

Santo Broadcasting Company: Moving Forward or Held Back in Time

Teaching Notes

Author: Andrea L. Santiago & Carla Melissa Habito

Online Pub Date: January 04, 2021 | **Original Pub. Date:** 2021

Subject: Family Business

Level: | **Type:** Direct case | **Length:** 3876

Copyright: © Andrea L. Santiago and Carla Melissa Habito 2021

Organization: [Santo Broadcasting Company](#) | **Organization size:** Small

Region: [South-Eastern Asia](#) | **State:**

Industry: Programming and broadcasting activities| Telecommunications

Originally Published in:

Publisher: SAGE Publications: SAGE Business Cases Originals

DOI: <http://dx.doi.org/10.4135/9781529758511> | **Online ISBN:** 9781529758511

© Andrea L. Santiago and Carla Melissa Habito 2021

This case was prepared for inclusion in SAGE Business Cases primarily as a basis for classroom discussion or self-study, and is not meant to illustrate either effective or ineffective management styles. Nothing herein shall be deemed to be an endorsement of any kind. This case is for scholarly, educational, or personal use only within your university, and cannot be forwarded outside the university or used for other commercial purposes. 2021 SAGE Publications Ltd. All Rights Reserved.

The case studies on SAGE Business Cases are designed and optimized for online learning. Please refer to the online version of this case to fully experience any video, data embeds, spreadsheets, slides, or other resources that may be included.

This content may only be distributed for use within CQ PRESS.

<http://dx.doi.org/10.4135/9781529758511>

PREVIEW

Teaching Notes

Case Study Summary

Rahman wanted to introduce innovations into the family's radio broadcasting business to secure its financial stability. However, he had previously experienced resistance from his grandaunt who feared changes could jeopardize the jobs of loyal employees. He wondered at what point he should bring up discussions with his grandaunt again. He realized that maintaining the status quo would make the company less competitive and would open it up as prey to larger firms. At the moment, he still had his grandmother as his strongest ally, but she was advancing in age. Thus, delaying conversations with his grandaunt would put him at a disadvantage.

Teaching Objectives

This case aims for students to learn the following:

- There are internal and external factors that prompt organizations to introduce innovations in processes.
- Introduction of changes in a traditional family business requires patience, understanding of each other's viewpoints, and the right techniques to minimize anxiety for those favoring the status quo and to control frustration for those introducing changes.
- For some family businesses, family inertia or the resistance to change due to family control and lack of knowledge-seeking is a barrier to innovation adaptation.
- In managing human resource talent, there is a balance between maintaining employee loyalty and increasing work efficiency.

Target Audience

This case is designed for undergraduate, graduate, and professional programs in entrepreneurship and family business management. It can also be used in a class in operations or technology management. Finally, it is a simple case to provide an introduction to change management.

- In a family business class, it can be used in a module on the entry of the next generation, transition management, or succession. The case emphasizes the need for the older and younger generation to attempt to understand each other's viewpoint as this may determine whether the younger generation will continue working in the family business or not.
- In a course in entrepreneurship, this case can be used to examine how the needs of an enterprise change over time. As a business grows, systems and control mechanisms will have to be in place to avoid wasted employee time.
- In an operations course, the case can be used during discussions on productivity or process improvements. Students can learn to identify weaknesses in a process system, especially those that favor employee loyalty versus employee efficiency. Process improvements can be small or drastic, but should be constant.
- In a course in technology management or management of innovation, the case is suitable for a session on the introduction of innovation. While it may make sense to introduce innovation, firms may resist such introductions for reasons beyond risk aversion or the cost of innovation.
- In a course on organization development and a module on change management, the case exemplifies challenges that change champions must face, especially in an organization that is tradition-based. In many instances, it is in the implementation of the change, rather than the planning of the change, where more obstacles arise.

Suggested Teaching Strategy

There are two approaches to teaching this case. The first approach is straightforward. Students are asked to read the case before class and prepare answers to the discussion questions. If students are not familiar with Asian names, they may need time to remember the characters and the roles they play. Although there

are only two main characters—Rahman and Grand aunt Rika—there are other family members who provide the context. Figure 1 found in the case presents the family genealogy, and it should help the students as they read and reflect on the case. During discussions, it may also be helpful to display this figure. See [Teaching Notes Table 1](#) for suggested timing for discussion following this approach.

