

Accelerate Women's Entrepreneurship and Economic Opportunities in Korea

Research Findings on the Environment for Women-Owned Businesses in Gyeonggi Province



Acknowledgments

This report was a collaborative effort between The Asia Foundation and its partners representing the work and insight of many individuals. This report is based on field research commissioned by The Asia Foundation thanks to a generous grant from Fondation CHANEL.

The Gyeonggido Family & Women's Research Institute conducted the research for this study led by Senior Research Fellow Yoonsun Choi, with contributions from Seungyeon Nam, Mi Jang, and the Science and Technology Policy Institute's Younghwan Kim. A special acknowledgment goes out to the many organizations from Gyeonggi Province that contributed to the research and recommendations for this study, including the Gyeonggi Provincial Government's Women's Policy Division and Welfare and Women's Office; the Gyeonggido Job Foundation and the Gyeonggido Business & Science Accelerator; the Korean Women Entrepreneurs Association, Gyeonggi Branch; and the Dream Maru Centers in Goyang, Hwaseong, Yongin, and Uijeongbu.

The team of The Asia Foundation and its partners would like to recognize the important contributions in developing this report from Dylan Davis (who initially commissioned the report), Kwang Kim, Kyung-sook Lee, Sunmee Lee, Raina Han, and Elizabeth Silva. The team also gratefully acknowledges Eun-young Lim, Jane Sloane, Lesley Wynn, Amy Thwing, and Soniya Sharma for their valuable comments, insights, and feedback throughout the production of this study.

The Asia Foundation especially thanks the Korean entrepreneurs who generously answered the survey and interview questions and helped us develop a better understanding of the challenges and needs of women-owned businesses in Gyeonggi Province.

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1. Introduction

1.1 Background

Women's economic empowerment is crucial to boosting job creation and economic growth globally. In Asia and the Pacific, closing the gender gap in economic opportunities by 2025 is estimated to increase gross domestic product (GDP) by 12 percent.¹ Women's entrepreneurship is a key component of women's economic empowerment, and beyond the economic gains, women's entrepreneurship is crucial to advancing women's rights, opportunities, and influence. Despite this mounting evidence, efforts to close these gender gaps have lagged, and women remain significantly less likely to start and grow businesses than their male counterparts.

The Asia Foundation has a long history of supporting women entrepreneurs in Asia and the Pacific and enhancing their access to sustainable livelihoods and advancement in the labor market. Its *Accelerate Women's Entrepreneurship* program builds on decades of experiences identifying the barriers that limit women entrepreneurs from starting and growing their businesses and providing them with the tools and skills to achieve success. Working with experienced local partners, the Asia Foundation identifies and addresses legal, regulatory, and social constraints that hinder women's entrepreneurship opportunities and supports current and aspiring women entrepreneurs to access finance, markets, training, and networking opportunities needed to start and grow businesses.

With generous support from Fondation CHANEL, The Asia Foundation implemented a one-year research project, *Accelerate Women's Entrepreneurship and Economic Opportunities in South Korea*, to better understand the challenges and opportunities facing women entrepreneurs in Gyeonggi Province, including the current policy environment. The long-term goal of the project is to support women entrepreneurs in Gyeonggi Province to: (a) start and operate successful businesses as a viable career option; (b) improve their socio-economic well-being and that of their families and communities; and (c) enable them to contribute to and benefit from economic development.

1.2 Country Context

South Korea (henceforth Korea) is considered a robust democracy and a powerhouse economy, ranked 12th in the world by GDP in 2017 (according to the World Bank), but with declining growth rates (with less than 2 percent growth expected in 2019), rising unemployment and income inequality, decreasing job creation, and major demographic challenges with a rapidly aging population and the lowest birth rate among the 36 member countries of the Organization for Economic Co-operation and Development (OECD). Korea also has the largest gender gap in employment and wages, more than double the OECD average.² In 2017, women's wages represented only 67.2 percent of men's wages.³ Women's participation in the labor force is a crucial factor to unlocking longer-term growth in the slowing economy of Korea, which reached a six-year low in 2018 in terms of gross domestic growth according to the Bank of Korea, the country's central bank. In emerging sectors such as technology, less than 10 percent of starts-up founders in Korea are women,

¹ J. Woetzel et al.: *The Power of Parity: Advancing Women's Equality in Asia Pacific*. McKinsey Global Institute, 2018.

² OECD: Gender Wage Gap, <https://data.oecd.org/earnwage/gender-wage-gap.htm>.

³ Statistics Korea and Ministry of Gender Equality and Family: *Women's Life in 2018 Statistics*, 2018.

http://www.mogef.go.kr/nw/rpd/nw_rpd_s001d.do?mid=news405&bbtSn=705754.

compared to 24 percent in the Silicon Valley in California, and 19 percent in Singapore, according to Forbes (2016). Korea is also behind when analyzing other global indicators: it ranks 42 out of 54 economies in business environment for women, behind China and Uganda, and just ahead of Japan.⁴

Historically, Korea has been a patriarchal society, and the Confucian ideology of male superiority has remained influential.^{5,6} Girls and women were largely confined to their houses: they were taught to be good housewives, and to focus their time on child rearing. Women were expected to be subordinate to men and had limited access to education.⁷ South Korea has experienced significant social changes in recently shifting gender roles, especially when compared to the pre-Korean War era.⁸ Women's access to education began in the 19th century, first facilitated by Christian missionaries, and continued after the Korean War, during the period of nation-building and modernization (1950s onwards.)

In 1966, the average number of years of education women received was 3.97 (compared to 6.19 years for men). In 1995, the average number of years of education women received more than doubled to 9.26 years (compared with 11.09 years for men).⁹ In 2018, 58.6 percent of women participated in labor market activities (compared to 78.1 percent of men), 12.3 percent of managers were women, and women represented just 17 percent of parliamentarians.¹⁰

Women in Korea face distinct challenges in entering, remaining, and advancing in the workforce, and starting and growing businesses. Closing the gender gap in economic opportunities in Korea, where less than four out of 10 businesses are owned by women, is estimated to increase GDP by 9 percent, or \$160 billion, by 2025 (footnote 1). According to Korea Statistics, the total number of women's businesses nationwide increased by 9 percent between 2012 and 2016 (from 1.36 million to 1.50 million).¹¹ However, the number of women-owned businesses planning to grow decreased from 7.1 percent in 2012 to 2.4 percent in 2016.¹² The 2017 Census from Korea Statistics revealed that only 37.9 percent of businesses were represented by women; furthermore, women were less likely than men to start a new business: only 24 percent of businesses were newly established by women.¹³

⁴ Lee, Ho-Jeong: Seoul Ranks Low in Female Entrepreneurship, *JoongAng Ilbo*, March 09, 2017. The MasterCard index assesses bias against women in the workforce, political and business leadership, the financial strength and entrepreneurial inclination of women; the degree to which women have access to basic financial services, safety for women, support for small and medium sized businesses, and the country's entrepreneurial support.

⁵ Kim, Sook Ja, Park, Boo Jin and Ryoo, Jeung-Ah: The Formation Background of Sexually Discriminative Consciousness Structure and its Expression Patterns, *The Study of Woman and Family Life*, p6-7, 2000.

⁶ Lim, In-hye et al.: Development and Validation of the Patriarchal Beliefs Scale-Korean (PBS-K), *Korean Journal of Counseling*, p127-128, 2018, 19(4).

⁷ Moon, So-jeong: A Comparative Study on the Quality of Life of Women between Korea and Japan: View from the Identity of "Wise Mother and Good Wife", *Society and History*, 2002, Vol.61.

⁸ Kendal, Laurel: Under Construction: The Gendering of Modernity: Class and Consumption in the Republic of Korea. University of Hawaii Press, 2002.

⁹ Lim, Sun-Hee: Development History of Women's Education in Korea (1945~1995), *The Journal of Educational Research & Development*, p92, 1998, 20(1).

¹⁰ World Economic Forum: The Global Gender Gap Report 2018, p147, 2018. http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

¹¹ Statistics Korea: Report of the Census on Establishments, 2017. http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1K52C05&conn_path=I2.

¹² Ministry of SMEs and Startups Korea Women Entrepreneurs Association: Surveys on Women's Enterprises, 2013 and 2017.

¹³ Statistics Korea: Report of the Census on Establishments, 2017. <http://kosis.kr/publication/publicationThema.do?pubcode=ZY>. [Business in this case refers to business types that require a discrete company establishment registration process, separate from obtaining a business license to operate.](#)

There is a dearth of evidence-driven research in the country exploring the key factors inhibiting and facilitating the successful launch and growth of women-owned businesses, and the key differences compared to those owned by men, at the provincial level. Gyeonggi Province is Korea's most populous and economically diverse province and one of the most industrialized regions in the country. As such, understanding women entrepreneurs' profile, characteristics, and key barriers in Gyeonggi Province can serve as a starting point in catalyzing women's entrepreneurship across the country.

