
A Study on the Promotion Policy for Korean Born Global Ventures Based on the Empirical Analysis of Their Differentiated Characteristics

Youngjoo Lee, Donghee Lee, Changyong Han, Seungmin Kim

Chapter 1. Introduction

1. The Need for Global Startup Research

Born global companies, or global startups, are a form of entrepreneurial activity in which the targeting of global markets and market advancement are aims from the outset. A startup with a history of less than seven year may be deemed to a born global company if it produces a certain level of results through successful overseas advancement that leverages innovative technology or ideas applicable to the global market and an adventurous entrepreneurial spirit.

The policy and strategic significance of global startups is even greater for Korea. Despite their policy importance, however, global startups are also an area that presents a risk of market failure in that they tend to fall short of societal demand when they rely solely on market functions. The government is thus obliged to lead

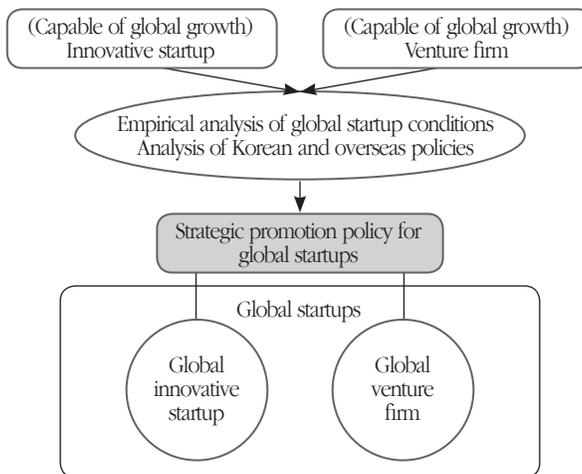
the way in eliminating potential risk factors and promoting global startups. The followings are also specific reasons why global startups are essential:

- Implement key state policies
- Overcome the limitations of startup policies that only emphasize “entrepreneurial spirit”
- Improve the fundamentals of the global growth ladder and achieve an advanced industry structure
- Increase the efficiency of policies aimed at fostering businesses through global entrepreneurship
- Reinforce policies to help startups satisfy their desire for global entrepreneurship

2. Research Goals and Framework

The chief goal of this study is to uncover the formula for global

Figure 1. Research Framework



startup success by looking inside the “black box” of the growth process of innovative startups that become global startups through early globalization. To do so, the study examines the existing overseas literature and attempts an empirical analysis to discover the current conditions and success formulas for global startups, and ultimately to devise approaches for strategically fostering global startups.

Chapter 2. Global Startup Theory and Key Policy Issues

1. The Global Startup Concept

The term “global startup” (also “born global” and “international new venture”) refers to a form of business activity in which the global market is targeted and market advancement is attempted from the early stages of a company’s existence. Companies that have achieved a certain measure of results through born global activities may be called born global firms or global startups. Global startups have become the focus of academic, strategic, and policy attention due to their having performed on par with more substantial global firms in spite of their small scale, demonstrating global competitiveness with their efficient coordination of business resources spanning multiple countries.

Whatever the definition of a global startup is, its characteristics are a global orientation rooted in innovative entrepreneurship, swift globalization, and advancement into multiple countries. A global startup emerges out of a process in which its innovativeness swiftly manifests in multiple global markets. In that sense, new

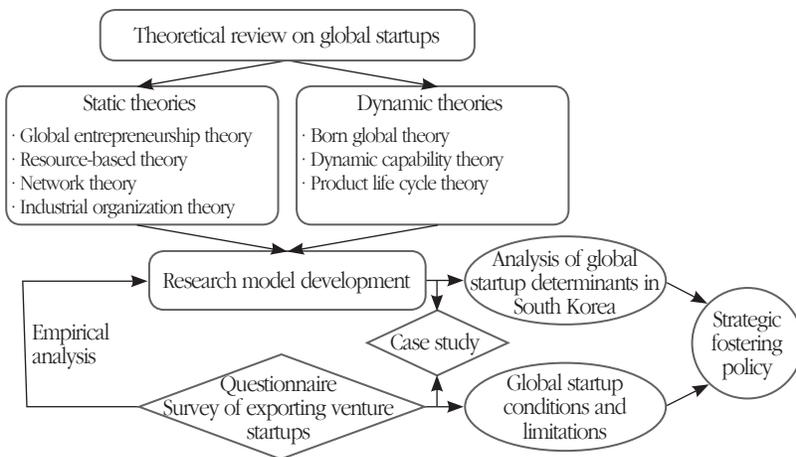
technology startups and global startups are closely related, with venture businesses boasting superior technological ability present at the starting point of fostering a global startup.

The definition of a global startup according to overseas research may be characterized as a case in which 25 percent or more of sales (global scaleup) are generated in two or more overseas markets (global scopeup) within three years of establishment (global speedup). Previous domestic policy research identifies a global startup as an equivalent concept to startup globalization. It appears advisable to view startup globalization as process on the path toward becoming a global startup.

2. Global Startup Theories and Types

The theoretical approach to global startups adopted in this study

Figure 2. Research and Analysis Framework



is rooted in born global theory. Dynamic approaches like born global theory that attempt to explain the global startup process or its distinctive characteristics were adopted as a basic theoretical foundation. For areas where this perspective alone was inadequate to provide a full explanation, an integrated theoretical approach was attempted with the use of static theories such as network and resource-based theory.

According to this global startup theory, global startups may be classified into CEO-driven, global learning-oriented, global network-using, technology-driven, and born global market-oriented types.

