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**Research Report**

## Resetting Education Policy to Restore Social Mobility

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**KDI FOCUS** | Analysis on critical pending issues of the Korean economy to enhance public understanding of the economy and provide useful policy alternatives

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## Resetting Education Policy to Restore Social Mobility

Hisam Kim, Fellow at KDI

Korean society, once characterized by a high degree of intergenerational social mobility, faces increasing pessimism over the significance of one's efforts in moving up the social ladder. Rising skepticism is being cast on the role of education as a pathway to social ascent, given how intergenerational transfer of social status is increasing and the education gap between social classes is widening. Accordingly, the time has come to intervene in the early stages of personal development to prevent wasting talent; to take aggressive measures against inequality; to pursue educational reforms in order to help the younger generations develop competencies and explore diverse paths to success; and to make policy efforts to prevent the social exclusion of the underprivileged.

### I. Issues

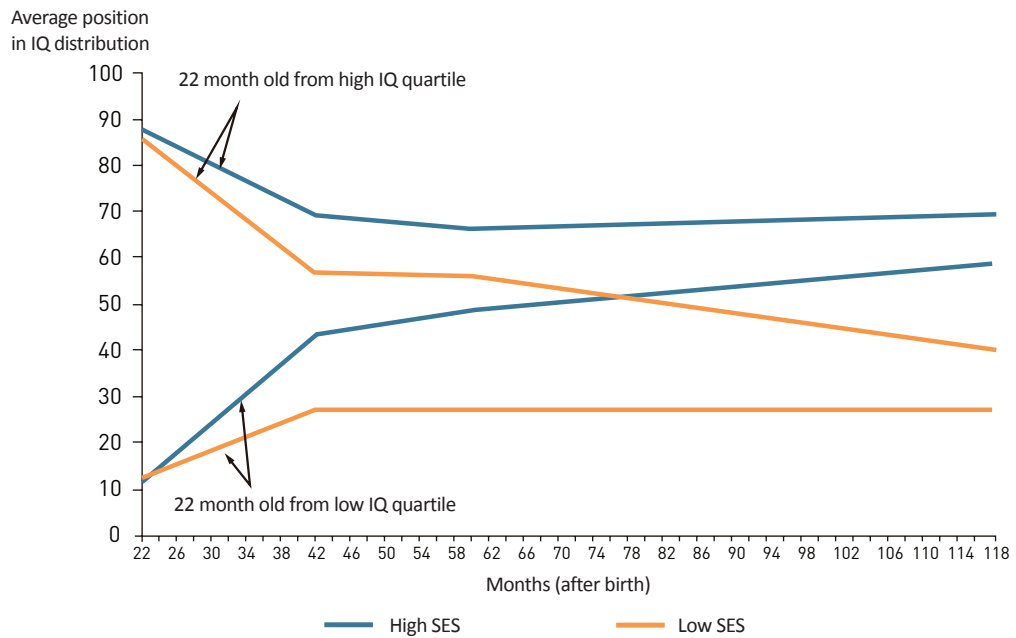
#### 1. Why is Social Mobility Important?

Do people want to live in a strictly hierarchical society, where social status is passed onto following generations as in a caste system?

The answer will differ depending on the social class to which a person belongs. However,

\* This study builds on Hisam Kim's previous research (2014).

[Figure 1] Cognitive Development of Children Aged 22 months to 10 years and Socioeconomic Background



Source: Feinstein (2003) based on the British birth cohort study of children born in 1970.

Low social mobility undermines equality, prohibits an effective distribution of resources, and harms economic growth.

Pessimism has been rising over intergenerational upward mobility, and belief in the significance of an individual's effort has been weakening.

from a collective viewpoint, a society with low social mobility has an understandably somber outlook. A system where individuals from less privileged social backgrounds cannot succeed, regardless of their abilities or efforts, reflects a social class structure that is not morally acceptable. The increased conflict between social classes that would inevitably ensue would further undermine social cohesion, as individuals lose hope for a better future for their children.<sup>1)</sup> In addition, familial circumstances may prevent the underprivileged from realizing their innate potential while others may inherit socially important positions that are beyond their capabilities; hampering the optimal use of human resources. Accordingly, low social mobility can suppress social equality, the effective distribution of resources, and economic growth.

When considering which factors contribute to the establishment of a fair society with universal equal opportunities, people tend to support policies that are likely to assure more equal opportunity in employment and education and less interested in measures designed to offset genetic advantages (Corak, 2013).

According to analysis on early childhood development, differences in a family's socioeconomic status can affect the progression of a child's cognitive abilities. Feinstein (2003) found that children of lower socioeconomic status (SES) who were in the top 10% of cognitive ability at 22 months posted a relative decline in IQ ranking, while their higher SES

1) OECD (2011) defined the three elements of social cohesion as (1) social inclusion (non-exclusion of the less privileged), (2) social capital (trust and civic engagement), and (3) social mobility (possibility of change in social status and faith thereof).

counterparts in the bottom 10% recorded a gradual increase. In the end, as seen in Figure 1, regardless of innate cognitive abilities, when children reach the age of 10, their cognitive development processes are divided between the high IQ quartile for privileged children and low IQ quartile for the less privileged. Based on these results, one might surmise that if children of all households are provided with sufficient nutrition and quality education that stimulates the development of their potential, society as a whole will see the full flowering of natural talents unhampered by social circumstances as well as improvement of late bloomers.

