

Research Article

The Deployment of K-Pop in Asian Market through the Implementation of Cross-Country Business Contracts by the Korean Entertainment Company

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Abstract

Recently, the emergence of a popular commodification in the form of South Korean music, known as K-Pop, has the potential to attract youthful generations in a number of Asian nations. The massive deployment of K-Pop has become public attention on how music with uncommon language could reach many people outside South Korea. One of the entertainment companies considered responsible for the phenomenon is SM Entertainment. This company is considered one of the largest in South Korea. Thanks to its business strategy capable of deploying commodification called K-Pop could enter many Asian countries, with the local company from the target market. This research aims to analyze the business contracts between SM Entertainment and the affiliation companies to create business collaboration in the form of entry mode toward different Asian countries and to evaluate SM Entertainment's success in deploying their K-Pop's commodification in Asia. This research applied the theory of Cultural Technology, Entry Mode and Cross-Country Business Contracts with a qualitative descriptive method. The results showed that implementing cross-country business contracts is doing a number in K-Pop's expansion across Asia by modifying the business contracts suitable for the SM Entertainment and the target market to enter the Asian Market. This research also shows that K-Pop's expansion in the Asian Market is a successful movement since K-Pop's commodification reached and influenced many people to consume it, especially from SM Entertainment. Nonetheless, SM Entertainment is expected in entertainment if they are eager to make this K-Pop's commodification accepted generally and not just as one-time phenomenon.

Keywords: K-Pop's Commodification; International Business Contracts; Mode of Entry; Asian Market; Creative and Cultural Industries; Global Strategic

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INTRODUCTION

Recently, the emergence of commodification in South Korea has attracted the Asian public's attention. As the creative and cultural industries have been developing in Asia, Korean commodification has shown as one of the cultural or creative products which must be taken into account (Chen, 2019). The popular commodification from South Korea, such as drama, movies, music, fashion and games, has become a global phenomenon called Korean Wave or Hallyu (Ahn et al., 2013). One of the most known commodification in the Korean Wave phenomenon is called K-pop or Korean music pop culture. Many people adore and love K-pop, especially the younger generation. K-Pop was started in late 2000, when the first boy group called H.O.T appeared. Since then, for the last 20 years, many boy and girl groups considered commodification have appeared and have become popular worldwide (Iwabuchi et al, 2017). The fandom or fans of K-Pop artists has become the most loyal consumer of this commodification, and they can access its content, although the music itself has a different language from the other Asian countries languages.

With globalization and market expansion, the contents of K-Pop are accessible and becoming public attention (Choi & Maliangkay, 2014). As Farida et al (2021) has stated, information technology development in product marketing is rapidly increasing in the creative industry, making promoting innovative products nationally and internationally easier. While information technology is a result of globalization, it could create a more accessible platform to access other countries' creative and commodification content (Lee, 2019). One of the globalization products in information technology, such as social media platforms, has helped them make this creative and commodification easier to access. YouTube, Twitter, Facebook and Instagram are examples of social media that could help the deployment of K-Pop across the world and collect many fans from other countries besides South Korea (Yoon, 2010).

K-Pop is considered an essential representative of the Korean Wave or Hallyu and is a part of global trends among the younger generation (Jang & Paik, 2012). K-Pop could be defined by many statements. Some scholars define K-Pop as "a brand from Korean pop which exportable transcend states and language borders, emerges in the 1990s by using a formula of boy group and girl group, and are known widely by people in neighboring countries at the beginning of 2000" (Shin, 2016; Iwabuchi et al., 2017). Choi and Maliangkay (2014) are describing K-Pop "is not just a music, but a whole complete package depends on the visual of the groups and fan attachment towards the group". They also described that K-Pop is "Augmented Entertainment". Augmented entertainment is their definition to explain the fluidity of the music genre,

multidimensional industry and Government's influence on producing well-made products. Many scholars also consider that K-Pop is not Western music based in South Korea, but it is a sub-genre produced and sold strategically as an exported culture. K-Pop is unique because this pop culture rapidly interspersed unexpectedly and became a huge success (Lee et al., 2011). Lie (2015) describes K-Pop as "uniformly diatonic, peppered lyrics with English phrases, the singing style is resolutely syllabic of western pop, and the dance is an integral element of the performance."

K-Pop is one of the most successful exported and commercialized commodities (Fithratullah, 2019). K-Pop as a culture has undeniably spread worldwide (Chen, 2019). It is one of the most successful commodification from Korea, under the global phenomenon of Hallyu or Korean Wave. Scholars define Hallyu as the conceptualized complex economic and cultural process used as symbolic power by the Korean Government and accepted by international audiences (Fithratullah, 2019). Iwabuchi et al. (2004) described K-Pop as an emerging new type of general characteristic from a culture in the intra-Asian and trans-Asian world. K-Pop is considered a commodification that is acceptable for Asian society, of the culture's characteristics, or the relatedness with the culture and values among Asian countries, and accept K-Pop is the other culture that could be adopted in Asian countries national culture (Lee et al., 2020). K-Pop is more accessible to accept because of globalization which fosters its development, and the adaptability of K-Pop, which facilitates its integration with other cultures.

The entertainment companies or agencies in South Korea organize the globalization of K-Pop. One of them is SM Entertainment, the oldest and currently the biggest entertainment agency in Asia (Lie & Oh, 2015). SM Entertainment is the leader of the Korean Wave phenomenon because they are the first entertainment company which expand their commodification in other states of Asia. As stated in Colbert et al (2001), the creative and cultural industries on the broader perspective, are not only about the product itself, but also the producers, artists, organization and the environment that help the growth of the commodification. If asked which party holds the responsibility for the growth of commodification, the answer is that the entertainment company regulates the whole system.

