



**Asia-Pacific
Economic Cooperation**

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SME Internationalization: The Case of Korea and Later Research Directions

Purpose: Information
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APEC
PHILIPPINES
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Asia-Pacific
Economic Cooperation



APEC
SME Innovation Center

SME Internationalization: The Case of Korea and Later Research Directions

2015.06

Small and medium Business
Corporation
Republic of Korea




I. Background

- **SMEs internationalization is one of major issues of APEC leaders**
 - No single tool capable of measuring SME internationalization at the economy or APEC level.
- **Promotion of internationalization of SMEs requires objective diagnosis using a model or indices to address problems and policies**
 - In this context, Korea has applied for APEC funded project with "APEC SME Internationalization Model Indices."
- **Brief research conducted based on SME internationalization activities in PSU's report 'SME Internationalization and Measurement'**
 - Good fit for Korean SMEs?
 - Problems in measurement and data collection?
 - Lessons to be considered for the later project ?

II. Korea Case: Survey

➤ Official Data on SMEs

- Exporting SMEs('14): 89,997(2.7% of total), \$103billion (value)
- Import('14): data N/A
- FDI('14): 4,199 (nos. of investments), \$2.4billion (value) <Characteristics of SMEs>

➤ Survey Brief

- Period: May 2015
- Sample: 100 exporting/importing SMEs*
* ratio of export/sale is over 20%
- Industry: electronics(including IT), automobiles/parts, textiles/apparel

▪ Questionnaires

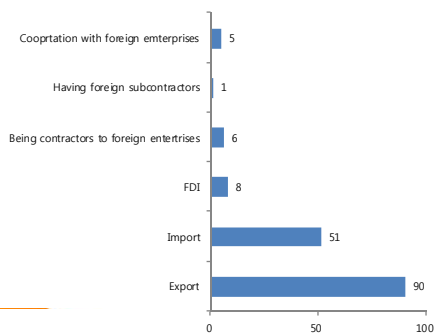
1. no/value of SMEs' direct exports('14)
2. no/value of SMEs' direct imports('14)
3. no/value of SMEs' investment abroad('14)
4. no/value of sales of SMEs, being subcontracted to foreign enterprises('14)
5. no/value of purchases of SMEs, subcontracting from foreign enterprises('14)
6. cooperation with foreign enterprises

		No. of company	Ratio
Total		100	100.0
Industry	Electronics(including IT)	37	37.0
	Automobiles/parts	31	31.0
	Textiles/apparel	32	32.0
Type of company	Exporters	48	48.0
	Importers	3	3.0
	Exporters/Importers	49	49.0
No. of employees	~ 20	38	38.0
	20~49	30	30.0
	50 ~	32	32.0

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II. Korea Case- Survey Results

<Figure 1-1> Ratio of Korean SMEs involved in internationalization activities(%)



* 100 exporting & importing SMEs/ electronics, auto, textiles

<Figure 2-2> Ratio of EU SMEs involved in int'l activities(%)

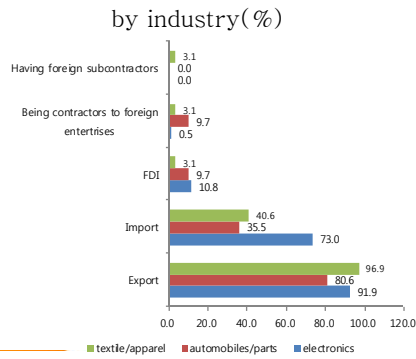


Source : EU(2010).Internationalization of European SMEs 9,480 SMEs of 33 countries/ all industries

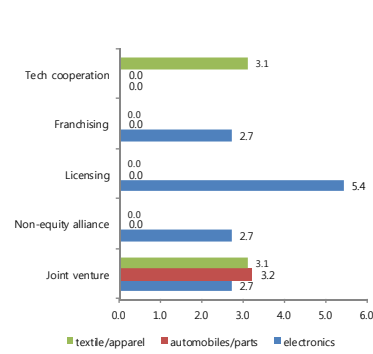
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II. Korea Case

<Figure 2-1> Ratio of SMEs involved in internationalization activities



<Figure 2-2> Co-operation type with foreign enterprises by industry(%)

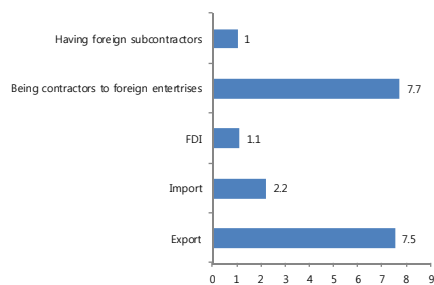


- The pattern of internationalization activities are diverse by industries

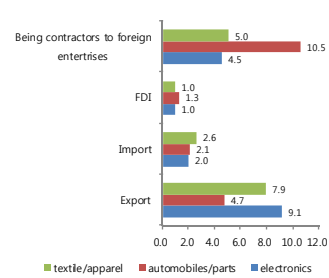
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II. Korea Case

<Figure 3-1> Average no. of countries with which SMEs are involved in int'l activities



<Figure 3-2> Average no. of countries with which SMEs are involved in int'l activities by industry



- Korean SMEs have the largest no. of partners on average in exporting and as subcontractors to foreign enterprises
- Average no. of partners are also diverse by industry

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II. Lessons learned from Korean Case

- **Does the model fit well with Korean SMEs?**
 - Yes. But it fits to SMEs with global competence, especially in case of high stage of internationalization activities, e.g. int'l subcontracting or cooperation.
- **Measurement and data collection problems?**
 - Official data is scarce for measuring SMEs internationalization
- **Later research and data collection for APEC member economies**
 - Scope of SMEs and industry should be clearly defined.
 - Availability of official /informal statistics in each APEC economy should be examined.
 - Model and indices used here, should be modified based on the characteristics of APEC SMEs and available data

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III. Project Schedule – “SME Internationalization Model Indices : Development & Application”

Stage 1 (Mar – Aug 2015) **APEC SME internationalization model index development**

- Development of model indices as prior study in Korea
- Elaboration of model indices by sharing to modify with APEC member economies
- Selection of participating economies to conduct pilot studies using model indices

Stage 2 (Sept 2015 – mid-Jan 2016) **Pilot studies**

- Brief meeting with participating economies to present pilot study guidelines (e.g., sample/industry selection, data collection, survey designing ...)
- Conduct of pilot studies at the economy level, surveys and data collection

Stage 3 (Mid-Jan – April 2016) **Comparative analysis & policy recommendation**

- In-depth Analysis of the pilot study results in Korea to categorize participating economies by internationalization level or type and to explore best practices
- Preparation of completion report, including policy recommendations

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