The development of innate cognitive ability varies depending on the environment in which a person is raised.

## 2. Why is Social Mobility a Problem in Korean Society?

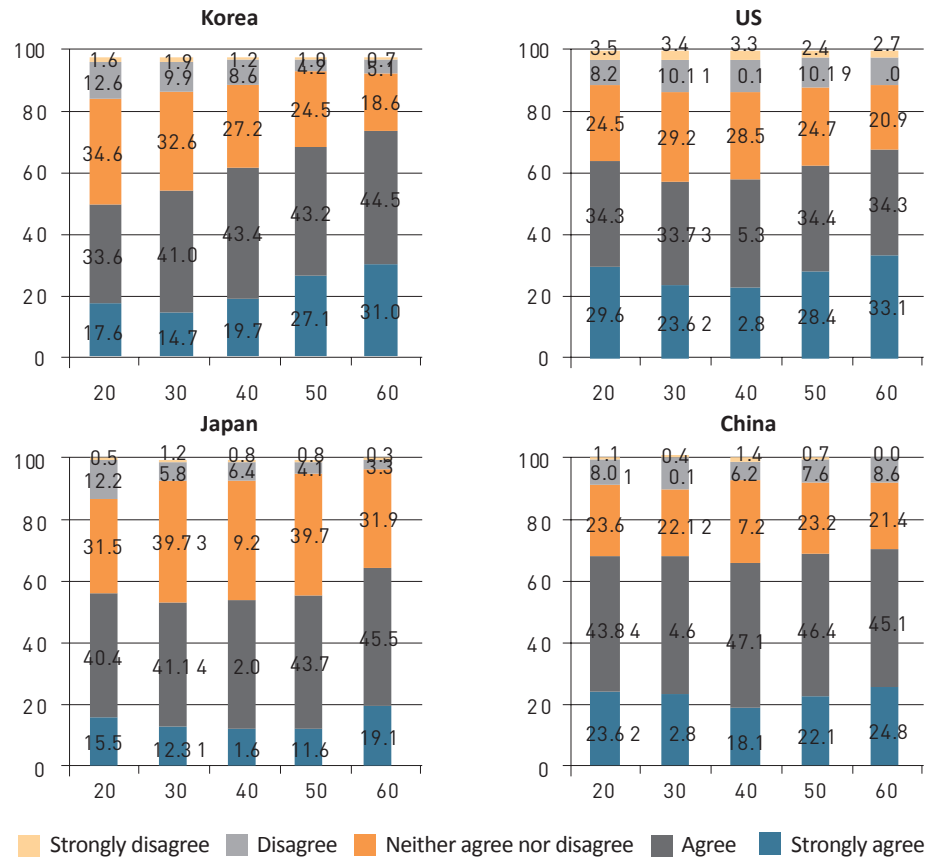
“What are your expectations for the possibility that your children will someday have a higher socioeconomic status than the one you currently occupy in Korean society?” According to the Social Survey by Statistics Korea (KOSTAT), 5.1% of the respondents selected “Relatively low” and “Very low” in 1994, a figure that jumped to 11.2% in 1999 and 19.8% in 2003. After 2006, when the answer option “Do not know” was removed from the possible responses, the share of negative answers increased to 29.0% in 2006, 30.8% in 2009, 42.9% in 2011, and 43.7% in 2013, reflecting escalating pessimism about intergenerational social mobility.

Another approach to the assessment of public perception of social mobility is to examine the extent to which respondents believe that individual efforts will lead to success. In KDI’s 2013 Happiness Survey, respondents were asked whether they believed that self-effort is the key to success rather than luck or personal connections. Of the respondents in their 60s, 75.5% answered positively (“Agree” and “Strongly agree”), while the figure was only 51.2% for those in their 20s. That is, younger respondents were less inclined to believe that their efforts would pay off. Since many older Koreans successfully built their lives in a fast-growing society during a period of rapid economic growth, they expressed more optimism than those in Japan, the US, and China. In contrast, younger Koreans were found to have a more pessimistic view than their peers in other countries (Figure 2).

This report aims at shedding light on the rising pessimism by drawing from an old Korean saying that a dragon rises from a shallow stream—much like high-achieving students who come from humble backgrounds. As such, this study dissects freshmen enrollment at Seoul National University (SNU), a school that symbolizes prestige in Korean society. Figure 3 shows that the Seoul area, particularly the city’s special-purpose high schools, has an increasing share of students admitted to SNU compared to other regions. Figure 4 presents the systematic gap in household income levels between different types of high schools, implying that education is used as a channel to maintain social status from one generation to the next.<sup>2)</sup>

A gap between social classes and regional representation in admissions has begun to widen at top-tier universities.

[Figure 2] International Opinion on the Key to Success (“The main proponent of success is hard work rather than luck or personal connections”) among Age Groups



Source: Based on “KDI Happiness Research 2013” for Korean data; Osaka University’s GCOE 2012 for data on Japan, the US, and China.

