



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

Doctoral Dissertation

The Effect of
Market Orientation and Innovation Orientation
on Foreign Market Entry

February 2013

YOUNGEUN PARK

College of Business Administration
The Graduate School
Seoul National University

Abstract

**The Effect of
Market Orientation and Innovation Orientation
on Foreign Market Entry**

YOUNGEUN PARK

**College of Business Administration
The Graduate School
Seoul National University**

This dissertation focuses on finding market orientation and innovation orientation which affect the difference of decision making of entry into foreign market in game industry which is a creative industry. Game industry, one of cultural-content industry which is considered as a typical knowledge-based industry, is not like the overseas expansion of traditional manufacturing industry, and has different strategy and performance of overseas expansion through a unit of product or project-based strategy. Therefore, it should be approached by each content unit, and necessary to look at the factors that make their decision makings of foreign market entry vary.

This dissertation examines 252 cases of online games in order to investigate strategic orientations, market orientation and innovation orientation for each foreign market and what entry type they chose according to the products developed at team level. This helps me analyze the factors affecting market

orientation and innovation orientation in the perspectives of creativity and absorptive capacity in comprehensive way, and notice the phenomena which use different foreign distribution strategy like licensing or joint distribution instead of exclusive distribution through local subsidiary even though company already has wholly owned local subsidiary. This supplements the limit of the existing Resource-Based View, Resource-Dependent View, and traditional international business theories such as Transaction Cost Theory or OLI Paradigm(Eclectic Framework), and proves how company could reduce asymmetry of uncertainty and information in creative industry and whether they accomplish successful overseas expansion according to strategic orientations.

Keywords : creativity, absorptive capacity, market orientation, innovation orientation, foreign market entry(distribution)

Student Number : 2008-30153

CONTENTS

Chapter I . OVERALL INTRODUCTION	1
Chapter II . LITERATURE REVIEW	9
Chapter III . STUDY 1	25
I . Introduction	26
II . Theory and Hypotheses	28
III . Methods	57
IV . Results	63
V . Conclusions and Discussions	70
Chapter IV . STUDY 2	73
I . Introduction	74
II . Theory and Hypotheses	77
III . Methods	87
IV . Results	91
V . Conclusions and Discussions	102
Chapter V . OVERALL CONCLUSION	105
REFERENCES	114
APPENDIX	122
국문 초록	124

TABLES

<Table 1> The Main Existing Literature on Market Orientation	17
<Table 2> Existing Literature on Creativity	31
<Table 3> Distinguishing the definition on Creativity and Innovation	35
<Table 4> Classification on research on Creativity	35
<Table 5> Structuring Factors of Absorptive Capacity	47
<Table 6> Study 1 : Observed Variables and Measurement	62
<Table 7> Study 1 : Measurement Model	64
<Table 8> Study 1 : Descriptive Statistics and Correlations	66
<Table 9> Study 1 : Result of Regression Analysis	67
<Table 10> Determinants of Entry Type	80
<Table 11> Study 2 : Observed Variables and Measurement	90
<Table 12> Study 2 : Measurement model	92
<Table 13> Study 2 : Descriptive Statistics and Correlations	94
<Table 14> Study 2 : Result of Ordered Logistic Regression Analysis	95

FIGURES

<Figure 1> Structure of Research	8
<Figure 2> Study 1 : Research Model	56
<Figure 3> Study 2 : Research Model	86
<Figure 4> Result of Scatter plot of Market Orientation and Innovation Orientation	99

Chapter I
OVERALL INTRODUCTION

Chapter I . OVERALL INTRODUCTION

1. Research Motivation and Research Purpose

Corporations introduce new knowledge not only from inner sources but also from outer sources to create advanced ideas or develop new products or process based on it. That businesses develop new products and make them successful in a market is one of important tasks to be secure of competitive advantage over constant competition by avoiding deterioration of payability due to extreme competitions and vitally corresponding to various erupting needs of customers(Im & Workman, 2004). Especially, in order for companies to satisfy the needs of various customers and increase profits in a new market through overseas expansion, the important of that even gets greater. Unfortunately, however, the business' efforts of developing new products often get end in failure instead of success, and the uncertainty due to the extreme environmental change continues to increase the risk which takes place in the process of product development leading to the performance of the business(Olson et al., 1995). The rapid development of manufacturing technology, globalized competitive environment, availability of obtaining information of consumers according to the spread of internet, and even customer needs which are diversifying and changing have high degree of uncertainty. Thus, corporations, in order to obtain continuous competitive edge , have no choice but to consider not only the capability gained from inside and outside of the business(Cohen & Levinthal, 1990; Housel and Skopec, 2001; Oliveria & Roth, 2002, etc.), but also high uncertainty of market environment(Gatignon and Xuereb, 1997; Han et al., 1998; Popper and Lipshtiz, 2000; Robbins and Coulter, 2002, etc.).

The resource-based view attempts to explain the performance through rare, hard-to-imitate, and irreplaceable unique resources(Barney, 1991), because the

difference between business and performance within the same industry lies in the resources and capability between businesses(Diericks and Cool, 1989; Amit and Shoemaker, 1993). Such resources have the characteristic of immobility at the same time, so it's the source of constant competitive edge in the market. The building of environment changing recently, however, makes the assumption that the transfer of resources is difficult the unrealistic fact, because continuous competitive advantage is difficult if the resources cannot effectively combined, rearranged or coordinated. Recently, in order to overcome the limit of such resource-based view, absorptive capacity and dynamic capacity-based view, and furthermore, creativity-based view are suggested.

First of all, creativity is the ability or idea which generates new (that is, original and unexpected), qualitatively high level, appropriate(that is, useful and meets the needs) products (Gullford, 1984; Lovelace, 1986; Mumford & Gustafson, 1988; Amabile, 1996). The team with such creativity is very important to support organizations which execute innovative task (Kozlowski and Ilgen, 2006), but although the importance and interest, most of the existing studies on creativity are the individual-level ones focusing on the characteristics of individuals. The studies on group and organizational creativity appear these days, but the integral studies on the factors affecting the representation of such creativity are still insignificant. Along with that, the creativity generated from the inside of the organization can have clearer performance when it is combined with the competence obtained from the outside of the organization. Housel and Skopec(2001), hence, insist that, in order to develop absorptive capacity, businesses should understand knowledge from the outside and apply this knowledge to the development of new products. Here, absorptive capacity is the ability to perceive, absorb and use the value of new knowledge. Also, it's the skill that can deal with and utilize silent factors of the previous knowledge, learning capabilities to digest the existing knowledge and problem solving to create new knowledge(Cohen & Levinthal, 1990). Especially, due to short life

cycle of products, flow of quick intellectual property, uncertainty of business environment because of that, and rapid change, in the entertainment or high-tech industry which requires faster flow of knowledge, the development of such absorptive capacity becomes necessary condition (Kraatz, 1998; Oliveria and Roth, 2002). This can be seen as the extension of knowledge-based view(Grant, 1996) along with resource-based view. Such views see that all businesses are the set of disparate and route-dependent resources(Ambrosini and Bowman, 2009). However, the extant papers on the creativity and absorptive capacity only focused on the analysis of the concept and measurement, not examining what effect those variables have on strategic direction and the consequences of overall businesses; they only considered the outcome variables such as performance as leading and following variables by connecting them fragmentarily.

Meanwhile, the issues of the decision of entry type to foreign markets and performance are the important matters that should be made by strategic decision making. The existing research until now, however, have strong tendency to discuss the problems of overseas expansion and foreign direct investment (FDI) confining to Eclectic Theory or OLI(Ownership, Location and Internalization) and Transaction Cost Theory(Dunning, 1993). In performance, the advanced research tend to have repeated discussion confined to international experiences of businesses, the initiative of the CEO, difference of export market environment, competitive level and capabilities of overseas distributors as the leading variables related with the foreign performance. Therefore, this study attempts to examine the perspective of approaching foreign market in the view of strategic orientation(Gatignon and Xuereb, 1997). It began as a marketing concept which should consider the view of consumers, developing into the contents as market(customer) orientation and innovation(technology) orientation(Day, 1990; Cooper, 1994; Narver and Slater, 1990; Slater and Narver, 1994; Gatignon and Xuereb, 1997). Such strategic direction is appropriate for application of cultural

contents industry which have decision making for products and units of projects, and complements the limit of the existing theories based on the overseas expansion of traditional manufacturing industry.

On the other hand, many studies have dealt with the creativity, absorptive capacity, market orientation or innovation orientation, but most of them were in the conceptual level; there weren't many studies which integrally analyzed the process from the formation elements to the result. Also, focusing on strategic orientations such as market and innovation orientations, the discussions about their leading and following variables are not agreed. Such background raises the need to approach the whole process of how creativity, absorptive capacity, and market orientation as well as innovation orientation, the strategic orientation reach the overseas market in a comprehensive view. Therefore, this study attempts to identify how the creativity and absorptive capacity in a team level affect the market orientation and innovation orientation in the first step, and in the second step, the study would like to examine how the market orientation and innovation orientation affect the selection of types of entry to overseas markets.

In conclusion, this dissertation attempts to find out leading and following factors that influence on the market orientation and innovation orientation in the area of entertainment, the creative industry which shows serious uncertainty of product development and great deviations of performance of each product. In other words, this study investigates whether or not it can discover the existence of creativity and absorptive capacity as the factors affecting the market and innovation orientations, identifying that which variables would have greater effect on the market and innovation orientations. In addition, this study attempts to find out that, although they are able to distribute exclusively with local subsidiary company, why the cases that chose the distributing methods of licensing, which has low control than that of local subsidiary company and the

difference of influences of the market orientation and innovation orientation on the decision making of foreign market entry. This dissertation, through the above, may establish strategic model that considers the creativity and the absorptive capacity in the product or team level, especially suggesting the methods for efficient, strategic investment methods for entertainment businesses which attempt to expand to foreign markets. It's expected that this will give great implications to both academic and practical aspects.

2. Research Organization

This study has begun from the question of why the strategic orientations(market and innovation orientation), which make the foundation of important decision making of businesses have differences in the cause and effect of the decision. In other words, the research is about how great effect the creativity generated in the inside of the organization and the capacity obtained from the outside of the organization(absorptive capacity) would have an effect on the strategic orientations respectively, and why the entertainment businesses with overseas local subsidiary company have different decision making on entry(distribution) for each product according to the differences of strategic orientations when distributing to overseas market. Also, in the analysis of the cause and effect of generation of the difference, it was found that the factors do not have merely one-dimensional effect but have multiple interdependency according to the goal the businesses seek. In order to analyze such contents, this dissertation is organized as follows:

Chapter I includes motivations, objectives, and general arrangement and organizations of the study.

Chapter II considers the advanced research on 'strategic orientations(market and innovation orientation)' as the main factors that can be the foundation of important decision making of businesses. In order to provide the groundwork for the design of empirical study afterwards, the implications and limitations of the above existing literature will be analyzed.

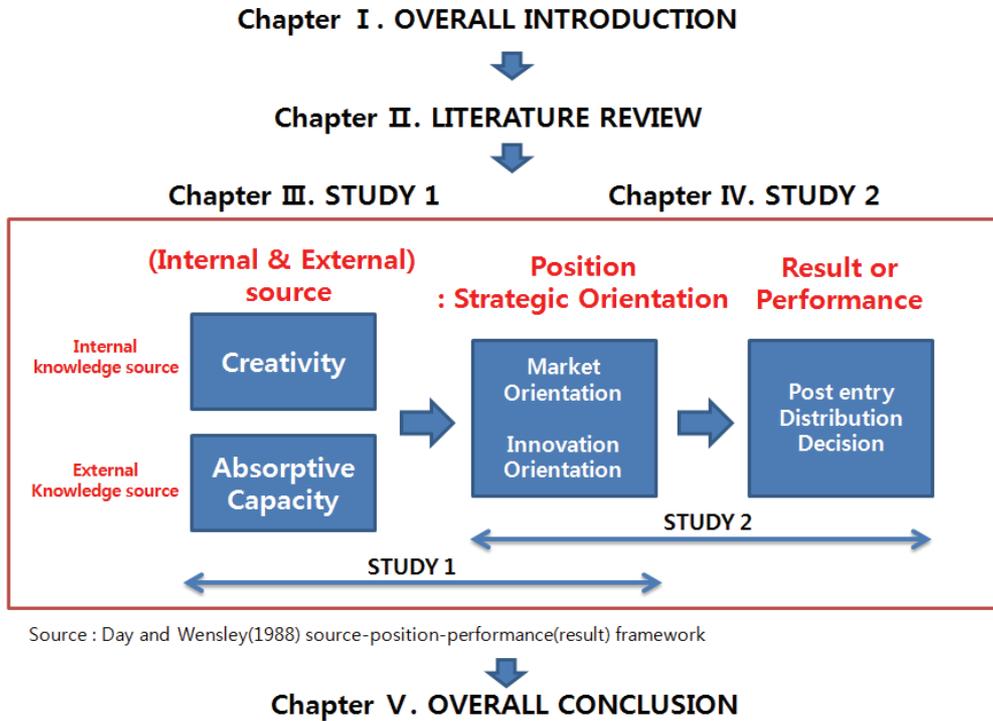
Chapter III, as the part dealing with the first empirical analysis, attempts to analyze what relationship the creativity, absorptive capacity, the market and innovation orientation have, and what influence the creativity and the absorptive capacity have, finding out the relationship between those variables. Also, the market and innovation orientation which were used as dependent variables in the first study become the independent variables in the second study and how these variables have effect on the entry into foreign market will be examined.

Chapter IV, as the part dealing with the second empirical analysis, examines what relationship the strategic orientations such as the market and innovation orientation have with the strategy of overseas market entry. First, therefore, the chapter looks at what relationships and distribution strategy the market and innovation orientation have for each product, and how they influence on the decision making of the entry(distribution) respectively.

Chapter V summarizes the overall findings of the study, including implications, limitations and discussions obtained from the study.

The structure of this dissertation is as <Figure 1> in the following page.

<Figure 1> Structure of Research



Chapter II
LITERATURE REVIEW
on Strategic Orientation
(Market Orientation & Innovation Orientation)

Chapter II. LITERATURE REVIEW on Strategic Orientation (Market Orientation & Innovation Orientation)

1. Strategic Orientation

An orientation can be defined as understanding the situation properly and perceiving the object or circumstance correctly to decide the direction to go forward. Therefore, strategic orientation of businesses is the core standard that decides nature and compass of the activities and plans of company, and at the same time, strategic direction or guideline that is implemented in order to obtain constant competitive advantage for company. Strategic orientation is considered as intangible culture or intention accumulated in managers and organization members within a company, and such culture or intention becomes potential source of company's sustainable competitive advantage(Wernerfelt, 1984; Barney, 1991).

It's not easy to define specifically what activity company should have with a certain orientation. Therefore, through the diversity and business activities that surround customers, markets and businesses, the market is seen as an aggregate of disparate groups, establishing that setting the target market as the main task. Pursuing strategic direction, company should follow by reflection the potential needs of customers who consist of the target market in the whole management policy as well as products and service must be promoted in order to realize anticipated profits and performance (Day, 1990; Cooper, 1994; Narver and Slater, 1990; Slater and Narver, 1994; Gatignon and Xuereb, 1997).

The concept of strategic orientation, which was proposed by Gatignon and Xuereb(1997) for the first time, is very close to the concept of the market

orientation as mentioned in their paper. They attempted to combine customer orientation, competitor orientation and inter-department cooperation, the three components of the market orientation proposed by Narver and Slater(1990) and the three types of information(customer, competitor and skill) presented by Jaworski and Kohli(1993). The effort of this kind of combination existed in the past, and the typical one was the study by Deshpande and Farley(1996). However, they attempted to describe the concept of market orientation as the concept of 'customer orientation,' focused on the behavior of customers by conducting meta-analysis on the extant studies on market orientation. Gatignon and Xuereb(1997) suggested strategic orientation as more comprehensive concept in order to over such limitations, arguing that not only aspects of customers, but also the technical aspects should be considered at the same time. In other words, if strategic orientation is defined as expression of strategic mind of business, accumulate as business culture, strategic orientation should comprehensively include the market orientation and technology(innovation) orientation(Deshpande, Farley and Webster, 1993; Gatignon and Xuereb, 1997; Jeong, Pae and Zhou, 2007).

This study, therefore, divides strategic orientation into market orientation and innovation orientation. In other words, with the interest in the experience and needs of customers(users), the mind that attempts to reflect the interest in products and strategies is market orientation; the mind reflecting new and innovative objects in the aspects of technology and product use is innovation orientation. Then, each of the two concepts will be discussed in detail in the following.

2. Market Orientation and Innovation Orientation

1) The Concept of Market orientation and its Measurement

Businesses should be able to correspond to the needs of market in order to sustain constant competitive advantage and outstanding profitability. Also, they must predict the change of the needs of market correctly to improve the performance of the businesses, and such business effort of implementation makes the foundation of market orientation. 'Market orientation,' which first appeared in the beginning of the 1990, overcomes the theoretical limit of the marketing concept which has relatively conceptual and abstract characteristics(Borch, 1957; McKitterick, 1957; McNamara, 1972), and presents management thought in a new level, which suggests more specific and practical guidelines for activities(Kohli and Jaworski, 1990; Narver and Slater, 1990; Ye Jong-seok and Yoon Un-lak, 1996). In short, the market orientation means collecting information on the needs and preference of customers and implementing based on the information. According to the existing research, the market orientation, as the source of the business competitiveness, is related with the creativity, being able to make the success of new products link to the findings of performance in the organization level (Narver and Slater, 1990).

Looking at the studies until now, market orientation can be classified into behavioral perspective and cultural perspective(Griffin and Grover, 1998; Homburg and Pflesser, 2000). The former means the concept related with various behaviors in market information (Kohli and Jaworski, 1990) whereas the latter means the concept related with the characteristics of fundamental organization(Narver and Slater, 1990). According to what perspectives the researchers have on market orientation, the conceptual definition and the problem of measurement show somewhat disparate aspects. Therefore, the existing literature concerning market orientation needs to be classified in detail accordingly.

Moreover, after the conceptual definition of market orientation was suggested more specifically from the studies conducted by Kohli and Jaworski(1990) and Narver and Slater(1990), related studies have shown explosive increase. Based on it, the existing studies related with market orientation can be largely divided into three categories: The studies for conceptual clarification(Day, 1994; Jaworski and Kohli, 1996), the studies for problem solving in measurement(Kohli et al., 1993; Deshpande and Farley, 1998; Matsuno, Mentzer and Rents, 2000) and the studies related with leading factors and business performance or selection of entry into overseas market(Jaworski and Kohli, 1993; Slater and Narver, 1994; Baker and Sinkula, 2002; Tse, Sin Yay, Lee and Chow, 2003; Dimitris, 2010; Maria, Andreu and Diego, 2012).

Especially, market orientation sees the concept, measurement and dependent variables differently according to the case limiting the targeted market to domestic markets and the one expanding to foreign markets. Most of the initial studies related with market orientation developed and measured the concepts appropriate to the situation within the domestic market according to the research conducted by Narver and Slater(1990), Kohli, Jaworski and Kumar(1993), and they usually see new product performance as a dependent variable(Kirca et al., 2005). Unlike the initial studies, however, the efforts to investigate the relationship between the leading factors of market orientation and performance gain much attention recently, and especially the studies concerning the relationship between market orientation and export performance are gradually getting attention(Kwon and Hu, 2000; Cadogan, Paul, Salminen, Puumalainen and Sundqvist, 2001; Rose and Shoham, 2002; Xinming and Yingqi, 2011). Furthermore, the studies on development of concepts of export market orientation or international market orientation are vitally conducted on the basis of the existing concept of market orientation(Cadogan and Diamantopoulos and Mortanges, 1999). The appearance of such studies shows that the role of market orientation is very important in the environment where the scope of business

activities are rapidly expanded to foreign markets.

First of all, the conceptual definition of market orientation demonstrates somewhat different aspect depending on what researchers take strong view from behavioral aspects or cultural aspects(Griffiths and Grover, 1998; Humburg and Pflesser, 2000). In behavioral perspective, market orientation is defined as the activity creating various market information related with the present and future needs of customers in the level of the whole organizations, and spreading the information to all departments so that the whole organization can jointly correspond to it(Kohli and Jarworski, 1990, 1993; Humburg and Pflesser, 2000; Steinman et al. 2000; Matsuno et al. 2000; Grewal and Tansuhaj, 2001). Next, in cultural perspective, market orientation plays roles of understanding needs of the targeted customers and capacity and strategies of competitors, and then improves the capability of business which can react to them. Also, it can be defined as creating synergy effect through coordination between all functions implemented within a business. Market orientation is composed of sub factors such as customer orientation, competitor orientation and coordination between functions, and it means the organizational culture which makes the business offer excellent values to customer effectively and efficiently (Narver and Slater, 1990; Deshpande et al., 1993; Aaker, 1998; Han et al. 1998; Hult and Ketchen, 2001; Farrell and Oczkowski, 2002; Johnson et al. 2003; Im and Workman, 2004). Recently, however, there appear some studies that raise the necessity to slightly modify the research done by Narver and Slater(1990). The studies by Johnson, Lee, Saini and Grohmann(2003) and Gatignon and Xeuereb(1997), particularly, considered customer orientation and competitor orientation as components of market orientation, but did not include coordination between functions(or inter-department cooperation). In these studies, market orientation has external market-focused characteristic(Day, 1994) whereas coordination between functions means the communication within the business; they emphasized that measuring market orientation without it is desirable. Overall,

unlike the behavioral perspective in which market orientation has conceptual definition centered on overall organizational activities, the organizational perspective defines the concept of market orientation centered on the contents related with the fundamental characteristics. However, both Kohli and Jarworski(1990) and Narver and Slater(1990) provided the foundations that could solve many problems generated in manipulation of market orientation or measurements by embodying marketing concept discussed in the theoretical level before, and therefore, they facilitate a variety of empirical studies afterwards.

On the other hand, the measurement on market orientation has been expanded, focusing on the elements composing market orientation and developed by the three types of scholars since the late 1980s. The study by Narver and Slater(1990) is the one that should be the root of this area, and they viewed market orientation and business performance are mediated by core competence of business and competitive advantage. Also, they perceived that market orientation is the concept composed of the three behavior factors including customer orientation, competitor orientation and coordination between functions, developing 15 questionnaires and measured. Kohli, Jaworski and Kumar(1993) developed MARKOR through 20 questions, surveyed on executives of marketing and non-marketing, and proved it. Also, Deshpande, Farley and Webster(1993) took measurement with customer orientation to Japanese executives, contributing to the expansion of the study in this area. Jaworski and Kohli(1995) conducted an international analysis by relating leading variables of market orientation and the measurement of performance. After that, Deshpande et al.(1997) also expanded their study to the scope of international comparison.

