STRATEGIC INTENT AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE OF ELECTRONIC MEDIA IN KENYA: AN EMPIRICAL REVIEW

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ABSTRACT

In defining strategy, Porter (1996) states that; strategy is the creation of a unique and valuable position, involving a different set of activities. The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals' and thus create a sustainable competitive advantage. This study was on strategic intent and organizational performance in the media industry. The purpose was to identify how strategic intent and its dimensions relate with organizational performance. These dimensions include, mission, vision and objectives are widely identified as avenues of expressing strategic intent (Brand, 2010). In Kenya, the media is a diverse and vibrant industry. The media has though been facing and is still facing an uncertain future as a result of the dynamism in the sector. Some of the players in electronic media include; Royal Media Services limited which is the one with the largest footprint in Kenya, Radio Africa, Nation Media Group, Standard Media Group, Mediamax Group among others (KARF, 2018). The study was undertaken through comprehensive literature review from the following secondary data sources: scholarly journals, theses and dissertations, government documents, papers presented at conferences, books, references quoted in books, international indices, abstracts, periodicals among others. This study looked at strategic intent, its implementation and the corresponding organizational performance in the electronic media industry in Kenya. From the study, it is concluded that strategic intent is an obsession for winning that undermines limitations imposed by available resources and capabilities. More specifically, strategic intent is defined as management's vision of the firm that creates a misfit between current resources and future ambition (Hamel, G & Prahalad, 1989). Strategic intent involves statement of direction and intention. And the means by which organization largely expresses its intention are mission, vision and objective statements. Therefore, to confirm the existence of strategic intention would most likely require examine these statements. In the literature, mission, vision and objectives are widely identified as avenues of expressing strategic intent (Brand, 2010). Dimensions of strategic intent include: Organizational vision, Organizational mission and Organizational objectives. Further descriptive studies are however needed to be undertaken in order to ascertain whether the highlighted dimensions of strategic intent are evident in the electronic media industry in Kenya.

Key Words: *strategic intent, organizational performance, electronic media, Kenya*

INTRODUCTION

The business environment today is very dynamic and as such making it very difficult for businesses to confidently project their tomorrow. The dynamism in the business environment include, changes in the economy, technological changes, political changes, social changes and legal changes. These challenges are making business organizations fear for their stability and as such, develop a need for a strategy. These changes have come in to confuse the once stable ease of doing business. Organizations hence have to continuously maintain their competiveness capability in order to survive and grow in such a dynamic environment (Baei, Ahmadi, Sharifi, Malafeh, & Baee, 2017).

Media is one of those industries/businesses that has not escaped being affected by the changes. Today, the main drivers of performance in the media business are changing. In the past, success in media business has been measured by the amount of revenues and advertisers that a media house has. Advertisers just like any other business operating in turbulent times are being forced to come up with impactful and cost effective strategies and such, finding other non-traditional media platforms impactful in engaging with their market. The consequence of this move is reduction in advertising spends and consequently revenue for the media houses.

The media consumers by virtue of living in dynamic environment are also being forced to find new and relevant platforms to consume what they used to consume from the traditional media. Such trends of change from the media perspective and from the consumer perspective have made it very difficult for those companies in the media business. It is no longer business as usual as the focus now moves to competitiveness and sustenance for success.

In defining strategy, Porter (1996) states that; strategy is the creation of a unique and valuable position, involving a different set of activities. The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals' and thus create a sustainable competitive advantage. This study was on strategic intent and organizational performance in the media industry. The purpose was to identify how strategic intent and its dimensions relate with organizational performance. These dimensions include, mission, vision and objectives are widely identified as avenues of expressing strategic intent (Brand, 2010).

Strategic intent is about defeating competition and winning the market (Odita & Bello, 2015). It is important to note that firms with low levels of strategic intent tend to have a scarcity of ambition and eventually have trouble with effective goal setting and achievement. Odita et al, (2015) observed that strategic intent involves statement of direction and intention and as such, the means by which an organization expresses its intentions include mission, vision and objective statements. Therefore, to confirm the existence of strategic intention the study will require examination of these statements. Strategic intent therefore comes in handy as the hope for any business to improve and sustain its performance.

