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Abbreviations

APS	Adult Population Survey
DPRK (NK)	Democratic People's Republic of Korea (North Korea)
ES	Entrepreneurial Spirit
GDP	Gross domestic product
GDR	German Democratic Republic
KHF	Korea Hana Foundation
KISED	Korea Institute of Startup and Entrepreneurship Development
KOSEA	Korea Social Enterprise Agency
KRW	Korean Won
MOU	Ministry of Unification
NES	National Expert Survey
NKRF	North Korean Refugees Foundation
OECD	Organization for Economic Co-operation and Development
PDS	Public Distribution System
PTS	Post-traumatic stress
R&D	Research and development
ROK (SK)	Republic of Korea (South Korea)
SE	Social enterprise
SME	Small-and medium enterprise
TEA	Total early-stage Entrepreneurial Activity rate
UNTOK	United Nations Temporary Commission on Korea
YKAP	Yanbian Korean Autonomous Prefecture

1 Introduction

North and South Korea were divided into two separate states after World War II. After liberation from Japan's colonial rule in 1945, the Soviet Union and the US established two separate governments on the peninsula of Korea. A unified Korean government was planned to be established in "due course". However, the cold war and the intransigence between the communist party in the North and the Rhee Syngman government in the South made any compromise difficult. Separation became concrete when the United Nations Temporary Commission on Korea (UNTOK) was asked to supervise general elections on the peninsula, but the elections proceeded only in the South. Consequently, the Republic of Korea (ROK) was formally inaugurated on August 15th, 1948, while the Communists declared their formal state, the Democratic People's Republic of Korea (DPRK) on September 3rd (Robinson, 2007).

Since the beginning of this political division on the Korean peninsula, there has been cross-border movement between the two countries. The ways how North Korean defectors in South Korea are treated is influenced by the political environment and inter-Korean relations (Choi, 2018). Thus, there are currently two discourses in South Korea, that either treat North Korean defectors as "us" or as "other" (J.-U. Kim & Jang, 2007). One of the consequences of this constructed "otherness" is that North Korean defectors are facing considerable discrimination at workplaces and receive lower wages. As a result, many defectors consider self-employment as means to escape their low socio-economic status (Y. J. Kim 2019). Recent studies showed, that self-employed North Koreans achieved higher average incomes per month, compared to defectors who stayed in dependent-employment (Lim & Kim, 2019). This is in line with theories of sociology that consider self-employment of minorities as important for upward economic mobility (Raijman & Tienda, 2000; van Tubergen, 2005). And while there are promising outlooks that even young North Korean university students in South Korea show a strong entrepreneurial spirit (S.-J. Kim & Jeon, 2017), the topic of self-employment of North Korean defectors has with one exception, only recently caught the interest of South Korean researchers (H. C. Kim, 2015; S.-J. Kim & Jeon, 2017; Y. J. Kim, 2019; N. T. Park, 2016; N. T. Park & Lee, 2016; Yun, 2000) and has received virtually no scholarly attention outside Korea yet.

This dissertation aims at analyzing the structural opportunities and resources of North Korean defectors by applying a holistic research perspective. The hypothesis for this thesis is that the interplay between structural opportunities and personal resources affect the entrepreneurial strategies. Therefore, this thesis examines the different determinants of North Korean immigrant business, which include the human capital as well as the economic and institutional context for immigrant business development. The empirical framework is based on the "Heuristic Model on Immigrant Entrepreneurial Strategies" developed by Oliveira (2007). The main contribution of this thesis shall thereby be the theorizing of North Korean defectors' entrepreneurial behavior by unfolding

their strategies and opportunities. This will also contribute to the body of knowledge on North Korean defector entrepreneurship that is still in its early stage.

1.1 Problem statement and contribution

It is crucial to study North Korean defector entrepreneurship for several reasons. Baumol (1990) claims that the level of potential entrepreneurs is approximately the same in all societies, but the proportion of start-ups much more depends on the informal and formal institutions, which affect the allocation of entrepreneurial activity (Baumol, 1990, p. 4). According to this hypothesis, prevailing laws and legal procedures of an economy are prime determinants of entrepreneurship. A claim which was confirmed in East European countries (Fritsch et al. 2014, Sobel, 2008), where the transition from a socialist economy to a market economic system has brought about a surge in start-up activities (Fritsch et al., 2014). In a future transitioned North Korea, we can therefore expect a similar surge as in Eastern Europe and Germany. In the GDR (German Democratic Republic 1949-1990), small businesses did not play a role, but only after two years after the German unification, the share of employees in small companies was higher than in West Germany (Brezinski & Fritsch, 1995, p. 12). Fritsch and his associates furthermore reported a start-up boom in East Germany with the number of self-employed persons rising from 1.8% in 1989 to 5% in 1991 and reached the level of West Germany already in 1994 (Fritsch et al., 2014, p. 428). Hence, the authors concluded that the formation of new firms was key in this bottom-up economic transformation (Brezinski & Fritsch, 1995). However, there was a difference in the quality of businesses. Compared to the businesses in West Germany, the new businesses in East Germany were allocated in industries of low entry barriers in terms of capital and qualification (Fritsch et al., 2014, p. 430). Another striking feature was that at least 80% of new businesses in Eastern Germany were entirely new establishments and that *Treuhand* and ex-*Treuhand* companies only accounted for 20% of the jobs in the East German private sector. The top-down approach of *Treuhandanstalten*¹ in Eastern Germany has been criticized a lot. Under this program, approximately 85 percent of former state property was sold to West German firms, while only 6 percent passed to

¹ Definition *Treuhandanstalt*: “established by resolution of the GDR Council of Ministers on March 1, 1990. Its activities ended on December 31, 1994. The *Treuhandanstalt* was tasked with reorganizing and privatizing the state-owned assets following the principles of the social market economy”, in Gabler Wirtschaftslexikon online:

<https://wirtschaftslexikon.gabler.de/definition/treuhandanstalt-49626/version-272855>
(accessed 04/28/2021)

East German ownership (Brezinski & Fritsch, 1995, p. 13). This experience should be avoided in transitioning North Korea's economy. Interestingly, it was also noted that after economic transition in East Europe, western-consultants have not been very useful, mainly because "they only knew how to operate in advanced markets", and that their business advice has in fact shown to be "inappropriate for practical needs in post socialist economies" (Applegate, 1994, p. 399).

In light of the above, it seems crucial to educate North Korean defector entrepreneurs as future consultants for transitioning North Korea. Those who defected from the DPRK to live in South Korea know how both economic systems function, how people think, and how daily life is managed. In South Korea defectors should therefore be viewed as a "strategic asset" for future reunification. Reunification (which is still a possible future event) might come as a greater "shock" ² to the peninsula than it was for Germany; and the defectors' knowledge might be more valuable than we could anticipate now. Needless, to say that *before* reunification is the time for strategic planning, and that also means to understanding and study the economic behavior of North Korean defectors. A rising proportion of the defectors from North Korea belong to the so-called *jangmadang*³ generation - a generation of "millennials" that grew up in the 1990s. They learned to survive in North Korea without being supported by the governments' Public Distribution System (PDS). The PDS is a system that used to provide food and daily necessities for families in North Korea, but people had to learn to survive without it by using markets as a way of survival (Lankov, 2021; D. Schwekendiek & Mercier, 2016). Reportedly, by 1997 as few as 6 percent of all North Koreans were still receiving food from the government, while market activity accounted for upwards 90 percent of household income (Buzo 2017, p. 209). Since 2011, the state has neither legalized nor actively suppressed these activities. Today, the marketization of its economy has escalated to such an extent that some researchers consider North Korean a "post-socialist" country (Ward et al., 2019). Additionally to the market activities, so called "pseudo-state enterprises" (PSE), are run as de facto private firms and are increasingly considered integral to North Korea's economy today (Ward et al., 2019, p. 538). People of the *jangmadang* generation keep defecting and make their way to South Korea, where they continue to act as entrepreneurs. By studying their

² In the East Germany case, Brezinski and Fritsch (1995) discussed the macro-economic issues and the "shocks" involved which are the competition-, supply- and wage-, regulation-, and mental- shock. A greater shock to Korea is expected, due to the great economic gap (larger than in Germany's case), a longer time of division accompanied by North Korea's almost complete isolation from the outside world, etc.

³ The interested reader may refer to the documentary film "Jangmadang Generation" by Liberty in North Korea 2017, which can be watched freely online (as of 2021).

entrepreneurial strategies socio-economic integration may be achieved more smoothly.

According to government data, North Korean defectors in South Korea, consider entrepreneurship as a favored employment option and self-employed numbers steadily keep rising (KHF 2019, p. 57). On the other hand, many defectors have trouble sustaining their business in the long-term (H. C. Kim, 2015), and they reportedly suffer from the lack of information and networks (N. T. Park, 2016). However, recent studies also showed, that self-employed North Koreans achieved higher average incomes per month, compared to those who stayed in dependent employment (Lim & Kim, 2019). This shows that self-employment for immigrant defectors is used for upward social mobility, which is in line with theories of sociology (Raijman and Tienda 1999; van Tubergen 2005).

Furthermore, resilient businesses will contribute to the market economy of South Korea as entrepreneurship is considered an engine of job creation and economic growth (Castano et al. 2015). Stable jobs also positively influence the psychological well-being of employers and employees. Stable jobs foster social contacts and provide a certain status and identity in a society (Porter & Haslam, 2005). Therefore, understanding and supporting the resilience of North Korean businesses will also positively affect the defectors' living conditions.

Research on North Korean defector entrepreneurship is still its nascent phase inside and outside of Korea. What we know is mostly from qualitative studies with small cases or very general surveys, which have also included some questions on self-employment. Therefore, the field of research lacks in clarity, empirical data, and meta-analysis. As Dabić and colleagues (Dabić et al., 2020) have noted, the topic of immigrant entrepreneurship is situated in the nexus of sociology, economics, and political economy. Not only the topic itself but also the situation of North Korean defectors is hybrid as well. North Korean defectors are unique in the sense that they are concurrently immigrants, refugees, and co-ethnics to South Koreans (N. H.-J. Kim, 2016). Therefore, we need an approach that does not only consider their personal characteristics to explain their entrepreneurial strategies. Entrepreneurship literature also stresses the socio-economic environment that individuals are embedded to. Therefore, this thesis sets out to explain defector entrepreneurial strategies from a holistic research perspective, where personal characteristics, economic framework conditions, and community networks of North Korean defectors play a central role. The main contribution of this thesis shall thereby be the theorizing of North Korean defectors' entrepreneurial behavior by unfolding their strategies and opportunities. We also contribute to the body of knowledge on North Korean defector entrepreneurship.

1.2 Limitations

The limitations of this thesis are discussed as follows. The North Korean community consists only of about 32,000 defectors and the community is not comparable to large immigrant communities in western societies. To access this group has proven difficult and largely explains, why not much research has been conducted so far. Defection is considered a death-penalty crime in North Korea, and not only the defectors, but also their families are severely punished if caught. Therefore, many North Koreans tend to avoid contact with unknown persons to protect themselves and their families who are still in North Korea. For instance, North Korean defectors do not like pictures or videos taken of them and usually change their name as well as their looks, to make it more difficult to find out their prior identity. They also frequently change their phone numbers and avoid large crowds.

How difficult it is to meet and interview defectors, is given in the following example: I was invited to a semi-public event where North Korean defectors spoke about their lives in North Korea, their defection, and their new lives in South Korea⁴. In the seminary room, it was forbidden to take any photos or videos during the speeches. All devices had to be turned off. Also, we were told not to approach and talk to the defectors. Of course, I complied with the rules and did not approach the defectors to ask them for an interview. On another occasion, I had a meeting scheduled for an expert interview at an office for human rights issues. At least I hoped that I would be introduced to defectors for establishing contacts. However, I was not even able to enter the building or let alone meeting a North Korean defector.

Therefore, research informants for this study were primarily recruited using snowball technique with the help of “door-openers” and by establishing networks with researchers of the same field. Due to the challenges of locating and studying defectors we may have oversampled defectors with higher education levels and literacy rates. To reduce a potential sample-bias a mixed method design was applied. Research methods included quantitative and qualitative interviews with defectors, interviews with experts and document analysis of research papers, surveys, and governmental data to obtain sufficient data. Other limitations included time and money constraints for staying longer in South Korea. Finally, the last field research, scheduled in 2020 had to be canceled in face of Covid-19 travel restrictions. Still, this thesis is able to provide considerable groundwork and theoretical contribution to the field of research.

⁴ TNKR's 10th English speech contest held on September 1st 2019, at the Grand Hyatt Hotel (Itaewon) in Seoul. Ten North Korean defectors studying at the “Teach North Korean Refugees Global Education Center (short TNKR)” gave their speeches.

1.3 Romanization and terms used

For Romanization, the McCune-Reischauer system will be used for Korean words and authors. However, for those Korean authors who have published their papers in English, their names are written as they appear in the original paper (Jeon, Woo Taek [= Chŏn, U-t'aek]). Furthermore, politicians are romanized in such they are known to the wider public, for example, Park Chung-hee instead of Pak Ch'öng-hŭi.

Throughout this thesis, different terms to describe people from North Korea are used. Mostly the notion defector, sometimes the word immigrant or the term “new settler” is used, which is a translation of *saet'ömin*. The Ministry of Unification decided to introduce the word *saet'ömin* in 2005, however, dropped it again in 2008 for the now most widely used term *pukhani t'aljumin* “North Korean defector”. Both terms describe are still often used. The latter term *pukhani t'aljumin* also includes those North Koreans that settle in a third country but don't acquire a foreign nationality (displaced North Koreans have settled throughout East Asia since the mid-1990s). Other well-known terms are *t'albukcha*, which means “defector” or *mangmyöngja* “refugee”. Not in use anymore is the notion *kwisunja* that indicates a person “who returned to the state”, a term used during the Park Chung-hee era when the defectors were treated as heroes that came from an enemy state (Choi 2018, p. 82). The terms *t'albuktongp'o* and *pukhantongp'o*, which can be translated as “defector brethren” and “North Korean brethren” are also not in use anymore. The term *namhan iju* describes “someone who moved to South Korea”. Most of the above terms that are used in South Korea (orally or written) reflect changing policies and public opinion at some point in time. For a historical review of the changing perception and terms to describe North Korean defectors, it is recommended to read Choi, Gyubin (2018): “*North Korean Refugees in South Korea: Change and Challenge in Settlement Support Policy*”. The terms used to describe North Koreans in this thesis however do not reflect a certain political point of view.

In Korean documents and papers that are published in English (especially the governmental papers), the term refugee is used often, which has caused confusion among scholars as well. By the 1951 Refugee Convention: “*a refugee is someone who is owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality, and is unable to, or owing to such fear, is unwilling to avail himself of the protection of that country*” (Website UNHCR). This definition describes the situation of North Korean refugees well, but North Korean defectors are not adherent to refugee law in South Korea. North Korean defectors receive South Korean citizenship after arrival. Article 3 of the South Korean constitution states: “*The territory of the Republic of Korea shall consist of the Korean Peninsula and its adjacent islands.*” Consequently, the refugees become naturalized

citizens and are treated differently than refugees from other countries. Therefore, in this thesis the notion refugee is mostly avoided.

The remainder of the thesis is organized as follows. Section (2) presents a literature review and statistics on North Korean defectors who came to live in South Korea, including the settlement situation in South Korea's society. Section (3) is dedicated to the theoretical embeddedness of North Korean defector entrepreneurship and the body of knowledge is used to derive an analytical framework in chapter 4. Chapter 5 concerns the analytical part from three distinct perspectives: the personal resources, opportunity structure, and community resources. Chapter 6 forms the conclusive part of the thesis, where the research question will be answered, and implications will be discussed. The thesis closes with an outlook and implications for further research.

2 North Korean defectors

2.1 State of Art

Several studies illuminate different aspects of defection from North Korea and their integration into South Korean society. Chung (2008) has divided the literature into four useful categories and their distinguished viewpoints: (1) political defector studies, (2) refugee and migration studies, (3) ethnic-Korean diaspora studies, and (4) cultural minority studies.

The political science and international law studies focus mostly on the human rights conditions in North Korea and China. The most important representatives of this viewpoint are the US scholars, Stephan Haggard, and Marcus Noland. While they have published various works, we suggest an interested reader their book “Witness to transformation: refugee insights into North Korea’ (2011). Another important representative who writes on human rights conditions and foreign policy is Andrei Lankov. This research strand has brought valuable information on life in North Korea and defection processes.

The second strand looks at immigration and examines the difficulties of societal and cultural adaption of the defector from a psychologic and anthropological perspective. Immediate reasons for the maladjustment are given to the defector’s experiences of famine and death in North Korea as well as traumatic escape experiences. See e.g. Choo (2006), Jeon Woo Taek (2000), or Kim and Jang (J.-U. Kim & Jang, 2007) who will be referenced in the chapter on integration issues.

The third area of study views North Korean defectors as part of the ethnic-Korean diaspora and compares them to Korean Chinese immigrants. Some Korean Chinese decide to return to the home of their ancestors (South Korea), but they hold Chinese citizenship and cannot as easily access citizenship as the North Korean defectors⁵. Some have criticized such a “discriminatory” policy. However, the South Korean constitution proclaims and includes North Korea as its territory: “*the territory of the Republic of Korea shall consist of the Korean Peninsula and its adjacent islands*”. Hence, all North Koreans receive citizenship upon arrival as well as full access to the labor market. This fact makes their legal status unique compared to immigrants from other nations. This circumstance makes it also

⁵ E.g: Park Hyun Ok, “Democracy, History, and Migrant Labor in South Korea: Korean Chinese, North Koreans, and Guest Workers,” Korean Studies Program, Shorenstein, APARC, Stanford University (2005), 1–41 or Lee Jeanyoung, “Ethnic Korean Migration in Northeast Asia,” 118–40. Kyunghee University

impossible to find North Korean entrepreneurs in trade registers or statistics, as they are not labeled as foreigners.

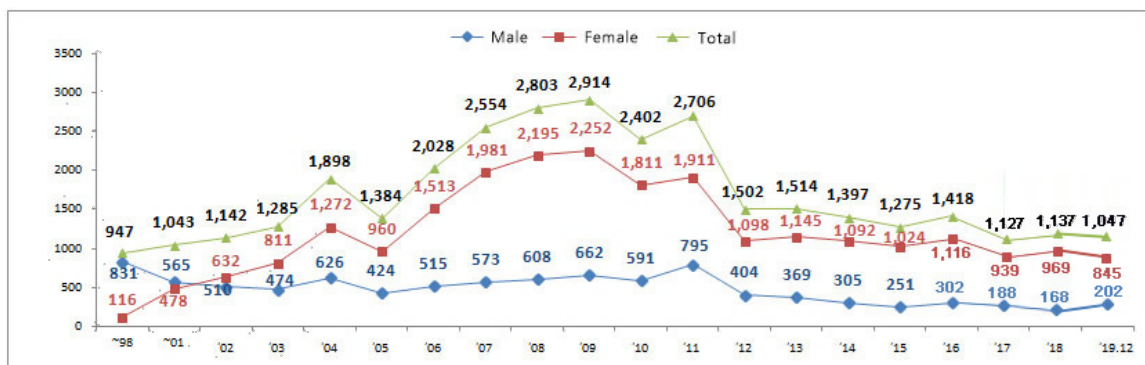
However, "*citizenship in the nation state does not confer social membership in civil society*" (Bell, 2013, p. 241). The cultural minority studies (4) examine the cultural assumptions of legal and cultural membership in South Korean society (Bell, 2013; Choo, 2006, p. 20; N. H.-J. Kim, 2016). North Korean defectors residing in South Korea, are considered to be a distinct ethnic-like group "other" to South Koreans, backward and underdeveloped, and on the basis of their pseudo-ethnicity, they are made into a socially marginalized minority group that face major adaption problems in a highly-industrialized society (Choo, 2006, p. 581; B.-H. Chung, 2008, p. 8). North Koreans, are facing difficulties with language, making friends, school and finding a good job (Kim & Jang, 2007). In addition, the South Korean market system puts a lot of stress on the defectors. Mass production, mass consumption, and aggressive advertisement pose new kinds of challenges to them. They also show difficulties to manage money or save their incomes. As a result, many became confused and distrustful (Sohn, 2013). Similarly, the work integration has proven to be difficult as well (Bidet & Jeong, 2016). Basic misunderstandings and cultural difficulties have been reported by both employers and employees at the workplace (C. Cho & Chöng, 2015). Surveys on the level of their basic vocational competencies have been published (Lee et al. 2007, Cho and Chong 2006) and recommendations for employment policies have come forth (An, 2015).

2.2 Key Statistics

Until the 1990's the number of defectors has been very low with five to ten defectors per year. During this time, the defectors mostly consisted of the North Korean elite who took their chance when they occasionally had an opportunity to flee. Among other early defectors were pilots, diplomats overseas, elite soldiers, or fishermen who sailed to the South (Lankov 2006, pp. 3-4). Between 1995 and 2004, defectors have increased fifty-fold. From the 1990s, large numbers of defectors began entering South Korea. Graph 1 shows the number of arrivals to South Korea since 1998, with a peak between 2007 and 2011. Annually, South Korea is receiving about 1500 to 2000 new defector immigrants from North Korea.

The drop of new arrivals in 2012 illustrates the impact of tighter border control since Kim Jong-un (Kim Jǒng-ŭn) took office in Pyŏngyang. The graph also shows that since 2002, the number of women has exceeded that of men, representing seventy percent of North Korean immigrants ("Ministry of Unification" n.d.). In 2016, the number of North Korean defectors in South Korea surpassed the 30,000 mark. Numbers published on the website of the Ministry of Unification, show that 33,523 North Korean defectors have entered South Korea since 1948 (as of December 2019). Furthermore, provisional numbers indicate that due to Covid-19 travel restrictions and the border closure between China and North Korea immigration has almost come to a halt in 2020-21. The number of new arrivals dropped from 1,047 in 2019 to 229 in 2020.

Graph 1 Number of arrivals

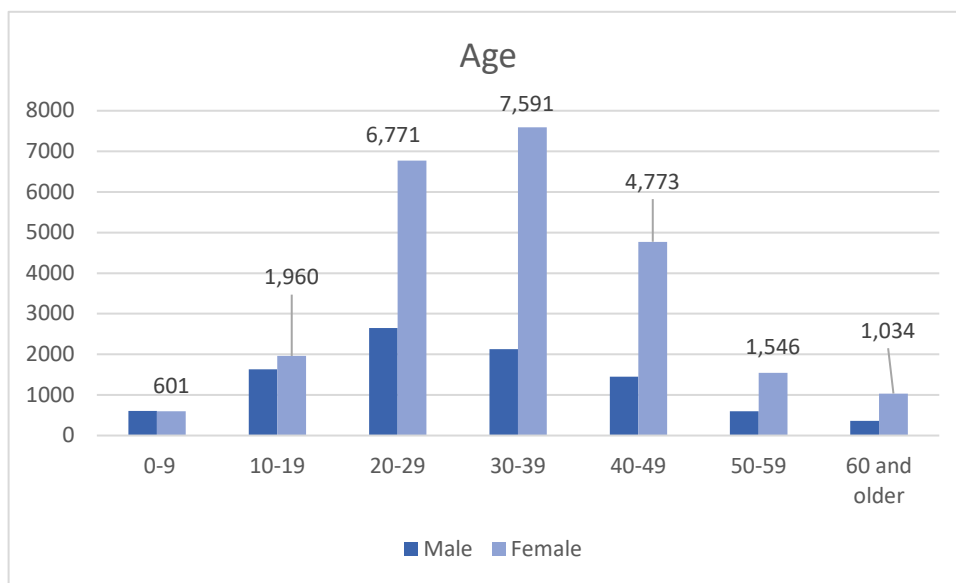


Source: Ministry of Unification

Most of the defectors consist of workers, farmers, or housewives with their children who were living in the northern regions, such as Hamgyŏngbukto, close to the Sino-Korean border (Lankov 2006, p. 5).

Graph 2 Age of defectors by age group (persons) indicates the age and gender of immigrants. The median age of North Korean defectors varies, but the majority of immigrants are between 20 and 50 years old. As forementioned, the number of women outnumbers that of men considerably.

Graph 2 Age of defectors by age group (persons)



Source: Ministry of Unification

Not all North Korean defectors come to settle in South Korea. Over the past twenty years, an estimate of the total number of migrants leaving North Korea indicates a number between 30,000 and 100,000 persons. Many of them leave North Korea to seek food and income in China, while some return to North Korea and others continue to live in China. A much smaller number migrates to Russia, Europe, and the United States (Torrey, 2018).

2.3 Defection process

The Republic of Korea (ROK, henceforth South Korea) was proclaimed on August 15th, 1948, in the southern part of the Korean peninsula. In the northern part, the Democratic People's Republic of Korea (DPRK, henceforth North Korea) was established on September 9th, 1948. The first defection from the north to the south was reported in 1948 after the new governments were established. During the first years of separation, it has been estimated that around 900,000, or 10

percent of the North Korean population, fled to the South. However, after the Korean War, the number of defectors decreased drastically. Until the 1970s and the DPRK had an effective border control in place, and the economic standard between both Koreas was similar.

Before the Soviet Bloc fell in the late 1980s North Korea had a functioning public distribution system that provided the population with food and commodities. However, this system gradually weakened and finally disintegrated over the loss of Soviet subsidies. While the economic decline became steeper, even the most basic food requirements of the general population were unable to be met. What followed was described as one of the greatest famines of the twentieth century (Schwekendiek, Mercier 2016). According to estimations, one or two million people (5-10 percent of the population) starved between 1995-1999 (Buzo 2017, p. 205). The great famine is known in North Korea as *konanŭi haenggun* (arduous march or the march of suffering) which is a metaphor to remind people that what they are experiencing is what Kim Il Sung had endured as an anti-Japanese guerilla fighter. When Kim Il Sung died of a heart attack in July 1994, he was followed by his son Kim Jong Il. Against all speculations, Kim Jong Il had no intention to reform the economy, driving an industrialized economy into Third World poverty (Buzo 2017, p. 204-207). Throughout his time in power, there was no significant change in government policies and the state remained highly militarized and economically isolated. Chronic under-nourishment continued to affect people of all ages, especially the children and the elderly, and the international community provided aid at an estimate of forty percent of North Korea's food needs. The collapse of the country's public health and medical systems also brought back diseases such as Malaria and tuberculosis, that had been eradicated in the 1970s (Buzo 2017, p. 201). During these years grassroots marketization became increasingly important as means for survival (Schwekendiek, Mercier 2016). Reportedly, by 1997 as few as 6 percent of all North Koreans were still receiving food from the government, while market activity accounted for upwards of 90 percent of household income (Buzo 2017, p. 209-10). While economic decline played a major role in the economic downturn, additional flooding damaged the country in 1995 that did not only destroy arable land but also harvests and grain reserves that were stored underground. Floods also damaged North Korea's power generation capacity that further aggravated the national crisis (Cumings, 2005, p. 442). When the great famine reached its height in the mid-1990s, waves of refugees crossed the Yalu River to seek food and income in China.

Since the DPRK strictly adheres to a zero-tolerance toward overseas migration, the defectors are technically committing a crime when they leave. If caught, the defectors are subject to detention and deportation back to North Korea, where they face severe punishment and imprisonment (Lankov, 2006, p. 3). Reportedly, China and North Korea have signed a secret agreement that calls for the return

of North Koreans. Thus, the Chinese government does not recognize the defectors as “refugees” but refers to them as “economic migrants”. As a result, North Korean who cross the Sino-Korean border must find a foreign embassy in China or a safe route to a neighboring country such as Mongolia, Thailand, Cambodia, or Laos where they can seek asylum status (Courtland, 2010, p. 16).

Most of the illegal border-crossers try to blend into the ethnic Chinese Korean community in the Yanbian Korean Autonomous Prefecture (YKAP) (Haggard & Noland, 2011). Conservative estimates suggest that there are probably some 100,000 defectors hiding in YKAP, which is located at the eastern tip of Russia, bordering the northwestern part of North Korea. The prefecture is home to first and later generations of Koreans since as early as the 17th century and migration continued throughout the annexation of Korea by the Japanese. Forty percent of the population in the YKAP are ethnic Chinese Koreans. The Chinese policy tries to detect illegal North Koreans among this community and also arrests and imprisons those who help them to hide or to escape to third countries. Due to the precarious situation of North Korean defectors, cases of human rights violations and the trafficking of North Korean women in China have been reported to have reached serious levels (Haggard & Noland, 2011; Yun 2001).

Haggard and Noland (2011) state that more than forty percent of the defectors stay more than three years in China before they leave. In the first place, not many of the North Korean defectors plan to go to South Korea. According to a survey among fugitives in China, it was reported that 97.6 percent of the defectors left North Korea because of economic conditions (Haggard & Noland, 2011, p. 30). However, the precarious situation mixed with anxiety and fear of the police often leads to the decision to leave China. So-called “underground railway systems” are routes to neighboring countries such as Mongolia, Thailand, Cambodia, or Laos. After crossing a national border, the illegal migrants submit themselves to the police and request protection in a South Korean embassy. There a safe transfer to South Korea is organized (Courtland, 2010, p. 16).

2.4 Settlement in South Korea

The 1997 Act on the Protection and Settlement Support of Residents Escaping from North Korea, Article 1 states its purpose as promoting the: *“protection and support necessary to help North Korean escapees from the area north of the Military Demarcation Line and desiring protection from the Republic of Korea, as swiftly as possible in order to adapt and stabilize all spheres of their lives, including political, economic, social and cultural”* (Courtland, 2010, p. 16).

Upon the defectors' arrival, the National Intelligence Service verifies whether the immigrants are truly from North Korea, by taking them under custody (Lankov 2006). In the 1990s, when the number of North Korean defectors continued to grow their integration has become a part of the political agenda. In 1999, an institution called “Center for Supporting the Adaptation of North” (*pukhanit'aljuminŭi chŏngch'ak chiwŏn*), commonly known as “Hanawon” was established in Ansŏng, Kyŏnggi-do. In 2012, a branch opened in Hwach'ŏn'gun, Kangwŏn-do. At these institutions, the defectors receive mandatory social orientation, which includes education in history, society, and economy. This consists of a 12-week program, with different blocks and classes, during weekdays from 9 am to 5 pm.

Additionally, to the Hanawon education, the so called “Hope for Work” program was designed to help participants improve their job-skills, assist in obtaining employment, including training in how to write a résumé, etc. Since 2013, gender-specific vocational training is offered as well, where participants can experience up to twelve different jobs during their stay in Hanawon (White Paper 2014, pp. 189-190). Once a month a job fair is being held, where the defectors are offered to take interviews and encouraged to send their CVs to Small and Medium enterprises (SME). To teach the defectors South Korean working culture, visits to such companies are encouraged.

After leaving Hanawon, defectors are allocated to their new residence. To support the new settlers after their 12-week stay at Hanawon, there are various networks and regional councils at the local government level. They develop and execute various specific programs to help settling in the region. Social workers in regional adaption centers, called Hana Centers, support the new settler with personalized follow up programs at their new place of living. They help in understanding the local community and in daily life matters. For example, they go to banks, hospitals, or markets, visit local vocational training institutes and potential employers. Support workers of local bodies offer counseling and guidance (White paper 2014, p. 210-211).

Financial benefits are bestowed upon those who continuously work at the same job, receive vocational training, or obtain certifications of qualification. The incentive program for those staying at the same job for at least one year or more, has started in 2005 and grants up to a maximum of KRW 5.5 million employment

incentive. Since 2013, the incentives have been increased for those employed outside of the Seoul metropolitan area. These incentives are intended to help North Korean new settlers to become economically self-reliant, instead of relying on the national basic livelihood security system. A maximum of KRW 21.1 million (approx. 15.000€) is possible to be received, if one completes the Hanawon program, was trained at a vocational institute, obtains a certificate of qualification, and finds and maintains a job for more than a year (White Paper, 2014, pp. 203-204). Not only are resettlers encouraged to find a job, but enterprises are also supported when they hire a North Korean worker, where subsidies of up to 50 percent of the employees' salary can be granted (ibid. 2014, p. 205). The employment support center was set up in 2012, offering support to social enterprises⁶ that employ NK workers or help the defectors to start their own small business.

Under certain conditions North Korean defectors enrolling for a national or public university are exempt from admission fees, tuition, school operation or boarding fees for eight semesters. At private universities, they are usually completely exempt from tuition; however, this tuition subsidy can be discontinued if the students fail to reach at least 70 percent of the highest possible GPA for the previous 2 semesters (White paper 2014, p. 208). For the children the government placed 15 coordinators in schools and regions to assist them at home at school and the community. The North Korean Refugees Foundation supports home-study workbooks and distance-learning English programs. Various educational opportunities are offered. For example, WEST (Work, English Study, Travel) is a joint Korea-US study and work program that offers opportunities of internships in the US up to 8 months (White paper 2014, p. 208).

In summary, the settlement process looks at follows:

- Request for protection and transfer to South Korea
- Protection Center (verification of identity)
- Decision over protection
- Preparation for settlement at Hanawon
- Housing arrangement and settlement benefit: KRW 8 ~ 39 million
Housing subsidies: KRW 16 ~ 23 million (depending on the size of household)
- Residence support (25 Hana-Centers across nation)
- Incorporate the defectors into the social safety net (Basic living security, medical care)

⁶ Social Enterprises (SEs) were introduced in the 1990s to alleviate social issues that arose after the 1997 financial crisis. Upon certification from the South Korean government SEs are eligible to financial and other support.

- Vocational support: employment subsidy, vocational training, asset-building assistance, etc.
- Educational support: tuition waiver (middle and high schools, national and public universities), 50% tuition grant (private universities)

2.5 Integration to society

In South Korea, much empirical research focuses on various aspects of integration. The refugee and migration studies focus on the difficulties of societal and cultural adaption of the defector from a psychological and anthropological perspective. Immediate reasons for the maladjustment are given to the defector's experiences of famine and death in North Korea as well as traumatic escape experiences. See e.g. Choo, Hae Yeon (2006), Jeon, Woo Taek (2000) or Kim and Jang (2007). Furthermore, one of the leading sociologist Yoon, In-Jin uses the migration studies approach to investigate adaption and assimilation of the defectors as well. Most notable are his works (in Korean): "North Korean migrants: life and minds, and policies for settlement" (2009), as well as "North Korean Diaspora: North Korean Defectors Abroad and in South Korea," *Development and Society* 30, no. 1 (2001): 1-26.

This research strand shows that many defectors have difficulties to get close to South Korean people, face cultural differences and the lack of assurance that they would be accepted (Jeon, 2000, p. 365). Barrier to the employment market ultimately were reported to lead to loneliness and isolation (Kim and Jang 2007, p. 8). However, international research emphasizes that employment plays an important role in improving psychological health for refugees. Employment allows them to secure improved living conditions, social contacts, status and identity (Porter & Haslam, 2005; Jahoda, 1982 cited in Baranik et al., 2018).

Even though, North- and South Koreans are sharing the same historic and ethno-cultural background, the defectors are made into a socially marginalized minority "other" to South Koreans⁷ (J.-U. Kim & Jang, 2007). The education they have had received in North Korea is not recognized, they have difficulties to find a decent job. They must start over again in a society that is known as particularly competitive and challenging). Additionally, many defectors suffer from physical and mental illnesses as they have faced shocking experiences in North Korea or during the defection process that resulted in physical and mental exhaustion (Jeon, 2000; Jeon et al., 2003).

⁷ The national division which was followed by a civil war from 1950-1953, marked the beginning of viewing the other as an enemy (Choo, 2006).

A variety of traumatic events include severe hunger, malnutrition, death of family members, imprisonment or forced labor (Jue and Kim, 2014). Some psychological problems are also connected to a sense of guilt (e.g. for leaving behind their families and persistent stress and anxiety during their flight or while staying in China (Jeon, 2000). Symptoms of Post-traumatic stress disorders (PTS) are self-destructive behaviors, depressed moods, insomnia, excessive alcohol drinking, recurrent nightmares, feelings of chest tightness and back pain. Apart from health issues, many defectors have problems with adapting to the South Korean society in general. Many young North Koreans are facing difficulties with language, making friends, school and finding a good job (Jeon et al., 2003).

According to language use and writing, both languages are mutual understandable. Considering regional variances, both countries share the same Korean language using Korean script Han'gŭl (called Chosŏn'gŭl in NK). While this script has been developed during the Chosŏn Dynasty (1392-1910), the characters and underlying principles are used both in North- and South-Korea. However, there are differences in use of words, spelling, and grammar. Variances are caused by the time of division and the incorporation of foreign loan words. South Korea is using numerous English loan words, which hinders communication.

If we compare the educational system of North- and South Korea, differences can be discerned as well. Ideology wise, North Korea's educational system emphasizes political instructions and only the elite receive higher education, while South Korea's system emphasizes academic success, producing a high rate of high-school graduates. In North Korea, there is an 11-year compulsory free education program in place. The educational system is divided into four years of primary school (people's school) for age's six to nine and five years of middle school. After completion, which ends around the age 15 or 16, most young women go to work, either on farms or in local factories while most males begin their obligatory military service. Only 30 to 40 percent of middle-school graduates go to high school. After the military service, about 5 percent of them enter a one-year preparatory (high school) course for college or university. High schools are specialized schools, as are colleges, which may be engineering, industrial, agricultural, medical, foreign languages, art, and music. Fewer than 10 percent of high school graduates go to college or university (usually two-year universities). There are furthermore technological colleges, factory colleges, and vocational schools (usually two-year schools- that are divided into agricultural and mechanical programs). (Worden 2008, p. 122-123). The education system emphasizes political instructions and assigns children to memorize speeches of Kim Il Sung. While officially only eight percent of instruction is devoted to the "Great Kim Il Sung" and "Communist Morality" or "Party Policies", even general academic subjects are highly political. For example, textbooks for Korean language are entitled "we pray for our master" etc. (Savada, 1993). In 2012, a universal 12-year education was introduced (1 year of kindergarten, 5 years of

primary school, 3 years of junior middle school, 3 years of senior middle school) (Ministry of Unification, n.d.).

The education system intends to train North Koreans to serve the existing system: “we are educating them in a unitary idea-thinking in the same way and acting in the same way” (Worden 2008, p. 122). In contrast, South Korea is considered as one of the most educated countries in the world. Seventy percent of 25-35 – year old’s have completed tertiary education. Additionally, South-Koreas economy is considered highly developed in terms of technology and internet penetration (Roach, 2018). Therefore, it comes of no surprise that North Korean defectors have difficulties to adapt to South Koreas society.

The following graph indicates general academic background that defectors had received. The statistics reveal that, most North Korean defectors have had received at least secondary (middle and high school) education, while only a few have received college or university degrees.

Table 1 Academic background of defectors (in number of persons)

Category	Pre - school child	Kinder garden	Prim-ary school	Second ary school (Middl e and high school)	College	Univer sity and higher educati on	Un-educat ed	Other	Total
Male	418	136	803	5,719	844	1,109	361	30	9,420
Female	404	215	1,497	17,691	2,661	1,213	515	80	24,276
Total	822	351	2,300	23,410	3,505	2,322	876	110	33,696

Source: Ministry of Unification

The Database Center for North Korean Human Rights (NKDB) has conducted a study on the socio-economic integration of defectors (Lim & Kim, 2019). From December 2018 to January 2019, a survey was conducted among 414 defectors. The level of education the defectors had secondary school level in North Korea (70.5%). Most of them did not pursue additional education after arrival in South Korea (66.9%).

According to the settlement survey (KHF 2019, p. 38-38), the level of satisfaction with life in South Korea, was answered “satisfied” (74.2%), followed by neither satisfied nor dissatisfied (23.5%) and dissatisfied (2.2%). The main reason for being satisfied was freedom in life (30%) and work spheres (25%). Dissatisfaction was mainly attributed to family separation (28%), intense competition (19%) and discrimination (15%). Furthermore, economic difficulties (14%) and difficulties to adapt to society (5%) were stated.

Citing NKDB (Lim & Kim, 2019), (n=414), half of the respondents, stated, that they have some form of existing sickness (43.5%) and a quarter (25.5%) felt depressed or desperate. Most of those who felt depressed were unemployed or economically inactive. Furthermore, some thirty percent of the defectors stated they are in debt, due to expensive housing and because they do not receive “enough living allowance”. Reasons for debts were indicated business (investment), and remittances to North Korea. Many defectors find it difficult to adjust to life in South Korea (20.8%) and half of them sends money back to their families in the North. It is also common to inquire about their family’s well-being (41.1%). Almost all of them use cell phones to contact family members who stayed behind (93.5%). The people in North Korea often possess Chinese cell phones, which are illegal of course. Additionally, mass production, mass consumption and aggressive advertisement poses new kinds of challenges to them. Due to the lack of knowledge, many defectors lack the competence to manage money, or save their incomes. As a result, many became confused and distrustful (Sohn, 2013). The book “Nothing to Envy – Real lives in North Korea” (Demick, 2009) is not only an outstanding insight on the daily lives in North Korea it also reflects on the problems and issues the defectors face after they arrive in South Korea. Demick concludes that many (she estimates some 70-80%) of the defectors regret coming to the South.

2.6 Employment

Most defectors, who arrived since the economic crisis in South Korea, consist of workers, farmers, housewives and their children. Most of them conduct simple menial labor in low-paid and unskilled jobs in the secondary labor market. Only a small portion (5%) are considered as specialists, professionals, managers, administrators, or workers in the arts (Lankov, 2015). They are furthermore prone to frequently change their place of work and often face conflicts at work. According to Chung, social workers and government officials complain that some defectors refuse to work in lower-class positions by saying: *'we did not come here, risking our lives, to do these kinds of menial jobs'* (B.-H. Chung, 2008, p. 19). During the 2000s, it was believed that more than 70 percent of the defectors were unemployed or engaged in small-scale businesses, 64 percent had received governmental aid for living, and the average monthly income of North Korean migrants was believed half the national average. (Lee et al., 2007, p. 220). Another source, states that the unemployment rate was is estimated at 9.7 percent (Lankov, 2015). However, these numbers differ significantly among the sources, with statements of up to 80 percent that rely on governmental aid and an unemployment rate between 30-40 percent (Torrey, 2018). During the 1990s, the employment rate of defectors, showed the following picture (tab 2). It shows that the employment rate (and employability) of the defectors fell significantly during the 1990s. The numbers also reflect the institutionalized support, which was effective until 1993. Until then, the defectors were provided with generous benefits and free housing (Lankov 2006 ; Choi, 2018)

Table 2 Employment rate

Year of arrival	1990-1993	1994	1995	1996	1997	1998
Employment status						
<i>Employed</i>	82.4	46.9	58.3	61.3	40.6	45.0
<i>Unemployed</i>	0.0	28.1	25.0	32.3	42.2	55.0
<i>Student</i>	17.6	25.0	16.7	6.5	17.2	0.0

Source: Yun, 2001, p. 20, table 5.

Some sources assume that almost 30-40 percent of North Korean immigrants are unemployed (see above), however the annual survey among the defectors, which is conducted by the Korea Hana Foundation (KHF 2019)⁸, states that the overall employment rate stands at 58 percent, with an unemployment rate of only 6 percent. The unemployment rate of South Korean nationals usually ranges between 3 and 4 percent. The difference in unemployment rates among the sources may stem from different sampling methods and the definition of unemployment according to Torrey (expert-interview). He suggests that the difference could also indicate a “downplay” of governmental institutions while researchers on the other hand may overemphasize unemployment rates.

