



The Execution Gap: Why Foreign Startups Fail to Convert Korean Market Entry into Commercial Traction

Pidchayanin Chutipattana

Independent Researcher & Practitioner, Seoul, Republic of Korea

Received 02 July 2026; Received in revised form 20 July 2026

Accepted 24 August 2026; Available online 1 September 2026

Abstract

Korea has become one of Asia's most structured destinations for foreign startup entry, supported by government-backed programs, institutional infrastructure, and a nationally coordinated startup ecosystem. Yet rising inbound interest has not translated evenly into commercial outcomes. This paper proposes that an important and undertheorized failure mode is not market access but an execution gap, defined here as the disconnect between the moment of market entry and the achievement of commercial traction. The paper argues that this gap is shaped substantially by home market mental models, the assumption frameworks founders carry from prior market experience that lead them to misread commitment signals, underweight the role of physical presence, and interpret culturally embedded communication as commercial progress. The framework is developed from the author's structured practitioner observations within Korea's foreign startup ecosystem and situated within internationalization theory. Because the evidence base is observational rather than systematically sampled, the framework is presented as a set of testable propositions rather than as established findings. The paper contributes a practitioner-grounded perspective to the internationalization literature and proposes an agenda for empirical work on pre-entry preparedness.

Keywords

Execution gap, Foreign startups, Korean market entry, Liability of foreignness, Home market mental models

Introduction

South Korea has established itself as one of Asia's most structured and well-supported destinations for foreign startups to land in. The country offers various programs for foreigners, including the K-Startup Grand Challenge (KSGC), K-Scouter, and the Global Startup Center network. Korea has systematically built an institutional infrastructure designed to attract, evaluate, and support foreign ventures seeking market access. In 2025, KSGC alone received 2,626 applications from 97 countries, representing a 54% increase from the previous year, signaling accelerating global interest in Korea as a viable expansion market (KISED, 2025). This institutional momentum sits alongside a broader foreign investment trajectory, though the two should be read carefully. Inward foreign direct investment on a notification basis reached USD 36.1 billion in 2025, an all-time high and a fifth consecutive record year, while actual arrived investment, which represents executed rather than pledged capital, was USD 18.0 billion (Ministry of Trade, Industry and Resources, 2026). The distinction is analytically relevant to this paper's argument: notification measures declared intent, arrival measures execution, and the persistent gap between the two at the national level mirrors, in aggregate form, the individual-firm gap this paper examines.

However, despite this infrastructure and rising inbound interest, a persistent pattern of execution failure among foreign startups in Korea remains largely understudied. Startups that successfully enter Korea through competitive programs, secure initial meetings with Korean counterparts, and generate early commercial interest frequently fail to convert that momentum into sustainable traction. This pattern recurs across the author's practitioner engagements and is consistent with liability of foreignness dynamics identified in the internationalization literature (Zaheer, 1995; Lee et al., 2022). Many foreign startups exit the market not because Korea rejected them, but because they were unprepared for what market entry actually requires. Entry and execution are treated as a single continuous process when, in practice, they are two fundamentally distinct phases.

Existing internationalization theory offers partial explanations for why entry and execution should be treated as two different phases. Building on foundational internationalization theory (Johanson & Vahlne, 1977; 2009) and the liability of foreignness framework (Zaheer, 1995), which identifies the structural disadvantages foreign firms face relative to domestic competitors, including unfamiliarity with the local environment, cultural distance, and the absence of established legitimacy, scholars have examined how foreign companies accumulate market knowledge and deepen commitment over time. More recently, Lee, Paik, and Horak (2022) examined how foreign companies operating in Korea specifically can navigate informal network structures to convert the liability of foreignness into a strategic asset. These contributions provide a valuable theoretical foundation for understanding the challenges foreign firms face in Korea.

Yet existing literature has not examined how execution failure specifically unfolds among foreign startups operating within Korea's government-supported entry ecosystem. Unlike established multinational enterprises, startups face distinct constraints, including limited resources, compressed timelines, founder-

led decision-making, and a heavy reliance on government programs as their primary channel into the market. Connections and relational access matter enormously in Korea, yet startups rarely arrive with either. It is also worth noting that Korea's foreign startup ecosystem is relatively new. The country has only recently and actively pushed for foreign startup participation at scale, meaning the dynamics of how foreign founders navigate this market are still evolving and have not yet been captured in academic literature. Within this context, the mechanisms underlying execution failure remain understudied.

