

Survival and Growth Factors of Korean Start-Ups: Focusing on the Industrial Characteristics

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Abstract : Since the beginning of the 2010s, 'start-up boom' has continued with the creation of many new enterprises in Korea. Such tendency was led by various changes in society such as emergence and diffusion of smartphones. Especially, the Korean government has been interested in start-ups and entrepreneurship as an alternative engine for Korea's economic growth. With strong support from the government, as a result, many new enterprises have been established for recent years and the Korean government seems to have achieved its goal: expanding the basis of start-ups. However, it is unclear which factors affect the survival and growth of these new enterprises after their creation. Therefore, this study aims to identify which start-ups from early 2010s survived and which factors influenced their survival and growth. The study will strongly focus on which industries the new enterprises were in, as environmental elements are expected to be critical factors for business of start-ups in Korean context. For this purpose, 105 companies which were introduced as high potential start-ups from 2010 to 2012 were considered in the analysis. According to their current status, dead or alive, the start-ups were categorized by their industries and service area. Through this analysis, it was observed that many start-ups that are still in business are in internet or mobile platform businesses and four major sectors. In each group, a representative case has been studied to reveal its survival and growth factors. The results point to the importance of industrial characteristics for the survival and success of Korean startups and offer political implications in which sector and business more potentials for start-ups in Korea lie in.

Keywords : government support for start-ups, industrial characteristics, Korean start-ups, survival of start-ups

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