THE UNINTENDED CONSEQUENCES OF INTERNATIONAL STUDENT POLICIES:
The South Korean Experience

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Abstract

This paper seeks to analyze sources which influence the occurrence of the unintended consequences derived from South Korea’s international student policies regarding recruitment and management by using the principal-agent theory. There has been a growing interest in international student mobility in higher education since higher education become an international commercial good, which is mainly driven by economic globalization.

The widening trade deficit in higher education motivated South Korea to develop policies to invite more international students since 2001. Those policies, however, generated the unintended consequences, which were not equated with the official policy goals. These unexpected consequences need be mitigated when those outcomes may offset the positive effects of policies.

The findings of this paper reveal that frameworks of regulations and incentives that the government, as the principal, created can condition the behaviors of universities, as the agents, and policy outcomes. The absence of screening system in the presence of information asymmetry, the emphasis on input-based funding, and the use of accreditation system without specific reference points were identified as the main sources.

This paper shows that the principal-agent theory could be applied to the government-university relationship within the international student policy area, which provides new insights for ensuring policy effectiveness by reducing side-effects of policies.

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Mom, I should have expressed how much I respected and loved you.
I will miss you forever. Sa Rang Ham Ni Da......
# Table of Contents

Introduction................................................................................................................................. 1

CHAPTER 1. Literature Review ......................................................................................................... 7

CHAPTER 2. Methodological Approach ............................................................................................. 12

  2.1 Research question & Hypotheses ................................................................................................. 12

  2.2 Data collection ............................................................................................................................ 13

CHAPTER 3. International Student Policy in South Korea ................................................................. 15

  3.1 Government-University Relationship in South Korea ................................................................. 15

  3.2 Internationalization in South Korea ............................................................................................. 15

  3.3 Policy Development Overview .................................................................................................. 16

  3.4 2001-2003: the Pilot Project period ............................................................................................ 18

  3.5 2004-2007: the First Period of the Study Korea Project .............................................................. 19

  3.6 2008-2011: the Second Period of the Study Korea Project ......................................................... 20

CHAPTER 4. Unintended Consequences ......................................................................................... 24

  4.1 Increase in Drop-out Rates and the Undocumented International Students ............................ 24

  4.2 Uncertain Quality of EMIs ........................................................................................................... 25

  4.3 Reproduction of University Hierarchy ......................................................................................... 26

CHAPTER 5. Analysis based on the Principal-Agent Theory ............................................................ 30

Conclusion ......................................................................................................................................... 40

Appendices ....................................................................................................................................... 43

Bibliography ..................................................................................................................................... 45
List of Tables

Table 1 Theoretical framework ........................................................................................................5
Table 2 Increase in International Students in South Korea .................................................................24
Table 3 Comparison between the University Rankings and the Governmental Accreditation .......28
Table 4 Quantitative Indicators for the Accreditation of Capacity for International Student
Recruitment and Management of Universities ..............................................................................38

List of Appendices

Appendix 1: Online Questionnaire for International Student .........................................................43
Appendix 2: Online Questionnaire for University Administrators ..................................................44

List of Abbreviations

CDHR: Committee for Development of Human Resources
EMI: English Medium Instruction
MEST: Ministry of Education, Science and Technology
GATT: General Agreement on Tariffs and Trade
Introduction

There has been a growing interest in international student mobility in higher education since higher education become an international commercial good, which is mainly driven by economic globalization (Altbach & Knight 2007, 291-292). Many national governments take commercial approaches toward international student mobility since having more international students came with additional export values (OECD 2002, 11-13).

As of 2001, South Korea, as the third largest sending country (Varghese 2008, 20), has recorded huge trade deficit in this new market. In 2001, South Korea paid 1,070 million dollars to foreign countries in sending 149,933 domestic students abroad while it received only 10 million dollars by inviting 11,646 foreign students, which meant South Korea’s trade deficit in higher education accounted for 1,059.2 million dollars (Statistic Korea 2011). This economic concerns over the widening trade deficit in higher education greatly motivated South Korea to engage in international student market by having developed various policies since 2001.

The development of international student policies in South Korea can be categorized into three different periods; 1) the pilot project period (2001-2003), 2) the first period of the Study Korea Project (2004-2007), and 3) the second period of the Study Korea Project (2008-2011). While the first two periods focused mainly on the quantitative expansion of international students, the third period sharpened its policy focus on the quality management of international student policy. By increasing the number of the international student population, the South Korean government intended not only to alleviate the trade deficit in international student market but also to enhance the quality of the domestic higher education and the internationalized higher education environment (MEST 2008, 1-4).

In the mean time, those policies brought about certain unexpected outcomes. For example,
the South Korean government identified the increase both in drop-out rates of international student and in the undocumented international students as the key policy problems in 2007, which was the main driving force for the new policy focus on quality since 2008. Since the government policy, as the “formally organized” purposive action (Merton 1936, 895), has the expected policy outcomes, the unexpected consequences need be mitigated when those outcomes may offset the positive effects of policies.