In the beginning of the study on market orientation, most scholars only focused on the market-oriented model as an activity generated from the organizational level, but neglected whether it was generated in the domestic market situation or the foreign market situation. Hence, some researchers still

argued that the market-oriented behavior and the one in the foreign export market are ultimately one and the same (Uncles, 2000). On the concept of market orientation in the overseas expansion, however, Hooley and Newcomb(1983) stated that the way to reach outstanding export performance is only possible through the introduction of market orientation. After that, the existing literature on market orientation presented the empirical results which indicated that the firms which demonstrated the market-oriented behavior in export were more successful than competitors which did not do the same, reflecting more expanded research findings(Greenley and Foxall, 1998; Oczkowski and Farrell, 1998; Cadogan and Diamantopoulos, 1998; Thirkell and Dau, 1998; Kwon and Hu, 2000). In other words, it can be concluded that those who want to improve their export performance should increase their market-oriented behavior. Cadogan et al.(2001), therefore, emphasized in their study that the concept and roles of market orientation approached from the organizational or domestic market level should be differently applied in the level of foreign market (especially of export level), opening the door of the study of this area through a new mechanism. Racela, Chaikittisilpa and Thoumrunroje(2007) found out that the market oriented attitude of exporters increased the cooperation with their leading foreign distributors and decreased the dependence on relationships. Also, it was proved that the export performance appeared to be higher when the cooperation is increased and relationship distance is decreased. In addition, Xinming and Yingqi(2011), in their study which linked market orientation with selection of overseas markets and overseas performance, concluded that market orientation which aimed at overseas market would have better foreign performance. Therefore, in order to see the international performance as a dependent variable, the concept and measurement used in Cadogan, Paul, Salminen, Puumalainen and Sundqvist(2001), Xinming and Yingqi(2011) are often used. However, the study on market orientation in international situations is still in so much insufficient state (Kirca et al., 2005).

<Table 1> The Main Existing Literature on Market Orientation

Authors	Published Journal	Sample/Data	Measures/ Analysis Method	Definition of market orientation and Summary of Findings
Narver and Slater(1990)	Journal of Marketing	371 self-administered questionnaires top managers of 140 SBUs of a single corporation	customer orientation competitor orientation interfunctional coordination (15-item factor-weighted scale)	They find a substantial positive effect of a market orientation on the profitability of both types of businesses and they make a valid measure of a market orientation
Kohli, Jaworski and Kumar(1993)	Journal of Marketing Research	222 SBU of Maketing Science Institute(MSI)	MARKOR (free-standing 20-item scale)	They make 20-item market orientation scale(MARKOR) by a factor structure that consists of one general market behavior factor
Deshpande, Farley and Webster(1993)	Journal of Marketing	138 Japanese executives in Japan	customer orientation scale (nine-item scale)	Examines the impact of culture, customer orientation, and innovativeness on business performance of major Japanese firms. Market culture's emphasis on competitiveness and goal achievement; Adhocracy's emphasis on creativity
Deshpande and Farley(1998)	Journal of Market Focused Management	82 managers in 27 European and U.S. companies	three market orientation scales' comparison	They made the measurement of Market Orientation. The scales also seem to generalize well internationally, both in terms of reliability and prediction of Performance.
Cadogan, Paul, Salminen, Puumalainen and Sundqvist(2001)	International Research in Marketing	235 export marketing managers, the marketing managers	- market intelligence generation - inter-departmental intelligence dissemination - a firm's responsiveness activities (quantitative study using a mail survey)	The results suggest that several factors, which are unique to firms' export operations, may play an important role in influencing the firms' export market-oriented behavior. The findings also identified variables which have non-linear relationships with firms' market-oriented behavior in their export markets.
Racela, Chaikittisilpa and Thourmrunroje (2007)	International Marketing Review	388 SBUs from 279 Thai export firms in over eight industries	- market intelligence generation - inter-departmental intelligence dissemination - a firm's responsiveness activities (quantitative study using a mail survey)	Exporters' market orientation enhances the cooperation between the exporters and their major overseas distributor while minimizing their dependence and relationship distance. In addition, export performance is higher with greater exporter cooperation and lower relationship distance.
Xinming and Yingqi(2011)	International Business Review	230 CEOs /managing directors (MDs) from exporting manufacturers in Fujian, China	- market intelligence generation - market intelligence dissemination - market intelligence responsiveness	This research, drawing on the resource-based view, investigates how a firm's market orientation(MO) resources and capabilities influence the firm's international market selection (IMS) between culturally close and distant markets and how the matching of MO and IMS impacts on its international performance.
Usman, Ullah, Kayani, Haroon, Khan(2012)	Journal of Economics and Behavioral Studies	370 export marketing managers, the marketing managers	- market intelligence generation - market intelligence dissemination - market intelligence responsiveness	The study focuses on the marketing mix and market orientation on export performance due to the significance of foreign businesses The authors concluded that the practical implementation of export's marketing strategies identically facilitated the companies for future success.

2) Concept of Innovation Orientation and Measurement

First of all, innovation is the act of creating idea, task, function and objects, developing and implementing them (Damanpour, 1991; March, 1991). Especially, Schumpeter (1934, 1950) said that innovation is 'creative destruction,' and it included new ideas, new technology, new products and advancement of new market. Thompson (1965) defined innovation as new ideas, process, products, creating of service, acceptance and implementation, and Roger (1983) saw the innovation as the idea, practice and subjects which were perceived as new things to potential users or adopters. Marquis (1969) defined innovation as a unit of technological change, and the first firm that adopted innovation as innovator. Twiss (1992) mentioned that invention must be successful in a market in order to be changed into innovation, including successful commercialization in the definition of innovation. Burgelman, Maidique and Wheelwright (1995) defined innovation as the combined activities that lead to marketable products, service, new manufacture and distribution system, and the consequence of innovative process as innovation.

The reason the definitions of innovation vary is that the definition of it has been applied differently depending on the subject or research objects of researchers. Also, the study on innovation can be divided into 'diffusion study,' 'innovation study,' and 'process study' (Wolfe, 1994). One step from 'innovation,' 'innovation orientation' may be seen as the degree firms pursue innovation; the term has been mixed and used through the existing literature on innovation for 35 years, and the concept is slightly different depending on the approaches of strategy and organizational innovation (Hurley and Hult, 1998; Sigauw, Simpson and Enz, 2006; Zhang and Duan, 2010).

In the strategic view, innovation orientation has been considered as one of strategic directions or types sought by businesses. Miller (1986) suggested

innovation as one of strategic dimensions through literature study related with strategy. In resource-based view, innovation orientation has been studied as the concept of innovative capabilities. Christensen(1995) divided innovative assets into research asset, process-innovative asset, product-innovative asset, and aesthetic design asset. Sen and Egelhoff(2000) classified the innovative ability into product innovation and process innovation, and measured R&D capacity compared to competitors based on subjective judgment. Concerning the innovative capabilities, absorptive capacity was presented by Cohen and Levinthal(1990). The studies on theoretical approach towards organizational innovation has been conducted since the late 1970s. When their studies are classified, they can be widely divided into innovation adoption, characteristics of innovation, characteristics of innovative organizations, determinants/related variables of innovation, the source of innovation, innovation process and types of innovation. In such studies, innovation orientation has been widely used as the concept of innovation of organization.

However, the beginning of using the term innovation orientation distinguished from innovation is more recent case. Miles and Snow(1978), Snow and Hrebiniak(1980), McDaniel and Kolari(1987) saw innovation orientation as the main dimension of speed that changes their products and markets, corresponding to changes of environment. Manu(1992) explained that innovation orientation is overall innovative program of firms, adding that it provided strategic directions in dealing with market. Also, Manu and Sriram(1996) conceptualized innovation orientation as a complex component structure which consists of the orders of introduction of new products, R&D expenditure, and market entry. They asserted that the single variable classification on innovation cannot explain the complexity of innovation fully. Berthon, Hulbert and Pitt(1999) conceptualized innovation orientation with the term technical advantage. In other words, they saw it as energy investment of firms for making and improving advantageous products. Hurley and Hult(1998) considered innovation orientation as openness to new

ideas according to aspects of business culture, and Hurley, Hult and Knight(2004) saw it as the ability to introduce new process, products or ideas. Also, Homburg, Hoyer and Fassnacht(2002) saw innovation orientation as the function of the numbers businesses suggest for 'how many innovations they offer to consumers,' and 'how strong the innovation was emphasized.' Moore and Cardona(2002) considered innovation orientation is composed of the entrepreneurial intent and innovation climate. The entrepreneurial intent here means the connection point of strategic intentions of businesses in order to make modulation of products or new products, as well as make the existing products suitable for new market, and innovation climate is sharing common missions where new ideas are encouraged. More recently, Sigauw, Simpson and Enz(2006) actualized the concept based on the existing research on innovation orientation, suggesting a multidimensional model of innovation orientation in integrated view. They proposed the model composed of learning philosophy(wide understanding of organization on learning, thinking, obtaining and changing within a firm for innovation), strategic directions(the future-oriented concept for strategic belief and understanding encouraging the activities of organization to make innovation at right time), and transfunctional acclimation(the functional sphere of innovation-oriented companies should be led by unique and embedded knowledge structure).

On the other hand, one of the main issues about innovation and innovation orientation is measuring these concepts. According to the existing studies, the innovation is usually measured in three ways: investing R&D, patent and released new products. Hageoddm(2003) said that actually the intersection of the three is the performance showing innovation, but it's actually difficult to measure it, so it's preferred to measure each of the three spheres respectively.

If we look at each one of them, the investment of R&D is measured by expenditure of activities of R&D or the intensity of R&D. This is the figure

that directly shows the effort of R&D because it leads to the outcomes such as patent or development of new products. However, since it's not the measurement of innovation performance, the direct outcome, it may not be accurate.

Second, patent is most frequently used for measuring innovation, and the number of patent the firm retains or the numbers of citation are the basis of the measurement. However, many scholars discussed the weakness and bias of using the number as it is, and they found out that they cannot reflect national and industrial differences and behavioral differences of large companies and small and medium-sized firms regarding patent, and the different importance between each patent(Hagedoorn, 2003). It's the most direct and effective way to measure innovative activities regarding new technology, products and process, so it's the most widely used measurement in the existing research despite the limitations mentioned above.

Finally, new products use database made based on the announcement of the release. The reason the measurement of new products is better than that of patent is that the one-to-one relations are not established between patent and product; patent is the injection of innovative process but may be difficult to function properly as an outcome(Deeds and Hills, 1996). The things to be careful when measuring the number of new product releases is the problem of validity; there may occur the problem of validity in database, so it must be examined thoroughly(Hagedoorn, 2003).

The measurement of innovation orientation along with the measuring of innovation is normally obtained by survey (Capon et al., 1992; Hurley and Hult, 1998; Berthon et al., 2004; Human and Naude, 2010), or measured by quantitative data including order of market entry, new products and R&D cost(Manu, 1992). Among them, many studies used ICON(Innovation-Customer OrientatioN) scale or the items developed by Hurley and Hult(1998) to measure innovation orientation. According to the items developed by Hurley and Hult(1998), the

questions as 'Do they accept technical innovation based on the result of research easily,' 'Does the management actively seek innovative ideas,' 'How is the will to punish the acceptance and failure of new ideas,' 'those who suggested ideas that do not yield good performance should receive penalty,' and 'are the innovative matters are perceived as high-risk' make the score.

3) Study on the Relationship between Market Orientation and Innovation Orientation

Research on the relationship between market orientation and innovation was discussed by several scholars, However, these findings have been classified into three without convergence as follows.

First, in view of the conflict relationship between market orientation and innovation orientation, researchers argue that it cannot provide insight into the rapid innovation and long term R&D because market-oriented is short term. This argument is based on the logic that customers know the current needs, but are unaware that the needs of the future and who are customers is difficult to recognize in advance even though innovation aims to develop the potential market. Tauber(1974) described that marketing research findings are interpreted as the look of market, however, rapidly innovative new product is outlier according to the survey result, and this is inhibited the commercialization of innovation. Also, market orientation encourages the development of noncompetitive imitation product rather than real innovation, so it has been argued that it gives rise to the negative result on the performance of organization according to Bennett and Cooper(1979)'s research. Brownile and Saren(1992) insisted that market signal doesn't represent the future product requirement of future customers. Frosh(1996) criticized market or customer orientation makes R&D program short-sighted. In addition, other researchers

argued that to hear the voice of the customer closely in the current market can be formed the barriers in the commercialization of new technologies. As a result, it leads to decrease competitiveness (Bower & Christensen, 1995). Hamel and Prahalad(1991) expressed these risks are the tyranny of the served market. According to Lawton and Parasuraman's empirical research(1980), they did not find any significant results from the relationship between market concept and product innovation.

Next, the complementary relationship between market orientation and innovation orientation has been pointed out in the theoretical study. In particular, the existing research related to innovation was understood marketing as a complementary asset of the innovation activities of enterprises(Teece, 1986). Market orientation is a major factor in the success of new product(Cooper, 1994). It's desirable to encourage the participation of the customer in the process of generating new ideas(von Hippel, 1986). Also, connecting development process with early adopters can make improve the success of the market and market orientation is important for the choice of technology and technology upgrades(Lee, Cohen & Maness, 1999). In other words, learning from the market has been said to reduce the uncertainty of radical innovation(O'Conno, 1998). Recent empirical studies also demonstrate a positive relationship between market orientation and innovation orientation. Atuaheen-Gima(1996) proved that market orientation reduces the compatibility between customer's needs and new product, and, it has an effect on the adoption rate of product and the success of innovation. Gatignon and Xuereb(1997) suggested that market orientation has the meaningful relationship with the success of the innovation depending on the degree of interdepartmental coordination. Li and Chen(1999) demonstrated that learning from customers, competitors positively affects the competitive advantage of new product and market performance.

In some studies, however, market orientation and innovation orientation are

recognized as an each separate configuration, or innovation orientation is recognized as a sub-dimension of the concept of market orientation, or market orientation is recognized as an antecedents. Deshpande, Farley and Webster(1993), Berthon, Hulbert and Pitt(1999) discussed that market orientation and innovation orientation are distinct constructs. According to Fitz(1996)'s research, there existed the weak relationship between market orientation and innovation orientation, however, both orientation exerts a strong influence on the performance.

Chapter III

STUDY 1

Chapter III. STUDY 1

I . Introduction

Overseas market has many differences in culture, economy and social environment, compared to domestic market. Because of these causes, it's not easy to understand the market environment or consumers of the field correctly and exert proper competitive strategy to create competitive advantage of the firm. The greatest reason the prominent global enterprises in the world experience bitter failures in the course of attacking overseas market comes from the difference of markets.

Moreover, the change of world market environment including drastic technological change, intensifying global competitive environment, and diversity of consumer needs aggravate the difficulty of businesses which attempt to enter overseas market, requiring completely different thinking and strategy. Especially, unlike the past, as the business activities based on consumers, the interest and understanding of overseas market environment or consumers become the most important factor to create competitive advantage.

Due to the series of changes of environment, the management strategies of businesses which attempt to enter overseas market show new appearances. The problem treated most importantly in the area of management strategy is about various ways to acquire competitive edge and constantly maintain and develop it. The subjects related with this are seen in large flow of research including approaches according to industrial structure analysis (Porter, 1985), the approaches through resource-based view, the approach methods by dynamic capabilities view (Teece, Pisano and Shuen, 1997) and the approach from knowledge-based view. These approaches contribute a lot to analyzing various

means and methods that create, maintain and develop competitive advantages, to make theoretical and actual development in theoretical strategy possible.

However, as mentioned above, as the uncertainty of external environment due to the rapid change of market environment, the new vision such as 'creativity perspective' is required (Amabile, 1983, 1996; Csikszentmihalyi, 1988, 1990; Sawyer and Griffin, 1993; Sternberg and Lubart, 1995). The interest on creativity as core competence of businesses under the global competition is increasing. Creativity, particularly, is the beginning of innovation and the most important motivation that leads business to success. Also, firms need more learning ability that introduces and digests the existing external knowledge and knowledge creation based on the above become more necessary; the importance of absorptive capacity gains its importance more (Kim In-su, 1995; Cohen and Levinthal, 1990). However, the existing researches on creativity and absorptive capacity only focused on the analysis of measurement methods so that the strategic directions and their consequences were not examined. Therefore, considering the limitations of the existing researches and recent research trend, this study sets the research purpose as follows.

First, many existing studies have dealt with the approaches according to the traditional perspectives such as an industrial structure analysis (Porter, 1985), resource-based view, dynamic capabilities view (Teece, Pisano and Shuen, 1997) and knowledge-based view to explain the sources of sustainable competitive advantage. However, the new views such as 'creativity' and 'absorptive capacity' are required to explain that of entertainment industry which is creative industry because individual product has a role as a resource in this industry. Also, as in the game sector, the situation where the development takes place in a team level and the distribution strategies are decided, the analytical unit of the study should be examined in a team level.

Second, this study attempts to investigate whether or not it can discover the

existence of creativity and absorptive capacity as the factors affecting market orientation and innovation orientation, identifying that which variable would have greater effect on the strategic orientation, market orientation and innovation orientation, in a team level.

Third, cultural contents businesses including game companies do not have the long number of years of business compared to traditional manufacturing industry and recently began to enter foreign markets, so there is almost no empirical study on the strategy of overseas expansion of those enterprises (Werner and Brouthers, 1997; Contractor and Kundu, 1998; Yoo Seung-hoon and Kim Seok-soo, 2000). Only there are many cases to handle this (Cho Dong-sung, Lee Yoon-cheol and Lee Kang-mun, 2004; Choi Hyeokjun, 2005; Choi Jin-ah and Hong Jin-hwan, 2006; 2008). Under this reality, this study aims to provide important theoretical, empirical foundation for decision making of overseas expansion for cultural contents businesses.

II. Theory and Hypotheses

1. Creativity Perspective

1) The Concept of Creativity

The concept of creativity is very complex and deals with different perspectives. As a result, it has been discussed differently according to various researchers, and no definite conceptual agreement has been realized till this day (Mumford and Gustafson, 1988). In initial researches on creativity, the concept was discussed from diverse dimensions by basing on individual creativity such as abilities, personalities, and attitudes in the fields of pedagogy or psychology.

However, attempts are being made in aiming to relate this concept to enterprise management from an integrated perspective (Amabile, 1983, 1996; Csikszentmihalyi, 1988, 1990; Sawyer and Griffin, 1993; Sternberg and Lubart, 1995). As researches on creativity have started being focused in the field of organizational behavior, a new direction is being suggested for teams and organizations (Tae Won Son, 2005). Therefore, in the transforming environment where the management organization is formed into team units, it is defined by whether it is creativity attributed from individual creativity or team or organizational creativity which are expressed within an organization.

Generally, the concept of organizational creativity is defined according to the generation of product development or results. The various perspectives which approach the researches on creativity can be organized in 4 different types. These perspectives are related to creative person, creative process, creative product, and creative press (Brown, 1989). The purpose of this research is to examine the definition of creativity from the perspective of the creative person, creative process, and creative outcomes. The reason why focus was not given to the creative press is not due to its independence from the other 3 types of perspectives, but because the attention is mostly given to environments which increase or hinder creativity.

The concept of creativity seen from the perspective of creative persons are examined by focusing on the personality, intelligence and cognitive style as well as cognitive abilities. It is defined as the ability which enables for producing new ideas, connecting the ideas through new modes, and applying knowledge from a certain field to another area. Additionally, according to Lovelace(1986), it was claimed as an activity which allows for the deduction of new and practical ideas and the attempts to integrate previous ideas and develop them through new and useful perspectives. Moreover, Mumford & Gustafson(1988) recognized it as a form of problem solving mode, and Gullford(1984) perceived creativity as

cognitive ability and included divergent thinking and problem solving abilities within the concept. In terms of the perspective in which creativity is seen from the creative process, it is viewed as a problem solving process and efforts are put into providing explanation for this procedure. According to Wallas, a representative scholar for this perspective, the procedures mentioned have been explained through the Stage Model of creativity including the preparation, incubation, illumination, and verification. Since then, many scholars defined creativity as a process based on this model (Tierney, 1992; Seon Ha Im, 1993). Cook (1998) distinguished creative processes into various stages such as the problem definition stage, idea selection stage, and the solution implementation stage. Furthermore, Seon Ha Lim (1993), the representative researcher on the research field of creativity, defined creativity as individuals' characteristics related to thinking which lead to newness, and Tae Won Son (2005) claimed that it is series of psychological processes which derive visible outcomes based on the abilities to create something new and useful. Creativity seen from the perspective of creative outcomes is the viewpoint centered on creative performance. In other words, creativity is to be explained by focusing on outcomes of creative behaviors such as the performance, products, and ideas. Amabile can be considered as the representative researcher who based her researches on this perspective. She put in efforts to measure creativity through her continuous researches on creativity. Amabile et al.(1996) defined creativity as the generation of new and useful processes and emphasized creativity centered on outcomes. She identified task motivation, domain-relevant skills, and the creativity-relevant process as the three components of creativity. Moreover, she was not only involved in individual level researches. Instead, she researched on work environments which influence creativity, and expanded the researches into team and organization levels (Amabile, 1988).

In the same way, most of the primary researchers who research creativity focused on the concept of creativity, and the researches were divided between

researches which identify the overall concept of creativity, researches related to the dimension of characteristics relevant to creativity, and researches which focused on the creativity process and the outcomes (refer to <Table 2>).

