EXAMINING THE CREATIVE ECONOMY POLICY IN SOUTH KOREA (2013 - 2017):
THE CASE OF SEOUL GLOBAL STARTUP CENTER

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วินิจฉัย peny ฉบับนี้จัดท้ำนเพื่อศึกษำโครงสร้ำงพื้นฐำนของนโยบายเศรษฐกิจสร้ำงสรรค์ใน
ประเทศภำคหลีใต้ ซึ่งมีศูนย์บ่มเพาะธุรกิจใหม่สำหรับผู้ประกอบการต่างชำติประจ ำกรุงโซลเป็น
กรณีศึกษำ โดยเน้นการศึกษำข้อมูลผ่ำนแหล่งข้อมูลปฐมภูมิเพื่อการวิเครำะห์ข้อมูลในเชิงคุณภาพ
ผู้วิจัยได้ท ำกำรเก็บข้อมูลผ่ำนการสัมภาษณ์เพื่อนำมาวิเครำะห์โดยใช้กลยุทธ์ SWOT Analysis ผล
จากการศึกษำพบว่ำรัฐบำลภำคหลีใต้ได้ท ำกำรจัดจำงเป้ำหมำยและกลยุทธ์ที่มีประสิทธิภำพเพื่อ
ควำมส ำเร็จของนโยบำยเศรษฐกิจสรำงสรรค์ ทั้งนี้รัฐบำลภำคหลีใต้ได้ท ำกำรสนับสนุนประชำชนใน
กำรปรุริปควำมคิดสรำงสรรค์และเพิ่มมูลค่ำให้กับสินค้ำในแง่เศรษฐศำสตร์ ผ่ำนกำรจัดตั้องกำร
ต่ำงๆ เพื่อให้คำปรึกษำจำกผู้เชี่ยวชำญเฉพาะด้ำนเกี่ยวกับกำรค้นคว้ำและวิจัยสินค้ำและบริกำร ผล
จำกกำรวิจัยพบว่ำศูนย์บ่มเพาะธุรกิจใหม่สำหรับผู้ประกอบการต่างชำติประจ ำกรุงโซลสามารถ
ส่ำงผลดีแก่ระบบเศรษฐกิจของภำคหลีใต้โดยกำรเพิ่มรำยได้และสร้ำงกำรให้กับประชำชน เพื่อบ้ำปัญหา
ควำมว่างในประเทศภำคหลีใต้
This research examines the structure of the Creative Economy Policy in South Korea and the Seoul Global Startup Center by studying its structure and characteristics. The research was conducted through the collecting of primary data by an in-depth interview and analyzed using the SWOT analysis. This research points out that government agencies set goals and strategies for an effective Creative Economy Policy to support Korean citizen in turning their ideas into valuable products and services. The government also made efforts in establishing centers to support startups in conducting research and development. Among numerous centers in Korea, the Seoul Global Startup seeks to support foreigner startups through a sustainable system. The study also depicts that the Seoul Global Startup Center has potentials to benefit South Korea by increasing income, creating more jobs to resolve the unemployment issues in South Korea.
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CHAPTER I

INTRODUCTION

Among all the countries around the world, the Republic of Korea (hereafter “South Korea”) is one of the countries that successfully managed to develop its country in numerous aspects, especially economically. Initially, the country made progress in the economy through labor intensive and heavy industries run by the mighty Conglomerates (Chaebols). In its primary stage, the Korean Conglomerates company received support from the Park Chung-hee Government (1960 – 1970) such as monetary fund, relaxed regulation, tax cuts in order to export their products to the world’s market with the lowest cost of production. The government made an arrangement with Conglomerates in return of the Economic Development after the Korean War. The emergence of Chaebols made South Korea where it is today in the world’s market. Regardless of the past between South Korea and other nations namely Japan and China, South Korea has managed to develop economically with such a fast pace and became the magnet for money in the electronic field by numerous Conglomerates such as Samsung, LG etc (Hopthrough 2013).

Before 2008, South Korea made its name worldwide as a high-tech, innovation-driven economy. Korea’s investment in research and development as a percentage of Gross Domestic Product is amongst the highest in the world
(Sermcheep; Srisangnam; et al. 2015). Anyhow, the country suffered due to the Financial Crisis in November 1997, when they had to seek for official monetary assistance from the IMF along with the Economy Reform. Still, South Korea has managed to strengthen their financial stability after the Economic Dystopia (Hyun 1999). Even though the country had to receive financial aid from the IMF to solve their financial problem, they successfully came back on track by being one of the countries among OECD members with the biggest economic scale (Kim 2006). Later on in 2012, South Korea was the world’s most intensive Research and Development country with Gross Domestic expenditure on Research and Development (R&D) at 4.36% (Jones and Kim 2014). The success of South Korea Economy is witnessed in the world stage when they increased its GDP per capita from ten percent of the United States to fifty percent of the United States in approximately 40 years, from 1962 to 2012 (Economist 2014).

Even though South Korea has managed to developed its country economically and overcome poverty after the Korean war with the catch-up type strategy, it is crucial for the country to come up with a new economic strategy to drive the economy of South Korea in the future. The reason is because South Korea has reached its limitation of the catch-up type strategy due to the world’s economic crisis and the emergence of newly industrializing economies. This was not something that is happening only in South Korea, but all of the countries around the world also facing with the challenges on the changing of Economics. Therefore, the South
Korean Government (2013) has come up with a strategy to drive the economy by switching from factor-driven economy to knowledge and creative economies, which relies much on creativity, technology, and innovation (UNCTAD 2017).

1.1 Research Background

1.1.1 The Creative Economy Policy in South Korea

In 2013 during the inaugural speech, South Korea’s former President Park Geun-hye (2013-2017) introduced the Creative Economy Policy to public for the first time. According to Park, the Creative Economy is the economy that is defined by the convergence of science and technology with industry, the fusion of culture with industry, and the blossoming of creativity in the very borders that were once permeated by barriers. It is about going beyond the rudimentary expansion of existing markets, and creating new markets and new jobs by building on the bedrock of convergence. At the very heart of a creative economy lie science technology and the IT industry, areas that I have earmarked as key priorities (Yonhap 2013).

The former president of Korea successfully gained support from Korean Citizens through her effort to bring growth and prosperity to Korea by fostering the innovation and new engines of economic growth in order to solve the problems emerging from the rapid development of Korea’s Economy in the past decades such as the unemployment, the slowing growth of economy, the rising of inequality, the aging society (Jones and Kim 2014). Anyhow, the idea of Creative Economy is not
new to Korea. Since the 1990s, several governments have been making efforts in the aspect of Cultural Policy and Industrial Policy, but it was Park who made turned it into National Administration Philosophy in 2013. Park’s Government has successfully managed to establish the policy.

The 18\textsuperscript{th} Presidential Transition Committee defined the mission of Park Geun-hye administration to be a “virtuous cycle of a national development and peoples’ happiness” in a “society where diverse values coexist”. The Committee also completed the blueprints of action plans with the goals needed to be achieved. As a result, the Creative Economy Policy was set as a major policy by the government in 2013. The structure of Creative Economy System in Korea is basically on a top-down basis (UNCTAD 2017). The former president Park Geun-hye initially set the idea of Creative Economy as the new strategy of Korea, then managed to set up a committee and government agencies to be responsible for the action plans for each sector.

1.1.2 Korean Government Initiative in supporting Creative Industries

In order for these goals to be achieved, it is important for the government to encourage the private sectors to participate by providing inputs through the public-private partnership (PPP). Therefore, the ‘Creative Economy Joint Task Force’ was set up in order to institutionalize the private sector’s participation in January 2014. Additionally, the government also made an effort to support the startup businesses
and SMEs by establishing the organization, both online — Creative Economy Town Website — and offline — the Centers for Creative Economy and Innovations (CCEIs) — to give advice to citizens who came up with the idea that is possible to be developed into valuable products.