This paper seeks to analyze sources which influence the occurrence of the unintended consequences derived from South Korea’s policies regarding international student recruitment and management. In addition to the increase in drop-out rates and the undocumented international students already observed by the South Korean government, this paper identifies another two unintended consequences, both of which are not equated with the official policy goals. They are the uncertain quality of English Medium Instruction (EMI) and the reproduction of university hierarchy under the new accreditation system. While the expansion of EMIs at universities is the key element of the South Korean policies since the inception of the Study Korea Project, controversies over the quality of EMIs can counteract the government’s drive to internationalize its higher education. In addition, the reproduction of the existing hierarchy in the new accreditation system which affects the resource allocation to universities may also aggravate the dominance of the few elite universities in terms of their prestige and reputation. Consequently, the search for sources of these unintended consequences is expected to provide new insights for ensuring policy effectiveness by reducing side-effects of policies.

In order to find the sources of the unintended consequences, this paper hypothesizes three assumptions as follows.
1) The lack of the governmental regulations to monitor university capacity and behavior combined with information asymmetry, despite the common interests of the government and universities in quantitative expansion of international students, contributes to the increase in drop-out rates and undocumented international students.

2) The government policy to encourage the increase in the number of English-Medium Instruction (EMI) conducted at universities partly contributes to the uncertain quality of EMIs.

3) The structures of the new accreditation system affect the reproduction of university prestige in the area of international student recruitment and management.

Basically, the major concern of this paper is a government-university relationship. It assumes that the nature of the government policy including the structures of regulations and incentive system affects behaviors of universities and policy outcomes. In fact, universities in South Korea have been under the strong regulatory influence of the central government while they have been financially dependant on the tuition-fees due to the lack of government funding (Kim 2008, 1-3). In light of international student policy, the government has paid attention to the development of a variety of policies for guiding and regulating the behaviors of universities.

In this line, the theoretical framework in this paper has its basis in the ‘principal-agent’ theory. The fundamental assumption of the principal-agent theory is a contractual relation between a principal and agents (Moe 1984, 756: Eisenhardt 1989, 57-59). A principal, in order to achieve its goals and objectives, delegates its work to agents who perform goal-achieving activities on behalf of a principal in exchange for payments or other rewards (Eisenhardt 1989, 59). The principal-agent theory is suitable for studies in exploring the government-university relation where the government delegates a certain task to universities.
while it invests resources and pays attention in achieving the assigned task (Kivistö 2007, 53). This theory has been used to investigate “how stats engage in oversight of public higher education” (Lane & Kivistö 2008, 158). More importantly, the principal-agent theory analyzes the impact of economic environment in shaping university behavior while other non-economic viewpoints such as organization theory and public administration “completely failed to pay adequate attention” to this aspect (Kivistö 2007, 182). This corresponds to the above-mentioned funding environment in South Korean higher education.

Table 1 illustrates the theoretical framework of this paper. The paper assumes that six possible sources of consequences affect the outcome of policies: information asymmetry, goal conflicts, regulations, incentives, self-interest, and capacity. These six factors do not necessarily function as independent determinants of consequences; rather, the combination of these factors may influence outcomes. Information asymmetry can be reduced by the use of behavior-based governance such as “reporting request, site visits, reviews and evaluations” (Lane & Kivistö 2008, 161), whereas the degree of goal conflicts can be lessened by employing performance-based governance by “aligning the goals of universities with the ones of the government” (Lane & Kivistö 2008, 161). Higher education agents’ self-interests and capacities also affect the degree of information asymmetry and goal conflicts, which thus has impact on consequences of their performances. It can be possible that goals of the government and universities are congruent when both parties share same interests. For example, the increase in international students can be seen as mutual interests both to the government in terms of educational trade and to universities as additional revenues.
This paper provides three findings. First, the free-entry option in international student recruitment and management could not exclude the universities without relevant capacities. Thus, these universities pursued the opportunistic behaviors in order to increase the international students based on their self-interests. Second, the government’s input-based funding system which deals only with the quantity of EMIs was not able to monitor the quality of EMIs. Third, the indicators and the relative evaluation scheme used in the accreditation system acts in favor of the current top-tier universities.

Due to the growing emphasis on attaining more international students, countries have developed their national polices, which may lead to unintended consequences. Thus, the examination of the South Korean experience will provide a meaningful implication to other countries attempting to design and develop such policies. Also, this paper can contribute to the expanded application of the principal-agent theory in the specific national policy area of higher education.

In this paper, the term of ‘international student policy’ broadly represents national policies which concern activities of a national government and universities in terms of
recruitment and management of international students. Additionally, the concept of ‘a university’ (or ‘universities’) included in this paper generally indicates a four-year higher education institution unless otherwise stated.

