

Analyzing YG Entertainment's Financial Impact: Addressing Brand Image Decline and Solutions

Haryadi Sarjono^{1*}, Azlia Zetta², Grace Cynthia Magdalena Sitorus³,
Boyke Setiawan Soeratin⁴

^{1,4} Management Department, BINUS Business School Undergraduate Program,

^{2,3} School of Information Systems,

Bina Nusantara University,

Jakarta 11480, Indonesia

haryadi_s@binus.ac.id; azlia.zetta@binus.ac.id; grace.sitorus001@binus.ac.id;

boyke.soeratin@binus.ac.id

*Correspondence: haryadi_s@binus.ac.id

ABSTRACT

This study explores the impact of YG Entertainment's 2019 strategy on the company's financial condition and image after a series of issues involving its artists in 2019. YG Entertainment, a prestigious South Korean entertainment company, faced major challenges, including controversies related to prostitution, drug scandals, and tax issues. These issues caused the company's stock value to decline and raised concerns among investors and fans. This study aims to investigate the strategies implemented by YG Entertainment to recover financial losses and assess the impact of these solutions on the company's financial condition. In addition, this study aims to measure the magnitude of losses experienced by YG Entertainment and the extent of financial recovery after implementing these strategies. The method used is a qualitative research method in the form of a literature study method. The focus of this study is the analysis of YG Entertainment's stock, the influence of the scandal of the largest entertainment company in Korea and brand image in affecting the financial condition of entertainment companies. The findings of this study can be a source of knowledge for readers who want to understand real cases of how companies overcome crises and their sequential impacts. For the author, this study provides a contribution of knowledge and learning in exploring the dynamics of the challenging entertainment industry. The study further explores the issues that YG Entertainment faced in 2019, with scandals involving famous artists. The impact of these issues on the company's stock value and market capitalization is discussed, showing the seriousness of the challenges that the entertainment giant faces. The solutions that YG Entertainment took were to debut a new boy band, plan the return of long-absent artists, and renew contracts. The study shows that these strategies generated positive responses. Overall, this study provides valuable insights into the dynamic relationship between brand image, financial condition, and crisis management in the entertainment industry, using YG Entertainment as a case study.

Keywords: YG Entertainment; Brand Image; Controversies; KPOP; Yang Hyun-suk

INTRODUCTION

YG Entertainment Inc is an entertainment company founded in 1996 in Seoul, South Korea. “YG” is an abbreviation of Yang Gun (양권) which is taken from the nickname of the founder, and executive producer, Yang Hyun Suk. Since its inception, YG Entertainment has produced some of Korea’s most popular and respected artists, from the early artists of YG, JINUSEAN and 1TYM, to the most successful artists today, BigBang, 2NE1, Blackpink, Akmu, Winner, Sechskies, Treasure and others (YG Entertainment, 2024).

One aspect that differentiates YG Entertainment from other entertainment companies is the atmosphere it instills. The company is known for creating a family-like atmosphere, where creative ideas about music, fashion, art, and culture are freely exchanged between artists, producers, and staff members. This provides opportunities for talents to develop and pursue their talents with strong support from the company. YG also consists of a number of respected actors and actresses, including actress and director, Ku Hye Sun, best known for the popular TV drama “Boys Over Flowers” and Jung Hye Young.

YG Entertainment is a prestigious entertainment company in Korea, in fact, YG Entertainment is one of the 3 most powerful and successful companies which are usually called the “Big Three” (McCutcheon, S., 2023). This makes the public have high expectations and are focused on them. Of course, as an entertainment company, public opinion is important. This positive image plays an important role in maintaining the company’s financial stability and preventing potential problems that could affect their operations. Thus, YG Entertainment must work hard to maintain its reputation as one of the leading and influential entertainment companies in the world, and continue to make major contributions to the development of the South Korean entertainment industry as a whole. YG Entertainment must maintain its brand image to maintain the company’s reputation so that the company and its artists do not get into trouble and affect the company’s financial condition.

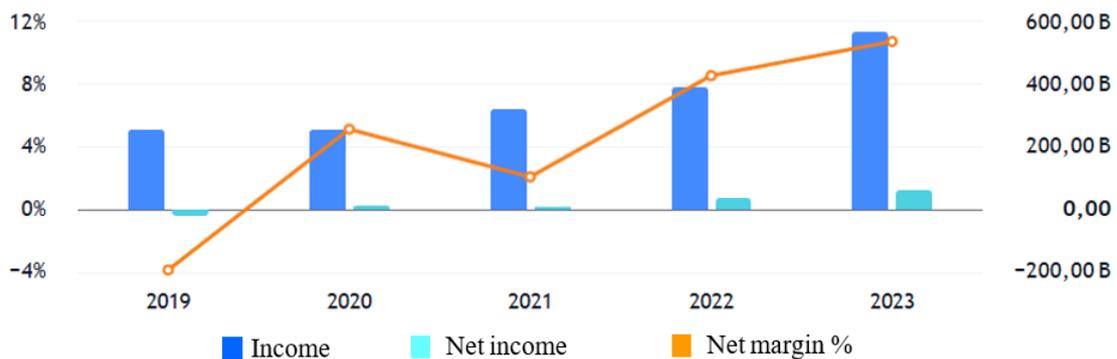


Figure 1. Growth and profitability of YG Entertainment INC
(Source: YG Entertainment Inc, 2024 [26])

From the picture above, it can be seen that in 2019, when the scandal occurred, the company’s net income continued to fall to -4% (below 0%) or -200.00 Billion Won. This is clearly very disruptive to finances and this has an impact on the company’s performance in that year and the following year. A radical strategy is needed to overcome this problem.

