

North Korean Entrepreneurs in South Korea: Examining the Relationship Between Pre- and Post-Migration Experiences on Business Performance*

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January 13, 2022

Abstract

Despite interest in North Korea's emergent market economy and the resettlement experiences of defector-migrants in South Korea, there has been little research into the experiences of those migrants who start businesses after resettlement. This study presents an analysis of the results from a survey of 131 defector-migrant entrepreneurs in South Korea and 10 follow-up interviews conducted in 2018. Leveraging insights from studies of migrant entrepreneurship, especially research that explores entrepreneurial activities of migrants from former communist countries, we explore the effects of pre-migration and post-migration experience on the difficulties North Korean defector-migrant entrepreneurs report in firm management. Using a question battery about business experience in South Korea and firm performance, our results show both pre- and post-migration experiences matter. Analysis of survey results show that previous market experience in North Korea is associated with greater perceived difficulty in managing external aspects of firm operations, but former Korean Workers' Party membership is associated with better firm performance and internal organization. We also find that firm age is correlated with decreasing perceived external challenges, suggesting that, over time, defector-migrant entrepreneurs learn new ways of doing business in a new institutional environment. These findings are largely corroborated by the in-depth interviews with defector-migrant entrepreneurs.

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Introduction

North Korean defector-migrants are a small but notable group in South Korean society. Estimated to number approximately 27,000 (Hana Korea Foundation 2018: 8), they hail from a society that has undergone significant economic change (Ward 2020) and considerable marketization (Ward and Green 2020). The challenges of economic and social integration for defector-migrants have been given considerable attention, but relatively little has been devoted to those who engage in business enterprise in South Korea – the class of defector-migrant entrepreneurs. A small group overall, a 2018 estimate finds approximately 12 percent of economically active defector-migrants are business owners (Hana Foundation 2018: 125).

Defector-migrants hail from a poor country with weak market institutions (Lankov et al. 2017; Ward et al. 2019) but have migrated to new country which speaks the same language and has institutionalized market institutions. However, their experiences as entrepreneurs in South Korea remain largely unknown, and the effects of pre-migration experiences and attributes on post-migrant business experiences is all but completely unstudied.

Based on naïve assumptions about co-ethnic solidarity or pan-Korean nationalism, one might assume that transition from one Korean system to another can be done with ease, but if viewed as a migrant class the literature indicates that not all defector-migrant entrepreneurs will perform similarly. Pre-migration learning and socialization is found to have long-lasting effects (Lien 2010). A substantial body of research finds an association between communist party membership in post-socialist countries and the propensity to engage in entrepreneurship (Djankov et al. 2005; Ivlevs, Nikolova & Popova 2020). Research shows that human capital is associated with business success (Unger et al. 2011), suggesting that pre-migration market experiences will affect post-migration entrepreneurship.

Using a novel survey of 131 entrepreneurs from North Korea, and supported by 10 in-depth interviews, this paper examines the relationship between pre- and post-migration experiences on business experiences, focusing separately on internal (e.g., sales, recruitment, marketing) and external (e.g., raising funds, competition, regulations) challenges, in addition to business performance. We consider whether belonging to Korean Workers' Party or having North

Korean market experience impacts one's subjective assessment of business performance. We also consider whether new business learning in South Korea is associated with changes in business assessment.

Our results show both pre-migration experiences matter. There is an association between previous market experience in North Korea is perceived difficulties in managing external aspects of firm operations, such as navigating new market regulations and institutions. Those who worked in the (informal) markets of North Korea seem to have internalized the norms and expectations of North Korean capitalism. Membership in the Korean Workers' Party also makes a difference. It is associated with larger firm, which we read as a sign of greater organizational capacity. This suggests that the human capital gained by party membership carries over from North to South.

Post-migration experiences matter, too. We find that firm age is correlated with decreasing perceived external challenges, suggesting that, given time, defector-migrant entrepreneurs find more successful ways of carrying out business. Either that, or possibly those who do not find ways to overcome simply fail.

Follow-up interviews with 10 respondents reinforce our survey-based findings and reveal a complicated picture of business experiences among defector-migrant entrepreneurs. The results from the regression analyses are broadly corroborated, but other issues like social capital developed with the Chinese market, and the prior employment as a conduit to the development of industry-specific expertise were also highlighted by interviewees.

This research provides novel insights into entrepreneurship experiences in South Korea among migrants From North Korea. In doing so, we seek to shed light on the process of economic integration into South Korea generally, and integration as entrepreneurs in particular. Our findings are suggestive about the role of portable human capital, the associations between higher pre-migration social status giving rise to portable forms of human capital, and the role of unlearning and relearning in the entrepreneurial process, especially for defector-migrants with North Korean market experience. Finally, interviews indicate the presence of other complicating factors like the mediating role that Chinese market experience and connection to the Chinese market can play in entrepreneurial activities amongst North Korean defector-migrants.

Literature Review

The existing scholarly literature on North Korean issues can be roughly divided into two broad, distinct, and largely unconnected strands. North Korean Studies scholars study North Korean politics, economy, and society.¹ In this literature, defector-migrants are often utilized as informants and survey respondents as sources of information on North Korean life.² Another body of literature focuses on the issues facing North Korean defector-migrants residing in South Korea and elsewhere. In this literature, the experiences and life trajectories of defector-migrants subsequent to resettlement outside of North Korea is the primary focus.³

A major area of research within North Korean studies in both English and Korean examines the growing role of markets and private business in the North Korean economy. The authors are not aware of any studies of North Korean defector-migrant entrepreneurship published in English. Most of the existing English language and Korean language scholarship dealing with North Korean refugee issues focuses on issues of integration and problems of resettlement.⁴ In Korean, this literature spans articles and PhD dissertations and has grown considerably in the past five years.⁵ However, a search of the Korea Citation Index (KCI) only returned 10 results that included “North Korean defector resident” (북한이탈주민) and “entrepreneurship” (창업; lit. ‘business creation’) in the title,⁶ and only three PhD theses with these terms in its title, of which only two were written

¹ There are a number of interesting studies about North Korean studies in South Korea, these include a discussion of its emergence in the 1960s by Lee (2020), Kim, Lee and Song (2011) who offer a quantitative analysis of the field’s evolution, and Koh (2015) on the field’s 70-year history.

² In Korean, this trend emerged in the 1990s. For a review of the North Korean marketization scholarship that makes extensive use of such testimony, see: Ward and Green (2020).

³ For a meta-analysis of the literature in Korean up to 2014, see: Kwak (2015). There are also a range of other analyzes of various sub-fields in North Korean defector-migrant studies that can be found on KCI.