This paper consists of five chapters in addition to a concluding part. The first chapter reviews the existing literature which contextualizes international student mobility as a policy issue within the context of South Korea. The second chapter is devoted to introducing the methodologies used in this paper. In order to provide an overall picture of the South Korean policies, the third chapter aims at illustrating the changes and development in the international student policies focusing on the Study Korea Project to provide. The fourth chapter identifies three unintended consequences derived from the policy development process. Following this, the fifth chapter analyzes the sources of the unintended consequences by using the ‘principal-agent’ approach is presented. The conclusion briefly summarizes the main findings of this paper and provides policy recommendations.
CHAPTER 1. Literature Review

Current international student mobility needs to be understood in a context of globalization and internationalization in higher education. Altbach & Knight (2007) described globalization “as the economic, political, and societal forces pushing 21st century higher education toward greater international involvement.” (p.290). Based on these different notions, Altbach (2004) noted that internationalization “includes policies and programs adopted by governments and by academic systems and subdivisions to cope with or exploit globalization” (p.64). Teichler (2007, 7) indicated that internationalization supported the idea of persistence of the national boundaries in reacting to globalization which implied the borderless competition coupled with the weakened nation-states. Given the observation that economic globalization treats higher education service as a tradable good in the international market (Altbach & Knight 2007, 291-292; Varghese 2008, 10-13), there has been a growing competition for international students between countries as well as between higher education institutions (Mpinganjira 2009, 1-2). In fact, the dramatic increase in international student mobility in recent years has been widely reported. Varghese (2008, 13-17) provided a set of data indicating that the rise of international student mobility observed between 2000 and 2004 was far higher than the previously reported rise during the 1980s. According to OECD (2002, 14-20), most popular destinations of international education are English-speaking countries including Australia, Canada, New Zealand, UK, and US while most students primarily have come from China and India.

Driven mainly by these new phenomena, the topic of international students’ preferences in higher education destinations has received much attention in recent years. Particular focus has been given to investigating factors which influence international students’ decision, which uses the ‘push-pull’ model as a useful analytical framework. Push factors, also used as
demand-side factors, “operates within the source country and initiate a student’s decision to undertake international study” (Mazzarol & Soutar 2002, 82) whereas pull factors, as supply-side factors, “operate within a host country to make that country relatively attractive to international students” (Mazzarol & Soutar 2002, 82). Li & Bray (2007, 810-815) analyzed both push and pull factors with cases of Chinese students studying Hong Kong, and Macau, and Mazzarol & Soutar (2002) used findings from Indonesia, Taiwan, China and India to figure out those factors. With a specific focus on family as a push factor, Pimpa (2005) demonstrated the influence of the family-related push factors on Thai students’ choice of international education. Mpinganjira (2009) focused on South African cases for the push factors studies.

Studies revealed that the increasing number of students intended to study abroad in order to seek “qualification with worldwide recognition” (Mpinganjira 2009, 4), “academic ability, social and cultural experience” (Li & Bray 2007, p.802), and better courses than local (Mazzarol & Soutar 2002, 85). Family experience in international education and family socio-economic status (Pimpa 2005, 434) and family recommendations (Mazzarol & Soutar 2002, 85) also affected the decision of students to seek international education. There are various pull factors such as the awareness of host countries, safety and reputation of institutions, the current number of international students in host countries (Mazzarol & Soutar 2002, 82-88) and financial support and scholarship, and geographic proximity (Li & Bray 2007, 803). Despite their difference in findings, most of these studies acknowledged that the international student market became very competitive due to the growing demands from students from the less developed or developing countries such as China, India, Thailand and South Africa (Pimpa 2005, 431; Mazzarol & Soutar 2002, 83). The individual analysis of push-pull factors only represents the dynamic of those factors at the certain point of time (Li & Bray 2007, 815-816), which may not apply universally. Authors, however, stressed that
these findings of their studies provided the useful insights for countries competing to become international study destinations in gaining “understanding of the student recruitment market” (Mpinganjira 2009 p.3).

While the ‘push-pull’ model provides meaningful implications for a national government to develop relevant policies, Findlay (2010, 123-124) paid more attention to the systemic analysis of the national government policy (UK) aimed at inviting more international students\(^1\). He emphasized that “in a globally competitive higher education sector it is not just the motivations of mobile students and their parents that are important, but also the supply-side practices of those seeking to recruit talented young people from other countries into universities and other institutes of higher education” (Findlay 2010, 163). His analysis showed that the increase in international students in the UK and Australia was largely attributed to the state policy, and the growing numbers of international student did “reflect the subsequent practices of British Universities and organizations such as the British Council in marketing the opportunities to study in the United Kingdom” (Findlay 2010, 183).

