

# Foundation of Management Innovation and a Success Model of Micro Enterprise by Increasing Entrepreneurship and Organization Relationship Analysis\*

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## Abstract

After the rapidly changing business management environment and financial crisis, high prices and domestic recession in Korea posed threats to the business survival of small and medium enterprises (SMEs). This paper looks at the potential of micro business owners for sustainable development: those who have a spirit of entrepreneurship and the potential to be a hidden champion. Our study of micro business values uses structure equation modeling by LISREL. We have done so in order to understand the foundation of management innovation and success model of micro enterprise by increasing the entrepreneurship and management performance relationship analysis. A micro-enterprise is a type of small business, found only in Korea, often registered as having ten or fewer employees.

We examine the successful type of hidden champions and the influence of entrepreneurship on start-ups in business. As compared to past research on the SME entrepreneurship, this study segments small businesses even further. Small business entrepreneurship was classified into three forms that are most appropriate for the Korean situation today: innovation, risk-taking, and pro-activeness. This research is meaningful as it is Korea's first empirical analysis on four business types: wholesale and retail sales, food and lodging business, service business, and manufacturing business. Thus far, research on small business entrepreneurship was carried out using small-scale investigative analysis. However, this research attempted to develop a model that can explain a cause-effect relation of the motivational level when it comes to the difference of entrepreneurship by each business type

and small business start-up success factors. Various conceptual and operational definitions could be developed in a diverse and precise manner. Independent variables that are related to the success of small businesses can be developed additionally to examine the success factors related to the systematization in detailed manner.

The research showed that the innovation, risk-taking and pro-activeness of the manifested difference in the degree of perception depending on the type of small businesses. Among the four business types, the ones that manifested the highest successful start-up rates were food, service, wholesale and retail sales and manufacturing. Results after conducting the regression analysis are shown on, which proves that the small business entrepreneurship exerts direct effect on the financial management performance of small businesses. In other words, small business entrepreneurship exerts a positive effect on the small business financial success and management performance. The  $R^2$  value is 0.61. It is possible to know that the perception of systematization and variables on attitude explains the 61% of the success for small self-employed businesses management performance. We define start-up key factors that are helpful to achieve internal growth of firms by finding business survival strategies. The results also focus on Korean government policy for micro enterprise and small business support.

Keywords : Entrepreneurship, Small and medium enterprises, Small businesses, Organization, Management, performance, SEDA, BEPA, SMBA

## I. Introduction

Entrepreneurship refers to the behavioral and personality characteristics that an entrepreneur needs. Entrepreneurship is defined mostly as "human-like and creative actions that produce value by creating something from nothing." Moreover, it can be defined as entrepreneur's personality that prioritizes innovation, risk-taking, opportunity detection and response to change. In other words, entrepreneurship refers to the strong personality and behavioral characteristics that an entrepreneur needs to succeed by creating something from nothing, and it is characterized by challenging spirit, sense of adventure, immersion, passion, ability to capture opportunity, creativity, independence, competitiveness and willingness to achieve and so forth. In case of Korea, this type of entrepreneurship is perhaps more important than in other nations to ensure national growth through eco-

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conomic advancement. Since Korea is small with relatively limited population and lacks natural resources needed for national growth, Korea can pursue after economic advancement only through the human resources with powerful entrepreneurship. As it was proven in the past through the history of our economy growth, companies were born from some powerful entrepreneurs who grew the companies, growing into the world-class companies these days. No matter what Korea as we know it today may not have existed without these large companies.

Some successful entrepreneurs transformed this one nation as such, and made the citizens gain self-confidence, turning Korea into a nation that is gaining the attention of the world. These days, drivers of national growth through economic growth are not the resources, capital, population or military, but the entrepreneurs. Entrepreneurs are the individuals with strong entrepreneurship. Recently, however, the general analysis regarding entrepreneurship in Korea is waning significantly compared to the past.

As the tendency for hedging risk and uncertainty and for pursuing after stability is increasing after the foreign exchange crisis during the end of the 1990s and after the venture bubble during the early part of the 2000s, entrepreneurship in particular is waning significantly.

Korea was ranked No. 19 in the World Bank's evaluation on the companies' management conditions for the year 2010. Although this ranking is four steps above the rank in 2009, Korea was ranked No. 53 in the startup category, which is significantly low. This is the same for the investment in facility which is one of the entrepreneurship indices. Although the figure increased by 11% on yearly average from 1991 to 1997, it fell drastically to 2.5% after the foreign exchange crisis (1998-2008). Share of the venture companies' CEOs in their 20s and 30s decreased significantly up to 11.8% last year whereas it was 52.6% in 2002.

To this, the government is making efforts from diverse angles to recover the national economy's vitality through the strong challenging spirit and increased sense of achievement when it comes to the entrepreneurship that is waning. Among them, the Korean government is focused mostly on the entrepreneurship of the young people and small business entrepreneurship.

