

An Empirical Study of Influential Factors to Global Business Strategy of Korean SMEs in the Era of Multi-FTAs and Mega-FTAs: Focusing on China and Vietnam

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Abstract: The central goal of this study is to address the question of which factors of FTA utilization in the era of multi-FTAs and Mega-FTAs influence global business strategy of Korean SMEs. First, this study conducted a factor analysis in order to extract the factors that influence Korean SME's global business strategy. Second, a multiple regression analysis was performed to see which factors in FTA utilization affect global business competences and global investment. Cronbach's alpha index would show the internal consistency among the measurement items and the reliability of each scale. First, it was found that Korean SMEs with global business presence amongst Korean, China and Vietnam have implemented global business system and are struggling to be equipped with the best global value chain system under dynamic business environment spanning several countries, regardless of the business size and globalization history. Second, it was found that in FTA utilization corporate external factors analysis of Korean SMEs, both FTA preferential tariffs and trend towards Mega-FTAs system influence to strengthen global business competences positively. Third, it was found that FTA rules-of-origin influences global investment negatively, whereas FTA preferential tariffs influence global investment positively. Fourth, in FTA utilization corporate internal factors analysis of Korean SMEs, global experience was proved to influence to strengthen global business competences positively; however, both management's commitment to FTA and FTA information acquisition capability were verified not to influence to strengthen global business competences. Fifth, globalization experience of Korean SMEs makes the strongest positive impact to increase global investment and both FTA information acquisition capability and management's commitment to FTA positively influence to increase global investment.

Key words: Free trade agreement, Mega-FTA, small and medium-sized enterprise, global business competences, global value chain, extract

INTRODUCTION

Over the past 10 years, more than 300 FTAs (Free Trade Agreements) have been negotiated and/or implemented across the globe and trend towards Mega-FTAs is recently emerging as new protocol in global trade and political economy. The globe, during considerable period, has been skeptical to the success of TPP (Trans-Pacific Partnership) even when US announced to join the negotiations for a Mega-FTA including Japan, Korea and ASEAN; on the contrary, it did not take long until the doubt changed into awe as US, Japan and other 10 countries came to an agreement on 5 October, 2015 and signed on 4 February, 2016 with the pressure to non-members of TPP such as China and Korea. Reflecting global trend in regional economic integration, multi-lateral organizations like GATT or WTO opened the discussion about economic integration by giving a way to bi-lateral free trade agreements since end of 1990's which

demonstrates the confidence that bi-lateral economic integration provides participants with the cutdown in regional transaction costs and economic benefits. However, as increasing numbers of bi-lateral agreements are signed, the benefits from preferential treatment gradually decrease and transaction costs arising from complicated rules of origins increases to the contrary. So-called "spaghetti bowl effect or noodle bowl effect" which lead to paradoxical and often contradictory outcomes amongst bilateral trade partners, triggers increasing numbers of countries to consider the pros and cons of multi-lateral negotiations. Changes in the global trade environment calls for new global business strategy to adapt to environmental changes in business. For instance, not a few Korean SMEs, expecting the advent of G2-era and consequently huge business potentials in China have increased the direct investment into China long before Korea-China FTA came into force. For those companies as China's expected growth rate gets lower

and the advent of TPP which allegedly aims to hold China's economic power in check, becomes a reality, current changes in global business environment put pressure to adjust FTA utilization and global business strategy accordingly.

On the other hand, Vietnam is emerging as one of alternatives to Korean SMEs in their global business competences and investment. Korea has been ranked the largest foreign direct investor to Vietnam since, 2014 and Korea's cumulative FDI to Vietnam during 2011-2015 has reached US\$44.9 billion, surpassing Japan (US\$38.4 billion) and Singapore (US\$34.7 billion). In 2015, Korea exported US\$27.6 billion to Vietnam by taking the 2nd place next to China, accounting for 16.7% of total imports by Vietnam.

