

Session 5

The Korean Schooling and Entrepreneurship

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The driving force for the economic development: Entrepreneurship

Over the past 50 years, Korea achieved remarkable economic development from absolute poverty of GNP per capita of \$60 to becoming an OECD member nation with \$20,000 GNP per capita. Korea's economy grew as one of the world's top 10 economies and world's 7th largest trading nation in 2013 with \$559 billion of exports from only \$100 million back in 1964.

The driving force for Korea's high economic growth was the utilization of human resources, which was the only resource for the nation since there were no other natural resources available. The primary reasons for this substantial growth were Korean schooling and entrepreneurship.

The educational system fostered active entrepreneurship, not only with required technology for the people working in the industry, but with diligence and sincerity required for industrialization. The dynamic entrepreneurship carried out perfectly its role as a catalyst in the virtuous circle of education and economic development.

Public Education & Entrepreneurship – Virtuous circle of economic development

The demand for human resources in the industry was filled by people trained in the required technology through the public education system. Quantitatively the college entrance rate of 72% in 2012 was almost three times that of 27.2% in 1980. The participation of lifelong learning also increased from 29.4% in 2008 to 35.6% in 2012. Qualitatively, the Korean students showed high level of achievement in international academic performance evaluation such as PISA and TIMSS by winning 1st to 4th places after 2003. In terms of technical resources, Koreans took 1st place eighteen consecutive times at Worldskills 2013 in Leipzig, Germany. And in terms of research capability, Korea ranked 11th place with publications of 44,718 thesis at the SCI level.

The reasons for Korea's educational development were the passion for education for those individuals who recognize learning as the fairest means of raising the individual's socio-economic position and the attention and support by both family and society who recognize the need for education. The government also strategically made large efforts to make education one of the key forces for national development.

Entrepreneurship must be viewed as the main factor for Korea to have created global corporations like Samsung, Hyundai and LG in a matter of decades from practically no corporate basis. Therefore, Peter Drucker, a leader on management consulting and entrepreneurship, appraised Korea in his book *Next Society* as a country with the strongest entrepreneurship in the world. This so called "first generation entrepreneurship" at the early stages of growth was not created through combining innovative ideas or developing new products, but by reinterpreting preexisting production factors. It was the spirit of creating the opportunities out of nothing that resulted in the entrepreneurship with "can-do" spirit.

New visions and pursuit of changes

Korea is recently experiencing the limit of growth as it transforms from an efficiency-driven economy to an innovation-driven one. It reached the end of the line of "the fast follower" development model, which was possible without innovation and creativity, but through copying more advanced countries'

successes. It became difficult to increase the growth rate without productivity improvement through innovation. Korea had to build a new entrepreneurial outlook armed with the “creative destruction” spirit popularized by Joseph Schumpeter. In order to transform from a fast follower to a first mover, Korea had to change from the entrepreneurship of a traditional industrialization era to an entrepreneurship of knowledge and information era. Also, workers had to change their attitudes from “physically working hard” to being “smart and innovative.” The entrepreneurship conflated with creativity, innovation, and traditional “yes we can” spirit is expected to restore the momentum which made the Korean economy take-off 50 years ago.

Korea is trying to change the educational paradigm to build a new virtuous circle of structure for sustainable economic development and changing entrepreneurship. The government is making a number of specific efforts for this. The government ministries are jointly developing a 5-year entrepreneurship educational plan and support universities’ efforts in field-oriented education and fostering entrepreneurship. They are also developing a flexible educational system for continuous self-development, even after the students enter the workforce. The most critical things for creative and innovative entrepreneurs are the capabilities for opportunity acquisition and value creation. They are making efforts to improve abilities in communication and creativity based on technology and ICT convergence.

Unlike in the past, the Korean companies competing in the global market have to survive from high risks, challenges and threats without government support. Obviously, the reward gets bigger as the business succeeds. Foreign trade dependency on the Korean economy in 2013 was 102% and it’s higher than any other country in the world. Developing global markets is one of the most important issues for Korea with an economy structure so reliant on global trade. Therefore, educational institutions are making efforts to improve capabilities in global communication and understanding diverse cultures in addition to traditional entrepreneurship education. In particular, Korea received positive feedback from developing countries to which Korea taught its growth model to by applying its unique experience of transforming the country from receiving economic aids to providing them.

Korea will be committed to increasing its contributions for educational development to the international society. Currently, Korea is widely recognized as a country that has achieved national development through education. However, these achievements were impossible without the support from the international community. Korea will support the “UN Global Education First Initiative” proposed by UN Secretary-General Ban, Ki-moon. Since Korea recognizes the importance of “Education For All (EFA)” led by UNESCO it is fully committed to contribute to developing countries’ educational development through global cooperation based on its experience of success through foreign aids in the 20th century.