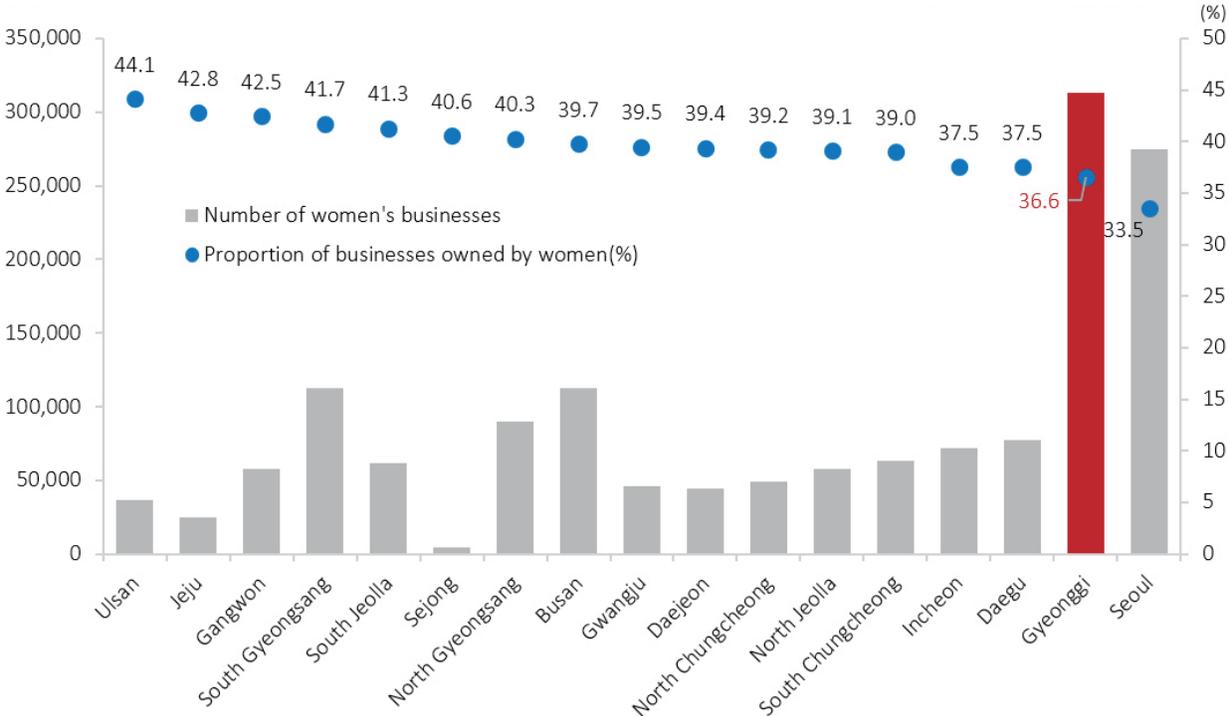
1.3 Objectives of the Research

The specific research objective was to understand the key challenges and opportunities facing women entrepreneurs in Gyeonggi Province, as well as linking them to corresponding policy recommendations directly supporting women entrepreneurs. The research ultimately aims to advance opportunities for women entrepreneurs in Korea by: (a) providing a deeper understanding of the challenges facing women running micro, small, and medium-sized enterprises (MSMEs); (b) enhancing the granularity and context of data and information on factors inhibiting and facilitating women-owned businesses in Korea with a focus on Gyeonggi Province; and (c) identifying the key differences and similarities between women and men in their entrepreneurial pathways and the factors and challenges they respectively encounter.

Gyeonggi Province was selected for the research project because it is the most populous province in Korea and has well-established industrial infrastructure, such as manufacturing facilities. Furthermore, while the province has the highest total number of women's businesses in Korea, the proportion of women's business ownership compared to men's is considerably less compared to other cities and provinces. **Figure 1** shows the status of women-owned businesses throughout Korea's provinces and major cities.

The research methodology included: (a) a literature review of the current state of women's entrepreneurship in South Korea; (b) a quantitative survey (N=300) conducted online and distributed to both women and men entrepreneurs (50 percent each); and (c) qualitative interviews and focus group discussions (N=40, with 24 women and 16 men). The full description of the methodology is included in Annex 1.

Figure 1: 2016 Status of Women's Businesses in Korea's 17 Administrative Divisions (Including Provinces and Metropolitan Cities)



Korea Statistical Information Service, July 4, 2018,
http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1K52B05&conn_path=I2.

2. Current Trends in Women's Entrepreneurship in South Korea

2.1 Policy Environment for Women's Entrepreneurship in South Korea

The following sections present current trends on women's entrepreneurship in Korea based on a literature review. Starting in the 1990s, the Ministry of Small and Medium-Sized Enterprises (SMEs) and Startups implemented a policy and institutional support system to foster women's businesses, in cooperation with the Korean Women Entrepreneurs Association, the Women Enterprise Supporting Center, and the Korea Venture Business Women's Association. In accordance with the Act on Support for Women-Owned Businesses, the Ministry of SMEs and Startups also established and made actionable annual plans for the promotion of women's business activities. The Ministry of Science and Information and Communications Technology; the Ministry of Gender Equality and Family; the Korean Intellectual Property Office; and the Public Procurement Service have all played a role in the implementation of support policies for women's entrepreneurship. Several support programs are available for women entrepreneurs in South Korea (see Annex 2). In addition to providing crucial information on access to finance and markets, these programs offer much needed entrepreneurial capacity building, infrastructure, consulting, and mentoring.

Despite having programs and policies in place to support women's entrepreneurship, women continue to face significant barriers to successfully launch and operate their businesses compared to men. This is compounded by a lack of information about the support policies available to prospective women-owned businesses.¹⁴

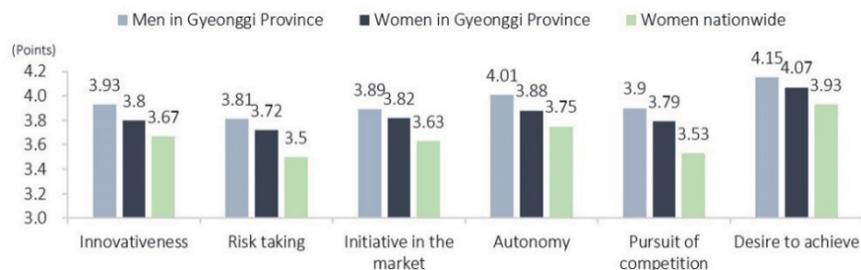
2.2 Gender and Entrepreneurial Attributes in South Korea

In 2017, the Science and Technology Policy Institute conducted a survey of 10,000 people in Korea (5,055 men and 4,945 women) to identify their entrepreneurial traits, which were assessed by averaging the scores in 34 survey items on a 7-point scale related to six sub-factors.¹⁵

Women scored lower than men on the questions to assess their inherent entrepreneurial tendency. While men scored themselves more positively across all six traits, as shown in Figure 2, the greatest difference between women and men was observed in the pursuit of competition.

Men were also more positive about the entrepreneurial ecosystem than women and expressed more favorable perceptions regarding their opportunities and capacity when it came to their entrepreneurial pursuits (see Figure 3).

Figure 2: Comparison of Men's and Women's Entrepreneurial Traits in Korea

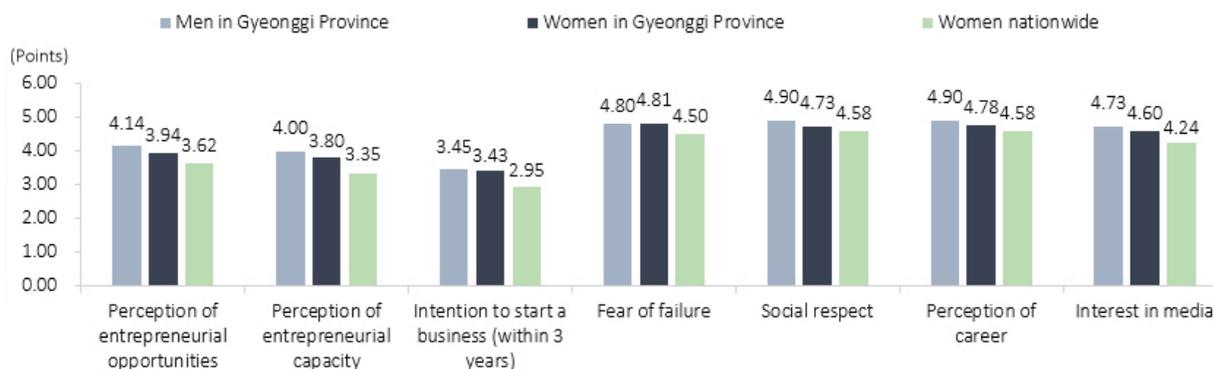


¹⁴ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women's Enterprises, p309, 2018. http://www.wbiz.or.kr/component/file/ND_fileDownload.do?id=52831b96-1068-48b2-88c1-ef561319b5f3.

¹⁵ Korea Entrepreneurship Foundation, Korea Enterprise Data, and Science and Technology Policy Institute: The 2017 Survey and In-depth Study on Korean Entrepreneurial Spirit, 2017.

http://www.koef.or.kr/koef/dwccs/board/BoardView.do?SITE_ID=KOEf&BOARD_ID=6&ARTICLE_SEQ=3818&H_MENU_CD=100203&L_MENU_CD=10020306.

Figure 3: Perception of Entrepreneurial Ecosystem among Men and Women in Korea



STEPI Survey and In-depth Study on Entrepreneurial Spirit in Korea, 2017.

Interestingly, women-owned businesses in Gyeonggi Province were more positive about the entrepreneurial ecosystem than women-owned businesses nationwide. They also scored higher on their entrepreneurial traits in all six dimensions compared to the national average for women, as seen in Figure 2.

