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The Korean Wave Celebrity and the Birth of the K-drama Conglomerate

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The Korean Wave Celebrity and the Birth of the K-drama Conglomerate

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Abstract:
Existing research on Korean Wave celebrities has focused on their transnational character at the expense of a thorough consideration of the phenomena’s emergence as part of the wider transformation of the Korean broadcasting and entertainment industry. This article draws on the analysis of existing literature and in-depth interviews to demonstrate that Korean Wave celebrity emerges as a result of the flexibilisation in the Korean television drama industry production process, which in turn is the product of the globalisation and financialisation of the Korean broadcasting industry from the late 1980s and 1990s respectively. The combined effects of these processes led to the creation of the K-drama conglomerate. Korean Wave celebrity is central to this system, with the celebrity image functioning as fixed capital, and rendering invisible the very real labour performed within the K-drama conglomerate. That being so, the K-drama conglomerate and the Korean Wave celebrity are excellent examples of capitalism’s latest maneuver: the creation of intangible commodities capable of expanding the channels of profit by attracting attention and rendering related labour invisible.

Keywords:
Korean Wave celebrity, K-drama conglomerate, flexibilisation, financialisation, image commodity, fixed capital

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Introduction

Recently, the topic of Hallyu celebrity has attracted considerable scholarly attention (Hirata 2005; Mori 2008; Tsai 2008; Shin 2009; Jung 2011; Kim 2011; Hong 2013; Fedorenko 2017). Such celebrity is considered one of the most prominent features of the Korean Wave phenomenon, the increased circulation and popularity of Korean cultural products such as movies, television dramas, and popular music, outside of Korean national borders. The transnational character of Korean Wave celebrity has been the focus of much existing academic interest. As transnationally marketed and promoted icons and commodities, Korean Wave celebrities constitute an arena where local capital and policy, foreign capital, and local and overseas fans’ desires are mediated and contended (Kim 2011; Jung 2011; Fedorenko 2017).

The focus on the transnational character of Hallyu celebrities in the existing scholarship, while important for understanding the current situation, obscures the local/domestic origins of such celebrity. Korean celebrities were not marketed on a global scale from the beginning and used to be exceedingly localised. Korean entertainers were looked down upon as ‘clowns’ or ddanddara, entertainers with low or volatile social standing that also connoted potential sexual availability, especially for women entertainers. It was only in the early 1990s that social contempt for entertainers began to soften. It took another ten years for them to become celebrities, objects of envy and admiration when they began to be marketed and promoted on an international scale.

How did Korean entertainers change from being looked-down-upon local entities to enviable transnational celebrities? Shin (2009) provides clues to the answer to this question in his study, focusing on performers in the Korean music industry. He maintains that the Asian financial crisis of 1997 and the challenges faced by the digital economies that developed in its aftermath were the main reason why K-pop management companies started to focus on producing groups of ‘idols’. Idols are entertainers who can perform a variety of roles ranging from singing and acting to appearing in advertising commercials or reality shows. Such versatility was a reaction to the fact that record sales, which had previously constituted the primary source of revenue for the music industry, no longer generated sufficient profit.

Korean television series initiated the flow of Korean cultural content overseas, for example with the popularity of What is love? (Park, 1991-1992, MBC) in China in 1997 and Winter Sonata (Yoon, 2002, KBS) in Japan in 2003 (Hirata 2005; Huat and Iwabuchi 2008). Korean television has remained at the core of Hallyul transnational consumption ever since (Jin 2017; Ju 2019). Yet, there has been little analysis of celebrity in the Korean drama industry and changes in the role and status of actors and actresses. This lacuna is especially significant given the critical role casting Korean Wave actors plays in securing the popularity of Korean television dramas with transnational audiences (Ju, 2019; 31, 71).

This article argues that contemporary Korean Wave actor celebrity is the result of flexibilisation in the Korean television drama industry production process, which in turn is the product of both the globalisation and financialisation of the Korean broadcasting and entertainment industry form the late 1980s and 1990s respectively. Flexibilisation is the process described by Sennet (1998), whereby companies change the internal distribution of tasks, patterns of employment and choice of product formats in response to changes in consumer demand.
Building on Sennet’s notion of flexibilisation, the present study examines the flexibilisation of the production process for Korean television dramas not only as it unfolds inside individual terrestrial broadcasters and cable television, but also within the Korean drama industry as a whole. Financialisation is the process by which monetary capital in the form of bonds, stocks or foreign exchange creates fictitious capital, such as interests on loans, gains on investments, trading profits on securities, and commissions (Kim 2010; 91). Put differently, financialisation is the process of creating what Marx called the ‘fetishistic’ belief that money can produce more money without labour (Marx 1867; 2004; 163-177). The financialisation of the Korean drama industry as part of a larger process whereby the Korean broadcasting and entertainment industry’s structure was transformed by finance capital flowing into the drama industry and creating the novel possibility of returns on the stock market.

