South Korea’s phenomenal growth and development through Entrepreneurship: A cue for Sub-Saharan Africa (SSA)

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Abstract

The model of success in South Korea from a pariah state coming from the ruins of the Korean War into a member of the Organization for Economic Cooperation and Development (OECD) with a trillion dollar economy is encouraging. The Korean economic experience in terms of entrepreneurship and poverty reduction is an intriguing jigsaw puzzle to researchers. This paper looks at Korean entrepreneurship history from the 1960s and how it shaped the contemporary sustainable economic development success of the Korean economy. Using a qualitative approach, the study used the Korean case study in comparison with Sub-Saharan Africa to explore five powerful lessons on how the region can replicate the Korean entrepreneurship experience. The study shows that entrepreneurship was key to the radical transformation of its economy and government was instrumental in latent nurturing of Korean entrepreneurial spirit.

Keywords OECD, Entrepreneurship, Sub-Saharan Africa (SSA), South Korea, Economic growth, Sustainable economic development

1. Introduction

Underdevelopment and poverty are some of the major challenges that developing countries are facing in contemporary times, particularly Sub-Saharan Africa (hereafter SSA). For instance, according to World Hunger Education Service, poverty is the principal cause of hunger in Africa and elsewhere (World Hunger, 2016). Most of the recent research, Aid does not even work to end poverty in Africa. In her book “Dead Aid”, Moyo, Dambisa. (2009) argued that foreign-sponsored development is at the root of Africa’s underdevelopment and it should be stopped quickly and absolutely if Africa is to progress. In the same book, Dambisa Moyo pointed out that money from

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rich countries has trapped many African nations in a cycle of corruption, slower economic growth, and poverty, therefore cutting off the flow would be far more beneficial. In line with Moyo’s argument is Hess (2007)\(^1\) evaluating the policies of World Bank and International Monetary Fund. He opines that they have played a major role in locking Africa in the prison of underdevelopment and dependency.

Despite the foregoing explanations, it is encouraging to note that it is through business and entrepreneurship that Africa can benefit from growth in some countries as pointed by World Bank's Ease of Doing Business report of 2016. What delivers growth and reduces poverty include emphasizing the contribution of entrepreneurship and doing business. In South Korea for instance, entrepreneurs succeeded in tackling poverty and they formed their own businesses from primitive stages and utilized their economic crisis as an opportunity to make Korea great right after the Korean War. It is argued that Korea was built by entrepreneurs, who started their small businesses and turned them into conglomerates. Koo (2014)\(^2\) stated that in 2012 the top ten conglomerates accounted for 84% of the country’s GDP.

The Korean economy has been one of the most rapidly growing economies in the world, with the growth often termed ‘a miracle’. This has earned her the moniker ‘Asian Tiger’. Therefore, in looking more deeply into the Korean economic experience in terms of entrepreneurship, this paper opines that fostering entrepreneurship and business can be a new engine for even industrial innovation by making and helping entrepreneurs to do business in Sub-Saharan Africa.

**Objectives of the study**

Whether or not entrepreneurship is beneficial in fostering economic growth and development for a nation is a subject of immense intellectual debate in general, in scholarly circles. Specifically, can the transformation of Korea be attributable to it? Is entrepreneurship beneficial to economic growth? How have Koreans leaders and entrepreneurs worked together for economic development? These are the main research questions the study seeks to answer as the paper unfolds. The fundamental objective is, to demonstrate the case of South Korea’s rapid economic development as a result of governance that supported entrepreneurs and how leadership impacted the development and poverty in this country.

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1) Jake Hess, July 7th, 2007, Africa Needs Less, Not More, World Bank Intervention. Retrieved July 5, 2016, from [https://zcomm.org/znetarticle/africa-needs-less-not-more-world-bank-intervention-by-jake-hess/](https://zcomm.org/znetarticle/africa-needs-less-not-more-world-bank-intervention-by-jake-hess/)
2) Koo, M.H, May 9, 2014, Korean Entrepreneurs Getting Attention With Innovative Startups retrieved December 28, 2016, from [http://www.forbes.com/sites/meehyoekoo/2014/05/09/korean-entrepreneurs-getting-attention-with-innovative-start-ups/#2ca502a524ef](http://www.forbes.com/sites/meehyoekoo/2014/05/09/korean-entrepreneurs-getting-attention-with-innovative-start-ups/#2ca502a524ef)
2. Early Korean economy and the spirit of Entrepreneurship

The history of entrepreneurship in Korea dates back to the 1960s. Korea started promoting and supporting businesses known as chaebols. These were family-owned conglomerates which became the driving force of the nation's economic development in the early 1960's. Chaebols business model concept is similar to the Zaibatsu of Japan. To date, Korea entrepreneur's companies such as Samsung, LG, Hyundai, Kia and more have become global companies and Korea’s flagship of top notch innovations.