2.3 Key Challenges Women Entrepreneurs Face in South Korea

Access to Finance and Markets: According to surveys of women-owned businesses by the Ministry of SMEs and Startups and the Korean Women Entrepreneurs Association, the most challenging aspect for women-owned businesses during the startup phase (pre-venture/early stage, up to three years of operation) is access to finance (42.1 percent), followed by access to markets (28.8 percent).¹⁶

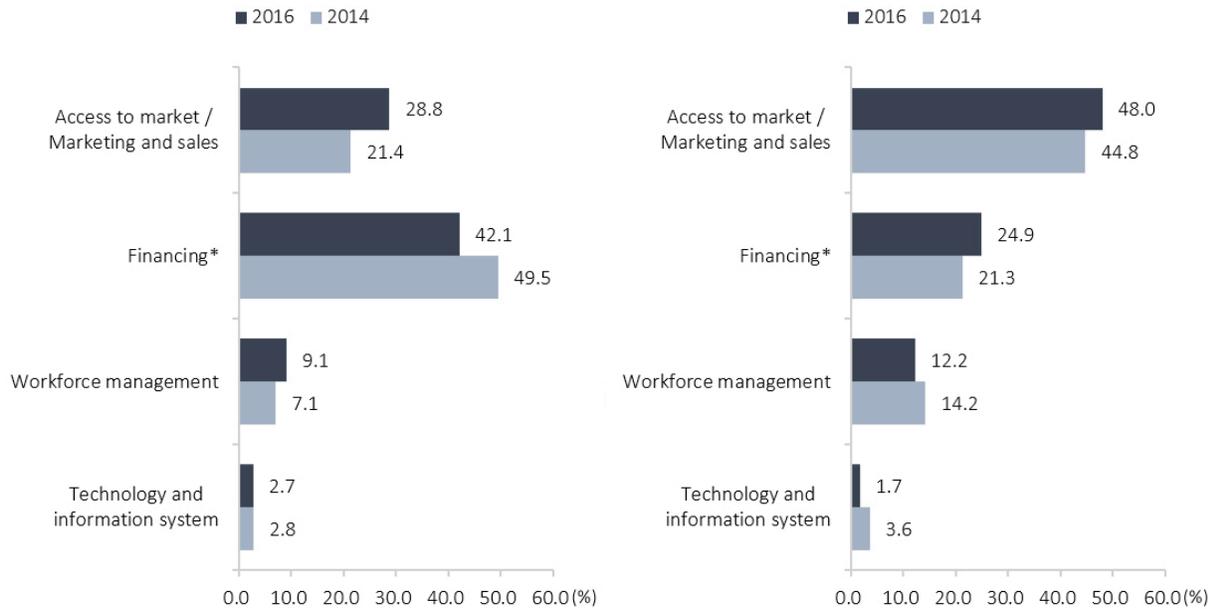
For businesses during the venture phase (3 to 7 years), the biggest challenge reported during operations was sales and marketing (48 percent), particularly branding, promotion, and advertising. These were followed by financial management (24.9 percent) and workforce (or personnel) management (12.2 percent).¹⁷ Difficulties in workforce management, common among startups, were also faced by new women-owned businesses.

Figure 4 shows the breakdown of women’s entrepreneurship challenges during the pre-venture and venture stages.

¹⁶ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women’s Enterprises, p353, 2018. http://www.wbiz.or.kr/component/file/ND_fileDownload.do?id=52831b96-1068-48b2-88c1-ef561319b5f3.

¹⁷ Ibid., p27.

Figure 4: Challenges of Women-owned Businesses in Korea¹⁸
 (Left = Pre-Venture Phase, Right = Operations in Early Stage)



Note: Financing* in the pre-venture phase is closely related to access to finance, whereas in the venture phase it refers to financial management.

Between 2014 and 2016, the proportion of women entrepreneurs who cited difficulties in accessing capital, including lines of credit, steadily declined, while the ratio of those who experienced difficulties in accessing markets increased. Obstacles to accessing finance were reported to be relatively more prevalent in the information and communications industries and manufacturing sectors, while difficulties with market access were more common in the wholesale and retail industries. According to the 2017 survey on Korean startups by the Ministry of SMEs and Startups and the Korea Institute of Startup and Entrepreneurship Development, fewer women entrepreneurs gained access to loans from financial institutions or attracted outside investments compared to men. The same survey also reported that women entrepreneurs needed an average of 184 million KRW (approximately 340,000 USD) to start a new business, which is 46 percent less than men.¹⁹ According to the 2017 Survey on Women’s Enterprises, funding for women’s startups mostly consisted of capital from the owner (self-financing), the co-founder, or a combination of the two (78 percent). This was followed by loans from financial institutions (17.3 percent) and other sources (including government funds and venture capital).²⁰

For more mature firms between 6-10 years, the most frequently cited challenges include a lack of information on overseas markets (37.9 percent); overseas buyers (22.2 percent); and export-related human resources (16.1 percent). This is evident in the statistics on export sales, whereby sales of women’s startups

¹⁸ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women’s Enterprises, p353 & 365, 2018.

¹⁹ Ministry of SMEs and Startups and Korea Institute of Startup and Entrepreneurship Development: 2017 Survey on Korean Startups, p211, 2018.

²⁰ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women’s Enterprises, p359, 2018.

were only 0.7 percent, which is significantly lower than that of men's startups (2.5 percent). Notably, women-owned startups lack strategic partnerships with overseas companies.²¹

Work-Life Balance: The most commonly cited obstacle for women entrepreneurs compared to their male counterparts in Korea is balancing work and family life (25.1 percent), followed by male-dominated business practices (18.3 percent).²² While there is no significant difference in the hours allotted to work between unmarried men and women, there is an unequal distribution of responsibilities between married men and women, including in the time devoted to household duties and child or family care. Women business owners often must combine work, household duties, and family care. As such, this imbalance was cited as a frequent obstacle in their ability to dedicate the time necessary to open or further invest in a business. For women eager to participate in income-generating activities, career breaks result in economically active population to total ratio of only 41.4 percent in Gyeonggi Province, despite various policy efforts.²³

Lack of Opportunities to Develop Leadership: According to the annual statistical data from the Ministry of Employment and Labor, the percentage of women in management in private companies with less than 1,000 employees rose from 12.0 percent to 19.2 percent in 2008-2017 (with similar percentages in larger companies).²⁴ While the number of women in management is increasing, there are still only two women for every 10 men in management positions. As such, there are less opportunities for women to develop leadership skills as mid-level managers. Overall, women's educational levels and job competencies have improved, and the number of women entrepreneurs with experience as team leaders or higher positions in professional fields, such as design or public relations, is on the rise. Yet, there is room for improvement. Three of the women interviewed in Gyeonggi Province shared anecdotes about their lack of managerial experience and expressed a desire for a better understanding of a company's overall operations.

2.4 Achievements and Goals

When surveyed on their intrinsic entrepreneurial traits, both men and women scored high on "desire to achieve" in their businesses. However, the nation-wide scores of women-owned businesses were lower than men's at 3.93 and 4.05, respectively (footnote 15). Differences were also seen in their perceptions of achievement. Women conceptualized achievements they wanted to accomplish in more diverse, not necessarily economic, ways. For instance, when defining "achievement," some survey respondents shared comments such as "coexisting with surrounding people" or "providing a better life for my children."

2.5 Financial Performance and Break-Even Point

The 2017 Survey by the Ministry of SMEs and Startups and Korean Women Entrepreneurs Association examined the financial performance of men- and women-owned startups operating for less than seven years. This uncovered that although women-owned businesses generally had less assets than men-owned businesses, they showed a better debt-to-capital ratio than businesses owned by men (calculated as liabilities/capital*100 and determining how much more debt a company has compared to its equity). In

²¹ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women's Enterprises, 2018. http://kosis.kr/statHtml/statHtml.do?orgId=453&tblId=DT_393001_066&conn_path=I2.

²² Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women's Enterprises, p24, 2018.

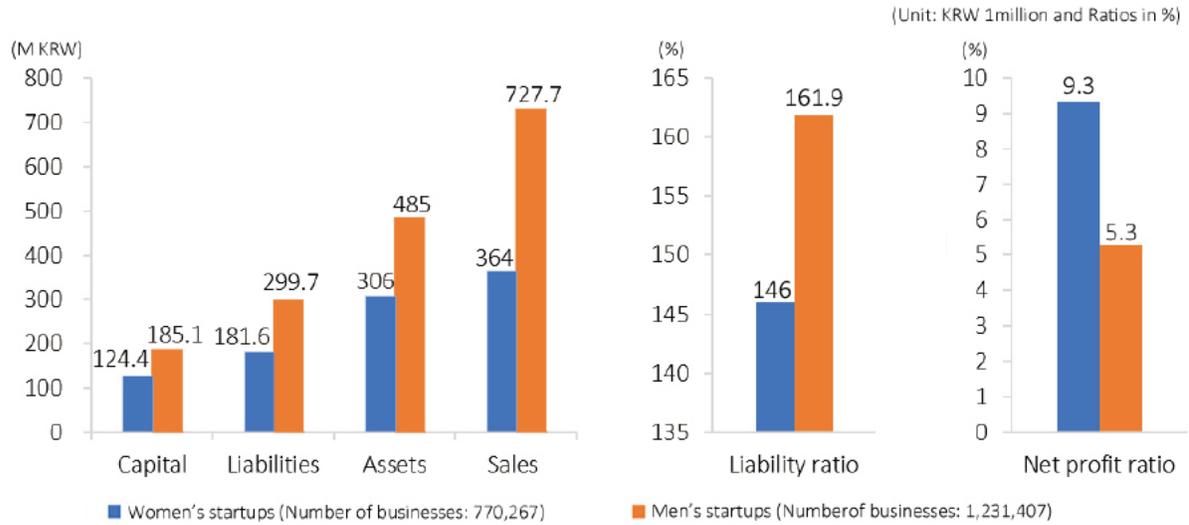
²³ Nam, Seung-yeon, The Statistical Status of and Challenges in Women's Economic Activities in Gyeonggi Province, *Gyeonggi-do Family and Women Research Institute Issue Analysis*, July 2018.

²⁴ Ministry of Employment and Labor: A White Paper on Employment and Labor in Korea, p104, 2018.

http://www.moel.go.kr/common/downloadFile.do?file_seq=20180801450&bbs_seq=20180800623&bbs_id=23.

addition, although the gross sales and profits of women-owned businesses were lower than those of men's, their net profit ratios tended to be higher.

Figure 5: Comparison of Financial Performance of Women's and Men's Startups (as of the end of 2015)



Source: MSS & KISED, The 2017 Survey on Korean Startups, 2018.

According to the Ministry of SMEs and Startups and the Korean Women Entrepreneurs Association's 2017 Survey on Women's Enterprises, 65.5 percent of women-owned businesses had reached the break-even point, with 47.7 percent breaking even within three years of starting the business.²⁵ The proportion of businesses that had not reached the break-even point was higher in the non-manufacturing industries than in the manufacturing industry.

²⁵ Ministry of SMEs and Startups and Korean Women Entrepreneurs Association: 2017 Survey on Women's Enterprises, p368, 2018. http://www.wbiz.or.kr/component/file/ND_fileDownload.do?id=52831b96-1068-48b2-88c1-ef561319b5f3.

