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MASTER'S THESIS

Understanding professional gaming

A comparative analysis of Korean and Western organisations

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Abstract

In this thesis we seek to explore how “Professional Gaming Teams” in Korea and the western world are different from each other, and the underlying reasons for those differences. We perform an extensive pre-study that provides a deeper understanding of the eSport environment, identify theoretical frameworks to explain the differences between teams, and apply these frameworks to explain how the external environment affects the internal culture of the teams.

In order to do this, we conduct critical interviews with game developers, tournament organizers, and team managers. We combine these sources with podcasts, news articles, and other types of media produced by the very active eSport community to create a foundational understanding of a market that has received next to no attention in academic circles.

We employ McKinsey’s 7s framework to show how the internal workings of Professional Gaming Teams in Korea are different from those in the west. We also utilize PESTLE model, as well as Porter’s Five Forces to analyze the external environment of the eSport market. These three models provide a holistic approach and a broad understanding of forces that were, until recently, unexplored in the eSport industry.

The results of our thesis show that it is external influences that cause Korean and Western teams to focus on different dimensions of their organizations. In particular we identify two critical success factors “Player performance” and a “Sustainable Value Offer” imposed by external forces as absolute requirements in respectively the Korean and Western environments. Although both of these factors are of importance for all eSport teams, in Korea player performance is an indispensable requirement to success whereas in the Western scene providing a “Sustainable Value Offer” is the number one requisite. This major difference in market requirements is identified as a root explanation for most of the internal contrasts between Korean and Western teams.

Our findings also show that given the increasing bridges being built between both scenes, Korean and Western professional gaming teams will find the need to evolve their organizations into being able to handle both critical success factors simultaneously if they are to remain successful in the long-run.

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Glossary

<u>Term</u>	<u>Meaning</u>
Barcraft	A term that refers to watching StarCraft at bars.
Brood War	The predecessor of Starcraft 2, released in 1998 and hugely popular on the Korean eSport-scene.
Community	A loosely organized group of people with similar interests that share their interest via online message-boards
Cyber athlete	A practitioner of eSport.
eSport	Electronic sport is an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies.
Foreigner	A player that is not of Korean descent.
Game mechanics	Constructs of rules and systems that defines how the player interacts with the game.
Gameplay	The way in which players interact with a game to achieve the game objective.
GomTV	GOMTV hosts the StarCraft 2 Leagues GSL, GSTL and AOL in South Korea.
GSL	Global Starcraft II League, a Starcraft II tournament hosted by GomTV and Blizzard Entertainment in Seoul, Korea. It is widely considered the most prestigious eSport tournament.
PGT	Professional Gaming Team, an organized team that is composed of eSport athletes.
Progamer	Professional Gamer, someone who makes a living of playing video games.
Real-Time Strategy (RTS)	A game-genre in which opponents play real-time against one another. Often the goal is to manage resources and armies in order to achieve military domination.
Spectating	The action of observing eSport
Starcraft	A strategy game produced by Blizzard Entertainment, in which players manage resources and armies in order to achieve military domination.
Streaming	Showing live gameplay footage via internet-tv services (such as twitch.tv or uStream.com)

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1 Introduction

1.1 Background

1.1.1 A high potential industry

With a turnover expected to exceed 78 billion US\$ in 2012 the video game sector is one of today's most promising segment of the entertainment industry (Reuter, 2012). Activision Blizzard's Call of Duty titles have broken revenue records on multiple occasions, overtaking Hollywood movie super productions such as Avatar or Titanic. (Chiang, 2010) In addition, game publishers continued posting good financial results at the worst of the economic turmoil in 2008 as in harsh times consumers valued the long entertainment hours provided by their products (Economist, 2008). The importance of this industry is ever-growing and today the average video game practitioner is aged 30 and has been playing for 12 years, sweeping away the common assumption that gaming is child play. (esa, 2011)

1.1.2 The emergence of eSports

In pair with the astonishing growth of the industry, the increasing connectivity and bandwidth inflation across the world has helped players encounter each other online, allowing for the competitive aspects to steadily structure and gain in importance. In the last two decades these online competitions have boosted the importance of massive offline tournaments, with up to thousands of players from all over the world meeting up to compete one on one or in teams, in order to measure their skills and take away prizes of up to six digits in US\$. The spectator base for such competitions has been growing, extending beyond the closed circle of practitioners to pure fans not necessarily playing the game. These developments have lead to the transformation of gaming competitions from scattered tournaments to organised sport-events, which are currently labelled as eSports. Since eSport is a very recent phenomenon, there is no commonly accepted definition of the sport. However, for the purpose of this thesis, Michal G. Wagner's definition fits the spectrum rather well, as it is neither constrictive nor too broad. He states that "eSports is an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies" (Wagner, 2006). The increased popularity of eSports have attracted the attention of sponsors who by injecting money in the scene have made it viable for individuals to become full time gamers, pushing their discipline to a truly professional level.

1.1.3 Professionalization of the scene

The combined pressure of a highly competitive scene with low barriers to entry and the prospect of financial revenues has naturally pushed some of the original social groups of players, (clans, guilds, etc.) to evolve into business-like units, structuring training and collaboration, pooling resources to cover expenses and generating revenue streams to support the players and the organization as a whole. This preludes the establishment of Professional Gaming Teams (explained in detail in section 3.1) which take the organisation to the next level by instating some specialisation of tasks through the empowerment of managers and coaches and the apparition of support functions helping players beyond the virtual world of the games. Although such organisations have appeared in greater numbers in the Western world, one of the major clusters of Professional Gaming Teams on the planet remains in South Korea with Seoul being today considered the Mecca of eSports.

1.1.4 Korea, the Mecca of eSports

In 1998, Blizzard Entertainment released Starcraft Brood War, ("Brood War" further in the text) a game which 14 years later remains a reference in the world of eSports. As a real time strategy game (RTS) requiring the strategic and tactical skills of a chess player combined with the execution speed of a piano virtuoso, this "easy to learn, yet impossible to master" franchise offered new spectating and entertainment possibilities, a point of particular interest to major sponsors looking to invest after the opening of the telecoms market in South Korea. This led to the foundation of the Ongamenet Starleague, (OSL) an important tournament broadcasted on cable TV nationally and offering the players both prize money and exposure to a point never imagined before. This event was the seed to the creation of a handful of highly competitive and well organised PGTs, managing team training houses where players, now salaried and recruited full time, work to improve their skills from morning to evening in structured ways and under the supervision of various managers and coaches. These players became fully recognized athletes in Korea, massing up thousands of fans be it live, in front of their TVs or via Internet streams. Still today, the top Korean Brood War players make a living upwards of a hundred thousand US\$.

1.1.5 The "foreign" scene

Meanwhile, outside of Korea, in the so called "foreign" scene, PGT development was far from reaching the Seoul level. Although some teams and tournaments were enjoying increasing success, the scene remained vastly unstructured and far from the professional standards of the Korean Brood War teams. The release of the second opus of the Starcraft franchise in July 2010 (Starcraft 2 or SC2 in the text) triggered an evolution in this situation. Building upon the Korean heritage of its now 12 year old ancestor, the game created from day one with eSports and competitive gaming in mind provided a new base for both teams and tournaments. This element combined with the prospects of

a strong fan base boosting the importance and visibility of tournaments, pushed both old teams and new ones to take on the game with a renewed aspiration of professionalism. In Europe and North America, some of these foreign PGTs have grown strong, and in certain cases far richer than their Korean counterparts. For the first time, foreign players started beating Koreans in some of the higher profile tournaments.

Yet despite a foreign scene offering bigger winnings and a wider fan base, Korean Starcraft 2 PGTs have kept an edge over the western world in terms of the overall performance of their players. Part of this relative superiority seems to lie in the differences existing in their structure, organisation and work methods. Many observers consider Korean teams to be more evolved and advanced in the matter. The analysis of this phenomenon is the starting point of this thesis.

1.2 Problem Discussion

In this section we will present the main paradox triggering our research and lay down some of the major elements that can be tied to it.

1.2.1 Stronger finances, weaker performance

As mentioned in the preceding section, the situation in the Starcraft 2 professional gaming scene is that Korean PGTs tend to generate better results from a sports perspective than their Western counterparts and this despite the better prospects offered to the latter by a more important number of high profile tournaments with higher prize pools and broader sponsorship opportunities. Although the Korean training environment is not necessarily richer, it appears better at producing players performing well in tournaments. The general Korean superiority is almost unanimously acknowledged in the Starcraft 2 scene to the point that certain top level foreign players choose to move to Seoul to train for some periods of time despite this cutting them from some of the short term and more lucrative opportunities available in the West. This paper therefore seeks to analyse this paradoxical situation in which organisations with more limited means are able to outperform competitors who, at least on paper, are active in a richer market.

1.2.2 Internal organisation and business environment

Of course part of the question is to determine which proportion of the superior performance is linked to the environment and Korean competitive scene in itself and which proportion is generated through the PGTs as organisations. Undeniably, Korea's history, the popular status of Broodwar and its influence on the recognition of eSports has an impact on the practitioners and their

competitiveness. But on the other hand, and as we will describe further in this paper, Korean PGTs are organised in a particular fashion in many ways different than their foreign counterparts. Explaining those differences, their underlying reasons as well as their influence on performance is one of the steps taken in the analysis.

1.2.3 Business models in development

A second point is to figure exactly to what extent and in which sense western PGTs are outperformed by their Korean counterparts. In what ways are they different and what are the underlying reasons for these differences? Is a replica of the Korean model of PGT a solution and is it even possible? It is important to emphasise that this environment is still extremely young and immature from a business perspective. Although PGTs have existed for over a decade, Starcraft 2 has been a game changer in eSports and is a new experimental field in which organisations are still seeking for the most viable business model, even more so in the western scene. The game offers unprecedented prospects of entertainment both for the players and for the public surrounding it since it appears today to be the first eSports discipline to have a true loyal audience extending beyond the boundaries of the actual practitioners. The business environment is thriving with different actors including the actual game publisher, tournament organisers and reporting networks in addition to the PGTs. In many cases these functions overlap and borders are blurry, highlighting the constant experimenting around business models and revenue streams. Given such a complex environment is the role of PGTs solely to provide top performing cyber athletes or should they have other targets in mind?

1.2.4 Crossovers and barriers

As already mentioned, many western players feel the need to move to Korea for personal development purposes, but on the other hand and as revealed in our interviews, some of the best players in Korea are seeking opportunities to join PGTs in the foreign scene. Both environments therefore seem to have elements to offer that lack in the other. The first question linked to this is therefore to understand the source of these transfers and if they are linked to something within the PGTs or more broadly due to external factors. In a second stage the issue is to know if those transfers are the only possible answer or if other solutions exist. Many factors mitigate the interaction between the Korean and the western environments, a simple example being the dominance of English in the foreign scene, a language not necessarily mastered by most top Korean players. In addition simple geography and distance also impacts interactions; given the extremely high level of alertness and speed required to play the game, jet lag is of major importance when traveling for tournaments, and in a similar way in the online world, the fractions of seconds of latency in signal transfer due to distance greatly impacts the capacity of the very top players to play one against another across continents.

1.2.5 Summary

Overall the problem at hand is to understand how both the Korean and foreign PGTs are built, organised and run and then seek the underlying reasons. By looking at what makes these organisations tick and what their external and internal constraints are, we can start comparing goals and performances and down the line evaluate possible paths of evolution and progress in the way these organisations are run.

1.3 Purpose and Research Question

This section is intended to discuss the expected outcomes and added value of this paper as well as setting a unique research question leading our investigation methods and focus.

1.3.1 Explain the business models

The professional gaming scene being in a very early development phase, team managers are constantly seeking the correct business model allowing them to become sustainable and profitable in the future. Many foreign managers tend to look to the successful Korean teams for answers, but truly, without a complete understanding of the reasons and mechanics pushing these teams to results, a simple carbon copy is most likely to fail. One of the purposes of this thesis is therefore not only to analyse the differences between archetypes of Korean and Foreign teams and their impact on performance, but in addition to uncover the reasons, mechanics and forces ruling divergence points.

1.3.2 Understand environmental pressures

As already stated there is a broad split between the Korean Starcraft 2 scene and the rest of the world. The environment in Seoul is unique and comes with its own set of variables, advantages and constraints which shape the PGTs operating within it. Yet these locally focused powerhouses generate players capable of outperforming their foreign counterparts in their own playfield. Another purpose of this thesis is therefore to investigate how internal capacities built in a local and competitive environment are transposed to different conditions and on the other side what responses, actions and opportunities are given to the organisations threatened in their own environment.

1.3.3 Reconcile financial power and organisation performance

As for most professional sports teams and in a similar way to a certain extent to other non-profit organisations, the PGTs purpose, objectives and performance are usually not purely driven by a commercial and profit logic. Although financial balance, stability and incentives play a strong role in the long term survival of the organisation and impact its sport performance, they are supposed to be a mean to an end and not an end per say. There are therefore two highly intertwined dimensions along which teams can be measured; financial strength and tournament results. Through the analysis of the internal and external factors shaping and defining the PGTs, some insight can be given on the influence of the balance of these objectives and highlight differences between Korea and the foreign scene on that matter.

1.3.4 Research question

The intended objectives cited above all converge to a single fundamental investigation point : the analysis of the internal mechanics, the logic and the organisational patterns defining both the Korean and Western PGTs and their interaction with the outside environment. It is therefore possible to summarize the overall goal of this paper as the answer to the following two-part question:

“How are Korean and Western foreign Professional Gaming Teams different from each other and why? “

1.3.5 Purpose

The e-sport industry is a very immature market with very specific challenges. By examining the differences between a more mature market – South Korea – and the wealthier yet immature western markets, this thesis seeks to create a platform for further examination of the intricacies of the industry. It is also the hope that the developed platform will be useable for similar emerging markets that utilize such concepts as social platforms and mass online activity.

1.4 Limitation and scope

Before exploring in more details the theories, methodology and findings which will guide this thesis, it is important to narrow down and properly frame the discussion.

Firstly, the study focuses only on the Starcraft 2 and to some extent Brood War environments, other games might be briefly mentioned at time but overall, the findings will only look into this specific scene.

Secondly, the studied teams are premier organisations from South Korea, North America and Western Europe exclusively. Many teams exist elsewhere in the world and other regions also have thriving scenes but they will not be considered and the results of the study might not be generalizable to them.

Thirdly, the internal components of teams will be agglomerated to depict an archetype of the average professional gaming team in each region and never considered separately. As such some differences are possible between an actual individual team and the archetype which represents it. The findings will never the less concentrate on elements reasonably generalizable across the board and specifically mention when broad differences might exist between teams of a same region.

1.5 Thesis outline

This short section summarizes the different part of this thesis and the course of action intended to answer the previous research question.

After the previous introduction to some of the dilemmas and paradoxes governing the purpose of this study, the following chapter will help define and frame in more depth some of the key aspects of eSports today. Given the unfamiliarity of both the business and academic world with this particular environment and the numerous misconceptions around the gaming and online communities, a broad and general view will be provided in order to help understanding the analysis further down the line. Some additional framing and definitions will also be given in order to refine the exact scope of the intended research.

In chapter three, attention will be drawn towards the general theories and frameworks used to analyse the organisations and answer the research question. In particular we will address our choice of using the McKinsey 7s model as a diagnostic tool as well as our choices of other theories allowing framing both the PGTs and their environment.

Chapter four will take a look at the research and data gathering methods, discussing the trade-offs of different options and the limitations of the choices made in order to produce and process data for this thesis.

In chapter five will state and organize these findings, displaying the situation in a descriptive way using the chosen frameworks from the theory as guidelines.

Chapter six combines the findings of the internal structure with the results of the external environment in order to answer why organisations behave the way they do.

Finally, in chapter seven, conclusions will be drawn, in particular regarding the practical implications of the findings and the options for managers dealing with PGTs. Further advice will be provided on possible follow up research and extensions of the conducted analysis.

2 Introduction to the eSports scene

2.1.1 Understanding the Scene

In order to understand the complexity of the e-Sports scene, it is important to understand both its history and its cultural uniqueness. First of all, video game competitions began far before the term e-Sport arose, and it was not large organized tournaments in the way that it is today. Ever since arcade halls became popular, there have been local and national competitions in various countries in order for players to test their skill against others. It was not until much later that game developers began to realize the human need for competition compete extended to video games as well. In more recent years, game developers have begun to capitalize on this notion and some studios have become very successful in doing so. While the need for these types of competitions has appeared in almost all developed nations in different formats, the history of how they came about differs greatly between the western and eastern nations.

2.1.2 A Brief History of e-Sports and Future Expectations

In the West, one of the most prominent organizations that have been the bookkeeper of various scores was Twin Galaxies, which already in 1982 had put together a database of high scores that began to be recognized as the centre of competitive video game playing. However, with the growing importance of competitive games that could be played from your home on a dial-up modem during the mid to late 1990s, the need for high-score keeping became less and less important, and players could compete against each other from their own homes. Teams were formed in various games and team-battles were played on a daily basis after school- and work-hours. That said, the need to compete in public and play together with friends did not lose its important, and large computer-events where people competed became increasingly popular. It was during this time that the term e-Sports became more and more commonly accepted. In 1997 Cyberathlete Professional League (CPL) hosted its first event in Dallas, Texas, in front of a live audience of about 300 people (Blue, 1997). However, it was not until 1999 that the term “eSports” was used in a press release from Online Gamers Association (OGA) by Mat Bettington (Wagner, 2006). In the year 2000, the game Counter-Strike was included in the CPL and it quickly reached new levels of both players and viewers, and this greatly contributed to the growth of e-Sports in the west (CPL, 2010). One issue that remained, however, was that most of the spectators were video-gamers themselves, which inherently limited the size of the western e-Sport scene, and created a sense of stagnation during the 2000s. This changed with the release of Starcraft 2, after which the western e-Sport scene exploded in growth and has fundamentally changed it, motivating sponsors to put in more money than ever before.

The eastern e-Sports scene is mainly focused around South Korea, where access to high-speed internet was readily available to most due to the recent deregulation of the telecom industry (Park, 2002). In 2002, total amount of internet users in Korea reached 55%, only topped by Iceland and Sweden (Union, 2003). As opposed to the west, where First-Person shooter (FPS) games such as Quake and Counter-Strike were dominating the market, South Korea heavily favoured Real-Time Strategy (RTS) games, which are based on resource-collection and quick strategic decision-making, such as Starcraft. It did not take long before there were 24-hour cable TV channels showing professional computer-gaming in South Korea. In the United States, "cable channel G4TV began life as a 24-hour video game station, but has had to broaden its focus to technology and men's lifestyle to attract viewers." (Kim, 2007) Consequently, compared to the west, the eastern e-Sports scene developed significantly faster with sponsors that paid significant salaries on top of cash prizes from tournaments. This separated the scene quite drastically from the western scene that had a shortage of sponsors, and consequently money. Unlike the western scene, the Korean teams were able to support people playing them game full-time.

However, with the recent release of Starcraft II, professional gaming leagues, where players gather to compete in a structured format, are beginning to appear. These types of leagues have been around in South Korea since the early 2000s but they are now appearing on the western scene as well. GOMTV Global Star League (GSL) is a South Korean league that is generally accepted as the most exclusive league, but Western league with close to equal status has been making steady progress over the last year. The e-Sports scene that has until recently been seen as a subculture in the west and mainly shown on a few select internet channels is becoming so popular that bars have been favouring showing e-Sports events over traditional sport events (Efrati, 2011). Moreover, sponsors are beginning to realize the potential in the market as viewership is increasing at a steady pace. According to GSL, a tournament based in Korea, foreign viewers were reportedly over 53 million during the first half of 2011. Moreover, their numbers have doubled annually since 2009 (Complexity, 2011). Western e-Sport fans are so starved for high-level competitions that they tune into the Korean tournaments just to watch Starcraft. GSL has noticed this and even began supplying English-speaking commentators to meet the needs of the new fan-base.

