

2012 Modularization of Korea's Development Experience:
**Role of Private Schools in Korea's
Educational Development**

2013

Ministry of Education



KDI SCHOOL
KDI School of Public Policy and Management

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in Korea's Educational Development

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Preface

The study of Korea's economic and social transformation offers a unique opportunity to better understand the factors that drive development. Within one generation, Korea has transformed itself from a poor agrarian society to a modern industrial nation, a feat never seen before. What makes Korea's experience so unique is that its rapid economic development was relatively broad-based, meaning that the fruits of Korea's rapid growth were shared by many. The challenge of course is unlocking the secrets behind Korea's rapid and broad-based development, which can offer invaluable insights and lessons and knowledge that can be shared with the rest of the international community.

Recognizing this, the Korean Ministry of Strategy and Finance (MOSF) and the Korea Development Institute (KDI) launched the Knowledge Sharing Program (KSP) in 2004 to share Korea's development experience and to assist its developing country partners. The body of work presented in this volume is part of a greater initiative launched in 2010 to systematically research and document Korea's development experience and to deliver standardized content as case studies. The goal of this undertaking is to offer a deeper and wider understanding of Korea's development experience with the hope that Korea's past can offer lessons for developing countries in search of sustainable and broad-based development. This is a continuation of a multi-year undertaking to study and document Korea's development experience, and it builds on the 40 case studies completed in 2011. Here, we present 41 new studies that explore various development-oriented themes such as industrialization, energy, human resource development, government administration, Information and Communication Technology (ICT), agricultural development, land development, and environment.

In presenting these new studies, I would like to take this opportunity to express my gratitude to all those involved in this great undertaking. It was through their hard work and commitment that made this possible. Foremost, I would like to thank the Ministry of Strategy and Finance for their encouragement and full support of this project. I especially would like to thank the KSP Executive Committee, composed of related ministries/departments, and the various Korean research institutes, for their involvement and the invaluable role they played in bringing this project together. I would also like to thank all the former public officials and senior practitioners for lending their time, keen insights and expertise in preparation of the case studies.

Indeed, the successful completion of the case studies was made possible by the dedication of the researchers from the public sector and academia involved in conducting the studies, which I believe will go a long way in advancing knowledge on not only Korea's own development but also development in general. Lastly, I would like to express my gratitude to Professor Joon-Kyung Kim and Professor Dong-Young Kim for his stewardship of this enterprise, and to the Development Research Team for their hard work and dedication in successfully managing and completing this project.

As always, the views and opinions expressed by the authors in the body of work presented here do not necessary represent those of the KDI School of Public Policy and Management.

May 2013

Joohoon Kim

Acting President

KDI School of Public Policy and Management



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Summary

Challenges of developing countries such as increased social and economic demand for good quality secondary and higher education require a substantial amount of financial investment, which the government alone cannot bear. As a strategy for expanding access to secondary and higher education and providing quality education, the government can utilize private sector capacity. By establishing and managing schools, the private sector can help expand the national educational system and provide quality education to people in various ways.

Private schools in Korea have made a tremendous contribution in the expansion of both secondary and higher education. What were the government policies and strategies for using the private sector capacity to expand educational opportunities in secondary and higher education in Korea? Have private schools performed well in guaranteeing diversities in educational values, in improving education quality, or in developing innovative educational methods? What implications can be drawn from the Korean case for designing and implementing private school policies in other developing countries? This paper tries to answer these questions.

The proportion of private secondary schools in Korea has been relatively higher than in other countries. For high schools the proportion of students in private schools increased from 50.7% in 1965 to 61.9% in 1993 and then began to decrease to 44.5% in 2010, while that for middle schools increased from 44.4% in 1965 to 48.6% in 1970 and then kept decreasing to 18.0% in 2010. For higher education, the percentages of students in private junior colleges and universities are even higher. At the university level the ratio of students in private institutions in 1965 was 75.4% and it increased slightly to 78.9% in 2010. The proportion of students in private junior colleges also increased from 57.0% in 1970 to 97.2% in 2010.

Right after Korea was liberalized from the Japanese colonial rule, demand for education increased drastically because education was regarded as a human right and an important path to upward social mobility. The government also recognized the necessity and importance of enhancing people's education level for national development. Between 1945 and 1960, however, the government had a very limited amount of budget, only enough to provide primary education and thus had to utilize the private sector's capacity to expand educational opportunities at the secondary and higher education levels. The government encouraged the private sector to establish and run schools with some incentive measures. For example, the government excluded land donated for private schools from land reform (1949). However, there was no application of rules and regulations which guided private schools' management from a national education policy point of view, indicating that the government did not seriously consider how to integrate private schools into a national education system.

In the late 1950s private schools were criticized for their financial flaws and low quality of education. Laissez-faire policy in the 1950s had an advantage of promoting the establishment of private schools and thus of increasing school seats for children. Without reasonable guidelines or a control mechanism for quality assurance and sound management, however, the policy ended up causing unexpected negative results. Private schools did not fulfill their roles as expected as a part of the national education system. The new government that took power with the 5·16 military coup in 1961 made efforts to rebuild the nation by reforming the policy system with grand national development plans. As a part of these efforts, the government tried to control and guide private schools' governance and administration within a national education system's framework by enacting the Private School Law in 1963. With this law the autonomy of private schools was restrained by the government's supervision. While the law helped prevent and decrease corruption among the private schools, it raised a serious question of how to reach an optimal balance between the autonomy of private schools and government control.

The sudden shift in the government's private school policy from laissez-faire to control brought about arguments for fostering private schools as a means of fully utilizing private schools as a part of the national education system. This argument was based on the fact that the government's control could be legitimized only with the provision of aid to private schools and that the government policies in the 1960s caused a severe financial shortage of private schools. In addition, two major policies – the abolition of the middle school entrance examination in 1968 and the introduction of High School Equalization Policy in 1974 – forced the government to provide financial subsidies to private secondary schools because the successful implementation of these two policies was conditioned on guaranteeing the same quality of educational infra in public and private schools. However, due to these two policies, private secondary schools lost their own rights to select students based on their own

educational philosophy. Students also lost their rights to choose the schools they wanted to study at. Private schools had to teach the national curriculum and follow the tuition schedule for public schools. The government provided most of the private school's operating costs, including the teachers' salaries. In other words, private secondary schools in Korea could not play the crucial roles expected of 'private schools', such as maintaining various kinds of educational values and developing innovative ways of teaching and learning.

The underlying principles of private school policies were maintained in the 1980s. The government supervised the private schools' curriculum, financial and personnel management, while it also provided financial subsidies. As a way of increasing financial aid, the government established the Private School Promotion Foundation in 1989. In order to meet the ever increasing demand for higher education, the government introduced the Graduation Enrollment Quota System which allowed junior colleges and universities to admit 15% and 30% more new entrants, respectively. Although they were required to expel the same percentage of students before graduation, no institution followed the policy. To accommodate the increased students, private colleges and universities chose to expand the humanities and social sciences departments rather than engineering and natural sciences, which cost a lot more to maintain. This experience demonstrates why the government needs to be cautious when it decides the balance between public and private schools.

The proportions of private secondary schools have kept decreasing from the 1970s for middle schools and from the 1990s for high schools due to the relatively greater expansion of public schools. Along with these changes in how much the private schools were providing educational services, the government began to pay attention to the private schools' role of developing and applying new innovative educational programs in the 1990s. Two policies – Specialization of Private Elementary School Education and Self-reliant Private High School – were implemented. The former policy experience was a lesson learned in why the government needs to allow private schools' autonomy, not only for elementary schools, but also for middle and high schools in order to realize the expected results of innovative education methods. The latter can be interpreted as a meaningful step toward guaranteeing wider choices of education programs in the Korean education system.

The Korean government policy which utilized private schools as a key component of the national education system since the 1950s contributed to increasing educational opportunities in more equitable ways. However, private schools at the secondary level could not yield positive effects of maintaining diverse educational values or leading education innovations due to policies like the abolition of the middle school entrance exam and the high school equalization policy that limited the autonomy of private schools.

Policy implications drawn from the Korean case are as follows: (1) the government needs to analyze social and economic demands for education by schooling level to identify how great of a role private schools need to play in the national education system; (2) before introducing and implementing private school policies, the government should assess the private sector's financial capacity and willingness to invest in education; (3) to induce and promote the private sector's establishment and operation of private schools and to make private schools provide educational services in a sustainable manner, the government needs to provide financial incentives such as tax exemption or subsidies. The government also should have quality assurance system in place to guarantee fair competition of public and private schools and high quality educational services; (4) the government needs to define the roles and responsibilities of private schools as a key player in the national education system. In terms of securing the optimal level of autonomy, the government should decide who is financially responsible and determine the extent of the government's involvement in the schools' curriculum.

2012 Modularization of Korea's Development Experience
Role of Private Schools in Korea's Educational Development

Chapter 1

Introduction

1. Educational Challenges for Developing Countries
2. Korean Case as an Example of Using Private Sector's Capacity

Introduction

1. Educational Challenges to Developing Countries

Education has been regarded as one of the most critical policy measures for national economic and social development. Therefore developing countries and international donor agencies have put their investment priority on the expansion and quality improvement of educational services. While they have made significant progress in providing quality education to more people since 1990, developing countries currently are faced with serious challenges in coping with new demands for education as follows:

Increasing demand for secondary education: Since the 1990s, developing countries have experienced substantial expansion of primary education. Universal primary education (UPE) was emphasized at the World Conference on Education for All in 1990, adopted as an International Development Target in 1996, and as a Millennium Development Goal from 2000. This strongly influenced developing countries' and donor agencies' policies, and has resulted in a huge increase in enrollment at elementary schools. Gross enrollment rates of elementary schools in developing countries, except Arab states, reached more than 100% and net enrollment rates increased to 88% in 2010. Consequently, the expansion in primary education led to an increase in the demand for secondary education. Overall, the average enrollment rate of secondary education in developing countries in 2010 (66%) was far lower than that of primary education (106%), indicating that secondary education cannot absorb the increasing demands.

Table 1-1 | Gross Enrollment Rates in Primary, Secondary and Higher Education

(unit: %)

	Primary Education		Secondary Education		Higher Education	
	1999	2010	1999	2010	1999	2010
World	99 (82)	106 (89)	59	70	18	29
Countries in Transition	102 (90)	99 (91)	90	93	-	-
Developed Countries	103 (97)	103 (97)	100	102	-	-
Developing Countries	98 (80)	106 (88)	52	66	-	-
Arab States	89 (77)	98 (86)	59	69	20	24
Central & Eastern Europe	103 (92)	100 (94)	88	88	40	66
Central Asia	97 (91)	101 (90)	84	95	19	24
E.Asia & the Pacific	111 (94)	110 (95)	63	80	15	29
Latin Am/Caribbean	121 (92)	114 (94)	80	90	21	41
N.America/W.Europe	103 (98)	103 (96)	100	102	61	76
South & West Asia	89 (74)	106 (88)	44	59	8	17
Sub-Saharan Africa	80 (58)	101 (76)	25	40	4	7

Source: UNESCO (2012). Youth and Skills – Putting Education to Work. EFA Global Monitoring Report, pp.354-355 and p.371

UNESCO Institute for Statistics (<http://stats.uis.unesco.org>)

Note: Numbers in () are net enrollment rates

Sub-Saharan Africa and South & West Asia have more serious problems in meeting the increased demand for secondary education. Countries in these continents have to struggle to surmount the challenge of a growing population, which makes it harder to achieve a MDG of providing basic education to all while expanding secondary education. Countries in Central Asia, Latin America, East Asia and Eastern Europe provide a higher level of secondary educational services compared to those in Sub-Saharan Africa and South & West Asia. However, it is pointed out that secondary education in these countries is low quality and inefficient. Economies of developing countries increasingly need more well-educated and trained workers with a higher level of knowledge and skills. The primary education proves inadequate.¹

Importance of advanced knowledge and skills for national competitiveness: In a globalized market, the importance of knowledge and technology as a driving force for economic growth has become greater. A sophisticated labor force with an advanced level of

1. World Bank (2005). *Expanding Opportunities and Building Competencies for Young People*. pp.xvi-xviii.

knowledge and skills and technological capability increasingly have become a key factor of national competitiveness. In that sense, higher education which can fulfill two major functions of educating high quality manpower and conducting research for new knowledge and technologies draws policy attention in both developed and developing countries. Especially developing countries, which are confronted with the challenges of maintaining growth and increasing national income, need to continually expand and develop the potential of higher education in order to enhance the productivity of firms and workers by increasing enrollment, providing quality education and conducting innovative research.²

[Figure 1-1] shows that there is a positive relationship between higher education enrollment and a nation's per capita GDP among 59 countries and also that in order for a country to achieve a certain level of income status, the country needs to have a certain level of higher education enrollment rates.³ For example, to have per capita GDP of more than U.S. \$10,000, the country needs to increase its higher education enrollment rate to around 40%.

Bulge of youth as an opportunity for national economic growth: A large number of developing countries in Latin America & the Caribbean, Middle East & North Africa, South Asia and Sub-Saharan Africa are and will have the largest number of young people aged 12-24 in their demographic structure for the next 20 years, although the tipping point is different from country to country based on the timing of the fall in fertility rate. The increase in the number of young people can be a fiscal and economic risk to developing countries in that these countries are required to provide education and employment despite the current economic difficulties.