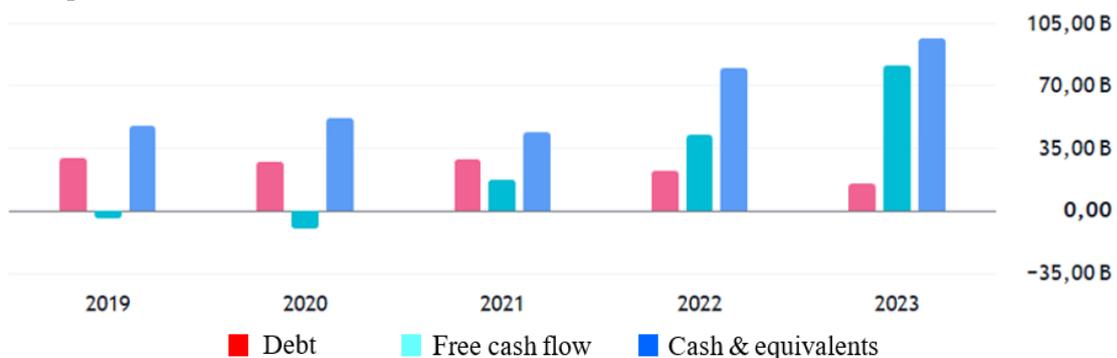


Figure 2. Financial position and solvency of the company
(Source: YG Entertainment Inc, 2024 [26])

Likewise, the debt position reached its peak in 2019, reaching 35.00 Billion Won, while the free cash flow was already minus, but from 2022-2023, there was an increase in stock prices, this was due to the world

tour carried out by Blackpink with the title “Born Pink” and the announcement of the debut of a new girl group, Babymonster, the first after 7 years since Blackpink was formed [27]. This strategy returned YG Entertainment’s glory to its original position.

Table 1. History of YG Entertainment’s Journey

Time	Management	Group	Time	Management	Group
-	Corporate History, (Artist Debut/ Business History), Launched as Hyun Entertainment	JINUSEAN	2012	Established YG Asia	EPIK HIGH LEE HI
1998	Established Yang Goon Entertainment	1TYM	2013	Established YG USA, YG Beijing	-
2001	Company name changed to YG Entertainment	-	2014	Acquired YG PLUS/ Changed company name	AKMU WINNER
2002	-	WHEE SUNG	2015	-	IKON
2003	-	SE7EN GUMMY BIG MAMA	2016	Established YG Investment	BLACKPINK
2006	-	BIGBANG	2017	Established YGX Established YG Studio Plex	-
2007	Established YG Japan	-	2020	Relocated to new head office	TREASURE
2009	-	2NE1	2021	Established a strategic partnership with HYBE, Weverse	-
2010	-	PSY	2022	Established Forest Factory	-
2011	Publicly listed on KOSDAQ	-	2023	-	BABYMONSTER

Source: YG Entertainment, Sustainability Report (2023) [28]

Research Objectives

- Find out what strategies YG entertainment uses to recover its financial condition after problems.
- Understand the effect of the solutions made on YG Entertainment’s financial condition.
- Find out how much loss occurred and how much funds were recovered after the solution was carried out.
- Knowing the importance of brand image to the financial condition of entertainment companies.

Benefits of Research

For Investors and Potential Investors Can be used as consideration in making decisions to buy shares and sell or hold shares, both long and short term, based on the results of analysis and related data.

For Readers

Can be used for future knowledge and learning regarding real case examples. Apart from that, reading can also find out and assess how the company concerned handles problems that occur and the extent to which the handling has an impact. For readers who are involved in the fields of management, marketing and business, it is hoped that this research can be a useful reference source for understanding the relationship between brand image and company financial performance.

For Writers

Can be used for knowledge and learning materials in traveling the world industrial dynamics, especially the entertainment industry, especially how companies must adapt to problems that depend on the views of the general public in the context of financial aspects.

Problem Formulation

Based on the research background on promiscuity among teenagers above, the following problems can be formulated:

- What problems YG faced?
- How big is the influence of the problem that occurs?
- The impact of the problem that occurred on brand image company
- What solution did YG entertainment take?
- What is the impact of the strategy carried out on the company’s financial condition?
- What is the impact of the strategy implemented on the company’s brand image?
- What is the impact of the strategy implemented on the company’s stock?