3. Major Policy Research Issues

The followings are major policy issues that must be considered when studying global startups:

- Selecting policy goals and distinguishing support targets
- Analyzing of global startup differences to develop customized support measures
- Analyzing the global growth pathways of global startups

Chapter 3. Global Startup Policies and Case Study Analysis

1. Globalization Status of Venture Businesses

Globalization activities of venture businesses are not high. Venture businesses account for only 3.2 percent of total exports, and only 27.3 percent of all venture businesses have achieved export

performance. Only 9.9 percent of startup corporations have advanced overseas; if only ICT startups are considered, the rate of overseas advancement is a mere 14.7 percent.

When the number of venture businesses with overseas advancement performance remains low while state level policies to promote startups intensify, the result is a loss of policy momentum. This suggests that response measures are urgently needed.

2. Current Policies and Examples

In Korea's case, support for the globalization of (global) startups may be said to have begun with the Startup Performance Review and Global Startup Promotion Measures of April 2011. These measures, however, were less oriented toward achieving historical changes in support policies and more toward promoting globalization through minor support policy revisions. Full-scale support for global startups arguably began with the inauguration of the Park Geun-hye presidential administration and its Creative Economy Achievement Plan (June 2013) and Global Startup Encouragement Plan (July 2013). A wide range of support projects were carried out through numerous later measures, but projects specifically oriented toward global startups remain few in number.

Efforts have also been made at the private level to build startup platforms and provide support for global startup establishment through programs for overseas expansion by startups. Private startup platforms are being designed in such a way that experts from different backgrounds can come together in a single productive space to generate synergy.

Representative examples of organizations include D.CAMP (Banks Foundation for Young Entrepreneurs), MARU180 (Asan Sharing Foundation), Startup Alliance (a private-government co-operation network centering on leading internet businesses), and Google Campus Seoul (Google).

Viewed in terms of overseas examples in the U.S., Europe, or Israel, policies with a global startup orientation appear to be included in the national startup policy pursuit process.

In terms of the implications of these policy examples, a shortage of specialized global startup support projects can be identified at the emergence stage. At the same time, the strong likelihood of ongoing project implementation due to the government's continued interest in global startups and strengthening of project expertise thanks to improvements to existing projects (including stronger autonomy in global startup fostering projects and introduction of the specialized TIPS [Tech Incubator Program for Startup] program) may be seen as positive signs.

Also observable are a need for full-scale accelerator fostering and strengthening of policies for overseas environments. Support efforts for overseas environments are still lacking in terms of global startup support projects. At the same time, consideration should also be given to cooperation with various private startup support organizations. These private organizations will have a pivotal role in the future global startup ecosystem, and ideas should be sought for maintaining cooperative relationships and producing synergy effects.

Implications of overseas policies may be summarized as follows: The U.S. requires greater accelerator involvement, including participation by large corporations. In addition to accelerators for

specialized areas, shared benefits for large and small businesses are currently being produced through encouragement of corporation-led accelerators. Europe notably has support systems for different growth stages, including globalization support through BornGlobal™. This approach involves working at the development stage to nurture startups with commercial products that are capable of connecting with a global market, after which they are linked to globalization support programs and fostered into global startups. Another characteristic is additional support to help startups that are appealing to overseas venture capital in establishing competitiveness and attracting overseas venture capital investment. Still another characteristic is the creation of systems for assessing global growth potential and capabilities and the offering of integrated support through related organizations.

3. Company Examples

(1) From Traditional Industry to Global Startup¹⁾

Company A is a garment manufacturer established in 2010. While it was being established, it received a proposal from distribution company C; after its establishment, it achieved steady exports to the global market through C. In its overseas market expansion process, A made use of established networks at the entrepreneur and organization levels, which may be characterized as a “net-

1) Company names are hidden since some of the interviews were on condition of anonymity.

work-using” approach to overseas market expansion. As many previous studies have noted, network-using companies are capable of using networks to resolve some of their resource shortfall issues. In A’s case, this was a response to not having a world-class level of technological capability. Its success at globalizing in spite of this may be attributed to a global network formed through years of industry experience. This indicates that continued policy efforts will need to be committed not only to building company capabilities but also to creating global networks.

Optical film manufacturer B was established in 2012 for the manufacturing of optical components. Upon graduating with a doctorate in optics, its CEO had gone to work at a corporation-affiliated research institute in the industry. Over the next decade or so, he served as a senior research fellow and institute director in the industry, learning specialized optics technology and establishing a solid base for startup activity. He also worked for two years at a Chinese company in Shanghai, an experience that he applied toward analysis of the Chinese market and infrastructure building.

In terms of global startup categories, B may be characterized along the lines of a “global market-oriented” company whose aim is to acquire local information and secure competitive advantage at the source. As previous studies have noted, global market-oriented companies are characterized by organizational learning and the acquisition of information through overseas markets.

(2) Global Startups in the ICT Industry

In the ICT field, case studies were examined for a small-scale

sound device manufacturer, mobile service company, big data service company, and their CEO, executives, and organizational capacities were analyzed for common characteristics. Entrepreneurs shared experience in the field and similar industries, while organization members mostly possessed technical capabilities and overseas experience. Given the nature of the ICT industry, companies adopted compatibility-based global market standardization strategies rather than individual overseas market advancement strategies and tended to have a technical advantage in niche or new markets. Encouraging ICT global startups like these will require policies differentiated by ICT industry area, support for overseas ICT product and service certification, and support for ICT manufacturing-service convergence business models.