First of all, the government focused on solving young people's unemployment issue, which it considers important. As such, Ministry of Knowledge Economy took the lead to establish the foundation in 2011 to increase challenging spirit, creativity, competence for innovation and others, targeting the young people and founders-to-be. This not-for-a-profit foundation was approved for establishment by the President of the Small and Medium Business Administration in accordance to 2 of Clause 39 (investment for the Foundation on the Entrepreneurship of the Young People of the revised law of the 'SME Start-up Assistance Law' [Law No. 10533]. As for the capital required for the establishment of the foundation, the government invested 5 Billion Won while 3 Billion Won came from the private sector. The foundation's key businesses include 'Angel Matching Fund' formation and operation and others. 'Angel Matching Fund' is the project in which the foundation matches the investment when private investors discover and invest in startup companies. The founda-

tion plans to form 15 Billion Won fund this year and to grow it to the 90 Billion Won fund until 2015.

The area that the Korean government has to focus on in the entrepreneurship area after the young people, is the small business entrepreneurship area. There are numerous different opinions in the small business entrepreneurship area among the researchers as well. If there the concept of entrepreneurship for small businesses?, If there is the assumption that there is such a concept, what kinds of differences are there by each business type?, This is the part that concerns whether small businesses entrepreneurship in Korea significantly affects successful startup.

Accordingly, this research seeks to conduct empirical research on the realities of small business entrepreneurship and significant influence so that the Korean government can oversee the question of small businesses entrepreneurship in a structured manner. Given that there are not many researches conducted on the small business entrepreneurship in Korea today, the contribution made by this research can be considered significantly high. Moreover, going steps further, Korea Promotion Agency for Small & Medium Enterprises, institution that supports Korea's representative small businesses, that has to manage and to cultivate small business entrepreneurship in a structured manner too has to have organization and function that corresponds to the level of support. All types of government level business support and operation too have to be in line with the entrepreneurship attributes. Thus, this research regarding small business entrepreneurship can be considered very meaningful.

## II. Theoretical Background

### 1. Concept and definition of entrepreneurship

The term, entrepreneurship was used widely after Richard de Cantillon used it for the first time after he emphasized entrepreneurs' risk-taking about 200 years ago. However, it was only recently that this term was discussed in a full-fledged manner. The term, entrepreneur derives from the French verb, 'Entreprendre' which means 'to try,' 'to venture' and so forth. Accordingly, entrepreneurship can be considered challenging spirit that capitalizes on new opportunity despite risk and uncertainty.

Entrepreneurship is a translation of "entrepreneurship". Normally, it is written as <Spirit of Business Man> Chinese characters' concept, and it is often called, founder spirit, founding activity and so forth. However, two misunderstandings may result when entrepreneurship is translated as <Spirit of Business Man>. First of all, entrepreneur signifies businessman who engages in business activities. Thus, it conveys a completely different meaning from that original term, entrepreneur. Entrepreneur pursues after starting up of new business or development of new business. Thus, active involvement is required to capitalize on new opportunity. This refers to a person who creates something new through innovation. Thus, it is viable to refer to that person as an entrepreneur. Moreover, entrepreneurship is not merely a

"spirit." Instead, behavior is prioritized considerably just as much as thinking system or method. Accordingly, the translation, "Spirit" is not appropriate. However, the term, "entrepreneurship" is already established. This research factors in the reality although entrepreneurship is not perfect, and it is to be used by translating as "Spirit of Business Man" (Bae and Cha, 2009).

Traditionally, small business entrepreneurship is handled as a core factor for dealing with company performance (Covin and Slevin, 1989). Accordingly, numerous existing researches sought to define the effect of demographic characteristics such as gender, age, education level, experience, or background as founders' common personal characteristics as well as psychological and behavioral characteristics on the company performance (Begley and Boyd, 1987; Sandberg and Hofer, 1987; Suh et al., 2011; Suh, 2007; Yoon and Suh, 2003).

Amidst this situation, if founder orientation is to be defined, it can be expressed as organizational traits such as companies' work process, actual work execution, innovation for decision-making, risk-taking and proactiveness that are necessary to operate companies (Matsuno et al., 2002). Among them, innovation can be classified as new idea creation, new product, diverse experiments, diverse and creative work process and others that cannot be seen at the existing companies. Along with risk-taking tendency, this gained attention as an important theme of the research on small companies. Proactiveness can be considered as superficial (Skim) activities for becoming a leader above competitors in the price activities and market in order to set goal and to gain high price for the segmentation of the premium class market for creation, a challenge undertaken for the first time in the industry in order to gain the benefits that are favorable to the companies (Zahara and Covin, 1995).

When the existing researches that studied founder spirit are examined, Begley and Boyd (1987) demonstrated that the managers with high will to achieve, risk-taking tendency and others manifested financial performance. Lussier (1995), Covin and Slevin (1989) demonstrated that the managers with high motivation to achieve manifested higher financial performance while managers who are oriented towards rapid growth tended to manifest stronger risk-taking tendency compared to the managers who are oriented towards slow growth. On the contrary, however, Sandberg and Hofer (1987) claimed that founder's personal characteristics are not significant when it comes to their effect on the company performance. Likewise, given that some researches demonstrated that there are no relation of Ying with and effect on the founder oriented performance based organization structure, it is possible to see that there are no consistent research results when it comes to the research that studies the effect of founder's founding orientation on the organization structure and management performance until today (Caruana et al., 1998).