Their triumphs are attracting many stakeholders to join SM Entertainment as partners or affiliations, as seen in Indonesia, especially when Trans Media, one of Indonesia's largest media companies, is creating a joint venture with SM Entertainment (Setiawan, 2019). It also could be seen in Japan and China, while the media's conglomerate companies such as Yoshimoto Kogyo, AVEX, and Tencent Music are willing to become their partners (SM Entertainment, n.d.). With

their artists known widely, especially in Asian Market, their unique business strategy called Culture Technology, the innovations and technology they created, and the value of the brand image of SM Entertainment, had become the factors why lots of stakeholders asked for collaboration.

The primary theory used in this research is Cultural Technology Framework by Chen (2016). Cultural Technology is an alternative framework to measure the marketing of commodification based on the case of K-Pop's deployment by Chen (2016). It explains that a common framework in international business and marketing could not be used to measure the reach of K-Pop's marketing. The theory contains four indicators that could be seen as suitable alternative entry modes to use in the future for another commodification's marketing or as the measurement of the commodification's deployment. It consists of the institutionalization of cultural technology, the exportation of cultural content, collaborations with local talent, and the joint venture in the local Market. Chen (2016; 2019) has argued that these four indicators are a multi-stage entry mode to enter the international Market. However, as seen in the indicators, this multi-stage entry mode will not work if the focal company or producer create a business collaboration with the local companies in the target markets. To ensure the success of the collaboration, a legal obligation called a business contract has become an important factor.

The business contract is the legal instrument by which private parties enter and govern a business relationship between them" (Cavaliere & Salvatore, 2018). If the contracts are made between two or more parties in different countries, the contracts will be international business contracts (Cavaliere & Salvatore, 2018). Meiners et al. (2012) declared that there are important points in working on business contracts: negotiations, offer, acceptance, binding contract formed upon agreement, parties performing duties, and contract completed. These six points should be fulfilled. Therefore, this research would use those six indicators to evaluate the contracts between every party to analyze the implementation of business contracts between SM Entertainment and the affiliates.

Entry mode has many definitions, but generally, a market's entry mode could be defined as offering goods or services in another foreign market (Hagenauer, 2017). Rather than finding explicit definitions, many scholars have concluded that the entry mode is related to strategic management or internationalization. The decision to enter the foreign Market, while the focal company does not know about the situations and the conditions of the target market, will always direct the focal company to create business collaboration with the local company in the target market (Gunnarsson, 2011). The entry modes have many kinds of types. Based on Root (1994),

they can be divided into three groups: entering new markets based on export modes, entering new Markets with contractual entry modes, and entering new Markets with investment. However, as stated above, to ensure the entry mode and the business collaboration between the focal company and the local company, every type of entry mode will be included in the business contracts (Hildebrand et al., 2019).

Since the business collaborations of SM Entertainment with other companies are uncountable, this research is only focused on the business collaboration that results in the mode of entry. Therefore, the business collaboration with the affiliation company was formally made by SM Entertainment, with the local companies from Japan, China, Thailand, Indonesia, and Vietnam. This means that this research will not describe the business collaboration of SM Entertainment in other regions of Asia, such as Saudi Arabia and Mongolia, which forming business collaboration with the local Government, or with other countries, which is the form of the entry mode is only the exportation of the contents.

However, to decide the suitable entry mode for commodification, the focal company could use more than one type of entry mode. Chen (2016) has argued that to create the entry mode for commodification. There are multi-stage entry modes that can be used. The difference between how to promote common goods and services and cultural and creative products is quite huge. While the focal company could easily measure the deployment of common goods and services, measuring cultural and creative products' deployment could be simpler. The consumer of common goods and services is consuming the products and services for their function, while the consumer of cultural and creative products is consuming the product for the aesthetic side (Wróblewski, 2017). That is why the multi-stage entry mode in creative and cultural industries is more interesting

Because of the rapid emergence of K-Pop, many scholars have been paying attention to them and doing much research to examine K-Pop as a variable. The closest previous research to this research in terms of the entry modes of K-Pop is by Chen (2016), that explained how K-Pop as cultural and creative products could enter the foreign Market with the multi-stage of entry mode, and Saraswati et al. (2023) that explained on how K-Pop is accepted in Asian Market with the joint venture of SM Entertainment and the affiliates local company, and by creating the local group for the target market, and considered it as joint venture in local Market, based on Chen (2016). Meanwhile, Pratamasari (2017) has explained the uniqueness of the entertainment companies in South Korea's business strategy, such as the traineeship system, B2C strategy, and B2B collaboration, viewed from an international business perspective that shows how these

systems and strategies increased the value of this industry and influenced the South Korean's Government to give more awareness toward K-Pop Industry. Ye & Kang (2017) described the process of SM Entertainment in expanding their Market toward China through acquiescence, compromise, and manipulation, while SM Entertainment was adapting to the Chinese Government's decisions in culture, economy, and politics. They are not only passively responding to the Chinese policy but also actively taking a role towards policy shift as an external representative of the cultural industry. Lee (2014) describes the strategy of SM Entertainment in the global Market by focusing on business diversification and the contents themselves, such as the production of other content of K-Pop products; the localization of the K-Pop groups; the utilization of social media platforms; and using their K-Pop artists as a brand ambassador of many goods. Lee (2014) also described SM Entertainment's different strategies when expanding to Japan, China, and America or Europe. However, it negatively criticizes the Korean entertainment company's system.

