

Exploration on factors influencing Korean diaspora entrepreneurs' investment in the homeland

Evaluation of the WKBC and the WKBN

Choo-Hui Park and Hankyu Chu

Department of International Business, Keimyung University, Daegu, South Korea

Abstract

Purpose – The Government of Korea institutionalized the World Korean Business Convention (WKBC) and the World Korean Business Network (WKBN) to promote Korean diaspora entrepreneurs' investment in the homeland. Few studies have examined the effectiveness of the WKBC and WKBN and the critical variables affecting them. This paper aims to fill this gap by exploring important variables affecting Korean diaspora entrepreneurs' investment in the homeland. It also seeks to examine the relationships among these variables to inquire upon a set of critical questions pertaining to Korean diaspora entrepreneurs' investment in the homeland including the effectiveness of the WKBC and WKBN.

Design/methodology/approach – To achieve the above purpose, critical variables influencing Korean diaspora entrepreneurs' investment in the homeland were identified and four hypotheses that include the inquiries pertaining to the effectiveness of the WKBC and WKBN were developed in terms of those variables. The hypotheses were empirically tested using the survey data gathered from the participants of the annual WKBC.

Findings – The current research found that Korean diaspora entrepreneurs' evaluation of the investment climate in the homeland was not favorable. The WKBC was positively evaluated by Korean diaspora entrepreneurs willing to make investment, There is discrepancy between expectations of the WKBN's target group (i.e. Korean diaspora entrepreneurs willing to make investment) and its performance for the group, and there is a difference between ascending and descending Korean diaspora entrepreneurs in assessment of investment value of the homeland.

Originality/value – A majority of studies on diaspora entrepreneurship and development have so far cast light on ascending diaspora entrepreneurs while neglecting descending diaspora entrepreneurs. In this regard, the most interesting finding of the current study to both researchers and policymakers may be the fact that descending Korean diaspora entrepreneurs assess the investment value of the homeland differently from ascending Korea diaspora entrepreneurs. The finding calls for further research on causes of the difference, and different natures of descending diaspora entrepreneurs compared to those of ascending diaspora entrepreneurs. Such research will enable policymakers to formulate and implement effective strategic diaspora policies that take the differences into consideration.

Keywords Korean diaspora entrepreneurs, World korean business convention (WKBC), World Korean Business Network (WKBN), Diaspora's investment in the homeland

Paper type Research paper



1. Introduction

Diasporas can exert positive influences on their homelands in various ways (Mishra, 2015; Nkongolo-Bakenda and Chrysostome, 2013; Patrick and Newland, 2004; Patterson, 2006; Plaza and Ratha, 2011; Smart and Hsu, 2004; Wei and Balasubramanyam, 2006). The influence of diasporas has been particularly strong in promoting trade and investment in the homeland through their own entrepreneurial activities (Mishra, 2015; Newland and Tanaka, 2010; Riddle *et al.*, 2010). Accordingly, many policymakers around the globe consider diaspora entrepreneurs as important agents for the domestic socioeconomic development of their countries (Agunias and Newland, 2012; Brinkerhoff, 2012; Mishra, 2015; Nkongolo-Bakenda and Chrysostome, 2013; Patrick and Newland, 2004; Wei and Balasubramanyam, 2006).

The governments of such countries as China, India and Israel have been pursuing comprehensive and proactive diaspora policies that are effectively and strategically integrated with the domestic socioeconomic development policies of their own countries to result in highly visible outcomes (Altenburg *et al.*, 2008; Jensen *et al.*, 2016; Newland and Tanaka, 2010; Smart and Hsu, 2004; Sonderegger and Täube, 2010). The Korean Government has followed the initiatives of these successful countries (Bergsten and Kwon, 2003; Choi, 2003) and has begun to consider the large Korean diaspora population scattered around the globe as a strategic asset for achieving domestic socioeconomic development in Korea since the beginning of the twenty-first century (Kwak, 2011; Lee, 2015; Yim *et al.*, 2012). Korean diaspora entrepreneurs or *Hansang* (한상) are the major target of the strategic diaspora policy that the Korean Government has been pursuing (Bergsten and Kwon, 2003).

The Korean Government has institutionalized the World Korean Business Convention (WKBC) and the World Korean Business Network (WKBN) as key strategic instruments through which it can mobilize resources and competencies that Korean diaspora entrepreneurs possess for socioeconomic development in Korea in mutual benefit with them (Bergsten and Kwon, 2003). One of key policy objectives that the Korean Government seeks to achieve through these strategic instruments is to promote investment in the homeland on the part of Korean diaspora entrepreneurs (Bergsten and Kwon, 2003; Yim *et al.*, 2012). Despite their importance, less than a handful of studies have examined the effectiveness of the WKBC and WKBN and the critical variables that influence their effectiveness in light of such an important policy objective. Therefore, the current research seeks to fill this gap by empirically exploring important variables that are directly and indirectly related to inducing the investments of diaspora entrepreneurs to the homeland. It also seeks to examine the relationships among those above-mentioned variables to inquire upon a set of critical questions pertaining to Korean diaspora entrepreneurs' investment in the homeland including the effectiveness of the WKBC and WKBN using data gathered from the participants of the WKBC.

2. Literature review and theoretical background

2.1 Context of the research on Korean diaspora entrepreneurs

Seo and Lee (2014) have conducted a broad review of the research on the Korean diaspora during the past decade and have identified keywords representing the trends in this research. The review suggests that concepts such as identity, globalization, ultranationalism, network, multiculturalism and, recently, Korean diaspora entrepreneurship, have been central to the contemporary discourse of the Korean diaspora or overseas Koreans. Thematically, the exploration of such macro issues as national culture and identity among ethnic Koreans residing in Russia, China, Japan, and the USA in terms of identified keywords has been a dominant trend.

The review also reveals that the field of research on the Korean diaspora is still in its embryonic stage of development; a majority of the reviewed studies are literature reviews that are exploratory in nature. A few recent empirically oriented quantitative studies are included in this review. However, these studies, conducted by domestic and overseas Korean diaspora associations via surveys, are no more than demographical studies covering such rudimentary subjects as diaspora national identity and lifestyles. More than a decade ago, [Choi \(2003\)](#) pointed to the lack of data as a major impediment to the advancement of research on the Korean diaspora and called for the construction of a statistical database capturing the essential variables pertaining to critical issues of the Korean diaspora. Such a database would exert a significant impact on Korea's future socioeconomic development, e. g. trade and investment made by the Korean diaspora. [Seo and Lee's \(2014\)](#) review, which reveals a lack of empirical research on the Korean diaspora in terms of a firmly grounded, high-quality database, seems to suggest that there has been very little progress since [Choi's \(2003\)](#) call. This stagnant progress may indicate that little interest exists among researchers on the subject of the Korean diaspora, which is often shaped by policy interests.

Governments around the world have pursued different diaspora policies, depending on their needs and interests ([Ragazzi, 2014](#)). Critically, the policies of these governments have exerted significant influence on the direction and pace of development of the research on diasporas, just as the definition of "diaspora" itself, in terms of its constituents, has been determined mainly by the needs and interests of policymakers ([Ragazzi, 2014](#)). The governments of countries such as China, India and Israel, as well as Ireland, have recently pursued comprehensive and proactive diaspora policies with a broad definition of "diaspora" in terms of its inclusiveness and have effectively integrated these policies with the socioeconomic development strategies of their own countries to result in highly visible outcomes. By contrast, such countries as Australia, Italy, Germany, France, Spain, the UK and the USA have pursued very limited diaspora policies with indifferent attitudes toward their citizens and descendants residing abroad ([Ragazzi, 2014](#)) due to higher policy interests accorded to the complex issues pertaining to the large population of immigrants residing in their own territories. The differences in the diaspora policies have indeed been reflected in the plethora of high-quality research on the Chinese, Indian, and Jewish diasporas residing overseas and the respective impacts on their homelands ([Altenburg et al., 2008](#); [Brinkerhoff, 2007](#); [Jensen et al., 2016](#); [Smart and Hsu, 2004](#); [Sonderegger and Täube, 2010](#)). By contrast, there is a paucity of research on diasporas originating from other nations with limited diaspora policies, in which the research on foreign-originating diasporas residing within their jurisdictions have been considered as more significant.

The policy review of [Lee \(2015\)](#) reveals inconsistencies in the direction and scope of the diaspora policies that the Korean Government had pursued since its independence in 1945 up until recently. It has been less than two decades since the Korean Government laid out an institutional foundation to pursue a consistent diaspora policy when it established the Overseas Korean Foundation (OKF) under the authority of the Ministry of Foreign Affairs and Trade (MOFA) as a central agency responsible for implementing consistent diaspora policies in 1997. However, [Lee \(2015\)](#) also points out that the Korean Government failed to pursue a consistent diaspora policy, even after the establishment of the OKF. The single major cause of its failure involved the controversy over the definition of the Korean diaspora, or who could be included as constituents of the diaspora policy, and more importantly, the beneficiaries of the rights that the policy affords ([Kwak, 2011](#)). Without a clear definition, the Korean Government failed to define the major target of its diaspora policy, and failed to formulate and implement a consistent diaspora policy ([Lee, 2015](#); [Yim et al., 2012](#)).

