

**A CRITICAL ANALYSIS OF K-POP'S
ECONOMIC AND CULTURAL DYNAMICS IN
GLOBAL ENTERTAINMENT INDUSTRY: A CASE
STUDY OF SM ENTERTAINMENT**

GOH YU QIN

UNIVERSITI SAINS MALAYSIA

2025

**A CRITICAL ANALYSIS OF K-POP'S
ECONOMIC AND CULTURAL DYNAMICS IN
GLOBAL ENTERTAINMENT INDUSTRY: A CASE
STUDY OF SM ENTERTAINMENT**

by

GOH YU QIN

**Thesis submitted in fulfilment of the requirements
for the degree of
Master of Art**

September 2025

ACKNOWLEDGEMENT

This thesis would not have been possible without the support of my family, my friends, and my supervisors Dr. Ngo Sheau Shi and Dr. Soon Chuan Yean. Thank you for the guidance and support throughout. I truly appreciate the valuable inputs and expert insights you provided me and your feedback has enabled me to reflect upon this research. Finally, thank you to my family and friends who endured this long process with me, always offering love and support.

TABLE OF CONTENTS

ACKNOWLEDGEMENT.....	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES.....	v
LIST OF FIGURES	vi
LIST OF ABBREVIATIONS	vii
ABSTRAK	viii
ABSTRACT.....	ix
CHAPTER 1 INTRODUCTION	1
1.1 Introduction.....	1
1.2 The Rise of the Korean Wave	3
1.3 Problem Statement.....	12
1.4 Research Questions	13
1.5 The Objectives of the Research	14
1.6 Significance of the Research.....	14
CHAPTER 2 LITERATURE REVIEW	16
2.1 Introduction.....	16
2.2 Globalisation, Glocalisation and Hybridisation	16
2.3 Cultural Flows and Power Plays: The Critical Theoretical Framework	23
2.4 Reconfiguring Global Media Flows: K-pop and the Shifting Centre of Cultural Power	27
2.4.1 The Two Phases of the Korean Wave: Regionalism to Globalisation	28
CHAPTER 3 METHODOLOGY	31
3.1 Introduction.....	31
3.2 Research Design and Methodological Approach	31
3.3 Data Collection Methods	32

3.4	Data Analysis Procedures.....	33
3.5	Scope of the Study	33
3.5.1	Case Study on BoA	34
3.5.2	Case Study on New Culture Technology (NCT).....	34
3.6	Limitations	35
CHAPTER 4 REGIONAL PARTNERSHIP - A CASE STUDY OF BOA.....		37
CHAPTER 5 GLOBAL COLLABORATION - NEW CULTURE TECHNOLOGY PROJECT		44
5.1	The Formation of NCT	45
5.2	NCT Expansion in China and United States	49
CHAPTER 6 THE EMERGENCE OF LOCAL KOREAN MEDIA POWERHOUSES		53
6.1	Systemisation Strategy	54
6.2	Local Acquisitions and Mergers	55
6.3	Increased Financialisation of SM ENTERTAINMENT	56
CHAPTER 7 CONCLUSION		64
REFERENCES.....		68

LIST OF TABLES

	Page
Table 4.1 List of Production Teams for BoA's Japanese Albums	40
Table 6.1 SM ENTERTAINMENT Local Acquisitions and Mergers.....	55

LIST OF FIGURES

	Page
Figure 4.1 Total Number of Albums Produced	38
Figure 4.2 Total Number of Songs	39
Figure 5.1 New Culture Technology Project	44
Figure 5.2 K-pop Popularity Around the Globe	46
Figure 5.3 NCT Subunits.....	47
Figure 5.4 NCT Album Sales; Source: NCT album sales - BestSellingAlbums.org	50
Figure 5.5 NCT Album Sales; Source: NCT album sales - BestSellingAlbums.org	50
Figure 6.1 SM ENTERTAINMENT Total Equity Yr 2012-2022.....	57
Figure 6.2 SM ENTERTAINMENT Group Revenue vs Company Revenue from Yr 2012-2022	57
Figure 6.3 SM ENTERTAINMENT Shareholder Structure as of Yr 2018	61
Figure 6.4 SM ENTERTAINMENT Shareholder Structure as of Yr 2022	62
Figure 6.5 SM ENTERTAINMENT Shareholder Structure as of May 2023	63

LIST OF ABBREVIATIONS

DART	Data Analysis, Retrieval and Transfer System
DMC	Digital Media City
ICT	Information and Communication Technology
JPOP	Japanese Popular Music
K-dramas	Korean Dramas
KOCCA	Korea Creative Content Agency
K-pop	Korean Popular Music
KRX	Korea Exchange
KTO	Korean Tourism Organization
MGM	Metro-Goldwyn-Mayer
MOU	Memorandum of Understanding
NCT	New Culture Technology

**ANALISIS KRITIKAL TERHADAP DINAMIK EKONOMI DAN
BUDAYA K-POP DALAM INDUSTRI HIBURAN GLOBAL: SATU
KAJIAN KES SM ENTERTAINMENT**