<Table 2> Existing Literature on Creativity

Authors	Primary Focus	Sample/Data	Measures/ Analysis Method	Definition of Creativity and Summary of Findings
Amabile (1983)	Organizational factors influencing individual creativity	120 research-and development scientists from more than 20 corporations	Content analysis	The production of novel, useful ideas by an individual or small group of individuals working together; a model of individual creativity is integrated into a model of organizational innovation.
Amabile and colleagues (1996)	Development of the climate for creativity instrument	306 (main test) and 160 (validation test) team members	Measure development methods, LISREL, and multivariate analysis of variance	Five work environment dimensions (challenge, organizational encouragement, work group supports, supervisory encouragement, and organizational impediments) influence creative behavior in an organization.
Andrews and Smith (1996)	Determinants of MP creativity	193 product managers	Regression	Creativity is defined as the meaningful novelty of some output relative to conventional practice in the domain to which it belongs; MP creativity is influenced by individual problem solving input, motivational factors, and situational factors.
Besemer and O'uin (1986)	Development of a semantic scale of creativity	133 student subjects	CFA	Output perspective of creativity can be evaluated by three dimensions: novelty, resolution, and elaboration and synthesis.
Besemer and Treffinger (1981)	Development of criteria to explain creativity	90 sources of creativity study	Theory	Based on literature review, different criteria (e.g., novelty, resolution, and attractiveness) can be identified to measure creative output.
Deshpandé, Farley, and Webster (1993)	The impact of customer orientation, culture, and creativity on firm performance	50 sets of data (i.e.,50 quadrads) collected from Japanese managers	Regression	Business performance is positively influenced by the customer's evaluation of the supplier's customer orientation and organizational innovativeness. Business performance is not correlated with the supplier's own assessment of customer orientation.
Haberland and Dacin (1992)	Development of a measure of advertising creativity	102 students subjects	Factor analysis, correlation	Advertising creativity reflected in output is measured by Jackson and Messick' (1965) four dimensions from the viewers'3

				judgments.
Jackson and Messick (1965)	Conceptualization of creative person, process, and output	N.A.	Theory	Creativity is composed of four dimensions that represent (1) original and unexpected, (2) appropriate and meaningful, (3) transformational, and (4) condensed and simple.
Moorman and Miner (1997)	Organizational memory on NP performance and creativity	92 sets of data from managers in advertising companies	Regression	Organizational memory levels improve short-term financial performance of NPs, whereas memory dispersion enhances both the financial performance and the creativity of NPs.
Mumford and Gustafson (1988)	The understanding of creative behavior	N.A.	Theory	Creativity is defined as production of novel, socially valued products. Creativity is best conceptualized as a syndrome involving (1) trait, (2) process, (3) environment, and (4) output.
Sethi, Smith, and Park (2001)	Determinants of NP creativity in NP team context	141 managers of NP teams	Regression	Creativity is defined as the extent to which the product differs from competing alternatives in a way that is meaningful to customers. New product creativity is related to team characteristics (e.g., superordinate identity) and contextual influence (e.g., encouragement to take risk and customers' influence).
Woodman, Sawyer, and Griffin (1993)	Conceptual links among creative persons, processes, and products	N.A.	Theory	Organizational creativity is defined as the creation of a valuable NP, service, idea, procedure, or process by persons working together in a complex social system. Individual, group, and organizational characteristics influence creative behavior, which determines organizational creativity in a firm.
Amabile (1983)	Organizational factors influencing individual creativity	120 research-and development scientists from more than 20 corporations	Content analysis	The production of novel, useful ideas by an individual or small group of individuals working together; a model of individual creativity is integrated into a model of organizational innovation.
Amabile and colleagues (1996)	Development of the climate for creativity instrument	306 (main test) and 160 (validation test) team members	Measure development methods, LISREL, and multivariate analysis of variance	Five work environment dimensions (challenge, organizational encouragement, work group supports, supervisory encouragement, and organizational impediments) influence creative behavior in an organization.
Andrews and Smith (1996)	Determinants of MP creativity	193 product managers	Regression	Creativity is defined as the meaningful novelty of some output relative to conventional

				practice in the domain to which it belongs; MP creativity is influenced by individual problemsolving input, motivational factors, and situational factors.
Besemer and O'uin (1986)	Development of a semantic scale of creativity	133 student subjects	CFA	Output perspective of creativity can be evaluated by three dimensions: novelty, resolution, and elaboration and synthesis.
Besemer and Treffinger (1981)	Development of criteria to explain creativity	90 sources of creativity study	Theory	Based on literature review, different criteria (e.g., novelty, resolution, and attractiveness) can be identified to measure creative output.
Deshpandé, Farley, and Webster (1993)	The impact of customer orientation, culture, and creativity on firm performance	50 sets of data (i.e., 50 quadrads) collected from Japanese managers	Regression	Business performance is positively influenced by the customer's evaluation of the supplier's customer orientation and organizational innovativeness. Business performance is not correlated with the supplier's own assessment of customer orientation.
Haberland and Dacin (1992)	Development of a measure of advertising creativity	102 students subjects	Factor analysis, correlation	Advertising creativity reflected in output is measured by Jackson and Messick' (1965) four dimensions from the viewers'3 judgments.
Jackson and Messick (1965)	Conceptualization of creative person, process, and output	N.A.	Theory	Creativity is composed of four dimensions that represent (1) original and unexpected, (2) appropriate and meaningful, (3) transformational, and (4) condensed and simple.
Moorman and Miner (1997)	Organizational memory on NP performance and creativity	92 sets of data from managers in advertising companies	Regression	Organizational memory levels improve short-term financial performance of NPs, whereas memory dispersion enhances both the financial performance and the creativity of NPs.
Mumford and Gustafson (1988)	The understanding of creative behavior	N.A.	Theory	Creativity is defined as production of novel, socially valued products. Creativity is best conceptualized as a syndrome involving (1) trait, (2) process, (3) environment, and (4) output.
Sethi, Smith, and Park (2001)	Determinants of NP creativity in NP team context	141 managers of NP teams	Regression	Creativity is defined as the extent to which the product differs from competing alternatives in a way that is meaningful to customers. New product creativity is related to team characteristics (e.g., superordinate identity) and contextual influence (e.g., encouragement to take risk and customers' influence).

Woodman, Sawyer, and Griffin (1993)	Conceptual links among creative persons, processes, and products	N.A.	Theory	Organizational creativity is defined as the creation of a valuable NP, service, idea, procedure, or process by persons working together in a complex social system. Individual, group, and organizational characteristics influence creative behavior, which determines organizational creativity in a firm.
-------------------------------------	--	------	--------	--

Notes : N.A. = not applicable

Amongst the related researches, a research which made an effort to distinguish between creativity and innovation from the dimension of outcomes was conducted (King, 1995; Leonard & Swap, 1999). Recognition is given to the fact that creativity and innovation are distinct concepts, but provision of detailed differentiation seems insufficient. Thus, creativity and innovation have been applied as a mixed concept, but they are not equivalent. Generally, creativity is perceived as the starting point or basic necessary condition of innovation (Scott and Bruce, 1994; West & Farr, 1990; Amabile et al., 1996). This is due to the fact that creativity is greatly focused on the outcomes of product development. Oldham and Cummings(1996), scholars who think according to this perspective, defined creative performance as the products, procedures, and processes which satisfy the conditions of newness and usefulness. They distinguished between creative performance and organizational innovation. Creative performance signifies the products, ideas, and processes produced at an individual level, and innovation refers to successfully implementing creative outcomes at the organizational level. 'Creativity' was divided between procedures and results according to the researcher as a meaning similar to these relations, and the process which enables creativity to continue into innovation and innovation orientation was emphasized as being important (Scott and Bruce, 1994). Additionally, integration between creativity and organizational learning caused for development into a general theory of corporate-level knowledge production (Nonaka & Takeuchi, 1995).

<Table 3> Distinguishing the definition on Creativity and Innovation

Researchers	Creativity	Innovation
Amabile	<ul style="list-style-type: none"> o Ability to combine ideas in a unique way o Ability to connect ideas in a unique way 	o Course of choosing creative ideas and converting them into useful products, service or process
Scott and Bruce	o Yield new and useful ideas	o Yield, adopt and practice useful ideas
Leonard and Swap	o Process	o Result
West and Farr	o Completely new things	o Relatively new things

2) Classification on Research on Creativity

Various researches have been implemented to distinguish the context flow in researches on creativity, but the most generally applied classification mode (Rhdes, 1961; Stumpf, 1995; Hemlin et al., 2004) is based on the 4 types of perspectives (Brown, 1989). First, interests are given in identifying the cognitive characteristics, personality and motivational characteristics of creative persons. Second, it focuses on the creative thinking process and deals with the analysis on the procedures which result in the problem finding and divergent thinking of creative persons. Third, it bases on the perspective of creative product and becomes the foundation of researches on creativity. Interests are given in evaluating whether specific performance (theses, patents, etc) are new and useful. Lastly, the fourth perspective is on the creative press and are researches which focus on situations or environmental influence factors which have an influence on creativity.

<Table 4> Classification on research on Creativity

Research Perspectives	Contents
Person	<ul style="list-style-type: none"> o Study on characteristics of creative persons o Study on characteristics of perception and personality
Process	<ul style="list-style-type: none"> o Study on process of creative thought o Process of problem discovery(solution) and process of diffusive thought

Product	<ul style="list-style-type: none"> o Study on the level of creative products o Measuring newness and usefulness of patent and dissertations
Press	<ul style="list-style-type: none"> o Study on creative environment o Impact of psychological and physical environments

3) Analysis Level of Research on Creativity

Creativity is divided into individual creativity, team creativity, and organizational creativity according to the analysis level (Woodman et al., 1993). Amongst these, most researches have taken place in the field of individual creativity. However, the current trend shows a gradual increase in researches on team and organizational levels of creativity. In other words, this criticizes how individual creativity cannot be directly connected with team or organizational creativities. The need for researches on creativity at a sub-team level is very high considering how teams form the basis of creativity expression within the organization, administration innovation are studied by team units, and current organizations are transforming into team organizations. Additionally, since organizational creativity is much more complex compared to team creativity, preceding the researches at team level can contribute to the researches at an organizational level.

(1) Creativity at individual level

The researches on creativity at individual level have mostly been conducted within the field of psychology, and the targets of central interests are the investigation of problem solving styles, cognitive abilities, personality, knowledge, and motivation level.

The researches on creativity at individual level were processed based on individual characteristics, reinforcement history, and early socialization. And most

began by searching for individuals' distinguished growth backgrounds and historical information. Various scholars including Schaefer and Anastasi(1985) and others attempted to develop an important growth background list which predicts creativity by conducting researches on the growth backgrounds of individuals who possess outstanding creativity. However, their researches applied very complex measurement tools such as the families' cultures, parents' education level, education quality, parental pressure, feelings towards encouragement, motivator, past creative activities, and etc. In fact, this made it impossible to conduct a theoretical interpretation on the relations between resources and creativity. Furthermore, as a result, it required for the necessity in the development of important tools which follow the types of creativity (Amabile & Conti, 1994).

Kirton(1982), the developer of personality measurement tools, researched the properties of individual creativity through the 'adaptor-innovator' list, and Taylor(1982) developed the 'creative behavior tendency scale' and defined creativity through 5 types of titles including the 'expressive, technical, creative, innovative, and emergent' types. Amabile(1982) stated that 'continuous, curious, energetic, and logically straightforward' creative characteristics are displayed in scientists of important researches and developments. Wheatley, Anthony and Maddox(1991) claimed that being open minded and possessing a borderline personality can reinforce the level of imagination and creativity during the process of strategic plans. Furthermore, they claimed that people with high creativity possess tendencies to hold an internal locus of control.

When the characteristics displayed in researches of personality related to creativity are organized, they are displayed as 'high evaluation about the aesthetic characteristics from an experimental perspective, extensive interests, attractiveness about complexity, high energy, independent decisions, autonomy, intuition, abilities to solve contradictions and accept conflicting situations in

self-conception, and a firm sense of self.' When the researches on cognitive abilities related to creativity were observed, Garrol(1985) suggested 8 different types of factors which are important in the generation of ideas. These include the 'associational fluency, fluency of expression, formational fluency, imaginary fluency, speech, verbal fluency, actual imaginative fluency, and originality.

In the research on the intelligence structure, Guilford(1983) stated that cognitive processes such as fluency, elasticity, originality, and sophistication are essential factors of divergent production. Additionally, it was claimed that conversion abilities are important in creative thinking and that conversion abilities are more important than divergent production abilities. The 10 types of conversion abilities he suggested include cognition, memory, divergent production, and evaluator conversion abilities. Basadur, Graen and Green(1982) stated that divergent and convergent thinking during stages such as the problem discovery, solution deduction, and practice can be classified between idea suggestion and idea evaluation, and that these must be applied in order. Hogarth(1987) suggested the 4 types of causal reasoning factors related to creativity. These include the cause and effect situations which provides the situation where decisions are made, clues of causal relationships, strategic decisions needed to combine the field and the clues in identifying the cause, and roles of alternative explanations. Amongst these 4 types, the first two were described as situational factors, and the other two as cognitive factors.

Meanwhile, an internal motivator is the core factor of creativity, and intervention elements of motivators in evaluation and compensation system can cause negative influence on internal motivation which aims for creativity. This is due to how intervention elements of motivators can turn interests away from the heuristic perspective of creative tasks and aim for the technical or rule restriction perspectives of task performance. Amabile(1979) claimed that creative performance decreases when people expect evaluation. However, it does not

cause influence on the technical results. In other words, people expect positive evaluations to cause positive influence on self-efficacy and their creativity to increase, but evaluation enabled the prediction for future evaluation and caused negative influence on creativity. Moreover, Mumford and Gustafson(1988) explained the relations between age and creative sense of accomplishment by centering on characteristics of motivators per life stage. Lastly, in terms of when the roles of knowledge and expertise on the ability called individual creativity are observed, Amabile(1988) suggested creativity related functions and domain related functions as important elements of creativity. These two areas not only include cognitive functions and personality characteristics related to creative performance, but also contain domain related functions needed for the generation of creative products.

(2) Creativity at team level

The researches on team creativity have mostly not been conducted compared to those on individual creativity. However, the current trend displays a gradual increase in researches on creativity at team level. The past researches conducted on creativity at team level emphasized the conditions which decide team creativity, problem solving process within the team, and social information process of the team.

The researches on creativity at team level are focused on how members of the team base on their individual creativity to derive creative ideas and put them into practice for problem solving. Generally, the conditions of team creativity commonly suggested by scholars include the team formation, team characteristics, and team processes. West(1990) suggested vision, participatory stability, atmosphere aimed for the best results, and standards of innovative resources as factors which cause influence on team creativity. King and

Anderson(1990) referred to leadership, cohesiveness, team experiences, team formation and structure as the precedence factors of team creativity and innovation. In a survey on effectiveness of the research team, Payne(1990) listed availability of resources, leadership, team size, motivator, communication pattern, and team diversity as the important elements related to creative performance. Hackman and Morris(1993) suggested an useful tool which can be applied for the analysis of team-interaction. Training enables for the problem solving process to become more effective. The reason why the interaction team is higher in creativity compared to the normal groups is due to the team's abilities to assign value on the responses coming from the most competent persons. The interaction team formed of those with intermediate problem solving abilities had a more outstanding ability to identify problems compared to the team which possessed low problem solving abilities and could also grant value on high qualitative solution.

Social information are verbal or non-verbal clues or signals provided to others regarding the factors team members place values in the workplace as well as how people will evaluate these factors in their current situation. In many researches, this was displayed as causing an influence in the diverse cognitive, attitudinal, and behavioral results of the individual. Salancik and Pfeffer(1983) selected 'individuals' acceptance of the working environment as an essential factor which must be considered during the task design. In terms of the source of social information related to tasks perceived by individuals, objective, social, and personal sources exist. First, objective information sources include task factors, work conditions, technical perspective of the work process, and official policies and procedures. Second, social information sources include colleagues and a supervisor. Third, individual information sources include personal experiences and backgrounds.

The team identifies useful and appropriate knowledge possessed by the team

members. These knowledge are not only applied in the team problem solving, but provide a domain which enables members to enhance their individual knowledge. Within these teams, the members not only apply knowledge of other members, but utilize others' knowledge in stimulating the usefulness of functions they possess. It is a type of information shared within the team, and the other type of information which can be applied in knowledge and work situations can cause influence on the processes and results of individuals and the team.

(3) Creativity at organizational level

Organizational creativity considers individual creativity and group creativity as the input factors, and signifies the results displayed through the interaction between situational factors and environmental factors. In terms of the researches on organizational creativity, balance between the training needed for individuals' cognitive styles, between organizational situations, or even the creative problem solving approach were examined. Kirton and Pender(1982) stated that a practitioner in the field of research and development is within a wide range of paradigm, flexible training, and open environments compared to the field of engineering, and researched on organizational creativity.

Schneider(1987) claimed that organizations recruit and select people appropriate to the cognitive style, and the reason why it is difficult for the organization to change the culture is because persons who like the past organization are reluctant of accommodating new cognitive styles. Basadur, Graen and Scandura(1986) discovered that educational training causes influence on divergent thinking, and team training demands for a more intensive degree of training compared to individual training. Cummings and O'Connell(1987) stated that alternative deduction and alternative evaluation of the problem solving

should be classified, and this concept was accepted by various theorists and researchers. Moreover, they claimed that risk taking and free idea exchanging should be facilitated in the innovative organization, conflicts should become legalized and involvement must be facilitated, intrinsic rewards should be relied on instead of extrinsic rewards. Additionally, according to the research conducted by Burkhardt and Brass(1990), innovative processes were displayed as exchanging the power relationship between the structure and the organizational members, and Wheatley, Anthony and Maddox(1991) emphasized the importance of training for creativity for organizational strategists. The reason why they displayed this claim is based on the observation that strategic planning process is characterized by the high level of uncertainty.

Through gathering the different definitions claimed by the scholars, this study will integrate the perspectives of processes and outcomes, and interpret creativity through a comprehensive meaning. the definition of creativity at team level will base on the definition given by Lovelace(1986) and Amabile et al.(1996) and will be defined as the 'generation of new and useful ideas or integrating previous ideas and creating new and useful ideas in the field of tasks for the team'. In other words, this signifies how individuals' creativity are not limited to the personality or characteristics, but ideas being generated through the team's task behaviors.

2. Absorptive Capacity Perspective

1) The Concept of Absorptive Capacity

As drastic changes have taken place for knowledge environment surrounding corporations, absorptive capacity is gradually being raised as an important concept. Absorptive capacity refers to recognizing the value of external knowledge and introducing · digesting it to apply it for commercialization (Cohen and Levinthal, 1990). Thus, the concept of absorptive capacity includes the concept of learning abilities which introduces · digests previous external knowledge and the concept of problem solving abilities which base on this foundation to create new knowledge (In Soo Kim, 1995; Cohen and Levinthal, 1990).

The concept of absorptive capacity bases on the economical theory and cognitive psychology theory (Deeds, 2001; Lane and Lubatkin, 1998). First, the concept of absorptive capacity has its source in the economical theory (particularly in the Neo-Schumpeterian economics) in which a research is conducted on the influence of research and development on economical performance (Deeds, 2001). During the beginning of the 20th century, Schumpeter (1934) claimed technical innovation as the foundation of economical growth and how close relations existed between research and development and economics. However, it was hidden by the dominant economic theory back then (for instance, price competition and distribution effectiveness). Thus, as proof was suggested during the late 20th century about how research and development caused significant influence on economic growth, the claim made by Schumpeter (Solow, 1957) gained convincibility. His claims were later connected to cognitive psychology theories and organization learning theories and were first suggested as the concept of absorptive capacity by Cohen and Levinthal (1990). The concept of absorptive capacity bases on the cognitive psychology

theory (Lane and Lubatkin, 1998). Numerous researches conducted on the cognitive structure and problem solving (Ellis, 1965; Estes, 1970; Bower and Hilgard, 1981) stated that for individual learning, the new knowledge which is aimed for digestion in the future is most well accomplished when it is related to the individual's previous knowledge structure. The expansion of insight at individual level into organization level represents the concept of absorptive capacity (Lane and Lubatkin, 1998) presented by Cohen and Levinthal (1990).

The absorptive capacity of the group depends on the absorptive capacity of individual members within the organization. However, absorptive capacity of a corporate is not a simple sum of absorptive capacity of individual members within an organization (Cohen and Levinthal, 1990). In other words, absorptive capacity of an organization is not inherent within a specific individual, but exists in the linkage between the abilities of individual members. For instance, absorptive capacity of a corporate does not only rely on the absorptive capacity of individual members, but depends on the communication structure between the external environment and the organization, and exists between lower divisions in the organization or even in the knowledge transfer which takes place within the lower division (Cohen and Levinthal, 1990).

The concept of absorptive capacity is largely composed of three dimensions, as you can see in the definition above (Lane and Lubatkin, 1998). First, it's the dimension of ability of valuing of external knowledge, the one for a certain business increases as prior related knowledge is high and the diversity of internal knowledge is great (Cohen and Levinthal, 1990). Second, it's the dimension of assimilating ability for external knowledge, the dimension related with internalizing ability for the external knowledge introduced. The assimilating ability for external knowledge of a firm is influenced by the knowledge process system of the firm (Cohen and Levinthal, 1990), and it increases more as the knowledge process system of introducing company is similar to that of

supplying company of external knowledge, in case of the firm which is in strategic alliance (Lane and Lubatkin, 1998). Finally, third is the dimension of commercializing ability for external knowledge, and it's the dimension of how to use the introduced and assimilated external knowledge in commercial purpose. The ability of commercialization for external knowledge of a firm increases as the external knowledge accords with the needs or concern of a certain businesses, and in case of companies in strategic alliance, the similarity of dominant logic¹⁾ for supplying companies of external knowledge and introducing firms is high (Lane and Luatkin, 1998).

2) Structuring Factors of Absorptive Capacity

The level of absorptive capacity is determined by the level of prior-related knowledge, intensity of effort (Cohen and Levinthal, 1990; Kim, 1998), the form of organization and the level of combining ability (Van den Bosch, Volberda, and Boer, 1999).

First, Cohen and Levinthal(1990) suggested intensity of level and effort of prior-related knowledge as determinants of absorptive capacity. The prior-related knowledge is the existing knowledge which is available in the organization. The prior-related knowledge gives meaning to new knowledge and increase the abilities to digest and utilize. In addition, the prior-related knowledge offers basic knowledge for the future learning to make associative learning possible, and as a result, it increases the ability to store new knowledge related with the existing knowledge to memory(learning ability) and the ability to remind and utilize it(problem-solving ability)(Lindsay and Norman, 1977; Bower and Hilgard, 1981). There are two internal and external purchase methods in the development

1) Dominant logic means "the mind set or world view or conceptualized knowledge and managerial instrument for management which exists in mind to be used to achieve the goal of business and make decisions"(Prahalad and Bettis, 1986: 491).

methods of prior knowledge (Cohen and Levinthal, 1990)²⁾. Businesses may develop prior knowledge inside through internal R&D, production activity, and education training, or purchase from outside through methods of scouting external prominent personnel, contracting consulting service, or M&A. However, the latter, the outside purchase, has its limit that complete absorption is impossible when there are characteristics of firm-specific and silent knowledge accumulated only through supplying companies that create competitiveness with internal activities and their own experiences(Cohen and Levinthal, 1990). However, expose to merely prior-related knowledge is not enough for developing effective absorptive capacity. In other words, the intensive effort of internalizing new explicit knowledge into tacit knowledge should be provided(Cohen and Levinthal, 1990; Kim, 1998). Many researchers on organization learning present the intensity of effort as promotion factor for organizational learning(Cohen and Levinthal, 1990; Kim, 1998). The intensity of effort is the amount of energy injected by the members of organization for problem solving, and such effort for problem solving increases interaction of members of organization to promote change and creation of knowledge in the organizational level.

Then, Van den Bosch, Volberda, and Boer(1999) suggested the level of organizational types and combining ability besides the intensity of level and effort of prior knowledge as components of the absorptive capacity. According to them, the organizational types mean the form of infrastructure which evaluates, assimilates, combines and enable to use knowledge in specific ways, and it's closely related with knowledge-processing activities which influence on absorptive capacity of firms (Van den Bosch, Volberda, and Boer, 1999). Also, the combinative capabilities, the ability of combine and utilize the existing componental knowledge influence on the improvement of absorptive capacity of a firm³⁾. The main role of the business is to combine and utilize the existing

2) Kim In-soo(1995) named the two prior knowledge development routes as the concepts of boundary spanning cycle and internal cycle, and boundary spanning cycle is again distinguished as overseas boundary spanning cycle and domestic boundary spanning cycle.

knowledge (Grant, 1996), so how they integrate the existing knowledge and utilize it in a new way may be more effective than changing the existing componental knowledge itself (Van den Bosch, Volberda, and Boer, 1999). Besides, the researcher who studied structuring factors of absorptive capacity and the main factors can be found in the <Table 5>.

