



Regulating private tutoring consumption in Korea: Lessons from another failure



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ABSTRACT

The proliferation of private tutoring is a widespread phenomenon, Korea being one of the most notable examples. Indeed, successive Korean governments have attempted to limit private tutoring consumption for more than four decades. In 2006, state education authorities imposed a restriction on operating hours of *hagwon* (private tutoring academies) in an attempt at reducing the economic and time resources spent on private tutoring. Since then, some provincial authorities have modified the curfew on *hagwon*. We take advantage of these policy shifts to identify average treatment effects taking a difference-in-differences approach. Our findings suggest that enforcing the curfew did not generate a significant reduction in the hours and resources spent on private tutoring, our results being heterogeneous by school level and socioeconomic status. Demand for private tutoring seems to be especially inelastic for high school students, who increased their consumption of alternative forms of private tutoring. As the consumption of private tutoring is positively correlated with academic performance and socioeconomic status, strengthening the curfew may have a negative effect on the equality of educational opportunities.

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1. Introduction

Private tutoring can be defined as a set of activities, supplementary to mainstream schooling, whose aim is to boost academic performance in exchange for monetary payment (Bray, 1999, 2006). Private tutoring can adopt a variety of forms: one-to-one classes, group classes or even radio or internet-based tuition. The proliferation of private tutoring seems to be a growing phenomenon in several countries across different continents (Bray and Kwo, 2014), its causes being heterogeneous (Dang, 2007; Tansel and Bircan, 2006).

Private tutoring has several beneficial effects, the main one being a student's enhanced academic performance. However, this so-called "shadow education" (Bray, 1999, 2009) can also have various detrimental effects, not least the high opportunity cost for the students and the heavy financial burden for their families. Private tutoring consumption is positively correlated with household income (OECD, 2014); therefore, if the amount of private tutoring received affect academic achievement – as some studies, including Choi et al. (2012), seem to suggest – then

concerns are raised about the equity and equality of educational opportunities.

The Republic of Korea (hereinafter, Korea) has one of the largest private tutoring industries in the world. The OECD (2012a: 24) reports that the burden of private tutoring on Korean households accounted for 10.7% of average household income per student in 2010 (making it also a key factor in explaining the country's low fertility rates). According to the 2009 Survey of Private Education Expenditure (SPEE) conducted by the Korean National Statistics Office (KOSTAT), 87.4% of elementary school students, 74.3% of middle school students and 62.8% of general high school students received private tutoring in 2009,¹ with an average monthly private tutoring expenditure per student of 242 thousand Korean won (approximately 220 US dollars) in 2009. Total expenditure on private tutoring in Korea amounted to 21.626 trillion won, equivalent to 2% of Korea's GDP. According to this same survey, two thirds of those who receive private tutoring are taking lessons at private academic institutes, called *hagwon*.

Since the 1970s, Korea has been at the front line of the design of new policies for tackling the proliferation of private tutoring. In

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¹ Bray (2013: 414) reports similar information for a set of ten countries where private tutoring is prevalent. The only country where figures were close to Korea's was urban China, where 73.8%, 65.6% and 53.5% of primary, lower secondary school and high school students, respectively, consumed private tutoring.

2006, in a new attempt to curb the thriving private tutoring market and to revive public education, the Korean government decided to place a 10 p.m. curfew on the operating hours of *hagwon*. As a result, household spending on private tutoring has gradually decreased since reaching its highest peak in 2009. The government believes that the fall in private tutoring expenditure is an indication that the reforms have begun to take effect and that the 10 p.m. curfew has played a substantial role in this (Han, 2011). However, to conclude that this reduction is attributable to the *hagwon* curfew may be erroneous as other factors, such as the sluggish real economy, could also have had an impact on the fall in private tutoring expenditure.

The main aim of this paper is to evaluate the impact of the advancement in the implementation this new policy (i.e., the curfew on the academies' operating hours) aimed at regulating private tutoring markets. More specifically, we focus on the effect of enforcing the curfew on private education expenditure and on the time dedicated to private tutoring activities. We estimate mean and heterogeneous effects by educational level and socioeconomic status applying difference-in-differences (DD) estimators to the 2009–2012 waves of the SPEE. By doing so, we are able to overcome many of the information problems identified by Bray and Kobakhidze (2014) in previous studies of private tutoring.²

The main findings of this study can be summed up as follows: First, enforcing the extension of the curfew did not generate a significant reduction in the hours and resources spent on private tutoring. Second, demand for private tutoring seems to be especially inelastic for high school students, who increased their consumption of alternative forms of private tutoring. This raises equity issues concerning equality of educational opportunities, given the higher cost of these alternative forms of private tutoring. Policy recommendations based on our analysis should be of interest not only for Korean authorities but also for the wide set of countries with an overheated private tutoring market.