3. Women's Entrepreneurship Ecosystem in Gyeonggi Province

3.1 Gyeonggi Province Policy Support Environment for Women's Entrepreneurship

In 2008, Gyeonggi Province enacted Ordinance #3769 on Supporting Women-Owned Businesses to actively contribute to regional economic development, with a focus on women's entrepreneurship. The ordinance prescribes the duties of the governor to ensure comprehensive support and equal opportunities for women's business activities in terms of financing, workforce, information, technology development, and market pioneering. Since its original enactment, the ordinance has been revised several times, most recently in 2017 under Ordinance #5699, which increases the governor's responsibilities to promote women-owned businesses, prioritize the products of women-owned businesses, and safeguard against discrimination.

The province operates the entrepreneurship support programs of the Women's Enterprise Supporting Center and the Gyeonggi Center for Creative Economy & Innovation, which are managed by the central government (Ministry of SMEs and Startups), while also actively implementing a support system for women's entrepreneurship and business activities through its own groups. The Gyeonggi Women's Development Center carry out the majority of the province's projects and programs to promote women's entrepreneurship.

Box 1: Centers and Programs That Offer Support to Women Entrepreneurs in Gyeonggi Province

Dream Maru offers the nation's first dedicated co-working space for women, where entrepreneurs and individuals from various industrial fields (freelancers, inventors, developers, and planners) can collaborate. There are five centers in the province offering co-working spaces, networking cafés, vocational training for women IT professionals, and startup consultation services. Membership increased from 2,918 in 2016 to 4,000 as of October 2017.

The Women's Business Incubator Center provides a systematic women's startup incubation system for women entrepreneurs with promising globally-competitive business ideas so that they can develop their business plans while minimizing risks and strengthening their startup competencies. The center supported 45 cases to commercialize business ideas in 2016 and 58 as of October 2017. There is also a post-incubation center for women's businesses in the province that supports continuous growth.

Women's Entrepreneurship Academy helps women to improve their competencies for successfully launching startups by providing various educational courses, such as business document preparation, management practices, marketing strategies, and financial management.

Self-employed Creative Business Center discovers creative self-employed companies owned by women and supports them with office space, meeting rooms, startup education, mentoring, and commercialization.

Startup Support and Preparation Space provides office space for women entrepreneurs in the north of Gyeonggi Province. Access to the space requires security deposits and monthly maintenance fees.

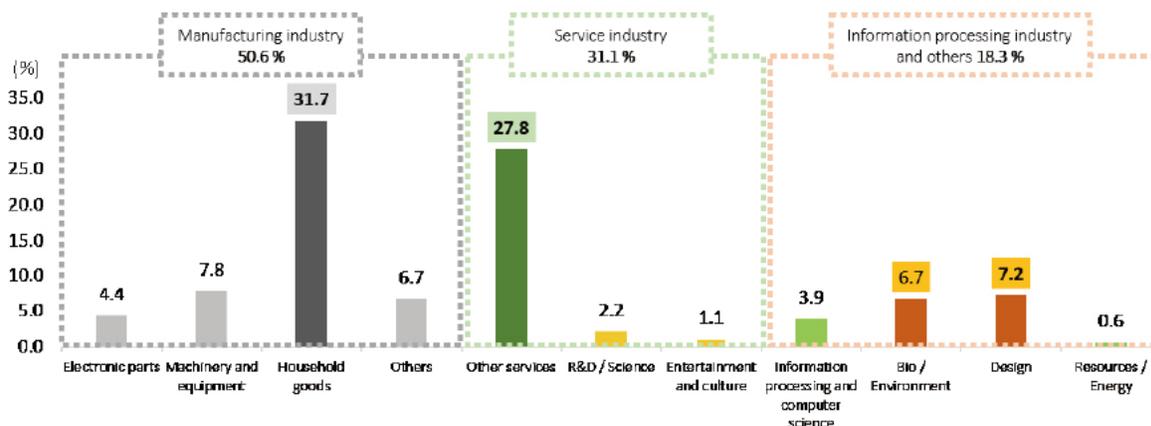
3.2 Gyeonggi Province Entrepreneurship Characteristics

According to the 2017 Census on Establishments, women's entrepreneurial activities in Gyeonggi Province are concentrated in the following sectors: financial and insurance businesses, real estate and leasing, business facility management and support services, and healthcare and social welfare services.²⁶

Gyeonggi Province has the highest labor supply in the country. This increased from 9.38 million in 2010 to 10.96 million in 2018. The female labor supply has increased from 4.73 million to 5.52 million over the same period.²⁷ Gyeonggi Province also has the third highest average population growth rate in Korea.²⁸

In terms of demand, women in Gyeonggi Province are active consumers in the retail, lodging, food, and durable consumer goods sectors. In terms of job supply, they are actively engaged in the health, social welfare, and education sectors. There are also opportunities for women entrepreneurs in the medical, health, insurance, entertainment, culture, education, apparel, and miscellaneous goods markets. As seen in **Figure 6**, there are opportunities to start businesses in the consumer goods manufacturing industry, service industries, and in the fields of design and bio/environment.

Figure 6: Distribution of Women-Owned Startups Across Industries in Gyeonggi Province



Source: Choi, Yoonsun and Jang, Mi, The Status of and Challenges in Women's Participation in Startup Incubation Projects in Gyeonggi Province, 2018.

3.3 Summary of Trends in Women's Entrepreneurship in Gyeonggi Province

Gyeonggi Province is making improvements in the areas of women's re-employment and entrepreneurship. As of August 2018, there were 29 re-employment support centers for career-interrupted women in the province. In 2016, 24 centers offered 125 vocational training sessions to 2,553 women participants, of whom 2,418 completed the programs and 1,649 were re-employed or launched their own business. Over 4,600 women participated in group trainings in 2016. Regarding job search assistance, of the 81,055 women job seekers in the centers, 39.1 percent were hired in 2016. The province also offers advanced employment

²⁶ Statistics Korea: Census on Establishments,

http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1K52C05&conn_path=I2.

²⁷ Statistics Korea, Economically Active Population Survey,

http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1DA7014S&conn_path=I2.

²⁸ Statistics Korea, The Rate of Population Growth,

http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1YL20621&conn_path=I2.

support for highly educated and skilled women. In 2016, the Career Development Center for Women on Career Breaks provided 38 training sessions, in which 777 women participated. Of the 741 women who completed the training, 66 were re-employed.

There is increasing diversity in the female population of Gyeonggi Province. An outstanding workforce pool is on the rise thanks to high education levels and job skills. However, women's careers suffer from breaks from income-generating activities due to unpaid child or family care responsibilities. The local policies and programs to support women's re-employment, including through business startups, and contribute to work-life balance, as highlighted in Annex 2, are working to improve these issues. A range of industries (education, health, social welfare, other personal services, real estate and leasing, and finance and insurance) are considered promising business areas that offer a better work and family life balance for women entrepreneurs to pursue.

4. Research Findings in Gyeonggi Province

To advance opportunities for women entrepreneurs in Korea, an in-depth research study was commissioned by The Asia Foundation to uncover the key factors inhibiting and facilitating women-owned businesses, with a focus on Gyeonggi Province, where a quarter of companies in Korea are located. From July to September 2018, a quantitative survey was administered to 300 entrepreneurs (150 men and 150 women) and responses were analyzed to better understand the startup environment and experiences of established women and men entrepreneurs in Gyeonggi Province. From May to October 2018, interviews were held with 24 women, followed by focus group discussions with 16 men from October to November 2018. The respondents were selected from affiliated organizations and stakeholders associated with women’s entrepreneurship in Gyeonggi Province. Further details on the survey and research methodology are available in Annex 1. Key findings are included in this section of the report.

4.1 Countrywide Landscape of Startups: Motivation to Start a Business

Businesses can be established as a result of necessity or as a response to an identified opportunity. This distinction is an important one, as entrepreneurs who start a business in response to a perceived opportunity—as opposed to a lack of other options for income generation—are more likely to be growth-oriented, which means that they are more likely to aim to expand their businesses, hire more workers, and achieve higher financial returns. **Table 1** shows entrepreneurs’ motivations (opportunity-driven versus necessity-driven) to open a business, as reported in a 2017 survey on Korean Startups by the Ministry of Startups and SMEs and the Korea Institute of Entrepreneurship Development, with a sample size of 6,500 enterprises nationwide. Women-owned enterprises in this study were nearly five percentage points more “necessity-driven” than men.

Table 1: Motivations for Business Startups Led by Men and Women Entrepreneurs

Division	Total	Opportunity-driven	Necessity-driven	Both
Men’s startups	1,231,407	34.4	23.6	42.0
Women’s startups	770,267	34.0	28.1	38.0