According to Choi (2014), Chaebols played a dominant role in Korea’s national economy. Since the 1960s, they have received a considerable amount of government support. As a consequence, they have been the driving force of rapid economic growth in Korea. To name a few, according to Steers, Shin, & Ungson (1989), a major reason why Korean entrepreneurs succeeded was the driving motive and ambition of founders like Chung of Hyundai and Lee of Samsung, the blend of traditional and contemporary values, and the unique nature of business government relations in Korea that have created prime conditions for entrepreneurs’ efforts.

To fully understand the way Korean entrepreneurs grew and arrived on the international markets it is much better to know the big four in South Korea namely: Samsung, Hyundai, and Lucky Gold Star (LG, currently stands for Life’s Good)3), and Daewoo. Unfortunately, Daewoo was dismantled by the Korea government in 1999 (The economist 1999)4). Samsung was founded by Lee Byung-Chul in 1938 as a trading company. According to Steers, Shin, & Ungson (1989), Chung Ju-Yung founded the Hyundai Engineering and Construction Company in 1947. LG was founded by Koo In-Hwoi in 1947 and according to the company’s website5); currently, LG comprises four business units: Home Entertainment, Mobile Communications, Home Appliance & Air Solution, and Vehicle Components. Steers, R. M., and his colleagues wrote that Daewoo was found in 1967 by Kim Woo-Jung. Later on, Daewoo expanded through acquisition and joint ventures. In brief, Samsung corporate profile was a driver for perfection, Hyundai profile was characterized by the can do spirit, LG’s profile focused on harmony and innovation, and many more other companies. Dal Hyun Kim (2010) wrote that the Korean firms in the 1950s did not undergo the normal process of industrial capital formation, but they could accumulate industrial capital, technology, and entrepreneurial skill through the operation of vested proprieties, trade businesses, and government incentives within a short period of time.

As a case study, the fact that South Korean Economy has been built by small businesses started

3) "LG, Life’s Good" (2004–present)
4) The economist, 1999, August 21, The death of Daewoo. Retrieved July 19, 2017, from http://www.economist.com/node/233562
5) http://www.lg.com/
by entrepreneurs, who formed their own businesses from primitive stages, and who utilized their economic crisis as an opportunity to make Korea great right after the Korean war. This paper explores the contribution of entrepreneurship in Korean economic development and draws some lessons for the Sub-Saharan African region, a place still underdeveloped and poor world.

Back then Korea faced many challenges like SSA's countries such as economic, social and environmental, extreme poverty, and more but at the same time; Korea was able to realize development. Officially, at this moment, Korea is a member of the Organization for Economic Co-operation and Development (OECD) and is more economically developed country (MEDC). South Korea is one of the High-Performing Asian Economies (HPAEs), which have been also successful at matching high growth rates with significantly declining income inequalities (Charles et al. 2010). Our view in this paper is that seeing Korea becoming a developed nation, in a few decades ago, is worthy of examination for other developing countries particularly the region of Sub-Saharan Africa.

Concerning doing business through entrepreneurship there is no doubt SSA can tackle poverty. Doubtless, Ojeaga et al, (2016), argued that foreign direct investment is likely to be more beneficial for growth in some regions than in others, and there will also be some differences in the implication of FDI for growth due to regional specific characteristics attributable to differences in trade, infrastructure, and macroeconomic policy capabilities in countries.

Moreover, the authors claimed that GDP trends across the continent show that many African countries are enjoying economic growth despite the global economic decline of the late 2000s. Thus, as it has been supported by many scholars, some, for instance, believe that small business can become a new engine for industrial innovation by making use of unconventional knowledge and technologies (Audretsch, 206). Equally important, Schumpeter (1911) established conceptually the “entrepreneur as innovator” as a key figure in driving economic development. According to Schumpeter’s theory, the increase in the number of entrepreneurs leads to an increase in economic growth.

Thus, the entrepreneur is the single most important player in a modern economy (Edward Lazear,2002). Entrepreneurship has been widely acknowledged as the major drivers of both socio economic and development. To add to what Schumpeter (1934) wrote, he mentioned that the fundamental phenomenon of economic development is the function of entrepreneurs. In Schumpeter ‘s definitions, he defined entrepreneurship as new combinations of means of production as the following: the introduction of a new good, the introduction of a new method of production, the opening of a new market, the conquest of a new sources of supply of raw materials or half-manufactured goods, and the carrying out of a new organization of any industry.

In Sub-Saharan Africa, entrepreneurship is vital to the unlocking growth and enhances
economic inclusion and ensures sustainable economic development in the region. The reason is that for many decades’ people in SSA earns its living predominantly from agricultural works; there is no guarantee of getting jobs for many young people including graduates. Therefore, there is a huge need for entrepreneurship in the SSA regions. Promoting and sustaining entrepreneurship is an integral part of the government’s National Development Plan, which aims to speed up economic growth and job creation.