<Table 5> Structuring Factors of Absorptive Capacity

Research	Structuring Factors
Cohen & Levinthal(1990;1994)	- Previous knowledge - Intensity of effort
Steensma(1996)	- The level of previous knowledge of recipients - The number of employees who can accept the knowledge - Connections between various recipients within an organization
Kim(1998)	- Learning ability - Problem-solving ability
Lane & Lubatkin(1998)	- Relative absorptive capacity
Van den Bosch et al.(1999)	- Previous knowledge - Form of organizations - Ability of combination
Hong Sa-gyun(2000)	- Characteristics of external knowledge(Silence of knowledge, and the level of complexity) - absorptive capacity of organizations(degree of accumulation of related previous knowledge, and support ability and will of effort of organizations)
Minbaeva et al.(2001)	- Abilities of members - Motivation
Zahra & George(2002)	- Abilities of acquisition and assimilation, capability of conversion, capability of use
Jansen et al.(2005)	- Potential absorptive capacity(acquisition and assimilation - Realized absorptive capacity(conversion and use)
Seol Hyun-do(2007)	- Base ability due to previous knowledge - Ability of combining knowledge - Intensity of effort of members

3) Characteristics of absorptive capacity

Absorptive capacity possess the following characteristics (Cohen and Levinthal, 1990). First, absorptive capacity is cumulateness. In other words, provision of absorptive capacity during specific periods provides future knowledge base and enables easier additional knowledge accumulation for the

3) Combinative capabilities mean the ability to combine and utilize the existing knowledge in a new way(Kogut and Zander, 1992), and the term combination here is similar to integration(Grant, 1996) or configuration(Henderson and Clark, 1990).

future. Therefore, as companies develop absorptive capacity of specific fields, it allows for easier henceforth knowledge accumulation in other fields. Second, absorptive capacity influences expectation formation or the aspiration level. Possession of domain-professional skills enables for accurate prediction of characteristics of future technological advances and possibilities of commercial potentials. This increases the expectation level (aspiration level) of the corporate, and induces for the implementation of more active investments in research development from the application dimensions of opportunities existing within the environment, regardless of the current performance. Third, development of absorptive capacity displays a path-dependent characteristic. Thus, in terms of absorptive capacity, if investment of absorptive capacity of particular areas do take place in the beginning due to the characteristics of cumulativeness and expectation formation, recognition of new technological opportunities existing within the area becomes impossible due to the lack of prior knowledge, regardless of the value of the information. This causes the decline in the expectation level and induces a passive research and development investment again. As a result, a vicious cycle called the 'lockout', where new information of a certain field cannot be digested · applied, may be caused regardless of the new technological opportunities of the particular area (Cohen and Levinthal, 1990). Therefore, development of absorptive capacities takes place in the domain-specific where earlier investments were made, or have the tendency to be history or path dependent.

Lastly, due to the path-dependent characteristic listed above, absorptive capacity carries an important characteristic called the prior investment regarding the individual member. As it was examined earlier, since absorptive capacity possesses a path-dependent characteristic, grand opportunities cannot be applied if investment is not made for individual members during the initial stage. Even if there are great environmental opportunities in the future, the ability to detect these opportunities are lacking and result in not being able to utilize them.

Additionally, even if investments are made later and absorptive capacity is increased, greater expenses will have to be paid compared when making initial investments (Cohen and Levinthal, 1990). Therefore, it is important to make initial investments in order to minimize these harmful effects.

4) Researches related to absorptive capacity

The previous researches on absorptive capacity were related to innovation, organizational learning and knowledge management, and variable such as strategic alliance (Stock, Greis, and Fischer, 2001). First, some of the researches related to innovation are 'the research on the relations between research and development investment and absorptive capacity (Cohen and Levinthal, 1990, 1994; Joglekar, Bohl, and Hamburg, 1997),' 'the research on relations between research productivity and absorptive capacity within a pharmaceutical company (Cockburn and Henderson, 1998),' 'the research on relations between innovation of bank service and absorptive capacity (Buzzachi, Colombo, and Mariotti, 1995),' 'the research on relations between application of information technology and absorptive capacity (Boynton, Zmud, & Jacobs, 1994),' 'the research on relations between technological licensing and absorptive capacity (Atuahene-Gima, 1992),' and 'the research on relations between international competitiveness and absorptive capacity (In Soo Kim, 1995).' Most of the researches contain something in common. They examine the influence of absorptive capacity on diverse variables within the organization or the enhancement mode of absorptive capacity within the organization, and focus on the investigation of internal mechanisms.

Next are the researches related to organizational learning and knowledge management. These researches include 'the research on relations between organization learning and absorptive capacity (Cohen and Levinthal, 1990; Kim,

1998; Lane and Lubatkin, 1998; Shenkar and Li, 1999), 'the research on relations between knowledge transfer and absorptive capacity (Szulanski, 1996),' and 'the research on relations between knowledge environment and absorptive capacity (Van den Bosch et al., 1999).' In the same way as the researches related to innovation, these researches also examine the influence of absorptive capacity regarding the performance variables or the enhancement mode of absorptive capacity, and focused on investigation of internal mechanism within the organization.

Lastly, the researches related to strategic alliance include 'the research on the influence of absorptive capacity on the evolvement of strategic alliance (Koza and Lewin, 1998),' 'the research on the influence caused on learning between alliance partners(Kumar and Nti, 1998; Lane and Lubatkin, 1998),' 'the research on the influence caused on knowledge transfer between alliance partners (Shenkar and Li, 1999),' and 'the research on the influence caused on the selection of alliance partners (Luo, 1997).'

Unlike the researches related to innovation and researches related to organizational learning and knowledge management, the researches above contain something in common due to the fact that focus is given to the roles of absorptive capacity regarding the relations between the two companies or investigation of external mechanism needed for the enhancement of absorptive capacity.

2. Proposed Research Model and Hypotheses

This study considers creativity as the source of internal capacity and absorptive capacity as the source of external capacity in the team level, and aims to connect this to the strategic direction of the corporate (market orientation and innovation orientation). The examination will be conducted on how market orientation and innovation orientation, the dependent variables of research, became independent variables in study 2, and how they become determinants as well as the overall creative process.

The researches on creativity started by focusing on individuals' cognitive and personality characteristics. However, it began expanding its domain as it started including dynamic and interconnected social systems such as groups or teams (Kurtzberg and Amabile, 2001, Gilson, 2005; Ocker, 2005; Caporarello et al., 2010) and the whole organization (Woodman, Sawyer and Griffin, 1993; Amabile, 1997; Andrew et al. 2006). Thus, the problem regarding defining and measuring creativity during the process of moving from individual level to group level is gradually becoming more geometrically complex. This study will emphasize the creativity at team level from the important dimension of transmitting these two factors.

The researches on creativity display that potential benefits and losses are both possible for creative operations from a group or team level. The interaction between team members are derived through the thinking or ideas expressed by other people (Kurtzberg and Amabile, 2001). For example, witnesses or ideas from one member can raise new inspiration amongst other members. Thus, there are various barriers which interrupt the creative activities of the team such as social negligence, outcome limits, and pressure about evaluations. Nevertheless, many researches state that working in teams will help in the production of more qualitative ideas compared to working individually (Rowatt et al., 1997). Despite

the fact that individual creativity is high, there are also cases when team creativity declines because individual creativity cannot be displayed due to the team characteristic (Woodman et al., 1993). Im and Workman(2004) implemented researches about market orientation and creativity of high-tech industries as well as the performance of the new products. They particularly focused on observing the creativity effects which exist between market orientation and new products. Additionally, Ja Gwan Gu and Beom Chan Lee (2008) conducted researches on the influence of market orientation caused on the creativity and management performance of new products in the food service. The commonality between them is that market orientation exists as the variable which precedes creativity. In other words, market orientation promotes creativity. This is because market orientation is related to the market information which confronted the market requests, collection and expansion of knowledge and the related responses (Naver & Slater. 1990; Kohli and Jarworski, 993). Thus, these creativity and market orientation are only leading variables to the performance, and barely any empirical researches have taken place or those which have been implemented do not correspond to their order of influence (Amabile, 1983; Andrews and Smith, 1996; Im and Workman, 2004). Lush and Lanczaniak(1987) and Dae Kyeong Kang(2011) examined the internal and external environment which the corporate encounters as well as market orientation. They claimed that various factors such as the internal environment like the team's creativity or external environments causes influence on market orientation, and that market orientation causes influence on the performance.

Meanwhile, researches which are aimed in classifying between creativity and innovation are continuously processed (King, 1995; Leonard & Swap, 1999). Creativity and innovation have been applied as a mixed concept, but they are actually not equal. Generally, creativity is an perspective which is the starting point or the basic necessary condition of innovation (Scott and Bruce, 1994; West & Farr, 1990; Amabile et al., 1996). This is because organizational

creativity is greatly centered on the outcome of product development. Therefore, Oldham and Cummings(1996), scholars who possess this perspective, defined creative performance as the products, procedures, and processes which satisfy the conditions of newness and usefulness, and they made a classification between creative performance and organizational innovation. Creative performance refers to products, ideas, processes produced from an individual level, and innovation standards for successfully accomplishing creative outcomes from the organizational level. 'Creativity' was divided between procedures and results according to the researcher based on a meaning similar to these relations, and emphasized the importance of the process in connecting creativity into innovation or innovation orientation (Scott and Bruce, 1994; Amabile, 1996; Alves et al., 2007; Agbor, 2008).

However, Hortinha et al.(2011) verified how trade-off existing between market orientation and innovation orientation can cause their strategic orientation to bring another result. Particularly, in terms of corporate which wish to export products abroad, these two types of offset problems are very important and are assignments which must be overcome (Hortinha, Lages and Lages, 2011). This is because resources are limited, and the companies must make the decision to allocate their resources. Therefore, they have no choice but to seek for and emphasize on one specific type of orientation. Additionally, the leading variables which cause influence in this may also be different (Vieira, 2010; Danneels 2007; Lant, Milliken, and Batra, 1992). The scholars who researched on creativity according to these existing researches saw that contributions made by market orientation in the success of new products display limits in management and accomplishment for the empirical research, and stated that business profit can only be expected when creativity is fulfilled (Henard and Szymanski, 2001). In other words, it was claimed that internal members would create new, useful, creative, and marketable products, and that market information would be accumulated as it would be considered as important through this. As a result,

creativity contains a complementary relation with market orientation, and has closer relations than with innovation orientation. This research established the following hypothesis according to this reasoning.

Hypothesis 1 :

As creativity is higher, market orientation than innovation orientation will be pursued.

Absorptive capacity and innovation capacity as well as innovation orientation of the corporate is being regarded as the core factor which enables the corporate to not fall behind and survive in the drastically changing business environment (Cohen and Levinthal, 1990; Calantone et al., 2002). The various discussions about innovation or innovation orientation are also emphasizing the abilities to apply external knowledge sources during innovative activities (Cohen et al., 2002; Cockburn & Henderson, 1998; Chesbrough, 2003; von Hippel, 1988), and absorptive capacity of organizations related to external knowledge is seen to be related to the innovation performance of the organization (Jantunen, 2005: 339). Moreover, absorptive capacity and efforts for innovation were also considered as positively related (Cohen & Levinthal, 1989, 1990; Veugelers, 1997; Becker & Peters, 2000). The current absorptive capacity of the organization is the result of innovation efforts which were propelled in the past (Cohen & Levinthal, 1990: 136), and the innovation performance which is displayed from the result brought up from the past becomes the stimulus and base which enables more efforts put into bringing innovation. As a result, a new innovation was aroused, and it can be considered that innovative efforts will continuously be exerted in the future (Grabowski, 1968; Nieto & Quevedo, 2005: 1147). Therefore, if the organization successfully accumulates a certain capacity in the past for absorption, it will attain the tendency to bring innovation during the

present and future.

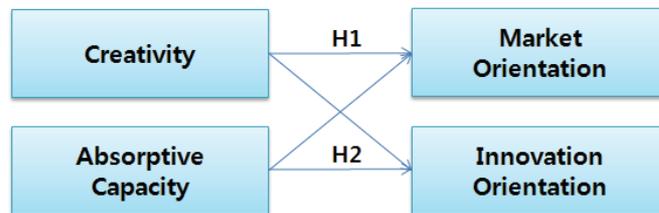
It has already been verified that bringing in external knowledge or outsiders' involvement for innovation will increase the amount of possible information when it comes to the development project of new products (Allen, 1971; Dougherty, 1992; Katz and Tushman, 1981; Lee, Lee and Pennings, 2001; Steensma and Lyles, 2000). However, this does not mean that the corporate or the development team of new products can automatically apply the information provided by the outsiders. When it comes to the development project of new products, characteristics, context, and absorptive capacity of information cause influence in applying the amount of information provided by outsiders. This can be identified by the research which proved the nonlinear relationship between the outsiders' involvement, which operates as absorptive capacity, and the amount of information provided in the project of new products (Han, 2008). Through an exploratory research on the relations between the outsiders' involvement and the standard of provided information, Han Jae Hoon (2008) identified that involvement period, instead of outsiders' involvement, was the factor which had a statistical significance with the amount of information. Moreover, in an analysis conducted on relations with performance, it was verified that a positive (+) relationship was possessed between the information provided due to the outsiders' involvement and development performance of new products. Absorptive capacity, the ability which recognizes the value of existing external knowledge and introduces, digests, and commercially applies the knowledge, is gained from internal development or external purchase, and is applied in creating market oriented products (Lindsay and Norman, 1977; Bower and Hilgard, 1981; Cohen and Levinthal, 1990; Kim, 1998). Thus, in case when knowledge from outer sources are introduced, the corporate gains a tendency for more daring, experimental, and innovative product attributes instead of giving preference for normal products, and there is a higher chance of becoming innovation orientation instead of being market orientation. In other words, this

can be seen as the tendency in which workers are hired from outer sources or external knowledge is brought in when newness or innovation orientation characteristics are needed. The following hypothesis has been established based on these discussions.

Hypothesis 2 :

As absorptive capacity is higher, innovation orientation than market orientation will be pursued.

<Figure 2> Study 1 : Research Model



III. Methods

1. sample & data

This study, as the subject of overseas expansion, attempts to examine in the perspective of domestic distributors. The object firms of the analysis of this study, therefore, are domestic online game publishers which own overseas affiliated companies, and 6 companies⁴⁾ which can possibly have three modes of licensing for overseas distribution, joint distribution with the local companies, and exclusive, direct distribution in the field. This study analyzed overseas distribution cases for 85 products in 13 regions⁵⁾ except for regions (Brunei, India, Turkey and Russia) which were poor performance with 1-3 cases, the overseas distribution cases from 1997 to May 2009. Therefore, the final number of analysis was 252.

The data used in this study were mainly from official notice of firms and internal data of game enterprises. The 85 online game products were developed and released in the team level, and the strategic decision making also varies depending on the characteristics of products. Therefore, this study considered the unit of research as units of development project teams or development teams, designing evaluation questionnaires on development team in order to research several variable items (market orientation, innovation orientation, creativity and absorptive capacity) (refer to Appendix). The questionnaires were directly conducted through e-mail and phone calls to team leaders or managers of the development team which made each product.

4) Nexon, NHN, NC Soft, Neowiz, CJ Internet and M Game; they are all domestic listed corporations except for Nexon.

5) They are 13 regions: Japan, China, Taiwan, North America, Europe, Thailand, Vietnam, Hong Kong, Brazil, Singapore, Indonesia, Malaysia and Philippines; for statistical reason, Singapore, Indonesia and Malaysia were bound as 'Southeast Asia,' and 'Europe' means European Union(EU), and the total amount of EU was statistically treated.

2. operational definitions & analysis

1) Dependent Variables

In order to measure market orientation, this study applied the items which were used in the research conducted by Cadogan, Paul, Salminen, Puumalainen and Sundqvist (2001) and Xinming and Yingqi (2011) focused on the situations of the foreign market instead of the domestic market (Refer to Appendix). Amongst the 11 questions which were based on a 7 point criterion, this study reselected the highest 3 items (generation of market information, expansion of market information, and responses about market information) which were displayed as highest in the factor analysis result and revised it into a 5 point criterion and applied it in the final analysis of this study. For the measurement of innovation orientation, the 5 types of items applied by Hurley and Hult (1998) were applied, and these were classified into the 3 types of items of the innovation orientation, multidimensional model of Sigauw et al. (2006) and measured.

2) Independent Variables

As knowledge recently became more complicated, systematic, and convergent · complex, organizational behavior is taking forms in team units, and the importance is becoming greater. Additionally, due to the characteristics of online game products, it's necessary to consider development of product contents per team and the situations in which different decision making occurs. Therefore, this study has the purpose of examining the research in team units which can connect the research level between individuals and the entire organization.

First, when creativity is observed as the independent variable, the simple

convergence of individuals cannot naturally convert into team creativity, and even if individual creativity is high, creativity of individuals may not be exerted due to the team characteristics and may cause for team creativity to decline (Woodman et al., 1993). Particularly, in case of an online game company which is to be observed in this study, it is appropriate to examine creativity at team level since game development takes place in team units. In team creativity, team members interact based on their creativity and derive creative ideas through this, and put this into practice for problem solving.

The factors which cause influence on team creativity include team diversity in addition to individual creativity (team members are equipped with diverse experiences and abilities and view the problem from various perspectives : Kanter, 1983; Woodman, 1993; Amabile, 1996; Heinze et al., 2007), team cohesiveness (interaction and relative influence between the team members: Glassman, 1986; Burnside, 1990; Tierney, 1992; Woodman, 1993; Sang Soon Gwon, 2000; , Hwa Ja Lee 2002), team autonomy (feeling that decisions regarding setting of task objectives, implementation period or mode can be made freely without evaluations and watch of team members : Amabile, 1996; Burnside, 1990; Hollingsworth, 2006; Heinze et al., 2007), and team leadership (the process in which influence is exercised for the team's structured activities in order to accomplish the objectives: Glassman, 1986; Amabile, 1996; Hollingsworth, 2006; Heinze et al., 2007).

In terms of the measurement, the survey mode applied in the existing research is followed.

Meanwhile, this study based on the research conducted by Cohen and Levinthal (1990) and classified the concept of absorptive capacity as the 'acquisition capacity of external knowledge', which is the ability that externally expands the knowledge base, and the 'digestion capacity of external knowledge', which is the ability to digest and apply the acquired knowledge. Additionally,

through referring to the survey list of Liao et al.(2003) and Zahra and Gorge(2002), diversity of knowledge, communication frequency, and expertise of knowledge transfer are set as variables needed for the measurement of acquired capacity of external knowledge. Moreover, degree of task skills needed for the implementation of transferred knowledge, degree of possession of task related base knowledge, and the establishment degree of communication system are set as the measurement variables needed for the digestion capacity of external knowledge. These will be calculated as factor value through further factor analysis and the variable with the highest value will be applied again for the regression analysis.

3) Control Variables

The variables used for control variables are examined as follows. The game genre is very important element for the users who enjoy games(Game White Paper, 2006). The game genre can be largely classified on the basis of the act of gamers or text(Lee Seol-hee and Kwon Min-seok, 2008). Among them, text, that is, distinguished genre according to the level of difficulty is very important because the reactions of consumers in market and the strategy and evaluations of competitors on market entry will vary(Ryu Seong-il and Park Seon-joo, 2011). Therefore, this study divided the game genre into 3 types(Casual⁶⁾, FPS⁷⁾ and MMORPG⁸⁾) and used them as control variables. Also, the market uncertainty of products are seen as reaction and adoption of market on the products according to Moriarty and Kosnik(1989), and the degree of familiarity of the products(time lag with first mover of each genre) was used as proxy.

6) Casual game means small online game anyone can enjoy any time anywhere because the game methods are easy or convenient.

7) FPS(First Person Shooter) means a kind of shooting game in which user in the first-person view have battles by using guns in a game.

8) MMORPG(massive multiplayer online role playing game) means complex multiple users' online game in a large scale

The technology uncertainty is the developmental state of the product at the time of contract(decision making of overseas distribution), and it was examined through the time lag with the domestic distribution (Korea service).

Finally, national or environmental factors are one of the crucial factors in deciding the distribution method in foreign markets, especially the legal system and government regulations of the target markets (North 1990; Oliver 1997). In this study, the level of protection of intellectual properties and IT business infrastructures were selected as national or environmental factors. For the level of protection of intellectual properties, the Business Software Alliance (BSA) index for software piracy was used. Although the index is reported annually, I used the index from 2006 to evaluate the difference in protection levels between general software and online games. For IT business infrastructures, the Internet user population (determined by saturation rate) published by the International Telecommunication Union (ITU) was used.

Company size and experience, especially overseas experience are also crucial factors. I used the size and age of companies as control variables. The data was gathered from the homepages and the annual reports of each company. The summary of all the variables is as follows:

<Table 6> Study 1 : Observed Variables and Measurement

Observed Variables		Name of Variables	Measurement	Scale	
Dependent Variables	Market Orientation	MO	market intelligence generation market intelligence dissemination market intelligence responsiveness	5-Point Scale	
	Innovation Orientation	IO	learning philosophy strategic direction transfunctional acclimation	5-Point Scale	
Independent Variables	Creativity	group diversity	GD	Evaluation on various backgrounds and experiences of members of development team	5-Point Scale
		group cohesiveness	GC	Evaluation on degree of participating interaction	5-Point Scale
		group autonomy	GA	Evaluation on degree of will of decision making in free environment within development team	5-Point Scale
		group leadership	GL	Evaluation on exertion of influence on organized activities of development team	5-Point Scale
	Absorptive Capacity	external knowledge acquisition	KA	Diversity of knowledge source, frequency of communication, and expertise of conveyed knowledge	5-Point Scale
		external knowledge digestion	KD	Work skill level, degree of retention of base knowledge related with work, and degree of establishing system of communication	5-Point Scale
Control Variables	Product Variables	Game Genre	GG	Casual Game(1) FPS(2) MMORPG(3)	Rank on Level of Difficulty
		Market Uncertainty	MU	Familiarity to products	Months
		Technology Uncertainty	TU	State of development of products in the point of decision making on overseas distribution	Months
	Firm Variables	Firm Year	FY (firm year)	Years of foundation of firm	Years
		Overseas Experience	FFY (foreign)	Years of foundation of overseas affiliated company	Years
		Firm Size	FS (firm size)	The number of employees of the firm	Thousand People
	National Variables	Intellectual Property Right	BSA	The level of protection of intellectual property right in entry country	BSA Index (Illegal Index of Software)
		IT Infrastructure	ITN (Internet)	The number of people using internet	Million People

IV. Results

1. Descriptive statistics & correlations

In this study, the R-type factor analysis, in which the correlations between variables are first calculated and identical concepts are measured to connect the variables together, was first conducted. For the factor extraction model, the principle component analysis was applied, and for the factor rotation mode, VARIMAX mode was applied. According to this factor analysis result, it was classified as equivalent factors, and confirmatory factor analysis (CFA) was conducted to examine unidimensionality regarding the measurement items of research units per research unit certified for its reliability. Investigation of unidimensionality was conducted on research units formed of more than 3 multi items. Creativity (4 items) was displayed as $\chi^2= 2.27(p=0.000)$, GFI=1.00, AGFI=0.98, RMR=0.016, NFI=0.99, and market orientation (3 items) and innovation orientation (3 items) were displayed as a saturated model, and it has been analyzed that the constructed model was well reflecting the experiential resource structure.

