Interconnection between motives and performances of internationalisation processes

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Interconnection between motives and performances of internationalisation processes

Abstract
Over the last thirty years, scholars vigorously attempted to theorise internationalisation of the firm based on analysis of firms’ internationalisation processes. Many studies attempt to explain the motives of firms’ decisions to commence internationalisation processes. This is because motives are triggered by both internal and external forces or factors that a firm’s decision-makers take into account when considering whether to initiate the internationalisation process. Scholars in this field argue that although the vast majority of studies around internationalisation processes capture firms’ activities upon actual commencement of the internationalisation process, they overlook the actual factors that lead firms to initiate such processes. This paper attempts to dismantle the internationalisation processes of a cultural firm and to explore interconnection between motives and performances of internationalisation processes. The paper stipulates that firm’s internationalisation processes are interlinked to forces/factors of both internal and external environment.

Keywords
Interconnection, between, motives, performances, internationalisation, processes

Disciplines
Business

Publication Details

This conference paper is available at Research Online: https://ro.uow.edu.au/gsbpapers/163
Interconnection between Motives and Performances of Internationalisation Processes

Abstract
Over the last thirty years, scholars vigorously attempted to theorise internationalisation of the firm based on analysis of firms’ internationalisation processes. Many studies attempt to explain the motives of firms’ decisions to commence internationalisation processes. This is because motives are triggered by both internal and external forces or factors that a firm’s decision-makers take into account when considering whether to initiate the internationalisation process. Scholars in this field argue that although the vast majority of studies around internationalisation processes capture firms’ activities upon actual commencement of the internationalisation process, they overlook the actual factors that lead firms to initiate such processes.

This paper attempts to dismantle the internationalisation processes of a cultural firm and to explore interconnection between motives and performances of internationalisation processes. The paper stipulates that firm’s internationalisation processes are interlinked to forces/factors of both internal and external environment.

1. Introduction
The importance of understanding factors affecting a firm’s decision to internationalise is vital as it flows through the internationalisation process and becomes one of the pivotal determinants for measuring the performance of the firm’s internationalisation activities (Zou and Stan 1998; Yip, Biscarri et al. 2000). Yip et al. (Yip, Biscarri et al. 2000) stress the importance of strategic planning to the firm’s decision to internationalise as they claim motivation does not come on the spur of the moment but as a result of the firm’s continuous efforts to gather relevant information until the time is right.

Prior to commencing the task of conceptualising the internationalisation processes of firms, a fundamental question for managers of firms that seek to expand their markets internationally would be about what triggers their needs (both internal and external) to consider internationalisation. They would then go into more specific questions such as whether they are in a position to meet those needs. Although studies around internationalisation processes capture firms’ activities upon actual commencement of the internationalisation process, they overlook the actual factors that lead firms to initiate such processes (Bilkey 1978; Wiedersheim-Paul, Olson et al. 1978). The studies of factors causing firms to initiate internationalisation have been extensive since Bilkey (1978) and Wiedersheim-Paul et al.’s (1978) work on conceptualising pre-export activities and behaviour of firms. Following on from their work, Cavusgil and Naor (1987) summarise why firms succeed or fail to export by studying extensively the factors leading firms to export or not to export, hence explaining implicitly the consequential relationship between motive and performance. Aaby and Slater (1989) and Zhou and Stan (1998) then explicitly tested factors discussed in Bilkey’s work (1978) with export performance using various financial and non-financial measures of export performance. A more recent study by Fletcher (2001) summarises the motives of firm internationalisation in more depth with an extensive review of past literature, then categorises them into four factors: management characteristics; organisation characteristics; external impediments; and external incentives. Although different researchers in categorising various factors into summary have adopted different terms, broadly there are two main factors of motives for internationalisation. The first is internal environmental factors that focus on the firm’s capacity, capability, resources, competitive advantages and competencies. The other is external environmental factors such as government activities, market dynamics (economic and socio-cultural) and international trade barriers (Bilkey 1978; Zou and Stan 1998; Fletcher 2001). Although the above-mentioned studies focus explicitly on export as a means of internationalisation, and its applicability to other modes of entering internationalisation have not been tested, it still offers a meaningful foundation for studying the pre-internationalisation activities of the firm.

