

DOES CORPORATE PARTNERSHIP INCREASE JOB CREATION?

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Abstract—The objective of this study is to examine the relationship between corporate governance and the economic growth of a country on the multinational level. There are many firms' cases or an individual state's case through successful corporate partnerships in previous research. But they could not have enough evidence to show the entire national level. In this research we seek to find out the big picture or the empirical results of corporate partnership and the economic growth on the multinational level. To achieve this objective, 2010 GEM data including 60 countries entrepreneurial data was used. The study results show that corporate partnership is not a significant affecting factor for economic development. Instead, we found out that corporate partnership affects economic growth heavily.

Keywords—Corporate Partnership; Job Creation; Unemployment Rate; Economic Growth; Entrepreneurship

I. INTRODUCTION

The industrialization of Korea is summarized by government growth and exports. The leading economic revitalization of large enterprises and the leading role of SMEs as a component supplier have supported the continued growth of the Korean economy. Large enterprises led exports, while small and medium-sized enterprises (SMEs) mainly grew up on domestic demand. The proportion of domestic sales among SMEs increased from 81.5% in 2003 to 87.7% in 2008, which is highly dependent on domestic demand (Lee, 2011). However, the proportion of B2C is only 10%, and most of them are in the form of B2B-type delivery business or in the form of subcontracting. In recent years, supply-demand-oriented firms have become increasingly reliant on large companies, accounting for more than 80%.

What is serious is that there is no indication that the polarization between large corporations and SMEs will be resolved. For example, in terms of growth, the sales growth rate of SMEs continues to lag behind large corporations. Since 2003, sales growth has been slower than that of large corporations, and the gap has widened since 2006. Profitability and wages are also widening. Revenue reflecting profitability

In terms of operating margin, the profitability of SMEs is not getting close to large companies. In 2009, the average operating margin of large companies increased from 5.56% to 6.80% in 2010, while SMEs declined from 4.84% in 2009 to 4.47% in 2010 (Bank of Korea, 2010). In developed countries, the gap between large and small companies is not large. In the US and France, SMEs have higher profit margins than large firms (SMEs, 2009).

Polarization of large enterprises SMEs has created an imbalance in their power and has become a stumbling block to the creation of healthy corporate ecosystems. Unfair trading practices using the superior status of large corporations have been the cause of conflict between large corporations and small and medium enterprises since industrialization, and have become the primary factors that hinder social integration as well as weaken social trust. It is not appropriate for these social confusion and problems to be regarded as problems only for the parties to conflict, and it can be said that the concept of socioeconomic effects of shared growth is still not enough. In other words, there are some reasons for the fact that the study on corporate partnership has not been done sufficiently yet.

In this paper, we focus on the effects of economic growth on the economic growth of the Korean economy. Through corporate partnership between large enterprises and SMEs, SMEs and large corporations can increase their competitiveness, improve the national economy through continuous growth engines and job creation, and achieve social integration through the provision of economic foundations will be.

Many studies to date focus mainly on enhancing the competitiveness of firms. This is due in part to the fact that enterprise-level research is mostly easy to perform and easy to measure. Many examples and success stories of companies such as Toyota are presented in these areas (e. g. research on SMEs in Switzerland and Israel; Lee, 2011; Kim, 2009). It is only at the level of presenting and reviewing. As a single-country study, there is a limit to the fact that it is impossible to systematically identify differences in performance by actually comparing countries with high levels of corporate partnership and low countries.

The reason for the difficulty of comparative studies among these countries is that it is very difficult to obtain consistent data that can measure the degree of corporate partnership among countries. However, it is very meaningful both academically and practically to find out the level of corporate partnership between countries using objectively comparable data and to investigate the degree of economic development according to these levels. This is because research results can contribute to reduce social conflicts and conflicts that are costly and to mobilize the capacity of social members.

Therefore, this study aims to demonstrate the effect of the level of corporate partnership between large corporations and SMEs on the economic performance of a comparable number of countries. To this end, we will use the Global Entrepreneurship Monitor (GEM) data, which is the world's largest global data for SMEs / entrepreneurship, to explore the relationship between the corporate partnership performances of the countries participating in the GEM project and their economic development.