A media house is an individual firm from the industry that is involved in either or both the electronic and print business. Broadcast media in Kenya commenced in the year 1927 when Kenya's colonial masters established a radio station. Mass media means reaching a large number of audiences. This term was coined in 1920, with the introduction of many nationwide radio networks; and later on improved by the circulation of many newspapers and magazines. Today, mass media include internet, media like video sharing, message boards, podcasts and blogs among others. In Kenya, the media is a diverse and vibrant industry. The media has though been facing and is still facing an uncertain future as a result of the dynamism in the sector. Some of the players in electronic media include; Royal Media Services limited which is the one with the largest footprint in Kenya, Radio Africa, Nation Media Group, Standard Media Group, Mediamax Group among others (KARF, 2018).

STATEMENT OF THE PROBLEM

The business environment today is very dynamic and as such; many organizations today are being driven out of business. The media business in Kenya is not spared in this highly dynamic environment. Media houses continue to have their market share and revenue share drop year in year out. These changes have made various media houses to focus on becoming more competitive; by coming up with competitive strategies that are aimed at giving them an edge over others. All these are echoed by (Awino, Muchara, Ogutu, & Oeba, 2012) by saying that in order to compete successfully in the long-run, a firm must first choose an appropriate positioning. Competition has made different players in the media industry to re-evaluate how and at what levels they compete in order to gain competitive advantage. This competition is guided by the thinking that the purpose of any business is to make as much sales as possible. Royal Media Services Limited being one of the dominant media business players has its operations supported by advertising revenues. The dynamic business environment has posed threats to such a business due to intense competition and the continuously declining advertising budgets. This behavior in the industry has forced Royal Media Services Limited to invest in environmental analysis through which they can watch the environment so as to determine opportunities and threats created for their strategic action. In the Kenyan media industry there has been an upsurge in the number of media players. This upsurge has been caused by digitalization and government regulations in the country. Ever since the digitalization process was completed there has been an increase in both radio and television stations in the country as it minimized cost of starting media business in Kenya. This increase in media players has led to an increase in marketing options for any advertisers and consequently reduced the potential revenue income of established media houses like Royal Media Services Limited. It is believed that competitive strategies are meant to give any business an advantage over its rivals in attracting customers and defending against competitive forces (Awino et al, 2012). However, we have continued to see media houses continue to struggle for business survival. This almost assured business death could be attributed to lack of strategic intent by the business management. Consequently, this study aims at filling this research gap by undertaking an empirical review of strategic intent and its impact on organizational performance of electronic media in Kenya.

RESEARCH METHODOLOGY

The study was undertaken through comprehensive literature review from the following secondary data sources: scholarly journals, theses and dissertations, government documents, papers presented at conferences, books, references quoted in books, international indices, abstracts, periodicals among others.

THEORETICAL REVIEW

The open systems theory

This theory points out that organizations are open systems, which receive various inputs from environment, transform them and export outputs. Open Systems theory provides a deeper understanding of the trends and the critical nature of the interplay between the various components and their varied influences on the strategic intent formulation process. Muraguri (2016), states that a deeper understanding of the interrelatedness of the influencing factors in the environment when applying open systems theory is essential.

The resource-based view theory

Explains that inter firm partnerships as a means of accessing and combining resources across firm boundaries (Eisenhardt and Schoonhoven, 1996). This is to say that the fundamental principle of Resource Base View theory is that the basis for a competitive advantage of a firm lies in accumulating valuable resources and capabilities at the firm's disposal (Wernerfelt, 1984). Resource Base View perspective further suggests that differences in firms' performance is related to the variances in firms' resources. This is because, strategic resources are heterogeneously distributed across companies, and these differences are stable overtime (Barney, 1991). This perspective stresses on resources of the company whether are tangible such as, financial assets and technology or intangible assets such as such as brand name, customer loyalty, reputation, research and development capabilities, and managerial skills among others.

EMPIRICAL REVIEW

Strategic Intent

Strategic intent was first introduced by (Hamel, G & Prahalad, 1989) to describe the dramatic post-war ascent of some Japanese companies like Canon and Komatsu. These companies pursued long-term strategic objectives which were to become global leaders. According to Hamel, G & Prahalad (1989), strategic intent captures the essence of winning, inspiring people and utilizing intent to direct allocation of resources.

Strategic intent mainly envisions a desired leadership position and establishes the criterion an organization will use to direct its progress(Hamel, G & Prahalad, 1989). For them, strategic intent encompasses; active management process which include focusing the organization's attention on the essence of winning, motivating people by communicating the value of the target leaving room for individual and team contributions, sustaining enthusiasm by providing new operational definitions as circumstance change and using intent consistently to guide resource allocation.