2.1.3 Future Expectations of the e-Sports Scene

There has been steady growth in the e-Sports market and there is no real sign of slowdown. This certainly bodes well for the long-term health of the industry. Internet viewers are increasing in double-digit percentages monthly over the last year and the financial support is improving (Tassi, 2011). However, there are certainly hurdles that need to be overcome before the industry can truly become mainstreamed. While the concept of adults playing video games are becoming increasingly

common in today's society, it is far from truly accepted. Dr. Jerald Block, a psychiatrist who specializes in game addiction states in an interview that people generally have an easier time admitting to an addiction to pornography than they would to an addiction to video games (Kennedy, 2008). Obviously, this is still a major hurdle for the e-Sports scene to overcome. However, already in 2005, the Korean e-Sports scene hosted a tournament with 120,000 live spectators; roughly 50,000 more than attended the Super Bowl in 2009 (Nation, 2008). Similarly, with the recent "Barcrafts" occurring in the west, where players gather in bars to watch live Starcraft events, along with major tournaments that now draw over 200,000 online live viewers, these hurdles are being broken down at a steady pace.

2.1.4 The Competitive Gaming Community

The culture of competitive gaming is important to understand if one is to comprehend the stakeholders involved and how they ought to conduct business. Just as with any other category of people, gamers have a culture of their own, with their own rules and jargons and social expectations.

Something that is particularly noteworthy is the sheer creativity of the community. There are several dozen video games that are designed for competitive gaming. It can be a fighting game where two people are lined up to fight each other, or a First Person Shooter where individuals or teams are set up to neutralize each other and capture objectives. Other games, such as Real-Time Strategy (RTS) require you to control resources and bases, while creating units that fight each other. Many varieties exist, but that does not mean that all of these are designed with e-Sports in mind. In fact, many of them have had their competitive aspect added on at a very late stage in the game-design and this aspect serves more as an additional feature of the game, as opposed to the main-attraction. Thus, when games designed this are used for competitive gameplay, certain problems arise. With the lack of focus on competitive gameplay, the game-mechanics may have built-in unfairness or too much randomization that favours luck as opposed to skill. In the face of this, competitive gamers have for the longest time found ways to deal with these issues in ways that allow these games to be played competitively anyway. There are often very strict rules and restrictions in tournaments about what is acceptable and what is not. In many games, the rules will in fact be contrary to what the game developers originally intended. Hence, the game is not only provided by the game publishers, it is in many regards developed by the video game community to be made playable at a competitive level.

Even when game-developers does design the game with competitive gaming in mind, there are often many tweaks and adjustments that needs to be done over time. Many times these tweaks are not made by the developer, but rather the community that plays the game. One of the best recent examples is Starcraft 2, a game that was designed from the bottom up with competitive gameplay in

mind. In all larger tournaments there are rules that alter the game in ways that the game publisher had not originally intended. The arenas upon which battles take place are adjusted by third-parties for more interesting gameplay and tournaments. Other examples where a community helps to make a game more accessible can be in the development of smartphone-apps. Recently, fans want to be able to watch games anywhere, and app-developers have created apps that gather all the latest tournament-games for easy viewing-access. Other options are independently developed programs that help players keep track of statistics that helps them improve. Web-pages and community-forums also serve as good examples where the community found ways for like-minded players to connect and discuss games and strategies. One of the most interesting cases of community-support is when people volunteer as commentators of games. This helps people who know very little about the game to enjoy a lot of the finer and more subtle strategic moves made by players. Most of them gets paid nothing or very little, but spend a huge amount of time preparing; mainly to help players get into the e-Sport scene.

Obviously it is the game publisher who owns the game, but a lot of third party support is put into making the game viable long-term. It is in many ways this continuous development that allows games to be popular more than ten years after it was released; something that is quite remarkable in such a fast paced environment. This is also an important factor that distinguishes some game publishers; some of who supports the game long after it was released in order to tweak and adjust issues that arise, and other companies that are more focused on releasing game on a faster paced schedule. In this sense, many members of the competitive gaming community do not only spend their time playing the game, but also by contributing with guides, videos, and strategies to help others evolve.

3 Theory

In this chapter the focus will be put on explaining the frameworks and theories used to conduct the intended study. It will cover the business theories used in the analysis but also the key definition of what can be considered a Professional Gaming Team (PGT). The latter point will be tackled first, the second subsection will concentrate on giving a rapid overlook of the chosen theories, the third one will cover in more details the contents of the framework for the internal analysis, the fourth will explain the notion of strategic alignment and finally the fifth will display the details regarding the external environment framing theories.

3.1 Professional Gaming Teams (PGTs)

With gaming's first purposes being entertainment and fun it seems reasonable to assume that the immense majority of practitioners take it on as a hobby and leisure at the very start. But as for many disciplines, the competitive side catches on and the fun-seeking part is joined by a sportsman's mind-set and a will to progress and excel. At the highest levels players are typically members of professional gaming teams, providing training structures, means to travel and sometimes even salaries.

Of course a whole span of structures can be imagined between the fully amateur and fun driven state to the professional gamer power houses with means to send players across the globe to the most prestigious and competitive events. In that context it is necessary to define what can and should be considered a professional team as opposed to a simple association of players.

Since there is not yet a strict and broadly accepted definition of what a professional gaming team is, a specific one is set for the purpose of this thesis. Three major points strike out as being crucial in actually framing what a PGT should be. The three conditions are both necessary and sufficient in qualifying as a PGT.

- A PGT has a formal organisational structure with a clear division of tasks.
- A PGT is composed, at least in part, of eSport athletes receiving direct or indirect financial compensation for playing.
- A PGT has as a main goal to help its players constantly progress in the game.

Concerning the first point, rules should exist and be shared and understood by all members regarding decision making, specific responsibilities of individuals and their task in the group. A simple association of individuals with no clear purpose or goals could not be considered a PGT.

For the second point, the professional status of an athlete implies he receives payment for the exercise of his discipline. (Riess, 2001) Should this only be in the form of a direct salary is up to debate but given the current state of development of the scene it can be considered that indirect payments (such as providing for travel expenses, tournament entry fees or anything significantly reducing the cost of practising the sport for the player) qualifies an organisation for this criteria.

And for the third part, the focus of the organisation should be, at least partly, about playing the game competitively and improving the performance of its athletes. We could not consider waged employees in any company spending time playing the game as professional athletes unless their salary is clearly an incentive to help them improve.

3.2 Choice of Theory

The following section will explore the various theories chosen to answer our main question and discuss their content and justification.

3.2.1 Understanding the organisation

As stated in the introduction chapter, the final goal is to answer the two stage study question “*How are Korean and Western foreign Professional Gaming Teams different from each other and why?*”

In order to answer the first part of the question and observe what differentiates the archetypes of gaming teams, analytical tools are needed allowing an overall diagnostic of an organisation and framing all its internal aspects in a synthetic yet complete way.

The literature around Organization Development and change management is rich in analysis frameworks for organisations; it is therefore mostly a matter of choice in defining which tool to use in the current case. This thesis will focus on the McKinsey 7s framework as a central theory to describe and understand the situation at hand. The 7s has been widely used since Peters & Waterman (Waterman, Peters, & Philips, 1980) conducted a study on measuring the organisational success of large US companies in the early eighties. The model decomposes the firm in 7 separate aspects (the S's) namely Structure, Strategy, Style, Systems, Skills, Staff and Shared Values and analyses them both in kind and in their linkages to understand the internal functioning of an organisation. (Waterman, Peters, & Philips, 1980) This theory choice is somewhat arbitrary, but the long track record and years of mostly successful usage of the framework speak for themselves and give the tool empirical legitimacy. In a document from 2008 in Dubai, former McKinsey & Co. Managing Director Rajat Gupta wrote: “*[...] However, among the array of techniques and theories that can help strengthen business, I have always found that the 7-S framework offers a sound*

approach to combining all of the essential factors that sustain strong organizations: strategy, systems, structure, skills, style, and staff—all united by shared values. The 7-S framework remains one of the enduring elements of diligent, focused business management.” (Peters, 2011) Although this framework has some criticisms which we will address later, it seems overall well suited towards the objective of this thesis.

Additional theories

As will be explained further in analysing the 7s model, subparts of the framework are expected to look into detail to specific aspects of the organisation. Some of these aspects can be conveniently pictured through additional theories outside of the definition of the framework itself. These theories are namely Mintzberg’s theories on organizational structure (Mintzberg, 1983), Porter’s 5 forces (Porter, How Competitive Forces Shape Strategy, 1979) on competition and the industry life-cycle theory (Woodcock & Beamish, 2003)

3.2.2 Understanding causality

In order to explain the second part of the question and the reasons behind the differences between the Korean and Western PGTs, theories that highlight the underlying causes for specific internal arrangements should be used. The concept of strategic alignment is often associated with the use of internal framing models such as the 7s model and can provide answers. (Waterman R. H., 1982) This concept typically allows building links between internal and external environments and explains causalities. (Henderson & Venkartraman, 1991)

3.2.3 Understanding the environment

This naturally leads the discussion toward the theories to use in complement with the concept of strategic alignment in describing the environment. Two models will be used.

PESTLE

The very high level and yet basic PESTLE model seems the most logical choice to make in guiding the analysis of the external environment of the studied organisations. (CIPD, 2012) Its common use in strategic studies and its general nature allows a good coverage of six key environmental factors. In addition it is easy to grasp and use, limiting the risk of clouding the analysis with elements not necessarily helping understand the situation at hand.

Porter’s 5 forces

Porter’s 5 force model offers additional insight on the interaction between the competing teams in their respective environments. (Porter, The Five Forces That Shape Strategy, 2008) As this is an important factor differentiating the two studied e-sport scenes, it will be included in this study.

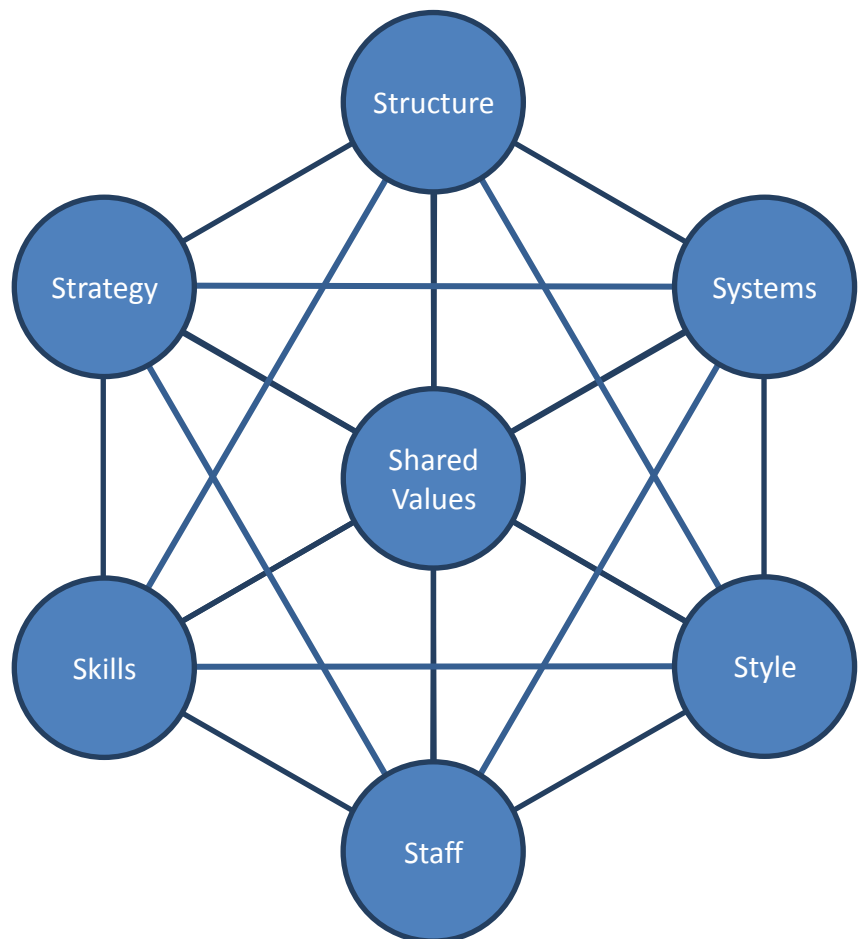
3.3 Analysing the Organisation

In this section the frameworks and theories mentioned previously will be discussed in details, in particular concerning their exact application and their content.

3.3.1 The 7s Framework

This subsection introduces in more detail the 7s framework and explains its basic outlay, logic and main subdivisions. The actual parts (Ss) of the model will be discussed in more details further in the document.

The 7s framework (also called McKinsey's 7s model due to the professional affiliation of its original authors) was designed in the early 1980s to both diagnose and conduct change within organisations. Since its inception, the model has proven a solid support to companies, consultants and academics. The legitimacy of the method therefore lies mostly in the empirical aspect of its success and its great capacity to both diagnose issues and help cope with them. (Peters, 2011) Although it is an action oriented tool, it nevertheless provides a good base to picture an organisation in its current status as intended in this thesis.



(Waterman R. H., 1982) The alliteration around the 7s was an intentional choice to aid the memorization of the model. (Waterman, Peters, & Philips, 1980)

The framework's main assertion is that to truly grasp the internal workings of an organisation, one should analyse in particular 7 core factors (the Ss), namely structure, strategy, systems, style, skills, staff and shared values (superordinate goals in the original publication). (Waterman, Peters, & Philips, 1980) These factors do not only provide insight by themselves alone, but mainly through their

interconnections and interdependencies. All factors influence each other in a multilateral way, therefore any observation (or change in the case of an action oriented intervention) in one factor calls to look upon its consequences on all the other Ss. (Waterman R. H., 1982) The authors stress the absence of hierarchy in these factors, although the shared values traditionally find their place at the centre in the common visualisation of the framework and are considered the fundamental idea around which a business is built. But overall, all Ss are regarded as equally important in understanding the organisation and there is no starting or ending point to the model. (Waterman, Peters, & Philips, 1980) The division is somewhat arbitrary and does not follow any strict and methodical logic, but it has the advantage of sectioning the studied entity into manageable and observable parts as proven in the empirical use of the framework. (Waterman, Peters, & Philips, 1980) The authors acknowledge the possible existence of other factors but chose to stick to these 7 as they considered them the most crucial in framing any organisation for managers and practitioners. In short if the division is not exhaustive it is never the less sufficient for analysis and change action purposes. (Waterman, Peters, & Philips, 1980)

3.3.2 The factors in detail

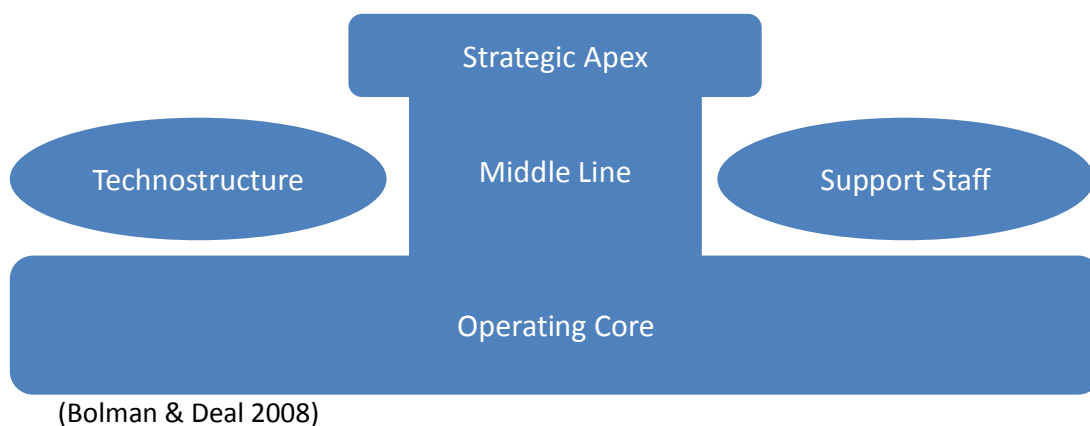
Now that the framework as a whole has been introduced as well as aspects regarding its use and major subdivisions, the following subsections will take each element one by one in order to define the exact scope and points that will be investigated in the analysis. It is important to note that each "S" usually represents a whole area of management in itself, analysing each one in depth would go beyond the scope of this thesis and the choice is therefore made to remain at a more surface level of observation, allowing to compare the organisations and understand the major differences without clouding the picture with too complex information.

Structure

Structure is the formal division of tasks and responsibilities within the organisation and the definition of the coordination procedures between the different parts. In short it is a planned process in order to figure how things work. (Waterman, Peters, & Philips, 1980) The main challenge in this area concerns the need to settle two fundamental and opposing requirements namely the division of labour and the coordination of tasks. (Mintzberg, 1983) In other words there is a trade-off between specialisation and integration, giving individual parts of the organisation autonomy, or coordinating more closely their activity together. (Waterman, Peters, & Philips, 1980)

Henry Mintzberg's work offers a framework that can be used in describing an organisation's structure. His basic schema revolves around five sectors regrouping activities and functions within an organisation based on their different missions and external challenges. These sectors are namely:

- **The operating core.** This sector includes the crucial workforce at the base of the organisation that actually works on the production of goods or services that defines the firm's activity. (Bolman & Deal, 2008)
- **The administrative component.** This sector comes directly above the operating core and has a coordinator and/or supervisory role for the operating core. (Bolman & Deal, 2008)
- **The strategic apex.** Graphically represented at the top of the model, this sector is in charge of defining and conducting the organisation at the highest level. This typically includes making strategic choices about the firm's activities and shaping the way it functions. (Bolman & Deal, 2008)
- **The technostructure.** This sector lies beside the administrative component and regroups all the professional functions helping organise and run the business. Examples would include audit groups, accounting and quality control, specialized analysts, etc. (Bolman & Deal, 2008)
- **The support staff.** This sector includes all activities that are conducted to facilitate the organisation's work as a whole. Examples would include secretaries assisting managers, cleaning/cooking personnel, etc... (Bolman & Deal, 2008)



Overall these sectors can have more or less importance from one organisation to the other and in some cases might merge together or simply not exist. (Bolman & Deal 2008) According to Mintzberg, the optimal structure depends greatly on the organisation's situation; its size, age, the kind of environment in which it functions, and the technical systems it uses. (Mintzberg, 1983)

As stated above, one of the major parameters in understanding an organisation's structure beyond its basic layout is the coordination mechanisms it uses. Mintzberg again provides us with five generic categories which allow efficient framing of most existing organisations: (Mintzberg, 1983)

- **Mutual adjustment.** Coordination through simple process of informal communication (Mintzberg, 1983)
- **Direct supervision.** One person takes responsibility for the work of others and issues instructions to them and monitors their actions. (Mintzberg, 1983)
- **Standardisation of work processes.** The contents of the work are specified or programmed earlier on so that coordination is not an issue once the different parts are put together. (Mintzberg, 1983)
- **Standardisation of outputs.** The expected results of the work are specified, the choice of means to get to them is given to the worker. (Mintzberg, 1983)
- **Standardisation of skills.** The training and skills required for a certain task are initially specified, the output and the exact method might differ from an individual to another. (Mintzberg, 1983)

There tends to be a certain logical evolution as an organisation grows in size and complexity, moving from one coordination mechanism to the other, starting from mutual adjustment to direct supervision before switching to standardisation (preferably of processes but otherwise outputs or skills when not possible) before reverting back to mutual adjustment in the case of extremely complex organisations pursuing unique goals. (Mintzberg, 1983) But overall most organisations rely on a certain mix of these five mechanisms, applying different strategies in different areas depending on the conditions. Such mixes can also transpire through informal coordination and communication overlaying and co-existing with the formal structures. (Mintzberg 1983)

Focus should be put on understanding the dimensions important for the organisation's current state of development and not on grasping all dimensions simultaneously. The true structure of big firms is often too complex to be comprehensible, sticking to a temporary model suited to the situation and issue at hand is the essential part in order to move forwards and not get lost in complexity. Basically overlaying a certain new framework without breaking the more fundamental and basic one. (Waterman, Peters, & Philips, 1980)

Strategy

Waterman and Peters define strategy as *"those actions that a company plans in response to or anticipation of changes in its external environment, its customers, its competitors. Strategy is the way a company aims to improve its position vis-a-vis competition-perhaps through low-cost production or delivery, perhaps by providing better value to the customer, perhaps by achieving sales and service dominance. It is, or ought to be, an organization's way of saying: 'Here is how we will create unique value.'"* In other words, it is the general plan the organisation has to go from its current status to a

desired future positioning. This element therefore has to be explicitly stated and communicated by the managers in charge. (Waterman, Peters, & Philips, 1980)

Strategy appears at different levels within an organisation, ranging in a hierarchical way from corporate to operating strategy with business and functional levels positioning themselves in between. Although intimately linked to each other, each level is different based on the nature of the decisions and who takes them. (Woodcock & Beamish, 2003)

Corporate strategy applies to big multi-business organisations and looks into which segments should receive more or less support, which new business ventures should be pursued and which ones should be shut down or divested (Woodcock & Beamish, 2003), but this aspect of strategy barely applies to single business units such as the Professional Gaming Teams studied in this thesis.