In the KHF national survey, the ratio of employed, 84 percent of the employed defectors indicated that they work as “paid workers” and 16 percent categorized themselves as “unpaid workers”. Among them, 14.6 percent indicated that they were self-employed. Compared to 2018, that would have been an increase of 2.3 percent. For comparison, the self-employment rate of South Korean nationals was 20.7% the same year (KHF 2019, p. 49).

Lim and Kim (2019) conducted a study on the socio-economic integration of defectors. Among 414 defectors, the overall rate of economic activity was 61.8 percent. Reasons for inactivity among male respondents was “attending school” and “physical difficulties”, women stated “physical difficulties” and “child care” (Lim & Kim, 2019). The rate of self-employment rate was stated 13.2 percent, compared to other forms of employment (Table 3 Defectors' Employment status.

⁸ In 2019, 28,652 persons aged 15 or older were surveyed.

Table 3 Defectors' Employment status

<i>Status</i>	<i>North Korean Defectors</i>	<i>South Korean Population</i>
Regular Workers	49.6%	52.3%
Temporary Worker	12.8%	17.5%
Day Worker	24.0%	5.8%
Self-employed	13.2%	20.7%
Unpaid Family Worker	0.4%	3.7%

Source: adapted from Lim et al. 2019, p. 131

The income level of North Korean defectors is lower, compared to the South Korean population. In 2019, the average monthly income of defectors was 1,948,200 Korean won (KRW). Among salaried employees, the average monthly income was 1,864,300 KRW – compared to 2,870,000 KRW for South Koreans. It is notable that, at 2,829,500 KRW per month, self-employed North Korean workers (13.2% of the active North Korean defector population) generated a higher average income than salaried North Koreans (Lim et al. 2019, p. 139). That means that defectors who become self-employed have the chance of a higher income, and the income gap of 47.3 percent to South Korean nationals can be lowered to 1.4 percent⁹.

As literature review has shown, the defectors lack of proper education, qualifications, and knowledge has affected their socio-economic embeddedness in South Korea (see also Sanders and Nee 1996). On the other hand, statistics show that a significantly higher income level can be achieved when opting for self-employment. As will be shown, many North Korean defectors consider a business as an employment option.

⁹ $2,870,000 - 1,948,200 / 2,870,000 = 47,31\%$

$2,870,000 - 2,829,500 / 2,870,000 = 1,4\%$

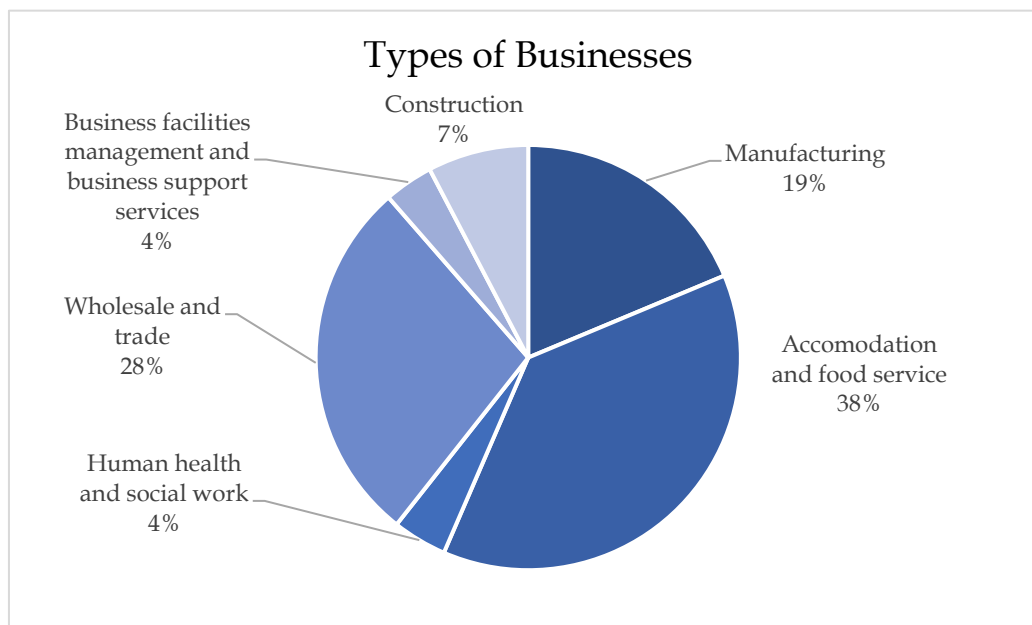
In Euro: 1,948,200 KRW = 1,462,41€ and 2,829,500 KRW = 2,154.36 € (as of March 2021).

2.7 Self-employment

In general, the interest of the defectors to become self-employed can be considered as high (KHF 2019; B. H. Cho, 2015; KHF, 2019; Lim & Kim, 2019). Among 112 survey respondents it was found that as much as 74 percent are actually planning a business (45%) or are thinking of self-employment (29%) (B. H. Cho, 2015, p. 162). The KHF survey showed that the most desired occupation among North Koreans is “self-employment” (33.6%), followed by “working in a small- and medium enterprise (21.3%). Interestingly only 8,7 percent stated they want to work in a large business conglomerate (8.7%). Interesting because this is a workplace desired by most young adults in South Korea (A. Chung, 2017) . For the defectors, farming was considered the least desired workplace (3.8%) (KHF 2019, p. 57). In another study, Cho (2015) found out that among 112 defectors a large part of them planned to become self-employed. Forty-five percent stated they “very much” want to become self-employed while 29 percent stated that it would depend on the situation, but they would like to become self-employed later. Only 18 percent said, they do not plan to do so at all. Literature showed that the main motivation to become self-employed was attributed to the lack of alternative employment options (H. C. Kim, 2015; Yun, 2000; Y. J. Kim, 2019). However, it can also be explained to their experiences in North Korea and China, where small trade and market activities ensured their income (see introduction).

To date, there are no official numbers or statistics on the number of North Korean defector businesses. We have only projections, that there are between 1000-2000 businesses run by defectors, mostly small and medium businesses (Y. J. Kim, 2019). Most of them operate their business in the service sector such as accommodation and food, followed by retail business and manufacturing (Graph 3 Types of businesses). Another survey conducted by small and medium business administration showed, that among 112 interviewees, 21 percent want to run a restaurant (B. H. Cho, 2015, p. 164).

Graph 3 Types of businesses

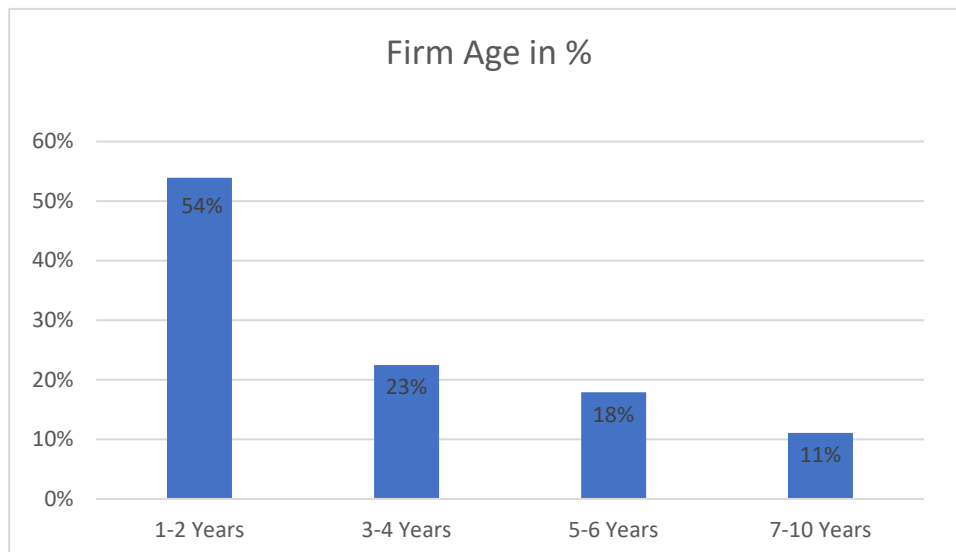


Source: Own graph, adapted from H.C. Kim 2015, p. 4

According to gender accelerating numbers for women entrepreneurs can be discerned. A survey among 219 respondents showed a self-employment rate of men with 47, 5 % and a 52,5% rate for female entrepreneurs (H. C. Kim, 2015, p. 45). Another survey, conducted by the NKDP also found that among 32 self-employed persons 14 (44%) were male and 18 (56%) were female (Lim & Kim, 2019, p. 131)

Graph 4 shows that many North Korean businesses are only one, to two years old, indicating a short business life cycle.

Graph 4 Age of defector businesses in percent



Source: H. C. Kim, 2015, p. 37

Park was the first to investigate the personal characteristics of North Korean defector entrepreneurs (N. T. Park, 2016). Since he did not concentrate on entrepreneurs alone, he was able to conduct an empirical study among 323 North Korean defectors to test various factors on the influence of the defector's entrepreneurial intention. He was also the first to consider the psychological concept of self-efficacy in his study. He could not demonstrate that self-efficacy, risk tolerance, and entrepreneurial experience affected their entrepreneurial intention, but he could show that financial stability and entrepreneurial education had a positive effect.

Another small-case analysis among five young defector entrepreneurs in their twenties and thirties showed a "high entrepreneurial spirit" based on the factors risk, innovation, education, and opportunity (S.-J. Kim & Jeon, 2017).

Noteworthy is also a comprehensive doctoral thesis by Kim Young-ji (2019). Based on grounded theory, her purpose was to develop a theory on the "business success" of twenty self-employed North Korean defectors. The central motive of her interviewees was the defectors' "struggle for existence" alongside with 'longing for economic stability' and 'self-interest'. Her interviewees consisted of 14 female and 7 male entrepreneurs, while they were mostly aged between 40 and 50 years. They ran their business mainly in service and restaurant business and half of the businesses were younger than three years the other half between 5 and 8 years and there was no case longer than that. What stood at the "success" of their business, was very hard work and prepare at least five years for the business. The lack of personal networks and an insufficient entrepreneurship support program was concluded to negatively influence their business "success". Kim concluded and named her main outcome the "survival strategy theory". As

Yun (2000) concluded almost twenty years earlier, the main motivation for the defectors to become self-employed was the defectors' struggle for success and acceptance in society. We can thereby assume that even though the social composition of the defector has changed during the last years, some structural problems have not improved much, unfortunately.

Reasons for a short life-cycle could be manifold and depend on the point of view. Factors for business success and failure have been attributed to personal characteristics such as patience, strong will, sincerity, diligence, and attitude (Hyön, 2014). Additionally, this qualitative case analysis among 20 North Korean defector entrepreneurs, showed the resemblances of North Korean defector entrepreneurs with immigrant entrepreneurs (Hyön, 2014). We conclude that research on North Korean defectors' businesses is in its nascent phase by primarily using qualitative and exploratory research frameworks.

As shown in the above literature review, personal characteristics and motives have emphasized structural problems and limitations of human capital resources. Research that takes into account opportunities provided by the local community and institutional support is missing, even though opportunities provided by networks and community resources play a crucial role in explaining immigrant entrepreneurship (Aliaga-Isla & Rialp, 2013; Dabić et al., 2020). Therefore, we identify this as a research gap in the literature on North Korean defector entrepreneurship and propose a holistic research approach. By doing so, the thesis contributes to the state of art in providing a contextualized research analysis, based on the theoretical framework provided by immigrant entrepreneurship literature. In so-called "immigrant economies" such as the US, Europe, and Australia, approaches to understand immigrant entrepreneurship have a long tradition, as will be shown in the following chapter.

3 Theoretical Framework

3.1 Immigrant Entrepreneurship

As international migration has become a key feature of modern society, immigrant communities have formed in many global city areas. The rapid increase of international migration and issues of socio-economic integration has also sparked interest in academia, generating various new insights (Aliaga-Isla & Rialp, 2013). The first significant research on immigrant entrepreneurship took off in North America in the 1970s, closely followed by Europe and Australia. Since then, many explanations on the determinants of immigrant entrepreneurship have been put forward (Kloosterman & Rath, 2003). A literature review shows that most contributions originate from the US, Canada, and Australia (Aliaga-Isla & Rialp, 2013).

The term *ethnic entrepreneurship* has been defined as “a set of connections and regular patterns of interaction among people sharing common national background or migratory experiences.” (Aldrich & Waldinger, 1990, p. 112). Or similarly, according to Zhou (2004, p. 1040), ethnic-entrepreneurs are often referred to as “simultaneously owners and managers of their own businesses, whose group membership is tied to a common cultural heritage or origin”. This definition includes members of ethnic minority groups who have been living in the country for several centuries such as Afro-Americans in the USA, Jews in Europe, or others. An alternative term is *immigrant entrepreneurship*, which describes individuals who have immigrated over the past few decades. The latter term seems to fit best for the experience of North Korean defectors who have mostly defected and immigrated to South Korea since the 1990s.

The ethnic economy concept, derived from the historical sociology of Max Weber and Werner Sombart (Light et al., 1994). From there the influential theory of *middleman-minorities* was developed, which describes that *sojourners* concentrate on occupations such as trade and commerce. In the local community in which they conduct their activities, middle-man-minority entrepreneurs have few social ties or relations within the host society and occupy an intermediate rather than a low-status in the host society. They are interested in making a quick profit from their business and return home afterward (Bonacich, 1973, p. 583).

Ethnic enclave entrepreneurs are those who are bounded by co-ethnicity and local social structures. Enclave entrepreneurs typically operate their businesses within their immigrant neighborhoods where their co-ethnic group members dominate, and social networks are strong. The ethnic economy provides not only capital and employees for businesses, but they also provide a target market by offering products or services for the ethnic community (e.g. Koreatown in Los Angeles and Miami's Little Havana). The focus of this research stream is mainly concentrated on the distinct characteristics of immigrants, considering their human, social or financial capital. Most agree that immigrant enterprises are

situated in niche markets, which are characterized by low costs of entry, low levels of capitalization, long working hours, and poor pay (Aliaga-Isla & Rialp 2013). For example, the Korean community in Los Angeles which consists of almost half a million people, relies on each other in terms of jobs and doing business (Light, 2003). The analytical distinction between “middleman minority” or “enclave entrepreneur” depends on who serves whom and where conditioned by different social relations. The difficulty is, that there is no concrete definition, as to what degree a certain ethnic group must be concentrated as to term them (Bonacich, 1973, p. 587).

The *cultural approach* emphasizes that immigrant groups have culturally determined features leading to favor for self-employment. It explains that immigrants from different countries of origin are influenced by their national culture upon entrepreneurship. This theory argues that when immigrants are overrepresented in a host society, they can be analyzed as a group by showing their cultural characteristics. This approach furthermore declares that the following ethnicities have a higher than average rate of self-employment, among others e.g. Indians, Chinese, Jews, Japanese, Koreans, Iranians, or Cubans who form their respective ethnic economies (Aliaga-Isla & Rialp, 2013, p. 828).

When reviewing the above concepts, we discern a focus on either transnationalism, cultural ties, or ethnic networks, which are formed among large immigrant groups in America or Europe. As these concepts fall short of explaining North Korean defectors’ experience, we turn to another well-established concept termed *blocked- mobility* or alternatively *blocked-opportunity* approaches.

3.2 Blocked Opportunities

One of the earliest theories suggests that ethnic businesses are a reaction to blocked opportunities in the labor market. The *blocked mobility theory* proposes that immigrants are at a disadvantageous position due to their limitations, such as language, education, and experience discrimination in the host labor market (Aliaga-Isla & Rialp, 2013, p. 827). Those immigrants who are not able to find stable employment are “pushed” into self-employment (Volery, 2007, p. 31). This approach was influenced by the *dual labor market theory* (also split labor market theory, see Bonacich 1973) which indicates that immigrants are prevented from competing with the native-born in the mainstream economy. Immigrants are either employed in the areas of the labor market for which they have been recruited in their country of origin, or mainly work in those areas that are rejected by locals for various reasons (for example 3D jobs—dirty, dangerous, and demeaning blue-collar jobs) (P. Han, 2010, p. 253). This is primarily owed to the lack of immigrants’ human capital, such as education, qualifications, and knowledge (Sanders & Nee, 1996). In industrialized countries, we can observe

that the labor market is split into the primary and secondary labor markets. While the former is characterized by stable working conditions, high wages, and career opportunities, low wages, and poor and unstable working conditions characterize the latter. The theory of the *segmented labor market* assumes that locals mostly work in the primary labor market, while members of minorities and immigrants mostly work in the secondary one. Language problems and inexperience also aggravate the immigrants' chances in the primary labor market. The ethnic enclave economy, therefore, absorbs the cheap labor of immigrants in labor-intensive production sectors (P. Han, 2010, p. 263).

In a similar approach, entrepreneurship literature also discusses the existence of *necessity start-ups* and *opportunity start-ups* (Schultz & Rehder, 2017). Necessity start-ups are described as businesses, which are bound to the founder (who opens a business in the face of unemployment), rather than to an innovative product or business idea. This is often true for (but not limited to) businesses located within the service sector (e.g. coffee shops or laundry businesses). Characteristic for this sort of business is the limited growth of the firm, which is often run by the whole family. In contrast, opportunity businesses usually promote distinguished products, which are somehow technological or innovative, dependent on market cycles but independent of the business founder. Remarkable here is that there is no distinct limit to business growth. The focus lies on the exploitation and utilization of the opportunities acting as pull-factor for establishing the business (Schultz & Rehder, 2017, pp. 10–14). Based on this assumption, *the immigrant business model* was developed by Chrysostome (2010) which distinguishes between necessity immigrant business and opportunity immigrant business. As the name implies, it distinguishes between those immigrant entrepreneurs who undertake a business as the only way to survive in the host country and those who started their business because they want to exploit a business opportunity and make money (Chrysostome, 2010, p. 138). Chrysostome argues that necessity immigrant entrepreneurs are usually natives of developing countries, with limited professional experience, home-country education, lack of capital, co-ethnic employees, and long working hours spent on their business. Trying to overcome these shortcomings, necessity immigrant entrepreneurs rely heavily on the resources of the ethnic community in terms of capital and labor acquirement.

The ethnic community that is deemed so important in immigrant business theory is just one aspect of entrepreneurship. "*Businesses are not started in a socio-economic vacuum but in a concrete time and place specific context*" (Kloosterman, 2010, p. 26). That means that a business is not only dependent on specific resources to be mobilized, but also involves the markets and the goods or services to be sold (ibid.). The socio-cultural and politico-institutional environments influence economic behavior and generate positive or negative incentives for entrepreneurs (Gimenez-Jimenez et al., 2020; Welter & Smallbone, 2011). What is

true for regular business, is even more true for immigrant entrepreneurs in face of multiple barriers.

Any newcomer to a market brings individual sets of resources, determined by human capital and access to financial capital. As we have seen above, for immigrant entrepreneurs this set is distinctively different from those who hold “cultural- and ethnic citizenship in an economy”. Kloosterman further illustrates that the body of immigrant entrepreneurship literature was confronted with “*significant variations between different groups of immigrants*” (Kloosterman 2010, p. 26) (see also culturalist approach). As it was difficult to explain intergroup variations with personal traits and access to finance, Kloosterman suggests considering the institutional setting. He gives examples of structural disadvantages and discrimination in the labor market that has pushed individuals into self-employment. Finally, Kloosterman concludes that by adding social capital to human- and financial capital the so called “social embeddedness” had become a fruitful approach to study immigrant entrepreneurship.

The structuralist approach is prevalent in the current narrative of North Korean defector entrepreneurship. As shown in the literature review on self-employed North Koreans (chapter 2.7), personal characteristics and motives have emphasized structural problems and limitations of human capital resources. As has been said, research has not yet used an integral lens provided by the mixed embeddedness approach to study the entrepreneurial strategies of North Korean defectors.

3.3 The mixed-embeddedness approach and entrepreneurial strategies

Compared to host-country nationals, immigrants do not have the same access to the resources and opportunities necessary to establish a business. This is because immigrants’ embeddedness in the cultural, social, economic, and political sphere is highly complex and diverse. External factors influence different ethnic and immigrant groups in different ways (Volery, 2007, p. 32). Immigrants adapt to structural opportunities or constraints that vary across place and time. To become self-employed some immigrants may be able to rely on ethnic community resources while others rely on their human capital.

An inclusive framework that combines different determinants of immigrant business is provided by the opportunity-structure approach, which is based on three dimensions: access to opportunities, the characteristics of a group, and emergent strategies (Aldrich & Waldinger, 1990). The opportunity-structure hypothesis focuses not only on personal resources and their communities but also on their economic embedment in the host country, with respect to labor market structures and regulations (OECD, 2010). This framework for

understanding ethnic business development has been further developed by Kloosterman et. al (1999), who termed it *mixed-embeddedness model*. He combined the micro-level of the individual entrepreneur and his or her resources, with the meso-level of the local opportunity structure and linked the latter, in a more loose way, to the macro-institutional framework. (R. C. Kloosterman, 2010b, pp. 27–28). The mixed-embeddedness model has been considered and extended a lot in the field of migration studies and has been proven useful in various research (Bagwell, 2018; Cain & Spoonley, 2013; Oliveira, 2010; Solano, 2019). Using the mixed-embeddedness approach Bagwell (2018), for example, has brought forth that immigrants have also developed networks abroad that are used for “transnational” economic exchange.

Using the mixed-embeddedness model of (Kloosterman, et.al 1999) as a basis, Oliveira (2010), has developed a multi-dimensional model which she termed the “Heuristic Model on Immigrant Entrepreneurial Strategies”, showing that different immigrant groups use different entrepreneurial strategies. The strength of this model is that it allows to unfold the entrepreneurial strategies of various immigrant groups in a country. Since the model does not focus solely on certain capabilities, it can be applied to any immigrant group in any country or nation, making comparative perspectives possible as well.

An entrepreneurial strategy is defined by a set of opportunities and resources to a certain ethnic population rather than a certain legacy. It is based “*on cultural, financial, human, political and social resources acquired through networks of solidarity and reciprocity inherent to an ethnic group*”(Oliveira, 2007, p. 73). Research she has undertaken in Portugal showed, that the resources and opportunities mobilized by immigrants, explain the main differences in entrepreneurial behavior. In the case of Portugal, it was revealed that three different immigrant groups had used different business strategies, according to inherent strengths and opportunities (Oliveira, 2007). Her definition certainly emphasizes the ethnic community as a source of resources needed to establish a business, which may not apply to North Korean defectors’ experience. On the other hand, it also allows flexibility in interpreting the outcomes of analysis and to determine the resources which are actually applied by immigrant entrepreneurs.

Thereby, we find this approach useful for analyzing North Korean defectors’ entrepreneurial strategies for the following reasons. What defines their immigrant entrepreneurial strategy will not focus on the ethnic community or cultural legacy, or even upon structural disadvantages alone. It allows us to explore what resources are accessible to North Korean defectors from a holistic perspective, to find a degree of resources and opportunities that can be mobilized in the start-up process (Oliveira, 2007, p. 61). The three dimensions to explain immigrant entrepreneurial strategies are stressing the interplay between opportunities for business, and the immigrant entrepreneur as a person and their resources in dynamic processes (see following chapter), enriched with variables explaining immigrant entrepreneurship.

3.4 Research gap and research questions

The defectors' embeddedness into the cultural, social, economic sphere is highly complex and diverse, which has a direct influence on entrepreneurial strategies. In other words, the entrepreneurial strategies of North Korean defectors are defined by a set of opportunities and resources available to them. Literature review on North Korean defectors entrepreneurship has brought to light the following research gap (see literature review in chapter 2.7)

Personal resources and the motivation of North Korean defectors to become self-employed have been considered in a few research frameworks. Factors for business success and or business failure have been attributed to personal characteristics such as patience, strong will, sincerity, diligence, and attitude (Hyön, 2014). Literature showed that the main motivation to become self-employed was attributed to the lack of alternative employment options (H. C. Kim, 2015; Yun, 2000; Y. J. Kim, 2019). Park (2016), was the first to investigate personal characteristics of North Korean defector entrepreneurs in a quantitative approach, but without bringing his outcome into the context of immigrant entrepreneurship or being able to show how North Korean defectors approach entrepreneurship. A small-case analysis among five young defector entrepreneurs has shown that they have a "high entrepreneurial spirit" which is based on the factors risk, innovation, education, and opportunity (S.-J. Kim & Jeon, 2017). This thesis has thus set out to test the "entrepreneurial spirit" of the survey respondents (n=49) by integrating four of the most cited variables derived from theoretical concepts prevalent in studies of entrepreneurship (that being opportunity-seizing, risk-attitude, innovation, and self-efficacy).

It has been argued, that migrants do not enjoy immunity from powerful structural limitations (T. Jones et al., 2014). The structural disadvantages that immigrants struggle with have led to a new label, where immigrant entrepreneurs are categorized as "under-resourced entrepreneurs" (T. Jones et al., 2014). In her thesis Kim (2019) concludes her main contribution to literature is the "survival strategy theory". However, this thesis challenges the view that the main entrepreneurial motivation of North Korean defectors is to avoid unemployment. We accept that many defectors struggle with disadvantages in the South Korean job-market. However, exceptional North Korean defector entrepreneurs have deliberately been excluded from other researchers' analysis because they did not "fit" the case as being too extraordinary to be included.

By highlighting the disadvantage of race and ethnicity new forms of discrimination have been generated that label immigrant entrepreneurs as "second-class entrepreneurs" (Dabić et al., 2020, p. 30). To avoid such categorization based on origin, this thesis includes "exceptional" entrepreneurs, instead of ruling them out. By that, we do not intend to diminish or play down the social reality, which is faced by many immigrants abroad and in the case of

North Korean defectors. However, a more balanced view to escape the current “victimhood” narrative of North Korean defectors seems necessary. That is also the rationale when applying a holistic research framework. This has certainly its disadvantages as well. Applying such a broad research framework brings about the challenge to integrate manifold issues and variables into a single research agenda. We have tried to overcome the limitations by using a mixed-method approach, to integrate as many perspectives as possible. However, future research should investigate some aspects in an in-depth approach, thinking for example about the business networks: using transnational ties and or church networks.

As shown in the literature review, personal characteristics and motives have emphasized structural problems and limitations of human capital resources. However, research that takes into account opportunities provided by the local community and institutional support is missing, even though opportunities provided by networks and community resources play a crucial role in explaining immigrant entrepreneurship (Aliaga-Isla & Rialp, 2013; Dabić et al., 2020). Moreover, while we know that North Korean defectors are challenged by a lack of networks, we do not know yet how North Korean defectors overcome such limitations. In addition, the structural opportunities or constraints provided by institutions have not been questioned either. Therefore, this thesis tries to close these gaps. By doing so, the thesis contributes to the state of art in providing a contextualized research analysis, based on the mixed-embeddedness approach.

How and by what means new strategies are formed is part of the current debate on immigrant entrepreneurship, which identified social and community networks as key for understanding. However, from what is already known about North Korean defectors, it is expected that their resources and opportunities are different from those of other immigrants.

Hence, the research question for this thesis is: *“what are the entrepreneurial strategies of North Korean defectors and how are they shaped by personality and socio-economic infrastructure?”* As proposed by the mixed-embeddedness approach, the question will be answered by analyzing structural opportunities, personal resources, and communities separately before we integrate the results to answer the research question in the last chapter.

The first contribution of this thesis will be to lay theoretical groundwork to the field of research by unfolding entrepreneurial strategies by North Korean defectors. Second it will be laid out how structural disadvantages are overcome by the defector by analyzing empirical data shedding light on the processes involved. As will be elaborated in more detail in the following chapter, a mixed-method approach is applied and the framework for understanding includes factors derived from immigrant business theory, entrepreneurial theory, and political economy theory. In their literature review, Aliaga-Isla & Rialp (2013) have noted that immigrant entrepreneurship literature heavily relies on sociological theories. Which has its advantages, but considering the

multidisciplinary character of immigrant entrepreneurship, they suggest incorporating theories and perspectives from other disciplines as well. This was also suggested by Dabić et al. (2020), who have noted that the topic of immigrant entrepreneurship is situated in the nexus of sociology, economics, and political economy which is why an integrative research framework is applied. Not only the research field, but also the situation of North Korean defectors is hybrid as well. North Korean defectors are unique in the sense that they are concurrently immigrants, refugees and co-ethnics to South Koreans (N. H.-J. Kim, 2016). Therefore, we need an approach that does not only consider their personal characteristics as prevalent in entrepreneurship literature but also considers the socio-economic environment that the defectors are embedded into. The approach applied in this thesis is thereby able to consider the institutional framework and the support system that may influence the strategic resources of aspiring North Korean defector entrepreneurs.

The author of this thesis supports the view that immigrant entrepreneurs apply entrepreneurial strategies in a way to overcome disadvantages and challenges to pursue new opportunities - as they already did once when they left their homes. As has been said, different outcomes than found among ethnic minority businesses in the United States or Europe can be expected. Thereby, this thesis contributes to the state of the art of immigrant entrepreneurship literature by providing evidence from a unique case.

In the following chapter the analytical model is presented which allows maximum flexibility. Which variables have been derived for analysis, are shown in each of the three dimension separately (see chapter 5). The rationale behind this is, to ease the readability by creating logical order, with the advantage that each dimension can be read in itself as a closed chapter.

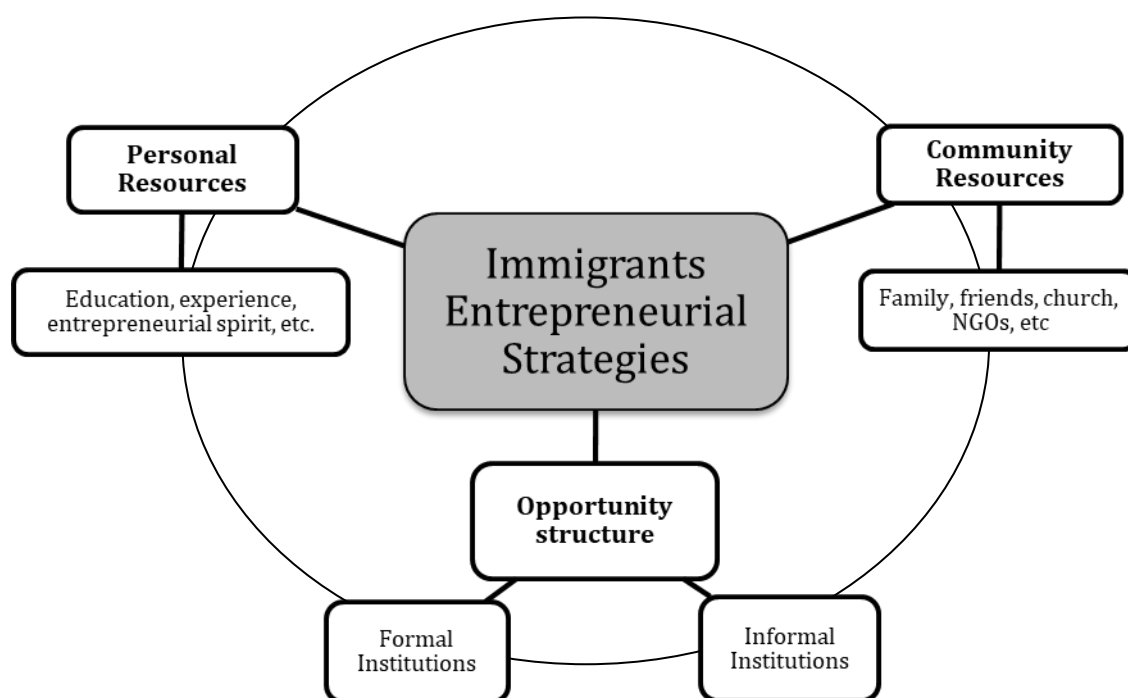
4 Research framework

4.1 Model and variables

“A multidimensional and dynamic phenomenon requires research that will not understate its complexity” (Dabić et al., 2020, p. 33).

The interplay between structural opportunities and personal resources affects the strategies that immigrants use to become self-employed. Using the mixed-embeddedness model of (Kloosterman, et.al 1999) as a basis, Oliveira (2010), has developed a multi-dimensional model which she termed the “Heuristic Model on Immigrant Entrepreneurial Strategies”. The strength of this model is that it allows us to unfold entrepreneurial strategies of various immigrant groups in a country. Since the model does not focus solely on certain capabilities, it can be applied to any immigrant group in any country or nation, making comparative perspectives possible as well. Strategic resources can be personal such as social capital, or resources offered by the community or the state. The interplay between these three resources explains immigrant entrepreneurial strategies in dynamic processes (Graph 5).

Graph 5 Analytical model



Source: adapted from Oliveira 2010, p. 134

“The interaction and flow between these three components are the vibrant core of the explanation as to why some immigrants develop entrepreneurial activities and some are not able to do so in certain periods of time” (Oliveira 2010, p. 136).

Factors that influence aspiring (or nascent) entrepreneurs to establish a business concerns his/her *personal-resources*, the host-society’s *opportunity-structure*, as well as *community-resources* formed by social networks. Variables for analysis were derived from immigrant business theory, entrepreneurial theory, and political economy theory (Table 4). These variables were derived from literature review in section “5.1 personal resources”, “5.2 opportunity structure”, and “5.3 community resources” respectively. As has been said, the advantage of doing so is that each dimension can be read as a closed chapter.

Table 4 Variables for Analysis

<i>Classification</i>	<i>Variables</i>	<i>Source</i>
<i>Personal Resources</i>		
<i>Human capital</i>	Age, gender, education, income level, experience, etc.	Hopp & Stephan, 2012, Hopp & Martin, 2017, Oliveira (2010)
<i>Entrepreneurial spirit</i>	Opportunity, risk-attitude, innovativeness, self-efficacy	Hopp & Stephan 2012, Hallam et.al 2014, Knight 1921, Hamboeck et al 2017, Parker, 2009, Schumpeter (1934), Drucker (1985), Ahlin et al. (2014), Bandura, 1982, Ahlin, et. al 2014, Milstein 2005, Hartsfield 2003
<i>Motivation</i>	Necessity vs. Opportunity Entrepreneurship	Schultz & Rehder 2017 Venkataraman 1997, Chrysostome 2010, Bizri 2017;
<i>Opportunity Structure</i>		
<i>Formal Institutions</i>	Economic development, Eco-System, policies and measures, administrative formalities, programs for assisting business	North 1991, Welter and Smallbone 2011, Scheiner 2009; Tarres, et al. 2007
<i>Informal Institutions</i>	Values and norms indicating supportiveness for entrepreneurship, defector’s attitudes towards entrepreneurship	North 1991, Hopp and Stephan 2012, Schüler 2020, Gimenez-Jimenez et al., 2020,
<i>Community Resources</i>		
<i>Social networks, ethnic ties</i>	Network ties used to establish a business such as support from family and friends, networks abroad, recruitment patterns	Oliveira 2010, Bonacich 1973, Kloosterman et. al (1999), Kloosterman & Rath, 2003, Light 2003, Bagwell (2008)

By applying this model, we aim at identifying strategies and opportunities of North Korean defector entrepreneurs. By using an inclusive model, we can look at the different determinants that influence the strategies and opportunities of North Korean defectors' businesses. The framework for understanding encompasses the social capital, economic and institutional context for immigrant business development based on the "Heuristic Model on Immigrant Entrepreneurial Strategies" by Oliveira (2007).

The methodological approach is explained in the following chapter.

4.2 Methodology

By using a holistic research design, this research emphasizes empirical process by employing a qualitative-quantitative approach. A mixed-method design was found useful to research among a marginalized group where access was difficult to establish. Neither quantitative nor qualitative methods were sufficient by themselves to answer the research question. As forementioned, there was a limitation on how many defector entrepreneurs can be contacted since North Koreans keep low profile and are not registered as immigrants but as South Korean citizens. In other countries, immigrant entrepreneurs can be found in residence permits or censuses of population. However, due to the uniqueness of North Korean defectors, the researcher is confronted with limited access. That is also the reason why most studies in this field of research depend on qualitative research strategies using snowball sampling. For example, Choo (2006) offered English lessons and her piano play to get in touch with North Korean defectors at a local church community.

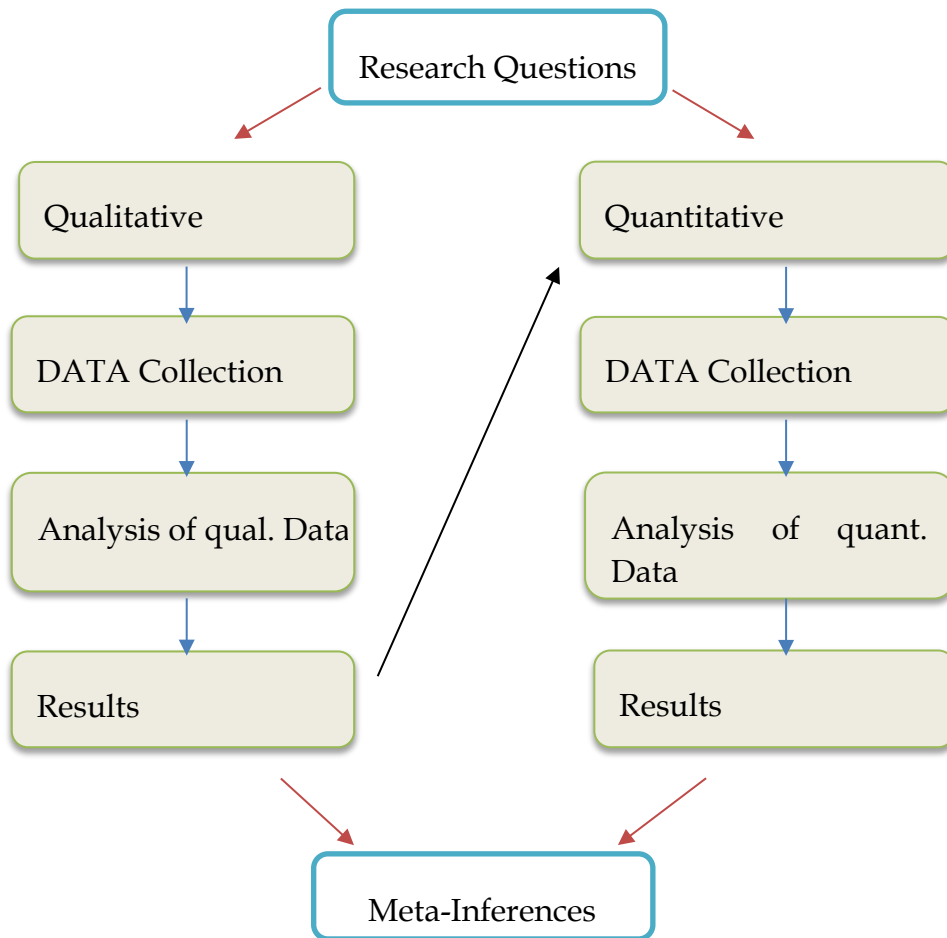
Keeping these difficulties in mind, Bazeley suggests using a mixed-method approach, since the data collected is characterized by "*complementary strengths and non-overlapping weaknesses*" (Bazeley, 2012, p. 816). Hence, strong outcomes can be expected when different sources with different types of data complement each other and extend what might be learned from one or other types of data (Bazeley, 2012, p. 816). To stress the advantages of this approach, Bazeley refers to the idea of Weiss:

"This approach can, among other things, enhance validity through data triangulation, delineate overlapping but distinct aspects of a phenomenon, elaborate one set of findings with data from another, expand potential findings, and uncover paradoxes and contradictions between results based on different methods." (Weiss 2005 cited in Bazeley 2012, p. 816).

Outcomes will be better supported by evidence and are more generalizable when data obtained from qualitative and quantitative research methods are combined (Bazeley 2012, p. 816). The data for this research has been obtained in sequence, first by using qualitative and then by using quantitative research methods. Sequential designs are characterized by the fact that two sub-studies are arranged one by one but inter-linked with each other (Kuckartz, p.166).

The analysis of the data obtained in this study is based on *triangulation* as well as *development*. Triangulation seeks corroboration between the data obtained by the qualitative and quantitative methods. A better understanding of the results of one method through the results of another method is achieved by including a second and third perspective - that is by complementing a quantitative survey and expert interviews. The development of the instruments for the quantitative approach is achieved by the results of the qualitative method (Bryman 2006, p.105). The data of the first method facilitated to development of the subsequent study (Kuckartz, 2017, p. 161). Please refer to the following graph which explains that the qualitative data informs the design and analysis of the quantitative data analysis, and the results of both methods lead to the meta-inferences of the thesis.

Graph 6 Integration of Quantitative-Qualitative Data



Source: translated and adapted from Kuckartz (2017, p.167)

As explicated above, meta-inferences are achieved by connecting and integrating the results of both methods (Ivankova et al., 2006, p. 4). The integration of both research-results (Qual-Quant) was achieved at two points in the research process. The first point of integration was achieved when the results of the first approach influenced the instrument development for the quantitative approach. This is called the “sequence-oriented integration strategy”, typically used in exploratory studies (Kuckartz, 2017, p. 178).

The qualitative study is characterized by exploratory field research using semi-structured interview questions to obtain basic knowledge and to help develop the survey items. The qualitative data analysis, therefore, influenced the development of categories and subcategories which were transformed into formal questions of a survey questionnaire. That means that the outcomes of the qualitative interview were not “solely used as a springboard” for hypotheses to be tested as Bryman criticized (2007, p. 8). By analyzing both data, the research result will be displayed “side-by-side” as recommended (Kuckartz, 2017). The outcomes will therefore be shown in a way that they highlight and underpin each

other. That also means that even though, qualitative interviewing has been conducted before the survey we use the qualitative research results to underpin and explain outcomes of the survey results. For coding the qualitative data, the method of content-structuring qualitative content analysis is applied (Kuckartz, 2017).

The data obtained through both methods have first been analyzed separately using content analysis and statistical methods. For coding, the interviews have been transcribed in Korean and translated into English. For content-structuring, the program MAXQDA „Computer assisted qualitative data analysis software“ was used (Rädiker & Kuckartz, 2019). It is a program for organizing and coding files, which includes audio transcripts, excel tables, and SPSS data files.

Furthermore, governmental surveys and data from the Global Entrepreneurship Monitor (GEM, 2019) and reports from the World Bank on the “ease of doing business in Korea” were included to assess bureaucratic requirements for entrepreneurial endeavor (WBG, 2020). We also include the state of the art in the field of research to conclude the opportunity structure and entrepreneurial ecosystem in South Korea.

4.2.1 Qualitative Interviews

In 2015, there was little empirical knowledge on North Korean entrepreneurship, which had also been outdated (Yun, 2000). Therefore it seemed necessary to conduct field research in a rather exploratory manner as suggested by Kromrey (2009). This research project thus started with four in-depth interviews of North Korean defector entrepreneurs. Who are they, what motives did they have and what problems did they face in the process of establishing their businesses? (See questionnaire in appendix).

By concentrating on the issues and problems of the defectors, the so-called “problem-centered” interview method by Witzel seemed best to fit the research aims. The strength of this method was that it concentrates on a certain theme, enabling the researcher to unfold individual actions and subjective perceptions of social reality (Witzel, 2000). In Jung (2018)¹⁰ some of the results have been published as case study analysis. From the results of these interviews, inferences were drawn that marked the move onto the quantitative agenda to explain North Korean immigrant entrepreneurial strategies.

