06-2016

**Impact of media convergence on corporate performance of media organizations in Kenya**

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# IMPACT OF MEDIA CONVERGENCE ON CORPORATE PERFORMANCE OF MEDIA ORGANISATIONS IN KENYA

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**Submitted in partial fulfilment of the requirements for the Degree of Master of Business Administration at Strathmore University**

**Strathmore Business School**

**Strathmore University**

**Nairobi, Kenya**

**June 2016**

# Declaration

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.



David Otieno Aduda

June 2016

**Approval**

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# DEDICATION

This research is dedicated to my wife Jacqueline Aduda, son Fanuel Aduda and daughter Trizah Aduda for their immense support and encouragement during my studies and writing of this project. They were supportive and understanding and gave me the latitude to do my studies, conduct the research and write the dissertation.

I also acknowledge the words of encouragement from my mother Josephine Aduda, brothers Samson Aduda and Josiah Aduda. They regularly monitored my progress and held me accountable.

I wish to sincerely acknowledge the support of my employer, the Nation Media Group, for giving me time off to pursue my studies and for providing general support during the period. I also acknowledge the support of many friends who encouraged me all the steps of the way.

In a special way, I wish to acknowledge the support of my supervisor, Dr Fred Onyango Ogola, who provided insights at every stage of the project and was readily available for consultation even at odd hours.

# ABSTRACT

This dissertation examines the impact of media convergence on the corporate performance of the media houses in Kenya and focuses mainly on the Nation Media Group and the Standard Group Limited. It argues that media convergence, which offers a wide range of content, timely, conveniently and interactively, has caused audiences to migrate from the traditional media to new media for news and information, hence reduced circulation of newspapers, ratings of television and radio; cut advertising revenues; and led to reduced profits. The study examines three objectives: impact of media convergence on advertising, circulation and profits. It uses quantitative and qualitative research methods; data is collected through questionnaires, indepth interviews and desk review of secondary, and presented through narrative and descriptive statistics. The findings show that media convergence has affected advertising, circulation and reduced profitability of the media houses. Consequently, it makes a number of recommendations, including multiskilling of journalists to enable them work across all platforms to reduce operational costs, content sharing with other media houses especially those at the counties, syndicating premium content and adopting new advertising models such as native advertising and changing recruitment policies and procedures to align with the media convergence.

# Table of Contents

## LIST OF TABLES

**LIST OF FIGURES**

## LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| CAK | Communications Authority of Kenya[1] |
| CCK | Communications Commission of Kenya |
| CPC | Communist Party of China |
| FM | Frequency module |
| IEA | Institute of Economic Affairs |
| ITU | International Telecommunications Union |
| KNBS | Kenya National Bureau of Statistics |
| MCK | Media Council of Kenya |
| MPRC | Media Policy Research Centre |
| NMG | Nation Media Group |
| NTV | Nation Television |
| NTV-U | Nation Television – Uganda |
| SGL | Standard Group Limited |
| TV | Television |
| VAT | Value Added Tax |

[1] Communications Authority of Kenya is the successor of the Communications Commission of Kenya

# CHAPTER ONE: INTRODUCTION

## 1.1 Overview of the study

This dissertation examines the impact of media convergence on the corporate performance of Kenya's leading two media houses, namely Nation Media Group and the Standard Group Limited. It argues that the media organisations face declining advertising revenues and newspaper sales as consumers of news and information migrate from the traditional media to digital platforms.

Media convergence is defined as the collaboration and integration of erstwhile distinct media operations, namely, print, broadcast and digital in regard to generation, packaging, delivery and distribution of content. Traditional media refers to the media that existed before the Internet, namely newspapers, magazines, radio, television and films.

Corporate performance refers to the compound assessment of how well and organisation executes its key parameters, which in the case of the media are, advertising, circulation and profits.

Studies show that digital media provide diverse content and allow flexibility and convenience as consumers can access information anywhere, anytime and through a wide range of gadgets, including smartphones, tablets and portable devices ((Deuze, 2004); Jenkins, 2004; Jenkins, 2006; Kolodzy, 2006). In addition, digital media allows for interactivity and radically transforms the relationship between news providers and consumers. (Carey and Elton, 2010; Jenkins, 2004; Killebrew, 2005)

Authors argue that unlike the traditional media that is characterised by a one-way communication model, where news flowed from the source (media house) to the consumer at the opposite end, digital media presents a dual communication process, where news producers and consumers are co-creators (Killebrew 2005; Newman 2009,). Further, the messaging and responses are instantaneous and spontaneous. New facets of journalism have developed such as citizen journalism, crowd sourcing, news blogging, social media, among others. Platforms for disseminating content have expanded enormously, including Facebook and twitter.

However, the dissertation also argues that despite the declining media business performance, media convergence provides the opportunity for the traditional media organisations to tap into new information and communication technology to reach large audiences and therefore raise new revenues and improve their bottomline. Schlesinger and Doyle (2014) present the examples of *Financial Times*, *The Telegraph Media Group* and *Huffington Post*, which have started to reap from effective implementation of media convergence. Similarly, Tapsell (2004) demonstrates how two media houses in Indonesia, namely, The Globe Media and Media Indonesia Group, have changed their fortunes with the adoption of media convergence. Various studies highlight the following as determinants for effective media convergence: technology leading to automation that creates efficiency; changed newsroom work processes; new models of news production and dissemination; staff restructuring and training; and policy change (Cottle and Ashton, 1999; Lawson-Borders, 2003; Schlesinger and Doyle, 2014; Tapsell, 2004).

## 1.2 Background of the study

MacLuhan (1964) popularised the concept "medium is the message" at a time when the media industry was transitioning from traditional to modern media platforms. The proposition was that content could not be divorced from the medium and that communication was incomplete without interrogating the way it was transmitted. His seminal work presaged media revolution that was later catalysed by the fast growth of information and communication technologies in the closing decade of the 20th century.



Technological advancements have changed the way media content is delivered and consumed (Boczkowski, 2004; Cottle and Ashton, 1999; Mitchelstein and Boczkowski, 2009; Dwyer, 2010). No longer is media content conveyed through print and broadcast platforms only, but increasingly and significantly through digital platforms (Latzer, 2013; Siles and Boczkowski,2012; Jenkins, 2004). Similarly, the content is provided by diverse producers and consumed through varied mediums anytime, all the time and everywhere (Jenkins, 2004; Dwyer; 2010; Latzer, 2013).

Previously, the media were divided into distinct categories such as print and broadcast or different formats such as broadsheet and tabloid (Örnebring, Karlsson and Fast, 2011;

Shoemaker and Reese 1996). The print products comprised newspapers, magazines, journals among others, while the broadcast consisted of radio, television, film and movies, videos. Media delivery and consumption patterns were clearly delineated (Shoemaker and Reese 1996). However, the lines have been blurred as the platforms intersected through a process that has come to be widely referred to as media convergence (Carey and Elton, 2010).

Ordinarily, convergence refers to the coming together of two or more items. However, in scholarship and practice, opinions have coalesced around the conception that convergence is the collaboration and integration of erstwhile distinct media operations, namely, print, broadcast and digital in terms of generation, packaging, delivery and distribution of content (Boczkowski, 2004; Deuze, 2004; Domingo 2007; Jenkins, 2004; Latzer, 2013).

Jenkins (2004) provides a framework for understanding the construct of media convergence, which he describes as the coming together of different equipment and tools in the process of gathering, packaging and disseminating news content. This framework largely focuses on news content and technology; thus content and form. But some authors such as Carey and Elton, (2010) view media convergence as the use of various media platforms for storytelling.

Further, Jenkins (2004) postulates that media convergence is more than a simple technological shift as it redefines the relationships between existing technologies, industries, market, genres and audiences. In this context, various technologies create a platform for interaction between content producers and consumers and redefine the relationship in the sense that no single group has monopoly in regard to content generation, presentation and delivery. In essence, therefore, convergence allows interaction between the news producers and consumers, giving significance and fresh meaning to what Toffler (1980) termed “prosumers”.

Scholars have identified different forms of media convergence. Gordon (2003) discusses five forms of media convergence, namely ownership – the ownership of multiple content and distribution channels; tactical – partnership and collaboration in content generation, marketing and revenue enhancement; structural – significant changes in organisational structures and the way journalists operate; information gathering – multi-skilled journalists; and lastly, story-telling – new techniques of telling stories. Kolodzy (2006), however, presents three dimensions of media convergence, *vide*: technological, economic and journalistic. Reducing this conception further is Killebrew (2005), who presents two broad formats: technological delivery (means and ways of disseminating information) and the interpretation which refers to the way the content is segmented, packaged and distributed through the most effective platform.

Other scholars like Erdal (2011) have conceptualised media convergence as a process that operate either vertically or horizontally; with the vertical referring to the production process, which involves the process of news gathering, production and packaging. An analysis is done of how news is created and the skills required, leading to the concept of multi-skilling; the ability of a reporter to file content for newspaper, radio, television and digital media. Conversely, horizontal implies the platforms through which content is distributed such as radio, television, newspapers, websites and mobile. Each platform has a distinct character and format of presentation and thus, content has to be repurposed accordingly.

Collectively and notwithstanding the different forms, convergence enables media organisations to provide news and information in several formats, leveraging on the strengths of each, and through that gives better service and experience to the audience (Kolodzy, 2006).

All these have implication on media business models, management and ownership (Carey and Elton, 2010; Latzer, 2013; Siles and Boczkowski, 2012). Media houses no longer have the monopoly over news gathering, production and processing and neither can they dictate consumption of their products (Deuze, 2004). News consumers make choices on what content to consume, where and through which platforms. Consequently, many have migrated from consuming news through the traditional media to digital media. Concomitantly, revenues from sales of print products and advertising for both print and broadcasts are migrating to the digital platforms (Jenkins, 2004; 2006; Schlesinger and Doyle, 2014). Moreover, regulatory framework, media laws and policies are changing as the business environment metamorphoses (Carey and Elton, 2010).

### 1.3. Media landscape in Kenya

The changes in media practice and business globally have implications to media players in Kenya. They have been compelled by practical and existential factors to adopt to media convergence, bringing together news gathering, packaging and dissemination processes to reach wider audience, which in turn, they can commercialise.

Historically, Kenya has had a robust and fairly independent media largely driven by private investors (Aduda, 1999; Mbeke, 2010; Odhiambo, 2002; Wanyande, 1996). To date the country has five national daily English newspapers, one Kiswahili newspaper, one weekly regional newspaper and a range of magazines (MPRC, 2015). Until 2014, all the newspapers were for-sale publications. Since, however, two publications have emerged that are offered free on the streets, namely, *The People* and *Xnews.* This is a new business model and has mainly been practised in the other jurisdictions. It is too early make conclusions and perhaps, future studies may explain the impact of this model on media business in Kenya.

While the number of newspapers has remained relatively stable for many years, radio and television stations have grown exponentially in the past two decades and this is largely attributed to democratic changes that liberalised airwaves, technological advancements and economic stability (Mbeke 2010, Karanja 2000). As at the end of 2015, there were 120 radio stations and 20 television stations (MPRC 2015. Dramatic expansion of television broadcast was witnessed in country with the switch from analogue to digital media in February/March 2015 in line with the International Telecommunications Union (ITU) stipulation. Stations have since established new channels and many new entrants have come into the market.

Importantly, all the print and most of the broadcast radio and television stations have websites through which they deliver content to online consumers. A number of the media organisations such as NMG, the Standard Group and Capital FM also provide news alerts through the mobile phones. Even so, it is noted that the newspapers are experiencing a decline in sales. Recent circulation statistics indicate that the sales have dipped by about 10 per cent since December 2014 for all newspapers (NMG, 2014).

### 1.4. Status of ICT in Kenya

Access to new information and communication technologies has increased exponentially in Kenya since 2000. Mobile telephone subscribers stood at 36.1 million and Internet subscribers were 19.9 million at the end of 2015 (CAK, 2015). There were four main mobile service providers, with Safaricom dominating the market with 67 percentage subscription, followed by Airtel (19.4 per cent), Orange (11.2 per cent) and Equitel, the latest entrant having 2.4 per cent (CAK, 2015). The expansion of the fibre optic has enhanced Internet access and helped to reduce costs.

The implication is that there is widespread access to digital platforms and this has a bearing on the media. News consumers have alternatives to access content and do not have to rely on the traditional media.

## 1.5 Problem statement

Media as a business thrives on advertising and circulation/audience rating for revenues. But this has changed in the era of media convergence. First, media convergence has reduced the volumes of advertising going into the traditional media by providing many alternatives such as websites, mobile, podcasts, videos, among others, which are comparatively cheap, interactive and instantaneous. Whereas traditional media used to control large audiences, which they sold to advertisers and generated revenues, that is no longer the case as media convergence has brought many competitors and fragmented the market, leading to revenue losses.

Second, circulation for print media and audiences for electronic media are declining due to digital media, which provides news, general information and entertainment faster and in better formats than the traditional media. Thus, digital media is changing the habits of consumers and steadily taking the space of traditional media, leading to losses of newspaper and magazine sales and audience ratings for television and radio.

Third media convergence has caused disruptions in news organisations in terms of technology, workplace practices, policies and strategies, resulting into heavy expenditures without commensurate returns, hence reducing the profit margins of media organisations.

## 1.6 Research objectives

i. Assess the impact of media convergence on advertising among Kenya’s leading two media houses.

ii. Assess the impact of media convergence on circulation among Kenya's two leading media houses in Kenya.

iii. Assess the impact of media convergence on the profitability of the media companies.

**1.7 Research questions**

i. How has media convergence impacted on advertising in the traditional media in Kenya?

ii. How has media convergence affected newspaper sales/circulation and radio and television audiences in the era of media convergence?

iii. How has media convergence affected profits of media houses in Kenya?

**1.8 Significance of the study**

Most studies on media convergence in Kenya and the region have focused on its social and political impact (Howard and Hussain 2013; Boler, 2008; Auma, 2013; Juma, 2013). Other studies have focused on the impact of media convergence in the practice of journalism in the context of enhancing speed of information dissemination, providing multiple content sourcing, ethical issues, and policy, among others, (Mudhai, 2011; Nyabuga and Booker, 2013). However, little has been done to examine the impact of media convergence on the corporate performance of media houses, which in this case is measured in terms of advertising, circulation revenues and profit.



This study, therefore, seeks to fill a gap by examining the impact of convergence on media's business performance in Kenya. In so doing, it also provides information on the strategic options that media organisations can adopt to survive at a time that their businesses are under threat due to media convergence. Thus, the study will make a contribution to the evolving body of knowledge on media convergence, especially in Kenya and East Africa, where the phenomenon is still at infancy.

**1.9 Scope of the study**

The study focuses on Kenya's two media organisations, namely the Nation Media Group and the Standard Group. However, it recognises that the other media houses such as Radio Africa, Royal

Media Group, Capital Group, as well as community media groups like Pamoja Radio, Ghetto Radio and Radio Mang'elette, among others, have equally strong digital presence (Nyabuga and Booker, 2013).

The reason for selecting the two companies is because they have a long history of operating print, broadcast and digital media. In particular, the two media houses started online editions long before the others came on board (Loughran, 2010) Therefore, they provide ideal environment for examining the meaning of media convergence, its impact on newsroom practices and culture, job designations and skill sets, technology and infrastructure. In addition, the two media houses command a large proportion of media market in terms of audience reach and advertising revenue (MPRC, 2015). The study was conducted at the companies' headquarters in Nairobi.

### 1.10 Limitations of the study

The study was designed to examine the impact of media convergence on the media organisations in Kenya, however, due to lack of resources and time, it was confined only to the Nation Media Group and the Standard Group Limited, with the understanding that since they are the biggest media houses, they would provide a representative picture of the situation that obtains in the country.

Secondly, the study was limited by the number of respondents from the Standard Media Group due to lack of time, as it was only able to reach 16 per cent of the targeted population. Cumulatively, though, the sample size represented 20 per cent of the universe. Perhaps, the findings could have been different if the sample for the Standard Group was bigger.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This section presents a review of literature on media convergence. The literature is organised in such a way that they address the research objectives and questions. Before providing the literature that addresses the objectives, there is a general overview of the evolution of media convergence to give context to the concept and its manifestation. This is followed by literature on the impact of media convergence on corporate performance that is broken into three components: advertising revenues; then impact on newspaper circulation and broadcast audiences; and lastly, impact of media convergence on profitability of the companies.

### 2.2 Evolution of media convergence

Media convergence may have become a buzzword in recent years but its history can be traced to the 1970s when robust discussions began about the integration of various forms of media and technology.

Kolodzy (2006) traces the origin of the concept to Nicholas Negroponte, the founder of MIT Media Lab, who in 1979 postulated that the then three distinct media industries - computers, broadcast/film and printing/publishing would all coalesce and come together at the beginning of the 21st century. At the time, the proposition looked far-fetched and untenable. Players in each of the distinct media areas such as print and broadcast were protective of their turf and could not countenance such an eventuality, which meant encroachment into their areas (Kolodzy 2006). But computer technology was progressing fast and inevitably posed a threat to the traditional media platforms. More discussions on media convergence were to follow soon thereafter. A renowned media scholar, Jenkins Henry, records that the turning point in the discourse on media convergence came through the works of a political scientist, Ithiel de Sola Pool, also an MIT academic, who elucidated quite forcefully the impact of technology on media (Jenkins, 2006).

Pool is reputed to have established the interdependence of various media, arguing that a time was coming when hand-held electronic would take over and do everything erstwhile done by the printing press. He talked of networked computers being “the printing presses of the twenty-first century" and adding "soon most published information will be disseminated electronically," (Thierer, 2013).

The widespread adoption convergence in the media is attributed to the developments in information and communication technology, in particular, the Internet. Berger (2009) says the emergence of Internet allowed media organisations to post their news content online and reach wider audience.

Killebrew (2005) reinforces that argument, stating that the concept of media convergence started in earnest in the late 1990s and flourished after 2000 with the rapid growth in information and communication technologies. Specifically, Killebrew (2005) examines the interaction between the news gatherer and platform in the news production process. Two models are provided: the first focuses on the platform where content is developed by separate teams for broadcast, print and digital and then shared. In this situation, the journalist has no control over the product. The second puts emphasis on the information gatherer; the way the journalist gathers information and packages it for the different platforms. Other authors (Berger 2009; Dupagne and Garisson, 2006; Newman, 2009) reinforce the view that convergence has the two components: gathering and packaging news, which is performed by journalists and the second, which is publishing and relates to the platforms.

