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[Field Research]

Policy Fund Loans and Improvement Plans for Small Enterprise

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Abstract

Purpose – This study aims to suggest appropriate policies and performance indicators for financial aid recipients. It analyzes the existing regular government policy funds support project, especially its propriety and reasonability.

Research design, data, and methodology – When financial aid is effective, it should be able to predict small enterprise business results. Additionally, there should be an evaluation, checking before and after performance rates so that the rate of achievement and outcome can be measured. This study's contribution for small enterprises is in researching the best way to improve this support system.

Results – The Small Enterprise and Market Service (SEMAS), currently designated as a support organization for implementing the government financial aid project, has assessment indicators. However, these focus mainly on quantitative indicators and survey results.

Conclusions – In the future, there is some need to draw up measures, setting the right direction for developing policies for the small enterprise fund loans and improving the management of the plans. Eventually, this effort will dispel concerns about the present support policy, which is considered to be weakening small enterprises.

Keywords: Small Enterprise, Policy Funds Loan, Performance Assessment, Performance Indicator, Qualitative Indicator.

JEL Classifications: R58, R59, Z18.

1. Introduction

1.1. Background and Objectives

The small enterprises comprise 38.1%(586 people) out of the whole number of companies(87.0%, 292 million). Most people in small enterprises field are running their business for living with family. In addition, small enterprises are closely intertwined at the very root of the Korean economy because of its characteristic; its scope of business are based on the region. Moreover, 28.7% of small enterprises run wholesale businesses and 20.5% of them are taking possession in food and lodging industry which represents over 50% of small enterprises are running their business in the living-service industry. Especially, the small enterprises create a new job-openings 1.19million out of 3.21million(37.0%) from 2001 to 2010; it explains that the small enterprises play important role in making jobs. Thus, it is no wonder that a decline of small enterprisers causes economic crisis which affects badly in the labor market.

Accordingly, to make the small enterprises overcome and recover their economic depravation, government has been providing financial aids (256.94 million won) for 89,343 small enterprises using the policy fund loan and strengthening them with extra supporting programs. In spite of these various supporting system, the number of small enterprises are increasing more and more because of its low barriers to entry and the retirement of the boomers. In Korea, the proportion of small enterprises is 1.8 times higher(28.8%) than OECD average(15.9%). Also, the stagnant economy—such as Eroupe economic crisis—all over the world, domestic recession and major(large) companies' commercial supremacy make their conditions be aggravated.

Especially, the survival rate of start-ups is getting worse after initiating the business(the No. of closed business after 1 year → 83.8%, 3 years → 40.5%, 5 years → 29.5%) while the number of start-ups for living is on an increasing trend(KOSBI, 2014). According to the research on the actual condition of small enterprise studied by SEMAS in 2013, the impoverished small enterprisers do their business just for living(over 80% of small enterprisers answered and especially, the 87.7% of impoverished small enterprisers with earning money per month below 400 million initiated their business for maintaining their lives). Also, the

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number of impoverished small enterprisers (with earning money per month below 400 million) takes possession 43.4% out of the number of whole enterprisers. Relatively, the small enterprisers become impoverished and weak when it comes to facing the economic crisis comparing to large & medium business companies because of this non-competitiveness.

The small enterprise policy finds loan is considered as the most important and representative means of policy purposing to make their business more competitive and sustainable by supporting the small enterprisers who are in impoverished and poor business environment. However, it is obvious that there should be a review for checking the effectiveness of policy funds loan objectively and planning for reasonable policy-based alternatives; considering the hugh amount of supported money(annual 7,399 billion won, except for the small manufactures specialized loan, 2014).

Thus, it is necessary to have an ample review on not only the productive performance such as the sales increasement of supported enterprise, improving the competitive power and the ripple effect on local economy but also supporting field, the purpose of being supported, the problems of managing process,

follow-up service and way of reflecting the policies.

The facts are mentioned above can explain the reason why the needs for supporting policies considering the start-ups' business cycle(decline → re-challenge → conversion of business type, etc.) except for the existed supporting direction such as enlarging customized supporting are highlighted in the report researched by Korea Small Business Institute(KOSBI, 2014).