As discussed above, a number of studies discussing the motives for internationalisation also deal with its link to the firm’s performance. This is because motives represent, in different words, the firm’s goals and objectives for internationalisation (Zou and Stan 1998; Wolff and Pett 2000; Hsu and Boggs 2003). Despite the large volume of existing publications that discuss the determinants for internationalisation performance, there is still no clear conclusion on how to measure internationalisation performance (Zou and Stan 1998). Zou and Stan (1998) provide three broad groups of performance measurements which are then categorised into seven more specific categories. The three groups are financial measures consisting of sales, profit and growth; non-financial measures consisting of perceived success, satisfaction and goal achievement; and the last group is a composite measure based on the overall scores of a variety of performance measures. Although Cavusgil and Zou’s (1994) recent study recommends using more perceptual measures of overall internationalisation performance based on organisational goals, sales, profit and composite measures are still found to be the most frequently used measures (Zou and Stan 1998). Whereas financial measures attempt to measure direct results such as sales and profit, which are explicit, organisational learning as an outcome of internationalisation performance, discussed by Ruigrok and Wagner (2003), are indirect and implicit results. One of the key aspects of Johanson and Vahlne’s (1977; Johanson and Vahlne 1990) internationalisation
process model discusses knowledge and organisational learning as the key trigger for firms to increase their market commitment as the firm progresses through higher levels of internationalisation. Although there are difficulties in measuring those factors explicitly and proving the direct linkage between a firm’s internationalisation activities and their relation to performance, there are empirical studies such as Cavusgil and Zou’s (1994) work that depicts those factors to be significant success factors in internationalisation performance and in the overall process of internationalisation.

Although not very apparent in Western countries, since the mid-1990s Korean cultural products have been flowed into neighbouring countries like China, Taiwan, Japan and Hong Kong to the extent that a name was created for the phenomenon: ‘Hallyu’ – Korean Wave (Wikipedia 2006). Such a phenomenon has attracted much attention from Korean scholars in order to identify the motives/sources (Ha and Yang 2002; KOFICE 2005), trends (Lee 2005; Lee 2006; Sham 2006; Gil 2007), and ways to develop/sustain (KOFICE 2005; Lee and Won 2005; Park 2005) the Hallyu. However, those studies have all based their theoretical frameworks either from social sciences, communication studies, cultural studies or political economy, and in fact none of the studies closely examined it by applying the perspectives of business and management studies not IB alone. This study has selected one of the leading cultural firms - Munhwa Broadcasting Corporation, or MBC - contributing to the Hallyu phenomenon in Korea in order to capture vast aspects of the internationalisation processes of cultural firms comprehensively and chronologically. Hallyu doesn’t appear to be just a momentary boom in Korea’s neighbouring country—mainly East Asia—but current trends reveal that the phenomenon has dispersed into South East Asia and even to the Middle East and Eastern Europe (Suh, Kwon et al. 2005). Some scholars even claim that the success of Korean cultural products so rapidly dispersing into foreign markets resembles the success of Hollywood and makes Korea the Hollywood of Asia (Ha and Yang 2002; Lee 2006; Shim 2006). As this study analysed the internationalisation processes of MBC since its inception in 1961 up until the current period, including the periods of birth of Hallyu, by applying internationalisation theories of the firm as the primary conceptual framework thereby contributing to under researched IB fields.

2. Theoretical Frameworks and Research Questions

As discussed earlier, the aim of this study is to dismantle the internationalisation process of cultural firms and to seek their applicability to exiting theories of internationalisation. As the process can be broken down into three main components—starting point, way stations and ending point—the theoretical framework will be drawn to serve as an analytical tool for each path of the process. Having discussed that MBC has shown evidence of successful internationalisation performance, the research question into the concept of the starting point for MBC’s internationalisation process becomes the following:

What are the motives and pre-internationalisation activities of MBC prior to its engaging in internationalisation processes?