Berger (2009) and Newman (2009) observe that convergence has created a platform for conversation where news gatherers not only collect, collate and disseminate information but also engage in a reciprocal conversation with their consumers. Conversation is used in this context to symbolise the empowering effect of convergence in information dissemination and consumption. No longer do the news gatherers and the media houses enjoy the monopoly of collecting and disseminating information, the consumers have a say as well through blogs, podcasts, tweets and such like. Thus, media communication is no longer a one-way traffic as it used be in the traditional order, it is now multi-directional.

Although most studies on convergence are based on experiences in the West, there is evidence that the debate is gaining currency locally. Auma (2013), Mudhai (2011) and Juma (2013) acknowledge that Kenya's media is fast implementing convergence with some level of success.

Mudhai (2011) singles out the Nation Media Group and the Standard Media Group, which have adopted structural convergence, one of the five aspects outlined in Gordon's framework discussed earlier (Mudhai, 2011). In this context, the media organisations have created special digital teams, whose responsibility is to repurpose content received from the print and broadcast journalists for online audience. So, when journalists go out to gather news, they file their reports and put in one basket from where the digital team draws and repurposes the content for digital outlets. The story is then reworked for broadcast and print products.

Juma (2013) examined the challenges of implementing convergence journalism at the Nation Media Group and argued that new media was quickly being adopted by Kenya's media. Among others, the study showed that lack of equipment and resources and inadequate training had slowed the adoption of media convergence. This suggests that more budgets are required to fully implement media convergence.

## 2.3 The impact of media convergence on advertising revenues

Media business traditionally depends on two streams for revenues, namely, advertising and circulation (Jarle, Nielsen and Sogard, 2008; Pickard, Stearns and Aaron, 2009; Picard and Russi, 2012). This business model, however, is significantly changing due to media convergence. Traditional advertising is declining as new advertising models, channels and formats with different pricing matrices are emerging in the digital space, hence posing a serious threat to the main revenue stream for the legacy media (World Newsmedia Network, 2015).

Authors have documented the fact that media convergence has had a major impact on media's business models, including ownership structures, management and regulation (Carey 2010; Dupagne and Garisson, 2006; Jenkins 2006; Erdall, 2009). The studies demonstrate that media convergence has caused what can be described as creative disruption (Schumpeter, 1950) in the media industry in terms of business models leading to what (Siles and Boczkowski, 2012) call "crisis in the economics of newspaper publishing".

Mass audiences have fragmented as consumers become choosy about the content they want and too demanding on the depth of coverage and mode of presentation (Boczkowski, 2004; Dwyer, 2010). Unlike in the past, media houses no longer have the monopoly over news gathering, production and processing and neither can they dictate consumption of their products (Deuze 2004, Dwyer, 2010). Many have migrated from consuming news through the traditional media to digital media, which Spurgeon (2008) describes as shift from "mass communication to mass conversation", compelling the legacy media houses to find ways of following them and continue to retain the eyeballs to sell to advertisers (Marshall, 2002; Quinn, 2004, 2009; Spurgeon, 2008).

Globally, advertising spend on newspapers and television are declining and conservative estimates by the *Global Digital Trendbook 2015*, indicate the figures will go down by 2 per cent between 2014 and 2017 (World Newsmedia Network, 2015). Contrastingly, Internet advertising spend is projected to increase rapidly and surpass television spend, as digital subscriptions, video and native advertising become entrenched (World Newsmedia Network, 2015).

Among others, video advertising is emerging as one of the drivers of digital advertising. A report by *Ooyala's Global Video Index 2015* show that about 50 per cent of mobile users globally watch videos on them and arising out of that, are beginning to attract huge advertising revenues (Ooyala, 2015). Since the advertising pie is not expanding, emergence of such new entrants has a negative impact on revenues that goes to the traditional media.

Although the trends described above have largely been witnessed in Europe and North America, there is evidence that the same is beginning to manifest itself in sub-Sahara Africa. A report by PWC that covered Kenya, Nigeria and South Africa, some of Africa's strong economies, corroborated the global trends. According to the study, newspapers advertising revenues are projected to diminish as digital advertising takes root. For example, in Kenya, newspaper advertising revenues that grew by 8.5 per cent in 2013 is forecast to reduce to 5 per cent in 2018. In Nigeria, which recorded stagnated newspaper advertising revenue growth in 2013 is likely to see a drop of 3 per cent of the revenues.

In literature, there is concurrence among authors that newspapers have severely been affected by media convergence because they have continued to practice old business models (Picard, 2011) where they depend largely on traditional advertising for their revenues. Yet, they no longer have monopoly over content because that space has been occupied by bloggers, aggregators, who equally provide valuable content and attract wide following (Mitchelstein and Boczkowski, 2010). Many competitors have joined the business and eaten into the revenue basket because the entry barriers have been demolished by technology (Rogers, 1995).

The work of Dwyer (2010) explains in detail the way digital media has affected advertising on the traditional media. Advertising has become specialised and targeted, information personalised and presentation and access made very convenient through superior search engines. The author gives the example of Google that has perfected the art by offering short text advertising or video clips on many websites and giving it a competitive and making it the leading world advertising platform (Dwyer, 2010).

Other studies cite the case of Craigslist, an essentially online advertising platform that has emerged as a single major aggregator of diverse advertisement and commanding page views of 20 billion a month (Pickard, Stearns and Aaron, 2009; ICMR, 2009, *Time Magazine*, 2016), and which has considerably eaten into advertising revenues of major legacy media.

The other area in which media convergence has impacted on advertising revenues is through government regulation and policies (Pickard, Stearns and Aaron, 2009; Carey and Elton, 2010; Yin and Liu, 2014; Nyabuga and Booker, 2013), which either determines the kind of advertising platforms being used or the formats of presentation. Anecdotal evidence in Kenya, based on the author's observation, is a situation where many government departments and corporations, because of policy on cost-cutting, buy small space in the newspapers and direct readers to check for full details of the advertisement on their websites.

The running thread in literature, therefore, is that advertising revenues are shifting from print and broadcast products to the digital platforms (Jenkins, 2004; 2006, Schlesinger and Doyle, 2014, World Newsmedia Network, 2015).

In view of this, authors argue that media organisations have had to change their business models and stop relying on the declining traditional advertising (Kaye and Quinn, 2010; Picard 2011; World Newsmedia Network, 2015). Thus, the literature suggest alternatives like sponsorships from individuals, foundations and endowment funds (Lewis, 2007): venturing into niche content that can be sold at a premium, partnership between institutions and microfunding and micropayments (Gilmor, 2004; Kaye and Quinn, 2010); or media organisations forming advertising consortia to create high-value advertising networks like Pangea Alliance launched in 2015 by the Guardian, CNN International, *The Economist* and *The Financial Times* (World Newsmedia Network, 2015)

Picard (2011) suggests the traditional media also needs to develop consumer intimacy, where news organisations use web analytics to determine the news consumption habits of their audiences and use that to develop appropriate and suitable content, which in turn, they use to advise advertisers on promotional campaigns they can mount for their products.

Reinforcing the view, Quinn (2004) observes that convergence provides an opportunity for a media organisation to expand channels for advertising and therefore diversify revenue sources. In other words, media convergence is expanding the horizons and therefore, it is more of an avenue for growth rather than a limiting and narrow tunnel and for which the response is squarely cost cutting.

Indeed, evidence is beginning to emerge to show that some media houses have started reaping benefits after strategic implementation of media convergence (Schlesinger and Doyle, 2014; Tapsell, 2004). A study among some media organisations in Britain and the US demonstrates that some media organisations like Financial Times, the Telegraph Media Group and the Huffington Post have started realising some benefits (Schlesinger and Doyle, 2014) primarily because of the strategic directions they chose. For example, whereas in 2006 digital sales brought in 14 per cent of revenues for the Financial Times, the figures rose to 47 per cent in 2011 as the digital consumers increased from 90,000 to 267,000 during the same period (Schlesinger and Doyle, 2014).

### 2.4 Impact of media convergence on newspaper circulation and broadcast audiences

The second revenue stream for print media is copy sales, commonly referred to as circulation. Copy sales is realised either through vendors or subscription. For its part, broadcast media depends on audiences or ratings, which they aggregate and sell to advertisers (Jarle, Nielsen and Sogard, 2008; Picard, 2011). While traditionally, the media made fortunes from circulation and large audiences, figuratively referred to as "eyeballs or ear drums", dynamics have dramatically changed with media convergence as circulation and ratings have dipped (Dwyer, 2010; Jarle, Nielsen and Sogard, 2008, Nielsen, 2012).

Evidence from studies point to declining newspapers readership and sales, as well as drop in broadcast viewership due to access to media content through digital platforms (Redmond and Trager, 2004; Siles and Boczkowski, 2012; Yin and Liu, 2014). Technological shift and the new lifestyle orientations have created a situation media consumers have a wide choice and the corollary, therefore, for the legacy media is to pursue what (Beckett, 2010) calls "radical change" to stem existential threats. Schlesinger and Doyle (2014) put it more graphically; saying that journalism is being "condemned to reinvention" in light of media convergence.

First, as ably espoused by Carey and Elton (2011) and Cottle and Ashton (1999), the new media have altered the composition, location, size, and positioning of audiences and redefined how they consume and relate with the content. Whereas the traditional mass media treated audiences as large, passive groups that received content from a relatively few sources and at fixed points in time (Nielsen, 2012; Picard, 2011), this has changed dramatically with the new media (Spurgeon, 2008). Also, studies show that the emergence of various new formats and media, such as news aggregators, blogs and, more recently, social network sites, has changed the ways readers consume the news (Downie and Schudson, 2009). Indeed, it is noted that new media provide a free source of real-time news that stands in stark contrast to the costly and increasingly outdated information provided by newspapers



Authors such as Picard (2011) and Nielsen (2012) explain that digital media offers wide range of news content, including international news, and in many cases freely; meaning traditional buyers of newspapers have no reason to go for the paid content. Thus, the digital media is quickly chirping away circulation revenues.

Second, media convergence has radically transformed the packaging, timing and consumption of media content (Jenkins, 2014). News broadcasts are no longer timed, but rather are a 24-hour affair and can easily be recorded and retrieved for viewing at an opportune moment, thus one can watch, read or listen to any news items and from whatever channel anywhere, anytime and in any format (Aviles and Miguel, 2008; Jenkins, 2004), thus giving full meaning to what MacGregor (1997) had earlier called “rolling news” and which BI Intelligence (2015) refer to as “search and scroll”. Newsrooms have adopted a 24-hour shift cycle to be able to produce content that meets the consumers’ needs and preferences. The implication for this is that the traditional newspaper and television has been overtaken by the digital media, which eats into circulation figures and audience ratings and that translates into reduced revenues.

Indeed, literature is beginning to show that easy access to media content and the changing media consumption trends have seen the decline of purely print or broadcast products worldwide. In America, for example, newspapers recorded an 11 per cent decline between 2005 and 2009; while Europe saw its figures go down by 8 per cent (*The Economist*, 2011). Schlesinger and Elton (2014) and Kirchoff (2010) enumerate cases of American newspapers that have folded up and retrenched media workers as economies tumbled and media consumers turned their back on the traditional media content.

Kirchoff (2010) in a report to the United States Congress paints a grim picture of the media industry, where eight major media chains declared bankruptcy between 2008 and 2010 and a host other shut down as economic meltdown came to bear and news consumers turned to other sources for news content. Few have since recovered. Although based on different focus, Bakker (2008) observes that newspapers circulation declined dramatically, by 14 million, in Europe between 1995 and 2006 largely due to the rise of free newspapers. By inference, this has worsened with the emergence of the digital media.

A study by Nielsen (2012) among eight countries, including the United Kingdom, Brazil, America, India and Germany, indicated that except for a few television stations, in Europe, many had dropped their audiences by more than 10 percentage points between the 1990s and 2012. Similarly, as Internet access grew from 43 per cent in 2000 to 75 per cent in 2009 in America, newspapers circulation per capita fell by 25 per cent and overall industry revenues went down by 36 per cent (Nielsen, 2012). In another study in China, Lin and Liu (2014) argue that journalists and editors were resisting media convergence because it was eating into their traditional readership and viewership, hence revenues, yet on its own, digital media was not paying back. Newspapers in Finland, which has a strong welfare system where state subsidies has enabled people to read newspapers ceaselessly over the years, have also found themselves in difficult situation. A review of newspaper circulation between 1990 and 2010 show that circulation declined from an all-time high of 4.15 million copies daily to 2.8 million copies during the period (Katja, Karppinen and Harjuniemi, 2012).

Third, Dwyer (2010) observes that newspaper circulation is under threat due to increased cases of piracy of media content online and the difficulty of protecting copyright given the fluid nature and diversity of online platforms. Given that what would essentially be premium content is easily pirated, traditional media are losing their competitive advantage. Readers and viewers simply walk away from them and that translates into massive loss of newspaper sales or broadcast audience ratings.

Studies, however, acknowledge that media convergence is not just a threat to news providers, but news consumers are also facing a set of odd problems. Too much content is available online, the bulk of which is of questionable quality and irrelevant and consumers are hard placed to make the right selection of what is relevant and valuable (Picard 2011). The value of news rest on content selection, organisation and contextualisation (Tiffen, 1989) but which remains the province of news providers (Cottle and Ashton, 1999).

In sum, the literature indicate that the transition from traditional to digital media has affected news consumption, hence reduced circulation revenues that newspapers depend on as one stream of income.



**2.5 Impact of media convergence on profitability of media organisations**

This section focuses on the impact of media convergence on the profitability of the media houses. Business scholars make distinction between revenues (incomes) and profits (Kaplan and Norton, 2004; Wagenhofer, 2014) because incomes may be earned, but consumed without anything remaining for a corporate. Some of the elements discussed are: new lines of expenditures that have arisen from media convergence and their impact on profits; few entry barriers; cost strategy; and business models, including product diversification, and new opportunities for generating new incomes.

Picard (2011) provides a list of eight variables that determine profitability of a media house, among them, lower costs of production, product differentiation, efficiency and rapid product development. For media business to thrive, the author argues, it must devise ways of gathering and processing news; make clear distinction between different content it offers to aggregate consumers and automate its processes to ensure efficiency and minimise costs.

Studies so far indicate that media convergence has mixed results for media houses (Brent, 1997; Nielsen, 2012; Schlesinger and Doyle, 2014; Yin and Liu, 2014). In general, the literature show that media convergence has occasioned massive cuts on profits for many media houses around the world (Nielsen, 2012) due to falling circulation and audiences; diminishing advertising revenues; and increased costs due to organisational changes (Deuze, 2004; Domingo, 2007; Schlesinger and Doyle, 2014; Verweij, 2009).

First, Picard and Russi (2012) explain how media markets and profits have changed drastically due to media convergence, with new platforms for advertising and content distribution emerging and fragmenting the marketing and impacting on profit margins for traditional media. The authors argue that the market has changed because of low entry barriers with many players able to set up online platforms and generate equally attractive content that enables them to entice advertisers and penetrate an area erstwhile dominated by legacy media (Picard and Russi, 2012).

Second, media convergence has forced traditional media to review and change their cost structures, and among others, this had led to organisational restructuring in terms of staffing, work processes, technology and policies (Deuze, 2004; Domingo, 2007; Schlesinger and Doyle, 2014; Verweij, 2009). In a study conducted in two South African newsrooms Verweij (2009) concluded that successful implementation of convergence involves structural change; new workflow process and new management structure that is less hierarchical and allows free interaction among employees.

Dupagne and Garisson (2006) conducted a study at the Tampa News Centre in the US and concluded that media convergence has an impact on the content of news; work place practices, budgets and human resource capabilities. Berger (2009) observes that since convergence promotes multi-directional information flow, it has an impact on the workflow within media organisations.

Third, literature on media convergence put automation at the centre of its success. Media convergence is founded on technology, which plays at both the supplier and consumer level. At the supplier level (media house), this is applied to news gathering, content packaging and production and product distribution and transmission (Dailey, Demo and Spillman, 2005; Deuze, 2007; Berger, 2009; Mico, Masip and Domingo, 2013; Picard, 2011; Rogers, 1995). On the consumer side, technology ensures ease of access, prioritisation of content to consume, archiving and retrieval and sharing of content given the proliferation of digital gadgets. Scholarship acknowledges that most media organisations have gone through technological changes to adapt to media convergence, (Deuze, 2007; Berger, 2009). Technology and the attendant infrastructure comes at a cost (Dailey, Demo and Spillman, 2005; Domingo, 2007) and eats into the budgets of the media and reduces their profits.

Fourth, the switch from legacy media to digital platform requires massive training and mindset reorientation of employees (Lawson-Borders, 2003; Mishra, 2014). News gatherers are required to develop multiple skills so that they are able to file reports for the various platforms – mobile, web, broadcast and print (Berger 2009). This has led to the concept of mobile journalists (Mojo), who carry backpack with an assortment of equipment to file content for different platforms.

In a study conducted in India, Mishra (2014) concluded that convergence requires changing the mind and heart of journalists, which among others, involve eliminating rivalry and competition among traditionally print and broadcasts teams and letting everyone understand and appreciate the desirability of cooperation and co-existence. Related to this, the study underscores the need for proper training to equip journalists with the right skills and aptitudes to enable them work for multimedia platforms.

Lawson-Borders (2003) in a study among three leading media organisations in the US identified: communication, commitment, cooperation, compensation, culture, competition, and customer care as critical elements for media convergence. Notably, most of these determinants revolve around people and reinforce the view that convergence is not about technology *per se*, but a combination of elements, among them people and culture. All these relate to training and that has cost implications.

Fifth, although media convergence offers promise for the future, studies from many jurisdictions indicate that few media houses have been able to make profits from the changeover. Mishra (2014) conducted a study on journalists' perception of media convergence in India and concluded that one of the reasons for slow adoption of the concept was that it does not generate sufficient revenues for media organisations. An editor of one of the leading media companies is quoted saying: "There are hardly any revenues from online – most of our revenue comes from print," (Mishra, 2014).

Similarly, in a study of 12 national newspapers in UK, Thurman (2012) observed that whereas the online editions of the publications were attracting a huge number of readers, the primary source of the revenues for the companies remained the print products. The newspapers were still attracting many readers and generating a lot of revenues for the companies, signalling that the online products had not reached a point where they could make meaningful contribution to the bottomline.

