Financing Start-ups in Korea: Creative Economy Innovation Centers

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Dichotomized Korea

There are two groups of companies in Korea, large and small (maybe as in many other countries).

**Large (2013)**
- number: 0.1%
- employment: 12.5%
- sales: 64.0%

**Small (2013)**
- number: 99.9%
- employment: 87.5%
- sales: 36.0%
Successful in world markets as well as domestic markets

- Electronic appliances (TV, air-conditioner, refrigerator etc): Samsung & LG
- Car: Hyundai, Kia and others (Renault Samsung, GM Korea, Ssangyong)
- Mobile phone: Samsung & LG (Pantech bankrupt) (challenged by Apple)
- Shipbuilding: Hyundai, Samsung and Daewoo
- Steel: POSCO
- Petrochemical: led by LG, Samsung, followed by Hyosung, Lotte
- Semiconductors: Samsung and SK Hynics
- LCD panels: Samsung and LG display
There are two groups of SMEs: (a) subsidiaries of successful large companies and (b) independent

**subsidiaries**
- working with large companies
- safe but dependent

**independent**
- alone in market
- independent but unstable
Independent SMEs

Some are trying to secure stable share in domestic markets, sometimes threatened by large companies’ competitiveness (role of KFTC & SMBA)

Others are struggling to make their projects into successful businesses, especially new start-ups: short of financial assistance (angels & venture capital), lack of able workers (who prefer to work in large companies) and again short of ability to make business successful (knowledge in government regulations, export business etc) ↔ usually not having chance to work together with successful large companies which have all the elements they are lacking → sometimes feeling abandoned by market
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Trying to connect once-separated two economic powers: large companies and independent SMEs (especially new start-ups)

large

- financial assistance
- marketing knowhow
- helping R&D

start-ups

- new ideas
- creative sources
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Hoping new successful businesses blossoming, resulting in effective inclusive growth
Thank You