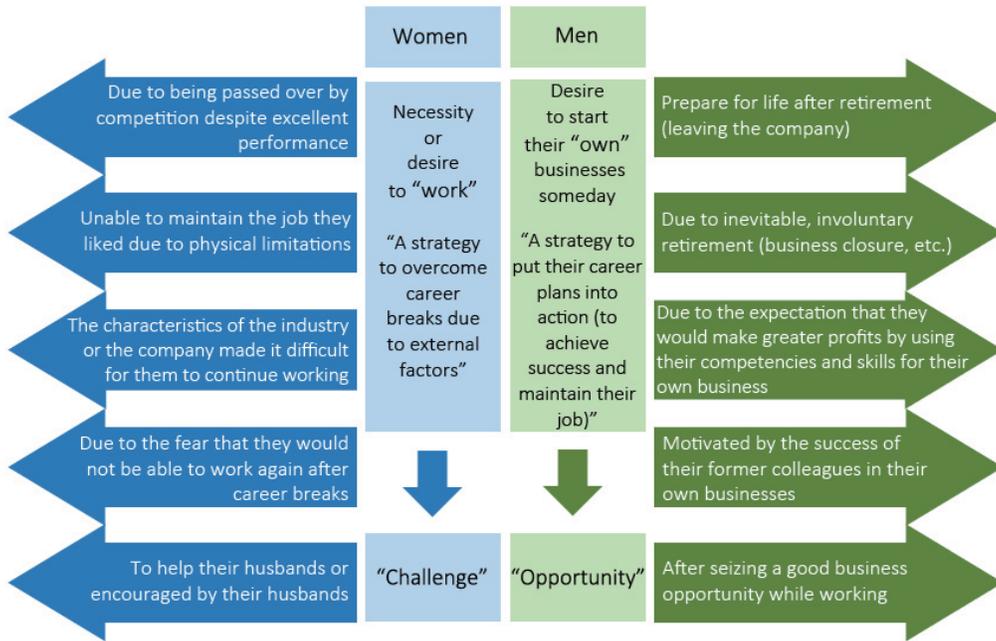
Unit: Number of businesses, %

4.2 Gyeonggi Province Landscape of Startups: Motivation to Start a Business

Amongst participants in The Asia Foundation’s survey of 300 men and women entrepreneurs in Gyeonggi Province, a higher percentage of women entrepreneurs were also motivated by necessity compared to their male counterparts. When questioned on whether their motivations for starting a service or manufacturing business were opportunity-based (based on perceived market opportunities or a new business idea); necessity-based (having no other choice for income generation except for launching a business); or technology-oriented (using new technologies or creating a patent, either based on a necessity or opportunity), 42 percent of the women interviewees reported that they considered themselves to be necessity-based entrepreneurs, followed by technology-oriented and opportunity-motivated at 37 percent and 20.7 percent, respectively. Nearly 53 percent of men interviewees reported identifying as technology-oriented entrepreneurs, followed by necessity-based and opportunity-motivated at 21.3 percent and 16 percent, respectively. Interestingly, most of the businesses owned by women entrepreneurs at age 50 or higher, or in operation for more than seven years, self-identified as technology-based manufacturing

enterprises. Figure 7 depicts the psychological framework for opening a business by gender in the province.

Figure 7: Motives to Start a Business (by gender)



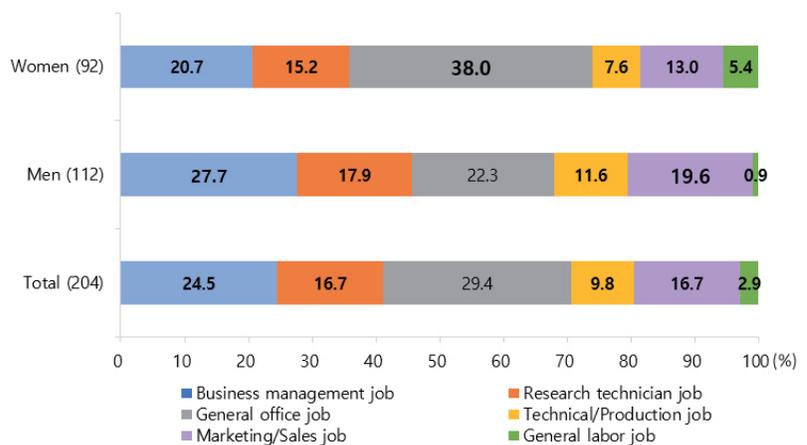
4.3 Prior Work Experience and Support Systems

Out of the women business owners surveyed, 38.7 percent were not employed when they started their business compared to 25.3 percent of the men. Forty-eight percent of the women entrepreneurs not employed when starting their businesses self-identified as housewives. Of the entrepreneurs who were employed when starting their businesses, men were much more likely to be working in business-related fields than the women surveyed. Twenty-eight percent of men were employed in business management compared to 21 percent of women, and 19.6 percent of men were employed in marketing and sales compared to 13 percent of women.

As seen in Figure 8, among the women who were employed before starting their businesses, the percentage of those engaged in general office work was much higher than the surveyed men, 38 percent versus 22 percent, respectively.

The surveyed men reported more cases of prior professional experience and job responsibilities that included skills or experiences that would be invaluable for

Figure 8: Job Type Prior to Starting Own Business in Gyeonggi Province



entrepreneurial startups, particularly in business management, research, and marketing and sales. About 90 percent of the entrepreneurs who had been employed before starting their own businesses responded that their prior work experience was helpful in the startup process. However, almost twice the percentage of women business owners (13 percent) reported that their pre-venture work experience was “not helpful” compared to the men respondents (7 percent) and the women respondents with limited work experience or business networks were more likely to say they started their businesses—without conducting objective market research.

Both women and men surveyed reported that spouses and former colleagues were major sources of support. Interestingly, 66 percent more women received support from their spouse than men entrepreneurs received from their spouses. Meanwhile, men were more likely to report receiving support from former colleagues compared to women: 56 percent more men reported support from former colleagues compared to the women entrepreneurs. This points to the critical role that professional networks play in vitalizing women’s entrepreneurship.

The interviews revealed that a priority goal of many women-owned businesses pertained to working relationships. They also expressed a desire to maintain lasting relationships with people in their networks, particularly evident in women-owned businesses with fewer than 10 employees. When discussing the strengths and weaknesses of women-owned businesses, some women reported that men are too “cold-hearted” in workforce management. While some of the interviewed women reported that they felt they could benefit from this attitude, others valued a relationship-oriented work style. For example, one woman interviewed expressed interest in her staff’s welfare and stated her goal of not only growing her business, but also contributing to her employees’ professional growth. Another interviewee stated that men-owned businesses experienced quicker staff turnover if a more competitive resource (as in personnel) became available, while women-owned businesses took more time to develop their employees.

4.4 Differences in Products and Services

Differences were noted in the products and services offered by the surveyed men and women business owners. The products of the interviewed women-owned businesses tended to be related to handicrafts, care services (this could include caring for the sick or elderly), cosmetics, and goods for children and women. For example, there was a prevalence of women-owned businesses in the “social economy” industries, including companies that perform business activities while prioritizing the pursuit of social purposes. For social economy companies, examples of products or services from women-owned businesses could be associated with babysitting, cleaning, and experience-based tourism, whereas men-owned businesses offered products or services related to home repairs, wood recycling, and livestock-processed products.

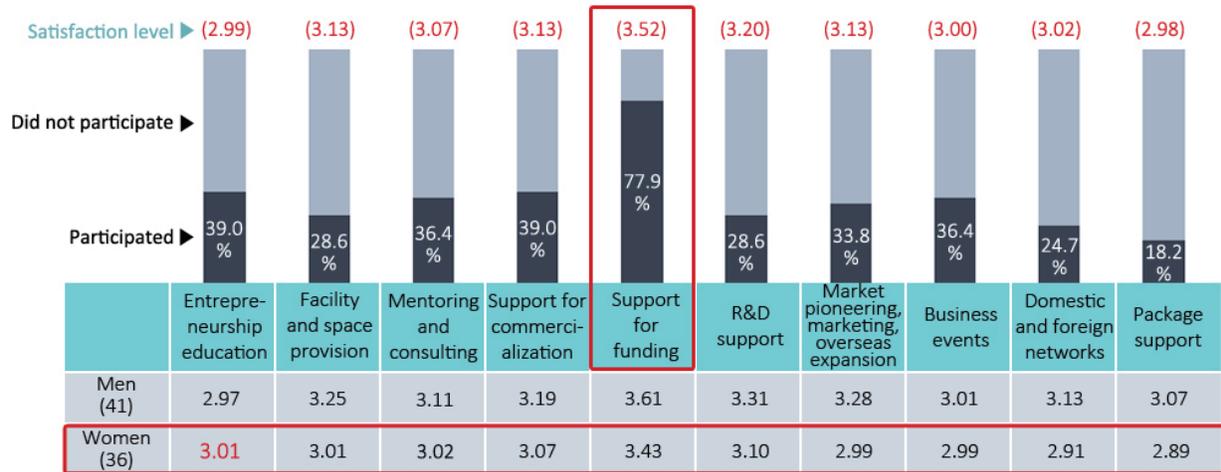
Also consistent with nation-wide surveys as mentioned in Section 2, the findings from the in-depth interviews in Gyeonggi Province of women entrepreneurs running businesses that offer products and services oriented toward women consumers or employ predominantly women, indicate a management orientation based on empathy, personal experiences, and adaptation that considers the various professional and personal circumstances of women.

4.5 Participation in Services Supporting New Enterprises

Figure 9 shows the surveyed entrepreneurs’ participation levels in external support services or “support projects” geared toward new enterprises. These are defined as professional services, such as training,

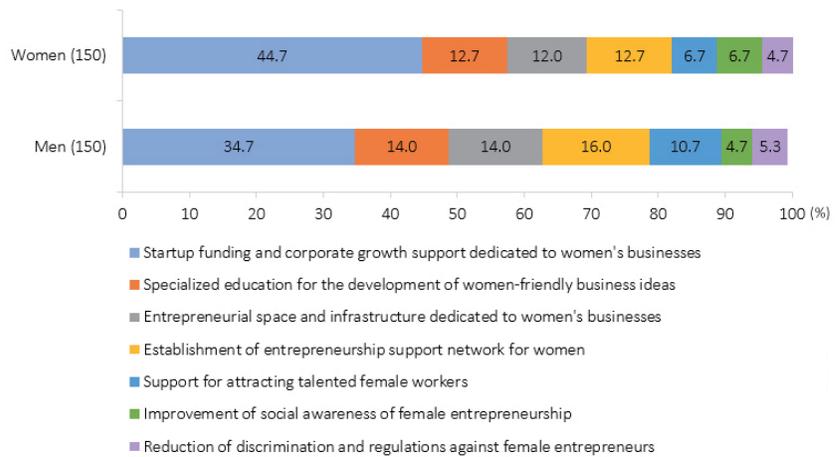
consulting, funding, education, mentoring, commercialization, research and development (R&D), overseas marketing, and networking. In some cases, these services could be accessed as a package. Some of the surveyed participants in startup incubation projects reported that they applied for support services without a clear understanding of the type of support they needed or which business category they might fall under, leading to their involvement in activities that were ultimately not necessary for their entrepreneurial endeavors or unrelated to their business categories. For instance, survey respondents reported an overwhelmingly high participation rate in funding services or programs (which could include the provision of information on various capital mechanisms, as well as actual seed monies), while only a small number of respondents reported participating in services that were offered as a comprehensive package covering various categories. The women respondents expressed lower levels of satisfaction than men in all categories except for entrepreneurship education.