(3) Global Startups in the Knowledge Service Industry

Memebox succeeded as a global startup with a business offering regular deliveries of curated cosmetics. It has advanced into six countries (including the U.S. and China) and provides services to some 5 million members around the world. Founder and CEO Ha Hyung-seok acquired various forms of international experience and knowledge while studying and working in the U.S. In the process, he was able to realize the global success potential of Korean cosmetics and attempted to launch his own business. Because Memebox's customized curation services and new product development required close interaction with customers, early market advancement was essential. From a company capability standpoint, attracting large amounts of overseas capital was another important

determinant of global startup success, while an industry environment of increased online cosmetics purchasing and the international popularity of the Korean cosmetics industry may be seen as having played a control factor role in encouraging Memebox's global startup activities.

Malang Studio is a lifestyle-oriented mobile app development and content company that achieved global startup status in China and elsewhere in Asia with AlarmMon, a product combining a game-style alarm with character content. Malang Studio's global startup story may be seen as a typical example of a niche market created by the emergence of smartphones providing a startup with an overseas market advancement opportunity. In terms of CEO capabilities, an adventurous and proactive attitude toward overseas market advancement like that of CEO Kim Young-ho is a very important factor for global startup success. A wide range of support measures to encourage entrepreneurial spirit among managers, such as the Korea Institute of Startup & Entrepreneurship Development's Global Startup Encouragement Program, will need to be reinforced on an ongoing basis.

Chapter 4. Analysis of Global Startup Conditions and Their Implications

1. Analysis of Conditions

(1) Analysis Goals and Sample Characteristics

The goal of the analysis was to distinguish how global startups

have overcome the different obstacles to globalization and what characteristics proved effective in that process. Data for analysis of global startup conditions at venture businesses were taken from a survey of venture businesses and innovative startups with a history of under seven years. A questionnaire was administered over a month-long period beginning in October 2016 by a specialized survey organization. Surveys consisted mainly of in-person interviews, and email interviews were administered concurrently. Respondents were limited to venture business CEOs or executives. A total of 500 questionnaires with valid responses were used for the condition analysis.

(2) Global Market Environment

The venture businesses surveyed had structures with more domestic sales than overseas sales. In terms of markets as classified by sales, companies depended on overseas markets for 38.7 percent of sales, while the remaining 61.3 percent of sales were made

Table 1. Sales Market Structure (2015)

Unit : %

	Domestic sales			Overseas sales	Total
	B2B (private company)	B2C (ordinary consumer)	B2G (public institution)		
All ^D	49.3	9.1	2.9	38.7	100.0
Non-global startup	55.1	10.7	3.7	30.6	100.0
Global startup	31.7	4.4	0.7	63.4	100.0

Note : 1) 500 responding companies.

domestically. Global startups were found to be structurally characterized by a high percentage of overseas sales.

In terms of overseas market environments, global startups showed faster overseas market growth rate than venture businesses, but demonstrated greater difficulties with market access. Barriers to overseas markets as perceived by global startups were somewhat higher than those for non-global startups.

The findings of the survey on global market environments may be summarized as indicating that global markets offer many opportunities in terms of scale and growth rate. At the same time, global startups appear to face considerable difficulties with global market barriers. The key question is whether global startups can effectively seize the rapidly growing market opportunities in spite of the local market obstacles.

(3) Factors Associated with Global Startups

A. Structural Difficulties

In terms of structure difficulties related to globalization, global startups were found to report considerable difficulties in terms of general costs (not including overseas costs), although the scale of problems was smaller than for non-global startups. This appears to be attributable to perceptions among global startups that the extent of cost-related issues was mitigated by the learning experience from the process of more proactively pursuing global efforts.

B. CEO Capabilities

As globalization activities by venture businesses tend to be de-

terminated by the CEO's background or history, related areas were investigated. Global startups were found to be characterized by a relatively large number of CEOs with overseas-related backgrounds, including experiencing with working at overseas companies or with living or earning a degree overseas.

C. Resource Capabilities

In terms of technological capabilities, global startups were found to have higher percentages of new technology (28.5%) and higher technology levels relative to the global maximum (80.0%) than observed for all responses. This finding supports the contention that global startups have more outstanding technology-related resource capabilities (including new technological resources and technology level) than venture businesses in general.

D. Global Competition and Cooperation Strategies of Global Startups

Global startups also showed distinct characteristics in terms of market strategy, including higher employment of global advancement and diversifying global integration strategies (39.0%), strong long-distance advancement into the U.S. market (15.4%), and low adoption of strategies focusing on China and other nearby markets (45.5%).

To begin with, the study examined which forms of outside resource aid proved effective in the respondent companies' global growth process. The findings showed the most effective supporting organizations to be the employees' past networks (26.3%), domestic corporate customers and partners (25.0%), and public insti-

tutions (17.7%). One defining characteristic was the abundant use of corporate customers and partners. This suggests that linkages with global companies and/or partners may be effective in the global startup growth process.

(4) Global Startup Activities and the Percentage of Global Startups

A. Global Activities Targeting Overseas Markets

To examine the global business activities of global startups and other venture businesses, the survey considered whether companies attempted overseas advancement within three years of their founding. All companies were found to have explored overseas market advancement. For venture businesses that attempted overseas market advancement within three years of founding, the earliest markets were found to be chiefly those with relatively lesser cultural and geographic differences, including China (35.8%) and Southeast Asia (20.5%).

B. Time Needed Between Establishment and First Export Contract

Global startups were found to have pursued globalization at a faster rate, achieving their first export contract within 7.1 months of global market advancement, compared to 11.9 months for the entire sample.

C. Global Startup Success Rate

Companies were examined in terms of gradual globalization, or attempted overseas advancement after initial domestic market

activities, and rapid globalization, or immediate overseas market advancement after establishment. A high rate of gradual globalization was found. However, a higher percentage of global startups (18.4%) were found to have chosen a rapid globalization growth pathway than the percentage for all responses (13.6%).