The government founded the Centers for Creative Economy and Innovations (CCEIs) that were established in 17 cities nationwide in the period of September 2014 to July 2015 (UNCTAD, 2017). By establishing the CCEIs in regional basis, it would benefit the local citizens in acting as a driving force for new startup ecosystem. This organization is meant to categorize and form thoughts into actions in the valuable approach, making the people with ideas to turn those ideas into action with a one-stop service support from product developments to the search of new distributive channels. The country also set up a portal site online to support those who have ideas and wish to seek for consultant and advices by using Internet as a mediate.

Not only for the Korean citizens, but the government also made several efforts to encourage foreign entrepreneurs to start their businesses as foreign startups in Seoul. The Seoul Global Startup Center is a startup incubation center that was established to provide support and services to Foreign Entrepreneurs, a center where they can turn their ideas into valuable products. The center was officially founded in July 2016 with the funding from Seoul Metropolitan Government and operation by Rehoboth Business Incubator, a private enterprise (SeoulGSC 2016). The Seoul Global Startup Center operates the 6 months incubation program for each batch. During the
course, the participants were allowed to attend the entrepreneurial education program, mentoring sessions, and other activities related to startups. What makes it interesting is that by encouraging foreigners to invest in the country, it is likely for South Korea to increase its economy with high-innovative products and services (SeoulGSC 2016). Therefore, it is crucial to examine the system of the Seoul Global Startup Center in order to see whether it is an ideal center for Thailand to follow.

1.2 Research Objective

• To examine the structures and overall system of Creative Economy in South Korea.

To closely examine Seoul Global Startup Center in South Korea

1.3 Research Questions

• Can Seoul Global Startup Center actually help foreign entrepreneurs in starting up their businesses?

• How can supporting foreign startups benefit South Korea economically?
1.4 Hypotheses

- The Seoul Global Startup Center has a strong and sustainable operating system with high potential to grow in the future.

- The Seoul Global Startup Center can help South Korea to boost up their economic growth by developing innovative products and services with creativity.

1.5 Scope of Study

In 2013, the South Korean government aimed to drive the country’s economic growth since the economy in South Korea faced the challenges due to the fact that the Korean economy has changed from factor-driven economy to knowledge and creative economies. Park Geun-hye, Korea former president gained her votes from Korean Citizens because she expressed her determination in creating “the new era of hope” through the Creative Economy Policy. For the Creative Economy Policy to be successful, it requires participation from both the government and private sectors in supporting and encouraging the emergence of new business by establishing centers for the research and development.

Additionally, it is inevitable for the country to start focusing on the small and medium business and the startups. The Seoul Global Startup Center is an incubation center focusing on supporting foreign entrepreneurs who wish to start their business
in Korea. This thesis focuses on examining the structures of the Seoul Global Startup
Center and the system within it.

1.6 Research Significance

This research was designed to examine the system and structure of the Seoul
Global Startup Center in South Korea in order to see whether it could be a great
model for Thailand to follow. By utilizing the SWOT analysis to examine this center,
the benefits gained from this center could be learned, including the risks and
challenges that should be avoided. Due to the fact that Thai government is now
undergoing the Thailand 4.0 policy, it may be beneficial to study this Seoul Global
Startup Center as a lesson for Thailand.

1.7 Conceptual Framework

The SWOT analysis is used in the process of examining and evaluating the
Seoul Global Startup Center in order to opt whether this center could be a decent
model in encouraging Startups from foreign entrepreneurs in Thailand.
The SWOT analysis is the tool used in audit and analysis the corporate position or organization, considered by Strengths and Weaknesses from internal factors together with Opportunities and Threats from the external factors. By utilizing the SWOT analysis, the corporate would be able to evaluate the potentials and corporate competencies. Additionally, the overall performance of the center can also be evaluated through the SWOT matrix as well.
1.8 Organization of the study

This research consists of five chapters organized as follows:

The first chapter includes the research background, research question, hypotheses, research objective, scope of study, research significant, conceptual framework, and study organization.

The second chapter presents the information about South Korea’s Creative Economy Agenda and blueprints by Park Geun-hye Government, mainly focusing on the Creative Economy Centers in South Korea. Also, the other related studies are included in this chapter as well.

The third chapter of this paper presents methodology including design and procedures, data collection and analysis.

The fourth chapter outlines the discussion on the case study of Seoul Global Startup center. The organization competencies and limitations are discussed here.

The fifth chapter displays the conclusion regarding the Seoul Global Startup Center. Also, the suggestion for further research is presented in this chapter as well.
CHAPTER II

THEORIES AND LITERATURE REVIEWS

This chapter is categorized into two parts which are related theories and official documents from government.

2.1 Related Theories

2.1.1 Definition of Creative Economy

John Hawkins

The term Creative Economy was firstly introduced to the world by John Hawkins in 2002. It basically refers to the economic system where individual creativity becomes the main source of value. John Hawkins defines the Creative Economy as the relationship between creativity and economics, and how they combine to create extraordinary value and wealth (Kim 2006). For instance, the expenditure on intellectual property in the West End and Broadway worth more than time as it is on bricks-and-mortar kind. It is obvious that the industry where creativity plays an important role is becoming more and more important in the market.

According to John Hawkins, the business ideas that came from imagination and creativity often are more powerful than the ones produce by machine. He
postulated that all these elements — creativity, intellectual property, management, capital, wealth — should be combined into a single comprehensive framework, that is the Creative Economy. It could be concluded that any creative activity generated from the idea with economic implication or a tradable product could be classified as Creative Economy (Hawkins 2001).

UNCTAD

In 2008, UNCTAD announced that Creative Economy refers to an evolving concept based on creative assets that have the potential to generate economic growth and development (OECD 2014) as follows:

1. It can foster income generation, job creation and export earnings while promoting inclusion, cultural diversity and human development.

2. It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.

3. It is a set of knowledge-based economic activities with a development dimension and crosscutting linkages at macro and micro levels to the overall economy.

4. It is a feasible development option for innovation, multidisciplinary policy responses and inter-ministerial action.
5. At the heart of the creative economy are the creative industries.

South Korea is one of the countries that their Economic Growth has been driven from numerous sectors in each industry. For instance, the Game Industry is also one of the segments expected to be expanding more and more. The market size for Video Game Segment grows annually, and stood at 2.6% at 2014 while most of the destinations of exports are located at the regional countries such as Japan and China (UNCTAD 2017).

Another huge business segment in South Korea market is nothing new, but Hallyu. The effect of Korean Pop Culture — Hallyu — contribute much in Economic Growth of South Korea. Besides the Economic Growth, Hallyu also made a contribution in job creation and value-added products and services. According to KOCCA (2013), Hallyu generated production and value added worth USD 6.8 billion and USD 2.5 billion and 69 thousand jobs in 2011. This proves that Hallyu has become one of the factors to pulls income from foreigners into the country and made a significant growth in Economic Scale.

Another important segment for South Korea is the Art and Design. In Creative Economy society where creativity is valued and respected, it is crucial for the government of the country to realize the power and value of design. South Korea is also known among all the countries to be prosperous with designers with such a high competitive market in the design industry. According to the South Korean
Government, the design industry contributed for 5.5 percent of its nation’s GDP. Additionally, the information from Bank of Korea is also stating that the design industry has larger effects of jobs creation more than other industries with the rate of creating 16 jobs per investment while the auto industry which is the leading industry in South Korea creates only 7.9 jobs and following by the semi-conduct industry at 4.8 jobs per investment.

It is noteworthy that South Korea is now relying more on the goods and services that promotes Arts and Culture of the country, which equals an ideal atmosphere for a successful Creative Economy. By promoting the activities and Creative Ideas in Arts and Cultures segment, South Korea would be able to reach the state of value-based economy undoubtedly. Additionally, the country also has an advantage in the aspect of the reputation in the IT and ICT industries from the world’s leading companies such as Samsung, Hyundai, and LG etc. These conglomerates companies could provide the concrete inputs and contribution for Creative Economy in South Korea. By analyzing the structures and systems for Creative Economy in South Korea, it could be concluded that the Creative Economy in South Korea much on the interconnection between government agencies and private sectors to supports the startups with ideas of innovations under the Creative Industries.
2.1.2 The Knowledge-based capital

To drive the Economy under Creative Economy Agenda, it is crucial for every nation to note that Knowledge is a necessity. Therefore, this model is essential for firms to learn in order to understand the concept of a successful organization under the implementation of Creative Economy. At times where creative activities generate profits, it is concretely crucial for the firms to seek for knowledge in order to survive in the market, especially for the SMEs and startup businesses (PCH 2013).
In addition, the long-term productivity growth under the Creative Economy atmosphere could be reaped through the resource allocation. Starting from the first stage, it is common for every firm in the market to invest in Knowledge-based capital (KBC). In this stage, the crucial factor for firms to be prosperous is the expenditure on R&D. By investing on Research and Development, firms could spawn new creative ideas to develop as the new goods or services (Andrews and Criscuolo 2013).