⁴ In English, the literature on North Korean defector-migrant issues includes a broad range of social issues. This includes adjustment to life in South Korea (Lankov 2006; Bidet 2009; Yu et al. 2012; Noh et al. 2016; Kim and Kim 2016), their depiction in the South Korean media and within popular discourse (Epstein and Green 2013; Park 2016), and the role of their testimony in political discourse (Green and Denney 2012), as well as issues of identity (Hough 2018; Hough and Bell 2019) and South Korean attitudes toward them (Ha and Jang 2019; Denney, Ward, and Green 2020). There also have been studies investigating how North Koreans internalize capitalist values (Kim and Rousseau 2019), and the South Korean state’s role in socialization and integration process generally (Won 2020).

⁵ A search of the South Korean thesis and general academic portal RISS (<http://www.riss.kr/>) returned over 500 PhD thesis titles that included the term ‘North Korean defector-migrant resident’ (북한이탈주민), with over 250 being uploaded since 2016. Similarly, a search of the Korea Citation Index (<http://www.kci.go.kr/>) yielded over 900 articles with the term ‘North Korean defector-migrant resident’ in the title, of which 427 were published since 2016.

⁶ Search results can be found here: <https://www.kci.go.kr/kciportal/po/search/poArtiSearList.kci>

in the last five years.⁷ Very little is known about their experiences as entrepreneurs, and there is no study that the authors are aware of that looks at the effects of the pre-migration experience

The existing literature on North Korean defector-migrant entrepreneurship is thus very small by comparison to the field of defector-migrant resettlement issues in general. Research to date is largely qualitative or examines the views of aspiring entrepreneurs who do not actually run businesses at present. Qualitative studies include case studies of entrepreneurial success (Kim 2019; Kim, Moon, Chun, Choi and Lee 2018a). Other qualitative works cover the role of education in promoting entrepreneurship amongst defector-migrants (Lee, Cho, Lee and Lee, 2017; Kim, Moon, Chun, Choi and Lee 2018b). Quantitative studies have also examined interest in and willingness to engage in entrepreneurship (Yun, Kim, and Lee 2019), but none of the research on this subject has examined the link between pre-migration experiences and business activity among North Korean defector-migrant entrepreneurs in South Korea or elsewhere.

The emphasis on qualitative studies points to a dearth of data about North Korean defector-migrant entrepreneurs, a point noted by scholars in the field (Cho, Choe, Nam and Lee 2015, 268; Kim, Moon, Chun, Choi and Lee 2018a: 271). The authors have been able to identify only two attempts to survey a large number of defector-migrant businesspeople. The Federation of North Korean Industries (FNKI) conducted a survey of current North Korean refugee entrepreneurs in 2015 (FNKI 2015). While offering some interesting information about firm size and current difficulties faced by firm owners largely, this survey of 200 businesses does not address pre-migration experiences, nor has the data been used for academic research. One of the only academic studies to quantitatively examine refugee-migrant entrepreneurship, Yun, Kim, and Lee (2019) look at the role of trust and adaptive capacity in business performance. Here again, the North Korea-specific characteristics of defector-migrant businessperson respondents were not examined.

Some evidence suggests that migration generally is associated with entrepreneurship (Levie 2007), but the particular aspects of defector-migrant experiences sets North Korean immigrants apart from other immigrant groups in South Korea and immigrant groups generally.⁸ More relevant for

⁷ Search results can be found here: http://www.riss.kr/search/detail/DetailView.do?p_mat_type=be54d9b8bc7cdb09&control_no=db708bdbda1d67adff0bdc3ef48d419. There were also four masters' dissertations that deal with the topic of North Korean refugee entrepreneurship. Indicating some interest in the topic amongst students.

⁸ We recognize that North Korean defector-migrants are granted citizenship in South Korea as a right, as per the Constitution. We consider them as immigrants because they are foreign-born.

the North Korean case, migrants from the Soviet Union to Israel (generally eligible for Israeli citizenship) with prior market or managerial experience were found to be more likely to become entrepreneurs (Lerner and Hendeles 1996). The structure of Soviet émigré entrepreneurship is also relevant, with Soviet Jewish immigrant entrepreneurs divided by micro-firm self-employment among the less educated and high-end firms among those with high educational attainment (Razin and Scheinberg 2001). This would suggest that prior social status and human capital are correlated with firm performance. Pre-migration expertise and social status may be transferable or confer some capabilities in a different context. One could thus infer that migrant entrepreneurs with higher pre-migration social status would report lower levels of subjective difficulty in firm management.

Existing studies point to the importance of pre-migration socialization (Lien 2010). For instance, those who were self-employed prior to migrating become self-employed again post-migration (Akee, Jaeger, and Tatsiramos 2013). Human capital is generally associated with entrepreneurial success (Unger et al. 2011). Former Workers Party membership may be associated with skills that confer a relatively higher capacity to engage in organizational activities than non-Party members (Gerder 2000). But it is likely that expertise related to areas where there are observed and large differences between the two countries (i.e., regulatory institutions, the structure of markets, and property rights) would have limited transferability (Basilio, Bauer and Kramer 2017).

The literature on party membership, human capital, and social status points to several potential associations. With respect to modern China, party membership is hypothesized to be indicative of an investment in political capital, and these investments attain a higher status in the labor market than one would otherwise have (Appleton et al. 2009). More recent work, however, finds that Chinese Communist Party (CCP) membership and its effects on earnings shows no significant return to party membership. Rather, endogeneity and selection effects explain why party members in China are, on average, better educated and earn more (Gu and Zheng 2018; McLaughlin 2019). Similar selection effects are demonstrated among former communist party members in post-Soviet Russia (Gerder 2000)⁹ and in former authoritarian states, like Nazi Germany (Blum and Bromhead 2019). Former connections to the communist party via family or personal membership are also

⁹ What's more, survey work carried out over a decade after the collapse of the Soviet Union, almost majority of entrepreneurs had fathers who were former communist party members (Djankov et al. 2005), with a significant association found between entrepreneurial behavior and paternal communist party membership.

associated with entrepreneurial behavior in post-socialist Eastern Europe (Ivlevs, Nikolova & Popova 2020). A large proportion of entrepreneurs in China are also party members, with Tsai (2005) finding that over 30 percent of all Chinese entrepreneurs are CCP members. These findings indicate that party membership may be associated with entrepreneurship generally.

Examining pre- and post-migration associations with business experience

Based on insights from the migration literature, we posit a link between pre-migration social status, social capital, and economic experiences of North Korean defector-migrants and the subjective experiences of difficulty in the entrepreneurial process as businesspeople in South Korea. We look at two pre-migration experiences (party background and previous market experience) and one post-migration experience (new business learning and experience).