On a second level comes business strategy is found. Here the focus is put on decisions about how specific businesses compete in their particular market of products or services. This is typically the concern for executive managers at the head of single business units in multi division firms or, as in the current case of Professional Gaming Teams. (Woodcock & Beamish, 2003)

The two strategy levels below this, namely functional and operating strategy, look mainly into the way to apply the business strategy cited previously. (Woodcock & Beamish, 2003) They concentrate on functional and operational levels of the firm therefore touching topics such as processes and organisational structures. In the case of the 7s framework in this thesis they are analysed in separate sections (systems and structure amongst others).

Overall and for the current case, this results into a deeper analysis of the business strategy governing the Korean and Western archetypes of Professional Gaming Team. Many different frameworks and theories exist in this field and it is partly a matter of arbitrary decision regarding which ones to use. Following findings in the initial pre-study (see the chapter on methodology) two frameworks stand out as they should potentially show some contrasts between the analysed organisations. These tools are the industry and product life cycle theory and Michael E. Porter's work on the five market forces and competitive positioning.

Michael Porter's important work in the field of strategy offers a classic framework, "The Five Forces Model", to understand the external constraints shaping the strategy of an organisation. (Porter, How Competitive Forces Shape Strategy, 1979) In another perspective, product and industry life cycle theory takes a look at the current development stage of an industry and helps explore some of the key challenges and opportunities that are presented to business. (Woodcock & Beamish, 2003) Both of them provide cues on what to look for in terms of strategies within a firm.

The Porter frameworks will be explained in more detail in the following section regarding external factors influencing the organisation (Analysing the Environment) Porter mentions three generic strategies that can be followed and which are based on competitive advantages the firms seek to secure:

- **Cost advantage** aims at making the organisation more efficient than its competitors by reducing costs and organising activities in a more efficient way. (Porter, The Five Forces That Shape Strategy, 2008) (Woodcock & Beamish, 2003)
- **Segmentation or focus** is connected to finding a specific part of the market which the firm can be alone to service, usually by providing services specially tailored for a certain type of customers or in a zone uninteresting for other competitors. (Porter, The Five Forces That Shape Strategy, 2008) (Woodcock & Beamish, 2003)
- **Differentiation** is linked to offering something unique, either connected to a specific feature of the product (such as quality for instance) or by providing extra features not offered by any competitor. (Porter, The Five Forces That Shape Strategy, 2008) (Woodcock & Beamish, 2003)

We can expand this vision by looking at generic strategies that organisations can apply based on the maturity level of their industry segment. The industry life cycle theory states that the degree of growth and size of growth in an industry influences the financial well-being of its actors. The cycle has different stages which tend to cause different pattern of competition. (Woodcock & Beamish, 2003) These stages and the associated patterns are listed below.

- **Emerging stage industries** focus on developing strong capabilities in order to face unforeseen challenges in the environment, they concentrate on an offer that acts as a strong competitive advantage in securing customers and revenues. They'll also concentrate on developing brand awareness and seek differentiation factors or niches in which they can be successful and grow, at this stage the exact specifications of the product remain loose. (Woodcock & Beamish 2003)
- **High growth stage industries** typically have a clearer idea of their product and are concentrating on positioning it in the market. The organisation's focuses is on growing its market share and securing the best deals, it might try to actually set the market standards and the customer's expectations in the process. (Woodcock & Beamish 2003)
- **Maturing stages industries** have little prospects for market growth. Differentiation being hard to pursue, the organisations' focus on efficiency either by providing a similar offer for less and/or by focusing on customer satisfaction. There usually is a tendency to focus on

improving internal processes and optimise the way the product is delivered. (Woodcock & Beamish 2003)

- **Declining stage industries** in those stages the strategies are to transform the organisation to seek new horizons, to concentrate on acquiring an extremely strong leadership position either for the entire market, either in a particular niche, or finally to harvest any remaining revenues before considering discontinuing the business. (Woodcock & Beamish 2003)

Of course these generic strategies are ideal theoretical approaches in each case and can strongly differ from what organisations are really doing. Nevertheless, they provide cues in the observation and analysis phases, which ties together or compares the applied strategies.

Although strategy is a crucial factor in leading the organisation on coherent and efficient course, it is important to note that it is meaningless if the execution does not follow the plan. The other elements of the 7s framework are therefore tightly linked to a strategy's success. In an ideal situation, a well stated and coherent strategy should act as a strong influence in lining up the other S's. (Waterman, Peters, & Philips, 1980)

Systems

Systems encompass the procedures and processes inside the organisation, ensuring that things “get done”. Waterman and Peters describe them as “*all the procedures, formal and informal, that make the organization go, day by day and year by year: capital budgeting systems, training systems, cost accounting procedures, budgeting systems*” (Waterman, Peters, & Philips, 1980). The two authors also consider systems as one of the most influential factors in the 7s model as variations in this factor strongly guide the other S's. This also means that trying to influence any of the other factors will be close to impossible if the intended change is not in line with the current systems.

As shown in the examples above, systems regroup a very wide array of elements, some formal and some informal. They are connected to every major aspect of the organisation, but as most elements regarding Human Resources will be reviewed in the section on “Staff”, this scope will be limited to functional business processes such as budgeting, planning and day to day management.

Style

In their original publication, Waterman and Peters initially link style to the leaders of organisations. They identify two aspects connected to the leaders' style, separating the way they communicate and appear from the actual actions they carry out. (Waterman R. H., 1982) Although the first element is highly subjective and can be successful despite great variations, they find a strong link between the managers' actions and the corporation's culture and focus. Time allocation, prioritisation of topics

and focus on specific tasks all have influence down the line, often acting as signalling mechanisms that drives the way the firm conducts its business. (Waterman, Peters, & Philips, 1980) Although the general perception of a manager is strongly linked to his personality and hard to control, it is possible to act on the action-related part in order to influence the direction taken by the organisation. (Waterman R. H., 1982) Constantly using a certain vocabulary, encouraging a certain way of thinking can in the long run truly drive all individuals within the firm to embrace concepts and focus on specific elements. The qualifications and focus of the people at the top of the firm also have a strong influence on the activities of the organisation as a whole. (Waterman, Peters, & Philips, 1980)

But although this influence can shape an entire organisation in a top-to-bottom fashion, once the organisation's culture is established, any change can seriously disrupt the whole firm. This highlights a high inertia phenomenon and a strong difficulty linked to any change in corporate culture. This can easily be seen in mergers and acquisitions whose success is greatly linked to the capacity of the two organisations to merge their cultures. (Waterman, Peters, & Philips, 1980)

Staff

Staff encompasses two distinct categories of parameters that can be analysed. (Waterman, Peters, & Philips, 1980) First a more "hard" approach concerns elements often connected to Human Resources management. This would comprise recruitment processes, incentive schemes, appraisal systems, training and coaching, as well as the socialisation process through which new-comers are included and pushed to evolve. (Waterman, Peters, & Philips, 1980) On the more "soft" end of the spectrum are considered attributes more closely linked to the individualities that form the organisation. In that context, elements such as the demographics are considered, as well as the general traits and attitudes of the people who belong to the firm. (Waterman, Peters, & Philips, 1980)

Motivational schemes and incentives have an important role in the studied organisations; therefore a strong focus will be put on them. In that endeavour, two categories can be identified: financial and non-financial incentives. The first category is self-explanatory; the second one often encompasses non tangible elements such as personal development and other personal appraisal opportunities. These motivational tools are of particular importance in respect to the other S's of the organisation.

Skills

Waterman & Peters consider skills as the main competences which truly illustrate what the company does the best and how they differentiate from its competitors. There is no particular theory allowing framing such aspects and it is mostly based on the opinions of different stakeholders such as employees, customers, and competitors. (Waterman, Peters, & Philips, 1980)

Shared Values

Initially called superordinate goals by Waterman & Peters, shared values represent the fundamental ideas around which the business is built. (Waterman, Peters, & Philips, 1980) This is considered as the main factor tying together all elements in the organisation, hence its central place in the framework's graphic representation. Shared values are not always truly represented in all organisations but when they are they influence all the other factors and act as a central starting point in defining the organisation. They are often related to corporate culture. (Waterman, Peters, & Philips, 1980)

3.4 Strategic alignment

A key concept across the literature in explaining the success (or failure) of businesses is the notion of strategic alignment. Slack and Lewis explain how maintaining an appropriate degree of fit between an organisation's resources and market requirements is essential in conducting a sound enterprise. They also stress the necessity for constant reconciliation between the internal aspects of a firm and its external environment. (Slack & Lewis, 2008) Waterman explains how the notion of fit and alignment is one of the key aspects in using the 7s model as a framing tool (Waterman R. H., 1982), hence the necessity to dig deeper into the concept to find the causality relationships needed to answer the study question.

Alignment makes it much easier for management-teams to move in the direction they intend. Without alignment, every bit of forward motion will be a struggle (Bradford, 2002) and misalignment actually has the potential to jeopardize performance and can easily lead to failure of the business. (Ward, Bickford, & Leong, 1996)

Two different approaches exist in striving to align organisations with their environment: The first is to start with the external factors as given parameters and to shape the organisation accordingly. Such operations are slightly facilitated by the existence of many frameworks and literature helping read the market. (Slack & Lewis, 2008) The second choice is to start with a given organisation and seek a market in which the current operations and resources are well suited. Such tasks are naturally much harder to accomplish. (Slack & Lewis, 2008)

Alignment is a crucial element for new and smaller enterprises as is the PGTs analysed in this thesis. The capacity to match internal organisation with the environment is typically a make or break condition for their survival as they typically lack the resources and power to influence the external factors towards fitting their internal needs. (Garg & Goyal, 2012)

Slack and Lewis propose four parameters, named the 4 Cs, which helps gauge the alignment of the internal organisation of a firm with its external constraints requirements. (Slack & Lewis, 2008) Although their basic analysis framework is different from the 7s used in this thesis, the concepts still allow an interesting perspective on understanding the key aspects of alignment.

The first C stands for Comprehensive; a holistic approach should be taken when analysing the alignment of the organisation in order to insure that really all internal as well as all external factors are considered in the process. (Slack & Lewis, 2008)

The second C stands for Coherence; this tackles internal alignment within an organisation and the necessity for all components to be compatible with each other and pull the strategy in the same directions. (Slack & Lewis, 2008) This is congruent with a vision of strategic alignment as the linkage between the goals of the business and the goals of each key contributor, including groups, divisions, business units, and departments that execute the tasks. (Abraham, 2006)

The third C stands for Correspondence; each individual internal component of the business should be aligned with all the external constraints. (Slack & Lewis, 2008) Strategic fit translates into choices on how to position the firm in an external market place and therefore structure internal arrangements should be compatible with this market positioning strategy (Henderson & Venkartraman, 1991)

Finally the last C stands for Criticality; this concept highlights the essentiality of aligning crucial internal requirements with the most influent and indispensable external parameters. Overall a business can survive without being completely in line with its market but it should be able to identify the important and essential elements. (Slack & Lewis, 2008)

Finally we should note that the notion of alignment is both a static and dynamic concept and that it can be considered under two perspectives. In a static vision it is an instant picture of the organisation within its environment and the fit of the different internal and external elements. In a dynamic vision, the notion of trends and changes both in the environment and the firm are taken into account and the alignment is judged based on the capacity of the whole system to evolve together and remain compatible (Slack & Lewis, 2008)

3.5 Analysing the Environment

In this part will be discussed in further details the content of the theories chosen for the analysis of the impact of the business environment on the two PGT archetypes.

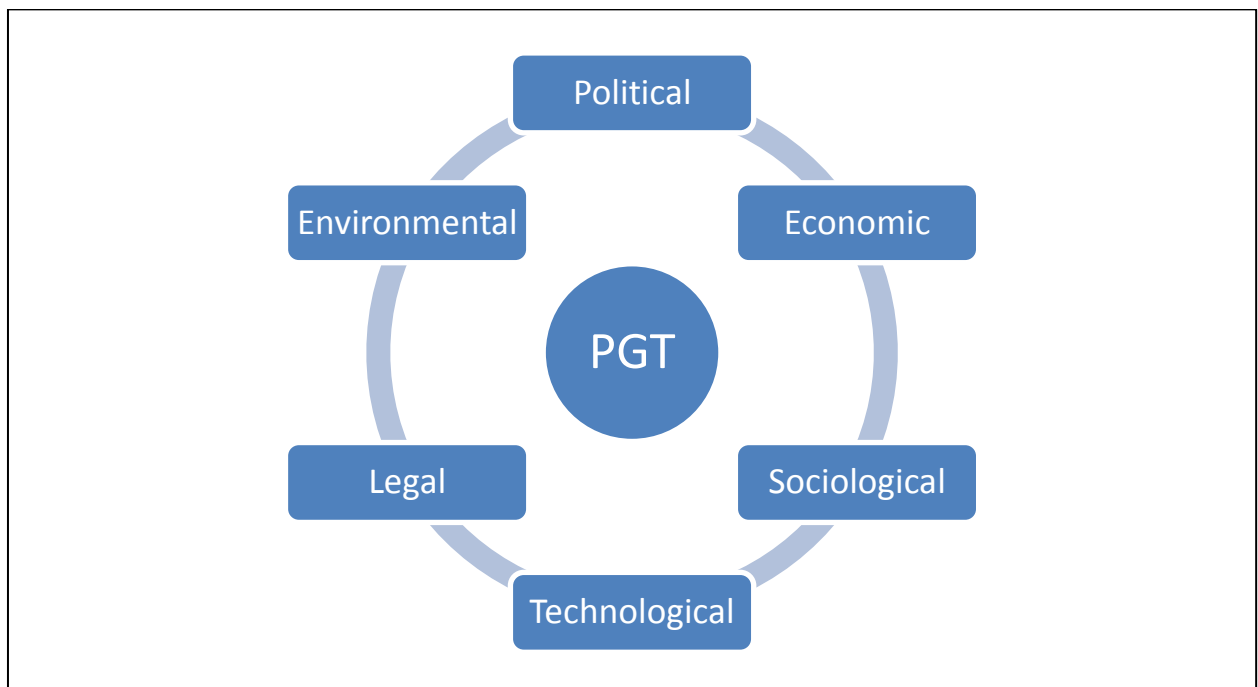
3.5.1 The PESTLE Framework

This subsection lay out the foundation for understanding the PESTLE model. Each part of the model will be explained in much more detail in the following sections.

PESTLE is an acronym that stands for 'Political', 'Economic', 'Sociological', 'Technological', 'Legal', and 'Environmental'. Various other ways of writing this acronym have been used in order to include an additional area for analysis (CIPD, 2012). The model is frequently used as a framework to identify key factors, as well as an understanding for the macro-environment for any given organisation (OUP, 2012). It helps an organisation analyse different external factors and how they can impact its operations. If this is done properly, an organisation might be able to appreciate the risks and prepare for external changes being therefore more dynamic in its response.

In many ways the PESTLE framework is a multi-use tool where it can be for anything ranging from organisational change, to business planning, to product development, to a simple review of the market position (CIPD, 2012). As stated, for the purpose of this thesis, it will be used to analyse the external factors that differs that of a European PGT and a Korean PGT.

The PESTLE framework is sometimes criticized for being too simplified, but for the purpose of this thesis, it is adequate in its amount of coverage, as creating an overview of the external factors that influences a PGT is the intention. It will make it easy to clearly identify the most glaring differences between the two markets, which will allow further investigation in those areas.



Political

This area refers to any political activity that is occurring in the area of operation. It can be anything ranging from local city-politics, to national politics, or even larger political forces such as the EU that might affect the organisation in some way. This could be through factors like renewed tax policies, tariff regulations, employment laws, or even basic political stability (CIPD, 2012). A critical analysis of a market through this lens can be very enlightening, as upcoming re-elections and political trends can make or break certain industries. It is an undeniable fact that governments have a great influence on how organisations operate.

In the case of PGTs, it is important to analyse how the European and Korean market are different due to political factors. It is not necessarily due to reasons of political instability or trade restrictions, but there are several factors that have historically shaped the markets differently, and that still play a part today.

Economic

When analysing the environment of any organisation, the economic situation is extremely important. Factors such as economic growth, inflation rates, minimum wage, credit availability, interest rates, etc, determine how an organisation analyses future potential and growth. (CIPD, 2012)

Economic factors have had a strong influence on how the e-Sport scenes developed differently in the two regions. The economic history of Korea looks vastly different from that of Western Europe, and is one of the reasons for e-Sports becoming as big as it has. It might also be relevant to see how economic factors differ today and if it has an influence on how PGTs operate differently.

Sociological

Sociological factors refer to norms and cultural expectations in the area of operation. It is extremely important to understand the values and mind-set of people both inside and outside of the organisation in order to operate efficiently. This factor also considers age distribution, population growth rate, career attitudes, and values. (CIPD, 2012)

For the purpose of e-Sport, which as stated previously is far from a widely accepted discipline, the sociological factor is perhaps the most important factor. What is considered accepted has a serious impact on the evolution of e-Sport. Moreover, if the work-attitude of people differs substantially, it could help explain the difference in management styles between European and Korean PGTs.

Technological

This category refers to technological advancements and how it affects the organisation. It can refer to the amount of R&D that occurs in the area, as well as if there are high barriers to entry in the industry due to technological advancements. With the advancements of transportation, internet access, and communication abilities, this factor impacts every organisation in ways that was not possible just a few years back. (CIPD, 2012)

Since competitive video gaming is almost always played online, this is extremely important both for how the e-Sport scene developed historically, but also how it moves forward today. The access to internet is of course fundamental, but the amount of communication that occurs between European team members located in different nations is remarkable, and has changed the way that the audience views teams these days.

Legal

Legal factors refer to laws and legal structures that help or impair organisation in their operations. It can be anything from employment laws to tariffs, and anything in between. It sometime requires organisations to operate very differently depending on what region they are located in. (CIPD, 2012)

In the case of e-Sport, the legal factor plays a somewhat less important role, but it is not to be ignored. Many of the players are young, and often not of legal age, which means that they cannot work full-time in some nations, and that severely changes how contracts has to be formulated.

Environmental

This category is quite broad in that it includes anything from ecological factors to geographical ones. It requires organisations to question how aspects such as climate and nature might affect them, factors of potential high relevance. (CIPD, 2012)

With regards to PGTs, ecological issues are not of a major concern, but the geographical structure of the industry can be very important. Obviously Korea is a very different situation than that of Europe, and can therefore pose very different opportunities and challenges for the managers.

3.5.2 Porter's Five Forces

Introduction

Michael E. Porter is well-known for writing many different models used to analyse the business world. One of his perhaps most recognisable models is the Porter's Five Forces. In this model he proposed that there are five forces that are present in all industry and markets. Depending on the

intensity of these forces, one can analyse whether or not the market can be considered profitable for either entering or investing into. Porter states that “understanding the forces and their underlying causes, reveals the roots of an industry’s current profitability” (Porter, The Five Forces That Shape Strategy, 2008). The following exhibit shows the relationship between the different competitive forces



Threat of new Entrants

Porter explains that the threat of new entrants can put significant pressure on the profitability of any organisation. When threat of entry is high, incumbents cannot pressure other forces, such as buyers and suppliers, through high prices or preferential terms and conditions. If they do, another entrant could sweep in and offer better conditions, reducing market share of current players. “Thus, it is the threat of entry, not whether entry actually occurs, that holds down profitability.” (Porter, The Five Forces That Shape Strategy, 2008)

Porter lists several sources as possible barriers to entry. Below, some of the most relevant ones to the eSport-scene have been selected for a more thorough description.

