

Preliminary Results of the Survey of Business Activities in 2016

Status of enterprises*

	2012	2013	2014	2015	2016
Number of enterprises (each)	12,011	12,232	12,417	12,460	12,472
Number of workers (thousand persons)	4,136	4,225	4,302	4,380	4,442
Annual sales (trillion won)	2,233	2,257	2,232	2,159	2,166

* Enterprises refer to corporations with '50 regular workers or more' and 'a capital of 300 million won or more'.

- In 2016, the annual sales of enterprises increased by 0.3 percent to 177.8 billion won per enterprise.
- The net profit (before balancing the corporate tax) per 1,000 won of annual sales recorded 58.9 won in 2016, rising by 8.5 won from 2015. This figure continued an increasing trend for the past 3 years.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
- Net profit per 1,000 won of annual sales (won)	53.3	62.3	51.7	47.2	39.2	42.0	50.4	58.9

- Enterprises (excluding 'Financial and Insurance Activities') with research and development expenditures totaled 5,947 entities. The research and development expenditures of these enterprises amounted to 43.5 trillion won. The average research and development expenditures recorded 7.3 billion won per enterprise.
- Enterprises with overseas subsidiaries* recorded 2,814 entities. The number of overseas subsidiaries marked 8,125 entities, down 1.0 percent from 2015.

* When an enterprise has over 20 percent of the capital

- Among a total of 8,125 overseas subsidiaries, China had the largest share of overseas subsidiaries at 2,634 entities. This figure was followed by the U.S.A (1,046 entities) and Vietnam (730 entities).
- In 2016, the number of subsidiaries located in China turned an steadily increasing trend into a decreasing trend. In the meantime, Vietnam and India continued an increasing trend in the number of subsidiaries after the beginning of statistical production in 2006.

< Overseas subsidiaries (each) >

	<u>2006</u>	<u>2008</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
China	2,238	2,248	2,403	2,576	2,682	2,730	2,634
Vietnam	187	277	389	458	602	668	730
India	108	151	212	244	272	276	279

- In 2016, 73.5 percent of enterprises outsourced their business, up 0.4%p from 2015. This percentage changed to an increase from a decreasing trend during the 2011-2015 period.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
- Percentage of outsourcing enterprises	77.9	78.9	76.7	76.0	75.9	75.4	73.1	73.5

- As for outsourcing percentage of simple business by sector, 'Security, cleaning and facility management' and 'Transportation and delivery' showed high figures at 36.9 percent and 31.4 percent, respectively. As for outsourcing percentage of core business by sector, 'Production' showed a high percentage at 28.6 percent.
- Enterprises establishing a strategic partnership, where two or more enterprises form a mutual cooperation system, amounted to 637 entities. This figure dropped by 30.1 percent from the previous year. As for cooperative areas, a technical partnership, a joint marketing and a joint technology development stood at 46.9 percent, 40.5 percent and 36.9 percent, respectively.
- In 2016, enterprises starting a new business amounted to 239 entities. Among them, 81 enterprises started a new business in industry 4.0 (97 types of industry 4.0).
- As for the type of industry 4.0, where enterprises started a new business, 'Bio industry' showed the highest share at 18.6 percent. This figure was followed by 'Big data' (17.5%) and 'Internet of things' (13.4%).

Type of Industry 4.0	Artificial intelligence	Internet of things	Unmanned transportation	3D printing	Robotics	Nano tech materials	Bio industry	Big data	Clean energy	Others
97 each	7	13	3	5	6	4	18	17	8	16
100.0	7.2	13.4	3.1	5.2	6.2	4.1	18.6	17.5	8.2	16.5

- In the meantime, enterprises changing their core business totaled 484 entities. As for the type of change, 'Business expansion' occupied the largest share at 49.6 percent, which was followed by 'Business reduction' (37.4%) and 'Business relocation' (13.0%).
- As for the reasons for business reduction, 'Domestic and overseas economic recession' and 'Enterprise management efficiency' stood at 42.5 percent and 32.6 percent, respectively.
- As for the reasons for business relocation, 'Reduction of production costs' and 'New market development' stood at 34.9 percent and 33.3 percent, respectively.
- In 2016, 82.2 percent of enterprises introduced and operated a performance-based compensation system (annual salary and bonus system), up 0.9%p from 2015. This percentage changed to an increase from a decreasing trend during the 2011-2015 period.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
- Percentage of enterprises with the performance-based compensation system	84.1	84.2	83.4	83.0	82.3	82.2	81.3	82.2

- As for the performance-based compensation system by type, the annual salary system and the bonus system stood at 74.2 percent and 63.2 percent, respectively. The employee stock ownership system and the stock option system stood at 11.8 percent and 8.4 percent, respectively.