

# **What role did the Young Entrepreneurs Play in the Failure of the “Young Mall” Program**

A Research Paper submitted to the Department of Engineering and Society

Presented to the Faculty of the School of Engineering and Applied Science

University of Virginia • Charlottesville, Virginia

In Partial Fulfillment of the Requirements for the Degree

Bachelor of Science, School of Engineering

**Kijeong Nam**

Spring 2023

On my honor as a University Student, I have neither given nor received unauthorized aid on this assignment as defined by the Honor Guidelines for Thesis-Related Assignments

Advisor

Benjamin Laugelli, Department of Engineering and Society

## **Introduction**

With the increasing unemployment rate among Koreans in their early 20s to 30s and the rising popularity of the TV show “Baek Jong-won’s Alley Restaurant,” several districts in South Korea have initiated investment in the so-called “young mall” project (Yi et al., 2005). This initiative aimed to address the unemployment issue by promoting start-ups among the young generation, while simultaneously supporting the traditional markets (Gyeonggido Job Foundation, 2023). However, despite the concerted efforts, the current status of the project appears to be unfavorable. Numerous articles and media outlets have attributed the lack of government funding and a less structured program direction as the reasons for the failure of the project. Nonetheless, this simplistic explanation places the blame solely on local agencies while ignoring the potential role of the youth employers that were part of the project, preventing them from understanding all sides of the problem.

In light of continuous efforts to rebuild the program, a comprehensive understanding of all sources of failure is necessary. To achieve this, it is imperative to examine not only the providers of the program but also the recipients, specifically the young entrepreneurs. Therefore, in this study, I will utilize the Actor-Network Theory (ANT) along with the principles of virtue ethics to elucidate the missing factors that led to the failure of the program for these young entrepreneurs. ANT theory looks at certain technologies as a complex network of human and non-human actors, while virtue ethics emphasizes the development of moral virtues in individuals as a foundation of ethical decision-making. This will be accomplished by analyzing the public opinions of residents as presented by broadcasting media and news articles that have critiqued the program. By examining these various sources, I can identify the key shortcomings

of young entrepreneurs and provide valuable insights into the reasons for the failure of the program.

## **Literature Review**

Given that the concept of the “young mall” program is a relatively recent phenomenon, there has been limited research conducted on this initiative to date. Most of the existing studies have focused on identifying the key criteria that must be met for the program to be implemented successfully in various districts, with a particular emphasis on factors that the government should consider before launching the initiative. However, these reports are primarily aimed at government officials and, as such, lack detailed information about the experiences and perspectives of the participants in the program.

One report that provides a comprehensive overview of the “young mall” program is *A Study on the Strategic Determinants of Young Start-ups in Traditional Markets* (Moon, 2017). This report delves into the challenges faced by young entrepreneurs, including the termination of financial support from the government within a year and the lack of understanding between traditional market owners and young entrepreneurs. Moreover, the report highlights the potential risk of customer loss from gentrification in the area that prioritizes more modern households, which brings more upper-class residents. Although this report summarizes many of the program’s shortcomings and proposes a way to address them, its intended audience primarily comprises government officials, leaving out the perspectives of young entrepreneurs who seek to derive the greatest benefit from the program.

In the *Asia-Pacific Journal of Business Venturing and Entrepreneurship, Volume 15*, researchers examine the major factors that contribute to the success of youth start-ups in traditional markets, including government-funded programs, entrepreneurship, and the readiness

of young entrepreneurs (Kim et al., 2020). While the study acknowledges the role of human factors in the program's challenges, the research methodology employed is primarily correlational, thereby limiting the depth of understanding regarding the specific factors that contributed to the project's shortcomings and how these factors affected the young entrepreneurs' experiences.

While both of the aforementioned works of literature are vital to reforming the program to allow more opportunities for the young generation in South Korea, however, they place limited emphasis on the actions that must be taken by the program's participants. It is important to realize that in addition to the government's efforts to promote change, young entrepreneurs who are interested in the program must also reconsider their attitudes towards it. As demonstrated in the literature, the flaws on the government's end have been thoroughly examined, which leaves room for further analysis of the actions that participants can take to improve the program's efficiency.