As a result of analyzing the measurement model of all concepts included in this model to investigate the convergent validity and discriminant validity of the scales, the following results have been displayed in <Table 7>. According to the analysis result, $\chi^2= 378.54$, degree of freedom = 161, GFI=0.98, AGFI=0.85, RMR=0.034, NFI=0.95, CFI=0.82 were displayed, and the goodness of fit of the model was shown to be outstanding. The standard factor loading of the research concepts were all displayed as significant. Therefore, convergent validity was certified. Moreover, as a result of calculating the correlation coefficient by extracting two research units at once, most correlation coefficients were displayed as less than 1 in the statistically significant level. Therefore, discriminant validity was certified as well (Challagalla & Shervani, 1996). In

case of concept reliability, it was displayed as high for everything with more than 0.7, which is the average recommended standard.

<Table 7> Study 1 : Measurement Model

Constructs	Measurement items	Factor loading	Cronbach's Alpha	R2
Creativity (Oldham and Cummings,1996; Tierney and colleague, 1999; George and Zhou, 2001; Gilson and Shalley, 2004)	group diversity	· Evaluation on various backgrounds and experiences of members of development team 0.942***	0.897	0.772
	group cohesiveness	· Evaluation on degree of participating interaction 0.952***		
	group autonomy	· Evaluation on degree of will of decision making in free environment within development team 0.912***		
	group leadership	· Evaluation on exertion of influence on organized activities of development team 0.681***		
Absorptive capacity (Cohen and Levinthal, 1990; Lane and Lubatkin, 1998; Zahra and George, 2002)	external knowledge acquisition capability	· Diversity of knowledge source · Frequency of communication of external and internal person · Expertise of conveyed knowledge 0.783***	0.711	0.613
	external knowledge digestion capability	· Work skill level · Degree of retention of base knowledge related with work · Degree of establishing system of communication 0.883***		
Market orientation (Cadogan et al., 2001; Racela et al, 2007; Xinming and Yingqi, 2011)	market intelligence generation	· Creating information on trend of market · Constant monitoring for satisfying needs of customers · Detecting changes of market environment · Reviewing changes of environment constantly · Creating information affecting needs and preference of customers 0.923***	0.952	0.915
	market intelligence dissemination	· Information on competitors reaching decision maker · Reachability of information affecting the methods of customer reception · Degree of horizontal communications for spreading effective market information · Degree of effort of official and unofficial spread on market trends 0.970***		
	market intelligence responsiveness	· Immediate response to strategy of competitor · Degree of offering products and service satisfying present and future needs of customers · Immediate response to reaction of customers 0.976***		

		· State of manufacture of products, distributions and promotions			
Innovation orientation (Hurley and Hult, 1998; Siguaw et al., 2006; Zhand and Duan, 2010)	Learning philosophy	· Accept technological innovation based on the result of research easily	0.816***	0.714	0.636
	strategic direction	· Degree of innovative idea orientation of management · Management actively seeks innovative ideas	0.749***		
	transfunctional acclimation	· Will to punish the acceptance and failure of new ideas Treatment of the person who suggests idea which doesn't bear good performance · Generally, innovative matters are considered to have high risk	0.826***		

*p<0.1, **p<0.05, ***p<0.01

As a result of confirmatory factor analysis, correlation analysis was implemented in order to identify the direction of relations and the degree of relations between each of the concept scales verified of unidimensionality. As it is displayed in <Table 8>, it is in accordance to all the hypothetical directions of this study, and the items applied in this study from the nomological validity perspective can be considered as valid. When the correlation between some variables were observed, a high (-) negative correlation was possessed between control variables such as firm year and firm size, and amongst independent variables, a high (+) positive correlation was formed between team creativity and market orientation. Meanwhile, a negative (-) correlation was displayed between the team absorptive capacity and firm year. The value of variance inflation factor in variables was examined in concern of possible multicollinearity problems due to the relatively high correlation between some variables, but it is considered that multicollinearity will not be a problem as it resulted in the value of less than 10.

<Table 8> Study 1 : Descriptive Statistics and Correlations

Variables	Means	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Market Orientation	2.6164	1.3190	1											
2. Innovation Orientation	2.6627	.83233	.599**	1										
3. Creativity	1.6746	1.3199	.725**	.482**	1									
4. Absorptive Capacity	2.9663	1.3118	.271**	.641**	.324**	1								
5. Game Genre	1.85	.948	.062	.041	.111	.174**	1							
6. Market Uncertainty	1631.3	1126.9	-.106	-.107	-.099	.086	.186**	1						
7. Technology Uncertainty	433.94	552.99	.292**	.174**	.246**	.009	-.285**	-.128*	1					
8. Firm Year	1996.9	2.088	-.166**	-.599**	-.175**	-.684**	.036	.216**	-.164**	1				
9. Overseas Experience	2005.4	3.362	-.161*	-.673**	-.235**	-.625**	-.043	.093	-.081	.737**	1			
10. Firm Size	1840.5	1204.6	.140*	.618**	.271**	.642**	.085	-.070	.080	-.552**	-.639**	1		
11. Intellectual Property Right	50.90	24.502	.052	.129*	.080	-.023	-.161*	-.314**	.117	.033	.034	-.062	1	
12. IT Infrastructure	124045	112620	-.144*	.410**	-.072	.038	.237**	.083	-.217**	.011	-.098	.063	.078	1

*p<0.05, **p<0.01

2. Analyses results

<Table 9> Study 1 : Result of Regression Analysis

Variable	model 1(baseline)		model 2		model 3		model 4	
	DEP : MO	DEP : IO	DEP : MO	DEP : IO	DEP : MO	DEP : IO	DEP : MO	DEP : IO
Intercept	318.789** (172.097)	490.782*** (69.792)	475.878*** (122.461)	544.365*** (42.094)	-59.230 (174.327)	346.053*** (69.923)	308.677** (129.506)	450.200*** (58.981)
Game Genre	0.204*** (0.090)	-0.011 (0.038)	0.065 (0.066)	-0.065** (0.032)	0.129** (0.088)	-0.042 (0.035)	0.036 (0.065)	-0.090*** (0.030)
Market Uncertainty	-0.056 (0.000)	0.013 (0.000)	-0.003 (0.000)	0.041 (0.000)	-0.184*** (0.000)	-0.077** (0.000)	-0.068 (0.000)	-0.017 (0.000)
Technology Uncertainty	0.289*** (0.000)	0.173*** (0.000)	0.104** (0.000)	0.073** (0.000)	0.324*** (0.000)	0.198*** (0.000)	0.132*** (0.000)	0.097*** (0.000)
Firm Year	-0.061 (0.060)	-0.293*** (0.025)	-0.142** (0.043)	-0.307*** (0.020)	-0.066 (0.059)	-0.175*** (0.023)	-0.076 (0.044)	-0.249*** (0.020)
Overseas Experience	-0.350** (0.069)	-0.562*** (0.028)	-0.147*** (0.049)	-0.600*** (0.023)	-0.092** (0.067)	-0.413*** (0.027)	-0.267** (0.050)	-0.504*** (0.023)
Firm Size	0.048 (0.000)	0.362*** (0.000)	-0.186*** (0.000)	-0.300*** (0.000)	-0.477*** (0.000)	-0.317*** (0.000)	-0.627*** (0.000)	-0.395*** (0.000)
Intellectual Property Right	0.046 (0.003)	0.103** (0.001)	-0.011 (0.002)	0.071** (0.001)	-0.030 (0.003)	0.052 (0.001)	-0.048 (0.002)	0.043 (0.001)
IT Infrastructure	-0.130** (0.000)	0.386*** (0.000)	-0.071** (0.000)	0.416*** (0.000)	-0.089 (0.000)	0.425*** (0.000)	-0.066 (0.000)	0.438*** (0.000)
Creativity			0.715*** (0.047)	0.387*** (0.021)			0.676*** (0.047)	0.351*** (0.021)
Absorptive Capacity					0.635*** (0.120)	0.644*** (0.048)	0.307*** (0.091)	0.374*** (0.041)

Observed value N= 252

*p<0.1, **p<0.05, ***p<0.01

Note: The values in the bracket are standard errors

<Table 9> is the analysis result of regression analysis which was conducted for the verification of hypotheses presented in this study. Since standardized regression coefficient was standardized and analyzed with the inserted data, standardized regression coefficient can be applied instead of simple regression coefficient to compare the relative influential size of the independent variable. Thus, independent variables, which display the greatest value amongst the absolute value of the standardized regression coefficient, can be considered as causing the greatest influence on the dependent variable. Therefore, the results of the research model are as follows. First, in model 1, regression analysis was

conducted for the baseline model which only includes the control variables when the each dependent variable is market orientation or innovation orientation. Then, in models 2,3,4, regression analysis was conducted for the model which added team creativity and absorptive capacity, which are independent variables from hypotheses 1 and 2. Therefore, the support status of hypotheses 1 and 2 are decided through the empirical analysis of models 2,3,4, and all models contained in this study are displaying significant results of $p < 0.0000$.

First, according to results in model 1, game genre, technology uncertainty, foreign market experience, and IT infra were displayed as significant when the dependent variable is market orientation, but market uncertainty, firm year and size, and protection degree of intellectual property right were displayed as insignificant. On the other hand, in case when the dependent variable is innovation orientation, all besides game genre and market uncertainty were displayed as significant. Meanwhile, in models 2 to 4 which additionally added the independent variables, creativity and absorptive capacity, which are independent variables, were displayed as significant towards dependent variables such as market orientation and innovation orientation. As a result of comparing the influence size of independent variables, it was displayed that creativity caused great influence on market orientation than innovation orientation as it was suggested in hypothesis 1 (market orientation $B=0.715 >$ innovation orientation $B=0.387$). Additionally, it was confirmed that absorptive capacity had greater influence on innovation orientation than market orientation (innovation orientation $B=0.644 >$ market orientation $B=0.635$). Even in case of model 4 in which independent variables such as creativity and absorptive capacity were analyzed together, it was displayed that creativity had greater influence on market orientation than innovation orientation (market orientation $B=0.676 >$ innovation orientation $B=0.351$), and absorptive capacity was displayed as causing greater influence on innovation orientation than market orientation (innovation orientation $B=0.374 >$ market orientation $B=0.307$). Therefore,

according to the analysis result of this study, the contents suggested in hypothesis 1 and 2 were displayed as empirically verified.

In other words, creativity is a factor which simultaneously promotes market orientation and innovation orientation, but when it was observed from a relative perspective, it was identified that it caused greater influence on market innovation. This result supports existing researches which claim that internal creative development is applied in creating market orientated products (Lindsay and Norman, 1977; Bower and Hilgard, 1981; Cohen and Levinthal, 1990; Kim, 1998), and supports how creativity of the internal team is deeply relevant to market information which reacted to the market's requests, collection and expansion of knowledge and related responses (Naver and Slater, 1990; Kohli and Jarworski, 1993).

Furthermore, absorptive capacity is a factor which promotes market orientation and innovation orientation in the same way as creativity, but from a relative perspective, it can be identified that the influence caused on innovation orientation is greater. This is a result which supports existing studies which emphasized the application of external knowledge source in innovation activities (Cohen et al., 2002; Cockburn & Henderson, 1998; Chesbrough, 2003; von Hippel, 1988). Therefore, this study results display that they are not completely exclusive, but are variables which display differences from a relative degree.

V. Conclusions and Discussions

The basic assumption of this study is that the domestic online game publishers that already have foreign subsidiaries and branches have the different decision-making of foreign market entry, specially distribution mode after initial entry. And the purpose of this study is to look at how much market orientation and innovation orientation, that influence in decision-making on overseas market distribution, have been affected by the internal and external sources. Performed under this assumption and purpose, the conclusions and implications of this study are as follows.

First, in this study, according to creativity perspective, which complement the limitations of resource-based view and knowledge-based view, the factors affecting product or project-based strategic decision making were identified. Especially, it was directly identified that how creativity and absorptive capacity in the team level were realized in strategic decision making. As in the game sector, the situation where the development takes place in the team level and the distribution strategies are decided, the analytical unit of the study should be examined in a team level. Such results show that the research of international management and strategy can be differently applied to entertainment industry which is creative industry.

Second, how the acquisition of creativity, as the inside source of team as well as absorptive capacity, as an external knowledge will have effect on the market orientation and innovation orientations respectively through the result of this study. In other words, it informs us what decision the businesses which develop new products and attempt to launch the products to overseas market should make between creativity of inner manpower and introduction of outsiders for each product. Also, this result provides, by synthetically connecting

creativity, absorptive capacity, market orientation and innovation orientation with selection of overseas distribution methods, basic theoretical framework for describing overseas expansion.

Third, because cultural contents businesses including game companies do not have the long number of years of business compared to traditional manufacturing industry and recently began to enter foreign markets, there is almost no empirical study on overseas expansion of those enterprises(Werner and Brouthers, 1997; Contractor and Kundu, 1998; Yoo Seung-hoon and Kim Seok-soo, 2000). Under this reality, this study has its significance that it provides important theoretical foundation for decision making of overseas expansion in cultural contents businesses. Therefore, this study makes company determine what factors to be considered to enter overseas market in the future and what strategy is effective.

On the other hand, although this study investigates the important factors to be considered when making strategies for foreign market entry of cultural contents products, there are also limitations. Such limitations and the future direction of research are as follows.

First, for samples, the current study confined the products' cases from the main six distributors in the domestic game industry and analyzed them. Therefore, the findings of this study have limitations to generalize the effect of creativity and absorptive capacity on market orientation and innovation orientation by applying to all areas of cultural contents. It's necessary to develop the whole decision-making model which can generalize including other cultural contents areas in order to improve it. Also, the sample businesses were all Korean firms, so it's also restricted to consider the result of this study as the global decision-making model. In the future research, therefore, not only Korea but also other countries should be all together compared and analyzed.

Lastly, Korea is currently called suzerain state of online games, and the domestic online games are already entering mature period, but it still stays in the beginning level in the global market. In the aspect of such market difference, it has limitation that it cannot take a view of general situation of the market. This part should be treated in the future studies.

Chapter IV
STUDY 2

Chapter IV. STUDY 2

I . Introduction

Overseas market has many differences in culture, economy and social environment, compared to domestic market. Because of these causes, it's not easy to understand the market environment or consumers of the field correctly and exert proper competitive strategy to create competitive advantage of the firm. The greatest reason the prominent global enterprises in the world experience bitter failures in the course of attacking overseas market comes from the difference of markets. Moreover, the change of world market environment including drastic technological change, intensifying global competitive environment, and diversity of consumer needs aggravate the difficulty of businesses which attempt to enter overseas market, requiring completely different thinking and strategy. Especially, unlike the past, as the business activities based on consumers, the interest and understanding of overseas market environment or consumers become the most important factor to create competitive advantage.

Under these circumstances, most existing studies related to overseas expansion of products or companies based on the Transaction Cost Theory or OLI Paradigm in searching for factors which decide the expansion mode used during the initial entry to foreign markets. That is, research about foreign market entry modes is derived from traditional international business theories (Barkema and Vermeulen 1998; Kogut and Singh 1988). These studies emphasize various choices of entry modes that can be selected depending on the level of control preference. Listed from the lowest level of controllability, foreign exports (indirect or direct), contracts (licensing, franchising) and foreign direct investments (joint venture, M&A and Greenfield) comprise entry mode options

for international companies (Root 1994). In the early stages of foreign market entry, companies prefer entry modes with lower control. As experience is gathered, the preferred entry mode gradually shifts to business models with more control (Root 1987). However, scholars have placed less attention on the dynamics of global distribution strategies after the initial market entry (Agarwal and Rmaswami 1992; Brouthers and Werner 1996; Contractor and Kundu 1998; Erramilli and Rao 1993; Li. and Guisinger 1992; Yoo and Kim 2000; Park et al. 2010).

The accelerated pace of foreign market entry by high-tech ventures like online game companies provides new opportunities for broadening the existing theories. Johanson and Vahlne (1990) observed that the traditional Stage Model cannot be applied when foreign market entry is conducted extraordinarily quickly in the early stages. Bell (1995) also insisted that the traditional Stage Model and the activity patterns in the choice of market and entry mode are not applicable to high-tech ventures. Therefore, these companies that actively enter foreign markets in the early stages of business are referred to as 'Born global' (Oviatt and McDougall 1994). 'Born global' companies do not follow the traditional Stage Model (Choi and Hong 2006). Recently, there is a phenomenon in the Korean game industry which cannot be explained by traditional theories. Some domestic online game publishers that already have foreign wholly owned subsidiaries have the different decision-making of foreign market entry, specially distribution mode selection after initial entry. For example, they chose the low controllability distribution methods, such as licensing depending upon the attributes of the products, even when the company has subsidiaries, enough resources and experience for direct or exclusive distribution.

Considering this trend, this study attempts to examine the perspectives of approaching foreign market in the view of strategic orientation (Gatignon and Xuereb, 1997). It began as a marketing concept which should consider the view

of consumers, developing into the contents as market(customer) orientation and innovation(technology) orientation (Day, 1990; Cooper, 1994; Narver and Slater, 1990; Slater and Narver, 1994; Gatignon and Xuereb, 1997). Such strategic direction is appropriate for application of cultural contents industry which have decision making for units of products and projects, and complements the limit of the existing theories based on the overseas expansion of traditional manufacturing industry. In this study, I investigate the factors affecting the changes of distribution strategies after the initial market entry based on market orientation and innovation orientation. Second, the existing literature on strategic orientation only focused on various relationships between the variables, but had limitations to examine how they have different effects on decision making process of firm by connecting with outcome variables. According to Hortinha, Lages and Lages's study (2011), they insist that business operators face challenge to distribute limited resources, so they have to choose between possible strategic directions. After all, the research results like this imply that it's good to have market orientation and innovation orientation at the same time, but in the situation where they have to select, they should use two-track strategy. Therefore, this study investigates how each strategic orientation such as market and innovation orientations has different effect on the distribution methods of entry to overseas markets after the initial entry.

II. Theory and Hypotheses

1. Foreign market entry mode and distribution strategy

The studies on foreign market entry mode are derived from traditional international business theories (Barkema and Vermeulen 1998; Kogut and Singh 1988). Especially, two different views about the choice of foreign market entry modes evolved from these theories (Pan and Tse 2000).

The first view is derived from the perspective of transaction cost (Anderson and Gatignon 1986; Beamish and Banks 1987; Caves 1982). This theory suggests that firms will internalize those activities that they can perform at a lower cost, but will subcontract those activities if other providers have a cost leadership (Pan and Tse 2000). In addition to functional cost, opportunity cost and risk have also been considered in discussing cost advantage (Dunning 1988). The framework assumes that decision makers consider all of these aspects of entry mode and make choices at the same time. Therefore, there is no rank of entry mode in this view (Kumar and Subramaniam 1997).

The other view is derived from the perspective of international business theories (Barkema and Vermeulen 1998; Kogut and Singh 1988). Its main premise is that foreign market entry is inherently risky because of the differences in the political, cultural, and market environments. In the early stages of foreign market entry, companies prefer entry modes with lower control. As experience is gathered, the preferred entry mode gradually shifts to business models with more control (Root 1987). Various choices of entry mode can be made according to the level of control preference. Listed from the lowest controllability, foreign exports (indirect or direct), contracts (licensing, franchising) and foreign direct investments (joint venture, M&A and Greenfield) are the entry modes used by international companies (Root 1994). Unlike the

previous view, definite rank exists among entry modes in this theory (Chu and Anderson 1992). Existing theories such as the Life Cycle Theory, the Eclectic Paradigm and the Stage Model share common points in explaining the dynamics of foreign market entry. They suggest that entering a foreign market generally takes considerable time, and thus, entry strategies are executed gradually as firms accumulate knowledge and experience (Buckley and Casson 1998; Jo et al 2004; Johanson and Vahlne 1977, 1990; Vernon 1966; Williamson 1985).

Following this framework, firms that do not have experience in foreign market entry usually rely on exporting, that is, entry by contract. This mode of foreign market entry does not involve the sales of the products, but the sales, lease, or licensing of technology and intellectual properties. Contractor and Kundu (1998) viewed licensing narrowly as the transferring of patent and brand, and more broadly as transferring technologies of all kinds. In this view, the usual foreign market entry by contract of Korean online game publishers can be regarded as licensing in a broad sense (Lee and Lee 2008). Direct investment, such as a Greenfield operation or M&A offers full controllability, and the coordination of foreign partners is not necessary. However, firms' headquarters are directly exposed to every risk in the foreign market. If the product quality or the core competencies are not guaranteed, foreign direct investment is a poor choice.

The accelerated pace of foreign market entry by high-tech ventures like online game companies provides new opportunities for broadening the existing theories. Johanson and Vahlne (1990) observed that the traditional Stage Model cannot be applied when foreign market entry is conducted extraordinarily quickly in the early stages. Bell (1995) also insisted that the traditional Stage Model and the activity patterns in the choice of market and entry mode are not applicable to high-tech ventures. Therefore, these companies that actively enter foreign markets in the early stages of business are referred to as 'Born global' (Oviatt

and McDougall 1994). 'Born global' companies do not follow the traditional Stage Model (Choi and Hong 2006).

Engwall and Wallenstal (1988) insisted that the globalization process for a company, such as the choice of foreign market and the selection of entry mode, depends on the unique attributes of the relevant industry, and subsequent studies supported this (Agarwal and Rmaswami 1992; Brouthers and Werner 1996; Contractor and Kundu 1998; Erramilli and Rao 1993; Li. and Guisinger 1992; Sagari 1992; Yoo and Kim 2000). A global company expanding across national boundaries often finds itself in the position of entering a market for the first time. The company must use established channels, build its own channels, or abandon the market. Global distribution obstacles are often encountered when a company enters a competitive market where existing brands and supply relationships are already established. The global company seeking to enter such a market must either provide some incentive to channel agents (including a kind of joint distribution) or establish its own direct distribution system (that is, exclusive distribution). Hence, before deciding the global distribution strategy, managers must study each country individually (Keegan and Green 2000; KOFIC, 2000; Park 2003; Park 2007).