Lee (2015) notes that it was not until the Roh Moo Hyun administration, which began in 2003 and ended in 2008, that the Korean Government started pursuing a consistent diaspora policy. More importantly, the Roh administration advanced its diaspora policy as an integral part of the domestic socioeconomic development policies it pursued; the administration established a foundation to pursue a strategic diaspora policy, which succeeding administrations inherited with modifications, to leverage the diaspora as a critical asset for Korea's socioeconomic development, resulting in changes in the major objectives and activities of the OKF.

The original objective that the Korean Government pursued with the OKF was to support the Korean diaspora population to maintain their identity as Koreans, while simultaneously enabling them to settle down as successful members of the countries where they reside (Lee, 2015). To achieve this end, the OKF implemented a variety of cultural, educational and promotional programs and conducted studies aimed at developing and maintaining Korean identity and Korean diaspora relationships with the homeland. Korea's Government during the Kim Dae-Jung administration made an attempt to tap into the financial resources of Korean diaspora communities on the basis of mutual benefit with them through the OKF to result in an expansion of its role and activities, motivated by the dire need for Korea to attract FDI after the financial crisis of 1997 (Yim *et al.*, 2012). The WKBC, which the OKF has been hosting since 2002, is a showcase of attempts made by the Kim administration. The WKBC is a convention that brings together overseas Korean diaspora members and domestic entrepreneurs, benchmarking the success case of the Worldwide Chinese Entrepreneurs Convention (WCEC) (Moon and Back, 2013). This convention has also been a catalyst for facilitating the institutionalization of the WKBN, a global business network that aims to provide ongoing networking opportunities for overseas Korean diaspora members and domestic entrepreneurs for their mutual benefit (Bergsten and Kwon, 2003). As of today, the WKBC spearheads a variety of events and initiatives organized by the OKF, aimed at supporting Korean diaspora entrepreneurs to enter into the Korean market, and domestic entrepreneurs to successfully exploit overseas market opportunities by fostering exchanges of market information and establishing partnerships between the two groups through the convention [Overseas Korean Foundation (OKF), 2014].

The Overseas Korean Foundation (OKF) (2014) in the report of the WKBC makes it clear that the agency considers the achievement of economic prosperity in the worldwide Korean community as one of its primary objectives and the convention as its chief policy instrument. The recently stated objective of the OKF reflects the strategic diaspora policy that was pursued first by the Roh administration and subsequently inherited by succeeding administrations with modifications. For the first time in the history of Korean diaspora policy, the Roh administration explicitly and strategically embraced a diaspora policy as an integral part of its development policy (Lee, 2015). To be more specific, the administration sought to strategically mobilize the resources and competencies possessed by Korean diaspora entrepreneurs scattered around the world for Korea's domestic socioeconomic development. To achieve this end, the administration put forth the development of the WKBN, which was created during the Kim administration, as one of its major policy initiatives (Lee, 2015), resulting in the clarification of priorities regarding the objectives that the OKF would pursue in the years to come (Overseas Korean Foundation (OKF) 2014). The Lee Myung-Bak administration, which succeeded the Roh administration, followed this strategic diaspora policy and expanded it by highlighting the network of the global Korean diaspora community as a whole, and the network of Korean diaspora entrepreneurs, in particular, as strategic assets of Korea in achieving its economic prosperity for the benefit of

the entire worldwide Korean community (Kwak, 2011; Lee, 2015; Yim *et al.*, 2012). This significance accorded to Korean diaspora entrepreneurs by policymakers, in turn, generated a need for research on Korean diaspora entrepreneurs and their impacts on Korea's socioeconomic development to enable policymakers to formulate and develop effective policies toward Korean diaspora entrepreneurs.

2.2 Diaspora entrepreneurship and development

Diasporas can exert positive influence on their homelands in various ways. Newland (2010) categorized the positive influences of diasporas in terms of the roles they play in their homelands. Diasporas play the role of entrepreneurs, investors in capital markets, tourists and "nostalgia" traders, philanthropists, volunteers and representatives or advocates of homelands to their countries of residence, creating positive impacts on their homelands through these roles. Newland (2010) argues that diasporas exert the most significant influence on their homelands as entrepreneurs among these various roles in terms of their impact on the homeland's socioeconomic development. Accordingly, diaspora entrepreneurs are considered as an integral part of their homelands' socioeconomic development in many developing countries (Agunias and Newland, 2012; Brinkerhoff, 2012; Mishra, 2015; Nkongolo-Bakenda and Chrysostome, 2013; Patrick and Newland, 2004; Wei and Balasubramanyam, 2006).

It is important to differentiate diaspora entrepreneurship from ordinary entrepreneurial activities because of the unique advantages, as well as disadvantages that only diaspora entrepreneurs can possess in their pursuits. Successful diaspora entrepreneurs leverage their position as network brokers between their homelands and countries of residence (Elo *et al.*, 2018). Such a position provides diaspora entrepreneurs with a unique advantage that, in turn, enables them to overcome the disadvantages of residing in foreign countries as minorities. A majority of successful diaspora entrepreneurs exploit market opportunities present in their homelands with products or services that they produce or acquire by leveraging the superior competencies and experiences they have accumulated in their countries of residence. On the one hand, these competencies and experiences provide them with a competitive advantage over their real and potential rivals in their homelands. On the other hand, their superior understanding of the formal and information institutions of their homelands provide them with another type of competitive advantage over foreign competitors that suffer from the cost of foreignness in the homeland markets. For instance, overseas Chinese entrepreneurs enjoyed competitive advantage in exploiting the market opportunities of mainland China when foreign competitors were paying a very high cost of foreignness due to their limited understanding of informal institutions of China amid high uncertainty of the nation's formal institutions (Smart and Hsu, 2004); understanding the informal institutions provided overseas ethnic Chinese with a competitive advantage over other foreign rivals seeking market opportunities in China. Therefore, the presence of opportunities to leverage such advantages as network brokers may be a real motivator for diaspora entrepreneurs to enter into their homeland markets, especially in the face of disadvantages and restrictions they experience as minorities in pursuing business opportunities in their countries of residence, although they may also be motivated by other altruistic causes (Nkongolo-Bakenda and Chrysostome, 2013; Riddle, 2008).

The asymmetry in the socioeconomic developmental stage between the country of residence and homeland of the diaspora provides the context in which the phenomenon of diaspora advantage arises. Within this asymmetric structure, developed countries in which the factors favorable toward developing competitiveness are abundant (Porter, 1990) are considered as sources of the competencies and resources that diaspora entrepreneurs

possess and seek to exploit in their entrepreneurial ventures. Accordingly, a majority of studies on diaspora entrepreneurship have so far cast light on those “ascending diaspora entrepreneurs”, who left developing countries to reside in developed countries, and their impacts on the socioeconomic development of less developed homelands (Harima, 2015; Harima *et al.*, 2016).

Retrospectively, the remittances made by diasporas residing in developed countries to their individual families and relatives in their homelands have been a major source of foreign capital inflow to many developing countries such as the Philippines, Mexico and India (Patrick and Newland, 2004). These countries have made attempts to increase the productivity of these remittances by channeling them into productive investment. For instance, the Governments of China and India have actively promoted the members of their respective diaspora communities residing in developed countries to make investments in existing businesses and entrepreneurial ventures, as well as socioeconomic infrastructure development projects in their homelands (Brinkerhoff, 2007; Smart and Hsu, 2004; Sonderegger and Täube, 2010). With the active promotion of these governments, the forms of diaspora investment have diversified, ranging from simple capital investments to sophisticated foreign direct investments (FDIs) in new ventures, as well as philanthropic investments in sociocultural charity projects. The investments made by diaspora entrepreneurs have exerted the most significant impacts in terms of creating new businesses, jobs, education and the enhancement of innovativeness in the homelands. For instance, the Indian-American diaspora community has exerted significant influence upon the development of the IT industry and the economic development of India (Newland and Tanaka, 2010). The active promotion of these governments has furthermore transformed diaspora entrepreneurs into active advocates for FDI into their homelands (Saxenian, 2005; Newland, 2010). Accordingly, the literature of diaspora entrepreneurship has highlighted the entrepreneurship of ascending diasporas and their impacts on diaspora homelands, while advancing policy recommendations to foster the investments of ascending diaspora entrepreneurs. By contrast, for descending diaspora entrepreneurs who reside in countries that are less developed than the homelands, the nature of their advantages (if they exist) and the potential impacts they may have on their homelands have received very little scholarly attention. As a result, policymakers have little support in terms of developing a diaspora policy suited for these entrepreneurs.

