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Introduction of Korea SMBA
Organization

Administrator

Deputy Administrator

- Policy Management & Public Relations Office
- SME Policy Office
- Entrepreneurship & Venture Business Office
- Business Growth Promotion Office
- Innovation of Technology & Management Office
- Office of Micro-Enterprise Development Service

Regional Office(12)
Set up basic plans to foster SMEs
Set up basic plans to foster inno-biz
Establish and implement policies to increase cooperation between large business and SMEs
Support cooperatives promotion
Deal with multilateral and bilateral SME cooperation
Evaluate SME policies
Entrepreneurship & Venture Business Office

- Entrepreneurship & Venture Policy Division
- Venture Investment Division
- Business Start-up Division
- Business Converting Division
- Women & Disadvantaged Business Development Division

- Establish start-up support plans
- Foster venture businesses and venture capital
- Raise venture investment funds
- Ease SME regulations
- Set up basic plans to promote business activities of women-owned Enterprises and physically-challenged people
Deal with matters pertinent to financial support for SMEs
Cope with matters regarding workforce trends, assistance plans
Handle matters concerning product promotion, common brand development, and exhibition booth operation
Assist with matters regarding export policies for SMEs
Support public procurement promotion
Establish basic plans to strengthen technological innovation capability of SMEs and foster innovative SMEs

Establish support policies aimed at promoting SME technological development

Manage the promotion of SME digitalization and electronic commerce

Support technology cooperation between the industry, academia and research institutions

Assist matters regarding testing laboratory
Micro-enterprise Promotion Office

- Micro-enterprise Promotion Division
- Self-employed Business Promotion Division
- Market Promotion Division
- Small Business Promotion Division

Formulate and implement policies to foster small and micro-business
Deal with matters regarding starting up a small business
Formulate comprehensive plans to revitalize the conventional market
Formulate and implement basic plans to revitalize shopping districts
Current Status of Korean SMEs
SMEs have become key to raising national economic competitiveness.
SME’s Portion of the National Economy

**Enterprises No.**
- Small: 2,913,850
- Medium: 85,447
- Large: 4,808

**Business Category**
- Manufacturing: 325,819
- Service: 2,593,172
- Agriculture & Mining: 85,114

**No. of the Employed**
- Small: 7,695,568
- Medium: 2,779,062
- Large: 1,566,757
SME’s Contribution to the National Economy

1. Annual Record of 270,000 jobs created
   - 2.16 million increase
   - 1.22 million decrease

2. Income creation higher than large business
   - Income creation for 10 million workers
   - Virtuous economic cycle
     - Investment growth
     - Consumption facilitation
     - SME revitalization

3. Dynamic Structure
   - Vigorous entries and failures contribute to economic health and vitality, according to the OECD and IMF
   - US and EU place much emphasis on SMEs as vital majorities

Creating jobs
Fueling Economic Growth
Establishing a flexible economic structure
Recent Business Environment Changes
Recent Business Environment Changes

1. Economic Growth without Job Creation

   Economic Growth
   - 2002: 2.8%
   - 2003: 37,000

2. Widening gaps between large and SMEs

   Large enterprise’ value = 100
   - 1999: 34.7
   - 2001: 34.1
   - 2002: 32.2
Recent Business Environment Changes

Switching to technology-intensive and innovation-oriented industrial structure

Contribution to the potential growth rate by production factor

- Capital
- Technology
- Labor


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<th>Technology</th>
<th>Labor</th>
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<td>1999</td>
<td>56.3</td>
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Outlook for 2006

There are positive signs of economic vitality such as a sharp rise in the ratio of start-up to bankruptcy:

- Perceived economic prospect index: 88.1 in 2005 → 88.3 in Jan. 2006 → 99.3 in Apr
- Ratio of start-up to bankruptcy: 17.7 in 2004 → 23.9 in 2005 → 30.5 in Mar 2006

Economic recovery is delayed with lower exchange rate, high oil price and a delay in operation rate growth:

- Operation rate(%) : 68.2 in 2004 → 69.9 in 2005 → 69.4 in Jan, 2006 → 71.3 in Mar

### Trend of economic prospect index

- Venture business:
  - '05: 88.1
  - '06.1: 93.8
  - '06.2: 103.8
  - '06.3: 120.8

- Manufacturing SME:
  - '05: 88.3
  - '06.1: 91.6
  - '06.2: 101.4
  - '06.3: 99.3

### Trend of average operation rate (%)

- Total:
  - '04: 80.4
  - '05: 79.8
  - '06.1: 83.5
  - '06.2: 80.7

- SME:
  - '04: 68.2
  - '05: 69.9
  - '06.1: 69.4
  - '06.2: 69.7
IV SME Policy Direction
Change of SME Policy Paradigm

Shift in SME Policy Paradigm

Element Input
- Protective & Nurturing
- Direct Assistance
- Supplier-led

Innovation-led
- Competitive & Cooperative
- Infrastructure & Ecosystem establishment
- Customer-focused
SME Policy Direction

1. Building technological innovation capacity of SMEs
2. Implementing customized policies
3. Creating the environment to facilitate competition among SMEs
4. Alleviating polarization through mutual growth
5. Creating a vibrant start-up environment and facilitate a constant process of restructuring
In the knowledge-based economy, the competitiveness of SMEs will be determined by their knowledge and innovative capabilities.

SMEs’ technological capabilities remain at 70% of the world’s highest.

R&D portion of the total sales recorded 3.58% in 2004

Fostering Innovative SMEs (Inno-Biz)
KOSBIR
SMEs’ Technology Innovation Program
New Technology Purchasing Assurance
Industry-University-Research Consortium
Transferred Technology Development Project
SME Production Digitalization Project
Total Information Management Providers
Fostering Regional Cluster
Offering customized policy informations

Policy information [www.spi.go.kr](http://www.spi.go.kr), Counseling “☏1357”

**Policy information : SP system**

- Operating the system of delivering customized policy information
  - 7,234 kinds of information for 212 institutions
- Integrating the networks of commercial complex information and public purchasing information

**On-line**

- SP – 1357

**Enhancing customer satisfaction**

- *Detailed information for each region*
- *Monthly usage of 10,000 pieces (332 pieces daily)*

**Off-line**

- Counseling : ☏1357
  - operating comprehensive call center
  - Establishing database of 6,000 working-level people, providing counseling in real time

**Ubiquitous SMBA**

- *397 public institutions participating*
- *2,000 bidding information monthly*
Thank you