In a particular way, this paper stands on the view that entrepreneurs contributed to the economic development of Korea by focusing on Korea’s entrepreneurship promotion experience that facilitated development and had a positive impact on poverty reduction. As stated earlier, according to Schumpeter capital and output growth in an economy depends significantly on the entrepreneur. Learning and seeing the Korean entrepreneurship spirit, since the 1960s, it is clear that entrepreneurial activities have been found to be important in making positive impacts on the Korean economy and contributed to boosting a nation brand both nationally, regionally and internationally. And above all, today the quality of life of the people in Korea is great. In the line with the literature, this paper has selected to draw Lessons from Korea to Sub-Saharan Africa countries.

3. Literature Review

The fascinating transformation of South Korea has given birth to a growing body of literature in trying to explain this phenomenon. Entrepreneurship is important for economic growth and development (Baumol et al. 2007). This section tries to highlight how entrepreneurship has been defined by several authorities. Also, the journey to the development of entrepreneurship in the Korean context will be traced. Korean entrepreneurs are conveniently classified into three categories, these shall be highlighted and how they were instrumental in shaping Korea’s entrepreneurship landscape. Lessons for Sub-Saharan African Region will be shown as well.

Different scholars have contributed to the definitions of Entrepreneurship based on their research areas and interests. According to Tijani-Alawiye (2004) entrepreneurs are defined as adding to the stock of existing small, medium and big enterprises nurture them to grow and sustain them, with a view to achieving broad socio-economic developmental goals.

Hart (2003) defines entrepreneurship as the process of starting and continuing to expand new businesses. On the other hand, Schumpeter (1967), defined entrepreneurship as the following: the

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6) According to the latest World Health Rankings data published in 2015 life expectancy in South Korea is: Male 78.8, female 85.5 and total life expectancy is 82.3 which gives South Korea a World Life Expectancy ranking of 11 globally. World Health. (May, 2014.). Life Expectancy in South Korea. Retrieved December 30, 2016, from http://www.worldlifeexpectancy.com/south-korea-life-expectancy
introduction of a new good, the introduction of a new method of production, the opening of a new market, the conquest of a new sources of supply of raw materials or half-manufactured goods, and the carrying out of a new organization of any industry.

Academics and policy makers have established the role of entrepreneurship in economic growth (Tilley and Young, 2009). In the 1950s, Korean entrepreneurs could be classified into three categories in the process of growth of firms (Dal-Hyun Kim, 2010).

The first category was those that started out running various small businesses such as rice mills, rice dealers, and linen/cotton business. The following firms engaged in rice milling: Samsung, Korea flour, shin dongah, Korea Glass, Cheonwoosa, Dong Kook Steel, Kukje Sangsa and Dongyang Cement. The rice dealers were Hyundai, Daehan Electric Wire, Hyosung, and Kumho. The linen/cotton businesses were Lucky, Gaepoong, Hanil and Shinjin, and Hanjin they were engaged in automobile machinery and auto service business.

According to Dal-Hyun Kim, the second categories of entrepreneurs were those that worked as administrators, chief engineers or factory managers in Japanese firms. The same author mentioned that the third category includes those who established their own businesses in Japan and moved to Korea to run their own businesses; examples include Lotte, Parbon Group, Kolon Group and Kia industries.

As it is mentioned in Sung, K. J. (2010), Dal-Hyun Kim wrote that due to the government-led policy and massive foreign inflow, there were more opportunities to grow and expand. Samsung made a substantial contribution to diverse export commodities (Samsung Mulsan and Samsung electronics), Hyundai automobile and Hyundai construction.

In his book entitled Korean entrepreneurship: the foundation of the Korean economy”, Shim, T. Y. (2010) wrote that Chung Joo Young, the chairman of Hyundai was known as a man of open eyes. He saw opportunities to expand his vision and technical skills. Then in 1965, his eyes opened and aggressively bid on overseas construction projects. It is argued that he was a man of no term of impossible in his dictionary. Instead, he was known as a person who could make all projects successful. (Chung, D.Y., 2007) cited in Shim, T. Y. (2010) listed the fundamental qualities of an entrepreneur in Chung, the chairman of Hyundai.