This paper argues that an important and undertheorized failure mode among foreign startups in Korea is not a market access problem but an execution gap. The execution gap is defined here as the structural disconnect between the moment of market entry and the achievement of commercial traction. This gap does not originate in operational failure after entry. It originates in the home market mental models that founders carry before they arrive: assumption frameworks shaped by prior experience that cause them to tend to misread the commitment signals, communication patterns, and trust architecture that define how Korean business actually operates. Drawing on practitioner experience in the Korean startup ecosystem and situated within the theoretical frameworks outlined above, this paper introduces the execution gap as an analytical lens and home market mental models as a diagnostic concept to understand why entry and execution must be treated as separate problems requiring distinct preparation.

This paper pursues three interconnected objectives. First, it introduces and defines the execution gap as an analytical framework for understanding why foreign startups in Korea fail to convert market entry into commercial traction. Second, it identifies and examines the home market mental models that systematically produce this gap, specifically the assumption frameworks founders carry that cause them to misread Korea's commitment signals, communication infrastructure, and trust architecture. Third, it situates both concepts within existing internationalization theory, contributing a practitioner-grounded perspective to the literature and opening a broader conversation on what structural conditions foreign startups must meet before market entry, not after.

Theoretical Framework

The study of foreign firm entry into international markets has generated a rich body of theoretical literature, yet significant gaps remain in understanding how these dynamics operate specifically within the context of foreign startups entering Korea's government-supported ecosystem. This section situates the execution gap framework within three interconnected bodies of scholarship: the liability of foreignness, internationalization process theory, and high-context communication theory. Together, these frameworks provide the theoretical scaffolding for understanding the execution gap and home market mental models as analytically distinct and practically consequential concepts.

The Liability of Foreignness

The concept of the liability of foreignness (LOF), introduced by Zaheer (1995), identifies the structural disadvantages foreign firms face when operating in host markets relative to their domestic counterparts. These disadvantages arise from four primary sources: the costs of operating at a distance, the unfamiliarity of the host environment, the absence of legitimacy within local institutional and relational networks, and discriminatory treatment by host country actors and governments (Zaheer, 1995). Critically, LOF is not merely a function of cultural distance. It is a relational condition embedded in how host-market actors perceive, evaluate, and choose to engage with foreign entrants.

For foreign startups, the liability of foreignness operates with particular intensity. Unlike established multinational enterprises, startups may not draw on organizational history, brand recognition, or prior market presence to signal credibility. They arrive without a verified track record in the host market, without existing relationships inside local networks, and without demonstrated accountability to local stakeholders. Each of these represents a distinct dimension of LOF that compounds the difficulty of building commercial traction. This paper argues that LOF, in the Korean startup context, is not simply a background condition to be managed over time but an active constraint that shapes the outcome of every early-stage interaction between a foreign founder and a Korean counterpart.

Recent scholarship has examined how LOF manifests specifically within Korea's business environment. Lee, Paik, and Horak (2022) demonstrate that foreign companies in Korea face particular disadvantages in accessing the informal network structures that govern trust and business access in Korean organizational culture. Their work shows that overcoming LOF in Korea requires not merely operational competence but active navigation of relationship-based access systems that are structurally closed to newcomers without credible intermediaries. This finding is directly relevant to the foreign startup context, where founders rarely arrive with pre-existing relationships inside Korean networks and must navigate access from a position of structural disadvantage that existing government programs do not fully address.

Internationalization Process Theory and the Role of Commitment

The Uppsala model of internationalization (Johanson and Vahlne, 1977; 2009) provides a complementary theoretical lens. In its original formulation, the model posits that firms enter foreign markets incrementally, deepening their commitment as experiential knowledge of the host market accumulates. The relationship between knowledge and commitment is central: firms that lack sufficient understanding of a host market tend to under-commit resources and relationships, while those that invest in building local knowledge progressively increase their market presence and operational depth. The 2009 revision of the model further emphasizes the role of business network relationships as the primary mechanism through which market knowledge is accessed and commitment is built, positioning network embeddedness rather

than simply cultural familiarity as the key driver of successful internationalization (Johanson and Vahlne, 2009).

