



# KRIHS Policy Brief

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## Policy direction regarding location selection of promising businesses in the era of the fourth industrial revolution

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1> Convergence between different industrial sectors is taking place actively in the era of the fourth industrial revolution and the growth and innovation of individual business is getting all the more important. Hence, the government needs to focus more on supporting individual business that is expected to grow and bring about innovation than the industrial unit with regard to the location selection.

2> Promising companies with a high potential for innovation and growth are defined as growing businesses led by technology that constantly carry out R&D activities, create jobs, and achieve growth in sales. They are differentiated with ones that concentrate on R&D only without growth as in the case of small-sized startups or those that pursue job creation and growth only

3> Promising companies with a high potential for innovation and growth are found in various fields of industries including distribution, service, and non-manufacturing sector

4> More than a 60% of such companies are operating their business in metropolitan areas and the fact that they are highly dependent on those areas may deepen the gap between regions in the era of the fourth industrial revolution

5> To eliminate such concern, there is a need to amend and improve policies including support for the location selection, deregulation with regard to location selection, building of an innovative ecosystem in regions for balanced development, and strengthen the competitiveness of metropolitan areas to be selected as locations for business operation



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## Policy proposals

- ① Effective deregulation on location control for areas with repetitive public complaints so that recommendations by the Regulatory Reform Committee and the Office of SME Ombudsman take effect
- ② Expand the types of business and industrial complex to include distribution, sales, non-manufacturing sector, hotel, hospital, etc. in order to meet the need of each group of business and supply related facilities tailored to inhabited companies
- ③ Need to create an innovative ecosystem to foster local talents and entrepreneurs, adjust the share of the metropolitan area compared to other regions with regard to the size of land in developing industrial complex in order to strengthen the competitiveness of promising companies in metropolitan areas, and prevent reckless development