ABSTRAK

K-pop telah menjadi satu fenomena dalam beberapa tahun kebelakangan ini. Ia telah tersebar dari Asia ke Amerika, Eropah, Arab Saudi, dan Afrika. K-pop berjaya mengatasi halangan bahasa dan budaya, sekali gus memperoleh peminat yang meluas di seluruh dunia. Namun, bagaimana fenomena ini bermula dan apakah faktor-faktor kejayaan kumpulan-kumpulan K-pop di peringkat tempatan dan global? Kajian ini menggunakan perspektif kritikal untuk meneliti SM ENTERTAINMENT dengan mengkaji evolusi budaya K-pop dalam kerangka Globalisasi. Dalam usaha memahami bagaimana SM ENTERTAINMENT berjaya berkembang daripada sebuah studio tempatan di Korea Selatan kepada sebuah konglomerat media global yang menghasilkan selebriti terkenal di pasaran antarabangsa, kajian ini bukan sahaja meneliti selebriti BoA dan kumpulan lelaki popular *New Culture Technology* (NCT) sebagai kajian kes, tetapi juga mengkaji hubungan kuasa dan struktur pemilikan SM ENTERTAINMENT pada masa yang sama. Dapatan kajian ini menunjukkan bahawa Korea Selatan menggunakan strategi glokalisasi dalam penghasilan budaya popular tempatan Korea Selatan. Sementara itu, kajian ini turut mendapati bahawa polisi kerajaan Korea Selatan dan pemain media utama masih memainkan peranan penting dalam industri hiburan, di mana kedua-dua pihak bekerjasama untuk mencapai dominasi di peringkat antarabangsa.

**A CRITICAL ANALYSIS OF K-POP'S ECONOMIC AND CULTURAL
DYNAMICS IN GLOBAL ENTERTAINMENT INDUSTRY: A CASE STUDY
OF SM ENTERTAINMENT**

ABSTRACT

K-pop has become a phenomenon in recent years. It spread from Asia, and America, to Europe, Saudi Arabia, and Africa. K-pop overcame language and culture barriers, gaining wide fans worldwide. But how does it start and what makes these K-pop groups successful locally and globally? This research takes SM ENTERTAINMENT as the case study to examine the business nexus of the regional media powerhouse and reflects on the evolution of K-pop culture within the framework of Globalisation. In understanding how SM ENTERTAINMENT, a media powerhouse manages to transform itself from a local studio to a global corporate media that produces some of the most popular celebrities in the global market, this research identifies two SM ENTERTAINMENT products (celebrities) that debuted in a different period to gain insights into its business nexus. My research findings indicate that South Korea employs the glocalisation strategy and blends South Korean features and localised components, creating fusion products. Meanwhile, this research discovers that South Korean government still plays a significant role in the entertainment industry and both sides cooperate to achieve mutual benefit. The government invested heavily in K-pop, aiming to target all sectors of the Korean economy.

CHAPTER 1

INTRODUCTION

1.1 Introduction

Historically, South Korea was under the authoritarian rule of the military government. However, the government has adopted its development approach based on industrialization and market liberalization since the 1960s (Deyo, 1987; Amsden, 1989; Haggard, 1990). It had shifted from a state-controlled economic model towards a free market-driven one. The government has nurtured the industries via various policy measures such as prioritizing the growth of strategic industries, creating developmental plans, and providing financial aid (Sakong, 1993; Graham, 2003). In 1987, for instance, the Basic Press Act was replaced with a more liberal act, namely the Act on Registration of Periodicals and the Broadcast Act. With the loosening of government control of the media sector in the 1980s and 1990s, there was an influx of foreign popular cultures into South Korea.

Since the 1990s, South Korea has implemented strategic changes to enhance its global competitiveness. Domestic conglomerates have expanded their business overseas and venture capitalists and investment firms entered the entertainment industry, looking for fast profit (Shim, 2008). The term “globalisation” is also known as *seggyehwa* in Korean and has become a buzzword since 1993. President Kim Young Sam introduced the globalisation project of the South Korean cultural industry. The project aimed to open Korea’s economy, politics, and culture to the globe. This project rode on the wave of globalisation by opening the South Korean market, propelling South Korea to compete with the rest of the world (Chang et al., 2011). In the 1990s, South Korea’s government placed the cultural industry as a core national economic

development strategy (Kwon & Kim, 2014). During Roh Moo Hyun's administration (2003-2008), a few domains within the cultural industry were highlighted, including film, music, and gaming. These were viewed as potentially enhancing economic growth and reviving other industries, such as the information and communication technology industry (Kwon & Kim, 2014).

The government has emphasised mutually beneficial growth while promoting integrated development of the cultural industry with other industries (MCST, 2010b). For instance, the cooperation between the gaming and ICT (information and communication technology) industries and the electronic and digital content industries. Additionally, South Korea has started to rely more on high-tech, value-added industries, such as the ICT, cultural, and biotechnology sectors (Artz & Kamalipour, 2013). The *chaebols*, family-controlled businesses in Korea, were one of the key players in marketing Korean popular culture internationally considering the developments (Messerlin & Shin, 2017). Large Korean corporations like Samsung and LG Electronics have led the way in developing world-class brands in the consumer electronics sector, supporting and sponsoring Korean music events around the world, and using well-known Korean celebrities to promote their products and raise brand awareness on a global scale (Roll, 2021). An example is how K-drama gained popularity in Vietnam despite the government imposed restrictions on foreign media and television commercials. Samsung proposed free broadcasting of Korean dramas on Vietnam's national TV, such as *Doctor Brothers* 1997 (Lee, 2002). Numerous Korean concerts held across East Asia are another illustration of how the South Korean government and Korean *chaebols* work together to export their goods and use K-pop to commodify the country's image as a national brand in international markets for example the Korean Dream Concert (Regatieri, 2017).