II. PRIOR WORKS and RESEARCH QUESTIONS

2.1. Global Entrepreneurship Monitor (GEM) research

It is relatively recent that explaining economic growth started to include entrepreneurship or entrepreneurial activity variables. Though the importance of entrepreneurship was emphasized early by Schumpeter, the role of SMEs in the macro economy has been highlighted since the 1980s, and entrepreneurship has been re-examined. Traditionally, economic growth is explained by the growth theory of endogenous growth and the endogenous growth theory, which is explained by the factors of production factors and technology. The endogenous growth theory emphasizes the fact that the quality factor of the production factor, in particular the human capital, not the simple labor, and the technology are determined endogenously. If you follow the existing growth theory, the big business sector will contribute more to growth. This is because large companies have relatively favorable human and material resources and technological capabilities compared to SMEs both in terms of quality and quantity. For this reason, existing growth theory does not account for the size-specific nature of the firm, but implicitly large firms see growth as leading (Brown, Hamilton and Meoff, 1990).

However, this idea has led to considerable challenges. This is because the problems of adaptation to rapid changes in the corporate environment and the innovation effects of start-up companies are overlooked. It was overlooked that new SMEs were the source of innovation. It is through the experience of the United States and Europe that this awareness has emerged. It has been confirmed in Europe that relatively new jobs are being created in the SME sector. In the United States, the situation is more dramatic than in Europe. A number of emerging SMEs - Microsoft, Seiko, Hewlett-Packard, Oracle, etc. - were born with new ideas and played an important role in economic growth with this innovative technology. Since then, it has been reported that SMEs' entrepreneurial activities in many countries are important for macroeconomic growth and

employment (Acs, 1999). Nevertheless, there is no systematic study of the effects of entrepreneurial entrepreneurship on growth in academia.

Exceptionally, the Global Entrepreneurship Monitor (GEM), a research study jointly conducted by the London Business School in the United Kingdom and Babson College in the United States, was first published in 1999. According to this report, the hypothesis that there is a high positive correlation between entrepreneurial spirit of entrepreneurship and economic growth of SMEs (hereinafter GEM hypothesis) was presented and received much attention. At first, a survey of 10 countries, including the G7 countries and Israel, Denmark and Finland, found that relatively high economic growth was achieved in countries where entrepreneurial entrepreneurship was active. After that, we expanded the participating countries in the project (in 2009 and 2010, 54 countries and 59 countries including Korea participated jointly), and confirmed that the GEM hypothesis was supported.

For continuous and systematic surveys, GEM conducted annual surveys from 1999 to 2010 and a total of 12 annual surveys were conducted. At the time of its launch in 1999, only 10 developed countries participated in the project, but over a period of 12 years, more than 80 countries participated in the GEM project, and comparative studies on the entrepreneurial activities of these countries were possible. For systematic research, GEM extracts randomly more than 2,000 adult men and women from countries participating in the GEM project, and conducts surveys focusing on entrepreneurial activities. In 2010, more than 175,000 people in 60 countries were surveyed. These 60 countries account for more than 54% of the world's population and account for more than 84% of global GDP. It has become a global research project.

2.2 Research questions

As we have seen from the above theoretical background, it is recognized that there is positive economic performance in the various aspects of corporate partnership between large corporations and SMEs (Lee, 2011; Kim, 2006). However, most research is limited to the case studies of successful companies or theoretical studies that claim the necessity of corporate partnership. Therefore, research on how corporate partnership is actually related to economic performance is still lacking. Therefore, this study aims to establish and verify the following three research hypotheses for the purpose of demonstrating economic performance of joint growth.

First, with respect to the economic performance of corporate partnership, it is recognized that countries with high levels of corporate partnership or achievement are generally advanced countries (Lee, 2011). Here, developed countries mean economic development or economically advanced countries in which all the people live well by achieving economic development. This belief or awareness is based on the corporate partnership that strengthens the competitiveness of the enterprise, grows the national economy, and becomes the foundation of a fair society.

