# Contents

*Acknowledgments* ix  
*List of abbreviations* xi  

1 Introduction 1  
1.1 Introduction 1  
1.2 Catch-up and leapfrogging at the economy level 4  
1.3 Catch-up and leapfrogging at the sector level 8  
1.4 Catch-up and internationalization by big businesses and SMEs 10  

## PART I CATCH-UP AND LEAPFROGGING AT THE ECONOMY LEVEL  

2 Historical origins and initial conditions for economic catch-up with H. Y. Lee 15  
2.1 Introduction 15  
2.2 Historical reflections on the degree of state activism in East Asia 16  
2.3 Capacity and autonomy of the hard Confucian states 19  
2.4 The nature of state activism in Korea 22  
2.5 The regimes for economic catch-up: a summary 27  

3 Korean model of catch-up development: a “capability-based view” 30  
3.1 Introduction 30  
3.2 Capability building and successive upgrading as the essence of the Korean model 31  
3.3 The process of catch-up: some elaborations 39  
3.4 Summary of the process in terms of capability building and learning 45  
3.5 Criteria for sectorial specialization and leapfrogging 48  
3.6 Transferability and lessons of the Korean model 52
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Intellectual property rights and technological catch-up in Korea</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td><em>with Y.K. Kim</em></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Introduction</td>
<td>56</td>
</tr>
<tr>
<td>4.2</td>
<td>Finding regularities in catch-up with IPR variables: three facts and four stages</td>
<td>57</td>
</tr>
<tr>
<td>4.3</td>
<td>Evolution of the IPR regimes and catch-up in Korea: 1960s to present</td>
<td>60</td>
</tr>
<tr>
<td>4.4</td>
<td>The impacts of IPR on firm-level catch-up</td>
<td>71</td>
</tr>
<tr>
<td>4.5</td>
<td>Summary and concluding remarks</td>
<td>83</td>
</tr>
<tr>
<td>5</td>
<td>From miracle to crisis and the mirage of the post-crisis reform</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td><em>with C. Lee</em></td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>Introduction</td>
<td>86</td>
</tr>
<tr>
<td>5.2</td>
<td>The partial reforms in the pre-crisis era, 1980–96</td>
<td>88</td>
</tr>
<tr>
<td>5.3</td>
<td>Reform measures and outcomes in post-crisis Korea</td>
<td>91</td>
</tr>
<tr>
<td>5.4</td>
<td>Global standards, local specificity, and interest group politics</td>
<td>109</td>
</tr>
<tr>
<td>5.5</td>
<td>Final reflections</td>
<td>112</td>
</tr>
<tr>
<td>6</td>
<td>Maintaining macro-stability for a crisis-resilient growth in Korea</td>
<td>114</td>
</tr>
<tr>
<td></td>
<td><em>with J. Kim, H. Kim, and H.S. Song</em></td>
<td></td>
</tr>
<tr>
<td>6.1</td>
<td>Introduction</td>
<td>114</td>
</tr>
<tr>
<td>6.2</td>
<td>Theoretical framework and interpreting the crises</td>
<td>116</td>
</tr>
<tr>
<td>6.3</td>
<td>Macro-level reform issues for financial stability</td>
<td>123</td>
</tr>
<tr>
<td>6.4</td>
<td>Micro-level reform issues for financial stability</td>
<td>134</td>
</tr>
<tr>
<td>6.5</td>
<td>Summary and concluding remarks</td>
<td>141</td>
</tr>
<tr>
<td>7</td>
<td>Is leapfrogging-style reform possible in North Korea?</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td><em>with B.Y. Kim and I.S. Yee</em></td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Introduction</td>
<td>146</td>
</tr>
<tr>
<td>7.2</td>
<td>Model for leapfrogging-style reform</td>
<td>147</td>
</tr>
<tr>
<td>7.3</td>
<td>Assessing the possibility of leapfrogging in North Korea</td>
<td>153</td>
</tr>
<tr>
<td>7.4</td>
<td>Using FDI to leapfrog</td>
<td>159</td>
</tr>
<tr>
<td>7.5</td>
<td>Concluding remarks</td>
<td>162</td>
</tr>
</tbody>
</table>

**PART II  CATCH-UP AND LEAPFROGGING AT THE SECTOR LEVEL**

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Catch-up and leapfrogging in six sectors in the 1980s and 1990s</td>
<td>167</td>
</tr>
<tr>
<td></td>
<td><em>with C. Lim</em></td>
<td></td>
</tr>
</tbody>
</table>
Contents

8.1 Introduction 167
8.2 The model of catching-up in technological capabilities and markets 169
8.3 The trend of market catch-up in the Korean industries and the technological characteristics 175
8.4 The winning and losing stories of catching-up 182
8.5 Several policy-related issues 197
8.6 Concluding remarks 203

9 Digital technology as a window of opportunity for leapfrogging: the display industry 207
with C. Lim and W. Song
9.1 Introduction 207
9.2 The literature and theoretical framework 209
9.3 Technological regimes of digital TV and the initial resource base of the Korean firms 212
9.4 The process of leapfrogging: overcoming the disadvantages 216
9.5 Synthesis and comparisons 223
9.6 Concluding remarks and policy implications 227

10 Technological catch-up in the capital goods sector 231
with Y. Kim
10.1 Introduction 231
10.2 Importance of the capital goods industry and the Korean experience 232
10.3 Sectoral systems of innovation and the machine tools industry 235
10.4 The three barriers to catch-up in the capital goods industry 239
10.5 Opportunities for catch-up 243
10.6 Summary and concluding remarks 245

PART III CATCH-UP AND INTERNATIONALIZATION BY BIG BUSINESSES AND SMEs

11 Samsung, created in Korea and replicated overseas 251
with X. He
11.1 Introduction 251
11.2 Capability of business groups: a theoretical consideration 252
11.3 Creating vertical integration in Korea: Samsung affiliates in electronics 257
11.4 Replicating the vertical integration in Mexico and Malaysia 259
11.5 Replicating the same vertical integration in China 260
11.6 Power of vertical integration in the display market 266
11.7 Conclusions 270

12 Moving factories overseas and impacts on domestic jobs: the case of Samsung 273
  with M. Jung
  12.1 Introduction 273
  12.2 The rise of Samsung’s mobile phone business and its overseas factories 276
  12.3 Impacts on domestic employment and its composition 281
  12.4 Coping with the possibility of technological hollowing out 281
  12.5 Summary and concluding remarks 286

13 Catch-up and path-creating by SMEs: from OEM to OBM 288
  with J. Kwak and J.Y. Song
  13.1 Introduction 288
  13.2 Literature and research questions 290
  13.3 Research design and case profiles 292
  13.4 Dynamic catching-up process: OEM–ODM–OBM 295
  13.5 Synthesis: dynamic path of latecomer SMEs 304
  13.6 Concluding remarks 306

14 Sequential internationalization of Korean SMEs in China 310
  with H. Lee and J. Kwak
  14.1 Introduction 310
  14.2 The existing theories and development of a new theory 313
  14.3 Proposing a model of sequential internationalization for SMEs 315
  14.4 Research design and profiles of sample firms 320
  14.5 Explaining the process of internationalization 328
  14.6 Summary and concluding remarks 331

References 333
Index 361