There have been growing attempts to focus on the principal-agent theory as the framework in analyzing a higher education sector. Kivistö (2007) assessed the principal-agent theory as a useful analytical tool for the government-university relationship by interpreting key concepts of the principal-agent theory in context of higher education. He also analyzed the Information Industry Program in Finland by using the principal-agent theory, which confirmed the empirical value of the theory in examining a government-university relationship (Kivistö 2007, 175-176). Lane & Kivistö (2008) argued that the principal-agent theory had “great benefit for scholars of tertiary governance systems” (p.174) by comparing different perspectives of the principal-agent models used in economics and political

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\(^1\) Although many studies have been carried out with titles that include ‘internationalization’ (Huang 2007) or ‘internationalization strategies’ (Callan 2000), little systematic research that focused exclusively on national policies aimed at increasing international student has been found.
approaches. Despite this applicability of the theory in higher education sector, no empirical studies which applied the principal-agent theory to policy areas which involve international student recruitment have been found.

With respect to the domestic literature in South Korea, most studies in international student mobility have made efforts in analyzing possible ways to invite more international students. Topics of these studies include ‘internationalization of higher education through distance educations’ (Park 2001), ‘enrollment elevation to the Chinese international students in local universities’ (Chung et al. 2010), ‘a systemic approach to the effective internationalization policies in universities’ (Lee et al. 2001). Park (2001, 25-26) provided recommendations that the distance education could contribute to internationalization of higher education in South Korea by connecting domestic universities with universities as well as students in foreign countries. She added that this change could lead to the enhanced quality in higher education through the international academic cooperation. Lee et al (2001, 200-203) used the analytical framework in conceptualization internationalization of higher education institutions in South Korea, which identified short-term and long-term elements necessary for internationalization. Based on the empirical studies about the internationalization status of universities, he concluded that the specialized internationalization strategy should be established given the observed variance in universities’ capacities and surroundings. Chung et al (2010, 339) found that the lack of infrastructures for accommodating surging Chinese students became the serious problem by conducting survey on the Chinese students in the local universities of Korea. They also indicated that student management and service activities at local universities were “disordered” (p.339), which was followed by the conclusion proposing the redirection of perceptions of the local universities about Chinese students as the key target group in internationalized education. Although most academic articles have paid attention to providing more effective institutional strategies for inducing
more international students, little academic studies has been done to analyze South Korea’s policies aimed at attracting more international students.

Given the circumstances observed in this review, this paper is expected to make academic contributions in two ways. First, the emphasis on South Korea’s policies deployed to invite more international students can provide a new insight that shows the country-specific policy response given the stiff competition for international students. Second, the systemic analysis on sources of the unintended consequences of the government policy can offer ways to thwart future unexpected outcomes within the framework of the principal-agent theory.
CHAPTER 2. Methodological Approach

2.1 Research question & Hypotheses

The paper aims at answering to the following research question.

‘What are the main sources of the unintended consequences of South Korea’s international student recruitment and management policies?’

The hypotheses in this study are;

1. The lack of the governmental regulations to monitor university capacity and behavior combined with information asymmetry, despite the common interests of the government and universities in quantitative expansion of international students, contributes to the increase in drop-out rates and undocumented international students.

2. The government policy to encourage the increase in the number of English-Medium Instruction (EMI) conducted at universities partly contributes to the uncertain quality of EMIs.

3. The introduction of the accreditation system affects the reproduction of university hierarchy in the area of international recruitment and management.

Within the principal-agent model, the first hypothesis concerns the information asymmetry with the presence of the goal congruence. Universities are assumed to behave to achieve the shared goal while the government did not have enough information about the capacities and practices of universities. The second hypothesis assumes that the government
used input-based incentive with the presence of information asymmetry relating to a quality of EMI. The third hypothesis is congruent with the principal-agent model in the sense that the government adopted the new regulation in an attempt to reduce adverse selection and goal conflicts given the government’s growing emphasis on the quality in international student policies.

### 2.2 Data collection

Data collected and used in this paper are from both primary and secondary sources. Data are drawn from online questionnaires conducted with international students and administrators in charge of international student recruitment and management at universities. Both surveys were conducted between May 20 and May 30, 2012. Twenty sample institutions were selected based on regional distribution. Two universities are randomly chosen from each of nine administrative provinces and one university was drawn from Jeju Special Autonomous Province\(^2\). Four universities (21%) are public and fifteen universities (79%) are non-profit private institutions\(^3\). The official web pages of universities were main places to identify administrators responsible for international recruitment and management. Forty five administrators whose job descriptions contain the words including ‘international student recruitment’, ‘international student management’ or ‘international student support’ were short-listed. The anonymous email questionnaires were used and fourteen (31%) responded. 106 international students were selected from the university where the official medium of instruction was English in all classes at post-graduate level in order to obtain their

\(^2\) The selected nine administrative provinces are: Seoul Special Metropolitan City, Chungchongbuk-do, Chungchongnam-do (including Dae-Jeon Metropolitan City), Gangwon-do, Gyeonggi-do, ), Gyeongsangbuk-do (including Dae-gu Metropolitan City), Gyeongsangnam-do (including Busan Metropolitan City), Jeollabuk-do, Jeollanam-do (including Gwangju Metropolitan City), and Jeju Special Autonomous Province. Juje Special Autonomous Province has only one university that has clear information regarding international student recruitment and management on its website. ‘Do(do)’ in Korean here represents a ‘province’.