In addition to the *chaebols'* and the Korean government's roles in K-pop promotion, individual creative practitioners also play a part. People in the cultural sector recommended that the government deploy experts abroad to gather data on cultural trends and establish long-term consultation bodies between national governments (Cho, 2005). As we delve into our subsequent discussion on the rise of the Korean wave, it becomes evident that this phenomenon is a collective triumph, born from the strategic alignment and vision of governmental bodies, economic powerhouses, and the creative pulse of the nation. The collaborative efforts that propelled K-pop have also set the groundwork for a broader cultural-cum-entertainment industry.

1.2 The Rise of the Korean Wave

The first Korean Wave, also known as *Hallyu*, emerged in the 1990s, with Korean dramas making inroads into the regional markets. At the same time, the popularity of Hong Kong, Japanese, and Taiwanese popular cultures declined in Asia (Shim, 2008). The second Korean Wave began with Korean popular music (hereafter K-pop) as the Korean music industry started to rise in 2000. The appearance of K-pop is due to K- dramas, where many artists have been widely recognised for participating in the drama's original soundtracks (Roll 2021). The K-pop industry in South Korea expands its business nexus to regional and global markets by aggressively employing twenty first century digital technologies and social media platforms to promote its products, introducing the concept of “Culture Technology”.

In the 1990s, South Korea’s government was fully aware that the nation could no longer rely on low-cost labour and manufacturing industries. South Korea implemented strategic changes to enhance its global competitiveness, especially

domestic conglomerates have expanded their business overseas and venture capitalists and investment firms entered the entertainment industry, looking for fast profit (ibid, Shim, 2008). At the same time, South Korea's living standards have improved, and people are looking at different ways to enrich their lives, both culturally and spiritually (Crane et al., 2002). Given the rise of the educated middle class, consumers demanded more sophisticated and higher-quality products (Kwon & Kim, 2014). In light of the changes, the Korean government has placed the cultural industry (focusing on film, music, and gaming) as one of the core national economic development strategies (ibid, Kwon & Kim, 2013). The Roh administration (2003-2008) emphasised public participation, freedom of expression, and ICT industrial growth. Among the initiatives was the Digital Media City (DMC) project aimed to position Seoul as a digital media and entertainment hub, contributing significantly to the ICT industry's economic growth (Ahn, 2021). Technological advancements played a crucial role, with the introduction of digital music, YouTube in 2005, and the digitization of the music industry. K-pop's global success can be attributed to its combination of global music market liberalization and rapid digital technology development, epitomized by platforms like YouTube.

The ICT industry has become a major pillar of the Korean economy and helped enhance the economy's competitiveness since the early 2000s (ibid, Ahn, 2021). Since then, Korea's national GDP has increased from 7.1 percent in 2003 to 12.1 percent in 2011 (Korea Bank, 2013). ICT infrastructure such as YouTube has been used by all major entertainment agencies as a marketing tool to promote their music (Lie, 2012). The viral video of PSY's Gangnam-style music video is an example of the advanced ICT infrastructure which allowed the music video to be viewed by many audiences in a short time. The song gained popularity not only among K-pop fans around the world

but also among those who are new to K-pop through the use of social network services. This is one of the strategies that Korean firms utilised to maximize their competitiveness in the international market and introduce K-pop and other music products to the global market.

Technological development played a huge role in the Korean Wave with the introduction of digital music starting from the invention of the MP3 (MPEG-3 Audio Layer III) players in 1996 and the emergence of YouTube in 2005 (ibid, Lie, 2012). The digitization of music has reduced lower costs for the company and yet reached a broader audience internationally without heavy investment (Waldfoegel, 2017). Scholars like Oh and Park (2012) see K-pop combining the global liberalisation of music markets in the globe and the rapid development of digital technology (such as YouTube) that focuses on image-maker. Lie (2012) highlights the issues that JPOP (Japanese Pop) encounters which include the lack of digital technology advancement and photogenic appeal which Koreans have successfully demonstrated in all their music videos and concerts. Scholars such as Elberse (2010), and Oh and Park (2012) have also emphasised the role of technology development. The evolution of music distribution has changed from record producers and distributors to online-based distribution. The rise of online video-sharing platforms such as YouTube played a crucial role in spreading K-pop to the globe. Many K-pop singers and groups have opened their channels and showcased their songs on YouTube, the majority via live broadcasts in which easily gathered millions of views (Oh & Park, 2012). Social media and YouTube allow audiences to enjoy limitless music which they could not get from physical CDs and albums. With social media and online music shops such as iTunes, unbundling or selling single music is the current trend (Oh & Park, 2012). Digital music platforms made it possible for entertainment companies to sell music legally,

particularly to the market abroad. Thus, the consumption of K-pop content via YouTube has reached the main niche market. The profits that YouTube earned which is the advertisement played before the actual content, will be shared with the relative entertainment agencies. Therefore, from its official channel, SM ENTERTAINMENT reaped 81 percent of royalty income from overseas viewers (Oh & Park, 2012). Besides looking at social media platforms, the K-pop industry has now combined culture and technology into the production strategies which have produced a creative new concept of idol groups. With the advent of technology, South Korea has slowly entered the craze of globalisation, accompanied by the end of dictatorship and the path towards democratization since 1980, and the subsequent relaxed on the censorship and cultural surveillance from the government. South Korea decided to lift all restrictions on Japanese cultural imports. The government has opened the door for transnational media corporations, *chaebols*, or family-owned large domestic conglomerates into the cultural industries (Kwon & Kim, 2014). At the same time, South Koreans have the latest information and expertise ready for their cultural globalisation (Lie, 2012).

