

# A Comparison of the Supporting Systems for Microenterprises in Korea and Japan\*

## 한국과 일본의 소상공업 지원제도 비교 연구

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	Abstract

**국문 요약:** 소상공업은 과거에는 경제적 산출 측면에서의 비중이 작기 때문에 그 중요성이 충분히 인식되지 못하였으나, 요즘에는 고용 창출과 창업 분야에서 그 역할이 매우 중요하기 때문에 소상공업을 전체적으로 매우 중요한 것으로 인식하고 있다. 그러나 한국에서는 아직도 소상공업에 관한 연구가 활발히 이루어지지 않고 있는 실정이다. 이러한 실정을 감안하여, 탐색적 방법을 통해 소상공업에 대해 일찍이 지원을 시작한 일본과의 비교 연구를 하고자 한다. 따라서 본 연구 목적은 한국과 일본의 소상공업 지원제도를 비교하는 것이다. 특히, 지원제도에 있어서 조직상의 특징, 지원의 종류와 내용, 지원시스템의 운영 등에 대하여 비교한다.

이 비교 연구를 위한 기초 정보로서 한국과 일본의 소상공업에 대한 정의를 비교하여 보았다. 한국에서는 제조업과 건설업의 경우 종사자 10인 이하의 기업을 소상공업이라고 지칭하고, 일본의 경우는 20인 이하의 기업을 소규모기업이라고 지칭한다. 한편, 서비스업에서는 한국과 일본 모두 종사자 5인 이상의

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기업을 소상공업 및 소규모기업이라고 지칭한다. 이들 정의를 비교하면, 제조 및 건설업에서 일본의 소규모기업의 범위가 한국의 그것보다 넓다는 것을 알 수 있다.

한국과 일본 양국 모두에서 소상공업을 지원하는 특별한 기구가 설치되어 있다. 역사적으로 보면, 일본에서는 1962년에 상공회를 설립하여 소규모기업 지원을 시작하였고 한국에서는 1999년에 소상공인지원센터를 설치하였다. 한국의 소상공업지원은 일본은 소규모기업 지원보다 37년 늦었음을 알 수 있다. 일본에서는 상공회가 소규모기업에 대한 지원서비스를 주로 담당하고 일부 지역에서는 상공회의소가 지원 서비스에 참여하고 있다. 한편, 한국에서는 소상공업에 대한 지원서비스는 소상공인지원센터가 전담하고 있다.

한국과 일본 양국에서 소상공업을 위한 지원서비스의 종류를 살펴보면, 경영개선, 자금지원, 창업과 혁신 지원, 교육과 훈련이 포함된다. 자금지원에서 한국과 일본에서의 차이점은 일본에서는 마루케이라고 하는 소규모기업을 위한 특별한 자금지원제도가 있으며, 한국에서는 소상공업을 위한 자금 지원제도로서 신용보증제도가 있다. 일본의 소규모기업 자금지원제도는 한국의 경우보다 이자율과 담보의 측면에서 유리한 조건이다. 또 다른 한 가지의 차이점은 일본의 소규모기업 지원기관에서는 노무관리에 대한 서비스를 하고 있는데, 한국의 소상공인지원센터에서는 이와 같은 서비스를 제공하고 있지 않다는 점이다. 한국과 일본의 현장 지원센터의 수를 비교하면, 일본의 상공회는 전국에 약 2,800여 개소가 있고, 한국에는 소상공인지원센터가 전국에 60개소가 있다. 이와 같은 현장 지원센터 개수의 차이는 소상공업의 지원 서비스에 대한 접근성의 차이를 가져온다고 할 수 있는데, 결과적으로 일본의 소규모기업은 한국의 소상공업보다 지원서비스에 대한 접근성이 더 양호하다고 할 수 있다.

일본의 상공회와 한국의 소상공인지원센터의 조직상의 특성을 살펴보면, 전자는 재단법인체이고, 후자인 한국의 소상공인지원센터는 초기에는 중소기업청 산하기구였으나, 현재는 지방자치단체가 각각 운영하고 있는 실정이다. 이와 같은 점을 볼 때, 일본의 상공회는 조직의 운영 면에서 안정성이 높고 한국의 소상공인지원센터는 과도기적 성격을 지니고 있다고 할 수 있다.