Sixth is policy and ideology. In certain jurisdictions like China (Yin and Liu, 2014), media convergence has been thrust onto the media houses largely to create a large online constituency of groups propping up the Communist Party of China (CPC), but this is pushing them to incur heavy costs that affect their incomes and profitability.

But all is not gloom for the legacy media. Whereas media convergence is viewed as sounding death knell for traditional media, studies also indicate that it is perceived differently across media houses globally. Berger (2009) argues that multi-skilling creates business efficiency via process automation, increased asset integrity via digital storage, automatic archiving, automated websites, better and focused news through content repurposing, and ultimately, leads to cost-reduction.

While reinforcing the cost and internal processes strategy, (Picard, 2011, Quinn, 2004) examine operational and production efficiencies that arise from media convergence. Through media convergence, an essentially print journalist can produce content for television, web and mobile platforms and that maximises productivity. Similarly, technology makes it easier for journalists to gather news, edit, package and publish instead of going through the traditional processes which involved physical information gathering and writing, editing and layout, production, printing and distribution (Picard, 2011). Such efficiencies minimise costs and help to shore up an organisation's profits.

Evidence is available that shows that the efficiencies arising out media convergence are contributing to media organisation's improved corporate performance. A study conducted by Schlesinger and Doyle (2014) among British media houses indicated that adoption of media convergence had enabled them to reduce content production costs, which was achieved through integrating print and digital news desks, hence reducing cost of news-gathering and packaging. Financial Times, for example, adopted the mantra "web first" meaning that all journalists have to think about stories for online editions then repurposing them for print (Schlesinger and Doyle, 2014).

Similarly, a study conducted among the media in Indonesia demonstrated that some media organisations have improved their fortunes through adoption of media convergence strategies (Tapsell, 2004). Two media houses – Globe Media and Media Indonesia Group – converged their operations fully and were able to reduce operational costs and maximise on resources and the result was improved profits (Tapsell, 2004). For these media organisations, the strategy was to leverage on technology and ensure that they provide news through print, video, audio, interactive graphics, photo slide shows and iTunes, thus able to aggregate audiences and generate advertising revenues.

To survive, therefore, studies suggest that media organisations should adopt innovative models of news production to cut down on costs while diversifying products to aggregate revenues (Gilmor, 2004, Lewis, 2011)

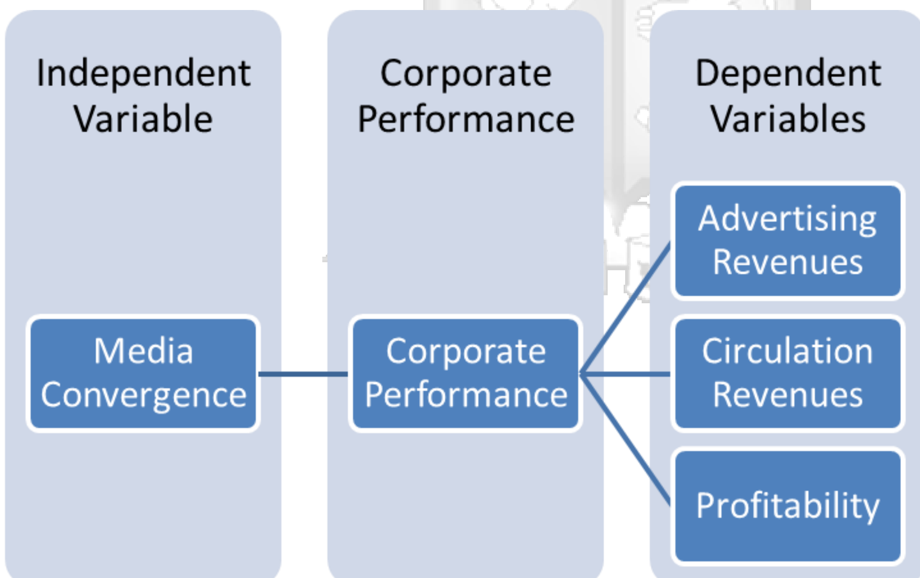
## 2.6 Conceptual model

The conceptual model is designed to answer the research questions and is based on the findings of the literature review. It examines the relationships between dependent variables and independent variable. The independent variable is media convergence while the dependent is corporate performance, which is measured in terms of advertising revenues, circulation or audience ratings: and media profitability, which collectively explain media performance.

In determining corporate performance, the study has used three variables – advertising, circulation/ratings and profits – because they are the items that are core to media business. The media generate revenues through advertising and circulation or ratings and ultimately these lead to profits.

Media convergence is measured using the following: traffic, subscription, content downloads and advertising volumes. Advertising is measured using: frequency, volumes and pricing. Circulation is measured in terms of newspaper sales and readership, while radio and television ratings are measured in terms of audience. Profits are measured in terms of cost of doing business and incremental revenues. The conceptual model is presented in Fig 2.1 below.

**Figure 2.1: Conceptual model**



## 2.7. Operationalisation of terms

### Media convergence

Media convergence is measured in terms of traffic, subscriptions and content downloads.

### Advertising revenues

Advertising is measured through frequency, volumes and pricing.

### Circulation

Circulation is measured in terms of newspaper sales, either through vendors or subscriptions, as well as sale of content online through subscriptions of content or e-paper and pay-per-story.

### Profitability

Determined by business strategy, cost structure, technology, human resource capability and markets. For this study, we have used business strategy incorporating cost structure and markets, technology and human resource capability.

### Corporate performance

Determined by advertising and circulation revenues, and profit margins.

**Table 2.1: Summary of components of dependent and independent variables**

| **Advertising** | **Circulation** | **Profitability** | **Media convergence** |
|---|---|---|---|
| Frequency | Newspaper vendor sales | Strategy - cost structure and financial models | Traffic |
| Volumes | Subscriptions | Technology | Subscriptions |
| Pricing | Readership | Human resource | Content downloads |
| | Ratings for radio and television | | Commercials |

# CHAPTER 3: RESEARCH METHODOLOGY

## 3.1 Introduction

This section presents the methodology used in the research. Kothari (2004) observes that methodology provides researchers with “bent of mind” to scan and observe the field with great sense of objectivity. Methodology gives confidence in the research as it clarifies steps and processes applied to obtain and analyse data. Overall, the methodology ensures validity, reliability and objectivity of the study.

The section discusses the research design, the sample of study, data collection methods and data analysis, explaining the rationale for each and their application in research. At the end the, section gives declaration on the ethical practices to be observed during the research.

## 3.2 Research Design

Research design is a grand plan of approach to a research topic. In literature, research design is regarded as the foundation for understanding the world of researcher and the participants as it gives the context or roadmap for generating, analysing and interpreting the variables.

Various research designs exist and each is used depending on the topic, research objectives, audience, time and resources (Greener, 2008). This study uses a mixed methods research approach, which combines quantitative and qualitative methods as they enable the researcher to generate different types of data that provide rich information for a study (Rao and Woolcock, 2003).

Bryman and Bell (2007) describe mixed methods research as integration of qualitative and quantitative approaches within a single project and whose objective is to generate is data that is mutually illuminating. The strength for using mixed method approach is that enables to develop meta-inferences arising from using quantitative and qualitative data and analysis, hence enrich the study (Rao and Woolcock, 2003). In addition, authors like Venkatesh, Brown and Bala, (2013) argue that mixed methods enable a researcher to get a more insightful understanding of a phenomenon that otherwise cannot be achieved by using either of the methods in isolation. Also, the mixed methods increase confidence in the findings by confirming any presupposition using either of the approaches (Heale and Forbes, 2013).

In this study, quantitative approach, which involves measurement of quantity or amount (Bryman and Bell 2007; Kothari 2004; Saunders, Thornhill and Lewis, 2012; Wisker, 2001), was used to generate data which was then subjected to computing analysis. Quantitative method is useful when conducting a large scale research such as surveys that involve many respondents. The quantitative approach enabled the study to generate measurable units that were analysed statistically and also used to do a factor analysis to establish how the dependent variables relate to the independent variable.

Auma (2013) in a study on the impact of social media on youth interest in politics, used quantitative method, and established that the youth largely used Facebook to access information on politics because of its convenience and interactivity and in turn, they used it to mobilise and express themselves on national issues.

The study also used qualitative approach to collect information that could not be generated through the questionnaires and especially to give insights into some of the responses from the questionnaire. Qualitative method, as literature indicates, brings out quality and indepth information that cannot be easily captured through measurements. Kothari (2004) says qualitative approach is concerned with quality and investigates motives or underlying issues. Moreover, in literature, it is observed that qualitative method generates data that can be used to contextualise and interpret quantitative findings (Heale and Forbes, 2013; Peshkin, 1993; Rao and Woolcock, 2003).

Similarly, Bryman and Bell (2007) say qualitative research allows a researcher to see facts through the eyes of the people being studied; describes context; puts emphasis on processes and how events unfold; and flexible. Even so, the approach is faulted for being subjective; difficult to replicate; does not allow for generalisations and lacks transparency.

Dupagne and Garrison (2006) used qualitative method in conducting a study on media convergence at Tampa News Centre in the US, one of the pioneer media organisations that introduced the model in 2000. The study, however, had sought to understand the meaning of media convergence then seen as an experiment, and specifically, to establish how it had changed the newsroom culture, job titles and roles, and the required skills. Dupagne and Garrison (2006) concluded that the use of qualitative method helped them to get deeper insights and better understanding of the concept of media convergence and its impact on newsroom culture and the necessary job skills. Schlesinger and Doyle (2014) also used qualitative method in conducting a study on the impact of strategies used by UK's two leading media organisations – Financial Times and The Telegraph – to implement media convergence, which they conclude, had led to new business models, changed production systems and journalistic practices.

In this respect, using the mixed methods, this study was able to triangulate the responses and enrich the findings. Bryman and Bell (2007) observe that the purpose for triangulation is to provide complimentary among various methods, because each individually, has strengths and weaknesses. For example, quantitative research provides measurements that can be deemed as reliable, valid and objective. It also explains the relationships between concepts; provides basis for making generalisations; and can be replicated. However, the approach is faulted for failing to distinguish between people and social institutions; can be superficial or spurious; and hinders connection between research and reality.

Thus, in combining the different approaches the study benefits from the advantages of both quantitative and qualitative approaches, while mitigating against the weaknesses, which could arise if each was used in isolation of the other. Put together, the two methods help to reinforce each other, where the weaknesses are cancelled out and the strengths of each is enhanced.

### 3.3 Research Sample

Research sample is a representative set of units from the population that is used in a study. Various forms of sampling exist, including snowball sampling, purposive sampling, stratified sampling, random sampling and systematic sampling.

A population of 794 from both NMG and SGL formed the universe for the study. From the universe, purposive sampling was used, which involved going to some departments and choosing representative sample by simple random sampling method. A sample of 150 was thus drawn from the departments to form the overall sample, which represented about 20 per cent of the universe. Statistically, this is sufficient enough to give inferences for the universe on the study topic. However, it is recognised that out that sample, 100 were from NMG and 50 from SGL. Whereas the sample for NMG was more than 20 per cent, the sample for SGL was 16 per cent, which was slightly below the threshold and may have impact on the findings. But mitigating factor was the overall sample was that the overall sample was 20 per cent, so the findings are statistically valid.

As Kothari (2004) observes, a sample should neither be too large nor too small, but be of optimum size and fulfills the requirements of efficiency, representativeness, reliability and flexibility.

The study adopted a purposive sampling technique to select the respondents because it is appropriate in providing data to answer the research questions. Lohr (2010) defines purposive sampling as a technique that allows a researcher to select specific unit to be included in the study.

Similarly, Oliver (2006) says purposive sampling allows the researcher to focus on respondents who can give insights into the subject of study. Singh (2007) notes that purposive sampling is useful in situation where the researcher needs to reach a target group and where other methods like random or proportional selection processes may not provide the desired outcomes.

Specifically, heterogeneous purposive sampling was used because it enables the researcher to capture a wide range of perspectives from different sets of employees and through that enrich the subject of study.

Since the media houses have a wide range of employees, not all of them are directly affected by media convergence, so it was important to select those for whom it has a bearing.

Thus, the departments identified for sampling were: editorial, advertising, human resource, finance, circulation and information and technology. Depending on the number of employees in the departments targeted, the population of respondents will be pro-rated to ensure an equitable representation. The reason for doing this is that since convergence brings on board many players and affects teams differently, it was therefore important to capture views and experiences of the various teams of employees.

A pilot was done with a selected group of potential respondents to test the questions and based on the feedback, the questionnaire was revised, before administering to the sampled population.

### 3.4 Data Collection

Data collection was done using questionnaires, indepth interviews and review of secondary data. Authorities in research observe that questionnaires are useful in gathering large number of quantifiable responses (Wisker, 2001). Questionnaires generate information about attitudes, behaviours, activities and responses to events and allow flexibility as respondents can answer them at their appropriate time (Saunders, Thornhill and Lewis, 2012). However, there is risk of many respondents not filling them and denying the researcher a richer database (Wisker, 2001).

For this study, the researcher developed the questionnaires, which were first piloted among a few group of respondents at NMG and SGL and from their feedback, revised and later administered to the sampled respondents. The questionnaire was based on Likert Scale and the respondents were required to choose from alternatives that ranged between 1 to 5. The questionnaire is contained in Appendix A. The questionnaire was administered to 100 respondents at NMG and 50 at the SGL. It was not possible to reach out to more respondents at SGL because it took a bit longer to clear with the management and when I got the chance, time was running out.

The second method was indepth interviews that were conducted among a selected group of respondents such as heads of departments, editors and general employees. A total of 25 people were interviewed using open-ended questions, which are contained in Appendix B.

Indepth interviews were used because they provide a chance to get indepth information that would not necessarily come out through a questionnaire as ably articulated by Wisker (2001). Moreover, interviews offer the chance to meet the subjects of the study and ask for details about their responses and get the appropriate context (Wisker, 2001). However, interviews have shortcomings, including being time-consuming and unless properly organised and managed, can generate irrelevant information (Wisker, 2001).

The objective of the interviews, therefore, was to get qualitative responses to explain or clarify information obtained through the quantitative test.

The research also reviewed secondary data such as human resource records, advertising and circulation figures and financial statements, which helped to give context and actual information on what is happening within the media houses. This triangulation of the data collection methods enriched and injected rigour in the study. Indeed, this is particularly vital given that the study uses purposive sampling, whose weak point is that it can be subjective as selection of participants is determined by the researcher.

### 3. 5 Data analysis

Research scholars define data analysis as the process of computing or synthesising given measurements to determine the relationships that exist between data-groups and through that confirm or reject hypothesis of a study (Kothari, 2004). Data collection was quantitative and qualitative and therefore in doing the analysis the analysis involved descriptive and inferential statistical methods.

Singh (2007) defines descriptive statistics as elements of a group or data score. These elements relate to data counts, proportions, rates and ratios; thus measures the distribution, location and spread. Descriptive statistics are represented in tables, graphs and charts.

Inferential statistics refers to a method of using sample characteristics to predict the nature of the population (Singh, 2007). This allows for generalising from a sample to a population with some degree of confidence and certainty.



In particular, the study sought to establish the relationship between the variables. Singh (2007) describe correlational analysis as a measure of association between two or more variables. It signifies the relationship between two or more variables, that if an increase in one variable leads to an increase of the other.

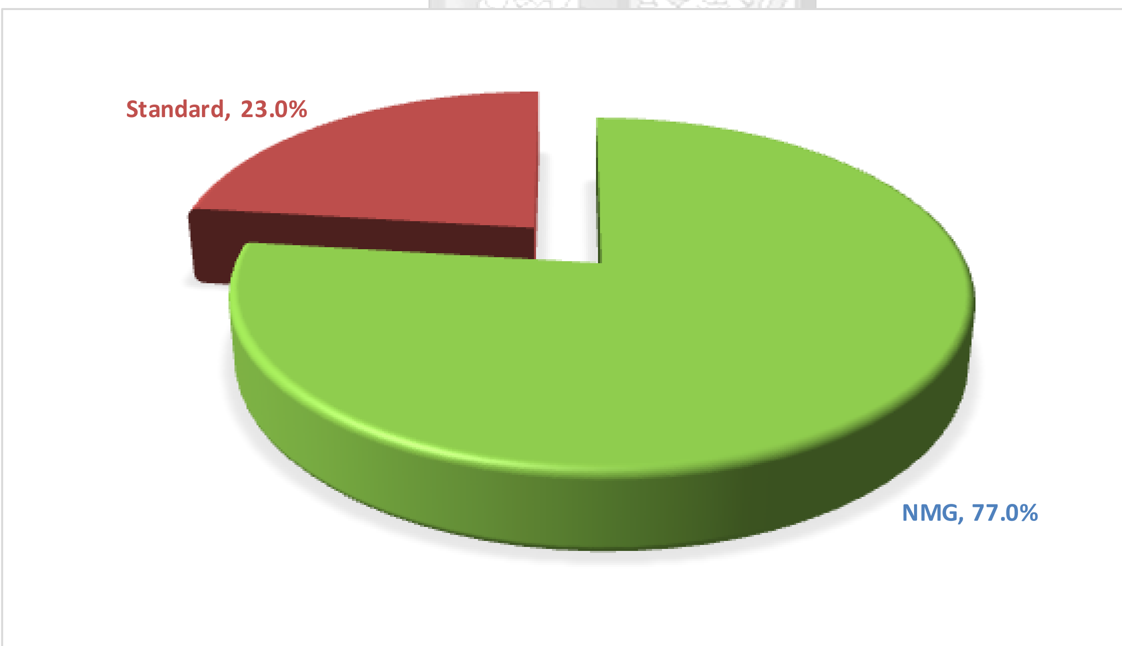
The correlational analysis as a factor analysis was used to establish the extent to which each of the independent variables explains the dependent variable; that is to which extent each of the independent variables affect the dependent variable.

This is important as it provides information that can help the media organisations to determine which variables to give priority to achieve media convergence. The study will also perform a multicollinearity test to check the level of independence between the independent variables in their relationship with the dependent variable.

