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Abstract

Entrepreneurs boost employment development by creating new opportunities once they get into the market. Entrepreneurs are essential for several economies all over the world. Hence, the study sought to examine the impact of microfinancing on the sustainability of entrepreneurs in South Korea. The research employed a descriptive research design. The target population was small-scale entrepreneurs and microfinance institutions in Seoul City in South Korea. The data was analyzed utilizing both descriptive and inferential statistics. The study findings indicated that microfinancing has a positive impact on the sustainability of entrepreneurs. However, the study noted that young entrepreneurs encounter significant obstacles in accessing low-cost capital due to the asymmetric information issue between those who give out and those who want the capital, which impedes their development. Lack of access to financing in low-income nations is generally regarded as one of the primary impediments to creating entrepreneurial activities. The study concluded that microfinance institutions are prominent for entrepreneurship growth and sustainability. The study recommended that microfinancing institutions are required to put more effort into financing entrepreneurs. Entrepreneurs themselves need to be more responsive to new ideas and prepared to make financial dedications to ensure development. Furthermore, it is recommended that sensitization of the entrepreneurs before credit extension is required to them via considerable financial literacy training and supervisory skills advancements.

Keywords: *Micro Financing, Sustainability, Entrepreneurs, South Korea*

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1.0 Introduction

Microfinance is extensively identified as a vital tool for poverty alleviation and socioeconomic well-being. Lack of access to loans in low-income nations is normally considered as one of the major impediments to developing entrepreneurial activities (Koh, Solarin, Yuen, Ramasamy & Goh, 2021). People with low income or minimal wealth have no access to financings from the financial institutions due to lack of security, whereas microfinance institutions (MFI) are addressing this problem by giving accessibility to finance for all. Entrepreneurs promote employment development by creating new jobs when they get in the marketplace (Christensen, Parsons & Fairbourne, 2019). By creating new enterprises, entrepreneurs increase competition for existing enterprises. Consumers benefit from the resulting reduced prices and higher product variety.

The Korean government has actually made fostering a "innovative economy" number one priority (Khan, 2018). The objective is to move Korea's financial paradigm to one based upon technology in which new start-ups and venture organizations play a vital function. Nevertheless, the venture capital market is still at an onset of development. To make venture investment a development driver, it is essential to broaden the function of business angels, activate the merger-and acquisition market and promote entrepreneurship. Developing nation relies on empowering entrepreneurs that make up 70% of employment, more dynamic (Minniti and Naudé, 2021). The productivity disparities between big companies and SMEs that benefit from a wide range of public assistance is broadening. Entrepreneurship policies are required to be structured and enhanced to promote market-based financing and lower the adverse impacts of government financing programmes that prevent the expansion of entrepreneurship ideas.

Entrepreneurship is necessary in the growth of any kind of economy. There is association in between entrepreneurship levels and the economic development, poverty alleviation and decrease in developing and developed economies. Abbasi, Wang and Abbasi (2019) made available listing of the qualities business owners require for decision-making since entrepreneurial skills are tough to gauge. Financial institutions lending is one of the most usual sources of external finance to lots of SMEs and entrepreneurs, which are frequently heavily reliant on straight debt to satisfy their start-up, cash flow and investment needs. While it is frequently utilized by small businesses, however, traditional bank financing presents challenges to entrepreneurs and might be ill-suited at particular stages in the firm life cycle (Cusmano and Thompson, 2018).

According to Niethammer, Saeed, Mohamed & Charafi (2020) argued that access to financing can eliminate poverty and encourage entrepreneurship. For the poor, the existence of financial exclusion is prevalent. Nonetheless, poor women entrepreneurs come across more troubles than their male counter parts in getting capital to finance their business. The involvement in microfinance could provide female entrepreneurs with collateral- free- loans. In addition, they will learn the skills required in a basic loan application process.

1.1 Research Objective

To examine the impacts of micro financing on the sustainability of entrepreneurs in South Korea.

2.0 Literature Review

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Shul'gat (2019) discovered that the principle of micro financing has actually increased swiftly since its beginning in 1978. In spite of its growth, the effect it has on entrepreneurship is a topic to be addressed. Researches in the recent past have emerged describing the effective entrepreneurship which relies upon private and household characteristics, and on the status of the finance obtained. The research sought to examine the impact of microfinance on entrepreneurship in Donetsk utilizing the across the country depictive household study data for 2017. As a result of the endogeneity problem, we used the binary action design with critical factors. After the adjustment for endogeneity, the outcome suggests that accessibility to microcredit have a substantial favorable effect on entrepreneurship and reveals there is a significant gender distinction in between males and females when making the decision to become an entrepreneur. Hence, males have high chances of becoming an entrepreneur than ladies. Moreover, fascinating result is that the old, uneducated and married people are more probable to be business owners. As a result, it can be thought that entrepreneurship in Donetsk is primarily represented by unskilled employees, a number of which are unpaid family employees and self-employed who operate small trade markets, shops, and own land in order to produce income that does not demand a particular level of education or labor abilities.