METHODS

The research method used in this study is a qualitative research method in the form of a library literature study method. The library literature method is the collection of information from previous writings such as books, journals or others that support information sources [29]. The data used in this study is data collected from several sources of electronic mass media news, as well as references from various trusted websites. The focus of this study is aimed at analyzing YG Entertainment shares, the influence of the scandal of the largest entertainment company in Korea and brand image in influencing the financial condition of entertainment companies

Effect of Brand Image on Financial Company

Brand Image plays an important role in maintaining financial stability for an entertainment company. A good and positive brand image will attract investors and fans to the long-term success of the artist. A poor and damaged brand image will cause financial losses, in which case finding an effective solution is important for recovery (Nadine Gatzert, N., 2015). The research conducted states that there is a great opportunity for companies to experience a decline due to a damaged brand image. Thus this hypothesis will examine the effect of Brand Image on company finances, the research hypothesis is as follows:

(H₀) *Null Hypothesis* - YG Entertainment's damaged brand image does not contribute significantly to the company's financial decline.

(H₁) *Alternative Hypothesis* - YG Entertainment's damaged Brand Image significantly contributes to the decline in company finances.

Effect of Solution on YG Stock

The shares owned by a company are the value of the company. The higher the stock price, the higher the company value (Abbas, D. S., Dillah, U., & Sutardji, 2020). Experiencing problems with a company makes the value of a company decrease, investors who initially invest begin to withdraw their investment if a company experiences a decrease in company value (Detik.com, 2019). In responding to problems, the company must prepare the best solution to attract the value of the company back. Thus this hypothesis will examine the effect of the solution that YG Entertainment does on its Shares, the research hypothesis is as follows:

(H₀) *Null Hypothesis* - The solution provided by YG Entertainment does not contribute significantly to the increase in company value.

(H₁) *Alternative Hypothesis* - The solution provided by YG Entertainment contributes significantly to the increase in company value.

Type and Data Collection

This study will use qualitative research in the form of a literature study method. The time horizon of this study will cover the initial period of the problem in 2019 to the present, focusing on events and financial data during that period. Data is collected from Financial Reports, by analyzing YG Entertainment's financial statements, focusing on quarterly and annual reports, to measure the impact of the scandal on the Company's financial performance, by examining stock market data, including stock prices and market capitalization, to understand the market's response to the event and recovery strategies. Finally, Media Coverage, by reviewing media reports, articles, and public reactions to the scandal and recovery efforts to provide qualitative context and insight.

RESULTS AND DISCUSSION

The music and entertainment industry is also important for Korea in supporting its economic growth, apart from Samsung and Hyundai cars. The "KPOP" music industry has become increasingly widespread and enlarged over time, the income obtained from every entertainment operating in Korea is also very large, it can be calculated that the income of the four largest K-pop companies in 2018 amounted to around \$1.1 billion. The music industry in Korea itself is not only spread in the country but has spread throughout the world, all news about artists and entertainment that covers it can be accessed by all people.

The entertainment that houses these artists has its main income coming from its artists, so most entertainment in Korea really takes care of their artists so that they don't get into scandals. Entertainment in Korea really

monitors the behavior of its artists because the public's view is very important, all activities carried out by the artists have been regulated by the agency so that they are not exposed to hoax news. Not only that,

These strict regulations cannot deny that mistakes can occur and artists carry out activities under the agency's supervision. These activities may be prohibited activities that can have a negative effect on artists and companies. If the activities carried out by an artist have a negative effect then this will also affect other artists who are under the auspices of the company and have an influence on the company both in terms of finances and brand image.

Problems faced by YG entertainment

In 2019 YG Entertainment experienced several problems that had an impact on the company's finances. The problems faced by YG Entertainment are prostitution, artist scandals, taxes and drugs. This problem must be resolved as soon as possible so that the company and the artist are not affected. The first problem that befell YG Entertainment was the problem of prostitution, this problem was caused by Seungri (Lee Seung-hyun) Ex-Group Bigbang. Bigbang is a group from South Korea which was formed in 2006 by YG Entertainment, Bigbang consists of 5 people, namely G-Dragon, T.O.P, Taeyang, Daesung and Seungri. The Bigbang group was very famous that year and had many fans in various countries, this group was even dubbed the most influential celebrity in South Korea from 2009-2016 (Setuningsih, N., 2021)

Unfortunately the group was hit by problems in 2019, namely when Seungri was hit by a prostitution problem which brought problems to the group, entertainment and lost the trust of their fans. This problem is a big problem that is paying attention to many people. The provision of prostitution was obtained from a leaked Kakaotalk chat, in the chat Seungri said that he agreed and offered to supply female entertainers to his nightclub. Not only was there a problem with prostitution, he also bribed the police regarding the Burning Sun club he owned in order to get support. Because of this problem, in August 2021 Seungri was sentenced to 3 years and fined 1.1 billion won (Hasibuan, L., 2019). Not only Bigbang, another YG Entertainment group, Ikon, was also hit by a scandal. One of the members is B.I Ikon (Kim Han-bin) who experienced a drug scandal. Ikon is a group from South Korea which debuted in 2015, they have 7 active members, namely B.I, Bobby, Jay, Yu-no, Song, DK and Chan. This group won many awards since their debut until the end of 2020. Unfortunately, on December 16, 2020 they chose to leave the YG Entertainment agency (Mahartika, L., 2019).

