

# CHAPTER I

## INTRODUCTION

### 1.1 BACKGROUND OF STUDY

Along with changing trends, people lifestyle, needs, and wants are getting more demanding. People these days are more likely to follow trends. Moreover, in this era, globalization has been booming since the changes occur worldwide. It has led to the development of information technology that is very significant when compared with the previous era. Globalization also encourages the progress of a society in various fields including the progress in education, socio-cultural, economic, political, and technology. For instance, in term of technology, people used to write a letter just to send a message in which they had to wait for couple days for the message to reach the destination. People used to type a document using typewriter, which cannot be undone when they type any wrong letter. On the contrary, nowadays, there are many tools such as social media, Internet and many others where people deliver their message anytime and anywhere as soon as they want. The technology nowadays makes everything easier and more effective. Technology is just a small sample of changes from past to today.

Therefore, along with the progressive changes, family business should follow whatever is happening in the moment. This has to happen for family business to be able to compete in the market and for them to be able to meet what customers want and needs. Generally, many family businesses cannot survive till the third generation. It is said that only 30% will survive during the transition from second to third generation (Institute, 2018). There might be a several reasons that family business cannot survive to third generation. One of the problems on breaking the third-generation curse is about how their perspective in managing the business. It is about how they think and plan in past trends until now and

for the future direction. As mentioned above, family business must keep up and follow trend to sustain in the market. If a family business maintains their old strategic management that, in fact, is not in accordance with market needs then they surely cannot survive in market. For example, the family business wants to keep their strategic management in producing letter. In fact, that people not, likely use letter as much as the previous era since they use smart phone such as social media, internet instant messaging now. Then, the family business supposed to keep up on what customers' needs not only maintain their old strategic management. This happens because this old strategic management is not suitable for the current market anymore, and this strategy might not be suitable for future direction. Therefore, a strategic management perspective is important for a family business survival.

Strategic management is the management to utilize resources of an organization to accomplish its organizational goals. Strategic management includes setting goals, analyzing the external and internal organization environment, such as competitors and employees, and also ensuring its strategies including opportunities and threats towards the organization (Nelson & Alkhafaji, 2013). A strategic management indeed is important. It is important for the survivability of the company. But it is not easy to make this strategic management successful if there is no clear goal of the business operation. For a business to be successful, they need strategic management to help the firm stay in the right path and under control.

Hence, the writer will explain briefly about the sales performance of *PT. Radio Mutiara Mandiri Buana Swara* itself. This company is a subsidiary of *PT. Golgon*, where *PT. Golgon* itself is a company that produces materials from plastic, nails, steroform, and steel. *PT. Radio Mutiara Mandiri Buana Swara* is a company engaged in services, namely broadcasting. *PT Radio Mutiara Mandiri Buana Swara* or better known with City Radio 95.9 FM, was founded in 17 July 2005, and since 1

August 2010 it was taken over by new management with other great company.

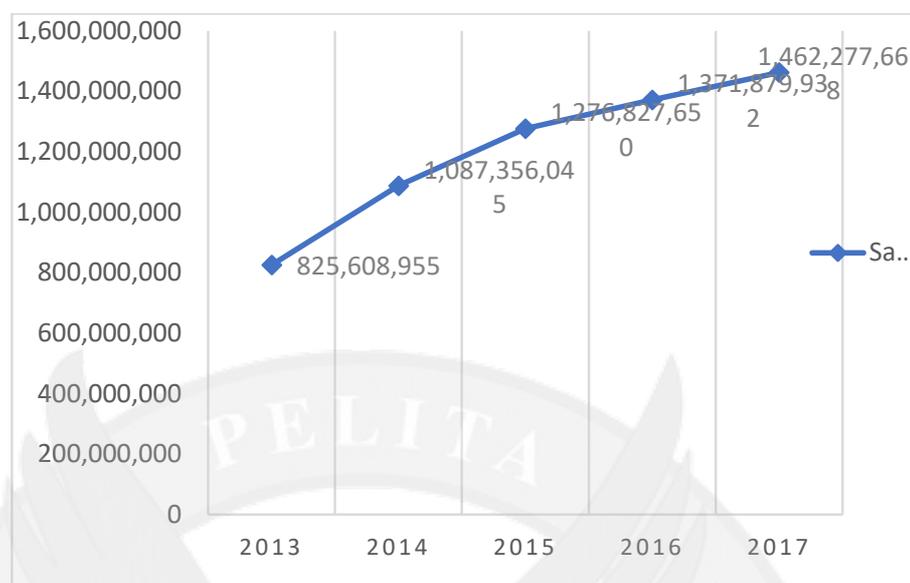
In 2013, City Radio had a new tagline “The Best Variety Station”, changing a new concept with many best variety programs for listeners. Since 6 February 2017, with new theme “CityRadioMakinFresh”, City Radio has applied mix marketing and variety of programs and new concepts of broadcaster. Besides that, their songs have been arranged in such way so it is always nice to listen wherever and whenever. This music station has many segments, it includes music, news, entertainment, etc. In 2015, This company is starting to pass the business to their second generation, which is the owner son, Fergus Angkasa, until now. Fergus Angkasa occupies the position as Director at *PT. Radio Mutiara Mandiri Buana Swara*.

