Exams in South Korea: The one-shot society

The system that has helped South Korea prosper is beginning to break down

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ON NOVEMBER 10th South Korea went silent. Aircraft were grounded. Offices opened late. Commuters stayed off the roads. The police stood by to deal with emergencies among the students who were taking their university entrance exams that day.

Every year the country comes to a halt on the day of the exams, for it is the most important day in most South Koreans' lives. The single set of multiple-choice tests that students take that day determines their future. Those who score well can enter one of Korea's best universities, which has traditionally guaranteed them a job-for-life as a high-flying bureaucrat or desk warrior at a *chaebol* (conglomerate). Those who score poorly are doomed to attend a lesser university, or no university at all. They will then have to join a less prestigious firm and, since switching employers is frowned upon, may be stuck there for the rest of their lives. Ticking a few wrong boxes, then, may mean that they are permanently locked out of the upper tier of Korean society.

Making so much depend on an exam has several advantages for Korea. It is efficient: a single set of tests identifies intelligent and diligent teenagers, and launches them into society's fast stream. It is meritocratic: poor but clever Koreans can rise to the top by studying very, very hard. The exam's importance prompts children to pay attention in class and parents to hound them about their homework; and that, in turn, ensures that Korea's educational results are the envy of the world. The country is pretty much the leading nation in the scoring system run by the Organisation for Economic Co-operation and Development (OECD). In 2009 it came fourth after Shanghai, Singapore and Hong Kong, but those are cities rather than full-sized countries.

Korea's well-educated, hard-working population has powered its economic miracle. The country has risen from barefoot to broadband since 1960, and last year, despite the global slowdown, its economy grew by 6.2%. In the age of the knowledge economy, education is economic destiny. So the system has had far-reaching and beneficial consequences.

Yet it also has huge costs. For a start, high school is hell. Two months before the day of his exams Kim Min-sung, a typical student, was monosyllabic and shy. All the joy seemed to have been squeezed out of him, to make room for facts. His classes lasted from 7am until 4pm, after which he headed straight for the library until midnight. He studied seven days a week. "You get used to it," he mumbled.

His parents have spent much of Min-sung's life worrying about his education. His father, a teacher, taught him how to manage his time: to draw up a plan and stick to it, so as to complete as much revision as possible without collapsing exhausted on the desk. His mother kept him fuelled with "delicious food" and urged him to "study more, but not too much".

Min-sung says he doesn't particularly want to go to university, but he feels "social pressure" to do so. He dreams of getting a job as an agent for sports stars, which would not obviously require a university degree. But he reluctantly accepts that in Korea, "You can't get [any] job without a degree."

Min-sung's happiest time was playing football with his friends during the lunch hour. Every child in his school dashes to the cafeteria when the bell goes and gulps down the noodles like a wolf in a hurry. The quicker they eat, the more precious minutes of freedom each day will contain.

A poll by CLSA, a stockbroker, found that 100% of Korean parents want their children to go to university. Such expectations can be stressful. In one survey a fifth of Korean middle and high school students said they felt tempted to commit suicide. In 2009 a tragic 202 actually did so. The suicide rate among young Koreans is high: 15 per 100,000 15-24-year-olds, compared with ten Americans, seven Chinese and five Britons. Min-sung's older sister, Kim Jieun, who took the exams a few years ago, recalls: "I thought of emigrating, I hated the education system so much."

As more and more students cram into universities, the returns to higher education are falling. Because all Korean parents want their children to go to university, most do. An incredible 63% of Koreans aged 25-34 are college graduates—the highest rate in the OECD. Since 1995 there has been a staggering 30 percentage-point increase in the proportion of Koreans who enter university to pursue academic degrees, to 71% in 2009.

This sounds great, but it is unlikely that such a high proportion of young Koreans will actually benefit from chasing an academic degree, as opposed to a vocational qualification. A survey in August found that, four months after leaving university, 40% of graduates had not yet found jobs.

Unemployment represents a poor return on what for most families is a huge financial sacrifice. Not only is college itself expensive; so is getting in. Parents will do anything to help their children pass the college entrance exam. Many send them to private crammers, known as *hagwon*, after school. Families in Seoul spend a whopping 16% of their income on private tuition.

Seoul children

Korea's rigid social model aggravates the nation's extreme demographic problems. Korean women have stopped having anywhere near enough babies to provide the country with the workforce it will need in the future.

