

## ANALYSIS OF PROGRAM DEVELOPMENT OF ENTREPRENEURSHIP IN SOUTH KOREA

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**Abstrak:** Kegiatan kewirausahaan di Negara Korea Selatan disebabkan oleh pertumbuhan ekonomi Korea Selatan. Korea Selatan menjadi salah satu negara dengan kekuatan ekonomi terbesar di dunia. Pemerintah Korea Selatan memasukkan konsep kewirausahaan usia dini melalui pendidikan kepada generasi muda sehingga Korea Selatan memiliki jumlah pengusaha 4 persen dari total populasi. Pemerintah Korea Selatan memberikan dukungan penuh kepada komunitas bisnis dengan menyediakan infrastruktur, modal, pajak yang rendah, dan kualitas sumber daya manusia. Inkubator kewirausahaan yang optimal diberikan bimbingan oleh pemerintah. Selain itu, Pemerintah juga mendukung dan mendukung pendidikan, penelitian, dan pengembangan sumber daya manusia untuk kewirausahaan. Orientasi ekspor pasar untuk strategi besar di pasar dunia telah disiapkan sejak awal. Keberhasilan Korea Selatan dapat dipisahkan dari pengembangan karakter nasional yang kuat, tenaga kerja yang sangat terlatih, pemerintahan yang relatif bersih, kondisi makroekonomi dan sosial-politik yang solid yang bebas dari konflik, dan kecintaan masyarakat terhadap produk dalam negeri. Insentif untuk inovasi memudahkan untuk menciptakan dan membubarkan UKM, persepsi risiko dan penghargaan memungkinkan untuk membawa pengusaha sukses, yang menghasilkan kemajuan ekonomi negara.

**Kata Kunci:** Analisis Pembangunan, Kewirausahaan.

**Abstract:** Entrepreneurships activity in South Korea State caused the growth of South Korea's economy. South Korea became one of the countries with the greatest economic power in the world. The South Korean governments include the concept entrepreneurship early age through education to the younger generation so that South Korea has a number of entrepreneurs 4 percent of the total population. The South Korean government gave full support to the business community by providing infrastructure, capital, low taxes, and quality of human resources. Entrepreneurship incubator optimal was given the guidance by the government. Besides that, the Government also gave attention and strong support to education, research, and human resource development to entrepreneurship. Orientation export of market for grand strategy over the world market has been prepared since the beginning. South Korea's success can't be separated from the development of powerful national character, highly trained labor force, a relatively clean government, solid macroeconomic and socio-political conditions that are free from conflict, and the love of the society on domestic products. Incentives for innovation ease of creating and dissolving the SME, the perception of risk and reward makes South Korea is able to bring successful entrepreneurs, which resulted in the country's economic progress.

**Keywords:** Analysis of Development, Entrepreneurship.

### A. Background

Capitalism and liberalism system domination which is spread in all economy system over the world, entrepreneurship movement is the equalizer between capital-oriented market interests and social necessity that has social equality perspective. With the spirit of collectivism, entrepreneurship is an economic umbrella organization that empowers

internal resources independently with the spirit of togetherness. The responsive rule of the government is needed to manage and organize economic matter for society to get prosperity service with good standard. The country has duty to build optimal prosperity level for its people by improving public service quality and public policy reformation. The country also has to be adaptive toward fluctuating social and economy changes in country reformation to aim the prosperity. In this matter, entrepreneurship is economy movement based on society who are invest in economy building and development of human resources based on the purpose of government economy policy to manage micro-economy and macro-economy activities.

Developed countries in general have more entrepreneurs compare to developing and poor countries. South Korea, for example, has 4 percent of entrepreneur from the total of its people. According to the entrepreneur David McClelland, a country will achieve the prosperity level if the total of the entrepreneur is at least 2 percent from the total of its people (Astamoen, 2005: 11). South Korea is a country that has developed rapidly in the last four decades. This is exceedingly influenced by the government policy that changes the orientation of its economy from agriculture to trading and technology industry which is involved the entrepreneurship.

After World War II, South Korea is included to one of the impoverished country in the world which is still rely on agriculture aspect. After that time, South Korea arose and started to build developing country standard for industry, such as textile, shoes, etc. The person in charge in ginseng country wanted a full aspect, all of the necessity had been prepared start from infrastructure, human resources, and knowledge for heavy industrial level, automotive, and shipping that was not built to dominate the world. The export marketing orientation had been prepared from the beginning as its 'great strategy' to dominate global market. This is because they realized with the very limited natural resources and internal small market, the only way out is *export oriented*. To accelerate this strategy, the government gives full support toward the business. By providing the infrastructure, capital, low-tax payment for superior industry and preparing high quality human resources. The efficiency and quality management on bureaucracy level, where the bureaucrats are educated with the quality world-class discipline and learning process. The reduction on inefficiency is able to produce a quality policy without leaving the bureaucracy rules behind.