(5) Percentage of Global Startups and Strategy Characteristics by Type

Of the companies active in the global market, around one-quarter may be said to represent global startups. This may be seen as indicating that a considerable number of venture and other businesses involved in exporting activities are engaged in activities corresponding to global startup status, and that one-quarter of businesses have joined the ranks of global startups.

Analysis of differences in global management performance by characteristic showed higher percentages of global management performance for companies that adopted rapid rather than gradual globalization strategies and for global startups as compared to non-global startups. When classified by type according to their respective definitions,²⁾ the largest number of global startups were

2) CEO-driven: CEO has experience working at a large or overseas corporation or as a professor or researcher.

Network: Cases where a major contractor is present or a venture investment-type venture.

Global learning: Venture with a research institute or a R&D investment-type venture.

Global market-oriented: Exports represent 25% or more of business, with an integrated global market advancement strategy.

Technology-driven: Company possesses new key technology or has a technology

Table 2. Proportion of Global Startups among Venture Businesses

Unit : No. of Companies, %

		No. of Respondents	Ratio
Venture Businesses	Non-Global Startups	376	75.3
	Global Startups	124	24.7
Total		500	100.0

Table 3. Strategic Characteristics by Global Startup Type

Unit : Number, months, people, %

Strategic characteristic	CEO-driven		Global network		Global learning		Global market		Global technology	
	No. of respondents	Average								
Percentage of exports (15 years)	39	65.3	46	63.3	67	63.8	78	65.7	50	69.3
World-class technology	38	81.4	45	77.8	66	81.2	77	81.0	50	90.8
Overseas markets within 3 years	39	6.3	46	5.6	67	9.8	78	8.3	50	8.4
Overseas customers within 3 years	37	9.0	34	8.0	60	17.0	70	13.5	48	13.0
Exports within 3 years	34	24.8	36	21.1	60	26.9	67	32.0	40	31.0
Percentage exports within 3 years	39	61.8	46	57.1	67	57.4	78	59.4	50	62.7
Months to 25% exports	39	14.5	46	17.6	67	17.5	78	16.8	50	17.2
No. of employees	35	32.1	36	27.4	60	42.8	67	47.8	42	38.9
Percentage technology development	39	2.6	46	2.4	67	2.8	78	3.2	50	2.9

Note : Each average is the collective average for global startups for each strategic characteristic.

level above the average for respondents.

Table 4. DNA Characteristics by Global Startup Type

DNA type	Global startup type(s)
Global scaleup	Technology-driven, market-oriented
Global scopeup	Learning
Global speedup	Network
Global skillup	Technology-driven, market-oriented

global market-driven (27.9%), followed global learning-oriented (23.9%), global technology-driven (17.9%), global network-oriented (16.4%), and global CEO-driven (13.9%).

Rankings for (average) scores on the nine strategic characteristics can be seen as indicating generally favorable characteristics for global startups of all types, including global speedup, global scaleup, and global scopeup.

The above table summarizes the DNA characteristics for the different types of global startup according to the analysis findings.

2. Policy Implications

(1) Favorable Standing for Global Startups

Venture businesses as a whole do not have a high global standing, but the situation is different for global startups. To begin with, the venture businesses that met this study's standard for ranking among global startups represented 24.7 percent of all respondents, indicating that a considerable number of venture businesses have

already joined the ranks of global startups. Additionally, the analysis showed these global startups to have favorable global standing. As this finding supports the notion that global startups have different standing from typical venture businesses, it implies that these companies may become appealing policy targets going ahead.

(2) Global Startup Success Potential of Venture Businesses

The venture businesses examined for this studied were very actively involved in global entrepreneurial activity and suggest strong potential for establishment in the global market. These venture businesses also showed strong potential to grow into global startups in the future. The findings from the analysis suggest that the venture businesses examined fundamentally have what it takes to successfully execute global entrepreneurial activities and join the ranks of global startups.

The findings showing stronger global management performance for rapidly globalizing rather than gradually globalizing enterprises, and for global startups rather than non-global startups, financial support to the rapid globalization model and the born global policy model (as exemplified by global startups).

(3) Concerns about Lack of Global Cooperation Inhibiting Global Growth

More so than the domestic market, global markets with global customers contain more key resources such as technological ideas and absolute demand that are essential for the global growth of

venture startups. How effectively venture startups approach these key resources and turn them into assets is a measure for ensuring their continued global growth. Global cooperation was found to be extremely lacking, however, with only 4.9 percent of Korean venture businesses found to have actually pursued cooperation such as joint technological development with overseas companies. Low usage and satisfaction levels were also found for government support projects, which represent one external collaboration actor capable of substituting for global partners. This suggests an extremely strong need for policy consideration. Specifically, the government must be able to devise resolutions that consider how to form the necessary conditions to promote collaboration between Korean venture businesses and global clients or between related global actors (e.g., global accelerators).

(4) Global Entrepreneurship Support Systems and Global Forward Deployment

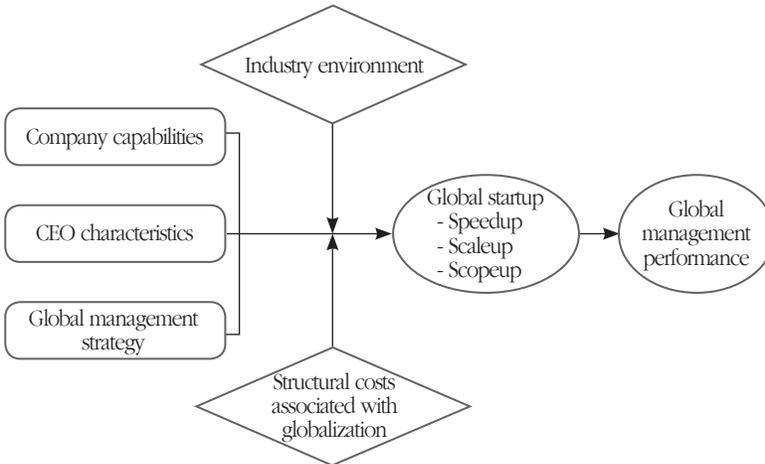
Successful global entrepreneurship is predicated first and foremost on innovation and business activities that reflect the needs of the global market. Only so much can be done in this regard with domestically based policy support; the situation requires a support system that encompasses global cooperation projects rather than being focused on exports as is presently the case. The findings also suggest a need for forward deployment of support systems to major regions rather than development of domestically based support systems.