2.3 Korean diaspora entrepreneurs and the development of Korea

The Korean Government defines overseas Korean as “all persons of Korean origin, regardless of their nationality, who reside in foreign countries” in Article 2 from the Overseas Koreans Foundations Act (Mylonas, 2014). Following this broad definition adopted by the Korean Government in its diaspora policy, the MOFA estimates that there are 7.4 million Korean diasporas residing in 194 countries around the globe as of in 2017 (MOFA, 2017). Approximately 16 and 14 per cent of them are living overseas as citizens and permanent residents of their countries of residence, respectively; the MOFA estimates that the rest of them are residing overseas as students, travelers, temporary workers, and others. The four largest Korean diaspora communities are found in China, the USA, Japan and Canada; approximately 34.29, 33.53, 11 and 3.24 per cent of Korean diaspora members reside in the four countries, respectively. The Korean Government has begun to consider this large diaspora population scattered around the globe as a strategic asset for advancing Korea’s domestic socioeconomic development since the beginning of the twenty-first century *while advancing a network of Korean diaspora entrepreneurs as the major target of its strategic diaspora policy.*

The influence of Korean diaspora communities, in general, and Korean diaspora entrepreneurs, in particular, on their homeland has been trivial, compared to those of other diaspora communities. As mentioned previously, diasporas can exert a positive influence on their homelands in a variety of ways. The influence of diasporas has been particularly strong in promoting international trade and investment in their homelands through their own entrepreneurial activities (Mishra, 2015; Newland and Tanaka, 2010; Riddle *et al.*, 2010). For instance, the networks of Chinese and Indian diaspora entrepreneurs have been very significant in fostering international trade and inflows of investments in their homelands, directly and indirectly by means of their own entrepreneurial ventures (Brinkerhoff, 2007; Jensen *et al.*, 2016; Smart and Hsu, 2004; Sonderegger and Täube, 2010). However, the influence of Korean diaspora communities on the homeland in international trade and investment has been insignificant, especially in comparison to those of Chinese and Indian networks (Choi, 2003). There has been a modest but positive increase in exports of Korean products to those countries in which a large number of Korean diaspora members reside. Yet, investments made by the Korean diaspora to the homeland has been very small, compared to the experiences of other major diaspora-sending countries, in part reflecting the fact that the Korean Government had not considered FDI as significant in its domestic economic development policy before the financial crisis of 1997 (Choi and Schott, 2000).

As previously noted, the Korean Government has been advancing the WKBC and WKBN as key strategic instruments for enhancing the positive influence of Korean diaspora entrepreneurs on the homeland. The Kim Dae-Jung administration originally considered these entrepreneurs as a conduit for attracting investment from the communities of the Korean diaspora when Korea opened its half-closed door to FDI prior to the financial crisis of 1997 (Yim *et al.*, 2012). However, there have been very few systemic studies on the effectiveness of these strategic instruments, which the succeeding Roh Moo Hyun administration embraced in its strategic diaspora policy, specifically targeting Korean diaspora entrepreneurs (Lee, 2015), to enable policymakers to develop strategies to enhance the contributions of Korean diaspora entrepreneurs on the basis of mutual benefit. Less than a handful of studies have examined the issues directly and indirectly related to the effectiveness of the WKBC.

Yim *et al.* (2014) evaluated the WKBC through a survey and interviews of 90 participants of the convention. The evaluation points out that the satisfaction levels of the participants have been gradually declining since the seventh convention. Nevertheless, the convention has made several positive accomplishments, such as creating business opportunities for the convention participants, facilitating sociocultural exchanges and enhancing Koreans' identity overseas. From the perspective of policymakers advancing strategic diaspora policies, this evaluation is limited because it casts light only on the variables that are related to the convention *per se*, such as satisfaction with the overall management of the convention programs, the services and attitudes of the organizing staff and committee members and the quality of the accommodations and food. The evaluation does not look at the variables that may have direct impacts on the major objectives of the policymakers, such as the promotion of investment and business transactions.

A critical study conducted by Kim (2013), similar to the evaluation of Yim *et al.* (2014), presents a somewhat skeptical view on the achievements of the WKBC during the decade since its inception in 2002. Kim argues that the organizing committee, the OKF, failed to prioritize the events and activities of the convention in accordance with its main objective. More priority was given to events related to social networking *per se* than to the inducement of its intended outcomes, such as the generation of business and sales opportunities for the participants of the convention, and hence, the stimulation of economic growth. As a result,

Kim also points out that many participants perceived the convention merely as an exhibition event, while considering its business outlets no better than a souvenir goods market open for social events. Such a negative evaluation (that Kim had made through unstructured interviews with the key participants of the convention) merits further investigation in terms of its validity to support policymakers to review their policies and initiatives toward the convention.

Yim's study (2016) is probably the first to examine the variables that are directly related to the major policy objective that the Korean Government seeks to achieve through the WKBC and WKBN. Lim studied actual and potential challenges that Korean diaspora entrepreneurs residing in North America perceive in making business investments in the homeland through a survey and in-depth interviews. The variables that Lim explored include factors motivating diaspora entrepreneurs to invest in the homeland, an assessment of the investment climate and obstacles, as well as opportunities, that motivate them to make investments in the homeland. Yim's empirical exploration of these critical variables, which are also included in the current study, in light of the major diaspora policy objective is indeed praiseworthy in terms of its originality. However, this exploration was restricted only to a fraction of the entire population of the Korean diaspora residing in North America, thus limiting the study's capacity to generalize the findings and inform policymakers.

2.4 Research questions and their importance

The Korean Government has been promoting the investment of Korean diaspora entrepreneurs through the WKBC and the WKBN. It is of crucial importance for policymakers to identify and understand the critical variables that may have an impact on this objective so as to enhance their capacity to formulate and implement successful strategies for realizing the objective through these organizational instruments. In response to the needs of policymakers, the current study, building upon the previous research on the topic, seeks to investigate in an exploratory manner the critical variables that are directly and indirectly related to the inducement of investments of Korean diaspora entrepreneurs to the homeland, such as:

- their evaluation of the investment climate and the investment value of the homeland;
- the degree of their willingness to make investments in association with their varied motivations;
- their perceived incompetence expressed in terms of the perceived obstacles they personally experience in making investments in the homeland; and
- their evaluation of the WKBC and the WKBN, which are institutionalized by the Korean Government to foster their investment.

By means of the relationships among these important variables, the current study also inquires as to whether:

- there is a positive relationship between the evaluation of the investment climate and the willingness to invest;
- those willing to make investments have positive evaluations regarding the WKBC and the WKBN, in line with the policy objective of the Korean Government; and

- the Korean diaspora entrepreneurs perceive the WKBC as providing them with a means to overcome the obstacles that they personally experience, as reflected in their perceived incompetence in making investments in the homeland.

In addition, the study inquires as to whether there is a difference in the assessment of the investment value regarding the homeland between the group of Korean diaspora entrepreneurs residing in developed countries and another group residing in developing countries.

This inquiry is significant, considering that a majority of the studies in the past have cast light on investments made by ascending diaspora entrepreneurs (i.e. those who immigrated to developed countries from developing countries) to their homelands, and that the policy recommendations for fostering diaspora investment were derived from the findings of such studies. Given the increasing number of descending Korean diaspora entrepreneurs (i.e. those who immigrated to countries that are less developed than Korea, such as China and countries in Southeast Asia) and their active participation in the WKBC in recent years, as well as the paucity of studies on investments made by descending diaspora entrepreneurs to their homelands (Harima, 2015), it is of crucial importance to know the difference between these two groups to justify further theoretical and empirical investigations regarding the causes of such a difference, if it exists, and its effects, in turn, for establishing appropriate diaspora policies.

3. Empirical research

3.1 Hypotheses

Four hypotheses were advanced, in accordance with the inquiries of the current study stated above, as follows.

The investment climate of a country is one of the major factors that international investors consider in their decision for investment (Kotabe *et al.*, 2013; Nielsen and Riddle, 2007). It would be reasonable to expect that diaspora entrepreneurs would also take the investment climate of their homeland into careful consideration, apart from nationalistic motivations. The components of the investment climate that diaspora entrepreneurs would consider may include such sociopolitical factors as the attitudes of the homeland government toward diasporas and perceptions about them, shared by people of the homeland (in general) and beliefs about and expectations toward diaspora entrepreneurs (in particular), and such economic factors as the presence of infrastructures to facilitate and accommodate the investment of diaspora entrepreneurs (Goktan and Gunay, 2011). Additionally, the attitudes of the government, reflected in its diaspora policies, is considered as the most important because of its impact on other components of the investment climate (Brinkerhoff, 2012).

Similar to international investors, Korean diaspora entrepreneurs are expected to evaluate the investment climate of the homeland carefully before making investment commitments. Moreover, it would be reasonable to suggest that a positive evaluation of the climate will enhance their willingness to make investments, which may also be associated with a variety of expressed motivations. Accordingly, those Korean diaspora entrepreneurs who are willing to make investments in the homeland must have evaluated the homeland's investment climate positively; those who are not willing must have evaluated it negatively. Therefore:

- H1.* Korean diaspora entrepreneurs who are willing to make investments in the homeland will express a more positive evaluation of its investment climate than those who are not willing to do so.

A diaspora network provides diaspora entrepreneurs with an opportunity to identify new business opportunities, sources of resources and competencies enquired for exploitation of the opportunities, as well as to acquire legal and management advice and consulting for the success of their business ventures (Brinkerhoff, 2007; Harima, 2015; Newland and Tanaka, 2010; Sonderegger and Täube, 2010). This network provides them with a fruitful venue in which diaspora entrepreneurs can establish partnerships with other diaspora entrepreneurs from the same homeland residing in different countries, as well as entrepreneurs from the homeland. Such partnerships can result in the identification of business opportunities for diaspora entrepreneurs in the homeland, and for entrepreneurs from the homeland overseas for mutual benefit among the network participants. Furthermore, the network serves as a rich reservoir of resources and competencies, such as financial, human, intellectual and relational resources that its participants can tap into for successful exploitation of the identified business opportunities. Considering these fundamental functions of a diaspora network, it would be reasonable to expect that Korean diaspora entrepreneurs would consider the WKBC and the WKBN as very important for the success of their businesses. However, Kim's (2013) study seems to suggest that there is very little grounding for such an expectation. The study reports that a majority of the participants of the WKBC consider the convention as no more than a social gathering in a mood of festivity, yet with very little significance to their businesses. Policymakers indeed ought to engage in a serious examination of this finding to enhance the convention's effectiveness. Above all, it is of critical importance for them to find out whether such an evaluation is widely accepted by the entire population of the participants, and if not, whether there is a visible difference in the evaluation among different groups of participants pursuing different purposes, in light of the policy objectives they pursue.