First, he refused to work for someone else. He wanted independence. Second, he had visions about markets and the ability to create new markets. Third, he had a strong sense of responsibility in keeping his promises and respecting contracts even when he lost money because of inflation and unexpected construction costs. Fourth, he had the philosophy on the value and use of money. He said that the value of money was not “how much we have” but “how we use it” and “what we use it for”. Moreover, Dal-Hyun Kim in Shim, T. Y. (2010), mentioned that Korean entrepreneurship is characterized by the following attributes listed in a book written by Cho entitled "Pioneers of
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Korean capitalism”; creative wisdom, strong will, strong driving force, challenging spirit, executive leadership, Intuition and breakthrough, pioneering capacity such as overseas marketing Recruitment and training of staff, introduction of new organization, introduction of new technology, innovation, dealing with government and bearing risk. These salient features are the hallmarks of Korean spirit of entrepreneurship.

4. Why the Korean case for Sub-Saharan Africa?

Sub-Saharan African states started gaining independence since the 1960s. This includes countries such as Ghana, Ethiopia, and Nigeria among early independent states. Yet, SSA remains underdeveloped when compared to Korea; a country that has accomplished a lot in terms of realizing development and reducing poverty since the end of the Korea War in 1953. South Korea has shown a truly remarkable economic performance in terms of growth and structural change (Chang, H., and Kozul-Wright, R. 1994). South Korea’s economy grew rapidly under Park (US Library of Congress, 1990). Scholars like Hundt, D (2012) wrote that for Park, economic development was a major element of a broader nation-building project.

Hundt David pointed out that South Korea is often cited as a case of miraculous transformation from poverty to prosperity. It is said that like many other Asian countries, South Korea achieved their high levels of macroeconomic growth and development while in SSA things go in opposite ways. In 1950s South Korea had a per capita income of $146, with Kenya $149 and Nigeria $150 and Egypt $203. Like many African, Korean economy was slower to start but from 1961 to 1991 it rose 8.4% every year.

As stated earlier, despite that positive side, like many countries in SSA, Korea faced many challenges (extreme poverty and income inequality), but at the same time was able to realize development. At this present moment, Korea is a member of the Organization for Economic Co-operation and Development (OECD7) and is more economically developed country (MEDC). In his book “The Miracle” (Schuman. M., 2009), pointed out that in only thirty years, Koreans transformed a nation poorer than Liberia, Zimbabwe, and Iraq into a member of the rich countries club, the Organization for Economic Cooperation and Development. Equally important, in an effort to address the long-term challenges and sustain economic growth, the current government has prioritized structural reforms, deregulation, promotion of entrepreneurship and creative industries, and the competitiveness of small- and medium-sized enterprises (CIA World Fact Book, 2016)8).

7) In the paper entitled “Determinants of foreign aid: The case of south Korea”, Kim, E. M., & Oh, J. (2012) wrote that South Korea provides more aid to higher-income developing countries with higher growth rates, which shows the tendency to serve the donor’s economic interests.

8) Central Intelligence Agency, (Last Updated On May 17, 2016), World Fact Book, EAST & Southeast Asia:
4.1 The effort of the South Korean government to develop small businesses

SMEs played a particularly important role in the Korean economy, because of their numbers and because of the large share of the workforce involved in them (Nugent and Yhee, 2002). Therefore, there is no doubt that entrepreneurship has been regarded as one of the important drivers of sustainable economic development and growth in South Korea, particularly in this current knowledge-based economy. For South Korea, Doh, S., & Kim, B. (2014), pointed out that the government has experienced remarkable economic growth since 1970.

The same authors argued that the most significant factor in the rapid industrialization of South Korea was the adoption of an outward-looking strategy in the early 1960s. According to Soogwan Doh and Byungkyu Kim, that strategy promoted economic growth through labor-intensive manufactured exports and government initiatives which played an important role in the growth. Policy makers, jointly with private entrepreneurs seized opportunities to use a variety of ideas, including new technologies for the production of new products and available historical lessons for nation building and institutional reform (Chu, 2010).

In 1960s-1970s for example, Kwack, S. (1994), wrote that the new political regime that came into power in Korea was determined to take the country out of economic stagnation. Accordingly, Kwack mentioned that economic policy was thrust to the forefront of government policy. Like Japan during the Meiji period, Korea lacked experienced entrepreneurs, so the government took it upon itself to run certain key industries while fostering a few capable entrepreneurs. Since then, Korea trade policy shifted from inward looking and import substituting to outward looking and export promoting. Additionally, new economic policies were put into effect through a series of five-year economic plans. The key elements in the five economic plans were industrialization, export promotion, investment in social overhead capital.

