

Interpretation of the Government SME Support Policy Changes in South Korean and the Revelation to China

LES POLITIQUES GOUVERNEMENT DE SOUTIEN SUD-COREEENS AUX PME A L'ADAPTION D'INTERPRETATION ET IMPLICATION DE LA CHINE

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Abstract

Since the 1950s, South Korean small and medium enterprises has grown rapidly, the Korean economy status has improved. This is mainly due to the Korean government's growing recognition of the importance of SMEs for a half a century. The government passed legislation to establish a series of guidelines which is designed to promote SME development policy. Due to financial crisis, the Korean government adjusted policies to foster SMEs, the Korean government's policy adjustments based on the lessons of the financial crisis and their own national conditions as a starting point. This paper analyzes the interpretation of the South Korean government SME support policy changes, revealing the South Korean government support policies for SMEs to adjust to China's revelation.

Key words: South Korea; SMEs; Support policies; Risk financing

Résumé

Depuis les années 1950, le développement des PME très rapidement le statut hausse dans l'économie coréenne. Ceci est principalement dû à un demi-siècle, le gouvernement sud-coréen sur la compréhension de l'importance des PME est de plus en plus complets et l'approfondissement de la législation du gouvernement, il établit les principes et les politiques visant à promouvoir

le développement des entreprises petites et moyennes entreprises, le développement des PME en Corée pouvoir. Après la crise financière, le gouvernement coréen pour ajuster les politiques de soutien pour les PME, l'ajustement des politiques du gouvernement coréen est basé sur les leçons de la crise financière et les conditions nationales comme point de départ. Cet article analyse l'interprétation des ajustements des PME sud-coréennes d'appui aux politiques gouvernementales, et révèle la révélation des ajustements des PME sud-coréennes d'appui aux politiques gouvernementales.

Mots clés: La Corée du sud; les PME; Les politiques de soutien; Le financement des risques.

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INTRODUCTION

SMEs in Korea's economic development plays a very important position. South Korea has more than 300 million small and medium enterprises, accounting for 99% of the total number of Korean companies to provide 86% of jobs. Historically, the development of Korean SMEs have also gone through a serious shortage of funds, difficult stage. Bottleneck for the breakthrough financing channels, since the 1980s, Korea has introduced a series of policies and regulations to support the development of small and medium-sized enterprises SME Business Start-up ", the same time, the financial aspect of the policy to take corresponding measures. Overall, the derived funds other than the Korean SME financing mainly funds from financial institutions. Since the mid-1990s, with the venture capital market and high-Nasdaq (KOSDAQ

in) the market development, the role of venture capital financing channels gradually been strengthened.

However, after the financial crisis, the Korean government to adjust the SME support policies, the policy adjustment reflected the introspection of the South Korean government support policies for SMEs in the pre-crisis as well as new considerations on the future development strategy of the SME. The South Korean government's policy adjustments have an important reference for China's future SME support policies.

A. THE POLICY ADJUSTMENTS OF THE GOVERNMENT SUPPORT FOR SMES IN SOUTH KOREAN

Sweeping the global financial crisis has entered a post-crisis era, governments have taken positive measures to promote national economic recovery, but the lessons of the financial crisis, governments are also to take positive measures at the same time to reflect on the past industrial policy rationality, and adjustment of industrial policy on the basis of lessons learned. The South Korean government is no exception, but also the country's industrial policy has been adjusted, including the adjustment of the SME policy.