Chapter 5. Global Entrepreneurship Research Model and Empirical Analysis

1. Theoretical Background and Research Model

The previous theoretical examination may be used to construct a research model for analysis of the performance of Korea's global startups. Specifically, a research model and research hypotheses may be formulated in terms of CEO factors, company capability factors, global competition strategy factors, industry environment factors, and structural cost factors. How efficiently these factors are combined can have a positive effect on global entrepreneurship.

Figure 3. Global Entrepreneurship Research Model



2. Research Model Testing and Empirical Analysis

(1) Analysis Data and Methods

Questionnaire data were used as resources for the analysis of Korean global startup conditions and empirical analysis. Frequency analysis and cross-tabulation analysis were chiefly used for the global startup condition analysis. For the global startup determinant analysis and research model empirical analysis, multivariate analysis and quantitative analysis methods such as ANOVA, principal factor analysis, and multiple regression analysis were respectively used in accordance with the analysis goals.

(2) Research Model Testing and Empirical Analysis Findings

In global entrepreneurship, a number of factors may be seen as operating in complex and important ways, including the company's ability to market the products desired by global customers (company capabilities); the entrepreneurial spirit of taking great risks (CEO characteristics); global competition strategies through which a venture business's technical advantages can be effectively demonstrated (global competition strategy); mitigation of the newly arising costs faced by venture businesses (structural costs associated with globalization); and global market environment dynamism, including rapid growth (industry environment).

Empirical analysis with a logistic regression analysis was performed to test the details of this research model. The two de-

pendent variables were the categories of non-global startups and global startups. For independent variables, operationalization was performed for company capabilities, (risk-taking) CEO characteristics, global competition strategy, new costs, and industry market dynamism. Logistic regression analysis results showed a significance probability of 0.002 for the research model created with the five independent variables; the research model was found to be significant at a 1 percent significance level. In terms of individual variables, company capabilities, industry environment, and global competition strategy were found to be significant at a 10 percent significance level. In other words, the likelihood of a company being classified as a global startup increased when its company capabilities were stronger, when it was working in a dynamic industry environment, and when it adopted a global competition strategy focusing on technological distinctness. At the same time, while the CEO characteristics and structural variables were found to be significant in terms of sign directionality, the analysis did not show them to be statistically significant. Even if the usefulness of CEO characteristics and structural costs in the model were not statistically supported, all of the factors—positively rated company capabilities in the eyes of global clients, a risk-taking CEO attitude, a competition strategy emphasizing the technological uniqueness that is the global startup's competitive advantage, a dynamic industry environment, and structural difficulties with newly arising costs—were shown to be related to success in global entrepreneurial activities and important potential determinants of growth to become a global startup.

Table 5. Results of a Logistic Regression Analysis to Test the Global Entrepreneurship Model

		Beta	SE	Wald	P-value
Independent variables	Company capabilities	.470***	.131	12.915	.000
	Industry environment	.243*	.127	3.684	.055
	CEO characteristics (venture)	.002	.244	.000	.995
	Global competition strategy	-1.365**	.669	4.159	.041
	Structural (new) costs	-.013	.129	.010	.922

The appropriateness of the integrated research model in this study can also be verified by analyzing whether global startup status as identified by the five independent variables translates in turn into global management results. For this, a two-stage least squares (2SLS) analysis was used. The findings supported the suitability of the 2SLS analytical model ($F=16.03$, sig 0.0001) and a positive relationship between global startup status and global management performance. The suitability of the research model was thus verified through statistical confirmation that global startups—as classified according to company capabilities, CEO characteristics, global competition strategy, industry environment, and structural difficulties associated with globalization—have a positive relationship with global management performance. These testing results possess some implications for policy, one of which is that fostering of global startups can have a meaning beyond that of mere overseas advancement by a venture business. In other words, by demonstrating their ability to match their own technological advantages to the demands of global clients (in spite of structural difficulties associated with globalization), venture businesses can not only

Table 6. 2SLS Regression Analysis Findings for Global Management Performance by Global Startups

Variance Analysis

		Sum of squares	Degree of freedom	Average square	F	P-value
	Regression analysis	27.161	1	27.161	16.033	.000
	Outlier	667.452	394	1.694		
	Total	694.613	395			

Coefficients

		Unstandardized coefficients		Beta	T	P-value
		Beta	SD			
Independent Variable	(Constant)	-3.585	.901		-3.981	.000
	Global startup	2.913***	.727	1.247	4.004	.0001<

grow to become global startups, but also leverage strong global management performance to subsequently become global hidden champions. Global startups can thus serve both as a global vision for venture businesses and in a pump-priming role for producing potential global hidden champions.

(3) Distinctive Characteristics of Global Startups and Research Hypothesis Testing

A. CEO and Organizational Characteristics

Research hypotheses to represent the distinctive characteristics of global startups in the research model development progress were established as indicated in the following table. In the case of CEO and organizational characteristics, Hypothesis 1-1 was sup-

ported, with the variance analysis findings confirming that global startups have superior technological characteristics to non-global startups.