This article begins by reviewing previous literature concerning the transnational celebrity to situate the Korean Wave celebrity in a broader context of today’s global cultural industry. The ensuing sections explore how actors in Korea have, in a process beginning in the early 1960s, transformed from mere entertainers with a low and volatile social standing to become image commodities that perform the function of fixed capital and Korean celebrities that are transnationally marketed and promoted.

Korean Wave celebrities as transnational commodities and fixed capital

Existing research on Korean Wave celebrities in Asia has mostly focused on foreign fans’ reactions to them (Hirata 2005; Mori 2008; Tsai 2008; Shin 2009; Jung 2011; Fedorenko 2017). While these celebrities achieve widespread popularity with diverse audiences, fans’ expressions of affection for them can take on political implications in the delicate post-colonial historical context in Asia (Tsai 2008). An oft-cited example of this involves the deep admiration of middle-aged Japanese women fans for ‘Yonsamá’, Bae Young-Jun’s character in the Korean television drama Winter Sonata. Some argue that these women’s fan activities, such as repeated travel to Korea and learning the Korean language, opened up the political potential to reshape the formerly imperial and colonial relations between Japan and Korea (Hirata 2005; Mori 2008). Other research has highlighted the highly contextual nature of the popularity enjoyed by any individual Korean Wave celebrity in different local audiences. It is ultimately the product of contextual relationships rather than of intrinsic qualities of the celebrity in question. For example, Jung (2011) demonstrates that the metrosexual masculine appeal of singer Rain to his Singaporean fanbase results from what she terms Singapore’s ‘trans-pop culturism’, a culture of consuming what is the most cutting-edge and global culture in Asia at any one time. In contrast, Jung notes that in the film Old Boy (Park 2003), protagonist Oh Dae-Soo’s postmodern masculinity, at least as perceived by Western audiences, is the product of Western Neo-Orientalism.

Beyond their status as the object and the product of their transnational fanbase’s interest and affection, celebrities are also commercial commodities. Through their various activities in entertainment and advertising, they make it possible to raise funds for the production of future entertainment content. In this light, Fedorenko (2017) employs the Marxist distinction between use-value and exchange-value to explain the dilemma faced by Korean celebrities who have acquired transnational stardom. Use-value is inextricably tied to ‘the usefulness of a thing...conditioned by the physical properties of the commodity’ (Marx 1867; 2004; 125).
Conversely, exchange-value appears as ‘the quantitative relation...in which use-value of one kind exchange for use-values of another kind’ (Marx 1867; 2004; 126). Put differently, two commodities which have different use-values can be exchanged because they are being compared by the relative quantity of exchange-values. Fedorenko explains that Korean Wave celebrities’ use-value is bound to ‘Korea and Koreanness, for the nationalist pleasure of Korean observers, diplomatic victories of the Korean government, and economic gains for Korean business’ (Fedorenko 2017; 505). Their exchange-value outside of the Korean national borders is determined according to their use-value within their home country. With its focus on the commercial aspects of celebrity, Fedorenko’s study forms part of a more general shift in cultural studies from stardom to celebrity, and from the notion of sign/image to that of a commodity (Marshall 1997; Turner 2010). This shift is part of a wider shift in focus in cultural studies from questions concerning the consumption of culture to those surrounding its production (Calabrese 2004; Babe 2009).

Building on Fedorenko and the other authors mentioned above, this article explains how Korean actors were transformed into Korean Wave celebrities with transnational exchange-value through a broader process of transformation in the Korean broadcasting and entertainment industry. The concepts of ‘image commodity’ and ‘fixed capital’ will be applied to the specific case of actors who have become Korean Wave celebrities. The concept of image commodity is borrowed from media anthropologist Lukács’ analysis of the Japanese television actor system (2010). In the face of the challenges posed by the globalisation of the broadcasting industry and the increasing fragmentation of the entertainment market, the Japanese television industry began developing a system geared towards producing and employing actors as image commodities (Lukács 2010; 1-15). From the late 1980s onwards, the globalisation of the broadcasting industry and changes in production patterns in the direction of post-Fordism began to threaten the profitability of the Japanese television industry. One response to this was to develop a novel genre of so-called ‘trendy dramas’ that specifically target young consumers. These trendy dramas focus on the relationships, working life, and general lifestyles of young men and women in urban areas. They provide media content that easily lends itself to embedded advertising. Indeed, most of the actors who appear in these dramas have advertising backgrounds and have often appeared in television commercials, fashion magazines, and the like. Through their careers as advertising models, they acquire a particular image that later helps them to get cast in television dramas in roles that correspond to their images. Once they have acquired sufficient added popularity by acting in trendy dramas, they take on further activities, ranging from singing to appearing on talk shows or reality shows as guests, participants, or hosts. These appearances further increase their value as image commodities, rather than as professionally trained actors (Lukács 2010; 29-57).