### 3.6. Response rate

A total of 150 questionnaires were sent out to respondents spread across the Nation and Standard in the ratio of 100 and 50 respectively. Some 113 questionnaires were returned representing 75 per cent return rate. More questionnaires were returned by the respondents at NMG compared to the Standard. It was easier to get more responses from NMG because that is where the researcher works and was able to meet and follow the respondents regularly and closely. There was also the challenge with the Standard Group in the sense that although this was an academic research, there were feelings that the information sought by an employee of a competitor, could be used to undermine their business. Figure 3.1 below shows the distribution of the respondents.

**Figure 3.1: Summary of distribution of respondents**



### 3.7. Demographics of the respondents

The demographics of the respondents were analysed in terms or gender, department, level of education, years of experience in the media industry, and number of years in the service at the particular company. These variables, especially department, level of education and years of experience were critical in the sense that they determined how the employees understood, interpreted and interacted with media convergence. Overall, males constituted 64.6 per cent of the sample and females 35.4 per cent. The gender disparities noted in the responses tallies with other studies in Kenya showed there are generally fewer female journalists compared to males (MCK, 2013, Mwangi, 2009). The response rate is presented in Table 3.1 below.

**Table 3.1: Summary of the distribution of responses and percentages**

| Gender | No of responses | Percentage |
|---|---|---|
| Male | 73 | 64.6% |
| Female | 40 | 35.4% |
| Total | 113 | 100.0% |

In terms of the departmental representation, most respondents were from editorial (print journalists) who form the bulk of the staff of the two media houses and who have been largely involved with media convergence. They constituted 56.6 per cent of the respondents, followed by advertising at 14 per cent. Others were: broadcast and finance (8 per cent each), human resource and IT (4.4 per cent), marketing (2.7 per cent) and legal and management below 1 per cent. These are presented in the Table 3.2 below:

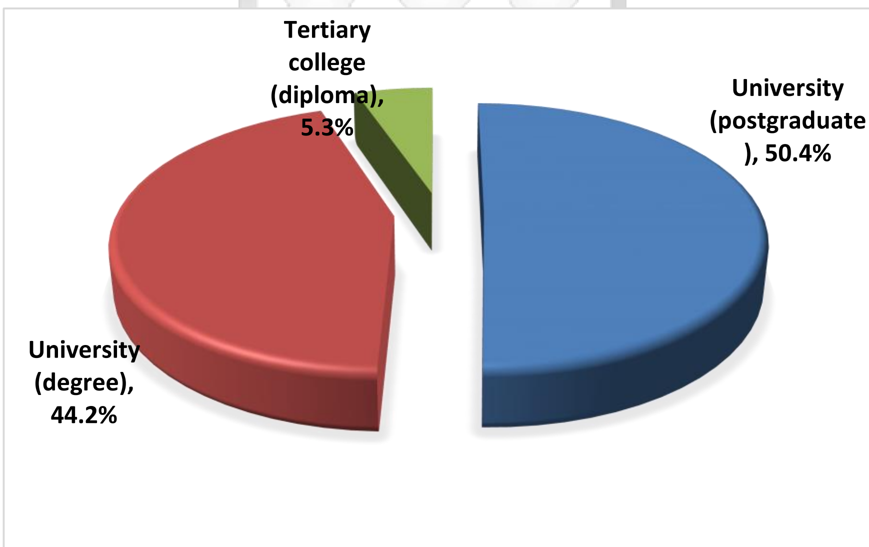
**Table 3.2: Distribution of respondents by departments**

| Department | No of responses | Percentage |
|---|---|---|
| Editorial | 60 | 53.09% |
| Advertising | 16 | 14.2% |
| Broadcast | 9 | 8.0% |
| Finance | 9 | 8.0% |
| Human Resource | 5 | 4.4% |
| IT/Digital | 5 | 4.4% |
| Marketing | 3 | 2.7% |

| | | |
|---|---|---|
| Management | 1 | 0.9% |
| Legal | 1 | 0.9% |
| Circulation | 4 | 3.5% |
| **Total** | **113** | **100.0%** |

The education attainment of the respondents were analyses and the findings were that more than half have postgraduate degrees, while 44.2 per cent had first degree. Only 5.3 per cent of the respondents were diploma holders. This finding is important to the study because the level of education has a bearing on technology uptake. Figure 3.3 below illustrates the educational attainment of the respondents.

**Figure 3.3: Summary of educational attainments of respondents**




The respondents were also asked about their years of service both at their current stations and in the industry at large. On average, most of the respondents, at 34 per cent, had worked in the industry for between 11 – 20 years, 30.1 per cent had worked for between one and five years, 23.9 per cent for 6-9 years and 11.5 per cent for more than 20 years. At the same time, the analyses showed that majority of the respondents, at 47.8 per cent, had worked at the current station, 23.9 per cent had worked for 6-10 years, 20.4 per cent had worked for 11-20 years and 6.2 per cent had stayed at their current stations for more than 20 years.

## 3.8 Ethical considerations

The study adhered to the established ethical practices in research. The researcher obtained an introduction letter from the university (see Appendix E), which was used when seeking interviews. Due approvals were sought from the companies before commencement of the work. Respondents were interviewed voluntarily and utmost care was taken to ensure that the information generated represented the true facts provided. Information received during the research was not to be used for any other purpose other than for the research, which is was it obtained.

## CHAPTER 4: PRESENTATION AND DISCUSSION OF THE FINDINGS

### 4.1. Introduction

This section provides the findings of the study. The findings are based on the research objectives which were: the impact of media convergence on advertising, circulation and the overall profitability of the media organisations. The findings are presented in different formats, including descriptive statistics, bar charts and graphs. A factor analysis was done to establish the correlation between the dependent variable and the independent variables. The findings are presented according to the three objectives of the study.

### 4.2. Objective 1: Impact of media convergence on advertising revenues

The respondents were asked a set of 19 questions to determine their perception about the impact of media convergence on advertising in the traditional media. The questions interrogated different dimensions of the impact of media convergence on traditional media. There were questions asking how media convergence had affected revenues for each of the traditional media, *vide*, newspapers, television and radio. Then, there were questions that looked at the impact on the combined range of traditional media and new media. Other questions sought to establish the impact in terms of advertising designs and formats in the traditional media.

Overall, 57.9 per cent of the respondents indicated that the media convergence had impacted on advertising. The impact was analysed in terms of volumes and revenues, as well as advertising designs and formats. The implication of this is that a good number of media practitioners felt that digital media was affecting advertising in one way or another.

In examining the first dimension of the impact of media convergence, namely, revenues, most respondents indicated that the traditional media has not lost out significantly to the digital media. For example, 86.4 per cent of the respondents indicated that print media still attracts high advertising revenues. Similarly, 70.8 per cent and 81.4 per cent indicated that radio and television still attract advertising. Conversely, less than 50 per cent of the respondents, on average, believed that the traditional media had lost advertising due to media convergence. In other words, advertising revenues has not migrated significantly to online media.

Another related element was volume, in which case the study sought to establish if volumes or quantities of advertising had reduced or increased in light of media convergence. Respondents who indicated that advertising volumes had increased in the print media due to media convergence were 55.2 per cent, while 49.6 per cent said they had reduced. For broadcast, some 59.1 per cent of the respondents indicated that the volumes had increased.

Revenues and volumes go hand in hand. The implication of the findings in respect to these two elements, therefore, is that media convergence was beginning to have impact on volumes and revenues generated by the traditional media. However, this had not reached tipping point, as has happened in Europe and America. Financial statements of Nation and Standard confirm this. For example, in 2015, Nation Newspapers generated Kshs.7.4 billion and television Kshs.1.1 billion, the digital platforms raised Kshs.172 million (NMG internal reports). This corroborates the findings of Thurman (2012), who argued that although online advertising was growing, print media continued to attract high revenues. Further, a study by Mishra (2014) among journalists and editors in India established that despite its robustness, online media was not generating much advertising revenues.

Significantly, 67.8 per cent of the respondents reported that media convergence had influenced newspapers, television and radio to change their formats of advertising, presumably, to appear attractive and remain relevant to advertisers. There is anecdotal evidence to support this. Kenyan newspapers have changed advertising designs and formats. For example, in recent times the newspapers have come up with half-page roll-around adverts put on the front covers. See sample in the appendix C. Not only are these premium adverts that fetch high revenues and therefore help to plug advertising gaps, they are quite attractive to advertisers and put the newspapers in a better stead to compete with online platforms for advertising revenues.

The study also established that digital media had brought additional revenues to the media houses. Some 69.6 per cent of the respondents were of the view that digital media was bringing in new revenue, which would otherwise, not have been realised. From indepth interviews, it was explained that industry practice, advertising teams no longer sell single products like newspaper or television alone, but a package that includes digital platforms, which had led to a model referred to as 360-degree advertising. Through that, they are able to generate additional and incremental revenues.

The respondents were asked if media convergence had changed or influenced costings of advertising. Put differently, had media houses reduced the advertising rates to attract more advertisers who could be migrating to the digital media. Some 49.6 per cent of the respondents indicated that costs of advertising had reduced due to pressure from online platforms. This means that about half of the respondents opined that media houses were beginning to feel the heat due to media convergence, hence were becoming amenable to reducing costs. From interviews, the media houses may not have reduced the rate cards but were giving generous discounts to attract advertisers. The details of the responses are presented in Table 4.1 below.

**Table 4.1: Impact of media convergence on advertising revenues**

| | **Question** | **Mean Ratings** |
|---|---|---|
| 1 | How much has your print media attracted advertising compared to digital platforms? | 86.4% |
| 2 | How much does the radio attract advertising compared to digital media? | 70.8% |
| 3 | How much does television attract advertising compared to digital media? | 81.4% |
| 4 | How much has your company's digital platforms attracted advertising compared to print publications or broadcast stations? | 57.5% |
| 5 | How much has advertising volumes increased in your print media as a result of media convergence? | 55.2% |
| 6 | How much has advertising volumes reduced on your print media as a result of media convergence | 49.6% |
| 7 | How much has advertising volumes changed in your broadcast media as a result of media convergence? | 59.1% |
| 8 | How much has print advertising revenues increased as a result of media convergence | 49.7% |
| 9 | How much has print advertising revenues decreased as a result of media convergence | 48.1% |
| 10 | How much has broadcast advertising revenues increased as a result of media convergence | 50.4% |
| 11 | How much has broadcast advertising revenues decreased as a result of media convergence? | 45.3% |
| 12 | How much has media convergence led to increase of the cost of advertising in the last three years? | 47.3% |
| 13 | How much has media convergence led to a decrease on the cost of advertising in the last three years | 49.6% |
| 14 | How much has media convergence influenced print and broadcast advertising formats and designs? | 69.0% |

| | | |
|---|---|---|
| 15 | How much has digital advertising influenced print or broadcast advertising? | 67.8% |
| 16 | How much has digital advertising led to an increase on the company's revenues? | 58.9% |
| 17 | How much has digital advertising led to the reduction of the company's revenues? | 43.7% |
| 18 | How much has advertising on print, broadcast and digital platforms led to increase of the company's revenues? | 69.6% |
| 19 | How much has advertising on print, broadcast and digital platforms led to reduction of the company's revenues | 40.2% |

A t-test was conducted to test whether there was significant difference between the Nation Media Group and Standard Group in regard to the impact of media convergence on advertising revenues. From the t-statistic = 1.19286 and p-value = 0.240729. The p-value for the t-test is less than 0.05 showing that there is no statistical difference between the two media groups. Table 4.2 below presents the responses from the two media groups from which the t-test was performed.

**Table 4.2: Responses according to media organisations**

| | **Media** | | |
|---|---|---|---|
| | **NMG** | **Standard** | **Total** |
| How much has your print media attracted advertising compared to digital platforms? | 87.8% | 81.5% | 86.4% |
| How much does the radio attract advertising compared to digital media? | 67.1% | 83.1% | 70.8% |
| How much does television attract advertising compared to digital media? | 80.2% | 85.4% | 81.4% |
| How much has your company's digital platforms attracted advertising compared to print publications or broadcast stations? | 54.0% | 69.2% | 57.5% |
| How much has advertising volumes increased in your print media as a result of media convergence? | 52.0% | 66.2% | 55.2% |
| How much has advertising volumes reduced on your print media as a result of media convergence | 49.9% | 48.5% | 49.6% |
| How much has advertising volumes changed in your broadcast media as a result of media convergence? | 59.5% | 57.7% | 59.1% |
| How much has print advertising revenues increased as a result of media convergence | 47.6% | 56.9% | 49.7% |
| How much has print advertising revenues decreased as a result of media convergence | 48.7% | 46.2% | 48.1% |
| How much has broadcast advertising revenues increased as a result of media convergence | 48.3% | 57.7% | 50.4% |
| How much has broadcast advertising revenues decreased as a result of media | 44.8% | 46.9% | 45.3% |

| | | | |
|---|---|---|---|
| convergence? | | | |
| How much has media convergence led to increase of the cost of advertising in the last three years? | 44.8% | 55.4% | 47.3% |
| How much has media convergence led to a decrease on the cost of advertising in the last three years | 49.4% | 50.0% | 49.6% |
| How much has media convergence influenced print and broadcast advertising formats and designs? | 68.0% | 72.3% | 69.0% |
| How much has digital advertising influenced print or broadcast advertising? | 67.4% | 69.2% | 67.8% |
| How much has digital advertising led to an increase on the company's revenues? | 53.1% | 78.5% | 58.9% |
| How much has digital advertising led to the reduction of the company's revenues? | 45.5% | 37.7% | 43.7% |
| How much has advertising on print, broadcast and digital platforms led to increase of the company's revenues? | 68.3% | 73.8% | 69.6% |
| How much has advertising on print, broadcast and digital platforms led to reduction of the company's revenues | 39.5% | 42.3% | 40.2% |

### 4. 3. Objective 2: Impact of media convergence on circulation and broadcast ratings

The question that this objective sought to address is whether media convergence had reduced or increased the number of buyers of newspapers, radio listeners or television viewers because circulation and ratings have an impact on revenues. Circulation, as explained before, is one of the main revenue streams for newspaper business. It brings in direct revenues through buyers and secondly, it is the audiences that newspapers sell to advertisers. For radio and television, the number of listeners or viewers, best referred to as audience ratings, is what is sold to advertisers.

Overall, 72.3 per cent of the respondents indicated that media convergence had affected sale and readership of newspapers, radio listenership and television viewership. Also, it had affected the content and presentation of traditional media.

Most respondents, 83.5 per cent, showed that media convergence had disrupted the traditional media. The disruption is interpreted in terms of revenues, content, presentation and consumption. In specific terms, in regard to the influence of digital media, 84.4 per cent of the respondents indicated that digital media, especially social media, had shaped the content of what is put out in the traditional media. In other words, the traditional media had started using and adapting information obtained from the digital media and this confirms the practice that scholars call citizen journalism (Berger, 2009; Killebrew, 2003; Verweij, 2009).

Further, it was established that digital media had influenced the selection and placement of content in the traditional medial. At least 76.8 per cent of the respondents said they had seen change in the way content was selected, placed and presented, arising from the challenges by digital media. Content selection, placement and presentation, as (Gans, 1979) observed in a seminal study, determine how it is consumed and that had a bearing on newspaper sales, or ratings of television and radio.

From indepth interviews, it was reported that because of the vibrancy of digital media, the traditional media had changed their presentations to be attractive and competitive. Radio and television had become more conversational rather than didactic, while newspapers were more graphical and creatively designed. The whole strategy is to present news in a form and format that is easily accessible to a cross section of consumers, especially the young people, majority of whom are losing interest in the legacy media.

The essence of interrogating the impact of media convergence on content and presentation is that they determine consumption and therefore, helps to explain readership, listenership, viewership and ultimately sales and ratings.

In a related question on whether or not digital media had substituted traditional, 77.3 per cent of the respondents answered in the affirmative.

For newspaper readership and sales, 67.6 per cent and 67.1 per cent of the respondents respectively showed that media convergence had led to reduction of the number of people consuming traditional media. The interpretation of this is that the respondents recognised that a sizeable number of content consumers were using digital media to access the same, hence were migrating from the traditional media.

Secondary data gathered from the media houses tended to confirm this. Both the Nation and the Standard had recorded a 20 per cent dip in newspaper sales between 2013and 2015.

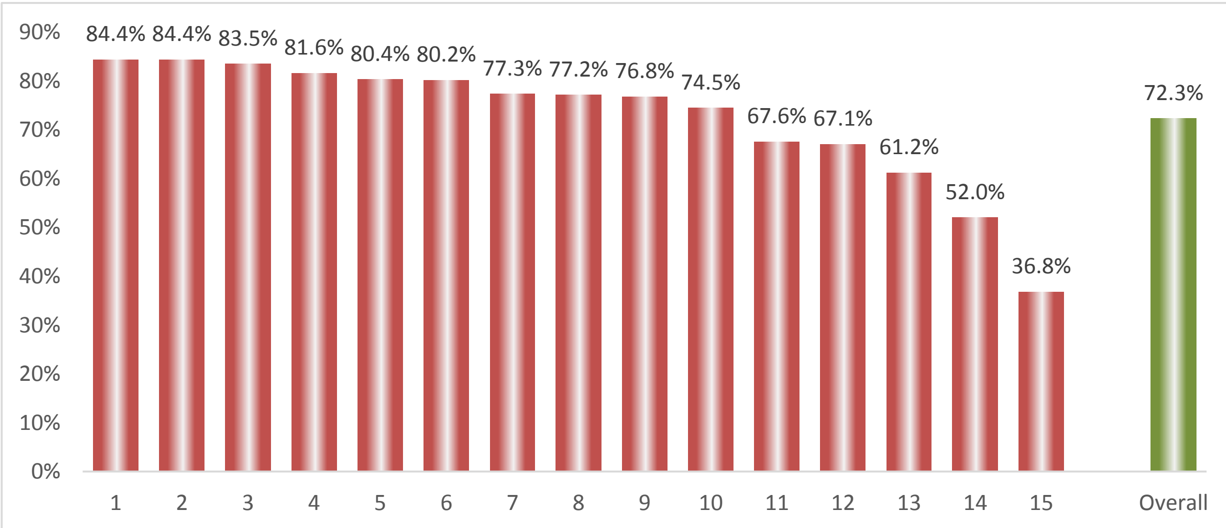
A converse question asked was whether digital media had increased consumption of traditional media and 36.8 per cent of the respondents thought it had. The interpretation is that 63.2 per cent, which is majority here, felt it had not. Another related question was whether digital media had specifically enhanced newspaper readership. On this, 52 per cent of the respondents agreed. Since 48 per cent did not agree, it can be argued that about half of the respondents were not in agreement. These questions were intended to gauge if digital media played a complementary role in assisting sales of newspapers, viewership of television or listenership of radio. In literature, it is argued that media convergence has a positive impact when applied for cross-platform promotions, where content in one platform is promoted by the other. However, this was not confirmed by this study, especially in terms of sales, which is the critical element because it translates into revenues.