As a result, the implementation and commercialization of new ideas also plays such an important role in the Knowledge-based capital. Right after the stage of brainstorming new ideas with possibility to generate incomes for firms, the next step is to conduct more research, or accessing the Big Data. In this stage, firms need to calculate whether the innovation worth the investment. During the process of Investments in KBC (stage 1) and the Implementation (stage 2), it is also possible for firms to address new policies to help reduce cost of production or to produce better merchandises that help them differ themselves from the competitors.

The last stage is to realize the benefits of innovation effort via rapid changes in market shares and profitability. At this stage, firms that have gone through the first and second stage would be able to offer their products and services in a lower price with high quality. This results the company in gaining more market shares than other competitors in the market and could even drive the competitors to exit the market in extreme case. Through the framework of three building blocks, firm would be able
to reach the point where the company sustains itself in a long run with that particular products and services. Anyhow, this framework plays a different role in each nation regarding the culture of that particular nation. It is more crucial to understand the nature of that nation before implementing the framework in the firms. Noteworthy that the Framework Policies such as labor, product, credit markets etc. need to be supportive throughout the three stages in order to survive in the market with innovative frontier.

2.2 Related official documents on Creative Economy in South Korea

Figure 3: The interrelationship between entities under the concept of Creative Economy

Source: Strengthening the creative industries for development in the Republic of Korea, UNCTAD (2017)
According to the information from UNCTAD (2017), the Government had made an effort to shape up the society where creativity values and manifested through the cooperation between Government Contribution and Institutional Framework. Through the institutional framework the government entitled the Creative Economy Policy Bureau to exclusively control the activities related to Creative Economy. Then, the government also outlined the action plans and blueprints, including the goals for Creative Economy in South Korea.

Among all of the characteristics in the blueprints, the Public-Private Partnership is by far the most interesting characteristic to inspect because without the participation between these two entities, it would be almost impossible for South Korea to drive the country with this new Economic Paradigm. Together with the assistance from Private Sector and organizations of the professional sectors such as KOSA¹, KAIT², KFDA³ etc. Apart from this, there are also Public Promotion Agencies, Intellectual Property Rights such as Industrial Property Rights and Copyrights, Trade Policies, and SMEs that could be considered as the institutional framework for a successful Creative Economy in South Korea (UNCTAD 2017).

¹ Korea Software Industry Association (KOSA) is an association of software and its related companies, formed in 1988 to develop software industry and represent the industry’s interest. (http://www.sw.or.kr)
² Korea Association for ICT promotion (KAIT) is an association of information and telecommunication industry companies which aims to represent the interest within the industry. KIAT also responsible for coordinating with members to respond to various issues related to broadcasting and telecommunication convergence. (http://www.kait.or.kr/eng_index.jsp)
³ The Korean federation of Design Associations (KFDA) was established by six design-related associations in 1995 to promote the design industries by proposing a design policy to government. (http://www.kfda.or.kr/)
The Creative Economy Policy Bureau

After the Government introduced the Creative Economy as the new Economic Agenda for South Korea in 2013, numbers of ministries and government agencies were involved in the setting up the goal and action plan for the Agenda to be successful in the era where catch-up strategy is no more useful for South Korea (UNCTAD 2017). The Creative Economy Policy Bureau was founded in order to be responsible for all Creative Economy Affairs. The Bureau comprised of five divisions as illustrated below:

Figure 4: The list of five divisions under the Creative Economy Policy Bureau

As displayed in the figure above, the government had structured particular government agency for Creative Economy to be successful not only in the Park Geun-hye era, but they also made an effort to drive South Korean Economy by Creative Activities in a long run.
Additionally, they presented the vision to create the Second Miracle of Han River through Creative Economy by set 3 goals and 6 strategies as listed below.

Table 1: The Creative Economy Action Plan (Blueprints)

<table>
<thead>
<tr>
<th>GOALS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To create new jobs and markets through creativity and innovation.</td>
<td>2. To strengthen its global leadership through a creative economy.</td>
<td>3. To creating a society where creativity is respected and manifested.</td>
</tr>
</tbody>
</table>

**Strategies and related tasks**

<table>
<thead>
<tr>
<th>1</th>
<th>To properly compensate for creativity and create an ecosystem that promotes the creation of start-ups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Create the conditions to easily start new businesses through investment, rather than bank financing.</td>
</tr>
<tr>
<td></td>
<td>• Patent creative ideas.</td>
</tr>
<tr>
<td>2</td>
<td>To strengthen the role of venture businesses and SMEs in the creative economy and their ability to enter global markets</td>
</tr>
</tbody>
</table>
The Creative Economy Action Plan (Blueprints)

- The government and public institutions will become the largest customer to support the pioneering of new markets.
- Ease regulations and increase government support to stimulate investment.
- Achieve the goal of growth for start-ups by accessing global markets.
- Create an ecosystem that encourages co-operation and win-win relations between SMEs and large corporations.
- Construct a system that connects demand, education and recruitment to resolve human resource shortages.

3 To create growth engines to pioneer new markets and new industries

- Combine science, technology and ICT to energize existing industries.
- Develop new industries based on software and the Internet.
- Create new markets through human-oriented technology innovation.
### The Creative Economy Action Plan (Blueprints)

<table>
<thead>
<tr>
<th>4</th>
<th>To Foster global creative talent that has the spirit to rise to challenges and pursue dreams</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Pioneer new markets by discovering and fostering new promising industries for the future.</td>
</tr>
<tr>
<td></td>
<td>• Promote market creation and industry convergence through rationalization of regulation.</td>
</tr>
<tr>
<td>5</td>
<td>To Strengthen the innovation capacity of science, technology and ICT, which form the foundation for the creative economy</td>
</tr>
<tr>
<td></td>
<td>• Create an autonomous and challenging research environment and support the commercialization of research outcomes.</td>
</tr>
<tr>
<td></td>
<td>• Pioneer next-generation markets by strengthening ICT innovation capacity.</td>
</tr>
</tbody>
</table>
The Creative Economy Action Plan (Blueprints)

<table>
<thead>
<tr>
<th>6</th>
<th>To promote a creative economic culture together with the Korean people</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stimulate the regional economy and strengthen the commercialization function and regional innovation of universities.</td>
<td></td>
</tr>
<tr>
<td>• Solve international social problems through Korean science, technology and ICT in order to raise Korea’s status.</td>
<td></td>
</tr>
<tr>
<td>• Develop a creative culture that realizes creativity and imagination.</td>
<td></td>
</tr>
<tr>
<td>• Fuse Korean ideas with public resources through government 3.0.</td>
<td></td>
</tr>
<tr>
<td>• Innovate government working methods in order to realize a creative economy.</td>
<td></td>
</tr>
<tr>
<td>• Centre the creative economy on the private sector, not the government.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Strategy and Finance (2013)

As demonstrated in Table 1, Park Geun-hye Government made such a huge effort to bring the Creative Economy Agenda in its implementation. First of all, the government aims to untangle the problem of unemployment in Korea. Due to the
fact that Korea is becoming an extreme ageing society as time goes by, it is crucial for
the government to made an effort to generate more panacea to solve this problem
for young generation. By promoting creativity and innovation, Korea would be able to
change its economic strategy from catch-up strategy to be an advance innovator
frontier (UNCTAD 2017). Even though Korea has been one of the fast followers in the
world stage and amazed all the mighty nations with a swift economy development,
the country also need to adjust its position once again to suit with the world’s
economic recession where creative activities from individuals are worthier than
merchandises from the factory.