- **Demand-side benefits of scale**

When teams reach a 'critical mass' of fans, they will remain a popular team regardless of what might happen. Fans want to watch the team and sponsors have faith that these teams will operate according to the contracts. A newly started team could face issues where fans and sponsors do not know about them, and attracting fans could become difficult.

- **Capital requirements**

While not capital in the conventional sense, players are the backbone of the organisation, and in many cases a player will stick with a team no matter what happens. Since the pool of extremely talented player is limited, if a team manages to grab a player on his way up, it can become a major deterrent for new teams.

- **Unequal access to distribution channels**

ESport is heavily focused on connections. Having the contact information of a lot of players, tournament organizers, and other eSport teams is critical to succeed in establishing a successful PGT. Networking is certainly possible at large tournaments and it is generally considered a very social scene, but it certainly serves as an important barrier to entry.

Threat of substitutes

"A substitute performs the same or a similar function as an industry's product by a different means. Videoconferencing is a substitute for travel. Plastic is a substitute for aluminium. E-mail is a substitute for express mail." (Porter, The Five Forces That Shape Strategy, 2008)

Substitutes are one of labels that are hardest to define. It is designed to include almost any other option that one would have to watching or sponsoring eSport. If the threat of substitutes is high, teams lose bargaining powers with sponsors over money that companies could spend elsewhere. Thus ultimately, the terms and conditions of the sponsor is pretty much what the PGT has to agree upon. Porter mentions some factors that could impact the threat of substitutes.

- **Substitutes offers an attractive price-performance trade-off to the industry's product**

If sponsors have to invest a large amount of money to sponsor a team, the return on investment has to be clearly visible in some ways. While teams are actively trying to find ways to display their sponsors, there are many other ways for sponsors to spend their money on traditional sports.

Power of buyers

“Powerful customers... can capture more value by forcing down prices, demanding better quality or more service (thereby driving up costs), and generally playing industry participants off against one another, all at the expense of industry profitability.” (Porter, The Five Forces That Shape Strategy, 2008)

In the case of eSport teams, the only real source of revenue is the money received from sponsors. There is also a small element of revenue gained from fans purchasing merchandising (team branded t-shirt, posters, sweaters ...), but by far the biggest share of the budget is based on sponsorships. Porter states a few different factors that affect the negotiating-leverage of buyer-groups.

- **Standardisation of products**

While teams certainly try to differentiate themselves from each other, the fact still remains that all of them try to produce a player that fans find interesting to follow. Most of the time it is through excellent results, but that does have somewhat between Korea and the west.

- **Importance of the product**

Large corporations are asked for money on a regular basis for various different causes such as large events, sport teams, athletes, charities, etc. While the fan's interest and passion for the scene is growing, it is still a hard task to evaluate the exact magnitude of returns on sponsorship investments into eSports. Most teams being extremely active in the search for sponsor-money, this high competition level tends to weaken their bargaining power in securing it.

Power of Suppliers

“Powerful suppliers capture more of the value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants. Powerful suppliers, including suppliers of labour, can squeeze profitability out of an industry that is unable to pass on cost increases in its own prices.” (Porter, The Five Forces That Shape Strategy, 2008)

The suppliers in the case of eSport are the players. They are the ones that provide the product that the teams then sell to sponsors and fans. If the suppliers are very powerful, they will attempt to capture more value for themselves by getting more favourable contracts and pitting the teams in bidding wars against one another. Some of the factors that determine the level of power of suppliers are listed below.

- **Players dependency on industry for profit**

If a player can make profit elsewhere, they can ask for very preferential contracts with high salaries. However, if the industry is essentially their only source of revenue, their bargaining power drops dramatically.

- **Switching cost**

The players bargaining power is also directly correlated to how easy it is for them to switch industries. If they are very well-educated, they can easily pick up a regular job and not be entirely dependent on eSport as their source of revenue.

Rivalry among existing competitors

“Rivalry among existing competitors takes many familiar forms, including price discounting, new product introductions, advertising campaigns, and service improvements. High rivalry limits the profitability of an industry.” (Porter, The Five Forces That Shape Strategy, 2008)

Rivalry in the case of eSport does not refer to the rivalry between teams when they play each other, but rather the competition for revenue streams. Since all teams are struggling for the same money, this force can be very intense at times. Porter states that the intensity of rivalry tends to be greater if:

- **Competitors are numerous**

While the amount of actual PGTs is not excessively numerous, the amount of aspiring teams is countless. In order to finance travels and player salaries, finding a sponsor is a critical success factor. Thus sponsors are contacted regularly and asked for money by various eSport teams.

- **Highly committed to the business and have aspiration for leadership**

Competition is, literally, the starting point for the existence of the scene. Thus implicitly all teams want to be number one and no one is ever content with being second best. That said, the level of team-rivalry in Korea and in the west is quite different, as will be seen in the empirical findings.

4 Methodology

While there is a large amount of information available on various forums about eSport, very little has been documented academically. Hence, this topic seeks to create a foundation for future research while also identifying a lot of the key differences between the Korean and Western pro-scenes, as well as why they exist. However, to be able to be used for future research, it was early asserted that the methodology for this thesis had to be carefully thought through so that future scrutiny can be avoided as much as possible. In order to do this, an extensive pre-study was conducted to gain a better understanding of the eSport scene.

4.1 The pre-study

The pre-study involved gaining an in-depth understanding of the scene while also interview key-players to understand aspects that are not readily available on forums and websites. It did not take long to realize that even people who have been actively involved in the scene for years have a lot of basic misconceptions regarding processes and mechanics of how the scene functions. It is significantly more complicated than the original assessment that was made when the thesis was initiated. It became clear almost immediately that the scene was too broad and that what was truly needed from an academic perspective was a foundational structure that could be built upon in the future. While there are many topics that beg to be looked further into, this thesis will only focus on some of the most important ones. One theme that continuously appeared during the pre-study was the differences between the Korean scene and the Western scene. Initially it was considered to only focus on the Western scene and ignore the Korean one due to the limited scope of the thesis, but due to the interconnectedness both historically, culturally, and monetary, it was decided that one could not be analysed independently from the other. Thus it became the focus to gather a lot of data for each region to then generalize each region in the best possible way, and finally compare them to one another. Obviously there were structural differences noted within each region, and teams had slightly different approaches even though they are considered “western” teams. However, when compared cross-regions, it was clearly seen that any differences within each region were minuscule compared to what was found cross-regions. One unifying factor, however, was that all team wanted to build for the same purpose, yet their approaches were fundamentally different, and to discuss why they operate so differently soon became the fundamental purpose of this thesis.

4.2 Methodology Theory

As mentioned, a solid methodology was one of the most important aspects of this thesis, and thusly it was decided to consider various theories on how to conduct a proper methodology. Ultimately, three theories were looked into especially much and will be discussed below.

4.2.1 Deductive vs. Inductive

When conducting research with the intention to connect it back to theory, one of the most fundamental questions that need to be asked is whether the approach should be inductive or deductive. (Bryman & Bell, 2007). A Deductive research approach is frequently associated with quantitative research projects. It means that the researcher formulates a hypothesis by taking existing theory and applying it to empirical data. If the theory matches with the empirical data, the hypothesis is confirmed, and if it does not, the hypothesis is rejected. The issue with this approach can be that the researchers attempt to 'force' answers to fit with models, even when they do not. On the other hand, the benefit is that if data is readily available and commonly accepted, the research can focus on other topics due to the swift nature of a deductive approach.

An inductive approach, on the other hand, begins with empirical research, upon which theory is later used to explain the data. Is often associated with qualitative research projects where uncharted ground is explored. This allows the researcher to build the theory from the ground up as larger themes emerge through the data. The downside is of course that it does take longer to conduct this type of research. Ghauri and Gronhaug explain it well when they write that the choice is whether one wants to use 'theory before research' or 'research before theory'. (Ghauri & Gronhaug, 2005)

As discuss previously, there are two overarching themes in this thesis. The first theme is that of Korean vs. Western Culture, and the second theme is that of the eSport scene. Looking at these themes it is clear that the first one has been investigated thoroughly before and the published material available comes in great numbers. Thus, it would make sense to use a large amount of previously published articles and make a few assumptions regarding the Korean culture in order to focus the interviews more on the pro-gaming scene. Thus, regarding the culture aspect of the thesis, a deductive approach was used where theory was investigated before empirical findings. However, regarding the pro-gaming scene, an inductive approach was used due to the complete absence of previous theory. Thus empirical data was gathered in large amounts, and later as themes emerged theory began to be constructed to explain what was observed during the interviews. Finally, there is a third option that is a combination of the polarized deductive and inductive approach. It is called

‘abductive’ (Alvesson & Sköldberg, 2009) and allows the researchers to establish a hypothesis based on prior theory, while still exploring new ground. An abductive approach is used throughout this thesis due to the extensive pre-study where hypotheses were drawn, and later on put to empirical scrutiny through interviews. Essentially this served to create an ‘educated guess’ that was later verified or rejected.

4.2.2 Quantitative vs. Qualitative

Whenever data is gathered, it can be done in two fundamentally different ways. The first way is quantitative approach, which is often connected with surveys and numbers. It attempts to explain what is being perceived through statistics. It is excellent for any time a topic is well researched and when the thesis seeks objectivity and precision. However, it also frequently makes use of categories, which sometimes misses certain nuances in any research.

The second approach is the qualitative approach, which is used to create a complete and detailed description of any situation. Frequently, the researcher is not entirely sure what will be found. This is often connected through interview. Ritchie and Lewis state that “the aims of qualitative research are generally directed at providing an in-depth and interpreted understanding of the social world, by learning about people’s social and material circumstances, their experiences, perspectives and histories.” (Ritchie & Lewis, 2003) The strength with this approach is that it tends to be very overarching, and presents a greater picture of what is being studied. On the downside, it also creates room for subjectivity, both for the interviewer and the interviewee.

The complexity and breadth of the topic that this thesis attempts to explain warrants a fundamental understanding of the e-Sport world. The pre-study that was conducted quickly showed that in order to understand this scene, interviews with the most interconnected players was the most appropriate source of information. Consequently, it is only natural that a qualitative study be done to capture as many aspects as possible. If one is to explain how professional gaming teams manage their players, only a very little part of it can be explained through numbers. Ultimately, it is the experiences, stories, and perspectives that build the whole picture.

4.2.3 Interviews

When conducting the interviews, there are several types of interviews that can be conducted. After the pre-study, a foundational understanding of the topic had been created. However, it was quickly noted that whenever interviews were conducted, each individual had a lot of specialty knowledge which would not be investigated through a completely structured interview. On the other hand, an unstructured interview would have taken way too long and probably accomplish way too little, thus all interviews were semi-structured in nature. Almost all interviews were conducted via Skype, as

that was the most effective tool to connect with managers residing all over the world. The only exception was the ones that took place in Stockholm, which were conducted in person. All interviews lasted between 50 and 70 minutes. The time-discrepancies were mainly a result of how willing the interviewees were about going into details.

4.2.4 Reliability

If this research is to serve as a fundamental piece for future research, it is essential that Bryman and Bell's theory on reliability and validity be included. (Bryman & Bell, 2007) To assess the reliability of a thesis, the follow questions can be used:

- Will the measures yield the same results on other occasions?
- Will similar observations be reached by other observers?
- Is there transparency in how sense was made from the data?

This is an ever-present issue in all qualitative studies. There is a lot of room for interpretation, both from the researcher's and the interviewee's side, both regarding questions and answers, eventually adding up to potentially disputable conclusions. There are ways to avoid these uncertainties, however. For instance, some factors that were identified as potential sources for misunderstandings were 1) Different definitions of vocabulary, 2) Cultural differences between westerners and Koreans, and 3) Misunderstandings during interviews. All of these are relevant issues that could change the result of this study if it was done again, unless the methodology carefully took these into account when setting up interviews and drawing conclusions. After having identified these, a big part of the pre-study was spent on learning more about the important jargon typical to the e-Sport community. This was crucial for interviews. A lot of words are used in everyday language but has a completely different meaning in the light of e-Sport. Moreover, comprehending the history of e-Sport was also very important when discussing cultural differences. There are a lot of stereotypes about both western and Korean professional gamers, both made across cultures, but also in their own way of seeing themselves. Furthermore, one of the crucial ways to avoid misunderstandings was to continuously ask the interviewees to expand and elaborate on topics as to avoid confusion. This helped greatly for tapping into specialized knowledge that only some of the managers could know about. Overall, due to the large sample and the steps taken to prevent misunderstandings, and extensive understanding of the e-Sport scene, the data gathered for this thesis is highly reliable.

4.2.5 Validity

A second important factor explained by Bryman and Bell. They state that “... *validity is concerned with the integrity of the conclusions that are generated from a piece of research*” (Bryman & Bell, 2007). This means that the data gathered can logically be used to measure what the research intends to measure. Validity also has a few subcategories, of which **Internal** and **External** will be used to reinforce the methodology of this thesis.

Internal validity assesses whether or not the identified causality between factors is truly a matter of causality, or whether it is merely a matter of correlation. Ultimately, it deals with whether or not the findings are truly believable (Bryman & Bell, 2007) . By bringing some of the findings back to the community to discuss, fresh eyes were often given a chance to assess the validity of the findings. Unfortunately, internal validity can never be guaranteed in qualitative research. However, by having experts within the field assess some of the conclusions, the authors were able to take a second look at some conclusions in order to avoid assumptions and generalizations.

External Validity, on the other hand, assesses whether or not the gathered data can be applied to a greater context (Yin, 2003). Since this thesis does generalize two e-Sport scenes that do have internal differentiations, this was a concern for potential criticism. However, due to the large sample size and the homogeneity that was found within each scene, the generalizations that were made were considered overall accurate. Moreover, since this thesis is to serve as a theoretical foundation for the scenes differences, a generalization was unavoidable in order to draw any relevant conclusions.

4.3 Data Collection

In order to get an accurate understanding of the eSport scene, a combination of two types of interviews is required. The first are general interviews about the eSport scene conducted by various types of media. This can be newspapers articles, podcasts, or eSport-specific talk shows. These types of interviews will be used mainly to get an overview of the eSport scene. After an understanding of the scene is obtained, specific questions will be identified, as well as who might hold the industry-specific answers to these questions. The interviews with team-managers and eSport-managers will be the second part of the data-gathering, which allowed for a deeper understanding of critical questions about why PGTs operate the way they do.

4.3.1 Pre-study

A lot of eSport-related media was used to create a foundational pool of knowledge in order to proceed with the interviews. The data for this pre-study was gathered from reputable sources within the industry. Whether it is from a podcast, video documents, or news, the sources are all produced by professionals who make a living from eSports. The following sources were used

YouTube channels	News sites	Others
State of the game	Team Liquid	Blizzard's Starcraft 2 website
The executives		Various clan websites
Team liquid interviews		
Complexity videos		
Evil Geniuses Videos		
Cybersportsnetwork		
Live on Three		
IGN Entertainment		
Gamespot		
Day[9]		
Climbing the Ladder		

4.3.2 Interviews

Through conducting interviews, an insider- perspective can be gained where managers are encouraged to speak freely about larger topics and get into details about some of the operations. For this thesis, a total of five interviews were conducted, of which all were conducted either face to face or via Skype. The interviews consisted of one game developer, one tournament organizer, and three managers with extensive understanding of the western and Korean eSport-scenes. All interviews were conducted between October in 2011, and December in 2011. They lasted between 45 and 90 minutes, depending largely on how willing to share the interviewee was.

The analysis intends to look at the most successful PGTs in Korea and in the west, with the intention of finding success factors that drives the different teams. The selection of these teams done on the based on the following categories:

- 1) Has the team had one player in the top four of any tournament with a prize pool of more than \$25,000
- 2) Has placed top 6 in a premier team tournament

The following teams that filled this category and were relevant for analysis were:

Western teams

Team Liquid

Millenium

SK Gaming

Complexity

Check six

Evil Geniuses

Dignitas

Root Gaming

Korean Teams:

Incredible Miracle

MVP

Prime

StarTale

Team SCV Life

New Star HoSeo

MJ Team

Slayers

5 Empirical Findings

This chapter will list in details the information gathered through the interviews and the secondary data sources. It is split in two sub-chapters with first all the collected data regarding the Korean and Western PGTs and second other information relevant towards understanding various aspects of the environment.

The first subsection will not only list the findings regarding the internal aspects of the PGTs but also directly discuss their interconnections and implications for the organisations. As such this subsection will serve a double purpose by de facto answering the first part of the study question and explaining in detail the differences and contrasts existing between Korean and Western PGTs.

The second subsection remains mainly descriptive and its purpose is to list crucial factors for the analysis taking place in the next chapter.

5.1 Internal aspects of PGTs

In this sub-chapter the focus will be put on listing and explaining in detail all aspects of the studied PGTs. Information is grouped and framed according to the 7s model and processed through the theories listed in chapter 0. Many connections, bridges and links with various elements of the organisation are also included thus helping better understand the true nature of each PGT and highlight the important contrasts.

5.1.1 Structure

Overall both direct interviews and secondary sources, revealed that all PGTs remain small organisations with easy internal communications as well as many informal processes running in the background across all levels. Nevertheless broad differences can be noted between the average Korean and Western teams, both in terms of decision processes and in the subdivision of teams internally.

Korean

Despite a very few exceptions (team StarTale), Korean teams are typically focused only on Starcraft 2 as a game and therefore do not have multiple internal divisions. The number of players varies from 6 to 22 but the great majority are closer to the average of 11 players per team. (Liquipedia, 2012)

At the operating core level, Korean PGTs typically have two classes of players. B class players are usually fresh recruits and players with strong potentials but not yet competing at the highest professional levels. (State of the Game) In comparison A class players are fulltime professionals

defending the team's colours in tournaments and, above all, in the prestigious GSL (GomTV Starleague, Korea's prime Starcraft 2 tournament). There is a strict hierarchy within players based both on seniority and achievements and some of them are given formal secondary responsibilities, usually in game related roles (team captain, coaching and strategy development, etc.) B players typically look up to their A counterparts for advice and counselling.

At the middle line level, one or two coaches come above the players and act as supervisors and advisors. (Team Manager A, 2011) They are fulltime employees and their focus is on the players; helping them organise their training schedules and methodology as well as advising them about in-game tactics. (State of the Game, 2012) These coaches can also play a key role during tournaments, giving advice and counselling to players between matches. Coaches sometimes also have the responsibility of dealing with the logistics for the player such as travel and hotel arrangements, making sure their players are at the right place at the right time, planning food and beverages during events, etc... (State of the Game)

At the higher executive level, the strategic apex, are usually found one or two managers who are often the owners of the PGT. They take care of most of the high level administration, dealing with finances, team logistics and team strategy. (The Executives, 2012) They play a key role in negotiating contracts with sponsors and making sure they are properly followed up on. Managers also deal with the communication strategy of the team, its marketing and its press releases. Finally they recruit players, working on the screening process and negotiating the formal contracts. (Team Manager A, 2011)

It should be noted that the above description is on average true for most top tier Korean teams but that some functions can typically overlap between team captains, coaches and managers. In some teams the managers themselves have a say in the training of players (typically if they are former cyber athlete themselves) and managers sometimes fill in the role of logistics coordinator during events instead of a coach. Coaching responsibilities can also be given to the team captain who is then typically a senior active A class player. Overall many variations exist in the shifting of responsibilities.

Korean PGTs typically run team houses in which all housing and food issues are taken care of for the players. (CNN, 08) The teams therefore employ a few support staff in charge of cooking, cleaning and providing any extra services allowing the players to focus solely on the game. (State of the Game, 2012) In a similar fashion, the managers and the strategic Apex can also count on a few part-time (and sometimes even volunteer) experts to deal with issues such as accounting, web mastering, graphics design as well as writing and reporting.