Because global startups prefer strategies that do not distinguish domestic and overseas markets, overseas sales inevitably account for a greater percentage of their sales than those of the comparison group. Findings from a variance analysis to examine this supported Hypothesis 1-2.

For a global startup to sustain a strong overseas orientation, the CEO and/or other employees must have global experience. To examine this, a cross-tabulation analysis was performed on survey data regarding overseas experience, with the resulting findings supporting Hypothesis 1-3.

B. Company Capabilities

In order to be able to leverage its technological advantage into global management performance, a global startup is likely to have outstanding global innovation capabilities. Analysis to examine this showed that while the innovation capacity level for global startups was not objectively high (2.45 points), it was higher than for the comparison group of non-global startups (2.36), which may be seen as supporting Hypothesis 2-1.

The hypothesis related to global startups' global customer orientation was not statistically supported by the test findings; Hypothesis 2-2 may thus be seen as having been rejected. This finding does not mean that global startups lack such a customer orientation. Rather, it should be interpreted as being that because both non-global and global startups have an outstanding global

customer orientation; this standard is not suitable for distinguishing global startups.

For global cooperation, testing results showed global startups reporting a history of global cooperation at a slightly high rate, though not a statistically significant one. Hypothesis 2-3 was thus rejected.

C. Company Strategy

To examine Hypothesis 3-1 concerning the relationship between global learning motivation and globalization strategy, global learning motivation was operationalized as the absence of a dedicated overseas organization, while companies were assumed to adopt a higher level of globalization strategy orientation the more they targeted nearby markets, long-distance markets, and global integration, in that order³⁾. Variance analysis findings showed that companies were more likely to pursue an integrated global market-oriented globalization strategy when they possessed a dedicated overseas organization, supporting Hypothesis 3-1.

Hypothesis 3-2, which predicted that global startups would be more likely to pursue competition strategies focused on distinctive products, was not statistically supported. This can be attributed to the fact that all companies showed a high rate of preference for distinctive product strategy regardless of global company status, which prevented its use as a classification tool.

3) 1=Neighboring market orientation, 2=Long-distance market orientation, 3=Integrated global market orientation.

D. Industry Environment

Hypothesis 4-1 was supported by the findings of variance analysis to examine whether global startups were more likely to target overseas markets in their growth period.

Hypothesis 4-2 appeared to be supported by the findings of variance analysis to examine whether highly innovative global startups were more likely to attempt early overseas advancement.

E. Structural Costs Associated with Globalization

Global startups may exhibit a strong perception⁴⁾ of structural costs associated with globalization during the early market advancement process. Variance analysis findings showed a statistically significant higher perception value of 3.59 for global startups, supporting Hypothesis 5-1 regarding higher perceived structural costs for global startups.

At the same time, Hypothesis 5-2 may be formulated as predicting that venture businesses with outstanding technological capabilities will attempt early globalization without being dissuaded by the structural costs. Variance analysis to test this showed that the large burden of structural costs translated into a greater amount of time needed to achieve early globalization even when technological capabilities were outstanding. This may be interpreted as indicating that the structural costs associated with globalization

4) Four proxy measures were used to calculate perceptions of structural costs. Because companies may suffer from negative perceptions overseas due to four factors (local negative perceptions of the company as a foreign business, perceptions of the company as small-scale, an unfamiliar brand name in overseas markets, and a short history as a startup), perceived difficulties in overseas operations were measured for these factors on a five-point scale.

Table 7. Research Hypothesis Confirmation for Distinctive Characteristics of Global Startups

	Main elements	Supported?
CEO characteristics	1-1 Global startups are technology-centered businesses. 1-2 Global startups perceive overseas market as their priority arena for activity. 1-3 Global startup CEOs often have global experience.	○ ○ ○
Company capabilities	2-1 Global startups have outstanding global innovation capabilities. 2-2 Global startups are oriented toward global customers. 2-3 Global startups pursue strategic partnerships and other networks to address resource shortages.	○ × ×
Company strategy	3-1 Venture businesses with strong global learning motivations will favor globalization strategy even when their technological advantage is uncertain. 3-2 Global startups will favor strategy based on distinctive products to price advantage strategy.	○ ×
Industry environment	4-1 Global startups will target overseas markets in a growth period. 4-2 Global startups in high-innovation industries are more likely to pursue early overseas advancement.	○ ○
Structural costs	5-1 Global startups will perceive structural costs less acutely due to global learning effects. 5-2 Venture businesses with outstanding technological capabilities are more likely to attempt early market entry in spite of the structural costs.	○ ×

represent an area where policy support is urgently needed, as they can have a negative impact on globalization for all venture businesses regardless of their technological capabilities.

Chapter 6. Conclusion and Ideas for Strategic Fostering

1. Conclusion

Global startups have shown notable growth in the global market

despite relatively short histories. Consequently, they are becoming the focus of policy and strategic attention throughout the world.

Survey results for Korean venture businesses with a history of less than seven years offered empirical proof that they constitute a group with outstanding global growth, achieving strong global management performance based in rapid globalization. These survey and empirical analysis findings may prove useful in future adjustments to global startup policies.

While Korea has increased its commitment to supporting global startup development over the years, the efficiency of its policies remains uncertain. The kind of global entrepreneurship emphasized in government policies has in some regards been unsuited to the fostering of global startups, deviating somewhat from what current theories indicate. Korea's global entrepreneurship support policies appear to be still at an early, not yet fully standardized stage of implementation. The government should work quickly to revise its support system and bring it into harmony with global startup theory, perhaps by consulting the analysis findings in this study during the policy improvement process.