This study aims to review the propriety of the items and the standards of calculation for performance evaluation on providing the small enterprise policy funds loan so that the reasonable & policy-based supporting system can be developed and suggested for the demanders. Plus, the author has a purpose to strengthen the applicable and customized supporting system for the small enterprise policy funds loan on the basis of the results from this research with normative study methodology(Youn & Kim, 2007).

<Table 1> The Current State of the Small Enterprise Policy Funds Loan by Year

Section \ Year	'99~'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	Total
Supported companies (No.)	98,029	16,300	12,499	8,531	46,457	10,582	15,881	15,128	25,502	29,825	278,734
Amount (hundred million won)	23,879	4,852	3,442	2,672	11,184	3,000	4,450	5,050	9,345	10,305	78,179
Budget (hundred million won)	23,879	5,010	3,457	2,890	11,184	3,000	4,450	5,050	9,345	10,305	78,570

Source: Own

<Table 2> Status of Small Enterprise Policy Funds Loan by Year & Company Age

(Unit : Hundred Million Won)

Year \ Age	'11		'12		'13		'14		Total		
	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Rate(%)
below 6 month	5,395	1,386	4,336	1,289	8,028	2,205	8,604	2,257	26,363	7,137	24.5
6 month ~ 1 year	1,596	415	1,719	545	2,779	848	2,902	869	8,996	2,677	9.2
1 year ~ 3 years	3,776	1,056	4,424	1,400	5,291	1,897	6,032	2,028	19,523	6,381	21.9
3 years ~ 6 years	2,196	660	1,796	654	3,649	1,535	4,786	1,834	12,427	4,683	16.1
6 years ~ 10 years	1,613	494	1,335	518	2,635	1,237	3,364	1,395	8,947	3,644	12.5
10 years ~ 20 years	1,113	372	1,282	541	2,629	1,345	3,523	1,613	8,547	3,871	13.3
20 years ~ 30 years	159	55	188	85	410	238	535	264	1,292	642	2.2
over 30 years	33	12	48	18	81	40	79	45	241	115	0.4
Total	15,881	4,450	15,128	5,050	25,502	9,345	29,825	10,305	86,336	29,150	100.0

Source: Own

2. The Current State of the Policy Funds Loan and Review the Performance Indicator for Small Enterprise

2.2. Analyzing Key Performance Indicators of Policy Funds Loan for Small Enterprise

2.1. The Current State of the Small Enterprise Policy Funds Loan

Counting the number of supported small enterprises from 1999 to 2014, 278,734 small enterprises are provided 7817.9 billion won in total from the policy funds loan. In addition, the current state for the small enterprise policy funds loan from 2001 to 2014 can be analyzed that the founders are given the highest ratio(24.5%) of funds. The next highest one(21.9%) is for supporting the companies which start their business in 3 years. Following one is the small enterprisers who run their companies over 3 years and below 6 years(16.1%).

Examining the current state of supporting by business type from 2011 to 2014, people working in the wholesales and retail sales industry got supported the most(29.7%). The manufactures' ratio is following on(27.6%) and the lodging industry's ratio is the last one(21.1%). Analyzing yearly state, the amount of funds loan was increased in 2012 thanks to the Small Manufacturer Specialized Support.

2.2.1. The sustaining rate of supported enterprise

The indicators for evaluating the small enterprisers are set up as follows : ① the sustaining rate of operation after 2 years, ② the maintaining rate of operation for start-up businesses (after 6 months) ③ the increasing rate of revenue(comparing non-supported enterprises) ④ the recipient's satisfaction about the progress of support.

The sustaining rate of operation evaluates the effective outcome of the recipients—who are still running their business or shut the enterprise down—after 2 years from supporting the policy funds loan. To figure out the enterprises' registration, NTS's data is used. The calculation of indicators' formula is same as below : - (the number of maintained enterprise in 2013 / the number of supported enterprise in 2012) x 100.