From the 1990s onwards, Japanese television companies have relied on casting such ‘image commodities’ for new television shows because it is a highly effective means of keeping marketing costs as low as possible (Lukács 2010; 29-57). Moreover, product placement or celebrity endorsements allow other businesses such as fashion or lifestyle product companies to reap considerable benefits through these actors, or image commodities. It enabled Japanese broadcasting companies to establish close ties with leisure product companies and produce derivative and cross-branded products. The production of broadcasting and entertainment content thereby came to be stretched out horizontally across numerous companies that appear to be independent of each other, but which on closer inspection, turn out to be closely intertwined by virtue of the synergy achieved between them.
This flexible system of horizontal integration in the Japanese television industry enabled Japanese broadcasting companies to overcome their profitability crisis (Lukács 2010; 29-57). Of course, Japan was not unique in transforming actors and actresses into image commodities. Since the 1970s, if not earlier, Hong Kong actors have often been active in multiple entertainment formats across their careers. For example, Chow Yun-Fat, Stephen Chow and Tony Leung Chiu-Wai all started their careers as television actors, then acted in films and went on to release records as singers and to appear in television advertisements. However, while they and many other Hong Kong celebrities clearly function as image commodities, the wider industrial conditions out of which and within which the image commodity system operated in the Sinophone popular culture sphere is not clearly examined in the existing literature. Therefore, this article draws on Lukács’ analysis of the role of image commodities in the Japanese entertainment industries as a comparative example for similar changes in the South Korean celebrity system.

The same type of challenges that the Japanese television industry face made itself felt in Korea, too. Much existing scholarship on the emergence of the Hallyu phenomenon has credited government intervention and support for its success. However, as Ju notes that it is too simplified explanation for understanding increasing non-Western cultural flow in wider context (Ju 2019; 3-4), these two factors alone do not account for all the changes seen in the Korean drama industry and the role, status, and activities of television actors. The effects of the broadcasting and entertainment industry globalisation across Asia as a whole need to be taken into account. East Asian broadcasting companies decided to purchase programmes that were available at a low cost, while also being sufficiently attractive to audiences to attract product placement and advertising revenues. Korean dramas were seen as ideal for these purposes because they were not only cheaper than American or Japanese equivalents but had also already secured a passionate pan-Asian fanbase (Ju 2019; 112-113). As a result of these processes of globalisation and the success of Korean dramas produced for domestic consumption in Asian markets, Korean dramas eventually came to be produced from the outset for global distribution. It initiated a change whereby casting Korean Wave celebrities who were famous across the whole of Asia became the critical factor in the process of securing the financing for drama production in Korea.

In this way, Hallyu celebrities started to function as ‘fixed capital’ in the production of Korean television series. The concept of fixed capital was introduced by Ricardo (1817; 1981) and further developed by Marx (1867; 2004). It refers to a physical asset, such as a machine, that is used for production without being used up in the process. The concept of fixed capital is important here in three ways. It draws our attention to the way stars or celebrities function as brands (McDonald 2013; 41-64) and as capital that enables the production of further entertainment content. It also adds a new angle by emphasising the fact that the productivity of the actor as a brand or image commodity is perceived as the productivity of something akin to a machine which, in turn, has the effect of obscuring the real human labour of others involved in the production and operation of this image commodity. By drawing on the concept of fixed capital, this article aims to highlight how the centrality of the Korean Wave celebrity to the Korean broadcasting and entertainment industry goes hand in hand with such a fetishistic belief and a concurrent lack of visibility for real human labour.
Research method