One major player in promoting Korean popular culture in the global arena was the *chaebols* (Messerlin & Shin, 2017), large Korean businesses, such as Samsung Electronics that has been the forerunner in creating world-class brands in the consumer electronics industry. In the recent annual 2017 ranking by Interbrand¹, Samsung was listed as the sixth brand in the world with a brand value of USD 56.2 billion (Roll, 2018). The other chaebol is LG Electronics which brought Korean concerts worldwide and hired popular Korean stars to endorse their products to increase brand awareness globally (ibid, Roll, 2018). These conglomerates, having subsidiaries and factories

¹ A brand consultancy, specializing in areas such as brand strategy, brand analytics, brand valuation, corporate design, digital brand management, packaging design, and naming.

abroad, are promoting the image of Korea and their brand, mainly in the East Asian region. The *chaebols* have chosen Korean TV dramas as an ideal replacement for TV commercials as some foreign countries (such as Vietnam) have tight foreign media regulations regarding television advertisements (Lee, 2002). As a result, the *chaebols* applied the bottom-up cultural phenomenon marketing strategy to extend their business. For example, Samsung offered to air Korean dramas (such as *Doctor Brothers*, 1997) at no cost on Vietnam's national TV (ibid, Lee, 2002). These *chaebols* know that associating their business with cultural products will increase the consumption of other goods. From Korean dramas to Korean celebrities, the *chaebols* closely associate the Korean cultural products with the activity of global business and the role of national institutions (Park, 2017). As Park (2017) argues that without the support and promotion of the conglomerates and the state, the current Korean cultural phenomenon would not exist.

Another major player in promoting Korean popular culture is the Korean state. The South Korean government took the position that the Korean Wave must be the product of competition in the global market. It actively supports the penetration of Korean culture into foreign markets and increases the national culture industry's budget (Cho, 2005). The Korean Culture and Information Service has set up twenty-eight Korean Cultural Centers in twenty-four countries across Africa, Asia-Pacific, Europe, and America to promote the Korean Wave (Roll, 2018). Moreover, the Korean Tourism Organization (KTO) has offered package trips to locations made famous by the drama series and travel to exclusive shooting locations (ibid, Roll 2018). This is due to the drama-oriented craze. Korean dramas (K-dramas) such as *Jewel in the Palace* (2003) and *Winter Sonata* (2004) became popular in China, and Japan, and expanded to other Asian countries. Since then, more Korean television dramas have

received popular receptions from audiences in China, Hong Kong, Taiwan, and Vietnam. In particular, Korean television dramas accounted for 56 percent of all foreign programming imports to Vietnam in 1988 (Shim, 2008). According to data analytics, it was reported that Drama Fever had 2.4 million individual visitors in November 2016 across Asia. These Korean dramas share common traditional values from love and marriage to emotive delicacies that are warmly embraced by local fans in some Asian countries (Min, 2003). Korean dramas portray not only Asian value issues but also highlight fashion, the attractive star cast, the culture, and the stunning scenery of the country and achieve global popularity (Fahrissa, 2022).

The South Korean government has studied its target audience and cultures carefully to understand which Korean Wave products would have the best probability of success in different markets. The government uses K-pop idols as a form of soft power such as the Korean girl group 2NE1 concert in Hanoi, Vietnam, sponsored by the Korea Trade-Investment Promotion Agency and Silk Road Corporation (Cho, 2005). Besides, numerous Korean concerts were held in East Asian (for example Korean Dream Concert) that were sponsored not only by the conglomerates but also supported by the Korean government. Furthermore, some of the K-pop music live performances are events for cultural exchange (Van, 2012) such as Vietnam-Korea Festival 2012 which was co-hosted by Korean Broadcasting System and Vietnamese Television. The event invited K-pop idols including Beast, CNBLUE, MBLAQ, IU, Sistar, Secret and Davichi (Park, 2017). The Korean government believes that promoting Korean popular culture as a free entertainment event will increase the sale of other Korean products (ibid, Park, 2017). As such, politicians expanded the idea by tying K-pop with various industries such as K-fashion, K-food, K-sports, and so on (Oh & Jang, 2020). Thus, K-pop soon became one of the main revenue streams in

South Korea and the government is now clearly on the side supporting the industry. As a result, Korean television relies heavily on K-pop and cannot survive without the support of the idols (Oh & Jang, 2020). If television channels can no longer act as

gatekeepers for the K-pop industry, it shows that the government will soon lose its control over K-pop as censorship will no longer work. Meanwhile, the power of social media (Instagram, Facebook) and YouTube cannot be overlooked, as the internet is a free platform that reaches the masses. Yet no matter what media channels they utilized; the main goal was to use K-pop to commodify the country, exporting their products and culture as a national brand to influence South Korea at cultural, economic, and political levels (Thussu, 2006).

Aside from the role of *chaebols* and the Korean government in promoting K-pop, there is also the role played by private individual creators. People working in the cultural industry advised the government to station experts in various countries to gather information on cultural trends and set up permanent consultative departments between national governments (Cho, 2006). As a result, the government has assigned specialists to stations in large cities like China and elsewhere and set up a 'hall of the Korean Wave'. One of the specialists, a documentary producer named Seo Hyeon-cheol, returned from a month-long intensive field investigation in Asia and shared that Korean dance music (K-pop) could be a world-competitive export culture. Seo took examples of American artists who have occupied the throne of pop music - Elvis Presley, Michael Jackson, and Madonna - and shared that by combining visual and auditory elements, dance music that are easily accessible to the masses (Cho, 2006). Although K-pop follows a similar concept as American pop music, it is inevitably colored by Korean sensibilities during the process of copying (ibid, Cho, 2006).