First, we consider whether those from a Korean Workers' Party (KWP) background or those with previous market experience encounter fewer difficulties in managing their businesses.¹⁰ North Koreans who were party members or who come from families with party member(s) may possess high levels of country-specific human capital that makes them well-adapted to life in North Korea, and some of this capital may be portable to life in the South (e.g., soft skills and intangibles, like persuasion).

Korean Worker's Party membership is associated with relative elite status, with around 20 percent of North Korea's adult population estimated to be members in 2016 (Tongil News 2016). Access to party membership is associated with a higher degree of social status within North Korea's hereditary caste system (*Songbun*) that regulates access to more prestigious jobs, the right to reside in richer parts of the country, and education opportunities, among other benefits (Hunter 1999; Collins 2012).

Second, we expect that prior market experiences in the North may create country-specific human capital with respect to institutions, although it is unclear what the association will be with post-migration business experiences. Much of North Korean market activity is unofficial, small-scale, and characterized by low levels of capital intensity (Yang and Yun 2017), so it is not clear whether

¹⁰ Building on literatures that have investigated the type of problems entrepreneurs face generally (e.g. Terpstra and Olson 1993; Huang and Brown 1999; Heilbrunn 2004; Brenner et al. 2006; Heilbrunn et al. 2014), respondents were asked to rate the difficulties they had with a broad range of core business-related tasks.

such experiences matter. The literature suggests that any new skills acquired, especially those relevant to entrepreneurship, can have positive effects (Unger et al. 2011), but it is unclear whether the human capital acquired from North Korea's weak market institutions will help or hinder entrepreneurship in South Korea.

Lastly, existing research indicates migrants experience upward mobility as they acquire more country-of-residence related human capital (Bean, Leach and Lowell 2004). For post-migration experiences, we consider business experience, captured by the length of time the entrepreneurs' firms have been in businesses. This, we contend, should measure learning curves and re-learning of new rules and expectations regarding best practices and business generally.

Data and Methodology

The researchers worked with Woorion, an NGO with extensive relationships in the defector-migrant community, to assist in locating and communicating with potential respondents. Table 1 provides an overview of the sample. The vast majority of these firms are newly started, small (2.6 employees on average, with a median of one), and in the service industry, consisting of industries like retail/sales and food services.

[Table 1 about here]

The survey asked several questions designed to explore the demographic and socioeconomic profiles (pre- and post-migration) of the sample of defector-migrant entrepreneurs, as well as select firm characteristics. Details of survey implementation and survey questions are provided in Appendices A and B of the Supplementary Information (SI). The outcome variables of interest come from a question battery regarding business experiences in South Korea. Respondents are asked, "What is the biggest impediment to expanding your business in South Korea?" Presented with eight items, they are asked to rank them from one (not difficult) to five (very difficult). These items include the following:

1. Financing
2. Competition
3. Sales
4. Supplies
5. Labor recruitment
6. Quality control
7. Marketing
8. Regulations and institutions

Figure 1 shows the proportions of answers by business experience item. More than 50% of the defector-migrant entrepreneurs do not find marketing or sales-related challenges particularly difficult (scores of two or less). Recruitment and supplies (specifically, “finding products”) are considered neither particularly difficult nor easy, and quality control and competition are areas where the migrant businesspeople start to note difficulties. Financing and the regulations and institutions of South Korea are where we find most entrepreneurs reporting real difficulties (more than 50 percent rate these a five, or “very difficult”). We will unpack the more substantive meaning behind some of these opinions in the interview section below, but first we look at how the assessment of business experience in South Korea differ by pre-migration attributes in North Korea, specifically KWP party background and previous market experience, and across time in South Korea as measured by years of firm operation.

[Figure 1 about here]

For additional analysis, we sought to reduce the total number of dimensions rather than analyze each individual item separately. By design, these items measure similar qualities, specifically business challenges and experiences internal to the firm and more under its control and those external to it, such as the regulator environment. Based on a statistical operation that helps reduce dimensions and find commonalities in the data, we determine that the former (internal challenges) include product sales, supplies, recruiting, and marketing. Business challenges external to the firm operations, then, include financing, competition, and regulations and institutions. These three

items can be read as more or less the “market.”¹¹ For each variable, we take average across all items assigned to it, yielding a value between zero and one. These new variables can be read as internal and external business experience indices.

As a more objective business performance measure, we also consider the relationship between our explanatory variables and firm size as measured by the number of employees. Since most firms have less than 4 employees (or are self-proprietors), we will use a simple binary variable for whether the firm has more than the median number of employees (i.e., greater than one). This indicates a relatively higher level of organizational capacity, such that the owner can hire employees. It’s also a sign of (modest) growth potential.

Our empirical strategy from here is to regress our explanatory variables against our internal and external business experiences indices. As indicated above, our predictors of interest fall into two categorical bins. The first is pre-migration social standing (party background) and market experience (in North Korea). The second is post-migration business experience and survival in South Korea, captured by age of the firm.¹² We note that the sample from which we infer is not randomly drawn. We cannot make externally valid claims about the defector-entrepreneurship population, but we can make claims about the variation within our sample and from there we can hypothesize about the relationship between pre- and post-migration experiences.

¹¹ Rather than subjectively combine items, we used a factor-based approach, specifically principal component analysis (PCA), to guide our dimension reductions and new variable constructions. Two components were extracted, and one item dropped (“quality control”) due to weak loading with other items. The PCA output is provided in Appendix C.

¹² For continuous outcome variables (experiences) we use an ordinary least squares (OLS) regression model. The model specification is as follows: $\ln(\text{experience}_i) = \beta_0 + \beta_1 \text{party}_i + \beta_2 \text{market experience}_i + \beta_3 \text{firm age}_i + X_i \pi$. *Experience* denotes either external or internal business experiences; *party* means whether the respondent comes from a KWP background; *market experience* indicates whether the person indicates having had previous market experience; and *firm age* indicates the length of time the current firm has been in operation. χ is a vector of individual and firm-level controls. For performance and organizational capacity, measured by firm size, we use a linear probability model (OLS with binary outcome variable), for its ease of interpretation. Formally, $\ln(\text{size}_i) = \beta_0 + \beta_1 \text{party}_i + \beta_2 \text{market experience}_i + \beta_3 \text{firm age}_i + X_i \pi$.