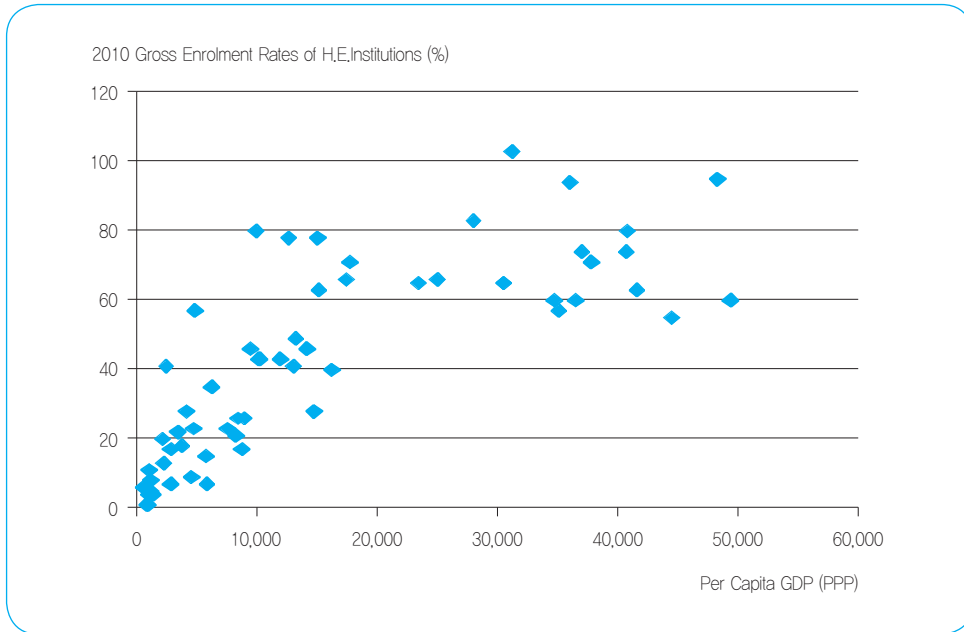
However, a large portion of the youth in developing countries can also be a good opportunity to boost the national economy. An increase in the size of youth implies an increase in the number of the working population in the future, and a decrease in the ratio of dependents (children and elderly) to the labor force. By building values, knowledge and skills of young people through good quality secondary and tertiary education, developing countries need to fully utilize the fastly growing working-age population.⁴

2. World Bank (2012). Putting Higher Education to Work – Skills and Research for Growth in East Asia. pp.1-6.

3. World Bank (2012). Putting Higher Education to Work – Skills and Research for Growth in East Asia. pp.13-14.

4. World Bank (2006). Development and the Next Generation – World Development Report 2007. pp.33-36; United Nations (2009.3). World Population to Exceed 9 Billion by 2050. www.un.org/esa/population/publications/wpp2008/pressrelease.pdf

Figure 1-1 | Enrollment Rates of Higher Education Institutions and Per Capita GDP (PPP)



Sources: UNESCO Institute for Statistics – <http://stats.uis.unesco.org> and CIA the World Fact Book – <http://www.cia.gov/library>

These challenges indicate that developing countries need to implement critical tasks to provide everyone with an equal chance to have quality secondary education which will equip him or her with knowledge and skills required for decent jobs and higher education. In addition, they also need to increase access to higher education and to make higher education capable of producing new technologies that will contribute to sustainable economic and social development.

2. Korean Case as an Example of Using Private Sector's Capacity

The huge challenges of developing countries mentioned above require a substantial amount of financial investment, which the government alone cannot bear. As a strategy for expanding access to secondary and higher education and providing quality education, the government can utilize private sector capacity. The private sector can contribute to providing quality education in various ways. It can provide infrastructure and its management services,

school administration services, or part of certain educational programs.⁵ It also can establish and operate schools. With the focus on the private schools as a crucial policy measure for improving educational opportunities and quality in secondary and higher education, this paper analyzes the Korean case and draws meaningful policy implications for developing countries.

The proportion of private secondary schools in Korea has been relatively higher than other countries. For high schools, the proportion of students in private schools increased from 50.7% in 1965 to 61.9% in 1993 and then began to decrease to 44.5% in 2010, while that for middle schools increased from 44.4% in 1965 to 48.6% in 1970 and then kept decreasing to 18.0% in 2010. For higher education, the percentages of students in private junior colleges and universities are even higher. At the university level the ratio of students in private institutions in 1965 was 75.4% and it increased slightly to 78.9% in 2010. The proportion of students in private junior colleges also increased from 57.0% in 1970 to 97.2% in 2010. These observations are indicative of the private schools tremendous contribution in the expansion of both secondary and higher education in Korea. Considering the relatively smaller enrollment ratios of private institutions in developing countries as indicated in <Table 1-2>, it is worth discussing the private sector's potential for expanding education opportunities and analyzing a specific country case.

5. There are many different ways of public-private partnership schemes in education. Refer to Patrinos and Sosale (2007). *Mobilizing the Private Sector for Public Education*. The World Bank.

Table 1-2 | Enrollment Ratios in Private Institutions 2010

(unit: % of total enrollment)

	Primary Education	Secondary Education
World	9	13
Countries in transition	0.6	1
Developed Countries	5	8
Developing Countries	13	16
Arab States	12	12
Central & Eastern Europe	0.8	1
Central Asia	0.9	1
East Asia/Pacific	13	19
Latin America/Caribbean	18	21
N.America/W.Europe	7	11
South and West Asia	7	14
Sub-Saharan Africa	12	15
Republic of Korea	1	32

Source: UNESCO (2012). Youth and Skills – Putting Education to Work. EFA Global Monitoring Report. p.350, 354, 370

What made this possible? What were the government policies and strategies for using private sector capacity for expanding educational opportunities in secondary and higher education in Korea? Have private schools performed well in guaranteeing diversity in educational values, in improving education quality, or in developing innovative educational methods? What is unique about the Korean private school practice? What policy implications can be drawn from the Korean case for designing and implementing private school policies in other developing countries? This paper tries to answer these questions.

2012 Modularization of Korea's Development Experience
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Chapter 2

Private Schools' Potential for Educational Development

1. Strengths and Weaknesses of Private Provision of Education
2. Policy Challenges to the Government in Utilizing Private Sector's Capacity
3. Roles of Private Schools

Private Schools' Potential for Educational Development

1. Strengths and Weaknesses of Private Provision of Education

What would be a better way of providing education, public provision or private provision? Each has its own strengths and weaknesses. Private provision of education can respond to changes in the demand of specific knowledge and skills more efficiently and effectively than public provision of education. Private schools have to compete with public schools and other private ones in the market so that they need to promptly respond to changes in demands and to provide quality education in order to attract students. Since private schools have autonomy and flexibility in their curriculum and school management, unlike public schools, they can provide wider choices of education programs and use innovative learning methods without restraints. In addition, they can ease the government's budgetary constraints by sharing the government's burden to provide education to students.

However, it also has its weaknesses in that it might exclude the poor from the market due to high tuition fees, be concentrated in certain subject areas such as humanities, social sciences and business which cost less offer, tend to respond to short-term demand for labor and consequently lack long-term consistency, and result in lower quality of education than the market requires if there were no quality assurance mechanisms in place.

Public provision of education can solve these market failure problems that can be caused by private provision of education. The government is obliged to provide equal educational opportunities irrespective of a student's socio-economic background and geographical location, and to invest in such costly subject areas as engineering, medicine and advanced sciences in order to train a skilled workforce for strategically important industries. However, public schools also have been criticized for their inflexibilities and slowness in responding

to the changing demands in knowledge and skills due to the rigid government regulations and supply-driven approach. The quality of education in public schools sometimes tends to be low because of the government budget constraints.

Strengths and weaknesses of the two types of education provisions, summarized in <Table 2-1>, indicate that any one type of education provision cannot fully achieve the purposes of national education policies. The government should come up with the best solutions for maximizing strengths and minimizing weaknesses of the two different ways of education provision while considering the policy context the country is faced with.

The first step towards developing the best solutions for formulating educational development plans by using the private sector's capacity is identifying and maintaining the optimal balance between the two types of education provisions. Several factors need to be taken into account in a systematic and comprehensive manner. First, the government needs to estimate the present and future demand for education by schooling level and subject areas. For this, the government needs to analyze future changes in the level, speed, and magnitude of the nation's economic growth and thus labor demands (employment opportunities), as well as changes in social demands for education due to demographic changes.

Second, the government should have accurate information about its financial capacity to build and operate public schools according to future changes in economic and social demands for education. If the amount of the government budget is smaller compared to educational demands, then the government needs to rely on the private sector more heavily and vice versa. It is also important to know the private sector's financial capacity and readiness to invest in education. The higher the private sector's financial capacity and readiness are, the greater the feasibility of the government's utilization of the private sector's capacity.

Table 2-1 | Strengths and Weaknesses of Public and Private Provision of Education

	Public Provision	Private Provision
Strengths	<ol style="list-style-type: none"> 1. It can provide better geographical coverage and more equitable opportunities of education. 2. It can respond to demand for more costly disciplines where private providers are reluctant to invest. 	<ol style="list-style-type: none"> 1. It can be more efficient and effective due to its demand-driven approach, tight management of resources, and fewer bureaucratic restrictions. 2. It can provide more choices and greater access in partnership with public provision, and enhance education quality through competition with public providers. 3. It can be a significant solution to the problem of government budget constraints.
Weaknesses	<ol style="list-style-type: none"> 1. Public provision of education tends to suffer from a lack of relevance to the market's needs due to its supply-driven approach and suffers from poor quality due to budget constraints. 2. It tends to be inflexible and slow to respond to changes in knowledge and skills demands due to the rigid government regulations. 	<ol style="list-style-type: none"> 1. Heavy reliance on private provision would marginalize the poor who cannot afford fees. 2. Without quality assurance system, there may be a risk of low quality.⁶ 3. Private provision of education that responds to short-term demand for labor tends to lack long-term consistency and effect and might be limited to certain areas such as humanities, social sciences, and business which do not need large amount of capital investment.

Sources: UNEVOC (2006). *Participation in Formal Technical and Vocational Education and Training Programme Worldwide*. pp.24-30; World Bank (2006). *Fiscal Efficiency and Vocational Education in the EU8 Countries*; KRIVET (2006). *Vocational Education in Lifelong Learning Society*; World Bank (1999). *Vocational and Technical Education and Training*; Arvil V. Adams (2007). *The Role of Youth Skills Development in the Transition to Work: A Global Review*. The World Bank. p.10-17

6. Quality assurance mechanism is crucial in both private and public sectors. This is presented under the assumption that the private sector is less likely to have quality assurance system, compared to the public sector.

2. Policy Challenges to the Government in Utilizing Private Sector's Capacity

The level, scope, and quality of educational services are determined by the government's policies on inducing the private sector into the education market, in addition to the government budget and the private sector's financial capacity and readiness.

If the government decided to let private schools play an expanded role, how should it manage and regulate their operations? It should be different by country and by level of schooling. For example, low-fee private schools were tried in developing countries like Ghana, India, Kenya, Nigeria, and Pakistan. This type of school was a response to demand for an alternative to public schools that underperformed or did not exist in some areas. A typical example was private primary schools that came into the education market as a small business for profit and charged modest fees. The government often neither regulated nor supported them. The number of low-fee private schools increased and many poor people chose to leave public provision.⁷ This example indicates the potential of the private sector to expand educational opportunities, strengthen equity, and increase education quality. The policy question in this case is whether the government should use financial resources to promote the increase in low-fee private schools as an alternative to public schools or to provide more public schools to meet the demands of the disadvantaged.⁸

When the government makes plans to use the private sector's capacity to increase access to and quality of education, a crucial policy challenge for the government in general is how to integrate private schools into a comprehensive national education system. The ideal way is to make private schools contribute to meeting public purposes within the national education system, such as enhancing the equitable provision of education while fully maintaining the strengths of private provision of education.

The integration of private schools into a national education system means that graduates from private schools should be equipped with the same level of citizenship as graduates from public schools and equally qualified and treated in the labor market. The government needs policy measures to guarantee a comparable level of education by private schools to that of public ones. The government needs to design and implement appropriate rules

7. UNESCO (2008). *Overcoming Inequality: Why Governance Matters*. EFA Global Monitoring Report 2009. pp.164-167.

8. The government needs to evaluate the performance of low fee private schools based on scientific data analysis. So far little evidence is available on the positive effect on quality and access. In some cases, low fee private schools appear to contribute to increasing educational opportunities, while in other areas it was not due to the disparities in parents' financial ability to pay.

and regulations on key education factors like the curriculum, school infrastructure, teacher qualifications, or a school's performance.

One of the advantages that the private provision of education has is that through competition among schools private schools can increase the quality and efficiency of education and thus guarantee accountability. It is crucial to maintain these positive effects of the private provision of education in national education system. The government needs to come up with strategies through which competition, incentives, and accountability mechanisms can be harnessed to enhance the overall quality and efficiency of the national education system.

The government's detailed responses to the challenges of integrating private schools into a national education system are dependent on how the government defines the roles of the private schools in a national education system and which roles the government chooses to emphasize.

3. Roles of Private Schools

'Private schools' have been called different names: independent school, private school, fee-paying school, or commercial school. The diversity in the titles of 'private school' indicates that various ideologies exist and also the lack of homogeneity among private schools. Some private schools put much more emphasis on academic excellence, while other schools devote themselves to religious missions.⁹

As the provision of education became a nation's duty, during the advent of modern society, private schools have been integrated into a national education system. Afterwards private schools have exercised unique characteristics different from public schools, while having common characteristics with public schools as a component of a national education system. Thus private schools have played a balanced role in competing with public schools and sharing the responsibility with public schools.

Private schools in a national education system play three main roles: maintaining the diversity in education values, playing a leadership role in educational innovation, and supplementing the government budget.

9. In Korea, there have been many different private schools like Christian private schools, private schools that pursue national consciousness, or general private schools.