For foreign startups in Korea, this theoretical framework surfaces a specific and underexamined tension. The Uppsala model's logic of incremental commitment assumes that founders will invest time in building local knowledge before deepening their market engagement. Yet the Korean business environment operates under what is widely characterized as *palli-palli* (빨리빨리) culture, a strong orientation toward speed and decisive action, which creates pressure for visible commitment from the earliest stages of engagement. This paper proposes that foreign founders who enter Korea with the incremental, exploratory approach that internationalization theory treats as rational may have that approach read by Korean counterparts as hesitation. The claim requires care, since the Uppsala model concerns the escalation of resource commitment rather than the tempo of interpersonal engagement, and the two are distinct. What is proposed here is not that incremental internationalization is inherently unresponsive, but that its outward manifestations, including deferred decisions and provisional undertakings, are available to be interpreted as low commitment in an environment where visible engagement carries signalling weight.

Korea as a High-Context Business Environment

Korea is empirically classified as a high-context culture within Hall's (1976) framework, in which meaning is conveyed through relational context, shared understanding, and implicit signals rather than explicit verbal or written communication. In high-context cultures, the relational environment surrounding a business interaction carries as much informational weight as the content of the interaction itself, a dynamic that fundamentally shapes how trust is established, how decisions are made, and how commitment is signaled between parties (Hall, 1976). This stands in direct contrast to low-context communication cultures, where meaning is encoded explicitly in language and agreements are formalized through direct verbal or written exchange.

In the Korean business context, this high-context orientation produces several patterns that are directly consequential for the execution of foreign startups. Verbal expressions of interest do not carry the same binding meaning they might in low-context business cultures. An affirmative response may signal courtesy rather than commercial commitment, and a gradual reduction in communication frequency may signal disengagement rather than temporary unavailability. Relationship-building and deal progression occur through platforms and channels embedded in Korean social infrastructure, most notably KakaoTalk, rather than through formal email correspondence. Internal decision-making processes occur in Korean, regardless of a counterpart's external English proficiency, meaning that foreign founders who cannot access this communication layer are at a structural disadvantage from the environment where consequential decisions are made. These dynamics compound the liability of foreignness for foreign

startups, whose founders typically arrive with low-context mental models and interpret high-context signals through an assumption framework that tend to misreads them.

Theoretical Gap

Taken together, these three bodies of scholarship provide a robust foundation for understanding why foreign firms generally struggle in host markets, and specifically in Korea. However, a significant gap remains. Existing literature addresses LOF at the level of established firms and multinational enterprises, examines Korea's informal network structures in the context of corporate foreign investment, and theorizes internationalization as an incremental process of knowledge accumulation. What remains underexamined is how these dynamics interact specifically within the foreign startup context in Korea, where founders operate under compressed timelines, with limited resources, through through government-supported entry programs that provide access without necessarily developing execution readiness.

This paper addresses that gap by introducing two analytical concepts: the execution gap and home market mental models. Both are defined formally in the Operational Definitions below. Together, they reframe execution failure not as an operational problem that emerges after entry, but as a preparedness problem that originates before it.

Distinguishing the Execution Gap from Adjacent Constructs

Because the execution gap overlaps with several established constructs, its boundaries require specification.

The liability of foreignness (Zaheer, 1995) locates disadvantage in the host environment's treatment of the foreign firm: unfamiliarity, absent legitimacy, and discriminatory treatment are conditions the market imposes. The liability of outsidership (Johanson and Vahlne, 2009) locates disadvantage in network position: the firm is disadvantaged because it stands outside the relevant business networks. Internationalization barriers, in the broader literature, are typically exogenous obstacles such as regulatory complexity, informational asymmetry, or trade friction.

Each of these locates the source of difficulty outside the firm. The execution gap, as proposed here, is located inside it, and specifically before entry. It refers to the discrepancy between the assumption set a founder brings and the assumption set the host market rewards. Its distinguishing properties are three. It is endogenous, in that it is constituted by the firm's own planning rather than by host-market conditions. It is antecedent, in that it exists prior to first contact and shapes how severely liability of foreignness and outsidership subsequently bind. And it is in principle correctable unilaterally, in that a founder can revise a mental model without any change in the host environment.

The relationship is therefore complementary rather than competing. Liability of foreignness and outsidership describe what the market does to the firm. The execution gap describes what the firm brings to that encounter, and thus how much of that liability is amplified or absorbed.

Methodology and Evidence Base

This paper is a conceptual contribution developed from practitioner observation rather than from systematic empirical sampling. Because the argument rests substantially on the author's direct professional experience, the basis, scope, and limits of that experience are stated explicitly here.