This article was written based on policy papers, media reports, securities analysis reports, books and research articles. Also, a total number of 15 in-depth interviews were conducted to gain an understanding of how those active in the Korean drama industry experienced and perceived the transformation of the broadcasting and entertainment industry over the last 20 years. Most of the interview participants, three women and twelve men, currently work in or run actor management agencies or independent production companies that take up outsourced work producing dramas reality TV shows and documentaries. Most have had diverse careers, often starting in one role in the industry and switching to another. For example, one participant switched from directing at a major broadcaster to a producer role at an independent production company; one from actor management to production; and another from film journalism to producer. Others advanced in their careers in the same role, for example, rising from actor management to CEO of a management agency. Overall, these participants have experience in directing, producing, marketing, actor management, and media journalism. The remaining five interviewees comprise a representative of the Association of Korean Management Companies, the CEO of a start-up investment company that invests in a drama production, a costume design specialist, and two former television producers for major broadcasting companies who now work in academia. The interviews were based on a pre-prepared, semi-structured questionnaire, and were conducted in Seoul, some between 2011 and 2013, and others in 2018. In this study, the data from both of the documentary sources and the interviews were treated not so much as texts that report certain facts, but rather as discursive pieces that represent specific objectives. Also, the qualitative data from both was analysed by thematic analysis. The themes were, for example, the labour structure of broadcasting companies, relations between major broadcasting companies and outsourced companies, and the status of celebrities and other entertainers featured by period.

Actors as vertically integrated professional entertainers: before the 1990s

The Korean television industry, which began to take roots in the early 1960s, was the first institution in Korea to introduce the systematic training, employment, and marketing of actors. In doing so, it broke with the established practices, dating back to the beginning of the 20th century, of recruiting theatre actors to appear in front of the camera. The Park Chung-hee government, which took power by a military coup in 1961, launched the national broadcaster KBS (Korean Broadcasting System) at the end of that year. In 1962, a total of 20,000 television sets were imported from the US and Japan and sold on monthly instalments. KBS launched an open recruitment system for what might be termed ‘in-house actors’ in its first year, and both the TBC (Tongyang Broadcast Company), which opened in 1964, and the MBC (Munhwa Broadcasting Cooperation), which was launched in 1961 (and re-launched in 1969), adopted a similar system of recruiting actors and keeping them under exclusive contract. These actor recruitment and employment systems involved a complex and detailed system of remuneration according to fixed ranks that were established by reference mainly to seniority and the weight of individual contributions to particular works. An actor’s position within those ranks was calculated and adjusted twice a year, and they were remunerated for each episode of any drama they appeared in accordance with whatever rank they held at that time.
In other words, the system for the remuneration of actors under exclusive contract with a broadcasting company had no regard for an actor’s popularity or success. Actors and actresses were regarded and treated as employees of the broadcasting company.

An interviewee who had been a producer with one of the terrestrial broadcasters for a long time (Interviewee 14) said that it was ‘like a large factory where even drivers are hired full-time’. Everything from the production to the transmission of dramas was taken care of within the broadcasting company itself, and ‘all the know-how was accumulated inside the broadcasting company’. Moreover, the Korean broadcasters adopted the term ‘taellenteu’ to refer to actors collectively, possibly drawing on the English term ‘talent’ or its Japanese rendering as ‘tarento’ (Interview 13, 14). Therefore, actors under exclusive contract with the broadcasting companies were referred to as ‘KBS taellenteu’ or ‘MBC taellenteu’. They were being considered to be decisive factors in differentiating the programmes of the broadcasting companies from each other.

It is similar to the Hollywood studio system of the 1930s and 40s, in which movies were produced within one studio from start to finish and were even be distributed through cinemas owned by that same studio (McDonald 2013; 87-94).

In such a system, the producer’s power in casting the actors was absolute. Another interviewee who had worked as a producer for one of the terrestrial broadcasters (Interviewee 13) asserted that he had enjoyed ‘king-like powers’ and had held what amounted to ‘life-and-death authority’ over the actors. By contrast, the actors of the time were looked down upon as ddanddara or ‘clowns’. All of this means that during the era of actors under exclusive contract with broadcasting companies Korean television actors were fully integrated into the broadcasting company they were contracted to and were managed and put to use by that broadcasting company as part of their vertically integrated business strategy. However, all this started to change with the establishment of the first commercial broadcasting company, SBS (Seoul Broadcasting System), in 1992.