The respondents were also asked about whether digital media, among them e-paper, had brought in incremental revenue to their media houses. At least 61.2 per cent of the respondents said it had. According to the secondary data, e-paper, online subscription, content buying and syndicated content had started generating additional money for the media houses. However, the amounts were still insignificant to make a significant contribution to the revenues of the media houses.

Respondents were also asked if traditional media still held their pivotal position as the bearer of credible and believable news in the face of multiplicity of sources of news content. This question was intended to establish if the traditional media had ceded its role as conveyors of authentic news or not. An impressive 80.4 per cent of the respondents indicated that consumers continued to look out for the traditional media to confirm authenticity of news or for indepth and contextualised perspectives about items on news. The essence is that the traditional media still hold a central position as the source of credible content.

This corroborates what literature says, that many consumers still rely on traditional media because they distil, clarify and contextual content, unlike the new media, especially social media, which puts out everything and anything without verifying and putting them in perspective (Cottle and Ashton, 1999; Picard, 2011). The work of Tiffen (1989) puts it even more emphatically, that the value of news rest on content selection, organisation and contextualisation, and which remains the core strength of the traditional media. Details of the responses are provided in the Figure 4.1 below.

**Figure 4.1: Impact of media convergence on circulation and broadcast ratings**




**KEY**

1 How much has the digital media complemented the traditional media in terms of content, accessibility and convenience?

2 How much has social media influenced content on newspapers, television and radio?

3 How much has the traditional media been interrupted by the digital media?

4 How much has digital media influenced consumer research? (Consumer surveys, consumer preferences and how that impact on content)

5 How much are newspapers, television and radio used to verify information on social media? (i.e. legacy media seen as reliable point of reference)

6 How much has digital media influenced selection and presentation of TV content? (e.g. use of content from digital media on TV)

7 How much has the traditional media been substituted by digital media in terms of content and accessibility?

8 How much has media convergence influenced choice of content and presentation on radio? (e.g. use of content from digital media on radio)

9 How much has digital media influenced selection, placement and presentation of stories in newspapers? (e.g. use of content from digital media in newspapers)

10 How much has digital media influenced the design of newspapers? (e.g. new formats etc.)

11 How much has digital media led to reduced readership of the traditional newspaper?

12 How much has digital media led to reduced newspaper sales?

13 How much has digital led to increased revenues of your organisation? (E-paper, subscription, content buying, and such like)

14 How much has digital media led to increased readership of the traditional newspaper?

15 How much has digital media led to increased newspaper sales?

Having examined the broad responses, an analysis was also done for the specific media houses to determine if there were similarities or variations. In this respect, the study established that the mean rating for the impact of media convergence on circulations for the Nation Media Group was 72.3 per cent compared to the Standard Group's 72.4 per cent. A t-test was performed to establish if there were significant differences between the two media houses. With t-statistic of -0.018 and p-value of 0.98577, it was observed that there was no statistically significant difference between the two media groups. The inference is that the respondents at the respective media houses had similar responses for all the questions. The details of the responses by the respective media houses are presented in Table 4.3 below.

**Table 4.3: Impact of media convergence on circulation and broadcast ratings by media organisations**

| | MEDIA GROUP | |
|---|---|---|
| | **NMG** | **Standard** |
| How much has the digital media complemented the traditional media in terms of content, accessibility and convenience? | 83.7% | 86.9% |
| How much has social media influenced content on newspapers, television and radio? | 86.2% | 78.5% |
| How much has the traditional media been interrupted by the digital media? | 83.4% | 83.8% |
| How much has digital media influenced consumer research? (Consumer surveys, consumer preferences and how that impact on content) | 82.1% | 80.0% |
| How much are newspapers, television and radio used to verify information on social media? (ie legacy media seen as reliable point of reference) | 83.2% | 70.8% |
| How much has digital media influenced selection and presentation of TV content? (eg use of content from digital media on TV) | 80.5% | 79.2% |
| How much has the traditional media been substituted by digital media in terms of content and accessibility? | 77.0% | 78.5% |
| How much has media convergence influenced choice of content and presentation on radio? (eg use of content from digital media on radio) | 76.1% | 80.8% |
| How much has digital media influenced selection, placement and presentation of stories in newspapers? (eg use of content from digital media in newspapers) | 77.7% | 73.8% |
| How much has digital media influenced the design of newspapers? (eg new formats etc) | 75.2% | 72.3% |
| How much has digital media led to reduced readership of the traditional newspaper? | 66.9% | 70.0% |

| | | |
|---|---|---|
| How much has digital media led to reduced newspaper sales? | 65.7% | 71.5% |
| How much has digital led to increased revenues of your organization? (e-paper, subscription, content buying, and such like) | 59.1% | 68.5% |
| How much has digital media led to increased readership of the traditional newspaper? | 52.2% | 51.5% |
| How much has digital media led to increased newspaper sales? | 35.9% | 40.0% |
| **OVERALL** | **72.3%** | **72.4%** |

### 4.4. Objective 3: Impact of media convergence on profitability of the media houses

The third objective of the study was to determine the impact of media convergence on the profitability of the media houses. Three parameters were used to measure the performance, *vide*, technology, human resource and strategies and policies. To this extent, therefore, three sets of questions were asked.

#### 4.4.1. Technology

Technology is a key driver of media convergence. Eight questions were asked to determine whether the media houses had invested in technology and if that had improved efficiencies and led to improved business performance.

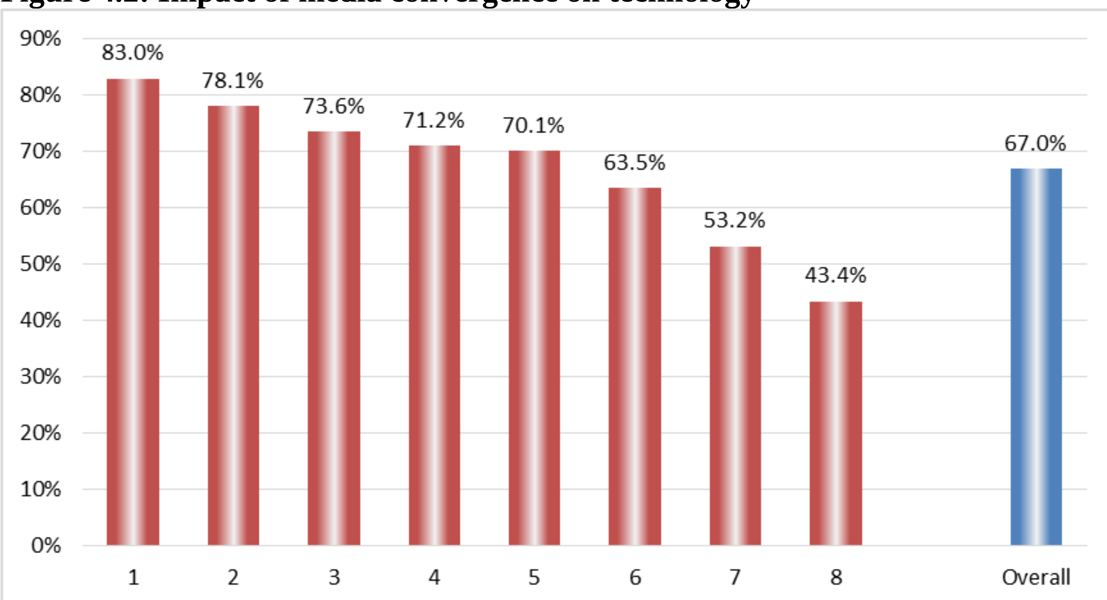
In the responses, 83 per cent of the respondents indicated that the media houses had invested heavily in the technology to take advantage of media convergence. Another 78.1 per cent reported that the employees' performance had improved, while 73.6 per cent showed that the technology had automated processes in their respective media houses. Asked about work processes, 71.2 per cent said technology had led to changes.

Regarding training, 70.1 per cent of the respondents said their organisations had offered training on technology and 63.5 per cent said the employees had been given the necessary equipment and resources. This is significant because adoption of technology requires access and ability to manipulate them. In this case, the media houses had trained and provided the necessary equipment such as laptops, smartphones to enable the employees deliver on convergence.

However, 53.2 per cent said that organisations had changed working houses even with the automation brought about by the technology. A question was also asked to check if technology had negative impact on performance of the employees, and 43.4 per cent thought it had. This means that 56.6 believed it had not affected employees negatively.

Overall, 67 per cent of the interviewees said that that media convergence had compelled the media houses to handle technology differently and because of that, the performance of the media houses had changed and that had impact on corporate performance in terms of efficiencies. The responses are provided in the Figure 4.2 below.

**Figure 4.2: Impact of media convergence on technology**




### 4.4.2. Human Resource

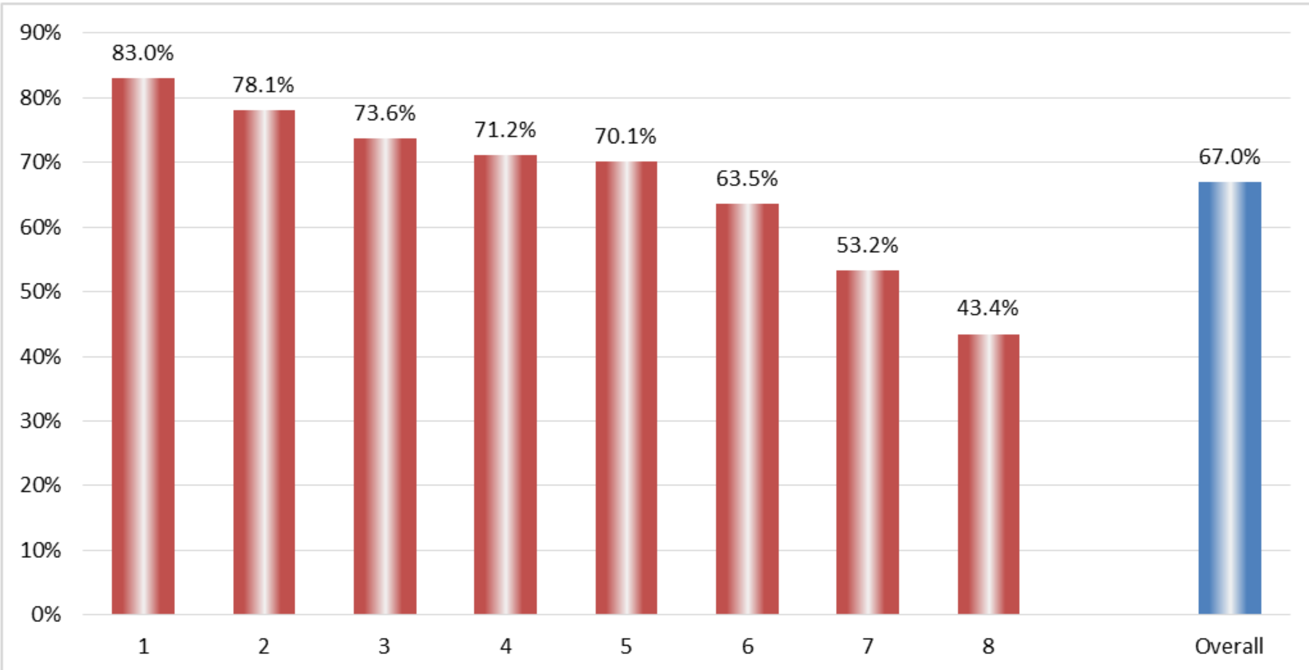
Success of media convergence depends on the people; how they conceptualise it, internalise and execute it. Nine questions were asked to test what the media houses had done in terms of recruiting staff, sensitising them, deploying and monitoring their performance in the wake of media convergence. In other words, an attempt was made to interrogate whether media convergence had compelled the media houses to reorient their human resource strategies and practices and with what results.

In total, 57.4 per cent of the respondents showed that media convergence had led to change in human resources practices within the media houses. Given the central role of human resource in any change, the implication of the responses is that human resource strategies and practices have not changed in a significant way in line with the media convergence.

Some of the areas where changes had been seen were job titles (67.4 per cent), employees' attitude (65.7 per cent) and organisational structure (61.1 per cent). Further, it was noted that 60.9 per cent of the respondents indicated that media convergence had created efficiency in work processes, while 60.0 per cent observed that media convergence had led to adoption of new recruitment processes.

However, moderate changes had been recognised in performance appraisal (55.5 per cent), work environment (54.0 per cent) and employees' attitude (51.2 per cent). A more telling response was that only 40.4 per cent of the responses believed that media convergence had led to improved compensation for the employees. The implication is that media convergence has not translated into improved earnings for employees. Given the fact that the responses on revenues accruing from media convergence demonstrated that the returns were minimal, that explains why the employers have not improved the employees' remuneration in regard to media convergence. Figure 4.3 below highlights the responses on the impact of media convergence on human resources.

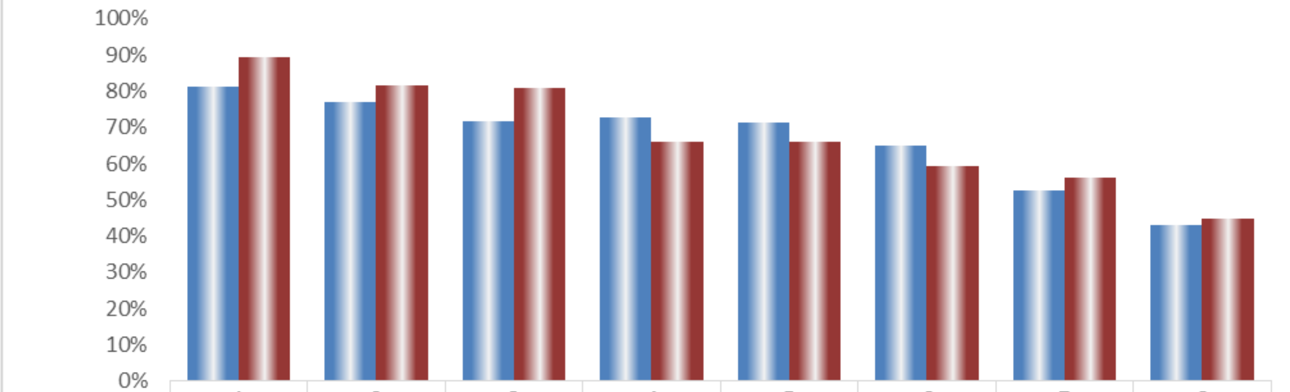
**Figure 4.3: Impact of media convergence on human resource**




| KEY | |
|---|---|
| 1 | How much has your company invested in technology to deliver on media convergence? |
| 2 | How much does employees' interaction with digital media improve their work performance? |
| 3 | How much has your organisation automated its operations in view of media convergence? |
| 4 | How much has the organisation changed the work processes because of media convergence? |
| 5 | How much has your organisation invested in employees' training on media convergence skills? |
| 6 | How much have the employees been equipped with resources to enable them deliver on media convergence? |
| 7 | How much has the organisation changed working hours because of media convergence? |

Having examined the responses in both the media houses, an individual check was done on the responses by NMG's and SGL's employees respectively. The NMG rating on impact of media convergence on technology was 66.7 per cent compared to 68.0 per cent for the Standard Group. A t-test with (*t-stat= -0.17819 and p-value= 0.861123*) was performed which showed that the difference between the NMG and SGL with regards to impact on media convergence on technology was not statistically significant. Figure 4.4 shows the responses by the media houses.

**Figure 4.4: Impact of media convergence on human resource by media houses**




| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| NMG | 81.1% | 77.0% | 71.5% | 72.6% | 71.3% | 64.8% | 52.4% | 43.0% |
| Standard | 89.2% | 81.6% | 80.8% | 66.2% | 66.2% | 59.2% | 56.0% | 44.6% |

### 4.4.3. Impact of media convergence on strategies and policies

The third determinant of profit was strategies and policies. Strategy determines the direction a corporate takes, policies and decisions made, structures put in place, resources allocated and ultimately the outputs (Porter, 1980). For this study, policies were included here because the success of any media house depends on its editorial orientation that is defined by the editorial policies. Broadly, the set of questions asked sought to establish whether or not media convergence had compelled or influenced media houses to change their business strategies as well as policies.

Cumulatively, 62.5 per cent of the respondents indicated that media convergence had made an impact on business strategies and editorial policies pursued by the media houses. Asked about the level of alignment, 74.2 per cent of the respondents said their organisations had aligned business strategies and policies to deliver on media convergence. Some 70.3 per cent said the media organisations had introduced strategies for media convergence and that had created opportunities for increased revenues. Conversely, when asked if the digital strategies or policies had reduced earnings, only 35.8 per cent thought so. Thus, the conclusion is that media convergence had brought a new revenue stream for the media houses.

To interrogate this further, discussions were carried out through indepth interviews, which indicated that the media houses like NMG had introduced what was known as “digital first” strategy, where journalists were required to break news on the digital platforms first – twitter, Facebook and mobile alerts. This helped to draw traffic and position the websites as authoritative sources of news, confirming a study by Auma (2013). The traffic enables the media houses to sell advertising slots on the websites. Similarly, news alerts were paid for through subscription and that attracted incremental revenues for the media houses.