Figure 9: Entrepreneur Participation and Satisfaction Levels in Support Projects



Since a high rate of women started their businesses while unemployed, irrespective of the amount of funds they needed, they had difficulties accessing sufficient financing. As a result, the percentage of women who requested funding and corporate growth policies to foster women’s entrepreneurship was 10 percentage points higher than the men (see Figure 10).

Figure 10: Requested Policies to Increase Women’s Entrepreneurship



4.6 Business Adaptability and Expansion

During qualitative interviews, some of the women who started their businesses after career breaks or who

were not well-informed of the current business environment also reported difficulties with commercialization. This is particularly significant given emerging business models and trends, including disruptive technologies that significantly alter the way businesses or entire industries operate.

Moreover, when compared to the surveyed men, the women business owners reported assigning greater importance to stable business operations over expansion. The reluctance to increase investment to grow their operations stemmed from concerns of business expansion risk. The women entrepreneurs had different interpretations of this risk aversion. However, other women reported that this tendency enables women-owned businesses to operate in a more stable and fiscally responsible manner.

4.7 Male-Dominated Business Practices and Discrimination

It is important to note how unconscious bias can influence women's opportunities within companies and their success as entrepreneurs. Several of the interviewed women reported facing discrimination or biases as they attempted to launch their businesses. Box 2 shows testimonials of these experiences based on interviews of 24 women-owned businesses in Gyeonggi Province.

Box 2: Experiences of Discrimination and Gender Inequality

"I had an idea awarded with a prize, and I needed to turn it into a product. I had to make molds for the production process, and this was a difficult step for me. It took a long time and a lot of money, and it was hard to find a suitable factory. Being a woman was especially a great disadvantage to me. I visited all the factories in Korea where I could make molds and manufacture my products but the male workers at the plants kept trying to cheat me." **Park (kitchen tool design)**

"Working with a factory was a new experience to me but many of the male workers at the factory looked down on me because I am a woman. Even now, I'm still faced with such difficulties in my relationships with factories. The people there always try to overcharge me. (Omitted) They also belittle me and keep asking me, 'Can I talk to a male employee?'" **Cho (melamine tableware)**

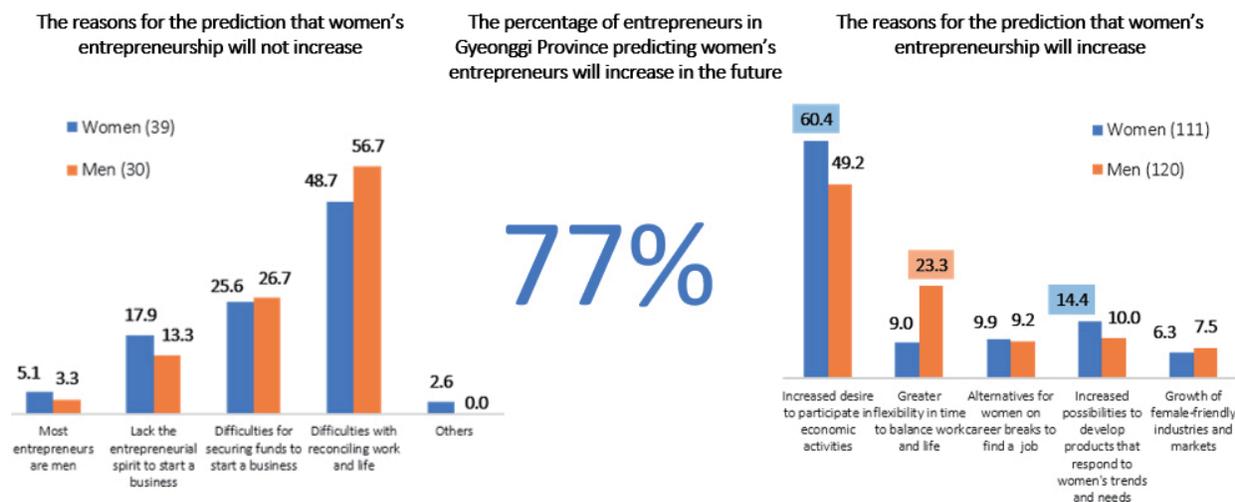
"I applied for a project that would provide R&D funds of KRW 200 million to the beneficiaries. During the final interview, the judges told me, 'This project is not for the design sector, as it is difficult to quantify the performance of design businesses.' If this was the case, then why did they accept my ideas at the initial screening stage? I spent six months going through the screening procedure that ended with the interview, and I also submitted hundreds of pages of documents as requested. At the last stage, however, I was told that they did not want to support design businesses." **Park (kitchen tool design)**

"I had difficulty passing the document screening. I had always received a passing grade in presentation evaluations. However, I often failed in the document screening. I understand that judges cannot have a comprehensive understanding of all industries. They have expertise in specific fields such as bio, online-to-offline (O2O) services, and manufacturing industries. I am running a childcare business, but single male venture capitalists (VCs) lack the understanding of this sector. It is so predictable. However, the problem is that most judges are single male VCs." **Kim (childcare service)**

4.8 Future Prospects for Women's Entrepreneurship in Gyeonggi Province

Entrepreneurs in Gyeonggi Province were generally positive about the future of women's entrepreneurship (Figure 11). Seventy-seven percent of the respondents said that they believe women's entrepreneurship will increase. Interestingly, men were more likely than women to respond that they believe that women's entrepreneurship will increase in the future.

Figure 11: Prospects for Women’s Entrepreneurship and the Selected Reasons (by sex)



Eighty percent of men compared to 74 percent of women reported that they foresaw an increase in the rates of women’s entrepreneurship. Women’s desire to participate in economic activities was the highest key factor behind this response. The most commonly identified reason for women’s entrepreneurship not increasing was the challenge of reconciling work and family life. This is in line with findings from the 2014 Time Use Survey, which showed that women spent about 10.6 hours on household chores per week, almost double that of men²⁹, and the 2016 Gender Statistics report on Gyeonggi Province, in which 67.3 percent of economically inactive women respondents reported having household chores and caregiving responsibilities while only 0.4 percent of economically inactive men reported as such.³⁰

Many men reported that greater flexibility to balance work and family life would facilitate an increase in women’s entrepreneurial activities. However, a relatively high ratio of male respondents predicted that women’s entrepreneurship will be stagnant or diminished due to the difficulties of managing work-life balance. Importantly, women respondents were 35 percent more likely than men to identify women’s lack of an entrepreneurial spirit as a reason for why women’s entrepreneurship would not increase.

4.9 Conclusions of Research Findings in Gyeonggi Province

The Asia Foundation’s research on women’s entrepreneurship in Gyeonggi Province revealed an untapped potential for women entrepreneurs, a rising trend in the number and ratio of women-owned businesses, and a positive perception of the province as an entrepreneurship-enabling ecosystem. Nonetheless, survey data uncovered that women are more likely to experience a fear of business failures and are less prepared than men to launch businesses, in terms of having relevant work experience and access to finance and networks. While there are emerging policies and programs to support women entrepreneurs at the central government and provincial levels, they are not fully taken advantage of due to a lack of information or difficulties with accessing such information.

²⁹ Statistics Korea: 2014 Time Use Survey, p189, 2016. <http://kosis.kr/publication/publicationThema.do?pubcode=LS>.

³⁰ Jung, Hye-won and Jung, Yo Han, 2016 Gender Statistics in Gyeonggi Province, p296, 2017.

<http://gfwri.or.kr/research/?mod=document&uid=700>.

5. Key Recommendations to Advance Women's Entrepreneurship in Gyeonggi Province

Based on the key findings presented in this research report, and building upon lessons learned and best practices from supporting women entrepreneurs throughout Asia and the Pacific, The Asia Foundation has outlined the following recommendations to improve the ecosystem in Gyeonggi Province for women entrepreneurs to pursue and sustain their own businesses.

Key recommendations include various pathways that institutions across the public and private sectors can adopt or adapt to contribute to Gyeonggi Province's overall capacity to improve the environment for aspiring and current women entrepreneurs. Moreover, this is intended to support them with the appropriate tools and to develop the needed skills to start and grow businesses that are profitable and sustainable.

5.1 Key Recommendation 1 (KR1): Make Core Entrepreneurship Training Accessible to Women

Tailor a core curriculum for women entrepreneurs in different stages of growth (particularly early stages), focusing on cultivating an entrepreneurial mindset and spirit (attitudes and behavior), improving innovative thinking, and managing competition and risks (rather than avoiding failure and conflicts). The latest evidence-based innovative entrepreneurship training approaches focusing on behavior and mindset should be considered, such as teaching "personal initiatives" to entrepreneurs rather than focusing solely on traditional business training approaches, such as marketing, sales, and business plan development modules.³¹ Moreover, training on fundamental topics in digital literacy will also ensure that they can understand key concepts and operate their business models in the current business environment. Other areas of training include improving presentation and speaking skills; developing business models and revenue structures; integrating information and communications technology into their businesses; information about patent rights and intellectual property rights; and business planning.

5.2 KR2: Customize Support Interventions to Firms at Different Stages of Growth

Implement appropriately-targeted interventions depending on the maturity level of an enterprise at specified stages of business growth. This includes customized training, coaching and consulting, and networking according to the needs of women entrepreneurs, with a focus on early-stage entrepreneurs while involving larger and more sophisticated firms. For example:

- Pre-venture/Early Stage (a business preparing for operations or operating for less than three years): For pre-venture, this could expand to a curricula of entrepreneurship programs in elementary, middle, and high schools, helping young women to recognize entrepreneurship as a viable career path. Access to finance at this stage is the highest risk capital, which can be subsidized using warranty funds to reflect this risk and angel investments.³² Moreover, to address our research

³¹ See Campos, Frese, Goldstein et al., "Teaching Personal Initiatives Beats Traditional Training in Boosting Small Business in West Africa," *Science*, September 2017.