Led by strategic investments by Samsung Electronics and LG, increasing numbers of Korean SMEs have spurred to upgrade their global value chain strategy in both competences and investment: more than 87.9% of total investment to Vietnam since 1988 has been focused on manufacturing and processing area. Even falling short of formerly executed investment onto China in scale, the newly strengthening trend of FDI to Vietnam is enough to denote that Korean SMEs have already started checking their traditional FTA utilization strategy and global business strategy. Trend towards Mega-FTAs, signaled by the settlement of TPP the negotiations of RCEP may work as a trigger for decision-making in global investment strategy in terms of global value chain system.

In this context, this research shall review FTA utilization strategy under new trend towards Mega-FTAs and shall study the implications to Korean SMEs in their global business strategy.

Literature review

Concept and Economic Impacts of Mega-FTAs:

Mega-FTA is defined as the free trade agreement amongst multi countries aiming to relax trade-related regulations. Some regard Mega-FTA as a complex combination of bilateral FTAs; however, it is rather closer to a regional trade agreement in that Mega-FTA is settled amongst cultural and regional neighborhood countries. The nature of Mega-FTA, stemmed from large scale and intricately intertwined interests among diverse countries, hinders the agreement from balancing the detailed interests of the participating countries simultaneously. Figure 1 shows major Mega-FTAs and the complexity surrounding them: TPP (Trans-Pacific Partnership), RCEP (Regional Comprehensive Economic Partnership), ASEAN and FTAAP (Free Trade Area of the Asia Pacific). Major Mega-FTAs mainly focus on Asia and Pacific area which is expected to fastest grow in coming years. Singapore,

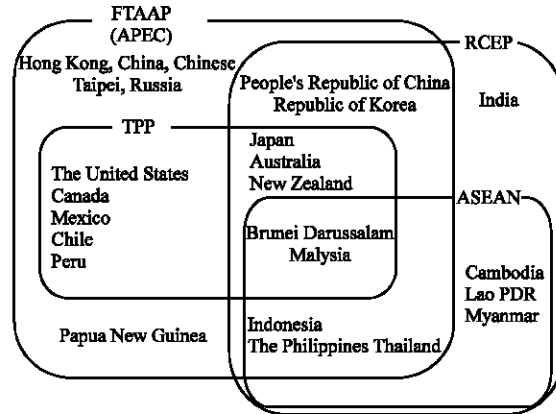


Fig. 1: Major Mega-FTAs settled or under negotiations

Malaysia, Vietnam and Brunei are affiliated to all of major Mega-FTAs. The complex structure and various interests of participating countries show well why the negotiations speed of Mega-FTAs lag so much behind that of bilateral FTA. For instance, China-ASEAN FTA which started negotiations on November 2000, saw the settlement on November 2004 after 4 years of arbitrations whereas TPP which had stemmed from P3 CEP (Pacific Three Closer Economic Partnership) initiated by New Zealand, Singapore and Chile had to await as long as 13 years until the settlement on October, 2015.

TPP, after ratification by 12 countries is expected to grow up to a mega economic block accounting for 800 million of population (11% of total), US\$27.7 trillion of GDP (38% of total) and a fourth of global trade annually. TPP means beyond merely the largest economic block in its implications. US is reported to be leveraging TPP to create new global standard in terms of labor, environmental regulations, e-Commerce and intellectual property to confine China to US-led global trade order and in the long run to create a springboard to retain its global economic hegemony. Japan is also considered another winner in that it can expect additional growth of automobile and the manufacturing sectors. In this regards, global media evaluated the deal as “another big win for Mr. Obama and Mr. Abe”.