Therefore, South Korea Government (2013) had planned out the Blueprints
for government agencies and private sectors to follow in order to make the country
more flourish with diversities in the market. Anyhow, the problem is Korea itself
started out as the nation which Conglomerates (Chaebols) contributed so much to
the Economy. They were supported with both financial aids and even relaxed
regulations from Park Chung-hee Government. It is the fact that South Korea was
able to get rid of the poverty because of the Chaebols. Still, the Creative Economy
Agenda could not be achieved only by the Government Initiative. Without consent
from the Chaebols, it is almost impossible for this agenda to be success.

As a result, it is interesting to see the interrelationship between Korea
Government and the Chaebols to determine whether it is possible for the country to
have a sustainable system to support the Creative Economy Industries. This also relates to the emergence of Seoul Global Startup Center because the center is also aiming to have effective outcomes in prepping the foreign startups to be prompt for entering the Korean market, under a sustainable system.

Figure 5: The roles of entities in Creative Economy (South Korea)

According to the data on Ministry of Science and ICT (South Korea) website, the government seeks for cooperation from all organizations including SMEs and Startup business as well. By observing the figure, the layouts for Creative Economy in South Korea was planned with high possibility to be accomplished. Roles and
responsibility for the Government, Large Companies (Chaebols), State-Funded research institutes, SMEs, People, and the Youth were obviously clarified as the guidelines for citizens and organizations to follow. Also, the Korean Government also founded the South Korean Creative Economy Centers, and even the official website to let Korean citizens took parts in the process.

Centers for Creative Economy and Innovation (CCEIs)

In the aspects of the Centers, the country has managed to found the Centers for Creative Economy and Innovations (CCEIs) that has been established in 17 cities nationwide in the period of September 2014 to July 2015 (Cha 2015). By establishing the CCEIs in regional basis, it would benefit the local citizens in acting as a driving force for new startup ecosystem. The centers aim to assist anyone with creative ideas in categorizing and forming thoughts into actions in the valuable approach, making the people with ideas to turn those ideas into action with a one-stop service support from product developments to the search of new distributive channels. The country also set up a portal site online to support those who have ideas and wish to seek for consultant and advices by using Internet as a mediate.
Figure 6: The Creative Economy Innovation Center by Local Governments and Large Businesses

The Creative Economy Innovation Center by Local Governments and Large Businesses

As illustrated in the figure above, the Conglomerates in South Korea are now participating in the centers located in the remote areas nationwide, aiming to practically support the Korean Startups and SMEs in each business sector. These giant corporates specialize in developing new products and services through massive investment on research and development which benefits the centers in each region in overcoming weaknesses in each region (ICT 2015).

Regardless of the fact that South Korea Government had made several efforts to support the Creative Economy Policy by establishing the CCEls, but this solution
alone is inadequate in terms of achieving the goals. The government also needs to establish the center that is more sustainable than the CCEIs. By opting through the structures and concept, the CCEIs seem like the perfect solution to complement the weaknesses of each local areas with opportunities to provide for anyone with an idea to crate valuable product and services. However, some local governments in South Korea were already familiar with the idea of Creative Economy, and they have been running their businesses in the sectors preferred. As a consequent, establishing the CCEIs in such regions confused people living in the area, and the conflicts arose due to the changing of creative economy ecosystem (ICT 2015).

According to UNCTAD (2017), the CCEIs have been perceived as the hub of innovation that provide a friendly ecosystem for the Chaebols, SMEs, and Startups in order to let them work together for new products and services with innovation.

The roles of CCEIs in each region are as follows (UNCTAD 2017);

1) As the hub for supporting creation of new businesses, CCEIs have been providing services in R&D, financing and marketing as well as financial, legal and patent consulting.

2) As the center for promoting SME’s innovation, CCEIs have been providing support in technology transfer, development of business models and products, securing sales channels, global market advancement and others.
3) As the hub for fostering regional flagship industries based on each regional trait, CCEIs have been collaborating with various innovation agencies, universities and companies in the region.

4) As the center contributing to job creation, CCEIs have been in charge of job matching between startups and young people from each region.

The government initiative on CCEIs was considered a successful due to the fact that the Centers of Creative Economy Innovation have generated more than 3,870 startups and attracted the investment worth 432.9 billion won to the country in late 2016 (UNCTAD 2017).

Apart from the government initiative in pushing Korean citizen to cultivate their ideas into tangible products, there is also another interesting program that could help Korean attract more investment from other countries in order to generate more incomes, and create more jobs in the country. In 2016, the Seoul Global Startup Center was established as a business incubator to encourage and support the foreign entrepreneurs who wish to start their business in Seoul. It is interesting to see whether the center could be a sustainable organization to provide supports to startups in a long run, and whether the contributions from this center weight enough to drive the economy of South Korea in a positive way.
CHAPTER III

METHODOLOGY

This chapter presents the research methodology including design and procedure, data collection and the analysis of the paper.

3.1 Research Design and Procedures

The study was conducted by utilizing a qualitative method to investigate the structures and system of Seoul Global Startup Center in South Korea. The research covers briefly about the Creative Economy in South Korea. Then, it narrows down into the Centers of Creative Economy in South Korea, especially the Seoul Global Startup Center which is the incubation center designed to ease the challenges for foreign entrepreneurs while they are starting up their businesses in Seoul.

The center was selected as the case study due to the fact that it was funded by the Seoul Metropolitan Government and operated by Rehoboth Business Incubator, a private enterprise. Moreover, the center is worth examining because it could be a good example to learn for Thailand. The involvement of South Korean Government plays such a crucial role to sustain the organization with massive monetary fund, while controlling the centers of the program to be under the laws and regulation.
3.2 Data Collection

The primary data is expected to be used in the research by in-depth interview from expertise in the Seoul Global Startup Center in order to analyze the structure overall performance of the center through SWOT analysis.

Other documents relating to the subject would also be analyzed by selecting the academic papers that are related to the policy from the stage of Policy Making to the centers relevant to each business sector for references. Also, the data from reliable website e.g. The OECD and the Annual Creative Economy Reports from UNCTAD will also be utilized in the conducting process.

3.3 Data Analysis

After collecting the data from the sources, all the data are analyzed and discussed to test the hypotheses by utilizing the SWOT analysis matrix.
CHAPTER IV
THE CASE OF SEOUL GLOBAL STARTUP CENTER

Seoul Global Startup Center (hereafter “Seoul GSC”) was established in July 2016 with the purpose to support foreign entrepreneurs in South Korea. The center itself is located at the Yongsan Electronic Market which makes it convenience for visitor in transportation. The center provides education programs and consultant to those who participate in the incubation program which last for six months per one batch. Until the 2017, the center has completed two batches of incubation program. For the 1st batch, the center has 35 Resident Startups in total with 113 Resident Members, and 230 Access Members in total. Later in the 2nd batch, the numbers of Resident Startups became 42 with 192 Resident Members, and 587 Access Members (SeoulGSC 2016). By observing the number of Seoul GSC members, it is obvious that the number of Access Members (individual) skyrocketed comparing to the number of Resident Startups, and Resident Members.

This depicts that the foreigners in Korea are now interesting more in starting up their own businesses in the country, which is one of the reason that differentiate the Seoul GSC from other centers supporting the startups. The Seoul Global Startup Center offers the opportunities for foreigners to enter Korean Market before taking their businesses to the Global stage with no bindings from the center. Entrepreneurs are allowed to attend to every educational program there is, and the co-working
space is also available for the individual members to use in developing ideas for their businesses.

The center operates under the cooperation of the Seoul Metropolitan Government and Rehoboth Business Incubator. The team consists of 17 people in total. Among the members, it was divided into two teams which are the Administrative team, and the Interzone team. The people excluding from the members work as the mentors for entrepreneurs participating in educational programs. Apart from the center, the government is responsible for funding the projects such as workshops and professional services provided for the members. The Rehoboth practically runs the center under the monitoring of the government in a top-down basis (SeoulGSC 2016).

The Rehoboth Business incubator (1998) is the first private business incubator in Korea which seeks to develop a friendly ecosystem for startup entrepreneurs, especially in the early stages of growth. For more than 18 years of experience in operating the incubation center for startups, Rehoboth business incubator has joined hands with several entities as partnerships to supports entrepreneurs with expertise in particular industries (Rehoboth 2017).