Foreign fans like the music that Koreans created for the domestic Korean market that is, music reflecting a Korean sensibility and sung in Korean (ibid, Cho, 2006).

With the rise of the Korean Wave along with its other media and cultural hubs in foreign countries, it is said that the Korean Wave phenomenon can be seen to prevent Western domination in the media market (Jin, 2015). Others said it is to enhance cultural diversity in the US-dominated global media and popular culture (Cho, 2005; Shim, 2006). Nam (2013) argues that the globalisation of the Korean Wave is limited insofar as it applies the process of localizing the logic of the US hyper-commercial model along with their Korean taste. For example, the Korean film industry imitates Hollywood regarding production styles, talent management, financing, and marketing, including quick and sensational sales, comprehensive promotion, youth appeal, corporate synergy, and cross-promotion. Nam (2013) expresses that the products that the Korean entertainment industry has been exporting to the East Asian region tend to have a more pungent Western taste, rather than Korean. As a result, audiences in the East Asian region are becoming more homogenous (Ching, 2000). It might be too simplistic to come to this conclusion. Japanese housewives perceive the Korean Drama *Winter Sonata* (2002) as a revived nostalgia of Japan before it emerged to become a global economy country. The appearance of K-pop in Vietnam and Cambodia provides teenagers with a desire to pursue urban lifestyles. Iranian women are influenced by the Korean Drama *Dae Jang Geum* (2003) as they see rebellious yet not too dangerous images of Asian femme fatale (Nam, 2013). These examples show that not only do corporations seek to discover new sources of profits by creating consuming identities in less developed parts of East Asia, but also Korean cultural and media products are interpreted, reconfigured, contested, and challenged differently (ibid, Nam, 2013).

As argued by Iwabuchi (2008), we have shifted from the western gaze to the global gaze in which the globalisation process brings the emerging currents of transnational cultural flow. The presence of global cultural consumption is distributed unevenly and is difficult to demarcate. For example, in 2018, it was reported that the Japanese saw an increase in high demand for Korean products in Japan and that K-pop music, TV, and music is no longer a trend in Japan but have assimilated into part of everyday life (Kim et al., 2018). Young people in Japan adopt Korean celebrities' fashions, diets, and lifestyles. All these exports contain the essence of Korean aesthetics, emotions, traditions, and culture.

The Korean globalisation project of the entertainment industry is creating new records. The *Hallyu* effect has been tremendous, contributing to 0.2 percent of Korea's GDP in 2004, amounting to approximately USD 1.87 billion (Roll, 2021). In 2014, *Hallyu* had an estimated USD 11.6 billion and helped boost the Korean economy (ibid, Roll 2021). The recent rise of the K-pop boy group *Bangtan Boys* (BTS) alone has accounted for USD 4.65 Billion of South Korea's GDP in 2019 (Katz, 2019). For the first time, the K-pop industry saw its exports exceed USD 10 billion during 2019-2020 (Parc & Kim, 2020). K-POP fans have also increased by almost 100 million over the past few years (Joori & Hana, 2021). Until December 2019, there were 1,799 K-pop fan clubs with 99.32 million fans (Parc & Kim, 2020). Amid the rise of K-pop, this research explores the rise of South Korean global media powerhouse, namely SM ENTERTAINMENT that sails along the Korean Wave and the role this entertainment media powerhouse plays in constructing a uniquely Korean flavoured pop culture via its industrial technologies and mechanisms in the globe. In a nutshell, this study demonstrates how a local media powerhouse manages to develop into a big global

conglomerate which has brought a strong influence on the world entertainment industry and Korea's economy.

1.3 Problem Statement

Existing studies on the Korean Wave primarily focus on cultural aspects, particularly consumer behaviors and the popularity of Korean media products from a liberal pluralistic perspective (Lee, 2015; Kwon & Kim, 2013). However, there has been limited investigation into the relationships that tie individual live idols to the logic of global markets and the roles of the Korean government in such development. The global success of K-pop has been interpreted as a counter to US cultural hegemony, particularly in the entertainment industry. While some scholars have examined the organizational star systemization strategy and its contribution to K-pop's success both locally and globally, much of the research emphasises the influence of corporate strategies on local consumer behavior rather than the organizational aspects of global expansion (Ahn et al., 2013; Lee, 2014).

One of the critical factors driving the success of the Korean Wave, particularly Korean popular music, is the role of a few top media conglomerates, such as SM ENTERTAINMENT, YG Entertainment, and JYP Entertainment. These agencies act as market makers, playing pivotal roles in developing and promoting K-pop from local to global markets.

SM ENTERTAINMENT stands out as one of the earliest and largest entertainment agencies in South Korea. Founded in 1988 by Lee Soo Man, a former Korean folksinger, TV host, and DJ, the company started as a small studio named SM Studio. In 1995, the studio rebranded as SM ENTERTAINMENT, and shortly after, it

launched a five-member boy band that achieved instant success in the Korean music industry (Shin & Kim, 2013). Over the years, SM ENTERTAINMENT has become one of the "Big 3" entertainment companies in Korea, alongside JYP Entertainment and YG Entertainment (Herman, 2019). The company has produced numerous iconic acts, including H.O.T, S.E.S, TVXQ, BoA, *Super Junior*, Girls' Generation, *EXO*, and NCT, all of whom have played significant roles in shaping the K-pop industry.