3.1. Maintaining the Diversity in Education Values

Private schools have been regarded as an essential element that is needed to form an education system in a modern democratic society, because in contrast to public schools, private schools can pursue diverse educational ideologies and goals. Modern open society, where people with diverse values and abilities live together in balance and harmony, is required to educate people who can play diverse roles as a member of society. Although the public education system tries to encompass this, public schools have limited capacity to guarantee the maintenance of diversity of education values, because the prime duty of public schools is to teach common norms in society. This is the reason for the existence of private schools, which is to compensate for the limitations of public schools. Private schools can efficiently respond to various kinds of heterogeneous educational demands (e.g., religious education, remedial education, or education for the gifted) through the operation mechanism that is much more flexible compared to that of public schools.¹⁰

3.2. Playing a Leadership Role in Educational Innovation

In general private schools are believed to play a leading role in developing and applying new innovative ways of teaching or education management methods. Public schools have their own limitations in attempting new innovations because they are supposed to provide equal educational opportunities to all students and have to follow stringent government rules and regulations. However, principals and teachers in private schools that have much more autonomy in school management can try educational experiments more frequently and actively.

Educational performance in private schools tends to be superior to that of public schools due to continuous innovation efforts by private schools based on the autonomy of school management.¹¹ Since the 1980s, many countries have been trying to introduce a competition and choice scheme into their educational system in order to improve the quality of education and overall efficiency of the national education system.¹² For example, the governments try to promote competition between public and private schools by providing vouchers to students, with which students can select a school they want to study.

10. Choi, U.S. et al (1988). *International Comparative Study on Private Education*. KEDI.

11. John E. Chubb and Terry M. Moe (1990). *Politics, Markets, and America's Schools*. The Brookings Institute.

12. Private schools in Korea, however, have not been in a superior position in terms of educational performance compared to public schools. This is counterevidence of the lack of autonomy of private schools in Korea.

3.3. Supplementing the Government Budget

Under the circumstances of the limited government budget, private schools have contributed to expanding educational opportunities to absorb the ever-increasing demand for education and to training quality manpower needed for national economic development.¹³ Considering that the private rate of return to education has been much higher than the social rate of return to education, countries that have budget shortage problems can use private schools as a leverage to expand educational services to people.

It is not easy to always make private schools perform positively as expected, because private schools that are being used as a policy tool have both positive and negative consequences. Private schools can provide diverse educational programs, play a leading role in designing and applying innovative teaching-learning methods, contribute to expanding educational opportunities, and improve the efficiency and excellence of school management. However, on the other hand, private schools can aggravate problems of inequity among social classes, ethnic groups, and gender. This is conflicted with the view of regarding education as a public good rather than a consumer good. The policy question here is how to balance these two contrasting views in harmonious ways – how to provide various kinds of choices in educational programs to students, while achieving a balanced development of both public and private schools that guarantees the public integrity that society desires.

13. In Korea, private schools have played a tremendous role in reducing the great disparity between demand and supply of education.

2012 Modularization of Korea's Development Experience
Role of Private Schools in Korea's Educational Development

Chapter 3

Expansion of Private School Education in Korea

1. Policy Context for Expanding Private Schools in Korea
2. Expansion of Private School Education

Expansion of Private School Education in Korea

1. Policy Context for Expanding Private Schools in Korea

It is necessary to have a clear understanding of a country's unique characteristics concerning its policy environment, which are distinguished from other countries because the scope and depth of a policy's effectiveness depend upon social, cultural and economic context in which that particular policy is implemented. Korea has had very peculiar characteristics which have contributed to educational expansion at an incomparable rate. This implies that policy makers of a country that want to benchmark the Korean cases first need to analyze Korea's unique policy context and its similarities and differences with their country's context.

A disproportionately larger expansion of private schools in Korea, compared to other countries, can be attributed to rapid changes in social class after the Japanese colonial regime, a long history of the Confucian culture, and government budget constraints.¹⁴

1.1. Egalitarianism

Korea has a long history of social classes. However the social classes disappeared as Korea went through the Japanese colonial regime (1910-1945), the land reform (1949), and the Korean War (1950-1953). Since the social classes did not exist anymore, each and every individual was entitled to equal opportunities to access education and pursue upward social mobility. This egalitarian ideal was quickly dispersed among the Korean people, which played a strong role in the rapid expansion of education in Korea. The rapid increase in

14. Kim, G.J. (1996.10). *Private Sector's Role in Education in Korea* (paper prepared for the World Bank Study Tour on Economic Development and Human Capital in Korea).

demand for education among the Korean people encouraged the government to utilize the private sector's capacity to expand educational opportunities.

1.2. Confucianism

Due to the long period of the Confucian culture, the Korean people have a high respect for education. Korean parents' education zeal for their children has been regarded as a key factor that contributed to educational development in Korea. Since education provides a higher probability of social mobility and higher earnings, parents have been willing to pay tuitions at the expense of other living costs. Because of this, a rapid expansion of private schools was possible.

1.3. Government Budget Constraints

Right after the Korean War (1950-1953), Korea was torn and devastated. The government didn't have enough of a budget to provide educational services to meet the demand. During the 1950s, the government decided to invest first in primary education and to induce the private sector to provide secondary and higher education. This policy direction worked quite well. Since then, Korea became heavily reliant on private contribution to expand and maintain the school education system.

2. Expansion of Private School Education

2.1. Expansion of Education System

2.1.1. Primary Education

One year after the establishment of the Korean government in 1948 the government enacted the Education Law which specified compulsory education system along with national education philosophy and school system, and planned to implement compulsory education in June 1950. However, plan was delayed due to the outbreak of the Korean War (1950-1953). After the Korean War the government made the '6-Year Plan for Completing Compulsory Education (6-years of primary education): 1954-1959' in 1954. This plan set the target of increasing the enrollment rate up to 96.13% by 1959,¹⁵ and also included action plans for increasing student enrollment, teach supply, and school facilities, and securing funds.

15. Enrollment rate of primary school in 1951 was 69.8%. Enrollment targets were 88.44%, 91.76%, 93.47%, 95.84%, 96.0%, and 96.13% between 1954 and 1959.

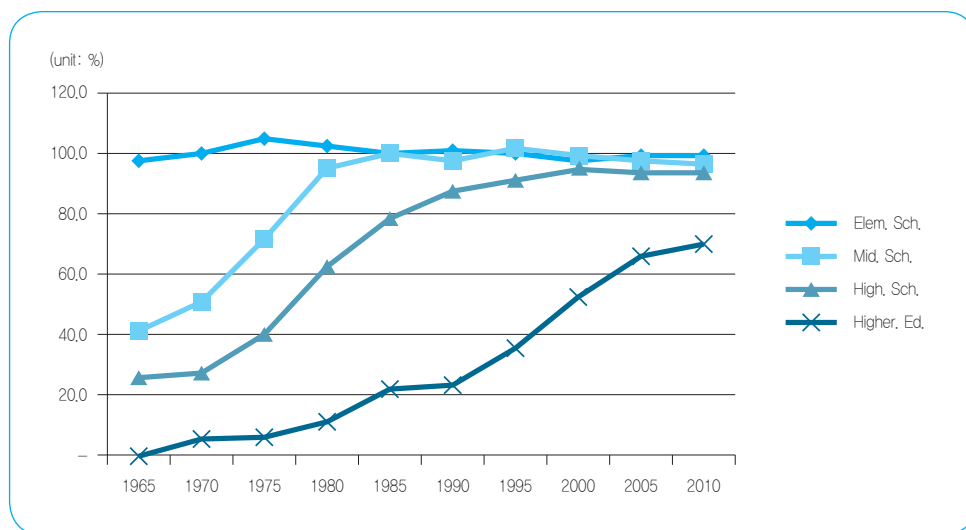
With the successful implementation of the plan, the government was able to achieve 96.4% of primary school enrollment rate in 1959.¹⁶

2.1.2. Secondary Education

After having universalized primary education, the government shifted its investment priority to secondary education in the 1960s and 1970s. Due to the ‘6-year Plan’ in the late 1950s mentioned above, the number of elementary school graduates increased, which led to an increase in social demand for middle school and high school. In addition, Korea’s rapid economic growth in the late 1960s and 1970s resulted in a high demand for skilled workers and technicians with secondary school education.

As shown in [Figure 3-1], the enrollment rate of middle school increased from 41.4% in 1965 to 51.2% in 1970 and then began to increase very rapidly. Just for the ten year period between 1970 and 1980, the middle school enrollment rate increased by 43.9% points (from 51.2% to 95.1%). In 1985, it reached universalized status. The enrollment rate of high school increased slightly between 1965 (26.4%) and 1970 (28.1%). However, it began to increase sharply from 1970. It increased by 35.4% points between 1970 and 1980 (from 28.1% to 63.5%), and by 24.5% points between 1980 and 1990 (from 63.5% to 88.0%).

Figure 3-1 | Trend in Enrollment by Level of Education



Sources: KEDI Education Statistics Service (<http://cesi.kedi.re.kr>)

16. Kim, Chongchul (1989). *Korean Educational Policy Study*. Education-Science. pp.96-112.

The same logical phenomena also occurred in higher education in the 1980s and 1990s. As a result of the expansion in secondary education, the number of high school graduates increased, which together with improved living standards led to an increased social demand for higher education. As the Korean economy developed toward a more advanced level, the demand for professionals with higher education also increased. The Korean education experienced sequential expansion from primary to secondary and to higher education.

There were two major policies which contributed to the large expansion of middle and high school enrollment in sequence: abolition of middle school entrance examination in 1968 and the introduction of the High School Equalization Policy in 1974. First, the enrollment rate of middle school was sharply increased as the middle school entrance examination was abolished in 1968. From 1969, all elementary school graduates could enter middle schools nearby their homes. Five years later high school enrollment increased as the government introduced the High School Equalization Policy in 1974.

Table 3-1 | Enrollment Rates by Level of Education

(unit: %)

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Elem.S.	97.7	100.7	105.0	102.9	99.9	101.7	100.1	97.2	98.8	99.2
Mid.S.	41.4	51.2	71.9	95.1	100.1	98.2	101.6	99.5	97.7	97.0
High.S.	26.4	28.1	41.0	63.5	79.5	88.0	91.8	95.6	94.6	93.9
Higher	-	5.4	6.7	11.4	22.9	23.6	36.0	52.5	65.6	70.1

Source: KEDI Education Statistics Service

As primary education became universalized, the competition for the middle school entrance examination got severe. This resulted in a number of social problems like the heavy financial burden on parents for excessive private tutoring and impediments in the children's mental and physical development. The intense competition was caused not only by the limited supply of secondary school places but by the excessive demand for elite schools. The government was confronted with this social pressure, while simultaneously having to deal with the increasing demand for skilled manpower from a rapid economic growth. The government approached the challenges by eliminating entrance barriers and by increasing places in secondary schools by inducing the private sector's capacity into the education market.

With the abolition of the middle school entrance examination in 1968, the government allowed all elementary school graduates to continue their study in middle schools and allocated them to middle schools located nearby their residences by a lottery system. As the number

of middle school students rapidly increased since 1969, the competition for the high school entrance examination became severe and similar social problems occurred. As mentioned above, the government introduced a policy known as the ‘High School Equalization Policy’ in 1974, the main objective of which was to equalize the school infrastructure such as education facilities & equipment, class size, and education expenditures across schools to provide equal educational opportunities. The government allocated middle school graduates who passed the standardized achievement test administered by local offices of education to high schools closely located in students’ residences by lottery.

2.1.3. Higher Education

During the 1950s, the Korean government did not have a specific policy on higher education because the policy concern was primarily on the completion of the universalization of primary education. During the period of the 1st and 2nd 5-year Economic Development Plans, the government began to tightly control the enrollment quota of higher education institutions to prevent the oversupply and consequent unemployment problems of college graduates. As the Korean economy developed in the 1970s, the enrollment quota in selected areas such as engineering, natural sciences, business and foreign languages were allowed to expand.

Between 1980 and 1985 the enrollment rate of higher education doubled (from 11.4% to 22.9%). This was due to the introduction of a new policy called ‘Graduation Enrollment Quota System’ in 1980. The government allowed colleges and universities to expand their enrollment quota by about 15% and 30%, respectively, in order to respond to an increased demand for higher education and to lessen intense competition for university entrance. This policy required colleges and universities to expel about 15% and 30% of their students, respectively, before graduation based on their GPA, which was to make students more studious. However, this policy failed since colleges and universities did not follow the 15%/30% expulsion policy. The government returned to the admission quota system in 1988 because the graduation enrollment quota system resulted in the decrease in the quality of higher education and the increase in the unemployment rate of graduates.

In 1995 the government adopted a market-oriented policy on the establishment of higher education institutions. Before 1995, school foundations which wanted to establish college or universities had to acquire permission from the government by passing a strict review process. Since 1995 any school foundation which satisfied the minimum standards for financial, physical and human resources required can open a college or a university. With the implementation of this policy, the enrollment rate of higher education further increased from 36.0% in 1995 to 52.5% in 2000 and to 65.6% in 2005. The sequential education expansion pattern is reflected in the changes in entrance rates by level of education displayed in <Table 3-2>.