However, looking at the basis of this belief one by one, the fact that corporate partnership improves the competitiveness of both large and small companies, and that the countries where these competitive companies are located are mostly advanced countries (for example, cyber Corporate cases at the Comprehensive Support Center). However, these companies are actually about corporate competitiveness, which is not necessarily related to national competitiveness. In addition, the belief that social integration is achieved through the provision of an economic basis for a fair society and that it leads back to developed countries is also based on the case of individual countries, not an objective comparative study among many countries (Lee, 2011; However, this too is just an example of the characteristics of one or two countries, and it is hard to be linked to the generalization that all countries are so. Therefore, the recognition that joint growth leads to developed countries needs to be carefully confirmed. This leads to the following research questions.

Research Question 1: Does the level of corporate partnership affect the economic development of a country?

It is recognized that the corporate partnership between large corporations and SMEs can achieve high economic growth by securing sustainable growth engines (Kim, 2011; Lee et al., 2010). Compared to large corporations, SMEs create new businesses through new markets and technologies.

This means that SMEs who have passed the market test are highly likely to grow, as they are at a risk compared to large companies operating in stable businesses targeting stable technologies and customers. Therefore, the higher the share of SMEs and the higher the growth rate of the corporate partnership, the higher the economic growth of the country. This leads to the following research questions.

Research Question 2: Does higher level of corporate partnership increase job creation of a country?

III. RESEARCH METHOD

The purpose of this study is to demonstrate the economic performance of joint growth between large and small companies. Here, the economic performance of joint growth refers to the comparative analysis of the national level rather than the analysis of the business unit, which has been studied so far. We use GEM (Global Entrepreneurship Research) data in this study to compare objectively the growth indicators of various countries, not the individual growth indicators of individual countries at the same time. The GEM project is building a global database of entrepreneurial areas that can be compared across countries through long-term research that has lasted for more than 10 years.

The period of using GEM DB data was selected from 2010 considering the fact that the effect of the start-up on the economic performance may be delayed. In other words, it is to verify empirically how the growth indicators of 2010 have affected economic growth in 2011 and 2012. In 2010, 60 countries participated in the GEM project globally, so the analysis is based on the combined growth indicators of 60 countries.

In order to conduct a systematic survey of entrepreneurial activity, GEM conducts structured questionnaires on adult populations capable of entrepreneurial activity, which is basically surveyed by more than 2,000 people per country. In 2010, more than 175,000 people in 60 countries were surveyed, and the entrepreneurial trends of these 60 countries, for example, entrepreneurial activities, attitudes, and aspirations, were investigated. Among these, the corporate partnership indicators that are of interest in this study are related to business start-up indicators in particular and will be explained in detail through company definition and division in GEM.

3.1. Definition and classifications of enterprises in GEM

Regarding the activities of SMEs and large corporations (referred to as "established businesses" in a similar way in GEM), GEM classifies entrepreneurs as potential entrepreneurs, early entrepreneur entrepreneurs, early entrepreneur entrepreneurs, and founder entrepreneurs. Here, entrepreneurial entrepreneurs in Taekwondo are at the beginning stage of a new business, and early entrepreneurial entrepreneurs refer to entrepreneurs who paid for three months to three years and six months (42 months) or less. And if they pay for a longer period of time, they are classified as entrepreneurial entrepreneurs who enter the stabilization period after their establishment.

Among the four stages of entrepreneurial activities or SMEs' activities, it is especially important that the entrepreneurial activities and early entrepreneurship activities of the early period are important. These two initial stages constitute the total entrepreneurial activity rate (TEA rate), which is an indicator of how active the entrepreneurial activity of a country is. For example, Korea's TEA in 2010 is 6.6%, which means that 6.6 out of 100 adult populations (18-64 year old population) in Korea are engaged in entrepreneurial activities.

TEA consists of the activities of the Nascent Entrepreneurs and the activities of the early entrepreneurs (New Business) as described above. If there is a salary paid to an employee who has worked for more than three months, including the founder himself, this can be regarded as a "business event" of a substantial business. Individuals who actively manage resources to start a business but fail to reach the "initiation event" at this stage are called nascent entrepreneurs.

Individuals who currently own and operate a business while paying for a period of 3 to 42 months are called new business owners. The 42-month period is a comprehensive consideration of several theoretical and practical factors. Stabilizer Established business owners are people who have

already owned and operated a well-established company for over 42 months. They are people who have practiced the right to survive through change.