Kim Han-bin or commonly known as B.I Ikon is the leader of the icon group. He was involved in a scandal in 2019 because he had purchased illegal drugs in 2016. He was suspected of purchasing LSD (Lysergic acid diethylamide). This was discovered because his Kakaotalk chat with a dealer was spread. The drug dealer who had informed about this suddenly changed his statement and said that B.I Ikon was not involved, this created a new problem because it was thought that there was YG Entertainment interference in it. Exactly on June 12, 2019, due to this problem, B.I icon issued a statement on his Instagram that he was resigning from the agency and group that raised him. After the investigation, he was sentenced to probation for 4 years and a fine of KRW 1.5 million (Pangesti, R., 2021), and if he commits a drug-related offense he will be imprisoned for 3 years (Mahartika, L., 2019).

In the same year another problem also occurred with the founder and CEO of YG Entertainment, namely Yang Hyun-suk, he resigned at a time when artists were having problems using illegal drugs. Yang Hyun-suk said that he resigned because he did not want to disappoint anyone and reduce the criticism leveled at his agency (Sebayang, R., 2019). The CEO of YG Entertainment was also caught up in the scandal experienced by B.I Ikon. Yang Hyun got into trouble because he tried to cover up the scandal experienced by his artist, namely B.I Ikon, he underwent a court trial because of this, he was charged with threatening and coercing an informant who gave testimony at the B.I Ikon trial (Kim, S., Kang, S., Barton, S., & Burke, C., 2019).

Yang Hyun-suk's exit from the CEO position did not help much. Because he still holds quite a large portion of shares. Namely, reaching 16.12 percent. As a result, YG had to return KRW 61.15 billion (IDR. 721.7 billion), plus 2 percent annual interest. The total to be paid reaches KRW 67 billion (IDR. 790.9 billion) (JPNN.com., 2019).

The Bigbang group went on hiatus for 4 years, will make a comeback in the spring of 2022 without Seungri (Ramadhani, I. A., 2022), the last time Bigbang released an album was on February 3 2016. Bigbang's break did not make them dim and forgotten, Pause actually makes them fly even more. fans have been waiting and bringing goodness to YG's entertainment stock. It is observed that in 2022 YG Entertainment's shares will increase by 2.4% (Putong, R.C., 2021).

The Influence of the Problem that Occurs

The scandal that occurred at YG Entertainment throughout 2019 had a major impact on their finances. In the third quarter of 2019 they only made a profit of KRW 5 million or only around IDR 59 million (Sebayang, R., 2019). Not only that, because of the scandal that befell them, YG Entertainment had to return the investment given by LV (Louis Vuitton) amounting to KRW 67 billion or the equivalent of Rp. 795 billion (CNBC Indonesia, 2019). Previously, YG Entertainment had made an agreement with this well-known brand regarding investment. LV will provide an investment of KRW 61.15 billion and 5 years later convert the shares into cash. This further worsens the financial situation (CNN Indonesia, 2019).

YG Entertainment shares experienced a decline due to problems that occurred with B.I Ikon, Seungri Bigbang and the CEO himself, Yang Hyun-suk. It was noted that its shares fell by 10.08% to KRW 22,300, this share price was the worst record owned by YG Entertainment (Perwitasari, A. S., 2019). The scandal that hit Seungri also caused shares to plummet at around the end of February 2019, the share price was KRW 30,000 or IDR. 360,825. It was also recorded precisely that on Monday 11 March 2019, YG Entertainment shares fell by around 14.10%, which previously on March 8, 2019 was worth KRW 43,250 to KRW 37,150 (Perwitasari, A. S., 2017).

On June 12, 2019, after it was reported that one of Ikon's members, B.I, had resigned, YG's shares decreased by KRW 31,950 or IDR. 384,134, a decrease of 4.05%.

The impact of the problem that occurred on brand image company

As a result of the problems that occurred with YG Entertainment artists in 2019, many people, both investors and fans, immediately had a bad stigma towards the YG Entertainment company. Many fans immediately left this company and investors immediately withdrew their investment. Losing fans is certainly a serious thing for an entertainment agency because an entertainment agency certainly needs fans to support its artists, without fans an artist cannot be called successful.

The problems faced by YG Entertainment in 2019 resulted in this entertainment losing many fans and being considered to have a bad brand image. It is considered that the artists under its management generally have big problems and scandals. Apart from having to recover from the financial downturn, YG Entertainment also has to get back up to justify the company's good name and brand image in order to bring back fans and investors.

The issue involving Ikon's B.I raised public doubts and concerns about YG Entertainment's response to the crisis. Due to YG Entertainment's interference in handling the B.I scandal, this increasingly questions the company's integrity (Daryono, 2019). Moreover, the scandal of Seungri from Bigbang who accidentally exposed the YG Entertainment CEO scandal, increased public distrust towards the company's management. This situation damaged YG Entertainment's image, where the public increasingly viewed the company with skepticism due to scandals involving not only artists, but also the company's leadership itself.

