



The effects of English training abroad on labor market outcomes in Korea



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ABSTRACT

This study examines the effects of English training abroad (hereafter ETA) on labor market outcomes in South Korea. ETA has become increasingly popular in many non-English speaking countries and refers to short-term language study training abroad where students spend anywhere from 6 months to 2 years taking language courses at an educational institutions. In this article, I conduct survival analysis and quantile regression using data from the 2007 Korea Employment Information Service's Graduate Occupational Mobility Survey. This study finds that although the average effects of ETA seem to be modest as most prior research has indicated, ETA does appear to have substantial positive effects on getting a good job and earning higher wages. ETA proved especially helpful for those who did not attend elite colleges. That is, ETA is a useful tool for students with weaker formal education (often non-elite students) to supplement their educational credentials. Based on these findings, I conclude that ETA has a substantial impact on labor market outcomes in South Korea. This means that labor market opportunities are strongly determined by an individual's socioeconomic background, as the cost of participation in ETA presents a barrier to entry for individuals from lower socioeconomic backgrounds.

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1. Introduction

As English has become the lingua franca of international business, English proficiency has become a valued global commodity, particularly in non-English speaking countries (The Economist, 2014). In this global context, efforts to acquire English proficiency can improve one's job prospects; as such, English study has become a fairly common phenomenon in many non-English speaking countries around the world (Crystal, 2003; Lang & Siniver, 2009; Nunan, 2003; Olivo, 2003; Park & Abelman, 2004). The increased value of English in the labor market has influenced how English is taught and learned. For example,

many have turned to language study abroad as a way to attain English proficiency. This is referred to as English training abroad¹ (hereafter ETA), which is short-term language study where students can spend 6 months to 2 years studying English overseas, typically in countries where English is the main spoken language. ETA is becoming increasingly popular and is considered to be a lucrative industry. For example, in 2012, it is estimated that about 1.5 million students worldwide went abroad to study English (Norris, 2013, p. 28–32). According to this report, the United States received the second largest number of students (252,143) and was the top revenue earner (\$3,812,402,160) for ETA in 2012.

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¹ I use the term *English training abroad* in this paper. Other similar terms used in this field include English study abroad, language study abroad, and language training abroad.

The growing popularity of this practice affects both the sending and receiving countries. For example, in the United States, Chinese and Saudi Arabian students' enrollments for ETA increased by 25% and by 40% in 2011 and 2012, respectively (Norris, 2013, p. 32). These growth rates are similar to those seen in 2010 and 2011. A detailed examination of South Korea (hereafter Korea), a major sending country, also reveals the increasing prevalence of ETA. In 2001, only about 2% of 4-year college students left Korea to learn English, but in 2011 almost 10% of 4-year college students did so² (Korea Ministry of Education, Science and Technology, 2012). The average cost for one year of ETA in 2011, including tuition and living expenses, was well over \$27,000 (Choi, 2012); that same year, Korea's GDP per capita was about \$24,000. ETA therefore represents an expensive educational investment and is thus less feasible for students from limited economic backgrounds. ETA also requires a significant time investment: students who engage in ETA often take a leave of absence from their education to do so, which can postpone their graduation by one to two years.

Despite the fact that ETA has a fiscal impact on both the sending and recipient countries, there has been surprisingly little empirical research on the economic returns to ETA. Only a few studies have examined the effects of English proficiency on labor market outcomes in non-English speaking countries (Sakellariou, 2009; Lang & Siniver, 2009). This study thus aims to understand how English proficiency operates upon the transition from college to the labor market by analyzing the effect of ETA on employment and wages in the case of the Korean labor market.

Analyzing the effects of ETA will enable us to better understand ETA's efficacy and its impact on social equity in Korea. For example, if ETA does not have a sufficiently significant effect on labor market outcomes, ETA represents a significant loss of time and money, not only for participating individuals but also for society as a whole. On the other hand, if ETA has a positive effect on labor market outcomes, ETA could serve to increase social stratification. This is because ETA is a form of private education, and so one's opportunity to engage in any of these programs depends greatly on socioeconomic status.

In this study, I augment and extend prior research on the effects of English proficiency on labor market outcomes by considering several key issues previously unaccounted for. First, while most prior studies have focused on average effects on employment status and wages, I investigate the effects of ETA on job quality and wage distribution. To accurately determine the effects of ETA, labor market models must be context-specific. Within the Korean labor market, it is necessary to assess the impact of ETA using a segmented labor market framework (Jung, 2013a, 2013b; Lee, 2001). Second, I examine how the effects of ETA differ

between those who possess elite college credentials and those who do not. Elite school credentials is one of the most important factors in determining the success of one's transition to the Korean labor market (Altbach & Umakoshi, 2004; Park, 2007; Seth, 2002). Therefore, understanding the effects of ETA in conjunction with elite school credentials will enable a more comprehensive understanding of the impact of ETA on Korean society. Moreover, from a sociological standpoint, this approach aims to explore the increase in differentiation among college graduates. My key concern is how those with higher socioeconomic status use ETA as a mechanism of social mobility within post-secondary education. It could boost the elite school premium, or it could serve as a compensatory tool for those who did not attend an elite school.

Lastly, while most prior studies have used human capital theory to explain the motivation and consequences of acquisition of English proficiency, I also consider the credentialing perspective, which argues that the value of English proficiency is culturally and politically determined in Korea (Park & Abelmann, 2004). Does ETA affect employment and wage because of the objective English skills gained? Or is it because employers see those who engage in ETA as more educated candidates? The central difference between these two perspectives is that in human capital theory, the level of one's educational attainment is viewed to be a direct measure of one's productive capacity, whereas credentialing theory postulates that the value of an individual's education does not necessarily correlate to that person's productive capacity (Brown, 2001; Collins & Annett, 1975). In examining these two perspectives, I aim to understand how employers value ETA and its impact on labor market outcomes.

The main contribution of this study is to show that even though the average effects of ETA seem to be modest as most prior research has indicated, it does have substantial positive effects on getting a good job and earning higher wages. Also, the study finds that ETA is especially helpful for those who do not attend elite colleges. That is, ETA is a useful tool for non-elite school students to supplement their weak formal education. These findings indicate that ETA has a substantial impact on labor market outcomes in Korea, and thus labor market opportunities are strongly determined by an individual's socioeconomic background, as the cost of participation in ETA presents a barrier to entry for individuals from lower socioeconomic backgrounds.

2. The Korean context

2.1. The education system of Korea

A large body of research has demonstrated that education has served as a key tool for social mobility and stability in Korea (Lee & Brinton, 1996; Seth, 2002; Sorensen, 1994). After the 1960s, Korea underwent a time of rapid economic growth and significant structural change, and many middle- and lower class people were able to achieve upward mobility through education. Because of this historical context, education is today seen as a primary pathway for upward mobility, which has increased the demand for higher education in Korea. Consequently, Korean education

² Several other studies have reported much higher numbers. For example, Ahn (2009) reported that almost 15% of 4-year college students experienced ETA, and many mainstream media reports have shown even higher percentages. The statistics from the Ministry of Education, Science and Technology can be viewed as a conservative estimate of current trends.

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