The research on K-Pop could be focused on one K-Pop's commodification. Liu (2018) explicitly explains SM Entertainment's business strategy toward EXO with Porter's Value Chain, one of the SM Entertainment's artists, in Greater China. EXO is living proof that SM Entertainment has succeeded in increasing the artist's brand image in Greater China and effectively entered China's Market. Meanwhile, Cho (2016) examines the K-Pop industry's situation and development in the future based on the success story in Japan and China. Cho (2016) concludes that K-Pop's deployment in Japan and China is because of the systematic production strategy, the delivery method using the utilization of social media, the Market's segmentation of K-Pop which is IT-friendly consumers, and the complete package contains of songs, dance, and attractive visual.

The research of K-Pop is not limited to a business perspective but also to cultural and political studies since K-Pop is a commodification and a diplomacy power. Peichi (2013) has described the deployment of pop culture from South Korea through a digital economy in Asia. Media have a function in spreading this K-Pop phenomenon in Asia. Peichi (2013) argues that the emergence of K-Pop could shift and transform media trends and culture in Asian states, and there are none of the Asian states not influenced by the Korean wave. The research has also described that the Korean wave could be a political power for South Korea and should be noticed as a political issue. These three things could lead media producers in Asia. Almost all of the countries in South East Asia have adopted Korean pop culture into local culture, so it would look similar or have the same vibe as Korean pop culture's content and leads to the urgency of

reviewing the national identity in local cultural content.

Fithratullah (2019) explains that K-Pop is a cultural content, commercialized and exported until it became a commercial product known as commodification. Globalization, cultural hybridity and transnationalism are playing roles in transforming K-Pop as a culture into South Korean commodification, and how the phenomenon of the Korean Wave could be the answer to the expansion of other local culture's products globally.

As explained above, this research will only be focused on the business contracts to create the entry mode for the commodification of SM Entertainment, which is K-Pop, between them and the local companies in Japan, China, Thailand, Indonesia, and Vietnam. Since much other research about entry mode also explains the entry barrier, this research will not explain the entry barriers further because it could make this research expand in other fields. Although the entry barriers will describe the situation and conditions that create the customized business contracts, this research is only focused on the customized contract itself and the effect on the deployment of K-Pop in the Asian Market, so this research is focused on the topic. The entry barriers are explained in a simple statement to strengthen the analysis of the business contracts in the form of entry modes, and as a result, the deployment of K-Pop in the Asian Market could be evaluated.

The novelty of this study is showing the deployment of K-Pop in another perspective, such as cross-country business contracts to create a suitable entry mode in many Asian countries. Many previous researchers need to take this perspective on how K-Pop's commodification or other commodification can spread worldwide. There is enormous research on K-Pop in the multidisciplinary research area. Nevertheless, with all the research about K-Pop, there is less research about how K-Pop as commodification or commodification is accepted by other countries, which have their own identity and culture, especially in Asia, or how the Korean entertainment industry in implementing their business contract with many affiliates in Asia, and create the suitable entry modes, because the business contract itself is the manifestation of their strategy to expand in more markets. With the customized business contract they made, the collaboration between them would work, and the focal company could enter the target market. Numerous comparable studies described the strategy itself. This means that previous research has discussed this unique adaptation of business contracts or the influence of K-Pop on the largest continent only infrequently. All relevant matters relating to the exposition of theoretical studies, literature reviews, theoretical frameworks, or conceptual definitions, which are generally present in chapters I and chapter II of the thesis report, are selected to support the argument of the author in this section, such as the definition of K-Pop, the definition of business contract. Therefore,

many background theory and previous research is similar to the thesis report of the author, with the title “The Deployment of K-Pop in Asian Market through the Implementation of Cross-Country Business Contracts by the Korean Entertainment Company.”

RESEARCH METHOD

All the explanation in the introduction section has led to two empirical questions. First, “how to implement the cross-country business contracts between SM Entertainment and the affiliate companies across Asian states to form suitable entry modes?” Second, “how is the deployment of K-Pop’s commodification, especially from SM Entertainment, in the Asian Market, with the implementation of cross-country business contracts?”

This research uses a descriptive-analytical study with a qualitative approach. A qualitative study is used in the research to emphasize the depth of the analysis. The researcher has attempted to explain the phenomenon of K-Pop's deployment and evaluate them using data collection techniques from indirect observation and literature reviews such as previous research, openly public information about SM Entertainment, online conferences, and published media about SM Entertainment. The secondary data from the search will be triangulated with the theory of Cultural Technology, Entry Mode, and Business Contracts to examine the explanation in detail and objectively. As stated by Neuman (2014), one type of triangulation is the triangulation of theory so that it can be used to explain the phenomenon.

It will explain the business contracts in the form of the entry modes between SM Entertainment and the affiliates company in Asian countries in their efforts to spread the K- Pop commodification in the Asian Market under the indicator of Cultural Technology. The research will only explain the study within the scope. This research will also evaluate the deployment of K -Pop’s commodification because of the customized business contracts in the form of the entry mode based on the theory of Cultural Technology.

The collected data will be analyzed and interpreted using Miles and Huberman data analysis techniques, from data collection, data reduction, data presentation, and data conclusion to obtain the findings (Creswell & Creswell, 2018). Therefore the results will be enriched and give a more comprehensive explanation. However, this research is limited to business contracts' effect on entry mode in K-Pop deployment.

