

## CHAPTER I

### INTRODUCTION

#### 1.1. Background

Diplomacy in the era of globalization has undergone significant changes, multinational corporations have become actors that play a role in the dynamics of international relations. Multinational corporations play a strategy in an international structure in building cross-border cooperation with various stakeholders called corporate diplomacy. In this phenomenon, South Korea has become a global actor that has succeeded in bringing this strategy in international relations. Their strategy is known as the Korean Wave (Hallyu) which spreads South Korean culture through multinational corporate agencies to different parts of the world. From K-pop music, Korean dramas, fashion, to culinary as a tool of diplomacy, the lives of young people in many countries make South Korea the mecca of their lifestyle, including Indonesia. One of the actors of this success is SM Entertainment, which runs corporate diplomacy not only for cultural expansion, but as an economic strategy in encouraging creative industry cooperation with partner countries such as Indonesia.

According to Witold j Henisz, corporate diplomacy requires the cooperation of companies to establish strategic relationships with various stakeholders, such as governments, local communities, the media, and international organizations, to create dynamics that are conducive to business continuity while expanding cultural and economic influence.<sup>1</sup> Corporate diplomacy is not only about doing business with the market in consumption but also in efforts to shape public perception, in international cooperation, and in global social and political legitimacy in order to be able to adapt and be accepted by the public. Through this deployment, SM Entertainment integrates

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<sup>1</sup> Deniar, S., Effendi, T., & Kusuma, S. (2019). Cultural Diplomacy Strategies: Looking into Korean Entertainment Company SM Entertainment. Proceedings of the First International Conference on Advances in Education, Humanities, and Language, ICEL 2019, Malang, Indonesia, 23-24 March 2019. <https://doi.org/10.4108/EAI.23-3-2019.2284904>.

creative economy strategies, in forming mutually beneficial cooperative relationships with partner countries. In the midst of increasingly complex global dynamics, companies are no longer just economic entities, but also strategic actors in international relations. This phenomenon is known as corporate diplomacy, which is a company's approach to establishing strategic relationships with stakeholders across countries, both governments, local communities, media, and social institutions. This concept places the company as an active actor in shaping public perception, promoting values, and contributing to the creation of cross-cultural cooperation. According to Henisz, corporate diplomacy is a systematic process to build positive relationships with external parties that can affect the success and sustainability of a business, especially in the context of the global market. Henisz emphasized that modern companies must be able to build social reputation and legitimacy through a collaborative approach that includes cross-cultural communication, management of social issues, and informal political interactions.

As the company's role in the global order evolves, this refers to a business model that is not only profit-oriented, but also carries a social mission, sustainability, and cultural transformation. The company makes technology, creativity, and human values the foundation in operating in a global society. In this context, companies like SM Entertainment not only disseminate entertainment products, but also carry cultural narratives, build cross-border social connectivity, and be part of modern diplomacy based on collaboration and innovation. The urgency of this approach is even stronger in the post-pandemic era and digital revolution, where the world faces global challenges that require the involvement of all actors, including the private sector, in creating cross-border solutions. SM Entertainment is not only known as a pioneer of K-pop, but also as an actor who plays a role in cultural diplomacy that develops and creates unique

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competitiveness through innovative content, which makes South Korean culture able to compete in the international arena.<sup>2</sup>

Through its globally recognized capabilities, SM Entertainment is able to reach the international market while expanding the diplomacy, culture, and values of the country by its multinational corporations. Therefore, in corporate diplomacy, business and culture go hand in hand. The country that has been massively influenced by Hallyu, is not completely hegemonic by this culture but becomes a two-way relationship, the formation of a space for collaboration and cooperation in the creative industry between the two countries. In the form of new relevant relationships in international relations, because it is based on culture and innovation, the creative industry has become a strategic sector in global economic development that relies on creativity, innovation and cultural values as the main tools. However, for South Korea, the creative economy is not the only driver in the domestic economy, but it is an instrument of cultural diplomacy to expand the influence of the country's image at the global level. SM Entertainment itself incorporates Korean cultural values into the entertainment products of creative industry content producers, thus becoming a catalyst for cross-border cooperation through its corporate diplomacy.