The first in-depth interviews with North Korean defectors have been conducted in the metropolitan region of Seoul, in April 2015. Potential interview partners were identified using snowball sampling, which is a common practice when

¹⁰ Jung, Marianne. 2018. “Self-Employment Among North Korean Migrants.” *Vienna Journal of East Asian Studies*, 10, pp.59–81. <https://doi.org/10.2478/vjeas-2018-0003>

conducting research among ‘hidden’ or potentially marginalized communities (Bose, 2012, p. 286). The interviewees were not reluctant to be tape-recorded and their identity is kept confidential. Only their initials are used to refer to them. The interviews have been transcribed in Korean except one, which was conducted in English and took place within the Seoul metropolitan area.

Table 5 Qualitative Interviews

	Person	Arrived	Education	Business details
1	Ms. L (age 38) ¹¹	2003	University degree in SK	Trading business with Christian gift articles (such as t-shirts, watches etc.) within the Seoul metropolitan area. She employs six employees (two from North Korea). She started with the help of SK husband.
2	Ms. Y (age 26)	2006	University degree in SK	Live-stock farm located in Gyeonggi-region, selling chicken eggs in Seoul (using church channels); established business in cooperation with husband and two other NK friends. No staff.
3	Mr. K (age 28)	2010	Secondary school in North Korea	Trading business with products made of wild roses grown in Kangwon-region. No staff. He moved to web-design and website development.
4	Mr. P (age 33)	2004	University degree in SK	Two Social Enterprise Coffee Shops in Seoul. His employee’s own stocks of the company. He expanded his business and opened a larger coffee-shop in Ch'ungch'öngdo. He started an expanded his business with church networks.

For coding the interviews have been transcribed in Korean and translated into English. For content-structuring, the program MAXQDA „Computer assisted qualitative data analysis software“ was used (Rädiker & Kuckartz, 2019).

¹¹ At time of interview

4.2.2 Expert-Interviews

To corroborate the defector interviews, various expert interviews have been included for analysis, conducted during both field stays conducted in April 2015 and September 2019.

They have not only provided valuable data for analysis but also many experts have directed me to important articles and journals. Some helped me to revise the survey or gave insights on how to conduct interviews with defectors. Furthermore, the expert interviews were significant to gain an understanding for third party- and service providers. This was especially helpful to reflect the issues from different perspectives, to stay neutral, and prevent “siding” with the defectors. Therefore, while we could not use all the data from expert interview material, the opinions of experts have considerably shaped the thesis throughout the process of writing. The persons interviewed were as follows.

One of the first interviews was held with Cho Myŏng-suk, who is Vice-President and founder of the Yŏmyŏng High School for North Korean defectors. On the day of the interview, she introduced me to some of the schoolteachers and students to have lunch with them. Furthermore, she gave me the contact to one North Korean defector entrepreneur and a social worker for further interviews.

Two expert interviews have been conducted with social workers in *Hana Centers*. These are regional adaption centers that support the defectors with personalized follow-up programs at their new place of living. In 2015, Mrs. Kim was interviewed who was herself born in North Korea and works as a social worker for the local government to support the defectors’ settlement in South Korea. She gave valuable insight into the motivation and problems of North Korean defectors who opt for self-employment. In 2019, in an interview with Mrs. Lee, we discussed issues on the defectors their settlement process, and embeddedness in the North Korean community.

Ben Torrey is director of the Fourth River Project, Inc., a non-profit corporation located in the mountainous region of T'aebaek in the province of Kangwŏndo. In 2008 he served as a food distribution monitor for a US food aid program for approximately three-and-a-half months in North Korea. During this time, he covered seventeen counties in the provinces P'yŏnganpukdo, Chagangdo as well as visiting the capital P'yŏngyang, which provided him with many opportunities to meet and work with North Koreans. According to him, this gave him a greater sense of the context that North Korean defectors find themselves in South Korea, including the differences in worldviews, culture, and society. He has gained considerable familiarity with the linguistic and ideological differences between North and South Koreans. He later founded the “Fourth River Project” which is a knowledge base to educate on North Korea and prepare for its opening. We met for two interviews in 2015 and in 2019, which provided me with information

on the linguistic differences between North and South Koreans and other cultural misunderstandings.

Yoon Yeo-Sang is an expert in North Korean defectors' socio-economic integration, working at the Database Center for North Korean Human Rights. Mr. Yoon was able to provide in-depth knowledge on the economic situation and aspects of integration in South Korean society during the second field research 2019 and supplied me with important reports.

Lee Ji-Yeon was interviewed in 2015 when she was writing her dissertation "Transnationality and Subject-Making of North Korean Women in South Korea". She has considerable knowledge on how to conduct interviews with North Korean defectors. She gave valuable expertise how to approach and what to consider when interviewing conducting the interviews. She now works at the Hanyang Peace Institute.

Research Professor, Kim Young-ji, studied North Korean Studies at Ewha Women's University and wrote her dissertation on "North Korean defector Entrepreneurs' Business Success". She is now employed at Kangwon University for unification issues and has been consistently writing on North Korean defector entrepreneurship. We met in 2019 for an interview, and she also helped me to revise the quantitative survey.

Lee John-ho manages the Foundation for Start-Up Support at Dankook University. He has considerable knowledge of North Korean defector entrepreneurship and has published several articles and doctoral thesis in the field of research. Noticing that we have similar research aims we merged our questions for the survey and used his contacts to conduct the quantitative part. His results on the entrepreneurial intention of North Korean defectors were published in his doctoral thesis in 2020 (J. Lee 2020).

4.2.3 Quantitative Survey

The goal of the quantitative phase was to answer the main research question and to identify the strategies of North Korean defector entrepreneurship. A survey instrument was developed (see appendix) that combined closed and open questions derived from theory and inferences from qualitative interviews. The analytical model for the survey was based on the "Heuristic Model on Immigrant Entrepreneurial Strategies" by Oliveira (2007). As explained, it has been enriched with variables explaining immigrant entrepreneurship on the individual level, the meta-level and macro-opportunity structures, derived from the literature review.

After evaluating the qualitative interviews, a pilot survey for the quantitative part was developed and executed during an educational workshop for North Korean entrepreneurs in South Korea. This workshop was initiated by Lee John-

ho, Ph.D., and senior researcher at the Dankook University Startup Support Foundation. The pilot survey, which was originally translated from English to Korean, was found to lead to frustration and misunderstandings among the respondents. Therefore, a new survey was designed in the Korean language, with the support of Lee John-ho and by including new questions developed by Kim Young-dae (Y. D. Kim, 2019). Kim had developed a survey to test the entrepreneurial intention among 709 South Korean university students that were useful for the analysis of the personal resources of North Korean defector entrepreneurs (see below). We used a panel of professors and experts in Austria and South Korea as well as defector entrepreneurs in South Korea to secure the content validity of the items.

As has been said random sampling was not possible which proved to be a fundamental challenge. There is no official list of North Korean defectors available, no phonebooks, or others forms of an index list to conduct random samples. In practical terms, it means that our survey respondents may be acquaintances who share similar socio-economic backgrounds or attitudes, and we may have oversampled defectors with higher education levels. Keeping this potential bias in mind, we used a web-based cross-sectional survey (Schnell, 2012), which multiplied via snowball technique. Our survey was conducted online and offline from October 11th to November 1st, 2019, until we had reached saturation and no more defectors could be contacted. We collected 70 surveys, but we had to expel those which were not completed or gave misleading information. Online, the number of useful surveys was 35 while offline we were able to collect another fourteen, equaling 49 surveys useful for data analysis.

Survey Instrument

The questions were organized into categorical clusters starting with demographic questions, core survey items, and an open question at the end. The survey started with a disclosure on the research we are conducting, including an introduction of the researchers and contact details. The demographic questions encompassed nominal variables, name, age, gender, year of defection, hometown in North Korea, time spent in North Korea and in South Korea respectively, highest received education in North Korea and South Korea respectively, marital status, job-position, and income.

The core survey items formed five-point Likert-type scales.

- (1) strongly disagree
- (2) disagree
- (3) neutral
- (4) agree
- (5) strongly agree

The survey questions (in Korean) from Kim Young-dae (Y. D. Kim, 2019) included: Opportunity (6 questions), risk-attitude (5 questions), innovativeness (6 questions), self-efficacy (6 questions), start-up motivation (14 questions), and entrepreneurial perspective (positive and negative, 11 questions). Furthermore, self-developed questions included entrepreneurs' networks (8 questions), questions on the institutionalized support (5 questions), recruitment (3 questions). We also included an open question about what kind of business training our respondents would like to receive the most and closed the survey with an open question on the best way to help defectors to settle down in South Korea. The total list of questions and their English translation can be found in the appendix and are furthermore reported in the respective chapters. Questions on entrepreneurial intention were separately analyzed in Lee John-ho (J. Lee, 2020) and are therefore not discussed in this thesis.

The outcomes were analyzed using frequency analysis with the program IBM SPSS Statistics 26. The results and outcomes are discussed in the following.

5 Research Analysis

5.1 Personal Resources

5.1.1 Literature Review

This thesis adopts the definition for entrepreneurship by the Global Entrepreneurship Monitor (GEM, 2020, p. 4): "entrepreneurship is any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business"¹². Therefore, terms such as "self-employment", "business", "enterprise", and "start-up" will be used interchangeably.

"Why certain people become entrepreneurs and how they differ from the non-entrepreneur population are central questions in entrepreneurship research"
(Hamböck, et al. 2017, pp. missing)

Most entrepreneurship theories are devoted to the entrepreneur as an individual actor who knows how to exploit opportunities. As we look at entrepreneurship literature, we cannot find a unifying definition of who an entrepreneur is and who is not (Shane & Venkataraman 2000, p. 218). A sharp distinction is missing whether an immigrant self-employed shop-owner is as much defined as an entrepreneur as a high-tech start-up founder (Schüler, 2020, p. 73). Therefore, when reviewing the literature on entrepreneurship one can find manifold interpretations and definitions. Landström offers us a review on the most important definitions (namely 77) that focus on entrepreneurial traits and opportunities (Landström in Schultz & Rehder, 2017, pp. 10-14). In summary, Schumpeter (1934), views entrepreneurship as something *innovative*, such as the introduction of a new good or a new method of production, the opening of new markets, a new source of supply, or a new organization. Stevenson and Gumpert (1985) focus on the processes involved: "Entrepreneurship is a process by which individuals pursue and exploit *opportunities* irrespective of the resources they currently control". Timmons (1997) addresses an innovative mind: "Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity-driven, holistic in approach and leadership balanced". Venkataraman (1997) also focuses on the individual actor: "Entrepreneurship is about how, by whom, and with what consequences opportunities to bring future goods and services into existence are discovered, created and exploited" (Schultz & Rehder, 2017, pp. 10-14).

¹² Original quote from Reynolds et al., 1999, p.3 see
<https://www.gemconsortium.org/wiki/1146>

Furthermore, the most widely cited factors for becoming an entrepreneur, include formal education, labor market experience, and entrepreneurial experience (Hopp & Stephan, 2012, p. 929; Hopp & Martin, 2017, p. 2). As the establishment of an organization involves risk and uncertainty of consequences, risk attitude has become an crucial factor in entrepreneurship research (Hamböck et al., 2017; Monsen & Urbig, 2009). Richard Cantillon (1755) cited in Parker (2009, pp. 31-32), stressed that the entrepreneur is a speculator who bears risk as a result of buying and selling under uncertainty.

In the same vein, Kirzner (1973, 1985) emphasized that entrepreneurs have different access or views about entrepreneurial opportunities, and profit from their exceptional alertness. In another approach, Knight (1921), viewed individuals, not as born entrepreneurs but choose to become a worker or an entrepreneur, depending on their risk-judgement, therefore high-lightening the importance of “risk-adjusted returns” (cf. Parker, 2009, p. 32). Among scholars, risk propensity is therefore associated as an important trait with entrepreneurs, as a “hallmark of entrepreneurial personality” (Zhao et al. 2010, p 288 citing Begley & Boyd, 1987). Hopp and Stephan, define an entrepreneur as “*individuals that are working for their own account and risk*” (Hopp & Stephan, 2012, p. 919). This thesis, therefore, adopts the definition of risk-attitude as a personality trait that involves the “courses of action involving uncertainty” (Zhao et al. 2010, p. 388).

The concept of *self-efficacy* is also a well-accepted concept in entrepreneurship research (Ahlin, et. al 2014, Milstein 2005, Hartsfield 2003). The concept was originally developed by psychologist Albert Bandura who defined self-efficacy as: “*the generative ability in which component cognitive, social, and behavioral skills must be organized into integrated courses of action to serve innumerable purposes*” (Bandura, 1982, p. 122). In other words, self-efficacy describes the ability of an individual to put plans into action. This concept was originally applied in social psychology research but has also affected studies of entrepreneurship. The concept has been tested on its effects on entrepreneurial intention, whereas entrepreneurial intention was defined as a person’s determination to establish a new business venture (Wang et. al 2016, p.212). Additionally, positive outcomes of self-efficacy on firm growth were found as well (Wang et. al 2016, Bratković et.al 2012). Grounded in social cognitive theory of self-efficacy, Ahlin and affiliates (2014), have moreover found that a person’s creativity impacts firm-level innovation, contributing to the state of art. As the literature review shows, individual-level determinants of aspiring entrepreneurs have become essential to entrepreneurship research.

The field of research has also considered entrepreneurial start-up motivation to explain why certain people become entrepreneurs and others not, by distinguishing between necessity start-ups and opportunity start-ups (Schultz & Rehder, 2017). Some entrepreneurs (not only immigrants) are pushed into self-employment because they cannot find a stable workplace. This has been considered a lot in immigrant business theory a well (see chapter “blocked

opportunities”). Therefore, the necessity entrepreneur is characterized by the need of the founder to open a business in face of unemployment. This is often the case for (but not limited to) businesses located within the service sector (such as coffee shops or laundry businesses). Characteristic for this sort of business is the limited growth of the firm, which is often run by the whole family. In contrast, the opportunity businesses usually promote distinguished products, which are somehow technological or innovative, dependent on market cycles, and are independent of the business founder, with no distinct limit to business growth. Therefore, the exploitation and utilization of the opportunities act as pull-factor for establishing the opportunity/business, while, the necessity entrepreneur is characterized by the need of the founder are “pushed” into open a business in face of unemployment (Schultz & Rehder, 2017, p. 10-14).

According to the mixed-embeddedness model, which has been further developed by Oliveira (2010) the personal – resources of an immigrant must be considered to explain entrepreneurial strategies. She includes “education, prior experience, savings, legal status, language skills, migratory experience and others (Oliveira 2010, p. 135). Furthermore, derived from the above literature review other factors that have been attributed to entrepreneurs, which include innovation capability, risk assumption, opportunity seizing, self-efficacy, and motivation, are summarized in the following table.

Table 6 Person-specific variables for analysis

<i>Classification</i>	<i>Variables</i>	<i>Description</i>	<i>Source</i>	<i>Items</i>
<i>Human Capital</i>	<i>Demographics</i>	Age, gender, education, income level, experience, migratory experience etc.	Hopp & Stephan, 2012, Hopp & Martin, 2017, Oliveira (2010)	11
<i>Entrepreneurial spirit</i>	<i>Opportunity</i>	Exploitation of opportunities, pursuing of knowledge, adapt to change, go with decision;	Hopp & Stephan 2012, Hallam et.al 2014	6
	<i>Risk attitude</i>	Pursue of goals and push of chances that include risk; bold and courageous actions to achieve goal	Hamboeck et al 2017, Parker, 2009, Knight 1921	5
	<i>Innovativeness</i>	Way of thought, looking for something new, confidence in own creativeness, ideas for change	Schumpeter (1934), Drucker (1985), Ahlin et al. (2014),	6
	<i>Self-efficacy</i>	Confidence in owns skills, to overcome difficult situations including the commitment to work hard and a need for achievement	Bandura, 1982, Ahlin, et. al 2014, Milstein 2005, Hartsfield 2003	6
<i>Motivation</i>	<i>Necessity vs. Opportunity Entrepreneurship</i>	push-factors, opportunities, status, and reputation,	Schultz & Rehder 2017, Venkataraman 1997, Chrysostome 2010, Bizri 2017;	14

5.1.2 Items and Data used for Analysis

Quantitative and qualitative research strategies were used to conduct data for analyzing the personal resources of North Korean defectors.

In 2015, we started with four in-depth interviews of North Korean defectors as starting point. The questions were semi-structured and allowed case-specific inquiry as suggested in ethnographic research. Details on how and where the qualitative interviews were conducted can be found in chapter 4.2.1.

The qualitative questions on the personal resources were as follows (see also appendix):

- *What did your parents do when you were in North Korea? What kind of education did you receive in North Korea?*
- *I am curious about the work you did before coming to South Korea; can you tell me specifically about it?*
- *When and how did you arrive in South Korea?*
- *What did you do after arriving in South Korea? Did you receive any further education?*
- *What kind of work did you do (did you change workplaces frequently?)*
- *How and why did you start thinking about entrepreneurship? (Was there a specific reason or motivation to start up)?*

The qualitative research results are discussed later and can be found in chapter 5.1.4. First, we will present the results of the quantitative survey. The questionnaire items on the dimension “personal-resources” were organized into categorical clusters. Each category forms five-point Likert-type scales and reflects the composite variables a. opportunity-seizing (6 questions), b. risk-attitude (5 questions), and c. innovativeness (6 questions) as well as d) “self-efficacy” (6 questions), and “start-up motivation” (14 questions).

Table 7 Survey Items Personal Resources

Opportunity	Scale
I try to seize new opportunities.	1-5
I am actively learning to acquire new knowledge.	1-5
I am learning progressively and not conservatively.	1-5
I like new things and pursue new trends.	1-5
Once I decide, I go ahead	1-5
I actively respond to environmental changes.	1-5
Risk	
I do what I have to do, even if it carries risks.	1-5
I think that bold and courageous actions are essential for achieving my goals.	1-5
If possible, I avoid risks at work.	1-5
In my work, if I sense difficulties, I try to overcome them.	1-5
I push if I see a chance, even if it is unlikely to succeed.	1-5
Innovation	
I am very creative.	1-5
I have an innovative way of thinking.	1-5
I seek something new.	1-5
I care about my surroundings and think creatively about new things.	1-5
I prefer to think differently than others think.	1-5
I try to find new ideas for change.	1-5
Self-efficacy	
I can come up with new ideas.	1-5
I can create new products or services.	1-5
I am qualified to have a successful business.	1-5
I am qualified to start a business.	1-5
I could work harder than I do now.	1-5
I am confident to carry out my work successfully.	1-5
Motivation	
I will start a business to challenge a new field.	1-5
I will start a business for a sense of accomplishment.	1-5
I will start a business to do the work I want.	1-5
I will start a business to earn more income.	1-5
I will start a business for economic stability.	1-5
I will start a business to gain recognition around me.	1-5
I will start a business to gain a higher social position.	1-5
I will start a business to have more leeway in my personal life.	1-5
I will start a business to be my own boss.	1-5
I will start a business to improve my career.	1-5
I will start a business to contribute to nation and economy.	1-5
I will start a business to get a good reputation.	1-5
I will start a business because it is difficult to find a job.	1-5

Source: Y. D. Kim, 2019, own translation

Entrepreneurial intention, which was part of our survey, has been analyzed separately by Lee John-ho. He analyzed that social networks of North Korean defectors, such as friends and family members positively correlate with their entrepreneurial intention (J. Lee, 2020).

Questions on personal resources also included an open question: What kind of business training do you want to receive the most?

- ☐ Marketing training
- ☐ Entrepreneurship education
- ☐ Economic training such as finance and accounting
- ☐ Training to secure intellectual property including patent application
- ☐ Other

The outcomes were analyzed using frequency analysis with the program IBM SPSS Statistics 26. While the original survey (in Korean) is attached in the appendix, the results and outcomes are discussed in the following section.

5.1.3 Quantitative survey results

5.1.3.1 Demographic characteristics

Our survey was conducted among 49 defectors, among them 34 female and 15 male defectors. Most of the defectors were aged between 31 and 50 years (51%) and below 30 (36.7%), while only six persons were aged above 51 years.

Most of them had crossed the Sino-Korean border in the 2000s (25 respondents), while those who recently entered South Korea were seven persons (from 2016). Most of the respondent's hometown was in the border region Hamgyŏngbukto (42.9%), Yangangdo (30.6%), and Hamgyŏngnamdo (12.2%). Other regions were represented by one defector each, respectively from Chagangdo, Pyŏngannamdo, Hwanghaebukdo, Hwanghaenamdo, Kangwondo, Kaesŏng, or "other".

Table 8 Demographic Characteristics of survey-respondents I

<i>Characteristics</i>		<i>Frequency</i>	<i>%</i>
<i>Gender</i>	Male	15	30.6
	Female	34	69.4
<i>Marital Status</i>	Married	21	42.9
	Not married	28	57.1
<i>Age</i>	Under 30 years	18	36.7
	Between 31-50 years	25	51.0
	Over 50	6	12.2
<i>Year of defection</i>	1995- 2000	6	12.2
	2001-2005	13	26.5
	2006- 2010	12	24.5
	2011- 2015	11	22.4
	From 2016	7	14.2
<i>Home-town NK</i>	Hamgyŏngbukto	21	42.9
	Yanggangdo	15	30.6
	Hamgyŏngnamdo	6	12.2
	Chagangdo and other regions	7	14.0

Source: own table based on survey outcomes

Most of our survey respondents had left North Korea when they reached adolescent age or adulthood (91.8%). They have resided in South Korea for less than 5 years (40.8%), or between 6-15 years (55%), whereas only two responded have lived in South Korea for a longer period than that. In order to grasp their level of education we asked about their final academic background that they had received in North- and South Korea, respectively (table 7). When looking at their educational level in North Korea, it can be discerned that most of them have received at least secondary and high-school education (42.8%), and more than 40% percent have had received higher education than that (42.9%)¹³. In terms of jobs, we had a 24.5 percent rate of CEOs in our survey. The largest part of our respondents was “other” which included those who were currently unemployed or those who did not fit the categories. Furthermore, the survey included students (16%), office workers (14%), service workers (6%), and workers in agriculture (4%).

¹³ In North Korea, there is an 11-year compulsory free education program in place. The educational system is divided into four years of primary school (people’s school) for ages six to nine and five years of middle school. (Worden 2008, p. 122).

Table 9 Demographic Characteristics of survey-respondents II

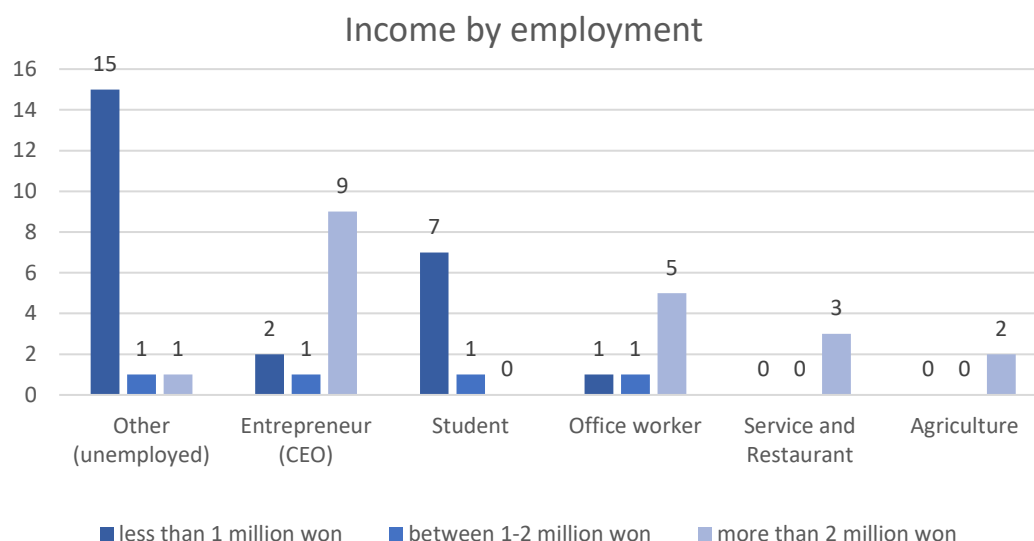
<i>Question</i>		<i>Frequency</i>	<i>%</i>
<i>Time spent in North Korea</i>	Less than 10 years	2	4.1
	11-15 years	2	4.1
	16-20 years	15	30.6
	21-25 years	11	22.4
	More than 26 years	19	38.8
<i>Time spent in South Korea</i>	Less than 5 years	20	40.8
	6-10 years	10	20.4
	11-15 years	17	34.7
	More than 16 years	2	4.1
<i>Level of education (North Korea)</i>	Primary (people's) school	7	14.3
	Middle school (high school)	21	42.8
	Vocational college	16	32.7
	University	6	10.2
<i>Level of education (South Korea)</i>	Middle and high school	22	44.9
	Vocational college	4	8.2
	University (BA level)	20	40.8
	University (MA level or higher)	3	6.1
<i>Occupation</i>	Entrepreneur (CEO)	12	24.5
	Student	8	16.3
	Office worker	7	14.3
	Service and Restaurant	3	6.1
	Agriculture	2	4.1
	Other (unemployed)	17	34.7
<i>Average monthly income</i>	Less than 1 million won	25	51.0
	Between 1-2 million won	4	8.2
	More than 2 million won	20	40.8

Source: own table based on survey outcomes

According to occupation and gender, survey respondents consisted of 12 CEOs (7 men, 5 female), 8 students (4 male and 4 female), 7 female office workers, 3 female service workers, 2 agriculture workers (1 female, 1 male), and 14 women and 3 men who indicated “other” which includes unemployed.

For half of the respondents, the monthly income in South Korea accounted for less than one million won. Looking at the income distribution in the following graph, we discern a low income (less than 1 million won) for those who are currently unemployed or did not fit the other categories. In contrast, 9 out of 12 CEOs earn a higher income than 2 million won per month.

Graph 6 Income distribution by employment status (in number of persons)



Source: own graph based on survey outcomes

Interestingly few respondents indicated an income between 1-2 million won. This could be an indicator for necessity entrepreneurship, whereas those with a low income are pushed into self-employment for a higher income. In comparison, those who indicated themselves as CEOs show higher income earnings, which may serve as proof that their entrepreneurial choice led to a higher income.

5.1.3.2 *Opportunity-seizing*

Since the literature on entrepreneurship emphasizes the individual actor who exploits opportunities, we asked our interviewees on their level of opportunity seeking.

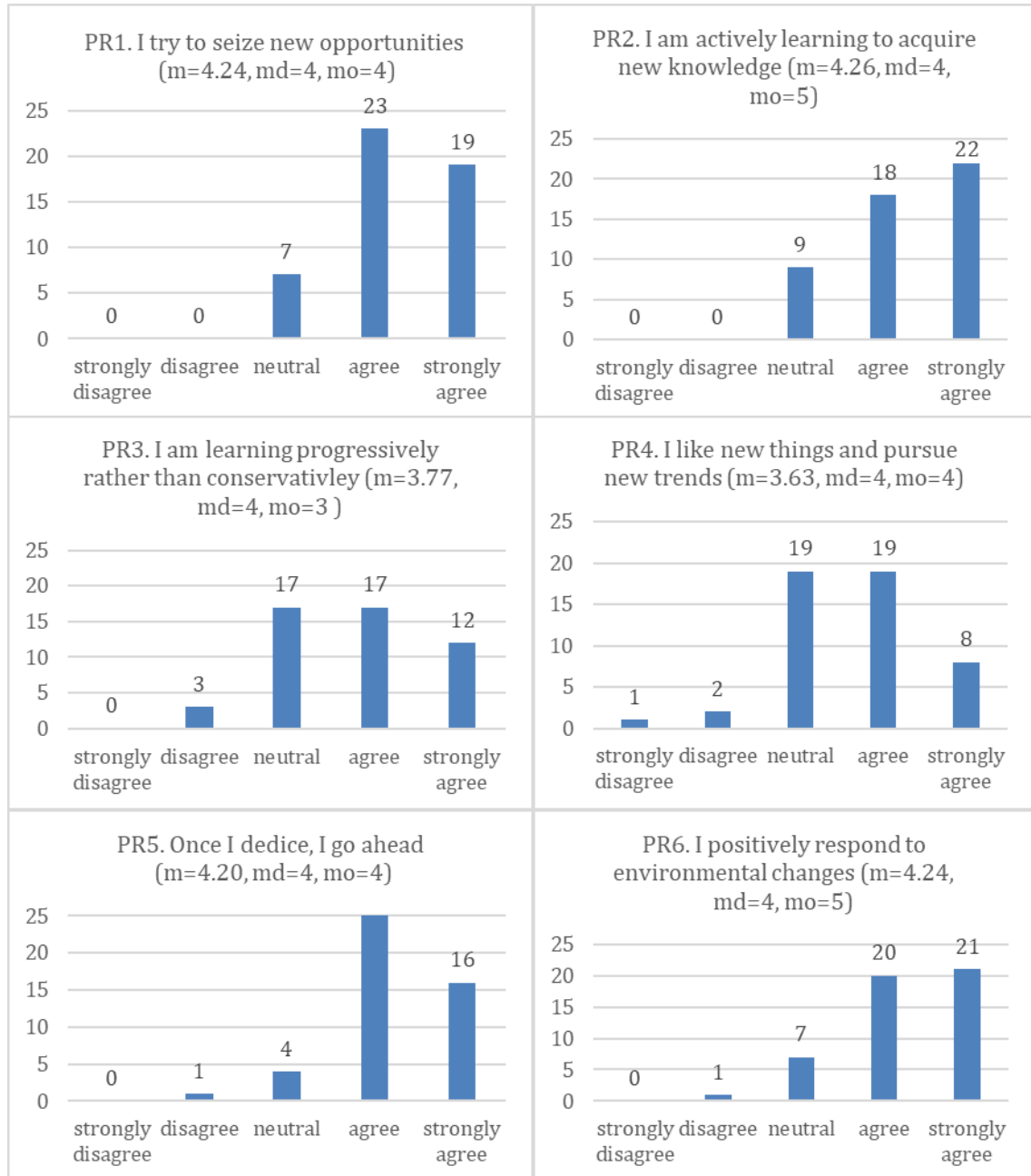
The answer possibilities ranged from a scale from “strongly disagree” (1) – to “strongly agree (5)”. For better readability, the author has totaled the percentages “agree” (4) and “strongly agree” (5) or “disagree” (2) and strongly disagree (1)” throughout the text.

The first question of whether the respondents try to seize new opportunities was agreed by most of the respondents (85.7%)¹⁴. Furthermore, only seven persons decided to stay neutral, and no one disagreed on the question (PR1). With a mean of 4.3, the majority (81.6%) confirmed that they are actively pursuing knowledge while no one disagreed (PR2). The question of whether they learn progressively was agreed or strongly agreed by 29 respondents (59%) while three respondents disagreed (6.1%) (PR3). Not as strong, but still more than half agreed that they

¹⁴ Henceforth, the percentage in brackets is the calculated sum of “agree” and “strongly agree” (e.g. PR1= 46.9 + 38.8=85.7).

like to learn new things (55.1%) or stayed neutral (38.8%) (PR4). Almost 90 percent stated that once they decide they go ahead with their decision (PR5). They also strongly admit to environmental change with 41 agreements (83.7%) (PR6).

Graph 7 Opportunity



Source: own graph based on survey outcomes

Opportunity seizing was measured using a five-point Likert scale with six items. Cronbach's alpha is the most common measure of internal consistency. Reliability analysis was run and found the construct reliable ($\alpha=.83$). Most of the

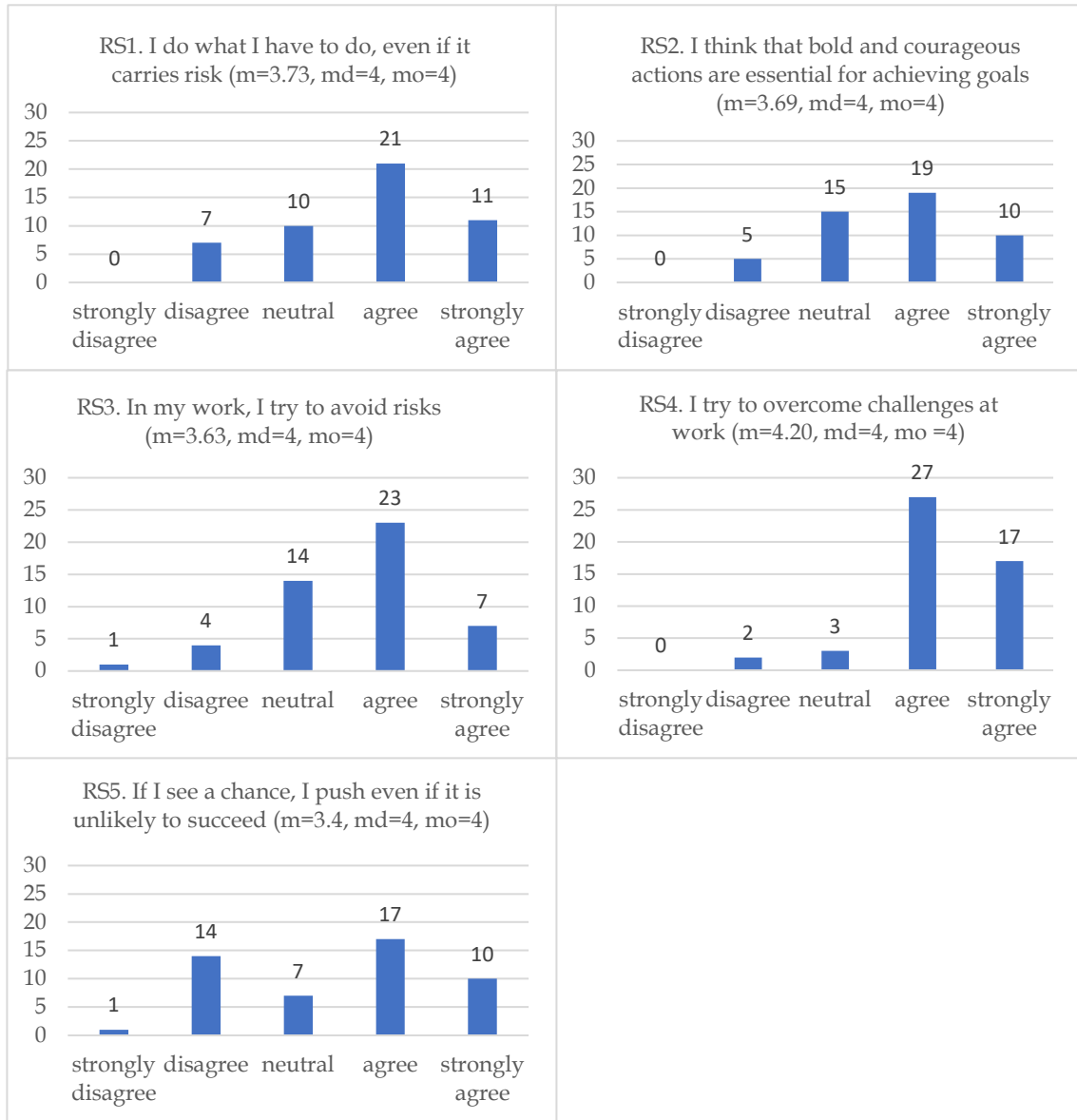
questions were answered either 'I totally agree' or 'agree'. By summarizing the items and creating an index for opportunity-seizing, a total mean of 4.06, median 4, and mode 4 is calculated. Therefore, we conclude that the interviewees have a high level of opportunity seizing.

5.1.3.3 *Risk-Attitude*

Economic research traditionally considers risk attitude to be an important factor in the decision to become an entrepreneur. We therefore asked the interviewees whether they pursue goals and push their chances.

The answers to the first item (RS1) show that 32 respondents (65%) agree and strongly agree that they do what they must, even if it carries risks (RS1). Two-third of the interviewees think that bold and courageous actions are essential for achieving goals (RS2). They would avoid any risk related to their work (61%) (RS3). With a mean of 4.2, the great majority is positive about overcoming difficulties at work (RS4), while only two respondents would disagree. RS5 shows, that the majority of 27 respondents (55%) agree or strongly agree, that they push their chances even if it is unlikely to succeed, while only 15 respondents (30%) disagreed or 7 remained neutral (14.3%).

Graph 8 Risk attitude



Source: own graph based on survey

For reliability analysis, Cronbach's alpha was calculated to assess the internal consistency, which consists of five questions. The internal consistency of the index was not satisfying, with Cronbach's alpha for positive affect ($\alpha=.49$). After deleting RS3 (In my work, I try to avoid risks), a satisfying outcome for Cronbach's alpha⁷¹ was concluded. The index risk-attitude with four items indicates a mean of 3.77, median 4 and mode 4.

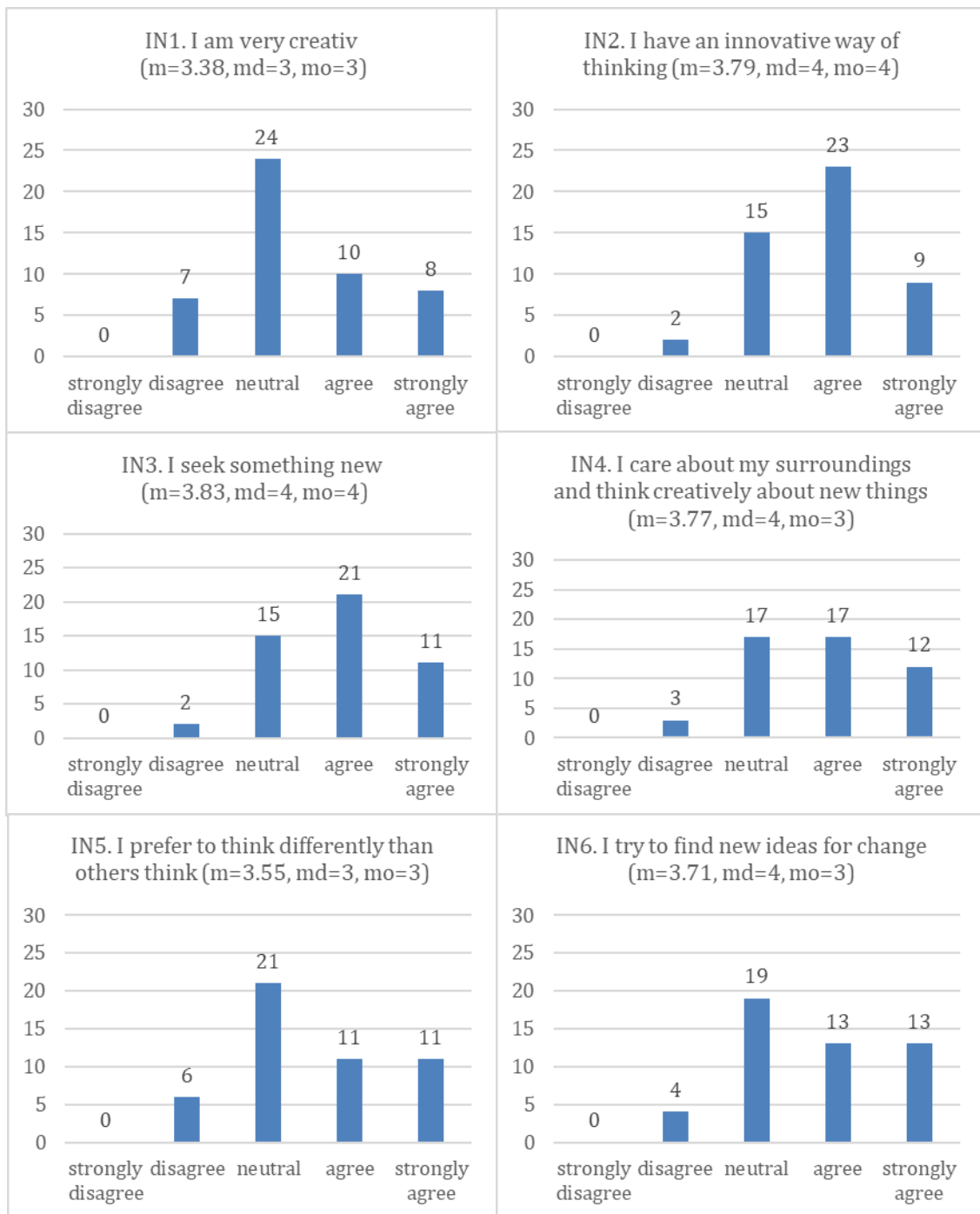
The mean outcome for the category risk attitude is therefore almost as strong as opportunity-seizing. Data suggests that the respondents have a high risk-attitude and calculate the risks involved before they pursue a goal or opportunity.

5.1.3.4 *Innovativeness*

In a classic approach, Schumpeter (1934) views entrepreneurship as something innovative. We have therefore asked our interviewees about their innovative capabilities.

In our first question, asked was whether they consider themselves as exceptionally creative, which they would not agree without hesitation: while 36 percent agree, 49 percent remain neutral or disagree (14.3%) (IN1). The second and third question (IN2+IN3) was related to their innovative way of thinking and whether they pursue new things – both questions were answered positively by two-thirds of the respondents (65.3%). Moreover, we asked if they have a positive attitude towards their surroundings, which was agreed by 45 percent, while 17 persons remained neutral and three persons disagreed. The question whether they think more creatively than others (IN5) was divided between agreement (44.8) and neutral (42.9%). More than half of the interviewees stated they try to find new ideas for change while merely 8 percent disagreed, and 38 percent indicated "neutral" on this item (IN6).

