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**MSS released the survey findings on the current status of self-employed creative enterprises in the year 2023**

MSS conducts an annual survey to assess the activities and status of self-employed creative enterprises. The results are published under the Act on the Fostering of Self-employed Creative Enterprises.

This survey targeted those companies categorized as self-employed creative enterprises as of 2021. The number of self-employed creative enterprises increased by 7.7% from the previous year.

**Sejong, March 29, 2024** – The Ministry of SMEs and Startups (MSS, Minister OH Youngju) released the survey results on the status of self-employed creative enterprises for 2023 on March 28. This statutory survey, state statistics number 142015, has been conducted and published annually since 2012 under Article 6 of the Act on the Fostering of Self-employed Creative Enterprises.

A "self-employed creative enterprise" is a business run by an individual or a joint business entity with less than five employees. Its distinguishing feature is its creativity and expertise, and it does not employ regular workers. This definition does not include business owners who operate real estate or other prescribed business types.

The Enforcement Decree of the Act on the Fostering of Self-employed Creative Enterprises excludes 32 business types. This includes real estate, wholesale/retail trade, accommodation, food/beverage services, mining, water supply, transportation, and finance/insurance. The categorization follows the Korean standard industrial classification (KSIC) at the mid-level.

The survey was conducted on 43 self-employed creative enterprises classified as mid-level KSIC business types registered in Statistics Korea's Statistical Business Registers (SBR) as of 2021.

## General status of self-employed creative enterprises

As of 2021, there were 987,812 self-employed creative enterprises, an increase of 7.7% from the previous year, surpassing the increase rate of all startups (5.8%).

### < Number of self-employed creative enterprises vs. all startups by year between 2019 and 2021 >

Classification	2019	2020	2021	Rate of increase/decrease from 2020 to 2021
Self-employed creative enterprises	458,322	917,365	987,812	70,447↑(7.7%↑)
All startups	4,016,385	4,299,673	4,549,158	249,485↑(5.8%↑)

Starting from 2020, the population of self-employed individuals has expanded to include home businesses such as e-commerce, media enterprises, and freelancing. As a result, comparing time series data before and after 2020 is difficult.

The main types of businesses were "manufacturing" (26.2%), "e-commerce" (21.2%), and "education" (16.7%).

### < Proportions of self-employed creative enterprises by business type (unit: %) >

Classification	Manufacturing	E-commerce	Education	Professional/scientific/technical activities	Business facilities management and other similar services	Publishing, broadcasting and other similar services	Personal/consumer goods maintenance and repair	Creative, arts, recreation related services	Agriculture, forestry and fishing	Other Activities Auxiliary to Financial Services	Total
Proportion (%)	26.2	21.2	16.7	11.5	7.4	7.3	6.9	2.1	0.4	0.3	100

The cities or provinces with the most self-employed creative enterprises were Gyeonggi at 28.0% (276,000), Seoul at 24.0% (237,000), and Busan at 6.2% (61,000) in descending order, with 57.2% (565,000) based in the Seoul metropolitan area and 42.8% (422,000) in areas outside the Seoul metropolitan area.

**< Proportions of self-employed creative enterprises by city/province (unit: %) >**

Seoul metropolitan area (57.2)			Non-Seoul metropolitan area (42.8)														Total
Gyeonggi	Seoul	Incheon	Busan	Gyeongnam	Daegu	Gyeongbuk	Chungnam	Jeonbuk	Jeonnam	Daejeon	Chungbuk	Gwangju	Gangwon	Ulsan	Jeju	Sejong	
28.0	24.0	5.3	6.2	5.9	4.6	4.3	3.4	2.7	2.6	2.5	2.5	2.4	2.3	1.6	1.1	0.6	100

Self-employed creative enterprises typically operate for long periods, with an average of 12 years in business. 35.5% of these enterprises were founded before 2010.

It was found that self-employed creative enterprises had an average annual sales of KRW 298 million in 2021, which is greater than the average annual sales of all startups combined (KRW 244 million).