Empirical Findings

Regression analysis

Tables 3-5 present our regression findings (full model specifications provided in Appendix C of the Supplementary Information). For the internal business experience index (Table 3), we conclude that there are no notable associations between the defector- migrants background in North Korea and their assessment of internal business experiences running a business in South Korea. Having market experience shows no effect either. There is neither an organizational benefit nor disadvantage for migrant businesspeople who come from higher standing in North Korea or those with previous market experience. There is no learning benefit, either, from longer operation of firms in South Korea. This indicates a lack of learning and/or no survivor benefit.

[Table 3 about here]

Table 4 shows findings for *external* business experiences. Here we see that, across all model specifications, both previous market experiences and new market experiences matter – but in opposite ways. For those with market experience in North Korea, external challenges (financing, competition, and regulations and institutions) are harder to overcome (indicated by the positive coefficient). On average, the score is .08 points higher for those with previous market experience. What these entrepreneurs learned in the North Korean market is a hinderance to performance in South Korea, something which we explore further in the interview section. This is a notable, if not unsurprising, finding.

Interestingly, even when considering performance-hindering previous learning, we see that firm age is negatively associated with external challenges, indicating that, as a firm grow older and the entrepreneur (re)learns, business becomes easier. This is evidenced by the -.02 coefficient, which indicates that for every additional year in operation, external business challenges become less of a barrier to success. This finding can also be read as a necessary condition for firm survival. We cannot disaggregate between the two possible meanings of the finding. The difference between a younger firm that will survive and an older one that has survived may be learning, or it may be that both are run by entrepreneurs who are already predisposed to do well. Time, then, may simply be sorting between those with the “right stuff” from those without.

Entrepreneurial and organizational learning is an experimental process (Kolb and Kolb 2014). A crucial component of this process is unlearning – forgetting or rather moving beyond existing routines and practices that are no longer useful (Krammer and Gueldenburg 2019). As Teese (2007) notes, firms are embedded within a particular context, and when that context changes, they must unlearn old patterns of behavior. It is also crucial as firms prepare to enter new markets (Casillas et al. 2010). Such a process is unlikely to be frictionless even under ideal circumstances. A lack of prior experience means that such a process is not necessary, while experience of a radically different institutional order is liable to require a significant period of acclimation post-migration.

[Table 4 about here]

Lastly, we consider the relationship between firm size and capacity and our explanatory variables. Table 5 shows across multiple model specifications that having a Korean Workers' Party background is positively associated with firm size. The coefficient of .17 in the full model (Model 5) indicates that firms run by entrepreneurs with a party background are, on average, 17 percent more likely to have greater than one employee.¹³ This means that those coming from a party background have less trouble resolving some initial and early issues to capacity building – namely, hiring new employees and thus growing the business. What does this, exactly?

We interpret the finding about KWP background as evidence that entrepreneurs with party backgrounds have greater organizational skills or capacity, compared to those with no party experience. This is a notable and interesting finding, because it points to the potential portability of internal organizational expertise and other forms of North Korea-specific human capital to major aspects of firm management even within a mature market context. In China, Eastern Europe, and the former Soviet Union, a persistent association between party members, entrepreneurship and stronger labor market performance has been observed. Our findings

¹³ Given the sample size and possibly other reasons, the findings are sensitive to employee cut-off point. The median cut-off point is not entirely arbitrary, as having greater than one and not being a sole proprietor is a meaningful measure. However, we note that with an outcome variable with a cut-off of zero (i.e., not a sole-proprietor), our finding is corroborated (12 percent of firms run by an entrepreneur have at least one employee). However, at a cut-off point of two or three employees, we fail to reproduce the finding.

indicate that similar processes of portable human capital observed in the so-called party membership premium in other post-socialist countries may also be evident in amongst North Korean entrepreneurs in South Korea. We expand on this finding in the conclusion and discussion.

We also find that firm age is positively correlated with size. After every year in business, firms are five percent more likely to have more than a single employee. Defector-migrant firms learn and, as many firms do over time, add employees.

Interview findings

Going beyond only the quantitative analysis, and to build upon the empirical findings to add depth and context, we conducted 10 follow-up interviews from the pool of survey-takers. A mixed methods approach allows for us to be more context-specific, and to better understand the challenges respondents faced in both starting and operating their businesses, as well as their pre-migration social status. Three interviewees were selected purposefully, for their exceptional experiences (in terms of industries, size of companies or other answers). Seven were randomly chosen from the pool of respondents based on their industry (so as not to only interview those from the most common industries alone), the logic being that they would share a set of challenges or motivations.

Interviewees were asked a range of questions about their economic background in North Korea, experiences in China, and then about their experience in South Korea (their reasons for starting a firm, the challenges with survival and expansion, and so on).¹⁴ Generally, they operate in sectors in which they have previously worked in South Korea, and sometimes China and North Korea. However, this is not the case for all of them, with some operating in sectors in which they did not have prior experience, or in sectors that were only tangentially related. Appendix D in the SI provides interviewee profiles, including individual and firm characteristics, in addition to notes on growth barriers. We were to the interviewees by an anonymized label (R1-10). Each label is matched to a firm profile.

¹⁴ All interviews were conducted with a standard questionnaire that was augmented with unique questions based on individual or firm characteristics revealed in the surveys. Each interview lasted for approximately one hour.

Interviewees were from a mix of different backgrounds, with some from previously of higher status in North Korean society holding, though most were of more humble origins. Party membership was not uncommon, but most were not members of the KWP. At the same time, many had market experience in the North, and generally were not of the view that such experience was helpful. For instance, R1 noted: “North Korea and South Korea are so different in regard to economic life. It was difficult for me to adjust.” Similar sentiments were expressed by other interviewees.

Not captured in survey measures, one form of prior experience that proved useful for some interviewees was some forms of industry-specific human capital. For instance, the two Koreas share a common cuisine, and the catering and food processing skills of some interviewees developed while living in North Korea proved usable in a South Korean market context (R6). The skills learning process can also take place in a third country. Another entrepreneur developed a knowledge and industry-specific human capital with respect to the care home industry in China, and this proved transferable to a South Korean context (R10). The same was true for entrepreneurs who credit their experience of China’s food services or food trade sector as being a key factor in their decision to enter the South Korean food services industry (R3, R4, and R6). This can also extend to general skills like building relationships (R5).

Alongside human capital developed in China, network connections and Chinese market-specific knowledge has also proven crucial in some of the businesses run by North Korean defector-migrants in South Korea. One interviewee (R7) spoke especially vividly of how important her Chinese commercial contacts were in making business operations easier: “Even when I came here, people I met in Dandong called and asked me if I could send them some pollack because there are none there. So, conducting my own business came naturally.” This factor came across as particularly important, at least for some of the interviewees, and while it was not particularly well captured in the survey analyzed in this paper (only length of time in China was measured), it should be better considered in the future.