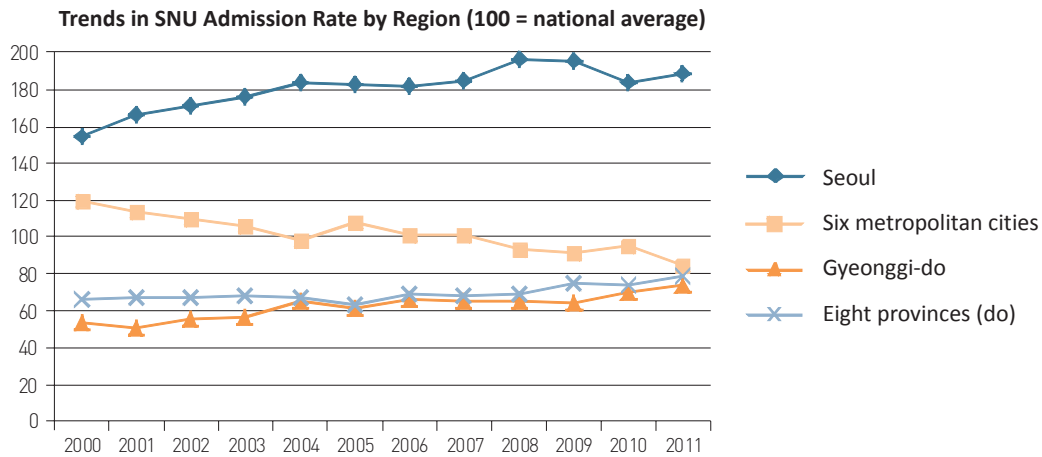
## II . Rise and Decline in Intergenerational Mobility in Korea

### 1. Korea, a Land of Equal Opportunity?

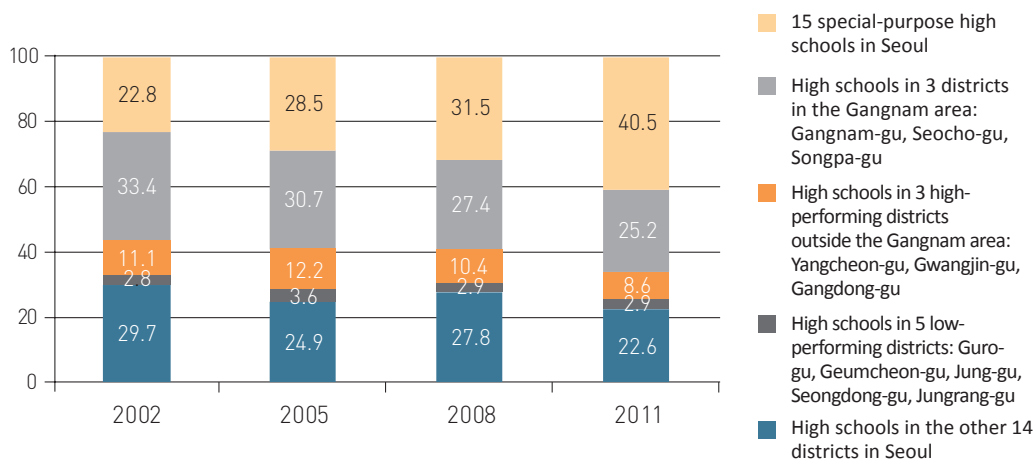
Korea is often cited as an exemplary case of a country that rose from the ashes of war and achieved remarkable economic growth and political democracy in just half a century. This analysis is often paired with the notion that the country does not exhibit the same high level of income inequality seen in South America. Income inequality can be passed down from one generation to the next through investments in children’s education and

2) Se-jik Kim (2014) pointed out that a gap in admission to top-notch universities by high school type and region is attributable to a weakening function of selecting “genuine human capital,” which is independent of parents’ financial means and is subject to students’ own potential and efforts. He argued that if parents’ investments can make the less-talented seem very talented, it will undermine making the best use of young talent, and thus it is time to examine whether the drop in fair competition in education has been a factor in slower economic growth and weakening efficiency in education since the late 1990s.

[Figure 3] Which Regions and High Schools Send the Most Students to SNU?



Composition of SNU Freshmen who Graduated from High Schools in Seoul



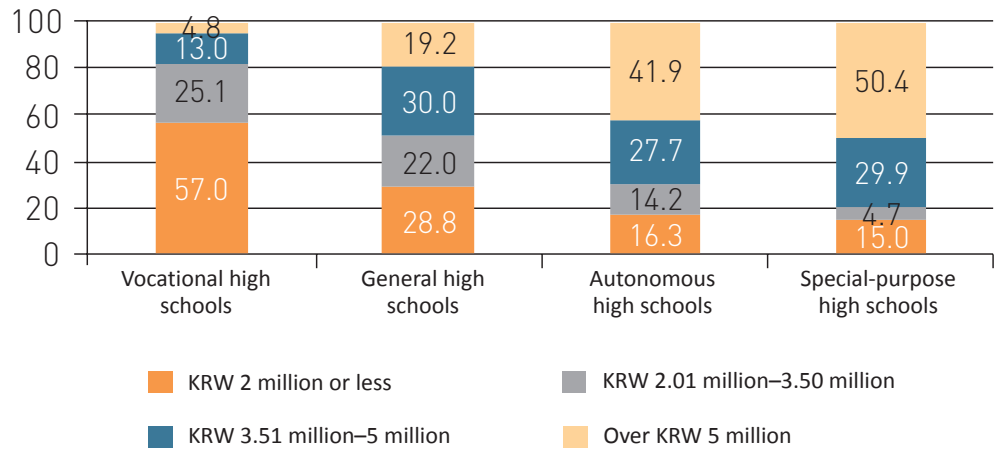
Source: The number of students admitted to SNU by high school, reported to the National Assembly by SNU; a reconstruction of Yeong-cheol Kim's research (2012)

inheritance. According to Figure 5, a country with high income inequality (measured by Gini coefficients) demonstrates strong intergenerational economic persistence. That is, a country with a high Gini coefficient displays high intergenerational income elasticity (a measure of how much a 1% rise in the father's income affects his son's income). Korea did not experience serious income inequality until the 1990s, and the correlation between fathers' income and that of sons (with an average age of 40 as of 2015) who received secondary and tertiary education in the 1990s is significantly low. Accordingly, Figure 5 shows that Korea saw a low degree of intergenerational transfer of economic status and thus had more in common with Northern Europe than the UK, the US, and South America.