\(^3\) This paper attempts to reflect the real ratio of private universities to public universities in South Korea, which is approximately 80% as of 2001 (Kim 2008 p.1) by balancing the number of samples selected.
impressions and opinions about the English-Medium Instruction. Again, the anonymous email questionnaires were utilized, and forty one students (37%) responded.

In addition, primary sources released by the South Korean government including written policy documents, data, information and online statistics were used. The official documents include the documents below.

1) The Detailed Plan for Study Korea Project (2005)
3) The Development Plan for the Study Korea Project (2008)
4) The Sanction Plan for Universities of Insufficient Management in International Student Affairs (2009)

Those documents could be accessed through the websites of governing ministries or the press releases resources. The key online data and statistics were obtained from Statistics Korea (KOSTAT) and Ministry of Education, Science and Technology (MEST).

The secondary sources used range from journal articles and newspapers to policy papers released published by and Korean Council for University Education (KCUE), the association of universities in South Korea.
CHAPTER 3. International Student Policy in South Korea

3.1 Government-University Relationship in South Korea

South Korea has the peculiar relation between the government and higher education institutions, which requires more in-depth investigation before applying the principal-agent theory in analyzing the South Korean case. In fact, as of 2010, 145 out of a total 171 four-year universities and 143 out of a total 158 two-to-three year junior colleges in South Korea are non-profit private institutes (Kim 2008, 1). The major funding source for universities comes from private sources, mostly from student tuition fees. The South Korean government subsidizes only 22.7% of the total revenue of universities while the OECD average is 78.1% (Kim 2008, 1). Despite the fact that the South Korean government has been reluctant to spend governmental budgets for higher education institutions, the autonomy of the universities has been limited due mainly to the strong role of state (Park 1995, 45: Kim & Lee 2008, 558). The following observation describes the general feature of the relation between the government and higher education institutions in South Korea:

“Overall, it has always been the case in Korea that the role of universities has been linked firmly to the purpose of the government. In fact, the relations of the government to the university in Korea have never been constructed on the ‘liberal’ premises that it is the role of government to provide resources for the purpose of the universities themselves.” (Kim 2008, 8)

This illustration implies that the principal-agent theory is fitted into the South Korean context in which the government pursues its own policy goals in higher education through strong regulatory control over the higher education institutions.

3.2 Internationalization in South Korea

In 1993, the South Korean government officially launched ‘internationalization’ policy in
higher education (Saegaehwa in Korean), which deemed to be essential “if Korea is to survive and thrive in this age of increasingly fierce borderless global competition” (Kim 1996, 6 recited Shin 2008, 14). In higher education sector, major universities in South Korea launched new graduate programs specialized in international relations, international studies, and international economy as parts of attempts to accommodate new phenomenon.

Two phenomena have influenced the South Korean government. First, the historic financial crisis in 1997 enabled the South Korean government to see the establishment of knowledge society as the key policy goals, which requires South Korea to acquire high quality knowledge workers, both domestically and internationally, for enhancing national competitiveness (Chen 2007, 1-16). Second, higher education has become an important part of GATT service area. National governments have attempted to attract more international students in light of international trade surplus, which increased competition for international students between countries (Mpinganjira 2009, 1-3).

### 3.3 Policy Development Overview

The overall development of South Korea’s international student policy can be categorized into three stages.

1) **2001-2003: the pilot project period**

This period was the very first incubation period of international student recruitment and management (JThink 2011, 2) based on the Comprehensive Plan for Expansion of International Student launched in 2001. Two significant concerns seem to contribute to this new policy agenda. First, the deepening ‘brain drain’ can be mitigated by increasing the quality of higher education in South Korea and by inviting more qualified international human capital (Kim 2005, 2). Second, the widening trade deficit in higher education becomes
the serious policy concern. As of 2001, the trade deficit in higher education accounted for 1,059.2 million dollars (Statistics Korea 2011).

2) **2004-2007: the first Study Korea Project period**

The Study Korea Project was initiated in 2004, the first comprehensive national policy in internationalization in higher education. This plan was the product of government’s efforts to come up with a new long-term plan to improve non-trade deficit, which was directed by the president during the cabinet meeting (Kim 2005, 2-3: MEST 2008, 1). Consequently, the increase in international student population was the major policy concern in this period with the quantitative target of 50,000 international students under the Study Korea project. This move toward the expansion of international student recruitment became the government-wide agenda when the Committee for Development of Human Resources (CDHR) which consists of eleven government departments laid out the Internationalization Strategy in Higher Education in 2006 (CDHR 2006, 18). Under this plan, the universities performance in internationalization began to be measured by the government based on quantitative indicators, which influenced the evaluation of the government funding programs for universities. These efforts resulted in the early achievement of the target number of international students in 2007 (MEST 2008, 6).