Where portable experiences, skills, or connections did not exist, interviewees cited the importance of prior experience of the South Korean market. This includes working in the sector as an employee before becoming starting a business in that sector (R1) or receiving extensive training and support prior to opening a firm (R9). Here the mechanism of learning the South Korean market appears to be crucial, something which the regressions analysis may be measuring.

Several difficulties were cited by respondents in starting a company in South Korea. Access to financing was chief among them (R3, R4, R8, and R9). The lack of a credit history appears to put many would-be North Korean entrepreneurs at a disadvantage. But this can also be seen as a lack of social capital, given that many respondents indicated a preference for borrowing amongst friends, family, or other contacts rather than through financial institutions. The lack of social capital was also manifest in the difficulties that respondents had in finding customers (R1 and R4), reliable personnel (R5 and R10), and learning about how comparable businesses in similar industries are run (R6). Multiple respondents also cited the difficulties with handling South Korea's regulatory environment and tax system (R2 and R7). Most interviewees did not make use of the banking system for working capital, for investment purposes, or to finance expansion. This speaks to an underutilization of South Korean institutions and may place an upper limit on potential firm growth and on the kinds of sectors where defector-migrant entrepreneurs can form firms.

The respondents who had prior experience working in the North Korean market as businesspeople provided especially rich context with regards to how the two markets compare. Many of the interviewees said they thought the South Korean market was a more difficult operating environment (R1, R4, R6, R8, R9, and R10). But while institutional differences (e.g., taxes, regulations) were cited as major barriers to business success, other reasons included problems with prejudice (R10), accounts receivable and supplier communication (R4), networks (R1), and market saturation (R6 and R8). Some of these issues may be resolvable in time, while others may be intrinsic to South Korea's developmental trajectory and/or features of its market institutions.

Some respondents, despite the difficulties with business in South Korea, cited similar problems in North Korea as being the reason why they found the North Korean market more difficult to operate in. One respondent noted that North Korean regulations, which do not allow for the existence of private business, was why doing business in North Korea was more difficult than in South Korea (R5). R9 cited unrealistic expectations that their fellow migrants suffer from: "Defectors come here after watching TV [...] They believe that they can succeed here but that's not the case. That's why I think it's harder to do business here." The latter issue appears to be a general problem with some parts of the defector-migrant community (Lankov 2006).

Conclusion and Discussion

The North Korean defector-migrant community is a small, but symbolically significant and growing in South Korea. Numbering roughly 27,000, its characteristics are broadly understood, but the community's involvement in entrepreneurial activities is comparatively under studied. The importance of North Korea-specific characteristics, though noted in other work that examines the trajectories of defector-migrants (Yu 2010), has not been assessed. In this paper, we present the findings of a novel, mixed-methods research study that has sought to do just that.

North Korean defector-migrants appear to exhibit characteristics as entrepreneurs operating in the South Korean market that, based on our sample, may be different from entrepreneurs and labor market participants in other post-socialist countries. A party membership background is not associated with a greater ease of doing business (cf. Yu 2010), but it is positively associated with firm size and thus internal aspects of business organization. The premium on Party membership in China today has been theorized to matter, and the defector-migrant survey results presented herein and elsewhere would seemingly indicate that Party membership-related privileges travel. North Korean Workers Party Members would appear to possess higher-than-average human capital, though this conclusion deserves further study.

Another important finding concerns the limited portability of North Korean market-related skills. While this is not surprising, the institutional differences between the two countries points to fundamental differences in how the markets function, and how the legal systems operate in the two countries. Ironically, this may mean that defector-migrants with no prior experience of North Korean markets will have less difficulty engaging in entrepreneurship in South Korea. Nonetheless, defector-migrant interviewees often credited their North Korean experiences with giving them grit, and the drive to overcome the kinds of difficulties their survey responses and their words highlighted in interviews.

The process of unlearning and relearning was discussed by many interviewees, who highlighted the importance of their prior experiences of the Chinese and/or South Korean market. This study contributes to our general understanding of unlearning and relearning of institutions by entrepreneurs. This form of country-specific human capital can prove crucial. Defector-migrant experience also points to the importance of industry-specific knowledge as sometimes crucial in

the entrepreneurial process, and these forms of knowledge also appear portable, either from North Korea or through the migration process (i.e., in China). Nonetheless, many defector-migrant entrepreneurs with experience of both country's market economy reported that the South Korean market was more difficult to operate due not only to difficulty negotiating institutions, but market saturation, cultural differences, and access to capital.

Based on a small sample, this study is of course limited. It is to be hoped that it may contribute to the further study of this unique and important population, as well as form part of ongoing discussions regarding greater economic and social integration of the two Koreas.

Tables

Table 1. 2018 Defector-Migrant Entrepreneur Survey

	Mean	St. Dev.
<i>General characteristics</i>		
Age	41.20	8.24
Female	0.65	0.48
<i>Pre-migration characteristics</i>		
Party background (family or self)	0.55	0.50
Market experience	0.63	0.48
Born in borderland province*	0.77	0.42
Years in North Korea	28.30	8.70
University education	0.34	0.48
Low socioeconomic standing**	0.64	0.48
<i>Post-migration characteristics</i>		
Lived in PRC prior to resettlement	0.28	0.45
Years in South Korea	9.60	3.66
Previous firm in South Korea	0.22	0.42
<i>Firm characteristics</i>		
Firm age	2.60	2.16
Firm size (employment) [‡]	2.70	3.80
Service industry ^{***}	0.66	0.48

N=131

* *Borderland province* is defined as those provinces on the Sino-North Korea border (North Pyongan, Chagang, Ryanggang, and North Hamgyong).

** *Low socioeconomic standing* is determined by a question about socioeconomic status three years prior to defection. Those who either reported difficulties merely surviving day-to-day or those who had difficulties purchasing or acquiring basic items (e.g., clothing) are counted as belonging to this group.

[‡] One firm is an outlier. For summary statistics, we exclude this firm as an outlier. For confidentiality purposes, we do not provide additional information.

*** *Service industry* consists of those in service-oriented industries, counted here as “retail/sales,” “food services (e.g., restaurant),” “personal services,” “entertainment,” or “creative” industries.

Table 3. Internal Business Experiences (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.07 (0.04)	0.07 (0.04)			0.07 (0.04)
Market Experience DPRK	0.03 (0.05)	0.01 (0.20)			0.03 (0.05)
Firm age			-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Individual controls	No	Yes	No	Yes	Yes
Firm-level controls	No	Yes	No	Yes	Yes
N	131	131	131	131	131

Note: Outcome variable is an index of internal business challenges.