This study focuses on SM ENTERTAINMENT as a case study to critically explore the changes in the K-pop industry and its global expansion as a response to US cultural domination. SM ENTERTAINMENT was chosen not only because of its status as one of the largest entertainment companies in Korea but also due to its pioneering role in the industry. The company's founder, Lee Soo Man, introduced recruitment and training strategies, as well as the concept of "culture technology," which has been instrumental in SM ENTERTAINMENT's sustained success. This study aims to investigate K-pop as a new content flow within a multi-directional global entertainment landscape, contrasting with the traditional one-directional flow dominated by US-led transnational media conglomerates.

The case of SM ENTERTAINMENT illustrates the rise of a new media powerhouse from the region to the global stage, showcasing how strategic agency involvement can reshape the cultural industry and counter existing global hegemonies.

1.4 Research Questions

This research intends to answer the following research questions:

RQ1. What are the business strategies of SM ENTERTAINMENT in bringing the K-pop industry to the world stage?

RQ2. To what extent the business nexus of SM ENTERTAINMENT is capable of surviving in the region and in the global entertainment industry?

1.5 The Objectives of the Research

This study examines the emergence of SM ENTERTAINMENT, one of the earliest Korean entertainment powerhouses, that has expanded its entertainment production around Asia and the Western world. There are two main objectives of this research, namely:

RO1. To identify the business strategies of the regional media powerhouse, mainly through the development of SM ENTERTAINMENT in bringing the K-pop industry to the world stage,

RO2. To identify the extent of SM ENTERTAINMENT business nexus and its capability to sustain in the regional and global entertainment industry.

1.6 Significance of the Research

Much of the Korean Wave studies focus on the cultural aspect of the Korean Wave itself, less attention is given to the institutional setup and the conditions “behind” in shaping Korean Wave. This research finds its significance in identifying the aspect of the Korean Wave study by focusing on SM ENTERTAINMENT to add to the literature on the Korean Wave. Considering the roles of the big business, from the national *chaebols* to the international media conglomerates, this research focuses on the marketing strategies as well as talent management strategies in SM

ENTERTAINMENT to demonstrate how a local media powerhouse manages to develop into a global big conglomerate which has brought strong influence on the world entertainment industry and Korea's economy from the rise of Korean Wave, the K-pop industry. The success of K-pop that SM ENTERTAINMENT produces, is not because of it being Korean, instead, K-pop developed with the involvement of glocalisation and cultural hybridisation and produces a unique mixture of music styles that fit the taste of the masses, both regionally and globally. Moreover, SM ENTERTAINMENT went further by using K-pop to commodify the country and export Korean culture as a national brand to influence South Korea at all levels (cultural, political, and economic). The selected two case studies namely BoA and NCT, show a breakdown of the different periods of K-pop industry undergoes within the context of the changes of globalisation processes.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter offers a literature review of two primary areas of study. Firstly, it delves into the dynamic interplay between globalisation, glocalisation, and hybridisation of popular cultures, with a particular emphasis on the impact of Western cultural imperialism and the rise of non-Western cultural influences. Secondly, it delves deeper into the phases of the Korean Wave phenomenon, demonstrating how it mirrors broader trends of glocalisation and hybridity in contemporary popular cultures. Additionally, it underscores the evolving discourse surrounding cultural dominance and multiculturalism within the global cultural landscape, setting the stage for a more comprehensive analysis of the economic dynamics within the creative industry.

2.2 Globalisation, Glocalisation and Hybridisation

After World War II, the US has become the world's capitalist, military and communication power center (Schiller, 1975). The US empire did not directly dominate all the territories but built and integrated world system that shared its model, which consisted of the capitalist mode of production, a liberal democratic state, and a consumerist way of life. This event, according to Schiller (1975), represents the US empire's cultural imperialism and its capacity to spread and generalize the American way of life in other nations a one-way influence on those nations. The communication corporations (entertainment, broadcasting, telecommunications, and advertising firms), which have a very profitable capitalist sector and cultural imperialism agents abroad, are the backbone of the US economy (ibid, Schiller, 1975). American

businesses have travelled abroad to influence foreign nations with their cultural values, ideals, language, consumerist ethos, and other things (ibid, Schiller, 1975: p.9). Additionally, US communication companies created international infrastructures that allow even larger US corporations to invest in and make purchases. The US media firms are the driving force behind promoting the commercial model of communications on the global stage and extending the American corporate system and its principles to all facets of the worldwide community (McChesney, 1998). With the spread of US communications, the “American interest in overseas communications from direct ownership of broadcast facilities equipment sales, management service contracts, and program exports” (Schiller, 1992: p.125). Corporate media goliaths like Disney, Bertelsmann, and Time Warner dominate the global media, both online and offline, in information, infotainment, and entertainment. These corporate media players have a significant impact and shape international communications (Bagdikian, 2004; Boyd-Barrett, 2006; Thussu, 2006).

From culture to capitalism, Tomlinson (1999) argues that media plays an essential role in shaping modern lives. Media is the heart of modern culture. Correspondingly, our lives are lived as representations of ourselves (ibid, Tomlinson, 1999: p.61). This is summarized into two key phrases by Tomlinson: culture-as-lived experience and culture-as-representation of culture and media as an “interplay of mediations” (ibid). As previously stated, the media has evolved into the primary cultural touchstone of contemporary Western capitalism due to the US’s prominence. According to Tomlinson, capitalism is a force that homogenizes these cultures. This results from Western culture’s media dominance and “mass-mediated culture” globalisation (ibid, 22). Subsequently, as pertinently argued by Tomlinson,

globalisation produces a globalised culture through cultural imperialism, not a global culture (ibid, 25).