RESULTS AND DISCUSSION

The Implementation of a Cross-Country Business Contract between SM Entertainment and the Affiliates Companies in Asian Countries

As explained above, in order to analyze the suitable entry mode that has been decided in the cross-country business contracts for commodification marketing, this research will triangulate the theories used in the research from Cultural Technology Framework by Chen (2016; 2019), the theory of the management contracts by Meiners et al. (2012) and the development of Root (1994) about the type of entry mode that developed by Hildebrand et al. (2019).

The triangulation of theory shows that the cross-country business management contract by Meiners et al. (2012) includes the negotiation, offers, acceptance in legal form, agreement for both parties, both parties should perform their duty according to the contract, and the contract completed. This kind of business contract helps the focal company, in this research, SM Entertainment, to give offers that achieve good benefits for both parties when trying to enter the target market. While Cultural Technology Framework is an alternative framework for international marketing (2016), this framework is also functioning as the mode of entry, in the form of a multi-stage entry mode, that has been legalized by the management contract (Chen, 2019). This is why in this research, these two theories and one framework are triangulated to explain the function of the business contract in the mode of entry that helps K-Pop's commodification grow and develop in the Asian Market. Based on Figure 1, it will create more understanding of the strategy of SM Entertainment in their effort to deploy their commodification.

a. Japanese Market

First, the Japanese Market. The music industry in Japan is strong and has its consumer, although the influence of Japanese music or J-Pop is not as huge as K-Pop. However, SM Entertainment is succeeded in entering the Japanese Market, with some adjustable contract management. Based on the case of SM Entertainment Japan as explained by Lee (2021), this research will analyze the form of business contracts between SM Entertainment and local companies in Japan such as Yoshimoto Kogyo, AVEX, Pronet, EAPS, Kurita Hideichi and Universal Music Japan to protect and to facilitate the mode of entry from SM Entertainment in Japan, and the benefit that the local companies acquire. Initially, SM Entertainment was only exporting cultural content, as explained in Cultural Technology Framework. However, since the industry of J-Pop already existed, SM Entertainment collaborated with AVEX to licensing and

export or franchise agreement. In the beginning, it gains such a huge achievement. However, SM Entertainment was trying to stabilize its position in Japan to acquire the Japanese Market.

To create the perfect joint venture in the local Market, as explained in Cultural Technology Framework, SM Entertainment is collaborating with Yoshimoto Kogyo, EAPS, Kurita Hideichi and AVEX to form an international joint venture called SM Entertainment Japan. In this collaboration, SM Entertainment has made many offers to gain the Japanese Market further and is protected by the legal agreement. These kinds of entry modes, such as giving the license for the marketing of K-Pop's artists' activity and the sales of album and concert are included in the Exportations of Cultural Content. SM Entertainment is also creating the perfect localization by using the Japanese language in the K-Pop songs, specifically for the Japanese Market, as explained in Collaboration with Local Talent indicators in Cultural Technology Framework. The local company agrees to these offers. To ensure that the international business law will protect these offers, the local companies agreed to create an international joint venture under the SM Entertainment Japan label and have their position under SM Entertainment Group. Therefore, as an international joint venture, SM Entertainment also acted as the subsidiary of SM Entertainment group. The creation of the subsidiary is included in the Joint Venture in Local Company indicators. As in the Institutionalization of Cultural Technology, the management system of SM Entertainment Japan is specifically institutionalized by SM Entertainment to search for new talent in Japanese Market to become K-Pop artists.

The results of the business contracts in the form of the entry mode in Japan, is SM Entertainment Japan has the right to license and export the K-Pop music and the activity of K-Pop artists while they are in Japan, SM Entertainment is creating K-Pop songs in Japanese language specifically for the Japanese Market, and these entry mode is being legalized with contract management. SM Entertainment and the local companies are creating a subsidiary in the form of an international joint venture called SM Entertainment Japan to ensure the position of SM Entertainment in the Japanese Market.

Based on the research results of Lee (2014), SM Entertainment's strategy in Japan is focusing in group localization, creating K-Pop songs in the Japanese language, making specific merchandise for the Japanese Market and doing the world tour. While creating K-Pop songs with the local language is grouped in the Collaboration with Local Talent indicator from Cultural Technology Framework, making specific merchandise and doing the world tour are grouped in the Exportations of Cultural Content, and focusing in group localization is grouped in Joint Venture in Local Market by the perspective of commodification marketing. These results align

with the Cultural Technology Framework by Chen (2016) primarily used in this research. The research of Lee (2014) is not explaining further other indicators, such as the Institutionalization of Cultural Technology, since it is mainly focused on penetration strategies of K-Pop in general, while institutionalization of cultural technology is related to the company and the system that produce the commodification.

Meanwhile, in his research, Cho (2016) explained the success case of SM Entertainment in Japan because of four factors. First, a systematic production system from the company, a social media platform spread the cultural content, an IT-friendly customer, and the attractiveness of the entire cultural content. A systematic production system from the company, social media platform spread the cultural content, IT-friendly customer, and the attractiveness of the entire cultural content. In line with Chen (2016), the systematic production system of the company and the creation of the perfect package of cultural content are grouped in the Institutionalization of Cultural Technology, while the social media and the IT-friendly target market are grouped in the Exportation of Cultural Contents. The research of Cho (2016) is focused on the target market because the case of Japan and China in this research is used as an example of how the entertainment company could acquire other Market. In her research, Saraswati et al. (2023) is heavily focused on Joint Venture in Local Market indicator in Cultural Technology Framework. As seen above, previous research has different results on deploying K-Pop in the target market, although the results align with Cultural Technology Framework (2016).

