

When we talk about how South Korea became a developed country rapidly in a very short time in the 1980s since they just started to settle down everything by Park Chung hee after the Korean war in 1960s, everyone would say in the same way that the reason would be their technology and innovation development. However, if we take a look at the history of economic development, we would find that all the government policies at that time gave the privilege to only the large firms. Even though those policies were particularly effective if we saw only the result of economic growth in South Korea. On the other hand, we would notice that there are many small to medium size enterprises that were left behind in the success of the country. From the Oxford press 2007, SOUTH KOREA IN THE FAST LANE, reported that more than 50 percent of all new funds raised in Korea went to the top five Chaebol which could imply that the Chaebol grew at the expense of small and medium-sized firms. If the small and medium-sized businesses could have obtained more subsidized credit, it probably would have served more productive purposes. Then, in the stage of developing, small to medium size enterprises in South Korea may need to admit that they need to sacrifice for the sake of economic growth for the whole country, but when the situation was changed; South Korea government, in the stage of post developed, need to rebalanced the domination of the big firms to support the small to medium sized enterprises to compensate their sacrificed in the past. Nowadays, we can see that South Korea is able to deal with the problem of capitalism quite well and it is good to do research which could be beneficial to society. This research paper, then, would talk about the effect of capitalism toward technological and innovation development in South Korea and how the government along the time dealt with all these situations.

From my standpoint, I did not mean that the research and development of the big firms is not good. We all know that by the assumption that has been shaped largely by scientists, research and development needs a huge amount of financial resources and knowledge assets required which is very capable for big firms. Nevertheless, as an economist, we could say that the oligopoly or maybe monopoly is not beneficial to the people's welfare because the market concentration is the thing that makes the firm being more innovative in the competitive market. Also, we should consider the problem of inequality for the whole society because there should not be anyone who has the talent to be a part of not only for technology and innovation but also any development that benefits the whole country, but has the lack of privileges to work on. And the government is the one that should solve these problems to equalise the welfare of people in their country and break the high barriers of entry in the industry that are created by the big firms.

Coincidentally with the rise in the trend of the Entrepreneurship Theory which is the new understanding of innovation suggests that entrepreneurial small and medium sized firms, as well as large established enterprises, play an important role in innovation in terms of product and better production flexibility process as they complement the economic performance and grant a regional development by technology and innovation development which strengthens their capacity. Thus, the impact of the positive role of small and medium sized firms is a powerful factor that creates the competitive regional economy to the society for the importance of small and medium sized enterprises in technology and innovation development because product innovation are expected to generate a search for better technological and innovation competitiveness such as the strategy of market expansion and patenting activity.

First of all, The economic system in South Korea in the 20th century had dominated by capitalism and the core reason of the capitalism was from the the government's selective credit policy of Park Chung Hee's government during South Korea developing stage which generate the deep-rooted malaise in the relationship between small number of the large firms that have an influence in the whole country and the state which is government. Moreover, the democratization in South Korea created a new political space for big firms and made more growth by the political influence.

The point is that this relationship is the political relationship which means that there is the interest of politicians inside and caused the difficulty to unsteady this relationship. Furthermore, there would be a change in economic structure, economic growth trend, trade composition and foreign investment which would have a huge impact on the overall country, then this was the problem that the government had to solve cautiously.

To give more detail, there is the growing importance of markets as social institutions that contribute to economic growth, however, these markets created the magnificent boundary between the big firm that existed for so long which could continue develop technology and innovation easily as they had the historical data with the most important things is funds and the small to medium size firm that may still struggle with the lack of ability to develop the technology and innovation.

Later, we could notice that people in South Korea have placed importance on this problem since 2017 as the president at that time, Moon Jae In, raised the necessity of a correction in the relationship between big firms and the state which makes a balance toward a society-centric approach.

The first noticeable action from the South Korean government is Pangyo Techno Valley which was built in 2012 to be a similar area as the Silicon Valley in the United State, aiming to create a maximized growth potential in South Korean technology and innovation development hub with speedy and reliable production, also the innovative environment. Moreover, they are supported by the government through policy measures such as tax-cuts, low interest loans or an expansion of the infrastructure.

As there is the government policy to support the whole industry by the government, then there are the big firms that moved to Pangyo Techno Valley to get benefit on these too. Notwithstanding, there is much support on the startup companies specially such as startup campus provided education rooms, conference rooms, an international conference, consulting enhancing convenience for tenants. Furthermore, the Ministry of SMEs and Startups conducted the K-startup Challenge to bring the foreign startups that wish to not only enter Korea but the Asian market as a whole.

Leading to the second South Korean government action which is globalization. Globalization gives the chance for small to medium size enterprises to grow because the big firms shift the

focus on the domestic market to the international market, so there would be more space on the domestic market for small to medium size enterprises to expand a little more. Moreover, the small to medium size enterprises would also get the chance to be known globally and share the technology development and the research in a wider perspective or we could say that globalization created a wholly new technology and innovation development environment for South Korea.

However, the most important thing that could break down the domination of those big businesses is democracy. Even though democracy is not the direct solution for breaking the domination of big firms, democracy makes it illegitimate as it makes the shift away from authoritarianism to a more democratic state and from a national industrialization effort to global integration. Furthermore, because of the past state repression, the competitive political movement has been energized which has created new opportunities for small to medium size business to influence the state and when the amount of small to medium size business became majority of the firm in South Korea and hold more than half of the employment, government, then, would turned to give more support for small to medium size business in the technology and innovation development; beginning with an approximately 339 million US dollars investment in 2005 on a public R&D which 11.8% of total R&D investment is for small and medium sized enterprises and for about 957 million US dollars in 2010 which 14.2% of total R&D investment is for small and medium sized enterprises to promote small and medium sized enterprises innovations in regional industries.