Graph 9 Innovativeness



Source: own graph based on survey results

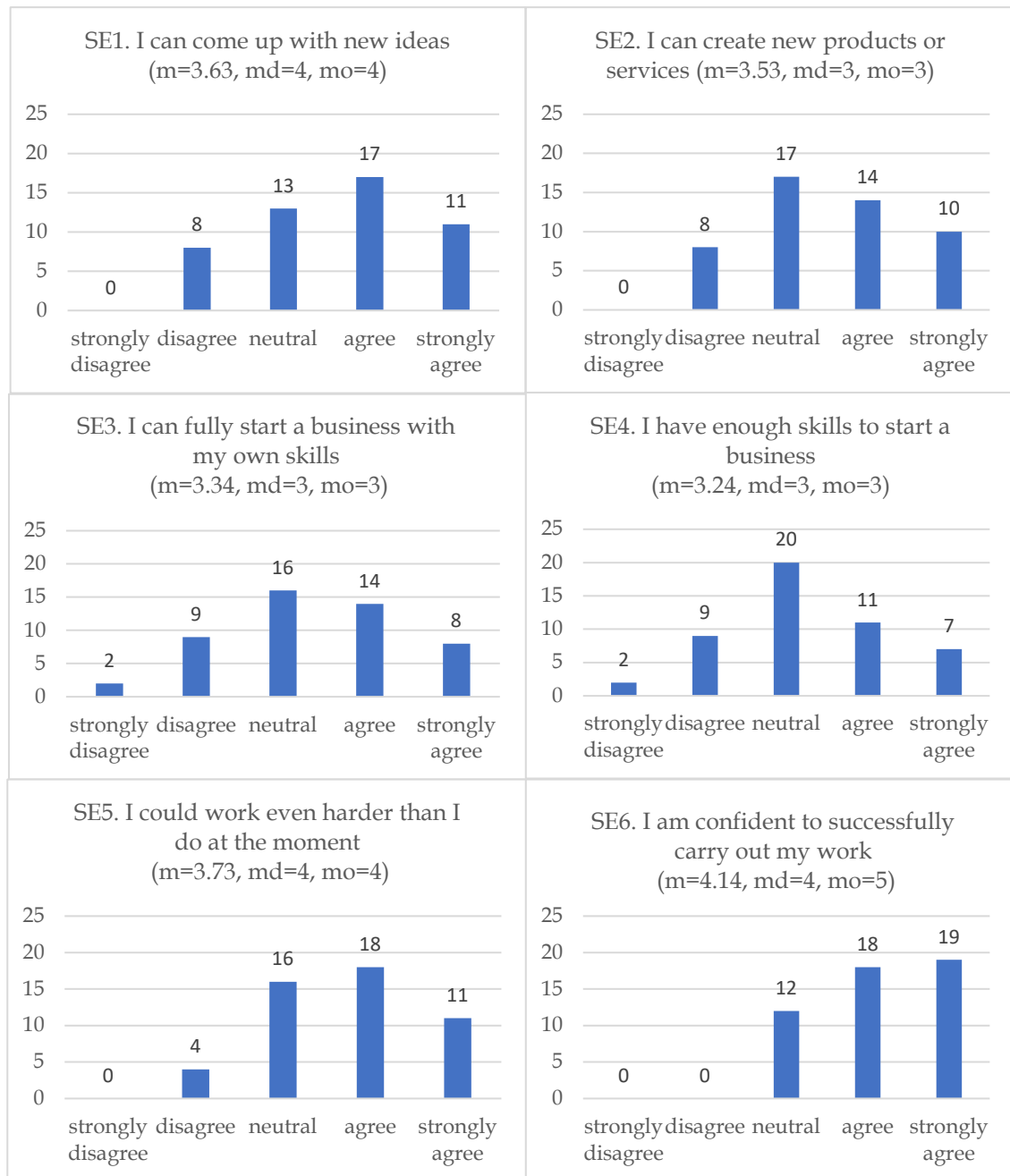
For reliability analysis, Cronbach's alpha was calculated to assess the internal consistency of the scale, which consists of six questions. The internal consistency of the index innovativeness is high, with Cronbach's alpha for positive affect ($\alpha=.93$). The index concludes a mean of 3.68, median 3.5 and mode 3.17. The outcome shows a certain level of innovativeness, but significantly lower than opportunity-seizing and risk-attitude. This is in line with the theory of the "necessity entrepreneur", who opens his business in service areas where low levels of innovativeness are needed, which is the case for the majority of North Korean defector businesses (chapter 2.7).

5.1.3.5 *Self-efficacy*

Adjusting to a new environment is a challenging task that involves a great deal of self-efficacy. Self-efficacy has therefore been considered a lot in entrepreneurship research. We asked our interviewees on their levels of self-efficacy with the following outcomes. The results are displayed in the following graph.

Almost two-thirds agree that they can come up with new ideas, whereas one-quarter tends to disagree (SE1). Half of them agreed whether they are confident to bring forth a new product or service, while only eight interviewees would respond not to be confident (SE2). Most of the respondents also agree on their confidence in the work they are doing (75.5%) and the confidence to overcome difficult situations (59.18%) (SE3+SE4). Whereas, with a mean of 3.3, the respondents showed not to be as confident towards establishing a business (agreement 45%). 32.7 percent remained neutral, and 22 percent did not agree. What two-third of the respondents did not lack was the willingness to work hard (59.2%) and believed that they can successfully carry out their work (75.5%) (SE5+SE6).

Graph 10 Self-efficacy



Source: own graph based on survey results

The internal consistency of the index self-efficacy is high, with Cronbach's alpha for positive affect ($\alpha=.91$). The index concludes a mean of 3.61, median 3.5 and mode 3.33. The outcome shows a modest level of self-efficacy. While the ability of North Korean defectors to put plans into action is above average (3), it is also not exceptional high either.

5.1.3.6 *Start-up Motivation*

The field of research has also considered entrepreneurial start-up motivation by distinguishing between necessity- and opportunity start-ups (Schultz & Rehder, 2017).

Looking at the motives of our interviewees to become self-employed the following findings can be discerned. For better readability, the items were organized according to how often they were "agreed" upon, by totaling the responses of "agree" and "strongly agree". As can be viewed in the following table, the most important motivation, that was agreed on was item EM3 "I will start a business to do the work I want", which was agreed by 61.2%, with a mean of 3.7, median and mode 4. Also, deemed important reason to start a business was to be his or her "own boss" (EM9, agreed on by 57.1%). "Higher-income earnings", and "more personal leeway" were significant for more than half of respondents (EM4, 55.1%, EM8 53%). Substantial was the response "to challenge a new field" with the agreement of 47 percent (EM1), as well as "economic stability" (EM5, 45%) and "improving own career" (EM10, 45%). Less agreement has seen the question on self-accomplishment (EM2) where 41% agreed upon, contributing to the nation and society (EM11, 41%). Significantly less agreed on were questions regarding reputation and status. For example, recognition and reputation (EM6, EM12 both 33%) or a higher social position (EM7, 31%). Against prevailing theories, it was found that the least pressing motive to become self-employed is because it is difficult to find a job (16.3%).

To differentiate between the different questions, the items have been sorted into categorical clusters. Whereas OPP= Opportunities and Self-fulfillment, STAT = Status and Reputation, EC= Economic factors

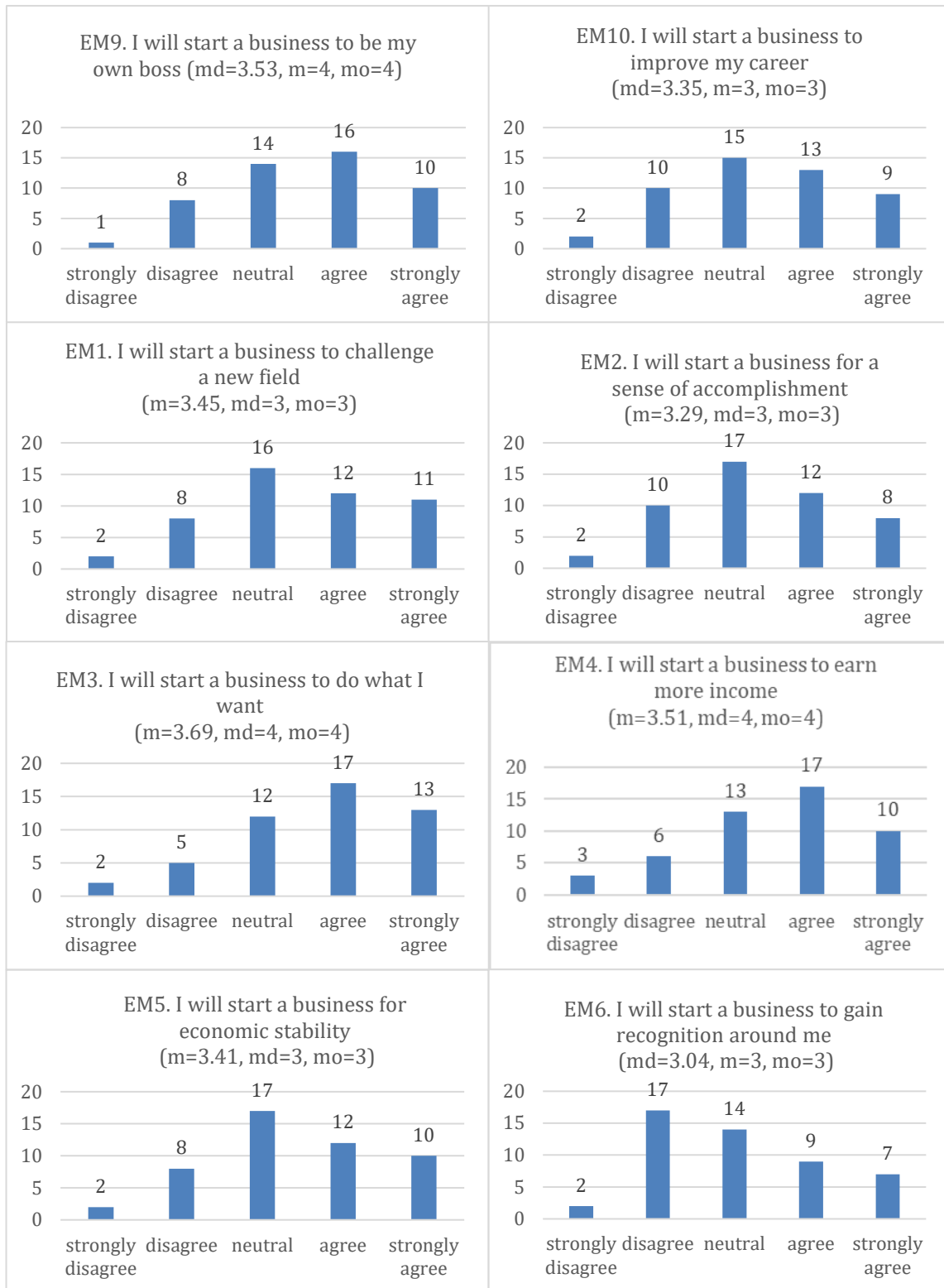
It can be discerned that the category opportunity and self-fulfillment (pull-factors) played a greater role than economic factors (push-factors) or status and reputation.

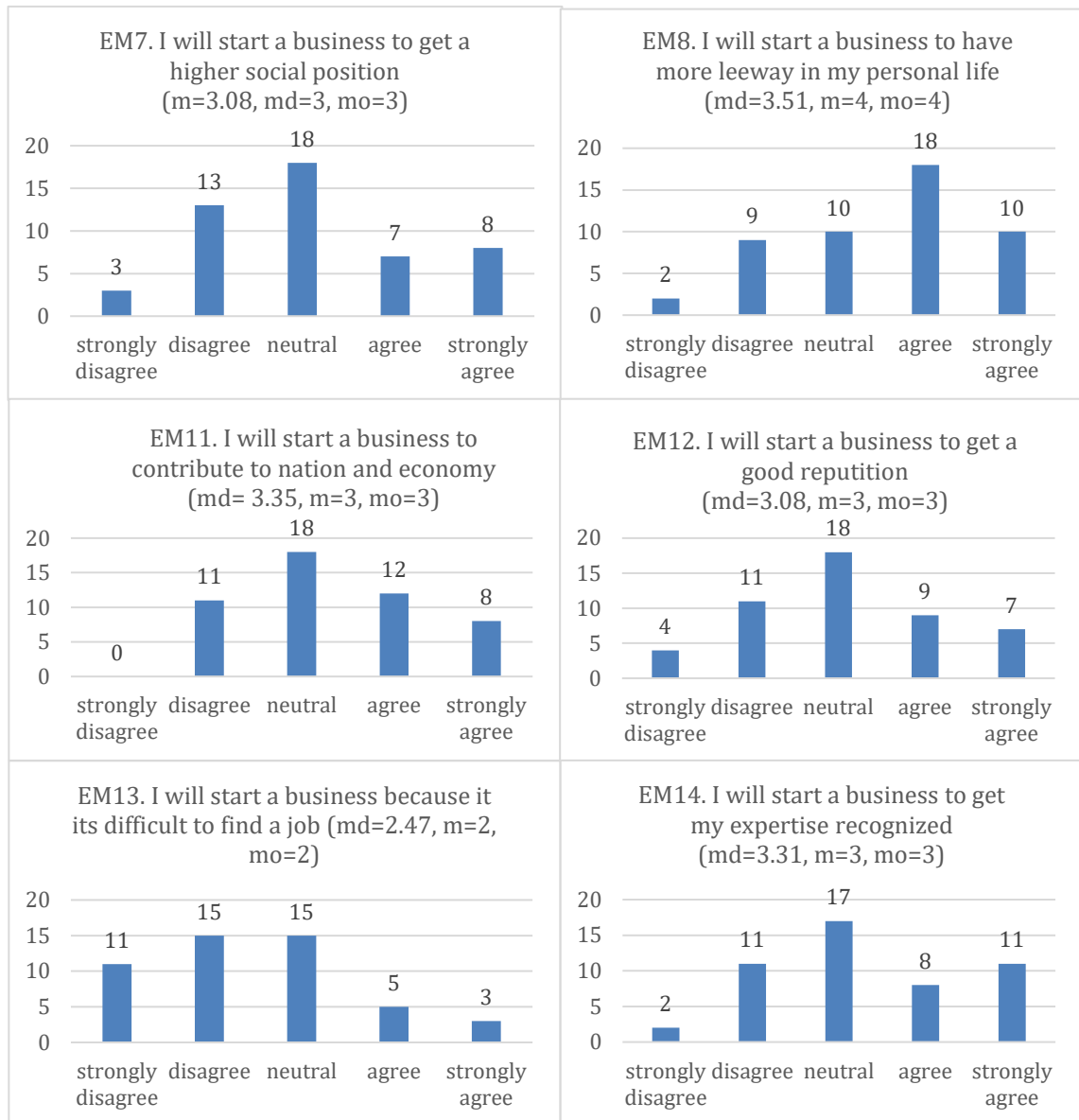
Table 10 Start-up Motivation

Category	Question	"strongly agree" and "agree" (sum, %)
OPP	EM3. I will start a business to do the work I want.	61.2
OPP	EM9. I will start a business to be my own boss.	57.1
EC	EM4. I will start a business to earn more income.	55.1
OPP	EM8. I will start a business to have more leeway in my personal life.	53.1
OPP	EM1. I will start a business to challenge a new field.	46.9
EC	EM5. I will start a business for economic stability.	44.9
EC/OPP/STAT	EM10. I will start a business to improve my career.	44.9
OPP/EC	EM2. I will start a business for a sense of accomplishment.	40.8
STAT/OPP	EM11. I will start a business to contribute to nation and economy.	40.8
STAT	EM14. I will start a business to get my expertise recognized.	38.7
STAT	EM6. I will start a business to gain recognition around me.	32.7
STAT	EM12. I will start a business to get a good reputation.	32.7
STAT	EM7. I will start a business to gain a higher social position.	30.6
EC	EM13. I will start a business because it is difficult to find a job.	16.3
OPP= Opportunities and Self-fulfillment, STAT = Status and Reputation, EC= Economic factors		

As before, the statistical outcome for each item in the following is provided in the following graph.

Graph 11 Entrepreneurial Motivation





Source: own graph based on survey outcomes

For the interviewees it is important to conduct the work they want, to be their own boss, and to seek a higher income.

5.1.3.7 Other findings

Finally, the survey also included the questions what kind of training they would like to receive the most. The answer was among others, was education on training in finance and accounting 43% and marketing (21%).

The survey closed with a single open question, where our interviewees were able to state their opinion what would be the best way or method for a stable settlement. Some of the answers were unique, but most of the answers reflected the need for education and support. For example:

"I think that for stable settlement, we have to work in various fields and judge what suits us best. Finding a job that suits you and acquiring a lot of skills and experiences in the field, and getting a start-up education and then starting a business will lower the probability of failure" (female, CEO)

"It would be a good opportunity to listen to examples of bank-related business education, economic and financial education, and the successes and failures of North Korean defectors. As I personally think about starting a business, I would like to be able to listen to related education" (female, service worker)

"I think that the economic system of North Korea, China and South Korea is so different, we need much education, experience, and effort" (female, occupation "other")

Some also mentioned the need for more money, or that the government should provide more funding in combination with entrepreneurial education. A few answers suggest that the South Korean society should "change" – as to be better informed about North Korean defectors. Some also emphasized that it needs personal effort, a thankful attitude and kind words from others.

5.1.4 Evidence from qualitative interviews

This section presents evidence from qualitative interviewing, to supplement and underpin the above results. For comparison, findings from Yun (2000) are displayed to show the differences in terms of age and gender that occurred among the defector community during the last twenty years.

According to Yun, defector business owners show selective demographic and socio-economic characteristics. In his sample of twenty-five defector business owners, there was not a single female owner, while the mean age was forty years and about half of them were married. Most of his respondents stated they were employed in managerial positions in North Korea holding higher education qualifications (Yun 2000, pp. 157; 286). Our interviewees show a different picture and reflect the fact that since 2002, female defectors outnumber their male counterparts. Our interviewees had arrived in South Korea between 2005 and 2010, at a young age, and three of them have not yet been married at the time of

the interview. Regarding gender, two male and two female business owners have been interviewed. While three of the interviewees have been educated at a high school for young North Korean defectors, the same ratio indicated a high university education as well. Three of the four started their business without relying on an experienced partner but with the help of family or friends.

Table 11 Qualitative Interviews sample of four defector entrepreneurs

	Person	In SK since	Educational level	Details
1	Ms. L (age 38) ¹⁵	2003	University degree in SK	Trading business with Christian gift articles (such as t-shirts, watches etc.) within the Seoul metropolitan area. She employs six employees (two from North Korea). She started with the help of SK husband.
2	Ms. Y (age 26)	2006	University degree in SK	Live-stock farm located in Gyeonggi-region, selling chicken eggs in Seoul (using church channels); established business in cooperation with husband and two other NK friends. No staff.
3	Mr. K (age 28)	2010	Secondary school in North Korea	Trading business with products made of wild roses grown in Kangwon-region. No staff. He moved to web-design and website development.
4	Mr. P (age 33)	2004	University degree in SK	Two Social Enterprise Coffee Shops in Seoul. His employee's own stocks of the company. He expanded his business and opened a larger coffee-shop in Ch'ungch'öngdo. He started an expanded his business with church networks.

Church networks played a major role for all of them, which will be further explained in the chapter “community resources”. All of them had direct and/or indirect experience with markets in North Korea. They engaged in barter trade and/or raised and sold live animal stocks, such as pigs or fish, or they traded Chinese products at the informal market. In the sample by Yun (2000), forty percent of his survey respondents had experience with business in North Korea.

¹⁵ At time of interview

These numbers may be even higher these days since my interviewees told us that many in their vicinity were directly involved in small trade—otherwise, surviving would have been difficult. Compared to Yun’s sample, the social background of North Korean immigrants has changed considerably regarding age and gender over the years.

5.1.4.1 *Motives to enter the private sector*

Seeking financial independence, many North Korean new settlers consider running their own business in face of competitive employment barriers (N. T. Park & Lee, 2016; Yun, 2001). It should be noted that the ratio of self-employment in South Korea is greater than in other OECD countries. Motives are often attributed to push-factors, that is, involuntarily during economically difficult times and higher unemployment rates (Kim and Cho 2009). In Yuns’ sample, the main motivation of North Koreans to enter the private sector was their disadvantaged status in the South Korean labor market. They had difficulties in finding a job, sought prospects of higher earnings, or just wanted to be their own boss, which is also confirmed by the ‘segmented labor market’ theory.

However, our interviewees revealed that there is also a new generation growing that is seeking social change, eager to shape a reunified future. The motives for self-employment and the willingness for social change are reflected in the following examples:

Mr. P used to visit a social enterprise coffee shop which employed North Korean defectors. He watched them work and recognized that they do not work efficiently. “They missed some kind of drive,” he said. He was wondering about it and thought this might be because they do not own the business. That is when he thought: “*I will do it differently*” and opened his first coffee shop, where his North Korean employees are shareholders of the business. His employees had to buy those shares with their own money. Mr. P’s dream was to help other defectors rather than opening a coffee shop, which was used as a medium to reach that goal. Mr. P lets his co-workers think for themselves and tries to give them as much responsibility on business planning and execution power as possible.

Ms. Y stated that, among other reasons, one motivation for getting self-employed was that, although young North Korean defectors adapt more easily to South Korean society, the elder generation is having a hard time and face loneliness and poverty. Ms. Y’s idea was to start a business that could be used as a role model, where the young and the older North Koreans can work together. She said that everyone lives for oneself in South Korea and, although there are so many organizations and networks in the South, there is a lack of anticipation at the human level. After reunification, she wants to go to North Korea and apply the knowledge she gained to teach North Koreans.

The other two interviewees did not state a social reason but economic ones, such as business opportunities. Although Mrs. L had a “safe” job as a social worker (she holds a bachelor’s degree in social work) she decided to become self-employed with the help of her husband who runs his own business as well. She now employs six workers at her company, two of whom are North Korean new settlers. Mr. K’s case was rather unique; he arrived in 2010 and started studying global business, but he quickly dropped out after one semester. He has never worked as an employee before but engaged in various trading businesses with partners. While doing so he came across an opportunity and established his start-up in August 2014. He is selling various products made of self-cultivated roses such as beauty products and foodstuffs.

In conclusion, the interviewees “want to help other defectors,” “prepare for reunification,” and work out “role-models of business.” Rather than stating, that they could not find a job (push-factors) in the job-market, they seemed to be driven by internal drivers. The result may also be different, due to the open interview method, which allowed a lot of self-expression. This result is underpinned by the quantitative survey outcomes when respondents preferably referred to pull- factors than push-factors.

Another interesting result was that our interviewees want to help others and want to become role models for others. Even the most pragmatic of my interviewees, Mrs. L. makes *Kimchang* with her employees to supply *Kimchi* to North Korean defectors¹⁶. “Moral commitment and responsibility for others” were also found as explaining factors in refugee businesses (Bizri, 2017).

5.1.4.2 *Tojŏnjŏngsin or a challenging spirit*

In three of four cases, my interviewee stated that they have a high-risk attitude. It has to be noted, that this topic was not on my agenda yet, so the defectors were not asked if they had a risk attitude or not (see appendix). Only when reading the transcriptions later, this was recognized as important factor to be included to the survey.

Starting with no financial support it was difficult for Ms. Y to set up her livestock business right after graduation. She said:

People don’t encourage us to do business because it is risky; to be employed is safer. South Koreans rather go the safe path and don’t try anything risky. But we, North Koreans, experienced many hardships and when we try something,

¹⁶ *Kimchang* refers to the process of pickling cabbage, better known as *Kimchi*. This is a traditional Korean way to season and ferment vegetables. Kimchi is considered a staple food since it is served as a side dish with every meal.

we give it a lot of effort. South Koreans also get a lot of support, but we don't get anything, so trying is much harder for us than for them.

In this context, the term *tojŏn* has been used by other interviewees. This can be translated “to take up a challenge”:

Mr. K said: “*we people from North Korea have a challenging spirit (tojŏnjŏngsin). We can take the risk (of self-employment)*”. Accordingly, Mr. P states a similar point of view. He explained that those North Koreans who came to the South are risk-takers, but people in South Korea keep telling them to find a “safe” job. He said that this was some kind of “South Korean propaganda” and, after three years of being exposed to it, North Koreans only think about getting a safe job. Mr. P strongly criticized this mindset, emphasizing that North Koreans are *innovative, flexible, and adventurous*, and should use their abilities to become self-employed. Consequently, the survey included questions on the personal characteristics to test this preposition.

In an expert interview, it was told that the high risk-propensity could be explained by the defectors’ migratory experience. Ben Torrey points out that the defectors consist of a “self-selected group” with a high-risk propensity (Expert-Interview Ben Torrey). A person with a low-risk personality would rather stay than defect from North Korea, since defection involves a high chance to be caught and put into detention, including all family members. One can thereby argue that there is a high risk-propensity among the defector’s community in general which is also supported by evidence from our quantitative survey. Again, the quantitative survey was conducted later and confirmed that North Korean defectors perceive themselves as risk-oriented.

5.1.5 Forming the “Entrepreneurial Spirit Index”

During the qualitative interviews, it was discerned that in three of our four interviews the term *tojŏn* was mentioned in the context of entrepreneurship. An expression that can be translated to “taking up a challenge”. Entrepreneurs are often associated with specific personalities or behavior: “*Their behavior is tightly associated to initiative, which indicates a different way of thinking, shows certain discomfort to the surrounding environment, and suggests a knack for risk taking*” (Prada, 2019, p. 4). Such attributes reflect what is also known as an “entrepreneurial spirit” (Smith, 2013). Even though it is a rather loose concept, it refers to an individual who takes the courage to take risks, oriented towards future and is driven by several motivations “(Indriyani et al., 2020, p. 3).

Therefore, to identify the individual “entrepreneurial spirit” of the survey respondents, a new index was formed that consists of some of the most cited factors in the literature of entrepreneurship. Among the most cited factors are “opportunity-seizing”, “risk-attitude”, “self-efficacy” and “innovation” as derived from literature review (chapter 5.1.1). For each category, an index was

calculated using SPSS. A cross sum of the above categories was used to form a “new” index which was labeled “entrepreneurial spirit index”. The following section summarizes the items for a better orientation.

Index Opportunity - seizing

The opportunity category examines whether an actor seizes new opportunities, pursues knowledge, adapts to changes irrespective of the resources they control (Hopp & Stephan 2012, Hallam et.al 2014). Six items were used to measure the opportunity-seizing of survey respondents. The construct is reliable with Cronbach’s alpha = .83.

- PR1. I try to seize new opportunities.
- PR2. I am actively learning to acquire new knowledge.
- PR3. I am learning progressively and not conservatively.
- PR4. I like new things and pursue new trends.
- PR5. Once I decide, I go ahead
- PR6. I actively respond to environmental changes.

Summarizing above items into an index, a total mean of 4.06, median 4 and mode 4 was concluded.

Index Risk-attitude

The risk category examines whether an actor assumes risk as part of achieving his or her goals. It is considered as an important factor in entrepreneurship research” (Hamböck et al., 2017, Parker, 2009).

In our survey, five items were used to measure the risk-attitude of survey respondents.

- RS1. I do what I have to do, even if it carries risks.
- RS2. I think that bold and courageous actions are essential for achieving my goals.
- ~~(RS3. If possible, I avoid risks at work.)~~
- RS4. In my work, if I sense difficulties, I try to overcome them.
- RS5. I push if I see a chance, even if it is unlikely to succeed.

After, deleting RS3, the internal consistency of the index can be considered satisfying, with Cronbach’s alpha for positive affect ($\alpha=.71$), mean 3.77, median 4, and mode 4.

Index Innovation

Innovation is one of the most cited variables in explaining entrepreneurship as well. New venture creation is often associated with new products, new goods, or new methods of production (Schumpeter, 2017). Therefore, six items were included to indicate whether our survey respondents consider themselves innovative.

IN1. I am very creative.

IN2. I have an innovative way of thinking.

IN3. I seek something new.

IN4. I care about my surroundings and think creatively about new things.

IN5. I prefer to think differently than others think.

IN6. I try to find new ideas for change.

For reliability analysis, Cronbach's alpha was calculated to assess the internal consistency. The internal consistency of the index innovativeness is high, with Cronbach's alpha for positive affect ($\alpha=.93$). The index concludes a mean of 3.68, median 3.5 and mode 3.17.

Index Self-Efficacy

Self-efficacy is the ability in which cognitive, social, and behavioral skills are integrated into courses of action (Bandura, 1982, p. 122). Self-efficacy is confirmed to positively affect businesses and individual's entrepreneurial intentions (Wang et. al 2016; Bratkovič et.al 2012). The self-efficacy category thereby examines the ability and confidence of an actor to put plans into action.

SE1. I can come up with new ideas.

SE2. I can create new products or services.

SE3. I am qualified to have a successful business.

SE4. I am qualified to start a business.

SE5. I could work harder than I do now.

The internal consistency of the index self-efficacy is high, with Cronbach's alpha for positive affect ($\alpha=.91$). The index consisting of five items concluded a mean of 3.67, median 3.6, and mode 3.4.

Index Entrepreneurial Spirit

By using the above categories, a new index "Entrepreneurial Spirit (short ES)" was formed. Accordingly, the entrepreneurial spirit is defined as the personality trait of an individual who is innovative, confident, and opportunity-seeking by calculating the risks involved in putting his or her plans into action.

The answer possibilities on the above survey items ranged from

- (1) strongly disagree
- (2) disagree
- (3) *neutral*
- (4) agree
- (5) strongly agree

To indicate whether the entrepreneurial spirit of a person is “high” or not, the following is defined. As value between 1 and 3 cannot reflect a “high” entrepreneurial spirit, we assume that a high level of entrepreneurship spirit is given only above the value of “*neutral*” (3). Accordingly, a “low” entrepreneurial spirit reflects a value below 3.5, and a “high” entrepreneurial spirit is achieved if the value is greater or equal to 3.5.

Hence, a binary variable with the following value was generated

Entrepreneurial spirit low = ES low < 3.5

Entrepreneurial spirit high = ES high $\geq$ 3.5

Among the 49 survey respondents, 31 persons showed a high entrepreneurial spirit. The entrepreneurial spirit calculated a mean of 3.78 (see Table 12), which indicates a high entrepreneurial spirit among our interviewees. That also means that the challenging spirit that our interviewees stated during the qualitative interviews is not without grounds. Readers that are more conservative might also consider an outcome above *four* as a “high” entrepreneurial spirit. However, when applying a stricter definition in such a small sample meaningful statements are difficult to make. Therefore, the index should be tested with a larger sample, as well as other groups (e.g. other immigrant entrepreneurs) to decide when a “high” or “low” ES is given.

The following table shows how the index ES is formed.

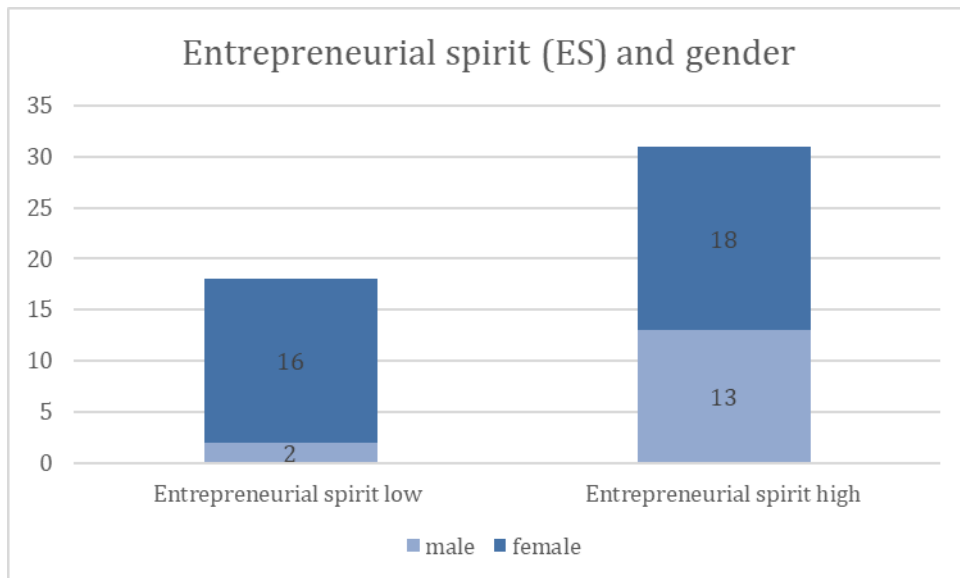
Table 12 Entrepreneurial spirit

		Statistics				Sum-Index Entrepreneurial Spirit
		Index Opportunity	Index Risk	Index Self Efficacy	Index Innovation	
N	Valid	49	49	49	49	49
	Missing	0	0	0	0	0
Mean		4.0612	3.7653	3.6054	3.6769	3.7772

The internal validity of our construct ES was satisfying $\alpha=.89$. Testing the index among our data, a correspondence of the entrepreneurial spirit index with the following independent variables: gender, occupation, and education.

According to gender, male participants indicated a high entrepreneurial spirit in contrast to women. Only two men showed a low entrepreneurial spirit (13:2), while the ratio among women was almost balanced (18:16). The mean Entrepreneurial spirit of women ($m = 3.56$; $SD = 0.52$) was therefore lower than that of men ($m = 4.28$; $SD = 0.57$). The difference was significant: $t(47) = 4.38$, $p < 0.0001$.

Graph 12 Entrepreneurial spirit (ES) and gender



Source: own graph based on survey results

The following table (Table 13) indicates that the total number of CEOs (12 individuals) show a high entrepreneurial spirit according to our definition (12 ES high:12 ES low). Since the outcome was very straightforward, a “stricter” definition of a “high” Entrepreneurial spirit (ES high > 4) was applied. Even by doing so, nine CEOs show a high entrepreneurial spirit (9:3).

However, as the sample (n=49) is small, keep a value above 3.5 to represent a “high” entrepreneurial spirit henceforth. Analysis finds that 5 out of 8 students indicate a “high” entrepreneurial spirit as well as 10 out of 17 “other” survey respondents (see Table 13). A noteworthy “low” entrepreneurial spirit was found among office and service workers (office workers 1 high:6 low).

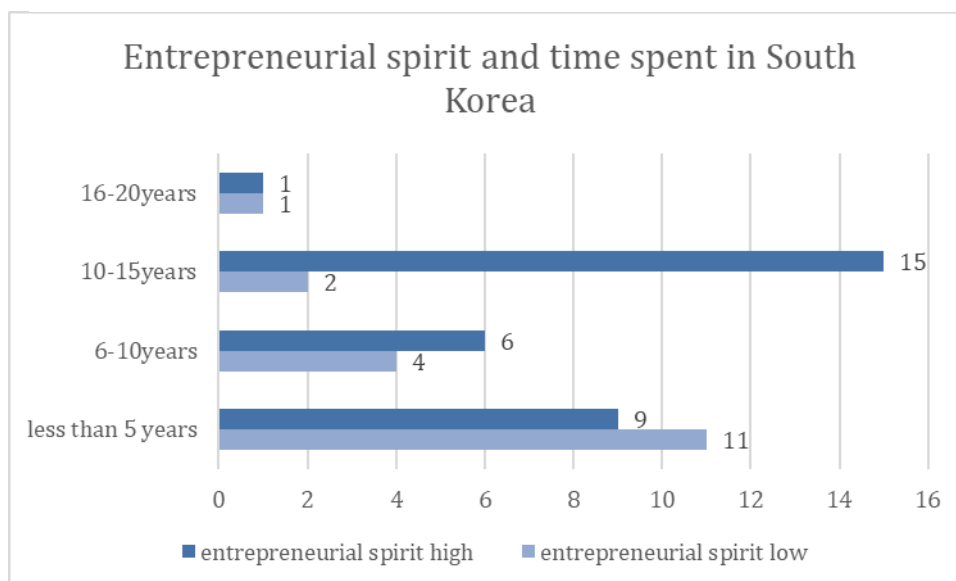
Table 13 Occupation and ES

Current economic activity and Entrepreneurial Spirit

		Entrepreneurial Spirit		total
		low	high	
Current economic activity	CEO	0	12	12
	student	3	5	8
	office worker	6	1	7
	service staff	2	1	3
	live-stock worker	0	2	2
	other	7	10	17
Total		18	31	49

The entrepreneurial spirit of our survey respondents seems to correlate with the time of staying in South Korea. As indicated in the following graph, those who lived in South Korea for about 10-15 years have the highest entrepreneurial spirit (15 ES high, 2 ES low), whereas a time less than 5 years or more than 16 years seems to have a negative effect on the entrepreneurial spirit. However, such interpretation should be made cautiously, since older persons could have lived in both countries for longer. Unfortunately, we only collected the age of survey respondents, only in three age-cohorts that proved insufficient for further analysis.

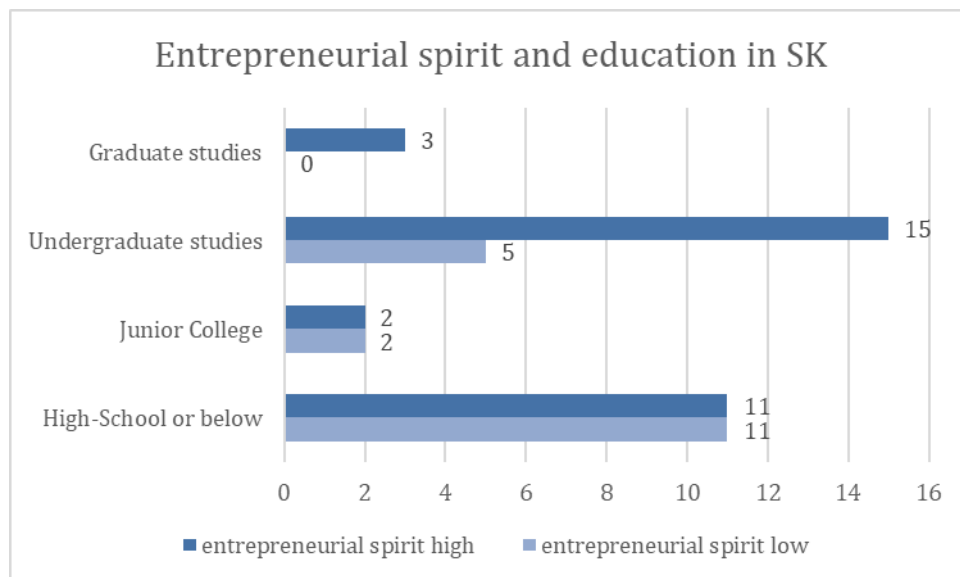
Graph 13 Entrepreneurial spirit and time spent in SK



Source: own-graph based on survey-results

Spearman's rho correlation coefficient was used to assess the relationship between entrepreneurial spirit and time spent in SK. There was a moderate correlation between the two, $r_s = .36^*$, $p = .011$ (2-sided). A significant negative correlation was found with the time spent in North Korea and entrepreneurial spirit $r_s = -.52^{**}$, $p = .000$ (2-sided). Therefore, analysis suggests that the level of education had a positive effect on the entrepreneurial spirit. As shown in the following graph participants who had received a high level of education in South Korea had a higher entrepreneurial spirit.

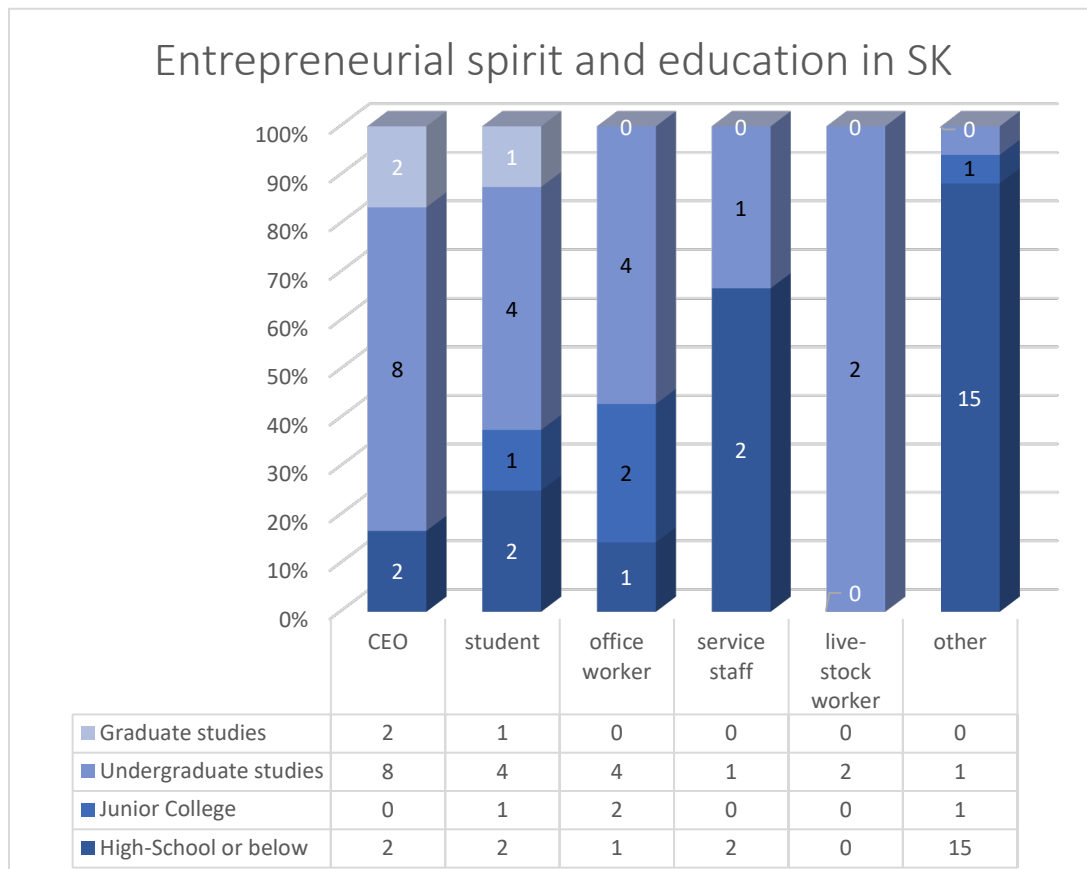
Graph 14 Entrepreneurial spirit and education in SK



Source: own-graph based on survey-results

Respondents who had studied at university (BA level), showed the highest entrepreneurial spirit (=undergraduate studies), those who have high-school level have an equal mix of high and low ES. For an even better contrast, we set employment status and education in contrast in the following graph.

Graph 15 Employment status and education



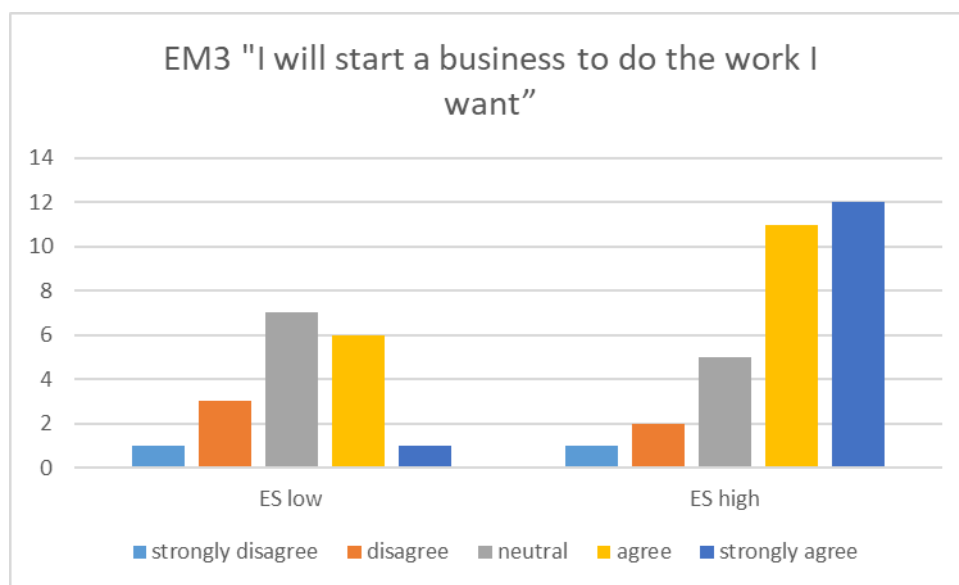
Source: own graph based on survey results

The above graph indicates that the CEOs in our survey have received higher education, most of them at the university level. Students and office workers also have had higher education in contrast to service staff and “other”. While “other” included unemployed persons, we can see that the large majority has had received the lowest education in comparison: However, the “others” have a higher entrepreneurial spirit than office workers who have received higher education. The above result may be an indicator of “opportunity” vs. “necessity” business, even though further evidence should be collected.