<Table 3> Status of Small Enterprise Policy Funds Loan by Year & Business Type

(Unit : Hundred Million Won)

Section	'11년		'12년		'13년		'14년		Total		
	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Case	Amount	Rate(%)
Wholesales & Retail	5,357	1,543	6,431	2,133	8,120	2,402	9,062	2,606	28,970	8,684	29.7
Lodging & Food	4,116	1,126	3,441	1,015	6,026	1,721	8,229	2,282	21,812	6,144	21.1
Service	4,581	1,251	3,009	833	5,503	1,489	5,649	1,462	18,742	5,035	17.3
Manufacturing	897	275	1,696	911	4,715	3,421	4,908	3,433	12,216	8,040	27.6
Others	930	255	551	158	1,138	312	1,977	523	4,596	1,248	4.3
Total	15,881	4,450	15,128	5,050	25,502	9,345	29,825	10,305	86,336	29,150	100.0

Source: Own

<Table 4> The State of Achievement for Small Enterprise Policy Funds Loan

Performance Indicator	Measuring Method	Achievement rate	'11	'12	'13
Sustaining rate of operation	(No. of Operators) / (Beneficiaries of policy fund) × 100	Goal	87	87	89
		Outcome	91.2	90.4	92.5
Revenue Increase or Decrease Ratio of Stores	[(Increasing revenue enterprises) / (supported) × 100] - [(Increasing revenue enterprises) / (non-supported) × 100]	Goal	21	22	24.6
		Outcome	24.2	23.6	24.9
Maintaining rate of start-up business	(No. of Operators) / (Beneficiaries of start-up fund) × 100	Goal	87	87	88
		Outcome	93	89.2	89.8

Source: Own

<Table 5> The Ratio of Maintained Enterprises(Supported by Policy Funds)

From 2012 to 2013

Number of Samples	Number of Maintained Enterprise	Rate(%)	Number of Closed Enterprise	Rate(%)
1,548	1,301	84.0	247	16.0

Source: Own

At this point, one should check whether the ratio—which indicates 84% of enterprises maintain their business—is influenced by policy funds loan or not. And, the outcomes should be reviewed as well. For this, the question like "Has your store been closed without the loan?" should be answered "Yes" by owners of 1,301 enterprises. However, the questionnaire is not objective to verify the fact because the answer is too subjective. People may think it positively and answered like "Might be closed, if there was no support." Hence, it is inappropriate to analyze the indicator and outcomes in direct-relation to this subjective result.

According to <Table 4>, the sustaining rate of operation is decreased 8% in 2014. This result may explain that the social influences such as 'economic recession in 2014', 'Sewol ferry disaster in 2014' can affect small enterprises. In reality, the general economy, revenue and net profit, are declined compared with 2013 according to the business index of small enterprise researched by SEMAS in 2014(SEMAS, 2014). From this point of view, one may discover the reason why the sustaining rate of operation is declined; it is affected by social influence rather than administrative problems.

It represents that external premises should be analyzed as well when the evaluation on the result of policy funds loan is progressed. In other words, the statistical indicator should be adjusted which includes the result of relative comparison with non-supported enterprises or the whole of small enterprise, etc.

To sum up, 'the sustaining rate of operation after 2 years' as well as its way of evaluation are appropriate and objective indicator to evaluate the outcomes. Still, it requires relative comparison with proper statistic data and evaluation on the actual outcomes.

2.2.2. The Maintaining Rate of Operation for Start-up Business

The purpose of financial aid for founders within the 6 months is to make the start-up business stable. The way of research is based on the NTS's data indicating the number of business

registration. Small enterprisers receive the policy funds loan within 6 months because of the shortage in operating funds; it is important for measuring the effect of support.

<Table 6> The Ratio of Maintained Enterprises(Supported by Start-up funds)

From 2012 to 2013

Number of Samples	Number of Maintained Enterprise	Rate(%)	Number of Closed Enterprise	Rate(%)
1,004	780	77.7	224	22.3

Source: Own

According to the result of research in 2014, the maintaining rate of operation for start-up business is declined comparing to just before 3 years. ('14→ 77.7%, '13→89.8%, '12→89.2%, '11→ 19.3%.) Alike the sustaining rate of operation in 2014, the social influences such as 'economic recession in 2014', 'Sewol ferry disaster in 2014' can affect on the maintaining rate of operation for start-up business. Moreover, this phenomenon disproves that the number of unprepared start-ups are increasing because the unprepared start-ups has a characteristic in relying on the policy funds loan which can bring the ineffective result to the founders. Thus, further studies are needed to improve the maintaining rate of operation for start-ups which have already been supported.

In conclusion, setting more appropriate and effective performance indicators is very important for making the excellent recipients have more benefits from the policy funds loan in spite of finding the proper way of evaluation system.