The results of the business collaboration that being legalized in the business contract could create many benefits for both sides of the party since the local companies have the IP rights, which means they will get profit for every activity of K-Pop artists in Japan and the sales of K-Pop's albums in Japan. At the same time, SM Entertainment can become the first multinational entertainment company in Asia by having a subsidiary and stabilizing its position in the Japanese Market. The reason why the Japanese Market is important for entertainment company will be explained in the next section.

b. Chinese Market

In China, where the Korean Wave had spread first, SM Entertainment was only allowed to organize a concert initially. This means, from four indicators in Cultural Technology Framework, the used indicator, in this case, is only the Exportation of Cultural Contents. However, as the Chinese Government were willing to give more space for international business and creative and cultural industries, SM Entertainment is working with the Chinese Government to create a sustainable environment for the growth of international business and creative and cultural

industries. However, after the Chinese policy 2003 on foreign investment, based on the case of SMAC, SM Entertainment China, and Label V from Lee (2021), SM Entertainment was trying to establish its position in China. In 2004, SM Entertainment with AVEX from Japan is offering Chinese company, Chengtian, to form a joint venture. With the success case in Japan, SM Entertainment proposes a localization strategy in China while their negotiation's happened. SM Entertainment and AVEX focus on music production, licensing sales and artist management, while Chengtian built and arranged the entertainment platform in China. Their joint venture is established under the brand of SMAC. Since the establishment of SMAC, SM Entertainment is using localization strategies such as recruiting Chinese artists, debuting them in Super Junior M, and producing K-Pop music with Chinese lyrics. This joint venture was developing with the Chinese policy to develop their technology and culture, and SM Entertainment viewed this opportunity to expand their joint venture further. Based on the case of SMAC, the collaboration between SM Entertainment and the local company is licensing, exporting, and contract manufacturing that could be used to protect the licensing of SM Entertainment's commodification under the collaboration and international joint venture under the brand of SMAC.

If we look further at Cultural Technology Framework by Chen (2016; 2019), the four indicators have been used by SM Entertainment. In the beginning, the world concert is the only way to do commodification marketing, which means the first type of entry mode in the Cultural Technology Framework in China is the Exportation of Cultural Content. As the SMAC had been established, the other entry mode, such as the Institutionalization of Cultural Technology, was licensing and collaboration with the Government. Another entry mode, such as collaboration with local talent, is used to adapt K-Pop songs in the Chinese Language. The Joint Venture in Local Market is used, while SM Entertainment and the affiliate's local company created the international joint venture.

In 2014, after the Chinese Government allowed the development of technology and culture, SMAC established a new joint venture with Tencent Music and Baidu under SM Entertainment Beijing. This new form of joint venture is helping SM Entertainment succeed in taking over China entertainment market. SM Entertainment artists can use Chinese platforms like Weibo to communicate with their fans. This means the business contracts for the entry mode of SM Entertainment toward the Chinese Market had added two more types. First, it is turnkey construction contracts that help the business collaboration to bring the collaboration to the next level, such as initial operations of the plant from a local, since Baidu and Tencent Music is

willing to give new investments for SMAC and create the localization group such as Super Junior M, and EXO M, and subsidiary while SMAC is developing under the brand of SM Entertainment China, and making this international joint venture, a subsidiary under SM Entertainment Group.

Other types of entry modes, such as turnkey construction contracts and subsidiaries, are strengthening Collaboration with Local Talent, Joint Venture in the Local Market and Institutionalization of Cultural Technology. By creating a localization group and bringing local talent into the group, Collaboration with Local Talent is improved, since the commodification of K-Pop artists has become a more comprehensive concept of K-Pop as Asian's commodification. While creating the localization group, the aspect of Joint Venture in the Local Market is also improvised, since the joint venture in the local Market is not limited to the form of joint venture from a business perspective but also cultural industries perspective based on the research of Saraswati et al. (2023). Creating a subsidiary directly under SM Entertainment Group has also brought the mode of entry Institutionalization of Cultural Technology to the next level.

However, since the THAAD conflict led the Chinese Government to forbid all of South Korea's products, this led to the forced breach of the contracts. However, SM Entertainment is still trying to enter the Chinese Market. They found a way to enter the Chinese Market again by establishing a label in China named Label V. Label V is the studio resulting from the business collaboration between SM Entertainment and Tencent Music and placing it under the SM Entertainment Group. This means SM Entertainment and Tencent Music have formed business contracts to help SM Entertainment enter the Chinese Market safely as a subsidiary. At that moment, SM Entertainment is implementing their newly developed strategy called New Culture Technology and producing a new type of K-Pop commodification called Neo Culture Technology or NCT. NCT is a boy group with unlimited members and units. NCT is produced to spread K-Pop's commodification further. NCT members are from many different countries and have many Chinese members. These Chinese members are joined in NCT sub-unit called WayV, promoting their music in China. Until now, only SM Entertainment is the entertainment company that was able to enter the Chinese Market after the THAAD conflict.

This statement by Lee (2021) is in line with the previous research of Ye and Kang (2017). The research results show that SM Entertainment is entering the Chinese Market with acquiescence, compromise, and manipulation. These three steps are similar to the indicators in the Cultural Technology Framework and the theory of Management Contract by Meiners et al. (2012). While SM Entertainment has been making the management contract, acquiescence is similar to the Exportation of Cultural Contents concept. Acquiescence is considered a passive

strategy, as SM Entertainment only sells K-Pop artists' albums and concerts. Compromise is similar to Collaboration with Local Talent and Joint Venture in Local Market. Compromise is considered the conformity and the usage of local resources, such as establishing an international joint venture, debuting Chinese artists as K-Pop artists, and forming local talent into a localization group. The last step, Manipulation, is similar to the Institutionalization of Cultural Technology. SM Entertainment has done the manipulation or the capture and value diffusion strategy to create the MoU with the Chinese Government and local Chinese companies and create a subsidiary under the focal company.