The author is the founder of a cross-border market expansion consultancy based in Seoul and has participated directly in Korea's foreign startup entry ecosystem, including the K-Startup Grand Challenge. The observational base for this paper comprises approximately thirty foreign startups observed between August 2025 and August 2026, all of which entered Korea through government-supported entry programs. The set is concentrated in deep technology and artificial intelligence applications, spanning food, defense, transportation, education technology, lifestyle, and other sectors, with founders originating from a range of home markets. Observations were accumulated through participation in and proximity to program activities rather than through research interviews designed in advance.

Several limitations follow directly from this. The set was not randomly sampled and is restricted by construction to firms that had already selected Korea as a target market and had been competitively selected into a support program, which excludes both firms that never entered and firms that entered independently of government channels. No comparison group was assembled. No coding protocol, inter-rater reliability procedure, or formal outcome measurement was applied, and patterns reported here were identified through recurrence across cases rather than through analytical procedure. Because the observation window spans twelve months, the twelve-month traction criterion defined below could not have elapsed for firms entering in the later part of that window, so outcome observation is complete for only part of the set.

Accordingly, the concepts introduced in this paper are advanced as propositions rather than as findings. Where a claim rests on the author's observation, it is marked as such in the text. Where a claim rests on peer-reviewed literature, it is cited to that literature. The two are not treated as interchangeable. This approach follows established precedent in entrepreneurship theory, where conceptual contributions developed from illustrative cases and reasoning have been advanced as sets of testable propositions rather than as empirical findings (Sarasvathy, 2001).

Disclosure. Portions of the practitioner observations discussed in this paper were previously reported in a KoreaTechDesk feature by Cindy (2026), which is based substantially on an interview with the present

author. That article is therefore not an independent source for the claims it contains and is cited in this paper only as a prior publication of the author's own observations, not as corroborating evidence.

Operational Definitions

For the purpose of future empirical testing, the following operationalizations are proposed.

Market entry is the point at which a foreign startup obtains formal access to the Korean market through at least one of: acceptance into a government-supported entry program, establishment of a Korean legal entity or branch, or initiation of documented commercial negotiations with a Korean counterpart.

Commercial traction is the achievement, within 12 months of market entry, of at least one of: a signed revenue-generating agreement with a Korean counterpart, a paid pilot deployment, a distribution or reseller agreement, or investment sourced from a Korean investor.

Execution failure is the absence of all traction indicators above within the same window, in cases where the startup had achieved at least two documented commercial meetings with Korean counterparts. The distinction matters because it separates failure to execute from failure to obtain access.

These thresholds are proposed rather than validated, and are offered so that the propositions above can be falsified.

Section 1: What Foreign Founders Get Wrong Before They Arrive

The execution gap does not begin when a foreign startup lands in Korea. It begins earlier, in the planning assumptions founders make before they arrive, the mental models they carry from prior market experience, and the strategic decisions they make about how to structure their Korea presence. This section examines three interconnected patterns of pre-entry failure that this paper identifies as the primary sources of home market mental models: the checkbox entry assumption, the half commitment loop, and the wrong hire planning fallacy. Together, these patterns constitute a preparedness failure that precedes operational engagement and shapes every subsequent interaction between the foreign startup and the Korean market.

The Checkbox Entry Assumption

The first and most pervasive pattern is what this paper terms the checkbox entry assumption, treating Korea market entry as a program to complete rather than a market to commit to. Foreign founders who pursue Korea through government-supported programs frequently conflate program selection with market validation. Being selected by a competitive program is treated as evidence that the market opportunity is real and that the hard work of entry has been accomplished. In practice, program selection provides access, not traction.

This pattern reflects a broader tendency identified in the internationalization literature: founders build their Korea strategy from what they already know, which is their home market experience, rather than from what Korea specifically requires (Johanson & Vahlne, 1977). The result is a form of market entry that resembles participation more than commitment. As Hartono (2026) documents, many foreign startup CEOs visit Korea, attend programs and demo days, generate warm signals and verbal expressions of interest, then return home expecting momentum to sustain itself remotely. It does not. In the words of one practitioner observed in that account, this approach amounts to the following: "That's not market entry — that's tourism" (Cindy, 2026). The checkbox entry assumption systematically underestimates the sustained relational engagement that Korea requires because it applies home market logic, where digital channels and remote operations may suffice, to a market where physical presence and continuous relationship-building are prerequisites for commercial progress. As the International Trade Administration's market guide for South Korea notes, maintaining strong local relationships and frequent in-market engagement remains critical for business success in Korea.