Wiklund and Shepherd (2005) classified the founder's strategy orientation into three aspects; founder's innovation, progressive activity and risk-taking. It was pointed out that although strategy orientation is playing a major role in improving company performance, the reality is that the effort to apply to the field is rather lacking.

## 2. Entrepreneurship's core factors

In Korea today, there is almost no research held on entrepreneurship since this topic is at the initial stage of research. Research on entrepreneurship in Korea during the early stage was classified into the following three stages. Core factors were classified into innovation, risk-taking and proactiveness (Yoon et al., 2008; Suh, 2003).

### 2.1. Innovation

Innovation is explained as carrying out central role in the organization during continual creative destruction process, and defined innovation as entrepreneur's role while claiming that an entrepreneur is the driver of economic advancement. Moreover, entrepreneur's mission is that of an Innovator who destroys what is old and who creates new tradition. In other words, an innovator is 'Creative Destructor.' Entrepreneur's innovative behavior induced economic growth's major engine and new business development. Essential act of entrepreneurship stems from new entry into market or product domain.

An entrepreneur is someone who knocks on the untapped market opportunity (inconsistency of demand/supply) while resources are not owned (Kirzner, 1973). Meanwhile, an entrepreneur is perceived as the innovator of new combination who leads new production process.

It is general awareness that the entrepreneurship is to focus on the activities for value creation that entail creating something new and innovative. Gartner (1990) defined innovation as characterization based on something new with idea, product, service, market, or technology in a new organization or existing organization. Entrepreneurship includes three factors when it comes to the perception of opportunity for innovation in general. ① market desire or tangible and intangible resources (knowledge, technology etc.) that are not used, ② discovery whether special market desire and special resources are appropriate and, ③ creation of new combination between desire and resources, separated until now at the form of business concept (Krueger, 2000).

### 2.2. Risk-taking

Entrepreneur with sense of entrepreneurship does not perceive risk as risk, but as new opportunity. Entrepreneur handles uncertainty and is leading rapid technology and business these days (Kirzner, 1997). To readily capture opportunity, this is a business strategy that entails staffing key resources and intervening amidst high uncertainty when it comes to performance. Handling uncertainty means reacting to the genuine uncertainty that is combined according to the similar performance characteristics instead of vague uncertainty. Risk signifies appropriate and calculated risk instead of drastic and uncontrollable risk that factors in decision-making on the allocation of diverse resources (Morris et al., 2008) because entrepreneur does not prefer all too large uncertainty.

Risk-taking signifies the ability to capture new business opportunity by acting boldly even when there is no certainty of the success of new business, and can be classified into three groups as shown on

<Table 1> to analyze the tendency towards risk.

<Table 1> Three forms of risk-taking

Classification	Definition of concept
Business risk-taking	New business is included without the certainty of growth potential Moreover, risk such as untested market entry or staffing of the unproven technology
Financial risk-taking	Staffing of large amount of resources for growth or companies' liability Moreover, risk that signifies transaction risk/profit in the financial analysis
Human risk-taking	Risk that entrepreneur assumes for the sake of strategic activity process, and provides important meaning to their experience when it comes to the decision-making, by taking risk that affect the entire company

2.3. Proactiveness

Proactiveness signifies the effort made by companies to capture new opportunity. Moreover, proactiveness is relative concept of reactivity, and it is explained as companies' activity orientation. Proactiveness provides insight on the awareness of change and on the voluntary competition. It refers to the voluntary entrepreneurial attitude that curtails competitors with progressive and active involvement when it comes to the introduction of new products and services through the creation of companies' environment changes and activities for forecasting future demand amidst competition (Li et al., 2007). Accordingly, organization with high level of proactiveness is characterized by considerable perseverance, adaptation ability and willingness to assume responsibility for failure. Moreover, this type of organization observed the trend and defines the customers' desire. In addition, problem that may result from the change in the demand and new venture opportunity is forecasted. In particular, proactiveness is important in the companies that wish to become industry leaders. Progressive companies are not only future oriented, but pursue after changes concerning competition characteristics in the industry (Evans and Wurster, 2000). It is possible to countermeasure competitors from the position in which successful leadership is enjoyed in the market and industry. Moreover, brand identity development, execution of technology for management and application of new technology in the industry are enabled as market leader's benefits (Lieberman and Montgomery, 1988). Likewise, proactiveness is very effective medium for creating companies' competitive advantage. Companies an strengthen competitive advantage through continual progressive activities such as introduction of new products, technological capability with competitive advantage, and continual supply of new products and services.

Proactiveness refers to the effort made by individuals, companies and groups to capture new opportunity. This is active behavior for participating in the market change, steps ahead of the competitors. It also includes active will for competition when it comes to the competitor that exists in the existing market, will to achieve superior performance and challenging attitude (Lumpkin & Dess, 1996).