Nevertheless, since the middle of the 1980s, there are academics argue that the idea of Western media dominance cannot be sustained in light of the current process of globalisation, which many parties and media flows characterize. Recently, there has been much interest in the growing influence of popular cultures from non-Western nations including Mexico, Brazil, and South Korea (Ang, 1985; Straubhaar, 1997; Spark, 2007; Jin, 2015; Iwabuchi, 2016). This results in an increase of non-Western countries in the global flow of cultural products (Jin, 2015).

Koichi Iwabuchi (2008) argues that we have shifted from the western gaze to the global gaze in which the globalisation process brings the emerging currents of transnational cultural flow. The presence of global cultural consumption is distributed unevenly and is difficult to demarcate. Instead of globalisation, scholars who share similar arguments as Iwabuchi began to identify the inter-mix between local cultures and global processes. This process is known as “glocalisation.” According to Artz and Kamalipour (2013), “glocalisation” indicates that “cultures, communities, and other regional entities continue to contribute to a global culture” (ibid, p.7) as they discover cultural responses from homogeneity to hybridity. Robertson’s (1995) studies look at glocalisation in economic term, such as micro-marketing, which is the customizing and advertising of products and services on a global basis to differentiate local and niche markets. To present products and services in different local markets simultaneously, Aksoy and Robins (1992) argue that global companies should “transcend vestigial national differences and create standardised global markets while remaining sensitive to the peculiarities of local markets and differentiated consumer segments” (ibid, p.18). Straubhaar (1997) claims that glocalisation does not lead to

homogenisation. However, it shows that soap operas that originated from the West are adapted to local conditions and fundamentally carry messages about local cultures. In sum, the western gaze that has long been dominating modernity in the non-Western world is now dissolving into a global gaze that is in opposition to either a condemnation of cultural imperialism or cultural domination for Western cultural superiority (Iwabuchi, 2016).

Another line of argument is that globalisation produces the process of cultural hybridisation. Cultural hybridisation in the study of cultural industry involves the process of localisation, which is defined as “the ways in which forms become separated from existing practices and recombine with new forms in new practices” (Rowe & Schelling, 1991: p.231). Cultural hybridisation has been existed in history, however, had been obscured by imperial and civilizational orthodoxies, or official narratives as practiced by the post-colonial states in Southeast Asia (Francis Loh & Ojendal, 2005: pp.6-7). Hybridisation is a “counterweight to the introverted notion of culture, a factor in the reorganization of social spaces, the emergence of new social practices of cooperation and competition, evoking new cultural imaginings of the ‘in- between’, the ‘interstices’, etc.” (ibid). That is to say, the mixes between cultures of the society as responses to counter the imposition of a capitalist culture in which the hegemonic states exercise under the rubric of globalisation.

Nevertheless, there is a subtle but significant difference between glocalisation and cultural hybridisation. According to Roudometof (2016), hybridisation involves the blending of diverse cultural elements without specifying their origins, whereas glocalisation entails a deliberate fusion where one element is distinctly local. This distinction is crucial for understanding cultural processes in a globalized world, where local elements are not merely submerged within global ones but are integral to creating

new, hybrid identities. This nuanced distinction is further explored by Daya Kishan Thussu (2006). While glocalisation focuses on the strategic adaptation of global processes to local realities, cultural hybridisation, as discussed by Thussu, underscores the emergence of new cultural forms through the creative combination of diverse cultural elements. This hybridisation process not only transforms local cultural expressions but also impacts global cultural practices, fostering a more interconnected and multipolar cultural world.

Thussu (2006), in his book *Media on the Move: Global Flow and Contra-Flow*, challenges the traditional narratives of media globalisation that often emphasise Western dominance. He introduces the concept of “contra-flow”, highlighting how non-Western media centers are becoming significant players in the global media landscape, producing content that flows into Western markets and influences Western media practices. This contra-flow is not only a form of cultural exchange but also a manifestation of glocalisation, where local media productions gain global visibility and impact global culture. This can be categorized as representing subaltern flows.

Incorporating Thussu’s critique into the broader conversation, glocalisation can be seen as a complex process where global media entities adapt their content and operations to local contexts, not simply to exploit market potentials but to resonate with local cultures and social norms. This process involves a reciprocal exchange where local cultures are not passive recipients but active contributors to the global media landscape, challenging the homogenizing effects of globalisation. However, Thussu (2006) highlights that despite the efforts of local voices to challenge dominance, they often have limited impact. The influence of large companies, particularly American ones, continues to grow, which could lead to the erosion of local culture and diversity, with certain cultures becoming more widespread. Thussu (2006)

emphasises that as American culture becomes more dominant, it might adapt to appear more friendly and acceptable, potentially making people more accepting of capitalism. Moreover, Thussu (2013), in *Communicating India's Soft Power: Buddha to Bollywood*, further explores how countries like India leverage their cultural industries as tools of soft power. This aligns with the concept of cultural hybridisation, where traditional cultural elements merge with modern global influences to create appealing, hybrid cultural products with significant global appeal. Thussu's analysis shows how Bollywood films, Indian music, and television programming blend local cultural narratives with global cinematic techniques and narratives, engaging both global and local audiences in a dialogue that promotes cultural understanding and integration.