In line with that performance of export and government initiatives, this paper support the argument that was claimed by Wayne Le Cheminant (cited in Shim, T. Youn-Ja., 2010) in an article entitled “Korean Politics and the Spirit of Entrepreneurship”, that in many ways South Korea has had the capacity to be great entrepreneurial nation for many years. Wayne Le Cheminant continued stating that South Korea has highly trained workforces in the world. It is also the case that South Koreans are extremely not only for their individual success but also in the success of their families and country. Koreans work extremely hard, for a long time. Scholars pointed out that such achievement is the ambitious and well-educated Koreans. More importantly, scholars mentioned that Koreans are energetic and ambitious entrepreneurs combined with industrious

Korea, South, retrieved May 31, 2016, from https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html
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Based on the literature pointed out, it is clear and well known that the government has played a major role in the economics of South Korea by encouraging and supporting entrepreneurs. For example, in Korea, Park Chung Hee president's ability articulated the meaning of the will of the government in enhancing entrepreneurship. Additionally, it is argued that Korea made difference because of Openness and outward-looking strategy, Political leadership and capable technocrats, Successful implementation of the plans, and Credit rationing and financial repression (e.g., KIM, Jong Seok., 2013)

4.2 Innovative, Patriots and aggressive entrepreneurs made a difference in South Korea

According to Shim, President Park and Chung Ju-Young, one of the early industrial entrepreneurs and the founder of Hyundai Group worked together to achieve many of planned goals for Korea Inc (Shim, T. Y. 2010). Looking back on the Korean economic system (as Shim explained), the founders of the big businesses that became conglomerates were pioneers of entrepreneurship in Korea. Similarly, Scholars like (Schuman, 2009) pointed out that the system of politics the government led economic development model of partnering between political strong men and entrepreneurs should not be discounted. What is motivating in early entrepreneurs in South Korea as it was mentioned by (Shim, T. Y. 2010), many were just responding to the nation's collective goal of modernization. Some scholars pointed out those Koreans entrepreneurs were/are creative entrepreneurs from the young generation. But more importantly, what was much appreciated is that entrepreneurs in South Korea perceived and responded to their leadership and authority in a cultural context. As stated in Korean entrepreneurship: the foundation of the Korean economy, Shim made it clear that whenever President Park Chung Hee and his cabinet and the pre-entrepreneurs who were directly involved in the five-year economic plans faced hardships, he urged them “Do not betray our country”, or Let's help our people cultivate confidence with “We too can do it”.

As a result, the government kept its determination to set up an example that helped the country. For instance, in 1965 it was a year of an increased production, and export and construction, in 1966, a year of hard work, 1967 a year of progress, 1968 fight while working, working while fighting and then National defense on the one Hand; construction on the other in 1970. The existence of innovative and aggressive entrepreneurs made difference. As results, until recently, Koo (2014) claimed that Korean Entrepreneurs are getting attention with innovative start-ups, especially in

9) KIM, Jong Seok., 2013, Korea's Economic Development and the Role of Private Sector. Retrieved from http://www.akes.or.kr/eng/papers(2013)/7.full.pdf at The Association of Korean Economic Studies, The Web. 29 Dec. 2016.
Technology. In the same way, Maverick, J. (2015) listed some of the most successful and well-known entrepreneurs from Korea namely Daniel Shin, Lee Byung-Chul, and Richard Min.

4.3 Entrepreneurs can tackle and eradicate poverty

Entrepreneurship skills and experience from South Korea can be taught and/or can be learned. First, in 2015, a joint publication of the World Bank Group and the International Monetary Fund pointed out that economic growth is essential for poverty reduction, but even very rapid growth in developing countries will not be sufficient to reduce extreme poverty below 3 percent globally by 2030, without complementary policies to assist the poor. Conversely, due to the fact that Korea has developed rapidly while nations like SSA still struggle, this paper contributes to previous discussions of poverty reduction by arguing that learning from Korean experience on how entrepreneurship played a great role in its development can be possible for SSA’s Poverty reduction strategies and rapid economic growth.

There is evidence that some entrepreneurship skills and experience from South Korea can be simulated in SSA. What African countries need is to carefully educate people to create new businesses and discover new opportunities that they have. Actual new business creation encompasses individual’s engagement in opportunity discovery, evaluation, and exploitation (Haynie, J. M., Shepherd, D. A. and McMullen, J. S. (2009). To add, as it has been described by scholars, the goal of entrepreneurial discovery is to identify a valuable economic opportunity, because ‘exploitation of an idea that is neither valuable nor rare can only lead to the generation of average profits (Kirzner 1997; Fiet, 2002).

Lesson 1: Sub-Saharan Africa (SSA) needs availability of creative people, resources, and flexibility to change and political will to produce entrepreneurs as Korea did since the 1960s when the Korean government encouraged entrepreneurs to channel into both business and development activities. This is possible because entrepreneurs can tackle and eradicate poverty.