According to OUSTR (2015), TPP agreement features prominently in comprehensive market access, regional approach to commitments, addressing new trade challenges, inclusive trade including special effort to help small and medium-sized businesses understand the agreement. TPP agreement includes 30 chapters: initial provisions and general definitions, trade in goods, textiles and apparel, rules of origin, customs administration and trade facilitation, sanitary and phyto-sanitary measures, technical barriers to trade, trade remedies, investment,

Table 1: Korean SME's contribution to national economy (units/persons, %)

Parameters	1994		2012		Increase (02-12%)	Contribution ratios (%)
	Numbers	Percentage	Numbers	Percentage		
Number of corporates						
Total	2,382,571	100.0	3,354,320	100.0	492,490	100
SMEs	2,365,318	99.3	3,351,404	99.9	494,491	100.4
Large companies	17,253	0.7	2,916	0.1	(2,001)	(0.4)
Number of employees						
Total	10,217,910	100.0	14,891,162	100.0	3,153,522	100.0
SMEs	7,677,089	79.5	13,059,372	87.7	2,905,277	92.1
Large companies	2,540,821	20.5	1,831,790	12.3	(248,245)	7.9

Contribution ratio means the percentile contribution to the total increase amount data: Korea Federation of SMEs, "SME Status Indicators" (2014)

Table 2: Korean SME's contribution to Export (US\$ billion, %)

Factors	2006	2007	2008	2009	2010	2011	2012	CAGR (%)
Total export	325.5	371.5	422.0	363.5	466.4	555.2	547.9	21.8
SME's export	103.7	113.5	130.5	76.8	98.6	101.6	102.9	0.05
Percentage	31.9	30.6	30.9	21.1	21.1	18.3	18.8	

Data: Korea Federation of SMEs, "SME Status Indicators" (2014)

cross-border trade in services, financial services, temporary entry for business persons, telecommunications, electronic commerce, government procurement, competition policy, state-owned enterprises and designated monopolies, intellectual property, labour, environment, cooperation and capacity building, competitiveness and business facilitation, development, small and medium-sized enterprises, regulatory coherence, transparency and anti-corruption, administrative and institutional provisions, dispute settlement, exceptions, final provisions.

RCEP (Regional Comprehensive Economic Partnership), considered an alternative to the TPP agreement where China and Korea is excluded is a proposed Mega-FTA between 10 ASEAN member countries and 6 countries with which ASEAN has settled FTAs such as China, Korea, Japan, India, Australia and New Zealand. RCEP negotiations were formally launched in November 2012 at the ASEAN Summit. RCEP agreement is expected to account for US\$21.6 trillion of GDP, less than that of TPP; however, 3.4 billion of population will cover US\$10.6 trillion of global trade surpassing that of TPP.

Full-scale opening boosts convergence of products and technologies between member countries participating in Mega-FTAs which accordingly improve external competitiveness of the countries by fostering innovation and lowering a productivity gap between them. This implies Mega-FTAs can be advantageous to some countries that are at a low level of technology but in possession of production competitiveness, relative low wages and global supply chain. In addition, Mega-FTAs can stimulate global restructuring for industrial supply chains by establishing a unified production system. For example, it is anticipated that a global supply chain in textile and garment industry is intensified at the basis of Vietnam after TPP is officially launched. Such anticipation

is based on the scenario that non-member countries of TPP such as South Korea, China and Taiwan will increase upstream investment to Vietnam to fulfill TPP's criteria on place of origin which can result in the establishment of a unified production system in Vietnam (IIT, 2015). In case of tire industry while antidumping tariffs of 35% are effective to US export, Vietnam-made products can be away from this regulation so many companies running factories in China will consider reordering of investment priority after the activation of TPP.

Korean SMEs and global business: In Korea, SMEs (Small and Medium Enterprises), in general are defined as the companies hiring <300 employees and the details such as total assets, paid-in capital, revenue and etc. are regulated by "Small and Medium Enterprises Act". SMEs account for 99.9% in terms of corporate units and 87.7% in employment (13,059,372 persons) and the employment by SMEs has increased for the last 10 years as shown in Table 1.

Table 2 shows that SME's contribution in exports has been stagnant during 2006-2012 which is attributed to the global economic crisis in 2008 when the exports plummet to the level of 2006. SME's export has bounced back to 2006 level only when 2012.