As standards for the Korean model of a global startup, characteristics of a history of less than seven years, over 30 percent of sales made through exports, and two or more overseas markets (including the U.S. or Western Europe) appear appropriate. This Korean model may be established as a policy target. Candidate groups for support to foster Korean global startups may be classified into two types. One group may be said to consist of venture businesses that are lacking in global orientation or early globalization capabilities but have superior technological capabilities (global skillup compa-

nies, 10% exports). These companies have strong technology, but will need a skillup in terms of product globalization and market advancement strategy to be able to achieve the subsequent global expansion to become global scaleup businesses. The other group consists of global scaleup companies, or companies that have superior technological capabilities but a global orientation or rapid globalization capacities somewhat below the standard for a global startup (20% exports within five years, advancement into two or more countries). Through support for global market advancement and global product improvements, members of this group could expand their global market share and market scope to become global startups.

The global market presents a very different environment and higher business risks from the domestic market, and enterprises with weak global competitiveness and global cooperation networks are very unlikely to succeed in becoming global startups. This suggests a need for strategic fostering measures that reflect global entrepreneurship as an area with a high likelihood not only of market failure but policy failure as well. This means that some degree of government intervention is needed when market failure occurs, but also that it is important to be wary of the potential side effects of excessive or direct government intervention.

These policy issues underscore the point that government global entrepreneurship policy should be focused more on indirect than on direct support, and on fostering reliable global startups in accordance with market functions rather than relying solely on policy support. While the government should lead the way in providing support to mitigate structural constraints such as the newly

emerging costs faced by startups, it should ultimately design policies that allow market resources to stimulate venture businesses' global growth DNA, serving as a foundation or ecosystem creation system for fostering global startups that are trusted in the global market.

The next section considered specific policy avenues and tasks for the strategic fostering of global startups.

2. Strategic Fostering Approaches

(1) Policy Avenues

Five policy avenues may be suggested for the fostering of global startups: 1) achieving harmony with venture entrepreneurship policy, 2) focusing support on platforms for fostering global entrepreneurship, 3) creating a support system that is suited to the characteristics of accelerated global growth, 4) implementing dedicated mission-oriented support projects, and 5) taking advantage of private expert institutions overseas.

First, as the deadline for the Special Venture Business Act looms, the Korean government has been attempting to achieve another step forward for venture enterprise by establishing its third round of venture policies. Since the actors in global entrepreneurship are venture businesses and innovative startups, policies to foster global entrepreneurship should be coordinated with the government's venture policies.

To incentivize venture businesses to develop into global startups on their own, the strategic value of Korea's global entrepre-

neurship brand needs to be enhanced. Achieving this will require the government to devise plans for selecting venture businesses with the growth DNA to become global startups and providing them with benefits focused on indirect support.

Second, the previous step will require the government to examine a support system that focuses on establishment of a global startup fostering platform. Once it is determined that a venture business has what it takes to achieve global growth, the government should use the global startup fostering platform not only to mitigate structural problems but also to provide support toward swift expansion of global efforts.

Third, while global startup fostering support should fundamentally have an indirect orientation, the distinctive characteristics of global startups are such that dedicated global startup fostering support programs will also need to be devised.

Fourth, the methods used to select support targets for dedicated global entrepreneurship fostering projects should emphasize contingency on mission accomplishment rather than being a contest-based “winner” selection as is commonly the case.

Fifth, policies should be designed to make active use of private expert organizations that are working at the nexus between entrepreneurship and globalization.

(2) Policy Tasks

1) Establishing a Global Entrepreneurship Support System

TIPS and other forms of innovative startup fostering policies

have recently become the subject of some attention. The determinants of their success are connected to global entrepreneurship,

Table 8. Major Elements of a Global Entrepreneurship Support System

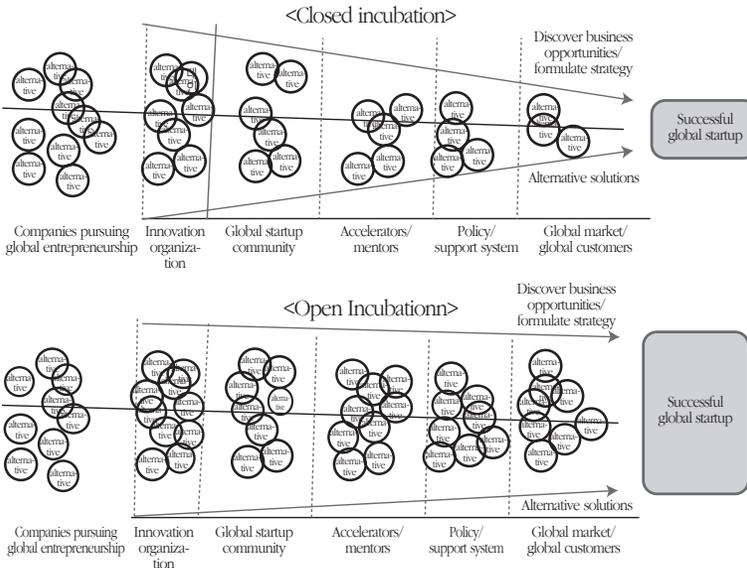
	Major elements
Policy goals	- Fostering global innovative enterprises and global venture businesses that are capable of surviving on their own in the global market
Chief support candidates	- Innovative startups with origins in universities/research institutions → Global innovative enterprises - Domestic demand-oriented venture businesses → Global venture businesses
Support eligibility	- Startup with a history of less than seven years - Satisfies conditions for global startup candidacy *Candidacy conditions: 10% or more exports, exports to two or more countries
Support methods	- Relieving structural issues through global entrepreneurship platform - Unconditional support for businesses that complete their missions rather than contest-based “winner” selection - Missions: Missions are assigned at the time of application in reflection of the business's past achievements
Chief means of support	- Optional participation in virtual and real platforms in major regions offering opportunities for global entrepreneurship platform participation - Accelerating support with a focus on close-knit networking (using local private specialized institutions) - Additional means of customized policy support at each stage of a venture business's global growth (skillup → speedup → scaleup → global business)
Support program application cycle	Ongoing
Chief forms of support	- Providing information of small-scale global technology development projects accessible to venture businesses and establishing eligibility - Legal advice on procedures related to collaborative efforts with local businesses - Support in connection with local patents, including responses to local patent infringement and global patent application - Assistance with participation in local accelerating programs - Improvement/development of purchaser-oriented products, including gaining purchaser accreditation and trust - Collaborative efforts related to technology, including M&A, technological partnerships, and attracting investment - Localization through local corporation establishment, project execution guarantees, etc. - Analysis of and information on new global niche markets - Global conference participation