One of the major policy objectives that the Korean Government seeks to achieve through the WKBC and the WKBN has been to promote Korean diaspora entrepreneurs' investment for mutual benefit between Korean diaspora entrepreneurs and the homeland. Thus, it is of crucial importance for policymakers to inquire as to whether this group of Korean diaspora entrepreneurs, who are willing to make investments (the major target segment of their policy), express positive evaluations of the WKBC and the WKBN; otherwise, these policymakers would have to seriously review their policies and initiatives toward them, as suggested by Kim (2013). To formalize this inquiry, it is hypothesized as the following:

- H2.* Korean diaspora entrepreneurs who are willing to make investments in the homeland will express more positive evaluations of the WKBC and the WKBN than those who are not willing to do so.

Networking is an important tool for learning about business opportunities and management competencies (Back *et al.*, 2005; Büchel and Raub, 2002; Chaston and Mangles, 2000a, 2000b; Koehne *et al.*, 2000). Entrepreneurial leaders and managers actively participate in various networks to identify new business opportunities and acquire the competencies they lack (Büchel and Raub, 2002; Gillespie *et al.*, 1999). Chaston and Mangles (2000a, 2000b) conducted a very interesting empirical study in the UK that casts light on a major reason why business leaders participate in networking. The research revealed that those leaders who participate in networks engage in double-loop learning, while those who do not engage only in single-loop learning (refs). Thus, the research affirms the view in the literature that

the acquisition of competencies to enter new businesses is the primary purpose of networking. Seen from these perspectives of the knowledge management and learning organization literatures, it is expected that Korean diaspora entrepreneurs, with a perceived lack of competencies for successfully engaging business activities in the homeland, would consider the WKBC as an important strategic means of acquiring the set of competencies they need. Accordingly, it would be reasonable to hypothesize the following:

- H3.* The more Korean diaspora entrepreneurs perceive themselves as lacking the competencies required to engage successfully in business activities in the homeland, the more positively they will evaluate the WKBC.

Assessing the investment value exerts the most significant impact on investment decisions. It is expected that the group of Korean diaspora entrepreneurs residing in developing countries and another group residing in developed countries would assess the investment value of the homeland differently. Additionally, the traditional theories of FDI made by multinational business enterprises (MNEs) would suggest that this difference results from the specific objectives that these two groups would pursue in the homeland.

The international business literature has identified four major objectives that MNEs pursue through their FDI. The objectives have evolved from

- (1) the acquisition of natural resources;
- (2) the exploitation of market opportunities;
- (3) the achievement of cost efficiency; and
- (4) learning in sequence (more recently) (Bartlett and Beamish, 2014; Moon and Parc, 2014).

MNEs have traditionally pursued the first three objectives to maximize opportunities to exploit their core competences that they have developed in the home country. These three objectives operate under the monopoly of MNEs originating from developed countries, which provide favorable conditions for business enterprises to develop competitive advantages over their overseas rivals originating from less developed countries (Porter, year). By contrast, learning has also been pursued by MNEs originating from developing countries. These MNEs engage in business activities overseas to acquire the competencies that they have difficulty developing in their home countries due to a lack of learning opportunities available to them (Jun, 1987; Bartlett and Beamish, 2014). For instance, Korean business enterprises in the past actively pursued FDI in developed countries, such as the USA, because their home country could not provide them with the learning opportunities needed for them to develop a competitive advantage (Kim, 1997).

The international business literature pertaining to the FDI of MNEs stated above implies that the group of Korean diaspora entrepreneurs residing in countries that are more developed than Korea, and another group residing in countries less developed than Korea may pursue different business objectives in their homeland. Provided that the national environment is a major determining factor of business enterprises' competitiveness (Porter, 1990), Korean diaspora entrepreneurs residing in countries that are less developed than Korea would suffer from a lack of competitive advantage over business enterprises from the homeland and would consequently avoid competition with them. Thus, their primary business engagement objective in the homeland would not be the diversification of markets or the achievement of cost efficiency, which would build upon their existing core competencies. Instead, they would consider their engagement as an opportunity to acquire knowledge about new market trends and competencies with which they could exploit

market opportunities in their countries of residence. By contrast, learning would not be a primary objective of those Korean diaspora entrepreneurs residing in countries that are more developed than Korea; these entrepreneurs would pursue objectives that are more market-oriented than learning. The objectives people pursue through their activities determine their interpretation of phenomena in the world; business enterprises pursuing different objectives would interpret the same environment differently. With these differences in the objectives of business engagement in the homeland, the two groups of Korean diaspora entrepreneurs would exhibit different interpretations of the homeland as an environment for their business engagement, and thus, different assessments of the homeland's investment value. Accordingly, it would be reasonable to hypothesize the following:

- H4.* Korean diaspora entrepreneurs residing in developed countries will make investment value assessments differently from those residing in developing countries.

3.2 Sampling and measurement

A survey was conducted to gather the data for this study. In total, 200 questionnaires were distributed to Korean diaspora entrepreneurs who participated in the 15th annual WKBC held in Gyungju, Korea, from October 13 to 14, 2015. Only 72 questionnaires were collected, resulting in a fairly low response rate (36 per cent). The measures for the variables in this research were adapted from previous studies of diaspora entrepreneurs' homeland investment, conducted by Gullepie *et al.* (1999), Moon and Back (2013) and Nkongolo-Bakenda and Chrysostom (2013). A five-point Likert scale was used to measure the variables, such as Korean diaspora entrepreneurs' evaluations of the investment climate and their willingness to invest in the homeland, evaluations of the WKBC and the WKBN, perceived personal obstacles impeding homeland investment, and so forth. The scale included the following anchors: 1 = very low/very poor/not very good; 2 = low/poor/not good; 3 = moderate; 4 = high/good/good; and 5 = very high/very good/very good. In addition, participants were asked about their willingness to invest in the homeland (indicated by yes or no). The survey also gathered demographic information about the participants, such as gender, date of birth, country of residence, length of residence (in years), education and business field.

4. Empirical analysis and results

4.1 Sample characteristics

4.1.1 Demographic characteristics. Table I shows the demographic characteristics of the participants. There were 49 (68.3 per cent) male and 23 (31.9 per cent) female respondents, and 53 (73.7 per cent) received university or higher-level education. A total of 33 (45.8 per cent) participants completed formal education in their country of residence. The ratio of participants who lived in their country of residence for more than 20 years was 73.8 per cent, and 78.9 per cent of the sample was born before the 1960s. Most of the participants were either members of the 1- or 1.5-generation Korean diaspora. A total of 40.8 per cent of the participants at the KWBC were born before the 1950s. This suggests that first-generation Korean diaspora entrepreneurs appear to be very active participants at the convention. However, those participants born after the 1970s account for 21.1 per cent of the total respondents in the current survey. Thus, there is the possibility that 1.5-generation Korean diaspora entrepreneurs (as opposed to those who are first generation) may predominate as the major participants of the KWBC in the near future.

Table I.
Demographic
characteristics

Demographic factors	Frequency	(%)
<i>Gender</i>		
Male	49	68.1
Female	23	31.9
<i>Education</i>		
High School	9	12.5
College	9	12.5
Bachelor	40	55.6
Master or Doctorate	13	18.1
<i>Formal education in the country of residence</i>		
Yes	33	45.8
No	36	50
<i>Birth Year</i>		
Before the 50s'	10	14.1
50s'	19	26.7
<i>Years of immigration</i>		
60s'	28	38.1
70s'	10	14.1
80s'	5	7
Under 10 yrs.	16	26.2
Under 20 yrs.	15	24.6
Under 30 yrs.	16	26.2
31 yrs. and up	14	23

To assess the difference in the perceived investment value of the homeland among Korean diaspora entrepreneurs (pertaining to the *H4*), the participants were categorized into two groups: those residing in developed countries and those residing in developing ones. This categorization follows the distinction made by the [United Nations \(2017\)](#) in the World Economic Situation and Prospects report. Respondents from 17 different countries participated in the survey. As shown in [Table II](#), 51 (70.8 per cent) of the respondents are from developed countries such as the USA, Canada, Austria and the UK, and 20 (27.8 per cent) of the respondents were from developing countries such as China, Indonesia, Vietnam and Thailand.

4.1.2 *Korean diaspora entrepreneurs' understanding of the homeland.* [Table III](#) shows the level of Korean diaspora entrepreneurs' understanding of their homeland. The results show that the respondents' self-evaluation of their knowledge about society and culture ($M = 3.72$), politics ($M = 3.33$), business ($M = 3.48$) and economic trends ($M = 3.59$) of the

Table II.
Respondents'
residing country
ratio: developed vs
developing country

Residing country	Frequency	(%)	Valid (%)	Cumulative (%)
<i>Valid</i>				
Developed	51	70.8	71.8	71.8
Developing	20	27.8	28.2	100.0
Valid Total	71	98.6	100.0	
Missing	1	1.4		
Total	72	100.0		

homeland was above average. The respondents also appeared to be proud of their Korean identity; the mean value of the item capturing this aspect was 3.59.