3.2. Research variable definitions

In this study, we examine how the corporate partnership of 2010 is related to the economic performance of 2011 and 2012 in order to verify the economic performance of corporate partnership. We will analyze this by using comparable corporate partnership indicators and economics and indicators. The variables and measurements for this are shown in Table 1 below.

Table 1. Definition of research variables

Research Variables	Definition	Source(s)
Nascent Entrepreneurship Rate	Percentage of 18–64 age group who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months	GEM APS
New Business Ownership Rate	Percentage of 18–64 age group who are currently an owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months	GEM APS
Total Early-Stage Entrepreneurial Activity (TEA)	Percentage of 18–64 age groups who are either a nascent entrepreneur or owner-manager of a new business (as defined above).	GEM APS
Established Business Ownership Rate	Percentage of 18–64 age group who are currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than 42 months.	GEM APS
Necessity-Driven Entrepreneurial Activity	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who are involved in entrepreneurship because they had no other option for work.	GEM APS
Opportunity Entrepreneurial Activity	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who (i) claim to be driven by opportunity, as opposed to finding no other option for work; and (ii) indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income.	GEM APS
Unemployment Rate	The number of unemployed people divided by the number of economically active people 15 years old or older by the ratio of people who have the ability to work and the person who does not have a job to do the job by the ratio that it does not have a job (2011, 2012)	IMF, CIA World Fact Book

IV. ANALYSIS RESULTS

Table 2 summarizes the results of the GEM study in 2010 for 60 countries, which are divided into three stages according to the level of economic development. There are 13 countries in Factor-Driven Economies, 25 in Efficiency-Driven Economies, and 22 in Innovation-Driven Economies.

Table 2. Country classifications by level of corporate partnerships

Category	Number of countries	Country
Factor-Driven Economies	13	Angola, Bolivia, Egypt, Ghana, Guatemala, Iran, Jamaica, Pakistan, Saudi Arabia, Uganda, Vanuatu, West Bank and Gaza Strip, Zambia
Efficiency-Driven Economies	25	Argentina, Bosnia and Herzegovina, Brazil, Chile, China, Colombia, Costa Rica, Croatia, Ecuador, Hungary, Latvia, Macedonia, Malaysia, Mexico, Montenegro, Peru, Romania, Russia, South Africa, Taiwan, Trinidad and Tobago, Tunisia, Turkey, Uruguay
Innovation-Driven Economies	22	Australia, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States

Next, we looked at the effect of job creation on the accompanying growth. First, joint growth is measured by TEA-EB, and job creation is measured by the unemployment rate in 2011 and 2012. The following figure shows the relationship between them (see Figure 1 below). The results for 2011 and 2012 are contradictory. In 2011, as the degree of corporate partnership has increased, the unemployment rate has decreased slightly, resulting in the creation of jobs. However, in the case of 2012, the unemployment rate is also increasing as the degree of corporate partnership increases. These results are attributable to the ongoing economic crisis in 2H11 and 1H12.