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4 Rehoboth Business Incubator was established in 1998 as a business center and incubator with 18 years experiences. It is the Korea’s largest incubator with networks over 36 business centers and 3,600 clients in South Korea. (http://www.rehoboth.co.kr)
Figure 7: Partnerships between Rehoboth Business Incubator and entities in special areas

As illustrated in the figure above, Rehoboth made allies with numerous major corporates in several fields in order to provide supports necessary to the entrepreneurs in starting up their businesses. With connections from Rehoboth, entrepreneurs would be able to develop their businesses and export them to the global market faster and easier by receiving aids from partners.

The data collection was collected in a primary basis. The data collection was conducted through an in-depth interview with the representative from Seoul GSC,
Mr. Landon Miller – the Interzone Team Leader from Seoul Global Startup Center – with nine questions as follows.

**Table 2: Interview Questions**

<table>
<thead>
<tr>
<th>Interview Questions</th>
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</thead>
<tbody>
<tr>
<td>1. What is Seoul GSC?</td>
</tr>
<tr>
<td>2. Does Seoul GSC have the authority to select the applicants to itself, or the authorization comes from the government?</td>
</tr>
<tr>
<td>3. Were there any difficulties in the process of working with the government, due to the cultural difference?</td>
</tr>
<tr>
<td>4. Does the government give enough money in the process of starting up the business?</td>
</tr>
<tr>
<td>5. What are the steps required for startups to get financial supports?</td>
</tr>
<tr>
<td>6. Was there any challenges faced at the primary stage of establishing the center?</td>
</tr>
<tr>
<td>7. Can the center be considered as a successful incubation program based on the numbers successful startups, in percentage?</td>
</tr>
<tr>
<td>8. Why does South Korea need foreign entrepreneurs in their country?</td>
</tr>
<tr>
<td>9. Do you think foreign startups can affect South Korean business model as a whole in the future?</td>
</tr>
</tbody>
</table>

The Seoul GSC basically divided the members of the center into two categories which are the Access Membership and Resident Membership. Firstly, the Access Membership must be a foreigner interesting in startups which needs to submit their application via the official website of Seoul GSC only. Meanwhile, the Resident
Membership must come in a form of team, and must get through the online and offline evaluation process (SeoulGSC 2016). To illustrate, the Access Membership can participate in education programs and other services from the center, but the seed funding would not be provided. On the other hand, the Resident Membership is capable for receiving the funding if they get passed the document screening and the presentation.

According to interviewee, the applicants are judged on a score basis by external expertise in that particular sector. The interviewee emphasized that the center has no authority to select the applicants randomly by their own discretion. The reason is because each and every project submitted needs to go through risk evaluation and estimates the outcome for the future. Thus, the external experts from each sector are needed when it comes to the calculation. They could be anyone with the capability to estimate the prospect the outcomes.

In the process of supporting and encouraging entrepreneurs to startup their businesses in South Korea, a case has been raised about the difficulties on the cultural barrier between two entities. Especially when the two entities are standing at a total different point of view, the government would definitely want to invest to the project that has least opportunities of risk while startups always have their risks at stake. This is where the challenges come in to the picture. Even though the startups in the program wanted to be financially support, they cannot have received the monetary aid without the consent of government officials. There are massive
numbers of rules and regulations that need to be taken into account before granting the permission to the fund. Consequently, several projects were forced to be cancelled, or turned down because it doesn’t go well with the policy in South Korea.

In the aspect of monetary fund from the government, the Seoul GSC does not provide the fund directly to entrepreneurs. It must be done only through the third-party vendor. For instance, if the member requires marketing activities in order to promote their products or services, the member must get an authorization from the center before proceeding with the activities. According to the interviewee, there is also another incubation program that aims to support the startups in South Korea with a large sum of budget provided with an exchange with loyalty payment to the government and equity interest to the TIPS Partners. The TIPS program is a business incubator as well as Seoul GSC, but it offers money to entrepreneurs who wish to attend to long term incubation program.

The difference between Seoul GSC and TIPS is that Seoul GSC works as an organization that encourage foreigners interested in doing businesses in South Korea with a one-stop service. The center allows its member to think, learn, and take actions under the supervised of experts in each sector. While TIPS is designed to identify and nurture the most promising startups with innovative ideas and groundbreaking technologies (TIPS 2015). Even though, the TIPS Program provides

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5 Tech Incubator Program for Startup (TIPS) is an accelerator investment-driven program aims to identify and nurture the most promising startups with innovative ideas and groundbreaking technologies. (http://www.jointips.or.kr/about_en.php)
they monetary fund to the participants, there are still at risks due to the unsustainable system within the organization itself. According to the interviewee, it turned out that by comparing to the Seoul GSC, the TIPS Program which relies much on the Private Sectors are at stake. Without the government assistance, it is quite hard to decide whether which organization operates under the risk-free atmosphere.

When asked about the challenges while establishing the center, the interviewee reply that by far the most important part is to understand the legal restrictions or rules and regulations in South Korea. According to the interviewee, the city officials also work at Seoul GSC, but still these government officials cannot act as default director with the reason that they have the ability to control the budgets. Thus, the center cannot appoint someone with the power to decide as director because of the rules and regulation in Korea. Due to the fact that South Korea is one of the countries have very strict legal restrictions in order to prevent the people from committing a corruption. The rules and regulations were outlined to be more complicated, and harder to commit a crime. When looking from the startups entrepreneur’s perspective, this could be one of the obstacles in founding businesses in South Korea.

Additionally, the Seoul GSC also have to concern about providing services and consultants that are suitable for each sector of business in order to assist the members with insightful guidance. This also has to be monitored by the government entities due to the fact that this center received its fund from the government. Thus,
the government has the authority to cancel or shut down the program, if the services and activities available in the center go against the rules and regulation or even the policy they have.

Since the establishment of Seoul GSC in July 2016, it has been more than a year that this center operates as a business incubation center for immigrants in South Korea. However, the center has completed only two batches of six months incubation program in total. Therefore, it is quite impossible to say whether this program is now moving forward to success or not. As the interviewee mentioned, it was quite difficult when they first started out with the first batch with 35 startups participating in the program because it was something that they have never done it before. Anyhow, the information from the staff of Seoul GSC points out that the startups needed to be monitored more than they are at the moment.

Some of the concrete example for startups from Seoul GSC are the Rezi\(^6\), iMPERFECT\(^7\), and Q-Pet\(^8\). These startups are evidences of success from the Seoul GSC due to the fact that they were perceived as new innovations that illustrate a friendly ecosystem for startups in Korean society. In the case of Rezi, the team was awarded and selected as one of the ‘TechCrunch Pitch off’ held in Seoul in October 2016.

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\(^6\) Rezi offers students and global job-seekers smarter tools to launch their careers. The forms in the website were designed to assist people in developing professional resumes that would get optimized by the Applicant Tracking Systems. (source: https://rezi.io/)

\(^7\) iMPERFECT offers the service on Social Media to let users set their object of interest as a center, then the system gathers all information about it. The service allows users to update the item and related contents by the Social Media for collectors, namely FONDoF. (source: http://imperfect.co.kr/)

\(^8\) Q-Pet offers education platform for teaching software programming skills for students to let them learn more about the programming in a fun and friendly approach, while developing their creativities and logical skills. (source: http://qpetprojects.com/about-qpet/)
Following with the iMPERFECT, who was selected as an excellent team in ‘Launchup Final 2016’, before receiving the award at the ‘3rd Mixed Content Contest’. Another stunning model of startups cultivated from Seoul GSC is the Q-pet. The team was granted with goal medal after participating the ‘2016 Foreign Invention and Business Challenges’ by inventing the Model Car for Programming Learning.

As the interviewee mentioned, the startups participating in the program usually have the rate of success at 90 percent. Some are doing well in the market, while the others are still in the process of developing the business as new players in the market.

EFFECTS OF HAVING FOREIGNERS STARTUPS IN SOUTH KOREA

Foreign Startups could be opted as one of the strategy to drive the economics of Korea with more sustainable factors to grow in the future. It could be considered as the strategy that provides the win-win outcomes for Korea as a host country by generating incomes and creating more jobs for their citizen, and by providing opportunities for entrepreneurs from remote area to start their businesses in Korea market, before going to the world’s market.