SMEs, in manufacturing, account for 47.6% in turnover and 50.5% in corporate added value. In services, it takes up to 79.1% in turnover and 81.9% in corporate added value. SMEs account for 87.5% of total corporate units (Korea Federation of SMEs in 2011). Both Table 3 and 4 shows that SME's contribution in foreign direct investment outbound in terms new corporate body and investment amount during 2007-2013. SMEs account for 45.2% in new corporate unit and 17.3% in investment amount during the same period cumulatively. Remarkably, SME's investment amount went up to about 1.5 times

Table 3: Korean SME's contribution to outbound FDI-new corporate unit (Unit, %)

Factors	2007	2008	2009	2010	2011	2012	2013	Total (07-13)
New corporate body	6.071	4.292	2.684	3.056	2.943	2.756	2.928	24.730
SME's	2.479	1.973	1.290	1.407	1.351	1.238	1.448	11.186
SME's (%)	40.8%	46.0%	48.1%	46.0%	45.9%	44.9%	49.5%	45.2%

Data: Korea Federation of SMEs, "SME Status Indicators (2014)

Table 4: Korean SME's contribution to outbound FDI-investment amount (US\$ billion, %)

Factors	2007	2008	2009	2010	2011	2012	2013	Total (07-13)
Total investment	22.7	24.1	20.5	24.6	27.8	25.4	24.1	169.20
SMEs investment	5.4	5.6	3.1	3.3	3.9	3.4	4.6	29.30
(%, SMEs)	24.4	23.3	15.1	13.5	14.1	13.7	19.1	17.3%

Data: Analyzed by the author based on the dat from Korea Federation of SMEs and Korea EXIM Bank

Table 5: Korean SME's outbound FDI-top 5 target countries (US\$ billion, %)

Place	Country	Total investment	SME's investment	SMEs (%)
1st	China	50.5	6.3	12.5
2nd	US	34.3	7.7	22.5
3rd	Australia	30.0	2.4	12.0
4th	Netherland	15.6	7.3	46.8
5th	Vietnam	11.2	6.5	58.0

Top 5 investment countries based on the accumulative investment amount by Korean large corporates and SMEs (as of December 2013) Data: Korea EXIM Bank (2014)

from US\$3.1 billion in 2009 to US\$4.6 billion in 2013, overcoming shocking plunge in 2008-2009. Discordance between new corporate unit (45.2%) and investment amount (17.3%) denotes that investment of large corporates has recovered up to former level, whereas SMEs has comparatively lagged far large corporates in investment power since 2008 economic crisis.

Table 5 shows the outbound FDI by country. In both Netherland and Vietnam, SMEs account for 46.8 and 58.0%, respectively. Small and medium sized trading companies have invested in Netherland for tax benefits, whereas Vietnam is reported to attract most of production facilities transferred from both Korea and China.

Corporate's globalization, prioritized in a dimension of management, means the process that a corporate increases the degree of involvement of the global markets and expands the growth opportunities from domestic market to global one through the action of resource transfer abroad to enlarge the range of market based on the resources it retains (Daniels *et al.*, 2004; Lee, 2005) analyzed the motives of SME's globalization as coping with the challenges from foreign competitors, defending market share in global markets, cutting costs by accessing to cheaper production factors, overcoming tariff barriers and securing benefits by exercising technical superiority.

As discussed before, Korean SMEs are less developed in global business capability than conglomerates considering their significant contribution to employment and export. First of all, since they are vulnerable in financial resource, technical background, information, experience and management ability their

accomplishments in global business showed a considerably low level compared to conglomerates. Manufacturing industry can be classified into supplier-dominated, specialized supplier, scale-based and science-based domains according to technical innovation features. The research proposed that innovation is mainly contributed by conglomerates in scale-based domain by ventures, universities and conglomerates in science-based domain by SMEs in specialized supplier domain, by component and material companies in supplier-dominated domain. Johnson and Mattson, based on both the globalization level of the company and the international network level, classified companies in four groups: the early starter, the later starter, the lonely international and the international amongst others.