Supporting entrepreneurs that create opportunities for both present and future generation

Second, to fighting poverty in South Korea, the country had creative people, who worked so hard. As it has been noted by Wayne Le Cheminant in Shim, T. Y. (2010), it clear that in order to talk about the entrepreneurial conditions in Korea several factors should be considered:

- Availability of creative people
- Resources and capacity to provide the goods and services that people demand;
- Flexibility to change and adapt and adapt as market conditions move and shift;
- A political structure that allows points 1-3 to take place.
Creativity is found in all societies and countries, rich or poor, large or small, advanced or developing\(^{10}\). As has been explained, it is clear that availability of creative people played a huge role in Korean creation of entrepreneurial. Therefore, this paper argues that SSA has an obligation of educating its people particularly young Africans for Creative Economy and keep reflecting on future generation and growth of the African creative economy. According to Howkins (2001), creative economy comprises advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, R&D, software, toys and games, TV and radio, and video games. He also pointed out that the creative economy deals in ideas and money\(^{11}\). If Korea had people who created or innovated new things, this paper argues that SSA has also endowed with the ability to create through its citizens.

Entrepreneurial activities can help people move from low to high-status positions in society (Alvord, Brown, & Letts, 2004). Any country’s level of entrepreneurship is crucial for its economic development and growth (Baumol & Strom, 2007). Baumol and Strom argued that entrepreneurs contribute immensely to economic growth, productivity, and increases in social welfare. Evidently, fueling the growth of small medium business and ventures of all types in Korea has been the country’s high enthusiasm for startups, not found in some of the leading Asian economies like Japan or Singapore (Choi, D. 2010).

The Korean firms could develop and expand because of a strong government that supported within a period of time. For example, (Choi, D. 2010), wrote that In the second generation of entrepreneurs in South Korea (1980s-1990s), they were well educated for technology driven niche market businesses, and ability to access the capital market as an alternative source of funding and profit. More that Choi mentioned that not only educational and funds but also traditionally, Koreans have believed that societal stability is essential for survival and progress. In their paper, Dutta, N., Sobel, R. S., & Roy, S. (2013) tested the effect of political stability on entrepreneurship rates in countries and found that higher political stability (or equivalently lower political risk) leads to higher rates of entrepreneurship. They concluded that Entrepreneurship is critical to the process of economic growth and development. In the end, they argued that to prosper, countries must unleash the creative talents of their citizens through the decentralized process of formal private sector entrepreneurship. Therefore,

**Lesson 2**: Governments in Sub-Saharan Africa (SSA) have to provide resources and capacity to provide the goods and services that people demand to facilitate to start small business and

\(^{10}\) United Nations (2008), Creative Economy Report 2008, UNCTAD. Retrieved from http://unctad.org/en/docs/ditc20082cer_en.pdf on June 6, 2016

\(^{11}\) http://www.johnhowkins.com/wordpress/?page_id=9
ventures, which will create opportunities for both present and future generation.

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Third, according to the International Monetary Fund (2016), Korea is now the world’s 11th largest economy. This country’s economy is driven by the exports sector controlled by corporations like Samsung, Hyundai, LG, and Daewoo. Others argue that these companies (Chaebols) have a significant global market share. For instance, Cho M. H. (2015) wrote that chaebols are cornerstones of the economic, political and social landscape in South Korea\(^ {12}\). The same author added that Samsung, LG, and Hyundai, for instance, saved South Korea from crushing poverty and defined a country’s role on the global stage. Additionally, with this in mind, Speech by the former South Korean President Lee Myung-bak shows that Korea keeps seeking people who are available to promote a small business because he claimed that Korea’s economic future relies on the prosperity of small and medium-sized firms, rather than the chaebols\(^ {13}\).

**Lesson 3:** The paper argues that Sub-Saharan Africa (SSA) people and leaders can promote creativity that changes industries for the betterment of the present and the future generation of Africa mainly in SSA. Also as it has been pointed out, the government has to provide Resources and capacity to provide the goods and services that people demand. But the most important is that where the economy grows in SSA has to keep fostering Innovation and Promoting Entrepreneurship and Venture Capital. For instance, in Rwanda, the government established Rwanda Development Board (RDB) to building a young generation of Rwandan entrepreneurs, which according to RDB, will ultimately lead to vibrant SMEs and also contribute to creating decent jobs and reducing poverty\(^ {14}\). In 2016, Rwanda ranked among the best in the world in Getting Credit and Registering Property. In World Bank’s report of ease of doing business, World Bank (2017) scored Mauritius, Rwanda, and Kenya as best places of Economies in Sub-Saharan Africa. Mauritius has the region's highest ranking, at 72.27%. Rwanda has its second highest (69.81%), followed by Kenya (61.22).