3) **2008-2011: the second Study Korea Project period**

This period represents continuity and a shift in South Korea’s policy orientation. First, the emphasis on the quantitative expansion of international students remained as the key policy goal. The new target of the 100,000 inbound international students by 2012 was established under the second version of the Study Korea Project (MEST 2008, 6). Second, the policy goal of the ‘quality enhancement’ in recruiting and managing international student newly emerged in the policy documents. In fact, scant attention on management of drop-out rates and the undocumented international students was identified as one of the key drawbacks of
the first Study Korea Project in addition to the regional preponderance of students from Asian countries and the insufficient support for international students in terms of accommodation and job-searching (MEST 2008, 6). The government accordingly developed policies to control and manage behaviors of universities such as the sanction schemes, the university guidelines, the monitoring system and the accreditation system.

It seems clear that there was the shift in the paradigm of the South Korean government’s international student policies. During the first two periods, the policies were highly oriented toward the quantitative dimension of achievement, which resulted in the rapid expansion of international students. The deficiencies found in this process, however, motivated the government to give a closer look at the quality of the policy outcomes in the following period by introducing the directives and regulations. The next part briefly introduces the key characteristics of the policies.

### 3.4 2001-2003: the Pilot Project period

**Comprehensive Plan in 2001**

South Korea’s first international student policy was launched in 2001. By establishing ‘The Comprehensive Plan for Expansion of International Students’, the South Korean government seemed to officially realize importance and significance of cultivation of global human capital and international trade in higher education. This policy concerned the promotional activities through international study exhibitions, the launch of the online information about studying in Korea, the financial support for dormitory construction or enlargement in universities, simplification of a visa application process (JThink 2011, 1-3). The policy primarily aimed at boosting the volume of inbound students: as a result, between 2001 and 2004 international students in South Korea skyrocketed by 44.5% from 11,646 to
16, 832 (Statistics Korea 2011).

3.5 2004-2007: the First Period of the Study Korea Project

Study Korea Project in 2004

After this initial policy attempt, the South Korean government commenced ‘Study Korea Project’ in November 2004 followed by the ‘Detailed Plans for Study Korea Project’ announced in April 2005 (NIIED 2010, 9). In this plan, the clear benchmark was set in terms of the targeted number of international students; that is 50,000 by 2010 (Kim 2005). Under the vision of ‘South Korea as the Educational Hub of Northeast Asia’, the policy was designed to strive for three main basic directions: 1) Cultivation of groups of people who have positive and favorable image of South Korea, 2) quality enhancement of domestic higher education, and 3) mitigate the trade deficit in higher educational service by attracting more international students (Kim 2005, 1-3).

Internationalization Plan of Higher Education in 2006

In 2006, the new government-wide effort was made by the Committee for Development of Human Resources (CDHR) in order to stimulate the Study Korea Project. The emphasis on building academic infrastructures was the one of key features. The plan aimed at the expansion of lectures taught in foreign languages, particularly in English. In addition, this policy intended to increase the number of international faculty members and to consider applicants’ teaching capability in English as the application requirement in recruiting new professors. Additionally, the government financial support was planned to increase the accommodation capacity of higher education institutions (CDHR 2006, 18-19).

The one significant development in this policy is that ministries decided to include indicators regarding internationalization of higher education institutions in the evaluation
process of financial support projects for universities. The proposed indicators are mostly quantitative such as the number of international students, the ratio of classes taught in foreign languages, the ratio of international faculty, joint curriculum with foreign institutions, the number of international exchange students and credits exchanged, the accommodation capacity for international students, and so on (CDHR 2006, 18-20).

3.6 2008-2011: the Second Period of the Study Korea Project

Study Korea Project in 2008

The ‘Development Plan for Study Korea Project’, which targeted the period between 2008 and 2012, was instigated in 2008 (NIIED 2010, 9). Despite the quantitative expansion of international students in the previous periods, some drawbacks were reported by MEST which included the scant attention on management of drop-out rates and the undocumented international students, and the insufficient support for international students in terms of accommodation and job-searching (MEST 2008, 6). In responding theses problems, the South Korean government began to stress a necessity of a qualitative management ensuring a recruitment of qualified students and sufficient capacities of higher education institutions. Another important development concerned establishment of guidelines governing international student affairs within the government. Management guidelines for international students, as the status of an administrative order, were enacted by MEST in May and Ministry of Justice (MoJ) in June respectively (MEST 2009, 4).

Follow-up Policies

By 2008, the South Korean government had come to realize the seriousness of the problems existed during the previous periods. Those problems included the increase in drop-out rates of international students and the undocumented international students and insufficient capacities of universities. Consequently, the South Koran government began to
implement policies in order to cope with the side-effects by introducing new sanction schemes, university guidelines, monitoring system and accreditation system.

In June 2009, MEST decided to take sanctions against twenty-two higher education institutions after the three-month investigation of 345 universities. Based on the ‘Sanction Plan for Universities of Insufficient Management in International Student Affairs’, these universities were charged with insincere or insufficient management of international student affairs. Twelve universities recorded more than 50% of drop-out rate\(^4\), seventeen institutions violated their own regulations regarding curriculums and tuition fees, and recruited students through unauthorized agencies whereas seven universities came under both categories (MEST 2009a, 2). MEST excluded universities without taking adequate measures for improving their practices from any financial support programs managed by MEST. Those programs include not only institutional support for capacity building or university-industry cooperation but only the working student support, scholarship for science and engineering students, and oversea internships.