Currently, South Korea's SMEs constantly play a role of a specialized supplier by participating in conglomerates' scale-based global investment as 1st-3rd suppliers. For instance, SMEs jointly invested in global sites as a part of global value chain which was organized by Samsung Electronics and LG Electronics when they invested billions dollars in the establishment of a Vietnam mobile factory and an electrical appliance factory. The companies, evaluated as the international amongst others level suggested by Johnson and Mattson have made a consistent growth in China and Vietnam based on the successful strategy.

FTA utilization and impacts on Korean SMEs: First of all, transition into multi-FTAs system and following openness to global markets may provide Korean SMEs with the opportunities to switch trading partners in both sourcing subsidiary materials and exporting finished goods for better conditions because FTA is to offer benefits of lowered tariffs and tariff exemption. For example, the most positive effect in the Korea-EU FTA is evaluated as the creation of a new opportunity to change Japanese and US import partners, highly dominating in import of high value added machinery and equipment, to EU partners. Second, FTA can provide an opportunity for regional SMEs to join in global markets by establishing

cooperative relation with multinational companies because they have advantages in onsite information more than overseas companies. This fact is based on a localization tendency of overseas companies which generally struggle to raise their awareness as well as to adapt themselves in operational countries or regions.

Third, regional SMEs can benefit from expanded opportunities to grow into global companies by raising competitiveness through originality in specific areas such as IT or Biotechnology.

Lastly, SMEs can have more opportunities to establish niche markets and an independent business area in specific industries which are labor-oriented or difficult for conglomerates or multinational companies to manage. Globalization through FTA is possibly an opportunity of global market entry to SMEs that produce regional specialties such as handicraft.

On the other hand, there are threats to SMEs under FTA Systems. First, SMEs are disadvantageous in establishment of business strategies due to the lack of professional human resources for investigating and analyzing global economic information in relevance of FTA which can cause the worst scenario of collapse.

Second, SMEs can experience loss in preferential tariffs because they cannot apply due to the spaghetti bowl effect and FTA's complicated and strict regulations on place of origin according to the types of product. Additionally, they can be imposed with tariffs by failing to fulfill the regulations on place of origin. This possibly causes a serious burden to SMEs with insufficient financial resources and increases risk to fail in their market adaptation.

Third, the control by large firms or MNCs can induce disadvantages to SMEs in global value chain system where they are consistently enforced to be dominated by the controllers. Forth, although SMEs might possess an ability to accomplish a higher quality of products, they can be under a situation to lose chances by failing in keeping on track with global demand. This limitation is based on the fact that SMEs are incapable of fulfilling global wholesale dealer's bulk demand because they do not afford to run economies of scale that operates production lines with subcontractors in a large scale.

MATERIALS AND METHODS

Proposed work; research questions

Research question 1: Corporate external factors in FTA utilization will have a positive (+) influence to strengthen global business capability.

Research question 2: Corporate external factors in FTA utilization will have a positive (+) influence to increase global investment.

Research question 3: Corporate internal factors in FTA utilization will have a positive (+) influence to strengthen global business capability.

Research question 4: Corporate internal factors in FTA utilization will have a positive (+) influence to increase global investment.

Measurement tools: Measurements for management's commitment to FTA as FTA utilization internal factor adopt the approach in advanced studies, operationally redefine them in accordance with the purpose of this research. Surveyed questions are The Chief Executive is interested and willing to open up overseas markets through FTA utilization, the chief executive assigns personnel and appropriate budget to set up the system for FTA utilization, the chief executive is interested and willing to provide FTA representatives with HR and/or financial incentives.