The Half Commitment Loop

The second pattern operates as a structural trap. Foreign founders who enter Korea without sufficient prior knowledge of how the market operates tend to under-commit resources and relationships, consistent with Johanson and Vahlne's (1977) Uppsala model, which predicts that firms increase commitment incrementally as experiential learning accumulates. However, in the Korean context, this incremental approach produces a compounding disadvantage that the standard internationalization framework does not anticipate. As Hartono (2026) observes, limited commitment leads to limited learning, which reduces founder confidence in the market, delaying further commitment, which in turn generates further limited learning. This paper terms this dynamic the half commitment loop.

The half commitment loop is particularly damaging in Korea because the Korean business environment does not reward exploratory presence. Korean counterparts read the signals of founder engagement with precision. Responsiveness, frequency of contact, willingness to make decisions, and visible investment of time and resources are all interpreted as indicators of how seriously the foreign startup treats the Korean market (Cindy, 2026). A founder caught in the half commitment loop sends signals of hesitation that Korean counterparts detect immediately, often before any explicit conversation about terms or next steps has occurred. The 2009 revision of the Uppsala model positions network embeddedness and relationship-building as the primary mechanisms through which market knowledge is accessed and commitment deepens (Johanson & Vahlne, 2009), but the half commitment loop structurally prevents this embeddedness from forming, trapping the founder in a state of perpetual uncertainty that the Korean market reads as disinterest.

The Wrong Hire Planning Fallacy and the Founder Presence Typology

The third pattern concerns a specific planning assumption that is particularly common among budget-constrained foreign startups: the belief that hiring a bilingual Korean national constitutes adequate local representation. This paper terms this the wrong hire planning fallacy, not because local hiring is wrong, but because the assumption that language capability equals market navigation capability is a home market mental model that systematically fails in the Korean context. As the internationalization literature establishes, CEO-level foreign market knowledge is particularly critical for SMEs, whose internationalization processes depend disproportionately on the strategic assumptions and decision-making patterns of their founders (Francioni et al., 2015; Johanson & Vahne, 1977). When founders delegate Korea market navigation to a hire without ensuring that the hire possesses both product knowledge and Korean business navigation capability, they are not solving the knowledge problem. They are relocating it. As Hartono (2026) documents, the issue is not language capability but market navigation: a local representative must understand buyer behavior, industry networks, partnership dynamics, and commercial expectations, and must carry sufficient decision-making authority to represent the company credibly.

Drawing on practitioner observations of foreign startups operating in the Korean market, as documented in Hartono (2026), this paper identifies three observable founder presence patterns, each with distinct implications for execution outcomes. The first pattern involves a CEO who maintains a sustained physical presence in Korea, navigating the market directly, with or without a local hire, an arrangement that creates the strongest conditions for knowledge accumulation and commitment signaling. The second pattern involves a CEO who remains primarily abroad, but delegates Korea operations to a local representative, an arrangement whose effectiveness depends critically on the degree of trust and decision-making authority the CEO extends to that representative. When founders hire locally but retain all meaningful decisions, the local hire becomes structurally unable to advance relationships with Korean counterparts, who quickly recognize the absence of real authority (Cindy, 2026). The third pattern, and the most commonly observed failure mode, involves a CEO who engages with Korea minimally and deploys no credible local representative, treating the market as manageable through periodic visits and remote communication.

These three patterns are not merely operational choices. They are commitment signals. Before any product demonstration, any partnership negotiation, or any program participation, Korean counterparts read the structure of a foreign startup's Korea presence as evidence of how seriously that startup treats the market. Home market mental models in the cases observed underestimate this dynamic because in low-context business environments, commitment is typically demonstrated through explicit agreement and formal contractual engagement rather than through the relational and structural signals that Korean business culture prioritizes (Hall, 1976). The following section examines how these signals are read,

interpreted, and acted upon by Korean counterparts, and why foreign founders operating from home market mental models tend to misread the responses they receive.

Section 2: The Commitment Signals Korea Actually Reads

If Section 1 establishes what foreign founders get wrong before they arrive, this section examines the consequences. It examines how Korean counterparts read, interpret, and respond to the signals founders send once engagement begins. The execution gap does not widen because Korea is unwelcoming. It widens because foreign founders, operating from home market mental models, in the cases observed misread the signals Korea sends and misunderstand the signals Korea is reading from them. This section examines three signal layers through which Korean counterparts evaluate foreign startup commitment: the ambiguous communication layer, the speed and responsiveness layer, and the language and access layer. Each layer operates according to high-context communication logic (Hall, 1976) that low-context founders are structurally unprepared to navigate.