Other research, such as Lee (2014), is similar to the results of the Cultural Technology Framework. Licensing the activity of K-Pop artists and their music is grouped in the Exportation of Cultural Content and the Institutionalization of Cultural Technology, while other strategies such as promotion of localization groups, for example, Super Junior M, and EXO M, and create the K-Pop song in Chinese language is grouped in the aspect of Collaboration with Local Talent and Joint Venture in Local Market.

Previous research, such as Liu (2018), focuses on one K-Pop group, EXO. This result of the research is also could be interpreted in Cultural Technology Framework by Chen (2016), such as the usage of EXO to become political diplomacy for the South Korean Government, Chinese Government, and SM Entertainment, and the talent management of EXO are grouped in the aspect of Institutionalization of Cultural Technology, the aspect of Exportation of Cultural Content by doing the world tour concert and fan meeting, the aspect of Collaboration with Local Talent by debuting Chinese local talent into K-Pop's artists and creating K-Pop songs in the Chinese language, and the aspect of Joint Venture in Local Market, while the K-Pop's artists are debuted in EXO-M.

On the other hand, Cho (2016) states in the previous section on the Japanese Market that the strategy of SM Entertainment in China is similar to the Japanese Market, although SM Entertainment is making more effort while entering the Chinese Market. Saraswati et al. (2023) also explain entry mode more in the Chinese Market but heavily focused on Joint Venture in Local Market from Cultural Technology Framework.

Although the Chinese Market is the most challenging Market to enter, the business contracts between SM Entertainment and the local affiliates bring more benefit than the possibility of loss. The benefit that SM Entertainment could gain is to acquire the Chinese Market, which is enormous, and the potential consumer from China bring more benefits for SM Entertainment, while the local affiliates could benefit from licensing K-Pop artists' activity and

the sales of the album and music. This win-win solution brings the deployment and the growth of K-Pop's spread.

c. Thailand Market

In Thailand, SM Entertainment was establishing a joint venture with the largest media network, True Visions Group. This business collaboration differs from the other two from Japan and China because SM Entertainment collaborated with the media network, not the entertainment company or music label. According to Lee (2021), the Thailand market is more accessible to acquire than the Japanese and Chinese Markets. Consequently, the forms of entry mode based on the business contracts are Licensing and Exporting the K-Pop artist's activity and album sales, Turnkey Construction sites, as one of the local parties' requirements is to create their commodification that is similar to K-Pop, talent management for the local Market, creating independent management, and establishing an international joint venture under the brand SM True.

Other international joint venture, such as SM Entertainment Japan and Label V is directly under SM Entertainment Group management as a subsidiary. However, SM True is considered the equivalent of SM Entertainment and only acts as a branch of its management. This collaboration happened since the one who proposed the offer of business collaboration is True Visions Group. The form of the international joint venture is shared management between SM Entertainment and True Visions.

While licensing and exporting is grouped in the Exportation of Cultural Contents, the turnkey construction contracts, such as creating the local commodification and talent management, are grouped in Collaboration with Local Talent. The other aspect of a turnkey construction contract is grouped in the Institutionalization of Cultural Technology by creating independent management, which is different from the focal company, and the international joint venture is grouped in the aspect of Joint Venture in the Local Market on Cultural Technology Framework.

This business collaboration benefits SM Entertainment in entering Southeast Asian regions and bringing any possible local talent into K-Pop's group. This could be seen in the debuted of Ten from NCT/WayV under SM Entertainment's commodification. The potential fans from Thailand are also huge since Thailand has an unrestrained culture that allows consumers to consume other commodities. True Visions is gaining benefits from the licensing and exporting and the possibility to create their commodification from Thailand that can be easily likeable such

as K-Pop.

This statement by Lee (2021) is in line with the previous research from Peichi (2013). The research results show that Southeast Asian people are more adaptive and accepting of foreign commodification, such as K-Pop. Especially in Thailand, where the culture is unbothered with the norm in other countries, the business contracts in the form of entry mode in Thailand are giving more discretion to both the SM Entertainment and True Visions.

The result is also similar to Saraswati et al. (2023) on how the entry mode of SM Entertainment in Thailand is instead opened to another opportunity rather than in Japan and the Chinese. While this research is mainly focused on the international joint venture perspective, SM Entertainment does not have to make an effort as in the Japanese and Chinese markets. This could be seen in Chen (2016) that Southeast Asian Market is acting as a side market, so that SM Entertainment is not trying very hard to please the consumer of K-Pop in Thailand.

d. Indonesian Market

Based on Lee's (2021) statement, Indonesia is the new possible primary Market for the K-Pop's deployment in Asia. The strategy of SM Entertainment in Indonesia market is heavily targeted since 2018. SM Entertainment was forming a joint venture with Trans Media. Both True Visions from Thailand and Trans Media focus on media networks, such as TV channels and media news. The business collaboration between SM Entertainment and Trans Media is similar to SM True, although the business contracts between SM Entertainment and Trans Media are complex such as SM Entertainment Japan and Label V.