Since Korean women started entering the labour force in large numbers, the opportunity costs of having children have risen sharply. The workplace makes few allowances for women who want to take a career break. If a woman drops off the career track for a couple of years, Korean firms are far less likely than Western ones to welcome her back. And if a firm does take back a working mother, she will face a stark choice: drop off the fast track or work long and inflexible hours.

Flexitime and working from home are frowned on. This makes it staggeringly hard to combine work and child care, especially since Korean mothers are expected to bear most of the responsibility for pushing their children to excel academically.

The direct costs of raising children who can pass that all-important exam are also hefty. Sending one child to a $1,000-a-month *hagwon* is hard enough. Paying for three is murder. Parents engage in an educational arms race. Those with only one child can afford higher fees, so they bid up the price of the best *hagwon*. This gives other parents yet another incentive to have fewer children.

Since 1960 the fertility rate in Korea has fallen faster than nearly anywhere on earth, from six children per woman to 1.15 in 2009. That is a recipe for demographic collapse. If each Korean woman has only one baby, each generation will be half as large as the one that came before. Korea will age and shrink into global irrelevance. Small wonder the government is worried. President Lee Myung-bak talks of the need to create a "fair society". That means, among other things, changing attitudes to educational qualifications. He says he wants employers to start judging potential employees by criteria other than their alma mater. In September he promised that the government would start hiring more non-graduates. "Merit should count more than academic background," he said.

The forces for change

The president is also urging Korean firms to recruit people with a wider range of experiences. Some have agreed to do so. In September, for example, Daewoo Shipbuilding said it would start hiring high-school graduates and set up an institution to train them. But the managers who run big Korean companies are mostly from the generation in which academic background was everything, so they may be reluctant to change.

The government is trying to reduce the leg-up that private tuition gives to the children of the well-off. Since 2008 local authorities have been allowed to limit *hagwon* hours and fees. Freelance snoops, known as *hagparazzi*, visit *hagwon* with hidden cameras to catch them charging too much or breaking a local curfew. The *hagparazzi* are rewarded with a share of any fines imposed on errant educational establishments. Yet still the *hagwon* proliferate. By the government's count, there are nearly 100,000.

The other force for change is Korea's young people. Many are questioning whether the old rules about how to live one's life will make them happy. Kang Jeong-im, a musician, puts it bluntly: "I think it's difficult to live the way you want to in South Korea." High school was the worst, she recalls: "We were like memorising machines. Almost every day, I'd fall asleep at my desk. The teacher would shout at me or throw chalk."

Ms Kang made her parents proud by getting into Yonsei, one of Korea's leading universities. But once there, she rebelled. She hung out with radicals and read Marx and Foucault. She went on protest marches, waving a placard, inhaling tear gas and almost getting herself arrested. "I kinda enjoyed it," she says, "I felt I was doing something really important."

She learned to play the guitar. She wrote a thesis on female Korean rock musicians that involved a lot of "field studies": ie, going to concerts and talking to cool people. She even interviewed the singer of 3rd Line Butterfly, a group she loved.

She formed a band with a male friend. They played some gigs in small venues, but eventually he took a full-time job at a news agency and no longer had time for rocking. So Ms Kang started a solo career, writing songs and performing them herself, using the stage name "Flowing". She is working on an album, she says, and performing in clubs. Her parents are not exactly thrilled; they want her to find a respectable job and get married. Their friends and relatives ask: "What is your daughter doing?" and "Why do you let her live like this?"

Ms Kang cannot live on what she makes as a musician, so she takes temporary jobs. She is one of many. Among the young, the proportion of jobs that are part-time has exploded from 8% in 2000 to 23% in 2010; the proportion of workers under 25 on temporary contracts has leapt from zero to 28%. This is partly because cash-strapped

companies are backing away from the old tradition of lifetime employment, but also because many young people do not want to be chained to the same desk for 30 years. According to TNS, a market-research firm, Koreans are markedly more fed up with the companies they work for than people in other countries. Only half would recommend them as a good place to work, compared to three-quarters of TNS's global sample. Only 48% think they receive suitable recognition, as individuals, for their work, compared with 68% of workers in supposedly collectivist China. Only Japanese workers are more disgruntled.