이 연구에서 나타난 결과를 보면, 일본은 한국보다 경제적으로 선진국임에도 불구하고 소규모기업에 대한 지원이 한국보다 더 광범위하며, 한국은 소상공업을 위해 일본만큼 충분한 자원을 투입하고 있지 않다는 것을 알 수 있다. 일본이 소규모기업을 위해 제공하는 광범위한 양질의 지원서비스는 한국이 관심을 가지고 교훈으로 삼아야 할 점이라고 본다.

본 연구의 결과를 바탕으로 하여 한국에서 소상공업에 대한 지원서비스 개선을 위한 구체적인 제안을 하자면 다음과 같다. 첫째, 한국에서는 소상공업지원센터의 수를 늘려서 지원서비스에 대한 접근성을 개선해야 한다. 즉, 현재는 대도시와 규모가 큰 시를 중심으로 지원서비스가 제공되고 있다는 한계점을 자기고 있기 때문에 이를 극복해야 한다. 둘째, 소상공업에 대한 자금지원의 조건이 개선되어야 한다. 마지막으로, 소상공업에 대한 지원서비스를 다양화하고 질적인 향상을 도모해야 한다. 이러한 개선안의 실천은 한국의 소상공업들이 당면하는 여러 가지 어려움을 다소나마 해소는 데 도움이 될 것이다. 나아가서, 이와 같은 개선 사항을 실천하기 위해서는 관련 정책담당자의 지속적인 관심과 실천의지가 있어야 할 것이다.

키워드: 소상공업, 지원제도, 한국, 일본.

## I . Introduction

The socioeconomic roles of the microenterprise have been studied on many different perspectives including job creation(Dennis and Phillips, 1994; Park, 1998; Picot, 1998; Jeon, Kim and Park, 2000; Audretsch, 2002; Ahn, 2004) and as means to promote economic development for low-income people(Raheim, 1996; Schreiner, 1999). Recognizing importance of the microenterprise in Korean economy as indicated by Park(1997 and 1998), Korean government established the Korea Microenterprise Development Center(KMEDC) in 1999 to provide support to the microenterprise in Korea(Park, 1998). Satisfaction for the services provided by KMEDC was evaluated to be satisfactory Park (2001a and 2001b).

Yet KMEDC is only ten years old now and has a relatively short history when compared with the counterpart organizations in other countries such as Japan and U. S. A. Studies comparing supporting programs for the microenterprise in different countries should be of value for advancement of such programs. A particular study that compared KMEDC and the Small Business Development Center of the U. S. was presented by Park(1999). However, any attempt to compare supporting systems for the microenterprises in Korea and Japan, which should be of interest because the Japanese supporting system has much longer history than that of Korea, has not yet been made.

The purpose of this study is to compare supporting systems for the microenterprises in Korea and Japan with intention to obtain useful lessons from Japanese microenterprise support system for improvement of Korea's microenterprise support system because the Japanese support system has the

longer history than Korean one. In particular, this study includes comparisons of the supporting systems in the two countries with respect to the support organizations, and services for microenterprises in the two countries. The result of this study is anticipated to be useful for those who are concerned with betterment of microenterprise, policies of microenterprise, and management stability of the microenterprise in not only the two countries but in other part of the world. The research method we use in this study is the exploratory research using secondary data(Lee, 2001). The data are obtained from government publications and organizations relating to microenterprises of the two countries.

In section II of this article, we examine the definitions of the microenterprises in Korea and Japan and socioeconomic significance of the microenterprises in the two countries, which are to serve as the base information for comparisons in this study. In section III, we will examine organizational characteristics of the supporting systems for the microenterprises in the two countries. In section IV, we compare assistances and services provided for the microenterprises in the two countries. In section V, characteristics of endowments and management of service organizations for microenterprises in the two countries are examined. Conclusions are given in section VI.

## II . The Definitions and the Socioeconomic Significance of the Microenterprise in Korea and Japan

In order to provide base information for comparisons to be made in this article, we are going to compare the definitions of the microenterprise in

Korea and Japan first. Then we will examine the economic significance of the microenterprise in the two countries in terms of the proportions of the microenterprise in the total number of enterprises and employment generated by the microenterprise.