One of the issues mentioned during the interview was the fact that South Korea is now becoming an aging society. According to the information from CNBC (2013), South Korea is now going through a phase of becoming an aging society which results in high potential of economic transformation in the future. Moreover, the
problem of aging society in South Korea could also cast a shadow on the unemployment rate as well (Park 2016). Therefore, the government have to find a solution to prevent the country from risk in the aspect of economy. By allowing immigrant to startup their businesses in the country is also one of the possible strategies to solve the problems reflected from the aging society. Also, there is a potential for International Startups to help South Korea generates more income, creates more jobs, and participates in the global market with diversities from innovative products and services with creativity as well.

The interviewee also gives an opinion on the future business models in South Korea that there might be a necessity to switch from depending on the big conglomerates to the emergence of startups and SMEs. In order to do so, it is crucial for the youth to change their attitudes towards the employment.
Figure 8: ANALYZING THE SEOUL GSC THROUGH SWOT ANALYSIS

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- EXPERIENCES AS THE BUSINESS INCUBATOR</td>
<td>- NO BUDGET FOR STARTUPS</td>
</tr>
<tr>
<td>- NO INTERFERENCE ON THE JUDGING PROCESS</td>
<td>- NO TANGIBLE SERVICES PROVIDED FROM THE CENTER,</td>
</tr>
<tr>
<td>- EDUCATION PROGRAMS FROM EXPERTS</td>
<td>ONLY THE OPERATION</td>
</tr>
<tr>
<td>- EASY FOR STARTUPS WITH ONE-STOP SERVICE</td>
<td>- NO AUTHORITY TO DECIDE, CANNOT MAKE DECISION</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- GLOBAL ECONOMIC TRENDS</td>
<td>- LAWS AND REGULATIONS</td>
</tr>
<tr>
<td>- GOVERNMENT SUPPORTS</td>
<td>- COMPETITORS</td>
</tr>
<tr>
<td>- GOOD REGIONAL LOGISTIC SYSTEM</td>
<td></td>
</tr>
<tr>
<td>- INNOVATION, ICT</td>
<td></td>
</tr>
</tbody>
</table>

STRENGTHS

As illustrated in the figure above, the Seoul Global Startup Center has an advantage in several perspectives. Firstly, the Rehoboth has more than 18 years of experience in operating a business incubation center, with the reputation of being Korea’s biggest business incubator. This extremely provides the center an advantage over other organization from the stage of planning the programs to the finalize process.

As information on the interview session indicated that the judging for the selected applicant was typically done in a scoring basis. Also, the committee who decides whether the project is worth of investment or not must be impartial from both the center and government. This reflects that the operation system of Seoul GSC is based on trust with equality for all startups. By assessing the official documents and scoring the presentation by external experts, it would allow the
entrepreneurs with actual potential to become successful startups to get funding without having any criticism, or corruption.

In addition, one of the biggest strength of Seoul GSC is the program benefits for both Access Membership and resident Membership such as the Seed Money to develop the business, Entrepreneurial Education for startup practices, and In-House Monitoring Program for those who need supports in coaching and mentoring before developing products.

Apart from that, the center also provides consultants from business expertise from each business sector. By providing facilities, including co-working spaces for the startups to brainstorm their ideas before developing new products. This one-stop service prompts its members from the very first stage of cultivating ideas to the final stage of launching the products for sell, including consultants on law and copyrights.

WEAKNESSES

Even though Seoul GSC has numerous of attributes to offers its member, the center also has some drawbacks as well. Firstly, the weakness involves the budget. In founding a business, it is a must for the startup to invest with some monetary fund. This center basically provides aids encourage anyone with such valuable idea. The only obstacle is that the center only operates, but don’t provide tangible fund or accelerate the process of starting up business.
Also, since the center was always monitored by the government entities, it means that the center itself does not have the authority to grant the fund to startups, or even support the entrepreneurs individually. There are limitations of what the center can do since the rules restricted the center from giving the financial supports directly to individuals, or the Access Members.

OPPORTUNITIES

Apart from the Strengths and Weaknesses within the organization, there are also external factors that are crucial to considered. One of the most important factors is the Global Economic Trend. The trend of economy in the world stage is now shifting from factor-driven economy to the knowledge and creative economy (UNCTAD 2017). This trend can greatly benefit the center as the opportunity to promote the Seoul GSC as a strategy to support the upcoming economic trend.

Another interesting factor worth investigating is the government supports to the center. Comparing to other Creative Economy Centers, the system and structures of Seoul GSC is more sustainable due to the fact that it is under the governance of the Seoul Metropolitan Government with no bindings with private sectors. As the interviewee informed, the operating structures and system was outlined to be a sustainable organization. The center does cooperate with private sectors as the third-party vendor when the particular task is needed to be accomplish, but not relies on them.
The Seoul GSC also have the geographical advantages over the other countries because it was located at the Seoul city where high technology on innovations and ICT are available. Especially the logistic industries in South Korea is more prominent, comparing to other countries. This forms a friendly atmosphere for the startups to develop their products and business with convenience.

**THREATS**

The threats from external factors to the Seoul GSC largely comes from the government restrictions. As the interviewee stressed in the interview session, the government have the absolute power in shutting down the program if the center violates the rules or the policy from the government. By having such a strict rules and restrictions, the center would not be able to proceed as fast as they should.

Another crucial factor that needs to be taken into consideration is the competitors. Even though the Seoul GSC might not be the organization that seeks to generate corporate profits, there are also other business entities that are aiming to act as incubators for startups in South Korea, some even provides financial support to the participators. Therefore, the Seoul GSC needs to develop its strength to complement its threats.
Summary of SWOT Analysis

In conclusion, the structure of Seoul Global Startup Center has the operating system of top-down basis. The top-down basis of Seoul GSC does not apply only within the organization, but also includes the government as well. By having this kind of system, it prevents the center from corruption since all the decisions are restricted by regulations with default system of operation. The center has the Strengths of experiences as a Business Incubator. Also, the center creates a startups-friendly ecosystem with the one-stop services that offers entrepreneurs with opportunities to participate in the programs from experts from specific areas.

On the other hand, the Weaknesses of the center also come from the top-down system as well. The center has no authority to make decisions to themselves which make it harder for the center to actually supports entrepreneurs with tangible services. They only have the right to operate and act as a mediator to connect entrepreneurs and third-vendors together. Also, they cannot directly provide the financial support to the members with potential to success without the consent from external independent judges.

The Threats from external factors are needed to be taken into account as well. First of all, the laws and regulations in Korea does not allow the center to operate freely as they wish. They people at the center have faced challenges from Laws and Regulations from the very beginning stage of submitting the plans and proposal. Apart from this, the Seoul Global Startup Center also needs to concern
about their competitors which are the centers providing aids for startups in Korea due to the fact that there are also other centers aiming to support startups in Korea, and they are offering the financial aids for entrepreneurs to continue with research and development.

Meanwhile, the Global Economic Trend can be considered as an opportunity for Seoul GSC to maintain a sustainable growth since the trend is now focusing more on the importance of startups and SMEs under the innovative and creativity driven economy. Moreover, Korea is also well-known as the country of innovation and ICT with good regional logistic system outlined by the Chaebols. Together with the supports from government, Korea already has great ecosystem for startups
5.1 Conclusion

In 2013, Korean Government announced the Creative Economy Policy to South Korea to drive the economy with sustainable growth by forming the society where creativity is valued and manifested through the cooperation between government entities and private sectors. The action plans and strategies for a successful Creative Economy were outlined to follow. Among all of the characteristics in the blueprints, one of the important subjects to inspect is “to properly compensate for creativity and create an ecosystem that promotes the creation of start-ups” (Yonhap 2013). The main objective of the plan is to create startups-friendly ecosystem by establishing centers to support entrepreneurs in turning their ideas into valuable products and services such as Creative Economy Policy Bureau, Creative Economy Valley, and Centers for Creative Economy Innovations.