Theories attempting to explain way stations of internationalisation processes of firms take the largest parts of conceptualisation. Naturally, this is because the way stations involve actual delivery of international processes based on their motives. Some of the key questions that the decision makers of firms would raise are: where should the firm go? (choice of location); how should it enter? (mode of entry); and, what needs to be done? (processes). Without a doubt, previous studies around the above-listed questions encompass the bulk of research into internationalisation processes. However, as this study is focused on analysing the overall pattern and firms’ activities in internationalisation processes, more emphasis will be placed on the analysis of sub-processes which make up the overall processes hence applying the following question.

How did MBC’s internationalisation processes progress over their historical development? What activities have MBC performed?

Motives are closely linked with performance because motives become the foundation for firms’ initiation of internationalisation processes; as such, performance is a reflection of whether motives have been fulfilled or not (Zou and Stan 1998; Wolff and Pett 2000; Hsu and Boggs 2003). Yip et al. (2000) assert that the internationalisation performance from one stage of the process becomes the firms’ possession of competitive advantages prior to commencing subsequent internationalisation processes. Apart from more obvious performance indicators such as financial measures, as discussed by Yip et al. (2000), performance enhances firms’ competitive advantage by providing knowledge supposedly obtained from the prior experience of completing one process. Teece et al. (1997) in their dynamic capabilities theory explain one of the fundamental sources of capabilities is the firm’s possession of experiential learning and tacit knowledge which can’t easily be imitated by competitors, thus becoming a sustainable competitive advantage that the firm exploits. Although there are difficulties in measuring those factors explicitly to prove a direct linkage between firms’ internationalisation activities and their relationship to performance, an empirical study of Cavusgil and Zou’s (1994) argues that the possession of firm-specific tacit knowledge is one of the significant success factors of internationalisation performance and also of the overall process of
internationalisation. We arrive at the following question from taking these conceptual frameworks into consideration:

*What are the internationalisation performance indicators of MBC? How has that performance influenced the subsequent internationalisation processes of MBC?*

As briefly identified above, internationalisation processes are subject to internal and external factors of environmental change. Although changes in internal resources and capabilities of firms and the strategy that the firm consequently chooses to implement can be sufficiently explained by the conceptual frameworks discussed above, the vast majority of external environmental sources that are beyond the control of the firms leave a fundamental question. What are the underlying sources of those external environments that firms are exposed to and how do they affect firms’ resources and capabilities? Although the various IB theories discussed above offer compelling explanations to four of the key aspects of internationalisation processes of cultural firms defined for this study, they nevertheless offer only perspectives based on firms’ behaviours/activities. Effectively, it seems there is an insufficiency of IB discipline’s explanatory power to offer comprehensive reasons for internationalisation processes of culture firms due to their inability to capture conceptual theories around the outer contexts of firms. Attempting to answer the above questions regarding the external environment will certainly offer more comprehensive answers about why firms behave in certain ways, having a more comprehensive understanding of outer contexts which affect firms’ behaviour.

*What are the underlying sources of both internal and external environmental factors/forces which affect the internationalisation processes of MBC? How are they interrelated and interlinked?*

### 3. Case Findings

#### 3.1 Motives of Internationalisation Processes of MBC

Although Bilkey (1978) and other followers of his work focused on and attempted to explain the motives of pre-internationalisation, this study has applied and found that such factors/forces not only triggered motives at the stage of pre-internationalisation processes but also throughout the various routines of the processes as they evolved.