Pei-Wen, Zariyawati, Diana-Rose and Annuar (2018) analyzed the impact of microfinance on the Sustainability of business owners in Malaysia. Simple random sampling strategy was used in picking the 200 businesses that made up the sample dimension of the study. Semi-structured survey was constructed to help in the collection of relevant information that was utilized for analysis. Descriptive statistics that consist of simple percentage graphical charts and illustrations was tactically used in data discussions and evaluation. The results of the research disclose that considerable number of the businesses gained from the financings despite the fact that only few of them were qualified sufficiently to secure the needed quantity demanded. Surprisingly, most of the businesses recognize favorable contributions of financings which led to enhancing their market share, product innovation attaining market quality and the total financial firm competitive advantage. A part from tax incentives and financial assistance, it is advised that government is required to attempt to give enough infrastructural facilities like power, better road network and training institutions to help businesses in Malaysia.

Anderson (2020) revealed that the distribution of micro credit to operators of ventures is progressively being recognized as a critical means of helping the 'working poor'. Numerous effect research performed on contribution of financings in the growth of ventures exposes various observations. There is no empirical research showing the prospective function of enhanced loaning facilities by both formal and informal microfinance firms in reducing obstacles of accessibility to credit to small enterprises and speeding up business development via provision of financial training and instilling financial discipline among the businesses. Moreover researches of microfinance organizations have revealed that credit markets are different and are not able to please the existing need for credit in the small business segments. The function of this research was to explore the result of micro financing in the development of business in Germany. This study problem was researched with making use of a causal study style. The target population consisted of 300 entrepreneurs in Germany. This study utilized a stratified random sampling approach to choose 100 participants. Main information was accumulated utilizing sets of questions. The data was

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examined by utilizing descriptive statistics. The research discovered entrepreneurial growth contributes to the development of ventures. The research concluded that entrepreneurship growth like financial and administration therapy in addition to workshops, entrepreneurial abilities and seminars provided by micro finance organizations influence development in the business. The research suggests that regulations by microfinance organizations to fund enterprises are required to be flexible to accommodate the enterprises only when financial institutions appreciate and provide technological aide to the enterprise would be contributing to the ventures to make sure success in business sector.

Mia, Dalla Pellegrina, Van Damme & Wijesiri (2019) research intends to determine the impact of the government's microcredit scheme on the Sustainability of businesses growth in regards to turn over, revenue, and financial inclusion. Furthermore, it concentrates on assessing the microcredit efficiency in raising the micro-small organization Sustainability. By utilizing the Propensity Score Matching approach, it contrasted the microcredit borrowers and non-borrowers' Sustainability and their financial inclusion level. It embraced questionnaire-based on 300 micro-small enterprises as the sample. It reported favorable disparities in between the microcredit borrowers and non-borrowers in which the first team noticed an increasing turn over, and profit as contrasted to the last team. Moreover, the two samples' efficiency did not influence financial inclusion. The microcredit scheme did not form micro-small entrepreneurs' savings habits as a part of financial incorporation elements. The outcomes show that government intervention via microcredit stipulation is vital to boost micro-small enterprises efficiency and consequently offered technical help to boost their loan and savings management.

Thaer, Radieah and Wan Norhaniza (2021) reported that microfinance is viewed as a tool for destitution alleviation by offering different services characterized as financial and non-financial to minority members in the society to be added in the mainstream financial system. This research looked to analyze the impact of microfinance institutions' financial and non-financial services on ladies' entrepreneurship and empowerment in Venezuela as a developing nation. To obtain a much better understanding of the Sustainability of microfinance services, the research is conducted to resolve the concern of what types of services are readily available and whether the MFI services remain in line with the actual demands of females' entrepreneurs to increase their efficiency. For this reason, a qualitative method was embraced in this research utilizing semi-structured interview questions to gather information from thirty-five ladies' entrepreneurs in Venezuela. The outcomes revealed that, as pertains to financial services, the most vital needs of ladies entrepreneurs include giving appropriate funding with necessary financial facilities like lowering interest, decreasing monthly installments, and prolonging the moratorium, while non-financial services ought to include holding specialized training courses, accessing a therapy facility, offering incentives and psychological assistance, marketing assistance, and monitoring and examination. This research concluded that aspects related to MFI play a vital role to improve females' business owners and reduce gender inequality.

Rehman, Moazzam & Ansari (2020) conducted a research, examined, discussed and provided an important analysis associating with the function of microfinance on concerns connected to poverty, gender equality, and ladies empowerment, especially focus on developing nations. Furthermore, the research gives a summary of the opportunities and objections of microfinance that analyzes the

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contemporary issues on decreasing poverty, entrepreneurial advancement and the family well-being. The research includes in the restricted study analyzing the function of microfinance to equip ladies in developing nations.