According to the World Bank, the ease of doing business economy ranking was originally used to measure the extent to which the regulatory environment of an economy is conducive to the operation of the business in countries of the world. It is a composite index based on data on 11

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12) Cho M. H. (2015, April 6). *The chaebols: The rise of South Korea's mighty conglomerates*. Retrieved June 10, 2016, from http://www.cnet.com/news/the-chaebols-the-rise-of-south-koreas-mighty-conglomerates/

13) Van Jackson. (2008, January 05). Goodbye chaebol, hello small business. *The Asian Times Online* Retrieved June 10, 2016, from http://www.atimes.com/atimes/Korea/JA05Dg01.html

14) [http://www.rdb.rw/departments/human-capital-and-institutional-development/entrepreneurship-development-program.html](http://www.rdb.rw/departments/human-capital-and-institutional-development/entrepreneurship-development-program.html)
factors\(^{15}\) that include: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency\(^{16}\). Table 1 shows the main areas covered under doing business by World Bank. For example, Figure 1 shows an excerpt from the 14th issue of the report, released in October 2016 ranked Rwanda second on the African continent after Mauritius and first in the East African Community region.

**Table 1 11 Areas of Business Regulation**

| Indicator set                  | What is measured                                                                 |
|--------------------------------|----------------------------------------------------------------------------------|
| Starting a business            | Procedures, time, cost and paid-in minimum capital to start a limited liability company |
| Dealing with construction permits | Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system |
| Getting electricity           | Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs |
| Registering property          | Procedures, time and cost to transfer a property and the quality of the land administration system |
| Getting credit                | Movable collateral laws and credit information systems                            |
| Protecting minority investors  | Minority shareholders’ rights in related-party transactions and in corporate governance |
| Paying taxes                  | Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes |
| Trading across borders        | Time and cost to export the product of comparative advantage and import auto parts |
| Enforcing contracts           | Time and cost to resolve a commercial dispute and the quality of judicial processes |
| Resolving insolvency          | Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency |
| Labor market regulation       | Flexibility in employment regulation and aspects of job quality                   |

Source: Source: Doing Business database.

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\(^{15}\) Details regarding 11 areas of business regulation that Doing Business measures are available at World Bank. 2017. Doing Business 2017: Equal Opportunity for All. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-0948-4. License: Creative Commons Attribution CC BY 3.0 IGO or at http://www.doingbusiness.org/

\(^{16}\) http://www.doingbusiness.org/reports/global-reports/doing-business-2017
In contrast from South Korea, recently, the World Bank gave the Republic of Korea a number 5 ranking globally in its Ease of Doing Business category for 2017. This highlights Korea as a top trading country and a world leader in doing business. It is clear that as the World Bank mentioned in its report that efferent business regulatory systems allow entrepreneurs to achieve business-related tasks simply, quickly and inexpensively. Therefore, an economy scores better on the metric for regulatory efficacy if it has a system in place that allows entrepreneurs to start a business through a small number of steps, in short time and at a lower cost. Another achievement for South Korea, in 2012 the World Bank published a case study that pointed out that Korea was a better for business regulation and improved competitiveness. Its rapid growth over the past 3 decades transformed Korea into the world’s 13th largest economy.

All in all, Korea in February 2010 Korea made start-up even easier and less costly through an online system, Start-Biz Online17), which is managed by the Small & Medium Business Administration. South Korea established Korea Institute of Startup and Entrepreneurship Development (KISED)18) with a vision of realizing and customizing Start-up 3.0 Suitable for the Characteristics of Individual Entrepreneurs. Start-up Network19), customized start-up information portal capable of checking everything from the recruitment of applicants for start-up support

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17) https://www.k-startup.go.kr
18) http://www.kised.or.kr
19) http://www.startbiz.go.kr/
programs to reception and application results. Small and Medium Business Administration\(^{20}\)) Contains various venture start-up related statistics in addition to small and medium venture news and major administrative policies and provides small and medium enterprise confirmation system. Online Corporate Establishment System\(^{21}\) which supports prospective entrepreneurs preparing to establish a startup company with less than 1 billion won to save time and cost through an online system when starting a business (establishing a corporation). Start-up Education\(^{22}\), an online course for prospective and new entrepreneurs covering overall subjects on startup from the preparation of a business proposal to laws related to business commencement. Infinite Imagination, the Nationwide Startup Project, in charge of calls for creative ideas from the general public to give the chance to “embody the idea” by starting a business with or commercializing the idea through the popular vote and experts’ evaluation. Bizinfo\(^{23}\), customized small and medium enterprise policy information system that small and medium companies can easily access and conveniently use the information on the policies related to them.