Posted in the SME support policies introduced in 2009 and 2010, the Korean government's announcement of SME policy to support the capital plan, the Korean government made the necessary adjustment on the part of policy, I will organize the data into a unified form, specific information can be adjusted from the table below to get a clear manifestation of the table as follows:

Table 1
2008 to 2010 SMEs to Foster Capital the Use of Common Items in South Korea

Table 2.2009-2010 Budget(annual)(100 million won) and Financing conditions for the Use of Common Funds in South Korea								
Type of Industry	Budget(annual)(100 million won)			Financing conditions				Support the standard
	08	09	10	Financing limits	Financing terms	Lending rates		
						08-09	10	
Entrepreneurship development	7,400	11,500	11,000	3 billion won per year	Less than 8 years	4.37%	4.13%	Operating life in the following seven years or to prepare entrepreneurs
Industrial transformation	1,150	1,475	1,475	4 billion won per year	Less than 8 years	4.37%	4.13%	Industrial transformation,, Trade Adjustment
Technology industry	1,200	1,880	1,000	2 billion won per year	Less than 8 years	4.37%	4.13%	Special industry or technology property rights of enterprises
Local small and medium technology industry	-	1,000	580	2 billion won per year	Less than 9 years	4.37%	4.13%	Local businesses
New economic growth in basic industries	13,411	12,100	11,400	3 billion won per year	Less than 8 years	4.74%	4.50%	More than seven years operating experience of service-oriented enterprise
Settled in the industrial and agricultural industrial park business	-	200	200	3 billion won per year	Less than 8 years	4.74%	4.50%	Settled in the industrial and agricultural industrial park business
Local SME competitiveness enhancement	-	3000	-	3 billion won per year	Less than 9 years	4.74%	-	Local small and medium-sized enterprises and the National Home local cooperation enterprise
Emergency stable industry	5,213	15,000	2,500	5 billion won per year	Less than 5 years	4.74% (Disaster 3.84%)	4.50% (Disaster 3.84%)	Lack of funding for SMEs

To be continued

Continued

	Budget(annual)(100 million won)			Financing conditions				
Asset mobility	281	400	200	30-70 billion won per year	-	Bonds received Profit rate	Bonds received Profit rate	With the future growth of SMEs
Small business	2,875	9,525	3,000	5 billion won per year	Less than 5 years	4.74%	4.50%	Employees no more than 10 small businesses
Suspend business and of demobilized willingness to small and medium-sized enterprises(SEMs)	-	1,475	-	5 billion won per year	Less than 5 years	4.74%	-	Wound up and small businesses to change jobs plan
Total	31,530	58,555	31,355	-	-			-
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Total	31,530	58,555	31,355	-	-			-

In addition, the South Korean government in 2010 “to strengthen the competitiveness of SMEs funds associated description is” clearly the object of major support from the industry and by fostering small and medium enterprises should meet the standard criteria, the specific information in the following table:

Table 2
In 2010 Focused Support Small and Medium Industries in South Korea

Classification	Key targets for assistance
The field of technological innovation	. More than 5% of the enterprises sold accounted for the proportion of research and development
	. Through new technologies (NET NEP) certification of the enterprise
	. Inno-biz enterprise
	. Government within the past three years to provide technical support for the successful development of new technology enterprise
	. Franchise enterprises in pillar industries, or converted to the pillar industry in the last 3 years
The field of business innovation	. Innovative enterprises
	. The SEMs average turnover rate of more than two times to sell the amount of business rates
	. Operation of innovative enterprises
	. Through the audit of enterprises within the last 3 years
	. The latest mode of operation of the BSC, ERP, production information such as import operations in the enterprise
	. Business within the last three years, experts recommend innovative enterprises
	. Export capacity of SEMs and designated enterprise
	. Consortium shares of enterprises
	. Involved in regional innovative features industry enterprises (RIS)

B. POLICY ADJUSTMENTS OF THE GOVERNMENT SUPPORT ON THE INTERPRETATION OF THE SME IN SOUTH KOREAN

SMEs in South Korea has a pivotal position. According to statistics, SMEs accounted for 99.7% of the total number of South Korean manufacturing firms, the total number of manufacturing jobs, 75.8% of the steady growth of SMEs, is the driving force behind Korea's industrial competitiveness in a dynamic world economy. SMEs have relatively superior mobility and flexibility, increasing the proportion of Korean economic development, its role is increasing. Since the South Korean small and medium enterprises occupy such an important role in the entire economic system of South Korea, the South Korean government is of extraordinary significance for SMEs policy adjustments will. The correct interpretation of the South Korean government's policy adjustments, China SME policy has an important significance.