### 2.1 The Definitions of the Microenterprise in Korea and Japan

Korea and Japan are two of few countries in the world that have the explicit definitions on the microenterprise other than those of small business. Both in Korea and in Japan, the enterprises are categorized into two major groups: the large corporation, and the small and medium business. The latter is subdivided into two groups, namely, the medium, and the small enterprises, respectively. Among the small enterprises, those particularly smaller ones are defined as the microenterprise in both countries. The definitions of the microenterprise in Korea and Japan are different. We are going to compare them.

In Korea an enterprise that has less than 10 working people are categorized as a microenterprise in the areas of manufacturing and construction industries. In the areas of service industries, however, an enterprise with less than five working people are defined also a microenterprise.

In Japan an enterprise that have less than 20 working people are categorized as the microenterprise in the areas of manufacturing and construction industries. In the areas of service industries, an enterprise with less than five employees is defined also as a microenterprise in Japan.

Comparing these definitions of the microenterprise, we see that they are different: The definition of the microenterprise in Japan has a greater

range than that in Korean. for the areas of manufacturing and construction industries; while the definitions for service industries in the two countries are the same. Since the definition of the microenterprise of the manufacturing and construction industries in Japan has the greater range than that in Korea, it may be expected that the proportion of the microenterprise in those industries in Japan is greater than that of Korea. However, it is not true as we will see in the following section.

### 2.2 The Number of Microenterprises and Employment

In this section we are going to compare the number of microenterprises and employment generated by the microenterprises in the two countries. This will help shed light on socioeconomic significance of the microenterprise in the countries.

The number of the microenterprise in Japan was 3,663,069 as of year 2006, and it was 87.0% of the total number of enterprises in Japan. This numbers indicate that the microenterprises are dominant ones in number in Japanese economy. The number of workers employed by the microenterprises in Japan accounts for 25.6% of the total workers in small and medium enterprises(Table 1).

The microenterprise is also very significant in Korea in terms of the number of firms and employment. The number of the microenterprise in Korea was 2,671,928 as of year 2006, and it was 88.4% of the total number of enterprises in Korea. The number of workers in the microenterprise was 5,159,639 in Korea as of year 2006. This accounted for 41.4% of the total number of workers in enterprises of Korea(Table 1).

Comparing the proportions of the microenterprise in the total number of enterprises in Japan

Table 1. Comparison of the Numbers of Microenterprises and Workers in Microenterprises in Japan and Korea

	Japan(1)			Korea(2)		
	Total of All Sizes	Micro-enterprise	Percent	Total of All Sizes	Micro-enterprise	Percent
Number of Firms	4,210,070	3,663,069	87.0	3,022,053	2,671,928	88.4
Number of Workers	53,946,805	13,836,078	25.6	12,455,088	5,159,639	41.4

Source: (1) 2008 White Paper of the Small and Medium Enterprise in Japan, the Small and Medium Enterprise Agency(2008). The statistics are the data as of 2006.

(2) These data are taken from the Small Business Data File, Statistics of Small and Medium Business, provided by the Korea Federation of Small Business at [www.kbiz.or.kr](http://www.kbiz.or.kr), July, 2008. The statistics are the data as of 2006.

and Korea, we find that the figures for the two countries are 87.0% and 88.4%, respectively, which are very similar as shown in Table 1. These two similar figures reveal a fact that the proportions of the microenterprise are very similar in two countries even though the levels of economic development in the two countries are quite different: Japanese economy is one of the most advanced economies in the world, and Korean economy is in the medium level. This fact indicates that the microenterprise is the majority in both of the two economies. Therefore, it should be noted that the socioeconomic importance of the microenterprise cannot be overemphasized even in the most advanced economy which is Japanese economy not to mention in the economy of medium level development which is Korean economy.