**Globalisation, flexibilisation, and celebrities as image commodities: the years 1990-1997**

The globalisation of the broadcasting and entertainment industry, which began in the post-Cold War era of the late 1980s, had a massive impact on Korea. The Marakkesh Agreement resulting from the Uruguay Round negotiations (1986-1995) required that national markets for film and television programmes be made accessible (Shim 2008) and that measures restricting foreign investment in the film and advertising industries and the import of foreign films be abolished. This period coincided with the democratisation of Korean society. Workers in the broadcasting industry began to organise themselves into unions and associations to gain freedom from government interference and to secure their rights as workers. In addition, Korea rapidly became a consumer society during the mid-1980s, as its trade balance shifted from a deficit to a surplus thanks to what in Korea has been termed ‘the prosperity of the three lows’ (samjeohohwang); low oil prices, low dollar exchange rate, and low interest rates. Under these circumstances, the Korean government and the Korean broadcasting and entertainment companies, KBS and MBC, began to criticise their existing structures of regular permanent employment as overly rigid and bureaucratic. Moreover, broadcasting companies found themselves competing for audiences, because the emerging consumer society audience, with its increasingly differentiated tastes, was a far cry from the domestic audience that they had been used to, one that was united by a shared Korean national identity.
Against this backdrop, a number of measures were introduced that deeply affected the structure of the Korean broadcasting and entertainment industry. These included a law stipulating an obligatory rate for the outsourcing of production work to external producers passed in 1990, the launch of SBS in 1992, and the introduction of cable television in 1995. The resulting increase in the number of production companies with no formal ties to national broadcasters, together with the founding of SBS and a number of cable television, signified the end of the previous system where vertically integrated broadcasters had been able to control both the production and transmission of television dramas. These measures had the effect of expanding the process of drama production beyond the existing broadcasting companies and resulted in the emergence of the basic structure of the present-day Korean drama industry. It also gave rise to a particular paradoxical industry construction. At first sight, drama production in the industry looks less integrated than it used to be in the days of production within the vertically integrated broadcasting company. Various steps of the production process are now divided between formally independent companies. On closer inspection, however, these seemingly independent entities are closely integrated into one overarching drama industry, in which specialised production units operate in a manner that could be likened to the different units of a single colossal factory.

The situation in the Korean television drama industry is similar to the system of networked enterprises through which Hollywood developed flexible specialisations in each film-making sector after the integrated studio system was broken up following the Paramount Decision of 1948. In Hollywood, a free-agent system was established in which the actors, who had previously been contracted solely to studios, now competed for individual projects through negotiations conducted by their agents (McDonald 2013; 98-100). In the Korean drama industry, SBS, the first commercial broadcaster, initiated and led the equivalent process. SBS’s broadcasts were restricted to the Seoul area, while those of KBS and MBC were not. Consequently, actors appearing on SBS programmes could not expect to make as much income as they could be working for the nation-wide terrestrial channels, KBS or MBC. Aware of this limitation in its attractiveness to potential actors, SBS chose not to establish an actor recruitment system of its own. Instead, it began headhunting for actors already employed by KBS or MBC and won them over by guaranteeing whatever income they would have made from filming commercials while under contract with a national broadcaster.

This SBS practice of scouting actors employed with the national broadcasters eventually resulted in the dismantling of the exclusive contract system for actors. Thus, remuneration no longer depended on the rank they held in the company’s remuneration system at any given time. Actors started to sign up for individual projects. For a brief period, this led to the emergence of actor agents and managers, who acted as go-betweens between actors and producers or represented the actors respectively. Later management companies which combined both roles came to dominate the market thoroughly. These management companies were founded by some of the Korean conglomerates, or Chaebols, which had previously already entered the film industry in the early 1990s. One such example is the Samsung Group’s subsidiary Star Search that was established in April 1994. The subsidiaries are typically divided into a planning department, an actor marketing department, and an actor management department, all of which are geared towards finding and managing actors in a systematic fashion. In such a system, an actor’s image and their market value are no longer predominantly determined by that actor’s work, but increasingly by the labour of numerous other workers within the system.
Most of the interviewees who had worked in actor management said that both actors and managers had welcomed this change because they saw it as a step away from the absolute power that producers had wielded towards a freer and more democratic set of industry relations (Interviewees 3, 4, 5, 6, 7). The rise in the number of channels and the resulting increase in the demand for television dramas (Ju 2019; 22) increased actors’ bargaining powers, freeing them from the authoritarian, hierarchical relationships with producers at terrestrial broadcasting companies.

Following this change, actors with established images were cast in particular types of Korean television dramas to ensure the drama’s success. Such actors had often previously acquired a particular image through their activities in advertising as print advert models or television advertisement actors. They were then able to capitalise on that image by acting in dramas, thus enhancing it further. In other words, these former advertisement models and actors accumulated an image through their activities in advertising that later enabled them to move across formats and genres and to become celebrities in the process. Examples include the late Choi Jin-Sil, who dominated the 1990s as a commercial model and protagonist in many trendy dramas; Jeon Ji-Hyun, a major Korean Wave star who was chosen to represent Gucci in Asia; and Lee Jung-Jae and Jung Woo-Sung, both of whom remain active as commercial models and actors. Such career paths differed starkly from those of the previous era Korean broadcasting when it was common to succeed as a drama or movie star first and then appear in advertisements, once a particular image or reputation had been acquired from acting.