4.1.3 *Evaluation of the homeland's investment environments.* Table IV shows the participants' evaluation of the homeland's investment value, the WKBC and the WKBN, investment climate and hindering factors.

Investment in the homeland

Understanding of the homeland	N	Mean	S.D.
Understanding of Korean Society and Culture	72	3.72	0.716
Understanding of Politics in Korea	72	3.33	0.888
Understanding of Business Trend in the homeland	71	3.48	0.892
Understanding of Korea Economic Trends	71	3.59	0.748
Proud to be Korean	64	3.59	0.771

Table III.
Understanding of the homeland by Korean diaspora entrepreneurs

Evaluation of the investment environment	N	Mean	S.D.
<i>A. Investment Value of Homeland</i>			
The Korean Government is friendly to the Korean diaspora entrepreneurs	72	3.47	0.750
Korea is a country that is worth investing in politically	71	3.15	1.009
Korea is a country that is worth investing in economically	72	3.53	0.787
<i>B. Evaluation of the WKBC and the WKBN</i>			
The WKBN is very important for my business	72	3.40	0.850
The WKBN plays an important role for businesspeople	72	3.54	0.768
I was able to identify business opportunities through the WKBN	71	3.03	0.910
The WKBC is important as a link between Korean diaspora companies and domestic companies	72	3.54	0.871
Interest in the homeland has increased through the WKBC	71	3.51	0.826
Interest in the homeland domestic business has increased through the WKBC	72	3.46	0.855
<i>C. Evaluation of Investment Climate of the Homeland</i>			
Financial support from the Korean Government for diaspora investors in the homeland	69	2.93	0.773
The Korean Government's interest in Korean diaspora companies	70	3.04	0.711
Attitudes of government officers and their expertise	70	3.16	0.879
Pro-corporate orientation	67	3.06	0.649
Government's economic support and motivation for Korean diaspora companies toward domestic investments	66	2.94	0.677
Domestic investment opportunities are available for individual investors	69	2.97	0.747
Labor law and labor unions	68	2.85	0.778
Social infrastructures	70	3.37	0.783
The Korean Government's material support for diaspora entrepreneurs	72	2.86	0.793
The homeland's investment climate is favorable to Korean diaspora entrepreneurs	72	3.08	0.884
<i>D. Hindering Factors for Investment in the Homeland</i>			
A limited understanding of the homeland domestic market	72	3.11	0.865
A lack of domestic business partners	72	3.01	0.847
A lack of understanding of the homeland domestic business law	72	3.38	0.879
A lack of networks and investment capital	72	3.17	0.822
No relationship with my existing business	72	3.01	0.760

Table IV.
Results of the evaluation of the investment environments of Korea

The respondents evaluated the investment value of homeland positively as a country worth investing in, politically ($M = 3.15$) and economically ($M = 3.53$). The Korean diaspora entrepreneurs also responded that the Korean Government is friendly to Korean diaspora entrepreneurs ($M = 3.47$).

The overall evaluations of the annual WKBC and the WKBN were positive. The participants responded positively to the evaluation of the WKBC in terms of its function in increasing interest in the homeland ($M = 3.51$), in the homeland's domestic business ($M = 3.46$) and in its role as a link connecting Korean diaspora entrepreneurs with homeland domestic entrepreneurs ($M = 3.54$). Although the participants considered the WKBN as important for businesspeople ($M = 3.54$), as well as their own business ($M = 3.40$), they responded that their actual success rate in identifying business opportunities through the network was modest ($M = 3.03$). This result suggests that there exists a gap between the respondents' expectations and the actual outcomes of the WKBN.

The overall evaluations of the homeland's investment climate were generally below average, with respect to the following aspects: the Korean Government's financial support ($M = 2.93$), economic support and motivation ($M = 2.94$), the Korean Government's interest in Korean diaspora companies ($M = 3.04$), government sentiment ($M = 3.06$) and the investment industry and opportunities ($M = 2.97$). The social infrastructure was evaluated favorably compared to other aspects of the climate ($M = 3.37$). Notably, the respondents' evaluations of labor law and unions were the least favorable ($M = 2.85$). Thus, the labor market inflexibility in Korea may be a major impediment to inducing Korean diaspora entrepreneurs' investment.

The statistical distributions of the perceived factors hindering the respondents from investing in the homeland were similar to one another. They commonly stayed at the average level with similar standard deviations, except for the one capturing perceived incompetence in understanding the domestic business law of the homeland ($M = 3.38$).

4.1.4 Personal factors associated with Korean diaspora entrepreneurs' willingness to invest in the homeland. Patriotism toward the homeland, with a mean score of 3.61, was found to be the most important among factors associated with Korean diaspora entrepreneurs' willingness to invest in the homeland. This result is consistent with the finding of Yim (2016) that affection for Korea is the most important factor in determining the investment decisions of Korean diaspora entrepreneurs residing in North America. Emotional attachment, manifested by affection and patriotism for the homeland, was found to be an important factor influencing Korean diaspora entrepreneurs' willingness to invest in the homeland in Lim's study. The respondents also considered the presence of business opportunities as an important factor ($M = 3.28$) (Table V).

4.2 Reliability and validity of the measurement variables

Cronbach's alpha for the reliability test was obtained to ensure consistency among the items measuring the major variables of this study (Table VI). The results for the four major factors

Table V.
Results of personal factors related to diaspora entrepreneurs' willingness to invest in the homeland

	N	Mean	S.D.
Willingness to Invest in the Homeland			
Willing to invest in the homeland because of patriotism	71	3.61	0.902
Willing to invest because of my social status/recognition in the homeland	72	3.04	0.911
Willing to invest because I see many business opportunities in the homeland	72	3.28	0.892

(investment value of the homeland = 0.753, evaluation of the WKBC and the WKBN = 0.821, evaluation of the investment climate of the homeland = 0.906 and hindering factors for investment in the homeland = 0.761) were all higher than 0.60. Two items with low correlation coefficients were removed to increase the reliability of the measures: one (social infrastructures) from items measuring evaluations of the investment climate of the homeland, and the other (no relationship with my existing business) from those capturing hindrance factors to investment in the homeland. The removal of these two items resulted in improved reliability, as shown in Table VI.

Factor analysis with varimax rotation was conducted to verify the construct validity of the measures. As shown in Table VII, the KMO value was 0.784, and Bartlett's significance probability was 0.000. As the KMO value is close to 1 and Bartlett's significance probability is less than 0.05, the measures are considered to be appropriate. The results of the factor analysis are shown in Table VIII. The analysis yielded five factors explaining a total of 70.172 per cent of the variance for the entire set of items included in the analysis. The eigenvalue of the factors is higher than 1.

There are a few notable results that should be incorporated into the interpretation of the findings, which will follow. First, the results suggest that the second factor (Evaluation of the WKBC and the WKBN) should be divided into two factors, as seen in Table VIII: Evaluation of the WKBC (B-1) and Evaluation of the WKBN (B-2). The OKF tends to regard the WKBC and the WKBN as tightly integrated and unified strategic instruments. As the WKBC was a catalyst for institutionalization of the WKBN, the OKF tends to consider the WKBC as an annual meeting for members of the WKBN. The current study has incorporated this attitude of the OKF in the formulation of H_2 , pertaining to the evaluation of the WKBC and the WKBN. However, the results of the factor analysis suggest that the respondents perceived and evaluated the WKBC and the WKBN independently of each other. Thus, H_2 should be divided and interpreted in accordance with these results. Second, the results of the factor analysis show that the construct validity of the measures for the variables of the current study is acceptable. The factor loadings representing the correlations between the factors and measuring

Factors	No. of Items	Cronbach's α	Revised Cronbach's α (Removed item no.)
A. Investment Value of the Homeland	3	0.753	
B. Evaluation of the WKBC and the WKBN	6	0.821	
C. Evaluation of the Investment Climate of the Homeland	8	0.906	0.916 (8)
D. Hindering Factors for Investment in the Homeland	5	0.761	0.792 (5)

Table VI.
Results of the reliability of the variables

KMO and Bartlett

A measure of sample appropriateness: Kaiser–Meyer–Olkin 0.784

Bartlett

Chi-Square 787.322
Degree of Freedom 231
Significance 0.000**

Table VII.
Validity of the measurement variables

Note: ** $p < 0.05$

Factors	Items	F1	F2	F3	F4	F5
C. Evaluation of the Investment Climate of the Homeland	4. Pro-corporate orientation	0.840				
	5. Government economic support and motivation for domestic investment in Korean diaspora companies	0.823	0.203		0.241	
	3. Attitudes of government officers and expertise	0.795				
	7. Labor law and labor unions	0.793	0.171		-0.219	0.171
	1. Financial support from the Korean Government for homeland investment	0.788		0.110	0.305	
	6. Domestic investment opportunities are available for individual investors	0.742	0.226		0.339	0.112
	9. The Korean Government provides material support for Korean diaspora entrepreneurs	0.673	0.102	0.293	0.276	0.256
	2. The Korean Government's is interested in Korean diaspora companies	0.643	0.205	0.104	0.262	-0.369
	10. The homeland investment climate is favorable to Korean diaspora entrepreneurs	0.613	0.232		0.404	0.287
	B. Evaluation of the WKBC	6. Interest in domestic business has increased through the WKBC	0.185	0.856		0.171
5. Interest in the homeland has increased through the WKBC			0.845		0.197	
4. The WKBC is important as a link between Korean diaspora companies and domestic companies		0.154	0.763	0.218	0.204	0.125
3. A lack of understanding domestic business law			-0.162	0.820		
D. Hindering Factors for Investment in the Homeland	2. A lack of domestic business partners		0.283	0.801	-0.104	-0.109
	1. A limited understanding of the domestic market	0.233		0.789		0.359
	4. A lack of networks and investment capital		0.131	0.687	0.302	
	3. Korea is a country that is worth investing in economically	0.121	0.386		0.763	0.118
A. Investment Value of the Homeland	2. Korea is a country that is worth investing in politically	0.282	0.150		0.681	
	1. The Korean Government is friendly to Korean diaspora entrepreneurs	0.443		0.178	0.565	0.340
	1. The WKBN is very important for my business		0.184		0.222	0.782
B-1. Evaluation of the WKBN	2. The WKBN plays an important role for businesspeople		0.536		-0.154	0.623
	3. I was able to identify business opportunities through the WKBN	0.338	0.324		0.268	0.457