However, income inequality in Korea has increased since the 2000s, and a race for private education and its attendant high costs has emerged as a deterrent to having children. For this reason, it is questionable whether Korea continues to be perceived as a

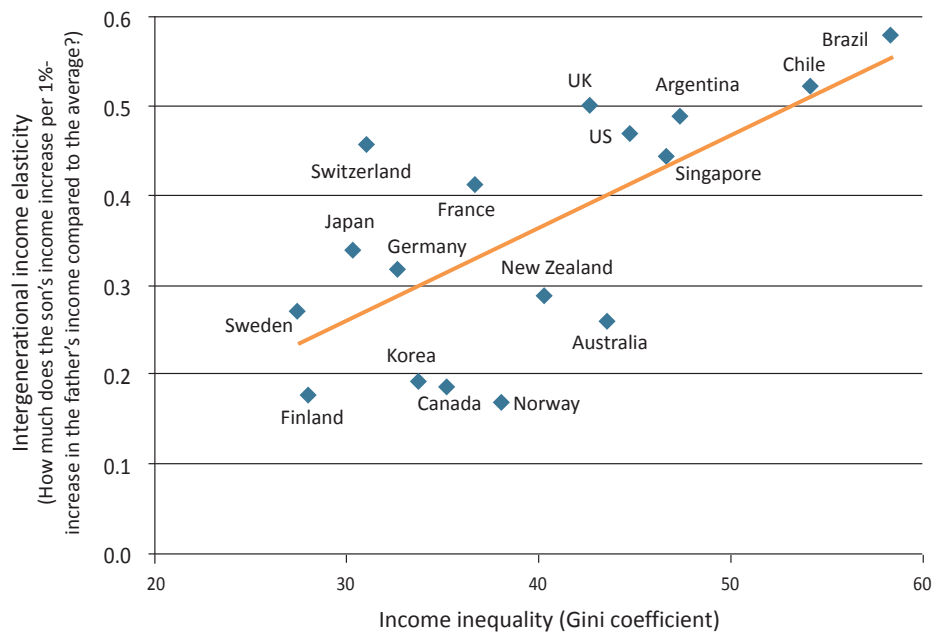
The correlation between parental income and children's earnings is marginal for the current middle-aged generation. However, the growing income inequality and race for private education have prompted concerns over intergenerational social mobility.

[Figure 4] Monthly Household Income and Type of High School, Seoul



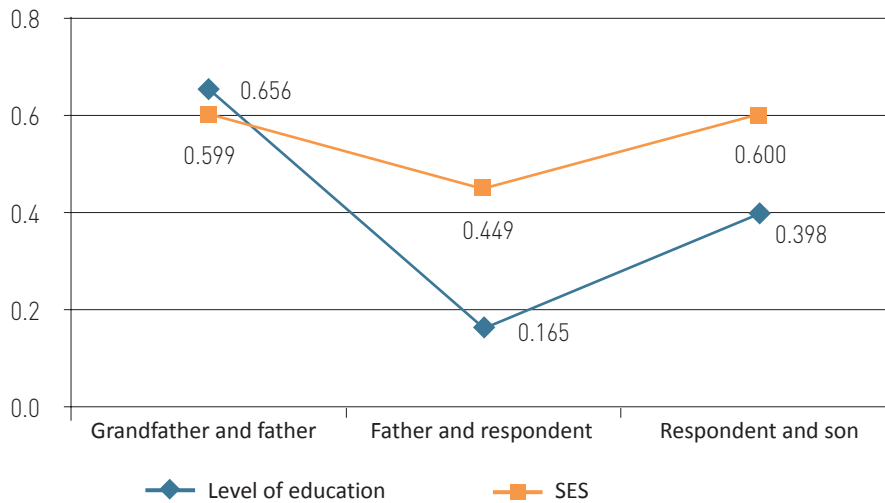
Source: Calculated by author based on SELS's 2010 data

[Figure 5] Income Inequality/Intergenerational Persistence in Economic Status(The Great Gatsby Curve)



Note: Given that the average year of birth for the age cohort used in the Korean Labor and Income Panel Study is 1976, and parental spending is concentrated on secondary and tertiary education, the study adopted an average Gini coefficient between 1990 and 2000.  
 Source: Intergenerational income elasticity is based on Corak (2013). Korea's father-son income elasticity was derived from the Korean Labor and Income Panel Study's 1998–2012 data. Gini coefficients of market income (pre-tax income) are 1990–2000 averages calculated based on the UNU-WIDER World Income Inequality Database.