In the last section, the motivation of our survey respondents and the entrepreneurial spirit is contrasted with each other. An index for the items on “motivation” is not suitable for analysis. Instead, representative questions for the categories were used to contrast the motivation to become self-employed vis-à-vis the entrepreneurial spirit of our respondents.

First, the question EM3 was chosen as a representative for *opportunity business* because it had the highest agreement in the category. The question EM3 indicates that a person’s incentive to become self-employed is to do the work they want. The graph shows that many of those who show a high level of ES strongly agree that they start a business to do the work they want. Those with a low level of ES are less prone to start a business to pursue the work they want.

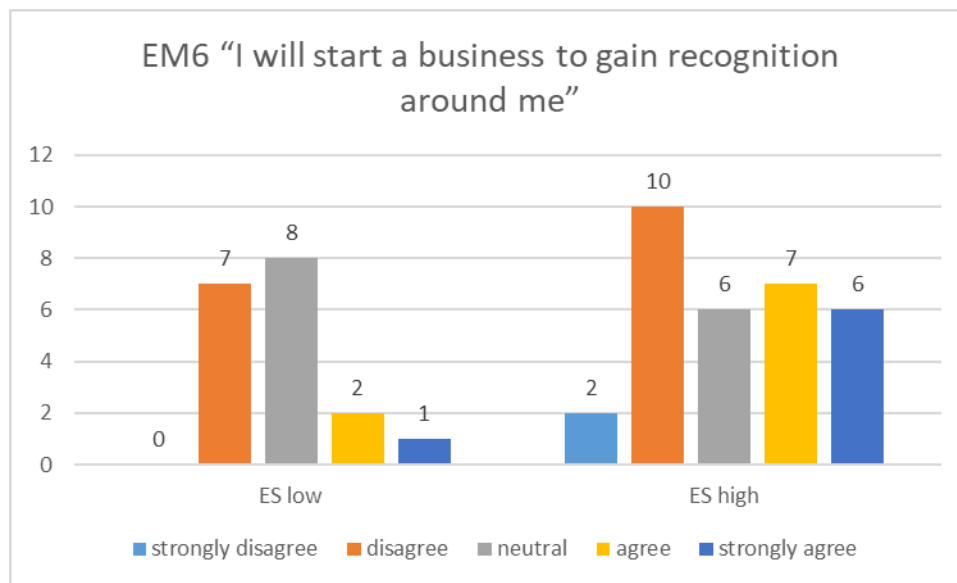
Graph 16 Motivation Opportunity and high ES



Source: own-graph based on survey-results

Second, the question EM6 represents the category “status and reputation” as motivator for self-employment. It shows that the outcome among those with a high entrepreneurial spirit is more mixed. However, they disagreed more compared to the opportunity motivation shown in the graph before. EM6 also shows, that those with a low ES, mostly remained neutral or disagreed on the question.

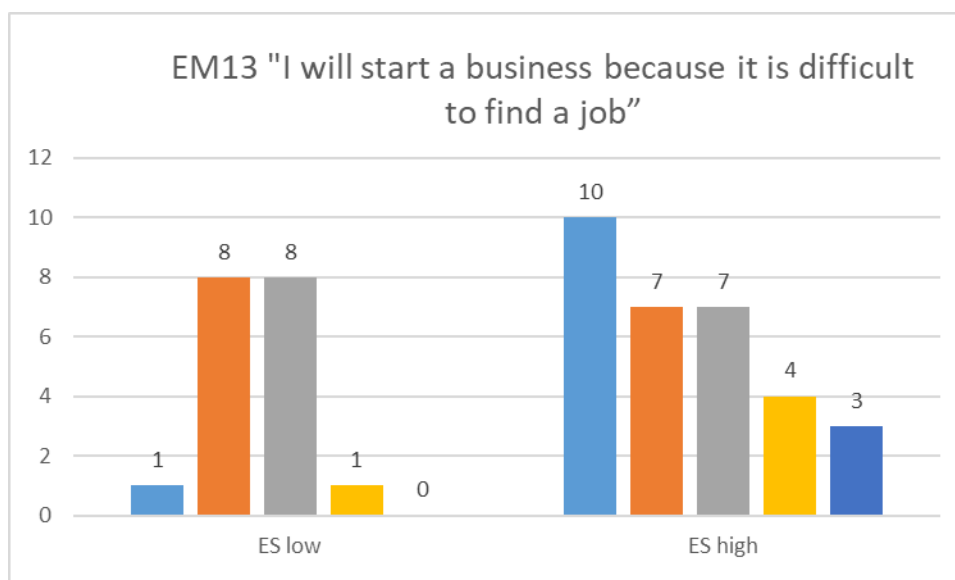
Graph 17 Motivation Status and high ES



Source: own-graph based on survey-results

Third, the representative question for “necessity business” is EM13 “I will start a business because it is difficult to find a job” was chosen to be compared to the entrepreneurial spirit. As indicated in Graph 18 **Error! Reference source not found.**, those with a high entrepreneurial spirit show strong disagreement with this question. That means some of those with a high ES strongly reject the thought, but not all of them. On the other hand, those with a low entrepreneurial spirit also disagree, but the answers are less mixed.

Graph 18 Motivation Necessity and high ES



Source: own-graph based on survey-results

Hence, when contrasting the motivation of becoming self-employed with the entrepreneurial spirit of the survey respondents, it can be discerned that those with a high ES tend towards opportunity business, while rather refusing status and reputation or the urgent need for employment as the main motivation.

Data, therefore, suggests that those North Korean defectors with a high entrepreneurial spirit are prone to pursue opportunity business rather than necessity business.

5.1.6 Summary

This chapter aimed at capturing the human capital and personal characteristics of North Korean defectors. Thereby, data on the demographic characteristics and answers on items regarding opportunity seizing, risk-propensity, innovation capabilities, and self-efficacy was collected. We summarized these categories to indicate a high or low entrepreneurial spirit among our survey respondents. Additionally, we considered their motivation to become self-employed. To sum up, the most important results of this analysis are as follows.

Forty-nine, or 34 female and 15 male North Korean defectors completed our quantitative survey. Most of them were well educated and half of them not

married. Unfortunately, we did not ask the age more specifically. We had 18 persons who were younger than 30, while 25 persons were aged 31 to 50. Looking at the time of escape, we can find that most of them had crossed the Sino-Korean border from the early 2000s onwards. When we look at the hometown, it was of no surprise that most of them come from the most northern regions in North Korea such as *Yagangdo* and *Hamgyŏngbukdo*, where it is easier to defect to China than from other regions. This largely explains why most of the defectors originate from these two regions.

The outcome for opportunity seizing was the strongest among all categories. Almost all questions were answered between 'I totally agree' and 'agree' and we calculated a total mean of 4.1 and a mean and mode of 4 ("agree"). Therefore, a strong tendency towards opportunity seizing was concluded. Regarding risk-attitude, it was confirmed that the defectors show a high risk-tolerance with a total mean of 3.8, with a mean and mode of 4. The outcome almost as strong as the outcome for opportunity seizing. This shows that the interviewees calculate risks involved before they pursue an opportunity rather than pursuing a goal "at all costs". The results for innovativeness were as follows. A mean outcome of 3.7 shows a clear tendency towards an innovative personality. However, the interviewees did not consider themselves as exceptional creative, but they do try to find new ideas for change. For self-efficacy, we discerned that most interviewees are confident in the work they are doing but lacked confidence in their skills. That is seemingly contradictory, but it can be interpreted as the conviction that they can do what they have set their mind on, even though they lack skills. Entrepreneurship education could be helpful in this regard, also since the need for training in finance and marketing was expressed. Thereby, a mean of 3.6 shows an above-average level of self-efficacy among the interviewees. Furthermore, we asked what motivation was to become self-employed. The most important reason to start an enterprise was to realize the work they want to do and to be their own boss. While economic stability and higher earnings also played a role, status and reputation were not that important. Against prevailing theories on immigrant necessity entrepreneurship, we found that for our interviewees the least pressing motive to become self-employed was that they could not find other employment.

To better interpret the outcomes of the survey, the outcome of qualitative interviews was presented. None of the four self-employed defectors indicated that they could not find a job, but rather stated that they were driven by personal reasons. They said they "want to help other defectors," "prepare for reunification," and work out "role-models of business." "Moral commitment and responsibility for others" were also found as explaining factors other sources (in literature on refugee businesses, see Bizri, 2017). On the other hand, this is also a motivation found among social entrepreneurs (Derbez, 2019). More evidence is needed in this regard.

Furthermore, three out of four interviewees stated that they have a high-risk attitude which was confirmed in the survey, where all 12 CEOs indicated a high entrepreneurial spirit. The entrepreneurial spirit of the survey-respondents was captured by creating an index of the variables “opportunity”, “risk -attitude”, “innovation”, and “self-efficacy”. These variables were derived from classical entrepreneurship theory.

Data suggests that a high entrepreneurial spirit correlates with gender and occupation, as well as time spent in South Korea and the level of education. Especially, highly educated male participants show a high entrepreneurial spirit in this regard. Data furthermore suggests that those North Korean defectors with a high entrepreneurial spirit are prone to pursue opportunity business rather than necessity business, but this should be confirmed or refuted in future research.

In conclusion, the new Entrepreneurial Spirit Index seems useful for theory and praxis, but it needs external validation and refinement of the items. The number of questions should be equal in each index and reach a similarly high Cronbach’s alpha in this regard as well. Therefore, we suggest adapting the index according to the users’ needs. If done so, the index can be applied in various settings useful for comparative analysis as well. We therefore conclude with high expectations for the index.

5.2 Opportunity Structure

This chapter aims at the institutional embeddedness of North Korean defectors entrepreneurs. This part also includes entrepreneurial support and ecosystem for entrepreneurship and closes with a review on entrepreneurial support programs for North Korean defectors. Afterwards, informal institutions are analyzed by reviewing the socio-cultural attitude toward entrepreneurship in South Korea. Analysis from qualitative and quantitative data on the personal perception toward entrepreneurship, as well as the perceived supportiveness of institutions is presented towards the end of this chapter. We close this section with a summary of the results.

5.2.1 Literature Review

Opportunities, as well as constraints, influence the behavior of immigrant groups. Immigrant entrepreneurship has been of interest for scholars in various fields, including anthropology, economics, psychology, sociology (Dabić et al., 2020). Explanatory studies have recognized the importance of opportunities and constraints offered to immigrant businesses (Oliveira 2007, p. 65). The structural disadvantages explanation has been prominent in explaining immigrant entrepreneurship (Chrysostome, 2010; Volery, 2007). Others have emphasized the importance and resources of ethnic networks to immigrant entrepreneurs (Bonacich, 1973; Dana, 2007). Kloosterman et al. (1999) have noted that it is necessary to take a more holistic view and have developed an inclusive framework to combine different determinants of immigrant business.

This approach suggests combining the micro-level of the individual entrepreneur with the meso-level of the local opportunity structure and the macro-institutional framework. This approach was termed the mixed-embeddedness model (R. C. Kloosterman, 2010, pp. 27–28). It consists of the legal framework and labor market, as well as policies, and the regulatory framework that influence the establishment of businesses (Oliveira 2010, p. 135). Opportunity existence and the quality of formal and informal institutions stimulate entrepreneurship and have been considered a lot in research on entrepreneurship as well. A 2010 study among 40 nations finds that the existence of opportunities and the quality of formal institutions support entrepreneurship (Stephan and Uhlaner, 2010). Further research indicates that entrepreneurship thrives in “socio-cultural environments” which support performance-based behaviors (Hopp and Stephan 2012, p. 923). To assess the institutional framework in area research, economists also consider levels of bureaucracy and formalities, as well as assistance programs for new enterprises (such as counseling, loans, and information) (Tarres, et al. 2007, p. 260).

Neo-institutional theory in economics has focused on the economic systems that evolve over time. Rather than treating institutions as exogenous variables affecting economic behavior, research considers how institutions affect economic transactions (Scott, 2014, p. 31). One branch of the neo-institutional approach is concerned with the rule and governance systems that develop to regulate or manage economic exchanges. One of the most cited representatives of this school is Douglass North who, as an economic historian, has developed approaches that focus on a higher level of analysis. This includes origins of cultural, political, and legal frameworks, which shape present economic forms and processes. North views the institutional frameworks as societal “rules of the game”, where organizations are considered the “players” (Scott, 2014, p. 33-34). Furthermore, North elaborates on the role of institutions in the performance of economies from economic history. In his view, economies achieve efficient and competitive markets by reducing transaction costs. Those economies that fail to produce a set of “economic rules of the game” prevent sustained economic growth (North, 1991, p. 98). Therefore, he considers economic development as the central issue to understand political and economic institutions. In an example, North shows that efficient methods of financing developed in Amsterdam, where *“diverse innovations and institutions were combined to create the predecessor of the efficient modern set of markets that make possible the growth of exchange and commerce”* (North, 1991, p. 108). In his example he showed, that to attract foreign businesspersons, efficient methods for capital markets were developed for lowering the costs of long-distance trade. Furthermore, he examined that trade is being shaped by the institutional framework, which either creates a structure of opportunity or constraints (North, 1991).

Welter and Smallbone (2011), examined the institutional embeddedness of entrepreneurial behavior and emphasize that entrepreneurial behavior must be interpreted in its institutional context, composed of the cultural, economic, and political environment, in which it operates (Welter and Smallbone 2011, p. 107). The foundation of a business involves different challenges such as limited resources, insecurities, risks, missing expertise, and experience. To help to solve some of these problems, governments often implement start-up support and services by offering education, office space, capital, and or business mentoring. These types of support activities have been confirmed to have a positive influences on the foundation and development of new and small businesses (Scheiner, 2009, p. 134). A positive socio-cultural and politico-institutional environment therefore positively influence economic behavior and can either generate positive or negative incentives for entrepreneurs (Gimenez-Jimenez et al., 2020; Welter & Smallbone, 2011).

Institutions are differentiated between formal and informal institutions. Formal institutions involve written rules, such as *laws and regulations* (North, 1991), while informal institutions emerge from *socially communicated information* and are part of cultural heritage (Gimenez-Jimenez et al. 2020, p. 198).

Numerous factors influence a person's decision to become an entrepreneur rather than to accept a job as an employee (Castaño et al. 2015). For North Korean defectors, the decision to start a business is highly influenced by structural disadvantages in the labor market (Kim 2019). Previous research on North Korean defector entrepreneurship has found that financial stability and entrepreneurial education had a positive effect on the intention to start a business, while an "insufficient start-up system" was found as an impeding factor (Park and Lee, 2016). This is indeed an important finding since research on entrepreneurship also emphasizes the importance of institutional support. As mentioned above, a cross-national study showed that entrepreneurship thrives where the socio-cultural environment and formal institutions support "performance-based behavior" (Hopp and Stephan 2012, p. 923).

Therefore, the aim of this chapter is to assess the South Korean institutional environment surrounding entrepreneurship and evaluating the governmental support system that supports or discourages North Korean defectors. Accordingly, we will use institutional theory to analyze the formal and informal institutional embeddedness of North Korean defector entrepreneurs.

First, in line with the above theoretical considerations, we will review the economic development in South Korea to understand today's economic structure. Economic development has shaped policies and measures implemented by the government to control entrepreneurial processes. Second, we will take a closer look at administrative formalities in the process, including economic aids and support programs for start-ups, and special programs for North Korean defectors. Third, from a macro-perspective, we will review the informal institutional environment, by considering norms and values that indicate the cultural supportiveness for entrepreneurship in South Korea. On the micro-level, we will identify the attitude of North Korean defectors towards entrepreneurship and how they perceive the institutional context in which they are embedded to.

Table 14 Opportunity structure variables

<i>Opportunity Structure</i>		
<i>Formal Institutions</i>	Economic development, Eco-System, policies and measures, administrative formalities, programs for assisting business	North 1991, Welter and Smallbone 2011, Scheiner 2009; Tarres, et al. 2007
<i>Informal Institutions</i>	Values and norms indicating supportiveness for entrepreneurship, defector's attitudes towards entrepreneurship	North 1991, Hopp and Stephan 2012, Schüler 2020, Gimenez-Jimenez et al., 2020,

The chapter “opportunity-structure” systematically reviews aspects of the institutional environment, as we adopt North’s definition of institutions:

„Institutions are humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights)” (North 1991, p. 97)

5.2.2 Items and Data used for Analysis

Data from the Global Entrepreneurship Monitor (GEM, 2019) is used to comprehend the entrepreneurship eco-system, such as government policies, their support, and relevance to entrepreneurship but also regarding cultural and social norms. Furthermore, we also include World Bank reports on the “ease of doing business in Korea” to assess bureaucratic requirements for entrepreneurial endeavors (WBG, 2020). Furthermore, valuable insights on the cultural supportiveness in South Korea, which have been brought for by Schüler (2020). Schüler’s insights on the institutional entrepreneurial ecosystem are unprecedented and have enriched current studies on the institutional system in South Korea. Furthermore, by using qualitative and quantitative research strategies, we include empirical evidence on the institutional embeddedness of North Korean defectors. We asked our survey respondents, whether they perceive the socio-cultural environment and governmental program as supportive or not (quantitative survey items below). Keep in mind that the defectors’ self-reported assessment does not reflect the actual performance or economic impact of government support but is only intended to provide evidence on the defectors’ opinion and their attitude towards entrepreneurship.

Quantitative survey items

As before, the core survey items utilized five-point Likert-type scales and reflected the following composite variables: entrepreneurial perception (positive and negative), as well as the perceived supportiveness of institutional support. The survey outcomes were analyzed using frequency analysis with the program IBM SPSS Statistics 26. In addition, to the results of the survey, the author has also included insights from expert and qualitative interviewing. Some of the results in this chapter are also published in Jung (2018).

Table 15 Survey Items Opportunity Structure

Entrepreneurial Perception positive	Scale
I think that entrepreneurship contributes to the nation and society.	1-5
I think that the societal perception on entrepreneurship is positive	1-5
I think there are many respected entrepreneurs in society.	1-5
I think starting a business is another type of job choice.	1-5
I think starting a business will bring self-fulfillment.	1-5
I think starting a business will bring economic wealth.	1-5
Entrepreneurial perception negative	
I think entrepreneurs are perceived negatively in society.	1-5
I think entrepreneurs are rarely respected in society	1-5
I would object if my family, relatives, or acquaintances start a business.	1-5
I think starting a business does not bring me economic stability.	1-5
I think starting a business does not bring me a sense of accomplishment.	1-5
Institutional support	
To start a business, I want to receive a bank loan.	1-5
It is easy to get a loan from a bank for a start-up.	1-5
The training I received at Hanawon helps to start a business.	1-5
The South-North Hana Foundation provides a lot of support for start-ups.	1-5
There are organizations that help me to get started.	1-5
I will visit relevant organizations for advice on starting a business.	1-5

Source: Entrepreneurial Perception pos. and neg. translated from Y. D. Kim, 2019

The self-developed questions for the qualitative interviews were as follows:

- *Where and how did you receive the training or knowledge to open a business in South Korea?*
- *What was the most difficult part when starting your business in South Korea?*
- *Is there anything that hinders the start-ups of North Korean defectors? Do you expect or wish something from the government, such as policies or support?*
- *Do you have any particular expectations from the government for your business? Or are there any special obstacles that must be removed?*
- *Have you ever been discriminated against? Have you ever had a hard time getting a loan?*
- *Do you know what a co-op is? Do you think it will work after reunification, or do you think North Koreans would not like it?*

5.2.3 Formal and informal institutions

5.2.3.1 The role of institutions in economic restructuring

It took South Korea only four decades to reach the economic development for which it is renowned today. Nevertheless, in the 1950s and until the 1960s, South Korea was one of the poorest countries in the world (Engelhard, 2004). During Japanese colonial rule, vital heavy industries were developed in the northern part of the peninsula, while the south was characterized by agriculture and light industries. The northern part of the peninsula used to provide energy, fertilizers, and other resources from which South Korea was cut off after division (Nahm, 1988). To make things worse, South Korea had no trained scientists, technicians, or experts for economic development. This was due to a Japanese policy, which hindered Koreans to be trained in those fields. The Japanese had owned and managed most of the industries while restricting the private business and industrial knowledge acquirement of Koreans. This was due to the fear that an economic base of Koreans would not only facilitate independence movements but also reduce Japanese business opportunities. Many Koreans felt uneasy about industrial labor and also resisted industrial work for the Japanese economy (Kim & Park, 2003, p. 39). Hence, when the Second World War ended, all the Japanese technicians, managers and entrepreneurs left Korea while the South Koreans were not educated to manage the industrial plants. When North Korea cut off its electricity supply in 1948, the remaining industries in South Korea almost collapsed completely, since the north used to provide as much as 90 percent of electric power usage (Nahm, 1988). Adding to the dire economic condition, social issues arose from the rapid growth of population, lack of employment, sickness, and starvation. In summary, the economy of South Korea had nothing to export,

no money to import goods, and no capital to develop its industries. While the country was still occupied by American forces, there was no economic policy, land reform or, other plans for economic development in place. Instead, American aid from 1945-1948 was used to ease widespread starvation.

In 1948, the first South Korean President Lee Syngman, who was confronted with the dire situation of the new country. Population growth still constituted a serious problem as well. South Korea's population grew rapidly, with the influx of returning Koreans from overseas and refugees from North Korea. More than a million from Japan and reportedly over 2.5 fled the north to settle in South Korea between 1948-1950. In 1949, the South Korean government carried out land reform, was able to increase agricultural output, and constructed new railroads. However, the country still suffered from severe inflation and deficit spending. Still, the industries slowly started to take root, and consumer goods and coal production started to increase. The per capita gross national product reached a postwar high of 86\$ in 1950. The little progress that was made was virtually wiped out during the Korean War, which took place between 1950 and 1953 (Nahm, 1988, p. 479-481). The social- and economic damages done were enormous. The war left more than five million people displaced, thousands of children orphaned, and families separated during the war. Fifty percent of South Korean industries and infrastructure were destroyed, cities were completely demolished (Engelhard, 2004).

The influx of North Korean refugees who fled to the South increased pressures on the housing and job market. The government tried to bring about economic recovery and the United Nations raised 150 million US-Dollars for reconstruction projects. The United States and South Korea signed an economic treaty and established the Combined Economic board. The First Republic tried to initiate economic recovery under the presidency of Rhee Syngman (1948-1960). The economy focused on land reform and manufacturing industries, with the help of foreign aid (Nahm, 1988, p. 483, Engelhard, 2004, p. 110-111).

5.2.3.2 *Cooperative relations between state and entrepreneurs*

The first republic collapsed during a student uprising in 1960 and the second republic was overthrown by the May 16 military revolution. During the reign of Park Chung hee (1961-1979), a new development strategy "growth first/export first" was initiated (Engelhard, 2004, p. 111). Economic development became the highest priority in public policy in which strong relationships between government and businesses were key. Park Chung-hee decided to revive the Korean economy by thriving the heavy- and metal industries targeting shipbuilding, steel, and infrastructure. To keep control over the economy, the Korean government retained close hold on the banking and financing sector. The government nationalized banks, granted investment priorities to manufacturing and export, expanded diplomatic ties, and channeled capital to selective businesses (Kim & Park, 2003, p. 40). By doing so, the government provided

finance and direction to those willing to complete its plans, eschewing detailed and quantitative controls such as industrial licensing, price control, rationing, and allocation of foreign exchange (Jones and SaKong, 1980).

However, there were only a handful of Korean companies large enough to carry out the ambitious program - only a few family businesses had survived the turbulent years. One of those was the company Samsung. The company was launched in 1938 when Lee Byung-chull (I Byŏng ch'öl) opened a small trading company. The name Samsung can be translated as "three stars". Over three decades, the company was diversified in various sectors, adding food, textiles and started the country's first major sugar refinery. When President Park recruited companies to fulfill the above tasks, Lee collaborated and evolved Samsung into the successful conglomerate we know today - renowned for its electric industries, including mobile phones and semiconductors. Another company that made a major development was Hyundai. When the government decided that heavy industries and shipbuilding is needed Chung, Ju-yung (Chŏng Juyŏng) stepped in. His company "Hyundai" was established as a construction company in 1947. Chung never went beyond primary school, but that did not hinder him in his business activities. He was favored by president Pak who gave him contracts to build bridges, dams, and roads (Kirk, 2001). A famous story is told, that when President Pak announced that shipbuilding is in demand, Chung sent a proposal to Germany, which was accepted. However, at the time when the contract was signed, there was no factory, expertise, or capital to build a ship. But somehow, Chung managed to recruit the necessary resources in required standards (Renshaw 2011, p. 169). These two companies evolved to what we know today, as two of the five largest family conglomerates (*chaebŏl*) in Korea, that account for 20 percent of Korea's total gross national product. The downside of the selective promotion of a few big companies is that a dim landscape for small and medium-sized businesses (SMEs) was created. The SME sector in Korea is characterized by lower productivity and innovation capabilities (Engelhard 2004, p. 305). Additionally, institutions were tooled according to the needs of the export economy, with policies to protect, regulate, and to promote trade of major companies (Buzo, 2017)

Engelhard (2004, p. 99) observed that state market interventionism in South Korea (and East Asia) is characterized by two features: favoritism and networks. Market interventionism was only shaken during the Asian financial crisis (even though it could not be shaken off completely to this day). However, at the time when the crisis was at its height, a new president was elected. On the day after the election, the new president Kim Dae-jung (1998-2003) stated, "in South Korea, there is a degree of political-economic collusion that has led to a de facto paralysis of the state's control over the economy and to manifold corruption. But from now on, there will be no protection for companies from the state" (Kindermann, 2001,

p. 318). The crisis was therefore the first time that the liaison between state and big businesses was questioned.

The crisis also benefited the ailing SME sector, since it initiated a trend in which more ventures entered the market. Today, SMEs form the backbone of the Korean economy. 99.9% of businesses are SMEs providing 80% of all business-sector employment, which is the second-highest share among Organization for Economic Co-operation and Development (OECD) countries. However, the productivity gap between large firms and SMEs in South Korea is also the largest among OECD countries. Since Korean SMEs have low technology adoption and are concentrated in low-production sectors, many Korean start-ups shut down within a year. They offer low wages, have weak job stability, and provide few career opportunities compared to large firms (OECD, 2020). The preference of the *chaeböl* to rely on foreign subcontractors has deepened the effect of leaving SMEs behind (Engelhard, 2004).

5.2.3.3 *Ideological mobilization for industrial development*

The Korean government and companies have also used traditional Korean and Confucian values to reach their ambitious economic goals. According to Remy and Moon (2015), traditional values such as “dutifulness towards one’s seniors” were redirected towards a new “work ethic” as drivers for industrial development. This has resulted in high labor productivity by South Korean industrial workers, which is recognized as one of the most important factors in the country’s economic development (Kim & Park, 2003).

The traditional feudal Korean culture did not appreciate commerce and trade as a source of income at all as “it was associated with greed and moral abasement” (Kim & Park, 2003, p. 39). In the Confucian worldview, the pursuit of knowledge held the highest virtues for humanity, while laboring for material production was regarded as the meanest sort of work. Such negative perception towards menial labor remained largely unchanged during the Japanese colonial occupation. To mobilize massive human resources the traditional antipathy toward manual labor had to be “corrected”. At that time, industrial work meant working under conditions of rigorous discipline. To create a willing labor force to commit to these conditions, the government “exalted work to a position never before” (Kim & Park, 2003, p. 41). By strong efforts, the workers were introduced to participate and sacrifice themselves in the industrialization process. Key expressions to propagate positive meanings to industrial labor were such as ‘enhancing national prestige’, ‘national strength through exports’, ‘let us work for a better life. This new ideology enjoyed widespread consent among South Korea’s society, making industrialization a national obligation. The selective emphasis on certain Confucian values supported economic growth: diligence, respect for authority, loyalty, and the importance of education, were transferred to new structures of the industrial setting. Loyalty to the company was stressed by all levels in the workplace. The workers were urged to work 12-14 hours a day and had to

completely identify with the goals of the company. The Confucian ethic of respect for authority was also essential for a smooth industrial bureaucracy (Kim & Park, 2003, p. 44). In a concluding statement, Kim and Park argue, that these ideological features of Confucian heritage were deliberately used by the government and the companies to instill a new work ethic. For a more detailed account of the role of the government please refer to Kim and Park (2003).

In light of the above, one can see that rapid economic development was induced top-down. Government economic planning promotes selective industries, companies, and even shaped new work ethics among the working population. The strong governmental involvement has also influenced corporate culture and has certainly affected entrepreneurial support programs, as will be analyzed in the following section.

5.2.3.4 *Entrepreneurship support for North Korean defectors*

This section will outline the types of support made available by government institutions, universities, religious organizations, or other foundations that target defectors directly or indirectly. It is out of scope to report an exhaustive list, all of which are subject to frequent change. We rather concentrate on the support provided by the government and those programs, which were reported during field research.

In this analysis, we will find “social enterprises” (SEs) mentioned frequently. Social enterprises are businesses that, while striving to make an economic profit, also provide social services and/or jobs to vulnerable social groups. In South Korea, this type of business was implemented by the government in 2009 as a response to social problems. Social enterprises enjoy a special status if registered and approved by the Ministry of Labor. Following approval, the state offers financial subsidies for initial capital, various tax benefits, support consulting on business administration, preferential purchasing through public institutions, and more (Jung, 2018). As North Korean defectors are considered a vulnerable social group, much of the institutional support is directed towards such social enterprises, as will be shown in the following review. While in 2013 there were 800 certified SEs, as of 2021, there are more than 5000 listed on the website of the Korean Social Enterprise Promotion Agency (KOSEA)¹⁷.

The first organization often consulted by North Korean defectors is the Korea Hana Foundation (KHF), a governmental nonprofit organization established in 2010 by the Ministry of Unification. Its mission is to contribute to the successful settlement and integration of North Korean defectors. KHF also provides free consulting and information for those who want to become self-employed. The

¹⁷ www.socialenterprise.or.kr

KHF website provides public entrepreneurial support. Notifications of opportunities for entrepreneurial support are published on their website. Recently, the start-up support link on the KHF home page takes visitors to a notification titled *“2020 North Korean defector recruitment companies support”*. This offer was not targeted to all North Korean defectors who intended to start a business; those eligible to apply included only enterprises that sought social enterprise status (employing two or more North Korean defectors) and small and medium businesses that employed at least five North Korean defectors. If the CEO was a North Korean defector, it counted as one NK employee. The offer was open for a period of three weeks from October to November 2020, and the businesses selected were scheduled to receive up to 20 million KRW.

KHF also recruited candidates for a start-up commercialization project to support aspiring North Korean defectors with outstanding ideas and innovations in the fields of manufacturing and technology ventures (application period from Oct.–Nov. 2020).

KHF also offers “management improvement funds” to North Korean defector entrepreneurs. The amount of support is capped at 3.5 million KRW, depending on the business type and size. An external link is available on the website, which leads to a specialized external agency that guides business founders to low-interest loan products such as microcredits, microfinancing, and small-business support funds. KHF also consults with and provides free information to founders of start-ups. Entrepreneurs are only eligible for this support six months after the establishment of the start-up. The KHF links some of their offers to the start-up promotion agency (k-startup.go.kr) for more information. This indicates cooperation between the Ministry of SME and the Ministry of Unification. The ministry of SME also overlooks the Korea Institute of Startup and Entrepreneurship Development (KISED), a governmental agency that provides support to one-person businesses.

Hence, those defectors not eligible for the very specific KHF offers (a complete list of which is provided on their website) may turn to this agency. However, KISED focuses on supporting entrepreneurs “with innovative tech startup ideas”, which is not often applicable to North Koreans who specialize in the food, trade, or manufacturing sectors. If they succeed, however, KISED provides a full package of support, ranging from management practices to business knowledge and commercialization, etc.

Religious organizations also help through KHF. One such organization, the Social Enterprise Support Center, is renowned among defectors. Caritas indicates that one of its objectives is to “support startups for vulnerable North Korean defectors” to “improve the quality of life for the socially underprivileged” (caritasworld.org). Defectors are offered loans through unsecured and unguaranteed microloan projects, which are based on socio-economic considerations. These loans provide up to 30 million KRW, and for those who have repaid an initial loan, additionally up to 20 million KRW may be provided.

The loan includes start-up education in areas such as social economy, marketing, publicity, tax, accounting, etc. The loan period is five years at an annual interest rate of 3% and a penalty rate of 7% (Caritas, 2019).

Commercial banks are nongovernmental and nonreligious institutions where defectors can request a loan. Among them, the LG Smile Foundation promotes microfinance to support the independence of the financially underprivileged. The loan is up to 70 million KRW at an annual interest rate of 4.5%, and it is possible to apply with a credit rating of 6–10. Application is possible for enterprises with average monthly sales exceeding 30 million KRW for one year and for certain businesses that have been selected for a social enterprise establishment support project, preliminary social enterprise, or farming support project (LG Miso, 2020).

For five consecutive years, the Ministry of SMEs and Startups has selected the Dankook University (DKU) as a ‘leader’ in university start-ups. The university offers extensive support to students and the public to ensure the success of its start-up efforts. The DKU Startup Support Foundation sponsors funds and administrative aid, mentoring, internships, exhibitions, and investor relations programs (Y. Kim, 2017).

Under the management of Lee John-ho, the DKU also occasionally offers specialized courses on entrepreneurship education to North Korean defectors. During my research field, we were able to attend one of these workshops. This one-day event on August 31st, 2019 provided general information on how to approach entrepreneurship. There were 12 North Korean defectors participating. From 11 to 11:30 am there was time for ‘orientation’, followed by the first lecture on ‘planning an enterprise’. New (English) terms were introduced such as ‘incubating’, ‘start-up’ and ‘escalating’. One of the participants had trouble to understand the term *aidiö*, which is English ‘idea’ - a term absorbed into the modern Korean language. After lunch, there was time for “*pijünisü t'imilding*” (business team building), where the participants had to form teams of four persons in three groups. The rationale behind this was to enhance teamwork and cooperation among members. The third session included a lecture on South Korea’s newest trends to give participants a feeling of what kind of business ideas would work. Another lecture also termed English was “*tijainssingk'ingül hwaryonghan aidiö palssangböp*” (using design thinking for new ideas). At this point, it was obvious, that some of the participants could not understand most of the meaning. The session was closed with the last lecture on “*VOC rül t'onghan aidiö kuch'ehwha*” (using VOC for the materialization of ideas). VOC stands for “voice of customer”, what it meant is that the participants had to present their business ideas, which they came up with in the prior session, in front of the others to listen to their opinions. The seminar closed with time for networking, and we had dinner together.

In conclusion, it was a day with new concepts but a lot of time to establish friendships. The entrepreneurial education was expected to be more focused on where they can find support, what legal implications they would have to consider, etc. Instead, it was a very broad first introduction to the topic, focusing on how to come up with a business idea by using too many English loan words. The structure of this workshop should be reconsidered.

5.2.3.5 *Socio-cultural attitude toward entrepreneurship in South Korea*

While the formal regulations and processes of establishing a business can be considered supportive of start-ups, the socio-cultural attitude in Korea is more complex.

In its national survey, the Global Entrepreneurship Monitor (GEM, 2019), asked questions that relate to attitudes and perceptions to entrepreneurship in South Korea. For example, the question “Fear of failure” is a measure that reflects whether potential entrepreneurs undertake ventures. A lower score is more favorable. In the past, fear of failure was comparatively high in Korea, but it saw a sharp drop from 2018 to 2019 (from 32.8% to 7.1%). While the report does not provide a reason for the sharp drop, it could be directly related to the relaxing of the joint guarantee system, which shifted financial consequences of business failure to the Korean taxpayers (Schüler 2020, p. 192). Traditionally, Korean entrepreneurs have a higher rate of fear of failure than entrepreneurs do in other developed economies, which may have a cultural explanation. Even though scholars argue that Korea has become more individualistic and less family-oriented in recent years, parents remain a decisive factor in the decisions made by young Koreans, including decisions about their occupation (Schüler 2020, p. 178). In the start-up scene, young Koreans who defied their parents to found a business often refer to themselves as “undutiful children” (Schüler 2020, p. 179). Schüler reported that most survey respondents did not agree that their parents or the older generation support their children in starting a business (Schüler 2020, p. 145). She also found that among South Korean university students, the norms and values imposed by their parents were the most influential factors in whether they decided to start a business.

Almost half of the students Schüler surveyed disagreed or strongly disagreed that becoming an entrepreneur in Korea was considered an abnormal behavior, although one-third agreed or strongly agreed. Almost 60 percent agreed or strongly agreed that entrepreneurs whose businesses failed will experience social stigma, but more than half indicated that Korean society respects entrepreneurs for their courage in starting a business.

On average, satisfaction with cultural and social norms towards entrepreneurship was neutral in Korea (GEM, 2019). On a scale from one to ten, entrepreneurs were somewhat unsatisfied (4.3), while policymakers showed

higher satisfaction (6.33). GEM also studied whether successful entrepreneurs are considered to have a high status in society, and 86 percent agreed.

These mixed results show that in the Korean culture, business failure has a strong negative connotation but entrepreneurial success results in societal admiration (Schüler 2020).

5.2.3.6 *Entrepreneurial support and the ease of establishing a business*

Governments influence the climate for entrepreneurship through their policies, taxation, and financial support. An entrepreneurial ecosystem is defined “as a set of interdependent components which interact to generate and facilitate new venture creation over time (Van de Ven, 1993 cited in Manimala et al., 2019, p. 321). Hence, this section is dedicated to the role of institutions that shape such an economic ecosystem in South Korea.

The Moon administration, which assumed power in 2017, has acknowledged the weaknesses in the SME sector. It has therefore proposed growth strategies that support innovation. The growth strategy is directed at “smart cities” and “smart factory industrial sectors” to become the main engines of economic expansion, including smart devices, self-driving cars, etc. The Ministry of Science and ICT (Information and Communication Technology) fosters innovative business ideas by supplying funds, grants, accelerators, and more (*Ministry of Science and ICT*, n.d.). According to a report, South Korea's government has lowered patent fees for start-ups to reduce the costs for SMEs and to reduce barriers to innovation. South Korea was number one in terms of the ratio of research and development (R&D) spending to gross domestic product (GDP) compared to other large economies (Yoon, 2018). Especially Seoul sees rising numbers of unicorns, mostly growing out of the governments' entrepreneurial ecosystem which was ranked among the world's top 20 ecosystems recently (Genome, 2020).

The World Bank assessed the relative ease of registering a company in Korea. The procedures for establishing a business in Korea are as follows. A company must be registered to receive a company seal, which costs about 30,000 KRW. To make registration easier, an internet registration office was combined with the local tax payment system (including other systems, such as insurance). The online platform Start-Biz, introduced in 2012, allows its users to complete the registration process online. In most cases, it takes less than three days to obtain a certification of incorporation from the Start-Biz system. Next, the owner must register with the tax office, which is free of charge. This makes for a relatively simple process, compared to other countries; the World Bank “Doing Business 2019” report ranked South Korea fourth of 190 economies in terms of ease of starting a business (WBG, 2020).

The Global Entrepreneurship Monitor also provides a rich data source for analyzing the institutional environment. Its most representative indicator for entrepreneurial activity is the Total early-stage Entrepreneurial Activity rate (TEA), which is a core metric in the GEM Adult Population Survey (APS).¹⁸ The TEA rate reports the percentage of persons who are either nascent entrepreneurs or owner-managers of a new business. Nascent entrepreneurs are individuals aged between 18–64 who started a business less than three months ago and have not yet paid any salaries or other form of compensation. Owner-managers are business owners who have progressed beyond this state and have paid salaries and wages for more than three but less than 42 months.

In South Korea, recent TEA rates have been increasing, from 6.7% in 2016 to 14.9% in 2019 (GEM 2020, p. 17), a rate high not only for East Asia but also when compared to European economies. A high TEA rate is usually attributed to the absence of alternative income sources. In Korea, the ratio of start-ups seeking opportunity is lower than in other countries; Korean start-ups mostly focus on maintaining company survival and lack highly educated employees (OECD, 2020). Seeking financial independence, many North Korean defectors also consider running their own business, in part to bypass competitive employment barriers (Park et al. 2016; Yun 2000), and their motives have also been attributed to opportunity constraints (Kim 2019).

In 2019, the National Expert Survey (NES)¹⁹ conducted by GEM also reported on the adequacy of Korean policies in terms of support and relevance to new and growing firms. On a scale of 1 to 10, the overall score for the entrepreneurial environment in Korea was 5.13. Finance, government policies, government programs, and infrastructure were considered above average, while education and training were found to be unsatisfactory (GEM 2020, p. 47).

The GEM report also assessed satisfaction with tax and regulations. It found that new firms could obtain most of the required permits and licenses within a week, effectively confirming the effectiveness of Start-Biz. The tax burden for new and growing firms was also not considered unduly high. For example, there is a special corporate tax deduction ranging from 5% to 30% depending on firm size, location, business type, and other factors (PWC 2020). It also reported that taxes and other government regulations are applied in an expected and consistent way. Overall, coping with government bureaucracy was not deemed unduly difficult for new firms. Further, the NES assessed the availability of financing for new and growing firms. Government subsidies were considered the most satisfactory,

¹⁸ The APS is a questionnaire administered to at least 2,000 adults in each GEM country that collects information on respondents' entrepreneurial activity, attitudes, and aspirations.

¹⁹ Thirty-six experts collect data on each GEM country's situation in context, resulting in information about each country's socio-economic milieu. The latest results for Korea were published in the GEM South Korea 2019 Report.

with equity, debt, and venture capital also receiving a score above five. However, private funding, such as business angels, and IPOs were found most lacking (GEM 2020, p. 44). Due to the small market size in Korea, the venture capital (VC) market that invests in start-ups and new businesses was reported to be underdeveloped (Schüler, 2020).

In Korea, the most common way to fund a business is usually through debt financing. This is the foundation of the so-called joint guarantee system, which holds the founder of a business responsible in case of business insolvency, resulting in creditors seizing all private property from the business founder. For a business owner to receive a loan in the first place, a co-guarantor must agree to repay the full debt in case the owner is unable to do so. One consequence of this system is that failed entrepreneurs are regarded as failed individuals in Korean society, creating a social stigma for failed entrepreneurs (Schüler 2020, p. 184–185). As a result, the government has gradually relaxed the joint guarantee system, especially for start-ups, thus shifting the financial consequences to Korean taxpayers (Schüler 2020, p. 192).

Schüler (2020) surveyed 171 business students at three different Korean universities to assess the students' perceived institutional environment. She reported that 42% of survey participants agreed or strongly agreed that the government assists individuals with starting a business, while only one-third disagreed. Furthermore, 45% confirmed that the government helps small or new businesses with administrative procedures, while only 14% disagreed (Schüler 2020, p. 140).

In general, most reports show an overall satisfaction with government programs. GEM concluded: "almost anyone who needs help from a government program for a new or growing business can find what they need" (GEM 2020, p. 51).

5.2.4 Data Analysis

5.2.4.1 *North Korean defectors' perception of entrepreneurship and the socio-cultural environment*

An entrepreneurial ecosystem that facilitates entrepreneurs to start and develop their own business is deemed necessary for the start-up and growth phase of an enterprise. The subjective perception about this ecosystem influences entrepreneurial action by entrepreneurs (Manimala et al., 2019, p. 316). Therefore, the question for our analysis was: "what is the perception of North Korean defectors towards entrepreneurship? "Do they have a positive attitude towards entrepreneurship in Korea" and "how do the defectors think about Korea's socio-cultural attitude towards entrepreneurship?"

