDonnell, E. (1990), **Implanting Strategic Management**, 2nd edn, Prentice Hall.
- Aosa, E. (1998), 'The leadership challenge facing Kenyan organizations' **The Accountant** Jan-March.
- Ayittey, G.B.N. (1992), **Africa Betrayed**. St. Martin's Press, New York.
- Balakrishnan, S. and Koza, M. (1993), 'Information Asymmetry, adverse selection and joint ventures, theory and evidence' **Journal of Economic Behavior and Organization**, 20: pp 99-117.
- Barnard, C. I. (1938), **The Functions of the Executives**, Harvard University Press, Cambridge- MA.
- Chandler A. (1962), **Strategy and Structure: Chapters in the history of American Industrial Enterprises**, Cambridge Massachusetts, MIT Press.
- Cohen, W. M. and Levinthal, D. A. (1990), 'Absorptive capacity: A new perspective on learning and innovation' **Administrative Science Quarterly** 128-152.
- Contractor, F. J. and Lorange, P. (1988), 'Why should firms cooperate? The strategy and economic basis for cooperative ventures'. In F. J. Contractor and P. Lorange, editors, **Cooperative Strategies in International Business**, Lexington Books, Lexington-MA.
- De Beer, A. S. Kasoma, F.P. Megwa, and E. Steyn. (1995)"Sub-Saharan Africa". In John C. Merrill (Ed). **Global Journalism: Survey of International Communication** 3rd Ed. Longman, New York:
- Geringern J. M. (1988), **Joint Venture Partner Selection: Strategies for developing countries**, Quorum, New York.
- Githii, G. (1971), **Press Freedom in Kenya**, African Publishing Corporation, New York
- Grant, R. M (2000), **Contemporary Strategy Analysis: Concepts, Techniques, Applications**, 3rd edn. Blackwell Publishers, New York.

- Greenstein, S. (2001), 'Technological Mediation and Commercial Development in the Early Internet Access Market' **California Management Review**_Winter 43 (2) pg 75.
- Harrigan, K. R. (1985), **Strategies for joint ventures**, Lexington books, Lexington-MA
- Hax C. A. and Majluf N. S. (1996), **The Strategy Concept and Process: A Pragmatic Approach**, 2nd ed. Prentice Hall, NJ, USA.
- Hennart, J. F. (1988), 'A transaction cost theory of joint ventures' **Strategic Management Journal** 9(4): 361-374.
- Hill, C. W and Jones, G. R. (2001), **Strategic Management Theory: An Integrated Approach**, 5th edn. Houghton Mifflin Company.
- Hofer C. W. and Schendel D. (1979), **Strategy Formulation: Analytical Concepts**, West Publishing Company, NY, USA.
- Hunger J. D. and Wheelen T. L. (1995), **Strategic Management**, 5th ed., Addison-Wesley Publishing Company, NY, USA.
- Johnson G. and Scholes K. (2002), **Exploring Corporate Strategy**, 6th ed. Prentice Hall, NJ, USA.
- Kogut, B. (1988), 'Joint Ventures: Theoretical and Empirical perspectives' **Strategic Management Journal** 9 (4): 319-332.
- Kogut, B. (1989), 'The stability of joint ventures: Reciprocity and competitive rivalry' **Journal of Industrial Economics**_38: 183-198.
- Kotler P and Armstrong G, (1999), **Principles of Marketing**, 2nd edition, Prentice hall Europe.
- Koza, M. P. and Lewin, A. Y. (1998), 'Te Co-evaluation of strategic alliances' **Organizational Science** 9: 255-264.
- Lei, D. and Slocum, J. W. (1992), 'Global strategy, competence-building and strategic alliances' **California Management Review** 35(1): 81-97.

- March, J. G. (1991), 'Exploration and exploitation in organizational learning' **Organizational Science** 2: 71-87
- Mintzberg, H. (1994), 'The fall and Rise of Strategic planning'. **Harvard Business Review**.
- Mitchell, W. and Singh, K (1996), 'Survival of businesses using collaborative relationships to commercialize complex goods' **Strategic Management Journal** 17(3): 169-195.
- Nachmias V. F. and Nachmias, D. (1996), **Research Methods in the Social Sciences**, 5th Edn.
- Nakamura, M. , Shaver, J. M. and Yeung, B. (1996), 'An empirical investigation of joint venture dynamics: Evidence from US-Japan joint ventures' **International Journal of Industrial Organization**, 14: 521-541.
- Ohmae, K. (1983), **The mind of the Strategist**, Penguin Books Harmonds Worth.
- Oliver, C. (1990), 'Determinants of interorganizational relationships: Integration and future directions' **Academy of Management Review** 15: 241-256.
- Parkhe, A. (1993), 'Strategic alliance structuring: A game theoretic and transaction cost examination of inter-firm cooperation' **Academy of Management Journal** 36: 794-829.
- Pearce J. A. (II) and Robinson R. B. (Jr), (1997), **Strategic Management: Formulation, Implementation, and Control**, 3rd edn. Richard, D. Irwin.
- Porter, M. E. (1980), **Competitive Strategy: Techniques for Analyzing Industries and Competitors**, Free Press.
- Porter, M. E. (1998), **Competitive Strategy: Techniques for Analyzing Industries and Competitors**, The Free Press, New York.
- Powell, W. W. and DiMaggio, P. J. (1991), **The new institutionalism in organizational analysis**, The University of Chicago Press, Chicago.
- Quinn, J B. (1980), **Strategies for Change: Logical Incrementalism** Irwin Homewood IL.