### **Conceptual Framework**

To provide a thorough analysis of the "young mall" project, this paper will utilize Actor-Network Theory (ANT) and virtue ethics. Through ANT, the emphasis will be on identifying the human actors' role in the project's failure. At the same time, virtue ethics will demonstrate the specific ethical considerations that were lacking from those human actors. The adoption of two distinct analytical frameworks will facilitate a comprehensive evaluation of the project's shortcomings. The use of ANT offers a lens to scrutinize the other side of the story, while the integration of virtue ethics emphasizes the pivotal role of human actors in shaping the project's outcomes.

Actor-Network Theory is a theoretical framework that helps us understand how technology and society shape each other. It is a sociological approach that views both humans and non-humans, such as technical, social, natural, and conceptual elements, as active participants in creating and maintaining networks (Callon, 1986). In ANT, the network is the basic unit of analysis, and it consists of diverse resources, or “actors”, associated together by a network builder for a common purpose. These actors can be both human and non-human, and they all have a role to play in shaping the network and the society in which it operates.

ANT explains how networks are formed and maintained through a process of “translation,” which involves identifying a problem or goal, recruiting actors, assigning roles, and mobilizing them to work together towards a common purpose (Callon, 1986). This process highlights the role of network builders in shaping the network and how actors’ interests are translated or realigned to serve those of the network. In ANT, there is no single actor in the network that is more powerful or influential than others, and all actors only have power, purpose, and meaning in the context of the network (Latour, 1986). Overall, the actor-network theory provides a useful lens for analyzing the complex interplay between technology and society and understanding how networks form and evolve.

Virtue ethics, as described by Aristotle, is a philosophical theory that evaluates the moral character of an individual rather than the moral rules or consequences of an action. (van de Poel & Royakkers, 2011). It focuses on cultivating virtues or qualities of character that are necessary for living a good life, such as courage, justice, wisdom, and temperance. These virtues are not innate but can be developed through practice and training. Virtue ethics suggests that a person who has developed these virtues will act in the right way at the right time for the right reason

toward the right end. A key aspect of virtue ethics is the idea that it is the mean between two extremes, rather than the excess or deficit of certain qualities.

The goal of virtue ethics is to achieve eudaimonia or a state of true happiness, flourishing, and well-being. This state is attained by living in harmony with nature, which for humans involves using reason to determine how to live morally and virtuously. Virtue ethics sees moral reasoning as a practical skill that must be practiced and developed over time through experience and learning from examples. It recognizes acting virtuously can be difficult, requiring moral skill to discern which virtue is required in a certain situation and then performing it when called for, with the proper motivation and goal. The following section will analyze news articles, interviews, and public comments to assess the actions of human actors in the program with regard to three virtuous characters:

### **Analysis**

As previously noted, the inadequacies of the initial analysis of the “young mall” program can be referred to using Actor-Network Theory (ANT). The identified actors involved can be categorized into technical, social, conceptual, and economic actors. In the role of network builder, the local administration that launched the program enlisted technical actors such as infrastructure and economic actors such as government funding to establish a coalition of businesses in the area. However, it has now become apparent that the coordination of these actors into a network was poorly executed, and the management of power dynamics within these actors was inadequate.

The actors that ultimately contributed to the program’s failure can be defined as follows: (i) the local government administration that allocated and managed resources for the program (Kim et al., 2020); (ii) federal and local financial support amounting to approximately 50 million

US dollars (Moon, 2017); (iii) existing merchants in the area who inevitably faced competition from the new merchants (Moon, 2017); (iv) infrastructure such as water and electricity supply lines (Moon, 2017); (v) start-up themes that did not align with the pre-existing needs of local customers (Moon, 2017). In addition to these identified actors, one more actor, the (vi) young entrepreneurs who established cafes or restaurants through this program, was also identified as a contributing factor (SBS news, 2023).