In Indonesia, the cooperation of South Korean multinational companies opens up great opportunities in strengthening the local creative economy, in mutually beneficial cultural exchanges. This interest is increasingly evident in the collaboration between the two countries, so it is very important to know how the Corporate Diplomacy strategy carried out by SM Entertainment in Indonesia. With the creative economy sector in Indonesia growing rapidly, the government must continue to improve the creative industry subsector in the country's economic growth as an economic pillar in diplomacy that is able to compete in the future. SM Entertainment provides influence in the local industry such as auditions, local talent training, and

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<sup>2</sup> Pramadya, T. P., & Oktaviani, J. (2021). Korean wave (hallyu) and youth perceptions in Indonesia: The role of South Korean media and public diplomacy. *Insignia: Journal of International Relations*, 8(1), 87-100.

content production collaborations.<sup>3</sup> Not limited to just concerts on stage and ticket purchases from fans, this collaboration is an enhancement of the local creative industry in technology, digital distribution, and modern diplomacy. Therefore, the transition approach from one-sided cultural diplomacy hegemony to international cooperation based on innovation and creativity. SM Entertainment's corporate diplomacy is a bridge in improving the creative economy to a new understanding of international dynamics, in the role of non-state actors and the global creative industry. This research will illuminate a new space in contemporary international relations based on profitable collaboration in the economic field and strengthen bilateral relations in social and cultural fields.

However, many previous studies still position the object of corporate diplomacy as passive, especially the influence of South Korea's diplomacy strategy. The focus of previous research has generally only described the impact of K-pop culture, without looking at the mutually beneficial trade-offs. Meanwhile, creative industry cooperation should be studied more deeply, such as the role brought by SM Entertainment's Corporate Diplomacy in Indonesia. This study describes the role of corporate diplomacy that affects the local creative industry that is collaborative. Through this approach, Indonesia becomes an active partner that is not passive or only a consumptive market. This perspective is very important in the dynamics of contemporary international relations that create two-way relationships between actors of multinational corporations in a country that generate profits in various fields, especially the local creative industries. Based on a report by the Ministry of Tourism and Creative Economy, there are 17 subsectors in this industry, including music, fashion, film, animation, and applications that run over time.<sup>4</sup> The Korean Wave phenomenon enters and influences the dynamics of innovation, consumption, and even

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<sup>3</sup> Prawiraputri, F. D. K., & Meganingratna, A. (2021). The Role of SM Entertainment as a South Korean Public Diplomacy Media in Indonesia. *LINO Journal of International Relations: Southeast Asia and the Dynamics of Multidimensional International Relations*, 1(2), 120-136.

<sup>4</sup> Mahmudy, W., Purnami, P., Nugroho, W., & Tama, I. (2022). The Evaluation of Technology Startup Role on Indonesian SMEs Industry 4.0 Adoption Using CLD-ABM Integrated Model. *Sustainability*. <https://doi.org/10.3390/su14148462>.

business patterns in Indonesia's creative economy. This shows that South Korea's corporate diplomacy in Indonesia is not one-way (static), but has the potential to develop the creative industry.

This diplomacy was realized through various state support for creative companies such as SM Entertainment, which later became the forefront of disseminating Korean cultural products. Through synergy between the public and private sectors, Korea builds infrastructure that supports the systematic export of culture, ranging from music, drama, fashion, to entertainment technology. Thus, the creative economy plays a dual role, as a sector of economic growth and as a medium of international diplomacy. This diplomacy is also practical and market-based, SM Entertainment actively collaborates with various parties, including NGOs and foreign governments, to expand the influence of Korean culture.<sup>5</sup> The success of this approach has become a model adopted by various other countries, including Indonesia, which is now beginning to realize the importance of the role of the creative industry in shaping the nation's image and establishing productive international relations. This is where SM Entertainment's position becomes very important as an actor who brings Korean cultural values and products in the framework of economic relations and global diplomacy. Through a visionary business strategy, SM Entertainment became a major catalyst in the success of Hallyu, which was later adopted by other entertainment companies in Korea.<sup>6</sup>