From a coordination perspective, the small size of the teams with a very little number of individuals having responsibilities beyond training and improving their gaming performance means that the mechanisms are not too complex. (Team Manager A, 2011) As already mentioned there is a strong sense of hierarchy within the Korean teams and the top manager therefore has almost full powers and the final word in decisions. The same goes down the hierarchy where coaches' decisions are rarely contested by players. There is naturally some space for feedback and suggestions but overall most of the coordination works through a direct supervision mode. (State of the Game, 2012)

Overall we can summarize the structure of an archetype of Korean PGT as follow:

- A two layer operating core composed of A and B class players with an internal hierarchy based on seniority and achievements.
- A middle line represented by one or two coaches taking care of game related questions as well as tournament participation logistics and support.
- A strategic apex of one or two people, usually owning the team, who deal with everything related to the organisation's strategy, communications and public relations, sponsors, finances and recruitment.
- Some support staff taking care of cleaning and cooking in the team house and professionals either part time employed, either volunteers or who take care of graphics design, web mastering, accounting and writing/reporting for the team.
- A direct supervision coordination mechanism

Western

Most of the important Western PGTs do not focus only on Starcraft 2 and have teams in multiple games. Some of the interviewed teams such as Dignitas or Complexity Gaming have divisions in up to 7 different games amounting for a total of almost 50 players. (Team Dignitas , 2012) The Starcraft 2 rosters remain much more modest though with an average of 8 players if we consider the top tier European and U.S. American teams. (Liquipedia, 2012)

This multiple game approach translates into different divisions at the player (operating core) and middle line level according to game categories. The functioning of each division can differ vastly from one game to another due to diverse parameters. (Team Manager A, 2011) The interviews and research focused on the Starcraft 2 divisions and the following findings will therefore be valid mostly for this specific game.

At the very basic level, the player pool is far more diverse in the Western world and although there are known and acknowledged differences in skills and achievements between the team members, they do not dictate strict hierarchy. (Team manager B, 2011) Most players are usually confirmed figures in the professional eSports scene but the majority of teams also have one or two upcoming and promising rookies which they invest in early based on their potential. (Team manager C, 2011) The players are highly independent, and since very few Western PGTs actually run team houses, they often span across countries, time zones and continents this translates into very different schedules and more independence in training, each player supposedly choosing the methods he feels suit him best. (Team Manager A, 2011) Western cyber athletes do take advantage of their team mates as sparing partners but overall they remain vastly unsupervised in the way they seek to improve their performances. (Team manager B, 2011)

A nominated team captain, usually part of the player pool, provides advice and guidance to each other member of the team. (Team Manager A, 2011) A deep understanding of the game and the capacity to apply and communicate that knowledge are the main criteria in electing a team captain. Nevertheless they mostly act as advisers and do not hold any formal power. (State of the Game, 2012)

At a middle line level and at the head of each game division, most Western teams typically have a coach or manager whose main focus is on supporting the players. This manager is not necessarily as knowledgeable about the game as a team captain (although in some PGTs it is actually the same person) and his main tasks revolve around the organisation of logistics, coordination of day to day team activities and following up on players' progress and well-being. (Team manager B, 2011) Such managers tend to be friends and allies to the players before being their bosses. They will take care of travel bookings, on site logistics for tournaments and events but also concentrate on softer aspects such as the player's state of mind and provide moral support between games for instance. (The Executives, 2012) They also play a key role in the enrolment of new recruits as they have specialised knowledge about the scene. (Team Manager A, 2011)

In the strategic apex, at the highest level of the organisation, the chief executive manager (most often the owner of the team) can be found. But unlike in Korea, he is usually supported by between one and five, usually part-time, executive managers. (The Executives, 2012) These executives take care of various key aspects of the business such as marketing, player recruitment (often in cooperation with the division managers) and sponsor management. In some teams the executive board is completed by all or part of the heads of the different gaming division. (The Executives, 2012)

Western PGTs also rely a lot on support staff with graphic designers, web editors, accountants, legal advisors and other specialised functions being filled in by part time employees or volunteers. (Team manager B, 2011) (The Executives, 2012) The few teams running gaming houses rely on the players and managers in dealing with the day to day chores and do not usually have external staff. (State of the Game, 2012)

Looking into coordination, although top managers remain the bosses, most tasks are completed through mutual adjustment. Managers and players discuss things amongst themselves and tasks can easily be carried out by any actor inside the organisation when required. Decisions at all levels are very much discussed and at the executive level there often exist some form of democratic processes. (Team manager B, 2011)

Overall we can summarize the structure of an archetype of Westerns PGT as follow:

- An operating core and middle line divided by types of games.
- A flat operating core very informal with little to no hierarchy except for an occasional team captain withholding no formal powers.
- At the head of each division, a manager focused on providing support to the players, taking care of day to day issues and logistics as well as having an important role in recruitment.
- A strategic apex composed of a CEO supported by one or more executive level managers.
- Some support staff with professionals either part time employed, either volunteers or who take care of graphics design, web mastering, accounting and writing/reporting for the team.
- Mostly informal coordination mechanisms at all levels.

5.1.2 Strategy

Although Waterman and Peters explain that a strategy should be formally stated by the people in charge of an organisation (Waterman, Peters, & Philips, 1980) no interviewed manager clearly spoke out his team's formal strategy in a single statement. Nevertheless, by recouping information from various other questions it is possible to sketch out the broad lines and above all the broad differences in strategy for the archetypes of Korean and Western PGTs. As could be expected each team analysed through direct interview or by recouping secondary information, has a slightly distinct way of seeing their positioning and the way they intend to go forwards to reach their goals. But clear patterns do emerge across the studied teams in same geographic zones, overall fitting in a justifiable way generic strategies issued from both Porter's five forces approach . (Porter, The Five Forces That Shape Strategy, 2008) and the industry life cycle (Woodcock & Beamish, 2003) theories.

Korean

In Korean, the Starcraft 2 professional scene directly benefited from the Broodwar heritage built since early 2000. (State of the Game, 2012) This topic will be analysed in more depth in the environment section, but the result for the analysed Korean PGTs is that most organisations were built based on the example of their precursors. (State of the Game, 2012) This translates into less business model experimentation in the Korean scene and less diversity in the overall strategy of the teams compared to the Western world. (Team Manager A, 2011)

The operations focus is strongly centred on Korea (The Executives, 2012) and although they wish to, most teams cannot afford to send their players abroad to international events unless they get an invitation and travel expenses are covered by the organisers or specific sponsors. (Tournament organiser, 2011) In addition the majority of top teams exclusively focus on Starcraft 2 (Liquipedia, 2012) and do not have pools of athletes competing in other genres of games. These observations are in line with segmentation or focus strategies according to Porter's theories with an organisation concentrated on satisfying a specific market. (Porter, 2008)

PGTs in Korean judge their success on tournament results, thus improving their player performance is the main way to in secure the best sponsors. (State of the Game, 2012) As a consequence, Korean PGTs mainly focus towards the inside of their organisation and on internal efficiency. (The Executives, 2012) In that endeavour team houses are considered standard. In them, players are provided with all the necessary amenities so they can devote their entire attention to the game. (State of the Game, 2012) But above all it allows decreasing costs by simplifying logistics for the team and keeping everything and everyone in the heart of the organisation's key market, namely Seoul. (Team Manager A, 2011)

Under another perspective this strategy is in line with an organisation operating in a (sub) industry reaching a maturing stage, or at the very least a plateau in the high growth phase based on the life cycle theory. (Woodcock & Beamish, 2003) Although Starcraft 2 is a fairly new game with expansions already planned, (Blizzard Entertainment, 2012) the twelve years of Broodwar heritage previously cited have played their role with sponsors. The product is overall well known in Korea and most companies finding interest in sponsoring such teams are already doing it. (Team Manager A, 2011) The teams are therefore not targeting growth but mainly competitiveness and penetration, providing better value for money to their sponsors as customers.

Overall we can summarize the strategy of an archetype of Korean PGT as follow:

- A segmented and focused strategy centred on the Starcraft 2 Korean market.

- An end of high growth/maturing market approach, focusing internally on efficiency and improving the quality of the offer while lowering costs.

Western

The Western Starcraft 2 professional gaming scene is more diverse and did not benefit from a strong visibility on TV and traditional media through Broodwar as it did in Korea. (State of the Game, 2012) The environment is highly dynamic and although a few high profile tournaments are starting to become strong references there is still a lot of instability. (Team manager B, 2011) As such, PGTs are still very much searching for the right business model and there is some diversity across teams. (Team manager C, 2011) But common traits do overall emerge helping us define the average strategy of an archetype of Western Professional Gaming Team.

The interviewed managers mostly spoke about their will to build an organisation with a strong and unique value offer appealing to sponsors and partners, a way to stand out. (Team manager C, 2011) Given the constant uncertainty of the market described above, the teams search in priority to come up with a solid concept appealing to a fairly large audience in order to not limit the scope of potential revenue streams. (Team manager B, 2011) It seems reasonable to classify this as an example of differentiation strategy according to Porter, (Porter, 2008) as each Western teams seeks to offer its own specialized product with unique features.

The current uncertainty in the development of Western professional gaming scene also translates into teams being very careful not to overcommit resources and make radical choices blocking them in a certain position. (Team manager B, 2011) Flexibility is a key requirement for them and the majority of the teams have cyber athletes in other games than Starcraft 2 to broaden the exposure offer for sponsors. (Team manager B, 2011) In the same line of cautious thought, team training houses are not common as they are considered not to be worth the financial risk. In effect with tournaments in various geographic regions the centralisation of players reaps lower logistical benefits and actually broadens possibilities of exposure in various locations. (Team manager C, 2011) The few big Western teams running gaming houses find more use in them as branding and PR platforms than performance and efficiency improvement centres. (Team manager B, 2011)

Western team managers stressed the importance for them of assuring return on investment in every one of their actions, this return being measured by sponsor satisfaction and brand growth. (Team manager B, 2011) For instance they must trade-off between the amount and the impact of exposure in choosing tournaments to ship players to; big highly competitive tournaments might be appealing due to the important viewership but lower the chance of actually getting decent exposure on the central stages. Sponsors are often asked for their preferences on the matter. (Team manager B,

2011) This highlights the importance of brand power in measuring a team's true value; tournament results naturally play a role in the prestige of a team but the organisations is mainly judged through the popularity and personality of its players. (Team manager B, 2011) Cyber athletes can build strong fan bases following them on YouTube or during online live video streaming without necessarily having the highest game skill level. (Team manager C, 2011)

By looking at this approach under the industry life cycle strategies, the cautious steps towards building a sustainable offer in an uncertain environment and the focus on creating brand awareness strongly hint a strategy in line with those found in emerging industries.

Overall we can summarize the strategy of the archetype Western PGT as follow:

- A differentiation strategy, striving to provide a unique product and stand out
- An emerging market approach, with low commitment to risk and a focus on building solid bases.

5.1.3 Systems

The first step in starting to describe the findings regarding the internal systems of PGTs was to define which areas were of true importance to the teams. Following Waterman and Peters' definition - the formal and informal procedure that make the organisation go day by day, year by year, (Waterman, Peters, & Philips, 1980)- it was possible to directly identify them with the help of the interviewed managers. Seven key categories came up:

- **Finances and budgeting:** securing funding and deciding on the allocation of resources.
 - **Strategic positioning and communication:** working towards defining a team brand and insuring it is properly communicated and advertised.
 - **Activities and tournament participation:** decisions regarding which events to attend and what other activities to take part in.
 - **Logistics:** everyday but also on the move when traveling to tournaments.
 - **Legal and contracting:** the procedures behind the hiring of staff and players.
 - **Recruitment and inclusion of players:** methodology in finding and hiring new talents as well as the procedures to include them in the team.
 - **Training and coaching:** methods in improving the player's performances.
- (Team Manager A, 2011) (Team manager B, 2011) (Team manager C, 2011) (The Executives, 2012)

The two last points being directly linked to the “staff” section of the 7s model, they will be addressed in that section further in the document.

Korean

Finances and budgeting:

In Korea, few professional players get decent and direct salaries to play in PGTs and almost only the best players can secure such contracts in order to avoid them moving on to the competition. (Team Manager A, 2011) Given that, as already mentioned, Korean teams operate in Seoul and do not incur the massive travel costs of their Western counterparts, (The Executives, 2012) the majority of the expenses for Korean teams are connected to the base compensation package offered to the majority of players; food and housing. (Team Manager A, 2011)

On the income side, Korean PGTs rely almost exclusively on sponsorship. (Team manager B, 2011) Given the very high level of competition between teams on that market, the figures behind those deals depend basically on the TV exposure a team is capable of delivering to the sponsors. Two parameters therefore come into count: how many players get into prime positions within the GSL tournament and how long they last. (Team Manager A, 2011) It is therefore in the best interest of teams to have as many players as possible capable of qualifying at the highest level of competition.

Overall most Korean team’s budgeting equation can be seen as an optimisation problem: fitting as many high level players in the team house as affordable while ensuring their performance at the highest level. These decisions are taken almost unilaterally by the top managers of the Korean PGTs.

Strategic positioning and communication:

Korean teams are mostly locked into a single tournament and participating in the GSL actually restricts them from using some exposure channels that could come in competition with the organisers, GOM TV. For instance communication tools such as online streaming and the publication of tournament recordings are limited. (The Executives, 2012) As such the control on brand image is decreased and the teams rely above all on the results of their players to put the PGT in the spotlight. (Team Manager A, 2011) Korean teams also started quite late to exploit the commercial potential of Twitter and other social media. (The Executives, 2012) But a major issue lies in the language barrier; most content produced by the teams remains in Korean, limiting the exposure to the rest of the world. (State of the Game, 2012)

Overall strategic positioning decisions are a truly top-down approach, the team managers being the main vectors of communication and announcement regarding the team. (Team Manager A, 2011)

Nevertheless they face important barriers and restrictions when trying to expand their visibility worldwide.

Activities and tournament participation

Korean PGTs focus mainly on the national scene in their choice of events to attend. (Team Manager A, 2011) Given the almost nonexistence of travel budgets and the extremely high level of competition in Korea, the participation to most tournaments is subject to prior qualification by the players. (The Executives, 2012) In that sense the procedure to decide which events will be attended is mostly tied to the capacity of a player to win games. This applies to Korean tournaments (places in the GSL scene are extremely hard to secure) but also to foreign tournaments for which Korean players can usually participate in online qualifiers offering invitations to major events.

Logistics

Korean PGTs are overall extremely efficient when it comes to logistics. The team houses with their support staff and coaches dedicate a lot of time and effort in making sure players can focus only on improving their game skills. Even the smallest details are thought of in advance to make the gamers lives easier. (CyberSportsNetwork, 2011) Team houses also provide a strong centralisation mechanism simplifying the coordination and rationalising a lot of the manager's work and also allowing him to remain at the centre of the action and potential issues. In the same way it helps organise travelling and displacements as everybody leaves from and comes back to the same place. (Team Manager A, 2011)

The procedures regarding logistics organisation are here again mostly top down with managers thinking, organising and preparing ahead so that things fall in place perfectly. On the other side though, players are encouraged to provide suggestions and feedback to improve matters when needed. (Team Manager A, 2011)

Legal and contracting

Surprisingly most Korean players are not under formal contract with their teams. This is due to two factors: First as most of them do not get any salary neither any travel expenses paid for, there is no true incentive for them to commit legally to a team. Second, Korean players are generally not too business minded and happy to have the opportunity to join a team. Formal contracts do exist though for the top tier salaried players. (The Executives, 2012)

Western

Finances and budgeting:

Western teams generally have higher and more variable budgets and are genuinely more concerned about financial sustainability. (Team manager B, 2011) The cost of an extra player is far higher as recruiting a person almost automatically translates into paying for him to travel to tournaments. (The Executives, 2012) The procedure of western teams is therefore entirely driven by the revenue side of business, they can only commit to participating in new tournaments or recruiting new players if they have solid and sure financing to start with. (The Executives, 2012) The same applies to salaries, teams are generally extremely cautious to offer players amounts that jeopardise the financial sustainability of the organisation. (Team manager C, 2011)

The fact that most Western PGTs do not run team houses does greatly reduce fixed costs, and budgeting is therefore fairly flexible. New revenues can quickly be translated into new plans to participate in extra events. (Team manager B, 2011)

Budgeting issues are decided at an executive board level with consultation of both players and sponsors. The main criteria in deciding expenses is above all return on investment, insuring that any event attended or any new player hired brings a return image and exposition value that exceeds the costs. (Team manager C, 2011)

Strategic positioning and communication:

As mentioned in the above findings about team strategies, Western teams focus on differentiation and providing a unique image and offer. As such brand perception and communications control are one of the highest priorities for team managers. The general strategy is decided at the top executive level but there are constant interactions with both players and sponsors to make sure the positioning is both understood and accepted by the main stakeholders of the organisation. (Team manager B, 2011)

The team communications then come from all levels of the organisation. Players are briefed and trained on the message they are expected to broadcast regarding the team and are then encouraged to use social media such as Twitter or Facebook in ways compatible with the strategy and to promote the team and sponsors. In the same way most players are encouraged to video stream online and interact with fans when they train and play regular games. In Starcraft 2 active streams can be followed practically around the clock by spectators and the more popular athletes typically raise audiences in the thousands at any point in time. Players display the team's name and logo inside

their games, increasing visibility. Finally players are also briefed and trained for interviews during events.

At a corporate level, teams also make heavy use of social media and twitter in promoting the brand. They typically have strong website and the support of volunteer or part-time employed writers, bloggers and reporters producing content to broadcast on the web or even traditional media. There is also a strong effort for Western teams in working more closely with sponsors, finding any opportunity to increase each other's visibility and take advantage of the collaboration. Product placement in interviews and during events is extremely common and in return some teams have their logo and name attached to specific products.

Activities and tournament participation

Budget is the main constraint that decides which activities and events the team takes part in. As already mentioned in the finance section, these decisions are taken by the board at the highest level but in close communication with players and sponsors. Return on investment is the key factor and given how spread out events are between Europe and North America, costs of traveling play a strong role in defining the investment side of this equation. An interviewed manager put it this way : "How much is one of my player speaking and wearing the team's jersey on the centre stage of this event worth and how likely is it he will get there." Such considerations dictate the choice of events.

It should be noted though, that prize money (which can easily reach five figure amounts for the finalists) is almost never amongst the criteria in deciding which events to attend. Given the competitiveness of the scene almost no team can be guaranteed to having a player reach the final stages, as such banking on tournament prize money is considered close to gambling for teams. Overall most teams actually take little to no share in tournament winnings and leave the revenue to the player.

Logistics

Western PGTs logistics are quite different in nature than those of Korean teams. The critical aspect in Europe and North America is dictated by distance both to events and between the players' themselves. There is a heavy use of Skype and other technologies in keeping the team coordinated and this naturally translates into a heavy burden on the shoulders of the division managers. Overall the teams have developed a certain expertise around managing travel arrangements but our secondary interviews revealed that there can also be a lot of decentralisation of tasks. Therefore, and although some managers take care of everything, many teams actively include the players in the background processes around visas and bookings.

As already stated, team houses are extremely rare in Western PGTs due in most part to the strong financial commitment they imply. Once again, return on investment is the key criteria and it is still unclear for most teams whether they can truly monetise the benefits of a team house. Despite this, two major teams, Complexity Gaming and Evil Geniuses, have taken steps in that direction. Their main arguments behind such a move are: rationalising living expenses for the players, being able to use the house as a PR and communication support, increase training efficiency and sharing among the cyber athletes, building a stronger team spirit and identity and finally providing extra value in negotiating player compensation. Other player houses do exist elsewhere in the western world but they most often boil down to players moving in together to share living costs with no real strategic plan in the background. Given that team houses are a rare and new phenomenon in the Western world, the internal logistics and the use of staff are still extremely far from the efficiency levels of their Korean counterparts.

Overall from a process perspective, logistics at most level are supervised and coordinated by the division managers with involvement of players for certain tasks. Top management usually only steps in for matters concerning the whole team and multiple divisions. (Travel arrangements for important tournaments for instance)

Legal and contracting

Legal aspects take a much more important dimension in the Western world simply due to the higher financial implications linked with hiring players and making them travel around the scene. Formal contracts are extremely common but nevertheless loopholes and irregularities often pop up as there is a lack of proper expertise within the scene. Issues also rise due to the asymmetry of information between team managers and the often young cyber athletes. Cases of contracts having allegedly been “forced” on to athletes by taking advantage of them have been mentioned.

