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Submission method:	All written assessments, where practical and possible, must be submitted via <u>Turnitin</u> unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into <u>Turnitin</u> or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty/ referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Change and Stability Management (HKBM7015)

How HKTV (1137.HK) Changed to Survive

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Introduction

- Change, or uncertainty, is the most certain thing for a person and company to survive in the real world. But although it is something sure to happen and repeat, we do not know how to deal with changes no matter as a person and a company. How long it takes for a company to deal with or even take advantage of a change which could come from external or internal factors could determine if a company could survive or grow in the fast changing world.
- Through this analysis, we would take HKTV (1137.HK) as a study sample to demonstrate how different environments would impact a company and what we could learn from the experiences of the management of HKTV in handling those changes.



Hong Kong Technology Venture Company Limited (HKTV)

Company background:

- HKTV renamed after it sold the Hong Kong Broadband to private equity firm for HKD5bn in 2013. It was named City Telecom and founded in 1992. HKTV used the raised fund to invest on TV programmes and drama production, hiring production staffs and artists to prepare for its free broadcasting TV channels. It planned to set up a new production centre in Tseung Kwan O so it could broadcast up to 30 channels as ultimate target. HKTV submitted the application for the domestic free broadcasting TV license in 2009.
 - But in Oct 2013, HK Government, due to “a basket of factors”, HKTV’s application was rejected while the applications by ViuTV and Fantastic TV were approved. The government claimed adopting “gradual and orderly approach” and refused to disclose the details of reasons according to the confidentiality of the Executive Council. Two month later, HKTV acquired China Mobile HK’s mobile TV licence for its own broadcast on 1 Jul 2014.
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Hong Kong Technology Venture Company Limited (HKTV)

Company background (con't):

- 6 Jan 2014, High Court accepted HKTV's application for judicial review for the HK Government's decision not to grant the license to HKTV
 - 11 Mar 2014, HK Communications Authority issued letter to HKTV to reinforce that, if over 5,000 receiving points(audiences), they have to obtain free or pay TV broadcasting licence. It delayed HKTV's plan to start broadcasting through Mobile TV in July 2014
 - 11 Apr 2014, High Court accept HKTV's appeal for the judicial review regarding the Government's limitation on Mobile TV broadcasting format. At the same time, HKTV applied for the free Television Broadcasting licence again.
 - In May 2014, HKTV planned to broadcast its produced TV shows on the newly launch online shopping website to attract local enterprises to join the online business. The shopping website targets middle-class families and generates income for its long-term mission: to enter domestic free TV broadcast market.
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Hong Kong Technology Venture Company Limited (HKTV)

Company background (con't):

- 19 Nov 2014, the broadcasting was launched in Mobile TV and OTT format by HKTV
 - High Court ruled it is unlawful for Government to reject HKTV's application which is not consistent with the policy to encourage competition within the broadcasting industry in Apr 2015 that ExCo was ordered by the court to reconsider HKTV's application.
 - In Mar 2018, HKTV withdrew the license application for the free TV broadcasting, ended the battle for entering free TV broadcasting market for eight years. It also surrendered its unified carrier licence together with the radio spectrum of 678-686 MHz to the authority, stopped the mobile TV services at the same time.
 - In 2020, HKTV posted a net profit of HKD183.5m compared to a loss of HKD290m in 2019. Record net profit since it launched its online shopping website in 2014
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Hong Kong Technology Venture Company Limited (HKTV)

Why need change

Since the first attempt to apply for the free television licence in 2009, there were 2 significant changes of HKTV's company direction but both were due to different (internal and external) environmental factors:

Internal Environment:

When HKTV (City Telecom) established in 1992, it was one of the biggest and earliest provider of Telecom services such IDD, internet and broadband. However, in 2012, HKTV sold its telecom and broadband assets for around HKD5bn. The majority of the generated fund used to consolidate its multimedia aspiration: domestic free-to-air television broadcasting.

External Environment:

When HK Government rejected HKTV's application in 2013, it had invested substantially on producing TV series, hiring several hundred staffs and (over HKD600m) Television Production Centre. Though HKTV applied for the licence again in 2014, it ended the 8year battle for the free-to-air TV licence in 2018 when Government's policy not likely to change even after the High Court ordered Exco to reconsider HKTV's application.

Hong Kong Technology Venture Company Limited (HKTV)

Why need change

Except the 2 significant changes HKTV had done due to internal and external environments, HKTV face another need to change due to **industrial environment**:

Since HKTV launched its online shopping platform in 2014, especially after the outbreak of COVID-19 pandemic, the competition of eCommerce from cross-border and domestic is very keen. Many retailers expanded the network to online to compete for a HKD30bn worth eCommerce market in HK