<Table 2> Definition of entrepreneurship

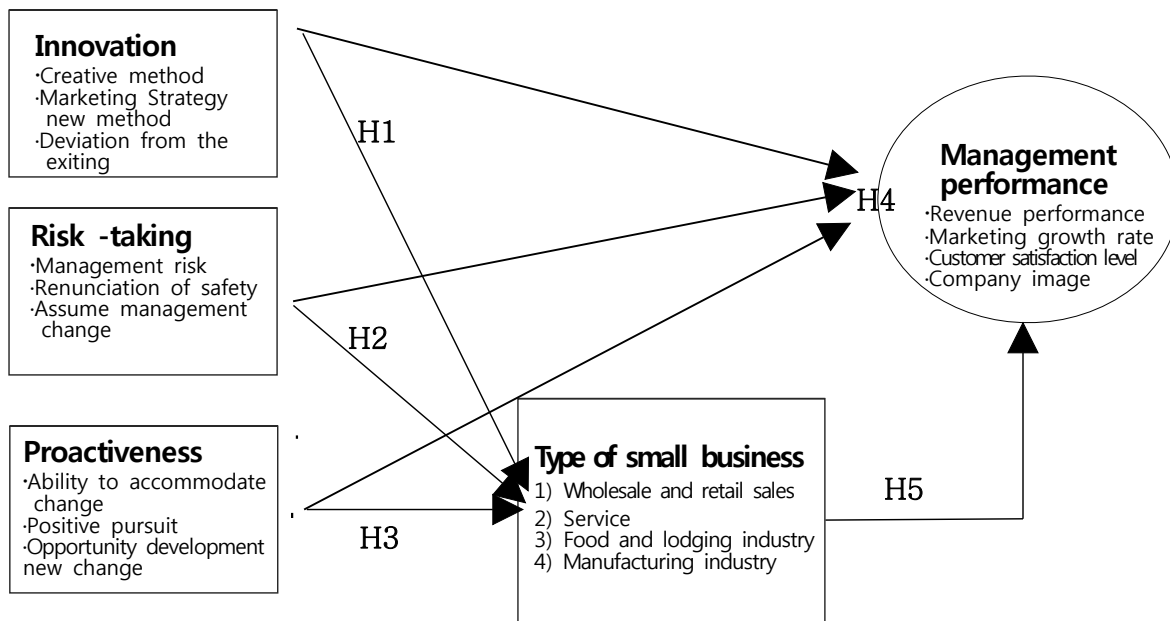
Researcher	Definition	Core factors
McClelland (1961)	Individuals' tendency to take appropriate risk	risk-taking
Dess et al.(2005)	This refers to the ability to capture new business opportunity by acting boldly even when there is no guarantee of success for the new business.	risk-taking
Hisrich & Brush (1990)	Creation of something new and valuable for risk-taking and corresponding compensation	risk-taking
Vesper (1980)	Ability to pursue after new business and that which is not bound by society's common sense or sense of authority, and that entails finding opportunity that others could not find	opportunity
Hart et al.(1995)	Process for the person who pursues after opportunity regardless of the resources that are controlled presently	opportunity
Bae & Cha(2009)	Thinking method and behavior that think of and pursue after opportunity without getting bound with resources and ability that are available	opportunity
Yoon et al.(2008)	Define route of awareness for normative immersion, continuous immersion, and emotional immersion when it comes to small business entrepreneurship	innovation, risk, behavior
Gartner (1990)	Innovation is the creation of something new, whether idea, product, service, market, or technology in the new organization or existing organization	innovation
Stevenson (1992)	Pursuit of resources besides the resources that are under control	innovation
Timmons (1990)	Human and creative behavior that creates something valuable from nothingness	behavior
Bygrave (1995)	Creation of organization that is aware of and pursues after opportunity, and behavior concerning entrepreneur process, related functions and activities	behavior
Baron & Shane (2005)	Creating something new, pursuing it and behaving accordingly	behavior
Hisrich (1985)	Process of creating another value while investing time and effort with the assumption of getting compensated with money and personal satisfaction while financial, psychological and social risk are present	value creation
Drucker (1985)	Pursuing after change while creating new value by creating something new and different and by introducing reform	value creation
Kao(1989)	Attempt to create value by recognizing business opportunity, by managing risk-taking, and by mobilizing appropriate resources	value creation

### III. Empirical research

#### 1. Empirical data collection method

This research conducted survey targeting the small businesses in the Busan and Gyeongnam areas. Survey questions were drafted for each of the following variables to verify the model presented above and hypotheses.

#### 2. Research model analysis and hypothesis verification



<Figure 1> Research model and hypothesis

##### 2.1. Innovation in small business entrepreneurship

Taking research results of the existing researches into consideration, this research sought to study how small business entrepreneurship is being formed and what the differences are by the business type of these small businesses. Towards this end, the following hypotheses were set after examining that there is a difference by the type four business type during the process that exert significant effect on the management performance for the innovation when it comes to the small business entrepreneurship.

- H1: There will be a difference in how innovation of the small business entrepreneurship is perceived by the business type of small businesses.
- H1a: There will be a difference in the reaction to the creative method for recognizing innovation of the small business entrepreneurship by the business type of small businesses.