Similar to ministries in Indonesia, the domestic side in South Korea always encourages this profitable creative industry collaboration, one of which is KOCCA (Korean Creative Content Agency) which supports this policy until it is known as the

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<sup>5</sup> Permatasari, I. (2022). Hallyu And Multitrack Diplomacy Of South Korea By SmEntertainment. *Kybernology : Journal of Government Studies*. <https://doi.org/10.26618/kjgs.v2i2.9625>.

<sup>6</sup> Kusuma, S. (2019). *Business Strategy of Entertainment Companies as an Instrument of Diplomacy (Study on SM Entertainment Company in South Korea)*.

backbone of South Korea's cultural diplomacy in the field of its creative economy.<sup>7</sup> This approach positions the two countries as partners and capable of a culture that makes economic power through creative economy collaboration through corporate diplomacy. K-pop production, drama, and fashion, being a pioneer in the spread of hallyu is certainly a difference in non-traditional cultural diplomacy in shaping perspectives, expanding influence, and cross-border networks, which effectively project its soft power to Indonesia.<sup>8</sup> As a very strategic partner, Indonesia is an important market for South Korea's creative industry, with a high population, active social media consumers, and enthusiasm for the South Korean entertainment industry, Indonesia is not underestimated by producers and policymakers in South Korea. However, a perspective that only positions Indonesia as a market or business object is no longer relevant in understanding the dynamics that are happening today. Therefore, Indonesia is present as a collaborative partner in building an active creative economy, especially in the potential meeting point in SM Entertainment's vision and Indonesia's creative economy policies in the fields of music, performing arts, film, and animation.<sup>9</sup>

Therefore, it is important to examine SM Entertainment's corporate diplomacy practice as an instrument of creative economy cooperation between the two countries. Placing corporate diplomacy as a strategic space between South Korea and Indonesia collaboration in this field, is not hegemonic, but reciprocal in the values of creative industry production, cultural promotion, exchange of ideas, which always contribute to improving the creative economy in contemporary international relations.

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<sup>7</sup> Nisrina Siswanto, F., & Amalia, N. R. (2024). The Role of KOCCA (Korea Creative Content Agency) as been Implemented in the Spread of South Korea Culture by the Means of the Creative Industry: chapter II development of the creative industry in south korea and potential of KOCCA (Korea Creative Industri Agency). *Mediation Journal of International Relations*, 7(1).

<sup>8</sup> Nisrina Siswanto, F., & Amalia, N. R. (2024).

<sup>9</sup> Koster, S., Fahmi, F., & McCann, P. (2017). Creative economy policy in developing countries: The case of Indonesia. *Urban Studies*, 54, 1367-1384. <https://doi.org/10.1177/0042098015620529>.



## **1.2. Problem formulation**

Based on the background that has been described, the formulation of the problem in this study is as follows:

What is the role of SM Entertainment's corporate diplomacy in encouraging creative economy collaboration between South Korea and Indonesia?

## **1.3. Research Objectives**

Based on the above background, this study aims to:

To describe the role of SM Entertainment's corporate diplomacy in encouraging the formation of creative economy collaboration between South Korea and Indonesia.

## **1.4. Research Uses**

### **1.4.1. Academic Usefulness**

Contribute to the study of international relations, especially on non-state diplomacy and the creative economy.

### **1.4.2. Practical Uses**

Provide an overview to industry players and policymakers about the importance of creative economy cooperation based on corporate diplomacy.