In the contemporary digital era, cultural hybridisation and glocalisation are deeply intertwined with digital mediation and platform logics. Digital platforms such as YouTube, TikTok, and Spotify are not mere distribution channels but active agents shaping cultural hybridity by privileging certain aesthetics, content forms, and fan engagement practices aligned with global neoliberal capitalism (Jin, 2023; Oh & Park, 2023). These platforms influence which hybrid cultural products gain visibility, encouraging production companies like SM ENTERTAINMENT and HYBE to strategically engineer K-pop content that aligns with algorithmic preferences while maintaining culturally resonant Korean signifiers. This fusion of cultural hybridity with platform capitalism reveals a complex negotiation of local-global power relations mediated through digital technologies, which transforms how cultural flows are experienced and produced.

Building on this, Jin (2015) argues that K-pop's cultural hybridity is not only the result of traditional glocalisation processes but also fundamentally shaped by the affordances and limitations of digital platforms. K-pop routinely fuses Western genres

like hip-hop, EDM, and pop with Korean language, choreography, and aesthetics, creating a hybridised product that is globally accessible yet still marked by national identity. These hybrid forms are actively rewarded by algorithmic logics that privilege high engagement, visual spectacle, and familiar stylistic norms (Dal & Yoon, 2017; Jin et al., 2021). Thus, hybridity in K-pop is simultaneously a cultural and platform-driven construct, tailored for visibility in a competitive digital attention economy.

Importantly, this hybridisation is not a purely organic or decentralised phenomenon. It is also shaped by top-down institutional and national strategies. South Korea's government, particularly through the Ministry of Culture and KOCCA, has actively supported the export of hybrid cultural content as a strategic form of soft power and economic development (Jin, 2015). This state-mediated glocalisation reframes K-pop not just as a cultural product, but as a geopolitical and economic asset carefully engineered for global markets.

Digital fan participation further expands the dimensions of glocalisation. Fans serve as cultural intermediaries by translating lyrics, subtitling videos, creating fan edits, and circulating K-pop content across national boundaries. This participatory culture blurs the line between producers and consumers, extending glocalisation into a space of co-creation, albeit one still structured by platform metrics and commercial imperatives (Jin, 2021). K-pop's digital spread thus exemplifies a feedback loop in which fan practices and platform algorithms mutually reinforce the production and reception of hybrid cultural content.

However, hybridity is not always a smooth or celebratory process. Scholars such as Kraidy (2005) caution against romanticising hybridity as inherently progressive or emancipatory, noting that it often conceals asymmetrical power

relations. In the case of K-pop, while hybrid aesthetics are celebrated for their innovation, they are frequently shaped by global capitalist demands and racialised expectations that may dilute or commodify Korean identity (Jin, 2016; Yoon & Jin, 2023).

Additionally, the notion of cultural ‘odourlessness’ proposed by Iwabuchi (2008) where cultural products shed national markers to enhance transnational appeal is complicated in K-pop. While hybridised, K-pop often retains distinct Korean linguistic, visual, and performative elements that resist total assimilation into a generic global pop format. This indicates a more complex cultural negotiation where Korean identity is not erased but tactically foregrounded, depending on market contexts.

At the same time, K-pop’s hybridisation is not immune to critique. It faces ongoing tensions around cultural appropriation, questions of authenticity, and the commodification of identity, highlighting that hybridity is a site of ideological struggle as much as innovation. These frictions underscore that cultural flows in the digital age are not unidirectional or harmonious, but deeply embedded in power structures that shape how culture is created, consumed, and contested.

2.3 Cultural Flows and Power Plays: The Critical Theoretical Framework

The theoretical foundation of this research is rooted in the critical political economy of communication, which interrogates the intersection of capitalism, media power, and cultural production. This perspective builds on early works by Schiller (1975), McChesney (1998), and Bagdikian (2004), who critique the consolidation of media ownership and the role of transnational corporations in shaping cultural flows.

More than a descriptive approach, critical political economy challenges the ideological undercurrents and structural inequalities embedded within global media systems.

Fundamentally influenced by neo-Marxist and Gramscian traditions, this approach considers media as a vehicle for maintaining ideological hegemony whereby dominant capitalist states (particularly the US) project their cultural values globally to sustain economic and political supremacy (Hardy, 2014; Fuchs, 2022). Gramsci's (1971) notion of cultural hegemony is particularly instructive here, highlighting how mass culture, under capitalist conditions, becomes instrumentalised to manufacture consent, naturalise inequalities, and reproduce dominant ideologies. This aligns with Schiller's (1975) and McChesney's (1998) articulation of cultural imperialism, whereby American media exports not only entertainment but also the underlying ideologies of consumerism, neoliberalism, and individualism.

Recent scholars like Christian Fuchs (2022) and Des Freedman (2021) extend these critiques to the digital age, illustrating how the global dominance of tech conglomerates such as Google, Meta, and Netflix echoes earlier patterns of US cultural imperialism, albeit through algorithmic control and surveillance capitalism. As Fuchs (2022) argues, digital capitalism has intensified cultural imperialism, not dissolved it, by embedding Western ideologies within algorithmic systems that govern visibility, desirability, and monetisation of content worldwide. This theoretical orientation is significant to understanding how platformisation, namely a key mechanism of K-pop's global rise that it operates within structures of power that reproduce, rather than resist, global hierarchies.

Building on this, recent empirical studies foreground the role of institutional strategies, capital flows, and platform power in shaping K-pop's global dissemination.