[Figure 6] Intergenerational Correlation Coefficient in Terms of Educational Attainment and SES



Note: Level of education refers to the number of years of formal education completed by an individual. SES is based on a 10-point scale with which respondents are asked to rate their social status in their 40s and 50s relative to Koreans of the same generation.  
Source: Calculated using data from the 2013 KDI Happiness Survey (a sample of 1,525 male respondents)

land of equal opportunity with high social mobility, seen in Figure 5, as younger Koreans, who have experienced a wider education gap between social classes, begin joining the labor market.

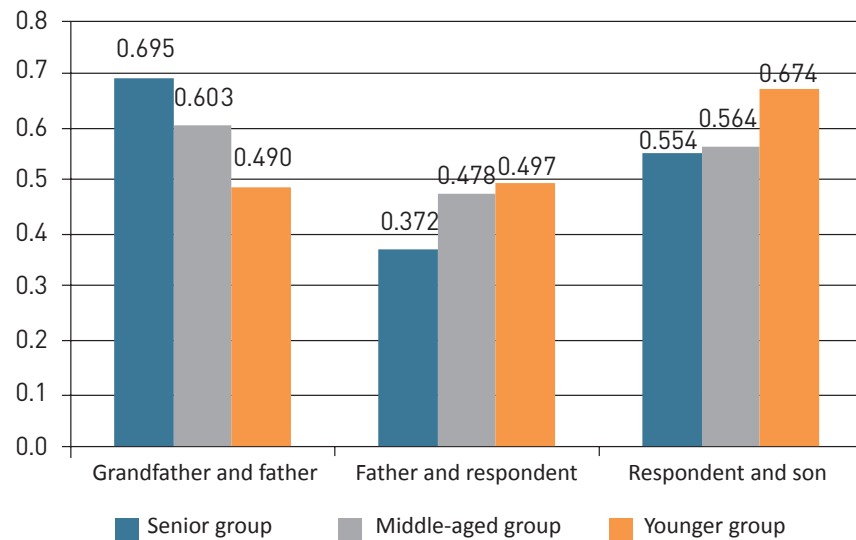
## 2. How has the Intergenerational Transfer of Social Status Changed?

Korea's high social mobility, and intergenerational class mobility, especially, is attributable to a combination of factors: the collapse of the old social hierarchies with the end of the Japanese colonial rule; the Korean War and subsequent drastic changes such as the abolition of the class system and land reforms; national aspiration for education; expansion of public education; job creation driven by rapid economic growth; high school equalization, and policy efforts to discourage private tutoring (Hisam Kim, 2009). An increase in universal education opportunities has reduced the impact of the correlation previously observed in the intergenerational educational attainment. According to a survey of 1,525 male adults aged 20 to 69 (Figure 6), the correlation coefficient between each respondent's grandfather's educational attainment and their father's educational attainment reached 0.656, but dropped to 0.165 between their fathers and respondent themselves. In terms of subjectively evaluated SES, the father-son correlation coefficient fell from 0.599 to 0.449 over the two generations.

However, the father-son correlation coefficient in terms of educational achievement increased to 0.398 between respondents themselves and their sons (229 eldest sons who are grown up and have completed their education), and the correlation coefficient in terms

**Intergenerational persistence of income declined during the period of fast economic growth only to increase later.**



**[Figure 7] Intergenerational Correlation of SES by Age Group**

Note: The demographic groups are senior cohort aged 50–69 (509 individuals), the middle-aged cohort aged 36–49 (501 individuals), and the younger cohort aged 20–35 (515 individuals).  
 Source: Calculated using data from the 2013 KDI Happiness Survey (a sample of 1,525 male respondents)

of SES between respondents themselves and their sons (1,525 sons, including hypothetical sons i.e. if they currently do not have sons) was as high as 0.6. The intergenerational persistence in social class posted a U-shaped movement, declining for three generations and then increasing from the third to fourth generation.

In Figure 7, male respondents are divided into three age cohorts to compare changes in the father-son correlation coefficient of SES. This figure presents that intergenerational class mobility increased and then receded. The younger cohort shows a lower score to the grandfather-father correlation coefficient compared to the older cohort but a higher score to the subsequent generation pairs.

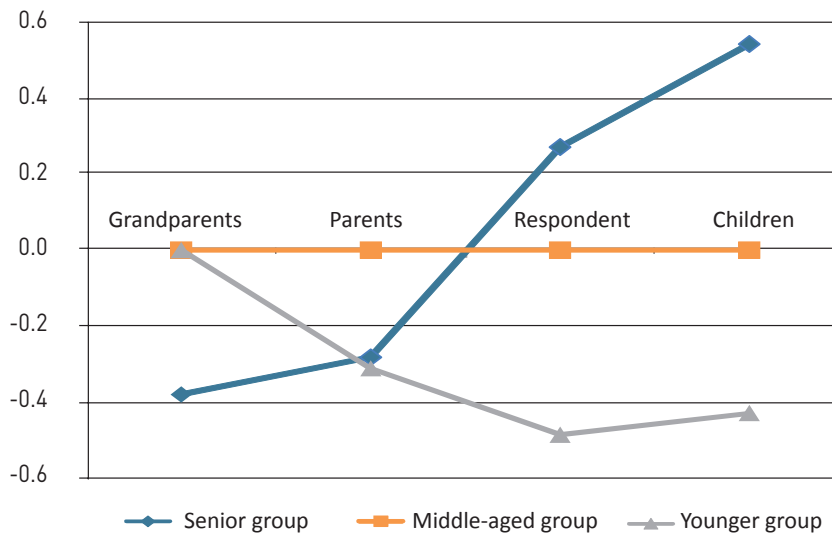
**Belief in the role of education as a ladder of social ascent increased, but has declined in recent years.**

### 3. Is Education Still a Ladder for Upward Mobility?

Education can serve as a social mobility ladder for lower-income children when public education is opened up for widespread access rather than for the limited few. Education also leads to sound job opportunities. In contrast, when it is difficult for the educated to be offered a promising job opportunity simply due to attending a lower-ranked school—with the lack of financial backing from parents being a hurdle to attending prestigious schools—education is perceived as a channel to pass on social class status to the next generation.