- H1b: There will be a difference in the reaction to the marketing strategy for recognizing innovation of the small business entrepreneurship by the business type of small businesses.
- H1c: There will be a difference in the reaction to new method search for recognizing innovation of the small business entrepreneurship by the business type of small businesses.

##### 2.2. Risk-taking based on small businesses' spirit

Taking research results of the existing researches into consideration, this research sought to study which types of differences may exist by

each business type of the small businesses and to study how small business entrepreneurship is formed. Towards this end, the following hypotheses were set after assuming that there will be difference by the type of business during the process in which risk-taking for small business entrepreneurship exerts significant effect on management performance.

- H2: There will be difference in the perception of take-taking for small business entrepreneurship by the business type of small businesses.
- H2a: There will be difference in the reaction to management risk that recognizes risk-taking for small business entrepreneurship by the business type of small businesses.
- H2b: There will be difference in the reaction to continual stability renunciation that recognizes risk-taking for small business entrepreneurship by the business type of small businesses.
- H2c: There will be difference in the reaction to management confusion that recognizes risk-taking for small business en-

trepreneurship by the business type of small businesses.

### 2.3. Proactiveness of the small businesses' spirit

Taking research results of the existing researches into consideration, this research sought to study how small business entrepreneurship is formed, and what kinds of differences there are depending on the business type of small businesses. Towards this end, the following hypotheses were set after assuming that there will be difference by the type of business during the process in which small business entrepreneurship's proactiveness significantly affect management performance.

H3: There will be a difference in the recognition of small business entrepreneurship's proactiveness by the business type of small businesses.

H3a: There will be a difference in the recognition of ability to accommodate change that it perceived when it comes to the small business entrepreneurship's proactiveness by the business type of small businesses.

H3b: There will be a difference in the reaction to the pursuit of positive business amidst the unstable management environment when there is perception of small business entrepreneurship's proactiveness by the business type of small businesses.

H3c: There will be a difference in the reaction to continual business opportunity discovery that recognizes small business entrepreneurship's proactiveness by the business type of small businesses.

### 2.4. Small business entrepreneurship and management performance

In accordance to the research results of the existing researches, this research sought to study what kinds of variables are formed in the case of independent variables that can affect management performance. Moreover, this research sought to study what kinds of differences in management performance exist by the type of organization. Towards this end, the following hypotheses were set, assuming that small business entrepreneurship will affect all types of management performances.

H4 : Small business entrepreneurship will affect management performance.

H5 : There will be a difference in the small businesses' management performance by the business type of small businesses.

## IV. Analysis results of Empirical research

### 1. Selection of research target and data collection

This research sought to identify what kinds of difference in perception may result by the business type of small businesses due to small business entrepreneurship characteristics, and sought to identify the effect on the small businesses' management performance in the end. Towards this end, the research selected four types of businesses where small business entrepreneurship is assumed to affect the management performance of the small sized stores directly. To realize these research objectives, four representative commercial areas that include franchise, traditional market and store areas in Busan, Masan and Changwon of Gyeongnam were selected. Research was conducted from March to April 2011.

Appropriate questions were arranged and drafted for each variable to verify the model and hypotheses presented above when it comes to the survey questions. These were distributed to the self-employed small businesses using direct interview method. The questionnaire was drafted together with the interviewer. Survey questionnaires were then collected. There were total of 360 survey questionnaires that were distributed. Among them, 350 copies were retrieved. Among this, total of 336 copies were used for analysis to verify hypotheses after the questionnaires of those respondents who did not answer the questions reliably were discounted. Survey questions measured overall opinion about the self-employed small businesses, respondents' demographic characteristics, types of entrepreneurship and management performance to ask about the perception of the small business entrepreneurship. Factors needed for the government policy and small businesses' systematization were selected and the importance level was measured using a 5 point scale. SPSS/PC 15.0 was used as statistic package to conduct data analysis, and frequency analysis, ANOVA and regression analysis were used.

### 2. Sample's general characteristics

When the characteristics of the respondents for the 336 copies used for analysis are examined, share of men was higher with 74.4% compared to women. <Table 3> is shown on what as for the education level, junior college and four year university graduates (67.2%) were the highest. It is possible to know that these gender distribution and share of the educational level help to understand entrepreneurship on the demographic level and that they are the samples devoid of convenience from the share of the managers of the self-employed small businesses who engage in small business management activity. Moreover, <Table 4> is shown on what distribution by the type of business for the sample businesses.

<Table 3> Respondents' general characteristics

Variables	Number	Percent
Respondents' gender		
-Men	250	74.4%
-Women	86	25.6%
Respondents' education level		
-Less than high school education	80	23.8%

-Graduated from junior college and four year university	226	67.2%
-Graduated from graduate school	30	9.0%
Total	336	100%

<Table 4> Size by the distribution of sample businesses

Businesses by each business type	Number of sample businesses	Share(%)
1)wholesale and retail business	69	20.5%
2)personal service business	123	36.6%
3)food and lodging business	74	22.0%
4)manufacturing business	70	20.8%
Total	336	100%

### 3. Measurement variable’s reliability and viability verification

This research classified variables for the measurement of entrepreneurship into innovation, risk-taking and proactiveness when it comes to the small business entrepreneurship based on the research conducted by Yoon et al.(2008) and Jeon(2007) to assess whether there is a significant influence on the management performances. Classification into nominal scale took place for the type of business. As for the entrepreneurship that small businesses recognize, measurement took place using the survey categories comprised of 5 point Likert scale as continuous variables. This research examined whether classification of systemization takes place according to the classes presented during the hypothesis setting process. Moreover, factorial analysis was conducted to verify the viability. As for the factor extraction method, value with at least 1 in Eigen value and with at least 0.5 factor capacity was extracted as a factor. Principal component analysis was conducted for the category for measurement. Varimax method with Kaiser regularization was applied so that the variables can swarm to one factor. Questions for measuring entrepreneurship are shown on <Table 5>.