In addition to a sanction policy, the South Korean government was very quick to establish new regulations such as university guideline and a new monitoring system in order to control the behaviors of universities. In September, MEST released the ‘Improvement Plan for Managing and Supporting International Student Affairs’ identifying the escalating drop-out rates and illegal employment of international students as key social problems resulted from the government policies focusing on the quantitative expansion of international students (MEST 2009b, 3).

The new plan introduced two significant new policy instruments. First of all, MEST notified the guideline applied to international student affairs in higher education institutions. This guideline consists of two main components; minimum entrance requirements for

\(^4\) A dropout rate = (No. of students who left schools halfway) / (No. of students who entered) X 100
international students, and performance requirements for higher education institutions. Based on this guideline, English and Korean language requirements were specified, and interviews with foreign applicants become mandatory. Moreover, universities were required to establish their own official admission regulations for international students. The guideline required universities to either appoint managers or to found new organization specialized in international student affairs\(^5\) (MEST 2009b, 1-8)

Second, the new monitoring systems by the government were announced, which comprised of two directions. Annual joint investigations by government agencies relevant to international student affairs would monitor performance of higher education institutions. On the official website of Study Korea Project, university information associated with effective management of immigration records and academic affairs, and studying environment would be made public. In addition, University Information Notice system and government evaluation in internationalization of universities would reflect data and figures regarding compliance of the guideline, dropout rates, and receptive capacity of dormitory, country breakdown, and status of full responsible managers or organizations (MEST 2009b, 3).

The unsatisfactory mitigation of problems drove the South Korean government to map out a new plan. In June 2011, the ‘Advancement Plan for International Student Recruitment and Management’ was introduced, the key aspect of which was the introduction of the accreditation system, officially called as ‘the Accreditation of Capacity for International Student Recruitment and Management’ in order to evaluate the capacities of 346 higher education institutions (MEST 2011a, 5). The accreditation system consists of three processes; Quantitative data screening, the on-site evaluation based on qualitative factors, and investigation of overall performance. In case of successful pass the whole processes;

\(^5\) More than one manager should work when universities have international students between 50 and 199. Universities having 200 or more international students should establish a individual organization with more than four managers. As of 2009, 90 institutions belonged to the first category while 87 institutions fell into the second category.
universities are officially irradiated by the government for their capacities for recruitment and management of international students for the next three years. Sanction measures such as a mandatory consultation with external agency, a correction order, and limited visa issuance are taken against universities that fall into the bottom 15% of the final evaluation rank. It should be noted that even universities without willingness to apply should be subject to the governmental investigation in accordance to the new plan because data for the first evaluation are collected from University Information Notice system to which universities should upload designated data (MEST 2011b, 2).

This section provided the observation that the policy attention of the South Korean government seemed to have moved from the quantitative expansion to the quality management by examining the major policy development. As shown, the government has developed diverse sets of policies based on its intentions to address the deficiencies. The next section will explore the outcomes which can be identified as the ‘unintended consequences’ derived from the policy development process described in this chapter.
CHAPTER 4. Unintended Consequences

Government policies, as the kind of purposive actions with explicit goals, can give rise to unintended results (Merton 1936, 894-895). Despite difficulties in identifying unintended consequences in general, this section seeks to recognize unintended consequences concerning international student policies in South Korea. Unintended consequences here can be understood as outcomes which have been affected by the policies, which do not come under the category of the pre-established goals of the policies.

4.1 Increase in Drop-out Rates and the Undocumented International Students

Since 2001, the number of international students in Korea dramatically increased as shown in table 2. As of 2011, 89,537 students study in South Korea accounting for around 2.3% of the whole higher education populations (Statistics Korea 2011).

Table 2 Increase in International Students in South Korea

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Num. of Students</td>
<td>16,832</td>
<td>22,526</td>
<td>32,557</td>
<td>49,270</td>
<td>63,952</td>
<td>75,850</td>
<td>83,842</td>
<td>89,537</td>
</tr>
<tr>
<td>Growth Rate</td>
<td>33.5%</td>
<td>44.5%</td>
<td>51.3%</td>
<td>29.8%</td>
<td>18.6%</td>
<td>10.5%</td>
<td>6.8%</td>
<td></td>
</tr>
</tbody>
</table>
(Source: Statistics Korea 2011)

As the clearly assigned benchmark in the Study Korea project, reaching the designated number was the intended consequences of South Korean policies. Despite the success in expanding its international students, there have been growing concerns over the increasing problems caused by some international students. The key problems identified by the government are drop-out rates and the undocumented students (MEST 2008, 1; MEST 2009, 2; MEST 2011b, 2). According to data released by the South Korean government in 2009,
8,465 out of 71,531 international students dropped out of school between 2005 and 2008, which recorded 11.83% (Daily UNN 2012). The highest rate was 93.9% while the top-nine universities showed 8.4% in average (MEST 2009, 6). In terms of the undocumented students, international students with the illegal residence status are 8,138 out of total 92,771 (8.8%) as of March 2012 (MOJ 2012, 19).