## **1.5. Literature Review**

### **1.5.1. Previous Research**

1. Corporate Diplomacy: The Role of SM Entertainment through New Culture Technology in South Korean Public Diplomacy, Maharani, Putri (2020)

The author previously argued that corporate diplomacy is a strategy used by companies in building relationships between the government, society, and other stakeholders to achieve business goals and strengthen the company's image. This theory is related to the concept of public diplomacy, in which companies act as non-state actors influencing international relations through business and cultural activities. Corporate diplomacy plays an important role in the era of globalization, where multinational corporations can become important actors in international

diplomacy.<sup>10</sup> In this context, SM Entertainment implements a corporate diplomacy strategy to expand the influence of the Korean Wave in the international market, especially NCT (New Culture Technology), including Indonesia.

Referring to the study of Maharani and Putri (2020), there are similarities in understanding the view of Corporate Diplomacy. However, in contrast to approaches that tend to focus on cultural promotion and strengthening national interests, this study discusses the main focus on how such strategies can contribute to building creative economy collaboration between South Korea and Indonesia. In this case, corporate diplomacy is not only a tool for expanding cultural influence, but also a bridge for economic cooperation based on the exchange of ideas, talents, and creative products. This perspective opens up new space in understanding the contribution of global companies in the cross-border creative economy ecosystem more comprehensively.

2. Kim, Tae Young & Dal Yong Jin (2016). "Cultural Policy in the Korean Wave: An Analysis of Cultural Diplomacy Embedded in Presidential Speeches."

This study examines how the South Korean government leveraged cultural policies, particularly through presidential speeches from 1998 to 2014, to support the spread of Hallyu as an instrument of cultural diplomacy. Kim and Jin highlighted that creative industries such as K-pop music, television dramas, and movies are being used strategically to build Korea's soft power on the global scene. In this context, major entertainment companies such as SM Entertainment and CJ E&M are playing the role of non-state actors undertaking direct diplomatic missions through cultural expansion and creative content production.

The relevance of Kim and Jin's findings is evident in the context of this study which discusses the role of SM Entertainment's corporate diplomacy in encouraging creative economy collaboration between South Korea and Indonesia. The company's activities in spreading popular culture not only have implications for strengthening Korea's image in the eyes of the international public, but also open up the path of

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<sup>10</sup> Putri, M., & Trisni, S. (2021). Corporate diplomacy: the role of SM Entertainment through new culture technology in South Korean public diplomacy. *Journal of International Relations*, 3(1), 56-71.



economic cooperation in the creative sector. Thus, SM Entertainment's approach in Indonesia can be understood as part of the practice of corporate diplomacy that contributes to the dynamics of creative economy relations between the two countries.

3. Robbani, Hayasha Zuriati. *The Impact of Korean Wave's Popularity on the Creative Industry in Indonesia for the 2020-2022 Period*. BS thesis. International Relations Study Program, Faculty of Social and Political Sciences, Syarif Hidayatullah State Islamic University, Jakarta, 2023.

Research conducted by Hayasha Zuriati Robbani (2023) entitled *The Impact of Korean Wave Popularity on the Creative Industry in Indonesia for the 2020–2022 Period* discusses the influence of the spread of South Korean culture on the development of the creative economy in Indonesia. Using qualitative methods and descriptive approaches, this study highlights how the Korean Wave phenomenon, through music, fashion, beauty, technology, and automotive, has become an instrument of South Korean cultural diplomacy.<sup>11</sup> Robbani uses the theory of public diplomacy and the concept of the creative industry to explain the role of the Korean Wave as a nation branding tool managed by both government and non-government actors. One of the important findings is the cooperation between the South Korean private sector, such as SM Entertainment, and local Indonesian companies such as Trans Corp, as well as support from the Ministry of Tourism and Creative Economy in encouraging the adaptation of Korean culture by local MSME actors.