<Table 5> Investigative factorial analysis chart for entrepreneurship variables

Entrepreneurship factors	Factor 1 (innovation)	Factor 2 (risk-taking)	Factor 3 (proactiveness)	Factor 4 (management performance)
search for creative method	.844			
marketing strategy implementation	.802			
new method discovery	.798			
deviation from	.794			

existing method				
management risk perception		.818		
degree of stability renunciation		.809		
Assuming management changeability		.758		
ability to accommodate change			.794	
positive thinking and work			.733	
effort to develop opportunity			.691	
challenging into new area			.638	
revenue performance				.813
market growth rate				.813
customer satisfaction level				.811
companies’ image				.638
Eigen Value	3.43	3.42	2.74	2.60
% of variance	22.90	22.87	18.26	17.38
% of accumulated variance	22.90	45.77	64.04	81.43

When the results of factorial analysis are examined, the factors that follow small business entrepreneurship generally match the classifications presented in the hypotheses. Four entrepreneurship innovation categories, three entrepreneurship risk-taking categories and four entrepreneurship progressiveness categories were classified into one factor, each. In addition, four categories concerning performance of systematization were bound together into one factor. It was shown that there is no problem when it comes to the viability level. Reliability of the common factor based on the above mentioned investigative factorial analysis results was evaluated with Chronbach’s $\alpha$  coefficient. According to the results of the Chronbach’s $\alpha$  reliability analysis shown on <Table 5>, there is high reliability since all the Chronbach’s $\alpha$  values are at least 0.8 due to the categories that comprise individual factors. <Table 6> shown on what common factors’ Chronbach’s $\alpha$  values is innovation 0.951, risk-taking 0.942 proactiveness 0.848.

<Table 6> reliability analysis results

common factor	variable(number of initial categories)	variable(number of final categories)	Chronbach’s $\alpha$
1)founder spirit	innovation(4)	innovation(4)	.951
	risk-taking (4)	risk-taking (3)	.942
	proactiveness(4)	proactiveness(4)	.848
2)financial performance	revenue growth rate(1)	revenue growth rate(1)	N.A
	market share(1)	market share(1)	N.A
	customer satisfaction	customer	N.A

	level(1)	satisfaction level(1)	
	companies' image (1)	companies' image (1)	N.A

4. Empirical research results

4.1. Small business entrepreneurship

To classify the realities of the perception of the systemization when it comes to small businesses, this research classified small businesses systematization into two concepts. According to the results of the ANOVA analysis presented on <Table 7>, and it was proven that there is significant difference by each category such as reaction to management problems, competitiveness level, level of support, demand for support and attitude towards systematization when it comes to the small businesses' systematization type.

ANOVA analysis was conducted to identify difference of perception for each category of innovation, risk-taking, and proactiveness concerning entrepreneurship set on hypotheses H1, H2 and H3. H1, There is a difference in the perception of innovation in small business entrepreneurship by the business type of small businesses. H2, There is a difference in the perception of risk-taking for small business entrepreneurship by the business type of small businesses. H3, There is a difference in the perception of proactiveness for small business entrepreneurship by the business type of small businesses.

Towards this end, form by each business type that can be used resourceful when deciding on whether to support small businesses via government policies was selected for close examination amidst the current Korean situation. 69 wholesale and retail businesses, 123 service businesses, 74 food and lodging businesses and 70 manufacturing businesses were selected. One-way ANOVA was conducted to identify whether there is a mean difference among the groups of the different types of small businesses in Korea when it comes to entrepreneurship. As for the results of the analysis on entrepreneurship, <Table 7> shows that there is a mean difference when it comes to the entrepreneurship innovation, risk-taking and proactiveness depending on the type of small businesses.