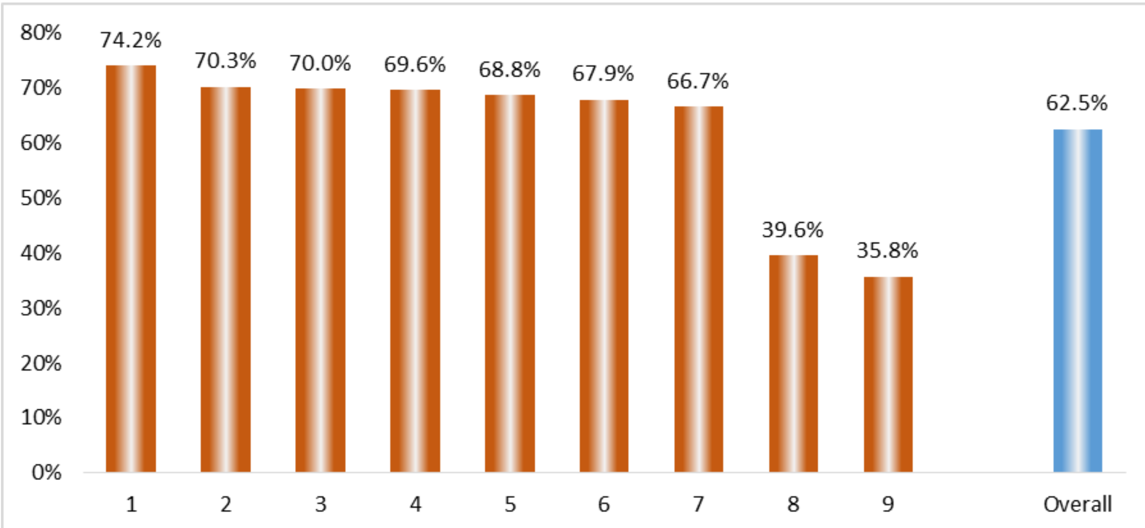
The other question was in regard to advertising strategies and policies and 70.0 per cent of the respondents were of the view that they had been influenced by media convergence. During indepth interviews, respondents explained that the media houses had developed strategies where advertising was sold across all the platforms, what was known as 360-degrees commercials.

In regard to editorial policies, 69.6 per cent of the respondents agreed that they had been revised to align to media convergence, while 68.8 per cent said the policies had been communicated to the employees. To understand this, respondents were asked during indepth interviews to explain what kind of changes that had been made. Respondents from the Nation Group said the organisation had created a new and specific editorial policy on media convergence. Standard had given operational guidelines to journalists on editorial content for online platforms.

The respondents were also asked if external (government) strategies or policies had come to bear on their revenues and 67.9 per cent answered in the affirmative. To cross-check this, another question was asked to determine if the external digital polices had increased revenues, and 39.6 per cent affirmed, meaning 60.4 per cent did not think so. This question was also discussed during indepth interviews and the respondents explained that external policies, especially by the government and other corporates had reduced advertising volumes and revenues. Whereas government and other big advertisers like parastatals and corporates used to book four or five pages to advertise for jobs, these days, they just take a half page and then refer applicants to their websites.

In terms of circulation, 63.7 per cent of the respondents said their media houses have aligned their strategies or policies to enable them survive. Responses obtained during indepth interviews indicated that the media houses had changed production schedules to reach the market very early to get more readers for the newspapers; introduced subscription for e-paper and syndicated premium content. Figure 4.5 below provides details of the responses.

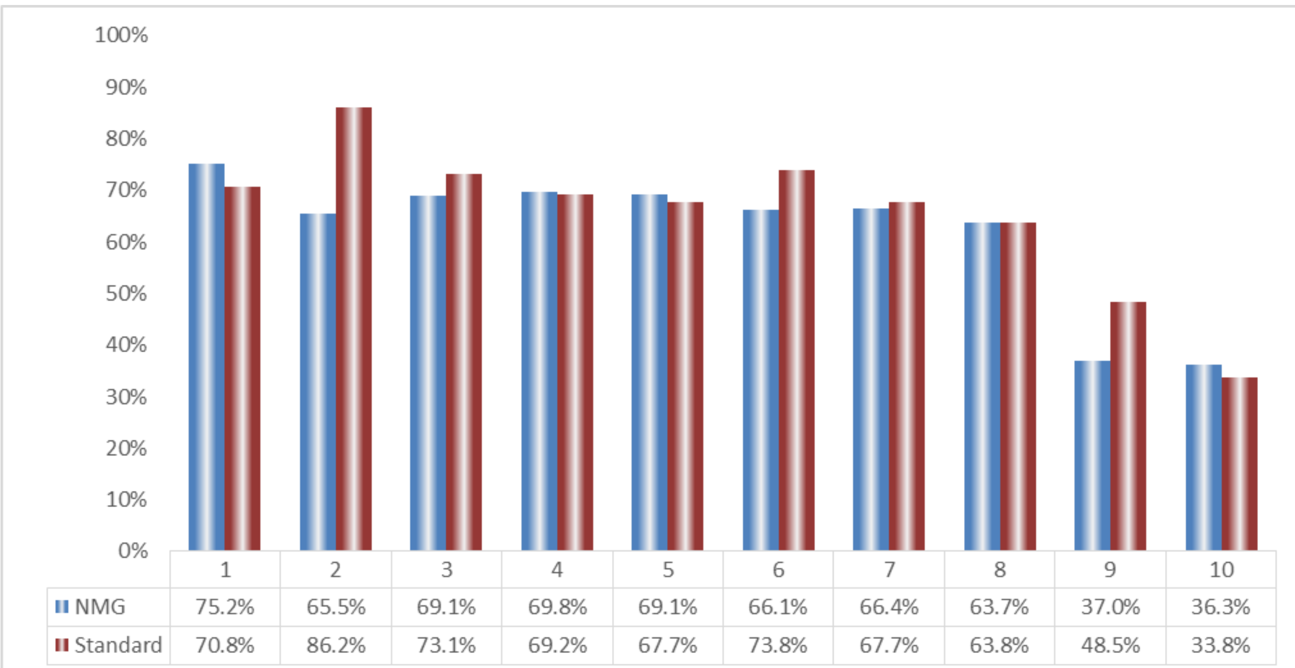
**Figure 4.5: Impact of media convergence on strategies and policies**




| | |
|---|---|
| **Key** | |
| 1 | How much has your organisation aligned its business strategy to deliver on media convergence? |
| 2 | How much has your organisation's digital media strategy created opportunities for increased revenues? |
| 3 | How much has your organisation aligned its advertising policies, practices and process to deliver on media convergence? |
| 4 | How much has your organisation aligned the existing editorial policies with media convergence? |
| 5 | How much have the policies and business practices been communicated to employees? |
| 6 | How much has external digital policies (like government e-advertising) reduced your revenues |
| 7 | How much has the organisation aligned its policies and business practices because of media convergence? |
| 8 | How much has your organisation aligned its circulation policies, practices and processes to deliver on media convergence? |
| 9 | How much has external digital policies (like government e-advertising) increased your revenues? |
| 10 | How much has your organisation's digital media strategy led to reduced revenues? |

The research also sought to establish if there were significant differences in terms of responses by the respective media houses. The NMG rating on the impact of media convergence on strategy and policies was 61.8 per cent, which was slightly lower than the Standard Group (65.5 per cent). A t-test with (*t stat*= -0.57852 and *p-value*= 0.570079) shows that the difference in the ratings between the NMG and Standard is not statistically significant. Details are illustrated in Figure 4.6 below.

**Figure 4.6: The impact of media convergence on NMG and SGL**




## 4.5. Factor analysis

The study conducted a factor analysis to determine how media convergence impacted on each of the variables. This was intended to explain the correlation between the dependent and independent variables. Statistically, a strong or high correlation means that two or more variables have a strong relationship with each other. Conversely, a low correlation means that the variables are not related.

For this study, the information gathered from factor analysis is important in decision making. It informs managers of media houses of the main variables to target if they want to benefit from media convergence.

The factor analysis was carried out at two levels. First, the factorability of the 61 items touching broadly on advertising, circulation and profits were examined.

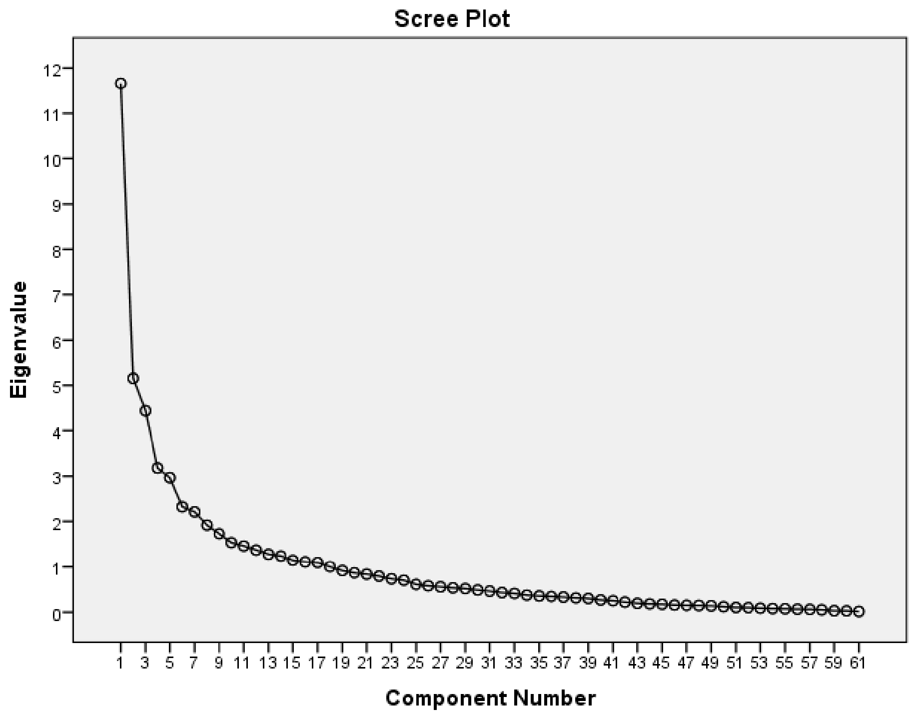
**Table 4.4: KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .559 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 3836.210 |
| | df | 1830 |
| | Sig. | .000 |

The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.559 and Bartlett's test of sphericity was significant ($\chi 2$ (153) = 3836.21, $p < .05$). The communalities were all above .5 confirming that each item shared some covariance with other items.

A factor analysis was used primarily to identify and compute composite scores for the factors underlying the media convergence. An initial eigenvalues indicated that 18 component solution accounts for 76.72 per cent of the variance. Thus the variables with Eigenvalues greater than 1 were retained but the rest eliminated. The scree plot (Figure 4.7) below shows the component number versus the Eigenvalues. From the plot only 18 factors have Eigenvalues falling above 1.

**Figure 4.7: Component numbers versus the Eigenvalues**




The component (factor) loading was used to show how strong the relationship is between the items (variables and the components) by looking at the Pearson correlations between them. A total of 43 items were eliminated because they did not contribute to a simple factor structure and failed to meet the minimum criteria of having a primary factor loading of 0.4 and above.

From the component matrix, the following is a table showing the factors (variables) that were found to load meaningfully to the components/factors that correlated well with the 18 components.

**Table 4.5: Variables for factor loading**

| | |
|---|---|
| **ADVERTISING** | |
| 1 | How much has media convergence led to a decrease on the cost of advertising in the last three years |
| 2 | How much does the radio attract advertising compared to digital media? |
| 3 | How much has digital advertising led to the reduction of the company's revenues? |
| 4 | How much has your print media attracted advertising compared to digital platforms? |
| 5 | How much has print advertising revenues decreased as a result of media convergence |
| 6 | How much has advertising volumes reduced on your print media as a result of media convergence |
| 7 | How much has your company's digital platforms attracted advertising compared to print publications or broadcast stations? |
| **PROFITABILITY** | |
| 1 | How much has the digital interruption affected the performance of your media house in terms of efficiency? |
| 2 | How much has your organisation aligned its business strategy to deliver on media convergence? |
| 3 | How much has external digital policies (like government e-advertising) reduced your revenues |
| 4 | How much has the employees resisted media convergence |
| 5 | How much has your organisation aligned the existing editorial policies with media convergence |
| 6 | How much has your organisation's digital media strategy created opportunities for increased revenues? |
| **CIRCULATION** | |
| 1 | How much has digital media influenced consumer research? (Consumer surveys, consumer preferences and how that impact on content) |
| 2 | How much has social media influenced content on newspapers, television and radio? |
| 3 | How much has digital media led to reduced readership of the traditional newspaper? |
| 4 | How much are newspapers, television and radio used to verify information on social media? (ie legacy media seen as reliable point of reference) |

At the second level, a factor analysis was carried out for each of the three variables, namely, advertising, circulation and profitability, which ultimately, enabled the researcher to determine how each of the three correlate with media convergence.

### 4.5.1. Factor analysis for advertising variables

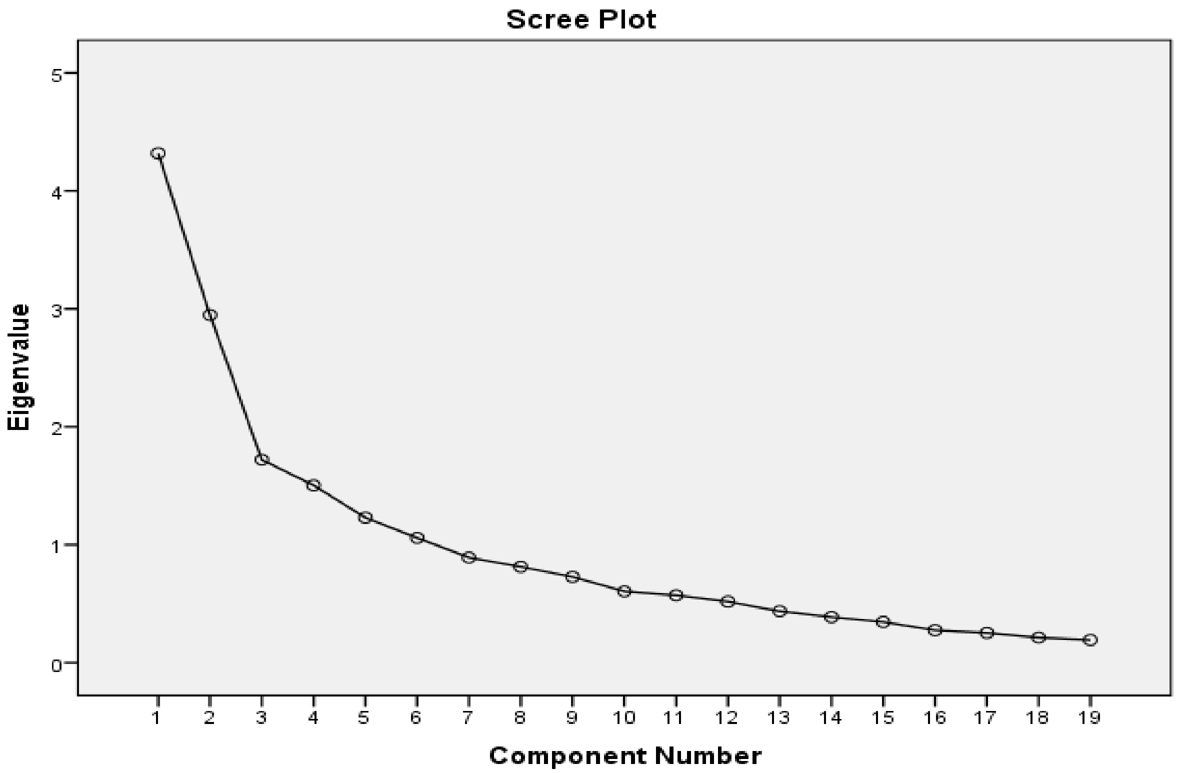
Advertising had 19 variables that respondents gave feedback on. Table 4.6 below shows the loadings of the 19 variables. The higher the absolute value of the loading, the more the factor contributes to the variable. From the analysis, six components were extracted out of 19 – they were the most important items which determine advertising revenues, therefore, have greater bearing on media convergence. The six are shaded in grey.

**Table 4.6: Factor analysis for advertising - component matrix**

| | Component | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| How much has your print media attracted advertising compared to digital platforms? | -.339 | | .627 | | | |
| How much does the radio attract advertising compared to digital media? | | | .672 | | | |
| How much does television attract advertising compared to digital media? | | | .739 | | | |
| How much has your company's digital platforms attracted advertising compared to print publications or broadcast stations? | .612 | -.371 | | | | |
| How much has advertising volumes increased in your print media as a result of media convergence? | .556 | -.545 | | | | |
| How much has advertising volumes reduced on your print media as a result of media convergence | .416 | .669 | | | | |
| How much has advertising volumes changed in your broadcast media as a result of media convergence? | .633 | | | | | -.393 |
| How much has print advertising revenues increased as a result of media convergence | .535 | -.496 | | -.442 | | |
| How much has print advertising revenues decreased as a result of media convergence | .452 | .648 | | | | |
| How much has broadcast advertising revenues increased as a result of media convergence | .592 | -.482 | | | | |
| How much has broadcast advertising revenues decreased as a result of media convergence? | .453 | .439 | | | | .473 |
| How much has media convergence led to increase of the cost of advertising in the last three years? | .453 | | | -.342 | -.329 | |
| How much has media convergence led to a decrease on the cost of advertising in the last three years | .429 | | | | .536 | |
| How much has media convergence influenced print and broadcast advertising formats and designs? | .557 | | | .496 | | |
| How much has digital advertising influenced print or broadcast advertising? | .563 | | | .552 | | |
| How much has digital advertising led to an increase on the company's revenues? | .618 | -.449 | | | | |
| How much has digital advertising led to the reduction of the company's revenues? | .408 | .514 | | | .470 | |
| How much has advertising on print, broadcast and digital platforms led to increase of the company's revenues? | .379 | -.460 | | .406 | | .394 |
| How much has advertising on print, broadcast and digital platforms led to reduction of the company's revenues | .392 | .360 | | -.401 | .392 | |

From the analysis, the items shaded in grey were found to correlate highly with components 1-6, showing they contribute more advertising. Figure 4.8 below shows that only six variables had Eigenvalues equal to and above 1, therefore, were extracted.

**Fig 4.8: Extracted variables for advertising**




### 4.5.2. Factor analysis for circulation variables

Under circulation, 15 items were tested and the responses are presented earlier in this chapter. Subsequently, the items were subjected to factor analysis and the results are presented in Table 4.7 below.