Teaching Notes Table 1. Suggested Timetable for Class Discussion of Case

Time allotment (minutes)	Topic
0–5	Introduction
6–15	Identify process problem and the proposed innovation adaptation
16–30	Describe challenges that Rahman faced
31–50	Options available to Rahman
51–70	Implementation Plan
71–80	Wrap-up

During the discussion on the challenges that Rahman faces, there can be a mini-lecture on family inertia. Chirico (2007) suggested that a family can be stymied from adopting technology because of the attitude and behavior of the business leader. There are family business leaders, typically first generation, who grew the business through perseverance and hard work. Due to the early struggles of starting a business, they tend to be authoritative and controlling. They can sometimes be narcissistic, and therefore do not obtain, or have no time to obtain, external knowledge. This makes them inward looking, building a paternalistic culture where loyalty is an important attribute. In family businesses where the culture is close and where empowerment is limited, the introduction of change brings a wide range of emotions that may include fear and anger to the business leader (Godkin & Alcorn, 2015). In such a situation, there is great resistance to adopting innovations and there is resentment towards the individual (in this case a young family member) who presents such innovation proposals.

After discussing family inertia, discussions could continue from the challenges Rahman faced to options available to Rahman and the plan to implement the selected option.

A second approach to teach the case is by dividing the class into two groups, one group representing the younger generation and the other group the older generation. The separation into two groups helps provide the perspective of each generation. It is suited for a smaller class or in an executive program where the participants are of mixed generations.

The objective of the younger group (Rahman's team) is to find the best way to deal with the older generation (Grand aunt Rika's team) so that Rahman may be given the opportunity to introduce innovations into the processes. Among the factors they may consider are: technology is the wave, Grand aunt Rika has no ownership stake but has an influential voice, and inefficiencies lead to poor cash management.

The team of Grand aunt Rika can opt to resist or accede depending on the technique the Rahman team utilizes. The resistance will come from the following: Rahman has no credibility and he has a lot to learn. They would likely be looking for a solid proposal from Rahman. [Teaching Notes Table 2](#) provides a suggested

timetable for this group approach.

Teaching Notes Table 2. Suggested Timetable for Group Approach to Case

Time allotment (minutes)	Task
0–5	Introduction and assignment of groups
6–25	Discussions within groups
26–45	Team interaction
46–75	Plenary discussions. Depending on which course the case is used for, emphasis can be given to next generation and succession topics, innovation introduction by a younger generation, employee loyalty versus employee efficiency, or the change management process
76–80	Wrap-up

Suggested Answers to Discussion Questions

1. What are the problems with the current operation of the company? What innovation was Rahman trying to introduce to address the lapses in the operational procedures? What other proposals did he have in mind? What argument did Grand aunt Rika use in rejecting the process improvement proposal?

As observed by Rahman, when advertisements are aired, the broadcasting firm relies on manual systems for monitoring the airing time. The airing time is used to bill the clients. There is a time lag as reports are generated on a monthly basis, with clients billed only following completion of monthly reports. It then takes more time for the clients to settle their obligations. Not only does the process cause delays in collections, the process is also subject to human error. Because the work of checking when commercials were aired is done manually and only at the end of the month, the staff are overworked from the end of the month until about two weeks into the following month.

Rahman was trying to introduce software that automatically tracks commercial airing. The automated system is less prone to error and reports can be generated instantly. While not stated, it is assumed the reports can be sent to the clients on a daily, weekly, or bi-weekly basis, depending on their preference, thus it would be easy for them to verify. Further, the summary report can be sent to the accounting department on the last day of the month and the clients automatically billed. This decreases the workload of the staff and improves report generation in the billing cycle of the company. This, in turn, will result in improved collection times.

Rahman also noted that the broadcasting equipment is about to reach its useful life. There have been many changes in technology since their equipment was first purchased. Purchasing digital equipment early will help improve program delivery and may also be a source of additional revenue if alternative services can be sold using better equipment.

Grand aunt Rika expressed concern that any introduction of technology would result in employee layoffs. She treated the employees as family and valued their loyalty. Thus, she did not want to be the cause of their dismissal. Rahman argued that such a fear was unfounded because the affected employees can be

reassigned and their talents better utilized in their other stations.

2. Describe the industry, corporate, and personal challenges that Rahman is facing.

The challenges faced by Rahman are summarized in [Teaching Notes Table 3](#).

Teaching Notes Table 3. Challenges Facing Rahman

Industry

- Santo operates in an industry that requires franchises granted by the government.
- Due to limited franchises, large corporates can grow by acquiring the franchise license of other firms.
- A majority of the franchise holders operate family-run radio stations.
- For the family businesses, there are few next generation family members willing to take over, making the industry a “dying” one.
- The industry itself is changing, moving to on-demand service delivery.
- There is a need to invest in newer technology that is costly.