Within the context of MBC, the motives for initiation of MBC’s internationalisation process came from two factors. Firstly, there were internal factors: in order to compete against its only competitor KBS, MBC deployed differentiation strategies since its inception. In addition to the development of various programs with different approaches to production—for example those involving audience interaction—quality improvement of programme content was also an essential part of MBC’s differentiation tactics. As a consequence, MBC internationalised the content of its news programme as a means of making its programme quality stand out from the competition. MBC adopted internationalisation activities (more specifically inward internationalisation) as one of the fundamental activities as part of their capability building strategies which later became their competitive advantages (MBC 1992). The other factors were external ones interrelated to the previously mentioned internal factors in a cause-and-effect relationship. As MBC entered the Korean broadcasting industry, thereby dismantling the monopolistic structure of the industry, it had only one competitor: KBS. Because KBS was financially subsidised from government sources, MBC was significantly disadvantaged in term of access to financial resources. In addition, under an authoritarian government, the institutional environment restricted activities of MBC if they were seen to threaten market position of KBS. MBC then explored various other avenues in order to sustain its presence in the market, leading it to initiate the process of internationalisation discussed above. There is also clear evidence that at various other stages of MBC’s internationalisation process, the continuation of its motives in applying differentiation strategies adapted existing internationalisation activities and also initiated new modes. Especially at the dynamic stages of MBC’s internationalisation post 1990s, where export activities were paramount, the motives of MBC at the time were to look for an opportunity outside an intense domestic market. Obviously, changes in domestic market structures which had called upon MBC’s motives to further develop its internationalisation processes, such as exporting, would necessarily become one of the external factors to MBC’s motives. In fact, the cause of changes in domestic market structures was identified to be the consequence of government regulations. However, without MBC’s prior knowledge earned from many years of internationalisation experiences, which has evolved to become one of the internal capabilities possessed by MBC, this possession itself becomes one of the internal factors of motives. As discussed here, applying the theories and concepts enumerated above, the motives for a firm’s internationalisation process come from internal as well as external factors which may be closely interlinked, as demonstrated, or independent as the sole factor (MBC 1992).

#### 3.2 Performance of the Internationalisation Processes of MBC

It is found that one of MBC’s motives at the dynamic stage of its internationalisation process was the possession of prior knowledge of international markets gained from earlier experience. This was explained as one of the internal capabilities possessed by MBC. Referring back to Cavusgil and Zou’s (1994) argument that tacit knowledge is one of the significant success factors of internationalisation performance, which this study also supports. It also proves
Interconnection between Motives and Performances of Internationalisation Processes

there are clear interlinks between performance of one instance of the process becoming a motive for subsequent processes. Although MBC’s export activities became very active from the mid-1990s, considering MBC initiated other means of internationalisation activities from as early as the 1960s shows that MBC had built up over thirty years of experience in international markets. Knudsen and Madsen (2002) emphasised that firms should not neglect the knowledge acquisition trait of internationalisation activity even if such activity fails to generate accounting returns, because knowledge can affect a firm’s capability over the longer term. Application of this proposition is supported by MBC’s case, since at the earlier stages of its internationalisation process MBC was not seeking an accounting return as both motives and performance measures of its internationalisation activities they had routinely performed. Hence, there is sufficient evidence to prove that MBC’s success in the rapid growth of its export activities since 1995 can be explained by the corporation’s possession of tacit knowledge and the experience that it had gained. This factor also contributes to the dynamic capabilities theory, as MBC’s knowledge and long years of experience would have contributed to its expertise, in turn becoming one of the key assets that MBC was able to exploit at the later stages of its internationalisation process and beyond.

3.3 Environmental Forces on Internationalisation Processes of MBC

MBC’s internationalisation has been clearly shown to have developed in evolutionary patterns with sets of different activities routinely performed throughout its development stages of MBC itself. MBC’s success expanding into foreign markets should not be perceived as an unexpected phenomenon of windfall proportions to the extent this paper has identified. As shown in Table 4, MBC demonstrated the progressive development of MBC’s internationalisation process and performance, MBC’s progress in intensifying its internationalisation processes is the result of MBC’s continuous efforts and routines. Performance results from processes, and the processes make up a group of activities that a firm performs throughout the various stages of its development. The activities that MBC performs as part of its overall processes as it evolved aren’t driven purely by the will and direction of MBC itself; there are also environmental forces that have led MBC to perform such activities. These forces are the source and are fundamentals to influencing MBC’s internationalisation processes and performances.