Before delving into the role of young entrepreneurs, it is important to comprehend how other actors failed to gain a holistic understanding of the issue. Generally, start-ups undergo a phase called “death valley”, during which they adjust to the environment and their customers (Moon, 2017). For young entrepreneurs, who lack the power and skills to adapt, the abrupt termination of financial aid from the government after one year could have been catastrophic. Moreover, the growing tension and conflict with the existing merchants would have added an unnecessary burden on the young entrepreneurs, which could have been avoided if more emphasis was placed on developing mutually beneficial relationships with the merchants (Moon, 2017). The lack of infrastructure such as water supply, and particularly parking space, was a recurring theme in districts that failed to implement the “young mall” project. As local administration began other social projects concurrently, the allotted parking space and water supply line were reorganized, resulting in reduced access to the market (VIDEOMUG, 2023). Lastly, many businesses such as fabric workshops and speech cafes did not suit the surrounding marketplace or were excluded from the market over time due to changes in the market trend.

Some may argue that these actors prevented the participation of human actors, therefore minimizing the role of young entrepreneurs. However, aside from local administration, these young entrepreneurs’ choices affected the outcomes of described actors. It was entirely up to

them to decide which business to start which could collaborate and synergize with the nearby malls. Although parking space was limited, South Korea has an extensive public transportation system that allows many other businesses to operate well with similar parking availability. It was the minds and attitudes of these young entrepreneurs that created problems with other actors in the network.

Therefore, to dive deeper into the characters of young entrepreneurs, I will draw from *What Business Ethics Can Be Learned From Entrepreneurship* to identify moral virtues with corresponding business traits that were lacking in these entrepreneurs (Hicks, 2009). From the list of entrepreneurial character traits and related moral virtues shown in Figure 1, I have selected three virtues that young entrepreneurs in the program have. The virtues are independence, rationality, and pride, which correspond to the following entrepreneurial character traits: perseverance, knowledge and creativity, and ambition.

<b>Entrepreneurial Character Traits and Related Moral Virtues</b>	
<b>Entrepreneurial Trait:</b>	<b>Moral Virtue:</b>
Knowledge and Creativity	Rationality
Ambition	Pride
Guts	Courage
Initiative	Integrity
Perseverance	Independence
Trial and error	Objectivity (including Honesty)
Productivity	Productiveness
Trade value for value	Justice
<b>Entrepreneurial Consequence:</b>	<b>Moral Value:</b>
Experiencing and enjoying success	Self-esteem, Pride, Flourishing

Figure 1. Entrepreneurial Character Traits and Related Moral Virtues

### *Independence*

“Entrepreneurs must be good at short-term discipline and at keeping their long-term motivations present in their thinking,” is what Stephen Hicks describes as perseverance for



entrepreneurs (Hicks, 2009). The participants of the program lacked perseverance and genuine passion for what they did, leading to loss of trust in the public for the young entrepreneurs. By perseverance, I mean a virtue characterized by persistence and determination in the face of challenges, with the goal of achieving long-term aspirations. In South Korea, where the younger generation is particularly attuned to trends, a popular TV show about successful young entrepreneurs sparked a surge of interest in starting one's own business. In response, the government launched a program that aimed to bring together passionate and motivated young adults by organizing shops through a food truck or shopping mall system. However, the government underestimated the importance of genuine passion and motivation, and many participants were simply following a nationwide trend without a real commitment to their business.

The problem with entrepreneurs who lack genuine passion is that they lack consistency and the ability to persevere when faced with obstacles. While they may initially be eager to start their own business, as soon as they encounter a few challenges, their motivation wanes and they may give up altogether. Since young entrepreneurs have a lower cost of failure compared to middle-aged individuals, as they have more time to recover from a failure, it is less likely that they will stick with their business when faced with challenges. This was evident in most districts where the government implemented the "young mall" program. Interviews with nearby store owners revealed that the start-up stores that were part of the program often had inconsistent open and close times and inconsistent open dates, which led to frustration among customers. It was normal for customers to travel to the mall expecting lunch or dinner on weekdays but end up going to a different store because the mall closed unannounced (SBS news, 2023). Additionally,

these stores tended to close too early, even though their primary customers stayed until midnight or later. This lack of consistency resulted in wasted time and lost trust among customers.