Although both discuss the impact of Korean cultural expansion on the creative economy in Indonesia, the focus of this research lies in the popularity of the Korean Wave in general as a phenomenon of cultural diplomacy. This study has not specifically discussed the strategies of non-state actors, such as SM Entertainment, in carrying out corporate diplomacy as a form of cross-border economic-political intervention. Therefore, this research is different from the research conducted by the author, which

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<sup>11</sup> Robbani, H. Z. (2023). *The Impact of the Popularity of the Korean Wave on the Creative Industry in Indonesia for the 2020-2022 Period* (Bachelor's thesis, International Relations Study Program, Faculty of Social and Political Sciences, Syarif Hidayatullah State Islamic University, Jakarta).

emphasizes more on the role of SM Entertainment's corporate diplomacy as an economic strategy in encouraging creative economy collaboration between South Korea and Indonesia. Thus, this research seeks to make a new contribution to the study of international relations through an international political economy approach to the practice of non-state diplomacy.

4. Nisrina Siswanto, F., & Amalia, N. R. (2024). The Role of KOCCA (Korea Creative Content Agency) as been Implemented in The Spread of South Korea Culture by the Means of The Creative Industry

The research conducted by Fadillah Nisrina Nurfitria Syahputri and Novi Rizka Amalia entitled The Role of KOCCA (Korea Creative Content Agency) in the Spread of South Korean Culture through the Creative Industry (2024), discusses how the role of KOCCA as a South Korean government institution in supporting the spread of Korean culture to the international arena through the creative industry sector. This research uses a qualitative approach based on the theory of soft diplomacy and multi-lane diplomacy. In its study, KOCCA is understood to have an important role in bridging relations between the Korean government, domestic society, and the global community. In addition, KOCCA also serves as a forum for promotion and support for creative industry players, as well as a tool to build a positive image of South Korea in the eyes of the world through the dissemination of cultural content such as music, dramas, films, and animation.<sup>12</sup> The main focus of this research is how state institutions such as KOCCA are able to integrate Korean cultural values in creative products that are widely consumed in various parts of the world.

Meanwhile, this study takes a different focus by highlighting the corporate diplomacy strategy carried out by SM Entertainment in strengthening cooperation in the field of creative economy between South Korea and Indonesia. Although they have a common thread in terms of the use of popular culture as an instrument of diplomacy,

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<sup>12</sup> Nisrina Siswanto, F., & Amalia, N. R. (2024). The Role of KOCCA (Korea Creative Content Agency) as been Implemented in the Spread of South Korea Culture by the Means of the Creative Industry: chapter II development of the creative industry in south korea and potential of KOCCA (Korea Creative Industri Agency). *Mediation Journal of International Relations*, 7(1).

this study focuses more on the role of non-government actors, especially private companies engaged in the entertainment sector. If the previous research raised the institutional role of the state in cultural diplomacy, then this study seeks to explain how corporate actors such as SM Entertainment can be a catalyst in building international collaboration and opening up opportunities for cross-border creative economy cooperation. This difference in approach broadens the understanding of the practice of cultural diplomacy, not only from the government side, but also from the private sector which is increasingly influential in the dynamics of contemporary international relations.



## **1.6. Conceptual Framework**

### **1.6.1. The Concept of Corporate Diplomacy**

Corporate diplomacy is an approach used by companies to build strategic relationships with various external stakeholders, including governments, civil society, and business partners, in order to achieve their corporate objectives at the international level.<sup>13</sup> This concept was first introduced by one of the academics Witold J. Henisz, who explored how large companies can leverage diplomacy to strengthen their reputations and minimize the risks associated with their international operations. Henisz in his book *Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders*, defines corporate diplomacy as a systematic effort to build positive relationships with various parties who have an interest in the company's business activities. This concept reflects the six corporate diplomacy strategies proposed by Witold Henisz, namely: mapping stakeholders, understanding stakeholder interests and influence, building internal capacity, establishing trusted relationships, measuring and managing reputation risk, and embedding diplomacy into core strategy. Henisz argues that companies that are able to implement corporate diplomacy strategies well will have an advantage in reducing social and political risks, responding to local cultural and policy pressures, and building long-term mutually beneficial relationships. In this context, corporate diplomacy is not just a communication or public relations activity, but rather includes a strategic process involving interest mapping, cross-sector dialogue, social negotiations, and even symbolic representation of companies in relations between countries.

