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Opportunities and Disadvantages: The Institutional Embeddedness of North Korean Defector Entrepreneurs in South Korea

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Summary

North Korean defectors struggle with economic and social integration into South Korean society. Facing structural disadvantages in the job market, they are mainly employed in low-wage and undignified jobs that are undesired by South Koreans. A growing proportion of defectors look to self-employment as an alternative. Literature in the research field has shown that those defectors who are self-employed earn notably higher incomes than those defectors who stay in dependent employment, which positively affects their upward economic mobility. Institutional theory has brought to light that opportunity existence and the quality of formal and informal institutions stimulate the formation of enterprises. However, prior research has reported an insufficient start-up system for defector entrepreneurs. This article therefore asks what opportunities and disadvantages North Korean defector entrepreneurs encounter as a result of the formal and informal institutions in South Korea. Using a quantitative and qualitative research design, this article indicates the perceived supportiveness of institutional support for defector entrepreneurs. Results show that while bureaucratic hurdles to establishing a business are kept low, general start-up support is mainly targeted at highly innovative start-ups. As most defectors' businesses are concentrated in low-productive sectors such as service or restaurant businesses, defectors are not eligible for entrepreneurship support. Concerning the Korea Hana Foundation's support for defectors' start-ups, qualitative and quantitative interview results indicate that strict requirements and short application periods limit their perceived usefulness.

Keywords: North Korean defectors, immigrant entrepreneurship, institutional environment

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