However, the socioeconomic significance of the microenterprise may be better understood through analyses of the proportions of employment of the microenterprises in the two countries. The proportion of workers in the microenterprise in Japan

is 25.6%, and that of Korea is 41.4%, respectively. The proportion of Korea is greater than that of Japan by 15.8%, or the proportion 41.4% of Korea is greater than that of Japan(25.6%) by some 1.5 times. These differences in proportions of workers in the microenterprise indicates that relatively greater proportion of workers work in microenterprises in Korea than in Japan. If we accept the assumption that job quality in the small business is worse than that of large corporations, from this higher proportion in the microenterprise in Korea we may say that relatively more proportion of workers work in the poorer working conditions in Korea than in Japan.

### III. Organizational Characteristics of the Supporting Systems for the Microenterprise

In this section, we are going to examine and compare organizational characteristics of the sup-

porting systems for the microenterprises in the two countries.

### 3.1 Organizations in Central Governments

The organization in the central government involved in the support of the microenterprise in Japan is the Small and Medium Business Agency which is in charge of the support for the small and medium enterprises including the microenterprise. The Agency belongs to the Ministry of Economy and Industry. The office in charge of the support for the microenterprise belongs to the Department of Management Assistance of the Bureau of Management Assistance of the Agency of the Ministry.

In Korea, the Small and Medium Business Administration of Korea(SMBA of Korea) is the main office of the central government in charge of the support for the small and medium enterprises including the microenterprise. The SMBA of Korea has the Bureau of the Microenterprise whose responsibility include development of the support policy and support programs the microenterprise.

Comparing the organizations in the central governments of the two countries, it is similar that there are the central government offices in charge of supporting the microenterprises, which are SMBA of Japan and SMBA of Korea in the two respective countries. This indicates that microenterprises are considered to be important in both countries. However, organizational characteristics of the two offices are different. SMBA of Japan is a part of the Ministry of Industry and Economy while SMBA of Korea is an independent government office in the central government. In both of the two countries, SMBAs develop policies and

support programs, and allocate budget for the microenterprises.

### 3.2 Organizations in Field Services

In Japan the Society of Commerce and Industry (SCI) and the Chamber of Commerce (COC) participate in providing services for microenterprises. The Society of Commerce and Industry: In Japan, The Society of Commerce and Industry(SCI) is the organization established in 1962 to support the microenterprise based on the Act of Society of Commerce and Industry. There are some 2,800 regional offices of SCI nationally, and the Central Federation of SCIs is in Tokyo. The number of microenterprises with memberships is some 1.05 million. Legally it is a foundation.

The Chamber of Commerce: The Chamber of Commerce(COC) is a national organization serving businesses. There are 522 regional offices of COC and the total number of members is some 1.45 million in Japan as of 2006. A part of COCs in local areas participate in providing services for the microenterprises.

In Korea the organization involved in providing field services microenterprises the Korea Microenterprise Development Center(KMEDC). It was established in 1999 as an institution under the supervision of SMBA(Park, 1998). Initially KMEDC consisted of one central office and 13 regional centers. Now the number of regional offices is 60, and the number of people working in the KMEDC is about 300, 240 counselors and 60 office assistants. KMEDC was modeled after the Small Business Development Center(SBDC) in the U.S (Park, 1999)(The U.S. SBDC was established to promote the small business which was known to play a critical role in job creation in 1970s and

1980s).

Comparing the field service organizations in the two countries, the field offices in charge of supporting microenterprises in Japan are the field offices of SCIs and COCs. and in Korea, KMEDC. In Japan the number of filed offices of SCI is some 2,800 as of 2006, and in Korea the number of field offices of KMEDC is only 60, which is only some one fifth of SCIs field offices of Japan(Table 2). This difference in the numbers of field offices supporting the microenterprises in the two countries clearly indicates that it is easier for the microenterprise to access a field office in Japan than in Korea. In other words, the microenterprise's accessibility to the service of the supporting field offices is better in Japan than in Korea even if the geographical differences in the two countries are taken into considerations.

#### IV. Assistancess and Services Provided

In this section we are going to examine assistances and services provided for the microenterprises by the supporting organizations in Korea

and Japan, respectively and compare them.

#### 4.1 The Case of Japan

##### 4.1.1 Services for Management Improvement

The services for management of improvement may be categorized as (1) General management assistance by management counselors, (2) Management Service by Experts, (3) Fostering Young Successors and Women Entrepreneurs, (4) Regional Promotion Activities, (5) Interregional Cooperation between SCIs.