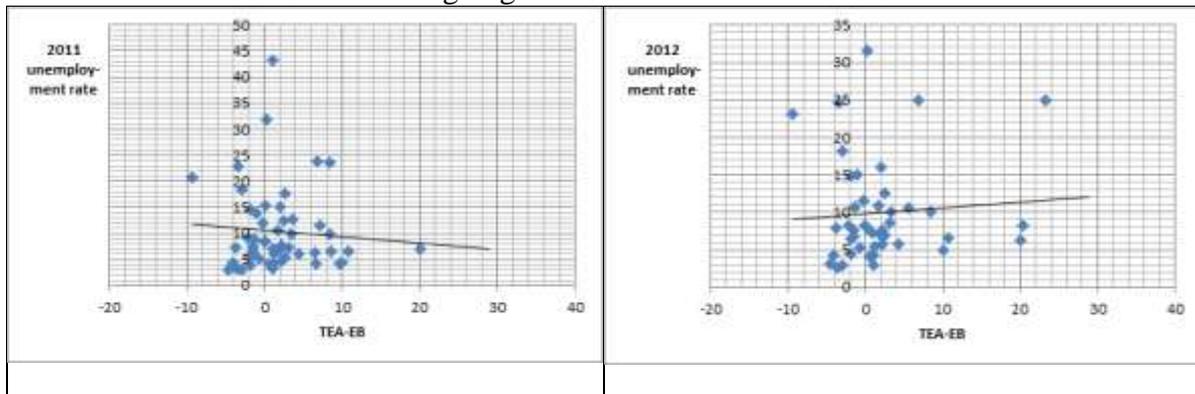


Figure 1. (TEA-EB) and the 2011/2012 unemployment rate

For further analysis, additional analysis was performed as in the previous section. First, to determine whether there is a difference in the unemployment rate according to the attributes of TEA, we divide the TEA into SU and BB, and examined whether there is a difference between these indicators and EB. The results are shown in the following figure (see Figure 2 below). In addition