3.3.1 External forces to the internationalisation processes of MBC

Interestingly, but also understandably, one of the forces exerting the most influence on corporate affairs within MBC has come about from changes in the political regimes in Korea. Since its inception in 1961 until the late 1970s, a continuation of authoritative regulations over the Korean broadcasting industry was a hindrance to the autonomy of Korean broadcasters. This was more apparent in the case of MBC because it deployed different broadcasting practices to those at KBS, which was a state-owned enterprise, and any potential competitive threat to the business of KBS was restricted through government regulation of such practices. In early years of MBC’s inception, MBC’s programming content was under stringent control, and the hours allocated for broadcasting certain genres were restricted by the regulations. Unfortunately, most of regulations imposed on MBC contradicted the broadcasting practices and corporate culture of MBC. Changes in political regimes not only affected MBC’s practices but also changed its ownership structures. Compared to the 1970s, much of the stringent controls placed on the broadcasting industry had softened due to the democratic movement in the political regimes of the 1980s. Much of internationalisation activities of MBC had been conducted during this time, especially before and after the 1986 Asian Games and the 1988 Seoul Summer Olympic Games. In the early 1990s, liberalisation of broadcasting regulations had continued and the entry was granted to new private terrestrial broadcasters and new media channels such as cable and satellite broadcasting, making significant changes to the structure of the Korean broadcasting industry. Evidently, changes in the structure of the Korean broadcasting industry had no doubt been shaped mostly by changes in government ruling parties and its political agenda regarding the practice of broadcasting.

Changes in government policies imposed on MBC and the Korean broadcasting industry overall had two different agendas. One is policy development relating to industry regulations, practice monitoring and protection of viewers’ interests, conducted by Korean Broadcasting Commission (KBC) – a government body regulating Korean broadcasting industry. The other concerns policies that promote development of the broadcasting industry by offering financial and regulative support for various parties to the Korean broadcasting industry, which are conducted also by KBC and the Ministry of Culture and Tourism (MCT). MCT’s promotional policies became more apparent from the mid-1990s when Hallyu came to the notice of government and there was a push to develop and sustain the phenomenon. Whereas KBC’s policies were geared more towards the infrastructural development of Korean broadcasting industry, MCT was focused largely on the development of cultural content and the internationalisation of such content to foreign countries.

The changes in the international institutional environment, especially the conduct of WTO has played a major role in MBC’s internationalisation processes. As WTO is a facilitator of global trading activities in goods and services, including cultural goods, changes which bind member countries in its conduct relating to trading activities must be adhered to. Apart from the terms of trade of WTO, more bilateral agreements between specific parties of trading
partners were more apparent in terms of the restrictive terms of trade for audio-visual goods. Such trends stimulated the formation between neighbouring countries of regional trading blocs such as APEC, NAFTA and ASEAN. The upshot of discussion on changes in the global trading environment and institutional changes is that the internationalisation processes of MBC are faced with certain limitations beyond its will-power and capabilities. This also means that institutional changes in the global trading environment and an individual country’s market conditions are vital factors affecting the international processes of cultural firms owing to the nature of cultural products.

As emphasised earlier, an understanding of the dynamics of consumption of cultural goods is more crucial to an understanding of the dynamics of production, as cultural goods are interpreted (consumed) differently from one consumer to the next. Changes in television viewers’ behaviour, together with the emergence of new media for watching television, forced terrestrial broadcasters to alter its business practices in an effort to sustain its position in the market. One of the motives of MBC’s internationalisation, besides building competitiveness in the domestic market as explained previously, is the ever-increasing intensity of competition that was forcing MBC to look beyond a saturated domestic market.

In addition to the importance of understanding changing dynamics in the domestic market, MBC also had the task of understanding the patterns of international consumption as the market expanded to include foreign markets. It was identified that four of the primary international markets for MBC—China, Hong Kong, Taiwan and Japan—had each displayed different industry structures and institutional environments. Although China is where Hallyu originated, that country is applying the most stringent measures to control the inflow of Korean cultural products. Taiwan displays unique market structures with less stringent government barriers, with the result that there is a high success rate for Korean cultural products. In Japan, industry and market structures are very similar to those of the Korean broadcasting industry, though in terms of both market size and expenditure the volume of trade in cultural products is significantly higher than that in Korea. Japan is considered a gold mine for the Korean broadcasting industry due to the size of its market economy. Although the size of the market in terms of export revenue is nowhere comparable to the abovementioned primary export markets of MBC, newly emerging South East Asian markets have been receiving more attention from MBC recently.

