



CLUSTERS IN A
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Promotion of Clusters in a Creative Economy: Korea's Voluntary Collaborations Between Big Firms and SMEs

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The industrial clustering strategy of Korea played a critical role during its modern industrial growth spurt. Korea's industrial complexes have taken maximum advantage of economies of scale and scope to result in agglomeration effects. Korea's successful export-led development has been intertwined with the effective clustering strategies of industrial complexes.

In a "new normal" era of slow growth and underemployment, Korea's current Park Geun-hye administration has initiated a "creative economy" strategy to shift to a knowledge-intensive and innovative economy. This strategy involves the commercialization of new ideas and new technologies to generate new growth momentum. At the core is a set of knowledge-intensive economic activities that could be nurtured through effective private and public R&D, innovation, and extensive networking among industries, government, academia and research institutes. It also involves the fusion, convergence and integration of industries amalgamated by ICT, venture startup promotion, active venture financing and cultural activities, which generate new commercial values and high-quality jobs. Each of them must also use IoT as well as big data. For this purpose, the Korean government has designated a total of 18 localities nationwide as regional innovation centers by assigning one anchor conglomerate on the basis of a firm's specialty area and local factor endowments, to nurture their collaborations with local SMEs and encourage venture startups.

Following a severe economic downturn and the great demise of Korea's SMEs after the global financial crisis in 1998, the Korea Commission for Corporate Partnership (KCCP) was established five years ago to encourage voluntary private collaborations between big businesses and SMEs in generating tangible win-win business results. In the pursuit of a creative economy, the KCCP strives, in a win-win framework, to combine the relative strengths of big firms as a technological leader and with their overseas networks, and SMEs and venture startups with

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great flexibility and new ideas. Korea is likely to find a new growth engine with the spirit of “inclusive growth.” This spirit of win-win cooperation infuses Korea’s regional innovation centers. The KCCP attempts to create positive-sum synergies for the firms involved through consensus-building processes among the representatives of big businesses, SMEs and independent public entities. In a larger sense, Korea’s efforts are geared to the concept of CSV, which has been recently emphasized as a new business discipline at Harvard Business School.