Sang S. K (2001), **A Study of the Competitive Intelligence Practices of the FM Radio Stations in Kenya**, Unpublished MBA project. University of Nairobi.

APPENDICES

Shollei, W. (1999), **An Investigation into the Nature of Factor Influencing Collaborative Arrangements in Kenya's Media Industry**, Unpublished MBA Project, University of Nairobi.

Shushil, V. (1990), 'Strategic Responses of Multinationals to Competition for Developing Country Cottage Firms' **International Marketing Review** 7(3).

Simon, H. A. (1957), **Administrative Behavior** MacMillan, New York.

Strauss, A. and Corbin, J. (1990), **Basics of Quantitative Research: Grounded Theory Procedures and Techniques**, Sage Publications

Teece, D. J. (1986), 'Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy' **Research Policy** 15: 285-305.

Thompson A. A. Jr. and Strickland A. J. III (2003), **Strategic Management: Concepts and Cases**, 13th edn. Tata McGraw-Hill Publishing Company Ltd. New Delhi.

Thompson A. A. Jr. and Strickland A. J. III (1998), **Grafting and Implementing Strategy**, 10th ed. Irwin McGraw-Hill, Boston, USA.

Thuo W. (2002), **A Study of the Diversification Strategy of the Nation Media Group**, Unpublished MBA project. University of Nairobi.

Williamson, O. E. (1985), **The Economic Institutions of Capitalism: Firm, Market relational contracting**, The Free Press, New York.

Williamson, O. E. (1991), 'Strategizing, Economizing, and Economic Organization' **Strategic Management Journal**, Winter Special Issue, 12: 75-94.

APPENDICES

Appendix 1: Letter of Introduction

September 2007

Dear Respondent,

MBA –Research project

I am a student at the University of Nairobi currently undertaking an MBA degree and majoring in strategic management. I am collecting information that will be used to establish the competitive strategies adopted by Nation Media Group. I am looking forward to having a one on one interview with you.

This information will be used to write a strategic management project which is a requirement for the fulfillment of the Master of Business Administration Degree.

The information you will give will be treated in total confidence. Your cooperation in this exercise will be highly appreciated.

Thank you

Sincerely

Muganda,R.Ekirapa

MBA student.

Appendix 2: Interview Guide

Part A: Corporate Level Management

a) Group Finance Director

1. What role do you play in NMG's strategic planning?
2. Do you have documented financial strategies?
3. How do these strategies (if any) place NMG in a favorable position within the competition?
4. Are the strategies (if any) general or specific to each division?
5. Does the company maintain financial management systems to ensure proper utilization of funds, accountability, financial monitoring, and efficient reporting?
6. How does your department ensure that NMG is in vigorous pursuit of cost reductions, cost control, and cost minimizations in various functions?
7. Do you think the measures described above (if any) are sustainable in the long run?
8. What is your comment on overall resource mobilization in terms of access to and utilization of the resources to enhance implementation of NMG's strategies?
9. How would you relate NMG's competitive environment and your department's role in the company's competitive advantage?

b) Group Editorial Director

1. What role do you play in NMG's strategic planning?
2. Do you have documented editorial strategies?
3. How do these strategies (if any) place NMG in a favorable position within the competition?
4. How does your office ensure that NMG is both efficient and effective vis-à-vis the competition?
5. With respect to NMG's editorial policy, what do you think are the company's main distinctive competencies that put it at an advantage over the other companies in the media industry?
6. What would you comment on the company's diverse product portfolio?

7. Do you consider NMG's diverse product portfolio as contributor to the company's competitiveness? Explain on what basis.
8. How sustainable are the editorial strategies given the dynamism inherent in Kenya's media industry?

c) Group IT Director

1. What role do you play in NMG's strategic planning?
2. Do you have documented ICT strategies?
3. What is the strategic role of ICT in NMG's competitiveness?
4. Explain how ICT has contributed to NMG's pursuit in achieving low costs, product differentiation, and market segmentation.
5. Given the advances in technological innovations, how has your department exploit such advances to boost NMG's competitive position?

Part II: Divisional Level Management (To be administered to all Divisional Level Managers)

1. What is your role in NMG's strategic planning?
2. Does your division/department come up with its own strategies and action programs? Please elaborate on their nature and intention/purpose?
3. What role does your division/department play in enhancing NMG's efficiency and effectiveness?
4. With respect to your division/department's duties and responsibilities, how would you describe the competitive environment in which NMG is operating?
5. How has your division/department enhanced NMG's position within the competitive environment in which it operates?
6. What do you consider to be your division/department's core and/or distinctive (unique) competencies that have given NMG a competitive edge over other players in the industry?
7. Which particular strategies and/or action programs specific to your division/department to which the above competencies can be attributed?

8. Do you think the strategies are sustainable given the turbulence (dynamism/changes) in NMG's operating environment? Elaborate.

Thank you for your time and cooperation.