
Abstract

An Inquiry on the Competitiveness of Firms Utilizing Design

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In the modern economy, design is one of the most important factors of firm competitiveness. As design always creates demand, firms can improve their performances by investment in design. Design is a useful means of product differentiation. It is not only combined with R&D, but also is utilized as a business strategy. Now it is considered as an intangible asset that increases the value of firms.

We analyze the relationship between firms' design competences and

their performances using 200 out of 502 samples that we have surveyed. We show that design investment, tools and equipment, education, and intellectual property rights have a positive effect on firms' sales. In order for firms to improve their competitiveness, they should bear 'design thinking' and reform the organizational culture to communicate innovative ideas. They might need outside consultants to provide innovative, objective and technical perspectives.

The Korean government has supported SMEs and the design industry through its design promotion policy. The policy has mainly focused on design development and funding for manufacturing. In order to improve firms' design competences effectively, we have some suggestions for the government on the coverage and means of the support, infrastructure, manpower issues, and the related legal system.