Table 3-2 | Entrance Rates by Level of Education and Gender

(unit: %)

	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Elem.S. → Mid.S.	54.3	66.1	77.2	95.8	99.2	99.7	99.9	99.9	99.9	99.9
female	46.9	56.5	69.7	84.1	99.1	99.8	99.9	99.9	99.9	99.9
Mid.S. → High S.	69.1	70.1	74.7	84.5	90.7	95.6	98.5	99.6	99.7	99.7
female	69.3	68.6	72.3	80.8	88.2	94.9	98.4	99.6	99.8	99.7
HighS. → Higher E.	32.3	26.9	25.8	23.7	36.4	33.1	51.4	68	82.1	79.0
female	34.3	28.6	24.9	22.5	32.6	32.3	49.8	65.4	80.8	80.5

Source: KEDI (1995). Educational Indicators in Korea; KEDI Education Statistics Service

Note: Entrance rate = $\frac{\text{“Entrants to higher school among graduates in a given year”}}{\text{Graduates in a given year}} \times 100$

2.2. Expansion of Private Schools

2.2.1. Primary Education

As explained in the previous section, primary education in Korea was universalized in the late 1950s by government budget, which led to very small portion of private schools and students in private school as <Table 3-3> and <Table 3-4> show. The proportions of private primary schools since 1965 ranged from 1.2% to 1.5%. Those of private primary school students since 1965 ranged from 0.5% to 1.6%.

Table 3-3 | Changes in the Number of Elementary Schools in Korea

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Total	5,125	5,961	6,367	6,487	6,519	6,335	5,772	5,267	5,646	5,854
Public	5,050	5,873	6,284	6,405	6,444	6,259	5,696	5,191	5,571	5,761
Private	75 (1.5)	88 (1.5)	83 (1.3)	82 (1.3)	75 (1.2)	76 (1.2)	76 (1.3)	76 (1.4)	75 (1.3)	76 (1.3)

Source: KEDI Education Statistics Service (<http://cesi.kedi.re.kr>)

Note: Number in () is the proportion of private primary schools out of total number of primary schools

Table 3-4 | Changes in the Number of Elementary School Students in Korea

(unit: 1,000persons)

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Total	4,941.3	5,749.3	5,599.1	5,658.0	4,856.8	4,868.5	3,905.2	4,020.0	4,022.8	3,299.1
Public	4,916.5	5,684.1	5,529.3	5,585.6	4,784.8	4,799.1	3,842.6	3,967.6	3,975.4	3,244.9
Private	24.8 (0.5)	65.2 (1.1)	69.8 (1.2)	72.4 (1.3)	72.0 (1.5)	69.5 (1.4)	62.6 (1.6)	52.4 (1.3)	47.4 (1.2)	43.6 (1.3)

Source: KEDI Education Statistics Service

Note: Number in () is the proportion of private primary school students out of total number of primary school students

2.2.2. Secondary Education

The abolition of the middle school entrance examination in 1968 led to a rapid expansion of middle school enrollment. After achieving the goal of the 6-Year Plan for Completing Compulsory Education in 1959, the government began to shift its investment priority to middle school education. Until 1970, the proportions of both private middle schools and private middle school students increased from 42.4% to 43.4% and from 44.4% to 48.6%, respectively. However, since 1970 the proportions kept decreasing due to an active government policy to expand public middle schools.

Although the proportions of private middle schools and students decreased since 1970, private schools made a substantial contribution to middle school expansion, especially in the 1960s and 1970s. The number of middle schools increased rapidly from 1,208 in 1965 to 2,100 in 1980, while the number of private middle schools increased from 513 in 1965 to 749 in 1980. The number of private middle school students increased from 333.3 thousand to 958.1 thousand for the same period. Enrollment rate of middle school increased from 41.4% in 1965 to 95.1% in 1980.

Table 3-5 | Changes in the Number of Middle Schools in Korea

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Total	1,208	1,608	1,967	2,100	2,371	2,474	2,683	2,731	2,935	3,130
Public	695	910	1,248	1,351	1,641	1,768	1,986	2,055	2,276	2,474
Private	513 (42.4)	698 (43.4)	719 (36.6)	749 (35.7)	730 (30.8)	706 (28.5)	697 (26.0)	676 (24.8)	659 (22.5)	647 (20.7)

Source: KEDI Education Statistics Service

Note: Number in () is the proportion of private middle schools out of total number of middle schools

Table 3-6 | Changes in the Number of Middle School Students in Korea

(unit: 1,000 persons)

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Total	751.3	1,318.8	2,026.8	2,472.0	2,782.2	2,275.8	2,418.8	1,860.5	2,010.7	1,974.8
Public	418.1	677.5	1,203.6	1,513.9	1,898.0	1,625.3	1,885.1	1,449.0	1,630.5	1,613.9
Private	333.3 (44.4)	641.3 (48.6)	823.3 (40.6)	958.1 (38.8)	884.2 (31.8)	650.4 (28.6)	596.7 (24.7)	411.5 (22.1)	380.2 (18.9)	354.6 (18.0)

Source: KEDI Education Statistics Service

Note: Number in () is the proportion of private middle school students out of total number of middle school students

By introducing the ‘High School Equalization Policy’ in 1974, the government expanded the enrollment quota by establishing new schools and encouraging private foundations to build schools in order to secure a sufficient number of seats. According to <Table 3-7>, the number of high schools increased from 889 in 1970 to 1,602 in 1985, while the number of private schools increased from 418 in 1970 to 812 in 1985. The proportion of private schools increased from 47.0% to 50.7% for the same period. As <Table 3-8> shows, the proportion of students in private high schools increased from 54.7% in 1970 to 60.5% in 1985, which indicates that private high school made a greater contribution to the expansion of high school education, compared to public high schools. The proportion increased until 1990 (61.7%) and then began to slowly decrease, while until 2000 the proportion of students in private high school was more than 50%.

With the implementation of two policies - abolition of middle school entrance examination in 1968 and the High School Equalization Policy in 1974, middle and high schools, whether public or private, had lost their power to select their students, while students also lost their rights to choose the schools where they wanted to study. In order to provide the same level of quality education, the government began to provide financial subsidies to private schools for school infrastructure, curriculum management, and teacher salaries. Private schools are required to follow a national curriculum and guidelines as are public schools. In other words, private middle and high schools in Korea since the 1970s have not been able to play special roles in diversifying educational values and leading educational innovation.

Table 3-7 | Changes in the Number of High Schools in Korea

Year	High School		Academic High School		Vocational High School	
	Total	Private	Total	Private	Total	Private
1965	701	316 (45.1)	389	209 (53.7)	312	107 (34.3)
1970	889	418 (47.0)	408	232 (56.7)	481	186 (38.7)
1975	1,152	567 (49.2)	673	357 (53.0)	479	210 (43.8)
1980	1,353	690 (51.0)	748	398 (53.2)	605	292 (48.3)
1985	1,602	812 (50.7)	967	499 (51.6)	635	313 (49.3)
1990	1,683	850 (50.5)	1,096	577 (52.6)	587	273 (46.5)
1995	1,830	910 (49.7)	1,068	582 (54.5)	762	328 (43.0)
2000	1,975	933 (47.7)	1,193	614 (51.5)	764	319 (41.8)
2005	2,095	939 (44.8)	1,382	643 (46.5)	713	296 (41.5)
2010	2,253	946 (42.0)	1,561	664 (42.5)	692	282 (40.8)

Source: KEDI Education Statistics Service

Note: Number in () is the proportion of private high schools out of total number of high schools

Table 3-8 | Changes in the Number of High School Students in Korea

(unit: 1,000 persons)

Year	High School		Academic High School		Vocational High School	
	Total	Private	Total	Private	Total	Private
1965	426.5	216.3 (50.7)	254.1	149.4 (58.8)	172.4	67.0 (38.8)
1970	590.4	322.7 (54.7)	315.4	190.5 (60.4)	275.0	132.2 (48.1)
1975	1,123.0	640.2 (57.0)	648.1	391.2 (60.4)	474.9	249.0 (52.4)
1980	1,696.8	1,008.1 (59.4)	932.6	576.1 (61.8)	764.2	432.1 (56.5)
1985	2,152.8	1,302.8 (60.5)	1,266.8	758.1 (59.8)	886.0	544.7 (61.5)
1990	2,283.8	1,408.7 (61.7)	1,473.2	908.6 (61.7)	810.1	500.1 (61.7)
1995	2,157.9	1,295.8 (60.1)	1,246.4	779.4 (62.5)	911.5	516.5 (56.7)
2000	2,071.5	1,137.2 (54.9)	1,324.5	756.7 (57.1)	747.0	380.5 (50.9)
2005	1,762.9	869.3 (49.3)	1,259.8	623.7 (49.5)	503.1	245.6 (48.8)
2010	1,962.3	886.9 (45.2)	1,496.2	666.4 (44.5)	466.1	220.5 (47.3)

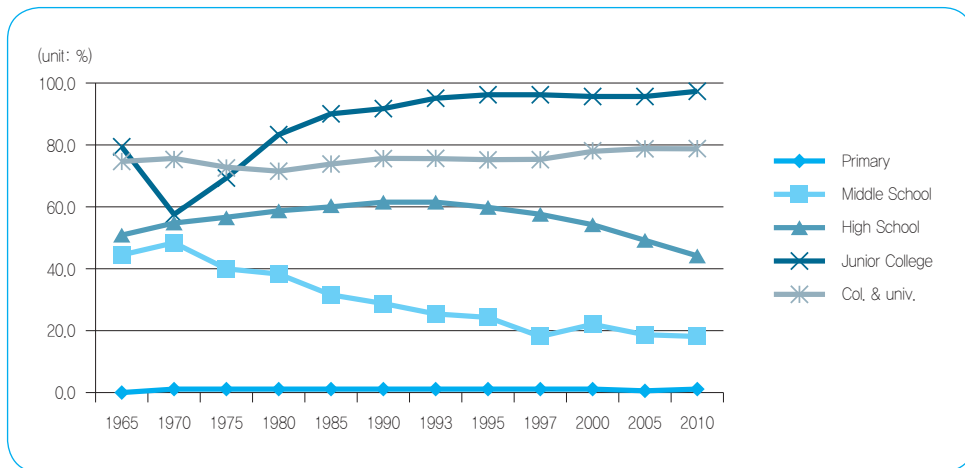
Source: KEDI Education Statistics Service

Note: Number in () is the proportion of private high school students out of total number of high school students

For middle school education, the government tried to expand public provision since 1970. As [Figure 3-2] shows, the proportion of private middle school students kept decreasing until 2010. The number of public middle schools increased by 1,564 between 1970 and 2010, while that of private ones decreased by 51 for the same period as shown in <Table 3-5>. The proportion of private high school students began to decrease since 1993, indicating the government invested more in building public high schools. Between 1990 and 2010 the number of public high schools increased by 570, while that of private ones increased by 96, as shown in <Table 3-7>.

[Figure 3-2] describes these trends of private middle and high school students between 1965 and 2010. The proportion of private middle school students began to decrease since 1970 and about 20 years later that of private high school students began to decrease since 1993. However, the changing patterns of the proportion of private junior college and university students are quite opposite. For universities, the proportion of private university students decreased from 75.4% in 1965 to 71.5% in 1980 and has since kept increasing. The proportion of private junior college students also kept increasing from 57.0% in 1970 to 97.2% in 2010. This indicates that the government had different strategies to expand higher education.

Figure 3-2 | Changes in the Proportion of Students in Private Schools



Source: KEDI Education Statistics Service

2.2.3. Higher Education

<Table 3-9> and <Table 3-10> tell us that for the last four decades the quantitative growth of higher education in Korea has been led by private colleges and universities. The proportions of private junior colleges and private junior college students have continuously increased from 60.0% in 1970 to 93.7% in 2010 and from 57.0% in 1970 to 97.2% in 2010, respectively. The proportion of private universities and private university students has shown the same increasing pattern for the same period. This indicates that the Korean government has been heavily reliant on private institutions for higher education expansion, especially junior colleges.

As of 2010, only nine junior colleges out of 145 are national (2) and public (7). Out of 179 universities, 27 are national (25) and public (2). One might say that Korea has succeeded in providing junior college and university educational services to people mostly by using the private sector's money with only a minimum level of government investment. However, this can be a serious restriction when the government tries to launch national development plans or reform initiatives, since the government has relatively limited control over private higher education institutions, compared to national or public ones. This implies that when a country designs the structure and system of higher education the government needs to identify the optimal balance between public and private institutions in terms of the government policy capacity in order to use both types of institutions strategically.

Table 3-9 | Changes in the Number of Higher Education Institutions in Korea

Year	Junior Colleges		Universities	
	Total	Private	Total	Private
1965	48	36 (75.0)	70	56 (80.0)
1970	65	39 (60.0)	71	56 (78.9)
1975	101	65 (64.4)	72	57 (79.2)
1980	128	92 (71.9)	85	65 (76.5)
1985	120	103 (85.8)	100	78 (78.0)
1990	117	101 (86.3)	107	83 (77.6)
1995	145	137 (94.5)	131	105 (80.2)
2000	158	142 (89.9)	161	135 (83.9)
2005	158	144 (91.1)	173	147 (85.0)
2010	145	136 (93.7)	179	152 (84.9)

Source: KEDI Education Statistics Service

Note: (1) Number in () is the proportion of private institutions out of total number of higher education institutions.

(2) Teacher's colleges are not included

Table 3-10 | Changes in the Number of College and University Students in Korea

Year	Junior Colleges		Universities	
	Total	Private	Total	Private
1965	23,159	18,460 (79.7)	105,643	79,679 (75.4)
1970	33,483	19,100 (57.0)	146,414	110,376(75.4)
1975	62,866	43,868 (69.8)	208,986	152,156 (72.8)
1980	165,051	138,170 (83.7)	402,979	288,293 (71.5)
1985	242,117	219,161 (90.5)	931,884	688,506 (73.9)
1990	323,825	296,866 (91.7)	1,040,166	785,418 (75.5)
1995	569,820	548,347 (96.2)	1,187,735	891,794 (75.1)
2000	913,273	875,942 (95.9)	1,665,398	1,293,320 (77.7)
2005	853,089	816,936 (95.8)	1,859,639	1,458,971 (78.5)
2010	767,087	745,614 (97.2)	2,028,841	1,600,668 (78.9)

Source: KEDI Education Statistics Service

Note: (1) Number in () is the proportion of students in private institutions out of total number of students in higher education institutions

(2) Teacher's colleges are not included

In general the tuition level of private colleges and universities is much higher than that of national or public ones. The school foundations of private institutions also have a very limited financial capacity in Korea so that most school foundations cannot provide any meaningful financial support to their institutions. Thus, the quality of private institutions' education tends to be lower than that of national or public ones. The differences in education quality among private institutions range very wide from high school like universities to world class research oriented universities. The government is required to develop a quality assurance mechanism by which it evaluates each institution's education and research activities and performances, and informs the consumers (students, workers, employer, government) about relevant information needed to make rational decisions.