It is essential to acknowledge that the "young mall" program was specifically designed to create a group of businesses that could thrive together. Therefore, all participants in the program must exhibit perseverance and dedication to their business to ensure the success of the entire shopping center. Although stores can fail despite maintaining consistent open and close times and persevering through challenges, it is important to consider the ripple effect that this could have on the surrounding businesses. The failure of one business could lead to a lack of trust from customers, resulting in decreased foot traffic and ultimately leading to financial difficulties for all the stores involved. As such, young entrepreneurs participating in the "young mall" program must possess the necessary commitment and perseverance to weather the challenges of starting and running a business. It is worth noting that the benefits of perseverance extend beyond the financial success of individual businesses. The development of these qualities also allows for personal growth and the ability to overcome obstacles in other areas of life. Therefore, the importance of perseverance in the "young mall" program cannot be understated, as it has implications that extend far beyond the individual businesses involved.

### *Rationality*

As for rationality, it is described as “commitment to the full exercise of one’s reason.” It is the ability to use logic and reason to make sound decisions and solve problems (Hicks, 2009). The participants of the program lacked rationality in operating their stores and made decisions through unprofessional rationale. Rationality in business involves being able to make well-informed decisions by analyzing data and using objective reasoning. Entrepreneurs who

lack rationality may make decisions based on emotions, impulses, or intuition, which can lead to poor outcomes. There are broad ranges of choices that require a rationale for business owners, one of the most important being the pricing of the product. When selling a product, an entrepreneur must consider a variety of factors such as the cost of production, the value of the product, and the pricing strategies of competitors. By taking all of these factors into consideration, an entrepreneur can determine the optimal price point for their product that is both profitable and competitive.

Unfortunately, many young entrepreneurs in the government's "young mall" program lacked the necessary rationality to make informed decisions about their businesses. Many of these entrepreneurs failed to properly analyze the market or the competition, resulting in price strategies that were either too high or too low. For example, for many of the food trucks at a "young mall," the impression many people had was the following according to comments made on this topic: "Please understand if the quality of our food does not meet the price because we are young." Despite being inexperienced and unskillful, their pricing rationale was based on media representations, which are often made by famous chefs and experienced personnel (VIEDOMUG, 2023). They resorted to emotional appeal to try to convince customers from buying their products.

Moreover, rationality plays a critical role in other areas of business such as marketing, branding, and resource allocation. Conducting market research and analyzing consumer behavior to create effective strategies to attract customers is a must for business owners. In the Busan traditional marketplace, which is one of the districts that implemented the "young mall" program, the needs of customers and products sold at the stores set up by young entrepreneurs did not match. Although the primary demographic of customers for this marketplace skewed

towards individuals in their 40s and 50s seeking daily necessities and groceries, the young business owners involved in the program tended to operate restaurants selling items such as pasta and sandwiches that were typically more popular with younger generations (SBS, 2023).

Some suggest that the young entrepreneurs in the program possessed rationality, but their lack of experience hindered their ability to arrive at sound business decisions. While I acknowledge the validity of this argument, it is important to note that their rationale was different from the Aristotelian practical rationality. The latter entails pursuing excellence in and of itself, as opposed to using start-ups as means to become wealthier. As described by Dobson, practical rationality emphasizes the intrinsic value of excellence within a given practice (Dobson 2004). It is not solely concerned with maximizing profit or gaining personal wealth, but with achieving excellence and fulfilling the goals of the practice. This is markedly different from the first type of rationality, which can potentially conflict with other virtues in virtue ethics, such as temperance as they become too materialistic.

Therefore, one cannot argue that the young entrepreneurs in the program followed rationality in terms of virtue ethics, as their goal was not centered on finding happiness within the business itself. Had their ultimate objective been focused on achieving excellence in their practice, their approach to business decisions and their overall rationality would have likely differed significantly.

### *Pride*

According to Hicks, an entrepreneur's ambition and drive to succeed are closely tied to the virtue of pride. While pride has both forward-looking and backward-looking aspects to itself, the focus here is on the former, which involves taking pride in one's future potential

achievements (Hicks, 2009). However, as observed in the case of the young entrepreneurs in the "young mall" program, this forward-looking aspect of pride was lacking.

This is similar to perseverance in the sense that the lack of this virtue stemmed from the fact that there was no genuine passion or motivation for starting a business. In addition to withstanding any obstacles that they can overcome, it is the idea that these young generations should give full commitment to the venture they have undertaken. This involves being responsible for one's actions and taking ownership of the business's success or failure. In contrast, many participants in the "young mall" program lacked genuine passion and motivation, which resulted in inconsistent schedules and a diversion of energy towards protests against the government instead of focusing on their business responsibilities (Seo, 2022). This lack of commitment, in turn, led to empty stores and a negative cycle of decreased customer traffic.