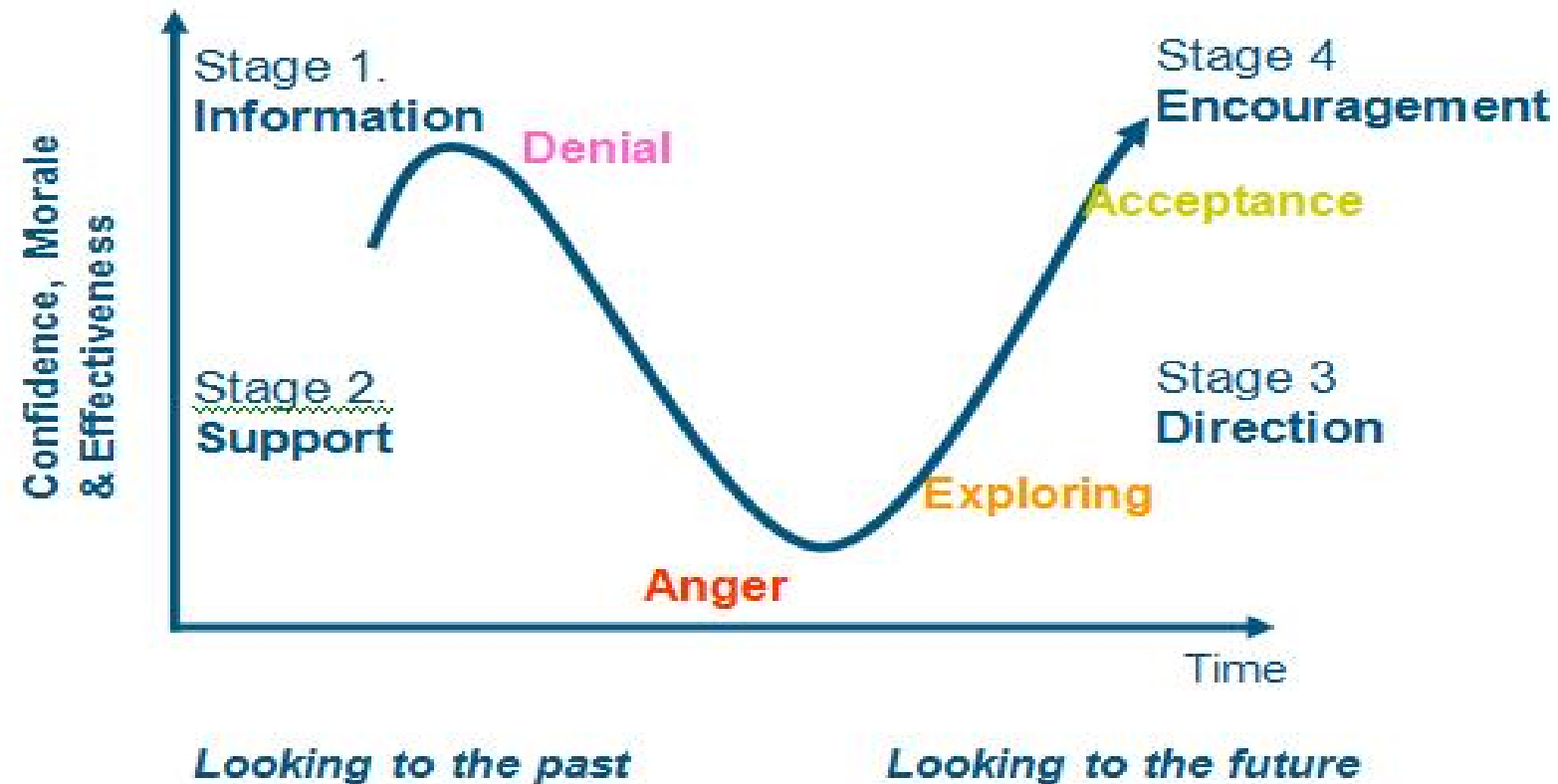
Key Change Management Model

Kubler-Ross Change Curve Model

- In 1969, Swiss-American psychiatrist Elisabeth Kubler-Ross published a model called Kulber-Ross Change Curve which supposed to for psychological analysis at her book “Death and Dying”. The model is also known as Five Stages of Grief.
 - Originally, the model outlines the stages of a person when experiencing emotional changes because of loss. Later the concept was adopted to analyse the process related to any change. It became a useful model to analyse the process of person and company when dealing with changes.
 - The five stages of The Change Curve is: Denial, Anger, Bargaining, Depression and Acceptance. Although they are 5 stages but does not mean a company must experience the process in a liner way. Stages may present at the same time and the process could be back and forward for a period of time.
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Key Change Management Model

The Change Curve



Key Change Management Model

How the Kulber-Ross Change Curve Model applies on HKTV

- When the application was rejected, HKTV from management to staff including HK citizens were shocked by the decision by HK Government. They protested outside Central Government Offices and request for explanation. They refused to accept the result and tried to overturn it by legal action and protest. (Denial and Anger)
 - HKTV tried to find the way out by acquiring the Mobile TV licence and set up the online broadcast/shopping and start the broadcasting at all cost (Bargaining)
 - HKTV faced another deadly impact by the limit of max 5,000 recipients for the Mobile TV licence which it bought for HKD142m. Another wave of legal actions and protest against this action from HK Government. (Depression)
 - Finally, after a 8-year battle, HKTV withdrew the application for free TV licence and surrender the Mobile TV licence
 - In 2020, after focusing on online shopping platform, HKTV record annual profit for the first time since they applied for the TV licence in 2009 (Acceptance)
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Conclusion

➤ Key Person Risk

- From the history of HKTV, no matter ups (cash out by selling the broadband business at premium before the market enter cut-throat competition) or downs (laid off over 300 staffs and invested almost all cash raised by the sale of HKBN), the direction of the company was determined by one key person, the vice-chairman and CEO of the HKTV.
- During the battle for the TV license, the CEO Mr Ricky Wong, issued many controversial and emotional statements and comments which brought unknown impact on the whole application incident.
- And, as a listed company, should HKTV insisted for 8 years before putting an end to the decision to enter a new market with such high external uncertainty?
- If HKTV remain this key person strategy to lead the company ahead, the decision maker must try to eliminate the emotional factors in decision making.

➤ Change of management structure and style

- If the company prefers to bring in a more stable decision and vision making mechanism, a committee instead of one key person should be formed to determine the direction and vision of HKTV or at least to balance the power of the key person.

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