YG Entertainment's solution

The problems that befell YG Entertainment certainly cannot be ignored, the decline in shares in 2019 made YG Entertainment have to think again about what can be done to get back on its feet. In 2020, it was noted that YG Entertainment's shares rose again, even though they had fallen again due to the corona virus that hit 2020. These shares rose again because they had plans to debut a new group, namely treasure, a Korean boy band with 12 members. They immediately moved quickly to release teasers for treasure members. Not only debuting a new group, YG Entertainment also made a comebackSechskies, a Korean boy band that was founded in 1997. Then, they're-signed a number of top artists such as Kang Dong-wan, Cha Seung-won, Lee Sun-kyun and Son Ho-jun (Utami, N. W., 2020).

Bigbang, which previously experienced a scandal, finally renewed its contract, this was welcomed by many people. Although as a result of this scandal Bigbang had to lose one of its members. It was recorded that as a result of this news, YG Entertainment shares rose to KRW 26,150 on March 11 2020 (Thahira, A., 2020).

The Impact of the Strategy Carried Out on the Company's Financial Condition

The impact of the various problems that occurred caused significant changes in YG Entertainment's financial condition. Quoting from the KTB Investment & Security release on Naver, they estimate that YG Entertainment will only be able to make a profit of 5 million KRW or US\$ 4163 in the third quarter of 2019. This value is equivalent to IDR 60 million if converted into rupiah. This decrease was 98% year on year (YoY) or

compared to the same period the previous year (Sebayang, R., 2019).

In fact, according to YG Entertainment’s financial report obtained through Osiris–platform A public database containing financial information, stock data, ownership, ratings, estimated earnings, and news about global companies, including insurance companies and banks – YG Entertainment’s profit margin in 2019 dropped drastically. In Table 1. Global Profitability Ratio, it shows that YG Entertainment experienced a drastic decline in its profit margin. On a percent scale (%) profit margin in 2018 was 13.86 to 0.69 or equal to 95.13%. This decline was huge and had a huge impact on the company. This also had a negative and significant impact on YG Entertainment’s market share.

Table 1. Global Profitability Ratio (in KRW)

Variable	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
ROE using P/L before tax (%)	13.67	9.63	5.83	0.52	10.36
ROCE using P/L before tax (%)	10.27	7.1	4.83	0.84	7.37
ROA using P/L before tax (%)	7.86	5.85	3.78	0.34	6.27
ROCE using Net income (%)	6.21	1.36	2.31	-4.45	3.71
ROA using Net income (%)	4.73	1.07	1.73	-4.17	2.99
Profit margin (%)	14.32	11.31	8.03	0.69	13.86
Gross margin (%)	32.71	30.36	31.65	29.79	33.47

Source: Osiris (2023)



Figure 3. YG Entertainment stock chart from 2018-2023

(Source: Investing.com Indonesia, 2023)

The impact of the Strategy implemented on the company’s brand image

The strategy implemented by YG Entertainment in 2020 has produced a positive impact, especially in restoring the company’s image. Problems involving artists in 2019 caused many investors and fans to withdraw and gave YG Entertainment a negative stigma. Losing fans is a serious matter because entertainment agencies certainly need fan support for an artist’s success. Fans also play a role in purchasing products such as merchandise sold by the company, which will ultimately benefit the company.

YG Entertainment is faced with the task of reviving its reputation, both financially and in terms of image. One of the solutions taken to improve the company’s image was to launch a new boy band called Treasure. Their debut managed to get a positive response, with marketing teasers that attracted the interest of many people. This step is important because the Treasure group is the first group to be debuted by YG Entertainment after a series of scandals that befell them.

The company is not only focusing on attracting new fans by debuting new groups, but also planning the comeback of artists who have been absent from the world of entertainment for a long time. This action received a positive response from fans who had long been waiting for the return of their idols, especially YG Entertainment also made new contracts for a number of big artists (Utami, N. W., 2020).

Even though Bigbang fans were disappointed due to the scandal involving one of the members, Seungri,

the decision to renew Bigbang’s contract had a positive impact (Thahira, A., 2020). Especially in increasing YG Entertainment shares. Slowly, the company’s damaged brand image began to improve with the presence of various new artists being announced. As a result of this strategy, YG Entertainment managed to regain support from fans and investors, showing positive signs of recovery in the company’s image. Now, YG is trying to show its latest strategy, although it has become a global entertainment center, they are starting by expanding their leadership horizon through the local entertainment industry first, with the aim of global entertainment so that their income can be obtained from all over the world. YG’s core business areas include music and digital content, live performances, and artist management. The company is actively expanding its business domain to include the sale of merchandise related to YG artists and various content projects [28].

The Impact of the Strategy Implemented on the Company’s Stock

YG entertainment did not directly reveal and say what their strategy was for responding to the problems that occurred. However, several things done by YG entertainment after the problem occurred can be considered YG’s strategy in overcoming the problem at that time.

The influence of financial conditions after various recovery strategies have been implemented can be seen through the condition of YG Entertainment shares in the market. In the case of YG entertainment, shares will be greatly affected by problems that occur, because YG entertainment is an entertainment company where the main income comes from its artists, so it is very crucial for YG entertainment to protect its artists from being exposed to scandal.