In the context of this research, namely SM Entertainment's corporate diplomacy in Indonesia, the company brings the value of corporate diplomacy that actively builds positive relationships with local governments, stakeholders, and business people. With business expansion in Indonesia and cooperation with Indonesian companies, SM Entertainment became an actor in corporate diplomacy as a non-state actor in

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<sup>13</sup> Henisz, W. J. (2017). *Corporate diplomacy: Building reputations and relationships with external stakeholders*. Routledge.

international relations. In addition, SM Entertainment engages in social and cultural initiatives that support local values, thus fostering sustainable partnerships. This approach not only allowed the company to expand Korean Wave's reach but also played a crucial role in managing the crisis and protecting its reputation, ensuring an effective response to controversial issues. Through these efforts, SM Entertainment can adopt a corporate diplomacy strategy to secure business continuity and contribute to the growth of the creative industry while promoting cross-cultural understanding in Indonesia. This approach is in line with Witold J. Henisz's concept of corporate diplomacy, which emphasizes the importance of building a reputation and managing relationships with external stakeholders to achieve broader goals, such as enhancing South Korea's cultural diplomacy and soft power. This integration connects the concept of corporate diplomacy with SM Entertainment's specific strategy in Indonesia, which is the basis for research on efforts to contribute to the success of the Korean Wave business and cultural influence.



### 1.6.2. Concept of Creative Economy

The idea of the creative economy has grown rapidly in the last two decades as the role of ideas, innovation, and culture in the global economy has increased. One of the most influential figures in introducing this concept in international relations was John Howkins. In his book "The Creative Economy: How People Make Money from Ideas", Howkins defines the creative economy as an economic system that relies on ideas, imagination, and creativity as the main assets in generating economic value.<sup>14</sup> For him, the creative economy sector includes fields such as music, film, design, architecture, media, and entertainment, whose main selling point does not come from physical resources, but from innovation and cultural expression. In the context of globalization and digitalization, Howkins also emphasized that the creative economy has an important role in strengthening relations between countries, because cultural products can be a tool for diplomacy, build cross-cultural understanding, and open opportunities for cross-border economic cooperation.<sup>15</sup>

John Howkins in his book *The Creative Economy: How People Make Money from Ideas* explains that the creative economy is an economic activity that relies on ideas, creativity, and innovation as the main source of added value. In his view, ideas can be produced, distributed, and traded like commodities, as long as they are protected by intellectual property rights. Sectors such as design, music, film, architecture, advertising, and software are included in the scope of the creative economy, according to Howkins. He emphasized that in the global and digital era, the ability to manage and exploit creativity is key to creating new economic growth that does not depend on natural resources.

One of the important strategies in the development of the creative economy, according to Howkins, is cross-sectoral and cross-disciplinary collaboration. This collaboration encourages the creation of innovations that are not only based on

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<sup>14</sup> Saxon, H. (2012). Creative economy: New talent triggers regional competitiveness. *Journal of Bina Praja*, 4(2), 93-104.

<sup>15</sup> Ghelfi, D. (2005). Understanding the engine of creativity in a creative economy: an interview with John Howkins. World Intellectual Property Organization, Geneva.



individual ideas, but also the result of synergy between creative actors, technology, business, and government. For example, the collaboration between the music industry and digital platforms is creating a new distribution model that expands the reach of the global market. Collaboration can also occur between local actors and international partners, which allows for cultural exchange as well as the strengthening of local identity in creative products. Thus, collaboration is a key driver to strengthen the creative ecosystem, accelerate technology adoption, and drive sustainable knowledge-based economic growth.