In addition to changes in market dynamics, one of the focal forces of the broadcasting industry will have to be the changes in broadcasting technology over recent years. This is especially so with the convergence of the broadcasting and telecommunication industries blurring the distinctions between the two industries, and new business models emerge progressively as digital technologies get more sophisticated. MBC’s early adaptations of advances in broadcasting technologies demonstrated its proactive approach towards changes in technology. In the early stages of its development, MBC focused strongly on extending its coverage by establishing regional transmission networks where MBC had the capacity to build such infrastructure from the composition of locally-sourced abandoned equipment, as well as self-developed equipment.

### 3.3.2 Internal factors to the internationalisation processes of MBC

One of the biggest forces of change to MBC’s internal structures has been the waves of changes to MBC’s equity structures since its inception in the 1960s and even up to the early 1990s. As the equity holders are the driving force behind organisational direction in a firm, changes in equity holders may also lead to changes in the characteristics of the firm. Soon after MBC entered the Korean broadcasting industry in 1961 as the first privately owned and operated terrestrial broadcaster, MBC’s private owner Ji-Tae Kim voluntarily donated his equity holdings to a government-linked private institution in 1962. As MBC wasn’t subsidised by government as was KBS, building capability and achieving operational efficiencies was the main focal point of MBC’s attention throughout the 1960s and 1970s. The second wave of major changes in equity structures happened in 1974 as a result of the merger between MBC and Kyung-Hyang Newspaper Corporation (KNC). In effect, one of the positive outcomes of the merger was that MBC become the first ever comprehensive media giant in Korea. The challenge, however, was that MBC had difficulties in integrating two distinctively cultured organisations after the merger took place. As from previous management directions of MBC, achieving operational efficiencies again became the principal focus of MBC, however this time it was aimed towards efforts to eliminate the wasteful resources that became obsolete after the merger.

In 1981, another major government intervention in media industry restructure led to a de-merger of MBC and KNC, and also portions of equity holdings was donated to the government which was then passed on to KBS, thus making MBC under control of KBS. In addition, the compulsory acquisition of regional MBC network broadcasters was forced by the government. In effect, MBC took equity control of regional MBC networks which used to be privately owned and in so doing increased its capacity. However, even under the direction of KBS, MBC retained its corporate culture from its beginnings and maintained its position in the market. During the 1980s, three of the key directions of MBC portrayed by MBC directors were listed as increasing the scale and process of drama productions,
enhancing the quality and variety of programme productions, and promoting local programme production of MBC regional networks. However, it was clear that even though changes in the equity structure of MBC had impacted on its operations and practices, the organisation’s core strategies, culture, spirit and motto, which had been set in the early stages of its foundation, had been maintained throughout. The changes in the organisational structure of MBC, which are geared towards achieving the strategic directions of MBC have direct implications. It was found that the shape of changes in the organisational structure of MBC clearly reflected MBC’s strategy implementation at different stages of its development. On several occasions MBC made changes to its divisional and hierarchical structure to gain maximum efficiencies, as required in its strategic direction discussed above. Also, several changes of organisational structure relevant to the internationalisation processes of MBC are evidence that its commitment to internationalisation activities has increased significantly. The creations and shift in certain umbrella of corporate structures of organisation units dealing with internationalisation processes have evolved from mere co-ordination units to an establishment of wholly-owned separate entity.