Primary education in Korea has been treated as a public good with large externalities that was mainly publicly funded, although there were contributions from households.¹⁷ For secondary and higher education, on the other hand, a substantial amount of funding came from the private sector such as households (parents) and private foundations. Due to the budget constraints, the government encouraged the private foundations (private legal entity-school corporations) to establish secondary schools and higher education institutions. Expenses for operating schools were funded through user charges (tuition & fees) and

17. School fees were charged for textbooks and other school items until 1979.

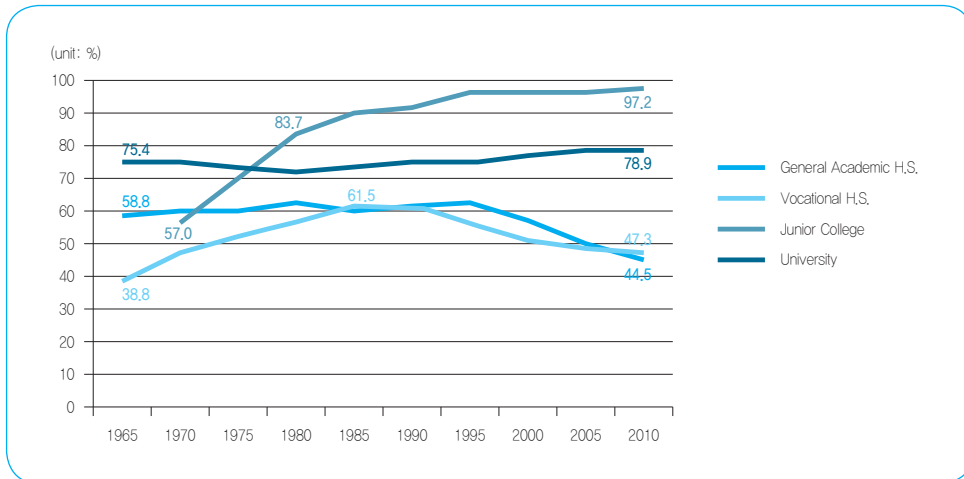
government subsidies. The government has subsidized a part of the operating expenditures for private primary and secondary schools, but not for colleges & universities. Private financing accounted for about two-thirds of total direct expenditures on education in Korea.

By leaving higher levels of education to the private sector and targeting public resources for primary education, Korea was able to address one of the main equity issues, basic education for all. In addition, this heavy reliance on private funding in secondary and higher education has significantly contributed to expanding educational opportunities. This type of investment strategy has important policy implications for utilizing the limited amount of government budget and the available private sector's capacity. When there is a substantial level of demand for secondary and higher education, the introduction of the private education providers to the market and user charges could contribute to enhancing efficiency in how the government can allocate its limited budget. It is a means of providing more educational opportunities in a country where a considerable amount of educational expenditure on secondary and higher education is publicly funded.

2.2.4. Vocational Education

Just like the private provision of education has made significant contributions to expanding secondary and higher education, it also has played a critical role in training and supplying skilled workers and technicians needed for national economic development. According to <Table 3-7>, the proportion of private vocational high schools increased very rapidly from 34.3% in 1965 to 49.3% in 1985. For the same period, the proportion of private vocational high school students increased even faster from 38.8% to 61.5%. This indicates that without private vocational schools Korea would have had great difficulties in securing a skilled labor force for the light and heavy & chemical industries. As the Korean economy has advanced towards a more advanced level, the proportion of private vocational high school students has decreased along with a decrease in the number of vocational high school students. [Figure 3-3] describes the changes in the proportion of private vocational high school students.

Figure 3-3 | Student Ratio in Private Vocational High Schools



Source: KEDI Education Statistics Service

As explained in the previous section, the proportion of private junior colleges and private junior college students has kept increasing. Considering that the main function of junior college was to provide vocational education at the post-secondary level, private junior colleges have been a major supplier of technicians. These trends indicate that private schools have functioned as a significant solution to the government budget constraints on training skilled workers and technicians for national economic development.

2012 Modularization of Korea's Development Experience
Role of Private Schools in Korea's Educational Development

Chapter 4

Main Policies related to Private Schools

1. Roles of the Government
2. Main Policies related to Private Schools

Main Policies related to Private Schools

1. Roles of the Government

One of the preconditions that need to be met to enhance the overall performance of the national education system into which private schools are integrated is a harmonious mix of the public character of education and the autonomy of school management in private schools. If the public character of education is emphasized too much in private schools, then the autonomy of private school management would be limited to a point where private schools cannot play their needed role, which is to provide a variety of educational programs and try different innovative teaching-learning activities which in turn supplement the rigidity of public schools and consequently improve the national education system.

If the autonomy of school management is emphasized too heavily in private schools, then the management of private schools will be too inclined towards achieving private benefits or commercial purposes that it might cause serious problems and not fulfill public accountability. Therefore, it is crucial to identify and maintain the balance between the public character of education and the autonomy of school management in private schools.

The public character of education in private schools refers to the private schools' role as a key component of a national education system to perform educational activities which meet public interests. In principle, private schools are established on the basis of public interests. Thus, private schools should take into account the communities where they are located, the value system, and norms when designing and providing educational services.

On the other hand, the autonomy of school management refers to the private school's self-directed and independent decision-making power. Private schools are educational institutions that are established based on their own principles, philosophies, and ideologies. In order to realize their principles, philosophies, and ideologies, private schools should

have autonomy in their management as much as possible. The autonomy of private schools can be discussed in two parts: academic management and school administration & finance. Autonomy in academic management means that private schools have the authority to decide what to teach and how to teach in order to realize their own education ideologies and purposes. Autonomy in school administration & finance indicates that private schools make their own decisions on tuition or personnel management. In principle, principals and teachers in private schools should have the autonomy to manage schools and classrooms with a minimum level of the government's control.

Through laws and regulations, the government can promote or control education activities of private schools. To what extent does the public character of education in private schools need to be maintained? To what extent does the autonomy of school management need to be guaranteed in private schools? It depends on a country's political and educational philosophy.

2. Main Policies related to Private Schools

The majority of private school policies between 1945 and the late 1950s were characterized as *laissez-faire*, which was quite the opposite of the Japanese colonial regime's oppressive policies. During this period, the government's investment priority was given to primary education (six year plan for completing compulsory education 1954-1959) so that the government had to rely on private contributions to provide middle and high school education, which resulted in a high reliance on private schools until now.

Since the *laissez-faire* policy produced several serious problems in private school education, the government enacted the Private School Law in 1963 to restore the public character into private schools. Along with it, the abolition of the middle school entrance exam (1969) and the introduction of the high school equalization policy (1974) led to more government control over private school management. Losses of private school's right to select students and the students' right to choose schools represent the current limitation of private school education at the secondary level in Korea. In this regard, private secondary schools in Korea are not private schools. They are 'quasi-public schools.'

Since the 1970s the government began to provide financial subsidies to private middle schools (1971) and high schools (1979) to guarantee an equal educational environment to students no matter where, public or private schools, they study. With the implementation of the two policies mentioned above, private schools were required to follow the public school's tuition schedule which tended to be lower than private school. Since most private school foundations did not have the means to support a school's operation, the quality of educational infrastructure in private schools on average was worse than that in public schools. Since

the government allocated students to schools without considering the student's choice, the government needed to take steps to provide the same quality educational infrastructure to legitimize its policies.

In the 1990s the government recognized the necessity of educational innovation and school choice. The government introduced a new private school policy, which allowed private schools, that could support themselves by tuition and transfer from school foundation, to have autonomy in curriculum design & implementation, student selection, and personnel, and independence in financial management (independent private schools).

The key ideas of private school policies were maintained in the 2000s. Only school foundations can establish and run private schools. Except the limited number of special purpose schools, independent private schools and specialized vocational high schools, most of the private schools at the secondary level do not have the autonomy to select students based on their own criteria. While enrollment size of private secondary schools is decided by the local offices of education that of colleges and universities is liberalized in principle. The national curriculum is applied to all public and private secondary schools. There is no difference in teacher qualification requirements between public and private schools. The government provides financial subsidies to private secondary schools for teacher salaries and school operating expenses and to private and public colleges and universities for undergraduate education and R&D. In addition, various tax incentives are implemented to private schools and donors.

2.1. Before 1945

The modern type of private schools in Korea was established by protestant missionaries – Gwanhaewon (1885), Baejae School (1885), Kyungshin School (1886), and Ewha School (1886) - ten years before the first public school, Hansung Teachers' School (1895). These private schools provided a new western style of education. Between 1876 and 1905, 796 schools were opened by Christian missionaries, indicating that these private schools had great effect on the Korean society during the period of enlightenment. The curriculum consisted of the bible, English, world history, geography, mathematics, biology, physics, chemistry, hand craft, music, and gymnastics, which conveyed the knowledge of modern civilization and inculcated scientific logic. This could be viewed as innovative in comparison to traditional education that is taught by Confucian ideas. These private schools in the Christian religion contributed to reforming the feudal order of the Korean society through equal rights of gender and humanity and educating modern citizens based on a new democratic order. Private schools helped expose Koreans to the Western civilization while they are conscious of their own national identity.

Along with the direct influence of private schools by the Christian religion, the enlightenment spirit of people triggered the opening of another type of private school by civil organizations. Civil organizations began to establish schools to receive modern civilization and culture from the western world and to educate young talents to build Korea as a modern nation. These schools included Hongwha School (1895), Youth School (1904), Yangjung School (1905), Bosung School (1905), which taught practical subjects like English, Japanese, and measurements as well as ideology for nation building. After 1905, private schools became the focal points for the national movement to save Korea. The number of private schools by civil organizations reached about 3,000.¹⁸

After Japan colonized the Korean peninsula in 1910, Japan started to oppress private schools in Korea by order and regulations such as ‘Private School Order (1908)’, ‘Private School Rule (1915)’, and Four Chosun Education Orders. The Japanese colonial regime broke the connection between the Korean merchants and private schools in order to block funding sources for private schools and required anybody who wanted to open or close private schools to get official permission and only textbooks that Japanese colonial regime made were allowed to be used. Due to this, the number of private schools decreased to 649 in 1923. In 1938, the regime forbade teaching the Korean language and further establishment of private schools. The Japanese language was emphasized and studying the Bible was forbidden. In 1943, the regime confiscated and transformed private schools into public schools.

2.2. Between 1945 and 1960–Laissez-faire Policy

After the Korean peninsula was liberated from the Japanese colonial rule in 1945, the Korean people, who were kept from educational opportunities during the Japanese colonial regime, regained their enthusiasm for education. As education became recognized as a basic human right, as well as a good way of social mobility in a new democratized society, the demand for education expanded drastically. The Korean government also needed to enhance the education level of people to democratize and modernize the country as quickly as possible.

However, the military government (1945-1948) suffered from severe budget constraints. Private contribution to education was mostly needed. Thus, the military government encouraged the private sector to establish and run private schools. During the military government regime, mayors of the metropolitan cities and governors of provinces had the authority to permit the establishment of private schools and supervise the operation of private schools. They eased the regulations for private school establishment and operations

18. Korea Private Schools Principals' Association (1974). *Private Schools in Korea*.

to meet rapidly increasing demand for education. Due to the policy, as <Table 4-1> shows, the number of private middle schools increased from 33 in 1945 to 232 in 1952, while the proportion increased from 19.9% to 38.2% for the same period, illustrating private schools' greater contribution to middle school education expansion compared to public schools. This policy continued after the establishment of the Korean government (1948). The government also provided incentives like tax breaks for properties owned and run by school foundations along with the right to raise funds and donations from parents.

Table 4-1 | Changes in the Number of Private Schools (1945-1957)

	Middle School		High School		University	
	Total	Priv. sch.	Total	Priv. Sch.	Total	Priv. Sch.
1945	166	33 (19.9)	-	-	19	10 (52.6)
1952	607	232 (38.2)	342	109 (31.9)	49	37 (75.5)
1953	621	246 (39.6)	398	144 (36.2)	48	35 (72.9)
1954	803	315 (39.2)	468	179 (38.2)	51	38 (74.5)
1955	949	371 (39.1)	557	223 (40.0)	53	38 (71.7)
1956	999	413 (41.3)	592	244 (41.2)	56	40 (71.4)
1957	1,034	424 (41.0)	611	256 (41.9)	56	40 (71.4)

Source: Kim, C.C. (1989). A Study on Educational Administration in Korea. p.360

Note: Number in () is the ratio of private schools

As the government put its investment priority on universalizing elementary education in the 1950s, it became more dependent on private schools in providing secondary education. During this period the primary concern of the government was on the realization of universal primary education and the reduction of adult illiteracy. As <Table 4-2> shows, most of the Ministry of Education's (MOE) budget was invested in accomplishing compulsory education. The proportion of compulsory education budget in MOE's budget increased from 73.2% in 1948 to 78.1% in 1949, and decreased to 65.7% in 1953 during the Korean War period. It began to increase from 66.6% in 1954 to 81.9% in 1959 during the implementation period of the six year plan for completing compulsory education (1954-1959).