2.2.3. The Increasing or Decrease Ratio of Revenue

The increasing rate of revenue and employment can be considered as one of the most effective and detailed performance indicator items. Comparing with the non-supported enterprises is the way of researching. Plus, the result of survey which conducted phone interviews with the people who got supported about the revenue.

The problem is that this indicator is inappropriate and unfair standard of evaluation because the condition of the questionnaire survey targets(supported and non-supported enterprise) is not equal. The non-supported one is inferior when it comes to material or credit guarantee examination. some operators failed to be supported in 2014(45.3%) because of their low credit and little experience.

Another problem is that the survey is not considered as the

<Table 7> The Ratio of Sales Increased Enterprise in 2013(Comparison between Supported and Non-supported)

- The increasing rate of revenue for beneficiaries : $241/521=46.3$ [(No. of sales increased enterprise / No. of Samples) × 100]
 - The increasing rate of revenue for non-supported : $143/492=29.1$ [(No. of sales increased enterprise / No. of Samples) × 100]
- ⇒ The Increase of Decrease Ratio of Sales Increased Enterprise : $46.3-29.1=17.2$

Source: Own

objective data. Of course, it would be okay with asking to the non-supported enterprisers regarding the case of dissatisfaction but survey about the revenue or employment state on the phone has a limit to derive precise answers from the interviewee. Therefore, the appropriate way of studying should use the objective statistics and compare with the sales information of total small enterprise.

2.2.4. The Recipient's Satisfaction about the Policy Funds Loan

The research for the recipient's satisfaction about the policy funds loan eventually figures out the effectiveness, service quality and availability of the supporting system so that the systematic business plan is built through reviewing the factors of satisfaction and dissatisfaction. It shows that reflecting the result from survey in improving the supporting system is very important way of managing the policy funds loan project. The current way of researching on the satisfaction is very simple; design 10 survey items such as general information, system, management, etc. and then classify the degree of satisfaction per the items. This progress is conducted by phone interview and answered by the recipients. However, the result of this survey cannot reflect the availability per the items. Thus, making average standards for the survey items is needed because it can be set up differently by each enterprise. Plus, satisfied items in average should be managed constantly as a performance indicator so that the progress of supporting system can be understood more easily.

3. Improvement for Policy Funds Loan of Small Enterprises

3.1. The Direction for Improving Policy Funds loan of Small enterprises

To make desirable performance indicator for policy funds loan, Ministry of Strategy and Finance's guideline for self-regulated evaluation in financing project should be checked. According to 2015 version of guideline, clear goal in accord with the project's purpose is planned at the first. Also, the evaluation item should be able to suggest the right direction for achieving the goals and checking the performance. Hence, is important for designing the goal and purpose about the policy funds loan for small enterprise.

The basic aims of policy funds loan are for reducing the rate of closed-enterprise, improving the rate of sustaining business and revenue and preventing the unprepared start-up. To implement this strategic goal, reducing the ratio of small enterprise

comparing with domestic industry and making jobs through the policy funds loan are needed for designing base of start-up business.

Now, SEMAS(Small Enterprise and Market Service, hereinafter SEMAS) which is currently designated as a support organization for implementing the government financial aid project has the assessment indicators but these are mainly about achieving the quantitative indicators and relying on the result of survey. It represents that there is a need for change when it comes to the assessment indicators; these should be more objective. For example, tax rate data, POS system data, NSO(National Statistical Office) and SMBA(Small and Medium Business Administration)'s data, regional and yearly loan recovery rate, etc. will be more objective data should be used for analysing.

In addition, the indicator should be divided into quantitative indicator and qualitative indicator. The qualitative indicator should develop and contain the item which should have a aim for improving small enterprise's business environment. Securing the sustainable structure for small enterprise in the long term will influence on their survival rate. At the BSC point of view, one should consider that the qualitative indicator plays very important role in evaluating the small enterprise performance because there would not be positive result like increasing rate of revenue, net profit, and number of employment without qualitative indicators such as planning various marketing strategies, improving the skills.