South Korea government also gives attention and support consistently toward education, research, and human resources building to be an entrepreneur. The government of South Korea makes a success to encourage the entrepreneurs in that country to develop the nation. In addition, major role of government to introduce entrepreneurship since earlier through the education to young men and make it easy for society to keep the entrepreneurship spirit while they are still in educational level and later. South Korea also gets involved in character building and strong South Korean, well-trained labor force, well-managed foreign debt, the government which relatively clean, solid macro-economy, and social-politic condition which relatively free from conflict, those conditions make the entrepreneurship spirit of South Korea people grow firmly and becoming one of the factors contributes in the success of South Korea economy development, mainly through trading industry sector that nowadays, dominate the global market.

## **B. Research Methodology**

This study is undertaken by reviewing some scientific studies such as books, and international and national journals.

## C. Results and Discussion

### Entrepreneurship Practice in South Korea

At the beginning of independence, South Korea used to be an impoverished traditional agricultural country and had to rely on foreign debt. But in some decades later, South Korea arose and becoming respected industrial country in the world. South Korea achieve incredible achievement that flip over all the low-sight for this country. During the year 1960-1990, South Korea started to arise marked by becoming one of the rapid development countries. In 1988, South Korea succeeded in becoming the host for World Olympic 1988. During 1990s, South Korea made it to become developing country with high economy growth and human development index. Until today, South has beaten many countries including Europe. South Korea becomes the 15<sup>th</sup> country with economy power globally and the fourth in Asia behind Japan, China, and India. This country becomes one of the exporter countries for main high-tech manufacturer product, started from electronic equipment, cars/buses, ships, machineries, petro-chemistry, and also robotic. One of the powers of this country is moved by network system. The nation of South Korea apply the same network root, that is trust, or well-known as *Chaebol*. *Chaebol* network in South Korea means the giant corporation conglomeration who have power South Korea economy. Among of them is the giant Samsung, LG, Hyundai-Kia, etc.

The people of South Korea have a very high work-ethos. In 2012, this country is known to have the longest work hours among the OECD (Organization for Economic Cooperation and Development) countries. This industry power is supported the authorizing domestic market by its nation. When the local products are salable, as the results, local companies will also develop and become bigger even become giant. The character of South Korean who love and proud to use local products make the large companies in that country appear to be domestic *leader market* and gradually becoming *leader* in other countries. Giant corporation product becomes the first choice of South Korea people. The other factor is the existence of strong partnership between governments, non-public sector, and society, along with society ability to adapt fast with technology changes and new challenges.

South Korea is known for its high entrepreneurship spirit. It is possible for some business group to exist in global competition for pretty long period. Entrepreneur incubators are given optimal guide from the government. Indonesia learns the incubator development from South Korea to increase the amount of entrepreneur, as well as increasing workers recruitment. Special place is provided for business incubator for entrepreneur development, such as Suwon Business Incubator Center (SBIC) and Korea Industrial Complex, which is shortly becomes the best business incubator center in Korea.

The significant economy growth in South Korea is supported by some factors, they are the discipline workers, many businessmen with well entrepreneurship skill, and also the history and culture that strengthen both of them. Open market also contributes on economy growth success. Make strategic policy for future investment to make it productive and less waste. Foreign investment is used in strategic sector to stimulate export increase. Economy and industrial development is cannot be separated from its nation empowering in manufacture industry which develop into development research. This industry empowering is supported by local market empowering by its nation. This condition means, if the local products are salable, local companies will developed and become a large company as well. This case directly affects the jobs application. The result of industrial and economy growth is used for the sake of its people.

This rapid entrepreneurship is supported by South Korean government. Smart education is prepared by inviting science and technology experts from other countries. This global knowledge absorbing is made as a tradition to make the next generation of South Korea get used to it, and become a competent expert in science and technology. The accurate mental building gives the inspiration that smart education is the quick factor for entrepreneurship in South Korea.

South Korean Government divide more than 20 percent of the budget to accelerate learning process. The next generation of this country also encourage to study abroad in popular campus all over the world. The research is established, people and research organizations are funded with big amount by the government. The future market potential industries are analyzed and tried to get by government and non-public sector.