In the KDI Happiness Survey 2013, respondents were asked, “How do you evaluate the probability of social mobility that generations of your grandparents, parents, your own, and your child would have through education? (A higher score expresses a stronger belief

[Figure 8] Perception of Education as a Ladder to Higher Social Status by Age Cohort



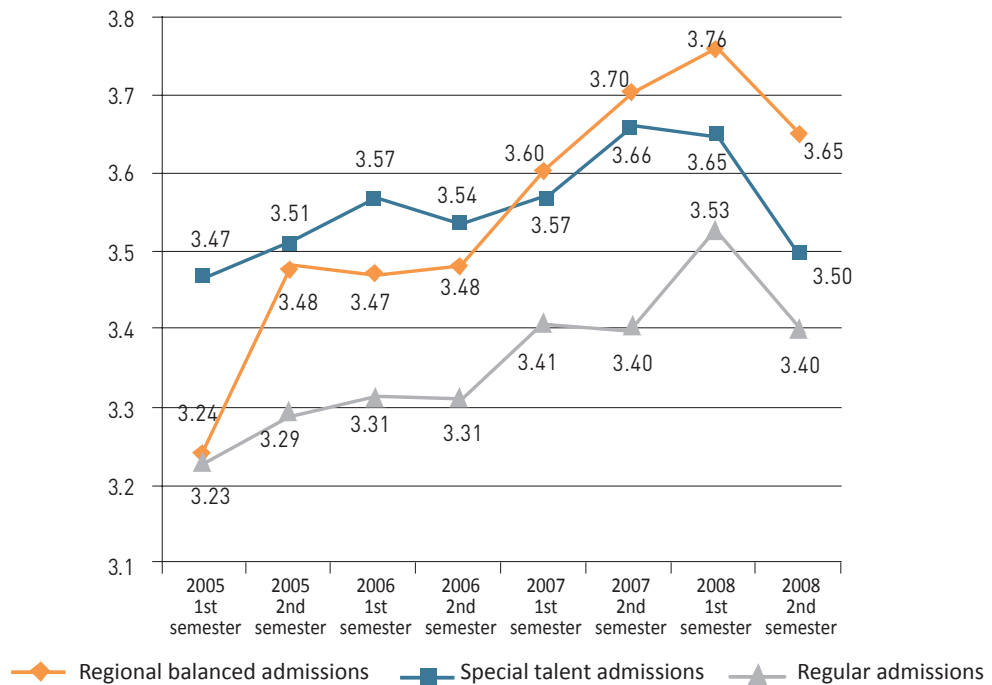
Note: The statistics are based on 983 individuals aged 50–69 (senior cohort), 993 aged 36 to 49 (middle-aged cohort) and 1,024 aged 20–35 (younger cohort). Assuming a zero score by the middle-aged cohort, the data shows statistical differences with the scorings made by the senior and younger cohorts. Source: Calculated based on the 2013 data from the KDI Happiness Survey (3,000 male and female adults across the nation)

in the role of education in upward mobility). Figure 8 presents a comparison of responses by age cohorts. Compared to the middle-aged cohort, the senior cohort was less convinced education acted as a stepping stone for their grandparents' and parents' generations but gave a higher score for their own and children's generations. The younger cohort's responses were in line with those of the middle-aged cohort, when it comes to their respective grandparent's generation. The younger age cohort was more skeptical of the role of education as a ladder of social mobility for their generation, as well as those of their parents and children. These responses are consistent with the growing pessimism toward the possibility of social mobility and rising skepticism about one's efforts translating into success. That is, there is a deepening perception in Korean society that education is no longer its great equalizer.

### III . Education Policies to Restore Social Mobility

In a time of slowing economic growth and aging population, Korean society risks becoming stagnant and must therefore find fresh momentum by developing natural talent that otherwise would be wasted; convincing people that there are various paths to success if they steadfastly follow their inclinations and interests; and taking full advantage of human resources without excluding certain social groups.

[Figure 9] Changes in SNU Students' GPA by Admission Type



Note: In 2005, SNU accepted 3,224 students to the class of 2009. They consisted of 659 (20.4%) through regional balanced admissions, 426 (13.2%) through special talent admissions, and 2,139 (66.3%) through standard admissions. Among them, 702 students graduated in February 2009. Their admissions background was 84, regional balanced; 102, special talent; and 516, standard.  
 Source: Sun-geun Baek and Jeong-ho Yang (2009)

### 1. Preventing Waste of Talent

To fully realize the potential of underprivileged students, it is necessary to intervene in the early stages of student development and expand affirmative action policies and follow-up support.