Such novel career paths were particularly common for actors who played prominent character roles in trendy dramas, which, following the Japanese example, started to be produced in Korea from the early 1990s onwards. What viewers consume in these dramas is not so much the story, but the character’s style (Lukács 2010; 38-45). Actors whose appearances in advertising and trendy dramas made them highly successful as image commodities often achieved considerable popularity, even if they did not necessarily excel in acting. They also achieved what Lukács terms ‘intimate televisuality’ with the television audience, i.e. a particular form of public sentiment towards the actors or their image.

It is important to note key differences in the quality of such ‘intimate televisuality’ of television actors between the Korean and Japanese entertainment industries, which relate to the differing economic and social structures in the two countries when the phenomenon first emerged. The genre of trendy drama was developed in Japan because the television industry was searching for a solution to dwindling audiences during the recession of the 1990s (Lukács 2010; 38-45). Conversely, Korea enjoyed an economic boom during the late 1980s and 1990s, and it was the globalisation of the broadcasting and entertainment industry and the rapid transformation into a consumer society that facilitated the flexibilisation of drama production in Korea, thereby facilitating the emergence of trendy dramas in Korea. These differences in economic history make themselves felt in the nature of the ‘intimate televisuality’ of television actors in Japan and Korea. People feel a sense of belonging by positioning themselves, through the medium of television, as members of a particular nation (Mankekar 1999). Television actors, more so than film actors, can inspire a particularly strong sense of familiarity and intimacy with a mass audience (Marshall 1997; 119-121). Lukács argues that Japanese television actors’ intimate televisuality provided the Japanese audience with a sense of comfort and familiarity that adequately compensated them for the loss of a sense of solidarity and affiliation that had occurred over the course of the prolonged recession (Lukács 2010; 31).
By contrast, the emotions that Koreans felt towards such actors as they began to emerge in the late 1980s were different. They were met with feelings of hope and expectation for a new society and community that was to be built on the newfound respect for individuality that had resulted from economic growth and democratisation. The actors who were popular at the time were young people who displayed a strong degree of self-assertion and presented themselves with a different sense of fashion and a novel manner of consuming goods. Indeed, the fact that representations of girls as consumers became widespread in Korea in the 1990s (Kim 2011), and that their consumption was accepted as a realisation of liberal democracy, resonates with this analysis.

Financialisation, the Korean Wave celebrity as fixed capital, and the K-drama conglomerate: 1998 and beyond

The post-1997 Asian financial crisis ravaged the Korean economy, but also helped spur the Korean Wave when Korean media exporters were able to provide the entertainment content to other Asian countries that were cheaper than American or Japanese television serials (Huat and Iwabuchi 2008; 4, Ju 2019; 23). However, the ways in which the aftermath of the financial crises provided momentum for the Korean Wave requires more detailed analysis, especially concerning the neoliberal policies introduced by the Korean government and domestic entertainment industries that ultimately led to the creation of the Korean Wave celebrity and the birth of what I term ‘the K-drama conglomerate’. The post-crisis neoliberalisation of the Korean broadcasting and entertainment industries had considerable impact. First, short-term stabilisation policies introduced by the government to address the financial crisis led to the retreat of major chaebols from the market, leaving terrestrial broadcasting companies and cable television that were dependent on industrial capital in dire straits. The chaebols’ retreat brought about a process of rapid mergers and acquisitions between the surviving companies in the entertainment industry. However, the market opening and liberalisation policies allowed firms in the cable television, outsourced production and talent management sectors to attract the foreign capital needed for mergers and acquisitions for the first time (Kim 2010; 209-212).

For the Korean IT and entertainment industries, the years from 1998 to 2000 constituted a period of temporary recovery in the midst of the ongoing national financial crisis. One reason for this was that Korea was integrated into the international division of labour in the newly-emerging, US-led international IT industry. It consequently benefited from the IT investment and stock price boom in the US at that time (Chon 2002; 67-68). Moreover, the Korean stock market experienced a temporary boom due to the economic stimulus measures and low-interest-rate policies adopted in mid-1998, and the liberalisation of capital and foreign exchange in the years 1999 and 2000. These two measures coincided with government IT industry promotion policies to create a venture capital frenzy (Hwang et al. 2001; 32-47).

