

## The Effects of Governmental Regulation on Technological Innovation in Korean Firms

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**Abstract :** This study examines the effects of regulatory policies on corporate R&D activities and innovation and suggests regulatory directions for the enhancement of corporate performance. This study employs a regression model with R&D activities as dependent variables and the regulatory index as an independent variable. The results of this study are as follows: The regulation is negatively associated with the input and output of R&D activities. The regulation encourages small and medium-sized firms to invest in R&D. The regulation has a positive effect on patent applications for small and medium-sized firms.

**Keywords :** governmental regulation, research and development performance, small and medium-sized firms, technological innovation

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