Family business

- The Hardja family had a history in the radio business, even before Santo was established.
- The family had to sell much of their business, except the profitable Surabaya station, due to financial incapacity.
- The current managing director is senior in age.
- The Surabaya station was managed by in-laws who were set in their ways. However, it was well-managed.
- There were no second-generation family members involved in the business, although they were owners.
- The business operates in a niche market with a recognizable brand.
- The business has been used to operating old systems and its equipment would need to be replaced within 5 years.
- The employees’ workloads are not balanced. Their knowledge and skills have not been upgraded.

Personal

- Rahman, at 26, is the eldest of seven third-generation family members. The next in line is only 13.
- Rahman would like the business to grow and be an option for future generations.
- Rahman is from a generation adept with technology and digitalization
- Rahman has to build his credibility and needs the support of everyone, including his grandaunt.

3. How should Rahman address his situation with his grandaunt? What are the options available to him? What are the potential strengths and weaknesses of each option?

[Teaching Notes Table 4](#) outlines the various options available to Rahman and their strengths and weaknesses.

Teaching Notes Table 4. Options Available to Rahman

Option 1 Convince Grandma Dewi to accompany Rahman to talk with Grandaunt Rika

Strengths Grandma Dewi is the majority stock holder and is directly related to Grandaunt Rika, who she assigned to manage the radio station. She can thus persuade Grandaunt Rika to adapt to new

technology.

Rahman may be viewed as a grandma's boy and lose credibility in the eyes of his grandaunt.

Weaknesses Grandaunt Rika may also grow resentful and decide not to exert too much effort in managing the radio station. This may result in workplace inefficiency.

Option 2 Gather family board members to talk with Grandaunt Rika

Strengths By working together, this is a show of force. Grandaunt Rika would realize that Rahman has solid backing and can implement changes.

Weaknesses Approach is confrontational and may result in Grandaunt Rika moving out of the business.

Option 3 Focus on improving revenues and wait for Grandaunt Rika to change her mind.

Strengths Rahman diverts attention from himself. If he is able to bring in more revenues for the firm, he gains credibility.

Grandaunt Rika would not feel threatened by Rahman. She could focus on managing station operations.

This option takes time and opportunities may pass by.

Weaknesses Moreover, while his grandaunt delays in adopting technology, employees would be even more overworked, resulting from the tasks associated with increased revenues.

Option 4 Do nothing

Strengths Rahman does not enter into an open conflict with his grandaunt, allowing both parties to focus on their task of generating revenues and managing station operations, respectively.

Weaknesses The industry is fast changing. Santo may lose its competitive advantage.

4. From your proposed options, what course of action would you recommend that Rahman take? Prepare an action plan.

As a young family member and a new entrant in a business that needs to adapt to technological changes, Rahman is not in a position of strength. From the options discussed, it would appear that the best option for Rahman is Option 3—that of improving revenues so that he gains credibility, then allow his grandaunt to realize the need to introduce innovative services and processes. To accomplish this, Rahman could do the following:

- a.

Focus on generating revenues by identifying fast moving consumer goods companies that need targeted advertising.

- b. Explore other growth areas for the firm.

Further Reading

Bennedsen, M. & Henry, B. (2017, October 18). When loyalty becomes a liability to family firms. <https://knowledge.insead.edu/blog/insead-blog/when-loyalty-becomes-a-liability-to-family-firms-7441>

Dana, L. P. (1999). *Entrepreneurship in Pacific-Asia: Past, present, and future* (Chapter 10-Philippines). World Scientific.

Dana, L. P. (2014). *Asian Models of Entrepreneurship - from the Indian Union and Nepal to the Japanese Archipelago: Context policy and practice* (2nd ed.). World Scientific.

Holt, D. & Daspit, J. (2015). Diagnosing innovation readiness in family firms. *California Management Review*, 58(1), 82–96. https://www.researchgate.net/publication/284205216_Diagnosing_Innovation_Readiness_in_Family_Firms

Koh, A. (2018, May). Transformation: The new normal for next-gen family businesses. *Asian Management Insights*, Singapore Management University. <https://cmp.smu.edu.sg/ami/article/20180530/changing-face-family-business>

References

Chirico, F. (2007). The value creation process in family firms: A dynamic capabilities approach. *Electronic Journal of Family Business Studies*, 2(1), 137–167.

Godkin, S. & Allcorn, S. (2015). Overcoming organizational inertia: A tripartite model for achieving strategic organizational change. *Journal of Applied Business and Economics*, 11(22), 2–20.

<http://dx.doi.org/10.4135/9781529758511>