The following is the company's sales performance data during the last five years, from 2013 to 2017:

**Table 1.1. Sales Performance PT. Radio Mutiara Mandiri Buana Swara**

Year	Sales	Percent of change
2013	825.608.955	-
2014	1.087.356.045	20 %
2015	1.276.827.650	15 %
2016	1.371.879.932	8 %
2017	1.462.277.668	7 %

Source: Prepared by the writer (PT Radio Mutiara Mandiri Buana Swara, 2018)



**Figure 1.1 Sales performance of PT. Radio Mutiara Mandiri Buana Swara**  
 Source: Prepared by the writer (PT. Radio Mutiara Mandiri Buana Swara, 2018)

From the data obtained, it can be concluded that the company's sales performance from 2013 to 2017 has increased but in decreasing pace, where in 2013 the company's revenue is 825,608,955, in 2014 its revenue is 1,087,356,045 and the percentage of change is 20 percent, by 2015 its revenue is 1,276,827,650 and it has a percentage change of 15 percent, in 2016 its income is 1,371. 879,932 and experienced a percentage change of 8 percent, while in 2017 revenues of 1,462,277,668 and a percentage change of 7 percent. It can be seen that every year the company has been experiencing an increasing income but at decreasing pace. This is quite understandable considering that customers' interest on radio industry has been deteriorating comparing to SWOT of the past. For that reason, the writer wants to know and discuss more about what have been changing in term of management strategies implemented by the company, and insights that the company has to anticipate the future.

Hence, based on the background above, the writer has decided to do a research on **“A strategic management perspective of family business: past trends, new insights and future direction at PT. Radio Mutiara Mandiri Buana Swara”**

## 1.2 PROBLEM FORMULATION

According to the background of study, there are several questions to be answered in this research as follows:

1. What is the management perspectives for past trends of *PT. Radio Mutiara Mandiri Buana Swara*?
2. What are the new strategic insights of *PT. Radio Mutiara Mandiri Buana Swara*?
3. What is the future direction at *PT. Radio Mutiara Mandiri Buana Swara*?
4. How do those trends change overtime and the relevance to their performance?

## 1.3 RESEARCH FOCUS

This research is limited in terms of knowledge, time, budget and capability that the writer has. Therefore, it only focuses on the strategic management perspectives of family business at *PT. Radio Mutiara Mandiri Buana Swara*, North Sumatra, especially toward past trends, new insights and future direction.

## 1.4 OBJECTIVE OF THE RESEARCH

The following are the objectives of research at *PT. Radio Mutiara Mandiri Buana Swara*:

1. To describe the management perspectives for past trends at *PT. Radio Mutiara Mandiri Buana Swara*
2. To elaborate the new strategic insights at *PT. Radio Mutiara Mandiri Buana Swara*
3. To explain the future direction of *PT. Radio Mutiara Mandiri Buana Swara*
4. To assess the changes on trends and their relevance to the performance of *PT. Radio Mutiara Mandiri Buana Swara*

## **1.5 BENEFIT OF THE RESEARCH**

The writer expects that this research can give benefits, both theoretical and practical as follows:

### **1.5.1 Theoretical Benefit**

By doing this research, the writer hopes that it can be useful for readers and the writer herself in terms of adding or expanding more knowledge and understanding on how family business strategic management perspective changes especially regarding to past trends, new insight today and future direction.

### **1.5.2 Practical Benefit**

The benefits of this research are as follows:

- a. For the company, the results of this study would provide a better picture and understanding on how management whole new perspectives have been evolving overtime and thus can be used as the lessons learned and anticipation for what are about to come in near future.
- b. For the writer, this study would add new insights or knowledge about the strategic business management perspective has been changing overtime in real-time setting.
- c. For readers or researchers, this study can be used as reference materials for subsequent researches related to or have similar topics or areas.

## **1.6 SYSTEMS OF WRITING**

### **CHAPTER I: INTRODUCTION**

This chapter will elaborate about background of study, problem formulation, research focus, research objective, benefit of the research, theoretical benefit, practical benefit and its systems of writing.

### **CHAPTER II: LITERATURE REVIEW**

This chapter will explain about theoretical background, previous research, and framework of thinking.

### **CHAPTER III: RESEARCH METHODOLOGY**

This chapter will evaluate about research design, research object, data collection method, and data analysis method.

### **CHAPTER IV: DATA ANALYSIS AND DISCUSSION**

This chapter will elaborate about general view of “Research Object”, data analysis and discussion.

### **CHAPTER V: CONCLUSION**

This chapter will explain about conclusion, implication and recommendation.