The Ambiguous Communication Layer

The most consequential signal misreading that foreign founders experience in Korea involves the interpretation of affirmative responses. In Korean business communication, an apparent agreement or expression of interest does not carry the same binding meaning it would in low-context business cultures. As Merkin (2009) documents, Koreans tend to create ambiguous messages to maintain harmony and avoid direct confrontation, a communication pattern shaped by Korea's long-standing Confucian tradition, which emphasizes collective harmony and face preservation over explicit disclosure. In practice, phrases such as "we will think about it" or "this will require further investigation" frequently function as polite disengagement rather than as genuine indicators of ongoing interest (Gesteland, 2002). A verbal expression of interest at a first meeting, an encouraging exchange at a demo day, or a warm follow-up message may each signal courtesy rather than commercial intent.

Foreign founders operating from low-context mental models tend to misread these signals as evidence of traction. They build projections around relationships that are not progressing, allocate resources toward partnerships that Korean counterparts have already mentally deprioritized, and interpret the absence of explicit rejection as confirmation of continued interest. By the time the disengagement becomes visible through declining response frequency, shorter replies, and the cessation of founder-initiated contact, the Korean counterpart's decision has typically already been made. As Merkin (2009) documents in her study of Korean and American communication patterns, reduced communication frequency functions as an indirect disengagement signal in Korean business contexts, one that low-context counterparts frequently misinterpret as a neutral gap rather than a deliberate withdrawal. Home market mental models, calibrated to low-context environments where disengagement is communicated explicitly, frequently fail to register this signal until the relationship has already cooled beyond recovery.

This dynamic is further compounded by what the wrong hire planning fallacy produces at the engagement level. When a foreign startup sends a local representative who lacks sufficient decision-making authority, Korean counterparts do not read this as a reasonable operational arrangement. They read it as a signal that the foreign company does not regard the Korean market as a genuine priority (Cindy, 2026). The absence of the decision-maker from the room, or the presence of a representative who must defer all substantive questions to a CEO based abroad, communicates hesitation through the relational architecture of the engagement itself, regardless of what is said explicitly.

The Speed and Responsiveness Layer

The second signal layer concerns the pace of engagement. Korea's business environment is widely described, in both practitioner and academic accounts, through the idiom of palli-palli (빨리빨리), an orientation toward speed and prompt responsiveness. This paper treats palli-palli as a described cultural discourse rather than as a measured behavioral variable and does not derive it from national culture scores. Uncertainty avoidance, on which Korea scores highly (Hofstede, 2001), indicates a preference for structure and predictability and does not by itself imply rapid decision-making. The narrower claim advanced here is that responsiveness functions as a commitment signal. When a Korean counterpart receives a prompt, substantive response, that responsiveness is available to be read as evidence that the foreign startup is engaged, capable, and serious. Delayed responses, vague replies, or silence are available to be read as evidence of the opposite, irrespective of the operational reasons behind them (Merkin, 2009). This is stated as a proposition at P5 and remains open to empirical test.

For foreign startups caught in the half commitment loop described in Section 1, this dynamic is particularly damaging. The incremental engagement approach that home market mental models treat as prudent, which involves taking time to evaluate the market before deepening commitment, may be read by Korean counterparts as hesitation. Johanson and Vahlne's (1977) logic of gradual commitment deepening sits in tension with palli-palli expectations, and the founders who suffer most from the execution gap are frequently those whose home market experience has trained them to treat measured deliberation as a sign of strategic sophistication. In Korea, that same measured deliberation reads as a sign of insufficient commitment.

The Language and Access Layer

The third signal layer concerns the environment in which consequential decisions are made. As Hall (1976) establishes, high-context cultures embed meaning in relational context and shared understanding, and in the Korean business context, that relational context is overwhelmingly Korean-language. Korean companies conduct their internal evaluations, partnership discussions, and decision-making processes in Korean, regardless of the English proficiency of the individuals involved in external

communication (Lee et al., 2022). A foreign startup's proposal may be discussed, evaluated, and ultimately decided upon in a room and a language that the foreign founder cannot access, and the materials, positioning, and relational signals that reach that room are shaped entirely by whoever is representing the foreign company within the Korean-language layer of the relationship.