If one can easily improve the College Scholastic Aptitude Test scores by investing more on private tutoring, the talent selection process is not fair or desirable, even though it is based on objective scores. If high-income students, with the help of expensive tutors, have a better chance of getting into high-quality universities that are the alma mater of many leaders of society, this system will deprive naturally talented students of opportunities to learn from outstanding teachers and fully realize their potential and significantly contribute to national development.<sup>3)</sup>

In 2005, SNU introduced a regional balanced admission system to select rural students who do not have an outstanding grade point average but have high potential for development, according to letters or recommendations from high school principals. Figure 9 shows that students admitted through the system had GPAs comparable to regularly

3) In KDI's 2011 survey of teachers, professors and researchers, 68% disagreed with the following statement: "Admission into a prestigious school can be granted based on personal skills and hard work, regardless of family's economic status." Younger respondents, tended to be even more pessimistic. The proportion of negative answers was 83% among those in their 20s and 30s, 71% among those in their 40s, and 58% among those in their 50s. The responses suggest swelling skepticism in education circles over the chances of a person from a humble origin rising to economic heights (Bang-ran Ryu, 2011).

admitted students but lower GPAs than freshmen with more advanced qualifications. Most of them were from special-purpose high schools.

However, thanks to SNU's support and backing, students admitted through the regional balanced admission system have demonstrated their potential, posting even higher GPAs than specially admitted students after a catch-up period of around four semesters.

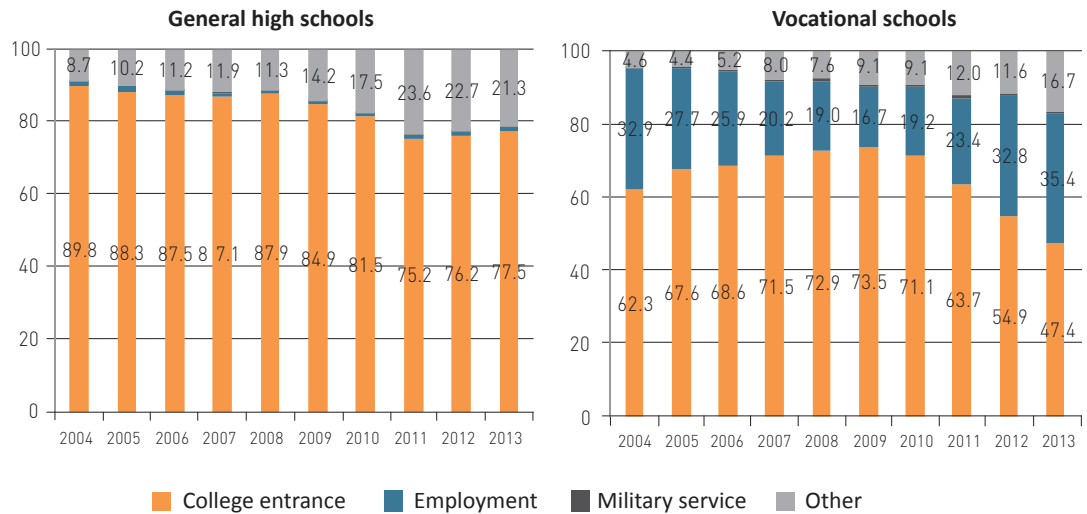
Given the widening gap in education, Korean society needs to intervene in the early stages of personal development to prevent the accumulation of discrepancies and expand affirmative action policies to improve fair access to higher education. To this end, national universities could take the initiative in expanding affirmative action programs and private universities could be given incentives to recruit students from underrepresented groups. What is more important, however, is the adoption of an entirely new mindset on the part of university administrators and society as a whole. Universities that nurture the potential of students and present role models for underprivileged students should receive greater social standing than universities that compete to attract high-performing students on tests. In addition, the College Admissions Officer System (now known as the Comprehensive School Report Screening) should bypass the system, which is blamed for fueling the college entrance consulting market and lacking objectivity and should instead focus on identifying unpolished talent with exceptional potential. To do so, it is essential to enhance admissions officials' competencies and develop student outreach programs that surpass the current paper-based screening process and provide follow-up support for students to ensure a smoother transition to college life.

## **2. Diversification of the Paths to Success**

The college admission rate reached 89.8% for general high schools and 73.5% for vocational technical high schools, but decreased to 77.5% and 47.4%, respectively, in 2013 (Figure 10). It is partly due to policy steps such as the creation of Meister high schools, the work-study parallel system, and "work-first, study-later" initiatives, which are intended to stimulate the employment of high school graduates; but also attributable to a worsening unemployment rate among college graduates.

Reducing the wide gap in wage and job security is the key to addressing the current challenges facing the labor market, where the only path to success is getting a top university degree and gaining permanent employment at large corporations or state-run companies. However, on the supply side of the labor market, educational reform is needed to develop students' openness to exploring different paths to success. In particular, high school curriculum should offer more diverse material that is tailored to individual students' aptitudes and career plans. The current focus on standardized curriculum and rote memorization puts students to sleep in classrooms and wastes precious time to better prepare for the future. In the face of the collapse of the public education system,

[Figure 10] Post-High School Pathways



Source: Calculated based on Annual Educational Statistics

schools should meet the challenge by offering immersive learning experiences through customized, elective courses (including art, physical education, vocational programs) and increasing student projects in preparation for next-stage education and job opportunities. Accordingly, it is necessary to overhaul teacher recruitment policies (e.g., opening teacher positions to uncertified but qualified persons), the reform of the high school system with a focus on curriculum diversification and pedagogical innovation to foster motivation and creativity in students.