In the area of general management assistance by management counselors, the services include: management assistance, tax consulting, accounting service, labor relations, social security etc; technical assistance, intellectual property rights; bookkeeping assistance; and experts services on various industrial problems on-site.

Management service by experts is a service for the microenterprise specially designed to solve management problem by experts provided by the regional SCI offices. The regional SCI office maintains the Expert Bank in which the list of experts

Table 2. Comparison of the Organizations That Provide Support for Microenterprises in Japan and Korea.

	Japan	Korea
Central government offices in charge of support of the microenterprise	SMBA of Japan: SMBA of Japan is a part of the Ministry of Industry and Economy in the central government of Japan	SMBA of Korea: SMBA of Korea is an government office of the Knowledge and Economy in the central government of Korea
Participating Government-supported Organizations	Some 2,800 regional offices of SCI. More than 40,000 counselors work(as of 2006).	60 KMEDCs. Some 240 counselors work(as of 2006).
Other Service Organization	Some of local Chambers of Commerce of Japan participate in providing services for the microenterprise in Japan.	Korea Chamber of Commerce does not participate in providing services for the microenterprise in Korea.

is available. Services for Fostering Young Successors and Women Entrepreneurs include education and training for young members of SCI, and woman members of SCI for activation of the microenterprise.

In the area of Regional Promotion Activities, Regional SCIs, COCs and Alliances of SCIs hold exhibitions for promotion of regional specialty goods, sight seeing industry, and new product and industries. These promotional exhibitions are intended to create business opportunities and activation of regional microenterprises.

#### 4.1.2 Financial Support

The most prominent financial support service for the microenterprise in Japan is Marukei. This is a financial assistance program specially designed for the microenterprise with no collaterals. The program provides loans to the microenterprise without collaterals if they receive management guidance from the SCI counselors for more than six months.

There is also a special loan program designed for improvement of facilities under the provision of the Act of Funding for Facilities Improvement. For microenterprises that need investment for installation of new facilities, loan programs are available with zero interest rate on collateral. Another important category of financial support for the microenterprise is the Loan Program for Plant. This Loan Program for Plant is one to promote the introduction of facilities necessary to establish microenterprises and strengthen their business fundamental.

#### 4.1.3 Assistance for Startups and Innovation

The two major assistance programs in the area of startups and innovation are (1) Entrepreneurship Training and Education Programs, and (2) Loan Programs for New Startups. In the area of Entrepreneurship Training and Education Programs, Entrepreneurship Training and Education Programs are provided for those who wish to startup. In the services of Loan Programs for New Startups include Loan programs for those who wish to initiate new firms with no lateral requirement are available.

#### 4.1.4 Training for Competence Improvement of Counselors

Regional Federation of SCIs and Regional Headquarters of COC provide training programs for improvement of competence of counselors of SCIs. Through In these training programs, counselors receive support for attending small and medium enterprise Colleges.

### 4.2 The Case of Korea

#### 4.2.1 Services for Management Improvement

The services for management by KMEDC include (1) Counseling for Management Improvement, (2) Diagnosis of Management, and (3) Expert Service. For Counseling for Management Improvement, KMEDC counselors provide advice for various management problems including marketing, employment, advertisement, inventory control, and cost reduction. As a service of Diagnosis of Management, KMEDC counselors provide checklists for diagnosis of management problems of the microenterprise. Korea's KMEDC also arrange outside experts for those micro-



enterprises which request outside expert service at the discounted cost of consulting.

#### 4.2.2 Financial assistance

The major financial service specially designed for the microenterprise in Korea is the credit guarantee. The service is provided for the microenterprise in cooperation with the Regional Credit Guarantee Funds which provide the credit guarantee service on lateral and on credit for those microenterprises which need financial assistance. The interest rate is around 5% annually. The maximum is 50,000,000 won.

#### 4.2.3 Counseling for Startup

Services for startups are the major task of KMEDC. The services include counseling for

search of startup item, training and education programs, information services, location analysis, and recommendations for credit guarantee and loan. They issue the certificate of counseling for credit guarantee and loan.