This creates a structural access problem that home market mental models do not anticipate. Foreign founders accustomed to low-context business environments, where decisions are made in the language of the contract and the meeting room, frequently assume that because their Korean counterparts communicate fluently in English at the external interface, the decision-making process operates in a similarly accessible way. It does not. The practical implication is significant: a foreign startup that operates exclusively through English-language materials, English-language communication, and a local representative without sufficient standing to navigate Korean-language decision environments is not merely disadvantaged. It is structurally absent from the room where the decision is actually made.

Taken together, these three signal layers explain why the execution gap persists even among foreign startups that have successfully accessed Korea through competitive programs, secured strong initial meetings, and generated genuine early interest. Access to the Korean market and the ability to read and respond to the Korean market's commitment signals are fundamentally distinct capabilities, and home market mental models calibrated to low-context business environments do not provide the preparation for either. The following section synthesizes these findings and considers their implications for both foreign startup practice and the broader internationalization literature.

Research Propositions

The preceding sections are advanced as the following testable propositions.

P1: Selection into a government-supported entry program provides market access but does not by itself predict commercial traction.

P2: Foreign startups whose pre-entry planning treats Korea entry as program completion rather than as sustained market commitment exhibit lower rates of post-entry conversion, other factors held constant.

P3: Under conditions of low initial market knowledge, incremental commitment can become self-reinforcing, in that limited commitment constrains learning, which in turn delays further commitment (the half commitment loop).

P4: Local representation selected primarily for bilingual capability, absent market navigation capability and delegated decision authority, does not reduce the execution gap and may increase it.

P5: Korean counterparts' assessments of foreign startup commitment are informed by observable engagement behaviors, including response latency, meeting frequency, and in-country presence, in addition to product attributes.

P6: The execution gap is co-produced. Its magnitude varies with both founder preparedness and the design of the entry program through which the founder enters, including whether that program includes post-selection execution support.

Discussion

The execution gap framework introduced in this paper reframes a persistent and undertheorized problem in international business scholarship. Foreign startup failure in Korea has frequently been attributed to market access barriers, regulatory complexity, or cultural distance, explanations that locate the problem in the structure of the Korean market itself. This paper argues that this framing is incomplete. The evidence examined across Sections 1 and 2 suggests that an important and undertheorized failure mode is not a market access problem but a preparedness problem, one that originates in the home market mental models founders carry before they arrive and manifests through their systematic misreading of the commitment signals, communication patterns, and trust architecture that define how Korean business actually operates.

This reframing has theoretical implications for the existing literature. Zaheer's (1995) liability of foreignness framework identifies the structural disadvantages foreign firms face in host markets but treats LOF primarily as a condition to be managed after entry. The execution gap framework suggests that LOF in the Korean startup context is not merely a post-entry condition. It is actively constructed before entry, through the planning assumptions and mental models that founders bring with them. A founder who enters Korea with a checkbox mentality, a half commitment posture, and a wrong hire planning assumption has not simply encountered LOF upon arrival. They have structurally amplified it before setting foot in the market.

Johanson and Vahlne's (1977; 2009) Uppsala model's emphasis on incremental commitment and experiential learning similarly requires reconsideration in the Korean startup context. The model's logic treats measured commitment deepening as rational behavior. This paper proposes that in the Korean context, the observable expressions of that measured approach may be read as hesitation, contributing to the half commitment loop described in Section 1. Whether this interpretation occurs systematically, and under what conditions, is an empirical question the present evidence cannot settle. This paper does not argue that the Uppsala model is wrong. It argues that the model's prescriptions are context-dependent in ways that existing literature has not fully examined for the startup case. In high-context, high-speed business environments like Korea, the incremental logic of internationalization theory may itself constitute a home market mental model that requires recalibration.

The home market mental models concept introduced in this paper also extends the work of Lee et al. (2022) on navigating informal networks in Korea. Their research demonstrates that overcoming LOF in Korea requires active navigation of relationship-based access systems but does not examine the pre-entry assumption frameworks that determine whether founders even recognize those systems exist. The execution gap framework provides the missing antecedent: founders who arrive with low-context mental models do not fail to navigate Korean network structures because those structures are impenetrable, but because their mental models do not register them as the relevant terrain to navigate in the first place.