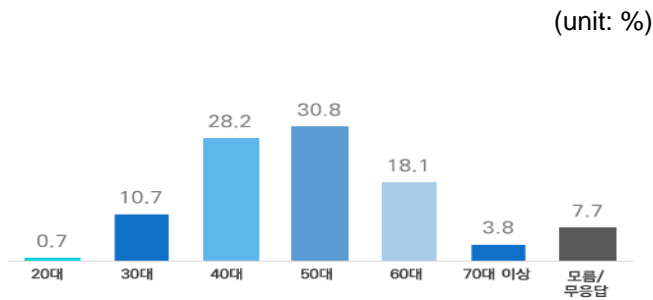
\* (Average annual sales of self-employed creative enterprises) ('19) KRW 244 million → (' 20) KRW 277 million → (' 21) KRW 298 million

(Average annual sales of all startups) ('19) KRW 185 million → (' 20) KRW 230 million → (' 21) KRW 244 million

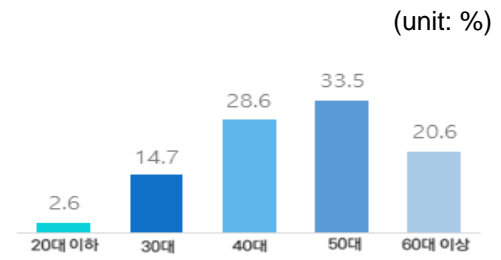
**Characteristics of current self-employed creative enterprises**

The survey on self-employed creative enterprises found that CEOs in their 50s were the largest age group, comprising 30.8% of the total. In contrast, CEOs in their 20s were the smallest age group, making up only 0.7%. The survey also revealed that self-employed creative enterprises founded by younger CEOs (aged 39 or younger) accounted for only 11.4% of the total, which is significantly lower than the percentage of startups founded by younger CEOs (17.3%).

**< Ages of CEOs of self-employed creative enterprises >**



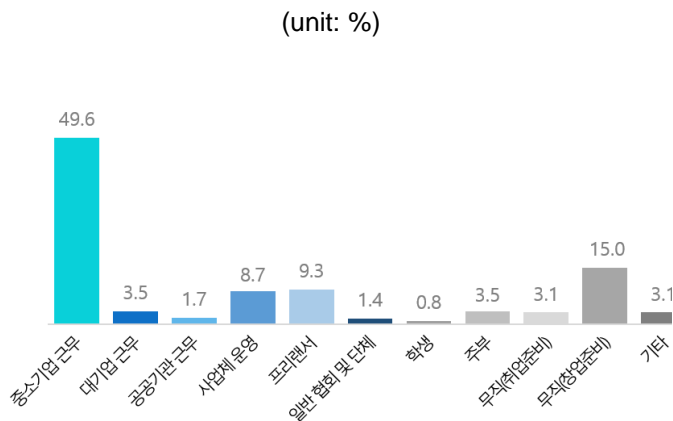
**< Ages of CEOs of all startups >**



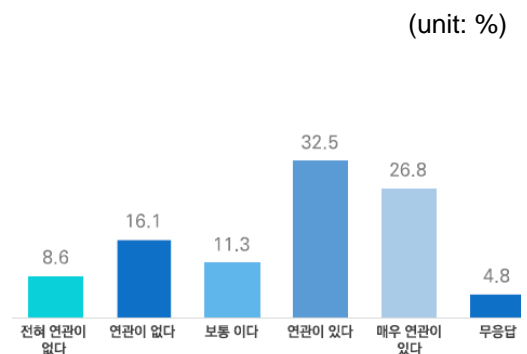
The most commonly reported reasons for starting a business were to "showcase their skills and abilities (42.8%)," "earn a high income (26.1%)," and "sustain their livelihood (14.1%)," in that order. On average, it took 12.1 months to prepare and launch a new enterprise.

The majority of CEOs had previously worked for small and medium-sized enterprises (SMEs) before starting their own businesses. This comprised 49.6% of the respondents. 15.0% had made preparations to start their own enterprises, while 9.3% were freelancers. Regarding the relevance of their previous career to their current business, 59.3% responded affirmatively, indicating a significant connection between their past and present careers. Responses included "somewhat" and "very much."