**Identifying and encouraging the potential Entrepreneurs of the creative economy**

Four, until recently, Korea keeps fostering Innovation and Promoting Entrepreneurship and Venture Capital. For instance, in 2013, President Park launched the “creative economy” initiative. She quoted “We must lead Korea’s mid to long term growth based on knowledge (in science and technology),” ... “The government will perfectly implement the Three-Year Plan for Economic Innovation with utmost effort, and we will usher in an era of happiness for the people\(^{24}\)” Another encouraging point is that according to OECD, Korea Small and medium-sized enterprises (SMEs) are even more central to Korea than to most OECD economies\(^{25}\). In fact, in 2013, SMEs represented 99.9% of enterprises and accounted for 86.8% of employment, much higher than the OECD average (68%). Micro-enterprises (less than 10 employees) are predominant in the Korean economy, accounting for 93.1% of enterprises and 44.2% of employment (89.9% and 29.1% respectively in the OECD) (OECD, 2015c). OECD extends its literature by arguing that in Korea, the substantial government support for SME finance in recent decades has focused on traditional debt, such as direct lending and credit guarantees, to the detriment of the development of

\(^{20}\) http://www.smba.go.kr/
\(^{21}\) http://www.startbiz.go.kr
\(^{22}\) http://edu.changunet.go.kr
\(^{23}\) http://www.bizinfo.go.kr
\(^{24}\) Jeon Han, Limb Jae-un. (Feb 27, 2014). President Park announces three-year plan for economic innovation. Korea net. Retrieved June 10, 2016, from http://www.korea.net/NewsFocus/Policies/view?articleId=117839
\(^{25}\) OECD, Korea Policy Priorities for a Dynamic, Inclusive and Creative Economy (October 2015) retrieved from http://www.oecd.org/korea/korea-policy-priorities-for-a-dynamic-inclusive-and-creative-economy-EN.pdf on June 11, 2016
market-based SME financing (Jones and Kim, 2014). Back to the view of the creative economy, (Howkins, 2001), explained that creative economy comprises advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, R&D, software, toys and games, TV and radio, and video games. Thus,

Lesson 4: In the same way, all of these creative economies are needed in SSA in today’s rapid change. Overall, this paper presents a broader perspective on the potential of the creative economy through entrepreneurial spirit by taking an example from Korea to be applied in SSA. Korea is worthy to be taken as an example because of its strategy of Fostering Innovation.

The export-led policy helps entrepreneurship to produce more hoping to export their products.

Five, the government of South Korea provided various incentive policies such as financial, fiscal and trade incentives for export promotion, and these incentive policies contributed to the expansion of export business activities and the size of exporting firms through capital accumulation and innovation. Thus, export-led policy helped entrepreneurship to produce more hoping to export their products. Therefore, in order to recover from poverty in SSA and especially from conflicts to economic growth like Korea, the economy in SSA countries has to be improved significantly and focus on export-led strategy; means entrepreneurs have to work hard and eager to export their products. But fostering entrepreneurship among Africans could be much more appreciated particularly in this digital age.

Lesson 5: In Sub-Saharan Africa, the export-led policy is a must to motivate entrepreneurship to produce more goods and services hoping to export their products because it has been argued in our literature that in South Korea, export growth played an important role in the economy.

5. Conclusion

To conclude, it is often argued that a country’s economic growth is a function of its economic, political systems. Entrepreneurship has played a vital role in South Korea’s economic and technological development. Chang, Nahn (1994) argued that Korea entrepreneurs initiated many ventures and developed a unique Korean management system. According to Jung (2002), the great upsurge of entrepreneurial activity in the late 1990s and early 2000s in South Korea can be attributed to four factors: Business opportunities, Business resources, Institutional factors, Cultural factors.
In order to design effective public policy that promotes innovation and entrepreneurship in SSA, this paper argued that the governments in sub-Saharan Africa should create new firms together with business players and enable existing firms to catch up today’s rapid development change around the globe. In addition, the governments have to encourage small business and start up to improve the productivity with export driven strategy as Korea did in last decades.

It is clear that experience from South Korea economic experience in promoting entrepreneurship has shown that SSA can do the same if the governments are willing to change for good and forever. To be specific, Korea has supported its business and entrepreneurship in a tremendous way. More than that, Sub-Saharan Africa (SSA government should provide incentives to motivate people to be creative (Financial, taxes, training, export policy, and promotion). In addition to that, government institutions in SSA should consider the amount of export sent abroad or regional to regional (between member states) in order to know what to diversify to maintain the competitive advantage in the regional and global market.

This paper urges SSA governments to maintain transparency and predictability as discussed in the literature review and also maintaining openness and market friendly policies and then support Africans entrepreneurs in major areas such as textile, clothes, shoes, rubber product, plywood, processed agricultural products, banking, e-banking because of Information Technology and communication, infrastructures, minerals (mining), education, advanced retail, online services to facilitate e-business and all made in Africa. Briefly, SSA needs to rediscover and awaken the entrepreneurial spirit within Africans and carefully be aware of today's global change and challenges so that the Africans entrepreneurs may sustain in the market place and stay productive systematically with a strong commitment of not betraying Africa and maintain an attitude of 'Africa Can do it' as well.

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