What YG Entertainment did after the problems was to debut a new boy band called TREASURE, make a comeback with the girl group Sechskies, re-sign a number of top artists such as Kang Dong-wan, Cha Seung-won, Lee Sun-kyun and Son Ho-jun, and renew their contracts with boy band Bigbang.

Table 2. YG’s Stock Impact due to Solutions Given

	Date	Stock Before (per quarter)	Stock After (per quarter)	Impact Percentage
TREASURE Debut	August 7, 2020	₩30,600.00 (May 8,2020)	₩42,500.00 (Nov 6, 2020)	28,23%
Sechskies Comeback	January 28, 2020	₩25,850.00 (Okt 25, 2019)	₩29,650.00 (Apr 29, 2020)	12.78%
Resign with Top Artist Announcement	January 10, 2020	₩23,950.00 (Okt 11, 2019)	₩28,900.00 (Apr 10, 2020)	17.18%
Renew Contract with Bigbang	March 11, 2020	₩26,250.00 (Dec 13, 2019)	₩29,800.00 (June 19, 2020)	11,74%

Source: Google Finance (2024)

From Table 2, we can draw the conclusion that Yang Entertainment’s decision to debut a new artist was a good choice. This decision resulted in an increase in shares of ₩11,900.00, which is quite a large figure for a company that has just experienced a disaster. The increase experienced as a result of the debut of boyband Treasure was even more than twice the other solutions implemented. Indeed, the debut of a boy band reaps a lot of costs compared to other solutions. However, the results obtained can restore the company’s finances and save the company’s declining brand image. Overall, the K-pop industry has a strong benefit to the popularity of South Korean products and trends, thereby spreading them throughout the world. It also has some serious drawbacks. With cyberbullying carried out by idols, it leads them to depression. And make it difficult for them with emotional ups and downs. (Studeersnel, 2019). From the analysis above, there are five core strategies that support YG Entertainment’s international expansion, so that it can achieve its current achievements, including: making maximum use of information from the local market; equalize variety and originality; restrictions on production sites to minimize political risks; increasing the ability of local brands to realize global brands and strategic diversification into related industries [2].

Another strategy, in 2022, YG’s senior girl group, Blackpink, who is one of the most influential K-POP artists in the world, started their world tour. Starting with a concert in Seoul in October, they started the ‘Blackpink World Tour (Born Pink)’, a spectacular world tour with a large capacity of 1.5 million visitors, and have successfully completed 14 tours in North America in 7 cities and 10 tours in Europe in 7 cities [27]. In 2023, Blackpink is scheduled to have a 30-tour extension in 16 cities in Australia and Asia, followed by stadium shows in Paris, France and 4 cities in North America.

CONCLUSION

In conclusion, the Korean music and entertainment industry, particularly the K-pop genre, has become a significant contributor to Korea's economic growth. The global spread of K-pop has led to substantial revenues for entertainment companies, making them crucial players in the country's economic landscape. The rigorous management and monitoring of artists by entertainment agencies underscore the importance of maintaining a positive public image. Despite efforts to regulate artist behavior, unforeseen problems and scandals can still arise, impacting not only individual artists but the entire company's financial health and brand image.

YG Entertainment faced severe challenges in 2019, including issues such as prostitution, drug scandals, and tax-related problems involving key artists like Seungri from Bigbang and B.I from iKon. These problems not only harmed the reputation of the artists but also had profound effects on the company's finances, leading to a decline in shares and a significant drop in profits. Immediate resolution was imperative to mitigate the impact on the company and its artists.

The repercussions of the YG Entertainment scandals extended beyond the immediate financial losses. The company experienced a notable decline in shares, leading to a loss of investor confidence. The negative public perception resulted in a tarnished brand image for YG Entertainment, prompting fans and investors to distance themselves. Restoring this trust became a crucial challenge for the company. YG Entertainment responded to its crisis through strategic initiatives in 2020, including the debut of a new boy band (Treasure) and the comeback of established artists like Sechskies. These moves, along with renewing contracts with artists and addressing previous scandals, played a vital role in rebuilding the company's image. The positive impact on shares after these strategies indicates a successful attempt at recovery. The financial impact of YG Entertainment's recovery strategies was substantial. Despite the challenges faced in 2019, the company exhibited signs of improvement in 2020. The debut of new groups, comebacks, and contract renewals contributed to increased shares and a positive shift in YG Entertainment's financial condition, demonstrating the effectiveness of their strategic decisions.

In the end, YG Entertainment's response to the crises not only revitalized its financial standing but also positively influenced the company's brand image. The debut of new artists, comebacks, and strategic signings contributed to the recovery of investor confidence and the overall improvement of YG Entertainment's market position. These efforts proved crucial in mitigating the fallout from the 2019 scandals and showcasing the resilience of the company in the face of adversity.