Although pride can have negative connotations, it is often the excess of pride that people associate with these negative attributes. In such cases, individuals can become overconfident, which can limit the ability of entrepreneurs to commit to their work. However, it is important to note that having a balanced level of pride can be beneficial for entrepreneurs. With the right balance of pride, entrepreneurs can focus on their work and disregard any distractions around them, ultimately leading to better performance and success.

## **Conclusion**

In conclusion, my analysis highlights the role of human actors in the failure of the "young mall" program. Drawing on virtue ethics, specifically the virtues of perseverance, rationality, and pride, I contend that the lack of these virtues led to negative consequences for young entrepreneurs. Specifically, their inconsistency in keeping schedules, flawed reasoning in

running their businesses, and lack of commitment and responsibility were major contributing factors to the program's failure.

The significance of my argument lies in its focus on the perspective of program participants. While previous analyses of the program have largely centered on local administration supervision, my analysis illuminates what participants must do to avoid repeating the same consequences. By recognizing additional actors in the program and understanding the virtues necessary for success, we can rebuild the program to exclude participants who lack the virtues discussed in this paper. By doing so, the program can create opportunities for the younger generation in society and repopularize traditional markets at the local scale. This could involve either selecting participants based on their qualifications or providing an education program to cultivate the necessary virtues. In sum, my analysis provides practical guidance for program administrators seeking to design effective programs that foster such virtues in their participants.

Word Count: 3543 words

## References

- Callon, M. (1986). Some elements of a sociology of translation: The domestication of the scallops and the fishermen of St.Brieuc Bay. In J. Law (Ed.), *Power, action & belief: A new sociology of knowledge?* (pp. unknown). London: Routledge & Kegan Paul.
- Dobson, J. (2004). Applying virtue ethics to business: The agent-based approach. *EJBO-Electronic Journal of Business Ethics and Organization Studies*.
- Gyeonggi-Do Job Foundation. (n.d.). Introduction to Gyeonggi-Do Young Mall Program. Retrieved from <https://www.jobaba.net/youngMall/youngMall.do>
- Hicks, S. R. C. (2009). What Business Ethics Can Learn From Entrepreneurship. *Journal of Private Enterprise, Vol. 24, No. 2*, 49-57, <http://dx.doi.org/10.2139/ssrn.1432804>
- Latour, B. (1986). The powers of association. In J. Law (Ed.), *Power, action, and belief: A new sociology of knowledge?* (pp. 264–280). London: Routledge & Kegan Paul
- Moon, Y. (2017). A Study on the Strategic Determinants of Young Start-ups in the Traditional Markets. *Creative Commons*, 85-87.
- Kim, J. (2020). Effect of Government-Funded Program and Entrepreneurship to Traditional Young Mall. *Asia-Pacific Journal of Business Venturing and Entrepreneurship Vol. 15, No.5*, 221-233.
- SBS News. (2023, February 3). Half of ‘Young Mall’ Close Down Despite 60 Billion Won. SBS News. <https://www.youtube.com/watch?v=c00VhIdZ-YY>
- Seo, H. (2022, September 11). Young Mall without Young Adults, Lost Support. TBS News. [https://tbs.seoul.kr/news/newsView.do?typ\\_800=7&idx\\_800=3477252&seq\\_800=204699](https://tbs.seoul.kr/news/newsView.do?typ_800=7&idx_800=3477252&seq_800=204699)

van de Poel, I., & Royakkers, L. (2011). Ethics, technology, and engineering: An Introduction.  
Blackwell Publishing

VIDEOMUG. (2023, February 3). Why did the young mall fail? [Video]. YouTube.

<https://www.youtube.com/watch?v=SWmvBn8Y2x4>

Yi, I. (2005). Development Strategies and Unemployment Policies in Korea. *Transforming the Developmental Welfare State in East Asia*, (pp. 143-169). Springer.

[https://doi.org/10.1057/9780230523661\\_7](https://doi.org/10.1057/9780230523661_7)