Measurements for FTA information acquisition capability as FTA utilization internal factor adopt the questionnaires in advanced studies (Yli-Renko *et al.*, 2002), operationally redefine them in accordance with the purpose of this research. Surveyed questions are the company has sufficient capability to acquire information about the tariff elimination and/or reduction of FTA counterparts, the company has sufficient capability to acquire information about the criteria and procedures of rules of origin determination of FTA counterparts, the company has sufficient capability to acquire information about the origin verification procedure of the FTA counterparts (Cronbach's alpha = 0.915).

Measurements for globalization experience as FTA utilization internal factor adopt the questionnaires in advanced studies (Lee, 2005; Morgan and Hunt, 1994), adjust and redefine them operationally in accordance with the purpose of this research. Surveyed questions are the company holds higher level of globalization experience accumulated through global value chain system, strategic alliance, or global investment (whether direct or indirect) activities, company's globalization experience shall lead to much FTA utilization efforts, company's globalization experience shall lead to better FTA utilization performance (Cronbach's alpha = 0.915). Measurements for strengthen global business competences adopt the approach in advanced studies (Morgan and Hunt, 1994; Hair *et al.*, 2006; Lee and Im, 2013), operationally redefine them in accordance with the purpose of this research. Surveyed questions are to win global competition, the corporate will strengthen global business competences by integrating global value chain in sourcing raw and/or subsidiary materials, the corporate will strengthen global business

competences by integrating global value chain in production system, the corporate will strengthen global business competences by integrating global value chain in marketing and sales (Cronbach's alpha = 0.915).

Measurements for increase global investment adopt the approach in advanced studies (Morgan and Hunt, 1994; Lee, 2005), operationally redefine them in accordance with the purpose of this research. Surveyed questions are to maximize FTA utilization performance and overcome global competition, the corporate will make new investment in new countries within coming 3-5 years to maximize FTA utilization performance and overcome global competition, the corporate will make reinvestment in the current overseas business to maximize FTA utilization performance and overcome global competition, the corporate will conduct divestment from the current overseas business (Cronbach's alpha = 0.915).

Analysis methods: This study conducted factor analysis to check the construct validity of the corporate external factors in FTA utilization, corporate internal factors in FTA utilization and global business strategy factors. Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. To identify meaningful process by reducing and compressing variables, principal component analysis, orthogonal rotation of VARIMAX, Kaiser-Meyer-Olkin measurements and Bartlett's feature configuration validation were checked. Factor extraction was deemed valid if Eigen value is equal to or bigger than 1 load factor is equal to or bigger than 0.4 (Hair *et al.*, 2006) (Field, 2000) and commonality is equal to or bigger than 0.4 (Field, 2000; Ku, 2010).

To identify which one of FTA utilization external factors and internal factors influences to 'strengthening global business competences' and/or 'increasing global investment' this study also conducted multiple regression analysis in the enter method. Regarding the reliability of each factor, Cronbach's alpha coefficient was also confirmed to check the internal consistency among the items that make up the variables. Out of 'Increase Global Investment' items, 'To maximize FTA utilization performance and overcome global competition, the corporate will conduct divestment from the current overseas business' was conversely coded in the analysis. SPSS 20.0 for Windows program was used for the analysis.

RESULTS AND DISCUSSION

Fta utilization external variables and 'strengthen global business competences' (Research question 1): Multiple

regression analysis was conducted to see how 'FTA Rules of Origin', 'FTA Preferential Tariff' and 'Trend towards Mega-FTAs System' as corporate external factors in FTA utilization influence on 'Strengthen Global Business Competences' respectively as seen in Table 1. As a result of regression analysis, both 'FTA Preferential Tariff' and 'Trend towards Mega-FTAs System' were proved to influence to 'Strengthen Global Business Competences' positively. In detail, 'FTA Preferential Tariff' has stronger impacts on 'Strengthen Global Business Competences' than 'Trend towards Mega-FTAs System' does. However, 'FTA Rules of Origin' was verified not to influence to 'Strengthen Global Business Competences'. FTA utilization external variables and 'Increase Global Investment' (Research question 2).