Strategic intent was originally created as a concept for a managerial audience but the concept has been taken up in academic discourse of organizational strategy. The managerial role of strategic intent is to go beyond environment-sensitive strategic planning to represent objectives “for which one cannot plan” (Hamel, G & Prahalad, 1989). As such, strategic intent represents a proactive mode in strategizing, a symbol of the organization’s will about the future, which energizes all organizational levels for a collective purpose.

Odita & Bello (2015), in their study on strategic intent and organizational performance in banks observed that strategic intent and its dimensions (mission, vision and objectives) significantly and positively relate with organizational performance.

In addition to the same, in their analysis, they found out that strategic intent account for 34 percent variance in organizational performance. With Mission dimension, Vision dimension and objective dimensions accounting for about 47%, 19% and 58% variance in organizational performance respectively. They then recommended for reflection and inclusion of strategic intent in an organization (Odita & Bello, 2015).

Strategic intent represents a crystallized vision of an organization’s aspired direction of growth and plays a pivotal role in shaping organizational resource allocation and capability development. Conversely, firms with low levels of strategic intent have a “scarcity of ambition” and frequently have trouble with effective goal setting. Strategic intent is about defeating competition and winning the market. It symbolizes and expresses a process of achieving competitive advantage (Brand, 2010). This is so because for an organization to win it should possess certain capability that others do not have or cannot easily and promptly imitate.

To realize strategic intent, some level of activities (strategic action) and behavior is required. Such activities comprise management focusing the attention of the organization on the essence of winning, motivating people by communicating the value of the target, leaving room for individual and team contribution, sustaining enthusiasm by providing new operational definition as circumstances changes and using intent consistently to guide resources allocation (Hamel, G & Prahalad, 1989).

Organizational Performance

Organizational performance is the extent to which the organization is able to meet the needs of its stakeholders and its own needs for survival (Tarabieh & Al-alak, 2011). It is the degree an organization attained its goal, acquired the needed resources, functions with minimum strains and meets the needs and expectations of its stakeholders. Large number of proposals on what determines organizational performance exists. And some variables such as organizational employee behavior, transformational leadership style, and organizational culture have been widely and empirically identified as determinant of organizational performance (Tarabieh & Al-alak, 2011). However, a comparatively recent proposal on determinant of organizational performance that has not attracted much empirical investigation is strategic intent.

Organizational Vision

Vision implies the blueprint of the company's future position. It describes where the organization wants to land. It is the dream of the business and an inspiration, base for the planning process. It depicts the company's aspirations for the business and provides a peep of what the organization would like to become in future. Every single component of the organization is required to follow its vision.

Organizational Mission

Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of business. It is designed to help potential shareholders and investors understand the purpose of the company. A mission statement helps to identify, 'what business the company undertakes'. It defines the present capabilities, activities, and customer focus and business makeup.

Organizational Objectives

These are the base of measurement. Goals are the end results, that the organization attempts to achieve. On the other hand, objectives are time-based measurable actions, which help in the accomplishment of goals. These are the end results which are to be attained with the help of an overall plan, over the particular period.

CONCLUSION

The literature covering several aspects of organizational strategic intent execution and performance is evident in prior studies, but strategic intent has been examined from one perspective. It is evident that none of the studies have focused on strategic intent implementation and performance in the media industry. Odita & Bello (2015) looked at strategic intent and organizational performance in the banking sector in Nigeria. The purpose of their study was to identify how strategic intent and it dimensions relate with organizational performance. Their focus was mainly in the banking industry. Muraguri (2016) in her study of the dimensions of strategic intent execution and performance in Kenyan Universities also focused on the scope of the education industry.

This study however, looked at strategic intent, its implementation and the corresponding organizational performance in the electronic media industry in Kenya. From the study, it is concluded that strategic intent is an obsession for winning that undermines limitations imposed by available resources and capabilities. More specifically, strategic intent is defined as management's vision of the firm that creates a misfit between current resources and future ambition (Hamel, G & Prahalad, 1989). Strategic intent involves statement of direction and intention. And the means by which organization largely expresses its intention are mission, vision and objective statements. Therefore, to confirm the existence of strategic intention would most likely require examine these statements. In the literature, mission, vision and objectives are widely identified as avenues of expressing strategic intent (Brand, 2010). Dimensions of strategic intent include: Organizational vision, Organizational mission and Organizational objectives. Further descriptive studies are however needed to be undertaken in order to ascertain whether the highlighted dimensions of strategic intent are evident in the electronic media industry in Kenya.

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