Weber and Kratzer (2021) noted that entrepreneurs are very critical to the Asian continent. They include greater than 90% of all Asian enterprises that provide 2 out of 3 private sector works in the economy. As a result, it is essential for the Asian countries' financial success that they have totally working assistance measures for ventures. Nonetheless, young business encounter major challenges in accessing cheap financing, primarily due to the fact that there is an uneven data issue between distributors and those who require the capital, that impedes their development. The research will certainly highlight the problems of enterprises in obtaining money, and supplies remedies for minimizing them. The results suggested in the research consist of the growth of credit rating information frameworks for business to fix the uneven data issue, application of credit ranking strategies for the business, the growth of a lasting credit guarantee program, the advancement of specialized private financial institutions for company funding, and bringing in new means of giving community-based capital like home town investment company capital. The research will certainly provide operational instances from established Asian economies like Japan, Korea, and developing Asian economies like Thailand with a view to them being carried out in the rest of Asia.

Wang (2020) discovered that youthful entrepreneurs keep on failing on the issues that microfinance institutions claim to provide options to. Survey reveals that three out of 5 young business owners' organizations fail within the first couple of months of operation. A gap exists in discovering the influence of microfinance institutions and financial efficiency of small and medium businesses. The research for that reason looked for to determine the impact of microfinance services by microfinance organizations on the sustainability of small and medium businesses. The research was directed by the following purposes; to discover the impact of credit facilities, provision of financial literacy, development of monitoring skills and market assistance on the sustainability of young entrepreneurs. The research was expected to develop the functional role of perceived options offered by microfinance organizations and just how this influences development of small and medium businesses. The research was embraced on resource-based concept and the vibrant capability concept of the organization. A study layout was utilized to complete the research purposes. Information was collected from supervisors of microfinance firms in addition to small and medium businesses in Tokyo, Japan. Stratified sampling was embraced to select 88 small and medium businesses and ten microfinance organizations to take part in the research. Information was gathered via a set of questions whose legitimacy and integrity was developed in the pilot test. Discussion of information was done in tables and interpretation made according to study purpose. The small medium businesses have favorable knowledge about the services provided by the microfinance firms. 90% of modifications in financial sustainability of businesses in Tokyo, Japan are clarified by the independent variables of the research. The chosen microfinance services by the MFIs in Tokyo, Japan have a favorable and substantial effect on the financial sustainability of businesses. The research concluded that the microfinance firms have actually refrained from doing a lot in guaranteeing that their services get to and are valued by small medium businesses in the city. Credit centers and financial literacy have significantly been

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expanded the small medium businesses by the microfinance firms however growth of supervisory abilities and market facilitation has not been done to expectations. The research suggests sensitization of the small medium businesses before credit expansion to them through extensive financial proficiency training and managerial skills growth by the MFIs.

Heo, Jeon, Kim and Kim (2018) found that in the republic of Korea, public assistance programs for exporting small and medium sized businesses have actually played a considerable role in their internationalization process. Several non-reimbursable and co-financing tools which promote development of exports of SMEs have led to their export success, together with big companies, which led Korea to come to be the globe's fifth biggest exporting nation in 2017. The research synthesizes these support programs and some vital aspects of their execution, of which some may work for formulators and implementers of similar programs in other different places. Initially, researchers reveal the continuity gradually of these plans from the 1948s. Consequently, existing export support system reflects the learning of greater than sixty years. Second, Korea has an unique configuration of institutions that support SMEs' exports, including the Korea small and business company, which is under the umbrella of small and tool organization management that just recently changed right into the ministry of small and medium businesses and startups; the Korea trade-investment marketing firm and the Korea global profession association have programs that represent major SME export supporting programs of Korea. Thirdly, few new efforts have actually been lately brought in to increase the internationalization of SMEs, consisting of a coupon program, which qualified businesses can chose particular kinds of assistance of their own selection. Finally, several programs concentrate on the assimilation of small businesses in worldwide value chains, specifically in terms of suppliers of signets and components to big Korean companies. One instance is the advancement of global markets program, in which international trade firms give help to SMEs that just operate in the domestic market, until they export, with a particular emphasis on electronic commerce as facilitator of exports. The researcher concludes that the authorities responsible for assisting SMEs' export should apply effort to note and provide what local SMEs require, rather than giving what the authorities presume the local SMEs desire.

Liu and Hsu (2018) performed research which concentrated on adhering to two concerns. First, the research checks out the level to which financial growth has contributed to economic growth in Korea. For this objective, we present four well-known financial development signs, and seek to discover a long-run association between outcome development and financial growth. Secondly, the impacts of financial suppression on economic development are taken a look at. A financial index is constructed anchored on five related steps, and this index is increased to the growth-finance equation. For the effectiveness of the outcomes, the model with per capita capital stock is also approximated.

