

Payola scandal at sony music



**ASSIGN
BUSTER**

1. Explain why DJs are such important stakeholders in the music industry.

Why it is crucial to have closely knit relationship with them? DJs are important stakeholders in the music industry since DJs pre-selects the songs that are going to be played on the radio and the songs that get to be played on the radio will generate commercial success. Therefore it is crucial for record companies to have closely knit relationships with the DJs in order to solicit favors from the DJs to play and promote their portfolio of songs in order to ensure their portfolio of songs will generate commercial success. 2.

Payola is illegal; why was it particularly crucial for the record companies to settle the lawsuit swiftly (i.

e. why could Sony not afford a legitimacy crisis of this scale in the eyes of its relevant stakeholders)? Give reason why particular stakeholders would be displeased by the unfolding of events. It was crucial for the record companies to settle the lawsuit swiftly since they were engaged in their litigation against illegal file-sharing networks and their reputation was significantly jeopardised by the payola affair. The payola affair had weaken their legal position in the file-sharing trial.

If they lost the file-sharing trial, then file-sharing would become legal. Then consumers would no longer buy records anymore but instead they would just download songs from the file-sharing network. Then the record companies would lose their source of revenue from selling records. 3.

What steps would you take to avert further damage in terms of corporate social responsibility, after the payola scandal unfolded? Explain your answer. In order to avert further reputational damage, the records companies could

engage in a number of corporate social responsibilities activities such as charity events or lend a support to a cause (e. g. against drug abuse or bullies).

A charity event could be a fund raising concerts where proceeds from the concerts could go to charitable organizations/foundations or directly to the victims of diseases/illness or natural disasters. Support to a cause could be done in number of ways for example financially or education. Financially supporting a cause could be done by donating a few percent from the sale of a record to the cause. While support to cause through education could be done by promoting the cause in their merchandises especially in the cover of their records.