

Korea's Early-Stage Enterprise Base Continues to Expand, with Tech-Driven Firms Showing Stronger Economic Impact

The Ministry of SMEs and Startups, in cooperation with the Korea Institute of Startup & Entrepreneurship Development (KISED), announced today the results of the 2023 Survey on Startup Enterprises, providing a comprehensive snapshot of Korea's early-stage enterprise ecosystem in the post-pandemic period.

The survey, an official national statistical release, combines a full census analysis based on the national business registry with a detailed sample survey of 8,000 early-stage enterprises established within the past seven years. It examines both structural indicators – such as firm numbers, employment, and revenues – and qualitative characteristics across the stages of startup preparation, launch, and growth.

**The survey defines early-stage enterprises as firms established within the past seven years, spanning all industries from services and retail to manufacturing and technology.*

Early-stage enterprise numbers rise for a third consecutive year

As of 2023, Korea recorded 4.9 million startup enterprises, accounting for 59.1 percent of small and medium-sized enterprises nationwide. This represents a 1.5 percent year-on-year increase, marking the third consecutive year of growth.

Technology-based startups totaled 979,000 firms, or 20 percent of all startups, with notable expansion in information and communications, professional and scientific services, and education services. Outside the technology sector, growth was also evident in energy supply, wholesale and retail trade, and agriculture-related industries, underscoring the broad-based nature of entrepreneurial activity.

Startups led by younger founders continued to gain momentum. Enterprises headed by people in their 20s and 30s grew by 2.2 percent, outpacing the overall startup growth rate and highlighting the increasing role of youth entrepreneurship.

Employment and revenue reflect a challenging economic environment

Startups employed 8.33 million people in 2023, equivalent to 43.6 percent of total SME employment. While employment declined slightly compared to the previous year, technology-based startups maintained a higher average workforce size, reinforcing their role as quality job creators.

Total startup revenues reached KRW 1,134.6 trillion, accounting for 34.4 percent of SME revenues. Although revenues eased amid domestic and global economic uncertainty, technology-based startups once again demonstrated stronger performance: despite representing only one-fifth of all startups, they generated 28.2 percent of total startup revenues and 30 percent of startup employment, outperforming non-technology firms in productivity terms.

Founders leverage experience but face financing constraints

The survey's qualitative findings point to a startup ecosystem grounded in professional experience. More than 83 percent of founders reported launching their businesses based on prior work experience, while 29 percent were

serial entrepreneurs, with an average of 2.2 startup attempts.

Access to finance emerged as the most significant challenge during the preparation phase, cited by 53.7 percent of respondents, followed by fear of failure and gaps in entrepreneurial knowledge and experience.

At the execution stage, founders cited income growth as a primary motivation, alongside alignment with personal aptitude and long-term growth potential. Average startup capital stood at approximately KRW 206 million, funded predominantly through personal savings, supplemented by bank loans, private borrowing, and government-backed financing instruments.

Innovation and global engagement remain limited but evolving

In the growth phase, startups reported operating profit margins of 5.7 percent and net profit margins of 4.2 percent. Firms holding intellectual property owned an average of five industrial property rights, a notable increase from the previous year.

However, only 2.7 percent of startups reported experience in overseas markets, indicating both structural constraints and untapped potential for international expansion.

Policy outlook: from recovery to growth

Commenting on the findings, Cho Kyung-won, Director-General of Startup Policy at MSS, noted that while the transition to a post-pandemic environment broadened the startup base in 2023, persistent economic uncertainty weighed on management conditions.

“Looking ahead to 2026, the government will work closely with the private sector to make this not just a year of recovery, but a year of growth,” he said. “With a record KRW 3.5 trillion in coordinated, cross-government support for early-stage and innovative enterprises, we aim to strengthen resilience and accelerate the scale-up of Korean startups.”

The survey results reaffirm the central role of startups in Korea’s SME economy while underscoring the need for sustained policy support to translate entrepreneurial dynamism into long-term growth and global competitiveness.

For more news and updates on Korea’s SME and startup policies, follow the Ministry’s official **LinkedIn** page:
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