2. Entry mode of online game

Research on the online game market is still in its early stages, and most of the studies on the entry modes of online games have been case studies. For example, Choi (2005) studied the entry strategies used by the Korean online game industry to gain entry into China. She insisted that licensing is the dominant strategy for China's market entry, considering market uncertainties such as regulations and the legal system. Similarly, Choi and Hong (2006) studied entry modes into the Japanese market. Based on 10 cases, they

hypothesized that domestic performance and the diversity of portfolios led online game companies to select a more controllable entry mode. Hong et al. (2007) tracked the entry of 7 major online game publishers into the Japanese market through the process of the time frame from market entry to business operation. They analyzed the entry strategies and the success factors in each process, and found that online game publishers have the attributes of born-global companies. They also found that the decision in favor of foreign direct investment by online game publishers is based on strong market positions in the domestic market and the core competencies by vertical integration. Therefore, they suggested that traditional theories, like the Eclectic Paradigm or the Stage Model, can explain online game publishers' practices. Lee and Lee (2008) used survey data to analyze the factors affecting the entry mode of Korean online game companies. They found that the experience of top management and the protection of intellectual properties in target markets are the most important factors influencing a decision-making to engage in direct investment.

All of these studies on the entry mode of online games focused only on initial market entry. They do not pay significant attention to the changes of distribution strategy after the initial entry. Recently, Young Eun Park et al. (2010) found foreign market entry modes are decided based on a company's competency and strategy, and the characteristics of the target market in the perspectives of resource-based view. And for the first time, they investigate the key factors behind changes in decisions about global distribution in the Korean online game industry after initial market entry.

<Table 10> Determinants of Entry Type

Classification	External Factors(Local Market Factors)	Internal Factors
Determinants	- Cultural distance (psychological distance) (Blomsterno et al., 2006; Erramilli &	- Resources and capacity(core competency) Experience of the existing market(Blomsterno et al., 2006), unique resources of the

	<p>Rao, 1993; Evans et al., 2000)</p> <ul style="list-style-type: none"> - Whether or not entry is easy (Keegan & Green, 2008) - External environment (Vida & Fairhurst, 1998) - Risk in contracts (Park & Sternquist, 2008) 	<p>business(Ekeledo & Sivakumar, 2004), peculiarity of assets(Erramilli & Rao, 1993), characteristics of organization(Erramilli & Rao, 1993), characteristics of management(Evans et al., 2000), characteristics of decision makers(Vida & Fairhurst, 1998), unique concept, brand concept, unique competence(Park & Sternquist, 2008)</p> <ul style="list-style-type: none"> - Other organization-related variables quick expansion(Park & Sternquist, 2008)
--	---	--

2. Proposed Research Model and Hypotheses

The purpose of this study is to identify factors which cause influence in companies which deal with contents such as online games when they decide to initially enter the foreign market and decide on the product distribution modes. Thus, by examining which factors decide the level of foreign distribution mode, identification is to be made on why cases occur where modes of lower control such as licensing is selected despite the ability to conduct exclusive distribution with an wholly-owned local subsidiary.

Most existing studies related to overseas expansion of products or companies based on the transaction cost theory or OLI Paradigm in searching for factors which decide the expansion mode used during the initial entry to foreign markets. However, this study focused on the specific stage when a corporate, which deals with products of cultural contents such as online games, enters the global market, establishes a local subsidiary, and decides on the distribution mode for each product. Recently, couple of scholars discovered limits in applying existing theories for this area. As a result, this study will take on the role as the new framework and examine market orientation and innovation orientation.

In terms of research on entry selection into the foreign market, most are

researches on entry mode or entry types (Bruderl & Schussler, 1990; Lindqvist, 1991; Shrader et al, 1997; Zacharakis, 1997; Westhead et al, 1999; Jang Woo Lee et al, 2002; Seok Soo Kim, 2002; Hyeong O Lee et al, 2007; Dong Seob Yoon, 2007). However, Jang Woo Lee et al, (2002) and Seok Soo Kim (2002) selected technological innovation in addition to differentiation strategy needed for market orientation as the factors regarding the selection of international market entry mode. Moreover, through a research on determinants of overseas expansion for Korean venture businesses, Dong Seob Yoon (2007) identified market oriented factors, the degree of innovation, and risk-taking as influential factors. Through a study on internationalization of small and medium sized service businesses in Spain, Maria, Andreu and Salvador(2010) verified how innovation orientation accelerated the time it took for these businesses to become internationalized, and identified how the entry mode with higher control is caused to be selected in the foreign market. Dimitris (2010) focused on examining the relation between the subsidiary company, which is a part of the business conducting foreign direct investment, and the market orientation. Unlike existing theses which examined how market orientation or innovation orientation caused influence on the international market entry mode, this research fixed the foreign direct investment situation, the mode with highest control amongst the international entry mode, and observed how market orientation changes according to the personalities of the subsidiary companies. For this reason, it was considered that decisions could be made on control modes of strategic roles and goals of subsidiary companies. Maria, Andreu and Diego(2012) claimed that entrepreneurial orientation and entry timing possess very important correlation with the international market orientation. Additionally, it was confirmed that entrepreneurial orientation and early international entry had significant relations with the selection of entry mode with higher resource commitment.

As market orientation and innovation orientation stand out as factors which cause influence in the international market entry, the discussions about these

two concepts have been treated as the main issue in the academic and practical fields for long periods of time. Latent conflicts have existed between people who consider customers as the source of all wisdom and other who view technological innovation as the major motivator of economical growth (Berthon et al., 2002). Market orientation first started from Drucker (1954), who claimed that the corporate's goal is to generate and maintain its customers. In the same way, people who emphasize philosophy about customers or the market argued that the corporate's goal is to discover the aimed needs and desires of the market and to provide satisfying products and service (Narver and Slater, 1990; Slater and Narver, 1994; Kohli and Jaworski and Kohli, 1993; Kohli et al., 1993; Selnes et al., 1997; Deshpande and Farley, 1998; Harris and Ogbonna, 1999). On the other hand, people who stress importance on philosophy of innovation state that customers will have a higher preference for the products and service which provide more outstanding quality, performance, and characteristics. Moreover, they believe that existing customers are not completely aware of the radical new technology which they need and desire. As a result, they are exerting more efforts to developing and advancing outstanding and distinguished products, service, and communication (Berthon et al., 2002). In fact, this perspective has been extensively treated by subjects in the academic and practical fields for long periods (Smith, 1980; Clark and Fujimoto, 1991; Kodama, 1995; Utterback et al., 1976). Thus, companies which approached nearer to the customers failed in developing innovative and new technology which could transform their industries, and companies which were concerned with innovation failed in pursuing the market's needs, resulting in greatly amplifying discussions regarding the bilateral relations (Bower, 1996; Frosch, 1996).

Within this thesis, Hortinha et al.(2011) verified how the trade-off existing between market orientation and innovation orientation caused for their strategic orientation to bring other results. Particularly, these two offset problems are very important assignments which must be overcome by companies which desire

product export to the international market (Hortinha, Lages and Lages, 2011). It is because resources are limited, and companies have to make the decision to allocate their resources. Therefore, they cannot help but pursue and emphasize on one type of orientation. Additionally, the leading variables and outcome variables which cause influence on this can also be different (Vieira, 2010; Danneels 2007; Lant, Milliken, and Batra, 1992). As market orientation is pursued more, interests about users' experiences and needs become higher, and the ability to understand and reflect on consumers' experiences in the products will be aimed for development. Accordingly, the corporate puts in efforts to collect and construct market information and to reflect them on the products, and selects the entry mode which can increase the commitment and control of the resources. Meanwhile, as innovation orientation is pursued, there is a higher possibility to seek for those which are new and innovative from the perspective of technology or product usage instead of users' experiences or needs. However, since it already carries huge innovated risks, the corporate should open possibilities for immediate withdrawal in preparation of not being accepted in the market. For this reason, the entry mode which enables for low resource commitment and control in the international market will be selected. The following hypotheses are to be established based on this research.

Hypothesis 1 :

As market orientation is higher, entry(distribution) mode with higher control will be selected.

Hypothesis 2 :

As innovation orientation is higher, entry(distribution) mode with lower control will be selected.

On the other hand, strategic assets with strategic orientation are important factors that affect the company's decision. Dierickx and Cool (1989) define that

strategic assets as resources and capabilities required to sustain core competencies (Amit and Schoemaker 1993; Diericks and Cool 1989), which are unique, rare, and hard to substitute or copy based on the Resource-Based View (Barney 1991; Collis and Montgomery, 1995; Dierickx and Cool 1989; Grant 1991; Lado and Wilson 1994; Lippman and Rumelt 1982; Rumelt 1987). These strategic assets are the result of stock and flow of resources, and thus, focus on the difference between stock and flow as necessary. The stock of resources is a static component, but the flow is a dynamic component (Dierickx and Cool 1989). Core competencies and strategic assets have unique attributes that cannot be obtained in a short period. So companies with subsidiaries, enough resources and experience for direct investment or exclusive distribution tend to prefer a more controllable distribution method (Dierckx and Cool 1989; Teece, Pisano and Shuen 1997). Young Eun Park et al. (2010) divided the strategic assets of online game into the stock and flow of resources. That is, the stock of resources was examined to the product's quality and the flow of resources was examined to the service's quality considering the characteristics of online game. The results partially supported the hypotheses. Based on these studies, the following hypotheses are set up.

Hypothesis 3 :

The firm with more strategic assets(quality of product and service) will prefer a more controllable distribution method.

H 3-1 :

The firm with more stock of resources(quality of product) will prefer a more controllable distribution method.

H 3-2 :

The firm with more flow of resources(quality of service) will prefer a more controllable distribution method.

Hypothesis 4 :

The degree of strategic assets(quality of product and service) will moderate the effects of H1 and H2.

H 4-1 : The degree of quality of product will moderate the effect of H1.

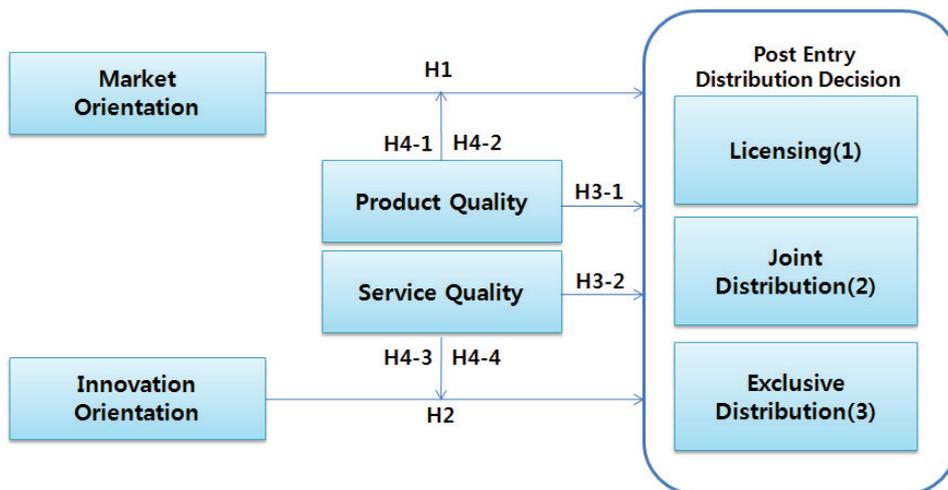
H 4-2 : The degree of quality of service will moderate the effect of H1.

H 4-3 : The degree of quality of product will moderate the effect of H2.

H 4-4 : The degree of quality of service will moderate the effect of H2.

This research hypotheses and model are summarized in <Figure 3>.

<Figure 3> Study 2 : Research Model



III. Methods

1. sample & data

I analyzed the foreign market entry cases of Korean online game publishers from 1997 to May 2009. To focus on the dynamics after initial entry, target companies were restricted to Korean online game publishers that already have own overseas affiliated subsidiaries. These companies have enough resources to select among the licensing, joint venture (that is, joint distribution) and direct investment (that is, exclusive distribution) options. Six companies that met this criteria were selected: NCsoft, Nexon, NHN, Neowiz Games, CJ Internet and Mgame. The foreign entry cases and the data about market orientation and innovation orientation were gathered through interviews with experts, especially development team managers by email and phone, and from each company's annual reports. I excluded some countries with fewer samples which were poor performance, including Brunei, India, Turkey and Russia. The final sample data covered 252 cases, with 13 countries of entry and 85 products. I used ordered logistic regression to effectively reflect the categorical characteristics in the entry mode

2. Operational Definitions & Analysis

1) dependent Variable

According to traditional theories, the entry modes for foreign markets range from export to contract and to direct investment, based on risk, commitment and controllability (Root 1994). Most Korean game companies preferred licensing as a foreign market entry strategy, but major companies used various distribution

methods for each market (Choi and Hong 2006; Lee and Lee 2008). For the analysis, I used ordered categories for dependent variable. In the order of controllability, exclusive(or direct) distribution was numbered as 3, joint distribution as 2, and licensing as 1.

2) Independent Variables

In order to measure market orientation, this study applied the items which were used in the research conducted by Cadogan, Paul, Salminen, Puumalainen and Sundqvist (2001) and Xinming and Yingqi (2011) focused on the situations of the foreign market instead of the domestic market (Refer to Appendix). Amongst the 11 questions which were based on a 7 point criterion, this study reselected the highest 3 items (generation of market information, expansion of market information, and responses about market information) which were displayed as highest in the factor analysis result and revised it into a 5 point criterion and applied it in the final analysis of this study. For the measurement of innovation orientation, the 5 types of items applied by Hurley and Hult (1998) were applied, and these were classified into the 3 types of items of innovation orientation, multidimensional model of Sigauw et al. (2006) and measured.

To measure product quality of online businesses, user activities and interactions are commonly used (Han 2006; Hughes 2000; Olver 1997). Palmer (2002) strongly suggested that user satisfaction is the most important factor in the success of an online business and measured user satisfaction by visit frequencies and visit recurrence. However, in this study, the number of portfolio of similar genre of development team of the products was used as a proxy to measure product quality considering the characteristics of online game product. Previous studies of online products measured service quality using the stability

of service, accessibility and response speed (Lindroom 1997; Liu and Arnett 2000; Negash et al. 2002). These properties are very important in online games because online games are continuous products. To measure service quality, I used the retention rate of users as a proxy of service quality, measured by industry experts using a 5-point scale.

3) Control Variables

The variables used for control variables are examined as follows. The game genre is very important element for the users who enjoy games (Game White Paper, 2006). The game genre can be largely classified on the basis of the act of gamers or text (Lee Seol-hee and Kwon Min-seok, 2008). Among them, text, that is, distinguishing genre according to the level of difficulty is very important because the reactions of consumers in market and the strategy and evaluations of competitors on market entry will vary (Ryu Seong-il and Park Seon-joo, 2011). Therefore, this study divided the game genre into 3 types (Casual¹⁾, FPS²⁾ and MMORPG³⁾) and used them as control variables. Also, market uncertainty of products are seen as reaction and adoption of market on the products according to Moriarty and Kosnik (1989), and the degree of familiarity of the products was used as proxy. Technology uncertainty is the developmental state of the product at the time of contract (decision making of overseas distribution), and it was examined through the time lag with the domestic distribution (Korea service).

Firm size and experience, specially experience from overseas market are also

1) Casual game means small online game anyone can enjoy any time anywhere because the game methods are easy or convenient.

2) FPS (First Person Shooter) means a kind of shooting game in which user in the first-person view have battles by using guns in a game.

3) MMORPG (massive multiplayer online role playing game) means complex multiple users' online game in a large scale.

crucial factors. I used the firm size and year as control variables. The data was gathered from the homepages and the annual reports of each company. Environmental factors or national factors are one of the crucial factors in deciding the distribution method in foreign markets, especially the legal system and government regulations of the target markets (North 1990; Oliver 1997). In this study, the level of protection of intellectual properties and IT business infrastructures were selected as national factors. For the level of protection of intellectual properties, the Business Software Alliance (BSA) index for software piracy was used. Although the index is reported annually, I used the index from 2006 to evaluate the difference in protection levels between general software and online games. For IT business infrastructures, the Internet user population (determined by saturation rate) published by the International Telecommunication Union (ITU) was used. The summary of all the variables is as follows.

<Table 11> Study 2 : Observed Variables and Measurement

Observed Variables		Name of Variables	Measurement	Scale	
Dependent Variable	Distribution	MODE	Licensing(1) Joint Distribution(2) Exclusive Distribution(3)	Level of Distribution Methods	
Independent Variables	Market Orientation	MO	market intelligence generation market intelligence dissemination market intelligence responsiveness	5-Point Scale	
	Innovation Orientation	IO	learning philosophy strategic direction transfunctional acclimation	5-Point Scale	
	Product Quality	PQ	The number of portfolio of similar genre of development team of the products	Units	
	Service Quality	SQ	Expert survey on customers' breakaway after service(retention)	5-Point Scale	
Control Variables	Product Variables	Game Genre	Casual Game(1) FPS(2) MMORPG(3)	Rank on Level of Difficulty	
		Market Uncertainty	MU	Familiarity to the products	Months
		Technology Uncertainty	TU	State of development of products in the point of decision making on overseas distribution	Months

	Firm Variables	Firm Year	FY (firm year)	Years of foundation of firm	Years
		Overseas Experience	FFY (foreign)	Years of foundation of overseas affiliated company	Years
		Firm Size	FS (firm size)	The number of employees of the firm	Thousand People
	National Variables	Intellectual Property Right	BSA	The level of protection of intellectual property right in entry country	BSA Index (Illegal Index of Software)
		IT Infrastructure	ITN (Internet)	The number of people using internet	Million people

IV. Results

1. Descriptive statistics & correlations

In this study, I investigate the factors affecting the changes of distribution strategies after the initial market entry based on the strategic orientation, that is, market orientation and innovation orientation. To effectively reflect the categorical characteristics of global distribution strategies, ordered logistic regression is used. Before testing hypotheses, the R-type factor analysis, in which the correlations between variables are first calculated and identical concepts are measured to connect the variables together, was first conducted. Specially, validity test was conducted to identify the same factors that are tied, and remove the low importance variables that are not tied into the same factors after checking correlation structure within the variables. For the factor extraction model, the principle component analysis was applied, and for the factor rotation mode, VARIMAX mode was applied. According to this factor analysis result, it was classified as equivalent factors, and confirmatory factor analysis (CFA) was conducted to examine unidimensionality regarding the

measurement items of research units per research unit certified for its reliability. Investigation of unidimensionality was conducted on research units formed of more than 3 multi items. Market orientation (3 items) and innovation orientation (3 items) were displayed as a saturated model, and it has been analyzed that the constructed model was well reflecting the experiential resource structure.

As a result of analyzing the measurement model of all concepts included in this model to investigate the convergent validity and discriminant validity of the scales, the following results have been displayed in <Table 12>. According to the analysis result, $\chi^2= 499.24$, degree of freedom = 161, GFI=0.95, AGFI=0.87, RMR=0.046, NFI=0.92, CFI=0.95 were displayed, and the goodness of fit of the model was shown to be outstanding. The standard factor loading of the research concepts were all displayed as significant. Therefore, convergent validity was certified. Moreover, as a result of calculating the correlation coefficient by extracting two research units at once, most correlation coefficients were displayed as less than 1 in the statistically significant level. Therefore, discriminant validity was certified as well (Challagalla & Shervani, 1996). In case of concept reliability, it was displayed as high for everything with more than 0.7, which is the average recommended standard.

<Table 12> Study 2 : Measurement model

Constructs	Measurement items	Factor loading	Cronbach's Alpha	R2
Market orientation (Cadogan et al., 2001; Racela et al, 2007; Xinming and Yingqi, 2011)	market intelligence generation <ul style="list-style-type: none"> · Creating information on trend of market · Constant monitoring for satisfying needs of customers · Detecting changes of market environment · Reviewing changes of environment constantly · Creating information affecting needs and preference of customers 	0.923***	0.952	0.915
	market intelligence dissemination <ul style="list-style-type: none"> · Information on competitors reaching decision maker · Reachability of information affecting the methods of customer reception 	0.970***		

		<ul style="list-style-type: none"> · Degree of horizontal communications for spreading effective market information · Degree of effort of official and unofficial spread on market trends 			
	market intelligence responsiveness	<ul style="list-style-type: none"> · Immediate response to strategy of competitor · Degree of offering products and service satisfying present and future needs of customers · Immediate response to reaction of customers · State of manufacture of products, distributions and promotions 	0.976***		
Innovation orientation (Hurley and Hult, 1998; Siguaw et al., 2006; Zhand and Duan, 2010)	Learning philosophy	<ul style="list-style-type: none"> · Accept technological innovation based on the result of research easily 	0.816***	0.714	0.636
	strategic direction	<ul style="list-style-type: none"> · Degree of innovative idea orientation of management · Management actively seeks innovative ideas 	0.749***		
	transfunctional acclimation	<ul style="list-style-type: none"> · Will to punish the acceptance and failure of new ideas · Treatment of the person who suggests idea which doesn't bear good performance · Generally, innovative matters are considered to have high risk 	0.826***		

*p<0.1, **p<0.05, ***p<0.01

As a result of confirmatory factor analysis, correlation analysis was implemented in order to identify the direction of relations and the degree of relations between each of the concept scales verified of unidimensionality. Descriptive statistics and correlations are reported in <Table 13>. As it is displayed in <Table 13>, it is in accordance to all the hypothetical directions of this study, and the items applied in this study from the nomological validity perspective can be considered as valid. There was a strong relationship between the size of a company and its length of experience. The value of variance inflation factor in variables was examined in concern of possible multicollinearity problems due to the relatively high correlation between some variables, but it is considered that multicollinearity will not be a problem as it resulted in the value of less than 10 which is the cut-off point recommended by Neter et al. (1985).