The framework advanced here should not be read as treating foreign founders or Korean organizations as homogeneous. The severity of the execution gap plausibly varies with the founder's home market and its context orientation, prior experience operating in East Asian markets, industry and whether the sales cycle is enterprise or consumer, firm type and stage, and the nature of the Korean counterpart, since a conglomerate affiliate, a mid-sized manufacturer, a public agency, and a venture-backed startup differ substantially in decision architecture and tolerance for foreign counterparties. Founders arriving from other high-context markets may face a materially smaller gap than the framework as stated implies. Establishing which of these dimensions moderates the effect is an empirical question this paper cannot resolve.

Conclusion

This paper has argued that the execution gap, defined as the structural disconnect between foreign startup market entry and commercial traction in Korea, originates not in operational failure after entry but in the home market mental models founders carry before they arrive. Through an examination of three pre-entry failure patterns and three commitment signal layers, this paper has argued that execution failure in Korea is a preparedness problem, one that can be anticipated, diagnosed, and addressed before the first meeting, the first program application, or the first flight to Seoul.

Two concepts introduced in this paper, the execution gap and home market mental models, offer analytical tools for both practitioners and researchers navigating the Korea market entry challenge. For foreign founders, the practical implication is straightforward. The work of Korea market entry does not begin when the program acceptance arrives or when the first meeting is scheduled. It begins with an honest audit of the mental models that will shape every decision made once engagement starts. For researchers, the execution gap framework opens a broader conversation about the relationship between pre-entry preparedness and post-entry performance, a relationship that existing internationalization theory has undertheorized, particularly in the startup context.

This paper acknowledges its limitations. The framework presented here is grounded in practitioner observation of the Korean startup ecosystem and situated within existing theoretical literature, rather than in systematic empirical data collection. Future research should examine the execution gap through primary



qualitative data, specifically structured interviews with foreign founders who have both succeeded and failed in Korea, to test and refine the concepts introduced here. Additionally, while this paper focuses on the Korean context, the execution gap framework may hold relevance for foreign startup entry into other high-context, government-program-supported markets in East Asia, including Japan and Vietnam. Whether similar dynamics operate in those contexts remains an open and productive question for future scholarship.

Korea has built world-class infrastructure to welcome foreign startups. The execution gap is not a failure of that infrastructure. It is a failure of preparation. Closing it begins not with better programs, but with better mental models.

References

- Cindy, Z. (2026, June 3). The hardest part of Korea market entry: Staying in the game. *KoreaTechDesk*.
<https://koreatechdesk.com/korea-market-entry-execution-gap-foreign-startups>
- Francioni, B., Musso, F., & Cioppi, M. (2015). Decision-maker characteristics and international decisions for SMEs. *Management Decision*, 53(10), 2226–2249.
- Gesteland, R. R. (2002). *Cross-cultural business behavior*. Copenhagen Business School Press.
- Hall, E. T. (1976). *Beyond culture*. Anchor Books.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (2nd ed.). Sage Publications.
- Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreignness across multiple market contexts by practitioners navigating the K market commitments. *Journal of International Business Studies*, 8(1), 23–32.
- Johanson, J., & Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431.
- KISED. (2025). K-Startup Grand Challenge 2025 results. *Newswire*.
<https://www.newswire.com/news/record-2-626-global-startups-apply-to-k-startup-grand-challenge-2025-22604700>
- KoreaTechDesk. (2026). In Korea, progress doesn't always mean commitment for global partners. *KoreaTechDesk*. <https://koreatechdesk.com/korea-decision-making-gap-progress-vs-commitment-global-business>
- Lee, J. M., Paik, Y., & Horak, S. (2022). Turning a liability into an asset of foreignness: Managing informal networks in Korea. *Business Horizons*, 65(3), 351–364.
<https://doi.org/10.1016/j.bushor.2021.02.001>
- Merkin, R. (2009). Cross-cultural communication patterns: Korean and American communication. *Journal of Intercultural Communication*, 9(2), 1–10. <https://doi.org/10.36923/jicc.v9i2.481>
- Ministry of Trade, Industry and Resources. (2026, January 7). *Korea's annual foreign direct investment hits all-time high of \$36.1 billion* [Press release].
<https://english.motir.go.kr/eng/article/EATCLdfa319ada/2473/view>

Sarasvathy, S. D. (2001). Causation and effectuation. *Academy of Management Review*, 26(2), 243–263.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341–363. <https://doi.org/10.5465/256683>