1. Increase SME Support During the Period of the Crisis

From Table 1, we learned that the most difficult economic situation in 2009, the Korean government to support SMEs financing budget to upgrade from 3.15 trillion won in 2008 to 58,56 trillion won in 2009, then 2010 economic rebound trend obviously, the South Korean government in turn support the budget be transferred back to 31,36 trillion won.

During the crisis, in July 2008, South Korean Prime Minister Han Seung-soo said in the SME Forum conference, 3 million SMEs are the driving force to promote the development of the Korean economy, the revitalization of small and medium enterprises is the core of the country's economic development policy, the Government will give full support to SMEs development, helping them to develop high-tech products and develop business strategies. South Korean President Lee Myung-bak recently said that enliven the SME is to invigorate domestic demand, the best way to create jobs. South Korea's government is the most difficult period in the Korean economy, and expressed the determination of the best to help their SMEs to ride out the storm.

From 2008 to the 2010 South Korea to support SMEs financing of the total budget adjustment and the South Korean government expressed in the face of the difficult times of financial crisis to spare no effort to protect the country's SME firm determination, showing that the SMEs in the Korean economy an important position.

2. Overall Strategy to Support Small and Medium Unchanged

We clearly see from Table 1, 2010 South Korea will support a total budget of SMEs to shrink substantially, but will support SMEs financing interest rates, not just

during the crisis, the government vigorously support small and medium-sized enterprises of great assistance during the crisis is not an expedient measure, and the temporary means of supporting SMEs, not South Korea summit reassure the public, and indeed the South Korean government's long-term core economic policy.

The South Korean government raised the 21st century - the era of small and medium enterprises, small and medium enterprises - the engine of economic growth "slogan, showing the degree of attention to SMEs. The last century the late 1990s, South Korea, SMEs accounted for 99.1% of the total number of enterprises in Korea, has an absolute proportion in the national economy. By the enormous impact of SMEs in the economic crisis, the Korean government supported policy objectives is to improve the structure of small and medium enterprises to improve their international competitiveness, in order to catch up with the changes and challenges of a new era, create new employment opportunities in the country. The Small Business Administration (SMBA) to strengthen the management of existing small and medium enterprises to promote the start-up of innovative, risk-based enterprises to cope with the increasingly fierce international competition. The Korean government has actively supported small and medium enterprises to carry out structural reform and technological development, to promote domestic industrial restructuring, training and technology-intensive small and medium-sized venture companies. Small and medium enterprises, the implementation of credit-based loans from the financial support to replace the secured loan in the past and the positive development of credit guarantee programs to provide a more effective loan services. In addition, providing more incentive policies to promote high-quality workers to SME employment.

Proved that the South Korean government's decision is correct: Korean SMEs nearly more than 300 million, accounting for 99% of the total number of South Korean companies to provide 86% of jobs; In addition, extraversion strong South Korean small and medium enterprises through export improve productivity and stimulate economic growth and foreign investment. In the meantime, the South Korean small and medium enterprises, exports accounted for 35% of all exports. The presence of SMEs in making income distribution more evenly distributed, and to some extent, alleviate the impact of the 1997 Asian financial crisis on the Korean economy contributed huge amounts of energy to strengthen Korea's economic competitiveness.

Table 1 and Table 2, we see that the South Korean government support SME financing budget allocation is prioritized, focused support the object is to become the new economic growth has great potential for development, capable of forming a strong competitive The point of the enterprise, such as high-tech enterprises, the new energy industry, operating

in innovative and features, the export value of SMEs.