In this study, Howkins' approach is used to read how the results of the culture created by SM Entertainment through K-Pop and other entertainment products are not only an instrument of soft power, but also open the path of creative economy collaboration between South Korea and Indonesia. SM Entertainment as an actor of corporate diplomacy not only exports Korean culture to Indonesia, but also becomes part of the process of exchanging ideas, talents, and creativity that encourages the growth of the local creative industry in Indonesia. This is reflected in various forms of collaboration such as content production cooperation, involvement of local artists and creators, the influence of K-Pop fashion and music trends on the Indonesian creative industry, and partnerships with digital platforms. Thus, the creative economy in the context of this research is not positioned as a passive object of foreign cultural expansion, but rather as a mutually reinforcing interactive arena between two countries, driven by the active role of transnational corporations such as SM Entertainment.

### **1.7. Basic Arguments**

The role of corporate diplomacy carried out by SM Entertainment in Indonesia represents the company's active role in building a collaborative ecosystem in the creative economy sector. Through concrete steps such as the establishment of local business units, k-pop content production collaborations, training programs and talent exchanges, to investments in the entertainment and digital technology sectors, in accordance with Henisz's approach in the view of corporate diplomacy. Diplomacy in this context is not only seen in the formation of a global image or reputation. However, these initiatives show that SM Entertainment not only utilizes the Indonesian market, but also contributes to creating a collaborative space involving domestic actors, both from the government, the private sector, and the creative community. Thus, in Howkins' concept of creative economy, this kind of interaction pattern reflects the exchange of values and the creation of shared innovations, especially in the fields of music, entertainment, and digital culture. Therefore, SM Entertainment's corporate diplomacy can be understood as a strategic instrument that plays a real role in encouraging the growth of creative economy collaboration between South Korea and Indonesia in a reciprocal and sustainable manner.

## **1.8. Research Methodology**

### **1.8.1. Research Design**

According to Moleong, the qualitative approach aims to understand phenomena in a natural context by involving the interpretation of the meaning contained in them.<sup>16</sup> to examine how the corporate diplomacy strategy implemented by SM Entertainment contributes to creative economy collaboration between South Korea and Indonesia. The research focus is directed at collaborative practices that reflect strategic partnerships, not just unilateral expansion. Data will be collected through in-depth interviews with key informants, including representatives of SM Entertainment, Indonesian creative industry players, K-pop fans, as well as experts in the fields of creative economy and cultural diplomacy. In addition, the research will utilize document analysis from various sources such as company reports, news articles, academic publications, and industry reports to gain a comprehensive understanding of the dynamics of this cooperation.

The collected data will be analyzed using a thematic analysis approach to identify the patterns, strategies, and impact of corporate diplomacy on the development of the creative economy ecosystem in Indonesia. This research aims to provide a deeper insight into SM Entertainment's role as a non-state actor in strengthening cross-border creative economy networks, as well as highlight Indonesia's active position in forming mutually beneficial collaborations.

#### **A. Descriptive Research**

This study aims to describe the phenomenon of SM Entertainment's corporate diplomacy strategy and its contribution to creative economy collaboration between South Korea and Indonesia. The main focus is directed at how this strategy is implemented in the context of stakeholder relations, how Indonesia's response and involvement as an active partner is responded, and how these initiatives impact the development of the creative industry in Indonesia. This research will describe in detail

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<sup>16</sup> Moleong, L. J., & Moleong, L. (2019). *Qualitative Research Methodology Revised Edition*. Bandung: Remaja Rosdakarya. PT. Remaja Rosda Karya.

the forms of collaboration that are established, ranging from joint production, talent training, to the formation of a creativity-based economic ecosystem. By examining the various dimensions of SM Entertainment's involvement, this study reveals how corporate diplomacy can strengthen cultural and economic connectivity between the two countries through non-governmental channels.