Currently the consensus is to ignore the imperfections as no one really has the will or the financial means to go to court and dispute strict terms. Above all, the general line of thought is that there is no true way to force an unhappy player to perform in a team and any deceptive tactic is therefore a doomed move.

The hope of many team managers is to see an eSports governing body emerge which would have the legitimacy to statute on most cases and also edict guidelines or rules protecting both players and teams.

5.1.4 Style

During interviews with managers, it became apparent that the way that managers operate differs significantly between the Korean and western eSport scene. The key categories that differed the two scenes are listed below.

- **Involvement:** engaging in the day-to-day lives of the players, and make sure that they are satisfied and working hard to improve.
- **Sponsors:** the way in which managers look for sponsors and alternative sources of revenue.
- **Delegation:** how tasks are assigned to the staff to find time to focus on more business-critical tasks.

Korean

Involvement

Korean managers are known to work mainly in the shadows. They almost never live in the house together with the players, and whenever a new player is recruited, communication between top management and the player is rare. Essentially, it only occurs if the player is extremely notable. These tasks are left to a coach or someone in charge of the team-house. A strong sense of hierarchy, typical to the Korean society, is often felt between the players and the manager.

Sponsors

Since the Korean scene is relatively mature, Korean managers know the channels where sponsors can be gained, and good connections are crucial to obtain sponsorship. Sponsors that are not directly computer-related have historically not been considered as a potential source of revenue. Over the last year, many western teams have begun to receive funding and sponsorship from companies that are not directly related to gaming-peripherals, and only now Koreans are beginning to investigate this option as well. Outside of that, they are not heavily focused on PR and events, but focus more on establishing the best possible team and gain recognition and credibility by delivering results.

Delegation

The Korean PGTs generally have very different budgets than that of the western PGTs. This is strongly connected to the previous topic where the potential sponsors have been rather few and external sources of revenue has not been properly identified. As a result of this, there is severe lack of good support-staff, meaning that managers have to perform a lot of tasks that could easily be delegated. Ultimately, this further reduces the time that managers have to look for sponsors and market the team.

Western

Involvement

Similarly to the Korean managers, even if the team has a house, the manager rarely live in the house together with the players. That said, they visit frequently and often interact with them to make sure that they are enjoying the game and stay motivated. During interviews, most managers pointed out that they try to talk with players at least a couple of times a week, which is very different from that of Korean teams.

Sponsors

Western managers have been relatively successful in looking outside the eSport scene for funding. Several western teams have sponsors that have nothing to do with gaming peripherals, and several teams provide external consulting for companies. These companies can be designing a new monitor, or it can be a service that is aimed at eSport viewers, and hire an eSport team for a user-perspective. Moreover, they travel and try to appear in the media as much as possible to create value for the sponsors, which is something that the Korean managers have been less succesful with.

Delegation

In order for western managers to be able to travel so much, delegation is critical for the team to hold together. Generally speaking, western teams tend to have up towards eight or nine key-staff, while Korean teams rarely have more than three. This allows the managers to focus on establishing new business strategies, looking for new talent, and identifying alternative sources for revenue.

5.1.5 Staff

Given the often tenuous distinction between senior managers and coaches in many teams and since top management has already been discussed under Style, the following section will concentrate solely on findings regarding the cyber athletes that compose the PGTs and not on other employees or staff.

Korean

Main traits of players

Players in Korean teams are in immense majority Korean nationals, there are currently only two foreigners in the official teams' rosters.

In general, Korean players have an important aversion to uncertainty, as such belonging to a strong team is perceived as a must in their careers as progamers.

There is a strong sense of collective achievement, individuals tend to support each other strongly within teams and when one player wins the victory and pride is shared by the entire organisation.

The general attitude of Korean cyber athletes is to better themselves as individuals, to focus on results and winning and being the best at what they do. Being good at the game is the pursued goal to them.

Recruitment process

Recruitment decisions in Korean teams are almost entirely based on skill and potential. Amateur players get noticed while playing in online tournaments or on the regular Starcraft 2 ladder (a permanent ranking of all Starcraft 2 players within a region) and get a chance to take a spot as a B player in a team. If their skill proves them worthy they then climb the internal hierarchy and can hope to become class A players with a salary.

Confirmed players can also be recruited at the end of the year when most contracts come to an end. Networking and information are the key elements a manager uses to identify the players potentially looking for another team and then being able to offer him attractive conditions. Such negotiations typically go through the current player's manager, going around teams and approaching players directly is considered an unacceptable misstep in the Korean pro gaming scene.

Inclusion of players

The inclusion process of players works through a full time immersion in the team house under mentorship from more senior players. The players living 24/7 with their teammates and managers are therefore strongly supported when entering a new PGT. The status of the player within the team then grows from there based on work ethics, seniority and achievements.

Incentives and compensation

On a general level, Korean teams do not have the same financial power as their Western counterparts. But given the high prestige of the scene and the higher acceptance and recognition of progamers as true athletes and stars, they still find leverage to incentivise and motivate some of the best players on the planet. At the lower levels, newly recruited B class players can typically be accepted in a team house but have to pay for the provided food and housing. As the players increase their value through performance and achievements they then end up being housed and fed for free and might claim monthly salaries down the line. Other perks such as paid traveling and opportunities to participate in specific tournaments can also supplement the income.

Belonging to one of the prime Korean PGT is a strong non-monetary incentive in itself; the Korean scene is extremely competitive and unknown players have very little chances of making it into the spotlight and being accepted in the key tournaments without the support from a team. (Although arguably if they truly have the talent they usually get recruited quite fast) There is also a great sense of pride in wearing a jersey from a recognised team and Korean players cherish the history and past champions that preceded them in the organisation.

At an individual level players can also count on external sources such as prize money from tournaments, (the 32 top GSL players win between 1'000 and 35'000€ per season) revenues from online streaming (a fairly new phenomenon in Korea) and sometimes secure personal sponsors for hardware or cash with the benediction of their teams. In those cases teams might or might not ask for a small cut, this is often case specific.

As a final note, the high collectivism tradition in Korean culture also means that there generally is a lot of sharing of resources with the family. This can of course go both ways; players might pass on a part of their revenues to their parents or they might receive financial backing if needed. (CNN, 08)

Training and coaching

In Korea, cyber athletes go through strict training regimes, they are expected to play a minimum of 8 hours a day and the scheduling in the team house is designed around this idea. Players are woken up early in the morning, have breakfast together and then start the training for the day. Assistance and supervision from team captain but also being surrounded by their peers creates a controlled atmosphere encouraging strong work ethics and pushing to improve performances. Overall Koreans have a reputation within the game for being “number crunchers” and as such they spend a lot of time in their training in optimising strategies in almost scientific ways. Given the spread out format of the GSL, with only very few games a week for each single player, athletes know long in advance which player they will be facing in the next round and therefore put a lot of time and effort into building strategies and tactics specifically designed to defeat that opponent.

In addition to in-game training, Korean teams often impose physical exercise and healthy diets in order to ensure their players are in the best possible shape to compete.

Western

Main traits of players

Players in Western teams are of very diverse origins, although the majority are from North America or Europe there are a good amount of Koreans and people from all over the globe.

The average Western player is far more at ease with uncertainty than his Korean counterpart, as such they tend to be more opportunistic and focus on the immediate moment.

Although strong team spirits exist, they are mostly defined by the individual identities of the players. Western players typically have a stronger sense of personal achievement. Being good at the game is not an end as such but a means to the recognition and fame they seek.

Recruitment process

Recruitment is a very cautious process in Western PGTs as they typically have an approach focused on sustainability and return on investment when hiring new players and those parameters dictate what they can afford to provide the player with. The procedure can go two ways, either players approach the teams directly, either managers maintain a solid information network allowing them to know when interesting players might be thinking about switching teams at which point they engage in negotiations. Such procedures though usually only take place when the player is reaching the end of his current contract, as there is a gentlemen's agreement amongst teams and it is usually considered unfair game to go after an already contracted player. If such team transfers do occur, they are usually negotiated between the team managers and a transfer fee might become part of the deal.

Recruitment decisions are made by the top executives of the team and the division manager for Starcraft 2. Criteria taken into account include skill and talent, drive and will to improve, personality, capacity to be in the spotlight and manage media and above all fit with the rest of the team. As such personality is as important as skill when recruiting players in Western teams.

Inclusion of players

Inclusion processes in Western teams are driven in great part by a top down approach. Managers try and meet the new players as early as possible and discuss with them their vision and set expectations about professionalism, social media handling and the general attitude of the player. Players are often provided with a formal welcome packet with further information and documents allowing them to have a reference point to come back to and helping them understand what exactly is expected from

them. New players are then nurtured and guided mostly by their division manager as well as by their team mates in order to properly integrate the PGT. Overall interviewed managers did stress that a great part of a successful on boarding of a new player comes from the very early recruiting process, when the managers assess the fit of the player within the current team. One of the teams interviewed did actually have issues with one of their players for this exact reason; as such they had to let him go despite his extremely high performances as an eSports athlete.

Incentives and compensation

The main incentive provided to players joining a team resides in getting travel expenses partially or entirely covered to go to tournaments. Western teams typically spend dozen of thousands of US dollars a year to fly their athletes around the globe and in many cases this represents the most important compensation they players receive. How many and which events a player is sent to is part of the compensation negotiation process. Trips to Korea in order to train and compete for extended periods of time have also been offered by certain Western PGTs to their athletes, such deals often happen in partnership with Korean teams. Monthly salaries are also far more common than in the Korean scene, they typically start at a few hundred dollars per month but can reach up to eight or nine thousand dollars in particular cases. Players might also receive hardware and various products through the team sponsors.

Progamers are usually also encouraged to video stream their live games to increase the visibility of the team and a few even have their own YouTube channels on which they publish various content ranging from commenting game recordings to strategy analysis shows. These platforms allow the player to generate advertising revenues supplementing their salaries. When successful in tournaments, cyber athletes can also count on prize money of up to dozens of thousands of US\$. Most western teams leave this entirely to the players but some take a small cut.

Finally, the few select Western PGTs running team houses can also offer housing and food to some of their players as part of their compensation package.

Training and coaching

Training procedures in the Western world are mostly tailored to the players' needs and preferences. In a general sense, Western cyber athletes do not display the same willingness in spending incredible amounts of time crunching down numbers and optimising strategies. They prefer focusing on developing their own style of play and coming up with a pallet of unique strategies which should set their opponents off balance. Training schedules and routines also adapt to the upcoming events, specific preparation takes place before important tournaments based on its format and the game maps that will be played (as they strongly influence strategies and tactics). As in Korea, players also know to some extent in advance the names of the first players they will encounter in the qualifying rounds of a tournament, this gives them some possibilities to prepare in advance but unlike in the GSL, Western tournaments usually take place over a single week-end and the players will encounter many unexpected opponents, a general strategy preparation approach is therefore necessary as well.

There also usually is a trade off in the Western world between streaming, playing on the ladder (the permanent regional public ranking) and training. Streaming generates exposure and revenues for the player, it allows him to interact with his fans and work as an entertainer. It does though also expose his gameplay to potential future opponents and therefore players often hold back on their new special tactics and strategies when streaming. Playing on the ladder provides an opportunity to test new strategies "in the field" against various random opponents and to measure their efficiency. But Starcraft 2 allows recording every single game and therefore there is a risk of leaking strategies to the public and allowing them to be crunched down to find their weak spots and ways to defeat them. It is for this reason that many players go "underground" just before major tournaments and train mostly against sparing partners and team mates in private games. In those intensive training periods, the accent is put on optimising new unseen strategies.

From a coaching perspective, Western teams have a far looser grip on their players than the Koreans. Team captains and head coaches act as advisors to the players and might suggest skills to improve and ways to get there but they rarely impose any gaming schedules or hours. The general perspective is that a gamer should not be forced to work. There are of course open discussions with players to encourage them to invest sufficient time in improving their performances but the overall assumption is that a player self-driven is more effective. When players do not display enough engagement (and that it is reflected in their results) managers, coaches and team mates will do their best to motivate them but a consensus might also be reached and the player simply let go.

5.1.6 Skills

Throughout interviews it became apparent that different teams tried to specialize to the extent that it is possible. Some teams focused on publicity, while others on results, and the way they achieved

those goals differed depending on the skill-set of both the players but also of management. Overall, as with many other factors, certain trends appeared quickly that separated the Korean teams from the western ones. Below are some of the factors that most clearly show how the different scenes focus on different things according to their competences.

- **Training:** the efficiency of the methods for training for the players
- **eSport experience:** experience can play a potent role in determining success for a team
- **Creativity:** finding new solutions to old problems

Korean

Training

Since the beginning of eSport, Koreans have been infamous for their strict training schedules. During the early days players were frequently required to train up toward 12 hours per day, weekends included. Any time outside of this was spent watching replays of other people playing the game. While certainly intense, they also did produce the best results and only two foreign players managed to make it into Korean teams. While the strict schedules have been relaxed somewhat as of late, their practices are significantly more intense than those of the western teams, and many players claim that this is what drives the successful results of the Korean players. Some exceptional foreign players have travelled to Korea to sit with teams there in order to improve, and they exclusively state that they have managed to improve substantially during that period of time. Training methods is something that Korean teams have honed over the years and gained a significant competitive advantage in.

eSport experience

The experience of the Korean eSport players is unparalleled. While this is certainly due to the fact that the scene grew so early, both managers and players have capitalized on this in various ways. Managers and players pass on important information to younger players, and the skill-level of the whole team improves.

Creativity

Even though the eSport scene has existed in Korea for a long time, it has not developed to the extent that one could expect. Players are still not being paid as much as players of traditional sports, and the sponsorship money has not supported the scene at the same pace of growth as it has in the west. While there are many reasons for this, the lack of creativity of the teams is certainly one of the reasons. Managers have not managed to identify alternative revenue sources, and have kept a

business model that was developed at the turn of the century. In a fast paced market like eSport, teams could have benefitted greatly by finding other ways to gain exposition, such as online video-streaming and publicity-events, something which has only started occurring after the western team has shown how immensely profitable it might be.

Western

Training

Naturally both Korean and western teams want to help the players succeed in the eSport world, but the way of accomplishing this differs quite significantly. Western teams almost never have an agreed upon 'hours per day' that players have to practice, nor explicitly stated results that they have to accomplish. If a player wants to sit and watch TV for a few hours, he is more than free to do so. During interviews, managers consistently stated that they felt that players need to be driven by an internal force that motivates the players to achieve greatness. Thus, the team is there to motivate, not regulate. While most players appreciate this attitude, some players have stated that the lack of formalized training session with clear guidelines prevents them from reaching their potential.

eSport experience

Western teams vary greatly in experience-levels. The recent eSport boom has caused a huge influx of new talent, both on the player-side, but also on the management-side. While these managers have ways of making up for their lack of experience, they do lack the information that Korean managers are able to pass onto younger recruits. Many new teams have to 'reinvent the wheel,' something which both takes time and energy.

Creativity

Creativity is one of the categories where western teams truly shine in comparison to their Korean counterparts. Over the last few years they have found revenue-sources in consulting-work, online video-streaming, PR-events, and encouraged players to interact with the community for the purpose of making sponsors happy. In many ways they understand the eSport business more aptly than that of many Korean teams that have been around for a decade.

In order to identify relevant shared values that characterize the organizations, interviewees were asked to discuss what they felt to be unique points in their organizations culture. Some common elements appeared, but the overall differences between Korean and western teams were striking. Under each region, certain common traits that were identified are listed and detailed.

Korean

Clear and pronounced chain of command:

Whenever a new player joins a Korean PGT, he is introduced to the team, and who he reports to. A head coach is considered a teacher and a role-model, and is also expected to be treated as one. Age plays an important part as well, and players who have been in the house longer tend to have more informal power. Even as players improve their skill and might surpass others in the game, there is still a relatively strong sense of hierarchy within the team.

Effective training methods:

Koreans are known for their excellent results in tournaments. In almost all big international tournaments, Koreans are by far the favourites and only a few foreigners can compete effectively. This is often attributed to their harsh but effective training methods. Many foreigners who do go to Korea come back with a new-found drive and motivation. The long hours that are expected to put into the game are only the tip of the iceberg. The number crunching that optimizes strategies and thorough analysis of replays are just two of the ways in which Koreans outperform westerners in terms of training.

Team-spirit:

Whenever Koreans perform, the team that they belong to is the same as their identity. This is one of the reasons that Koreans eSport has been able to operate without the signing of complicated contracts. When a player is recruited, he is expected to stay on that team until the day they disband. While this has begun to change, the sense of team-spirit is still ever-present. For instance, in the west all tournament-formats are based on one player fighting another one. The team he belongs to is not particularly important, beside the fact that they managed to get him there. Moreover, western players switch teams more frequently and do not hold it as close to their heart in terms of identity. Korean tournaments frequently offer team-battles. This is a hugely popular format in Korea, but has never gained much popularity in the west.

Western

Individualism:

Western team has been known to promote their players very well. In many ways they promote the player as a part of their own brand-name. What team a player plays for is often very important, and that can determine whether or not a team is popular. While somewhat volatile of a business model at times, this means that recruiting a famous player can bring a lot of new fans, and consequently a

lot of new sponsors. This also means that the team lets the player practice the way he wants to, without more than necessary pressure from the team managers. All players are expected to be inherently motivated, and if they are not, they are free to leave. The pressure to play even when they do not want to is not present in the same way that it is in Korea.

Financial sustainability:

While Korean teams are certainly worried about finances just as much as western teams are, the financial management is very different. During interviews it was clear that western teams always thought in terms of return on investment. If it is not financially sound to send a player to a tournament, then he will simply have to wait until a better opportunity arises, or until he improves to the state where he has a chance of performing well. Koreans often send players if they pass a certain minimum-requirement internally, and they are less concern about return on investment for each event.

5.2 Environment

This sub-chapter will display some of the key information supporting, further in this thesis, the answer to the second part of the study question. In that endeavour, the data is mostly factual but nevertheless processed through the theoretical models presented in chapter 0.

5.2.1 PESTLE

In the following section a comparison will be made between the Korean and the Western eSport scene in terms of the PESTLE model. Certain historical events will be pointed out that lead to the development of two vastly different eSport scenes. This also helps to understand why players and managers perceives the scenes as such different entities, and why different management styles may be appropriate to optimize the development of the players abilities. Certainly, analyzing the western scene as a whole provides some inherent complications, but it is mainly presented to show how different it is from the Korean scene, which has generally been accepted as the first and most successful professional scene.

Political

Korea: Historically speaking, there are numerous political factors that have contributed to why esports has become so popular in Korea in comparison to the rest of the world. In the 1990s, video gaming became vastly popular with the releases of famous gaming consoles such as SEGA and the Nintendo Entertainment System (NES). However, due to poor political relations with Japan, Korea

was unable to import gaming-consoles until 1998 (Facts and Details, 2009). Thus, if Koreans wanted to play video games, a computer was the only affordable way to do so.

The West: In the case of the western countries, there are several regional laws that have affected each country differently. Overall the free import of gaming consoles are widely accepted as an important reason for why professional computer gaming did not take off in the same way. In fact, many of the best players of computer games are from Korea, while many of the best console players are not.

The United States the Entertainment Software Rating Board (ESRB), which was founding in 1994, had a strong impact on restricting younger players from purchasing the more violent video games. This can certainly have had some effect on the younger players who aspire to play professionally.

In Sweden institutions such as Sverok allows for players to get together in groups and get financed by the state. When speaking to Swedish players this has often been used to finance games, gear, snacks, and events. While not enough to live on, it certainly has helped players get in contact with others to set up smaller teams, serving as the first step to PGTs.

Economic

Korea: After the economic downturn in 1997, people sought ways to set up cheap businesses and cheap entertainment was desired. These conditions caused a country-wide establishment of internet-cafes, “where people could get access to high-speed Internet for a fee of about \$1 an hour” (Kim T.-g. , 2007).