To answer these questions, we included questions on the entrepreneurial perception (positive and negative) in our survey. Subsequent, we asked on the

perceived usefulness of institutions for entrepreneurship. The interviewees' perceptions of entrepreneurship are summarized in the following figure. The total number of respondents was 49, including men and women (n=49). The answers were coded "strongly disagree" = 1, "disagree" = 2, "neutral" = 3, "agree" = 4, and "strongly agree" = 5.

The majority of respondents had a very positive perception towards entrepreneurship. Seventy percent agreed or strongly agreed that entrepreneurship contributes to the nation and society, while just two respondents disagreed (EP1). Almost 60% believed that societal perception of entrepreneurship is positive, while 10% disagreed (EP2). More than two-thirds agreed that there are many respected entrepreneurs in South Korean society (EP4). On the question of whether starting a business is another type of job choice, 83% strongly agreed. When asked whether entrepreneurship will bring self-fulfillment (EP5) and economic wealth (EP6), 70% and 63% of respondents agreed, respectively, while a third of respondents gave a response of "neutral" on both questions.

Graph 19 Entrepreneurial Perception positive



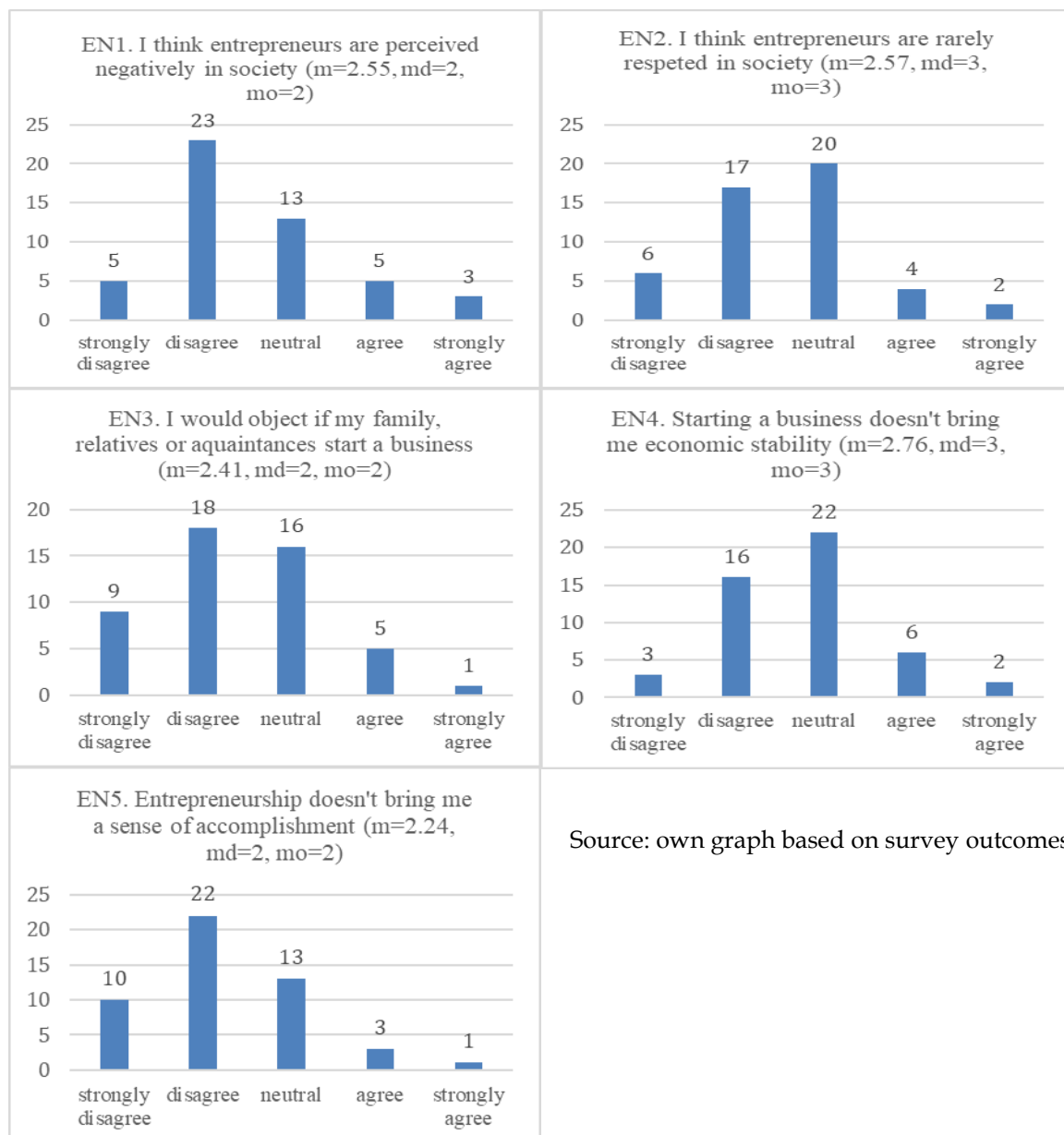
Source: own graph based on survey results

For reliability analysis, Cronbach's alpha was calculated to assess the internal consistency of the subscale for positive affect, which consists of six items. The internal consistency of the questionnaire is satisfying, with Cronbach's alpha for positive affect = .84.

We then reversed the questions to indicate a negative entrepreneurial perception.

The majority of respondents do not think that entrepreneurs are perceived negatively in South Korean society (57%), with only 8 people (16%) indicating that they are perceived negatively (EN1) or that entrepreneurs are rarely respected in society (12%), while 40% gave a response of “neutral” (EN2). Most (55%) indicated they would not object if their family, relatives, or acquaintances started a business, while 12% would object (EN3). On the question of whether starting a business would result in economic stability, almost half of respondents (45) were neutral or did not agree, 39% agreed, and 16% stated that it would not contribute (EN4). Two-thirds (65%) of respondents indicated that entrepreneurship would bring them a sense of accomplishment (EN5). Reliability analysis consisted of five items. The internal consistency of the questionnaire was satisfying, with Cronbach’s alpha for positive affect = .83.

Graph 20 Entrepreneurial perception negative



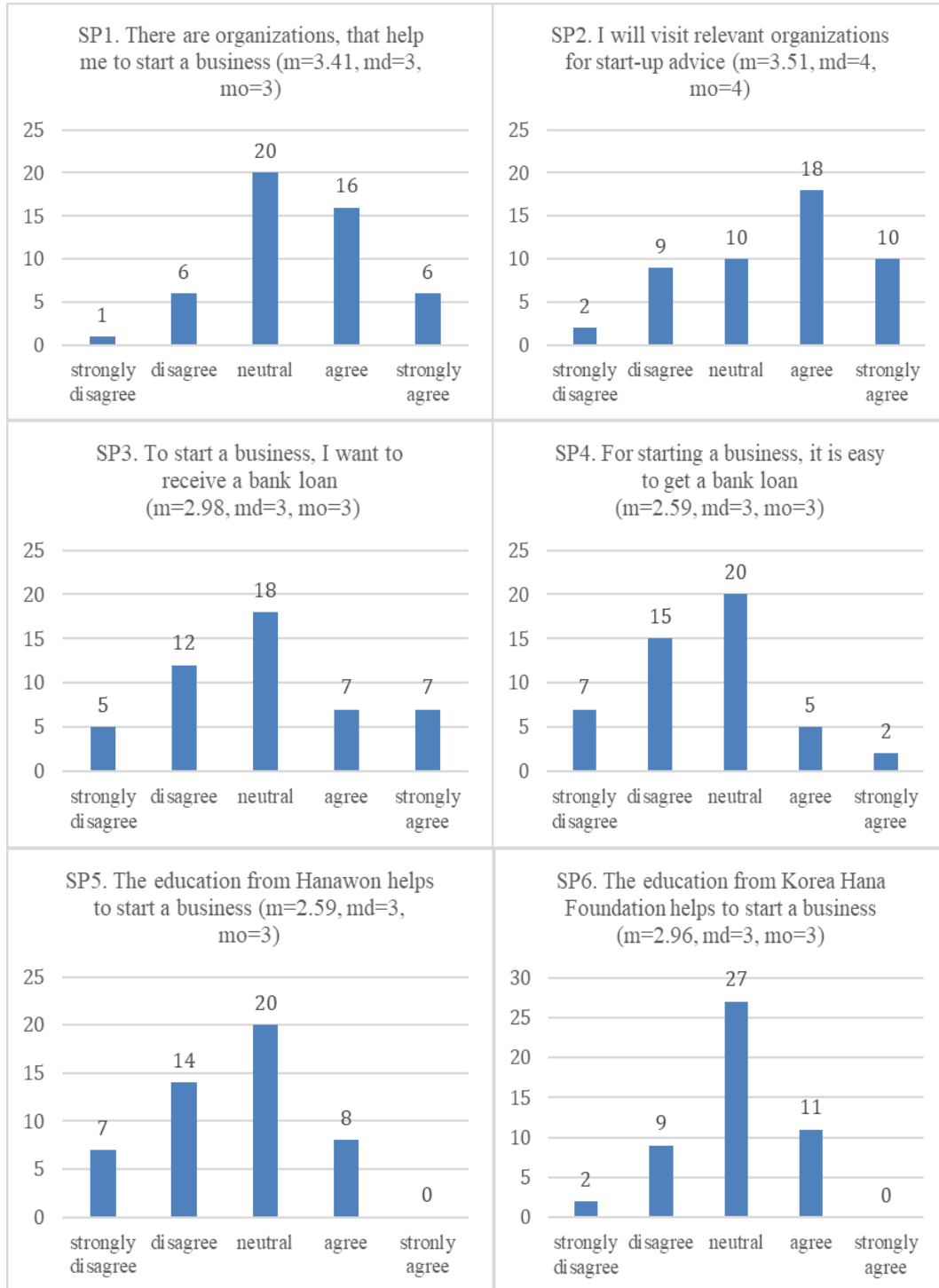
Source: own graph based on survey outcomes

5.2.4.2 *Perception of North Korean defectors regarding institutions and support programs*

We questioned whether aspiring North Korean defector entrepreneurs consider the institutional support for entrepreneurs to be adequate. In general, almost half of defectors (44.9%) agreed that they know where they can turn when they decide to start a business, while 14% disagreed (SP1). Almost two-thirds indicated they would visit the relevant organizations to get start-up advice, while 22.5% disagreed (SP2). If we compare SP1 (whether they know about organizations) to SP2 (if they would visit such an organization), we can discern a bias. Even though, support organizations are known to the respondents, not all of them consider visiting the relevant organizations. This bias is also manifested in response to SP5 and SP6. Unexpectedly, just 28.6% indicated that they want to receive a bank loan, while 24.7% stated they did not. Only 14.3% thought that obtaining a bank loan would be an easy task, while 45% did not.

Finally, respondents were asked how they perceive the supportiveness of KHF and Hanawon governmental agencies. They did not consider either particularly helpful. KHF was better rated with 22.4% agreeing that it was helpful (SP6), while 16.3% believed that Hanawon was helpful (SP5). On both questions, no respondent strongly agreed, but respectively 22.5% and 43% disagreed or strongly disagreed that these governmental agencies help to start a business. Where this bias comes from is shown in the evidence from qualitative interviews.

Graph 21 Perception on institutions and support programs



Source: Author's graph based on survey-results

5.2.4.3 *Evidence from qualitative interviews*

When speaking with our respondents from qualitative interviewing, the obstacles to receive governmental support were as follows.

As also demonstrated in the survey results, entrepreneurial support for defector entrepreneurs is associated with strict requirements:

There are organizations, such as the Hanawon, to apply for support. However, if you do not meet their requirements, it is difficult to receive support. But we need support that matches our needs. As I told you before, if you majored in livestock industry, you could receive 400 million won. However, we have majored in business administration, so we could not meet their requirements. (Ms. Y)

Furthermore, it has been difficult for North Koreans to apply for social enterprise status (SE status), which is strongly emphasized by KHF. However, to receive this status, there are various obstacles. The most significant issue indicated was that there must be at least one paid employee before an application is made. However, most North Korean defectors who need initial support for their start-up begin as a one-person enterprise. An additional requirement is that, at least six months prior to application, the income from business activities should exceed 30% of the wages. This has been reported to be a difficult hurdle:

I am preparing for this social enterprise status; however, the business needs a certain qualification, such as the number of employees, to whom we have to pay at least six months of a salary before you can apply. This also costs a lot of money, and we cannot pay for that at the moment. (Ms. Y)

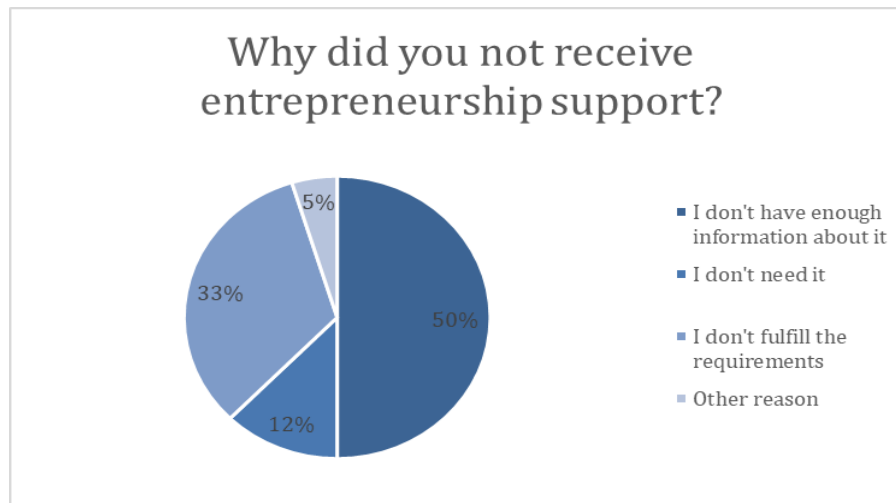
Secondly, respondents indicated that any available support comes in the form of offers that are only available for a few weeks and lack consistency:

Well, there is government support, but chances are slim to meet their schedule. Sometimes the date of government support and the project date is different. (Mr. K)

In our previous article (Jung, 2018) it has already been shown that social workers at KHF and Hanawon Center do not advise North Korean entrepreneurs to become self-employed.

Instead, they stress the importance of working in dependent employment. This stance is also manifested in governmental support programs with tight requirements and schedules. The above results are supported in other studies as well (Graph 22 Entrepreneurship support).

Graph 22 Entrepreneurship support



Source: H. C. Kim, 2015, p. 70

Looking at the reasons why North Korean defectors did not apply for governmental funds for opening a business, we discern that half of them lacked information on entrepreneurial support and second, more than a third of respondents were not able to fulfill the needed requirements. Only 12 percent stated they don't need entrepreneurial support.

Hence, even though there is an entrepreneurial system in place to help North Korean defectors, they do not know about it, or they do not match the necessary requirements.

5.2.5 Summary

In line of North's historical approach, it was found that the development South Korea's economy was orchestrated by the government, a process that took off from the 1960s onwards. The government started detailed economic planning and nationalized banks to keep control over the businesses. The government selected a few big companies to achieve policy goals, which in turn grew and output efficiency. This resulted in the underperformance of small and medium-sized businesses, which constitute 99 percent of all businesses but are characterized by low productivity.

In 2020, the government selectively promotes industries and companies according to its policy goals. The “Creative Economy” policy initiated under Park Geun-hye is being continued by President Moon Jae-In, aiming to promote young, innovative technologies in industries of the future. In this context, Moon Jae-In has set up the Ministry of SME and Startups to ensure that innovative start-ups are provided with office space, mentoring, research and development capital, and other services. South Korea’s macroeconomic environment has seen above-average positive ratings in terms of size of the market, infrastructure, and strength of innovation, while scores for labor productivity and development of the financial system were lower. The 2019 World Bank Doing Business Ranking placed South Korea in fourth place in the “Ease of Doing Business” category (with Switzerland 38th, Japan 39th, and China 46th). Only in the sub-category “Access to Credit” did the country fare poorly in comparison to international competitors. Furthermore, in comparison with other high-income economies, Korea’s financial situation is considered above average, ranking second in government subsidies. In terms of taxes and bureaucracy, Korea also ranked above average in comparison to international competitors (WBG, 2020). In terms of institutional support, we conclude a well-established system of support, regulations, and taxes, as well as low bureaucratic hurdles to establish a business.

Therefore, the entrepreneurship ecosystem was found to be supportive of business establishment. However, satisfaction with cultural and social norms towards entrepreneurship seems to be mixed. According to GEM data, satisfaction with cultural and social norms surrounding entrepreneurship in Korea are neutral on average. Successful entrepreneurs are regarded highly, but business failure has a strong negative connotation. This attitude is demonstrated in the reluctance of parents to support their children in becoming self-employed.

To reflect the perception of North Korean defectors towards entrepreneurship in general, and how they perceive the socio-cultural environment, we collected quantitative data via a Web-based cross-sectional survey. Most of our survey respondents had a very positive perception of entrepreneurship. Two-thirds agreed that societal perception of entrepreneurship is positive and that Korean society has many respected entrepreneurs. For our respondents, starting a business was another type of job choice that brought self-fulfillment and economic wealth. This also reflects outcomes by the ‘North Korean settlement survey’ (KHF, 2019), which confirmed that the most desired occupation for North Koreans is self-employment.

Furthermore, the literature review shows evidence that governmental, private, or religious organizations offer various types of support to foster North Korean defector entrepreneurship. However, on the other hand, this support also seems quite superficial, as my personal experience confirmed as well. Respondents of our survey were critical of the fact that the support available is tied to the concept of social entrepreneurship, with very strict requirements and short application

periods. Therefore, survey respondents did not consider governmental support to be particularly helpful. Support programs are either focused on Social Enterprises with tight requirements, while the general entrepreneurial ecosystem is targeted at innovative enterprises. However, most self-employed North Koreans operate businesses in the service sector, such as lodging and food, followed by retail business and manufacturing business, which are not the target of South Korea's innovation strategy.

5.3 Community Resources

Literature emphasizes the meaning of ethnic-resources in immigrant business (Aliaga-Isla & Rialp, 2013; Dabić et al., 2020). As has been discussed in chapter 3, prevalent immigrant business theories consider the ethnic minority community and its networks as a principal explanatory factor in immigrant business among large immigrant groups in America or Europe. The argument is that the ethnic communities not only provide a target market for products or services but also capital, employees, and information for business owners. Therefore, immigrant business theories consider the entrepreneurial strategy of immigrant entrepreneurs based “on cultural, financial, human, political and social resources acquired through networks of solidarity and reciprocity inherent to an ethnic group” (Oliveira, 2007, p. 73).

Economic action is embedded into social relations, that help or hinder business (M. Granovetter, 1985). It has been shown that the lack networks negatively influences the defectors’ business success (Y. J. Kim, 2019; N. T. Park, 2016). However, we do not know yet how North Korean defectors overcome such limitations. Therefore, this chapter is dedicated to close this gap. By doing so, the thesis contributes to the state of art in providing a contextualized research analysis, based on the mixed-embeddedness approach.

<i>Community Resources</i>		
<i>Social networks and ethnic ties</i>	Network ties used to establish a business such as support from family and friends, ethnic recruitment patterns, mentor availability	Oliveira 2010, Bonacich 1973, Kloosterman et. al (1999), Kloosterman & Rath, 2003, Light 2003

Kloostermann (et al. 1999), argues that in order to understand the social position of immigrant entrepreneurs, it is necessary to look not only at their co-ethnic networks but also their embeddedness in the host society (R. Kloosterman et al., 1999). Therefore, in a literature review the South Korean culture and affective ties between individuals are reported. Second, we look at the relationships between North and South Koreans. How are North Koreans perceived, and what hinders their embeddedness and acceptance in the host society? The body of literature helps to interpret the outcomes of the survey and the qualitative interviews.

5.3.1 Quantitative and qualitative questionnaire items

This chapter is dedicated to the community resources of North Korean defectors. The survey covered questions on network ties, family and friends, recruitment patterns, and place of support. As before, the core survey items utilized five seven-point Likert-type scales.

Table 16 Survey items community- resources

Networks	Scale
To start a business, I can get help from a South Korean friend.	1-5
To start a business, I can get help from other North Korean defectors.	1-5
To start a business, I can get help from family.	1-5
I can start a business on my own.	1-5
There are organizations that help me to get started.	1-5
I am forming a network to start a business.	1-5
I feel a lot of solidarity with other North Korean defectors.	1-5
I have a network abroad to start a business.	1-5
Recruitment	
I am willing to hire other North Korean defectors.	1-5
I am willing to hire Korean Chinese (chosŏnjok) or people from third countries.	1-5
I am willing to help North Korean defectors, even if I would not hire them.	1-5

Source: self-developed items derived from literature review

The survey outcomes were analyzed using frequency analysis with the program IBM SPSS Statistics 26. In addition, to the results of the survey, the author has also included insights from expert and qualitative interviewing. Some of the qualitative research results in this chapter are also published in Jung (2018).

The qualitative questions were semi-structured and allowed individual inquiry. Details on how and where the qualitative interviews were conducted can be found in chapter 4.2.1. The leading questions were as follows:

- *Have you or your family been involved in a business before?*
- *Coming to South Korea have you been discriminated against?*
- *What was the most difficult part when starting your business in South Korea?*
(going into details on mentor availability, finances, help of friends etc.)
- *Lastly, is there anything you miss when you look at North Korea's social or people's relationship?*
- *What are your future plans?*

5.3.2 Contextual Factors for understanding the cultural and social embeddedness of NK defectors

5.3.2.1 *Collectivist culture and network ties*

Individualism and collectivism are two constructs familiar to most of us. Stemming from cross-cultural psychology, they address a wide range of research fields, such as sociology, anthropology, psychology, as well as intercultural and cross-cultural studies (Triandis, 1995). Triandis argues that a shared historical time and geographical region influences a subjective culture in terms of norms and values. In his view *"the theme for individualists is autonomy, while the theme for collectivists is connection"* (1995, p. 516). Thus, whereas, in individualistic Western cultures emphasis is placed on autonomy, network and community ties are of a more voluntary nature than in Asian cultures. Shaped by Confucian values, Korean culture is considered particularly collectivistic (Scherpinski -Lee, 2011). Koreans usually see themselves in their affective relationship with other people. They restrain from using "I" and "mine" while they tend to speak more of "us" and "our". For example, not "my home", but "our home" (Dormels, 2006, p. 397). Dormels points out, that factors emphasizing affective ties have a decisive influence on forming people's opinions and even policymaking. Scherpinski-Lee (2011) therefore views relationships between people as the basic element of South Korean society. The Korean word human being (人間, *ingan*) can be literally translated as "human between" as the first character 人 stands for *person* and the second 間 for *inbetween*. The notion of *human being* is therefore defined as "what happens between individuals" - what happens between individuals, is *relational* and *emotional* (Y. Park & Kim, 2006, p. 424). What "happens" between individuals is called *chŏng* (情 "affection") - a concept rather unique to Korean culture. It is defined as an "emotion of affection" or "empathy between people, featuring

warmth and comfort” that extends both to the private and the business sphere (Horak, 2018, p. 209). Horak states that *chǒng* leads people to value, understand and help each other in need, but it needs to be maintained through a reciprocal exchange. Based on feelings of *chǒng* Koreans create and maintain new relationships: “While interacting with others, high emphasis is placed on emotions that bind people together and lead to a sentiment of “we-ness” felt by partners of a relationship.” (Scherpinski-Lee 2011, p.87). Scherpinski-Lee underlines that *chǒng* is like “glue” holding relationships together (ibid. p. 98). The existence or absence of *chǒng* may also indicate whether someone “likes” another person or not. A Korean may just say there *is*, or there *is not* a feeling of *chǒng* (*chǒng issō /ōpsō*). As a foreign researcher, these feelings of *chǒng* also helped to form new relationships with North Korean defectors by having meals together and enjoy time instead of “talking pure business” and solely collecting questionnaires. Such trust relationships are also expected to be maintained in the future as well, beyond the needs of the research project.

Other than emotional bonds, relational ties are usually made and maintained based on *blood, regional, or school ties*. Kin-ship ties (*hyōryōn*) are considered the archetype of all networks where togetherness is formed through blood relationships (Scherpinski 2011, p. 94). In chronological order, she describes that the other networks are formed by attending school and university, where *hagyōn* is promoted through alumni networks. Such networks remain intact during life. As shown in Table 17, this kind of network (*yōn'go*) is exclusive and largely closed to outsiders. Dormels remarks that it is no coincidence that there are more wedding dress shops near Ehwa Women’s University in Seoul, than bookstores or copy shops. An academic degree from a renowned university would increase the chances of marrying a well-off man. The man on the other hand is looking for an adequate partner in terms of educational qualifications, and to create good prerequisites for the offspring. Through the contacts of his wife, the husband also wants to expand his own networks (Dormels, 2006, p. 313). The following table summarizes the different qualities of affective ties found in Korea.

Table 17 Characterization of affective ties

	Conno- tation	Nature	Tie base	Openness	
				<i>To host country nationals</i>	<i>To foreigners, (defectors) expatriates;</i>
Yŏn'go 緣故	Neutral	Largely predefined	hagyŏn, hyŏryŏn, chiyŏn	Exclusive	Largely closed
Inmaek 人脈	Neutral	Developable	diverse (incl. yonggo)	Open	Open
Yŏnjul 緣一	Negative	Developable	diverse (incl. yŏn'go, inmaek)	Exclusive but accessible	Exclusive but accessible

Source: Horak 2018, p. 211 (table 1), reproduced and adapted by author

Such relationships do not only extend to private life but are used in various life situations: *“There is a strong tendency of people to use such ties as a means of doing business, getting information and decision making”* (Yee, 2000, p. 326). Some of these ties have such a strong quality that they are even able to transcend institutionalized rules. The (somewhat negatively attributed) term *yŏnjul* describes such a strong bond that builds a personal trust relationship. *Yŏnjul* connections are very effective in doing business but it becomes a barrier to those who do not share the link. Yee has emphasized that in Korea, the power of *yŏnjul* is the “strength of strong ties”, by reversing the famous expression of Granovetters’ “strength of weak ties” (M. S. Granovetter, 1973). Yee emphasizes that in East Asia, especially in South Korea those with strong bonds of networks are “winners” in socio-economic spheres (Yee, 2000, p. 339).

In summary, every Korean adult has to different extents, formed social networks that help and provide support in a time of need. Such social networks happen not only naturally but are also fostered and maintained throughout life. It is therefore apparent that the lack of such ties not only negatively affects North Korean defectors’ daily lives but also makes doing business, getting information, and help more difficult than for South Koreans.

5.3.2.2 *The effects of yŏnjul and regional antagonism in South Korea*

On the other hand, such strong personal trust relationships have led to a notable culture of corruption and crony capitalism in Korea. Han (2000) reports, that crony capitalism based on network ties is deeply embedded into Korean corporate culture whereas Korean companies adhere to strict defined rules and hierarchy. In his article on “the Politics of Network and Social Trust” Han notes that organizational practices are based on “(...) formal rules on the surface and the

informal survival rules heavily dependent on personal networks (yŏnjul), nepotism, and corruption” (Han, 2000, p.353). According to Renshaw (2011), Korean corporate culture is extremely secretive and closed as well. Company goals, recruitment, promotion, and even salary scales are said to be known to only a few²⁰. In Korea, all of this must be done in a context in which conforming is important and being an outsider is particularly difficult” Renshaw (2011, p. 21). Subsidiary companies are handed over to the next generations by using opaque deals and circular investment to ensure the heritage (ibid). According to Renshaw, South Korea thus ranks high on corruption by international standards. Dormels (2002) studied the political culture in South Korea by analyzing the recruitment of new ministers. In his introduction, he notes that there has not been done much research on regionalism in South Korea, since personal networks extend to academic circles as well (Dormels 2002, p.11). He finds that regionalism and the role of networks play an important role in presidential elections and minister recruitment.

The rivalry between regions is considered one of the most controversial political issues in South Korea. Reasons for regional antagonism can be manifold. Historians argue that school ties can be traced back to the factionalism of the Chosŏn dynasty and has led to a rivalry between regions. Other historians argue that the current regionalist conflicts in South Korea stem from the “Three Kingdom period”, when Koguryŏ in the north, Paekche in the south-west, and Shilla in the south-east were rival states. According to this theory, it was during United Shilla (668-892) when the beginning of Yŏngnam's²¹ dominance over Honam and thus the regional conflicts arose (more on this discussion see Dormels, 2002, p. 351). Some have found such historical explanations of regionalism rather unfounded and view it as a result of political mobilization or economic development (H.-C. Lee & Repkine, 2020). For example, Kwon views regionalism as a “discursive product of politics [...] primarily an effect of the activities of political parties”(Kwon, 2004, p. 549).

According to the economic argument, uneven industrial development boosted regional antagonism. That means that the government placed emphasis on industrial output rather than democratization or regional balance (Dormels 2002, p. 340). Due to access to ports and industrial waters, the location of industries in the southeastern regions was found suitable (ibid.; p. 341). The southwestern

²⁰ When reading about South Korean corporate culture, the secretive behavior of North Korea's political institutions comes to mind, where available and credible data is scarce. Additionally, with regards to strong network ties – those comrades who fought with Kim Il Sung were those who were rewarded later. This is extending to their children and grandchildren, until today. Whereas other communist groups in North Korea (e.g. Yen-an-Group), were purged and wiped out (Kindermann, 2001).

²¹ Yŏngnam (including Kyŏngsang-namdo, Kyŏngsang-pukto), Honam (including Chŏlla-namdo, Chŏlla-pukto) (more details on regional differences see Dormels, 2002).

region, with its provinces Chöllanamdo and Chöllapukto, was on the other hand disadvantaged in such terms which eventually led to a culture of rivalry, influencing the political culture of South Korea. This is evident in the following example by Dormels. The first Republic of South Korea had the lowest proportion of ministers from the Honam region. The trend was followed by later governments and only changed under Kim Dae-jung, who originated from Chöllanamdo, became president in 1998 (Dormels 2002, p. 314 and 345). Dormels found that the origins and network ties of ministers and presidential candidates play a role in presidential elections and in minister recruitment, shaping the political narrative in South Korea.

This is important because strong networks ties affect economic and political institutions in South Korea very blatantly and similarities can be viewed in North Korea as well. The lack of any official or reliable data is similar to the secretive corporate culture in South Korea. Furthermore, there is no need to emphasize the importance of blood relationships in North Korea's hereditary leadership style.

5.3.2.3 *Confucian values*

Schwekendiek (2011) argues that while the North Korean regime has officially denigrated Confucianism as an exploitive ideology, it still adopted key values of Confucianism, which are also dominant in South Korea (see later section). Schwekendiek (2011) notes that filial piety, loyalty, and patriarchal values are deliberately taken advantage of, in order to take and to remain power.

North Korea is a totalitarian dictatorship governed by a figure called the *suryöng*. This term refers to a fatherly figure of the grand socialist family, requiring absolute obedience (MOU, 2014). By limiting North Korean people as "childlike innocents", the system used the fundamental Korean values such as "loyalty and filial piety" to establish a totalitarian system (Byman & Lind, 2010, p. 52). One could argue that under socialist rule, social stratification should have been eliminated, but the opposite is the case. An integral aspect of North Korean ideology is thus the Supreme Leader (*suryöng*) system. The founder Kim Il-Söng (Kim Il-Sung) was ideologized "*as a model son in his youth, depicting him as adhering to filial piety as emphasized in the five basic relations of Confucianism*" (Schwekendiek, 2011, p. 31). He was established as the "sun of the nation" and "eternal President of the Republic" who cares like a father for his people and to protect them from the outside world. North Korean people are required to show their love and respect to the leader, forming an emotional bond between the *suryöng*, party and people. An analogy compares it as a grand socialist family that comprises of the *suryöng* as father, the party as mother, and the public as children. In another parallel, the *suryöng* is considered the brain that controls the party (the body), while the people are considered as arms and legs. For the system to work, the

people in North Korea must adopt collectivistic values with the “spirit of self-sacrifice” to produce uniformity in the system (MOU, 2014, p. 358).

South Korea’s society is also shaped by paternal hierarchies, where teachers and leaders have ascribed a fatherly role (Scherpinski –Lee, 2011, p. 92). Confucian thought forms the fundament of the South Korean value system in particular, compared to other East Asian economies (Scherpinski –Lee, 2011, p. 90). New social patterns have evolved during modern transformation; however, it has become a society of classes – upper, middle, and lower. The former *yangban* class was replaced by a new highly educated elite, consisting of successful entrepreneurs, professionals, and political and military personnel, who now form the new upper class in South Korea. Most of them were self-made, rising from the commoner class of the past (Nahm, 1988, p. 513). Moreover, despite the modernization of the state, South Korea still maintains its traditional conservatism and behavioral patterns. Elders and parents, as well as politically powerful people, enjoy prestige and privileges, and respect for age is considered a cardinal virtue. The position of wife and husband, younger sibling and older sibling, student and teacher are “hierarchical and feudalistic” in its nature (Nahm, 1988, p. 514).

Nahms’ observation has not lost its importance since its publications. As we have seen, in the chapter on informal institutions, such value systems still shape the decision-making of youth entrepreneurs (see Schöler, 2020). The will of the mother and father is decisive in the lives of the children. Mothers are attributed a special role in this regard since they are mainly responsible for the education of their children and spend the most time with their children (Scherpinski –Lee, 2011, p. 90). To maximize their children’s’ human capital and opportunities families allocate immense resources of time and money to educate their children. This phenomenon has led to high competition among students and the so called “education fever” in South Korea. According to the “seniority principle” Confucianist values extend to all social spheres and regionalism, family ties and the senior-junior (*sonbae-hubae*) principle remain strong. Based on seniority, older peers help the younger ones by offering help and mentoring, while gaining respect from the younger ones. At the workplace, younger colleagues must submit themselves to their older colleagues and so forth. South Korea is therefore known for its hierarchical corporate culture. However, resistance against prevailing hierarchies have been found to be expressed with a new term (*kkondae*) that describes an older person, usually male, who demands unquestioned obedience from his or her juniors. The origin is unknown. It furthermore describes a person who is quickly outraged, if not correctly addressed in honorific terms. The popularity of the new term may indicate a sign of social change; however, open rebellion or individualism is still rare (The Economist, 2019, p. 32)

In North and South Korea, traditional Confucian traits are still present, and people know how to adhere to these values. During a détente era when Kim Jong-

il met South Korea's former president Kim Dae-jung in 2000, the people of South Korea watched closely whether Kim Jong-il is able to respect his older counterpart and they were not disappointed (Kindermann, 2001, p. 605).

5.3.2.4 *How do South Koreans perceive North Koreans?*

North Koreans who settle in South Korea are not “merely” immigrants. They are concurrently co-ethnics and enemies. In a nation divided, this chapter reviews the social embeddedness of North Korean defectors in South Korea.

First, South Koreans consider North Koreans themselves as co-ethnics, or one Korean race (韓民族 *hanminjok*). Therefore, most South Koreans view it as natural that North Korean defectors are being accepted and become naturalized citizens of South Korea. On the other hand, this relationship is strained, loaded with positive and negative emotions. Son (2016) tries to describe such reciprocal, but mixed feelings as follows. There is “a single reified pan-Korean national Self. At the same time, this pan-Korean Self has been divided into a South Korean Self and a North Korean Other, over decades of tension and competition in spite of supposed ethnic unity” (Son, 2016, p. 174). Upon this background, a “positive-negative identity spectrum emerges” between both Koreans. Son notes, that on the positive spectrum, the common culture and history binds the two Koreas. This includes the shared suffering under Japanese colonial rule.

Since the beginning of history, we have been a single race (dongil-han hyeoljok) that has had a common historical life, living in a single territory ... sharing a common culture, and carrying out countless common national struggles under a common destiny. (Emphasis added, original quote by Son Jintae (1947) in Son, 2016, p. 175)

The quote contains the term *hyul* 血 (in bold) which stands for „blood“. The term thereby emphasizes kinship ties to North Koreans. Reminding us of the importance of blood ties (*hyŏryŏn*) as shown earlier. On the other side of the spectrum, negative emotions are felt by South Koreans, such as mistrust and security concerns. Technically, North and South Korea are still at war, as a peace treaty has never been signed after the Korean War (1950-53). Therefore, negative feelings toward the other are quite common. Many years of constant military threat and national narrative of the “enemy state” have instilled a fear which can lead to an outburst of frustration when talking about North Korea. One of our neighbors for example, a South Korean immigrant to Austria could not understand why I would engage with “evil North Korea”. She emphasized that the North Koreans are “poor”, and while we should pray for them, we should not engage with them at all. She labeled South Korea's president Moon Jae-in a “communist” since he is more liberal towards North Korea. Her sentiment evolves from a time when the South Korean government used the interpretation of “North Koreans as a threat” to legitimize its military regime until the Chun

Doo-hwan government (1980-1988). The anti-communist rhetoric against North Korea continued and played an important role in shaping governmental actions, policies and strategies throughout these years (Choi, 2018, p. 84). It was thereby of political interest to instill security concerns in public discourse. However, even though politically used, the threat from North Korea was also a very real one, as several infiltration tunnels from the North showed during the 1970s. Therefore, some who grew up during these times still have feelings of mistrust and fear toward North Koreans. This is manifested in discrimination towards defectors where *“South Koreans equate North Korean defectors with the North Korean regime, as if its faults were their responsibility”* (Son, 2016, p. 178). Choo (2006, p. 590) shows that defectors are often depicted with stereotypes such as *“cold-blooded communists”, “unfeminine women workers”*.

The younger generation in South Korea who were born during or after the 1990s, is more indifferent towards the defectors *“the younger generation sees North Korea neither as an enemy nor as part of “us”*. Hence, since the mid-1990s, a shift of the narrative towards the *“starving and helpless refugee”* has taken place (Son, 2016, p. 178). This view considers North Koreans as victims to the North Korean regime that must be helped. In turn, South Koreans demand that the defectors to get rid of the *“communist dust”* and expect them to become *“modern citizens”* to South Korea (Choo, 2006). Choo criticizes that such *“victimization”* of North Korean women that *“fail to represent North Korean women in their own terms”*. More than seventy percent of the defector community is female, but the *“victim narrative”* describes the situation of defectors in general. When North Korean defectors claim their membership in South Korea, they are deemed to belong to a certain ethnic group that is different from South Koreans (Choo 2006, p. 590). In absence of ethnic distinction, most of the differences have been artificially created during the time of division. The defectors must deal with all sorts of negative stereotypes, marking them as poor victims, backward and underdeveloped. Accent, clothing, and self-presentation have therefore become symbolic markers and used in the practices of othering: *“By looking at people’s clothing, shoes, make-up, I can tell that they are from North Korea. Look at South Korean women – they dress much more nicely”* (Choo, 2006, p. 591).

North Korean defectors are therefore expected to become *„real“* South Koreans by denying their origins, culture, and background. Additionally, the South Korean government has a strong interest in influencing the defectors to be *“model South Korean citizens”* as well (Torrey, 2018, p. 7). This process begins very early at the institution Hanawon where the defectors live during the first three months. Defectors are requested to suppress their sense of being North Koreans to turn them into *„post-socialist“* citizens (Won, 2020). Won describes that Hanawon teaches the notion of capitalist individualism with a strong focus on employability and self-reliance to reduce potential burdens and dependence on the state (Won, 2020, p. 531). Being confronted with all sorts of stereotypes, certain expectations, most North Korean defectors try to assimilate to South

Koreans “living a normal life in South Korea entails disguising and hiding their identities” (Won, 2020, p. 537).

Significant misunderstanding in the communication between North and South Korea is also language and way of thinking. Generally speaking, the difference between North and South Korean dialects is generally believed to be mutually comprehensible (Lankov, 2006, p. 13). However, there is a difference in using words and notions, including many English loanwords, which are an issue for North Korean defectors.

Furthermore, defectors have described South Koreans as very individualistic: *„In clean-up time in North Korean schools, students who have finished their work earlier usually help others. But in South Korean schools, students who have finished their work earlier play together. At first, it was very strange to me”* (Jeon, 2000, p. 365). Furthermore, the North Korean defectors take words or promise more literally than South Koreans. Won (2020) elaborates that some defectors needed to learn not to believe “niceties” such as “I’ll call you later” or “I’ll see you later” or they would be disappointed (Won 2020, p. 538). Ben Torrey (expert-interview 2019) explains this phenomenon as follows. When conveying a message, North Korean defectors use a “factual language”, while South Koreans use a “relational-language”. This means North Koreans are very direct in their speech, and would directly say No. For a South Korean, a *no* is normally rephrased into “this would be difficult” or “I’ll let you know later”. It is therefore often complained by North Koreans that South Koreans are liars, while South Koreans consider North Koreans to be rude. Neither party realizes that they are communicating across a cultural divide (Torrey, 2018, p. 10). Torrey concludes that due to language and cultural barriers, it makes it very difficult for defectors to stay in one job or occupation.

5.3.2.5 Conclusion

The above contextual background is necessary to interpret the social embeddedness of North Korean defectors. While North and South Koreans share a common culture based on Confucian values, South Korean public discourse has instilled negative sentiments towards North Koreans. The way to communicate is also different that makes the development of feelings of *chŏng* and the establishment of close relationships difficult. Therefore, North Korean defectors find it hard to integrate into South Korea’s society. However, such new and close relationships are needed to gather resources and information when becoming self-employed. As described earlier, connections (*yŏn’go*), based on *hagyŏn*, *hyŏryŏn*, and *chiyŏn*, are largely closed to foreigners that means also to North Korean defectors. In fact, the lack of *yŏn’go* is known as “the three things that North Korean defectors do not possess” (3 무 (無) (Pak, 2020). This makes it

difficult to secure financial resources and business networks (N. T. Park & Lee, 2016; Yun, 2001).