<Table 7> Entrepreneurship categorization and perception analysis results

a) Analysis of variance for entrepreneurship perception

		sum of squares	degree of freedom	mean square	F	significant probability
entrepreneurs hip innovation	among groups	42.738	3	14.246	22.710	.000
	within a group	208.262	332	.919		
	Total	257.593	335			
entrepreneurs hip risk-taking	among groups	38.700	3	12.900	21.457	.000

entrepreneurs hip proactiveness	within a group	199.599	332	.601		
	Total	238.299	335			
	among groups	9.999	3	12.900	6.621	.000
	within a group	167.135	332	.601		
	Total	177.134	335			

(b) Multiple comparisons of the entrepreneurship perception

	post-verification	(I)form of member-organization	(J)form of member-organization	mean difference(I-J)	standard error	significant probability
innovation	post-verification Dunnett T3	wholesale and retail sales (3.12)	service	.42*	.16	.00
			food and lodging business	-.25	.13	.31
			manufacturing business	.72*	.14	.00
		service (2.69)	wholesale and retail sales	-.42*	.10	.00
			food and lodging business	-.68*	.11	.00
			manufacturing business	.29	.12	.13
		food and lodging business (3.38)	wholesale and retail sales	.25	.13	.31
			service	.68*	.11	.00
			manufacturing business	.97*	.15	.00
		manufacturing business (2.40)	wholesale and retail sales	-.72*	.14	.00
			service	-.29	.12	.13
			food and lodging business	-.97*	.15	.00
Risk-taking	post-verification Dunnett T3	wholesale and retail sales (3.91)	service	.50*	.09	.00
			food and lodging business	.09	.09	.92
			manufacturing business	.92*	.16	.00
		service (3.41)	wholesale and retail sales	-.50*	.09	.00
			food and lodging business	-.40*	.08	.00
			manufacturing	.42	.16	.05



proactiveness	post-verification	business					
			food and lodging business (3.82)	wholesale and retail sales	-.09	.09	.92
				service	.40*	.08	.00
		manufacturing business		.83*	.16	.00	
		manufacturing business (2.99)	wholesale and retail sales	-.92*	.16	.00	
			service	-.42	.16	.05	
	food and lodging business		-.83*	.16	.00		
	Dunnett T3	wholesale and retail sales (3.35)	service	-.17*	.06	.04	
			food and lodging business	-.35*	.06	.00	
			manufacturing business	.13	.15	.04	
		service (3.53)	wholesale and retail sales	.31*	.15	.24	
			food and lodging business	-.17	.07	.09	
			manufacturing business	.31	.15	.24	
		food and lodging business (3.70)	wholesale and retail sales	.35*	.06	.00	
			service	.17	.07	.09	
manufacturing business			.48*	.15	.01		
manufacturing business (3.22)		wholesale and retail sales	-.13	.15	.94		
		service	-.31	.15	.24		
		food and lodging business	-.48*	.15	.01		

comes to the management performance. Accordingly, this research set the hypothesis H4 that claimed that management performance will be affected when it comes to the small business entrepreneurship. For the hypothesis verification, regression analysis was conducted was conducted to assess the type of influence on the entrepreneurship innovation, risk-taking and proactiveness as well as management performances such as market share, revenue growth rate, companies' image and customer satisfaction level. Results after conducting the regression analysis are shown on <Table 8>, which proves that the small business entrepreneurship exerts direct effect on the financial management performance of small businesses. In other words, small business entrepreneurship exerts positive (+) effect on the small businesses' financial success and management performance. R<sup>2</sup> value is 0.61. It is possible to know that the perception of systematization and variables on attitude explains the 61% of the success for small self-employed businesses' management performance in the end. What is interesting about these research results is that the effect of the small business entrepreneurship on the successful startup is very high given that the factors such as marketing activity, capital support and support for training are within 10-30% when it comes to the researches that address existing small businesses'successful startup factors. Thus, the implications drawn out by this research are considered very high.

<Table 8> Management performance analysis results following entrepreneurship

dependent variable	independent variable	change in statistic		
		R2	F	significant probability
management performance	innovation risk-taking proactiveness	.61	176.5	.00

\* : p<0.05, \*\* : p<0.01.

Hypothesis H5 was there will have been a difference in small businesses' management performance by the business type of small businesses. Post-verification was conducted to identify whether there is mean difference when it comes to the successful startup among the groups by four small business types presented in the hypothesis H5. Results showed difference in the perception degree depending on the type of business such as wholesale and retail sales, service, food and lodging business, manufacturing business. Thus, the hypothesis was adopted. Among the four business types, the ones that manifested the highest successful startup rates were food, service, wholesale and retail sales and manufacturing business. What is interesting about the results of the hypothesis H5 analysis was the manufacturing business. Manufacturing business, managed by small businesses was very low when it comes to successful startup compared to other business areas. These results match the business areas that are most preferred by the aspiring founders of small businesses in Korea(Yoon et al., 2008). This seems to indicate that the Korea Promotion Agency for Small &

To identify whether there is a mean difference depending on the type of small business when it comes to the three small business entrepreneurship factors suggested in the hypotheses H1, H2, and H3, and if so what type of mean difference, post-verification was conducted, which in turn showed that the innovation, risk-taking and proactiveness of the H1, H2, H3 manifested difference in the degree of perception depending on the type of small businesses(Suh et al., 2009). Likewise, these hypotheses were adopted.

#### 4.2. Small business management performance

Hypothesis H4 was small business entrepreneurship will affected management performance. It was known that the management strategy affects diverse performances through dynamic interactions when it

Medium Enterprises, which is Korea’s representative institution that provides support to small businesses, needs to pay attention to the manufacturing business as well in the future(Suh et al., 2007; Suh et al., 2011). Likewise, hypothesis H5 analysis is at the beginning stage of research on the successful startup by each business type in case of Korea. The results produced here will be meaningful to the development of policies for the small businesses in Korea given that the Korea Promotion Agency for Small & Medium Enterprises is not carrying out clear policies to support the manufacturing businesses.