Wennekers and Thurik (2019) revealed that innovation and entrepreneurship are thought to be crucial in any kind of nation's growth. In Thailand's situation, chaebols are the resistance framework of the economy and among one of the most essential forces in the nation. Nevertheless, their presence, in addition with the typical culture like Confucianism, which have a wonderful influence on the entrepreneurship growth and technological advancement in the nation. The study additionally intends to develop an evaluation of the Thailand entrepreneurship environment and identify the aspects that bring about the growth of research and growth segment, helping

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entrepreneurs to operate new enterprises. The results suggest that the Thailand typical culture along with the chaebols have a reducing effect on the Thailand entrepreneurship, even though the nation is thought about to be one of one of the most innovative in the world.

3.0 Research Methodology

The research employed descriptive research design. The target population was small scale entrepreneurs and micro finance institutions in Seoul City in South Korea. Especially, the target population was 300 individuals. The data collection tools contained surveys. The data was analyzed utilizing both descriptive and inferential statistics.

4.0 Research Findings and Discussion

4.1 Correlation Analysis

The correlation analysis was conducted to examine the association between the variables. The results presented in Table 1 describe the correlation analysis

Table 1: Correlation Analysis

		Sustainability of Entrepreneurs	Micro Financing
Sustainability of Entrepreneurs	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Micro Financing	Pearson Correlation	.385**	
	Sig. (2-tailed)	0.000	0.000

The correlation results from Table 1 show that micro financing was positively and significantly associated with Sustainability of entrepreneurs ($r=385$, $p=.000$). The results concur with Thaher, Radieah and Wan Norhaniza (2021) that micro finance institutions play a vital role to uplift entrepreneurs through provision of credit to boost their businesses.

4.2 Regression Analysis

The section comprised of model fitness, analysis of variance and regression of coefficient. The results presented in Table 2 indicate the model fitness

Table 2: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.151a	0.325	0.562	1.8152

The results from Table 2 show that micro financing was found to be satisfactory in explaining the sustainability of entrepreneurs in South Korea. This was supported by the coefficient of determination, also known as the R square of 0.325. This signified that micro financing explains 32.5% of the variations in the sustainability of entrepreneurs.

Table 3: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.246	3	2.654	19.81	.000b
	Residual	2.794	6	0.134		
	Total	6.040	9			

The results in Table 3 indicate that the overall model was statistically significant. The results imply that micro financing is a good predictor in explaining the sustainability of entrepreneurs in South Korea as the reported p-value was 0.000, which was less than the conventional probability significance level of 0.05. Hence, the government can work on increasing the level of micro financing to increase the sustainability of entrepreneurs in the county.

Table 4: Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.4582	0.021		7.254	0.005
Micro Financing	0.3128	0.081	0.315	3.025	0.004

Based on the results presented in Table 4, it was found that micro financing was positively and significantly related to the sustainability of entrepreneurs ($\beta=0.3128$, $p=0.004$). This was supported by a calculated t-statistic of 3.025 that is larger than the critical t-statistic of 1.96. The results implied that when the micro financing is increased by one unit, the sustainability of entrepreneurs will increase by 0.3128 units while holding other factors constant. Heo, Jeon, Kim & Kim (2018) articulated that the presence of micro financing institutions inspires entrepreneurs to venture into businesses due to the readily available credit in a particular nation.

5.0 Conclusion and Recommendations

From the study, it is concluded that micro financing has a positive effect on the sustainability of entrepreneurship activities. Therefore, microfinance organizations are evident instruments for entrepreneurship growth due to the different services they provide and the duty they execute towards the growth of young entrepreneurs and the economy at large. The financial institutions are required to put even more effort in funding entrepreneurs, their function is required to be noticed by the business owners in terms of development and growth. The financial organization whose role requires to be noticeable in promoting entrepreneurs’ development and growth is microfinance. Entrepreneurs themselves ought to be a lot more receptive to new ideas and prepared to make financial commitments to ensure growth. Moreover, it is concluded that factors related to

MFI play a vital role to boost female entrepreneurs and eliminate gender inequality. The research advises that regulations by microfinance organizations to finance entrepreneurs need to be versatile to fit the entrepreneurs just when financial institutions values and offer technical help to the entrepreneur would certainly be contributing to the entrepreneurs to guarantee success in the entrepreneurship sector. There is demand to stress the advantages of reviewing the existing approach of accessing financing to allow youth to become entrepreneurs and organization training courses for unskilled employees. The research suggests sensitization of the small medium businesses prior to credit extension to them through comprehensive financial proficiency training and managerial skills development by the MFIs.

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