By setting the qualitative indicator as a key performance indicator, the progress of supporting policy funds loan can be improved constantly. To draw the successful result for small enterprise, those two indicators are well-integrated with the policy funds loan. From this, one will discover the effectiveness of the policy funds loan easily thanks to measuring the leading indicator(qualitative)'s achievement purpose and result. That is, the key point of finding improvement in indicators is to think the way of making the qualitative indicator as a index of evaluation and managing it for bringing the quantitative effectiveness.

3.1.1. Develop the Quantitative Indicator

There are two aspects of approaching the quantitative indicator; one is to find what the recipients'(small enterprisers) demand is and the other one is to have competitive advantages comparing other policy funds loan planned by similar organization.

For large companies or small businesses, net profit during the term and the ratio of market share are critical success factors. However, having sustainable management to survive is the most important success factor for small enterprisers. They want to secure certain revenue and rather than managing the earnings. Also, they should be able to bear the costs such as personnel expenses.

<Table 8> The Self-determination Guide for Policy Funds Loan established by the Ministry of Strategy and Finance

Step (Score)	Assessment Item	Evaluation Indicator	Scoring Method	
			General Grand	Informationization
Plan (20점)	Appropriateness of Business Plan (10)	1-1. Are the objectives clear and achievable in accordance with the business goals?	2.0	2.0
		1-2. Is it unique and matchless? Are there any other plans which is unnecessarily overlapped with?	3.0	3.0
		1-3. Is it effective and efficient to implement?	5.0	5.0
		Subtotal	10.0	10.0
	Appropriateness of Performance Indicator (10)	2-1. Does the performance indicator have connectivity with the business goal clearly?	5.0	5.0
		2-2. Are the performance indicators set up to be reasonable and concrete?	5.0	5.0
Subtotal		10.0	10.0	
Manage (30)	Appropriateness of Managing Business (30)	3-1. Is the budget spent as planned?	15.0	12.0
		3-2. Dose the regular monitoring system for the business work?	5.0	4.0
		3-3. Were the problems solved which occurred in the period of business?	10.0	8.0
		3-Informationization①. Is the information system worked and improved properly?	-	3.0
		3-Informationization②. Is the information protected and secured by information system?	-	3.0
		Subtotal	30.0	30.0
Outcome (50)	Achievement & Result of Evaluation (50)	4-1. Are the business goals and achievement of performance indicator accomplished as planned?	30.0	30.0
		4-2. Is there evaluation for checking the state of business whether it is implemented effectively or not?	10.0	10.0
		4-3. Are the result of evaluation and requirement(warning) from the external reflected on the business plan?	10.0	10.0
		Subtotal	50.0	50.0
Total			100	

Source: Ministry of Strategy and Finance (2015).

<Table 9> The Improved-Direction for Quantitative Performance Indicator

Division	Success Factor	Performance Indicator
Small Enterprise Policy Funds Loan's Aspect	Sustainable Management	<ul style="list-style-type: none"> ■ Maintaining rate of operation (Start-ups) ■ Sustaining rate of operation (Small Enterprise) ■ Increasing rate of revenue ■ Increasing rate of employment
Competitors (Other Organization Aspect)	The Scale and Stability of Funds	<ul style="list-style-type: none"> ■ Rate of loan recovery ■ No. of beneficiaries

Based on BSC theory, the successful quantitative indicator for small enterprise can be consisted of factors as follows : the maintaining rate of start-up business after 6 months, the sustaining rate of operation, the increasing rate of revenue and the increasing number of employees. Also, the rate of loan recovery and the number of beneficiaries are the salient factors, too. It is natural that the rate of loan recovery is involved in the performance indicator because the direct-loan which will be provided by

SEMAS from 2016 is also a loan business. Because the rate of loan recovery is quantified by regional, business type and year, the relatives are evaluated with various efforts. Assume that the rate of loan recovery from district A higher than district B, it can be determined as the supporting programs such as consulting, educating, follow-up services are superior in quality. Going through this progress, excellent founders will be supported as soon as possible with rising the revenue and creating job. This will bring good circle of policy funds loan to be actualized. Still, there is a limit to explain the direct relation between the actual output of loan recovery itself and the other effective result(such as the revenue, profit, job creation, etc.).

3.1.2. Develop the Qualitative Indicator

For large companies or small businesses, net profit during the term and the ratio of market share are critical success factors. However, having sustainable management to survive is the most important success factor for small enterprisers. They want to secure certain revenue and rather than managing the earnings. Also, they should be able to bear the costs such as personnel expenses.