<Table 9> Management performance analysis results following entrepreneurship

(a) Analysis of variance on the successful startup

		sum of squares	degree of freedom	mean square	F	significant probability
successful startup (management performance)	among groups	27.54	3	9.18	17.86	.00
	within a group	170.63	332	.51		
	Total	198.18	335			

(b) multiple comparisons by each business area for the successful startup

	post-verification	(I)form of member-organization	(J)form of member-organization	mean difference (I-J)	standard error	significant probability
Successful startup (management performance)	post-verification Dunnett T3	wholesale and retail sales (3.20)	service	-.22	.08	.06
			food and lodging business	-.27*	.09	.02
			manufacturing business	.48*	.13	.00
		service (3.42)	wholesale and retail sales	.22	.08	.06
			food and lodging business	-.05	.08	.99
			manufacturing business	.70*	.13	.00
		food and lodging business (3.47)	wholesale and retail sales	.27*	.09	.02
			service	.05	.08	.99
			manufacturing business	.75*	.13	.00
		manufacturing business (2.72)	wholesale and retail sales	-.48*	.13	.00
			service	-.70*	.13	.00
			food and lodging business	-.75*	.13	.00

## V. Conclusion

This research was conducted to feel the sense of entrepreneurship in the small businesses that comprise over 87.9% of the businesses in Korea and to identify how important entrepreneurship is in ensuring success. Accordingly, this research focused on the verification of three entrepreneurial spirits, innovation, risk-taking and proactiveness, among the entrepreneurship factors as the escape for the management of innovation for small self-employed businesses that are suffering from economic recession and management difficulties. This research sought to define the demand for performance at the systematization factor level when it comes to the variables that induce small businesses’management innovation and successful startup directly or mediate from the structural relationship perspective. Differences of the entrepreneurship characteristics as perceived by each business type and by each group were defined, and effort was made to identify their effect on the performance of the businesses that they manage. This research confirmed that the small business entrepreneurship is a core factor that affects management performance in addition to identifying difference in the perspective of entrepreneurship when it comes to the characteristics of each business area. These results are expected to be very helpful to the groups of each of the small business types that need scientific management and mutual synergy optimization urgently for them to develop the government’s policies for supporting small businesses when it comes to the activities that provide the necessary support to increase entrepreneurship by each type.

First, this research segmented the small business areas even more compared to the past researches on the SMEs’ entrepreneurship. Going steps further, small business entrepreneurship was classified into three forms of innovation, risk-taking and proactiveness that are most appropriate for the Korean situation today. This research is meaningful in the sense that it conducted Korea’s first empirical analysis for four business types; wholesale and retail sales, food and lodging business, service business and manufacturing business. Until today, researches on the small business entrepreneurship were carried out using small scale investigative analysis. However, this research attempted to search for the model that can explain in a cause-effect manner from the spiritual aspect when it comes to the difference of entrepreneurship by each business type and small business startup success factors. This research can be considered meaningful since it verified the empirical model for the entrepreneurship factors that can exert direct and indirect effect on the startup success or failure of 2,620,000 small businesses in Korea(Suh, geunha 2007, Suh et al.2009, Suh et al.2010). Accordingly, the model suggested by this research can be used as a basic model when it comes to the researches in this field. Various conceptual and operational definitions can be developed in a diverse and precise manner. Independent variables that are related to the success of small businesses can be developed additionally to examine the success factors related to the systematization in an in-depth manner.

Secondly, this research selected Korea’s first four forms by each business type that can be supported in a way that suit the Korean specific situation as a measure that can vitalize small business en-

preneurship based on the research conducted by Yoon et al.(2008) and Jeon(2007). Then, empirical study on the realities and details on the support were studied, which can be considered very meaningful. Then, classification into wholesale and retail business, food and lodging business, service and manufacturing business types took place. The research results demonstrated that the form by each business type with highest perception of successful startup are in the following order; food, service, wholesale and retail sales and manufacturing business. This is in line with the societal phenomenon that the founders-to-be prefer the food industry the most.

Thirdly, manufacturing business was found to be the lowest in the successful startup level. Manufacturing business manifested negative (-) value compared to wholesale and retail sales, food and lodging business, and service business, which means that its competitiveness is low. When the above mentioned results are examined, it is possible to know that the manufacturing business is the least competitive business among the small businesses. Moreover, the research results show that the government's support via policy is urgently called for.

As mentioned above, when the key implications of this research are examined, small business entrepreneurship in the Korean situation does not benefit much from the government's support since the level of support is still very low. However, it is possible to know that this can become the juncture that can mean startup success and failure to a founder. Thus, to ensure successful small business startup and to support management, it is recommended to develop and to cultivate all types of small business entrepreneurship support programs so that joint growth of the large companies and SMEs is enabled in the long-run through the institutions such as the Foundation on the Entrepreneurship of the Young People, followed by foundation for small businesses.

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