The article proceeds as follows: Section 2 provides an overview of the demand for and the impact of private tutoring, and charts the struggle mounted by Korean authorities against this phenomenon, the *hagwon* curfew being one of their latest attempts. Section 3 describes the empirical methodology and the dataset employed in the analysis. In Section 4 we present our main results concerning the impact of strengthening the curfew on expenditure and on the time spent on private tutoring activities. The section concludes with a discussion of these results and their policy implications.

2. Private tutoring in Korea: demand, impacts and policy evolution

Korea is one of the most frequently studied cases in the private tutoring literature, due to the magnitude of the business and the seriousness with which successive governments have sought to control it. In this section we present a brief overview of the demand for and the impact of private tutoring (Subsection 2.1), we summarize the campaign mounted by the Korean authorities against private tutoring (Subsection 2.2) and, finally, we explain the curfew imposed on the *hagwon* (Subsection 2.3).

2.1. Demand for and impact of private tutoring

Various factors account for the proliferation of private tutoring in Korea, a country where, as it will be seen, Bourdieu's cultural and

social reproduction theory has a high explanatory capacity (Bourdieu, 1973). In this sense, Korean families regard education as one of the main channels for ensuring class reproduction and social promotion. Kim and Lee (2010) claim that parents demand private tutoring as a means of compensating for the poor quality of state schooling, especially because the former provides more individualized attention. This argument is persuasive; yet, it seems insufficient to explain the overheated demand for private tutoring in the country. The fact that Korean public education expenditure as a percentage of GDP is 4.7%, higher than that of the 2009 OECD average of 4.0%, suggests that the relative competitiveness of public education may be low not because of the level of public investment, but because of the country's more consumer-oriented, high quality private tutoring services (OECD, 2012b: 4). Alternatively, Bray (2006) claims that low salaries paid to mainstream teachers may likewise yield an increase in demand for private tutoring in some developing countries. However, this is not the case in Korea, where teachers are well-paid in comparison to their counterparts in other OECD countries—only German and Luxembourg high school teachers at the top of the scale are better paid than the Korean (OECD, 2015).

Bray and Kwok (2003), among others, observe that the cultural history of Korea is another critical reason accounting for the demand for private tutoring. Many Asian countries, including Korea, have been highly influenced by Confucianism, a system of teachings in which the importance of education is emphasized as a tool for personal development and the primary mechanism promoting mobility (Choi, 2010: 24).

Finally, against this cultural backdrop, the sizeable economic and non-economic premiums of graduating from an elite university further shape a scenario in which the country is obsessed with private tutoring (Choi et al., 2012; Chae et al., 2005). Since 1950, the Korean education system has adopted the following structure: six years of primary school; three years of lower secondary education; three years of upper secondary education; and four years of university studies. There are two types of high school: general high schools, where pupils are educated to go on to university, and vocational high schools. The first nine years of schooling are compulsory and free, while high school education is virtually universal, with only modest tuition fees being charged (Kim, 2004: 3). According to the OECD (2011), in 2009, 98% of 25 to 34-year-old Koreans had successfully finished high school education, while 63% of these had completed tertiary education: both proportions are the highest among all OECD countries. The percentage of high school graduates who begin four-year university courses or two-year technical college studies was reported to be 83.8% in 2008, which is also very high compared to other OECD countries (KEDI, 2009: 66). However, as the average university degree premium fell, competition for admission to the more prestigious universities became notoriously fiercer. As Lee and Brinton (1996) and Choi et al. (2012) highlight, the benefits of attending an elite university in Korea extend well beyond those of an individual's human capital, as school ties provide additional advantages in the labor market as a crucial source of social capital. Thus, young students face a tremendous amount of competition for the few places offered by the most prestigious universities as parents are willing to adopt any strategy to help their children gain an upper hand over their competitors (Park et al., 2011).

College entrance depends primarily on academic achievement at school and on the results of the College Scholastic Achievement Test (CSAT), an objectively graded examination sat once a year. Consequently, most general high school students focus exclusively on test preparation (Byun et al., 2012) and Korean families end up spending considerable sums of money on private tutoring to support their children, a practice that is not limited solely to

² More specifically, Bray and Kobakhidze (2014) focus on the problems of international assessments such as TIMSS and PISA. The cross-sectional nature of data, imprecise questions and broad definitions of "private tutoring" are among the most relevant shortfalls of these databases.

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