Based on BSC theory, the successful quantitative indicator for small enterprise can be consisted of factors as follows : the

<Table 10> Improved Quantitative Indicator(Proposed)

Present	Improved	Measuring Method
① Sustaining rate of operation (Small Enterprise)	① Sustaining rate of operation after 2yrs from supporting	<ul style="list-style-type: none"> ■ (No. of sustained enterprise)/(No. of supported enterprise) × 100 ■ Same as at present
② Maintaining rate of operation (Start-ups)	② Maintaining rate of operation within 6months from supporting(Start-ups)	<ul style="list-style-type: none"> ■ (No. maintained enterprise)/(No. of supported enterprise) × 100 ■ Same as at present
③ Ratio of sales increase or decrease	③ Increase or decrease sales ratio of supported enterprise comparison with whole enterprises	<ul style="list-style-type: none"> ■ (Increasing rate of revenue by supported enterprise)/(Increasing rate of revenue by whole enterprises) × 100 ■ Reference for increasing rate of revenue by whole enterprise : Statistic data is used
-	④ Increasing rate of employment by supported enterprise	<ul style="list-style-type: none"> ■ (No. of employment increasing enterprises)/(No. of supported enterprises) × 100 ■ Objective data is used
-	⑤ The rate of loan recovery by region	<ul style="list-style-type: none"> ■ (No. of repayment enterprises)/(No. of samples) × 100

maintaining rate of start-up business after 6 months, the sustaining rate of operation, the increasing rate of revenue and the increasing number of employees. Also, the rate of loan recovery

quantitative indicators and qualitative indicators which are divided into 5 quantitative one and 4 qualitative one. The quantitative indicator should involve the previous year's result and the

<Table 11> Improved Qualitative Indicator(Proposed)

Present	Improved	Measuring Method
① Satisfaction	① Satisfaction in policy funds loan	<ul style="list-style-type: none"> ■ (Σ Survey Weight(1~5)×20)/N ■ Criterion of survey steps
-	② Ratio of No. of enterprises technically improved	<ul style="list-style-type: none"> ■ (No. of enterprises technically improved)/(No. of samples) × 100 ■ On-site management for data, materials, etc
-	③ Ratio of No. of enterprises improved in sales	<ul style="list-style-type: none"> ■ (No. of enterprises improved in sales)/(No. of samples) × 100 ■ On-site management for data, materials, etc
-	④ Ratio of No. of enterprises improved in facilities and expansion	<ul style="list-style-type: none"> ■ (No. of enterprises improved in facilities and expansion)/(No. of samples) × 100 ■ On-site management for data, materials, etc

and the number of beneficiaries are the salient factors, too. It is natural that the rate of loan recovery is involved in the performance indicator because the direct-loan which will be provided by SEMAS from 2016 is also a loan business. Because the rate of loan recovery is quantified by regional, business type and year, the relatives are evaluated with various efforts. Assume that the rate of loan recovery from district A higher than district B, it can be determined as the supporting programs such as consulting, educating, follow-up services are superior in quality. Going through this progress, excellent founders will be supported as soon as possible with rising the revenue and creating job. This will bring good circle of policy funds loan to be actualized. Still, there is a limit to explain the direct relation between the actual output of loan recovery itself and the other effective result(such as the revenue, profit, job creation, etc.).

3.2. The Improvement of Performance Indicator for Small Enterprise

According to the result of research, the performance indicators for small enterprise policy funds loan should have 3

verified data such as NTS's tax rate for comparing and analyzing. Also, the performance indicator should be improved in the way of reporting the increasing rate of revenue. The improved performance indicator should have the comparison with the increasing rate of non-supported enterprise out of whole number of small enterprise. Moreover, the rate of loan recovery and job creation should be involved into the performance indicator for small enterprise.

For improving qualitative indicator, the factors which are the ratio of achievement in raising enterprise's technical skills and sales skills, in expanding stores and inspecting the facilities should be involved in the qualitative indicator as a new one.

Basically, the judgement of achieving the applicants' improvement factor of technical and sales skill will be decided by the judges who meet the small enterprise on-site if the small enterprise applied for the policy funds loan. It is desired that the standard for judging can be checking and confirming the certification. Also, the standards should be set up as follows : the applicants should get over 'excellent' or 'satisfied' on the development level in technology and the level of contribution when the judges check their performances. Regarding the improve-

ment of store extension and facilities inspection, it should be examined on-site with the evidences.