Future Research

- YG Entertainment is the Big 4 Most Powerful Agency of Kpop from South Korea, besides SM Entertainment, JYP Entertainment and Big Hit Entertainment, it would be better if other entertainments were studied at the same time, so that it can be concluded, indeed the impact of YG is greater, wider than the impact of other Entertainment.
- From the YG Entertainment journey table from year to year, it has produced many vocal groups, but only a few are famous globally, such as Blackpink, BigBang, Psy and Ikon, what about other vocal groups, the impact on company shares needs to be studied, if those who succeed are fewer than those who are less global.
- YG Entertainment's leadership is now held by Hwang Bo Kyung, after Yang Hyun-suk, the founder of the company and his brother Yang Min Suk, resigned. The world has changed, what if the company is held by collective leadership, supporting effective public involvement, considering that YG has become a public company.

REFERENCES

- Abbas, D. S., Dillah, U., & Sutardji. (2020, April). Faktor - Faktor Yang Mempengaruhi Nilai Perusahaan. Faktor-faktor Yang Mempengaruhi Nilai Perusahaan, 17, 8.
- Bartholomew, S; Nadasdi, J. (2022). Managing Global Expansion in the K-Pop Industry: Strategic Lessons from YG Entertainment; *International Business in the New Asia-Pacific*. DOI: 10.1007/978-3-030-87621-0_9
- CNN Indonesia. (2019). Kena Banyak Kasus, YG Ganti Rugi Rp. 842 M ke Louis Vuitton. (2019, 15 July). Retrieved January 16, 2024, from <https://www.cnnindonesia.com/hiburan/20190715113446-227-412154/kena-banyak-kasus-yg-ganti-rugi-rp-842-m-ke-louis-vuitton>
- Daryono. (2019, June 12). Fakta-fakta B.I iKON Keluar dari Grup, Penjelasan Resmi YG Entertainment Hingga Harga Narkoba LSD. *Tribunnews.com*. Retrieved January 16, 2024, from <https://www.tribunnews.com/seleb/2019/06/12/fakta-fakta-bi-ikon-keluar-dari-grup-penjelasan-resmi-yg-entertainment-hingga-harga-narkoba-lsd>
- Detik.com. (2019, September 16). YG Entertainment Berencana Kembalikan Investasi Louis Vuitton. *detikHOT*. <https://hot.detik.com/kpop/d-4708287/yg-entertainment-berencana-kembalikan-investasi-louis-vuitton>
- JPNN.com. (2019). YG Entertainment Terpaksa Kembalikan Duit Investor Ratusan Miliar. (2019, July 17). Retrieved January 16, 2024, from <https://www.jpnn.com/news/yg-entertainment-terpaksa-kembalikan-duit-investor-ratusan-miliar>
- Hasibuan, L. (2019, March 14). Mega Skandal Seungri: Seks, Narkoba, dan Aksi Suap Polisi. *CNBC Indonesia*. Retrieved January 16, 2024, from <https://www.cnbcindonesia.com/lifestyle/20190314190450-33-60749/mega-skandal-seungri-seks-narkoba-dan-aksi-suap-polisi>
- YG Entertainment. (n.d.). (2024) YG Entertainment. Retrieved January <https://www.ygfamily.com/en/main>
- Keteng Pangerang, A. M. (2019, June 13). Kronologi Skandal Narkoba dan Hengkangnya B.I dari iKON Halaman all - *Kompas.com*. Kompas Entertainment. Retrieved January 16, 2024, from <https://entertainment.kompas.com/read/2019/06/13/082558010/kronologi-skandal-narkoba-dan-hengkangnya-bi-dari-ikon?page=all>
- Kim, S., Kang, S., Barton, S., & Burke, C. (2019, June 14). K-Pop Agency YG's Founder Quits as Artists Accused of Drug Use. *Bloomberg.com*. Retrieved January 16, 2024, from <https://www.bloomberg.com/news/articles/2019-06-14/k-pop-agency-yg-s-founder-quits-as-artists-accused-of-drug-use>
- McCutcheon, S. (2023, March 10). The Fall of K-Pop's Big 3 Companies. *Her Campus*. Retrieved January 17, 2024, from <https://www.hercampus.com/school/vcu/the-fall-of-k-pops-big-three-companies/>
- Mahartika, L. (2019, September 18). B.I Eks iKON Diperiksa Polisi Selama 14 Jam Lebih, Ini 4 Fakta Kasusnya. *Wikipedia, the free encyclopedia*. Retrieved January 16, 2024, from <https://www.liputan6.com/hot/read/4065245/bi-eks-ikon-diperiksa-polisi-selama-14-jam-lebih-ini-4-fakta-kasusnya?page=3>
- Melani, A. (2017, November 9). Diperbarui 19 Mar 2019, 16:45 WIB Copy Link 103 Seungri Perbesar Seungri jalani pemeriksaan (AP Photo/Ahn Young-Joon) *Liputan6.com*, Jakarta - Industri hiburan Korea Selatan (Korsel) telah menuai perhatian di panggung global d. *YouTube: Home*. Retrieved January 16, 2024, from <https://www.liputan6.com/saham/read/3920713/skandal-burning-sun-bikin-saham-agensi-selebritas-korsel-tertekan?page=2>
- Nadine Gatzert, N. (2015). The impact of corporate reputation and reputation damaging events on financial performance: Empirical evidence from the literature. *European Management Journal*. doi: 10.1016/j.emj.2015.10.001
- Pangesti, R. (2021, September 10). Kasus Narkoba, B.I eks iKON Divonis 4 Tahun Masa Percobaan Hukuman. *Suara.com*. Retrieved January 16, 2024, from <https://www.suara.com/entertainment/2021/09/10/163109/kasus-narkoba-bi-eks-ikon-divonis-4-tahun-masa-percobaan-hukuman>
- Perwitasari, A. S. (2017, November 9). Diterpa skandal Daesung Bigbang, saham YG Entertainment kembali ambruk. *YouTube: Home*. Retrieved January 16, 2024, from <https://investasi.kontan.co.id/news/diterpa-skandal-baru-saham-yg-entertainment-kembali-ambruk>