Dialectics of inside and outside the theory tells us that: internal factors are the fundamental, external conditions; external factors can only be through internal work. Government support for SMEs is the external causes of the development of SMEs, and SMEs themselves raise the level of technological innovation; the expansion of business areas is the development of internal factors. If you just rely on government support to help operators reluctantly, lazy, then such SMEs are difficult to smoothly through the financial crisis. Therefore, the government choose to support the object must not adopt the “egalitarian”, but should be focused, prioritized, and vigorously support the great development potential, to create a strong competitive to become a new economic growth point enterprises, such as high-tech enterprises, the new energy industry, operating in innovation and features, the export value of SMEs. For some operators the low level of technical content, no potential for development of SMEs, should play the role of the “metabolism” of the market, eliminate backward production capacity, to achieve the optimal allocation of resources.

Korea for supporting the field of adjustment is based on the considerations described above, which also experienced the painful lessons of the financial crisis inevitable policy choices. This policy adjustment is bound for South Korea survive the financial crisis to add more chips.

South Korean government's overall policy adjustments to convey information in two ways: 1, although South Korea there is no lack of the world's top 500 large multinational companies, but South Korea still will support the development of SMEs as the basic strategy remains the emphasis on the development of national SMEs, which emphasis on small and medium enterprises play an important role in South Korea. 2, after the financial crisis, Korea experienced a difficult situation during the crisis, small and medium enterprises going bankrupt, the surge in unemployment, the Korean government is aware of the SME support must be focused, be sure to focus on supporting the great development potential and can form strong competitiveness to become the new economic growth point of small and medium-sized enterprises, and gradually phase out backward lack of competitiveness of small and medium-sized enterprises, so as to SMEs and large enterprises to form a benign interaction to enhance the industrial competitiveness of the country as a whole at the next When the crisis hit, to calm, at ease.

C. THE GOVERNMENT SME POLICY ADJUSTMENT IN SOUTH KOREAN IMPLICATIONS FOR CHINA

The Chinese government support policies for SMEs to learn from the experience of developed countries, including South Korea. For example, since the 1980s,

Korea introduced a SME Business Start-up Assistance Act, adopted on June 29, 2002 “China's SME Promotion Law”. Risk financing, the Chinese GEM, like South Korea (KOSDAQ in), high-Nasdaq market, opened a venture capital financing channels for SMEs in China.

The Korean government's policy of supporting SMEs to adjust to China's industrial policy for SMEs development is revealing meaningful. China's large population, huge pressure on employment, industrial competitiveness, the market is not perfect and many other issues make the strategic importance of SMEs in China far more than South Korea. In Korea's SME support policy adjustment which inspired him?

1. Great Importance to and Vigorously Develop Small and Medium-Sized Enterprises

The strategic significance of the Chinese SME development far more than South Korea, and the efforts made by China in support of the development of small and medium-sized enterprises is far less than South Korea. China should attach importance to strengthening the role played by SMEs in the national economy as a whole, the use of SMEs with innovation, flexibility characteristics, and strive to create a fair competition of SMEs and large enterprises, good positive interaction of economic, legal atmosphere, so that SMEs assume the important responsibility of an active market economy, ease employment pressure and enhance overall national competitiveness.

2. Greater Efforts to Further Promote to Improve the Financing Channels for SMEs

China in recent years in the construction of the financing channels for SMEs to make a tremendous effort, but also made certain achievements, but the Chinese SMEs are still facing financing difficulties in the financing channels for SMEs building and South Koreaa considerable gap. South Korea has a sound financing channels for SMEs, so Korea's SME support policies can be the smooth implementation of the implementation of China due to lack of financing channels for SMEs in the policy implementation of the implementation are also facing great difficulties.

3. Development of SME Support Policies to Adapt to National Conditions and Prioritize

China SME support policies should be developed in line with China's national conditions. Korea for their own small land area, shortage of resources, but the strength of technology characteristics, and adjusted based on the lessons of the financial crisis, SME support policies, vigorously develop competitive high-tech SMEs, engaged in innovative enterprises and export-oriented enterprises can be said that the South Korean government's policy adjustment is consistent with South Korea's national conditions. China should also be against their own national conditions around how to protect employment,

narrowing the central and western gap and promote the urgent problem of expanding domestic demand, protection of resources and the environment, combined with China's long-term development strategy, the development of SME support policies with Chinese characteristics.

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