### 3. Prevention of Social Exclusion

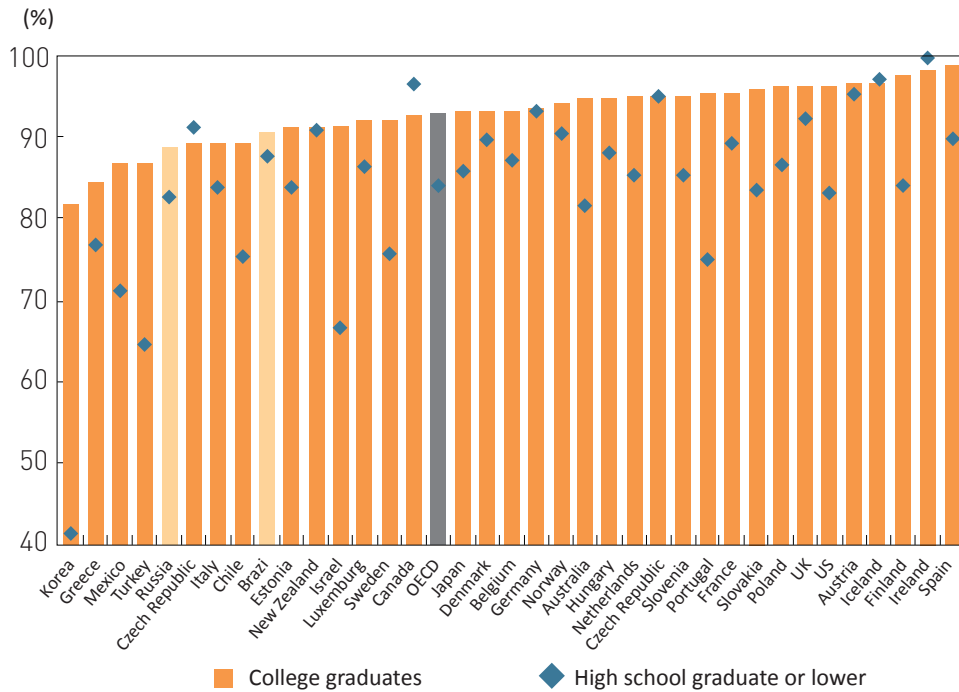
The education system should evolve in a way that fosters openness to exploring multiple paths to success. In particular, it is important to diversify the school curriculum and innovate pedagogical paradigms.

The share of young people who are not in classrooms, jobs or in training (NEETs) has been increasing. Our analysis of Statistics Korea’s Economically Active Population Survey shows that the share of male NEETs in an age group of 25 to 29 surged from 2.4% in 1995 to 11.8% in 2013, and this figure climbed up from 1.0% to 5.9% for the 30-to-34 age group during the same period. It is notable that, as seen in Figure 10, 21% of ordinary high school graduates and 17% of vocational high school graduates neither attended college nor fulfilled their compulsory military duty as of 2013.

As the average level of education attained by young Koreans has increased to the extent of causing concerns of overeducation, those with less schooling are more likely to experience social marginalization or exclusion. In fact, the employment rate of men aged 30–34 and with high school or lower education remarkably dropped from 84.9% in 2000 to 60.4% in 2013.

For this reason, it is important to pay special attention to the young NEETs, who are the

[Figure 11] Personal Networking by Level of Educational Attainment



Source: OECD (2013). The original source is Gallup's World Poll.

weakest competitors in the job market and face the risk of falling into poverty or turning to crime. In addition, it is important to keep struggling students in the classroom and on track to having a career and train them to stand on their own feet.

Meanwhile, personal networks have been observed as a key factor in securing a job. In the Korean labor market, 60% of jobs are attained through networking (Yeong-cheol Kim, 2011), and in the US, more than 50% of jobs are found through family, friends, or acquaintances (Loury, 2006). However, Koreans' perception of professional networking shows a wide gap according to the education levels. In particular, only 41.6% of less-educated Koreans (those with a high school diploma or less) reported that they have friends or acquaintances to count on, a sentiment that is almost two times more common among respondents with college degrees. Although Koreans have a stronger sense of social isolation, such a drastic gap that correlates to respondents' levels of academic attainment alludes to the importance of alumni connections in Korean society, which further encourages the universal aspiration for college admission.

Given the class inequality inherent in professional networking, a society that depends on personal connections is unfair due to the manner in which such systems undermine the motivation to do hard work and overstate the importance of cultivating personal networks, rather than encouraging candidates to sharpen their competencies. Reducing the significance of the intricate professional networks formed by educational or regional

**Policies should aim at equipping students with basic academic skills, developing useful, relevant skill sets, and expanding public employment services to prevent exclusion of the underprivileged young and maximizing the use of human resources.**

ties is critical to improving social mobility. Public employment services should be enhanced, and more effective, targeted job training should be offered to ensure that the undereducated, underprivileged young will not stand on the sidelines of the labor market. As Korea struggles with an extremely low birth rate and rapidly aging population, each and every young person is an invaluable asset to the nation. Accordingly, the entire population—including lawmakers—should strive to ensure that the young can acquire basic academic skills and develop useful, relevant skill sets required in the fast-changing job market with the intention of preventing social exclusion and making the best use of human resources. ■

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