Despite these gripes, 79% of Korean workers expect still to be working for the same employer in a year's time. TNS speculates that this attitude reflects the difficulty of switching employers rather than genuine loyalty; it talks of "captive" employees. Such averages mask wide variation, of course. Some highflying Korean salarymen feel intensely loyal to their employers and are prepared to slave long hours to help them conquer new markets. But this inner circle is quite small: the *chaebol* employ only 10% of the workforce. And the rigid way that *chaebol* tend to seek talent—recruiting only from prestigious universities and promoting only from within—means that, as well as failing to get the best out of Korean women, they miss clever people who are not much good at exams and late developers whose talents blossom in their 20s or 30s. They also shunt older people into retirement when they still have much to offer. (The *chaebol* tend to promote by seniority, which sounds good for older employees but isn't. There are only a few jobs at the top, so when you reach the age at which you might become a senior manager, you are either promoted or pensioned off.)

Subversive ideas from abroad

It is still rare for a Korean who is clever enough to reach the top by the conventional route to choose a different one; but it is becoming less so. One fertile source of subversion is the Koreans who have studied overseas. Some 13% of Korean tertiary students study abroad, according to the OECD, a higher proportion than in any other rich country. In recent years, many have come home, not least because the American government, in a fit of self-destructive foolishness, made it much harder after September 11th 2001 for foreign students to work in America after they graduate. A survey by Vivek Wadhwa of Duke University found that most foreign students at American universities feared they would not be able to obtain a work visa. And since the application process is long and humiliating, many do not even bother to try. America's loss is Korea's (and India's, and China's) gain.

Returnees are typically bright, and less beholden to tradition than their stay-at-home peers. For example, Richard Choi, whose father was a globe-trotting manager for a *chaebol*, attended a British school in Hong Kong and learned about America's start-up culture while studying biomedical engineering at Johns Hopkins University in Baltimore.

Having returned to Korea, he has devised a business model in which customers receive store credits from merchants for recommending their products to their friends. "Let's say you think this pie is good," says Mr Choi, pointing at a chocolate confection your correspondent has just bought. "And you tell your friends about it [via a smartphone app developed by Mr Choi's company, Spoqa]. And they come to this café and spend money. Then you get store credits."

If this model will work anywhere, it will work in Seoul, figures Mr Choi. The Korean capital is densely populated and splendidly connected: nearly everyone with spare

cash has a smartphone. And if it does not, he can probably get a good job, he thinks. But he has to hurry. Even with his skills, he reckons that no *chaebol* would hire him once he is over 30.

A few locally educated Koreans are also challenging the system. Charles Pyo, a young internet entrepreneur, borrowed his mother's credit card when he was 14 and started a business helping people set up websites. His parents did not approve; they thought he should be studying instead. But then they saw all the money coming in, and relented. He made $200,000 in three years.

He then won a place at Yonsei University. He took the exam like anyone else, but what really counted was his interview, in which he argued that he had exceptional talents. Korean universities have traditionally spurned interviews, but the government is now urging them to select many more of their students this way.

While at university, Mr Pyo teamed up with a former hacker, Kim Hyun-chul. (In his teens, Mr Kim set off cyber-terror alarm bells by infecting hundreds of thousands of computers with a virus that deleted files on his birthday. He was caught, but he was too young to send to prison.) Now a reformed character, he helped Mr Pyo start another company, Wizard Works, that supplies "widgets"—little packets of software that make corporate websites work better—and is about to start selling "cloud computing" apps for smartphones. Still only 25, Mr Pyo has now started yet another company, Rubicon Games, that designs online social games.

Mr Pyo says that what he does is much more fun than being a salaryman. But it is hard for him to recruit good staff. People assume that if you don't work for a *chaebol*, it must be because you are not bright enough, he gripes. "They say: 'Why should I work for you? You're not Samsung.'"

Mr Choi has the same problem. "Older people look at my business card and say: 'What's this?' Younger people admire the fact that I am doing something no one else is doing. But given the choice of working for me or Samsung, people are naturally inclined to go with a big company."

Mr Pyo believes that Korea would be a happier place if more people had the courage to strike out on their own. But talented students "care too much about other people's expectations," he sighs. "They don't want to fall behind their friends. They fear that if they do something different they might be viewed as a failure."

The Land of Miracles must loosen up

The Korean economic boom was built on hard work, benign demography (a bulge of working-age Koreans between 1970 and 1990) and plenty of opportunities to catch up with richer countries. But the world, and Korea, have changed.

Korea is rich, so it can no longer grow fast by copying others. It cannot remain dynamic with an ageing, shrinking workforce. It cannot become creative with a school system that stresses rote learning above thinking. And its people cannot realise their full potential in a society where they get only one shot at doing well in life, and it comes when they are still teenagers. To remain what one writer called "The Land of Miracles", Korea will have to loosen up, and allow many routes to success.