Generally, the characteristics of entrepreneurship culture in South Korea are as follows: a) Economy deregulations and foreign companies floe change business attitude; b) Confucius doctrine which teach to not commercialize changes into quick industrialization and commercialization; c) Money is the standard for private success, while the businessmen figure used to be seen unimportant; d) Economy crisis in 1997 resulted restructurization in government corporation system, one of the values is individual freedom, resulted Small Medium Enterprises; and e) The women in South Korea participate in business

### **Innovation in South Korea**

Creating talents in South Korea is the inherent part of empowering National Innovation System in that country, the cause of the rapid economy growth in relationship with innovation and implicate rapid economy growth. The factors concerning the South Korean National Innovation System which are encourages innovation output such as scientific work, patent, process, and new products are: a) Research and Development activity in many business sectors; b) Research sector inside governmental and public sector; c) High Education and University System; and d) Interaction between all of those three sectors that can be categorized as capital flow, human resources, and knowledge.

The South Korean National Innovation System reinforcing also means facilitating good science and technology infrastructures such as information and telecommunication technology, where South Korea is at the top in the world in 2004. People call this country as "*Miracle form Han River*" for its economy growth miracle where one of them is based on innovation ecosystem improvement.

### **The Incentive for Innovation in South Korea**

One of the supporting factors for innovation development is the incentive given by the government for innovation. The function of this incentive is to help commercializing research and development. By giving this incentive, the government expects to encourage research and development for Small Medium Enterprises and creating new companies in research and development commercialization activity. The followings are the incentive for innovation:

- a. Financial support from government is more than 90% of the total budget for Small Medium Enterprises to commercialize new technology.
- b. Tax reduction is more than 15% of the total budget to build technical training center.
- c. The support for more than 50% of research and development budget when a research and development company or institution gets involved in national project.

- d. The existence of Government Committee for Patent Technology Commercialization providing financial support, technology support, marketing strategy, and management help for Small Medium Enterprises which commercialize new technology.
- e. Government partnership toward the company leading technology transfer (for example: Korean Technology Transfer Center).

### **The Convenience to Build and to Disperse Small Medium Enterprises in South Korea**

The convenience to build Small Medium Enterprises also contributes on the growth of business entrepreneur beginners. Complicated licensing and paying process can obstruct the growth of new entrepreneurs and new investment. With easier licensing and paying process, new entrepreneurs are able to start running the business with easy access to investor to get financial support, and new companies will be able to enter stock exchange with the existence of stock market efficiency. The followings are the conveniences to build and disperse Small Medium Enterprises in South Korea: a) Small Medium Enterprises is sponsored by government and non-public company partnership; b) The government encourages domestic financial institution and foreign ventura capital to invest on non-public ventura financing; c) The law allows ventura investment by using pension finance; and d) The stock market for companies which are sold more expensive than prime stock market.

### **The Risk and Appreciation Perception in South Korea**

The attitudes of society and government to appreciate and give punishment for entrepreneurs for the risk also impact the growth of entrepreneurs' amount. For example the tax reduction on accumulated income affects the creating of Small Medium Enterprises start up. The risk and appreciation perception of country and society toward entrepreneurship in South Korea are as follows: a) Self employed is allowed to divide their income with family members to reduce household tax; b) Lower tax for Small Medium Enterprises compare to a company; and c) The rules for bankruptcy which support business.

### **D. Conclusion**

Entrepreneurships activity cause economy growth and is a help to decrease the poverty. Take the lesson from South Korea to put entrepreneurships concept in at early age through education to young generation so that society of South Korea easily continue their entrepreneurship spirit when they are at the next education level. The next is, the export-marketing orientation has been prepared since the beginning as its 'big strategy' to overpower global market. To conduct this strategy, government give a full support on business world by providing infrastructures, capital, low-tax payment for superior industry, and preparing human resources with high quality. Efficiency and quality management on bureaucracy level where the bureaucrats are educated with world class and high quality learning process and discipline. This inefficiency reduction allows the making of good quality policy without leaving bureaucracy rules behind. South Korean government consistently gives attention and strong support on education, research, and the development of human resources to become entrepreneurs. As the impact, entrepreneurships spirit of South Korean grows strongly and becoming one of factors that contribute on the success of economy development. Along with it, South Korean has strong culture and strong characteristics, insistent and hard worker and has high

nationalism where the people feel proud to use their language and local product in comparing to others product or language. The existence of incentive for innovation, the convenience to build and disperse Small Medium Enterprises, the risk and appreciation perception make this country able to create successful entrepreneurs, and strengthen and improve the country and improve people's economy.

**Daftar Pustaka**

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