There are three ways of managing these qualitative indicators; one is that SEMAS controls the regional centers frequently. The other one is making online system which is open for the small enterprisers. The last one is to entrust this evaluation to consulting company with regional mentoring system. Besides the above methods, figuring out the use of funds precisely and regular site inspection can be alternatives. Those methods will be useful and helpful for continuous study on improving the evaluation system and collecting the data regarding the policy funds loan.

controversial issue. It reflects that the qualitative indicator plays very important role in securing the sustainable management for small enterprise.

In other words, the key success factor of quantitative indicators are the persistency rate of small start-up business, sustaining rate of operation, supported enterprises' sales growth and employment growth derived from customer retention. Also, the number of beneficiary enterprises and loan recovery rate to secure the loan fund and stability are the key success factor

when it comes to the aspects of the competition. Besides, the components of qualitative indicator—as known as the leading indicator—should be improved and enhanced and then these

<Table 12> Examples for process & contents of achievement on new qualitative indicator

New Qualitative Indicator	Critical Success Factors(CSF)	Key Performance Indicator(KPI)	Performance Indicator	Necessary Budget
Techinal Capacities	■ Reinforcing of function and technical expertise	■ Education time ■ Develop new menu	■ Time : 20H ■ ooo New Menu	■ fee : 1 million won ■ Cost of task shifting : 10 million won
	■ Acquiring for qualifications	■ Acquirement of certifications	■ Machanic(1st class) ■ cook/nutritionist ■ nurse	■ fee : 3 million won
	■ Understanding of basic knowledge (accounting, management, etc.)	■ Improvement	■ Professional Consulting for management	■ training fee : 1 million won
Sales Capacities	■ Ensuring key strategies	■ Diversification of sale course	■ On-line salets ■ Marketing(using Blog) ■ SNS Marketing	■ web-site : 15 million won
	■ Competitive order system	■ Retention of Sales management system	■ Preparation for sales Manual	
Improvement in facilities and expansion	■ Maintaining the quality of product	■ Retention of quality control system	■ Improvement in Facilities	■ new facility : 25 million won
	■ Good logistics system	■ Retention of inventory management	■ In-stock rate	■ cold storage installation : 20 million won

4. Conclusion

This paper studied to find the appropriate plan for making standard and representative evaluation indicator of the policy funds loan through reviewing the its items. According to the self-determination guide for government policy fund established by the Ministry of Strategy and Finance, the assesment items are set to reasonable access for achieving the business goals with clear objectives and checking the performance management. Therefore, to design the exact purpose and worthy goals of government policy fund for small enterprisers is paramount and it should meet the right assesment item which can examine the performances.

SEMAS which is currently designated as a support organization has the assesment which is mainly quantitative relying on the result of survey. It represents that there is a need for change when it comes to the assesment indicators; these should be more objective and be divided into quantitative and qualitative. Especially, building the small enterprisers' capacity for maintaining the sustaining rate of operation has been an

should be clearly reflected in the business plan to reach the business goal with satisfying the quantitative performance indicator. This study suggests that the reasonable and appropriate qualitative performance indicators are determined as ① enhancing the small enterprisers' technical competence, ② advancing sales capabilities, ③ improving facilities and store extension, ④ developing the indicator for the direct-loan recovery.

Recently, there has been controversial issues on the government policies for small enterprisers. One might discover that the policies are too reciprocal and transient(temporal) which can cause the side effects such as premature closure rate of the small enterprises and increasing rate of revenue at standstill and stagnation etc. Hence, there is the necessity of planning the new policy for strengthening the small enterprisers' capacity and recovering the competitiveness. Even though there are political and social dissent(e.g. the effectiveness of support system, the objectives, etc.) from planning the general policies for supporting small enterprisers, this research analyzes the validity of government policy fund which takes the biggest possession in the short term.

For the future, some need to draw up measures to set up the right direction for developing the policies of small enterprise

policy funds loan and improving the way of managing the plans. Eventually, this effort will dispel the worries about the present support policy which is considered as a cause of weakening the small enterprisers.

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