One of the areas that succeeded in attracting venture capital was the broadcasting industry (Kim 2010; 221-225). Independent production companies benefited from additional protection under the Framework Act on Culture Industry Promotion of 1999. Moreover, the Integrated Broadcasting Act of 2000 raised the obligatory outsourcing rate to 40%, meaning that more content produced by major broadcasters had to be outsourced to external production companies. These policies led to a significant rise in profits for independent production companies around the year 2000.
Throughout the 1990s, the structure of the Korean drama production industry had become increasingly complex, diversified, and seemingly decentralised due to an increase in the number and type of players. However, over the period 1998-2000, the industry took on a network-type quasi-corporate structure, in which dramas were produced and broadcast through the combined efforts of outsourced production companies, other smaller production companies, management companies, and terrestrial broadcasters and cable television. I call this network-type system of drama production the ‘K-drama conglomerate’ because all the apparently independent companies involved in the production and exhibition chain are on closer inspection mutually interdependent entities. Under this system, major broadcasting companies owned the copyright for a drama in exchange for paying from 50% to 70% of the production budget to independent production companies (Cho et al. 2012; 74-75). Furthermore, the directors of drama were expected to be chosen from among the broadcaster’s producers (Interview 5, 6, 7, 8, 9, 10). This means that independent production companies were under the control of the major broadcasting companies in relation to budget, directing, and copyright. This system lasted until 2019, when the Korean Fair Trade Commission strongly urged that drama copyrights should belong to the production company, suggesting the use of a standard contract between the broadcasters and the production companies.

This system impacted the function of celebrity. For the independent production company, casting celebrities with the ability to attract investments and products placement deals was a primary strategy for securing profits. Thus, the Korean Wave Celebrity started to function as a form of fixed capital in that the surplus-value appropriated and fixed in the image commodity makes further drama production more effective. The decisive factor in bringing about this change in the role of the Korean Wave celebrity is the financialisation of the drama industry, which increased the drama production process’s dependence on celebrity status. Investing financial capital in cultural products such as dramas is high-risk, and potential investors seek to minimise this risk by requiring producers to sign up actors, writers and directors with sufficient star status to guarantee the drama’s success and profitability. The relevance of actors and Korean Wave celebrities in guaranteeing the potential success of a drama, and therefore in helping secure pre-production investment, increased in the early 2000s. In 2002, the three terrestrial broadcasters’ accord regarding the reimbursement of actors collapsed, while 2003 the success of *Winter Sonata* launched the Korean Wave within Asia. As a result, the market values and bargaining power of Korean Wave celebrities who became stars in Japan increased significantly when Japanese investors began to get involved in pre-production investment in Korean dramas.

It led to significant increases in celebrity actor remuneration. One interviewee who worked as a celebrity manager and then as a drama producer (Interviewee 7), reported that a popular lead actor cast in a Korean drama in the late 1990s could expect a remuneration of about 5 million KRW (around $4,200) per episode at best. Once the Korean Wave started, however, this figure rose so that these days, the lead actor of a drama sold to other Asian markets can expect between 50 million KRW (around $42,000) and 300 million KRW (around $250,000) per episode. Korean Wave actors now earn between ten and sixty times more than actors who appeared in pre-Korean Wave dramas that were only distributed in the domestic market. Their remuneration varies according to the degree to which they help secure pre-production investments and upfront sales in other Asian countries. This fact highlights the degree to which Korean Wave celebrities’ value is no longer determined solely by their labour as actors, but is at least equally determined by expectations surrounding investment and sales revenue.
The following excerpt from a report by Shinyoung Securities, a Korean securities company, on the actor management company Keyeast (Han 2012) illustrates this point:

-Result: Turn around

The company’s share price is expected to remain high in the future. First, 4Q11\(^1\) earnings are expected to rise. 4Q sales are expected to increase by 58.3%. YoY\(^2\) and net profit will return to a surplus of W1.3bn\(^3\) from previous significant losses. It is due to affiliated celebrities having been very active, including Kim Soo-Hyun and Kim Hyun-Joong.

-Good 4Q results

Second, this trend is expected to continue in 2012. It is because Dream High Season 2 will air in 1Q12\(^4\), following Dream High Season 1, which had been produced and aired by the company last year. Also, Bae Yong-Joon, the Korean Wave’s originator, is expected to make a comeback this year. Kim Hyun-Joong, who is well-known overseas, will become even more active in Japan, and Kim Soo-Hyun of Moon Embracing the Sun will continue to enjoy soaring popularity.