**< Major career before founding an enterprise >**



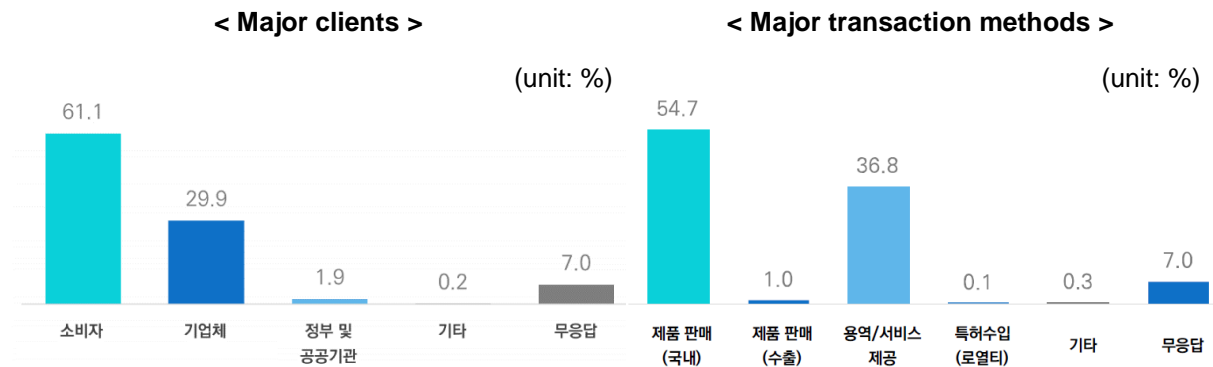
**< Relevance between previous and current business types >**



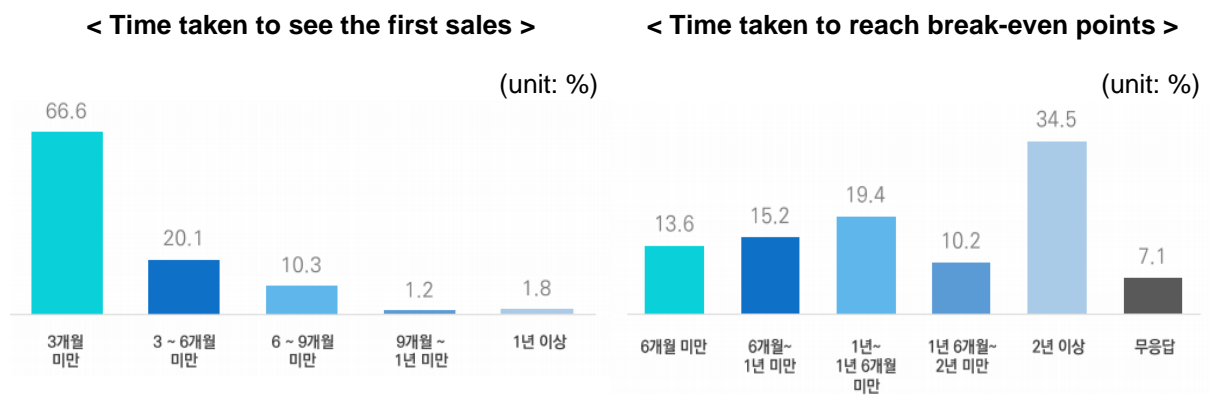
The company's major clients can be divided into three categories: consumers (B2C), companies (B2B), and government/public institutions (B2G). Among these, the largest percentage of clients, at 61.1%, were consumers (B2C), followed by companies (B2B) at 29.9%, and government/public institutions (B2G) at 1.9%. It is worth noting that the proportion of B2C clients is lower compared to that of all startups, where B2C clients make up more than 75% of the major clients.

\* Shares of major clients for all startups: B2C (75.7%), B2B (21.6%), B2G (2.6%)

As for major transaction methods, "selling products at home" comprised the largest proportion of responses at 54.7%, followed by "providing services" with 36.8% and "exporting products" with 1.0%.



On average, self-employed creative enterprises saw their first sales 2.6 months after they were founded (same as in 2021) and reached break-even points 20.2 months (15.3 months in 2021) after they were founded.



JO Gyeongwon, Director General for Startup Policy, said, "This survey on the status of self-employed creative enterprises is essential, as it allows us to examine the effects of related policies by comparing the results with those of the survey on the status of startups." He added, "The outcome of this survey will serve as a crucial reference for developing a three-year ('24-'26) plan to foster creative enterprises."