***p < .01; **p < .05; *p < .1

Table 4. External Business Experiences (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.01 (0.04)	0.01 (0.04)			0.01 (0.04)
Market Experience DPRK	0.07* (0.04)	0.08* (0.04)			0.08* (0.04)
Firm age			-0.01 (0.01)	-0.02* (0.01)	-0.02* (0.01)
Individual controls	No	Yes	No	Yes	Yes
Firm-level controls	No	Yes	No	Yes	Yes
N	131	131	131	131	131

Note: Outcome variable is an index of internal business challenges

***p < .01; **p < .05; *p < .1

Table 5. Firm Size (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.21** (0.09)	0.18** (0.09)			0.17** (0.09)
Market Experience DPRK	0.07 (0.09)	0.09 (0.09)			0.09 (0.09)
Firm age			0.04* (0.02)	0.05** (0.02)	0.05** (0.02)
Individual controls	No	Yes	No	Yes	Yes
Firm-level controls	No	Yes	No	Yes	Yes
N	131	131	131	131	131

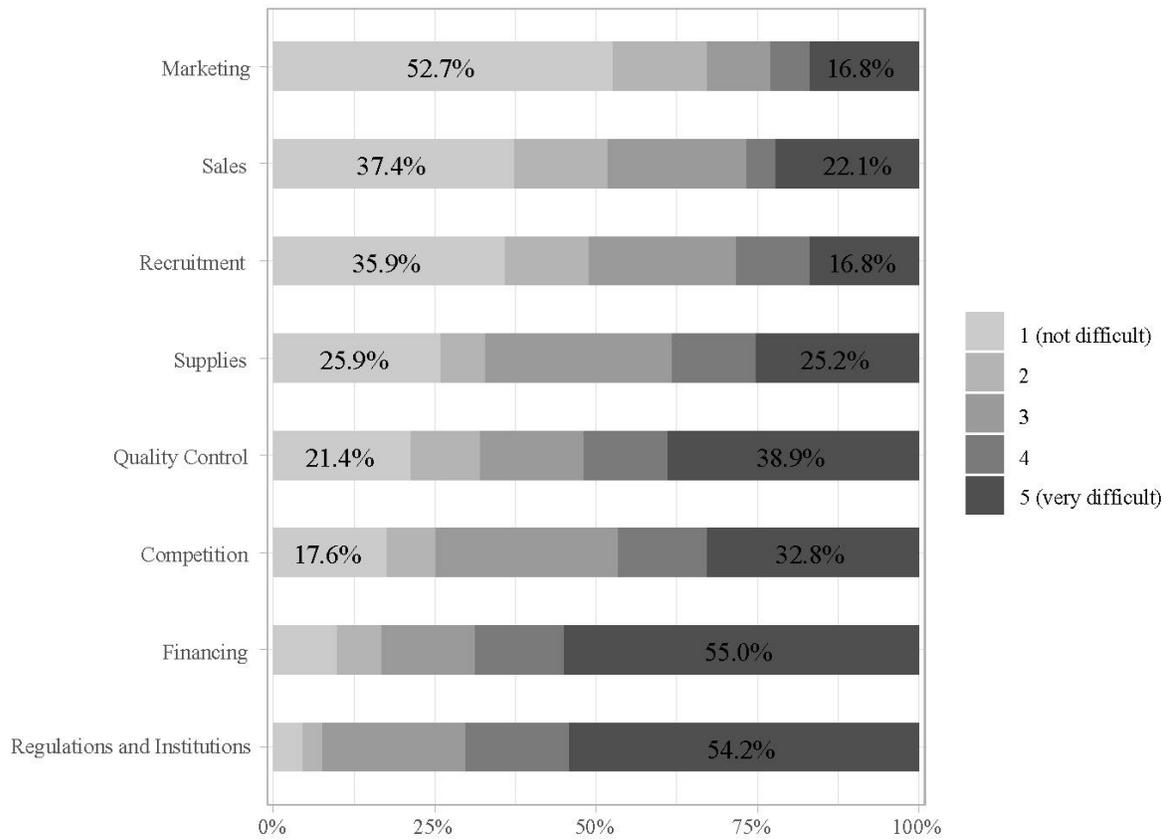
Note: Outcome variable is firms with greater than the median number of employees

***p < .01; **p < .05; *p < .1

Figures

Figure 1

Subjective Assessment of Business Challenges for Defector-Migrant Entrepreneurs



2018 Defector-Migrant Entrepreneurs Survey (n=131)

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Supplementary Information

Appendix A: Survey Questions

Below are the survey questions (with answers in list form) used in this report but not clearly defined in the manuscript.

General characteristics

Date of birth?

- Choice of years between 1938 and 2000

Gender?

- Male or female

Pre-migration characteristics

Where were you born in North Korea?

- Pyongyang capital city
- South Pyongan Province
- North Pyongan Province
- Nampo special city
- Chagang Province
- South Hwanghae Province
- North Hwanghae Province
- Kaesong special city
- Kangwon Province
- South Hamgyong Province
- North Hamgyong Province
- Ryanggang Province
- Rason special city

When did you leave North Korea?

- Choice of years between 1978 and 2017

Were you a Korean Workers Party member?

- Yes or no

Was your mother a member of the Korean Workers Party?

- Yes, No, or Don't know

Was your father a member of the Korean Workers Party?

- Yes, No, or Don't know

Did you engage in market-related activities while in the North?

- Yes or no

To what level of school did you attend prior to leaving the North?

- Elementary school
- Secondary school
- Specialist college
- University
- No schooling

How would you evaluate your living standards three years prior to leaving North Korea?

- I could freely buy expensive items like apartments, cars et al.
- I had no problem purchasing consumer durables like refrigerators, but had difficulty purchasing more expensive items
- I could afford to purchase rice, vegetables etc. but found it difficult to purchase needed consumer durables
- I could afford to eat, but I didn't have money for clothes
- I struggled so much that day-to-day survival was difficult

Post-migration characteristics

How long were you in China?

- Less than a 1 year
- 1~3 years
- 4~5 years
- More than 5 years
- I never lived in China

What year did you come to South Korea?

- Choice of years between 1979 and 2017

Have you previously shut a business you ran in South Korea?

- Yes or no

Firm characteristics

What was the maximum number of employees you had at any one time? (Please only input numbers.)

- Numeric input accepted

When did you start your current business(s)?

- Choice of years between 1980 and 2018

What industry do you operate in?