Among all of the government initiatives, the Seoul Global Startup Center is noteworthy to be examine due to the fact that it is the only organization seeks to assist foreign entrepreneurs in starting up that own businesses in Korea. The Seoul Global Startup Center is a business incubation center located at Yongsan Electronic Market, aims to support the international startups from immigrants in Korea market.
The center operates by the cooperation between an experienced private sector and the Seoul Metropolitan Government. Even so, the absolute power when it comes to providing financial support to startups depends on the government alone. This system actually shapes the organization to operate in a more sustainable approach in a long run.

Among all others CCEIs existed in the country, Seoul GSC could be considered as the organization with outstanding characteristics that worth investigating because by having the foreign startups in the country, South Korea would only benefit by creating more jobs to reduce and unemployment rate, generating more tax income to support the social services and elderly care impacted by the aging society.

Noteworthy that the culture in South Korea still relies much on the Conglomerates due to the fact that there is a high competition of graduate students who apply for the vacancy at big corporates. Therefore, it is crucial for the cultures to be changed in order to adapt its economy with the new innovative and creativity-based economy.

5.2 Suggestion for application of the research

1. By examining and evaluating the Seoul Global Startup Center in South Korea, Thailand would be able to learn from the Strengths and Weaknesses of the center in South Korea before seeking for the new resolution of Economic Reform for
the country. The reason is because Thailand also aims to reform the economy through the creative economy. In order to achieve the goals and encourage startups business, it is crucial for the government to realize the importance of the effective Creative Economy Center that can actually assists entrepreneurs to start their businesses in the country, perhaps this could be the crucial lesson for Thailand to study.

2. The Value-Based Economy, including Creative Economy are also one of the goals set for Thailand 4.0 as a new economic model to drive Thailand’s Economy by promoting the idea of “Less is more.”. As a result, it is crucial to study the structures and roles of every segments in the society ranging from governments to citizens in order to see how the interconnection between sectors affect the Economic Structure as a whole.

3. To support the idea of startups in the Creative Economy Society, the roles of institutional frameworks and organization related to the Creative Economy could be inspected more in terms of intellectual property rights such as the patents and copyrights. The intellectual property rights could be one of the major challenges Thailand will continue to face after the implementation of Creative Economy. As the society where creativity is valued in numerous ways, it is important for the country to have such organizations to protect the ideas that could be turned into goods and services. By inspecting the institutional frameworks and organization, it would benefit Thailand in preparing the environment for a successful Creative Economy.
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INTERVIEW TRANSCRIPT

SKYPE INTERVIEW SESSION

INTERVIEWEE: MR. LANDON MILLER, THE INTERZONE TEAM LEADER,
SEOUL GLOBAL STARTUP CENTER

DATE: 28/11/2017 TIME: 12:00 (UTC +07:00)

TRANScribed BY: NATCHA KHEMNANTAKUL

QUESTION 1: (APART FROM WHAT IS MENTIONED IN THE OFFICIAL WEBSITE)

WHAT IS SEOUL GSC?

The Seoul GSC involves with several government entities. We are under the Seoul Metropolitan Government which is the Seoul City government in Korea. Everything is at the top. Everything is under the National Government but Seoul City government is the one that operates and funds our particular program. Decides 100% of the funding.

QUESTION 2: (THE CRITERIA OF SELECTING THE IDEAS)

AS A PRIVATE SECTOR, DO YOU HAVE THE POWER TO SELECT THEM BY YOURSELF, OR YOU NEED THE GREENLIGHT FROM THE GOVERNMENT?

What’s quite typical in Korea is actually involvement with the government sector. Many years ago, the government started the doing business incubation center by
themselves. So, you would have government officials operating the business incubator center, and then later the system was actually created to protect against corruption, to try to eliminate the potential of corruption within the government. So, the system is kind of came down to us from what incubation model is based on, and the idea of the impartial selection committee. So, what we do is just operate management team. We do not actually select the startups. Even though we have opportunities by the sector. We are not able to select just at random. We have the final process to find startups for them to be selected. Typically, even when you are just applying for the program. We have something that is called Document Screening. So, maybe an online application for the startups. So, we can review the proposal planning. Sort of the written details. Basically, non-verbal program that could be in evaluation based on the documents. So, depending on the program, we have about 250 applicants which is a lot of applicants. But you have to go through the process to see who can actually come in and do a presentation for the next round. So, we actually set up a judging panel to go over the documents, go over the business plan and the applicants will be invited for the next round. As of those of the evaluators, they are not from here. They are external experts, individual experts from different sectors. They could be Professors. They could be visitors. They can be the judges. As long as they are impartial panel that separate from government as well as the incubator team.
And then it’s the same thing again for the second round. After the document screening, we invite the startups to come to the center. Then, we typically ask them to prepare the presentation on the business model of their startups. And then we bring another panel judges, particularly someone from the outside into the facility. They will judge based on the criteria, the criteria that we set, rather they are fit with the criteria or not. Then, we strictly draw off the judge’s score.

So, everything is judged on scoring basis. Unfortunately, we can’t do it one a qualitative basis. We’ll have to do another quantitative basis. We have to calculate on what we subjected to provide and outcome. Basically, the judges added the score together and find the average. We also have some special criteria. So, it is possible to add the additional criteria when we want to focus on the specific sector, or focus on specific type of profiles. So, some incubation program actually focuses on Cultural Context. They want to promote Korean Culture in a more naturalistic in the cultural aspects. They might add external startups who is promoting the country’s culture. You might add some credits or taking education courses, if they don’t provide. Again, there is different criteria that you could add benefit, but generally there is a very strict rule that external panel will look at and will give them the scores based on the documents, and the same thing on presentation. It’s quite the same process. Before the presentation, we always have to get through the written document.
QUESTION 3: (CHALLENGES AND DIFFICULTIES)

DURING THE PROCESS OF WORKING WITH SOUTH KOREAN’S GOVERNMENT, HAVE YOU EVER HAD DIFFICULTIES WORKING WITH THEM, DUE TO THE CULTURAL DIFFERENCES?

For me, I’m really in a different position. I guess if you are talking about the startups, definitely there is a cultural barrier between the two entities. For the startups, basically the concept of the startup is that you have the risk you have to take. It will take your time, your energy. You need to put in some of your capitals you are putting it to this venture that has a high probability to be sold. There is a necessity to take risk.

For the government sector, risk is an unnecessary component. It is not something that you want to be involved. You would want to avoid it at all cost. So, this means there is a potential for problems which is arising, and it could affect the trust for the government. The citizen wants their government to be trustworthy. They don’t want to take any risk. So, in that sense you have those two competing things happening for startups.

So, the city government have sort of a legal policy. Finances Money is not allowed to be spend directly to the actual individual startups. So, one of the programs that we wanted to provide financial support, ended up being cancelled because of that legal policy. And there are many startups that they wanted support from the individual program, which would have help them to hire the force at lower
cost. So, we wanted to support half of the wages and the startups will pay the other half of it.

However, the city ended up denying the program because it doesn’t fit with the policy. The city said that they needed to find the new program because the law doesn’t support it. There are quite a lot of the problems like this just because the law that we have cannot support it.

**QUESTION 4: (ABOUT THE BUDGET)**

**IF THE PROJECT OF THE STARTUPS GETS PASS THE DOCUMENTS AND PRESENTATION STAGE, DO THE GOVERNMENT GIVE THEM ENOUGH MONEY TO CONTINUE WITH THE PROJECT?**

There is a lot of funding. If you notice in the media, you will know that they spending millions of thousands on the startups. However, it’s very difficult to say what percent of that is actually ended up with the startups activities. So, a lot of our operating budgets goes for the staff, for the facility, and for the programs. The very small amount of that funding is going to the startups themselves. So, it’s difficult to say how much of the funding is actually going to the startups directly.

However, for us, we provide funding about ten thousand US Dollars for the process. But that money is not given to the startups, we provide it to the third-party vendor, to provide services for the startups. So, if the startups want to do the marketing, like online marketing, they cannot just spend the money by themselves. If
they want some money, they have to go to the third-party, and the marketing activities is also on the services that we have.