**Table 4.7: Factor analysis for circulation - component matrix**

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| How much has the traditional media been interrupted by the digital media? | .679 | | | |
| How much has the traditional media been substituted by digital media in terms of content and accessibility? | .668 | -.354 | | |
| How much has the digital media complemented the traditional media in terms of content, accessibility and convenience? | .406 | | | .738 |
| How much has digital media led to increased readership of the traditional newspaper? | | .785 | | |
| How much has digital media led to reduced readership of the traditional newspaper? | .356 | -.667 | | |
| How much has digital media led to increased newspaper sales? | | .620 | | |
| How much has digital media led to reduced newspaper sales? | .486 | -.545 | | |

| | | | | |
|---|---|---|---|---|
| How much has digital media influenced the design of newspapers? (eg new formats etc) | .671 | .353 | | |
| How much has digital media influenced selection, placement and presentation of stories in newspapers? (such as use of content from digital media in newspapers) | .752 | | | |
| How much has digital media influenced selection and presentation of TV content? (eg use of content from digital media on TV) | .746 | | | |
| How much has media convergence influenced choice of content and presentation on radio? (eg use of content from digital media on radio) | .723 | | | |
| How much are newspapers, television and radio used to verify information on social media? (ie legacy media seen as reliable point of reference) | .345 | | -.346 | |
| How much has social media influenced content on newspapers, television and radio? | .659 | | | |
| How much has digital led to increased revenues of your organisation? (e-paper, subscription, content buying, and such like) | | | .730 | |
| How much has digital media influenced consumer research? (Consumer surveys, consumer preferences and how that impact on content) | .445 | | .558 | |

Table 4.7 above shows the correlations of above 0.3 between the variables and the components. The items which are highly correlated are four and are shaded. The items correlate more to components 1-4 as shown in the table. Hence, they determine media convergences.

### 4.5.3. Factor analysis for profitability

As explained under the study objectives, profitability was examined using three variables, *vide*, technology, human resource and strategies and policies. Each of these was examined independently before aggregating the responses and doing a joint factor analysis.

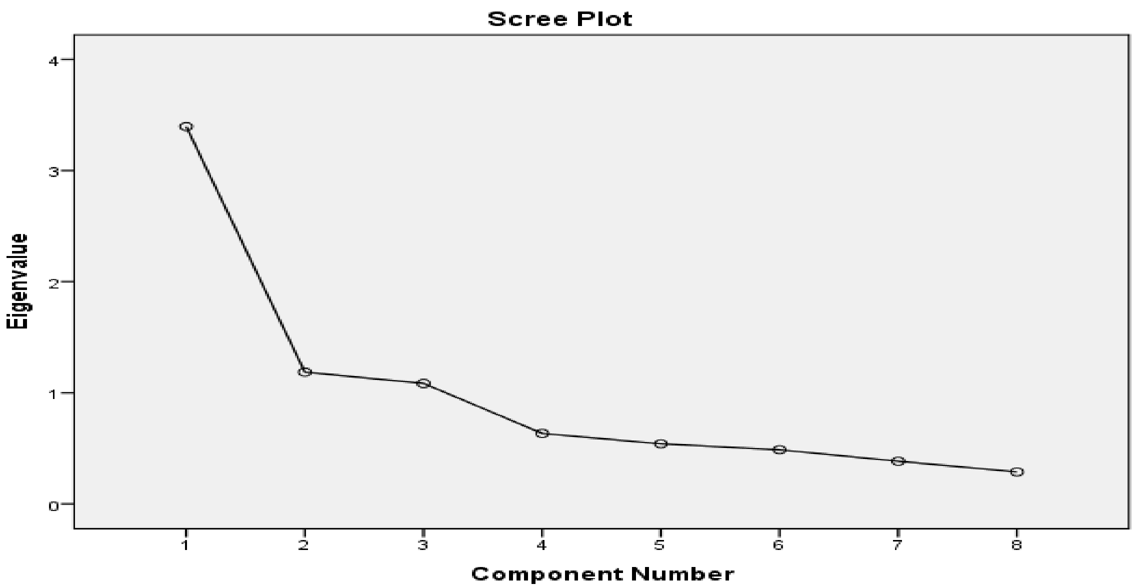
Under technology, there were eight variables examined based on the responses. Three out of the eight items were extracted as they had the highest correlation with profitability. Those items are shaded in grey and are shown in Table 4.8 below.

**Table 4.8: Factor analysis for technology – component matrix**

| | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| How much has your company invested in technology to deliver on media convergence? | .799 | | |
| How much has your organisation invested in employees' training on media convergence skills? | .796 | | |
| How much have the employees been equipped with resources to enable them deliver on media convergence? | .767 | | |
| How much has your organisation automated its operations in view of media convergence? | .743 | | -.319 |
| How much does employees' interaction with digital media improve their work performance | .603 | -.421 | .334 |
| How much does employees' interaction with digital media reduce their work performance | | .871 | |
| How much has the organisation changed the work processes because of media convergence | .587 | .371 | .456 |
| How much has the organisation changed working hours because of media convergence? | .524 | | .630 |

Figure 4.9 below shows the items that were extracted, which have Eigenvalues equal to, or greater than 1.

**Figure 4.9: Extracted variables for technology**




The second element was human resource, which had nine variables that the respondents gave feedback on. Two components were extracted which had the highest correlation. The details are presented in Table 4.9 below.

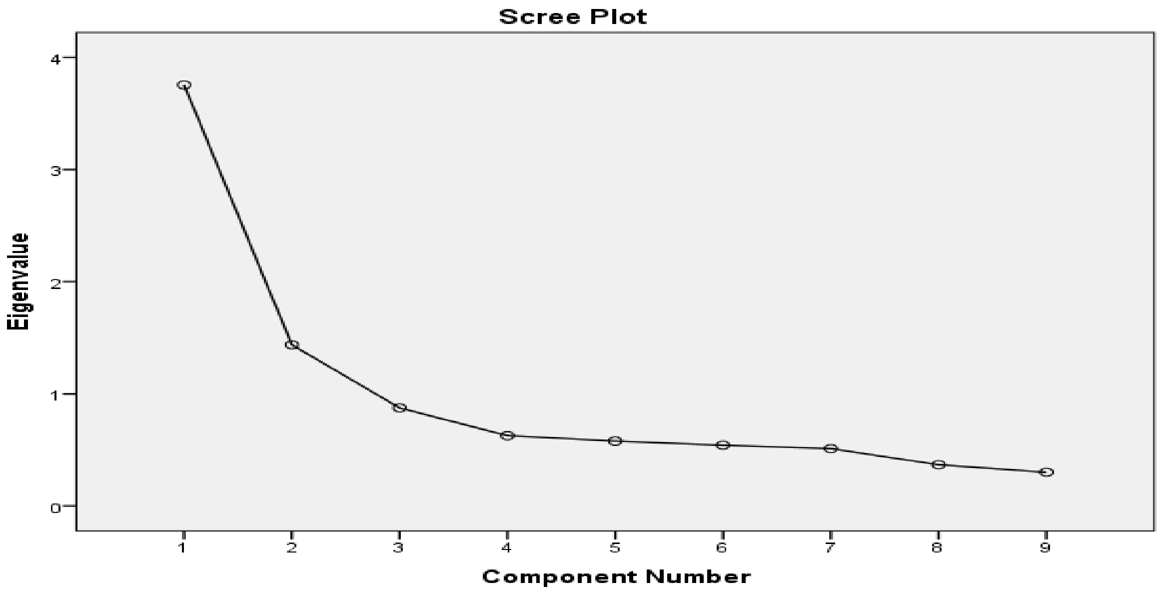


**Table 4.9: Factor analysis for human resource - component matrix**

| | Component | |
|---|---|---|
| | 1 | 2 |
| How much has the employees embraced media convergence? | .761 | -.320 |
| How much has the employees resisted media convergence | | .776 |
| How much has your organisation adopted new recruitment practices because of media convergence | .762 | |
| How much has the company changed performance appraisal systems because of media convergence? | .740 | |
| How much has the organisation introduced new positions and titles because of media convergence? | .738 | |
| How much has the organisation changed the working environment/office space because of media convergence? | .735 | |
| How much has the organisation structure changed because of media convergence? | .702 | |
| How much has the organisation changed the remuneration scheme because of media convergence? | .628 | |
| How much has the digital interruption affected the performance of your media house in terms of efficiency? | | .788 |

The variables with Eigenvalues equal to, or greater than 1, are presented in Figure 4.10 below.

**Figure 4.10: Extracted values for human resource**




The third variable under profitability was strategy and policies. A set of 10 variables were examined and three components were extracted for factor analysis. Table 4.10 below shows the three items with the highest correlation.

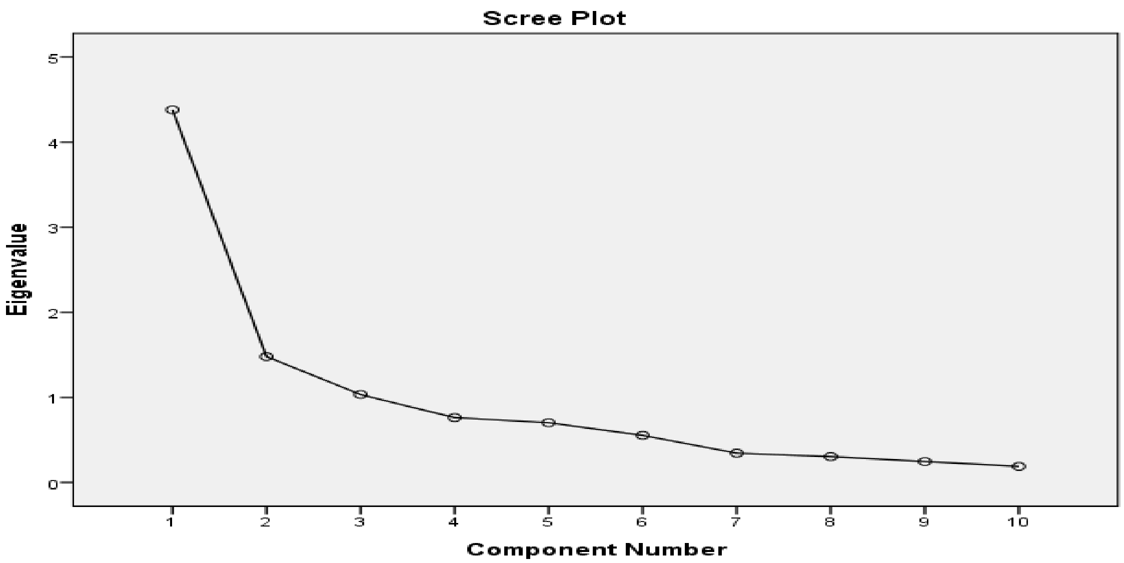
**Table 4.10: Factor analysis for strategies and policies - component matrix**

| Variables | Component | | |
|---|---|---|---|
| | 1 | 2 | 3 |
| How much has your organisation aligned its business strategy to deliver on media convergence? | .839 | | |
| How much has your organisation aligned its circulation policies, practices and processes to deliver on media convergence? | .840 | | |
| How much has your organisation aligned its advertising policies, practices and process to deliver on media convergence? | .805 | | |
| How much has your organisation's digital media strategy created opportunities for increased revenues? | .580 | | -.415 |
| How much has your organisation's digital media strategy led to reduced revenues? | | | .885 |
| How much has the organisation aligned its policies and business practices because of media convergence? | .783 | | |
| How much has your organisation aligned the existing editorial policies with media convergence | .753 | | |
| How much have the policies and business practices been communicated to employees? | .696 | | |
| How much has external digital policies (like government e-advertising) increased your revenues? | .445 | -.784 | |

| | | | |
|---|---|---|---|
| How much has external digital policies (like government e-advertising) reduced your revenues | | .846 | |

The variables with Eigenvalues equal to, or greater than 1, are presented in Figure 4.11 below.

**Figure 4.11: Extracted variables for strategies and policies**




From the factor analysis carried out in each of the three variables, advertising was found to have the highest number of attributes that are impacted upon by media convergence, with a proportion of 41.2 per cent, followed by profitability at 35.3 per cent and circulation, 23.5 per cent. The implication, therefore, is that advertising has the highest correlation with media convergence. Table 14 presents the findings.

**Table 14: Summary of the correlation of the variables**

| | **Variables** | **Percentage (%)** |
|---|---|---|
| 1 | Advertising | 41.2 |
| 2 | Profitability | 35.3 |
| 3 | Circulation | 23.5 |
| | **Total** | **100** |

# CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

## 5.1. Introduction

This section presents the conclusions based on the findings of the study, thereafter, it provides suggested recommendations. The conclusions follow the sequence of the findings, which were based on the three main objectives of the study.

The study sought to determine how media convergence had impacted on the corporate performance of media houses and this was examined in terms of advertising and circulation revenues and profitability. Advertising and circulation form the core revenue streams of media business. However, revenues alone do not equate to profits. There are middle-line items that determine the profitability of an organisation, therefore, that was also examined as an independent variable.

The overall conclusion is that media convergence has impacted on the corporate performance of media houses in Kenya.

## 5.2 Impact of media convergence on advertising revenues

Evidence from the research demonstrated that media convergence had impacted on advertising in several respects. First, the revenues from direct advertising sales had gone down in the traditional media because digital media offered new options for advertising. The implication is that monopoly that the traditional media enjoyed in the past, as the sole platform for commercial advertising, had been demolished by the digital media that offered cheaper, more interactive and larger audience.

Second, advertising volumes have decreased, similarly, because there are options brought about by the digital media. According to the research, this was manifested in two ways. One, because of media fragmentation, the quantities of advertising had reduced. Second, advertisers had resorted to a situation where they booked small spaces in newspapers or little airtime on broadcast media, and instead referred consumers to their websites (see sample advert in the Appendix C). Collectively, reduced volumes translate to reduced advertising revenues for the traditional media.

The third way in which media convergence had changed advertising is in terms of formats and design of advertisements. Respondents indicated that the newspapers had adopted more graphical and colourful designs. Of more interest is the emergence of what was being referred to as wrap-around adverts, where advertisers were taking up half-page loose-sheet rolled around the front page of a newspaper (see sample, Appendix D). For broadcast, and especially television, advertisements had become more creative and chatty. On the whole, the traditional media had been forced to adopt more ingenious ways to present advertisements to compete with digital platforms.

Fourth, the traditional media had not reduced their advertising costs to compete with the generally-low cost digital media. On the contrary, the newspapers, for example, had reorganised their pagination to create some early pages for advertising and charge higher rate, hence realise higher yield per page and raise their revenues.

**5.3. Impact of media convergence on circulation**

Circulation is the second revenue stream for newspaper. Its equivalent in broadcast is audience rating, that is the number of viewers or listeners consuming television or radio content respectively.

From the study, the first conclusion is that media convergence had reduced the sales and readership of newspapers. Similarly, it had reduced the number of radio listeners and television viewers. Respondents reported that many consumers were getting their content – news, entertainment or education – through digital platforms, hence had migrated from the traditional media. Digital media was seen as interactive, instantaneous and not bound by geography and location. Reduction in the number of newspaper readers and buyers affect the revenues. Reduced newspaper sales and readership, as well as radio and television audiences means a decline in the numbers of audiences to sell to advertisers, hence affect revenues.

Despite the decline of audiences, the study also concludes that digital media had opened a new revenue stream for the media houses through e-paper, mobile alert subscriptions and paid syndicated content. Even though the amounts may not be big, there are indications that these are the growth areas and with time, will offer grand opportunities for big incomes for the media houses.

Third, although digital media was attractive because it offered timely and interactive content, the traditional media still held strong position as the channels for authentic, credible and believable content. Underlying this is the fact that the traditional media has strong structures and systems for fact-checking and verification which most providers of online content, like bloggers, do not have. To this extent, the traditional media should jealously guard this strength because that gives them competitive advantage over the digital media, specifically, social media.

Fourth, it can be concluded that digital media had forced the traditional media to change the way they selected content, packaged and presented them. Since digital media is interactive, the traditional media, especially the newspapers, had been forced to change the designs and formats; hence they have resorted to heavy use of visuals – big pictures, bold headlines and more colours - to make them attractive.

### 5.4. Impact of media convergence on profitability

This objective was to determine if media convergence had impacted on other variables that determine profitability such as technology, human resource, strategy and policy. In this case, the argument is that a media house may generate advertising and circulation revenues, but may or not may not realise profits because of operational expenses.



#### 5.4.1. Technology

The overall conclusion was that media convergence had led the media houses to invest in technology, provide training to the employees, automate work processes and create efficiencies and change mindsets. Such investment requires heavy initial cost outlay but has the impact of reducing expenses in the long run.

Another positive development was that most employees had accepted and adapted to technological changes, which were in themselves a means and a platform for implementing media convergence. Mindset change and technological adoption is the surest way of realising meaningful change and the accruing benefits.

However, from the study, it was concluded that there was a mismatch between application of technology and the attendant efficiencies and the work processes. Despite the fact the media houses had invested in technology, which had in turn improved the work processes, the work shift had not changed significantly. The conclusion is that there is still hangover from the traditional media work processes that have not been addressed in line with the changes at the work place.

### 5.4.2 Human resource

Human resource determines the success of an organisation because they implement policies and programmes. From the study, slightly more than half of the respondents felt that media convergence had an impact on human practices within the media houses. The conclusion is that the media houses have made some changes in their human resources practices, such as introducing new job titles, organisational structure and employees' attitudes. Such changes are instrumental in facilitating in creating a system where media convergence thrives.

However, it is noted that media convergence had not led to any significant change in the compensation structure and system for the employees. Most employees felt that their remuneration had stagnated, hence it was difficult to draw a connection between media convergence and compensation. The inference is that media convergence had not translated into notable change in the way the employees were rewarded and this has implications on implementation of media convergence. To the extent that an employee does not see a direct connection between a new programme and his or her earnings, the tendency is always to be a bit negative about change.

### 5.4.3 Strategies and policies

The study established that the media convergence had led the media organisations to change their strategies and policies to align to the new realities and in particular, to make them competitive and enable them to raise additional revenues. For example, the media houses have changed their news production processes to make digital platforms the first point for content dissemination and thereafter, content was repackaged for radio, television and newspaper.

Similarly, media convergence had led to change of editorial policies, which determine the orientation of any media organisation, and in turn, the way they process, package and disseminate their content. In the same vein, the media organisations had changed their circulation strategies and policies to incorporate e-paper and content syndication to raise additional revenues.

The conclusion, therefore, is that media convergence has forced the media houses to change their strategies and policies so that they can survive in a new media market.

**5.5. Recommendations**

In view of the findings, the study recommends a number of interventions to enable the media organisations to effectively implement and benefit from media convergence, instead of making losses.