#### 4.2.4 Education and Training

KMEDC provides education and training programs for startups, management improvement by means of both off-line lectures and on-line services. Lecturers and trainers include not only counselors of the KMEDC but also college professors and private management consultants.

### 4.3 Comparative Analyses

The types of assistance and services for the microenterprise in the two countries share more sim-

Table 3. Comparison of the Types of Assistances and Services for the Microenterprises in Korea and Japan

Types of Assistances and Services	Japan	Korea
Management Improvement	Financial management Accounting, Labor management Technical assistance Prevention of bankruptcy Information services Expert Consulting	Financial management Information services Marketing Information services Expert Consulting
Financial Support	Marukei Loan programs for new startups and facilities	Loan programs by means of credit guarantee for new startups and management innovation
Startup	Financial Support(loan) Education and training	Financial support(available to those who already is running a business) Education and training
Training and Education	Training programs for improvement of competence of counselors of individual SCIs.	For startups, management improvement Lecturers: Counselors, college professors and private management consultants.

ilarity than differences. Types of assistance and services for the microenterprise both in Japan and in Korea include ones for management improvement, financial support, services for startup and innovation, and training and education(Table 3). One of notable differences is found in the financial support. In Japan, Marukei program is the program specially designed for the microenterprise only. However, in Korea there is no counterpart of the Marukei program. In Korea the financial support for the microenterprise is relatively limited. As stated previously, the major financial service for the microenterprise in Korea is the credit guarantee service. Also difference is observed in the services for labor management. In Japanese support organizations include such service for the microenterprise. On the other hand, KMEDC does not provide service for the labor management.

## V. Endowments and Management of Service Organizations

Sources of money necessary for operation of the service organizations for microenterprises in the two countries worth being compared. Also the issue of managing service organizations in the two countries may be worth noting because it can affect the effectiveness of supporting policies for microenterprises and efficiency of the supporting systems.

In Japan the legal form of the Societies of Industry and Commerce is an foundation or a foundational juridical person. Japanese government endows a huge amount of money or some billion yens to the foundation every year. However, the operation of the Societies of Industry and Commerce is independent. The independence of

the organization may an import factor to assure efficiency of the organization.

In Korea KMEDC was under the direct supervision the regional offices of Korea's SMBA. However, KMEDC has been operated under the supervision of local government since 2006. The counselors in the center activities may be affected by the bureaucratic atmosphere of governmental organizations which supervise them. Operational expenses are subject to annual budget of SMBA of Korea. These may cause lack of long term vision of the system.

Authority to manage KMEDC is transferred to local governments in Korea since January, 2006. The reason for the transfer is to regionalize services for microenterprises. Therefore, its operation is subject to policies of individual local governments. This may cause inconsistency in services for microenterprises in Korea because recognition of the importance of the microenterprise and approaches to development of it may be different from a region to another.

## VI. Conclusions

This article compares the supporting systems for the microenterprise in Korea and Japan with particular emphasis on the supporting organizations and services for the microenterprises in the two countries. As base information for this comparative study we initially compare definitions of the microenterprises, and their socioeconomic significance in Korea and Japan.

Historically Japan established the Society for Commerce and Industry(SCI) in 1962 which is the supporting organization for the microenterprise. On the other hand, Korea established the Korea

Midcroenterprises Development Center(KMEDC) in 1999. The time lag between the establishments of the two organization is 37 years. Japan operates some 2,800 field offices of the SCI. Korea operates only 60 field offices of KMEDC. This difference in the number of field offices of Japanese SCI and KMEDC indicate that geographical accessibility to services for the Japanese microenterprise is better than that for the Korean counterpart.

When comparing the services for microenterprises of the two countries, the types of the services appear similar. However, the services for Japanese microenterprises are more specific and diverse than those for Korean microenterprises. Financial support called Marukei for the microenterprise of Japan is unique only in Japan. No such special financial service is available in Korea.

When comparing sources of endowments and management the service organizations of the two countries, we find that there is significant amount of endowments for SCI in Japan, which ensures adequate services for the microenterprise. However, Korea's KMEDC, which was under the supervision of SMBA, is now under that of local governments. This differences in sources of endowments and types of supervising organizations of the two countries may affect efficiency of the system and effectiveness of support programs in the two countries.