First, Trans Media is acquiring the license of K-Pop artists' activity in Indonesia and exporting cultural content such as albums, music, and merchandise. Another entry mode that is negotiated is the creation of contract manufacturing to ensure that K-Pop's commodification is produced by SM Entertainment while Trans Media is promoting them in Indonesian Market. The entry mode also uses contact management, giving the right of Trans Media to SM Entertainment to create their own management in the business collaboration. The turnkey construction contracts between SM Entertainment and Trans Media are similar with SM True, which is to helping Trans Media on the behalf of the creation of local commodification by the knowledge and strategy of SM Entertainment, talent management and to establish the new store of SM Entertainment called Kwangya club @ Jakarta, so that Indonesia fans have more access to acquire the K-Pop's commodification.

The result of the business collaboration is the formation of the international joint venture

which is also the subsidiary of SM Entertainment under the brand of SM Entertainment Indonesia. This means that as the Indonesian Market is targeted to be the new main Market, the business collaboration is more complex than with the affiliates in Thailand, but not as complex as the collaboration with affiliates in Japan and China.

If we compare it with the Cultural Technology Framework, the Institutionalization of Culture Technology aspect could be seen as a subsidiary in the form of SM Entertainment Indonesia. While other aspects, such as the Exportation of Cultural Contents could be seen in the licensing, exporting, and the new store in Indonesia. Collaboration with local talent could be seen in local talent management, the recruitment of Rossa, an Indonesian artist under SM Entertainment Indonesia, and the creation of local commodification. However, a Joint Venture in the Local Market could only be seen in the form of SM Entertainment Indonesia as the joint venture of SM Entertainment.

The explanation by Lee (2021) aligns with the research from Pratamasari (2017). The result of the research by Pratamasari (2017) is that the collaboration in B2B between SM Entertainment and the affiliates is giving more benefits in the strategy of SM Entertainment. It could be seen in the establishment of SM Entertainment Indonesia and Kwangya Club @ Jakarta. Since the consumer of K-Pop in Indonesia is vast, although not as much as the number of consumers in Japan and China, the opportunity to attract many young generations to Kwangya Club @ Jakarta is big enough. Since the Kwangya Club @ Jakarta is a store heavily influenced by technology and social media, it will benefit SM Entertainment in Indonesia more because Indonesian internet user is one of the biggest worldwide. Without any effort to market their commodification, the consumer of Indonesia willingly promotes K-Pop artists and their content on the internet. Trans Media will benefit from the number of consumers in Indonesia that will access their media platform and get more knowledge on Asia's creative and cultural industries. This is also in line with the research by Saraswati et al. (2023). The result of the research is heavily focused on the perspective of International Joint Ventures. With the establishment of SM Entertainment Indonesia, SM Entertainment could enter the Indonesian Market and gain possible consumer that willingly promotes the K-Pop commodification content.

e. Vietnamese Market

The joint venture between SM Entertainment and Vietnam retail company IPP Group is resulting a different form of joint venture. As Lee (2021) stated, the business collaboration between SM Entertainment and its affiliates in Vietnam is heavily focused on exporting commodification by establishing a new store called SM Town Store in Vietnam and an

international joint venture will organize it is formed by SM Entertainment and IPP Group. The formed international joint venture called SM Entertainment Vietnam will be a new subsidiary of SM Entertainment in Southeast Asia to distribute the tangible K-Pop's commodification in the SEA market.

As a retail company, IPP Group will benefit from exporting and giving more profit to the company. While SM Entertainment could easily store the tangible K-Pop commodification in the SM Town Store in Vietnam, it also gains benefits by using the SM Town Store as the warehouse for the sales of K-Pop albums and merchandise in Southeast Asian regions with the cheaper price but still considered as potential Market in Southeast Asia.

The Deployment of K-Pop in Asian Market

As stated in the introduction section, measuring the success of commodification's deployment could not be done using the common framework (Chen, 2016; 2019). Therefore, Chen (2016) has created a suitable framework to analyze the deployment of the cultural industry in terms of cross-country exportation based on his approach to the K-Pop overseas market industry and its development across the world. This commodification is not limited to Korean pop commodification but also other commodification, such as painting, art exhibition, and pop concert music. In today's marketplace, cultural technology refers to the factory system South Korean music agencies use to manufacture, disseminate, and promote Korean commodification to local and overseas markets.

SM Entertainment has succeeded in expanding its Market in Asia by implementing cross-country business contracts and is adaptable to each entry mode in Asian Market. In the Institutionalization of Culture Technology, forming the international joint venture in these five Asian countries has a different function. While in Japan and China, the formed joint ventures mostly act as the extension of SM Entertainment, Indonesia and Thailand act not just as the extension of SM Entertainment but also as talent management. Specifically in Indonesia, the formed joint venture could make its local content. In Vietnam, the function of the joint venture is as the warehouse in Southeast Asian Market. K-Pop could act as a soft power diplomacy based on Peichi (2013). The usage of SM Entertainment artists in government agenda in China and Japan are related to the political, economic, and cultural dimension, while in Thailand and Indonesia, they are related to the entertainment dimension, and in Vietnam are related to the social dimension. The strict regulation of Japanese and Chinese policy in cultural export and the complicated relationship between South Korea and China-Japan brought K-Pop commodification as soft power in diplomacy. While the loosened regulation in Southeast Asian regent in cultural

export and the public perception toward K-Pop led K-Pop commodification as an entertainment product.