#### **B. Exploratory Research**

This research is also exploratory because it discusses a relatively new and not widely studied phenomenon, namely the role of corporate diplomacy in encouraging cross-border creative economy cooperation. The exploratory focus is on how the corporate diplomacy practices run by SM Entertainment can create equal and mutually beneficial collaboration opportunities between South Korea and Indonesia, especially in the music, digital entertainment, and popular culture sectors. This research is expected to broaden understanding of the strategic role of corporations in international diplomacy, as well as highlight how a business approach based on culture and creativity can strengthen the positions of both countries in the global economic ecosystem. Thus, this research offers a new perspective on corporate diplomacy as a relevant instrument in shaping sustainable creative economy cooperation.

#### **1.8.2. Research Object**

The object of this research is SM Entertainment's corporate diplomacy in carrying out its business expansion in Indonesia and its strategic role in encouraging creative economy collaboration between South Korea and Indonesia. Therefore, this research will focus on how SM Entertainment builds partnerships, develops networks, and runs collaborative initiatives that reflect the practice of corporate diplomacy in the realm of the creative economy, by positioning Indonesia not only as a market, but as an active partner in the creation of shared value.

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### **1.8.3. Data Collection Techniques**

#### **a. Document Study**

Analyze official documents, media reports, and academic literature to understand the context and dynamics of cultural relations between South Korea and Indonesia.

### **1.8.4. Data Analysis Techniques**

In this study, the data analysis technique used is content analysis. According to Krippendorff, content analysis is a systematic and objective research method to quantify and analyze the content of communication, both explicitly and implicitly. This technique is particularly relevant in the study of international relations which involves the interpretation of symbolic meanings, narratives, and communication strategies of non-state actors.<sup>17</sup> This technique was chosen to examine in depth the corporate diplomacy strategy implemented by SM Entertainment in the context of its business expansion and collaboration in Indonesia, as well as how the strategy contributes to strengthening creative economy cooperation between South Korea and Indonesia. Content analysis was conducted by examining various documents, official reports, company publications, news articles, and relevant academic literature, to identify the main patterns, narratives, and strategies used by SM Entertainment in building cross-border partnerships. Through this approach, the research is expected to be able to reveal how SM Entertainment's corporate activities are connected to the dynamics of the creative economy in Indonesia, as well as how corporate diplomacy can create mutually beneficial relationships for both countries in the economic and cultural framework.

### **1.8.5. Writing Systematics**

To provide a systematic overview, this research is arranged in three chapters as follows:  
CHAPTER I: Introduction

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<sup>17</sup> Krippendorff, K. (2018). Content analysis: An introduction to its methodology. Wise publications.

This chapter discusses the background of the research that highlights the importance of SM Entertainment's corporate diplomacy strategy in fostering creative economy collaboration between South Korea and Indonesia. It also presents a formulation of problems, research objectives and benefits, literature review, conceptual frameworks that combine the perspectives of corporate diplomacy and creative economy, research methodology, hypothesis, research object and design, as well as data collection and analysis techniques used.

#### CHAPTER II: SM Entertainment's Corporate Diplomacy and the Dynamics of Creative Economy Collaboration

This chapter describes SM Entertainment's corporate diplomacy strategy in the context of its business expansion in Indonesia, including cooperation with local partners, investments in the entertainment sector, and the promotion of Korean culture through media, content, and training programs. Furthermore, this chapter also outlines how such strategies can occur, and the importance of creative economy collaboration.

#### CHAPTER III: Analysis of the Role of Corporate Diplomacy Strategies in Supporting South Korea-Indonesia Creative Economy Collaboration

This chapter presents an in-depth analysis of the findings presented in the previous chapter, using the conceptual frameworks of Witold J. Henisz on corporate diplomacy and John Howkins on the creative economy. The analysis focused on the relationship between SM Entertainment's strategy and the dynamics of creative economy collaboration between South Korea and Indonesia, as well as the extent to which these approaches form a mutually beneficial partnership.

#### CHAPTER IV: Conclusion

This chapter summarizes the main findings of the research as a whole and conveys the conclusions of the analysis results. In addition, this chapter also provides recommendations that can be used as a basis for further research and as input for actors involved in cultural diplomacy and cross-border creative economy development.