<Table 13> Study 2 : Descriptive Statistics and Correlations

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Entry Mode	1.54	.820	1												
2. Market Orientation	2.6164	1.3190	.025	1											
3. Innovation Orientation	2.6627	.83233	-.099	.399**	1										
4. Product Quality	3.46	.940	.059	.609**	.503**	1									
5. Service Quality	433.94	552.99	-.064	.568**	.587**	.630**	1								
6. Game Genre	1.85	.948	.343**	.062	.041	.114	.015	1							
7. Market Uncertainty	1631.3	1126.9	-.188**	-.106	-.107	-.094	-.136*	.186**	1						
8. Technology Uncertainty	433.94	552.99	-.303**	.292**	.174**	.244**	.320**	-.285**	-.128**	1					
9. Firm Year	1996.9	2.088	-.109	-.166**	-.599**	-.151*	-.168**	.036	.216**	-.164**	1				
10. Overseas Experience	2005.4	3.362	-.221**	-.161*	-.673**	-.202**	-.171**	-.043	-.093	-.081	.737*	1			
11. Firm Size	1840.5	1204.6	.258**	.140*	.618**	.230**	.145*	.085	-.070	.080	-.752**	-.639**	1		
12 Intellectual Property Right	50.90	24.502	-.501**	.052	.129*	.080	.058	-.161*	-.314**	.117	.033	.034	-.062	1	
13. IT Infrastructure	1240.45	112620	.238**	-.144*	.410**	-.090	-.177**	.237**	.083	-.217**	-.011	-.098	.063	.078	1

*p<0.05, **p<0.01

2. Analyses results

<Table 14> Study 2 : Result of Ordered Logistic Regression Analysis

Variable	Dependent Variables :				
	Licensing(1), Joint Distribution(2), Exclusive Distribution(3)				
	model 1 (baseline)	model 2	model 3	model 4	model 5 (full)
Intercept	690.467** (367.008)	-60.605 (294.035)	-161.701 (481.627)	-355.427* (496.289)	-245.358** (509.197)
Game Genre	0.399** (0.188)	0.211** (0.203)	0.188 (0.205)	0.186* (0.208)	0.169** (0.210)
Market Uncertainty	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Technology Uncertainty	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)
Firm Year	0.164 (0.126)	-0.030 (0.147)	-0.064 (0.154)	-0.154 (0.161)	-0.115 (0.166)
Overseas Experience	0.181 (0.145)	-0.001 (0.165)	-0.016 (0.167)	-0.022 (0.170)	-0.006 (0.171)
Firm Size	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Intellectual Property Right	-0.066*** (0.009)	-0.060*** (0.010)	-0.062*** (0.010)	-0.063*** (0.010)	-0.066*** (0.010)
IT Infrastructure	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Market Orientation		0.826*** (0.330)	0.556*** (0.695)	0.257*** (0.880)	0.262* (0.922)
Innovation Orientation		-2.095*** (0.825)	-1.010** (0.855)	-2.357** (0.882)	-2.107** (1.009)
Product Quality			0.000 (0.000)	0.000 (0.001)	0.000 (0.001)
Service Quality			-0.029 (0.537)	-0.771 (0.724)	-0.513 (0.885)
PQ * MO				0.000 (0.000)	0.000 (0.000)
SQ * MO				0.344*** (0.220)	0.395** (0.243)
PQ * IO					0.000 (0.000)
SQ * IO					-0.158 (0.272)
Observed value	252	252	252	252	252
Log-Likelihood value	283.214	276.542	274.296	269.408	267.946
LR chi2(df)	144.790	151.462	153.708	158.596	160.057
Prob>chi2	0.0000	0.0000	0.0000	0.0000	0.0000
Pseudo R2	0.437	0.452	0.457	0.467	0.470

Note: The values in the brackets are standard errors

*p<0.1, **p<0.05, ***p<0.01

<Table 14> is the analysis result of ordered logistic regression needed for the verification of hypotheses presented in this study. In model 1, regression analysis was conducted on the baseline model which only include control variables. Then, in model 2, market orientation and innovation orientation, the independent variables of hypotheses 1 and 2, were observed. Model 3 and 4 additionally included product quality and service quality as the strategic assets, and conducted regression analysis on hypotheses 3 and 4. Therefore, support status of hypotheses 1 and 2, which are major discussions of this study, are determined through the empirical analysis results of model 2. Lastly, model 5 was observed for the verification of hypotheses 4(4-1,4-2,4-3,4-4) as the moderating effects of product and service quality. All the models of this study were $p < 0.0000$ and displayed significant results.

First, the result of model 1 was likewise the results of existing results as game genre, technology uncertainty, firm size, degree of protection for intellectual property rights of the local country, and IT infra were displayed as causing significant influence when deciding the local distribution of online games in the foreign market. Thus, there is a higher possibility for the head office of the corporate to select the distribution mode with high control when the game level is higher, technology uncertainty is lower, the firm size of the domestic distributor with local subsidiary is greater, the protection degree of intellectual property rights is strong, and an infra which enables online game is equipped. This can be considered as a very valid result as products of cultural contents like online games are related to intellectual property rights, and the online infra is directly influenced by the business. On the other hand, in most companies, as the company is in business for longer period and years of experiences in the foreign market through a foreign subsidiary company are longer, adaptivity and experiences about the local situation becomes accumulated. Therefore, a mode which can actively increase the corporate's control is selected for foreign distribution. In all of the models of this study, firm years and experience years

in the foreign market are not being displayed as significant. This based on the characteristics of venture business like online game business or even entertainment business, and the result was displayed this way since companies with short years of experience were actively engaged in overseas expansion. Another reason for this result can be due to the fact that the overseas expansion of online games contains a short history, and because industrial experiences or each local infra or comprehension, instead of the corporate's experiences, become more important factors. Moreover, market uncertainty was also dismissed. Since online games are still remaining in the initial stage in the global market and is a product which has great uncertainty in the overall foreign market, it was not displayed as significant. Meanwhile, technology uncertainty measured with the time difference from domestic distribution statistically caused significant influence. Technology uncertainty is a risk factor which can be measured easily during the time of expansion. Therefore, it is decided as a variable which can easily be reflected onto the decision making of foreign distribution mode.

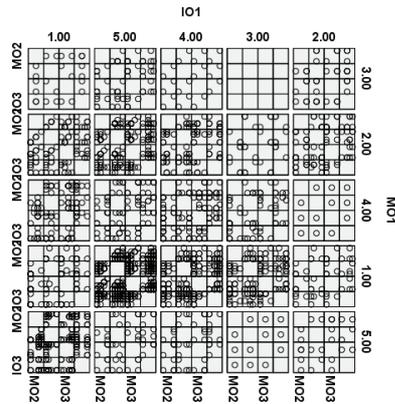
Next, in the result of model 2 in which the support status of hypotheses 1,2 were identified, market orientation (hypothesis 1) and innovation orientation (hypothesis 2) were both supported. In other words, when market orientation is high, the mode with high control, in which exclusive distribution is conducted through the local subsidiary company, is selected when foreign distribution is chosen, but when innovation orientation is high, it already carries risks about the innovation. Therefore, distribution mode like licensing with lower commitment or control is selected. Meanwhile, according to the result displayed in model 3, hypothesis 3-1, which claimed that distribution mode with high control is selected when the product quality is high, was not supported. Generally, when product quality is high, the mode with high control and capable of earning profits is selected when making the decision about the mean of distribution. However, when products of cultural contents such as online game

enter the foreign market, various criteria such as cultural distance, correspondence with the cultural expectancy with the relevant region and characteristics of the local infra must be considered. Therefore, this type of result was displayed. This result was possible due to the inherent high risk-high return characteristics possessed by products of cultural contents in which results cannot be easily predicted even if the product quality is outstanding. Additionally, hypothesis 3-2, which observed the decision of distribution mode following service quality, was dismissed. In terms of the service quality, observation was made on how many customers left during the initial service stage. Since various complex components such as the launching time and marketing of each product are considered, it is considered difficult to equally apply this variable in different foreign regions. Therefore, service quality actually has to be considered as a variable which is limited within the domestic market, and since service in each foreign market becomes different according to the distribution mode or the companies' control, it is difficult to expect for identical qualities from the foreign market. Meanwhile, product quality and service quality were not displayed as significant in models 4 and 5, which are considered as the optimal model of this study, but were displayed as significant as decision making variables which control market orientation and innovation orientation. Thus, even though online game product and service quality do not directly cause influence on decision making of foreign distribution, they can be considered as possessing roles in controlling the degree of market orientation and innovation orientation. These results signify how the degree of strategic asset such as products and service indirectly causes important influence on the decision making of the corporate.

Lastly, this result conducted the following analysis in order to examine the relations between important independent variables such as market orientation and innovation orientation. The matrix plot was applied to confirm the subordinate concept of latent variables used to measure these two concepts, in other words,

it was used to simultaneously confirm the relations between characteristics which were displayed as various observed variables of market orientation and innovation orientation. The results are the same as that of <Figure 4>.

<Figure 4> Result of Scatter plot of Market Orientation and Innovation Orientation



According to the analysis result, relation between market orientation and innovation orientation is not in linear relation. Therefore, they can be seen as 'not in direct relation', and this is generally displayed in a radial shape. Thus, since market orientation and innovation orientation are not in direct relation, they can be considered to possess 'trade-off' relationship with each other or cause other forms of influence on the international entry mode.

The research result corresponds with the current research results of Hortinha, Lages and Lages(2011). They claim that business operators who encounter the challenge of having to distribute limited resources and considering the foreign market should select between the possible strategic orientation. According to this research, if past performance was low or during the initial entry, the popular (mass) products should be selected and focus should be given

more to customers and market orientation instead of innovation and technological orientation. Moreover, in case of companies which possessed good past performance, focus should be given more to innovation orientation since great risks can occur in export performance when innovation orientation is ignored. Eventually, the research results suggest that it would be best to simultaneously possess market orientation and innovation orientation, but when situations come where decisions have to be made, the two-track strategy must be applied.

As it was identified in this research result, if consumer needs, desires, and experiences are concentrated to the business and the user becomes engaged in the reason to use the particular product, the business aims to attain market orientation, and in order to obtain and construct market information based on this, the entry mode with the high commitment and control becomes selected. However, if there is a high possibility to seek for those which are new and innovative from the perspective of technology or product usage instead of users' experiences and needs, the corporate applies to new technology and places interests in developing innovative products which are more meaningful than the current products. Therefore, this completely changes the reason why customers purchase the products or even the overall mode in which the product is applied. In these cases, the corporate should open possibilities for immediate withdrawal in preparation of not being accepted in the market since it already carries huge innovation related risks. Accordingly, a lower entry mode is selected for commitment and control.

The existing researches related to the international market entry or marketing did not place great interests in understanding the relative roles and effects between market orientation (customer orientation) and innovation orientation (technological orientation) which affect the foreign market entry mode or performance. However, market orientation confirms the current and potential

needs, discovers the new market opportunity, finds the market which has not been appealed and provides stimulation, and provides skills needed for the formation of relationships with existing customers and new customers (Slater and Narver, 1998). Moreover, the importance of innovation orientation is displayed when the corporate needs greater technological abilities for the development of technology based or exploratory innovation (Gatignon and Xuereb, 1997; Yalcinkaya, Calantone, and Griffith, 2007; Zhou, Yim and Tse, 2005). The results of this study support the results of existing research, and can be seen as the support for the distribution decision making phenomenon which occurs in the reality of the business world.

V. Conclusions and Discussions

The basic assumption of this study is that the domestic online game publishers that already have foreign subsidiaries and branches have the different decision-making of foreign market entry, specially distribution mode selection after initial entry. And the purpose of this study is to look at how much strategic orientations, market orientation and innovation orientation, influence in overseas market distribution. Performed under this assumption and purpose, this study's conclusions and implications are as follows.

First, most studies on foreign market entry, especially, global distribution strategies have focused on the initial entry mode of global distribution and the choice of foreign initial entry mode based on a traditional theory such as transaction cost theory or internalization of OLI paradigm. Scholars have placed less attention on the dynamics of global distribution strategies after the initial market entry (Agarwal and Rmaswami 1992; Brouthers and Werner 1996; Contractor and Kundu 1998; Erramilli and Rao 1993; Li. and Guisinger 1992; Yoo and Kim 2000; Park et al. 2010). Moreover, most studies on the entry modes of the online game industry are limited to case studies. It's not easy to find empirical research in this area (Cho et al 2004; Choi 2005; Choi and Hong 2006, 2008; Hong et al 2007). Under this situation, I investigate the factors affecting the changes of distribution strategies after the initial market entry based on market orientation and innovation orientation.

Second, the existing literature on strategic orientation only focused on various relationships between the variables, but had limitations to examine how they have effect on decision making process of firm by connecting with outcome variables. However, in this study, those strategic orientations are identified to give different influences on the decision making of overseas expansions

depending on the goal of orientation. In other words, according to the results of the actual analysis of this study, because there is no direct correlation between market orientation and innovation orientation, they are in trade-off relations or give different influences to enter to overseas markets. Such research findings agree with the recent studies by Hortinha, Lages and Lages(2011). They insist that business operators face challenge to distribute limited resources, therefore, they have to choose between possible strategic directions. After all, the research results like this imply that it's good to have market orientation and innovation orientation at the same time, but in the situation where they have to select, they should use two-track strategy.

Third, it can be known that the domestic game distributors with foreign subsidiaries and branch choose different distribution methods for each product after entering overseas market such as establishing local subsidiary companies. Looking at the results, the distribution methods may vary according to the characteristics of each cultural content product though they have 100% wholly owned subsidiaries, and the factor of having overseas affiliated companies can be generated in the needs to conduct other distribution methods such as licensing. In other words, the different distribution strategies including licensing, joint and direct distributions are not mutually exclusive but conclude as the problem of how to use the overseas affiliated company after establishing it.

Finally, the qualities of product and service were shown to be not significant as the variables of decision making that controled market orientation and innovation orientation. In other words, the quality of online game products and service does not have direct effect on making decision on foreign distributions, however, they play a role that moderates the degree of market and innovation orientation. Such result means that the level of strategic assets such as product and service condition has indirectly important impact on decision making of businesses.

However, there are some limitations in this study. Such limitations and the future direction of research are as follows.

First, for samples, the current study confined the products' cases from the main six distributors in the domestic game industry and analyzed them. Therefore, the findings of this study have limitations to generalize the methods of overseas distribution by applying to all areas of cultural contents. It's necessary to develop the whole decision-making model which can generalize including other cultural contents areas in order to improve it. Also, the sample businesses were all Korean firms, so it's also restricted to consider the result of this study as the global decision-making model. In the future research, therefore, not only Korea but also other countries should be all together compared and analyzed. Lastly, Korea is currently called suzerain state of online games, and the domestic online games are already entering mature period, but it still stays in the beginning level in the global market. In the aspect of such market difference, it has limitation that it cannot take a view of general situation of the market. This part should be treated in the future studies.

Chapter V
OVERALL CONCLUSIONS

Chapter V. OVERALL CONCLUSIONS

I . Research Summary

This dissertation synthetically attempts to find the antecedents and consequents which influence on the market orientation and innovation orientation in the entertainment area, the creative industry showing great uncertainty of product development and serious deviation of performance of product units. In other words, as the factors affecting the market orientation and innovation orientation, this study found out the existence of creativity and absorptive capacity, as well as identified which one of the variables had greater influence on the market orientation and innovation orientation. Also, although they are able to distribute exclusively with overseas local subsidiary company, why the cases that chose the distributing methods of licensing, which has low control power than that of overseas affiliated company and the difference of influences of the market orientation and innovation orientation on the decision making of overseas market entry. With the above, this study established strategic model that considered the creativity and the absorptive capacity in the product or team level, especially suggesting the methods for efficient, strategic investment methods for entertainment businesses which attempt to advance to foreign markets.

Specifically, this dissertation consists of two empirical analyses along with the consideration of the existing literature on the strategic orientation(market orientation and innovation orientation). First of all, as the main factors that become the foundation for important decision makings of businesses, 'strategic orientations' the core variables of the study, and the implications and limitations of the literature on it were analyzed in order to provide the foundation for designing future empirical research. Especially, the concept and measurement of

the market orientation and innovation orientation, and the relationship between market orientation and innovation orientation are divided into conflict, complement and independent relationships and summarized. This study examined 252 cases of online games in order to observe what strategic orientations businesses would have for overseas markets when the products were developed in a team level.

In the first actual analytical part, what relationship creativity, absorptive capacity as well as market orientation and innovation orientation have, and how much effect they have on, analyzing the relationship between the variables. It was found that the 'creativity' generated in the inside of the organization and the 'absorptive capacity' for knowledge obtained from the outside clearly have different effects on the market orientation and innovation orientation respectively. In other words, it's indicated that what decision making the businesses that attempt to develop new products and launch the products in foreign markets choose for each product between the creativity of the inner manpower and the absorptive capacity through introduction of outsiders.

Creativity is the factor that promotes market orientation and innovation orientation at the same time, but when looked from relative perspective, it's found that the influence on the market orientation is greater. This result backs up the existing research which asserts that creative development inside is utilized in making market-oriented products(Lindsay and Norman, 1977; Bower and Hilgard, 1981; Cohen and Levinthal, 1990; Kim, 1998), supporting that they are deeply related with the creativity of the team itself, concerning collection, proliferation and the reactions on the market information and knowledge corresponding to the needs of market (Naver and Slater, 1990; Kohli and Jarworski, 1993). Also, absorptive capacity, like creativity, is the factor that promotes the market orientation and innovation orientation at the same time, but in the relative perspective, the influence on the innovation orientation is greater. This is the result that supports the existing discussion emphasizing the ability

to use source of external knowledge in innovation activities(Cohen et al., 2002; Cockburn & Henderson, 1998; Chesbrough, 2003; von Hippel, 1988). Therefore, depending on the result of this study, it is known that they are not completely exclusive each other, but they just are the variables showing difference of relative degree.

After that, this study paid attention to market orientation and innovation orientation which have causal relationships with overseas entry(distribution) strategies in the second actual analytical part. What relationships market orientation and innovation orientation have with overseas distribution strategies for products, and how they have effect on the decision making of entry(distribution) of foreign markets were analyzed. In the result, as market orientation is high, company tends to select the high control mode with exclusive distribution through local affiliated company, and when innovation orientation is high, company chooses the one with low engagement and control of resources such as licensing because the risk of innovation is already high. However, the hypothesis that the higher the quality of products and service is, the more the control power company chooses for its distribution method was not supported. Generally, when the quality of the product is high, company tends to select the distribution methods with high control which can bring all profits when making decisions on distributions. However, because when cultural contents products such as online game enter into foreign market, many considerations including cultural expectation, conformity, and local infrastructure should be considered, such results came out. In other words, this is possible result due to the 'high risk-high return,' the characteristic of cultural contents products which can't be expected easily even though the quality of products is good. Service quality was examined through how many customers were out in the initial level; because there are many complicated elements including release time and marketing of each product, it's thought that it's the variable that cannot be equally applied to each region all over the world. However, qualities

of products and service were shown to be significant as the variables of decision making that controlled market orientation and innovation orientation. In other words, the quality of online game products and service does not have direct effect on making decision on foreign distributions, but it plays a role that moderates the degrees of market orientation and innovation orientation. Such a result means that the level of strategic assets such as products and service condition has indirectly important impact on decision making of businesses.

II. Implications, Limitations and Future Studies

The findings of the actual analyses in this dissertation suggest important academic and practical implications related with making decisions on foreign market entry in entertainment area which has great uncertainty of the development of products and deviation of performance of each product. First of all, the academic implications can be summarized as follows:

First, in this study, according to the resource-based view and the creativity perspective, which complement the limitations of knowledge-based view, the factors affecting product or project-based strategic decision making were identified. Especially, it was directly identified that how creativity and absorptive capacity in a team level were realized in a strategic decision making. As in the game sector, the situation where the development takes place in a team level and the distribution strategies are decided, the analytical unit of the study should be examined in a team level. Such results show that research of international management and strategy can be differently applied to entertainment industry which is creative industry. Also, this result provides, by synthetically connecting creativity, absorptive capacity, market orientation and innovation orientation with selection of overseas distribution methods, basic

theoretical framework for describing overseas expansion.

Second, the existing literature on strategic orientation only focused on various relationships between the variables, but had limitations to examine how they have effect on decision making process of firm by connecting with outcome variables. However, with this study, those strategic orientations are identified to give different influences on the decision making of overseas expansions depending on the goal of orientation. In other words, according to the results of the actual analysis of this study, because there is no direct correlation between market orientation and innovation orientation, they are in trade-off relations or give different influences to enter to overseas markets. For such research findings agree with the recent studies by Hortinha, Lages and Lages(2011), they face challenge to distribute limited resources, so they insist that business operators have to choose between possible strategic directions. The businesses which have poor performance in the past or should make important decision in the beginning of the overseas expansion must focus on customer or market orientation with popular products instead of innovation or technology orientation; the businesses with good performance in the past should focus more on innovation orientation because they may have higher risk when they ignore innovation orientation. After all, the research results like this imply that it's good to have the market orientation and innovation orientation at the same time, but in the situation where they have to select, they should use two-track strategy.

Third, this dissertation deepens the issue of decision making in the leading international management as it looks at how strategic orientations such as market orientation and innovation orientation have different effects on the methods of entry to overseas market. One of the main purpose of this study is to examine that after the businesses which deal with contents such as online games establish overseas affiliated company to enter foreign market, with what

factors they decide the methods to distribute their products. With this, this dissertation attempts to find out that, although the businesses are able to distribute exclusively with 100% wholly owned subsidiary company, why the cases that chose the distributing method of licensing, which has low control than that of overseas affiliated company and the difference of influences of market orientation and innovation orientation on the decision making of overseas market entry. Most of existing literature on products or overseas expansions of businesses focused on finding the factors that decide entry mode in the beginning of the overseas expansion based on transaction cost theory or internalization. However, this study empirically proves that after businesses dealing with cultural contents products such as online games established 100% wholly owned subsidiary company in another country, they made different decision depending on different products, discovering market orientation and innovation orientation, strategic orientations, as the factors affecting the decision making. Because cultural contents businesses including game companies do not have the long number of years of business compared to traditional manufacturing industry and recently began to enter foreign markets, there is almost no empirical study on the methods of overseas expansion of those enterprises(Werner and Brouters, 1997; Contractor and Kundu, 1998; Yoo Seung-hoon and Kim Seok-soo, 2000). In this reality, this dissertation has its significance that it provides important theoretical foundation for decision making of overseas expansion for cultural contents businesses.

Next, the practical implications of this dissertation are as follows.

First, how the acquisition of creativity, as the inside source of team as well as absorptive capacity, as an external knowledge will have effect on the market orientation and innovation orientations respectively through the result of this study. In other words, it informs us what decision the businesses which develop new products and attempt to launch the products to overseas market should

make between creativity of inner manpower and introduction of outsiders for each product.

Second, as we see in the result of this study, when focusing on reading needs, desires and experience of consumers as well as the reason to use the product, the businesses would like to have market orientation, and they select the entry mode with high engagement and control in order to have obtain and build the market information. However, when rather than the users's experience and needs, new and innovative objects in the perspective of technology or product use, the businesses will center on developing more meaningful products than the current products by using new technologies. Therefore, they change the reason customers purchase the products or the methods of using the products completely. In this case, with many risks about innovation already, the businesses attempt to open the possibilities to withdraw immediately in preparation of the situation where the products are not accepted in the market very well. Therefore, they have to choose the entry mode with low engagement and control. In other words, the result of such analysis implies that the theoretical discussions in the market orientation and innovation orientation prove to have all the same results in experience of field and empirical analysis.

Third, it can be known that the domestic game distributors with foreign subsidiaries and branch choose different distribution methods for each product after entering overseas market such as establishing local subsidiary companies. Looking at the results, the distribution methods may vary according to the characteristics of each cultural content product though they have 100% wholly owned subsidiaries, and the factor of having overseas affiliated companies can be generated in the needs to conduct other distribution methods such as licensing. In other words, the different distribution strategies including licensing, joint and direct distributions are not mutually exclusive but conclude as the problem of how to use the overseas affiliated company after establishing it.