Table VIII.
Results of the factor analysis

Notes: Extraction method: principal rotation method; varimax with Kaiser normalization. a. Rotation: converged in seven iterations

items are higher than 0.6, except for two items: one measuring the investment value of the homeland (The Korean Government is friendly to Korean diaspora entrepreneurs) and the other evaluating the WKBN (I was able to identify business opportunities through the WKBN), as seen in [Table VIII](#).

4.3 Hypothesis testing

H1 examines whether Korean diaspora entrepreneurs who are willing to make investments in the homeland express more positive evaluations of the homeland's investment climate than those who are not willing to do so. One-tailed t-tests were conducted to examine whether there exist significant differences between those who are willing to make investments, and those who are not in their evaluations of the homeland's investment climate, in accordance with the hypothesized direction. [Table IX](#) presents the results of both the t-tests and the descriptive analysis of the items measuring the variable, Korean diaspora entrepreneurs' evaluation of the homeland's investment climate. No statistically significant differences were found with respect to all of the items at the 0.05 or 0.10 significance levels. Thus, *H1* was rejected. Notwithstanding the statistical test result, it should be noted that the results of the descriptive analysis show that those who are willing to invest in the homeland expressed more positive evaluations of the homeland's investment climate than those who are not willing to do so, except in their evaluations of labor law and labor unions.

H2 inquires whether Korean diaspora entrepreneurs who are willing to make investments in the homeland express more positive evaluations of the WKBC and the WKBN than those who are not willing to do so. As previously noted, the factor analysis conducted for the validity of the measurement items suggests that the interpretation of the hypothesis should be divided into two parts because the respondents perceived and evaluated the WKBC (B) and the WKBN (B-1) independently of each other (see [Table VIII](#)). With this suggestion taken into consideration, one-tailed t-tests were conducted to examine whether there exist significant differences between those who are willing to make investments and those who are not in their evaluations of the WKBN and the WKBC, respectively, in accordance with the hypothesized directions. [Table X](#) reports the results of

Evaluation of the investment climate of the homeland	Willingness to Invest	<i>N</i>	Mean	S.D	Error	Sig. <i>p</i> -value
1. Financial support from the Korean Government for homeland investment	Yes	41	2.93	0.755	0.118	0.676
	No	18	2.83	0.857	0.202	
2. Korean Government's interest in Korean diaspora companies	Yes	41	3.07	0.721	0.113	0.242
	No	18	2.83	0.707	0.167	
3. Attitudes of government officers and expertise	Yes	41	3.20	0.901	0.141	0.582
	No	18	3.06	0.873	0.206	
4. Pro-government orientation	Yes	38	3.13	0.623	0.101	0.210
	No	18	2.89	0.758	0.179	
5. Government economic support and motivation for domestic investments in Korean diaspora companies	Yes	38	2.89	0.649	0.105	0.749
	No	18	2.83	0.707	0.167	
6. Domestic investment opportunities are available for individual investors	Yes	41	3.02	0.724	0.113	0.235
	No	18	2.78	0.732	0.173	
7. Labor law and labor unions	Yes	40	2.80	0.723	0.114	0.698
	No	18	2.89	0.963	0.227	
9. The Korean Government's material support	Yes	42	2.76	0.692	0.107	0.857
	No	18	2.72	0.958	0.226	
10. The homeland investment climate is favorable to Korean diaspora entrepreneurs	Yes	42	3.12	0.861	0.133	0.119
	No	18	2.72	0.958	0.226	

Notes: ** $p < 0.05$; * $p < 0.10$

Table IX.
Descriptive analysis and t-test results on the evaluation of the investment climate of the homeland

Table X.
Descriptive analysis
and t-test results on
the WKBN and the
WKBC

Evaluation of the WKBN and the WKBC	Willingness to invest	N	Mean	S.D	Error	Sig. p-value
1. The WKBN is very important for my business	Yes	42	3.50	0.890	0.137	0.194
	No	18	3.17	0.924	0.218	
2. The WKBN plays an important role for businesspeople	Yes	42	3.57	0.831	0.128	0.303
	No	18	3.33	0.767	0.181	
3. Through the WKBN, I was able to exploit business opportunities	Yes	42	3.12	0.916	0.141	0.119
	No	18	2.72	0.826	0.195	
4. The WKBC is important as a link between Korean diaspora companies and domestic companies	Yes	42	3.71	0.708	0.109	0.000**
	No	18	2.83	0.985	0.232	
5. Interest in the homeland has increased through the WKBC	Yes	42	3.60	0.734	0.113	0.003**
	No	18	2.94	0.725	0.171	
6. Interest in domestic business has increased through the WKBC	Yes	42	3.50	0.804	0.124	0.061*
	No	18	3.06	0.873	0.206	

Notes: ** $p < 0.05$; * $p < 0.10$

the descriptive analysis of the items measuring the two variables, along with the results of the one-tailed *t*-tests.

No statistically significant difference was found with respect to all three items measuring Korean diaspora entrepreneurs' evaluations of the WKBN at both the 0.05 and 0.10 significance levels. By contrast, statistically significant differences were found with respect to all items measuring Korean diaspora entrepreneurs' evaluations of the WKBC at a significance level of 0.05. Therefore, *H2* is partially supported: Korean diaspora entrepreneurs who are willing to invest in the homeland evaluated the WKBC more positively than those not willing to do so.

H3 examines whether Korean diaspora entrepreneurs who perceive themselves as lacking in the competencies required to engage successfully in homeland business activities are more likely to evaluate the WKBC positively. One-tailed *t*-tests were conducted to examine whether there exist significant differences between those who perceive they lack the required competencies and those who do not in their evaluations of the WKBC, in accordance with the hypothesized direction. Table XI shows the results of the one-tailed *t*-tests, along with the results of the descriptive analysis. No statistically significant differences were found for all three items measuring Korean diaspora entrepreneurs' evaluations of the WKBC between the two groups at the significance level of 0.5. Therefore, *H3* was not statistically supported.

H4 examines whether Korean diaspora entrepreneurs residing in developed countries make investment value assessments differently from those residing in developing countries. To test this hypothesis, a series of two-tailed *t*-tests were conducted to examine whether there exist any differences between those residing in developed countries and those residing in developing countries with respect to their value assessments of the homeland. Table XII shows the results of the tests, along with the results of the descriptive analysis. Statistically significant differences were found with respect to all three items measuring Korean diaspora entrepreneurs' investment value assessments at the significance level of 0.1. The results highlight the finding that Korean diaspora entrepreneurs residing in developed countries make investment value assessments more positively than those residing in developing countries. Therefore, *H4* is supported.

5. Conclusion and recommendations

5.1 Summary and interpretation of the findings

H1, which states that Korean diaspora entrepreneurs who are willing to make investments in the homeland will express more positive evaluations of its investment climate than those who are not willing to do so, was rejected. However, the statistical test must be interpreted with caution in light of interesting facts revealed in the descriptive statistics. It was found that those who were willing to make investments evaluated the investment climate of Korea more positively than those who were not willing to do so, except in their evaluation of labor law and labor unions; the former expressed low satisfaction levels with the labor law and labor unions. This finding supports the view that there are indeed differences in the evaluations of the investment climate of the homeland between those who were willing to make investments and those who were not willing to do so. Furthermore, the negative evaluation of labor law and labor unions, which reduced overall satisfaction with the investment climate to have an impact on the statistical test of the first hypothesis, may also be interpreted as an indication of the fact that those who are willing to make investments engage in a more thoughtful evaluation of the investment climate than those who are not willing to do so.