- Perwitasari, A. S. (2019, August 5). Saham YG Entertainment, SM Entertainment, dan JYP Entertainment Anjlok Lagi. insight kontan. Retrieved January 16, 2024, from <https://insight.kontan.co.id/news/saham-yg-entertainment-sm-entertainment-dan-yjp-entertainment-anjlok-lagi>
- Putong, R. C. (2021, August 12). 5 Fakta Skandal Seks Seungri eks BIGBANG, Kini Dihukum 3 Tahun Penjara. Wolipop. Retrieved January 16, 2024, from <https://wolipop.detik.com/entertainment-news/d-5679737/5-fakta-skandal-seks-seungri-eks-bigbang-kini-di-hukum-3-tahun-penjara>
- Ramadhani, I. A. (2022, April 17). 5 Fakta Comeback BIGBANG Setelah 4 Tahun Hiatus, Kembali Tanpa Seungri - KapanLagi.com. KapanLagi.com. Retrieved January 16, 2024, from <https://www.kapanlagi.com/korea/5-fakta-comeback-bigbang-kembali-tanpa-seungri-4b0cdf.html>
- Saham Terus Anjlok, YG Entertainment Kembalikan Investasi. (2019, September 18). CNBC Indonesia. Retrieved January 16, 2024, from <https://www.cnbcindonesia.com/lifestyle/20190918134832-35-100358/saham-terus-anjlok-yg-entertainment-kembalikan-investasi>
- Sebayang, R. (2019, June 14). Artis Terbelit Skandal, Yang Hyun Suk Mundur dari YG. CNBC Indonesia. Retrieved January 16, 2024, from <https://www.cnbcindonesia.com/lifestyle/20190614163608-33-78488/artis-terbelit-skandal-yang-hyun-suk-mundur-dari-yg>
- Sebayang, R. (2019, October 2). Banyak Skandal, Laba YG Entertainment Q3 2019 Cuma Rp 60 Juta. CNBC Indonesia. Retrieved January 16, 2024, from <https://www.cnbcindonesia.com/lifestyle/20191002180958-33-103959/banyak-skandal-laba-yg-entertainment-q3-2019-cuma-rp-60-juta>
- Thahira, A. (2020, Maret 11). Member BIGBANG Perbarui Kontrak, Saham YG Entertainment Ikut Melonjak. Wikipedia, the free encyclopedia. Retrieved January 16, 2024, from <https://kumparan.com/kumparank-pop/member-bigbang-perbarui-kontrak-saham-yg-entertainment-ikut-melonjak-1t0GzsXxjv/full>
- Utami, N. W. (2020, March 19). Saham YG Entertainment Kembali Melesat di Tahun 2020. Ajaib. Retrieved January 16, 2024, from <https://ajaib.co.id/saham-yg-entertainment-melesat-tahun-2020/>
- Setuningsih, N. (2021, August 19). 15 Tahun Berkarya, Ini Fakta Serba Pertama BIGBANG Halaman all. Kompas.com. Retrieved January 17, 2024, from <https://www.kompas.com/hype/read/2021/08/19/194447866/15-tahun-berkarya-ini-fakta-serba-pertama-bigbang?page=all>
- Studeersnel. (2019). Korean Culture assignment; The Dark Side of K-Pop. Retrieved January 11, 2024. <https://www.studeersnel.nl/nl/document/hogeschool-rotterdam/korean-for-beginners/korean-culture-assignment/26351885>
- YG Entertainment Inc. (2024). Laporan Keuangan. <https://id.tradingview.com/symbols/KRX-122870/financials-overview/>
- Salsabila, Shoffia and Suhono, (2023). Analisis Saham YG Entertainment Terkait Dengan Pengaruh Blackpink & Babymonster dalam Kondisi Ekonomi, Jurnal Sanskara Ekonomi dan Kewirausahaan, Vol. 02, No. 02, Februari, pp. 118-124. ISSN: 2985-7791, DOI: 10.58812/sek.v2i02
- YG Entertainment. (2023). Sustainability Report_ENG. chrome-extension://efaidnbmninnibpcapjpcglefindmkaj/https://ygfamily.com/contents/attachments/2024/06/YG+Entertainment_2023_Sustainability+Report_ENG.pdf
- Hasanah, U. K. (2022). Analisis pengunduran diri CEO Yang Hyunsuk sebagai bentuk pertanggung jawaban terkait Skandal yang menimpa YG Entertainment. Universitas Islam Negeri Walisongo Semarang.