to the relationship between BB-EB and the 2012 unemployment rate, it is difficult to say that there are certain patterns in the three other cases. In all three cases, there is no consistent pattern between the degree of corporate partnership and the unemployment rate, but the higher the BB-EB is in the relationship between the BB-EB and the 2012 unemployment rate, the higher the unemployment rate.

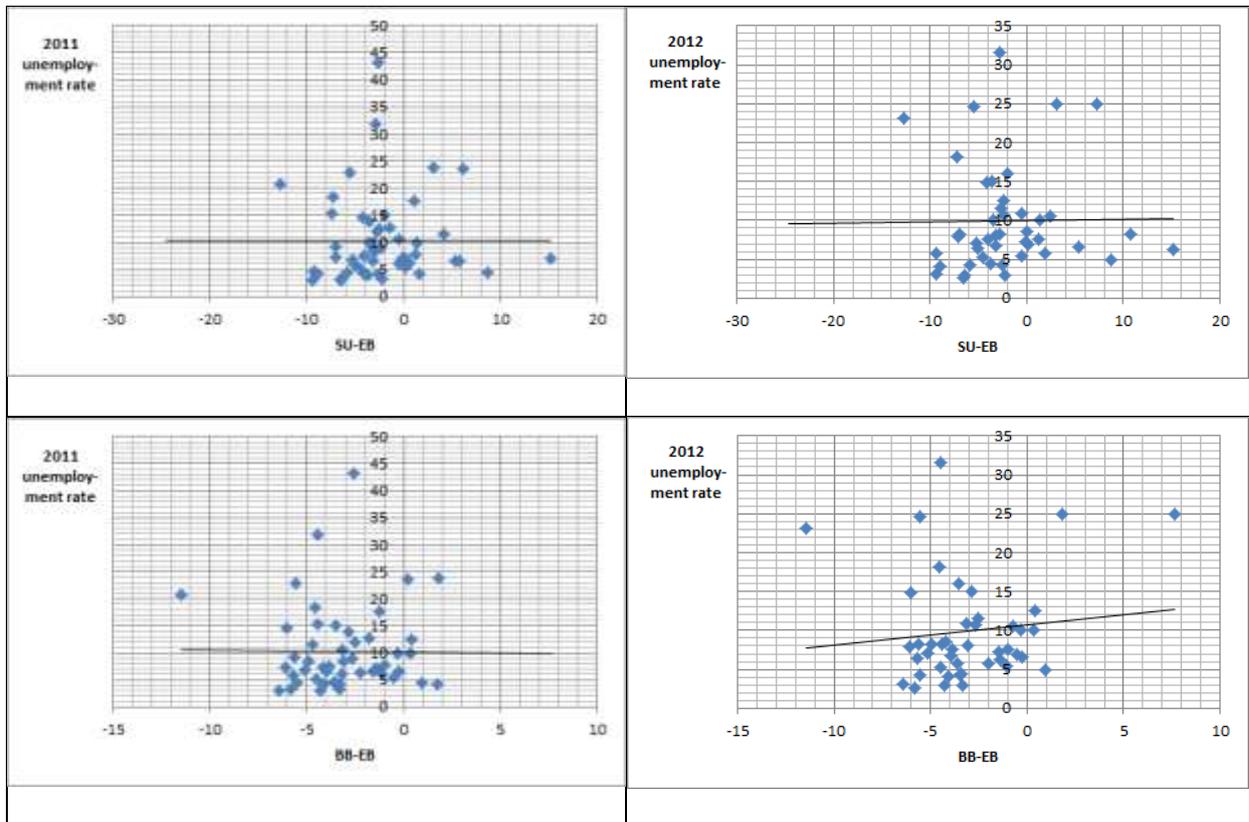
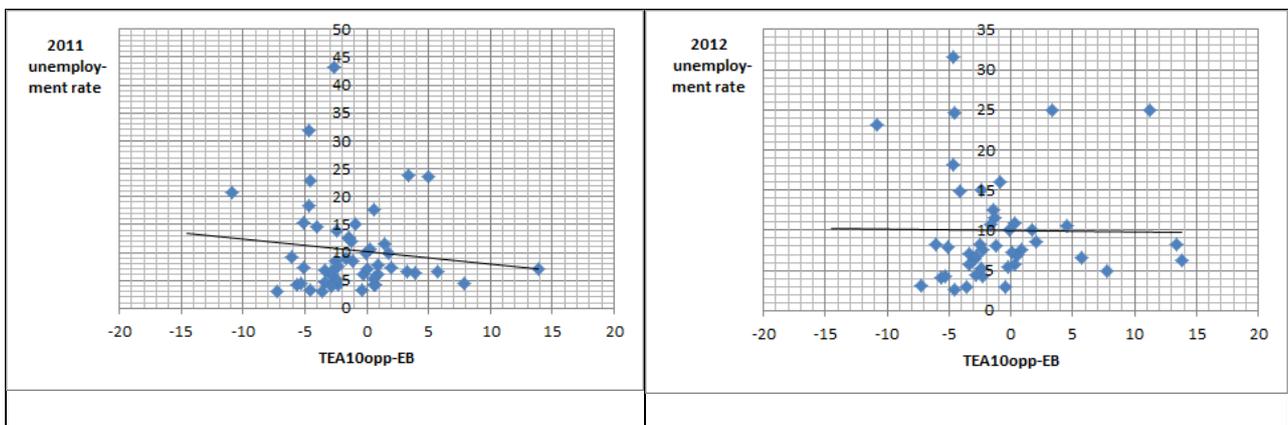