First, the media organisations should pursue cost-effective strategies, which include creating multi-skilled journalists who can prepare content for digital, broadcast and newspapers. This will reduce operational costs as it eliminates duplication of tasks, whereby several journalists are sent out for one assignment to gather and prepare content for the different platforms - digital, broadcast and newspapers. Similarly, sales teams should be multi-skilled to sell advertising space for all the platforms, instead of the current practice, where newspapers, digital and broadcast had independent teams. The cross-selling will reduce headcount and save costs. Savings realised through efficient operations can cushion the media when their profits are declining due to reduced earnings from advertising and circulation.

Second, the media houses should adopt new advertising models, for example, introduce native advertising, a common trend in the West, where advertising content is presented in form and style that makes it appear as editorial stuff, hence a premium. This concept has worked for some media houses like the Telegraph and Financial Times of UK and the NOZ Medien of Germany.

Third, the media organisations need to create partnerships especially with county-based news agencies and share content with them for local news and through that minimise operational costs. This practice is becoming common in the West, for example, in America, where about a third of television stations broadcast content from a neighbouring station through a content sharing agreement. Further, they should create partnership with some agencies involved in community and development work and get them to finance publication of some social agenda issues such as health, water and sanitation. This will enable the media houses to provide content but with minimal costs.

Fourth, the study established that the traditional media remains the authentic source of information despite the diverse sources of content. The media houses should capitalise on this by doing research and providing depth and deep insights into issues to keep them relevant. Additionally, they should develop niche content that is not easily available on the digital platforms and sell at a premium.

Fifth, the media organisations should adopt cross-platform promotions for their products such that an advertisement that is purely prepared for newspaper, for example, should be mentioned on the digital platform at a minimal cost. Moreover, since the two media houses have many outlets, they should leverage on each of them to promote news content to aggregate audiences and use that to sell advertising.

Lastly, the media organisations should evaluate the competencies of their employees to ascertain if they have the required skills to work in a convergence media environment. Further, they should align human resource policies and practices like recruitment, performance appraisal system and compensation scheme to attract and retain employees who can deliver in changed media landscape.



### 5.6 Further research

This study examined the impact of media convergence on the corporate performance of the Nation and Standard Group. However, it is not in any way conclusive. From the findings, it is recommended that further research needs to be done on the strategies for monetising digital content to increase revenues. One of the challenges observed was that many media organisations worldwide were experimenting with different models of generating revenues through media convergence with mixed results. Since media convergence is growing, especially in Kenya and most of sub-Saharan Africa, it is recommended that future studies be carried out on what models would best work for the media houses in the country and the region. The study seem to suggest that media convergence is with us and it affects all the facets of media business, be it human resource, revenue, cost structure, profitability, circulation, technology, among others. In that regard, the study that will come up with recommended strategies that would be adopted by media houses to succeed in a changed media environment, will have improved this current study.

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## APPENDIX A: QUESTIONNAIRE

This questionnaire investigates the impact of media convergence (digital media) on the corporate performance of media organisations. It is divided into three broad areas and investigates the impact of media convergence on the following: advertising revenues; circulation revenues; and the overall profits of the media organisations.

Kindly **tick** the appropriate response to each of the questions or statements provided.

*Note: Media convergence refers to the interaction between print, electronic and digital platforms in the delivery of media content. In some questions, for ease of reference, digital media is used to refer to media convergence.*

### Section 1: Background information

1. Gender a). Male ☐ b). Female ☐
2. Age group
    a. 20 – 30 ☐
    b. 31 – 40 ☐
    c. 41 – 50 ☐
    d. Above 50 years ☐
3. Section/Department
    a. Editorial ☐
    b. Advertising ☐
    c. Circulation ☐
    d. Management ☐
    e. Finance ☐
    f. Human Resource ☐
4. Highest level of education
    a. Secondary ☐

b. Tertiary college (diploma)

c. University (degree)

d. University (postgraduate)

5. Years of experience in media industry

a. 0 – 5

b. 6 – 10

c. 11 – 20

d. 20 and above

6. Years of service at the current company

a. 0 – 5

b. 6 – 10

c. 11 – 20

d. 20 and above

**Section B: Information on the impact of media convergence on advertising**

Answer the following questions on a scale of 1 to 5.

Where 1 = Not at all, 2 = Slightly, 3 = Somewhat, 4 = Moderately, 5 = Very much

| **No** | **Impact of media convergence on advertising revenues** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | How much has your print media attracted advertising compared to digital platforms? | | | | | |
| 2 | How much does the radio attract advertising compared to digital media? | | | | | |
| 3 | How much does television attract advertising | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | compared to digital media? | | | | | |
| 4 | How much has your company's digital platforms attracted advertising compared to print publications or broadcast stations? | | | | | |
| 5 | How much has advertising volumes increased in your print media as a result of media convergence? | | | | | |
| 6 | How much has advertising volumes reduced on your print media as a result of media convergence | | | | | |
| 7 | How much has advertising volumes changed in your broadcast media as a result of media convergence? | | | | | |
| 8 | How much has print advertising revenues increased as a result of media convergence | | | | | |
| 9 | How much has print advertising revenues decreased as a result of media convergence | | | | | |
| 10 | How much has broadcast advertising revenues increased as a result of media convergence | | | | | |
| 11 | How much has broadcast advertising revenues decreased as a result of media convergence? | | | | | |
| 12 | How much has media convergence led to increase of the cost of advertising in the last three years? | | | | | |
| 13 | How much has media convergence led to a decrease on the cost of advertising in the last three years | | | | | |
| 14 | How much has media convergence influenced print and broadcast advertising formats and designs? | | | | | |
| 15 | How much has digital advertising influenced | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | print or broadcast advertising? | | | | | |
| 16 | How much has digital advertising led to an increase on the company's revenues? | | | | | |
| 17 | How much has digital advertising led to the reduction of the company's revenues? | | | | | |
| 18 | How much has advertising on print, broadcast and digital platforms led to increase of the company's revenues? | | | | | |
| 19 | How much has advertising on print, broadcast and digital platforms led to reduction of the company's revenues | | | | | |

**Section B: Information on impact of media convergence on circulation**

Answer the following questions on a scale of 1 to 5.

Where 1 = Not at all, 2 = Slightly, 3 = Somewhat, 4 = Moderately, 5 = Very much

| | **Impact of media convergence on circulation and ratings for radio and television stations** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | How much has the traditional media been interrupted by the digital media? | | | | | |
| 2 | How much has the traditional media been substituted by digital media in terms of content and accessibility? | | | | | |
| 3 | How much has the digital media complemented the traditional media in terms of content, accessibility and convenience? | | | | | |
| 4 | How much has digital media led to increased newspaper readership? | | | | | |
| 5 | How much has digital media led to reduced newspaper readership? | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | How much has digital media led to increased newspaper sales? | | | | | |
| 7 | How much has digital media led to reduced newspaper sales? | | | | | |
| 8 | How much has digital media influenced the design of newspapers? (eg new formats etc) | | | | | |
| 9 | How much has digital media influenced selection, placement and presentation of stories in newspapers? (eg use of content from digital media in newspapers) | | | | | |
| 10 | How much has digital media influenced selection and presentation of TV content? (eg use of content from digital media on TV) | | | | | |
| 11 | How much has media convergence influenced choice of content and presentation on radio? (eg use of content from digital media on radio) | | | | | |
| 12 | How much are newspapers, television and radio used to verify information on social media? (ie legacy media seen as reliable point of reference) | | | | | |
| 13 | How much has social media influenced content on newspapers, television and radio? | | | | | |
| 14 | How much has digital led to increased revenues of your organisation? (e-paper, subscription, content buying, and such like) | | | | | |

**Objective Three: Impact on media convergence on profitability**

This section is divided into three sections, namely, technology, human resource, strategy and policies, which have an impact on profitability.

Answer the questions by ticking the appropriate choice:

Where 1 = Not at all, 2 = Slightly, 3 = Somewhat, 4 = Moderately, 5 = Very much

| | **Impact of media convergence on profits** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| | **(a) Technology** | | | | | |
| 1 | How much has your company invested in technology to deliver on media convergence? | | | | | |
| 2 | How much has your organisation invested in employees' training on media convergence skills? | | | | | |
| 3 | How much have the employees been equipped with resources to enable them deliver on media convergence? | | | | | |
| 4 | How much has your organisation automated its operations in view of media convergence? | | | | | |
| 5 | How much has the organisation changed the work processes because of media convergence | | | | | |
| 6 | How much has the organisation changed working hours because of media convergence? | | | | | |
| | **(b) Human resources** | | | | | |
| | | **1** | **2** | **3** | **4** | **5** |
| 1 | How much has your organisation adopted new recruitment practices because of media convergence | | | | | |
| 2 | How much has the company changed performance appraisal systems because of media convergence? | | | | | |
| 3 | How much has the organisation introduced new positions and titles because of media convergence? | | | | | |

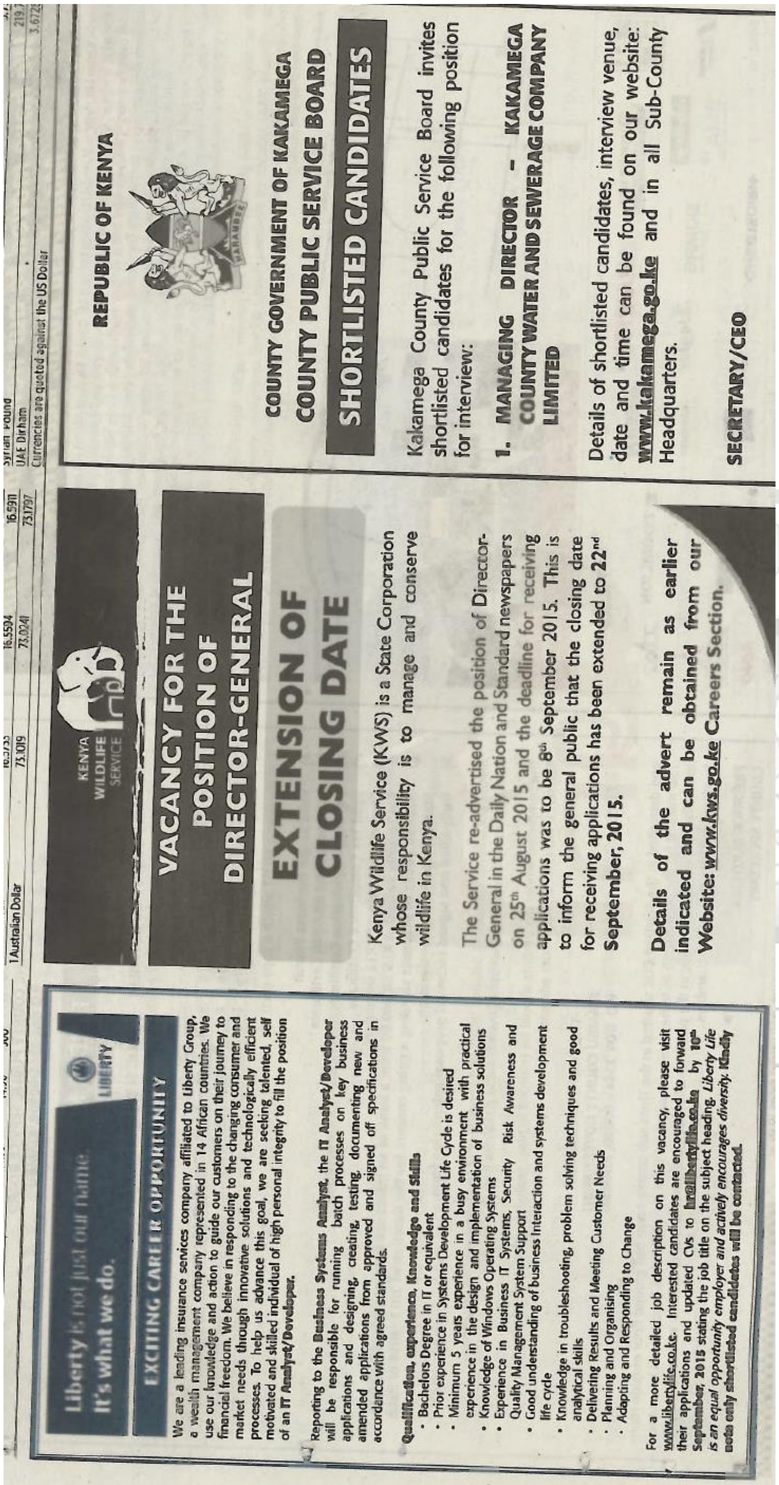
| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | How much has the organisation changed the working environment/office space because of media convergence? | | | | | |
| 6 | How much has the organisation structure changed because of media convergence? | | | | | |
| 7 | How much has the organisation changed the remuneration scheme because of media convergence? | | | | | |
| 8 | How much has the digital interruption affected the performance of your media house in terms of efficiency? | | | | | |
| | **(c) Strategy and policies** | | | | | |
| | | **1** | **2** | **3** | **4** | **5** |
| 1 | How much has your organisation aligned its business strategy to deliver on media convergence? | | | | | |
| 2 | How much has your organisation aligned its circulation policies, practices and processes to deliver on media convergence? | | | | | |
| 3 | How much has your organisation aligned its advertising policies, practices and process to deliver on media convergence? | | | | | |
| 5 | How much has your organisation's digital media strategy created opportunities for increased revenues? | | | | | |
| 5 | How much has your organisation's digital media strategy led to reduced revenues? | | | | | |
| 6 | How much has the organisation aligned its policies and business practices because of media convergence? | | | | | |
| 7 | How much has your organisation aligned the | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | existing editorial policies with media convergence | | | | | |
| 8 | How much has external digital policies (like government e-advertising) increased your revenues? | | | | | |
| 9 | How much has external digital policies (like government e-advertising) reduced your revenues | | | | | |

## APPENDIX B: SCHEDULE FOR INDEPTH INTERVIEW

1. Does your company have a strategy on media convergence/digital media? If yes, please explain.
2. Does your company have a digital policy on advertising? If yes, explain. If not, what guides your digital advertising?
3. Does your company have a digital policy on circulation? If yes, explain. If not, what guides your circulation?
4. Explain what your organisation has done regarding technology and equipment to deliver on media content? For example, has your employer equipped employees with resources to enable them deliver digital content?
5. Has external policies (government or corporate) affected advertising? If yes, please explain.
6. In view of the opportunities and challenges that arise due to media convergence, what has your company done to survive?
7. Has your organisation faced financial shortfalls due to media convergence? If yes explain.
8. What new roles and titles have been introduced in your organisation in line with media convergence?

## APPENDIX C: SAMPLE ADVERTISING



Liberty is not just our name.
It's what we do.

LIBERTY

EXCITING CAREER OPPORTUNITY

We are a leading insurance services company affiliated to Liberty Group, a wealth management company represented in 14 African countries. We use our knowledge and action to guide our customers on their journey to financial freedom. We believe in responding to the changing consumer and market needs through innovative solutions and technologically efficient processes. To help us advance this goal, we are seeking talented, self motivated and skilled individual of high personal integrity to fill the position of an **IT Analyst/Developer.**

Reporting to the **Business Systems Analyst**, the **IT Analyst/Developer** will be responsible for running batch processes on key business applications and designing, creating, testing, documenting new and amended applications from approved and signed off specifications in accordance with agreed standards.

**Qualification, experience, Knowledge and Skills**

- Bachelors Degree in IT or equivalent
- Prior experience in Systems Development Life Cycle is desired
- Minimum 5 years experience in a busy environment with practical experience in the design and implementation of business solutions
- Knowledge of Windows Operating Systems
- Experience in Business IT Systems, Security Risk Awareness and Quality Management System Support
- Good understanding of business Interaction and systems development life cycle
- Knowledge in troubleshooting, problem solving techniques and good analytical skills
- Delivering Results and Meeting Customer Needs
- Planning and Organising
- Adapting and Responding to Change

For a more detailed job description on this vacancy, please visit www.libertylife.co.ke. Interested candidates are encouraged to forward their applications and updated CVs to **hr@libertylife.co.ke** by **10th September, 2015** stating the job title on the subject heading. *Liberty Life is an equal opportunity employer and actively encourages diversity.* **Kindly note only shortlisted candidates will be contacted.**

KENYA WILDLIFE SERVICE

**VACANCY FOR THE POSITION OF DIRECTOR-GENERAL**

**EXTENSION OF CLOSING DATE**

Kenya Wildlife Service (KWS) is a State Corporation whose responsibility is to manage and conserve wildlife in Kenya.

The Service re-advertised the position of Director-General in the Daily Nation and Standard newspapers on 25th August 2015 and the deadline for receiving applications was to be 8th September 2015. This is to inform the general public that the closing date for receiving applications has been extended to 22nd **September, 2015.**

**Details of the advert remain as earlier indicated and can be obtained from our Website: www.kws.go.ke Careers Section.**

**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF KAKAMEGA**
**COUNTY PUBLIC SERVICE BOARD**

**SHORTLISTED CANDIDATES**

Kakamega County Public Service Board invites shortlisted candidates for the following position for interview:

1. **MANAGING DIRECTOR – KAKAMEGA COUNTY WATER AND SEWERAGE COMPANY LIMITED**

Details of shortlisted candidates, interview venue, date and time can be found on our website: **www.kakamega.go.ke** and in all Sub-County Headquarters.

**SECRETARY/CEO**

**APPENDIX D: SAMPLE OF NEW ADVERTISING FORMAT**

## APPENDIX E: LETTER OF INTRODUCTION

Strathmore Business School

Tuesday, 05 April 2016

To Whom It May Concern:

Dear Sir/ Madam,

**FACILITATION OF RESEARCH – DAVID OTIENO ADUDA**

This is to introduce David Aduda, who is an MBA student at Strathmore Business School, admission number **MBA/77528/13.** As part of our Masters Program, David is expected to do applied research and to undertake a project. This is in partial fulfillment of the requirements of the Master of Business Administration course. To this effect, he would like to request for appropriate data from your organization.

David is undertaking a research paper on **"Impact of Media Convergence on the Performance of Media Organisations in Kenya, A Case Study of Nation Media Group and the Standard Group".** The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct usefulness to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We very much appreciate your support and we shall be willing to provide any further information if required.

Yours sincerely,

Eliud Njogu

Ag. Director – MBA Programs

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