Because of the widespread popularity, TV channels realized that this was an extremely cheap way of producing content that the younger audience wanted to watch, and it was not long before several gaming channels dedicated to Starcraft were introduced.

The West: While competitive video games may have served as a cheap source of entertainment in Korea, it never had quite as widespread level of acceptance in the west. Internet cafes did not serve as a cheap source of entertainment in the west the way it did in Korea. Now that many players do not play in internet cafes in the way they used to, it also serves to explain some of the reasons why it has grown so drastically in the west and even made major strides to catch up with Korea.

Sociological

Korea: For a country where the youth is constantly told how important conformity was, gaming allowed for a way for the Koreas youths to express themselves anonymously over the internet. As more and more youths gathered in these internet cafes, it became more and more accepted that this

was something that youths did. In fact, not being a gamer could at times even cause you to be left out of social groups and cliques.

The West: Social acceptance played a major part of the rapid growth of Korea's eSport scene. In the west it was not until rather recently that gaming became a more accepted form of pastime, and with it eSport has grown in popularity. That said, gaming still carries with it a high level of social stigma, something that can be considered as a hindrance for future growth of the western eSport scene.

Technological

Korea: One of the factors that made internet-gaming possible was that the government invested heavily in the countries' telecom-industry, and broadband were widely available to residents. In 2002, total amount of internet users in Korea reached 55%, only topped by Iceland and Sweden. (Union, 2003)

The West: The lack of internet cafes and broadband access in the west has played its part in preventing eSport from growing in the manner that it has in Korea. In fact, one can clearly see a correlation between the countries where broadband was accessible early on and the popularity of eSport. Countries like Sweden and Germany are good examples where internet was accessible early on, and where the popularity of eSport has grown relatively fast in comparison with other western countries.

Legal

Korea: Generally speaking, eSport is not heavily affected by the legal system in either a positive or negative way as of today. It is true that it is not exactly taken into account when laws are designed, but nor is it hamstrung by bureaucracy either. It is however relevant to note that the intense training schedules of many professional gamers have been the cause for many debates in Korea. Recently, Korea set in new laws that are meant to combat online game addictions (Caoili, 2012). These laws are designed to prevent children from playing games during a period that parents decide upon. Korea has had severe issues with children playing late at night, but now there will be in-game features that gives authority to parents to control this. This is expected to have some effect on the eSport scene in Korea, but it does not fundamentally alter it.

The West: The legal issues have varied from country to country, but has generally neither facilitated nor hindered the development of eSport in most countries.

Environmental

Korea: There are few environmental factors that affect eSport per se. It is more a question of geography than anything else. After all, Korea's eSport scene is greatly centralized around the capital, Seoul, which means that attending events, training sessions, and finding practice partners that one can meet up in real life is vastly greater than that of the west. More than 10 million of Korea's 50 million citizens are located in Seoul, and no eSport scene of any other country is as concentrated as that of Korea. There are no big tournaments or professional teams that are located outside of Seoul, making it an ideal location for an eSport capital.

The West: This has served as a major hindrance to eSport for the same reasons that it facilitated the development in Korea. The lack of a common eSport hub where players could gather made it very difficult for teams to develop. In fact, many of the early PGTs originated in smaller villages where groups of friends managed to get an apartment and live and train together. Especially in the early days of eSport when games like Quake 3 and Counter-strike were popular, the best teams were almost always a group of friends. However, the likelihood that the players with the best potential just happened to live in near proximity to one another is rather low. This means that it was hard to establish the best teams due to barriers of online communication, time zones, languages, etc. In Korea almost all top players either lived in, or moved to Seoul, while in the west online communication was the only option. This still serves as a big barrier yet today, and professional players travel almost every single weekend all over Europe and the US to attend big tournaments. If at least one commonly accepted eSport hub were to be established per continent, this could greatly improve the odds of finding suitable teammates to develop and hone the player's abilities.

5.2.2 Porter's Five Forces

New entrants

Just as with most markets, the possibility for new entrants is ever-present and needs to be taken into account for the teams. However due to the structural differences of the two eSport scenes, the threat looks somewhat different.

Korea:

As have been stated previously, the Korean eSport scene has been around much longer than the western one. The establishment of professional leagues has caused the teams to conform to certain norms and expectations. Any team that wishes to enter the Korean eSport scene needs to operate within these parameters, or they will not be considered serious. This certainly makes it difficult for a

western team to enter Korea and pick up players, but even harder for a new team to appear on the scene.

The Korean eSport scene was heavily founded upon handshakes and verbal agreements, and in most cases there were no formal contracts. This worked well for Korea in the past as almost all professional team were Korean. It was very frowned upon to contact players without speaking with their teams first, making it almost impossible to recruit players, even though they had no contracts. This trend continues and team loyalty is extremely important. Moreover, up-and-coming stars are recruited at an early age and then nurtured within the team. Thus it becomes extremely challenging for new teams to recruit talent without putting down a huge investment in up-and-coming talents that may or may not pay off in several years down the road.

Hence, the threat of new competition in Korea is very weak. Not only is a lot of money is required to enter the market, but connections and a proven history is essential for players to take the team seriously.

West:

The market looks extremely different in the west. Since the market is much more fragmented, there are no agreed upon norms and expectations of teams. Players almost exclusively sign contracts to play on a team, and when the contract ends, they have the chance to leave the team without the social repercussions that would occur in Korea. The up-and-coming talent is rarely at an early stage and as soon as they begin to show results, any team can pick them up. Players generally do not have the same sense of team loyalty that is present in Korea.

That is not to say that there are no barriers to entry. Connections and team name plays a big part in decision of a player. However, if a new team offers good terms and conditions with a lot of money to back it up, they could recruit many notable players.

Hence, the threat of competition in the west is significantly stronger as money is the largest deterrent from entering the market.

Substitute power

Depending on the definition, there are many potential substitutes to eSport. However, for the purpose of this thesis, tradition sports and alternative games will be viewed in the two eSport scenes as viable alternatives.

Korea

Losing fans and viewers to other forms of entertainment is a concern that is felt both Korea and the west. Most viewers watch eSport for the sense of competition, making traditional forms of sport a highly viable substitution to eSport. In Korea, it is important to remember that while traditional sports are certainly hugely popular, eSport is not as much of a niche sport as it is in the west. Thus, for a fan of any given game in eSports, the most likely substitution is other another game.

With the growth of the Starcraft scene, more and more eSport games are beginning to make their mark on the eSport scene. For instance, the Korean League of Legends scene has a huge fan-base. Accordingly, teams continue to expand their organization with more players in different games. If a Korean eSport team has both a Starcraft palyers and League of Legends players, the threat of substitution is significantly lower, as the fans will follow your team regardless of which game they are watching.

West

Just as in Korea, other forms of eSport serve as very relevant substitute. Most teams tackle this by being highly dynamic and recruit players that specialize in different games. However, the significantly higher level of stigmatization of eSport in the west changes the dynamics of substitutions quite significantly. Traditional sport is a stronger form of substitution in the west.

Sponsor power

While all teams try to train the best players and win tournaments, that alone provides almost no revenue aside from small donations or bought commerce with the teams logo. In fact, the revenue model for all PGTs is sponsor-based. Thus the bargaining power of the customer is the same as the bargaining power of the sponsors.

While sponsors have been putting in more and more money into the scene as of late, the total amount is still very limited. There are enough competitive teams to choose from, and even if there are not, the sponsors could choose another sport to endorse. Finding financial partners is a huge problem for all teams, but the dynamics of sponsorship in Korea and in the west is quite different.

Korea

The amount of money circulating in the Korean eSport scene is significantly lower than that of the western scene. Thus, finding a financial partner becomes critical for any team in order to finance the team-house, staff, food, and potential salaries for players. The power that these sponsors hold over the teams can be visibly shown in the very names of some PGTs. If a team signs a big sponsor, they

might change both the name and team-logo, as can be seen with “Samsung KHAN”, “SK Telecom T1”, etc.

While the lack of money circulating in the Korean eSport scene certainly gives more power to sponsors, there are other important factors as well. Most notably is the relatively long history of eSport in Korea. The sponsors have experience sponsoring teams in the past, and it is easier for them to estimate their return on investment whenever they sponsor a team. They are also well-aware of their strong bargaining-power and they know how to use it.

West

While money is the major limiting factor for most teams both in Korea and the west, there is significantly more money being invested in the western eSport scene. Sponsors have a much harder time estimating the return on investment as the scene is new and fragmented, and the monetary value of having a logo on a players shirt is difficult to measure. This lack of understanding of the market puts the sponsors in a position that is relatively weak to that of the Korean eSport scene. That said, the sponsors still have a huge amount of power. As soon as money stops going into the eSport scene, it would almost instantly implode. The scene is far from self-sustainable, and sponsors are well-aware of this.

Supplier power

The suppliers in the case of eSport teams are the players. The strength of the supplier is dependent on a few different factors, such as the player’s skill, their popularity, and the interest that other teams have in the player. Moreover, just as in the section about ‘new entrants’, the different structure of the PGTs in Korea and the west also plays an important role for determining the negotiating power of players.

Korea

As have previously been stated, the eSport scene in Korea is vastly more competitive than that of the western scene. This makes the few players that are able to compete in the very few available tournaments highly attractive. Thus intuitively, lucrative bids from other teams would likely give them a lot of negotiating-power. Moreover, due to the frequent lack of formal contracts, most players would on paper be able to move freely to the highest bidder. However, if a player has received training with one team, he is very unlikely to leave that team, even if better conditions are offered in another team. This is mainly due to two reasons; team loyalty, and lack of transparency. As teams are generally not able to communicate with players directly, the exact worth of a player is generally unclear, making the players bargaining power significantly weaker. Thus, the absence of

contracts generally means that the players receives the short end of the stick as he cannot leave the team due to social pressure, but can be immediately kicked out of he does not perform well.

West

While the western scene has been criticized for not being transparent enough, it is significantly more transparent than the Korean scene. It is easy for a player to contact a manager of another team and see if that they are willing to offer more than his current team.

In the Korean eSport scene, most teams consider skill as the only real way to add value to the team. However, western players have found various ways to add value as a player. For instance, some players are only mediocre, but they are highly entertaining to watch, causing them to attract high streaming-numbers, which sponsors are very positive of. Others are very educational and interact with the community, which also draws attention to the team and sponsors. Thus western players have found various ways to gain bargaining powers. That said, there are many players that dreams of joining a PGT, so the team generally have a lot of power in deciding the terms and condition of the players contract.

Competitive rivalry

The way that teams identify themselves in relation to other teams vary greatly between Korea and the west.

Korea

Since the Korean eSport-scene is in a much more mature state, several teams have been around for a long time, allowing for rivalries to emerge. In many ways, what these teams have fought over has been to get the best results in order to get the best sponsors. However, as tournament leagues have become relatively few, with a very high skill-level, it has become harder and harder for teams to do well. If there are only two or three solid tournaments, the competition for sponsors become severe. Moreover, since Korean eSport has generally been very skill-focused, only the best teams get the sponsors, making the competition on the Korean eSport-scene very fierce.

West

The competitive rivalry between teams within the western eSports is quite fascinating. Due to the relatively recent popularity of eSport in the west, all teams are working to promote the scene. This has created a sense of 'competition' where all teams work together to make eSport bigger, while simultaneously trying to emerge as the most prominent team. Moreover, since the scene is so fragmented, different teams have managed to find different niches. Hence, the rivalry on the

western eSport scene is not a huge problem in its current state, but might become so in the future as the scene matures.

6 Analysis

In the previous chapter the first part of the study question was answered and the existing differences between Korean and Western Professional Gaming Teams were highlighted. In addition some factual data was laid out in order to prepare the analysis which will take place in the current chapter. As mentioned previously, the current task is to answer the second part of the study question and dig in deeper into the source of the differences between the two archetypes of gaming teams.

This analysis is divided in five parts:

First the general approach in explaining causality will be discussed. Second a holistic view of the general mechanics dictating differences amongst the PGTs will be taken. Third, key investigation points deserving deeper investigation will be identified. And finally fourth and fifth, the key investigation points for each team will be analysed in depth.

6.1 Alignment and success

In the theoretical section in chapter 0 various elements were laid out explaining the importance of alignment as a key success factor. Although the methods to reach a good strategic alignment can vary and despite the fact that a good alignment can vary within certain boundaries, (Slack & Lewis, 2008) misalignment was also identified as a disqualifying factor in the case of small and young enterprises such as the PGTs studied in this thesis. (Garg & Goyal, 2012)

The studied PGTs were chosen amongst the most successful in their scene. They are considered top tier teams and most of them have a strong track record considering the young age of the industry. As such it seems reasonable to assume that their success implies they are, even though not perfectly, at least reasonably well aligned with their respective environments.

If this assumption is taken as a starting point, it can also reasonably be stated that the current internal organisation of PGTs is a fairly direct consequence of the external forces and environmental specificities of their respective scenes (or that the teams specifically found a market that suits them). Therefore by using strategic alignment theories as a governing principle, it becomes possible to navigate amongst the causes for differences between Korean and Western teams.

Although Slack and Lewis designed the 4C concept as an alignment diagnostic tool for an operations strategy model, (Slack & Lewis, 2008) it still provides valuable insights in how to structure the following analysis.

The comprehensive concept (Slack & Lewis, 2008) suggests taking a holistic perspective of the intersections between external requirements and internal capacities of organisations and to ensure that all relevant elements have been identified. Such an approach will be adopted in the following section to assess the general explanations for differences between the archetypes of PGTs.

The criticality concept (Slack & Lewis, 2008) suggests that in the overall complexity of interconnections between firms' internal aspects and the outside world, some elements are of higher importance than others. This consideration will help identify critical success factors for each scene that truly differentiates the archetype PGT from its counterpart.

Once these critical success factors have been identified they will serve as focus points for a deep analysis and explanation of some of the differences between the teams. In that endeavour the coherence and correspondence concepts (Slack & Lewis, 2008) provide interesting complementary study angles, the first one by explaining the critical factor in connection to internal aspects, the second by taking an external requirement approach.

6.2 Alignment of PGTs and their environments

As stated above and inspired by the concept of comprehensiveness provided by Slack and Lewis, a holistic view of the links between the internal organisation of the PGTs and the external constraints will be analysed.

The following two subsections will therefore focus on giving a very broad and general outlook on the interconnection between external forces and the realities within each archetype of PGTs. In a general sense, the PESTEL and Porter findings will be used to frame the analysis for the reasons of the overall differences between Korean and Western teams.

6.2.1 Korean

From a business and economic perspective, the Korean Starcraft 2 professional gaming scene is locked by important incumbent teams leading to positions and strategies typically seen in maturing industries. Gaming has a very important place in society in South Korea and professional gamers are mostly accepted as true athletes. This can be in part linked to their widely recognised training ethics, focus on discipline, hard work, and diet. Social acceptance of professional gamers was encouraged on multiple fronts. Initially it occurred through the expansion of the Internet environment across the country in the 90s. Second by the appearance of TV channels ready to broadcast Brood War

professionally. Thirdly, by a strong line-up of Korean brands seeking new advertising opportunities and prepared to support the professional teams.

Given that in Brood War, PGTs started very early with sufficient means to fit their modest needs, (the travelling cost was exceptionally low as almost all tournaments were played locally in Seoul) the teams could focus on achieving high results in tournaments, and did not need to seek growth and big opportunities elsewhere. When Starcraft 2 came out and a second high profile league was set up and backed by a TV channel, there was no reason to think differently for the newly created teams. Naturally, this was not helped by the fact that the league itself imposed severe limitations on the teams in producing their own entertainment content.

The PGTs working methods, training and incentives are in-line with many important aspects of Korean culture. They offer a relatively safe and straightforward environment where tasks and goals are clear, a trait particularly suiting young Koreans. Since playing for the top tier teams and in the high profile GSL tournament is already a source of prestige in itself, the cyber athletes are overall prepared to sacrifice quite a lot on salary pretensions. They also know that if they succeed, they can pocket hefty prizes from their tournament wins, and in the Korean mind the path to success is above all through hard work and discipline. This discipline is also visible in the structures of the teams, with all mighty managers and coaches and a true hierarchy spanning from the players to the top level of the organisation.

6.2.2 Western

Due to very different external factors, the western world did not benefit from the heritage of a strong eSport-scene like that of Korea. In North America and Europe, gaming is still widely considered as a form of personal entertainment despite the increasing popularity in all age-groups. The higher emphasis on console gaming in the west is a strong sign of this entertainment approach simply because they typically take place at the heart of homes and encompass higher direct social interactions in comparison to PC based games such as Starcraft 2 practised alone behind a desk. This explains some of the major aspects of Western PGTs starting with the attitude of the professional players. They almost exclusively consider Starcraft 2 as a form of personal entertainment and are not willing to “hurt themselves” in any way in the context of the game. Being by nature competitive people they are willing to put in effort and hard work to improve, but it is usually driven by the idea of future satisfaction such as competitive achievements or fame. The loose training discipline in western teams acknowledges this reality, players are encouraged to vary their activities and find methods that are effective for them. However, they are rarely are they imposed strict training-schedules and long working-hours. When such constraints are required they are typically connected

with monthly salaries justifying in some sense the hard work demanded. Finally, the internal structure also lines up with this non coercive logic. The organisations have a particularly flat hierarchy and players are involved in most discussions that affect them.

From a market based and economic perspective, the Western scene faces higher barriers to entry due to costs associated with travel across the geographically spread out tournaments. The required capital to gain visibility for potential sponsors in most forms of traditional media also serves as a barrier to entry. However, new technological trends have greatly improved the situation, where the emergence of social media linked with high-quality content broadcasting tools such as YouTube or video streaming services helped link the community and increase visibility. These tools help reach new spectators and consumers beyond the boundaries of the game itself. This strongly explains many of the internal choices within Western teams. Their need for resources to travel and get to events has encouraged PGTs to focus on sources of revenue and create monetary value. Because of this, western teams were very quick to adopt diversifying elements such as an image, fan-communication and branding. Having a strong image and popular players became more important than the overall performance level. Thus, when new a new recruit joins a team; there is a heavy focus on the inclusion process, professional attitude, as well as media and PR discipline. The attention and time of top managers is also turned towards the exterior in seeking to build bonds with sponsors and other partners and most of the strategies revolve around providing a unique value proposition.

6.3 Critical success factors

In the previous subsection, a holistic view of the relationships between the PGTs and their environments was taken in order to broadly explain the underlying reasons behind their internal differences. Going into a deeper explanation of all the complex influences between internal and external factors would of course vastly exceed the ambition of this thesis and likely occupy entire volumes. Nevertheless, Slack and Lewis provides an important inspirational concept that helps to frame the analysis. They talk about criticality and the necessity to identify the key success factors that are imperatively required by the environment and must therefore at all costs be met by the organisations internal capacities. Thus the focus in this subsection is to identify the primary critical success factor for each of the archetypes of PGT.

In their theory, Slack and Lewis mention that the critical factors are practically impossible to formalise or generalise and that they are vastly a matter of pragmatic judgment. (Slack & Lewis, 2008) As such the identification of the critical success factors in the current case is above all an arbitrary (but educated) choice based on subjective perceptions. Despite this we can still find strong grounds pointing us in the right direction.

As a matter of fact, a strong hint towards pinpointing these critical success factors can be found at the very beginning of this thesis in our initial framing of the scene and problem discussion. One of the triggering elements for the current analysis was a quest to understand why Korean teams were so successful at generating player performance and why western teams were so much more successful financially.

If we look back into the findings of this thesis, these are two recurring topics and are linked directly or indirectly to many of the justifications for why the teams are organised in a certain way internally. We can clearly see how player performance improvement is taken into account at almost every turn in the Korean teams. In parallel there is a striking effort in the Western teams in providing a unique offer whilst ensuring sustainable activities.

In addition, an interesting fact is that both from a Korean and Western perspective, the respective key attribute of the other scene is a “nice to have” but not necessarily make or break condition for survival.

All these elements add up in justifying the following two critical success factors for analysis in each specific scene:

- **Player performance** for the Korean PGTs
- **Sustainable value offer** for the Western PGTs

The final two sections of the analysis will therefore focus on going in depth on these topics.