Table 4-2 | Budget for Compulsory Education in the Ministry of Education Budget

(unit: 1,000 won)

Year	MOE Budget (A)	Budget for Compulsory Education (B)	B/A (%)
1948	1,746.0	1,211.4	73.2
1949	10,416.9	7,358.5	78.1
1950	13,822.2	10,230.6	70.6
1951	16,019.1	10,890.8	71.8
1952	42,880.8	27,065.9	66.8
1953	159,301.9	100,010.9	65.7
1954	597,230.2	382,846.6	66.6
1955-56	2,633,304.1	1,959,173.2	77.0
1957	3,283,129.9	2,616,787.0	81.3
1958	4,458,046.3	3,477,216.1	80.2
1959	5,986,396.9	4,813,979.3	81.9

Source: Kim, C.C. (1989). A Study on Educational Administration in Korea. p.112

Due to the government policy priority on the universalization of primary education, the dependency on private schools in secondary and higher education kept increasing. Thus, between 1945 and 1957 the proportion of private middle schools increased from 19.9% in 1945 to 41.0% in 1957. The ratio of private high schools increased from 31.9% in 1952 to 41.9% in 1957. During this period, private schools were not subject to government control, nor did they receive any support. As a result, they managed to operate with only the tuition fees they collected from students.

Between 1945 and 1960, the government adopted the laissez-faire policy in establishing and operating private schools and anybody who could pay tuition was able to get into secondary and higher education institutions.

Farmland Reform: One important reason for the rapid expansion of private schools after 1945 was farmland reform. It has been pointed out that the farmland reform policy (1949) resulted in significantly expanding private schools and increasing the enrollment of farmers' children.

According to the Land Reform Law, farmland used for educational institutions and academic & research purposes was excluded from the targets of the reform. When compensating the land for education, research and welfare, the government applied incentive measures such as paying in lump-sums for lands instead of by installments, or

acknowledging donations as an exception even though sales and donation were prohibited for other cases. By acknowledging land owners as donors of their properties to society, these policies induced farmland owners to voluntarily establish school foundations with their land and open and operate private schools, which elevated their social status.¹⁹

As shown in <Table 4-2>, the proportion of private middle schools was 19.9% in 1945 and increased to 38.2% in 1952, two years after the implementation of the farmland reform policy. The proportion of private universities increased from 52.6% to 75.5% for the same period of time. The ratios of private secondary schools kept increasing. These facts indicate that farmland reform contributed to the increase in the number of private secondary schools and universities. Due to the substantial increase in private schools especially at the secondary education level, the Korean government could focus its education investment policy on achieving compulsory education by allocating around 80% of the MOE budget to primary schooling during the second half of the 1950s.

Another important contribution that the farmland reform made for the educational development in Korea was that it provided an economic basis from which people could pay for education.²⁰ From the perspective of income distribution, the reform returned farm rent to farmers from owners. With increased financial capacity, farmers could send their children to schools. Although the government implemented compulsory education system, it could not provide free education due to the government budget constraints. Parents whose children went to private schools were required to pay tuition by themselves. Without the farmland reform, it would have been impossible to expand educational opportunities at the rate Korea experienced during the 1950s.

Laissez-faire Policy: The primary trait of private school policy during this period can be characterized as the laissez-faire policy, in which private schools were allowed a substantial level of autonomy and the government provided no support and exerted no control. The government did not strictly enforce the specific regulations on the enrollment quota, the number of teachers, or facilities even though there were standards for them specified in related laws. Private schools thought that it was fair that they had a high level of autonomy based on the belief that ‘no support, no control’ and they were being financed only by the tuition from students. The tolerance level of any illegality and wrongdoing was relatively high.²¹

19. Park, Myung-Ho and Chan YeolPark (2013.1.). Farmland Reform in Korea. unpublished KSP paper. pp.53-54.

20. Park, Myung-Ho and Chan YeolPark (2013.1.). Farmland Reform in Korea. unpublished KSP paper. pp.55-56.

21. Kim, C.C. (1989). A Study on Educational Administration in Korea. p.363.

However, the laissez-faire policy on private schools caused serious problems in the 1950s. Quite a few founders of private schools ignored the public character of private schools and used schools as business enterprises to make profits. They admitted much larger number of new students than enrollment quota and students transferred from other schools without applying any due procedures. The focus of school management was mainly on the quantitative expansion of students, which led to the decrease in education quality. This resulted in mistrust to private school education and related policies. Malpractice of private school management with financial flaws drew huge social attention and public skepticism. People demanded the government to supervise the management of private universities and schools.²²

2.3. Between 1961 and 1968–Government Control over Private Schools

5·16 military coup in 1961 brought about fundamental changes in ways of planning and implementing reform and development policies in major policy areas. Education was no exception. The new government adopted and implemented massive development plans to modernize Korea. Educational development was directly connected to national development. In the process of educational reform for national development, it was regarded as inevitable to strengthen government control over education in order to promote educational development systematically. Control over private schools also was tightened to restore the public character of private schools by enforcing legal and administrative regulations, which were not applied before, and by making new ones in the name of rational control.

Between 1962 and 1968 the government strengthened its authority to supervise private schools by enacting the temporary Special Exemption Law on Education (1961-1963) and Private School Law (1963), recognizing the necessity of the government's intervention to improve the quality of private school education.

Special Exemption Law on Education (1961-1963): This law was enacted to establish order in national education and enhance its quality by making exemption clauses to the existing education law and related acts in 1961 and was enforced until 1963. The main contents of the law were as follows: (i) the education minister could order the abolition or merger of schools or departments and the revision of enrollment quota, considering the distribution of schools by region and level, financial capacity of the school founder, or school infrastructure; (ii) the president of a national university was appointed by the head of the cabinet with a recommendation from the education minister and professors were

22. Kim, C.C. (1989). *A Study on Educational Administration in Korea*. p.364.

appointed by the education minister with a request from the university president; (iii) a school foundation should get approval on the appointment and dismissal of board directors and auditors from the education minister; (iv) bachelor's degree should be awarded to graduates who passed the national qualification exam for the B.A.²³

This law represented a clear change in the government policy on private schools from laissez-faire to control. Key ideas of private school control were further developed in the Private School Law.

Private School Law: In 1963 the Korean government enacted the Private School Law to promote sound development of private schools by upholding their public character as an educational institution, as well as securing their autonomy of school management. The enactment of the Private School Law can be interpreted as the government's policy effort to give new roles to private schools within the framework of a national education system, by specifying basic conditions and rules for establishing and managing a private school foundation and private school.

Main contents of the law were as follows²⁴: (i) only a school foundation could establish elementary, middle, and high schools and junior colleges, and universities; (ii) private elementary, middle and high schools and their foundations were under the direction and supervision of a mayor or governor. Private colleges and universities and their foundations were under the direction and supervision of the minister of education; (iii) a school foundation could run profit-making businesses to financially support school(s). In this case, a school foundation should have a separate account distinguished from the school account; (iv) a person who wanted to establish a school foundation, should contribute a certain amount of money, make the articles of the foundation, and get permission from the minister of education; (v) school foundation should have a board of directors which consisted of 5-15 directors and more than two auditors. The major function of a board of directors was to review and decide matters on the acquisition and disposal of property, revision of the articles of the foundation, the merger or dissolution of the foundation, the appointment and dismissal of directors, school principals, college/university presidents and teachers, important matters on school management, and profit-making activities; (vi) the appointment of directors and auditors required approval from the supervisory authority (mayor/governor, education minister); (vii) if the school foundation wanted to sell, donate, rent, exchange or use its' property as collateral, it should get approval from a supervisory authority (mayor/governor, education minister); (viii) school foundation was required to report the budget and account to supervisory authority; (ix) central and local government could provide subsidy

23. Special Exemption Law on Education (1961.9.1-1963.12.31) <http://www.law.go.kr>

24. Private School Law (1963.12.16. Law no.1621) <http://www.law.go.kr>

or other aids to school foundation which requested support; (x) school foundation should get approval from supervisory authority when it appointed or dismissed school principals and president/vice president of college/university and should report on the appointment and dismissal of school teachers.

According to the law, school foundations had to report and get permission or approval on financial and personnel management from the central government for colleges and universities and local government for primary and secondary schools. Through this law the government tried to allow only competent and sound school foundations to open and run private schools. By specifying student tuition fees to be used only for education purposes by separating the school account from the school foundation's account, the government set an institutional mechanism to prevent financial flaws. In that sense, the enactment of this law can be interpreted as a response to people's critiques on private schools' wrongdoings.

Although the government announced that the law respected the special character of private schools and guaranteed their autonomy while enhancing public character, it institutionalized the state's control over private schools and specified the supervisory power of related governments.

There were lots of oppositions to the implementation of the law and arguments that the law was heavily geared towards control and not support. The Association of Private School Principals and the Korean Education Federation urged the government to revise the law. However, the continuous misconduct of some private universities in the admission process and with financial management drove the government to strengthen control over private schools. In 1964 the government revised the Private School Law to strengthen the supervisory authorities' power to cancel the approval of a school foundation's appointment of private school principals, college and university presidents, and board directors, when they violated related laws and regulations and were involved in financial fraud.

Control over private schools raised the necessities of fostering them. From the perspective of securing public character of private schools as a part of a national education system, the provision of aid to private schools was recognized as a necessary condition for guaranteeing equal educational opportunities, as well as legitimizing the government control. As the government tightened the control of students' enrollment, private schools whose main revenue source was students' tuition & fees suffered severely from budget constraints. Since public concern about the financial difficulties of private schools became greater, the government began to implement policies to support private schools in the 1960s and further expanded in the 1970s.²⁵

25. Kim, C.C. (1989). *A Study on Educational Administration in Korea*. pp.369-370.

For example, the government abolished the ceiling of private colleges and universities' tuition fees in 1965 and dues for school support associations in 1969, and let colleges and universities decide their tuition in 1969. Although the actual implementation of this policy was interrupted by the Economic Planning Board in order to control the inflation of living expenses, private colleges and universities enjoyed more flexibility. In addition, the Ministry of Education institutionalized the formation and provision of a research fund and support professors' research at both national and private universities.²⁶

2.4. Between 1969 and 1979—Control and Support

There was intense competition among primary and middle school students to get admitted to the few prestigious middle and high schools. In order to get higher scores in the entrance examination, a large number of students took private lessons which caused a heavy financial burden on parents, and the lack of sleep which impeded children's physical and mental development. Education in primary and middle schools were geared towards preparing students for the entrance examination. These raised serious policy concerns in the 1960s.

Despite having tried various kinds of entrance examinations by individual school, local government, or central government in the 1950s and 1960s, the government failed to solve the problems mentioned above. The government finally decided to abolish the middle school entrance exam in 1968 and implemented the policy first in Seoul in 1969, in ten big cities including Busan, Daegu, Gwangju, Incheon, and Daejeon in 1970, and across the country in 1971. This policy was applied to both public and private middle schools. This policy contributed to normalizing primary school education and promoting the universalization of secondary education, although it restricted the autonomy of private middle schools.

As the number of middle school graduates who wanted to continue their studies in high schools increased greatly due to the abolition of the middle school entrance exam (1969-1971), the same problems occurred and became severe. The government introduced a new high school entrance system. The government divided high schools into two groups - general academic high school and vocational high school. Vocational high schools selected new entrants based on a national qualification exam score in the first period, while students who wanted to study in general academic high schools were allocated to a school nearby their residence by lottery in the latter period. In other words, middle school graduates who passed a national qualification exam and wanted to enter the vocational track could apply to a specific school prior to those who wanted to study in general academic high schools. The High School Equalization Policy also was applied to both public and private schools. The government implemented the policy first in Seoul and Busan in 1974, in Incheon, Gwangju,

26. Kim, C.C. (1989). *A Study on Educational Administration in Korea*. pp.370-371.

and Daegu in 1975, in additional 15 cities in 1980, and it has now been applied across the country. This policy also limited the autonomy of private high schools although it had some positive effects on normalizing middle school education, lessening the disparities of education quality, and curbing student transfers from rural to urban areas.

Abolition of Middle School Entrance Exam (1968) and Introduction of High School Equalization Policy (1974): The general assessment of the abolition of the middle school entrance exam in 1968 and the introduction of the high school equalization policy in 1974 is that it contributed to improving the educational environment and increasing enrollment rates, and consequently universalizing secondary education. However, due to these policies private schools lost their rights to select students based on their own educational philosophy and had to teach the same national curriculum, indicating that the special characteristics of private school education disappeared. In addition, instituting the same tuition schedule for both public and private schools aggravated private schools' budget situations, which led to a disparity in the education conditions between public and private schools. To solve this problem, the government provided financial support to private schools. From the viewpoint of students, who lost their right to choose schools, these policies caused an unfair distribution of educational opportunities.

On the one hand, the above two policies – the abolition of the middle school entrance exam and the introduction of the high school equalization policy – enhanced the equity of education by expanding educational opportunities and providing a similar quality of educational infrastructure. On the other hand, however, these two policies limited an individual's right to select his/her own school and made private secondary schools quasi-public, indicating that private schools lost their advantages of providing diverse educational opportunities and developing innovative teaching-learning methods. The heavy emphasis on the public characteristics of private schools was at the cost of the special characteristics of private schools.

Government Support for Private School's Operation: Implementation of Private School Law that specified the government's control over private schools in the 1960s and 1970s raised the necessity of a new supplementary policy to support the operation of private schools. The public character of private schools included not only enforcing government regulations but also providing quality education to students. Government control over private schools' management could be legitimized when the government provided financial and administrative support to private schools at least to provide the same quality of educational services as public schools. In addition, the private school's deteriorated budgets due to the government's control required the government support to provide quality education. Most private school foundations in Korea had very limited financial capacities so that the operation of private schools was dependent on the tuition students paid. As the number of

students decreased due to the government's control policy, private schools suffered more from budget shortages. The strengthening of standards for facilities & equipments and the implementation of a private school teacher pension system (1975) aggravated the private schools' financial burden.