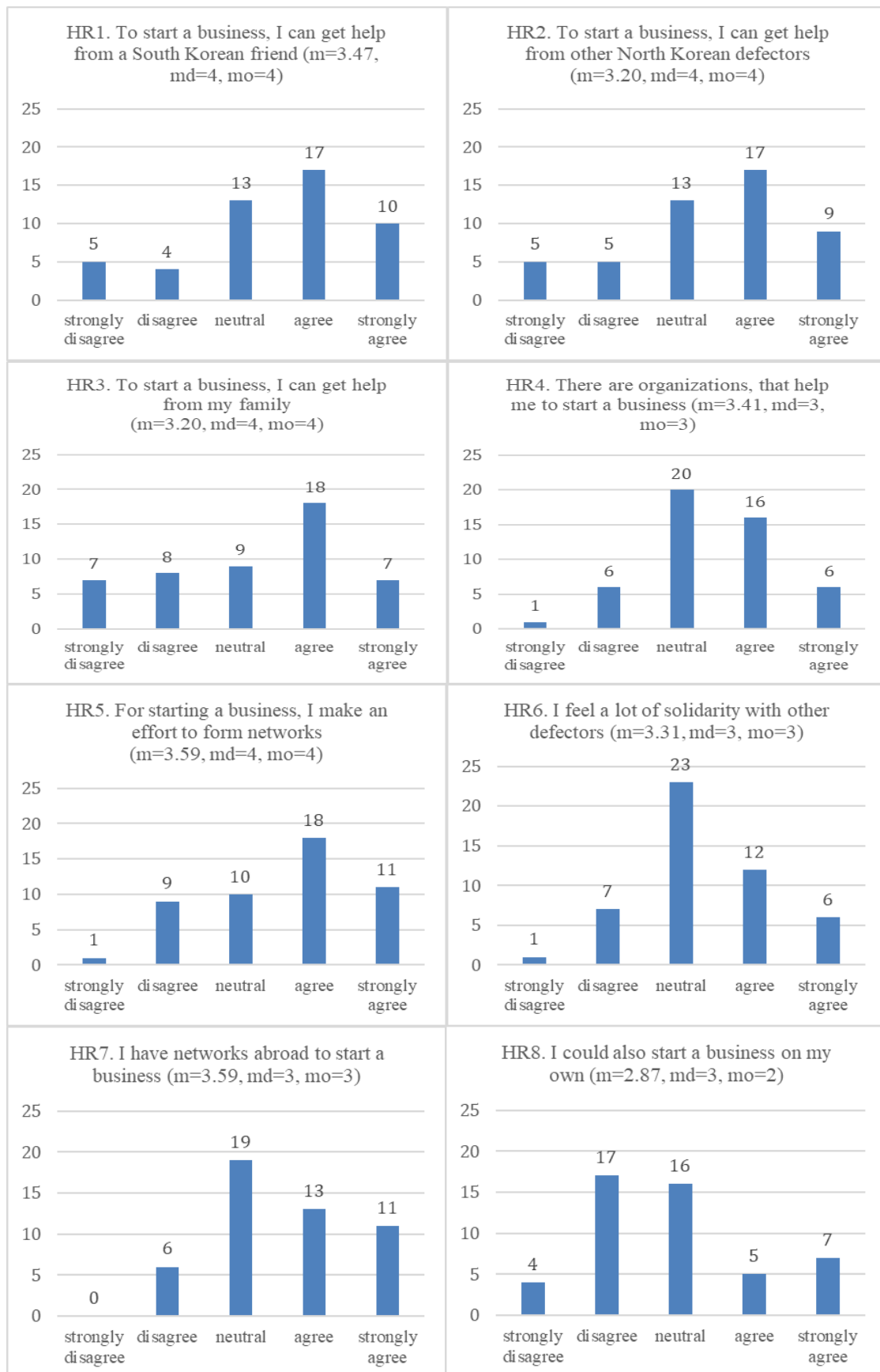
5.3.3 Quantitative Survey results

According to immigrant business theories, the ethnic economy provides not only capital and employees for businesses, but also a target market by offering products or services for the ethnic community. For example, the Korean community in Los Angeles consists of almost half a million people and in terms of jobs and entrepreneurship, they heavily rely on each other (Light, 2003).

To indicate the “ethnic” community resources of North Korean defectors we thus included questions on network ties, family and friends, recruitment patterns, and where they receive support from.

When it comes to starting a business, the first question on networks asked whether the defectors could get help from family and friends. The outcomes showed that they could equally receive help from both South and North Korean friends. A bias towards one or the other side was expected, but there is only an insignificant difference. Thus, it does not matter, whether from the North or the South, - friends are deemed the most vital when opening a business (HR1 and HR2). In addition, the help of family is highly appreciated (HR3, 51%). HRW 4 shows the importance of agencies that were considered less important than family and friends (45%). Furthermore, two-thirds of the interviewees (60%) would agree that they are actively pursuing and working on their networks (HR5). An unexpected outcome was that foreign networks seems to exist to the majority and only 12% do not have any foreign networks (HR7). That certainly attributes to the long journeys that defectors go through during their process of defection, crossing several countries. Only for a quarter of interviewees, it seemed possible to conduct business all alone (HR8, 24%). We were also interested in how much solidarity they feel towards other defectors (HR6).

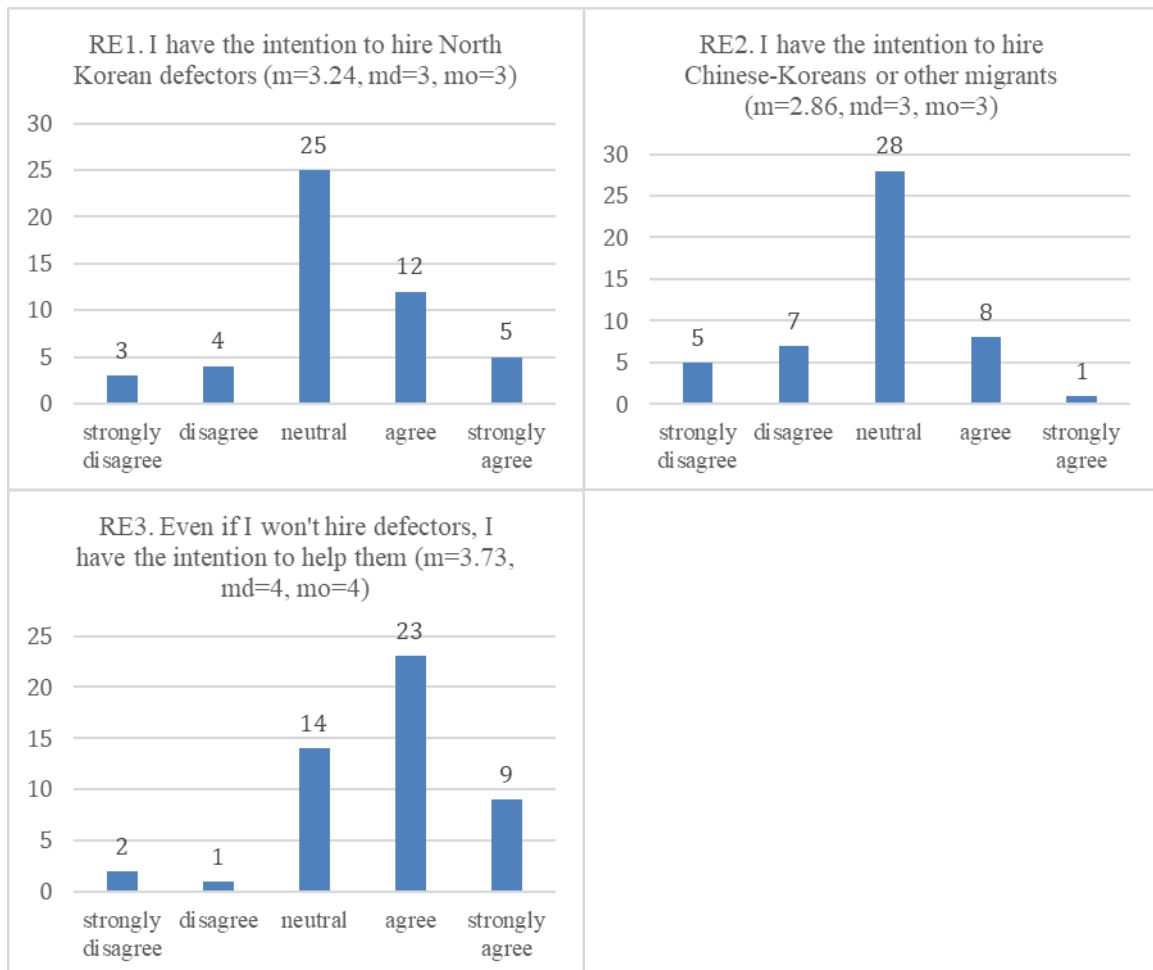
Graph 23 Networks



Source: own graph based on survey outcomes

The question of whether they feel solidarity towards other defectors showed a rather mixed outcome. Only 18 persons would agree and strongly agree, while 23 were neutral and 8 would disagree or strongly disagree. Strong reciprocal relationships cannot be discerned. A mixed sentiment is also visible in RE1, where we asked if they would hire North Korean defectors, which was answered positively by 17 persons and 25 neutral and 7 disagree. This sentiment is even stronger in RE2, where we asked about their intention to hire Chinese Koreans or other migrants. The last question asked if respondents have the intention to help other defectors even though they would not hire them, which was answered positively by 32 interviewees while 3 disagreed and 14 remained neutral.

Graph 24 Recruitment



Source: own graph based on survey results

In conclusion, there does not seem to be a strong ethnic community or solidarity among the defectors. Friends and family are important for any person that wants to start-up, and we could not indicate that the North Korean diaspora is more special in this regard than friends from South Korea. We also could not discern that they would rather employ other ethnic North Koreans or even other ethnic

Koreans from the border regions. We did not include questions that intend to test regional antagonism among the community. First, because most of the defectors come from the most northern provinces in North Korea and because our sample is too small to make any reliable statement in this regard. However, the community and networks of North Koreans should gain more attention by researchers.

5.3.4 Evidence from qualitative interviews

Qualitative research provides us with a closer look at how the defectors overcome the lack of network ties. When interviewing defector entrepreneurs, the importance of social networks was evident in the following cases.

1. Mrs. L, female entrepreneur, age 38

Mrs. L had arrived in South Korea in 2003. She holds a bachelor's degree in social welfare and used to work at Hana Center as a social worker. Her husband has his own business and helped her to open a business herself in 2013. Together they have two children, and she speaks with a perfect South Korean accent. I interviewed her at an ice-skating hall, where her two children were playing, and we talked for about an hour. I was startled, when she told me, that her children do not know that she came from North Korea. During that hour, we talked about the lives of the defectors and the challenges of enterprising. I also asked her whether she experienced discrimination, and she told me that she has never experienced any when receiving a loan from the bank or otherwise. I thought if her children do not know that she is from North Korea then she must be very good at hiding it. Her company focuses on the church as a target market for selling gift articles and products, such as t-shirts, printed bags, cups, and other items such as umbrellas and painting sets. The specialty is not the items themselves but the prints they got on them. Artists, mostly funny characters, or Christian slogans for children's clothes. She gave me some shirts for my children, very colorful, and a print that says: "I am a jewel". I also bought some teacups that were individually imprinted with family photos – unfortunately; however, the colors soon vanished from these cups.

Mrs. L told me, that when she still lived in North Korea, she sold "everything" with made money - usually products from China. This is a typical sign on the level of private marketization of North Korea (*Jandmadang* generation)²². She said if someone has money, it is easy to do some small trading business. Even though she did engage in trade when in NK, the skills needed for doing business she

²² For interested readers, please refer to Lankov et al., 2017

learned in South Korea with the help of her husband who also runs a business and helped her to establish her company. She now employs six workers at her company of whom two are North Korean defectors. During the business formation phase, her biggest challenge was to find customers but soon found the church a useful target market. In a conclusive remark, she said that, if the government would provide funds to help North Koreans get self-employed, this capital would easily get lost. She argues that it is important to have experienced business people as mentors to learn from them directly. Mrs. L emphasized that North Koreans have to learn that doing business is something difficult in SK and that they must have working experience at least for five years before thinking about self-employment. That is why more education on capitalism, consulting, market research, accounting, tax law, and other business-related information is needed.

2. Ms. Y, female entrepreneur, age 26

Ms. Y also uses church networks to sell the eggs to which her small little chicken farm produces. Ms. Y, and three North Korean friends (one of them became her husband later), collaborated and started this farm on a piece of land, which was rented by a mentor-like person from church. The target market at church are housewives and mothers. It is Ms. Y's obligation to do the marketing, networking, and delivering goods. When I first met her, she picked me up at a meeting point, while meanwhile her car was towed away. When she realized that the car was gone, I could sense her strong personality. She immediately called the office responsible for her misfortune and complained with quite a temper. We took a taxi to go and pick up her car. When we found it, we sat down and held the interview there at the vehicle park. That was quite a unique setting for our first interview and it left an impression. From reading literature and preparing for the defector interviews, I had expected a small and shy personality, but for me she could have been a South Korean student, only 26 years old, pretty, speaking with perfect Seoul dialect. In fact, she did study business and accounting, holding a bachelor's degree. We connected immediately and befriended each other. As for her engaging personality, I thought she would have no trouble to selling her eggs to anyone. She told me about her difficulties when she and her friends decided to go into agriculture. First, it was that they had no funds, to begin with, and second, they did not have a target market. She told me, that as soon as she and the others came to South Korea, they became Christians, and it became natural for her to promote her products there. When I asked her why they chose to raise chicken, she said that it is a staple product, which is almost needed on a daily basis, and they were used to this kind of work. Her parents for example had raised pigs and chickens in their yard. She told me that "almost everyone" conducts a small business to secure an income. In her city, there was only one factory and there was no functioning energy system in place. That is why most people engaged in trade, barter trade and farming. When I

asked her about her life in South Korea, she said that in South Korea she is “missing something”. Even though there are many agencies and settlement support, she complained that everyone lives for him or herself, very individualistic. She also said that South Koreans have people that help them when they want to become self-employed, but at the defectors’ lack of connections, the defectors have it difficult to open a business. At this moment, I was reminded of the importance of school connections (*yŏn'go*). My husband’s old school friend for example also chose self-employment as a career option and could just ask my husband to lend him an amount of money for the business (which he did of course).

At the lack of connections of defectors, Ms. Yun said, it is her plan to support especially older North Korean defectors who have troubles adapting to South Korea’s society. However, for now, the little farm is struggling to support its founding members.

3. Mr. K, male entrepreneur, age 28

In South Korea, Mr. K also relied heavily on members of his church community. I met him for an hour at Starbucks coffee and he insisted on inviting me. He did look a little bit different to South Koreans; he was not very tall, skinny and had a dark complexion. Originally, he was born in Hamgyŏngnamdo. He lost his parents as a child and wandered around as *kkotchebi*²³. As he was orphaned and always hungry, he left North Korea and resided in China for six years. He survived by working as a day laborer on farms and in restaurants. He thought that in South Korea, which is a rich country, he could earn more money if he was only diligent. In 2010, he arrived in South Korea at the age of 23. He tried to study to receive a basic education, but he felt there was no sense to it and opened his first business in 2014. He dreamed of becoming self-employed even before coming to South Korea, so it was a natural decision for him. He thought that he only worked diligently, he would earn a lot of money, but he soon recognized that without proper education and connections, this was more difficult than he thought it would be:

“I knew nobody, and I had only a few North Korean friends. My friends started studying while my life was no different than my kkotchebi life in North Korea. While I slept in friends’ homes, I lived day by day only going to church. I think I made it this far only because of the people in church, who helped me during those times”.

²³ Meaning North Korean orphans. A literal translation of the term is “flowering swallow” which refers to their constant search for food and shelter.

Since he wanted to open a business, he soon started to trade jams and later began to grow wild roses on a farm site. From these roses, he made products such as beauty products and syrup. On my last day in Korea, he took it on him to drive two hours to Seoul to meet me for our interview.

When asking about his difficulties he said *“the cultivation of the fruits and roses is in particularly difficult. Fortunately, with the institutional support of Gosŏng-gun and the help of the church members, I got some land to grow the flowers and a house to live in, at a cheap price. Back then and even now, I don’t have money”*. That was in 2015, and when I met him again in 2019, he had moved his business to web-design and website development. Looking at his development, we were quite impressed that he could make professional looking websites without proper education in this regard.

4. male entrepreneur, age 33

Mr. P started a social enterprise using private ties. He expanded his business and set up another coffee shop and with the help of church networks, he was able to rent a two-floor building with a big yard. His beginnings were small though. When he was only 17 years old, he left his home in Hamgyŏngdo and wandered around in China for five years. He did all kinds of works, working as a waiter, construction worker, even as a shepherd. When he was 23, he came to Korea, and he thought it was easy to adjust. However, he was wrong. He faced prejudice and discrimination from people; he thought they were brothers (*hanminjok*). Looking around, he found other defectors in the same situation. He said that there are more than 30,000 defectors in South Korea, 75 percent are young adults in their 20s to 40s, but the suicide rate is three times higher than the South Korean average (which is already the highest among OECD countries). He said that 50% are employed while 40 percent live off the basic living allowance and that he wanted to do something about it. His goal was, and still is, to give the defectors psychological and economic stability.

In the beginning, he started with a small coffee shop in Seoul to employ other defectors. With the help of IBK industrial bank, P. found a space where young refugees and South Korean youths work together. However, one day one of his workers did not return to work. Mr. P. blamed himself, he knew that it is difficult for the defectors, who experienced much hardship to put on a happy face and serve the customers. He remembered how hard it was for him to overcome the first time. He decided that a new model was needed, and as most of the refugees come from rural locations, he thought of farming. That is when his idea for the “Yobel-farm” took shape. In Kangwondo, a farmer sold his land and transferred the necessary know-how to do the hard work, P. and his friends started to raise some 300 pigs, in a 7 times larger space than in regular pig breeding facilities. They are also fed only with organic feed. Other defectors who studied livestock farming at Yeonam University followed him. They also grew mushrooms and in

Chungchŏn province, he managed another farm with apple and pear trees. Yobel farm Co., Ltd. is a certified social enterprise created to integrate North Korean defectors. The products, such as pork and fruits were sold in the shopping mall “blooming morning village”. It is this shopping mall, which provided Mr. P with the large building described above, and he stopped the farming project. During our interview, we enjoyed his finest coffee and enjoyed watching our children in the garden, while unexpectedly, a car stopped by. Out of it came a seemingly very busy and energetic person, Mr. P’s pastor. This pastor helped Mr. P with his plans and set up connections. The two took us around the location, which was almost large enough to use a car. He had a separate building to produce a newly invented drink made of mushrooms, mixed with cane sugar and milk, a rather unique but tasty mix. He showed me another piece of land, which was not used yet. His plan was to open erect a building for defectors to live there in a community-like environment, working and living together, as they were used to in North Korea. He has plans for the time after reunification as well. His cooperative shall be a model for the future, where the communities in North Korea are revived. He fears that market capitalism will further worsen their situation instead of betterment. His thought is that cooperatives such as in his model should be established based on democratic decision-making. Furthermore, Park said, that the land of North Korea is ready for ecological cultivation, as it is not polluted by using fertilizers and exhaustive farming. Park’s motto is “save the land and save the people” (*ttangŭl salligo, saramŭl sallija*).

Another very interesting and somewhat similar story, even not in detail, is that of Ms. O. I could not officially interview her, but we met during my second field research. She was a young woman when she came from North Korea, and we met during the second field trip in 2019. Her story is similar to that of Mr. P. When she first arrived in South Korea, she felt depressed and lonely with nothing in particular to do. However, one day, she saw a begging person who had no legs. Ms. O he said to herself “why am I desperate, I have two healthy legs and arms, but this person has nothing. I have no right to be depressed”. She actually started her own non-profit organization called *uniseed*, which stands for “the seed for unification”. This organization was created to share lunchboxes for those in need. It is also evolved into a place of community where defectors of all ages come together to prepare the lunchboxes. I was able to be part of it for one day, where we prepared North Korean dishes to be handed out to homeless people at Seoul station. This is quasi a public event, anyone is invited to participate and help out (every third Saturday of the month). The kitchen to prepare the lunch boxes is located in a church building and members of the church handed us coffee and treated us well.

During a break a handful of defectors and I sat together and peeled potatoes to be eaten with sugar instead of salt. They told me, that is how they eat potatoes in North Korea. During this break, it was obvious that some defectors were new,

and they were asked from where their hometown was in North Korea. After chatting, it was time to go back into the kitchen to prepare the lunchboxes. Ms. O gave me North Korean snacks to try and asked me if they would sell well. With a smile on her face, she told me she would like to open a business and sell them.

What seems important is that through such voluntary community work, new relationships and friendships were formed. The defectors made their North Korean traditional regional dishes to be served to South Korean homeless persons. The website of *uniseed* reads that the wall between the two Koreas shall be turned down by communication, loving each other, and share culture. On a monthly basis, *uniseed* also offers lectures and organizes rounds of discussions on various topics, to enhance mutual understanding between North and South Koreans. Once a year, for defectors that practice “giving back to society” is elected for a scholarship. Everyone is invited to become a sponsoring member. The organization is very active on social media, such as regular YouTube videos, as well as Instagram, Facebook, and others.

Expert-Interview at Hanacenter

Hanacenters, which accommodate the defectors after their stay in Hanawon also offer such new places of belonging and religious groups are involved in the process. The Ministry of Unification initiated Hanacenters from 2010, throughout the country around 25 are installed. In Seoul, there are four, one for each direction, north, south, east, and west. About 60 to 70 percent of the Hanacenters are run by previous welfare centers, the others are run as a public non-profit organization and the Red Cross freedom federation. The northern part of Seoul, Nowon-gu is located in an area, where many defectors started to settle down since around the 2000s. I asked the director of the northern Hanacenter in Seoul (*Sŏul bukpu hana sent'ŏ*), to describe the process of settlement, and the quality of networks among the North Korean defector community.

Mrs. Park described that the Hanacenter where she works, used to be a normal welfare center for South Korean citizens and that she was surprised when North Korean defectors started visiting 20 years ago. The defectors were very unfamiliar with the society and had no one to talk to. The welfare center officially started to take care of them from 2001 onwards. As the Ministry of Unification saw the increasing numbers of defectors, and how limited their support was, they started to entrust the welfare center officially with this work, and the welfare center officially became “Hanacenter” in 2010. The teachers and the social workers were involved in plans for the new purpose, which formed today's structure.

I asked her whether the defectors form communities and strong relational ties with each other. In contrary to other experts, Ms. Park gave valuable and accurate insights and took her time to explain why, and in what way some defectors had weaker or stronger networks. She started out by explaining that it is a very sensitive topic involving mixed sentiments. On one hand, when new defectors

arrive in South Korea, those defectors who are already here both sides are very excited when they happen to meet. However, when the new arrivals are asked about their hometown in North Korea or where they went to school etc., the new immigrants become nervous and refrain from telling. As a result, many of the relationships between defectors remain superficial. Most of the defectors still have family members in North Korea and for their safety, the defectors are afraid to give a more detailed account of where they are from.

Mrs. Park mentioned that many new arrivals ask the social workers whether a lot of defectors live in the same area. If there the answer is yes, the social worker would ask the new arrival whether they are afraid that would be lonely. The usual answer is „no, I just want to live quietly “. That is according to Ms. Park their first reaction. Therefore, after their arrival they want to live quietly and not be exposed to others too much. However, this quietness later becomes loneliness and have troubles in forming a community. When I asked, if that is often the case Mrs. Park emphasized, this is not often the case but *usually* the case. She argued that the most common issue for them is to overcome fear that stems from their suspiciousness. That is why at Hanacenter they place a lot of emphasis on *chǒng* (empathy). The first thing, the Hanacenters organize for newcomers are housewarming parties. In Korean tradition, this includes the preparation of traditional dishes and inviting the neighbors. Also, in North Korea, everyone knows his neighbors, and the more individualistic lifestyle of South Koreans is unfamiliar to the defectors. That is why social workers try to invite the neighbors. The apartments are usually provided by the government but most of the neighbors are South Korean residents. The social workers invite the neighbors and help to prepare food for the party. Every apartment complex also has a management office installed, and its managers are invited to the housewarming party as well. That has a very practical reason. These facility managers can help the defectors in emergencies at home or if something is broken. On the other hand, though, North Korean defectors are not invited to this party if possible. Because of the anxiety of the newcomers as mentioned before. Religious organizations also help the social workers from Hanacenter and contribute to the settlement of the defectors. They bring food and sponsor furniture and things for the empty apartment. Mrs. Park said the social workers and volunteers from religious organizations try being like a family for them. Some defectors, for example are afraid to step out of their apartments, for fear of being abducted or espied on. The defectors often hid many months in China and they don't feel entirely safe in South Korea either. So apart from the housewarming parties, Hanacenter invite them to come out, meet, and greet people for practice. After five years however, the support of Hanacenters phases out, and the defectors must become self-reliant. Within five years, also all settlement subsidies and other benefits end. Anyway, Ms. Park said, at *her* Hanacenter, they keep help the

defectors when they contact them in need, no matter how many years have passed.

We asked Mrs. Park if she knows about the NGO-Organization *uniseed*, which was initiated by a North Korean defector. I was curious if this encounter was a very unique one, and whether there are other organizations like this. She told me that through Korea Hana Foundation it is possible to get working expenses covered which led to an increase of volunteer organizations and social enterprises. In her words, due to the benefits, it is advantageous to be a North Korean defector when starting a business. Ordinary (South Korean) citizens would not be supported in any way. In addition, their tuition fees are paid for when going to college, they do not have to pay anything for textbooks, and they can receive overseas scholarships. The reality is that it is quite beneficial to be a North Korean, it is not like they always have to hide their dialect and everything they complain about. Rather, it can be quite advantageous to say it proudly that they are from North Korea. For example, one kimchi factory, explicitly communicates that it is run by a North Korean. By the way, there are many North Korean Kimchi factories, or trade companies selling mushrooms and North Korean Pollak. There are also small companies that make sweets for special Korean holidays. Now for the housewarming parties, as mentioned before their services are used. We also invite North Korean art groups for performing at festivals, such as playing the accordion and have North Korean food deliveries. When North Koreans see other North Korean defectors having their own business, this is a great motivator for them. They ask how they did it and want to become self-employed too. They connect themselves using the messenger *Kakao talk* (Korean version of Whatsapp), or other SNS services. Many have experience in selling and trading in North Korea and China, so they think they will try that in South Korea as well. Then they go to Caritas and Hana Foundation to receive some money. At Korea University it is possible to be supported. They had a quite famous financial organization that funded North Korean businesses and trained startup teams. It was a program that took a lot of effort to cultivate North Korean start-up leaders. One of the teams that came out there now is called *woorion*. This organization was initiated by a young defector in his twenties. He started this information-sharing service for defectors to find information on settlement support services in one place. It includes a database of 40 organizations and groups assisting in different areas such as employment, housing, education, childcare, and welfare. They also connect defectors to mentors and specialists in all kinds of spheres (see more details on their website woorion.net). When looking at the website the advisory board consists of six persons, one of the famous North Korea expert Andrei Lankov and four church pastors.

5.3.5 Embeddedness of results into literature

In the above research analysis, the importance of church networks was evident. The reason behind the strong emphasis on church and religious organizations can be explained by using literature review. This section is therefore dedicated to NGOs and religious organizations, that help defectors to form new networks and integrate themselves into South Korean culture.

As we explicated at the beginning of the thesis, North Korean defectors receive basic social orientation for three months after their arrival in South Korea. In Hanawon, they have to relearn about history, South Korea's economic and political system, the concept of capitalism, and so forth. Over the course of 12 weeks, the defectors are not allowed to leave this institution, but the government encourages religious and non-governmental organizations to visit the defectors in Hanawon. This includes organizations from the evangelical Protestant, Roman Catholic, or Buddhist organizations. Those with Christian background consider assimilation to society and anti-Communism as an important part of being a good Christian, which is why they are encouraged to come and visit the defectors (Torrey, 2018, p. 7).

The number of NGOs that help defectors to settle in South Korea is estimated at around thirty, although there are many unregistered organizations. Such informal groups within civil society have become very influential in the social emplacement of many defectors (Bell, 2013). These groups do not only hold Bible studies together, they also offer condolence, financial or educational aid (such as free English lessons). According to Bell, they offer a new place of belonging for the defectors, including meeting, and making friends. Therefore, much valued social relations are developed through such organizations (Bell, 2013, p. 242).

These religious groups act as a bridge that provides *"a sense of belonging within South Korean society, that has barriers to the incorporation of outsiders"* (Bell, 2013, p. 244). Barriers to South Korean culture have been discussed in chapter 5.3.2.1.

In his article, Bell identified new forms of relatedness that are conveyed in religious groups. This is expressed in the following citation:

„The MokSah Nim [pastor] in this church is very kind and always wanting to help me, he is like my family, he is a really good man“ (Bell 2013, p. 246).

During her fieldwork Choo, tried to get access to the North Korean church and volunteered to be a piano player. She was welcomed by the preacher of the church with the words:

“There is no separate South Korean God or North Korean God. We are the same people in God's eyes” (Choo, 2006, p. 588).

According to a survey, about 80 percent of the North Korean defectors in South Korea become Christians (Jeon et al., 2003) ²⁴. However, South Korea is not the first place where defectors encounter the Christian faith. South Korean missionaries are very active in the Sino-Korean border area to help the border-crossers (Choo, 2006). To find help and shelter in China the defectors are told to look out for red crosses attached to buildings. In such underground churches, they hide for months and take part in various religious activities.

According to the survey above, 85 percent stated that their religious belief helped them to adjust in South Korea and develop a positive attitude for life and that their Christian faith gives them “peace” in their hearts (Jeon et al., 2003, p. 168-9). Half of those respondents, who are affiliated with a religious organization, answered that they have received or are currently receiving financial aid from a religious organization. Non-monetary aid was received by 45 percent of those defectors, affiliated with a religious organization. Almost thirty percent of the respondents, not affiliated to a religious organization, indicated that they have received non-monetary aid.

5.3.6 Results

For North Korean defector businesses, “insufficient personal networks” have been reported as an intervening condition for self-employment (Park, 2016). The North Korean community in South Korea is small compared to large ethnic minority communities in the US or Europe. North Korean defectors do not form “North Korean towns” with “ethnic North Korean shops” and “North Korean hairdressers”, etc. Community building among the defectors is further weakened by the fact that some fear other North Korean defectors²⁵. North Korean defectors do not like pictures or videos taken of them and usually change their name as well as their looks, in order to make it more difficult to find out on their former identity. They also frequently change their phone numbers and avoid large crowds. Therefore, community building among each other is more difficult than for immigrants without defection background.

Furthermore, the interaction between North-and South Koreans, feelings of wellness and reciprocity are hindered as well. Negative feelings, originating from the

²⁴ This survey was conducted in 2003 among 330 defectors, where 60 percent belonged to the Protestant Church, and 20 percent to the Catholic Church.

²⁵ Defection is a death-penalty crime in North Korea and not only the defectors, but also their families are severely punished and stigmatized if caught. There is the fear that other defectors could be spies sent from the North. Therefore, they try to avoid contact with other North Koreans to protect not only themselves but also their families who stayed behind.

Korean War, years of military threat and political narrative. For this and other reasons, defectors are attached to all kinds of negative stereotypes. A more recent sentiment towards defectors is also the “poor starving victim” narrative. In turn for their acceptance in South Korea’s society, the defectors are expected to get rid of the “communist dust” and to become “modern citizens” of South Korea (Choo, 2006). The defectors who are confronted with all kinds of negative stereotypes and cultural misunderstandings, feelings of *chǒng* between both are not easily established. Reportedly, North Korean defectors find it difficult to get close to South Koreans and to establish new friendships with them. Additionally, the defectors’ psychological situations their traumata (PTS), and feelings of insecurity add to this effect. The lack of networks makes it difficult for the defectors to secure financial resources and establish business networks among South Koreans. While immigrant entrepreneurship theories emphasize that immigrants use ethnic ties and communities for economic action, we discerned a replacement of ethnic communities by church communities.

Our survey was conducted among 49 defectors, among them 34 female and 15 male defectors who aspire to self-employment or already conduct their business. Such a high rate of females is quite extraordinary from a global perspective. Usually, the overall rate of entrepreneurship is substantially lower for women than it is for men (Hopp and Martin, 2017, 5). This cannot be solely attributed to the fact that female defectors outnumber male defectors. It also reflects common practice in North Korea. While the husbands must keep showing up at the state factories, women are involved at privatized markets²⁶ to provide for the family.

Looking at the embeddedness of the defectors to the “ethnic” North Korean community to be used as a strategic resource for business we found the following. As compared to South Korean friends and family, North Korean friends and family were equally important. We also could not discern that defectors would rather employ other North Korean defectors or Chinese-Koreans (ethnic Koreans from the border regions) than South Korea-born nationals. In contrast to prevailing immigrant business theories, the North Korean community was not attributed a high importance. The lack of North Korean community resources and the lack of networks in South Korean society (*yŏn'go*), has made the defectors look for alternative resources. The church networks seemed to be most helpful in this regard. Religious groups try to provide them with a new place of belonging with is also encouraged by governmental institutions. Religious organizations emphasize ethnic and religious unity between the two Koreans with feelings of *chǒng*. Case study analysis showed the significance of church networks to the interviewees. It is where they found mentors and help in

²⁶ Until it collapsed in the late 1980s, the Public Distribution System provided the population with food and commodities. Today, market activity accounts for upwards of 90 percent of household income (Buzo, 2017, p. 209).

times of need. Some church members provided them with information or practical help; others provide land and buildings to conduct the business. Additionally, the church provides a target market for the business products.

In conclusion and as part of the mixed-embeddedness approach, this chapter could not indicate a strong North-Korean community used as a strategic resource for self-employment. North Koreans use all kinds of resources stemming from social relations from either South or North Korean friends, from church networks, and from non-profit organizations. In line of the literature on entrepreneurship, social networks help the defectors in mobilizing resources, information and practical help (see Welter & Kautonen, 2005). In the case of North Korean defectors, such helps seems to be provided by religious organizations.

Strong communities among the North Koreans themselves seems to be in the development especially among young adults (e.g. *yobel*, *uniseed* and *woorion* and others).

Regarding transnational ties, we have seen that foreign networks seem to exist for most of our survey interviewees. We explain this as attributing to the long journey the defectors go through, by living in China and crossing several countries. However, we could not detect “transnational” business networks as suggested by Bagwell (Bagwell, 2018). The question whether this foreign network is useful to draw additional social capital from remains open, and is certainly an aspect, which needs more investigation.

5.4 Strategies and Opportunities of North Korean Defector Entrepreneurs

5.4.1 Results of Analysis

North Korean defector entrepreneurs overcome structural disadvantages and other limitations (such as the lack of networks, education, etc.) based on their opportunity-driven personality. In the following, we will go into more detail how we arrive at this conclusion.

By using the “Heuristic Model on Immigrant Entrepreneurial Strategies” (Oliveira, 2010), which is based on the mixed-embeddedness model (Kloosterman, et.al 1999) we analyzed the entrepreneurial strategies and opportunities of North Korean defectors. Applying this model, we investigated factors that concern the entrepreneurs’ *personal resources*, *community resources* and the host-societies *opportunity structure*. These variables were derived from immigrant business theory, entrepreneurial theory, and political economy theory (Table 18).

Table 18 Variables for Analysis

<i>Classification</i>	<i>Variables</i>	<i>Source</i>
<i>Personal Resources</i>		
<i>Human capital</i>	Age, gender, education, income level, experience, etc.	Hopp & Stephan, 2012, Hopp & Martin, 2017, Oliveira (2010)
<i>Entrepreneurial spirit</i>	Opportunity, risk-attitude, innovation, self-efficacy	Hopp & Stephan 2012, Hallam et.al 2014, Knight 1921, Hamboeck et al 2017, Parker, 2009, Schumpeter (1934), Drucker (1985), Ahlin et al. (2014), Bandura, 1982, Ahlin, et. al 2014, Milstein 2005, Hartsfield 2003
<i>Motivation</i>	Necessity vs. Opportunity Entrepreneurship	Schultz & Rehder 2017 Venkataraman 1997, Chrysostome 2010, Bizri 2017;
<i>Opportunity Structure</i>		
<i>Formal Institutions</i>	Economic development, Eco-System, policies and measures, administrative formalities, programs for assisting business.	North 1991, Welter and Smallbone 2011, Scheiner 2009; Tarres, et al. 2007
<i>Informal Institutions</i>	Values and norms indicating supportiveness for entrepreneurship, defector’s attitudes towards entrepreneurship.	North 1991, Hopp and Stephan 2012, Schüler 2020, Gimenez-Jimenez et al., 2020,
<i>Community Resources</i>		
<i>Social networks</i>	Network ties used to establish a business such as support from family and friends, ethnic recruitment patterns, mentor availability	Oliveira 2010, Bonacich 1973, Kloosterman et. al (1999), Kloosterman & Rath, 2003, Light 2003

To assess each of the three dimensions (*personal resources, opportunity structure, community resources*) we used the following methods. During the first field-research, we started with in-depth interviews in an exploratory manner to draw primary inferences. This was necessary because the state of art was much less developed than today, and the inferences drawn helped in designing the quantitative survey. The survey instrument was thus based on both insights from theory and practice. The approach had to be holistic in its approach to capture the complexity of the case and the outcomes are inter-linked with each other (Kuckartz, 2017). The following section presents the conclusion for each dimension.

Personal- Resources

Our quantitative survey was conducted among 49 defectors, among them 34 female and 15 male defectors. Most of the defectors were aged between 31 and 50 years (51%) and below 30 years old (36.7%), while only six persons were aged above 51 years. Most of the respondent's hometown was in the border region *Hamgyŏngbukto*, and *Yangangdo*. In terms of employment, our respondents consisted of 24.5 percent CEOs, followed by "others", a category which also included those who were currently unemployed. Furthermore, students (16%), office workers (14%), service workers (6%), and workers in agriculture (4%). For half of the respondents, the monthly income in South Korea accounted for less than one million won. We had few respondents who indicated an income between 1-2 million won. We discerned that those who already established their business earned a higher income compared to those still in dependent employment. This is in line with theories of sociology (Raijman and Tienda 1999; van Tubergen 2005).

Our study also sheds light on the defector's personal traits according to entrepreneurship literature.

First, opportunity seizing was measured using a five-point Likert scale with six items ($\alpha=.83$). Since most of the questions were answered with either 'strongly agree' or 'agree', we conclude a mean of 4.1, median 4 and mode 4. We therefore conclude that our interviewees are highly opportunity seizing. Compared to the other categories, it was the strongest outcome.

The index risk-attitude with four items concludes a mean of 3.77, median 4 and mode 4 ($\alpha=.71$). The mean outcome was less pronounced than opportunity seizing. Data therefore suggests that the respondents have a high risk-attitude by calculating the risks involved before pursuing an opportunity.

Third, the outcomes for innovativeness were as follows. The index consists of six items. The internal consistency of the index innovativeness is high ($\alpha=.93$), and we conclude a mean of 3.7, median 3.5 and mode 3.2. The outcome shows a certain level of innovativeness, but lower than the index opportunity and risk-attitude. The interviewees did not consider themselves as exceptional creative, but they care about their surroundings, and try to find new ideas for change.

Fourth, the outcome for self-efficacy showed a mediate level. Internal consistency of the index self-efficacy was high, with Cronbach's alpha for positive affect ($\alpha=.91$). The index concluded a mean of 3.6, median 3.5 and mode 3.3. We conclude that most interviewees are confident in the work they are doing but lacked confidence in their own skills. For a better confidence, the defectors should receive entrepreneurship education. In this regard, our interviewees voiced the need for training in finance and marketing.

Furthermore, we asked what motivation they have to seek self-employment. The most important reason stated to start an enterprise was "to realize the work they want to do" and "to be their own boss". While economic stability and higher earnings also played a higher role, status or reputation was not that important. Against prevailing theories on immigrant necessity entrepreneurship, we found that for our interviewees the least pressing motive to become self-employed was that they could not find other employment. Which stands in stark contrast to other findings (e.g Y. J. Kim, 2019; Yun 2000).

During the qualitative interviews, it was furthermore discerned that they "want to help other defectors," "prepare for reunification," and work out "role-models of business." "Moral commitment and responsibility for others" were also found as explaining factors in refugee businesses (Bizri, 2017). It is probably no coincidence that this is also a motivator in social entrepreneurship (Derbez, 2019) but needs more evidence. This finding is therefore of conceptual importance for future research frameworks.

Finally, during qualitative interviews, respondents stated that they have a "challenging spirit". We translated this into "entrepreneurial spirit" since the concept was used in the context of entrepreneurship. We created a new index we named "Entrepreneurial Spirit Index" (ES) that is able to capture "opportunity-seizing", "risk -attitude", "innovation capability" and "self-efficacy" of a person. This index is useful to evaluate the entrepreneurial spirit of a person irrespective of age, gender, location, or education. This makes it useful for comparative analysis across other cultures and economies. It would be valuable to find out whether North Korean defectors have a higher educational spirit than South Korea born nationals for example. Alternatively, whether the entrepreneurial spirit of refugees in general differs from others (thinking of for example Syrian refugees in Austria).

Our data allowed us to show that the majority of our respondents have a high entrepreneurial spirit and a very positive perception towards entrepreneurship. A high entrepreneurial spirit was negatively related with gender that indicates that male respondents had a higher ES than women. The entrepreneurial spirit of a person also seems to correlate with education and occupation. Our measure confirmed that all participant CEOs have a high entrepreneurial spirit (12 out of 12) followed by students who also showed an exceptional high entrepreneurship

spirit. A low entrepreneurial spirit was found among office and service workers. Education and gender is considered as an explanatory factor in entrepreneurship (Bolton & Lane, 2012; Sullivan & Meek, 2012), and thus supports the outcome of our analysis. Data additionally suggest that those North Korean defectors with a high entrepreneurial spirit are prone to pursue opportunity business rather than necessity business.

The survey participants proved entrepreneurial in the classical sense of entrepreneurship theory, namely, entrepreneurs are opportunity-seeking beings. Our Index should be able to identify those with a high entrepreneurial spirit if the questionnaire is answered honestly. Thereby, the new Entrepreneurial Spirit Index can be useful for the practical needs of entrepreneurship institutes and the needs of researchers. We suggest external validation of the items and refinement of the questionnaire accordingly.

Opportunity-structure

Institutions are differentiated between formal and informal institutions. Formal institutions involve written rules, such as *laws and regulations* (North, 1991), while informal institutions emerge from *socially communicated information* and are part of a cultural heritage (Gimenez-Jimenez et al. 2020, p. 198).

We therefore analyzed economic reports and publications for a literature review. Data from the Global Entrepreneurship Monitor (GEM) was used to comprehend the entrepreneurship eco-system, such as government policies, their support and relevance to entrepreneurship but also regarding cultural and social norms. Furthermore, we also included World Bank reports on the ease of doing business in Korea, to assess bureaucratic requirements for entrepreneurial endeavor. Furthermore, evidence on the cultural supportiveness of entrepreneurship in South Korea is added. Moreover, by using qualitative and quantitative research strategies, we include an analysis on the institutional embeddedness of North Korean defectors. We asked our survey respondents, whether they perceive the socio-cultural environment and governmental program supportive or not.

Concerning formal institutions, we conclude the following. From the 1960s onwards, it was part of the national state's agenda to pursue economic restructuring and development. Therefore, a few companies were selected to achieve the policy goals. These companies grew into what we know today as *chaebol* conglomerates, which dominate South Korea's economy until today. The small- and medium sector on the other hand, which constitute 99 percent of all businesses, is characterized by underperformance and low-productivity. From the Asian financial crisis in 1997-98 onwards, the government has tried to balance the economic structure by supporting the neglected SME sector. Most notable is the "Creative Economy" policy, which started during Park Geun-hye's administration, aimed at fostering high-tech industries and start-up support. In its endeavor to foster the SME sector, the state has also eased bureaucratic

hurdles to establish a business. In comparison to other economies, the macroeconomic environment for business establishment has an above-average positive rating. For example, the 2019 World Bank Doing Business Ranking placed South Korea in 4th place in the “Ease of Doing Business” category (compared to e.g. Switzerland 38th, Japan 39th, and China 46th). Therefore, in terms of institutional support, we concluded a well-established system of support, regulations, and taxes, as well as low bureaucratic hurdles to establish a business. On the other hand, the general entrepreneurship support only targets highly innovative tech-industries not useful for the defectors. In terms of South Korea’s informal institutions, South Koreans regard successful entrepreneurs highly, but business failure has a strong negative connotation. This attitude is demonstrated in the reluctance of parents to support their children in becoming self-employed (Schüler, 2020).

