

A Study of the Effectiveness on the Regional Policy by the Corporate Performance Analysis in Busan

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Extended Abstract

Since SME sector accounts for about 85% of Korean employment, creating jobs through SMEs is an important task [1]. The growth of SMEs leads to the revitalization of the national economy by creating jobs and income in the local area. Therefore, it is important for government and related public institutions to support SMEs, which play an important role in the national economy, to build a competitive economy.

There are some researches about the effect of the government support for the SMEs. The individual establishment data was used to estimate the effects of government support for the research and development of SMEs in [2]. The effect of the government support for SMEs was evaluated to analyze technical outcomes of employment change and the economic performance of government support for the research and development of SMEs in [3]. The effect of government technology development supports on the performance of SME's (Small-and-Medium-Sized Enterprises) was empirically analyzed in [4].

The purpose of this study is to evaluate the effectiveness of the support program for the SMEs in the local area, especially in Busan. The industries in Busan are composed of multimedia, ICT (information and Communication Technology), and marine biotechnology, mainly focused on the automobile and shipbuilding machinery industries. The space, marketing, technical support and technology commercialization for SMES are supported by the various public institutions in the government supported projects. Therefore, we analyze the performance of companies and compared effectiveness between the beneficiaries and non-beneficiaries (comparison group) in MOTIE (Ministry of trade, industry and energy) (Group A), Techno Park (Group B) and other regional public institutions (Group C). The results are as follows.

The results were represented by the average rate of sales growth rate and the average rate of employment growth according to the company size, the establishment of company research institutes, the average number of patents, the designation of venture company, the presence of Innobiz (Innovation Business) certification, and the number of R &D employee.

For the hypotheses summarized above, we can summarize the average sales growth rate and the average employment growth rate, which are the main indicators of the results of the validity analysis, as follows. As a result, the average sales growth rate of beneficiaries is 80.04%, which is higher than the average of non-beneficiaries - 26.2%. And the support effect of Techno Park (Group B) is the highest, and the support effect of other regional public institutions is next. On the other hand, it is shown that dependency of the average employment growth rate on the company size is significant, and that the average employment number of both beneficiaries and non-beneficiaries increases, but the significance level is not significantly different at the 5%.

Therefore, it is shown that the relationship of key indicators that improve the efficiency in the beneficiaries by the government support lead directly to the improvement of the performance of sales and employment.

References

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