By using loans from the World Bank and other advanced countries as well as the government budget, the government provided financial support to private middle schools for school facilities & equipment since 1971 and for teachers' salary since 1974. For private high schools, the government began to provide financial support in 1974 and it gradually expanded. Since 1977 the government provides financial support to schools on a lump sum basis, which is estimated by the difference between the total revenue (school's own budget: tuition & fees and transfers from the school foundation) and the total expenses (standard budget for a public school of the same enrollment size and type: personnel expenses for teachers and school operation costs).

In addition, the private school teacher pension system was implemented in 1975. The government provided 2.0% (for university), 3.0% (for elementary and secondary private schools) of teacher's salary to pension fund, while teacher and school foundation paid 5.5% and 3.5% (for university) and 2.5% (for elementary and secondary schools), respectively. In addition, the government increased the amount of scholarships and tuition waivers for students in secondary schools and higher education institutions irrespective of their public or private status.

2.5. In the 1980s

Government policies on private school education in the 1980s were similar to those in the 1970s in that both control and support policies were maintained. The level of dependency on private schools in middle school kept decreasing since 1970 (from 48.6% in 1970 to 28.6% in 1990), while the dependency level in high schools and higher education institutions even increased during the 1970s and 1980s (from 54.7% in 1970 to 61.7% in 1990 for high school, from 57.0% in 1970 to 91.7% in 1990 for junior college and from 75.4% in 1970 to 75.5% in 1990 for university). In other words, the role of private schools in the provision of upper secondary and higher education became more crucial in Korea.

Key aspects of private school policy at the secondary school level were maintained in the 1980s. The government controlled admission procedures and financial management, including the tuition schedule, while providing financial subsidies to maintain the same level of education quality as that of public schools. For higher education, a large number of private colleges and universities suffered from budget shortages. Demand for higher education kept increasing so that competition for university admission became intensified.

The number of high school graduates who took the university entrance exam again increased. These problems together with the increasing financial burden on parents called for a new policy.

Graduation Enrollment Quota System: In 1980 the government changed its policy on controlling the number of students in higher education institutions from an admission enrollment quota system to a graduation enrollment quota system. The Graduation Enrollment Quota System allowed colleges and universities to admit new entrants, approximately 15% more for junior colleges and 30% more for universities, with the condition that they had to expel the same percentage of students admitted before graduation on the basis of GPA. The main purposes of this policy were to meet the growing demand for higher education, to reduce the number of high school graduates who repeatedly took the college/university entrance exam, and to make students study harder. Through 3-4 years of implementation, colleges and universities did not expel students, which consequently resulted in a 15% increase in admission quota for junior colleges and 30% increase for universities. This policy was replaced by the admission quota system in 1988.

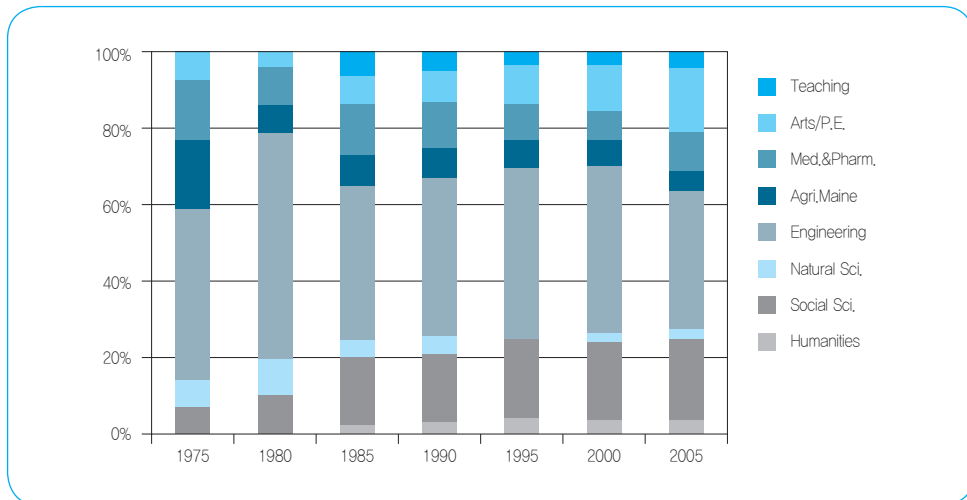
For private colleges and universities, this policy provided them with chances to expand their capacity to absorb new entrants and consequently secure more revenue. However, this policy resulted in the disproportionate expansion of the social sciences and humanities in the early 1980s because many private colleges and universities preferred to increase their enrollment in these departments over natural sciences and engineering. Comparing 1980 and 1990, the proportion of students in the humanities and social sciences increased from 13.5% to 15.0% and from 21.1% to 27.6%, respectively, while the proportion of students in engineering departments decreased from 26.1% to 23.0% for the same period as showed in <Table 4-3>. A similar pattern is observed in the changes of the composition of junior college students by field of study, presented in [Figure 4-1].

Table 4-3 | Composition Ratio of University Students by Field of Studies (1965-1995)

Year	Total	Humanities	Social Sciences	Natural Sciences	Engineering	Agricul., Forest & Marine	Medical & Pham	Arts & Physical Educ.	Teaching
1965	105,643 (100.0)	19,227 (18.2)	29,037 (27.5)	9,622 (9.1)	17,647 (16.7)	9,830 (9.3)	9,382 (8.9)	6,512 (6.2)	4,386 (4.2)
1970	146,414 (100.0)	17,786 (18.2)	35,734 (27.5)	13,326 (9.1)	33,345 (22.8)	12,593 (8.6)	12,845 (8.8)	7,782 (5.3)	13,003 (8.9)
1975	208,986 (100.0)	36,611 (17.5)	37,343 (17.9)	15,339 (7.3)	44,421 (21.3)	14,650 (7.0)	16,831 (8.1)	12,621 (6.0)	31,188 (14.9)
1980	402,979 (100.0)	54,252 (13.5)	85,197 (21.1)	33,946 (8.4)	105,352 (26.1)	26,839 (6.7)	22,111 (5.5)	21,871 (5.4)	53,411 (13.3)
1985	931,884 (100.0)	150,141 (16.1)	257,738 (27.7)	89,709 (9.6)	199,603 (21.4)	47,312 (5.1)	39,408 (4.2)	53,177 (5.7)	94,796 (10.2)
1990	1,040,166 (100.0)	156,164 (15.0)	286,814 (27.6)	117,130 (11.3)	239,436 (23.0)	63,325 (6.1)	40,430 (3.9)	69,029 (6.6)	67,838 (6.5)
1995	1,181,997 (100.0)	166,480 (14.1)	306,487 (25.9)	137,909 (11.7)	299,665 (25.4)	57,581 (4.9)	44,707 (3.8)	106,829 (9.0)	62,399 (5.3)

Source: Ministry of Education (each year). Statistical Yearbook of Education

Figure 4-1 | Composition Ratio of Junior College Students by Field of Studies (1975-2005)



Source: KEDI Education Statistics Service (<http://cesi.kedi.re.kr>)

From the private institution's point of view, it was much less expensive and easier to increase enrollment in the social sciences and humanities. This implies that too much reliance on private provision of education might cause a disproportionate distribution of students by field of study and consequently the non-responsiveness of the higher education system in readily being able to change skill demands in the labor market.

Private School Promotion Foundation: In 1989 the Private School Promotion Foundation was established, main functions of which were (i) to mobilize and manage the fund; (ii) to provide financial support for repairing and improving school facilities; (iii) to manage the entrusted property; (iv) to collect and analyze data for private schools; and (v) to conduct other projects for promoting private school education. The primary activities were limited mostly to (i) and (ii) due to budget constraints. The main funding sources of the Private School Promotion Foundation was the government. As of 1994, 14.6 billion won was mobilized mainly by the government (85.4%). 97.3% of the fund was provided to private schools as a loan (21.1% to secondary schools, 26.0% to junior colleges, and 50.2% to universities). The amount of the loans was significantly smaller than actual demand (only 10% of demand). Schools which borrowed the fund were required to pay interest (5% per year) for five years and the principal for another five years.²⁷

2.6. Since the 1990s

Along with the new education vision of realizing 'Edutopia' where every citizen can pursue his/her self-realization as much as possible, the government tried to improve the elementary and secondary education system. The objective was to create an education system that respects the individual student's character and promotes the student's sense of morals, and nurtures creativity with the aim of fully realizing a student's potential. The government attempted to shift the education paradigm from supply-oriented to demand-oriented. This policy environment brought about changes in private school policies.

Until the 1980s private schools at the secondary level played a crucial role in sharing the responsibilities of public schools to increase access to education by constantly expanding school seats in the education system. Since the proportion of private schools in the lower and upper level of secondary education kept decreasing due to the expansion of public schools in the 1990s, however, the fundamental role of private schools which is to develop and provide creative and innovative educational programs began to be re-emphasized. It was required for private schools to lead public schools' education through new programs. Within this policy context, a few private elementary schools experimented with new educational methods called 'open education.'

27. Suh, Jungwha et al. (1995). Policy measures to improve private school education. Private School Promotion Foundation. pp.79-80 and p.112.

Woonhyun Elementary School and Younghoon Elementary School are examples of the application of innovative teaching and learning methods that are known as ‘open education.’ With the purpose of providing education that helps students develop individual character, talent, and creativity, these two schools experimented with these new education methods.²⁸ They reduced class size and provided open education to new entrants based on the individual differences of the students.

Open education drew great attention from other schools as an effective teaching-learning method in terms of identifying and promoting individual student’s potential. However, it had limitations in that it could not continue to be applied in middle schools because the main focus of middle school education was preparing students for the university entrance exam and because it was difficult to follow the national curriculum with the open education method. In order to achieve the very purpose of open education, new innovative teaching and learning methods need to be continuously applied from elementary through middle to high schools. This implies that it is required for the government to change the university entrance examination system by which a student’s individual character and creativity could be more highly counted than simple test scores, and to allow more autonomy and flexibility to private middle and high schools to develop and apply new innovative education methods.

For secondary education, in 2002 the government introduced a ‘self-reliant private high school’ scheme, by which private schools that can manage schools only by students’ tuition fees and transfers from school foundations without government subsidies are given a substantial level of autonomy in selecting students across the country, and designing and implementing their own school curriculum as long as their programs include 56 units of the national curriculum. The core idea of this scheme is to allow competent private high schools to select students based on their own criteria and to provide innovative educational services. These schools are allowed to decide the level of tuition by themselves. As of 2011, there are 51 self-reliant (autonomous) private high schools in Korea.²⁹ This scheme allows schools to select students and students to choose schools.

In addition, in order to guarantee the diversity of educational opportunities, the government encouraged each school (whether private or public) to develop its own representative programs that were distinguished from other schools and let students apply to schools which provided programs students wanted to take. The government also established special purpose high schools in the areas like sciences, foreign languages, sports, arts, and music. The number of such schools has been small, however.

28. Ministry of Education (1998). *50 Years of Education History*. p.289.

29. The title of ‘self-reliant’ was changed into ‘autonomous’ in 2010. There are also 58 autonomous public high schools as of 2011.

The major government regulations related to the management of private schools for now are as follows: (1) the establishment of private schools: Only school foundations can establish a school; no individual person is allowed to open and run a school. In other words, anyone who wants to establish and run a private school should first establish a school foundation and meet the rigorous standards in classroom size, facilities, equipment, faculty and other education inputs set up by the Private School Act and related regulations on the establishment and operation of private schools.

(2) Students' admission and management: As mentioned earlier, most of the private schools at the secondary level do not have the discretion to select students based on their own criteria. Primary and middle school graduates are allocated to each middle and high school by lottery. Only a limited number of special purpose schools and self-reliant schools and specialized vocational high schools are allowed to select entering students by themselves. Colleges and universities have a substantial level of autonomy in admissions. Enrollment size at the secondary level is decided and managed by local office of education. Enrollment size at the college and university level is liberalized in principle, while the colleges and universities located in Seoul, Incheon, and Kyunggi-do are managed by government guidelines.³⁰

(3) Financing of private schools: The tuition and fees of private schools at the secondary level are set to be equal to those of public schools by local offices of education. Due to the fact that private secondary schools are not allowed to implement their own admission policies and raise tuition over the level of public schools, the government provides subsidies for teacher salaries and school operating expenditures at the same level of public schools. While private colleges and universities are allowed to determine their tuition level by themselves in principle, they set their tuition level in accordance with the guidelines of the government.

(4) Curriculum and textbooks: National curriculum should be applied to all public and private secondary schools. Both private and public schools have to choose textbooks among the ones published or authorized by the government.

(5) Teacher qualification and recruitment: There is no difference in the basic qualification requirements for being a secondary school teacher at private and public schools. Teachers' qualifications are specified by law. Private schools select their own teachers who meet the required standards by themselves. Once hired, teachers in private schools are expected to continue to work at the same private school until retirement.

³⁰. To reduce population increase in these areas.

The government stipulates the above mentioned regulations to guarantee the same level of quality education in private schools as that of public schools and to achieve the balance between public character and autonomous character of private schools. For the same rationale, the government also provides several financial incentives: (i) Direct subsidy to private middle and high schools: The government subsidizes the teacher salaries and school operating costs of private schools. The amount of government subsidy is estimated by the gap between the standard budget requirement and the actual revenue of the private school. Since most private school foundations have very limited financial capacity to support school operation, almost all the private schools are dependent on the government subsidy for their annual operation.