³² Warranty or Guarantee funds are becoming a popular form of blended financing, combining private investments with grant funding. From an investment point of view, warranty funds help manage investment risk by serving as an insurance against losses. For example, a warranty fund that covers up to \$500,000 of investment losses in one or more early stage companies (considered

findings that women start businesses with limited experience, apprenticeship and internship programs for young women entrepreneurs (university level or recent graduates) can be launched with larger firms to help prepare the next generation of women entrepreneurs.

- Venture Stage (a business in operation for three to seven years): Consistent with the findings of this research, training should focus on building women entrepreneurs' access to markets, including various points of sales and distribution channels, and financial management. Tailored access and coaching interventions should also focus on business plan development. Access to finance at this stage is high-risk capital, which can be a combination of subsidized capital (including warranty funds reflecting this risk) and venture capital.
- Growth Stage (a business operating for more than seven years): The role of larger firms, once identified, can help "pull" early-stage firms to become more successful. This can be achieved by maturing firms serving as role models and business partners for younger firms in relevant industries via networking events and exploring opportunities to develop market linkages for developing enterprises. The latter could include arranging trade missions and forming business clusters between market participants, such as domestic, regional, and/or global buyers, and women-led businesses. Moreover, training and coaching, as well as networking for growth-stage firms, can be customized according to their needs.

5.3 KR3: Strengthen Business Support Organizations

Leverage and build the capacity of provincial and local agencies in Gyeonggi Province that are already working with existing policy initiatives supporting women entrepreneurs and enhance their ability to provide comprehensive and technical assistance to women entrepreneurs. Efforts can focus on improving the capacity of women's business associations, such as the Korean Women Entrepreneurs Association, to help mainstream women-related policies in Gyeonggi Province. This includes working with the Dream Maru co-working space for women entrepreneurs, which can also serve as an implementation delivery platform for training, business support services, and networking tailored to women entrepreneurs (refer to Box 1).

The Business Support Organization platforms and working spaces can include information sharing based on the needs of women entrepreneurs (e.g., targeted website and information campaigns, including on general startup support services, financing, and other support programs). Information, which is critical to shaping evidence-based policies, is also lacking on the status of women's entrepreneurship, especially statistical data on women-owned startups in Gyeonggi Province. There is also a lack of information on competitiveness, productivity, and socio-economic contributions to the local community.

Additional support for existing government services, such as the Stepping Stone Project (refer to Annex 2), could focus on helping women-owned businesses to adapt to digital technologies. Finally, new initiatives to support promising women entrepreneurs could include attracting private incubators and accelerators to complement government initiatives.

too risky for regular commercial financing) would make it easier to attract commercial financing seeking financial returns. Such commercial investments would not be possible without the warranty fund, which can be set up via a private or public grant, and is becoming increasingly used to enable private investments to achieve a public good objective. Angel investments generally come from private individuals who provide capital for early stage businesses when it may be too risky for institutional investors (including venture capital firms), often in exchange for equity (or convertible debt) in the company.

5.4 KR4: Strengthen Networking, Market Linkages, and Information

Reinforce the existing business networks and associations, such as the Korea Venture Business Women's Association, to empower and enhance women-owned enterprises, including developing networking and information-sharing programs based on the needs of women entrepreneurs (e.g., website and information campaigns, startup support services, financing, market information, and other support programs). To learn about and link with overseas markets, market-scoping visits can be arranged for relevant stakeholders to another Northeast Asian country to observe its MSME environment, as well as build networking relationships.

Other collaboration initiatives could include:

Multi-stakeholder Approach to Solve Social Problems with Business Solutions (Social Economy): Gyeonggi Province is facing various social challenges as a result of low fertility rates and an aging society; imbalances in economic status; a decrease in the economically active population; low financial self-reliance levels among young people; and the need for environmental improvements in industrial areas. To help address these issues, it is recommended that enterprises, research institutes, and municipalities in Gyeonggi Province establish a *Coalitions for Change* approach that encourages local women to provide solutions through their business ideas, capitalizing on their strengths, based on The Asia Foundation's experiences in other countries, which convenes multiple stakeholders to solve a shared problem through a common vision and set of metrics.³³

Manufacturing Supplier Linkages Programs for Women Entrepreneurs: To link business opportunities in the manufacturing supply chain, it is recommended to develop support programs to foster the development, manufacturing, and sale of products from women's businesses, thus leveraging Gyeonggi's strengths in consumer goods manufacturing. Such a support platform would link high-quality manufacturers with women-owned businesses, and could include supplier development programs (through training, coordination, and standards development to meet buyer requirements); joint supplier consolidation programs (coordinating and consolidating purchases from several smaller suppliers); value chain credit facilities (including factoring); and cost-sharing environmental improvement efforts.

5.5 KR5: Promote a Culture of Women Entrepreneurs (Branding Opportunity)

Capture the lost opportunity of recognizing and celebrating successful cases of women's entrepreneurship in Gyeonggi Province to motivate women to start businesses and improve the public perception of women's entrepreneurship. Potential initiatives could include award programs, such as Legatum's *Pioneers of Prosperity* program, and other programs or competitions involving a high-profile event to celebrate successful women's entrepreneurs. This can be complemented with a branding campaign to promote Gyeonggi Province as a "mecca of women's entrepreneurship" and a "province specializing in women's entrepreneurship" to differentiate itself from other provinces (none of Korea's 17 administrative divisions, which include provinces and metropolitan cities, have been recognized as a women's entrepreneurship-friendly region).

³³ Coalitions for Change (CfC) is the centerpiece of a partnership between the Australian Embassy and The Asia Foundation in the Philippines. CfC focuses on key policy reforms to improve the lives of Filipinos and promote their economic well-being, and encourages civil society, the private sector, academe, and government to work together and bring about public policies that contribute to development reform priorities for the Philippines.

Table 2: Summary of Proposed Recommendations for Women’s Entrepreneurship Services in Gyeonggi Province

	Pre-Venture/Early Stage (less than 3 years)	Venture Stage (3-7 years)	Growth Stage (7+ years)
KR1: Tailor Entrepreneurship Training for Women	Training programs on innovation, IT, critical thinking, problem solving, and risk taking.	Vocational programs tailored to women entrepreneurs, including marketing & sales, HR, customer service, and accounting.	Participation in selective training based on needs assessment, including value chain integration potential with smaller firms.
	Core training to include innovative enterprise training approaches such as “personal initiatives” to enhance positive perceptions of women entrepreneurs and focus on innovation, competition, and risk. Identify targeted thematic groups (e.g., women on career breaks; technology and women in their 20s and 30s).		
KR2: Customize Support Interventions for Firms at Different Stages of Growth	Participation in internships in other companies (by industry or desired skill). Apprenticeship and internship programs for university students or recent graduates. Curricula of entrepreneurship programs (from elementary to high schools). Access to finance is the highest risk capital (subsidized with warranty funds and angel investments).	Participation in the program or internships in earlier stage firms. Building access to markets, including points of sales and distribution channels, and financial management. Tailored coaching interventions on business plan development. Access to finance for high-risk capital (subsidized capital and venture capital).	Provide internships to earlier stage firms. Customized training and coaching according to needs. Role models and business partners for early stage firms. Identification of market linkages, trade missions, and business clusters.
	Co-working space for product testing and incubation facilities.	Co-working space for product testing.	Participation as mentors and guest speakers for firms in earlier stages.
KR3: Strengthen Business Support Organizations	Multi-stakeholder approach to identify major problems in the local community with potential business solutions (e.g., recycling, healthcare).		
	Larger manufacturers connected to new business (supplier linkages program). *connects to KR3	Support to ventures in early and growth phases via supplier development program, including access to finance and customized training. *connects to KR3	Participation as manufacturing anchor firm or client for early stage ventures. *connects to KR3
KR5: Promote a Culture of Women Entrepreneurs	Participation in awards program (general or specifically tailored to early stage ventures).	Participation in awards program (general or specifically tailored to venture stage firms).	
	Branding campaign to promote Gyeonggi Province as a “province specializing in women’s entrepreneurship.”		

Annex 1: Survey and Research Methodology

To advance opportunities for women entrepreneurs in Korea, this research project was conducted to discover information on factors inhibiting and facilitating women-owned enterprises, with a focus on Gyeonggi Province. The research focused on the startup environment and experiences of established women and men entrepreneurs in Gyeonggi, a province with strong potential to bolster women's entrepreneurship given its population size and growth rates, manufacturing capacity, and number of businesses. A literature review of national statistics and domestic research was first conducted to understand and analyze trends and characteristics of women's entrepreneurship in Korea and Gyeonggi Province and the existing policies to support women entrepreneurs.³⁴ Through the literature review, the research analyzed the current state of women's entrepreneurship in South Korea by examining a range of factors that affect women's ability to start and grow MSMEs, including:

- Accessing finance and markets;
- Business management and operational challenges, including employee hiring;
- Critical information on available support policies for women entrepreneurs;
- The impact of social support systems, including as it relates to childcare and education, for women who own businesses;
- The importance of networking;
- The role of family support for women when starting and growing businesses;
- The role of government programs and policies in promoting or deterring women in business.