Figure 2. (SU-EB), 2011/2012 unemployment rate and (BB-EB), 2011/2012 unemployment rate

Next, we confirmed whether unemployment rate differs according to opportunistic entrepreneurship and livelihood entrepreneurship. The results are presented in the following figure (see Figure 3 below), and the results of opportunistic entrepreneurship and livelihood entrepreneurship are contradictory. In the case of opportunity-seeking entrepreneurship, it is difficult to say that there is a clear pattern in 2012, but in 2011, the higher the degree of corporate partnership, the lower the unemployment rate. On the other hand, in the case of livelihood-type entrepreneurs, the unemployment rate also increases with the degree of corporate partnership. This is the opposite of the social perception or myth that the growth of large enterprises and SMEs is the driving force of social job creation. Of course, this is not to say that there is a factor of increasing unemployment due to the global economic crisis, but it is clear that the start-up or SME related to job creation clearly shows that it is an opportunity-seeking start-up I can.



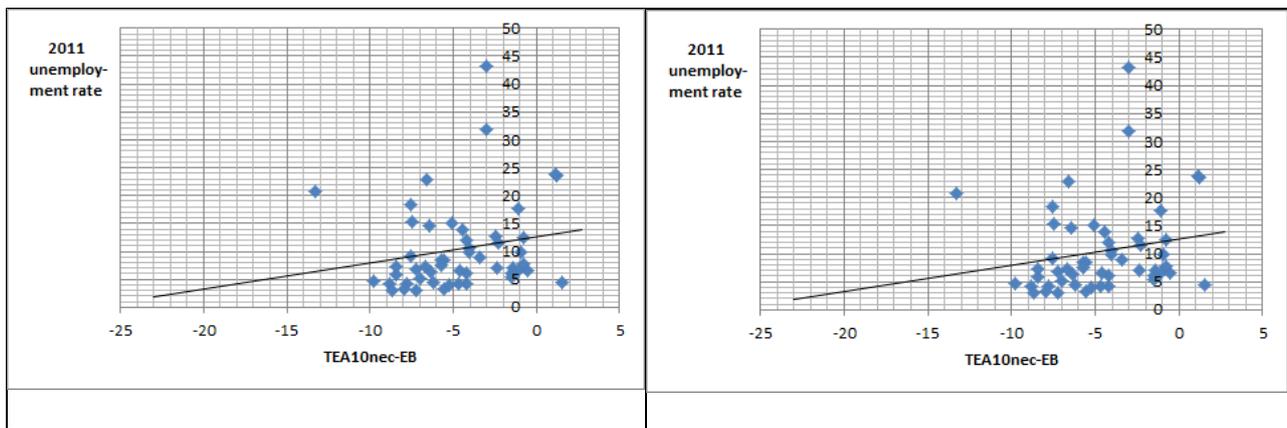


Figure 3. (OPP-EB), 2011/2012 unemployment rate and (NEC-EB), 2011/2012 unemployment rate

As a result, the unemployment rate was lowered as the degree of corporate partnership increased. This is especially evident in the case of opportunity - seeking entrepreneurship, which shows that the more job - seeking entrepreneurship is, the more jobs are created.

V. CONCLUSION AND IMPLICATIONS

The purpose of this study is to demonstrate the economic performance of large enterprises and SMEs by using GEM data, which is a global database of entrepreneurship. In previous studies on joint growth, only cases of successful companies or cases of individual countries have been presented, and comparative analysis has not been made with objective comparable national level data. In this study, we compared GEM data with objective data that can be generalized as national level data. The main results of the study are summarized as follows.

It is true that there is a social wisdom that advanced countries are advanced economically as the degree of corporate partnership progresses through cases of successful companies or exemplary cases of developed countries. Such a background is due to the lack of objective, state-level data that is practically available, making consistent comparative analysis difficult. Therefore, this study tried to demonstrate this social myth.

As a result of using GEM data in 2010, this social wisdom was found to be virtually useless. In other words, it was not an economically advanced country because large enterprises and small and medium enterprises were developed in a balanced way. The actual results show that there are more developed countries in the countries where the proportion of large corporations is relatively higher than that of SMEs. Of course, some of the developed economies developed economically, while others have a high degree of corporate partnership, while others have low growth rates. The results of this study suggest that it is very contrary to the generally accepted social myth.

It was confirmed that job creation increases with the degree of corporate partnerships. Among the need for joint growth, job creation effect is one of the highlighted effects. In this study, the economic performance of such joint growth has been confirmed. The difference between TEA and EB was related to the decrease of unemployment rate. Therefore, in order to increase the effect of job creation, it is necessary to encourage corporate partnership. Especially, there is a need to expand opportunity-seeking entrepreneurship.

The implications of this study are as follows. For the first time, corporate partnership showed a greater effect on economic growth than on the national economic development. It has been confirmed that through the expansion of new growth engines, sustainable economic growth is possible, and in recent years, problems have become more serious, lowering the unemployment rate and increasing jobs. This suggests that the country that preceded it in terms of corporate partnership is the basis for contradicting the social wisdom that it is an advanced economy, suggesting the need to change this widely recognized perception. It is suggested that the important and necessary necessity of corporate partnership should be found in the fact that our economy must continuously grow and achieve growth through growth and social integration through creating new jobs.

The desirable types of entrepreneurship for corporate partnership are also presented in this study. These types of entrepreneurship are opportunity-seeking entrepreneurship to seek and utilize new opportunities rather than lifestyle entrepreneurship, which is an inevitable entrepreneurial way to solve livelihoods. While living-based entrepreneurs do not achieve much in terms of economic growth or job creation, opportunities-seeking entrepreneurs show high performance in terms of economic growth and job creation. Therefore, if the government and the local government try to revitalize the national economy or the local economy, we should actively encourage opportunities for seeking opportunities to start new business opportunities.

This study also has limitations. We use data such as TEA or EB of GEM data to use objectively comparable corporate partnership indicators, but these data alone are not the only indicators of joint growth. The study using secondary data that can complement the limit of GEM data could improve the research result of this study.

In addition, we used only cross-sectional data for 2010 as a joint growth indicator, and it is difficult to exclude the possibility that the cross-sectional data reflect the specific circumstances of the corresponding year. The exclusion of these potentially special circumstances requires analysis as longitudinal data as well as cross-sectional data. It would be meaningful to see the relationship between shared growth and economic efficiency after ensuring consistent data through longitudinal data.

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