- Agriculture (Farming)
- Fisheries (Fishing, Fish farming)
- Mining
- Lumber
- Catering (Korean restaurant, Japanese restaurant, Chinese restaurant, Kimbap etc.)
- Retail (Clothing, shoes, flowers et al.)
- Distribution (Convenience store, supermarkets etc.)
- Haulage (Package Delivery, Freight)
- Individual Services (Beauty salons, bathing facilities, launderette et al.)
- Wholesale (Shoes Wholesale, Electronics Wholesale, Food supplies Wholesale et al.)
- Trade
- Manufacturing
- Industrial Services (Advertising, Financial Services, Photography)
- Education
- Entertainment and/or sports (Karaoke, Web Cafes, Table Tennis, Billiards, Gyms, Taekwondo etc.)
- Lodging
- Other, please write in the blank box provided.

Appendix B: Survey Administration

The survey was administered by Woorion, a North Korean defector-migrant run social network and support service for North Koreans resettling in South Korea. Discussions began in late 2017 and following a period of development, a pilot survey work was undertaken in March 2018 in the form of face-to-face trials with ten respondents. This was to confirm that wording, framing of issues and any overlooked lines of questioning could be adjusted to be as relevant and useful as possible. Following the pilot study, 131 completed responses were ultimately collected.

Candidates were recruited through three main channels:

- Woorion staff contacts
- Advertising on the Woorion website
- Snowballing (word of mouth)

Conducted mainly via an online platform that respondents could log on and complete at their leisure, survey work began in March 2018 and was concluded by the end of August 2018. Additional surveys were conducted over the phone. Recruits were validated as business owners using their business registration number.

Quality control was also maintained through the following mechanisms:

- Phone calls to prospective participants
- Follow-up communication on inconsistent answers
- Checking of business registration via South Korean government portal
- Discarding of bogus responses

Responses were discarded for two main reasons. First, a lack of business registration number, or unwillingness to provide it. Second, inconsistent answers to questions about background, and current business. Years of experience in the field mean Woorion staff and researchers were able to intuit when responses seemed inauthentic and eliminate them. The data presented herein excludes eight respondents whose surveys were rejected due to issues of data quality.

Appendix C: PCA & Full Regression Models

Table SI.1 shows the outcome of the Principal Component Analysis used to inform the creation of indices for internal and external business challenges. Tables SI.2-3 provide all variables and estimates from Tables 3-5 in the manuscript.

Table 2. Principal Component Analysis

	Component 1	Component 2
Financing	-0.31	-0.68
Competition	-0.36	-0.75
Sales	-0.80	-0.17
Supplies	-0.71	-0.33
Recruitment	-0.86	-0.18
Marketing	-0.67	-0.29
Regulations and institutions	-0.09	-0.84
<i>Proportion of Variance</i>	<i>51.40 %</i>	<i>13.93 %</i>
<i>Cumulative Proportion</i>	<i>51.40 %</i>	<i>65.32 %</i>
<i>Cronbach's α</i>	<i>0.82</i>	<i>0.73</i>

oblimin-rotation

Table SI.2. Internal Business Experiences (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.07 (0.04)	0.07 (0.04)			0.07 (0.04)
Market Experience	0.03 (0.05)	0.03 (0.05)			0.03 (0.05)
Firm Age		-0.04 (0.05)		-0.05 (0.05)	-0.04 (0.05)
Female		-0.08 (0.06)		-0.11* (0.06)	-0.09 (0.06)
Age		-0.04 (0.05)		-0.04 (0.05)	-0.04 (0.05)
Exposure PRC		-0.01 (0.05)		-0.002 (0.05)	-0.01 (0.05)
University in DPRK		-0.04 (0.05)		-0.06 (0.05)	-0.05 (0.05)
Years in ROK		0.01 (0.05)		-0.01 (0.05)	0.01 (0.05)
Previous Firm		0.01 (0.05)		0.003 (0.05)	0.01 (0.05)
Sole Proprietorship		-0.05 (0.03)		-0.03 (0.03)	-0.04 (0.03)
Service Industry		0.03 (0.07)		0.03 (0.06)	0.03 (0.07)
Constant			-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
N	131	131	131	131	131

Note: Outcome variable is an index of internal business challenges.
***p < .01; **p < .05; *p < .1

Table SI.3. Internal Business Experiences (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.01 (0.04)	0.01 (0.04)			0.01 (0.04)
Market Experience	0.07* (0.04)	0.08* (0.04)			0.08* (0.04)
Firm Age		-0.0001 (0.04)		-0.001 (0.04)	-0.01 (0.04)
Female		-0.05 (0.05)		-0.07 (0.05)	-0.07 (0.05)
Age		0.0002 (0.04)		0.003 (0.04)	-0.001 (0.04)
Exposure PRC		-0.005 (0.04)		-0.03 (0.05)	-0.03 (0.05)
University in DPRK		0.03 (0.05)		0.02 (0.05)	0.03 (0.05)
Years in ROK		0.04 (0.04)		0.03 (0.04)	0.03 (0.04)
Previous Firm		-0.01 (0.03)		0.01 (0.03)	0.01 (0.03)
Sole Proprietorship		-0.04 (0.05)		-0.02 (0.05)	-0.03 (0.05)
Service Industry			-0.01 (0.01)	-0.02* (0.01)	-0.02* (0.01)
Constant	0.72*** (0.04)	0.82*** (0.15)	0.80*** (0.03)	0.85*** (0.14)	0.81*** (0.14)
Controls	0.01 (0.04)	0.01 (0.04)			0.01 (0.04)
N					

Note: Outcome variable is an index of internal business challenges.
*** p < .01; ** p < .05; * p < .1

Table SI.3. Internal Business Experiences (robust SEs)

	Model 1	Model 2	Model 3	Model 4	Model 5
KWP Background	0.21** (0.09)	0.18** (0.09)			0.17** (0.09)
Market Experience	0.07 (0.09)	0.09 (0.09)			0.09 (0.09)
Firm Age		-0.24*** (0.09)		-0.23** (0.09)	-0.22** (0.09)
Female		0.12 (0.10)		0.14 (0.10)	0.13 (0.10)
Age		0.15 (0.09)		0.20** (0.09)	0.21** (0.10)
Exposure PRC		-0.02 (0.10)		-0.07 (0.10)	-0.03 (0.10)
University in DPRK		0.04 (0.09)		0.03 (0.09)	0.05 (0.09)
Years in ROK		-0.02 (0.06)		-0.04 (0.06)	-0.06 (0.06)
Previous Firm		0.19* (0.11)		0.16 (0.11)	0.16 (0.11)
Sole Proprietorship			0.04* (0.02)	0.05** (0.02)	0.05** (0.02)
Service Industry	0.33*** (0.08)	-0.03 (0.32)	0.39*** (0.07)	0.11 (0.32)	0.005 (0.31)
Constant	0.21** (0.09)	0.18** (0.09)			0.17** (0.09)
N	(0.04)	(0.04)			(0.04)

Note: Outcome variable is an index of internal business challenges
*** p < .01; ** p < .05; * p < .1

Appendix D: Interview Profiles

Provided here are interviewee profiles, labeled according to the anonymized references made in the manuscript. Care was taken to maintain interviewee confidentiality across individual and firm characteristics.