(ii) Subsidy to colleges and universities: The government provides financial subsidies to private colleges and universities to promote their R&D activities and enhance their teaching capacity for better education. Most of subsidies are distributed based on performance measures developed for specific policy purposes with matching conditions.

(iii) Tax exemptions: All taxes which are directly related to the operation of private schools are waived such as corporate tax, VAT, property tax, and other internal and local taxes. The business and assets owned by a school foundation are subject to relevant taxes but a lower level of the tax rate is applied. If a private citizen or organization donates certain amount of money to private schools, the amount of donations are deducted from the donor's income base for taxation.

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Chapter 5

General Assessment of Private School Policy

1. Review by Period
2. Main Contents of Evaluation

General Assessment of Private School Policy

1. Review by Period

To draw policy implications for designing, implementing and improving private school policy in the future, it would be meaningful to review the experiences of private school policies in Korea by using the following criteria: (1) how to identify and maintain an optimal balance between private and public schools – for this, it is necessary to review how the Korean government estimated (a) present and future demand for education from social and economic perspectives and (b) the government and private sector’s capacity and used the results of the estimation; (2) how to integrate private schools into a national education system – to better understand the way the Korean government gave specific roles to private schools within the framework of a national education system, it is helpful to analyze (a) government regulations on establishment and management and (b) the government’s financial support, and (3) to what extent the three roles of private schools are fulfilled – in terms of figuring out the uniqueness of the Korean private schools, it is critical to analyze how major policies related to private schools have affected the three key roles of private schools - (a) maintaining various educational values, (b) developing innovative education programs, and (c) supplementing the government budget.

Between 1945 and 1960: Right after Korea was liberalized from Japanese colonial rule, demand for education increased drastically because education was regarded as a human right and an important means to upward social mobility. The government also recognized the necessity and importance of enhancing people’s education level for national development. Between 1945 and 1960, however, the government had a very limited amount of budget, only enough to provide primary education, and thus had to utilize the private sector’s capacity to expand educational opportunities at the secondary and higher education

level. The government encouraged the private sector to establish and run schools with some incentive measures. For example, the government excluded land donated for private schools from land reform (1949). However, there was no application of rules and regulations which guided private schools' management from a national education policy point of view, indicating that the government did not seriously consider how to integrate private schools into a national education system.

Between 1961 and 1968: In the late 1950s private schools were criticized for their financial flaws and low quality of education. Laissez-faire policy in the 1950s had an advantage of promoting the establishment of private schools and thus school seats for children. Without reasonable guidelines or control mechanism for quality assurance and sound management, however, the policy ended up with causing unexpected negative results. Private schools did not fulfill their expected roles as a part of the national education system. The new government that took power by 5·16 military coup in 1961 made efforts to rebuild a nation by reforming the policy system with grand national development plans. As a part of these efforts, the government tried to control and guide private schools' governance and administration within the national education system's framework by enacting Private School Law in 1963. With this law the autonomy of private schools was restrained by the government's supervision. While the law contributed to preventing and decreasing private schools' corruption, it raised a serious question of how to effectively balance the autonomy of private schools with government control.

In the 1980s: The shift of the government's private school policy from laissez-faire to control brought about arguments for fostering private schools in order to fully utilize private schools as a part of a national education system. This argument was based on the government's control could be legitimized only with the provision of aid to private schools and that the government policies in the 1960s caused the private schools to face severe financial shortages. In addition, two major policies – the abolition of the middle school entrance examination in 1968 and the introduction of High School Equalization Policy in 1974 – forced the government to provide financial subsidies to private secondary schools because the successful implementation of these two policies was conditioned on guaranteeing the same quality of educational infrastructure in public and private schools. However, due to these two policies private secondary schools lost their own rights to select students based on their own educational philosophy. Students also lost their rights to choose the schools where they wanted to study. Private schools had to teach the national curriculum and follow the tuition schedule for public schools. The government provided most of the private school operating costs including the teachers' salaries. In other words, private secondary schools in Korea could not play crucial roles expected of 'private schools,' such as maintaining various kinds of educational values and developing innovative ways of teaching and learning.

In the 1980s: The underlying principles of private school policies were maintained in the 1980s. The government supervised the private schools' curriculum, financial and personnel management, while it also provided financial subsidies. As a way of increasing financial aid, the government established the Private School Promotion Foundation in 1989. In order to meet the ever increasing demand for higher education, the government introduced the Graduation Enrollment Quota System which allowed junior colleges and universities to admit 15% and 30% more new entrants, respectively. Although they were required to expel the same percentage of students before graduation, no institution followed the policy. To accommodate the increased students, private colleges and universities chose to expand their humanities and social sciences departments rather than the engineering and natural sciences, which cost a lot more to maintain. This experience was a lesson for the government to be cautious when it decides the balance between public and private schools.

Since the 1990s: The proportion of private secondary schools has kept decreasing from the 1970s for middle schools and from the 1990s for high schools due to the relatively greater expansion of public schools. Along with these changes in the number of private schools, the government began to pay attention to the private schools' role of developing and applying new innovative educational programs. The private elementary schools' experiments in using the 'open education' method indicated that in order to achieve a new teaching-learning method it was required to change related education policies like the university entrance exam and give schools more autonomy. The introduction of 'self-reliant private high schools,' special-purpose high schools, and specialized vocational high schools made positive contributions to expanding students' choices and developing new education methods.

2. Main Contents of Evaluation

2.1. Financial Resource Mobilization

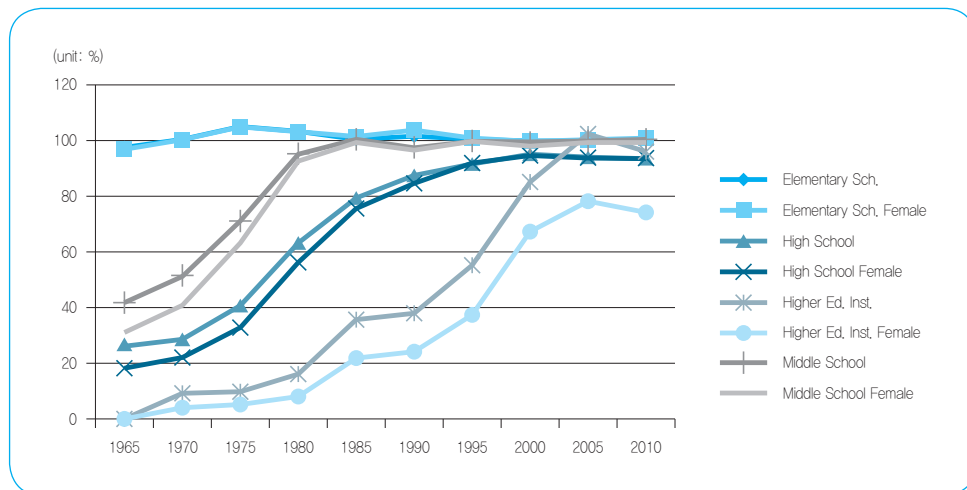
In the Korean context the most prominent rationale for introducing a private school policy is to mobilize additional financial resources from the private sector to meet the ever-increasing demand for education when faced with budgetary constraints. In that sense private schools at both secondary and higher education levels have made a tremendous contribution to the expansion of the education system. In other words, with heavy reliance on private contributions, the Korean government was able to successfully implement its sequential educational expansion strategies and supply the needed manpower for national economic development.

Since the liberation of the Korean peninsula from the Japanese colonial rule in 1945, the Korean government has encouraged the private sector to build and operate private schools at both the secondary and higher education levels with financial incentives like tax exemptions & deductions and public subsidies. Especially tax incentives have played a crucial role in inducing the private sector to establish and run private schools. Various taxes related to the direct operation of private schools like property tax, corporate tax, VAT, and other internal and local taxes have been waived. Lower tax rates have been applied to the business and the assets run by school foundations.³¹

2.2. Equal Educational Opportunities

Policies to induce private schools as a main actor in the Korean education system since the mid 1950s have been successful in providing more equitable educational opportunities to the Korean people irrespective of gender, geographical location and socio-economic background. The differences in entrance and enrollment rates between male and female students have continuously decreased and as of 1990 there was almost no difference except for with higher education. These observations indicate that private schools have made a great contribution, at least in primary and secondary education, to providing equal educational opportunities.

Figure 5-1 | Gap in Enrollment Rates between Genders



Source: KEDI Education Statistics Service

31. Kim, G.J. (1998). *The Educational Policy and Administration in Korea*. Educational Development in Korea: An Analysis of Investment and Development Strategies. KEDI. p.69.

2.3. Diversity in Education

Between 1945 and the late 1950s the military and Korean government took a *laissez-faire* position in private school policies. Due to this, many private schools, which were established by protestant missionaries, civil organizations, and national leaders, regained the momentum to realize diverse educational philosophies and visions.

However, since the Korean government abolished the middle school entrance examination in 1968 and adopted the high school equalization policy in 1974, the special characters of private schools were ignored in national education policy practices. As explained in the previous sections, private schools lost their right to select students based on their own educational philosophy, while students also were not allowed to choose the schools they want to study based on their own academic preferences. Private schools have had to follow the national curriculum with very limited exceptions and followed the public schools' tuition schedule. In other words, private secondary schools in Korea could not make meaningful contributions to guaranteeing diversity of education mainly due to the two policies mentioned above.

2.4. Educational Innovation

For the same reason presented above, private secondary schools in Korea did not play a leading role in designing and applying new innovative teaching and learning methods, which requires a substantial amount of autonomy in curriculum design, student selection, and school management.

In order to remedy this limitation, the government introduced a new type of private schools called a 'self-reliant private high school' in 2002. Since the main focus of this type of private high school has been on preparing students for high ranking university admissions both in Korea and abroad, these schools still play a limited role in developing new methods for education or maintaining diversity in educational values.

What policy implications can be drawn from the analysis of the Korean case? The previous chapter reviewed the purposes, processes, and results of major private school policies and other key policies which affected the quantity, quality and distribution of private school education. The focus was on how to identify and maintain balance between public and private schools, how to integrate private schools into a national education system, and to what extent the three principal roles of private schools are fulfilled – maintaining various education values, initiating education innovation, and supplementing an insufficient government budget. Based on the discussions of chapter 5, this chapter tries to find key factors that a developing country's government should check when designing private school policies to meet an increasing demand for secondary and higher education, and to enhance the quality of educational services.

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Chapter 6

Policy Implications for Developing Countries

1. Private Sector's Capacity and Willingness to Invest in Education
2. National Economy's Capacity to Absorb Graduates
3. Government Support and Control
4. Roles and Responsibilities of Private Schools

Policy Implications for Developing Countries

1. Private Sector's Capacity and Willingness to Invest in Education

Introduction and expansion of private schools in a country's national education system can be an effective policy tool for mobilizing additional resources available in society. However, a country needs to diagnose first the financial capacity and willingness of the private sector to provide school education in a consistent manner over a long period of time. Education is an industry that needs long-term investment. In addition, the government needs to check the parent's ability and willingness to pay for a certain proportion of educational expenditures.

In Korea there were many private schools which were established and operated by missionaries, civil organizations, and national leaders before 1910. After 1945 the private sector actively joined the education market due to the government policies such as Land Reform (1949) or tax incentives. Parents also were eager to send their children to schools and willing to pay tuition for private schools because they believed education was the only way for their children to reach upward social mobility.

2. National Economy's Capacity to Absorb Graduates

From an economic point of view, both the government and private sector need to take into account future prospects of a country's economic growth in terms of magnitude and speed and thus manpower demand when designing and implementing policies to expand private schools. If there is a large increase in demand for manpower, the private sector would be more willing to invest in schools.

The private vocational high schools in Korea played a critical role in training and supplying skilled workers especially during the 1970s and 1980s when the focus of the Korean economy shifted to heavy and chemical industries from light industries. For example, the Korean government made a plan for supplying about half of the skilled workers for the 3rd Five-year Economic Development Plan period (1972-76) by vocational high schools, of which 38.7%-43.8% were private schools.³²

3. Government Support and Control

In order to induce the private sector to establish and manage schools and to provide educational services in a sustainable manner, the government needs to provide incentives such as tax exemptions or deductions and financial subsidies to private schools. In the Korean case, the government policies of providing subsidies for school operation and tax incentives were effective in attracting the private sector to establish and operate private schools.

In addition, the government also is required to make sure that the private schools provide quality education comparable to public schools. In other words, the government needs to have a quality assurance system that is applied to both private and public schools. This is to ensure that the education market fair and that public and private schools can compete with each other under the same conditions. By providing information on the characteristics of private and public schools, including the results of the school performance evaluation, the government can enable education consumers (parents, students, and enterprises) to make informed decisions when they invest in education.

4. Roles and Responsibilities of Private Schools

It is important to define the roles and responsibilities of private schools, compared to public schools, when introducing private schools into a national education system. Who should pay for what and how much? Who is responsible for curriculum design and implementation to what extent? Without having clear answers to these questions, the government policies on private schools may cause serious confusion or fail to achieve the desired results from private schools. In principle, in order to fully maximize the private school's roles of maintaining diversity in education values and leading educational innovation, the government needs to guarantee quite a substantial level of autonomy to private schools in designing and implementing curriculum, selecting students, recruiting and placing teachers, and generating and managing revenue.

32. Office of Science & Technology (1971). *The Third Five-Year Manpower Development Plan*. p.83.

To utilize available private resources to expand educational opportunities in more practical ways, the government may try different types of private school models such as fully autonomous (fully self-reliant), semi-autonomous (e.g., both school and the government finance school operation), and quasi-public (e.g., school foundation establishes schools and the government operates with public money). In this case, it is crucial to identify and maintain the optimum level of autonomy and public characters of each type of private schools.

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