Our quantitative survey results shows that two-thirds agree that the societal perception of entrepreneurship in South Korea is positive, and that Korean society has many respected entrepreneurs. Our respondents also had a positive perception towards entrepreneurship. Moreover, for our respondents starting a business was another type of job choice that brings self-fulfillment and economic wealth.

In a literature review we found evidence that universities, (religious-) NGOs as well as governmental organizations offer various kinds of support for aspiring North Korean defector entrepreneurs. Even though our survey-respondents said they know where to get help, not all of them consider receiving support from governmental organizations when starting a business. During qualitative interviews, we discerned that governmental entrepreneurial support is associated with very strict requirements. Interview partners found it difficult to match the requirements of the support programs that also highly emphasize the concept Social Entrepreneurship. In addition, expert interviews showed that social workers at Korea Hana Foundation and at Hanawon centers do not advise North Korean entrepreneurs to become self-employed. Instead, they stress they should find an employer (see also Jung 2018).

We therefore conclude that the entrepreneurial support system available through the Korea Hana Foundation needs to be re-considered. Our interview partners were highly critical of the fact that entrepreneurial support is tied to short application periods and unnecessary bureaucratic requirements that do not influence the quality of a business. If we want to encourage the formation of high quality, high growth companies of North Korean defectors we believe our Entrepreneurial Spirit Index will be a useful tool to identify them.

Community-resources

Prevalent immigrant entrepreneurship theories emphasize that immigrants use ethnic ties and communities for economic action. While the ethnic economy provides capital and employees, they also provide a target market by offering products or services for the respective community (Bonacich 1980). Ethnic markets are typically characterized by low barriers of entry in terms of capital and educational qualifications, small-scale production, high labor-intensity, low added value, and high competition.

For North Korean defector entrepreneurs “insufficient personal networks” were reported (Park, 2017). South Korea as a collectivistic culture places strong emphasis on relationships. Relational ties (*yŏn'go*) are usually made and maintained based on blood, regional or school ties. Most Korean adults have formed social networks that help and provide support in a time of need (Horak, 2018). On the downside, such personal trust relationships have led to a notable culture of corruption and crony capitalism (see Han 2000; Dormels 2002). However, such networks are also very effective in doing business, getting information and decision making (Yee, 2000).

In Korea, it is possible to form new networks based on feelings of *chŏng*. Scherpinski-Lee explicates that *chŏng* – is a key concept to understand Korean interaction. This concept is needed for establishing and maintaining interpersonal relationships: “*While interacting with others, high emphasis is placed on emotions that bind people together and lead to a sentiment of “we-ness” felt by partners of a relationship.*” (2011, p.87). Sentiments of “we-ness” are hindered, however, by negative stereotyping. This originates from the Korean War, onwards when years of military threat and South Korean propaganda instilled fear among South Koreans. A more recent sentiment towards defectors is also the “poor starving victim” narrative. In turn for their acceptance in South Korea’s society, the defectors are expected to get rid of the “communist dust” and to become “modern citizens” to South Korea (Choo, 2006). In addition to cultural misunderstandings, feelings of we-ness are not easily established. Reportedly, North Korean defectors find it difficult to get close to South Koreans and to establish new friendships with them. Additionally, the defectors’ psychological situations their traumata, and feelings of insecurity add to this effect. The lack of networks makes it difficult for the defectors to secure financial resources and establish business networks among South Koreans.

Social networks help the in mobilizing resources, information and practical help (see Welter & Kautonen, 2005). Looking at the embeddedness of the defectors to the “ethnic” North Korean community to be used as a strategic resource for business we found the following. As compared to South Korean friends and family, North Korean friends and family were equally important. We also could not discern that our respondents would rather employ other North Korean defectors or Chinese Koreans (ethnic Koreans from the border regions) than South Korean born nationals. North Koreans use all kinds of help stemming from

social relations from either South or North Korean friends, from church networks and from non-profit organizations. The North Korean community was not attributed an extraordinary importance as prevalent in immigrant entrepreneurship literature. Even though, North Korean defectors do not yet form strong communities among themselves there is evidence of growth especially among young adults (e.g. *yobel*, *uniseed* and *woorion* and others). The lack of ethnic community-resources and the lack of networks in South Korean society (*yŏn'go*), has made many defectors to look for alternative resources. Qualitative interviews showed the significance of church networks. By emphasizing ethnical and religious unity, religious groups try to provide the defectors with new places of belonging. It is where the interviewees find mentors and help in times of need. Some church members provide information; others provide land and buildings to conduct the business. Furthermore, the church provides a target market for the business products.

5.4.2 Conclusion and discussion

This study contributes to current literature by answering the research question:

“What are the entrepreneurial strategies of North Korean defectors and how are they shaped by personality and socio-economic infrastructure?”

The key to understanding the entrepreneurial strategies of North Korean defectors is realizing that their entrepreneurial spirit is shaped by their experience as defectors as well as their opportunity-seeking personality.

Analysis of both quantitative and qualitative data suggests that the entrepreneurial strategies of North Korean defectors rely on multiple factors; furthermore, the defectors show high versatility in recognizing and implementing opportunities. The interviewees proved entrepreneurial in the classical sense of entrepreneurship theory, namely, entrepreneurs are opportunity-seeking beings. In addition, their experience as defectors contributes to an enhanced commitment to overcoming structural inequalities and personal deficiencies. All kinds of resources are used to find support and be successful. One resource that stands out is that church communities become centers for comprehensive support of North Korean defectors. The South Korean government provides sound structural opportunities to open a business; however, tailored services for North Korean defectors are moderately adequate. Therefore, the main obstacle for defectors is the lack of community support, the lack of a well-functioning network among North Koreans, and the lack of social embeddedness. It seems that they compensate this by joining protestant church communities.

When reading literature or listening to North Korean defectors: “*we didn’t come here, risking our lives, to...*” is a phrase that appeared repeatedly, insinuating that working for someone else is a waste of opportunities. It expresses a deep desire to exercise agency despite restrictions and limitations.

The concept of “adventure business” might be added to the discussion as well (this came up during a seminary) ²⁷. One defector entrepreneur, Kim H., described *mohŏm business* as an attitude of “*even if my business goes bankrupt, there is nothing they can take away from me anyway*”. Prof Lee Ji-young also contributed to the discussion by saying that for North Koreans, who do not own anything, it can be less frightening to open a business. This was also expressed in the motivation to have an own business (see chapter 5.1.3.6).

In an overall conclusion, we close with the following:

- The defectors’ entrepreneurial strategy is marked by personal experiences fueled by a high entrepreneurial spirit (which is owed to high opportunity seizing and risk propensity, and less to innovation and self-efficacy).
- Personal experience (in and out of North Korea), results in recognizing entrepreneurship as part of finding purpose and economic freedom in their lives.
- Defector entrepreneurs seek economic freedom by exercising agency and overcoming constraints.
- Defector entrepreneurs are opportunity-seeking persons taking responsibility to contribute to a better life for themselves and others.
- North Korean refugees use civic-society organizations and religious organizations to compensate for personal relationships and to develop business networks.

²⁷ During the Q&A session, we started discussing the defectors’ attitude of approaching entrepreneurship. “Online Seminar on Defector Entrepreneurship” organized by Kim Young-ji, Kangwon National University (KNU), July 31st, 2020

5.4.3 Theoretical Implications

This section discusses the theoretical implications of the research results, and themes to be considered in future research.

First, one of the major findings of this thesis is the importance of church communities that provide a target market and practical help in time of need. Evidence from other sources also shows the importance of religiosity for refugees in overcoming trauma (Rohde-Abuba & Konz, 2020). Faith and religious groups seem to play role in finding a new place of belonging and overcoming trauma by finding a purpose in life. For example, even the most pragmatic of my interviewees, Mrs. L. makes *Kimchang* with her employees to supply *Kimchi* to other North Korean defectors²⁸. In committing themselves and their work for others, they find a new purpose in life. Evidence suggests that church community as well as the personal faith of defectors contributes to the formation of a new identity. The relationship between identity and religiosity needs to be addressed in a future research framework.

Second, refugees, are generally viewed as part of the immigrant population and not discussed separately (Wauters & Lambrecht, 2008, p. 897). This is also the current approach in dealing with North Korean defector entrepreneurs, which either focuses on classic entrepreneurship or immigrant business. For better theoretical embeddedness of North Korean defector entrepreneurs, it will be helpful to add the refugee business perspective. Gold (1988) has been one of the pioneers in this regard. Among the Jewish and Vietnamese refugees in the US, he found several patterns of their entrepreneurial activities that were distinctive to other immigrant groups and are similar to the North Korean defector's experience.

For example, he indicates that the refugees' opportunities to participate in long-term chain migration are limited and incapable of forming large scale or formal self-help networks. The refugees' networks were therefore small and informal (Gold 1988). The North Korean community in South Korea is small and impeded in its development as well. "North Korean towns" are inexistent as North and South Koreans share the same cultural and ethnic background, which includes similar food preferences and other shared markers. Another significant factor, why community building among defectors is hampered is that many, especially

²⁸ *Kimchang* refers to the process of pickling cabbage, better known as *Kimchi*. This is a traditional Korean way to season and ferment vegetables served as a side dish with every meal.

new arrivals, fear exposure that could endanger themselves as well as their families who remained in North Korea²⁹.

Gold who researched US refugee communities found that refugees opened a small business because of the ability to provide them with a certain level of independence and flexibility. Our survey respondents, also, named this a prevalent motivation (see chapter 5.1.3.6).

Gold (1988) points out that the difference between immigrants and refugees is “one of degree rather than type” (p. 411 by citing Bernard 1977, p. 269); further clarification on the issue is needed. Based on this and other literature, Wauters and Lambrecht (2008, pp. 897-898) have identified distinctive characteristics of refugee business.

The following points (see Wauters and Lambrecht 2008, pp. 897-898), reflect the case of North Korean defectors and should be considered in future research frameworks as well:

- 1) Refugees flee their country of origin and cannot return to their country in order to acquire funds, capital, or labor for their business.
- 2) The social network of refugees in the new host country is less extensive than that of immigrants.
- 3) Refugees have experienced traumatic events, which cause psychological problems that hamper self-reliance and self-employment.
- 4) Many refugees are unsuited for paid labor.

5.4.4 Limitations

Our study contributes to the literature by demonstrating new insights based on evidence. Our data allowed us to bring forth an explicit outcome, even though our outcomes are less generalizable than large quantitative data. Nevertheless, we are able to do so in a moderated form (Payne & Williams, 2005). That means even though we cannot make statistical inferences to the North Korean defector community, which consists of over 30,000 people we believe there is a portion of unknown size, of young adults who are highly educated and have a “high entrepreneurial spirit”. This is a testable proposition to be either confirmed or refuted (Payne & Williams 2005).

The aim of the new Entrepreneurial Spirit Index is to provide the researcher with a tool to assess a “high” or a “low” entrepreneurial spirit. Accordingly, we generated a nominal variable with two values: “entrepreneurial spirit low” and

²⁹ Defection is a death-penalty crime in North Korea. Not only the defectors, but also their families are severely punished and stigmatized if caught.

“entrepreneurial spirit high”. Using our data, we were able to conclude a mean of 3.78 (see Table 12), indicating a high entrepreneurial spirit among our interviewees.

We consider the index as a useful tool for stakeholders to evaluate the entrepreneurial spirit of a person irrespective of age, gender, location, or education. The index is therefore suitable for comparative analysis across cultures and nations. However, it needs external validation and improvement of the survey items. Other researchers may also consider a “high” entrepreneurial spirit if at least a value of *four* is reached. Here, we defined a value above neutral (3.5). If we consider a value above 3.99, then we would not conclude a “high” entrepreneurial spirit but only an “above average” outcome. It, therefore, depends on the interpretation whether we conclude a high or a low entrepreneurial spirit. Therefore, the index should be tested among a large sample of long established or “successful” entrepreneurs in comparison, to decide the minimum value. According to the survey items, the number of questions should be equal for each concept and reach better Cronbach’s alpha as well. According to the researcher’s needs, the index should be adjusted. Testing the index among a small sample, as done in this thesis, generalizations should be cautiously and moderately. Hence, we conclude that the index developed in this thesis is a starting point for further research and for indicating individual levels of the entrepreneurial spirit, but we acknowledge the need for external validation and adjustment.

Furthermore, experts argued that probably all of those North Koreans who decided to defect from North Korea, have naturally higher levels of risk-attitude and opportunity-seizing, than those who decide not to defect. Therefore, the defector community may consist of a self-selected group with a higher risk-propensity than those North Koreans who decided to stay in North Korea. One can thereby argue that there is a high risk-propensity among the defector’s community in general. We believe however that this argument does not diminish but rather backs up our results for two reasons. First, our study never intended to make any inference to those North Koreans that stayed in the North, and second, if those who defect are truly riskier than others are, then our new index is able to capture it. This should be tested in a large quantitative survey for which I did not have the means. This might be necessary since it could also eradicate a potential interview bias. The survey included highly educated individuals compared to other defector studies. This is caused by the research methods. First by using snowball sampling through the contacts of Lee John-ho at Dankook University, where entrepreneurship education is offered regularly. Second, in Korea to conduct interviews out of the researcher’s social rank of the researcher has its limitations. Some decide to help based on feelings of *chŏng* (concept explained in chapter 5.3) and it is easier to conduct research among people of the same age, education level, or rank in Korea. For example, the in-depth interviews

were conducted with persons of the same generation, and it was easy to connect. The same goes for rank. When writing an email to people of higher rank there was sometimes no answer, while on the other hand, writing to researchers of similar rank, answers came in more readily. How can such a bias be removed? I believe this is only possible in large governmental surveys, having a confidential list of all defectors residing in South Korea. Since the number of defectors who seek entrepreneurial support is rising, it would be best to test the entrepreneurial spirit on a large scale.

5.4.5 Key findings and their relevance

This thesis has brought forth key findings that are emphasized in their theoretical and practical relevance as follows.

Theoretical findings to be addressed in future research frameworks

Prevalent immigrant business theories consider the ethnic minority community and its networks as principal explanatory factor. However, our analysis brought forth that North Korean defectors cannot rely on an “ethnic”- community and networks, at least not yet. It seems that they compensate this by joining protestant church communities. Religion helps the defectors to overcome their personal traumata and find new places of belonging. The protestant church communities and other religious organizations provide a new family, a new identity, and a new home where they are not “othered”. The relationship between the defectors’ religiosity and identity has to be addressed in future research. Furthermore, we need to re-consider North Korean defector entrepreneurship as part of the refugee business approach, which includes moral commitment and responsibility for others in its analysis. Moral commitment and responsibility for others also seems to give purpose to their lives and helps overcoming their difficult experiences. This needs further evidence as well.

Additionally, foreign networks seem to exist for most of our survey interviewees. We explain this as attributing to the long journey the defectors go through, by living in China and crossing several countries. The question remains open whether this foreign network is used for doing business.

Practical implications for supporting North Korean defectors

Derived from classic entrepreneurship literature, a new measure “Entrepreneurial Spirit Index” was developed. It considers the opportunity seizing, risk-attitude, innovativeness, and self-efficacy of a person. This index is able to evaluate the entrepreneurial spirit at the individual level, irrespective of age, gender, location, or education. Applying the index to our data it was shown that a high entrepreneurial spirit seems to correlate with gender, time spent in South Korea, as well as education. Especially, highly educated male participants

showed a high entrepreneurial spirit in this regard. The data furthermore suggests that those North Korean defectors with a high entrepreneurial spirit are prone to pursue opportunity business rather than necessity business. We believe that the new index can be a useful for researchers conducting comparative analysis. Additionally, since it enables to differentiate between a high and a low ES, it is a valuable tool to business incubators and to potential investors, who are considering supporting business proposals. According to Shane (2009), it is “bad policy” to support *any* start-up. Therefore, if we want to encourage the formation of high quality, high growth companies of North Korean defectors, whereas the Entrepreneurial Spirit Index can be a useful tool to identify them.

Second, the governmental entrepreneurial support system (KHF) needs to be reconsidered. Our interview partners were highly critical of the fact that entrepreneurial support is tied to short application periods and unnecessary bureaucratic requirements that do not influence the quality of a business (see chapter 5.2.3.6). Key for better policy is identifying those with high entrepreneurial spirit and support their efforts individually.

Third, as we found the level of defectors’ innovativeness and self-efficacy, less pronounced than risk attitude and opportunity seizing we suggest entrepreneurial funding to be accompanied with entrepreneurial education and business-plan writing.

In an overall conclusion, we were able to demonstrate, that our interview partners show commitment and responsibility for others. Combined with a high entrepreneurial spirit, such characteristics make them potentially successful start-up entrepreneurs. Their personal commitment for shaping the future for themselves and others may also be a change maker in transforming the economy and society of North Korea.

On above grounds this thesis closes with the following statement:

The key to understanding the entrepreneurial strategies of North Korean defectors is realizing that their entrepreneurial spirit is shaped by their experience as defectors as well as their opportunity-seeking personality. We thereby propose to leave behind the victimhood narrative and move on to a new approach that views defectors as opportunity-seeking persons who want to contribute to a better life for themselves and others.

6 References

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7 Appendix

7.1 Survey (Korean Original)

북한이탈주민

창업 및 고용 의사 설문지

본 설문지는 북한이탈주민의 자발적 경제활동을 활성화하고, 기본 생활의 실태 조사에 활용할 목적으로 활용되며, ‘개인정보 보호법’에 따라 개인정보 유출은 절대로 없음을 알려드립니다. 다만, 학문적인 목적으로 발표할 필요가 있을 경우에도 개인 정보 없이, 집단 정보로 분석 처리될 것입니다. 설문응답자는 본 연구와 관련된 잠재적 혹은 알려진 위험에 관한 모든 질문에 언제든지 문의할 수 있는 권리를 가지고 있습니다.

언제나 연구 책임자

이준호(중앙대학교 북한개발협력학과, 010-8543-9066, dlwhsgh@nate.com),
마리안네 정(비엔나대학교 한국학과, marianne.jung@univie.ac.at)에게 언제든지 문의할 수 있습니다. 여러분의 소중한 의견이 미래 통일한반도와 북한이탈주민의 안정적인 남한 정착에 큰 도움이 될 것입니다. 감사합니다.

이름	(가명을 쓰셔도 됩니다. 조사의 구분을 위해 꼭 적어주세요.)
성별	☐ 남자 ☐ 여자
나이	☐ 만 30세 이하 ☐ 만 31세 ~ 50세 ☐ 만 51세 이상
탈북 시기 및 고향	1. 1995년~2000년대 2. 2001년~2005년대 3. 2006년~2010 4. 2011년~2015년 5. 2016년 ~ 2020년
북한 거주 기간	____년 1. 10년 이하 2. 11년 ~ 15년 3. 16년~20년 4. 21년~25년 5. 26년~30년
남한 거주 기간	____년 1. 5년 이하 2. 6년~10년 3. 10년~15년 4. 15년~20년

북한 최종 학력	1. 인민학교 2. 중학교(고등중) 3. 전문대 졸업 4. 대학 이상
남한 최종 학력	1. 고졸 이하 2. 전문대졸 3. 대졸 4. 대학원 이상
결혼 여부	1. 기혼 2. 미혼 3. 동거(신혼신고를 안하고 살고 있음)
남한에서의 직업	1. 경영자 (CEO) 2. 학생 3. 관리및사무직 4. 서비스 종사자 5. 판매종사자 6. 단순노동 일용직 7. 군인 8. 교육자 8. 공무원 9. 농업, 축산업 종사자 10. 기타
남한에서의 월수입	☐ 100만원 이하 ☐ 100만원 ~ 200만원 ☐ 200만원 이상

1. 함경북도 2. 양강도 3. 함경남도 4. 자강도 5. 평안북도 6. 평안남도 7. 황해북도 8. 황해남도 9. 강원도 10. 개성직할시 11. 기타

1. 기업가정신측정 (EO)

	질문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
pr 진 취 성	1. 나는 새로운 기회를 포착하기 위한 노력을 한다.	①	②	③	④	⑤
	2. 나는 새로운 지식습득을 위해 적극적으로 학습한다.	①	②	③	④	⑤
	3. 나는 보수적인 기질보다는 진보적으로 학습한다.	①	②	③	④	⑤
	4. 나는 새로운 것이 좋으며, 새로운 유행을 추구한다.	①	②	③	④	⑤
	5. 나는 한번 결심하면 추진한다.	①	②	③	④	⑤
	6. 나는 환경변화에 적극적으로 대응한다.	①	②	③	④	⑤
rs 위	7. 나는 해야 할 일이면 위험이 따르더라도 수행한다.	①	②	③	④	⑤

험 감 수 성	8. 나는 과감하고 용감한 행동이 목표달성 을 위해 필수적이라 생각한다.	①	②	③	④	⑤
	9. 나는 일을 하는 과정에서 위험 을 회피 할 수 있다면 회피한다.	①	②	③	④	⑤
	10. 나는 일을 하는 과정에서 위험 이 감지되면 이를 극복 하려고 노력한다.	①	②	③	④	⑤
	11. 나는 성공할 확률이 낮더라도 기회 가 보이면 추진 한다.	①	②	③	④	⑤
in 혁신 성	12. 나는 창의성 이 뛰어나다.	①	②	③	④	⑤
	13. 나는 혁신적 인 사고 방식을 갖고 있다.	①	②	③	④	⑤
	14. 나는 새로운 것을 추구 한다.	①	②	③	④	⑤
	15. 나는 주변에 관심을 갖고 새로운 것에 대한 창의적 인 생각 을 한다.	①	②	③	④	⑤
	16. 나는 남들이 생각하는 것과는 다른 독창적 인 생각 을 더 선호한다.	①	②	③	④	⑤
	17. 나는 변화 를 위해 새로운 아이디어를 찾으려고 노력 한다.	①	②	③	④	⑤

2. 창업인식 설문

	질문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
창	1. 나는 창업 이 국가와 사회	①	②	③	④	⑤

업 공 정 인 식	에 기여한다고 생각한다.					
	2. 나는 창업에 대한 사회적인 인식이 긍정적이라고 생각한다.	①	②	③	④	⑤
	3. 나는 존경받는 창업가가 사회에 다수 존재한다고 생각한다.	①	②	③	④	⑤
	4. 나는 창업도 또 하나의 직업선택의 유형이라 생각한다.	①	②	③	④	⑤
	5. 나는 창업이 나에게 자아성취를 가져다 줄 것으로 생각한다.	①	②	③	④	⑤
	6. 나는 창업이 나에게 경제적인 부를 가져다 줄 것으로 생각한다.	①	②	③	④	⑤
창 업 부 정 인 식	7. 나는 창업가가 사회에서 부정적으로 인식되고 있다고 생각한다.	①	②	③	④	⑤
	8. 나는 창업가가 사회에서 존경받는 경우가 드물다고 생각한다.	①	②	③	④	⑤
	9. 나는 가족이나 친척, 지인이 창업을 한다고 하면 반대할 것이다.	①	②	③	④	⑤
	10. 나는 창업은 나에게 경제적인 안정을 가져다주지 못한다고 생각한다.	①	②	③	④	⑤
	11. 나는 창업은 나에게 성취감을 가져다주지 못한다고 생각한다.	①	②	③	④	⑤
자	12. 나는 새로운 아이디어를	①	②	③	④	⑤

기 호 능 감	낼 수 있다.					
	13. 나는 새로운 제품이나 서비스를 만들 수 있다.	①	②	③	④	⑤
	14. 나는 내 능력으로 충분히 창업에 성공할 수 있다.	①	②	③	④	⑤
	15. 나는 창업을 하는데 충분한 능력을 갖추고 있다.	①	②	③	④	⑤
	16. 나는 말은 일보다 더 어려운 일도 충분히 해낼 수 있다.	①	②	③	④	⑤
	17. 나는 내게 맡겨진 일을 성공적으로 수행할 자신감이 있다.	①	②	③	④	⑤

3. 창업동기

	질문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
창 업 동 기	1. 나는 새로운 분야에 도전하기 위해 창업을 할 것이다.	①	②	③	④	⑤
	2. 나는 성취감을 위해 창업을 할 것이다.	①	②	③	④	⑤
	3. 나는 내가 원하는 일을 하기 위해 창업을 할 것이다.	①	②	③	④	⑤
	4. 나는 더 많은 소득을 얻기 위해 창업을 할 것이다.	①	②	③	④	⑤
	5. 나는 경제적 안정을 위해 창업을 할 것이다.	①	②	③	④	⑤
	6. 나는 주변에서 인정을 받기 위해 창업을 할 것이다	①	②	③	④	⑤
	7. 나는 더 높은 지위를 얻기 위해 창업을 할 것이다.	①	②	③	④	⑤

8. 나는 개인적 삶에 더 큰 여유를 얻기 위해 창업을 할 것이다.	①	②	③	④	⑤
9. 나는 통제받지 않은 자유로운 업무활동을 위해 창업을 할 것이다.	①	②	③	④	⑤
10. 나는 내 경력향상을 위해 창업을 할 것이다.	①	②	③	④	⑤
11. 나는 국가와 경제에 이바지하기 위해 창업을 할 것이다.	①	②	③	④	⑤
12. 나는 좋은 평판을 얻기 위해 창업을 할 것이다.	①	②	③	④	⑤
13. 나는 취업이 어렵기 때문에 창업을 할 것이다.	①	②	③	④	⑤
14. 나는 내 전문성을 인정받기 위해 창업을 할 것이다.	①	②	③	④	⑤

4. 창업의지

	질문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
창 업 의 지	1. 나는 현재 창업을 준비 중 에 있다.	①	②	③	④	⑤
	2. 나는 장래에 창업을 계획하 고 있다.	①	②	③	④	⑤
	3. 나는 창업을 위한 아이디어 를 도출한 적이 있다.	①	②	③	④	⑤
	4. 나는 아이디어를 아이템으 로 개발하기 위해 노력한다.	①	②	③	④	⑤
	5. 나는 창업에 대한 조언을	①	②	③	④	⑤

	얻기 위해 관련 기관에 방문 할 것이다.					
	6. 나는 아이디어가 있다면 창업을 할 것이다.	①	②	③	④	⑤
	7. 나는 아이디어를 아이템으 로 개발할 수 있다면 창업을 할 것이다.	①	②	③	④	⑤
	8. 나는 창업경험을 위해 창업 관련 행사에 참여할 것이다.	①	②	③	④	⑤
	9. 나는 창업지식을 위해 창 업교육을 받을 것이다.	①	②	③	④	⑤
	10. 나는 창업자금이 있다면 창업을 할 것이다.	①	②	③	④	⑤
	11. 나는 이미 창업을 했지만, 실패할 경우 계속 창업을 할 것이다.	①	②	③	④	⑤

5. 네트워크 질문

	질 문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
네 트 워 크 질 문	1. 창업을 위해 남한 친구에 게 도움을 받을 수 있다.	①	②	③	④	⑤
	2. 창업을 위해 탈북민에게 도움을 받을 수 있다.	①	②	③	④	⑤
	3. 창업을 위해 가족에게 도 움을 받을 수 있다.	①	②	③	④	⑤
	4. 본인 스스로 창업할 수 있 다.	①	②	③	④	⑤
	5. 창업을 위해 도움을 받을 수 있는 기관이 있다.	①	②	③	④	⑤

	6. 창업을 위해 네트워크 형성에 노력을 한다.	①	②	③	④	⑤
	7. 탈북민과 연대감을 많이 느낀다.	①	②	③	④	⑤
	8. 창업을 위해 외국에서의 네트워크를 가지고 있다.	①	②	③	④	⑤

6. 가장 받고 싶은 창업교육은 무엇인가요?

☐ 마케팅 교육 ☐ 기업가정신 교육 ☐ 재무, 회계 등 경제교육

☐ 특허출원 등 지식재산확보 교육 ☐ 기타

7. 북한이탈주민 고용의지

	질 문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
고 용 의 지	1. 탈북자를 채용할 의사가 있다.	①	②	③	④	⑤
	2. 조선족 및 제3국의 사람을 채용할 의사가 있다.	①	②	③	④	⑤
	3. 탈북자를 채용하지 않더라도 도움을 줄 의사가 있다.	①	②	③	④	⑤

8. 기타 질문입니다.

	질 문	전혀 그렇지 않아	그렇지 않다	보통이다	그렇다	매우 그렇다
기 타	1. 창업을 위해 은행 대출을 하고 싶다.	①	②	③	④	⑤

	2. 창업자금을 위해 은행에서 대출이 쉽다.	①	②	③	④	⑤
	3. 북한에서의 경험이 창업에 도움이 된다.	①	②	③	④	⑤
	4. 하나원의 교육이 창업에 도움이 된다.	①	②	③	④	⑤
	5. 남북하나재단에서 창업지원을 많이 해준다.	①	②	③	④	⑤

9. 북한이탈주민이 남한에서 안정적으로 정착하기 위한 방법으로는 어느 것이 있을까요?

7.2 Survey (English translation)

Name

Gender

- 1) Male
- 2) Female

Age

- 1) Under 30
- 2) Between 31 and 50
- 3) Over 51

Year of Defection

- 1) 1995-2000
- 2) 2001-2005
- 3) 2006-2010
- 4) 2011-2015
- 5) 2016-2020

Hometown (Region)

- 1) Hamgyŏngbukto
- 2) Yanggangdo
- 3) Hamgyŏngnamdo
- 4) Jagangdo
- 5) Pyŏngannamdo
- 6) Hwanghaebukdo
- 7) Hwanghaenamdo
- 8) Kangwŏndo
- 9) Kaesŏng
- 10) Other

Time spent in North Korea

- 1) Less than 10 years
- 2) 11 to 15 years
- 3) 16 to 20 years
- 4) 21 to 25 years
- 5) 26 to 30 years

Time spent in South Korea

- 1) Less than 5 years
- 2) 6 to 10 years
- 3) 10 to 15 years
- 4) 15 to 20 years

Highest education received in North Korea

- 1) Inmin (primary-) school
- 2) Middle school
- 3) Vocational school
- 4) College

Highest education received in South Korea

- 1) High-School or below
- 2) Junior College
- 3) University (BA degree)
- 4) University (MA degree) or higher

Marital Status

- 1) Married
- 2) Single
- 3) In a Partnership

Job- Position in South Korea

1. CEO 2. Student 3. Office worker 4. Service staff 5. Sales staff 6. Day laborer
7. Military personnel 8. Teacher/educator 9. Civic servant 10. Live-stock worker
11. Other

Income

- Less than 100.000 Won.
Between 100.000 and 200.000 Won.
More than 200.000 Won.

1. Entrepreneurship Questions

Opportunity-seizing

1. I try to seize new opportunities.
2. I am actively learning to acquire new knowledge.
3. I am learning progressively and not conservatively.
4. I like new things and pursue new trends.
5. Once I decide, I go ahead
6. I actively respond to environmental changes.

Risk-Attitude

7. I do what I have to do, even if it carries risks.
8. I think that bold and courageous actions are essential for achieving my goals.
9. If possible, I avoid risks at work.
10. In my work, if I sense difficulties, I try to overcome them.
11. I push if I see a chance, even if it is unlikely to succeed.

Innovativeness

12. I am very creative.
13. I have an innovative way of thinking.
14. I seek something new.
15. I care about my surroundings and think creatively about new things.

16. I prefer to think differently than others think.

17. I try to find new ideas for change.

2. Perception on Entrepreneurship

Positive perception

1. I think that entrepreneurship contributes to the nation and society.
2. I think that the societal perception on entrepreneurship is positive.
3. I think there are many respected entrepreneurs in society.
4. I think starting a business is another type of job choice.
5. I think starting a business will bring self-fulfillment.
6. I think starting a business will bring economic wealth.

Negative perception

7. I think entrepreneurs are perceived negatively in society.
8. I think entrepreneurs are rarely respected in society.
9. I would object if my family, relatives, or acquaintances start a business.
10. I think starting a business does not bring me economic stability.
11. I think starting a business does not bring me a sense of accomplishment.

Self-Efficacy

12. I can come up with new ideas.
13. I can create new products or services.
14. I am qualified to have a successful business.
15. I am qualified to start a business.
16. I could work harder than I do now.
17. I am confident to carry out my work successfully.

3. Start-up Motivation

1. I will start a business to challenge a new field.
2. I will start a business for a sense of accomplishment.
3. I will start a business to do the work I want.
4. I will start a business to earn more income.
5. I will start a business for economic stability.
6. I will start a business to gain recognition around me.
7. I will start a business to get a higher social position.
8. I will start a business to have more leeway in my personal life.
9. I will start a business to be my own boss.
10. I will start a business to improve my career.
11. I will start a business to contribute to the nation and the economy.
12. I will start a business to get a good reputation.
13. I will start a business because it is difficult to find a job.
14. I will start a business to get my expertise recognized.

4. Entrepreneurial Intention

1. I am currently preparing to start a business.
2. I am planning to start a business in the future.

3. I have come up with ideas for starting a business.
4. I try to develop ideas into items.
5. I will visit relevant organizations for advice on starting a business.
6. I will start a business if I have an idea.
7. I will start a business if I can develop an idea as an item.
8. I will participate in start-up events for getting start-up experience.
9. I will receive entrepreneurship training for entrepreneurship knowledge.
10. I will start a business if there is a start-up fund.
11. I have already started a business, but even if it fails, I will start again.

5. Networks

1. To start a business, I can get help from a South Korean friend.
2. To start a business, I can get help from other North Korean defectors.
3. To start a business, I can get help from family.
4. I can start a business on my own.
5. There are organizations that help me to get started.
6. I am forming a network to start a business.
7. I feel a lot of solidarity with other North Korean defectors.
8. I have a network abroad to start a business.

6. What kind of business training do you want to receive the most?

- ☐ Marketing training
- ☐ Entrepreneurship education
- ☐ Economic training such as finance and accounting
- ☐ Training to secure intellectual property including patent application
- ☐ Other

7. Engagement willingness

1. I am willing to hire other North Korean defectors.
2. I am willing to hire Korean Chinese (chosŏnjok) or people from third countries.
3. I am willing to help North Korean defectors, even if I would not hire them.

8. Other Questions

1. To start a business, I want to receive a bank loan.
2. It is easy to get a loan from a bank for a start-up.
3. Experience from North Korea help me to start a business.
4. The training I received at Hanawon helps to start a business.
5. The South-North Hana Foundation provides a lot of support for start-ups.

9. Open Question

For a stable settlement what is the best method for North Korean defectors to settle down stably in South Korea?

7.3 Qualitative Interview Questions

Semi-structured Interview-questions

- 1) What did your parents do when you were in North Korea? What kind of education did you receive in North Korea? 북한에 계실 때 부모님들은 어떤 일을 하셨나요? 북한에서 어떤 교육을 받으셨나요?
- 2) I am curious about the work you did before coming to South Korea; can you tell me specifically about it? 한국에 오기전에 어떤 분야에서 일을 했는지 궁금한데, 그것에 대한 구체적인 얘기를 해주시겠어요?
- 3) When and how did you arrive in South Korea? 한국에 언제 어떻게 오셨어요?
- 4) What did you do after arriving in South Korea? Did you receive any further education? 한국에 와서 뭐하고지냈는지이야기를 나눠주시겠어요? 교육이나 학교를 다니신 적이 있으신가요?
- 5) What kind of work did you do and did you change workplaces frequently? 한국에 와서 어떤 일을 하고 지냈습니까? 혹시 일자리를 많이 바꾸셨어요? (이유는 무엇입니까?)
- 6) How and why did you start thinking about entrepreneurship? Was there a specific reason or motivation to start up? 사업하는 생각을 언제, 어떻게 하셨어요? (사업을 시작한 특별한 이유나 계기가 있으셨어요?)
- 7) Have you or your family been involved in a business before? 본인이나 가족이 사업을 한 경험이 있으신가요?
- 8) What kind of business did you start, and what is your target group? 사업 목표가 어떤것인가요? 어떤 타겟그룹(고객)을 갖고 계신가요?
- 9) Where and how did you receive the training or knowledge to open a business in South Korea? 사업에 대한 특별한 지식을 (방법을) 어떻게 얻었습니까? (한국에 와서 알게된 것입니까? 아니면 외국에서 배웠습니까?)
- 10) What was the most difficult part when starting your business in South Korea? 처음에 사업을 시작할때 힘든 점이 많이 있습니까?
- 11) Is there anything that hinders the start-ups of North Korean defectors? Do you expect or wish something from the government, such as policies or support? Do you have any particular expectations from the government for your business?

Or are there any special obstacles that must be removed 혹시 특히 회사가 더 잘 되기 위해서 정부에게 바라는 것이 있으십니까? 아니면 없어야하는 특별한 장애물(제도)이 있으십니까? (혹시 정부가 도와줘야 할 부분, 제도(시스템)적으로 필요한 부분).

12) Have you ever been discriminated against? Have you ever had a hard time getting a loan? 차별을 받은적이 있나요? 대출받을 때 힘들었던 적이 있나요?

13) What are your future plans?

미래에 대한 계획이 어떤 것이 있으신가요?

14) Is there anything you miss when you look at North Korea's social or people's relationship? Is there anything you would like to have in South Korea?

마지막으로는 북한의 사회적으로 아니면 사람들의 관계를 봤을때 그리운 점들이 있으십니까? 한국에서도 있었으면 좋겠다고 생각하는것이 있어요?

(단심/성실, 공동/공유, 서로 돕는것, 협조심)?

15) Do you know what a co-op is? Do you think it will work after reunification, or do you think North Koreans would not like it? 협동조합 (Co-op) 뭔지

아십니까? 통일하고 좋은 사업기회 될것 같나요? 아니면 북한사람들이 싫어할거 같애요?

Interview Memo

Interview Place and date 장소와 날짜:

이름:	생년월일:
성별 (남/여):	학력:
한국 도착연도:	
지금까지 한 직업:	
받은 교육 (북한, 한국)	
개인 사업기원:	사업종류:

8 Abstract

8.1 English

North- and South Koreans share the same historic and ethno-cultural background. However, North Korean defectors in South Korea are made into a socially marginalized group “other” to South Koreans. A growing number of defectors who settled in South Korea have therefore turned to self-employment to seek economic independence. As research on North Korean defector entrepreneurship is still in its infancy, this dissertation contributes to the state of art by answering the research question “what are the entrepreneurial strategies of North Korean defectors and how are they shaped by personality and socio-economic infrastructure?” By applying the mixed embeddedness model, analysis of both quantitative and qualitative data suggests that North Korean defectors are highly versatile in recognizing and implementing opportunities. The interviewees proved entrepreneurial in the classical sense of entrepreneurship theory, as opportunity-seeking beings with a high entrepreneurial spirit. Their experience as defectors contributes to an enhanced commitment to overcoming structural inequalities and personal deficiencies. All kinds of resources are used to find support and be successful. The South Korean government provides sound structural opportunities to open a business; however, tailored services for North Korean defectors are moderately adequate. One resource that stands out is that church communities become centers for comprehensive support of North Korean defectors. Therefore, the key to understanding the entrepreneurial strategies of North Korean defectors is realizing that their entrepreneurial spirit is shaped by their experience as defectors as well as their opportunity-seeking personality.

8.2 Deutsch

Trotz ihres gemeinsamen ethno-kulturellen Hintergrundes werden nordkoreanische Flüchtlinge in Südkoreas' Gesellschaft mit Diskriminierung und strukturellen Nachteilen konfrontiert. Um wirtschaftliche Unabhängigkeit zu erlangen, wenden sich daher viele nordkoreanische Flüchtlinge der Selbstständigkeit zu. Da die Forschung zum Unternehmertum nordkoreanischer Flüchtlinge aktuell noch in den Kinderschuhen steckt, leistet diese Dissertation einen Beitrag zum Stand der Forschung, indem sie die Forschungsfrage beantwortet: "Welche unternehmerischen Strategien verfolgen nordkoreanische Flüchtlinge und wie werden diese Strategien von Persönlichkeit und der sozioökonomischen Infrastruktur geprägt?" Durch die Anwendung des „mixed-embeddedness model“ deutet die Analyse der quantitativen und qualitativen Daten darauf hin, dass nordkoreanische Flüchtlinge sehr vielseitig im Erkennen und Umsetzen von Chancen sind. Die Befragten erwiesen sich als unternehmerisch im klassischen Sinne der Entrepreneurship-Theorie, als chancensuchende Individuen mit einem hohen Unternehmergeist. Überdies tragen ihre Erfahrungen als Flüchtlinge zu einem verstärkten Bemühen in der Überwindung struktureller Ungleichheiten und persönlicher Defizite bei. Alle möglichen Ressourcen werden genutzt, um Unterstützung zu finden und erfolgreich zu sein. Die südkoreanische Regierung bietet solide strukturelle Möglichkeiten, ein Unternehmen zu gründen; die maßgeschneiderten Dienstleistungen für nordkoreanische Flüchtlinge sind jedoch nur mäßig angemessen. Eine herausragende Rolle scheinen dabei kirchliche Netzwerke zu spielen, welche eine Einbettung in soziale Gemeinschaft und daraus entstehenden Vorteilen ermöglicht. Der Schlüssel zum Verständnis der unternehmerischen Strategien nordkoreanischer Flüchtlinge liegt daher in der Erkenntnis, dass ihr Unternehmergeist durch ihre Flüchtlingserfahrung und ihre chancenorientierte Persönlichkeit geprägt ist.

8.3 국문 요약

남북한은 역사적, 민족-문화적 배경을 공유한다. 하지만 남한에서 지내고 있는 북한이탈주민들은 남한사람들에게 ‘다른’ 소외된 집단으로 인식되고는 한다. 그래서 경제적 독립을 위해 자영업을 시작하는 남한에 정착한 북한이탈주민들의 숫자가 증가하고 있다. 북한이탈주민의 기업가정신에 대한 연구는 아직 초기 단계인 만큼, 본 논문은 연구 질문 “북한이탈주민의 기업가정신 전략은 무엇이며, 어떻게 성격과 사회경제적 기반시설에 의해 형성되는가?”에 답하면서 해당 부문에 기여하고자 한다.

혼합 내재성 모형을 적용한 양적 및 질적 자료 분석연구 결과는 북한이탈주민들이 기회를 잘 인식하고 이용하는데 다재다능한 것으로 나타났다. 조사대상자들은 기회를 높이 추구하는 기업가정신의 고전적 의미에서 기업가 기질을 갖고 있음을 입증했다. 탈북자로서의 경험은 구조적 불평등과 개인의 결점을 극복하기 위한 노력에 많은 기여를 한다. 모든 자원은 지원을 위해 사용되어지고 성공적으로 이용되고 있다. 한국 정부는 창업 기회를 위한 건전 구조 기회를 제공하고 있지만, 북한이탈주민들을 위한 더욱 적합한 서비스들이 보충되어야 한다. 눈에 띄는 부분은 교회 공동체가 북한이탈주민의 포괄적인 지원 중심지인 점이다.

그러므로, 북한이탈주민의 기업가정신 전략을 이해하는데 중요한 점은 그들의 기업가정신이 망명 경험과 기회 추구 성향으로 부터 형성된다는 점을 인지하는 것이다.