R1

Respondent's characteristics

Age: 20-30s
Gender: Female
Years spent in China: >5 years
Years in South Korea: 5-10 years

Firm Characteristics

Type of Business: Convenience Store
Firm Age: <5 years
Start-up capital: Under 50 million KRW
Source of start-up capital: Friends, family and acquaintances
No. of employees: 0-9
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: Foreign trade, retail/sales.
Work experience in the South: Restaurant work; convenience store work.

Barriers to success

Barriers to starting a business:

- Language issues
- Choosing a location
- Deciding on the best franchise contract
- Finding employees (the store is 24 hours)

Barriers to expanding the business:

- The respondent cited experience as being the key barrier to expansion
- Capital was also a major concern

R2

Respondent's characteristics

Age: 20-30s
Gender: Male
Years spent in China: >5 years
Years in South Korea: 5-10 years

Firm Characteristics

Type of Business: Food production
Firm Age: <5 years
Start-up capital: Under 300 million KRW
Sources of start-up capital: Friends, family and acquaintances
No. of employees: 10-49
Previous year's Revenues: Under 1.5 billion KRW

Work experience

Work experience in North Korea: Small-scale agriculture and sales.
Work experience in the South: Construction, restaurant work, delivery

Barriers to success

Barriers to starting a business:

- Access to capital
- Know-how

Barriers to expanding the business:

- Access to capital
- Relationships with customers, employees

R3

Respondent's characteristics

Age: 40-50s
Gender: Female
Years spent in China: >5 years
Years in South Korea: 5-10 years

Firm Characteristics

Type of Business: Sales
Firm Age: <5 years
Start-up capital: Under 500 million KRW
Sources of start-up capital: Debt financing (bank loans)
No. of employees: 10-49
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: N/A
Chinese work experience included trading and restaurant businesses.
Work experience in the South: Manufacturing, business services.

Barriers to success

Barriers to starting a business:

- Access to capital (working and investment)

Barriers to expanding the business:

- Capital.
Know-how

R4

Respondent's characteristics

Age: 40-50s
Gender: Male
Years spent in China: 1~3 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Sales
Firm Age: <5 years
Start-up capital: Under 10 million KRW
Sources of start-up capital: Friends, family and acquaintances
No. of employees: 0-9
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: business services, sales

Work experience in the South: sales.

Barriers to success

Barriers to starting a business:

- Finding customers

Barriers to expanding the business:

- Funds for advertising
- Know-how
- Connections

R5

Respondent's characteristics

Age: 20-30s
Gender: Male
Years spent in China: <1 year
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Sales and manufacturing
Founded: 2017
Start-up capital: More than 500 million KRW
Sources of start-up capital: Money from family, friends, acquaintances
No. of employees: 50+
Previous year's Revenues: More 500 million won

Work experience

Work experience in North Korea: trade, and smuggling.
Work experience in the South: manufacturing, distribution/sales

Barriers to success

Barriers to starting a business:

- N/A

Barriers to expanding the business:

- Finding managerial personnel

R6

Respondent's characteristics

Age: 40-50s
Gender: Female
Years spent in China: >5 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Sales with manufacturing (food processing)
Founded: 2017
Start-up capital: Under 70 million KRW
Sources of start-up capital: Informal lenders and personal funds
No. of employees: 0-9
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: manufacturing and sales
Work experience in the South: food services, manufacturing.

Barriers to success

Barriers to starting a business:

- Capital

Barriers to expanding the business:

- Capital

R7

Respondent's characteristics

Age: 40-50s
Gender: Female
Years spent in China: 1~3 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Sales
Firm Age: >5 years
Start-up capital: Under 10 million KRW
Sources of start-up capital: Money from family, friends, acquaintances
No. of employees: 0-9
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: sales.
Work experience in the South: management of a golf-course, beautician, service work of other kinds.

Barriers to success

Barriers to starting a business:

- Personal connections – the need to find customers

Barriers to expanding the business:

- Competition
- Expansion pain – the difficulty of scaling a business up and still effectively managing it.
- No personal assets or income in the North.

R8

Respondent's characteristics

Age: 20-30s
Gender: Female
Years spent in China: >5 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Sales
Firm Age: >5 years
Start-up capital: Under 50 million KRW
Sources of start-up capital: Debt financing
No. of employees: 0-9
Previous year's Revenues: Under 50 million

Work experience

Work experience in North Korea: foreign trade.
Work experience in the South: business service (elevator maintenance), manufacturing

Barriers to success

Barriers to starting a business:

- Capital

Barriers to expanding the business:

- Buyers' market, i.e. too many providers and not enough customers
- Tax and legal compliance.
- The respondent did not think that their status as a North Korean refugee created especial difficulties in business.
- Customers not paying monies owed.

R9

Respondent's characteristics

Age: 30-40s
Gender: Female
Years spent in China: 1~3 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Seafood/maritime products
Firm Age: >5 years
Start-up capital: Under 300 million KRW
Sources of start-up capital: Bank lending
No. of employees: 10-49
Previous year's Revenues: Under 500 million KRW

Work experience

Work experience in North Korea: foreign trade.
Work experience in the South: food (restaurant), education-related activities.

Barriers to success

Barriers to starting a business:

- Capital
- Access to local government support for businesses

Barriers to expanding the business:

N/A

R10

Respondent's characteristics

Age: 30-40s
Gender: Female
Years spent in China: 1~3 years
Years in South Korea: 10+ years

Firm Characteristics

Type of Business: Personal Services (old age care)
Firm Age: <5 years
Start-up capital: Under 20 million KRW
Sources of start-up capital: Government support
No. of employees: 10-49
Previous year's Revenues: Under 50 million KRW

Work experience

Work experience in North Korea: food (restaurant)
Work experience in the South: food (restaurant).

Barriers to success

Barriers to starting a business:

- Finding employees and customers
- Guardians were also hesitant to entrust a North Korean carer with their parents, spouse et al.

Barriers to expanding the business:

- Creating integrated services, i.e. creating a dedicated care centre. This would require significant capital and expertise.