QUESTION 5: (THE TIPS PROGRAM)

DOES THAT MEAN IF A STARTUP WANTED TO GET FINANCIAL SUPPORT THE ACTIVITIES, THEY HAVE TO GET THE AUTHORISE IT TO THE CENTER FIRST, AND THEN SEND THEM TO THE THIRD-PARTY?

Yes, we don’t just give them the money to make them do whatever they want. There is a very strict criteria, categories, and acceptable vendors. So, that is very restrictive. But there is also another program that will offer them the money. It’s called the “TIPS” program. I think it is kind of the biggest program out there right now. It is not an incubation program, but what it seeks to do is decentralizing the private investment. They want to provide the public fund for the public operation. So, the first step would be accelerator, incubator, and then the government also is going to be involve in this. There is around 30 different organization that has applied and accepted. Then TIPS operate it. These operators are designated by the government. They are funded by the Private Enterprises. So, what they will do is they will take around hundred or two hundred thousand of US Dollars and they invested in the startups. So, they take some of the capital to the startups. Once, they take that investment in the startups, they bring the startup to this program. If they’re qualify, then the government provides them the matching fund to the startups.
Let’s say, if the company find the startups worth to invest hundred thousand US Dollars to take a share. They go to a relation program. The government will present these programs. They can potentially receive four hundred thousand dollars right away. It will go to the research fund. It is very similar to some of our funding restrictions too. They will be able to spend four hundred thousand dollars to some type of third-party services provided for the startups. But for this they might have a little bit more of freedom because they can hire employees, and because they are not in our same restriction... the government. So, that actually is favorable for the accelerator incubator like the investors. Because if you speak to the investors, they actually get the small amount of money and now they received something like four hundred percent added from the government.

The issue is there has been some criticism for that type of program because the Private Sector is not always a sustainable system for the future. So, the government decided to stop the funding, or to cut the funding of the program. You have many different operators working with the startups. Maybe some aren’t very profitable. Some are doing a very good job. So, it is difficult to say who is doing a very good job. Who is actually able to survive without the government’s help. I think something here has to be done when you start talking about Creative Market, it’s very little amount of investment from the past. Even now, the investment is still quite small compared to the other nation with such a high GDP, you will see that the investment is quite low. So, the Private investment needs to get it going, and we are
looking for ways to make it more sustainable. It’s difficult to say what is working because it’s quite early.

**QUESTION 6:**

**WHAT ARE THE CHALLENGES FACED AT THE PRIMARY STAGE OF ESTABLISHING THIS PROGRAM IN SOUTH KOREA?**

The difficulty is just working through all the challenges over the legal restrictions or the rules and regulation of the government. So, when you work, we have over our center the city officials who sometimes cannot work as a default director because they have controls over the budgets, the plans. They approved or denied budgets based on what we submit. They have the ability to shut down the program. It was really difficult in the beginning. You don’t know all the rules and regulations, and probably even the city officials. They don’t know all the rules and regulations. So, you find out very fast that they are many legal restrictions in the very beginning. Most of the times we try to look through the process, and it really cannot be done. So, you have to give up something if you wanted to provide a service. I would say that’s by far the most difficult part. Providing the kind of services that the startups need within the rules and regulations and policy they have.
QUESTION 7:

ACCORDING TO THE PREVIOUS INCUBATION PROGRAM YOU HAVE DONE, DO YOU CONSIDERED THEM AS A SUCCESSFUL INCUBATION PROGRAMS? HOW MANY OF THEM FAILED OR NEEDS AN IMPROVEMENT, IN PERCENTAGE?

Well, obviously it’s still pretty early to tell what’s successful or not. Difficult to say what’s successful in it. The other idea is that how to say its successful. Do you think of it as gaining an investment, or anything else? So, from the first batch it is quite difficult because we are just starting out. We have around 35 startups, that we have never have before. Then, we are doing the 6 months program which was quite intensive. You see the incubation program is unlike the accelerator. We are not able to support every business detail of the startups. We are here to provide a platform for them. We offer a tutoring program that provides advisors and access to other resources. We are helping them to determine that what the next business startups are. We are here to provide the platform for success. Hopefully, they can be successful.

Typically, the startups work about 90 percent. But they are monitored less than they should. We’re hoping that in the next five years, it will accumulate money based on what the government is looking for. They said they are looking for the sales to generate taxes revenue. They are expecting to generate income taxes. It’s still very early to say whether we success or not. But we are hoping for the future that it would be better and better, about a year or so.
QUESTION 8:

IN YOUR OPINION, WHY DO YOU THINK SOUTH KOREAN NEEDS FOREIGNERS AS A STARTUPS IN THEIR SOCIETY?

Well, Korea has quite of an issue that is going on right now for 10 years or so. Maybe 10 or 15 years. Korea has a negative sort of a birth rate. So, if you are doing the statistic right, there could be no Korea left in the world. That is very interesting problem that is happening. The population is not increasing. The hire rate... Economically, that is potential risk for the country in the future, they have to provide social services, taking care of more elder population. South Korea is not far along to Japan. Japan is kind of in it right now, but Korea is now heading to that direction. So, I think that is one of the issues, and one of the opportunities for immigrants to come to Korea. There is a mean to sort of expand the economy opportunities. So, that is more of a potential thing.

If you are talking about startups in general, if you’re looking at the statistics around the world, in general you’ll see that the ratio foreign startups co-founder or a participate in startups as compared to the ratio foreign in general population is actually quite high. High participation as the foreign startups compared to the general population. So, it is interesting. A lot of startup cities around the world has this going on. Generally, it seems like a good thing, a healthy thing. In a sense, Korea look at that and says it’s happening around the world. It’s happening in England where immigrants are coming into the country. They’re building businesses and they’re
creating jobs. So, we have to find a way to support that sort of immigrants’ population in Korea. I think in the past five years it’s just 3.5 percent which is quite low compared to other country, but Korea it’s very high. And it’s going to get higher as we move forward.

The other value is that they can bring something different from other culture, other economy to this country. That is a way to create job which is a way to benefit everyone. So, I think it’s a win-win situation. Generally, it’s a good thing. You’re seeing it more and more in Korea. I think 4 or 5 years ago, there was nothing like this. Basically, some help centers for foreigners to be able to come find a way to start a business. They just popped-up like 5 years ago, and now within one or two years ago, we’ve seen four or five program that are trying to help foreign startups to do business in Korea. It’s interesting because they have just really popped-up in a year or two especially.

The Seoul City they specifically looked at England when they were determinate whether to start the center. They look at England, saw that immigrants were responsible. Over there, 40 percent of the businesses that are really big are operated by immigrants, and they are creating 8 million jobs which are really massive numbers when you think about it. It’s a high potential for an economic growth as a result. That is what Seoul City look at when they were starting out.
QUESTION 9:

DO YOU THINK FOREIGN STARTUPS CAN AFFECT KOREAN BUSINESS MODEL AS A WHOLE IN THE FUTURE?

Korean business culture has been developed over the past 50 years in such a way that you have very powerful big corporate family conglomerate system. The top company like Samsung is a top company in Korea. They control 20 percent of the GDP, just by their own company. That doesn’t include the other companies that were set up as a direct result of Samsung. They control huge part of the company. But the issue that is becoming so big is that it is difficult to grow. It is hard for Korea to drive the Economic Growth, and that is why the government has to invest in the startups. But the issue still is there big. Something needs to be change about their Culture. Lots of the rules and regulations that have been setup for almost 50 years have been in favor of their growth, and what they did. I think generally you see a change, but still the system built in that way. So, the culture probably has to shift before they can be any changes. But Startups is to bring changes to them. I think Startups can create the change. It’s the only thing that could affect the idea of the people. Right now, the culture in South Korea is that Parents want their kids to grow and work in the big company. You see if there’s a massive investment in the foreign startups, it would create the change in that. But it would take a lot. I saw the statistics, but I think it was two years ago 40 percent of University Graduates in China have a dream to startup their own business as they’re coming out of the university,
as oppose to in Korea, only 7 percent of University Graduate aspires to become an entrepreneur to start their own business. You see there is a huge discrepancy between them. Anyway, I think it can be accelerate. It’s changing, but it will take time. It will take generations to be able to change this culture.
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