3.3.3 Interactions of External and Internal Forces of Internationalisation Processes of MBC

As far as findings from the case study of MBC and their relevance to the internationalisation processes theories are concerned, the study identified sufficient evidence to demonstrate in its structures that both MBC’s external and internal factors show the evolutionary development of MBC’s internationalisation process. In addition, discussions from the previous sections discussed clear evidence of how motives and performance are interlinked and affected by the internal and external factors/forces of MBC throughout the different stages of its internationalisation process. It is clear that MBC was confronted with dynamically changing external environments such as institutional, technological, market dynamics, industry structures and inter-country relationships. Some of them challenged, some dictated, and some enriched the various stages of the internationalisation process of MBC. Most importantly, however, those forces led MBC to integrate, build and reconfigure internal resources and capabilities to act upon and draw out the best possible strategies. For example, one of the most competitive products of MBC in the local market was found to be its drama programs, as identified from various performance measures. As MBC possessed competitive advantages in its drama productions, it supported reasons for its success in the market. In addition, such factors also explain how MBC became very successful at exporting drama genres even in international markets. External factors for MBC to be so competitive in drama production lead back to its motives of foundation. Since its inception, MBC has deployed differentiation strategies with market-oriented programme development, and MBC’s strength in drama production was evident from the very early stages of its operation. As broadcasting technologies underwent rapid development, MBC proactively adopted and utilised its production capabilities which in turn effectively increased the production quality. MBC’s drama export activities were also supported by the Korean government’s initiatives to promote the internationalisation of Korean cultural products, working to stimulate international market demand through inter-country relationships and offering various financial supports as well as hosting cultural fairs. As demonstrated here, various aspects of certain internationalisation processes (in this case, exporting) are interlinked via various activities of MBC. However, it is clear that throughout the history of MBC’s internationalisation process, there has been constant adjustment to MBC’s resources and capabilities according to both internal and external forces/factors of change, as stipulated by Teece et al.’s (1997) central proposition of dynamic capabilities theory.

4. Conclusion

International flows of cultural goods, particularly audio-visual goods including motion pictures, television programs, music and other pop culture, have increased dramatically since the 1970s. Not only has this phenomenon impacted upon the economic attributes of some nations, as exemplified by the United States taking centre stage among media giants, but it has also raised global concerns about the threat of ‘cultural imperialism’ to the heterogeneity of national identities and cultural values. Still, trade barriers to audio-visual goods do exist in many countries, and ongoing battles between the US and its counterparts and the EU and their counterparts seem to continue unabated. As discussed above, with the discipline of international business being unable to explain comprehensively the reasons for the internationalisation processes of culture firms, this paper has attempted to show how this insufficiency can possibly be remedied. Although the various international business theories discussed above offer compelling explanations for four of the key aspects of the internationalisation processes of cultural firms defined for this paper, they nonetheless offer only macro perspectives of the internationalisation processes in general. By no means are theories obliged to encapsulate even the micro-details of firms’ internationalisation processes to explain the underlying sources of environmental forces affecting firms’ capabilities. However, this paper demonstrated that some of the environmental factors/forces naturally dictate the scope of firms’ behaviour. For example, government regulations dictate the scope for local practices by broadcasting firms in local markets. Similar applications are also evident from foreign markets when broadcasting programs are traded internationally. These forces in fact become applicable industry-wide, not specifically to individual firms.
Interconnection between Motives and Performances of Internationalisation Processes

As international business theories are centred mostly on explaining the behaviour of firms as the central object, inevitably even the effects of various outer contexts are viewed from the eyes of the firm rather than the nature of contexts themselves. For instance, the dynamic capabilities theory’s proposition puts an emphasis on the forces of environmental change because they affect firms’ behaviour, thereby the theory itself takes a reactive stance in the eyes of the firm as recipients. The question of why those particular forces in fact do exist cannot be explained or captured by any of the theoretical frameworks applied in international business disciplines. Addressing such a question will surely offer more comprehensive answers as to why firms behave in certain ways, often a fundamental question for scholars attempting to theorise about the behaviour of firms. Although this paper isn’t exhaustive enough to theorise about the internationalisation processes of cultural/creative firms, it does clearly emphasise that an interdisciplinary approach is necessary to explicate the subject much more comprehensively.

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