On the other hand, although this dissertation investigates the important factors to be considered when making strategies for foreign market entry of cultural contents products, there are also limitations. Such limitations and the future direction of research are as follows:

First, for samples, the current study confined the products' cases from the main six distributors in the domestic game industry and analyzed them. Therefore, the findings of this study have limitations to generalize the methods of overseas distribution by applying to all areas of cultural contents. It's necessary to develop the whole decision-making model which can generalize including other cultural contents areas in order to improve it. Also, the sample businesses were all Korean firms, so it's also restricted to consider the result of this study as the global decision-making model. In the future research, therefore, not only Korea but also other countries should be all together compared and analyzed. Lastly, Korea is currently called suzerain state of online games, and the domestic online games are already entering mature period, but it still stays in the beginning level in the global market. In the aspect of such market difference, it has limitation that it cannot take a view of general situation of the market; this part should be treated in the future studies.

References

- Agarwal, S. and S. Ramaswami (1992), "Choice of foreign market entry mode," *Journal of International Business Studies*, 23(1), 1-27.
- Alavi, M., and Leidner, D.E.(2001). "Review: Knowledge Management and Knowledge Management Systems," *MIS Quarterly*, 25(1), March, 107 - 136.
- Amit, R. and P.J. Schoemaker (1993), "Strategic assets and Organizational rents," *Strategic Management Journal*, 15, 33-46.
- Anderson, E. and H. Gatignon (1986), "Modes of foreign entry: A transaction cost analysis and proposition," *Journal of International Business Studies*, 11, 1-26.
- Arora, A. and A. Fosfuri (2000), "Wholly Owned Subsidiary Versus Technology Licensing in the Worldwide Chemical Industry," *Journal of International Business Studies*, 31(4), 555-572.
- Aulakh, P. S., Kotabe, M., & Sahay, A. (1996), "Trust and performance in cross-border marketing partnerships: A behavioral approach," *Journal of International Business Studies*, 27(5), 1005 - 1032.
- Aulakh, P. S. and M. Kotabe (1997), "Antecedents and performance implications of channel integration in foreign markets," *Journal of International Business Studies*, 28(1), 145-175.
- Baker, W. E. & Sinkula, J. M.(1999a), "The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performances," *Journal of the Academy of Marketing Science*, 27(4), 411-427.
- Barkema, H.G. and F. Vermeulen (1998), "International expansion through start-up or acquisition: A learning perspective," *Academy of Management Journal*, 41, 7-26.
- Barney, J.B.(1991), "Firm Resources and Sustainable Competitive Advantage," *Journal of Management*, 17(1), 99-120.
- Beamish, P. W. and J. C. Banks (1987), "Equity joint ventures and the theory of the multinational enterprise," *Journal of International Business Studies*, 18, 1-16.
- Brouthers, K.D., Brouthers, L.E., and Werner, S. (1996), "Dunning's Eclectic Theory and the Smaller Firm: The Impact of Ownership and Locational Advantages on the Choice of Entry Modes in the Computer Software Industry," *International*

- Business Review*, 5(4): 377-394.
- Brown, J. R., Dev, C. S. and Z. Zhou (2003), "Broadening the Foreign Market Entry Mode Decision: Separating Ownership and Control," *Journal of International Business Studies*, 34(5), 473-488.
- Business Software Alliance (BSA) (2007), 2006 Global Software Piracy Study.
- Buckley, P.J., and M.C. Casson (1998), "Models of the multinational enterprise," *Journal of International Business Studies*, 29(1), 21-44.
- Caves, R. E. (1982), *Multinational Enterprise and Economic Analysis*, Cambridge, MA: Cambridge University Press.
- Chen, H., and M.Y. Hu (2002), "An analysis of determinants of entry mode and its impact on performance," *International Business Review*, 11(2), 193-210.
- Cho, D.S., Lee, Y.C. and G.M. Lee (2004), "A Study on the overseas mechanism of South Korea's online game company," *International Area Studies*, 8(2), 248-266.
- Cho, N.J., Baek, S.I. and G.M. Ryu (2001), "A Study on the impact of factors of the online game's loyalty," *Korean Operations Research and Management Science Society*, 26(2), 85-96.
- Choi, H.J. (2005), "Chinese market entry strategy of South Korea's online game company," *Journal of Entrepreneurship Information*, 8(4), 1-19.
- Choi, J.N. and J.H. Hong (2006), "A Study on the overseas entry mode of South Korea's online game company and the determinants of performance," Korean Academy of International Business Management, 2006 Academic Competition Result Announcement, 425-448.
- Choi, J.N. and J.H. Hong (2008), "NCsoft 2007: Challenge and Mission of Transnational company," *Research in International Business*, 19, 197-223.
- Choi, Y.S., Gwon, H.I. and C.B. Kim (2008), "An Empirical study on the quality factors of online game service," *Internet E-commerce Research*, 8(1), 223-254.
- Chu, W., and E. M. Anderson (1992), "Capturing ordinal properties of categorical dependent variables: A review with application to modes of foreign entry," *International Journal of Research in Marketing*, 9(2), 149-160.
- Cohen, W. and D. Levinthal (1990), "Absorptive capacity: A new perspective on learning and innovation," *Administrative Science Quarterly*, 35, 128-152.
- Collis, D.J., and C.A. Montgomery (1995), "Competing on resources: Strategy in the 1990s," *Harvard Business Review*, July, 118-128.

- Conner, K. R.(1991). "A Historical Comparison of the Resource-Based Theory and Five Schools of Thought Within Industrial Organization Economics: Do We Have a New Theory of the Firm?," *Journal of Management*, 17(1), 121-154.
- Contractor, F. J., and S. K. Kundu (1998), "Modal choice in a world of alliances: analyzing organizational forms in the international hotel sector," *Journal of International Business Studies*, 29(2), 325-358.
- Day, George S.(1994), "The Capabilities of Market-Driven Organizations," *Journal of Marketing*, 58 (October), 37-52.
- Day, George S. and Robin Wensley (1988), "'Assessing Advantage: A Framework for Diagnosing Competitive Superiority,'" *Journal of Marketing*, 52 (April), 1-20.
- Delone W.H. and Mclean E.R., (2003), "Information System Success : The Quest for the Dependent Variable," *Information Systems Research*, 3(1), 60-95.
- Deshpande, R., Farley, J. & Webster, F. E.(1993), "Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrad Analysis," *Journal of Marketing*, 7(January), 23-27.
- Dierickx, I. and K. Cool (1989), "Asset Stock Accumulation and Sustainability of Competitive Advantage," *Management Science*, 35, 1504-1511.
- Dimitris M. (2010), Determinants of Market Orientation of Foreign Operations in Greece : A Meta-Internationalization Analysis from the Subsidiary Perspective, *Contemporary Management Research*, 6(3), 179-200.
- Duchesneau, D. A. and W. B. Gartner (1990), "A profile of new venture success and failure in an emerging industry," *Journal of Business Venturing*, 5(5), 297-312.
- Dunning, J. H. (1988), "The eclectic paradigm of international production: A restatement and some possible extensions," *Journal of International Business Studies*, 19, 1-31.
- Engwall, L and M. Wallenstal (1988), "Tit For Tat in Small Steps: The Internationalization of Swedish Bank," *Scandinavian Journal of Management*, 4(3), 147-155.
- Erramilli, M.K., and C.P. Rao (1993), "Service Firms' International Entry-mode Choice: A Modified Transaction-cost Analysis Approach," *Journal of Marketing*, 57(July), 19-38.
- Gang, B.G., Chu, S.J. and D.G. Choi (2000), "A Study on the strategic control of South Korea's foreign direct investment corporate," *Journal of Korean Academy of Marketing Science* , 6, 185-210.
- Grant, R.J. (1991), "The resource-based theory of competitive advantage: implications for strategy formulation," *California Management review*, 33, 114-135.

- Greene, W.H. (2008), *Econometric Analysis*, 6th edition, Prentice-Hall International Inc.
- Gwon, G.D. (2001), "The Resource-based perspectives on competitive strategy and the impact of decentralization of strategic asset," *Journal of Commodity Science and Technology*, 24, 23-54.
- Hagedoorn J. (2003). "Measuring innovative performance : Is there an advantage in using multiple indicators," *Research Policy*, 32(8), 1365-1379.
- Han, J. K., Kim, Namwoon & Srivastava, R. K. (1998), "Market Orientation and Organizational Performance: Is Innovation a Missing Link?," *Journal of Marketing*, 62(October), 30-45.
- Hong, J.H., Kim, J.H. and S.J. Im (2007), "Internationalization of South Korea's online game company and a study on the foreign market competitiveness," *Korean Management Review*, 36(6), 1523-1543.
- Hortinha, P., Lages, C. and Lages L.F. (2011), "The Trade-off Between Customer and Technology Orientations : Impact on Innovation Capabilities and Export Performance", *Journal of International Marketing*, 19(3), 36-58.
- Jaworski, B. J. and A.K. Kohli (1993), "Market Orientation: Antecedents and Consequences," *Journal of Marketing*, 57(July), 53-70.
- Johanson, J. and J.E. Vahlne (1977), "The internationalization process of the firm - a model of knowledge development and increasing foreign market commitment", *Journal of International Business Studies*, 8, 23-32.
- Johanson, J. and J.E. Vahlne, (1990), "The mechanism of internationalization," *International Marketing Review*, 7(4), 11-24.
- Keegan W.J., and M.S. Green (2000), *Global Marketing*, Prentice Hall, New Jersey.
- Kim, H.J. (1999), "A Study on the new product development team's knowledge capabilities to the impact of new product's competitiveness," PhD thesis, Seoul National University.
- Kim, J.K. and S.H. Kim (2004), "A Study on factors affecting the duration of online game customer relationship," *Journal of Korean Marketing Association*, 19(1), 131-158.
- Kim, J.K., Park, S.B. and G.H. Kim (2003), "A Study on the impact on the online game lovers and oral of marketing activity, social interaction, flow," *Journal of Korean Marketing Association*, 18(3), 93-120.
- Kim, W.C. and P. Hwang (1992), "Global Strategy and Multinationals' Entry Mode Choice," *Journal of International Business Studies*, 23(1), 29-53.

- Kim, Y.G. (2003), "An empirical study on the FDI's entry mode of South Korea's Internet companies," Korean Academy of International Business Management, 2003 Academic Competition Result Announcement, 151-165.
- Kohli, A. K. and Jaworski, B. (1990). "Market orientation: The Construct, Research Propositions and Managerial Implications," *Journal of Marketing*, 54(2), 1-18.
- Korea Creative Content Agency (KOCCA) (2009), "Cultural Industry Statistics" Annual Book.
- Korean Film Council (KOFIC) (2000), Korea Movie Distribution Status, Movie Forum, Korean Film Council.
- Korea Game Industry Agency (KOGIA) (2007), 2008 Korea Game White Paper, Korea Game Industry Agency.
- Kogut, B., and H. Singh (1988), "The effect of national culture on the choice of entry mode," *Journal of International Business Studies*, 19(3), 411-432.
- Kogut B. Singh H. (1990), "The mechanism of internationalization", *International Marketing Review*, 7, 11-24.
- Kumar, V., and V. Subramaniam (1997), "Contingency framework for the mode of entry decision," *Journal of World Business*, 32(1), 53-72.
- Lado, A. A., and M. C. Wilson (1994), "Human resource systems and sustained competitive advantage: A competency-based Perspective," *Academy of Management Review*, 19, 699-727.
- Lee, C.S. (2008), "An analysis of online game evaluation factors using AHP," *Journal of e-Business*, 9(3), 109-127.
- Lee, J.H., Lee, K.H. and B.G. Nam (2005), "A Study on the determinants of international licensing type by Korean online game firms," Korea Institute of International Business, Academic Competition Result Announcement.
- Lee, K.H. and J.H. Lee (2008), "A Study on the determinants of international licensing type by Korean online game firms," *Research in International Business*, 19(2), 107-134.
- Lee, S.C., Kim, N.H. and Y.H. Seo (2003), "A Study on the online game's immersion and positioning affecting the customer satisfaction and loyalty," *Korean Management Review*, 32(5), 1479-1501.
- Li, J., and S. Guisinger, (1992), "The globalization of service multinationals in the "Triad regions: Japan, Western Europe and North America," *Journal of International Business Studies*, 23(3).
- Lippman, S.A., and R.P. Rumelt (1982), "Uncertain Imitability: an Analysis of Interfirm

- Differences in Efficiency under Competition,” *Bell Journal of Economics*, 13, 418-438.
- Liu C. and P.K. Arnett (2000), “Exploring the Factors Associated with Website Success in the Context of Electronic Commerce,” *Information and Management*, 38, 22-33.
- Maria R., Andreu B. and Salvador R. (2010), The influence of innovation orientation on the internationalization of SMEs in the service sector, *The Service Industries Journal*, 30(5), 777-791.
- Maria R., Andreu B. and Diego M. (2012), Factors enhancing the choice of higher resource commitment entry modes in international new ventures, *International Business Review*, 21, 648-666.
- McDougall, P., Shane, S. and Oviatt, B (1994), “Explaining the Formation of International New Ventures,” *Journal of Business Venturing*, 9, 469-487.
- Meyer, K. E. (2001), “Institutions, Transaction Costs, and Entry Mode Choice in Eastern Europe,” *Journal of International Business Studies*, 32(2), 357-367.
- Moriarty, R. T. and T. J. Kosnik (1989), “High-Tech Marketing: Concepts, Continuity, and Change,” *Sloan Management Review*, Summer, 7-17.
- Narver, J. C. and Slater S. F. (1990). “The Effect of Market Orientation on Business Profitability,” *Journal of Marketing*, 54(4), 20-35.
- Nonaka, I., and Takeuchi, H. (2005). *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*, Oxford University Press, New York.
- North, D. (1990), “Institutions, Institutional Change and Economic Performance,” Cambridge: Cambridge University Press.
- Oh, J.S. (2008), “The impact on the performance of cooperation between car manufacturers and supplier and moderating effect of technology uncertainty,” Korea Institute of Industrial Management, Academic Competition Result Announcement.
- Oviatt, B. and P. McDougall (1994), “Toward a Theory of International New Ventures,” *Journal of International Business Studies*, 25(1), 45-64.
- Pan, Y. (2002), “Equity Ownership in International Joint Ventures: The Impact of Source Country Factors,” *Journal of International Business Studies*, 33(2), 375-384.
- Pan, Y., and D. K. Tse (2000), “The Hierarchical Model of Market Entry Modes,” *Journal of International Business Studies*, 31(4), 535-554.
- Park, H.J., et al (2003), “A Study on the expansion of South Korea Movies to Europe and America,” Korean Film Council, Communication Books.

- Park, Y.E., et al.(2007), *Movie Industry's Business Strategy*, Korean Film Council, Communication Books.
- Park, Y.E., et al.(2010), "An Empirical Study on Global Distribution Strategies after Initial Market Entry : The Case of the Korean Online Game Industry, *Journal of Korea Trade*, 14(3), 51-71.
- Primo, A.M., and S.D. Amundson (2002), "An exploratory study of the effects of supplier relationships on new product development outcomes," *Journal of Operations Management*, 20(1), 33-52.
- Popper, M. and R. Lipshitz (2000), "Organizational Learning: Mechanism, Culture and Feasibility," *Management Learning*, 31(2), 181-196.
- Quer, D., Claver, E., and L. Rienda (2007), "The impact of country risk and cultural distance on entry mode choice," *Cross Cultural Management*, 14(1), 74-87.
- Ragatz, G.L. et al. (2002), "Benefits associated with supplier integration into new product development under conditions of technology uncertainty," *Journal of Business Research*, 55(5), 389-400.
- Root, F. R. (1987). *Entry Strategies for International Markets*. Lexington, MA: D.C. Heath.
- Rumelt, R.P., (1987), "Theory, Strategy, and Entrepreneurship," Cambridge, Mass: Ballinger, 137-158.
- Sagari, S.B. (1992), "United State foreign direct investment in the banking industry," *Transnational Corporations*, 93-123.
- Seol, S.S. and C.S. Yoo (2002), "Real Options for Practitioners on the Valuation of Technology and Investment," *Journal of Korea Technology Innovation Society*, 5(1), 44-58.
- Sharma, D.D. and J. Johanson (1987), "Technical Consultancy in Internationalization," *International Marketing Review*, 4(4), 20-29.
- Simon C. and John H. (2005), Decision-Making and Market Orientation in the Internationalization Process of Small and Medium-Sized Enterprises, *Management International Review*, 45(4), 413-436.
- Song, S.M., and M. Montoya-Weiss (2001), "An Examination of the Effect of Perceived Technological Uncertainty on Japanese New Product Development," *Academy of Management Journal*, 44(1), 61-80.
- Steinman, C. Deshpande, and J. U. Farley(2000), "Beyond Market Orientation; When Customers and Suppliers Disagree," *Journal of the Academy of Marketing Science*, 28(Winter), 109-119.

- Teece, D.J., Pisano, G., and A. Shuen (1997), "Dynamic Capabilities and Strategic Management," *Strategic Management Journal*, 18(7), 509-533.
- Tiwana, A., and E. McLean (2005). "Expertise Integration and Creativity in Information Systems Development," *Journal of Management Information Systems*, 22(1), 13 - 43.
- Vernon, R. (1966), "International investment and international trade in the Product Life Cycle," *Quarterly Journal of Economics*, 80, 190-207.
- Wei, Y., Liu, B., and X. Liu (2005), "Entry modes of foreign direct investment in China: a multinomial logit approach," *Journal of Business Research*, 58(11), 1495-1505.
- Werner, S., Brouthers, L. E., and K.D. Brouthers (1997), "The Relationship Between Entry Mode Choice, Perceived Environmental Uncertainty and Industrial Sector," *Academy of Management Meetings*.
- Williamson, O.E. (1985), "The Economic Institutions of Capitalism," New York: The Free Press.
- Yap, C. M. and W.E. Souder (1994), "Factors Influencing New Product Success and Failure in Small Entrepreneurial High-Technology Electronics Firms," *Journal of Product Innovation Management*, 11(5), 418-433.
- Yoo, S.H. and S.S. Kim (2000), "An empirical study on the internationalization process model of South Korea Service company," *Research in International Business*, 11(2), 187-217.
- Zahra, Shaker and George, Gerard(2002), "Absorptive capacity: A review, reconceptualization, and extension," *Academy of Management Review*, 27(2), 185-203.

dart.fss.or.kr

www.gametrics.com

www.company.nexon.com

www.mgame.com

www.nhncorp.com

www.NCsoft.com/korean

www.cjinternet.com

www.neowiz.com/kor

Appendix

Measure Items used for Model Testing

■ Market orientation :

- Market intelligence generation :

1. In this company, we generate a lot of information concerning trends (e.g., regulations, technological developments, political, economic) in our export markets.
2. We constantly monitor our level of commitment and orientation to serving export customer needs.
3. We are slow to detect fundamental shifts in our export environment (e.g., regulation, technology, economy).R
4. We periodically review the likely effect of changes in our export environment (e.g., regulation, technology).
5. We generate a lot of information in order to understand the forces which influence our overseas customers' needs and preferences.

- Market intelligence dissemination :

1. Too much information concerning our export competitors is discarded before it reaches decision makers. R
2. Information which can influence the way we serve our export customers takes forever to reach export personnel. R
3. Important information about our export customers is often "lost in the system". R
4. Information about our export competitors' activities often reaches relevant personnel too late to be of any use. R
5. Important information concerning export market trends(regulation, technology) is often discarded as it makes its way along the communication chain. R

- Market intelligence responsiveness :

1. If a major competitor were to launch an intensive campaign targeted at our foreign customers, we would implement a response immediately.
2. We are quick to respond to significant changes in our competitors' price structures in foreign markets.
3. We rapidly respond to competitive actions that threaten us in our export markets.

■ Innovation orientation :

1. Technical innovation, based on research results, is readily accepted
2. Management actively seeks innovative ideas
3. Innovation is perceived as too risky and is resisted. R
4. People are not penalized for new ideas that do not work
5. Innovation is readily accepted in program/project management

■ **Creativity :**

1. group diversity :
 - Evaluation on various backgrounds and experiences of members of development team
2. group cohesiveness :
 - Evaluation on degree of participating interaction
3. group autonomy :
 - Evaluation on degree of will of decision making in free environment within development team
4. group leadership :
 - Evaluation on exertion of influence on organized activities of development team

■ **Absorptive Capacity :**

1. external knowledge acquisition capability :
 - Diversity of knowledge source
 - Frequency of communication of external and internal person
 - Expertise of conveyed knowledge
2. external knowledge digestion capability
 - Work skill level
 - Degree of retention of base knowledge related with work
 - Degree of establishing system of communication

Notes: R - Reverse coded.

국문초록

해외시장 진입에서 시장지향성 및 혁신지향성의 효과에 대한 연구

박 영 은

서울대학교 대학원
경영학과 경영학 전공

본 논문은 창조산업(creative industry)인 게임 산업에서, 해외시장 진입 의사결정의 차이에 영향을 미치는 시장지향성(market orientation)과 혁신지향성(innovation orientation) 발견에 초점을 맞추고 있다. 대표적인 지식기반산업으로 인식되고 있는 문화콘텐츠 산업의 하나인 게임 산업은 전통적인 제조업의 해외진출과는 달리, 제품 혹은 프로젝트 기반(product or project-based)으로 해외진출에 대한 전략과 성과가 달라진다. 따라서 이에 대한 접근도 각각의 콘텐츠 단위로 접근하여 어떠한 요인들로 인해 이들의 해외진출 의사결정이 달라지는지 살펴볼 필요가 있다. 본 논문에서는 팀 단위(team level)로 제품이 개발되어 각각의 해외 시장별로 어떠한 전략적 지향성을 띄며 진입유형 선택을 하게 되는지 살펴보기 위해 온라인 게임 252개의 케이스를 가지고 살펴봤다. 이를 통해 시장지향성(market orientation) 및 혁신지향성(innovation orientation)에 영향을 미치는 요인들을 창의성(creativity)과 흡수역량(absorptive capacity)의 관점에서 종합적으로 분석해 볼 수 있고, 해외현지법인이 있음에도 불구하고 다른 해외 배급 전략을 사용하는 현상과 그에 따른 결과를 알 수 있다. 이들은 기존의 자원기반관점 및 자원의존관점의 한계를 보완해주면서, 팀 수준에서 어떻게 창조산업(creative industry)의 불확실성(uncertainty)과 정보의 비대칭성을 줄이고 전략적인 지향성(strategic orientation)에 따라 성공적인 해외진출을 이루어낼 수 있는지 증명해줄 수 있다.

주요어 : 창의성, 흡수역량, 시장지향성, 혁신지향성, 해외시장 진입(배급)

학 번 : 2008-30153