Multiple regression analysis was conducted to see how 'FTA Rules of Origin', 'FTA Preferential Tariff' and 'Trend towards Mega-FTAs System' as corporate external factors in FTA utilization influence on 'Increase Global Investment' respectively as seen in Table 2. As a result of regression analysis, both 'FTA Rules of Origin' and 'FTA Preferential Tariff' made impact on 'Increase Global Investment' respectively. In detail, 'FTA Rules of Origin' was proved to influence to 'Increase Global Investment' negatively, whereas 'FTA Preferential Tariff' was proved to influence on 'Increase Global Investment' positively. However, 'Trend towards Mega-FTA' was verified not to influence to 'Increase Global Investment'.

FTA Utilization Internal Variables and 'Strengthen Global Business Competences' (Research question 3) Multiple regression analysis was conducted to see how 'Management's Commitment to FTA', 'FTA Information Acquisition Capability' and 'Globalization Experience' as corporate internal factors in FTA utilization influence to 'Strengthen Global Business Competence's as seen in Table 3. As a result of regression analysis, 'Global Experience' was proved to influence on 'Strengthen Global Business Competence's positively. However, both 'Management's Commitment to FTA' and 'FTA Information Acquisition Capability' were verified not to FTA Utilization Internal Variables and 'Increase Global Investment' (Research question 4). Multiple regression analysis was conducted to see how 'Management's influence to 'Strengthen global business competences. Commitment to FTA', 'FTA Information Acquisition Capability' and 'Globalization Experience' as corporate internal factors in FTA utilization influence on 'Increase Global Investment', respectively as seen in Table 6-9.

As a result of regression analysis, 'Globalization Experience' makes the strongest impact to 'Increase Global Investment' positively, followed by 'FTA Information Acquisition Capability' and 'Management's Commitment to FTA' in sequence.

Table 6: Regression analysis of corporate external factors in FTA utilization and strengthen global business competences

Models	Unstandardized coefficient (B)	SE	Standardized coefficient (β)	t-value	Significance probability
FTA rules of origin	-0.023	0.076	-0.023	-0.299	0.765
FTA preferential tariff	0.643	0.075	0.702	8.624	0.000
Trend towards Mega-FTAs system	0.273	0.083	0.249	3.285	0.001

F = 27.946, p<0.001

Table 7: Regression analysis of corporate external factors in FTA utilization and increase global investment

Models	Unstandardized coefficient (B)	SE	Standardized coefficient (β)	t-value	Significance probability
FTA rules of origin	-0.430	0.092	-0.360	-4.691	0.000
FTA preferential tariff	0.816	0.090	0.729	9.034	0.000
Trend towards Mega-FTAs system	-0.114	0.101	-0.085	-1.130	0.261

F = 28.953, p<0.001

Table 8: regression analysis of corporate internal factors in FTA utilization and strengthen global business competences

Models	Unstandardized coefficient (B)	SE	Standardized coefficient (β)	t-value	Significance probability
Management's commitment to FTA	0.099	0.100	0.109	0.982	0.328
FTA Information acquisition capability	0.129	0.129	0.138	1.000	0.320
Globalization experience	0.551	0.168	0.421	3.284	0.001

F = 22.853, p<0.001

Table 9: Regression Analysis of Corporate Internal Factors in FTA Utilization and Increase Global Investment

Models	Unstandardized coefficient (B)	SE	Standardized coefficient (β)	t-value	Significance probability
Management's commitment to FTA	0.203	0.099	0.187	2.055	0.042
FTA information acquisition capability	0.327	0.131	0.287	2.486	0.014
Globalization experience	0.558	0.173	0.349	3.226	0.002

F = 46.727, p<0.001

CONCLUSION

It is expected that further study of foreign direct investments into developed countries such as US and EU would provide much comprehensive understandings about going global and expanding global value chain by Korean SMEs.

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