The factor analysis conducted as a validity test of the survey items suggests that Korean diaspora entrepreneurs perceive and evaluate the WKBN and the WKBC independently of each other. Taking this fact into consideration, *H2* was divided into two parts for the empirical test and its interpretation. The test results suggest that Korean diaspora entrepreneurs who are

Evaluation of the WKBC with an individual competency level	Individual Competency Level	<i>N</i>	Mean	S.D.	Standard error of mean	Sig. <i>p</i> -value
1. The WKBC is important as a link between Korean diaspora companies and domestic companies	Low	34	3.38	0.817	0.140	0.143
	High	38	3.68	0.904	0.147	
2. Interest in the homeland has increased through the WKBC	Low	33	3.55	0.754	0.131	0.718
	High	38	3.47	0.893	0.145	
3. Interest in domestic business has increased through the WKBC	Low	34	3.47	0.861	0.148	0.909
	High	38	3.45	0.860	0.140	

Notes: ***p* < 0.05; **p* < 0.10

Table XI.
Descriptive analysis and t-test results on the evaluation of the WKBC with an individual competency level

Investment value of the homeland	Developed vs. Developing	<i>N</i>	Mean	S.D.	Standard error of mean	Sig. <i>p</i> -value
1. Korea is a country that is worth investing in politically	Developed	51	3.27	1.021	0.143	0.074*
	Developing	19	2.79	0.918	0.211	
2. Korea is a country that is worth investing in economically	Developed	51	3.63	0.747	0.105	0.070*
	Developing	20	3.25	0.851	0.190	
3. The Korean Government is friendly to Korean diaspora entrepreneurs	Developed	51	3.20	0.800	0.112	0.055*
	Developing	20	2.75	1.020	0.228	

Notes: ***p* < 0.05; **p* < 0.10

Table XII.
Descriptive analysis and t-test results on the investment value of the homeland

willing to make investments expressed more positive evaluations of the WKBC than those not willing to do so. By contrast, no statistically significant difference was found in the evaluations of the WKBN. Although there have been concerns regarding the effectiveness of the WKBC, the finding suggests that the convention is effective at least for its main strategic target, Korean diaspora entrepreneurs who are willing to make investments.

H3, pertaining to the difference in evaluations of the WKBC in relation to the perceived competence required for successful engagement of business activities in the homeland, was not supported. On the other hand, an interesting fact that opposed the direction of the hypothesized relation was found to support the findings related to the second hypothesis. An examination of the descriptive statistics revealed that the higher the competencies Korean diaspora entrepreneurs perceived they possess, more positive evaluations they gave of the WKBC as a link enabling them to connect with business enterprises in the homeland. If one accepts the premise that the possession of superior competence is a necessary condition (that increases the likelihood of making investments in the homeland), this finding supports the above interpretation pertaining to the second hypothesis, in which the WKBC is perceived positively by its strategic target group.

H4, which states that the group of Korean diaspora entrepreneurs residing in developed countries will make investment value assessments differently from the group of those residing in developing countries, was supported. Statistically significant differences were found in all of the three items that measured investment value assessment. It should be noted that those residing in countries that are more developed than Korea assessed the investment value of the homeland more favorably than those residing in developing countries. In other words, the latter were less likely to make investments in the homeland than the former. The theories of international business on FDI would attribute such a difference to the fact that they pursue different business objectives in the homeland. In light of the received theories, the finding would be interpreted as follows: descending Korean diaspora entrepreneurs pursue learning opportunities in the homeland to acquire the competencies and resources for competition in their countries of residence instead of pursuing market opportunities. With a lack of the competencies necessary for successful competition with domestic business enterprises in the homeland, the theories would suggest that descending Korean diaspora entrepreneurs would find the homeland as less attractive for positioning their businesses, as reflected in their low investment value assessments.

5.2 Limitations of the study and recommendations

It is important to be cognizant of the limitation of the current study when considering the implications derived from its findings. First of all, the design of the current study is cross-sectional. Hence, this study is inadequate in establishing or examining causal relations between variables that are included. For instance, such important causal relationships as the one that might exist between the willingness to invest and evaluations of the investment climate could not be empirically examined. Second, this study relies on a small size sample, which raises a serious concern about the validity of the findings of this study for generalization. On the other hand, the fact that the size of the Korean diaspora entrepreneur population itself is very small should also be considered in evaluating the possible impact of the small sample size on the findings. With these limitations being taken into careful consideration, a few recommendations may be advanced from the findings of the study, as follows.

The findings of the study corroborate the suggestions of other related studies in international business and economics that emphasize the importance of the investment climate in influencing investment decisions. Critically, the fact that overall evaluations of the investment climate (notwithstanding the willingness to invest) are not high suggests that the Korean Government

ought to work hard at improving the investment climate to motivate Korean diaspora entrepreneurs. The fact that not even a single component of the investment climate received a highly positive evaluation raises a serious question as to whether the Korean Government has been faithful to its promise to construct an environment for Korean diaspora entrepreneurs to pursue business activities in mutual benefit between them and the homeland.

On a positive note, it is encouraging that those willing to make investments have evaluated the WKBC positively. This positive evaluation suggests the possibility that the convention may serve as a major channel through which policymakers can acquire insights regarding the needs of Korean diaspora entrepreneurs who are willing to make investments to improve the investment climate for them. However, the effectiveness of the WKBN and policy initiatives toward this network should be thoroughly examined. Evaluations of the WKBN made by its target strategic target group were no better than those made by other participants. This discrepancy may have resulted from the finding revealed in the descriptive statistics that there exists a gap between the expectations of the WKBN's target group and the actual outcome. Although Korean diaspora entrepreneurs perceive the WKBN as an important resource for their businesses, actual success rates in identifying business opportunities through the network were not satisfactory. This gap between expectations and actual outcomes may have influenced the evaluations of the network's target group. Provided that this interpretation is valid, policymakers should develop structures and processes that can enhance the network's capacity to support its target group in identifying and exploiting new business opportunities through the network.

The most interesting finding of the current study to both researchers and policymakers may be the fact that descending Korean diaspora entrepreneurs assess the investment value of the homeland differently from ascending Korea diaspora entrepreneurs. This difference indeed calls for further research that would explicate this difference in terms of such potential causes as differences in the advantages, as well as disadvantages and business opportunities that descending diaspora may perceive in the homeland. These differences perceived by descending diaspora entrepreneurs ought to be compared with those of ascending diaspora entrepreneurs to attain a more comprehensive understanding of the phenomenon of diaspora entrepreneurship as a whole. Such an exploration would be a very thought-provoking and distinctive contribution of researchers of Korean diaspora entrepreneurship, considering the fact that these researchers will have to deal with a fair distribution of both ascending and descending diaspora entrepreneurs originating from the same homeland in their research. Furthermore, the fact that the recent transformation of Korea from a developing to a developed country in less than one generation would be an added advantage to researchers of Korean diaspora entrepreneurship; the findings of the cross-sectional comparative examination regarding the differences may also be triangulated with those of a longitudinal study that would examine the progressive changes in advantages, as well as disadvantages and opportunities that Korean diaspora entrepreneurs may have perceived in tandem with the rapid socioeconomic transformation of the homeland. The findings of the suggested research will indeed substantially expand the repository of useful knowledge on diaspora entrepreneurship and its impact on the socioeconomic development of the homeland, which will in turn support policymakers in terms of formulating and implementing effective strategic diaspora policies.

References

- Agunias, D.R. and Newland, K. (2012), *Engaging the Asian Diaspora*, Migration Policy Institute.
- Altenburg, T., Schmitz, H. and Stamm, A. (2008), "Breakthrough? China's and India's transition from production to innovation", *World Development*, available at: <https://doi.org/10.1016/j.worlddev.2007.06.011>

- Back, A., Von Krogh, G., Seufert, A., Enkel, E., Raimann, J., Vassiliadis, S. and Wicki, Y. (2005), Putting knowledge networks into action: methodology, development, maintenance, *Putting Knowledge Networks into Action: Methodology, Development, Maintenance*, available at: <https://doi.org/10.1007/b138845>
- Bartlett, C.A. and Beamish, P.W. (2014), *Transnational Management: Text, Cases and Readings in Cross-Border Management*, McGraw-Hill.
- Bergsten, C.F. and Kwon, B. (2003), "Preface", in Bergsten, C.F. and Choi, I. (Eds), *The Korean Diaspora in the World Economy*, Institute for International Economics, Washington, DC, pp. 7-9.
- Brinkerhoff, J.M. (2012), "Creating an enabling environment for diasporas' participation in homeland development", *International Migration*, available at: <https://doi.org/10.1111/j.1468-2435.2009.00542.x>
- Brinkerhoff, J.M. (2007), "Diasporas and development", *Foreign Aid and Foreign Policy*.
- Büchel, B. and Raub, S. (2002), "Building knowledge-creating value networks", *European Management Journal*, available at: [https://doi.org/10.1016/S0263-2373\(02\)00110-X](https://doi.org/10.1016/S0263-2373(02)00110-X)
- Chaston, I. and Mangles, T. (2000a), "Business networks: assisting knowledge management and competence acquisition within UK manufacturing firms", *Journal of Small Business and Enterprise Development*, Vol. 7 No. 2, pp. 160-170.
- Chaston, I. and Mangles, T. (2000b), "Business networks: assisting knowledge management and competence acquisition within UK manufacturing firms", *Journal of Small Business and Enterprise Development*, available at: <https://doi.org/10.1108/EUM000000006837>
- Choi, I. (2003), "Korean diaspora in the making: its current status and impact on the Korean economy", in Bergsten, C.F. and Choi, I. (Eds), *The Korean Diaspora in the World Economy*, Institute for International Economics, Washington, DC.
- Choi, I. and Schott, J.J. (2000), *Free Trade between Korea and the United States?* Institute for International Economics, Washington, DC.
- Elo, M., Sandberg, S., Servais, P., Basco, R., Cruz, A.D., Riddle, L. and Täube, F. (2018), "Advancing the views on migrant and diaspora entrepreneurs in international entrepreneurship", *Journal of International Entrepreneurship*, available at: <https://doi.org/10.1007/s10843-018-0231-x>
- Gillespie, K., Riddle, L., Sayre, E. and Sturges, D. (1999), "Diaspora interest in homeland investment", *Journal of International Business Studies*, available at: <https://doi.org/10.1057/palgrave.jibs.8490087>
- Goktan, A.B. and Gunay, G. (2011), "Is entrepreneurial cognition culturally bound? A comparative study conducted in Turkey and the United States", *Journal of Small Business and Entrepreneurship*, available at: <https://doi.org/10.1080/08276331.2011.10593548>
- Harima, A. (2015), *Network Dynamics of Descending Diaspora Entrepreneurship: Multiple Case Studies with Japanese Entrepreneurs in Emerging Economies*, available at: <https://doi.org/10.2139/ssrn.2578697>
- Harima, A., Elo, M. and Freiling, J. (2016), "Rich-to-poor diaspora ventures: how do they survive?", *International Journal of Entrepreneurship and Small Business*, available at: <https://doi.org/10.1504/IJESB.2016.077566>
- Jensen, K.W., Rezaei, S., Schott, T., Ashourizadeh, S. and Li, J. (2016), "Chinese entrepreneurs' human and social capital benefiting innovation: in China and in the Chinese diaspora", *International Journal of Business and Globalisation*, available at: <https://doi.org/10.1504/IJBG.2016.075734>
- Jun, Y. (1987), "The reverse direct investment: the case of the Korean consumer electronics industry", *International Economic Journal*, Vol. 1 No. 3, pp. 91-104.
- Kim, J.K. (2013), "A study on 10 years of achievements and development plan of the world Korean business convention", Overseas Korean Foundation [Printed in Korean].
- Kim, L. (1997), *Imitation to Innovation: The Dynamics of Korea's Technological Learning*, Harvard Business, Review Press.
- Koehne, M., Ellen, E., Seufert, A., Krogh, G.V. and Back, A. (2000), *Development Aspects and Supportive Factors in Knowledge Networks*, Knowledge Creation Diffusion Utilization.