The following data was collected on the existing environment for women- and men-owned businesses in Gyeonggi Province. The research included a mix of quantitative and qualitative methods, as detailed below:

1. Online Survey

a. Overview (N=300)

Respondents	◦ Owners of 300 startups in the manufacturing, information, and service industries that are based in Gyeonggi Province, who have completed business registration over 1 year ago, and have 3 employees or more
Sampling method	◦ Proportional allocation of respondents of both genders according to the number of business operation years - Respondents were largely divided into two groups (50:50) according to the number of business operation years (less/more than 7 years), gender (male, female), and age (between 20s and 40s/50 or more)
Survey method	◦ Online survey
Survey period	◦ July 24, 2018 to September 18, 2018
Major survey topics	◦ General characteristics of owners and startups: Owner (gender, age, previous entrepreneurial experiences), company (industry, status, years of operation, certifications, etc.) ◦ Startup preparation stage: Status before startup (employment status, employment type), preparation (duration, support from others, idea selection, business category) ◦ Startup stage: Startup ideas, startup funding, business location background ◦ Startup growth stage: Reaching break-even point, perception of key factors of success ◦ Evaluation of startup support policies and demands: Experiences of support projects and programs ◦ Perceptions on entrepreneurship and business activities: Motives for business startup, perception of women's entrepreneurship in the future (scalability, difficulties, necessary policies)

³⁴ Refer to References

b. Characteristics of Survey Respondents

Division		No. of Respondents (N)	Ratio (%)
Total		300	100.0%
Gender	Men	150	50.0%
	Women	150	50.0%
Number of business operation years	Less than 7 years ³⁵	159	53.0%
	7 years or more	141	47.0%
Number of employees	Less than 10 people	110	36.7%
	10 to less than 30 people	108	36.0%
	30 people or more	82	27.3%
Business category	Manufacturing/Information	178	59.3%
	Service	122	40.7%
Age	Between 20s to 40s	157	52.3%
	50 or more	143	47.7%

2. Interviews and Focus Group Discussions (N=40)

a. Overview of In-Depth Interviews and Focus Group Discussions

Division	In-depth Interviews with Women (N=24)	Focus Group Discussions with Men ³⁶ (N=16)
Interview period	◦ May 18 to October 16, 2018 (5 months)	◦ October 19 to November 8, 2018 (3 weeks)
Subject selection	◦ Allocation by business categories (nature of products or services) and number of business operation years ◦ Allocation of the number of interviewees by business categories (nature of products or services) and number of business operation years followed by candidate selection as recommended by the Korean Women Entrepreneurs Association, Gyeonggi Job Foundation, Saeil Center, and local industry promotion agencies	◦ Allocation by business categories (nature of products or services) and number of business operation years ◦ Formed groups of 4 members who meet the standards of 4 different areas through a research company
Interview method	◦ Pre-distribution of a questionnaire including basic information ◦ 1:1 interview with the researchers (duration: 1.5 to 2.5 hours)	◦ Five sets of focus group discussions by business categories (with a total of 16 people)
Major interview topics	◦ General issues, motivations for business startup, idea selection process, support from others, and startup process storytelling ◦ Successes and difficulties during the startup process, experiences with startups, and enterprise support policies ◦ Perception of advantages and disadvantages as women entrepreneurs, opinions about future improvements	

³⁵ National statistics divide operation years of business into seven categories (under 1 year; 2-3 years; 4-5 years; 6-10 years; 11-15 years; 16-20 years; and over 21 years), but the research divides it into two categories (under 7 years and over 7 years).

³⁶ The focus group discussions with men (rather than interviews) were due to limitations in time and resources.

b. Characteristics of Interviewees

Division		In-Depth Interviews with Women		Focus Group Discussions with Men	
		No. of respondents (N)	Ratio (%)	No. of respondents (N)	Ratio (%)
Total		24	100.0%	16	100.0%
Number of business operation years	Less than 7 years	16	66.7%	10	62.5%
	7 years or more	8	33.3%	6	37.5%
Age	Under 50	13	54.2%	8	50.0%
	50 and above	11	45.8%	8	50.0%
Number of employees	Less than 10 people	18	75.0%	11	68.8%
	10 people or more	6	25.0%	5	31.3%
Business category	Manufacturing (machinery, automobiles, etc.)	5	20.8%	4	25.0%
	Manufacturing (consumer goods)	8	33.3%	4	25.0%
	Service/Distribution	6	25.0%	4	25.0%
	Social economy	5	20.8%	4	25.0%

c. Socio-demographic information of women interviewees

Division		Number	Total
Age	30s	5	24
	40s	8	
	50s	10	
	60s	1	
Marital Status	Unmarried	3	24
	Married	18	
	Divorced	2	
	Unidentified	1	
Children	Have children	19	24
	No children	1	
	Unidentified	4	

Annex 2: Existing Government Initiatives to Support Women-owned Businesses in South Korea

Korea has several programs in place to support women entrepreneurs' access to finance and markets:

- **Women's entrepreneurship competition:** This is a business idea discovery project for prospective women entrepreneurs and women's startups, under which 12 winning teams gain access to entrepreneurial support services, including capacity building and financial and market entry support. Approximately 60 percent of the winning teams in the last three competitions have succeeded in starting their own businesses using the ideas that won prizes.
- **Women's business incubator center:** This program aims to promote women's entrepreneurship and business management activities by providing childcare space, information, and infrastructure to women's startups. As of February 2018, one hundred sixty-five companies are residents in 225 business incubation rooms across the 17 Women Enterprise Supporting Centers. The value of startups' sales in these incubators increased from KRW 60.6 billion in 2014 to KRW 96.3 billion in 2016.
- **Startup funds for women breadwinners:** Since 1999, the Korean Women Entrepreneurs Association has been hosting this program to benefit 671 women (through 2017) to ensure a stable livelihood for women breadwinners of low-income families. Most of this program's beneficiaries applied because of divorce (67.28 percent), followed by the loss of a husband (13.83 percent). Beneficiaries receive fixed interest rate loans for up to six years to start their own businesses, increase their capacity to support themselves, and receive follow-up management support for their businesses.
- **Women's venture startup program:** The Korea Venture Business Women's Association provides hands-on support to increase the success rate of prospective women entrepreneurs, including through intensive six-month programs, business plan support, one-on-one coaching from experienced chief executive officers, and a problem-solving initiative for the commercialization of ideas.
- **Program for women-led startups using innovative technologies:** This program provides seed funds for startups using innovative technologies, including those working in digital commerce and lifestyle or consumer goods industries (fashion, beauty, and food). Prospective women entrepreneurs receive a voucher of up to KRW 100 million, redeemable upon the completion of 40 hours of online and offline training.
- **Women's Participation Activation Project:** The Korea Technology and Information Promotion Agency for SMEs helps women's startups secure funds for initial technological development activities as part of the Startup Growth Technology Development Project ("Stepping Stone Project"). Selected Women's Participation Activation Project entrepreneurs gain access to technology development funds up to a maximum of KRW 100 million for one year within 80 percent of the total startup costs. In 2016, 180 women-owned business benefited from KRW 198 billion (US\$16.8M)

Korea also has policies to support women's re-employment, the career interruptions of women's startups, and systems to reconcile work and family life, such as parental leave, reduced working hours during child nurturing periods, and family-caregiver leave. These are part of Korea's Basic Plans for the Promotion of Women's Business Activities, in accordance with the Act on Support for Women-owned Businesses, to promote the fostering of companies represented by women and to invigorate women's entrepreneurship at the government level. A summary of the annual policy goals of basic plans are provided in Table 3.

Table 3: Promotion of Women's Business Activities from 2005 to 2017

Year	Policy Goals	Major Tasks
2005	Vitalizing women's entrepreneurship in various fields	<ul style="list-style-type: none"> Supporting the revitalization of women's entrepreneurship. Identifying and cultivating prospective women's businesses.
2006	Fostering innovative businesses represented by women and increasing the entrepreneurial success rate	<ul style="list-style-type: none"> Supplying stable policy funds and guarantees to women's enterprises. Enhancing education about women entrepreneurship and management innovation. Promoting the establishment of the Women Enterprise Supporting Center.
2007	Fostering innovative businesses represented by women and enhancing the success rate	<ul style="list-style-type: none"> Supporting women's entrepreneurship assistance programs. Supporting market pioneering and expanding the public sales of goods produced by women's businesses. Revitalizing the functions of women's enterprise groups.
2008	Promoting women's entrepreneurship and fostering global women's businesses	<ul style="list-style-type: none"> Improving the foundation for women's entrepreneurship to a significant degree. Enhancing the global competitiveness of women's businesses.
2009	Promoting women's entrepreneurship and strengthening the competitiveness of women-owned companies	<ul style="list-style-type: none"> Promoting women's entrepreneurship and increasing the entrepreneurial success rate. Creating a women-friendly business environment.
2010	Responding to low fertility and an aging society through the utilization of the women's workforce	<ul style="list-style-type: none"> Establishing a stable women's entrepreneurship system. Lowering entry barriers and reducing gender inequality from business practices.
2011	Creating jobs for women and strengthening the competitiveness of women's businesses	<ul style="list-style-type: none"> Promoting women's entrepreneurship and increasing the entrepreneurial success rate. Expanding sales channels and enhancing global competitiveness.
2012	Identifying business ideas and jobs for women	<ul style="list-style-type: none"> Establishing the foundation for women's business activities and entrepreneurial cooperation. Strengthening support for women's businesses for each stage of the corporate growth cycle.
2013	Identifying business ideas in consideration of the importance and specificity of women and creating jobs for women	<ul style="list-style-type: none"> Establishing the foundation for women's business activities and entrepreneurial cooperation. Identifying and cultivating prospective women's businesses.
2014	Promoting women's entrepreneurship and strengthening the competitiveness of women-owned companies	<ul style="list-style-type: none"> Expanding infrastructure for women's businesses and strengthening their capacity. Contributing to job creation by promoting women's entrepreneurship. Providing preferential treatment to women-owned businesses and increasing investment.
2015	Promoting women's entrepreneurship and strengthening the competitiveness of women-owned companies	<ul style="list-style-type: none"> Expanding infrastructure for women's enterprises and strengthening their business capacity. Contributing to job creation by promoting women's entrepreneurship. Supporting women's businesses in fund procurement and R&D.
2016	Promoting women's entrepreneurship and strengthening the global competitiveness of women-owned companies	<ul style="list-style-type: none"> Contributing to job creation by promoting women's entrepreneurship. Providing preferential treatment to women-owned businesses and increasing investment. Expanding infrastructures for women's enterprises and strengthening their business capacity.
2017	Enhancing the capacity of women and the workforce of women's businesses, strengthening the global competitiveness of women-owned companies	<ul style="list-style-type: none"> Strengthening support for women's technology business startups. Enhancing the capacity of workforce in women's enterprises. Strengthening support for women's enterprises in market pioneering and export. Expanding support for women's enterprises in R&D. Increasing support for women's businesses in the procurement of funds and guarantees.

Note. From The 2017 White Paper on Women's Enterprises in Korea by MSS & WESC, 2018.

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September 2019

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