Exportation of Cultural Content is the marketing strategy of South Korean agencies to promote their artist with no to little adaptation in the local Market. Promoting the new song through YouTube, video platforms, and music platforms such as Spotify and Apple Music are used by many people worldwide. The border of the states does not limit the platform user so that they can access the cultural content of K-Pop. Maximizing social media usage such as Instagram, Twitter and Tik Tok to post their activity, greet their fans or post their talent by singing or dancing covers. Especially in China, where their technology is different from the rest of the world, the K-Pop idol uses Weibo or Baidu to greet fans or post their activity. The usage of the technology is maximizing the artist's market reach to foreign Markets. This is shown in YouTube trends that Asian Market is the largest consumer of K-Pop, especially SM Entertainment's artists. The trending topic on Twitter, the re-creation of K-Pop content such as make-up, singing cover, dance cover, or any creative content from the fans on Instagram or Tiktok is functioned as the artist's promotion with a little effort from them. That is why SM Entertainment collects the fans' content of SM Entertainment artists under the brand called Pink Blood, and as seen in Instagram or TikTok, the fans involved in Pink Blood are mainly from Asia.

Other activities such as fan meetings or concerts are also used to connect their artist with the fans. When SM Entertainment artists' were doing the world tour, Asia was the most visited place for the concert. Recently, there has been a Super Junior show in Indonesia, and next, there will be NCT 127 concert in Indonesia. Sometimes, they also organize the fan meeting through a platform called Dear U to greet fans or do the fan meeting through video calls. Especially in a country where SM Entertainment creates a joint venture with the local company, their artists create the content for the audience, such as Warunk WayV in Indonesia, the NCT life in Thailand, or the song production in Chinese or Japanese language. Entertainment could be proposed and implemented by the customizing business contract.

Meanwhile, the exportation of cultural content in Japan and China has a massive number more than in Southeast Asia. The album from SM Entertainment artists for Japan and Chinese Market, with the language used in the songs, is produced in the same number as their official album in the Korean language. SM Entertainment often held concerts in China and Japan more than in Southeast Asian countries. In Southeast Asian states, the cultural content mainly focuses on entertainment content, such as the artists learning how to speak or read in Southeast Asian language, trying to eat food from Southeast Asia, or sometimes coming to the show in Southeast

Asian as a guest.

SM Entertainment artists also use Collaborations with local talent, such as the collaboration between BoA and Xin from China and the involvement of Super Junior Donghae in Rossa's music video. However, SM Entertainment is also using a localization strategy by recruiting local talent. From recruiting Hangeng and Henry Lau as Super Junior M; Victoria of f(x) from China Mainland and Amber of f(x) from Taiwan; creating EXO M consists of Kris Wu, Lu Han, Tao and Lay from China, although the remaining member of EXO from China is only Lay; Ningning aespa from China and Giselle aespa from Japan; and the ambitious localization strategy from SM Entertainment is NCT, as the representative of SM Entertainment's new strategy New Culture Technology. Using NCT as an unlimited member group, they maximize the local talent in the foreign Market, such as Yuta and Shotaro from Japan or Chenle and Renjun from China and the creation of NCT's sub-unit WayV, where 90% of their members is Chinese, either from the mainland (Kun, Xiaojun and Winwin), Macau (Hendery), Hongkong (Lucas) or Taiwan (Yangyang) and one Thailand member, Ten.

The last strategy is joint venture with local Market. Creating the localization group in the Chinese Market such as Super Junior M, EXO M, and WayV can also be included in its aspect in Cultural Technology Framework. Other is the specific joint venture in the local markets, has been giving the well establishment position for SM Entertainment in the local Market to promote their K-Pop's commodification. Only today, there is only one South Korean entertainment company like SM Entertainment willing to make many efforts to acquire other target markets.

The differences in the implementation of the business contracts between China and Japan affiliates with Thailand and Indonesia affiliates are because of the reception of K-Pop's commodification. The Japanese and Chinese Markets are more attached to the artist, so their loyalty towards the artists is very high. The sales of the album, the merchandise, the concert and everything related to the artists are very high. In fact, because of their loyalty, somehow their admiration toward the artists is as high as toward their God or beliefs, leading to the term "idol", a representation form of what they believe, to define these K-Pop artists. Meanwhile, in the Southeast Asian region, the sales of the artists' products are as low as in the Chinese and Japanese Market, but their admiration for the artists leads them to access K-pop's artists content as much as possible. Most of K-Pop's music videos are from Southeast Asian regents, with Indonesian being the first of the video's viewers.

This could also be seen in SM Entertainment Instagram page, where the re-creation of K-Pop's commodification mostly comes from Southeast Asian regions, especially Indonesia.

Nevertheless, in the Vietnamese Market, the output of the joint venture agreement is the SM Entertainment pop-up store, because the location itself is closer to other Southeast Asian regions, which means the cost is cheaper than the Indonesian and Thailand Market. Thailand market is the first Southeast Asian country where SM Entertainment form a joint venture, because the awareness of Thai toward K-Pop content is as massive as the Indonesian Market, and there are lots of K-Pop artists from Thailand but debut in other agencies besides SM Entertainment. In SM Entertainment, Ten of NCT/WayV are Thai representatives in NCT group.

CONCLUSION

To conclude this research, first, implementing cross-country business contracts is used as the entry mode of SM Entertainment toward the target market. Second, the impact of implementing cross-country business contracts for deploying K-Pop's commodification in the Asian Market is that the formed and legalized company in the target market is adjusted as the function and the purpose of SM Entertainment to acquire the target market. The consumption of K-Pop commodification in Japan and China is more massive in the form of the consumption the tangible products rather than the consumption in Southeast Asian countries, which mostly focus on the internet and marketing. Because of this differentiation strategy, SM Entertainment and other entertainment companies could create a sustainable phenomenon, not just a one-night phenomenon in Asian Market.

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