It should be noted that even though Japan is economically more advanced country than Korea, support for the microenterprise is more extensive not only in terms of accessibility but also types of services provided. One of the major reasons why Japan put significant amount of resources for microenterprise development is that the microenterprise is considered to be important for job creation and well-being of low income people. When measured by purely economic measures such as total output produced by the microenterprise may not be very significant. However, If we put more weight on well-being of low income people, the resource used for the microenterprise may be justifiable.

In conclusion, findings of this comparative study indicate that Korea's allocation of resources for the microenterprise is not so adequate as that of Japan. Therefore, Korea need to increase allocation of resources for the microenterprise. Specific suggestions for improvement of assistance services for microenterprises in Korea include: First, the number of KMEDC should be increased to improve accessibility to assistance and services. Second, financial assistance programs for the microenterprise in Korea must be improved in terms of collaterals and interest rates. Finally, more advanced services for the microenterprise must be developed and deployed.

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## A Comparison of the Supporting Systems for Microenterprises in Korea and Japan

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### Abstract

Today the microenterprise is recognized as an important business entity collectively because its socio-economic roles in such areas as employment generation and start-up are very significant. In the past, however, since the proportion it accounts for in total economic output is relatively small, its importance was not fully recognized and research papers on it were few in Korea.

The purpose of this article is to compare the supporting systems for the microenterprises in Korea and Japan to identify similarities and differences of them in the two countries. The research method used in this study is an exploratory research approach using the secondary data.

As background information for this comparative study, we initially compare the definitions of the microenterprise in the two countries. In Korea an enterprise that has less than 10 working people are categorized as a microenterprise in the areas of manufacturing and construction industries. In the areas of service industries, however, an enterprise with less than five working people are defined also a microenterprise. In Japan an enterprise that have less than 20 working people are categorized as the microenterprise in the areas of manufacturing and construction industries. In the areas of service industries, an enterprise with less than five employees is defined also as a microenterprise in Japan.

Both in Korea and Japan, there are organizations established specially for the microenterprise. In Japan the primary organization in charge of supporting the microenterprise is the Society of Commerce and Industry, and in Korea it is the Korea Micro Business Development Center. Historically Japan began the supporting services in 1962 while Korea did in 1999.

The types of assistance and services for the microenterprise in the two countries share more similarity than differences. Types of assistance and services for the microenterprise both in Japan and in Korea include ones for management improvement, financial support, services for startup and innovation, and

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training and education. One of notable differences is found in the financial support. In Japan, Marukei program is the program specially designed for the microenterprise only. However, in Korea there is no counterpart of the Marukei program. In Korea the financial support for the microenterprise is relatively limited. The major financial service for the microenterprise in Korea is the credit guarantee service. In financial services for the microenterprise, Japan has more favorable services than Korea in term of interest rates and collaterals. Also difference is observed in the services for labor management. In Japanese support organizations include such service for the microenterprise. On the other hand, Korea Micro Enterprise Development Center does not provide service for the labor management.

Comparing the number of field offices, Japan's Society of Commerce and Industry has some 2800 field offices while Korea's Micro Business Development Center has only 60 ones. Consequently Japanese microenterprises have better accessibility to the assistance and services than their counterparts in Korea.

The results of this study indicate that Japan, although it is a more advanced country economically than Korea, provides much more extensive assistance and services for the microenterprise than Korea. Findings of this comparative study indicate that Korea has not allocated as adequate resource for the microenterprise as Japan has done. This appears to be an important fact and a lesson that Korea should be aware of, suggesting that Korea needs to expand the supporting system for the microenterprise and improve its assistance and services.

Specific suggestions for improvement of assistance and services for microenterprises in Korea include: First, the number of Korea Micro Enterprise Development Center should be increased to improve accessibility to assistance services. Second, financial assistance programs for the microenterprise in Korea must be improved in terms of collaterals and interest rates. Finally, more advanced services for the microenterprise must be developed and deployed.

*Keywords:* Microenterprise; Support System; Korea; Japan.