which has the aim of achieving swift globalization. A global entrepreneurship support system will need to be built that takes into account the venture business globalization that has recently become a focus in innovative startup and venture policy.

2) Establishing a Dedicated Global Platform for Fostering Global Startups

The key functions of a global entrepreneurship support platform include providing smooth linkages between local innovation activities by Korean venture businesses and global business activities, learning about and procuring needed resources locally, and mitigating structural issues related to globalization. The basic con-

Figure 4. Closed vs. Open Incubation



cept of such a platform is open incubation rooted in a principle of open innovation. Open incubation is a matter of maximizing shared value by building a network for knowledge and know-how sharing encompassing the parties capable of playing a major role in the innovation and globalization process toward global markets, including global innovation organizations, the global startup community, accelerators and mentors, policies and support systems, the global market, and customers.

This form of global entrepreneurship support platform can be established through eco business model canvassing. Venture businesses attempting global entrepreneurship should be encouraged to use the platform to fine-tune their global entrepreneurship strategy and identify the means of resolving their issues on their own.

3) Standards for the Korean Global Startup Model and Global Brand Value Management Policies

The Korean government must establish standards for the Korean model of global startups to encourage venture businesses to dedicate themselves to achieving the global startup goal. One possible set of Korean global startup standards to consider may include 20 percent or more global sales within five years and exports to two or more countries.

4) Broadening Global Entrepreneurship Candidate Company Bases with Customized Programs for Different Stages

One possible approach that may be suggested for a support

Figure 5. Global Entrepreneurship Support System for Professor/Researcher Innovative Startups and 100-Billion Domestic Demand Ventures

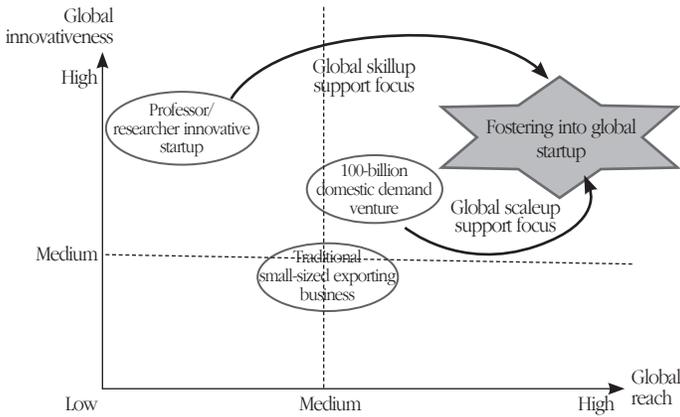


Table 9. Chief Characteristics of (New) Global Skillup and Global Scaleup Programs

	Global skillup	Global scaleup
Support goals	Development of technology/products targeting global needs	Establishing niche markets where existing products can expand overseas
Support targets	Professor/research ventures	Domestic demand-oriented ventures
Support application eligibility	Innovativeness: medium to high Global Reach: low	Innovativeness: medium or higher Global Reach: medium to high
Support details	Improving/developing products to suit needs of global customers	Technology-related networking, including joint technology development with global businesses, JV, M&A
Support means	Assisting with participation in global accelerator programs	Recommending overseas partners in promising markets (new) and providing close-knit local mentoring
Support means	Assisting with improvements in global targeting of technology and products, development costs	Assisting with costs of global accelerating program participation
Post management	Post-management provided after global platform integration once company has reached level of Korean global startup	

program customized to companies' growth stage is the separate creation of global skillup and global scaleup programs. In operating support programs, the government should establish a platform for broad-based participation by private expert institutions while committing its energies to institutions and management to prevent moral hazard due to private sector involvement.

5) Stronger Support Policies with a Global Technological Cooperation Focus

The government will also need to reconsider its current support system, which is focused on export marketing through local small business support institutions overseas. Specifically, it should examine going beyond the current export marking-focused support functions to redesign its support system with a focus on global technology cooperation and other forms of global innovation (an approach tentatively called "Global Inno"). Avenues for improvement in the new support system include 1) a full-scale redesign reflecting the importance of global technology cooperation, 2) adop-

Table 10. Global Technology Cooperation Portfolio from a Venture Business Perspective by Market and Technology

		Technology characteristic	
		New	Promising
Global niche market characteristic	New	Joint R&D	Public technology development project participation, global VC
	Promising	Strategic partnership	JV, R&D localization

tion of new global technology cooperation support bases with a focus on existing SME support institutions in major regions where global technology cooperation is predicted to be active, and 3) inclusion of global technology cooperation support functions in addition to the current functions of overseas SME support institutions.