Clearly, Korean Wave celebrities have moved far beyond being just one of many elements that comprise a drama and have become the decisive factor in a drama’s production, even in the preparatory stages. They also have the quality of fixed capital. They increase surplus-value by enhancing the value of the drama produced with that which accrues to their accumulated image. In fact, the production of the drama is an essential process of enhancing the celebrity’s value as an image commodity as well. Without the labour of other productions staff, however, the celebrity cannot achieve their value as an image commodity and fixed capital. Nevertheless, the restructuring of drama products’ value around that attributed to the image commodity as fixed capital has the effect of rendering all other labour in the drama invisible. It is particularly true for the labour of filming, production, planning and distribution staff, which is severely devalued. Data from the 2012 report quoted above shows that the salaries paid to lead and supporting actors accounted for 56.2% of production costs per drama, while the costs of other kinds of labour came in at only 14.4% of total costs (Cho et al. 2012). The labour of other cast members beyond the leading and supporting actors is equally invisible, with extras’ salaries accounting for only 2.7% of costs (Cho et al. 2012).

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\(^1\) the fourth quarter of 2011
\(^2\) year-on-year
\(^3\) 1.3 billion KRW
\(^4\) the first quarter of 2012
This massive gap in payment levels is not the only problem. A more frequent issue is the timing of
remuneration. Production staff and extras’ salaries are generally paid last and are often delayed.
Interviewee 12, who works in the costume design for a drama production company confessed
that it was rare to be paid on time and that sometimes production staff were not paid at all if
production funds ran low. The fact that salary payments to production staff are often delayed,
even for those working on successful Korean Wave dramas, demonstrates that the situation has
not improved much as of 2019. In the most recent of such cases, the independent production
company that produced the drama Arthdal Chronicles (Studio Dragon 2019) forced
production staff to work longer than their contracts stipulated without any additional payment.
Studio Dragon, subsidiary of the cable TV broadcaster TVN, had outsourced production to
the independent production company but did not take any action on behalf of staff impacted.
These production staffs have failed a complaint against Studio Dragon with the Seoul
Regional Labour Office for violation of the Labour Standards Act and the Industrial Health and
Safety Act. Arthdal Chronicles targeted the Asian market and made headlines for the high
salaries paid to its lead actors. It, combined with the mistreatment of outsourced labour, clearly
illustrates how the fetishistic belief that drama can be produced with just a handful of celebrities
devalues and renders invisible the labour of all non-celebrity actors and production staff who
produce entertainment content. As such, ‘The K-drama Conglomerate’ is a network of major
broadcasting companies, independent production companies, and management companies that
conduct various functions involved with the production of the Korean Wave celebrity, not only
as image commodity but also as a brand and investment guarantee, by which thereby erase the
labour processes of drama production.
Conclusion

The common focus in Korean Wave studies on the transnational character Hallyu celebrities has produced many valuable insights. Yet it is imperative to understand how transnational Hallyu celebrity emerged as part of the wider transformation of the Korean broadcasting and entertainment industries. The impact of globalisation and the shift towards a consumer society in 1980s Korea led to deregulation and structural change in the broadcasting and entertainment industry. It was only intensified by neoliberal policy changes and the financialisation of the industry following the Asian financial crisis in the late 1990s. The resulting flexibilisation of the industry saw television drama production practices shift from the vertically integrated in-house production of national broadcasting corporations to flexible cooperative production in what I term the ‘K-drama conglomerate’, a diverse network of seemingly independent yet tightly interlinked outsource production companies and contractor relationships, centered on the production of the Korean Wave celebrity as not only an image commodity but also a brand and investment guarantee. At the same time, the emergence of new channels, new Asian markets and a new genre of trendy dramas drove expansion in the industry. These changes transformed the status of actors. Liberated from exclusive contracts with the major broadcasters, actors and their management companies were able to build celebrity images and to leverage the value of these image commodities to become decisive factors in the production of dramas. In short, the financialisation and flexibilisation of the Korean broadcasting and entertainment industries transformed Korean Wave celebrities into fixed capital. It is problematic because through twin functions as image and fixed capital, Korean Wave celebrity renders invisible the very real labour performed within the K-drama conglomerate.

The celebrity as image commodity and concomitant industry processes are not confined to the Korean Wave. The K-drama conglomerate is representative of the transformation of the global cultural industry. The production and international circulation of cultural contents are no longer the exclusive realms of Western-based conglomerates, and an increasing number of regional and national broadcasting and entertainment companies from non-Western countries are trying to gain new territory in international markets (Ju 2019; 11-116). Intangible commodities have become increasingly common in the cultural industry over the last two decades (Martel 2012). They create additional surplus-value by erasing the very labour that made them possible in the first place (Negri and Hardt 2004). The Korean Wave celebrity is the machine of the K-drama conglomerate that creates surplus-value by enhancing the value of the content produced with their images and making all aspects of labour within the industry invisible. Therefore, the K-drama conglomerate and Korean Wave celebrity are excellent examples of capitalism’s latest manoeuvre: the creation of intangible commodities capable of expanding the channels of profit by attracting attention and erasing related labour.
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