Indeed, every South Korean government always gives precedence to the potential contribution of small and medium sized enterprises toward economic development because the new technology and innovation would be able to decrease the importance of the scale of economies in many sectors. Thus, small to medium sized enterprises play an important role in economic performance, providing a large amount of new job opportunities and innovations.

The South Korean government support on the technology and innovation development of small and medium sized enterprises is extended to many sectors from the national, regional to the local policy to spread the reachment to many industries as much as possible to help the small size production cost disadvantages and limitation in development capability. Whereas the local and regional government normally would hand on the design and delivery of the small and medium sized firm innovation program which containing provisions for targeted and quality business support services; immediate, technical, and managerial training programs; the cutting of administrative costs and burdens of SMEs; building network across sectors and cross borders; provisions for financial incentives and assistance; and legal framework reinforcement to the firms while the national government would perform as empowerment on the program that local and regional government provided to the small to medium size enterprises.

To give more detail, firstly, the government support service for small to medium businesses innovation targeted to sustain a quality business. Then, this support service needs to make sure that small to medium sized firms need to know anything about innovation since the initial step like how and where to access basic information about innovations, thus providing easily

accessible information with regard to innovation. Also, creating a broader pool of the firm to appoint someone to be the decision maker on innovation.

Secondly, the immediate technical and managerial training programs needed to support the productivity of the firm as usually small and medium sized firms have the lack of technical and managerial skills because of the limited access to finance resources; cumbersome, bureaucratic, setting-up procedures; operation and business growth; a infrastructure; and a lack of effective institutional structures. Additionally, small and medium enterprises have different capacity to influence the environment in their favor as larger businesses, then the regulations that implement for every firm whether what size they are, may dictate the disproportional costs on small and medium sized firms which make the rise in firms' transaction cost and limit the ability to take advantage of economic opportunities of the firm. So, the program for small to medium sized enterprises would provide the cut for the administrative costs and burdens of firms to promote their technology and innovation.

Thirdly, the government provided the support to link with or joint activities with other famous persons such as actors, actresses, singers and influencers which is the network creation as the importance of the creation of network on innovation in the knowledge-based economy. In this knowledge-based economy, innovation is a social process; business is no longer accomplished by isolated individuals and it is perceived as an interactive process involving both formal and informal relationships connected by the social networks. The technological networks such as collaboration and partnership with famous persons who influence the society in markets are important sources of innovation. The key of this support is to improve SME access to information about networking opportunities, raise the participation of small and medium enterprises in research and innovation networks, support the emergence and maintenance of innovative clusters for strengthening cooperation among firms, and identify and promote the best practice policies which support the innovation of small and medium enterprises through cluster development.

Fourthly, the policy for support on financial resources is that governments arrange SMEs with financial incentives and assistance to help the innovation of small to medium sized enterprises as small to medium sized enterprises are a special risk group because of vulnerability, insufficient funds of their own, dependence on only a few clients, and a lack of collateral and/or credit history, so they always got higher interest rates charges reflecting the risk that the bank need to take when give them a loan. Even though there is government support, firms need a co-investment to not depend too much on the financial support to help to be sustained.

Finally is the government reinforcement of legal frameworks to protect intellectual properties, and discourage monopolies and unfair trade practices. Because there are many small and medium sized firms that have the lack of a good working understanding of the intellectual property rights system. So this reinforcement is important for the technology and innovation for small and medium enterprises.

However, the program and policy would not be autocratic on the firms, but just to facilitate and deliver the firm to a better position at the point where the firm could ultimately be established without the financial aid and innovation support service from the government.

Nonetheless, the common difficulty of small to medium size firms still be the lack of financial resources which lead to exploiting technology, constrained managerial capabilities, low productivity, and regulatory burdens. And this problem became more serious for the knowledge-based economy. Therefore, each government has a policy to improve the access to financial resources and information infrastructures for small to medium sized enterprises with regulatory, legal and financial frameworks conducive to entrepreneurship, startup, and growth.

As a consequence, we could see that South Korea have been successful in small and medium sized enterprises technology and development from the research paper, Government support for SME innovations in the regional industries: The case of government financial support program in South Korea, Small and Medium Business Administration (SMBA) of Korea's internal report, Korean SMEs have developed steadily as a backbone of the national economy and are making important contributions to nation's economy, creating new job opportunities, the leverage necessary to strong, sustainable and balanced growth within the frame of the global economic system.

The regional strategic industry project is the policy that the South Korean government aims to create clusters of innovation-oriented regional development in the areas of new materials development, electronic information devices, and oriental biotechnology.

Afterward, they needed the evaluation on the effectiveness and relevance to check whether it was worth the investment or not. The process of evaluation is to justify their costs and to assist in the design of future small and medium sized enterprises programs not by the technology and innovation performance of the regional small to medium sized enterprises, even though the government had paid a tremendous amount of investment on promoting regional industries.

To sum up, whether there is the dominance of the big firms from the stage of developing country to drive the country to the stage of developed country, people may need to sacrifice for the prosperity of the overall country. But when it comes to the stage of post-developed, domination should not exist anymore. The core reason to break the domination of the large enterprises is democracy as it could illegitimate authoritarianism for people's welfare. Moreover, there are many support on the technology and innovation development for small and medium sized enterprises from every South Korean government as innovation could make more productivity and competitiveness to drive the market in the better way. I hope this research paper would make us see how South Korea which is one of the best country on technology and innovation development deal with capitalism and make an adaption to make country being better.