6.4 The Korean critical success factor

6.4.1 Player Performance

After reviewing the empirical findings, the interviews all pointed at the same critical success factor for the Korean PGTs - player performance. This factor is what has allowed Korean teams to maintain their international status as the Mecca of eSport. This section will take a look at the key-findings in

both the internal structure of PGTs, but also the external environment, and analyze how they are all coherent with teams focus on player performance.

Internally

Structure

Interviews showed that Korean managers take serious steps to instill a structural need for achievement within their team. For instance, most successful teams have so-called A-players and B-players. The difference between the two is usually the extent to which they are allowed to appear in tournaments, if they get paid, and how preferential their contract is. The teams argue that this is a way to give new talent a chance to train with the best, and help them succeed. This serves as an effective way for the teams to give these aspiring players a taste of success, but it also allows the teams to push the players even harder to make it into the A-team. Also, if a previously successful player starts to fall behind and perform poorly a few tournaments in a row, they might be moved down to the B-team until they get back on track. This is all based on performance, so instilling the players with a need to succeed is a critical part for the PGTs.

Team houses also serves as a way to inspire players to hone their skills. Once put in an environment where everyone is attempting to become the best, it is not hard for players to become inspired. Moreover, players constantly support one another and provide tips to improve. They also have strategy meetings where they help each other to come up with new and creative strategies that might give an edge in the next upcoming tournament.

Inside these team-houses, there is a strong sense of internal hierarchy. Each player knows his place and respects those above him. The coach of a team is almost always an extremely high-level player himself, or at least used to be. This sense that their coach is a prior legend also helps to motivate the younger players to achieve high results to follow their role-models. All of these structural steps that Korean PGTs take are made to motivate players to perform better, and is a crucial step for their success.

Strategy

The business strategy of the Korean teams also proves to be modelled in order to improve player performance. By placing the players in one house they are cut off from any forms of distraction, something that has been proven very effective. Moreover, within that house, the team only focus on one game; Starcraft. While western team may be more diverse in their teams, Korean PGTs have decided that they want their players to live and breathe the game that they are playing. This does

mean that there is a certain lack of diversity, but it also helps the team specialize as all the players are focused on becoming the best Starcraft player possible.

Another part of the strategy is that Korean PGTs only have one goal for their players, which is to become the best. Western teams have been known to create value elsewhere, for instance by streaming their games or interacting with the community. This has never been an important part of any Korean PGT, and only recently a few of them have begun to stream games. This focus on just practicing for the next tournament also goes hand in hand with deliver a high level of player performance.

Systems

In terms of systems, it is clear that the Korean PGTs focus on player performance. Managers do not emphasize traits like communication in the same way that western teams do. Because of how difficult it is to secure a spot in the biggest Korean tournaments, all activities are focused on improving the player.

Style

As became very apparent during interviews, Korean managers have a very different style than that of western managers. For instance, western managers pointed out that frequent interactions with players is a crucial factor for keeping them happy, motivated, and feeling like they are actually being cared for. Korean managers, however, felt that this was a guaranteed way of impeding progress. Not only does it take time, but if managers are not constantly involved, players will interact more with players around them, creating a sense of unity and pressure to improve together. Also, since management mainly interacts with only the best players in the team, performing well in tournaments has become the most effective way to prove that the player is a contributing member of the team. This further proves that the style of managers in Korean PGTs is very much in line with improving player performance.

Staff

The supporting staff of Korean PGTs is all there to help improve the skill-level of the players, either directly or indirectly. For instance, support staff like the chef or a cleaner will help the players focus exclusively on the game. If they hit a hot-streak they do not have stop what they are doing to cook some food or take the trash out. Moreover, there is staff to book hotels and flights for them. All of the worries are taken care of so that the players can focus completely on just playing the game and improving.

In a more direct sense, the team has a coach that helps players with number crunching and strategic advice. They will often stand behind players and give advice after the game has ended. If a player hits a slump, a coach might sit down and analyze the game together with the player to identify specific areas that they need to practice. Once again, all of these steps are there to help the player improve, so the way that the staff is organized in Korean PGTs is very much in line with the critical success factor.

Skill

As previously mentioned, the effective training methods are something that truly separates the Korean PGTs from the western ones. The long training hours and the dedication that is expected of the players all help the teams to produce the highest level of player performance possible. While having fun is certainly important even in Korean teams, it takes a backseat compared to how important results are.

Shared Values

Culturally, the Korean teams are known to be very different from western ones, and it showed during the interviews. While western teams operate with a rather flat structure, Korean PGTs work actively with a strict chain of command. By giving more power to the more successful players that have been around in the team for a longer period of time, the young players will be encouraged to view them as role models. This further creates the sense that success through tournament results is a critical cultural factor.

Moreover, the sense of team-spirit is built into just about every Korean PGT. Korean fans are often very fond of specific teams, whereas western fans are more focused on the individual players. Partially this is because the players rarely change teams, and if they are picked up as a B-player in one team, when they become good enough, they are likely to stay in that team as an A-player. This creates less movement side-ways in the Korean eSport scene where players switch from team to team to find something that fits their image. Ultimately, the focus on results is present in all teams, and therefore there is little need to switch teams.

Externally

Pestle

When looking at the external environment of Korean PGTs, there are many factors that indicate that the cultural focus of player performance is very reasonable. For instance, while the western eSport scene is much broader and tournaments take place both online, but also regionally on a regular basis,

the Korean scene is almost exclusively focused on Seoul. This changes the fan-dynamics quite drastically. For instance, since there are a lot of French eSport fans, a player from France might be very popular simply because he is French, and less because of his results. This would never occur in Korea since all players are Koreans. Thus it becomes difficult for both the player and the team to find a niche-market since all players are very similar to one another.

Moreover, the long-term tolerance for eSport, coupled with access to broadband that did not exist in most western countries, players have been able to focus on practicing for years. Many of the best Starcraft players started playing over ten years ago, and the constant repetition and drive to win each game has created a culture where success is the most important factor. Unlike this, in the west the scene is much newer, that players can find popularity in helping other succeed, or simply providing entertaining games.

Porters

Porter's five forces also provided a very coherent explanation as to why Korean PGTs are so focused on results. For instance, it is extremely challenging for new teams to enter the market since the skill-level of player needs to be exceptionally high to gain any sort of notice. This is yet another reason why Korean PGTs are so focused on recruiting young talent for their B-team. If they can recruit them early and nurture them, both in terms of gameplay, but also team-culture, then they might have a star-player in their roster a few years down the line. New teams simply do not have these financial resources.

Also, while the market indicates that there is a slight shift towards diversification of the eSport scene, meaning that other games beside Starcraft are gaining popularity. However, since this is such a recent shift, and Starcraft has been the dominating game for such a long time, focusing on the skill of each player made sense. This is something that might create a foundation for change over the upcoming years if other games keep gaining popularity.

Moreover, sponsors have had such strong bargaining powers, something that has forced Korean PGTs to deliver exactly what the sponsors asked for. Most of the time, this was to see their logo on the t-shirt of the player holding the trophy. This external focus on results also forced Korean PGTs to focus on player performance. Unlike western managers, Korean managers still have not found effective ways to provide values to sponsors in ways beside the results of the players.

Finally, the competitive market, where there are only a few tournament that gives coverage for the teams, players have found it difficult to gain recognition unless they make it far into those tournaments. To do this, a lot of training is required, and an hour spent communicating with fans is

considered an hour less of practice. Hence, increasing player performance is a direct result of an extremely competitive market.

6.5 The Western critical success factor

Sustainable value offer

Since Korean teams have generally been producing significantly better players, western PGTs have had to find other ways to compete. While the market is not identical, large international sponsors have to make a decision whether to sponsor a Korean team or a western team. Thus, the need to create a strong value for sponsors has been critical to western teams. Moreover, since the market is extremely dynamic, and both sponsors and players may come and go, sustainability has been equally important. This section will analyze the key-findings of both the internal and external environment of PGTs, and show how they are all coherent with teams focus on delivering a sustainable value offer.

Structure

Since the western eSport scene has had a much greater variety of games, a lot of the bigger teams have diversified as to include more than just one title. Some of the bigger teams include up to eight different games in various genres. During interviews managers stated that this was done due to primarily two different reasons. The first is simply that expanding to a new game was considered a profitable investment for the team. The second reason is that it allows the organization to be more dynamic and less prone to market fluctuations in case a game lost a lot of popularity.

This diversity also extends to the types of players that the team has. For instance, by having players in various games, they broaden their horizons. It sets less of a focus on just being the best, but indicates that each player can succeed in different ways. It reduces the sense of internal hierarchy, and encourages players to find their own specialty, something that can help to add value for the team in the long-run.

The western PGTs are also much more internationally aware. Having players from different regions allows managers to create value in new venues. For instance, having a Swedish player on the team is likely to draw a lot more viewers from the Scandinavian region than if the team was exclusive comprised of Americans.

Together, all of these categories shows that the internal structure of almost all western PGTs are based on creating sustainable value, as opposed to simply producing the best player in the way many Korean PGTs do.

Strategy

Managers in the western eSport scene have to be very considerate in how many players they send to each tournament. There are many to choose from, and each tournament provides a different type of return on investment.

This constant focus on ROI also means that western PGTs are trying to find an 'optimal' business strategy to deliver value to sponsors and fans. During interviews, it was rather clear that all teams are trying to find their own niche in order to provide something critically unique that managers can use as an argument when brining in sponsors.

Another important strategic choice of western teams as opposed to Korean teams is the focus on international appearance. For instance, all gamers, regardless of nationality speaks exclusively English all casts in order to reach out to a broader fan-base. This is virtually non-existent in Korea, partially due to poor English-skills, but even when they do speak good English, all their videos are in Korean. This also ties in with the importance that western teams put on communicating with fans. During interviews we were told that fans tend to identify much stronger with players if they feel that they can get to know them via streams and constant interaction. This creates popularity, which leads to visibility; and western sponsors are very focused on visibility.

Systems

During interviews, western managers frequently pointed out the importance of maintaining financial sustainability. Budgets are often discussed in detail with the team, and a high level of transparency is kept so that players are aware of how well the team is doing. This also means that players understand when there is a shortage in travel-budgets, which might mean that they are unable to participate in a tournament. One manager stated that keeping promises realistic is the key to success in this volatile business.

Another factor that helps teams to find new ways for financial sustainability is social media such as facebook, twitter, youtube, and streaming. All of these methods make it easier for fans to stay up to date on the latest news. These sites have plenty of sponsor logos that all help create visibility. During interviews managers stated that these are steps taken to ensure sustainability. Sending players with

the intention of winning first prize is alike playing the lottery to win, and is not the basis for a sustainable business model.

Moreover, the lack of team-houses of many western teams are explained partially because they are extremely expensive, but also that it does not provide the critical value that it might to the Korean teams. Having a team-house for Koreans help the players to develop their skills, and since it is located close to tournaments, travel costs go down. However, in the case of western teams, the majority of tournaments occur in various places, rendering a team-house worthless. Moreover, the focus on individual characteristics makes team-houses only useful for the very top tier of teams.

Style

In order to maintain a sustainable value offer, western managers have found certain elements that they are comparatively good at in comparison with Koreans. For instance, western teams were very early with finding a broad range of sponsors that were not directly related to video games. Also player-appearances on TV and interviews in newspapers are becoming increasingly common.

Another critical element is that western managers are very good at delegating their work. As previously mentioned, western teams have many more involved staff members as that of an average Korean PGT. Most of them work for nothing, or very little, and are just happy to help out the team. This allows the manager to spend a lot more time in developing a new strategy or finding new venues to create a sustainable value offer.

Staff

Whenever players are recruited to a western PGT, managers have to consider it in terms for return on investment. They rarely have the same mentality that the Korean teams do where several players are playing for a B-team. That said, there are sometimes investments made into up-and-coming talent, but it is much rarer than in Korea. This also means that whenever a new player is recruited, it is an important milestone for the team and the manager always takes time to meet him. This is in part to just welcome the player to the team, but perhaps more so to establish realistic expectations from both sides.

Moreover, the team always brings in staff-workers who almost always begin as volunteers and only after quite some time will the team offer some form of compensation. This staff is brought in to help the team evolve, often through finding people who are willing to help build up the brand name. This is all serves as a step to reduce the costs to the extent possible and focus on investing the money wherever it will yield the highest return.

Skill

One unique skill that many of the western PGTs have is that they have a lot of new people entering the scene. While experience is extremely important in some cases, new ways of thinking about old problems has helped the western eSport scene grow immensely. Some support staff has a strong business education and can contribute with new ideas. Overall, this has allowed western teams to find new ways to create value that Korean teams should have done years ago.

Shared Values

In terms of cultural elements, western teams are very focused on having a sustainable business model. It serves as the core cultural element of every successful western PGT. Whenever they are presented with a business opportunity, whether it be going to a tournament, recruiting a new player, or signing a new sponsor, they analyze the return on the investment, and if it is not good enough, they will try to find other options.

Another cultural element of western PGTs is that their players are very focused on developing a strong identity on the scene. This might at times come at a cost of team-spirit, but it can also help improve the value offered by the player, and consequently the value offered by the team.

6.5.1 Externally

Pestle

The external environment sets the tone for many eSport teams. The more sponsors they are able to acquire, the more players they can afford. It is the limiting factor for growth. Unlike the Korean scene, the western scene has a lot of tournaments, almost on a weekly basis. The fact that the eSport market is so spread out has made it even more important for managers to consider every tournament-participation an investment. It is extremely expensive and it might not always be worth it.

Moreover, the stigmatization of eSport in the west created a difficult starting-point for western managers to gain sponsors. It is difficult to get outside sponsors to a video gaming event as opposed to a traditional sport event, and managers have worked hard to overcome this. This has forced managers to be extra creative to truly deliver a sense of value for sponsors.

Porters

Since money is the largest deterrent from entering the eSport market in the west, managers have been forced to find ways to make PGTs self-sustainable in case a new team with a lot of money backing it attempts to enter. Moreover, managers have been forced to struggle against traditional sports for sponsors, and since the viewing numbers and purchasing power of the viewers is generally considered weaker in eSport, they have been forced to be very creative. Sponsors are well-aware that they are needed for the eSport world to survive. However, the exact ROI is hard to measure, and yet managers have found ways to motivate sponsors that these investments actually are worth it. This has further driven the need to be thoughtful about finding ways to create value in ways that traditional sports cannot. One of the most successful ones has absolutely been streaming.

Another difficult area to analyze is the player value to the team. Since players are popular for various reasons, managers have to analyze the financial value of each player in completely different ways. The player might be hugely popular for his style, he might be very skilled, or he might bring in a lot of viewers on youtube. All of these categories are vastly different, but the manager has to be able to analyze all of them from a financial standpoint.

Finally, the market is very flexible, and whenever one team finds a successful business model, the other teams are quick to copy it. This has helped the western eSport scene grow extremely quickly since there is a lot of cooperation industry-wide.

7 Conclusions

In this chapter, the final conclusions regarding the findings and analysis will be laid down, the successful answering of the research question and fulfilment of the purposes of the thesis will be reflected on and further considerations regarding the implications of this thesis will be analysed.

7.1 Overall considerations

7.1.1 Study question

This thesis was started with the intention to answer the following study question: *“How are Korean and Western foreign Professional Gaming Teams different from each other and why?”* The empirical findings framed through the 7s model allowed to highlight the first part of the mystery and uncover the broad internal distinctions between Korean and Western teams. In a second stage, an analysis under the assumption of strategic alignment between the organisations and their respective environments provided further understanding regarding the reasons for these broad differences. As such both the “how are they different” and “why” were explained in the course of this thesis and the study question can reasonably be considered answered.

7.1.2 Thesis purposes

Reflecting back on the starting point of this thesis and the main purposes we can state multiple elements.

Explaining the business models

The 7s was the tool of choice in understanding the internal mechanics and logics behind each archetype of Professional Gaming Team. We saw radical divergences between the Korean and Western teams and overall highlighted the fact that their business models actually are, although fairly similar on the surface, quite different deep inside.

Understanding environmental pressures

Theories on strategic alignment allowed us to build the connections between the studied organisations and their respective environments. Although it was not possible within the scope of this thesis to dig deep into the complete interplay between the PGTs and the external world, the analysis did take time to zoom in to two of the critical success factors of each archetype of team and the intertwinements between the internal and external aspects.

Reconciling financial power and organisation performance

Overall the analysis showed that none of the teams are truly driven by profit and that their goals are above all to simply survive in a very harsh and volatile scene. The differences in focus are simply consequences of what is required of them to do so in their respective environments. In the Korean scene, performing players capable of surviving in the highly competitive GSL tournament is an absolute requirement. In the Western world a sustainable value offer capable of attracting funding and sponsors is the critical factor.

The bottom line of this thesis is that Korean and Western Professional Gaming Teams are organisations very different from each other but designed with the same goal in mind, namely to be as competitive as possible in their respective environments.

7.2 Recommendations for managers

As stated in the opening discussion leading to this thesis, there is some sense of envy on both sides towards the capacities of each team either to produce great champions as the Korean teams do, either to attract wealthy sponsors as Western teams do.

Based on the current thesis, the attention is brought on a few key points that should be considered by the managers leading these Professionals Gaming Teams.

The capacity of each team to generate their respective competitive advantage is in great part linked to the very condition of their survival. As such no manager should strive to progress in the other dimension without ensuring his organisation remains solid in what it is already good at.

Improving performance skills for Western players is by no means a magic trick; Koreans simply work harder and longer hours in order to be successful. As such the starting point for Western managers should be to improve the training efficiency of their players and gradually install stronger ethics. Of course such measures should be taken with the uttermost caution and in line with the capacities and motivations driving the current players. An approach could be to infuse a few players of the Korean scene within the team ranks in order to profit from their experience and drive.

To increase revenues Korean managers need to higher the stakes for sponsors and offer them, not only more visibility, but also additional values to associate themselves to beyond pure performance.

In order to secure international sponsors, training players in media management and ensuring they have a decent level of English are key starting points.

7.3 Contributions to research

This thesis is an exploratory work in the world of professional gaming. Publications in this area are still extremely rare to non-existent and most of the information regarding the scene is tacit knowledge held by team managers, tournament organisers and professional gamers themselves. As such the major advancement this thesis provided is the centralisation of important information regarding eSports teams in the Starcraft 2 environment. In addition, it is expected that the current thesis is an important step in starting to formally frame and understand the world of eSports. Its contribution is therefore also towards establishing foundations on which future researchers can build and extrapolate.

7.4 Future research

This thesis and the process to define its content offered multiple suggestions for future research. A possibility would be to go deeper into each scene separately and compare differences between specific PGTs in the same environment instead of using the agglomerated results used to define PGT archetypes as in this thesis. A second option could be to compare the Starcraft 2 PGTs from this thesis with similar Professional gaming organisations either in other computer game scenes, either in totally different disciplines such as traditional sports for instance. Finally, the other actors of the scene could be studied, the organisations running tournaments for instance, in order to understand their interconnections and relationships with the Professional Gaming Teams.

7.5 Limitations and criticism

This thesis was intended as an initial exploratory work in analysing the way professional gaming teams are organised and the underlying reasons. As such it barely touched the surface of the analysed organisations and made many generalisations on topics which are, in truth, much more

complex or variable. By taking the approach of averaging out multiple organisations into “archetypes” of for each scene, many differences more or less subtle, between the teams in a same environment might have been overlooked. In the same line of thought, it is likely that none of the real PGTs from the real world are actually accurately represented by the archetype PGTs presented in this thesis since they might have one or more of their aspects which differ from the generalised representation. It should also be mentioned that the study being based on the opinions of key and knowledgeable people from the industry, the empirical findings are for most part representative of the way those same individuals perceive the situation. As such it is possible that the reality on the ground differs from this perceived reality. An additional limitation lies in the focus of this thesis on the Starcraft 2 scene. Therefore it must be clear that the depiction of Professional Gaming Teams done in this thesis can differ widely from organisations concentrating on other games. Finally, it should be noted that given the still early development phase of the eSports environment and its extreme volatility, the current findings’ validity might be extremely limited in time.

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