- Kotabe, M., Riddle, L., Sonderegger, P. and Täube, F.A. (2013), "Diaspora investment and entrepreneurship: the role of people, their movements, and capital in the international economy", *Journal of International Management*, available at: <https://doi.org/10.1016/j.intman.2012.12.001>
- Kwak, J. (2011), *Immigration Trends of Overseas Koreans and Future Policies*, [Printed in Korean].
- Lee, Y. (2015), "A history and future of the South Korea's overseas Korean policy", *Minjok Yeonku*, Vol. 61, pp. 4-25, [Printed in Korean].
- Mishra, S. (2015), *Mobilizing Diaspora Entrepreneurship for International Development Initiatives*, available at: <https://doi.org/10.2139/ssrn.2654543>
- MOFA (2017), "Current status of Korean diaspora 2017", MOFA, Seoul.
- Moon, C.J. and Back, K.H. (2013), "The empirical study on factors affecting the Korean-Chinese enterprise management performance – based on networks", *Korean-Chinese Social Science Studies*, Vol. 11 No. 4:29, pp. 65-90, [Printed in Korean].
- Moon, H.C. and Parc, J.M. (2014), "The economic effects of outward foreign direct investment: a case study of Samsung Electronics Co.", *Korea Business Review/Korea Business Review*, 2014-08, Vol. 18 No. 3, pp. 125-145, [Printed in Korean].
- Mylonas, H. (2014), "The politics of diaspora management in the republic of Korea".
- Newland, K. (2010), "Diasporas: new partners in global development policy", MPI, USAID, pp. 1-24.
- Newland, K. and Tanaka, H. (2010), "Mobilizing diaspora entrepreneurship for development", *Diaspora and Development Policy Project*, MPI, USAID, pp. 1-28.
- Nielsen, T.M. and Riddle, L. (2007), *Why diasporas invest in the homeland: a conceptual model of motivation*, available at: <https://doi.org/10.2139/ssrn.987725>
- Nkongolo-Bakenda, J.M. and Chrysostome, E.V. (2013), "Engaging diasporas as international entrepreneurs in developing countries: in search of determinants", *Journal of International Entrepreneurship*, available at: <https://doi.org/10.1007/s10843-012-0098-1>
- Overseas Korean Foundation (OKF) (2014), "Report on the 13th world Korean business convention", [Printed in Korean].
- Patrick, E. and Newland, K. (2004), *Beyond remittances: the role of diaspora in poverty reduction in their countries of origin: a scoping study by the migration policy institute for the department of international development*, Migration Policy Institute.
- Patterson, R. (2006), "Transnationalism: diaspora-homeland development", *Social Forces*, available at: <https://doi.org/Article>
- Plaza, S. and Ratha, D. (2011), "Harnessing diaspora resources for Africa", *Diaspora for Development in Africa*, available at: <https://doi.org/10.1596/978-0-8213-8258-5>
- Porter, M.E. (1990), *The Competitive Advantage of Nations*, Free Press, New York, NY.
- Ragazzi, F. (2014), "A comparative analysis of diaspora policies", *Political Geography*, available at: <https://doi.org/10.1016/j.polgeo.2013.12.004>
- Riddle, L. (2008), "Diasporas: exploring their development potential", *ESR Review*, Vol. 10 No. 2, pp. 28-35.
- Riddle, L., Hrivnak, G.A. and Nielsen, T.M. (2010), "Transnational diaspora entrepreneurship in emerging markets: bridging institutional divides", *Journal of International Management*, available at: <https://doi.org/10.1016/j.intman.2010.09.009>
- Saxenian, A.L. (2005), "From brain drain to brain circulation: transnational communities and regional upgrading in India and China", *Studies in Comparative International Development*, Vol. 40 No. 2, pp. 35-61.
- Seo, B. and Lee, C. (2014), "Keyword analyses of diaspora research and its trends in Korea", *Journal of Diaspora Studies*, Vol. 8 No. 1, pp. 43-69, [Printed in Korean].
- Smart, A. and Hsu, J.-Y. (2004), "The Chinese diaspora, foreign investment and economic development in China", *The Review of International Affairs*, available at: <https://doi.org/10.1080/1475355042000241511>

- Sonderegger, P. and Täube, F. (2010), "Cluster life cycle and diaspora effects: evidence from the Indian IT cluster in Bangalore", *Journal of International Management*, available at: <https://doi.org/10.1016/j.intman.2010.09.008>
- United Nations (2017), "World economic situation and prospects 2017", 17 January 2017, pp. 153-154.
- Wei, Y. and Balasubramanyam, V.N. (2006), "Diaspora and development", *World Economy*, available at: <https://doi.org/10.1111/j.1467-9701.2006.00856.x>
- Yim, C.W. (2016), "Survey on the status of Korean-American diaspora entry into the motherland market", 2016 Foundation Competition and Survey Research Service Result Book, Overseas Koreans Foundation, pp. 39-63, [Printed in Korean].
- Yim, Y., Youn, I. and Lee, J. (2012), *Futuristic Directions of Diaspora Policy*, Seoul, [Printed in Korean].
- Yim, Y.E., Lee, J.S. and Ji, C.N. (2014), "A study on the prompting the world Korean business convention program through operational analysis", *Korean Studies Information Service System*, Vol. 70, pp. 301-320, [Printed in Korean].

Further reading

- Bergsten, C.F. and Choi, I. (2003), "Korean diaspora in the making: its current status and impact in the Korean economy", *The Korean Diaspora in the World Economy*, Institute for International Economics, Special report 15, January, pp. 7-27.
- Fernhaber, S.A., McDougall-Coven, P. and Shepherd, D.A. (2009), "International entrepreneurship: leveraging internal and external knowledge sources", *Strategic Entrepreneurship Journal*, Vol. 3 No. 4, pp. 297-320.
- Isenberg Daniel (2008), "The Global Entrepreneur", *Harvard Business Review*, December, hbr.org, pp. 107-110.
- Newland, K. and Taylor, C. (2010), "Diasporas: new partners in global development policy", MPI, Washington, DC, pp. 94-125.
- Seufert, A., von Krogh, G. and Back, A. (1999), "Towards knowledge networking", *Journal of Knowledge Management*, Vol. 3:3 No. 3, pp. 180-190.
- Shenkar, O., Luo, Y. and Yehekel, O. (2008), "From distance to friction": substituting metaphors and redirecting intercultural research", *Academy of Management Review*, Vol. 33 No. 4, pp. 905-923.
- Son, J.M. and Park, Y.R. (2008), "Moderating effects of liability of foreignness on the relation between Firm-Specific advantages and Foreign-Invested firm performance in Korea", *Korean Management Review*, Vol. 37 No. 6, pp. 1525-1545, [Printed in Korean].
- Song, J.Y. (2016), "Evolution of knowledge sourcing and creation modes in the global network", *Korean Management Review*, Vol. 45 No. 4, pp. 1069-1088, [Printed in Korean].
- Vertovec, S. (1997), "Three meanings of 'diaspora', exemplified among South Asian religions", *Diaspora: A Journal of Transnational Studies*, Vol. 6 No. 3.
- Yim, Y.E. and Lee, J.S. (2012), "A study on the outlook of the next generation Korean diaspora entrepreneurs to the succession of its business", *Korean Studies Information Service System*, Vol. 62, pp. 173-193, [Printed in Korean].

Corresponding author

Hankyu Chu can be contacted at: hankchu@kmu.ac.kr