The official recognition of these problems in the government policy documents has been significant since 2008 due mainly to the increase in crimes conducted by and illegal labors of the dropped or illegal international students, which has drawn massive media attention. In addition, the South Korean government has the perception that poor performance of universities in dealing with international student management has caused a risk of losing competitiveness in international higher education market by creating a negative external image of South Korean higher education (MEST 2011b, 1).

### 4.2 Uncertain Quality of EMI

The expansion of lectures taught in foreign languages has been a core part of South Korean government’s internationalization strategy announced in 2006, which aimed at laying the foundation for internationalized educational environment (CDHR 2006, 16). The more specific benchmark was set in 2007, which aimed at increasing the current ratio (2.19%) of classes taught in foreign languages to the whole classes in universities to 3.10% by 2010. Apparently, this policy goal seems to be achieved when the half of 2011 witnessed 8.0% for this indicator. When it comes to English, the ratio increased from 1.5% in undergraduate and 5.1% post-graduate schools in 2005 to 7.9% in average in 2011 (Jeong 2011, 84). Despite the achievement of quantitative goals, the effectiveness of this policy has remained unclear yet (Jeong 2011, 84; Shim 2010, 47).

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6 This number concerns two types of visa applied to international students: D-2 (Study) and D-4 (Training).
In the meanwhile, there have been controversies over EMIs due to the unclear quality (Shim 2010, 47). Due to the increase in EMIs at universities, which aims at promoting internationalization of higher education, domestic students have been increasingly exposed to mandatory classes taught in English while professors have been asked to teach in English (Song 2008, 62). Proponents argue that EMIs are necessary given the growth in the number of international students. They also consider EMIs as core components of internationally competitive universities. On contrary, opponents stress negative aspects such as the lowered level of students’ understanding and teacher-student communications due to language barriers (Lim 2011, 48).

Song (2008, 62) showed that only 17.9% of 963 Korean student who experienced English-Medium Instruction (EMI) were satisfied with EMIs, and Shim (2010, 60-63) also found that students had showed negative views (52.3%) more than positive views (47.7%) on EMIs. The survey conducted in 2010 with 318 Korean students from universities located in Seoul indicated that around 80% of respondents had experienced EMIs, and only 34% of respondents could understood more than 80% of lectures (Lim 2011, 50-51). These findings are not necessarily evidences of uselessness or unfitness of EMIs, but instead at least showed that the resulting consequences of the government policy intending to promote the internationalized environment seemed to generate the unintended effect.

### 4.3 Reproduction of University Hierarchy

In December 2011, MEST, for the first time, announced eight accredited universities in terms of recruitment and management of international students (MEST 2011b, 1). The primary goals of this accreditation policy are two fold. It aims at increasing the quality of international student recruitment and management by exploring high-performing universities
as well as at promoting accountability of universities by eradicating inadequate performances of some universities without sufficient capacities (MEST 2011, 1-2). Given these policy goals, there was observed another unintended consequence that the names of universities accredited are very much overlapped with those of universities taking high positions in the domestic university rankings.

In fact, there is no university ranking officially announced by the South Korean government. Two major newspaper companies, however, have annually announced the university rankings; Joon-Ang Ilbo University Ranking since 1994 and Chosun – QS Asian University Ranking since 2009. Both rankings have overall ranking system consist of several evaluation factors. Despite controversies over relevance and reliability of those rankings and factors used, these two ranking systems have been widely used by universities and the public. Since these ranking tables has influenced not only decisions of students or parents about which universities they are applying to but also external reputation and student employability, these rankings can be seen as a barometer of university hierarchy in South Korea (cf. Hazelkorn 2011 p.93-95).

The history of both rankings for the period between 2009 and 2011 showed that there seemed to be a major group of universities that constantly remained within the top-tier in the rank tables. In the case of Joon-Ang Ilbo ranking, only twelve universities have rotated their ranking for three years, and only eleven universities showed up within the top-ten position of Chosun-QS Ranking for the same period. Moreover, ten universities are overlapped between two rankings. It should be noted that except KAIST, POSTECH, and PNU, all the universities have their campuses in Seoul, the capital city of South Korea.

As shown in Table 3, the names of eight universities released by MEST are found in both rankings (the underlined names), which can be open to various interpretations. For example, 7

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7 Both KAIST and POESTECH are science and engineering studies universities which locate Deajeon and Pohang respectively, while PNU is Busan-based national university.
it can be interpreted that universities having overall high performances based on rankings are expected to have better outcomes in international student affairs due to their management capacities or resources. Since this coincidence is not an intended consequence given official policy goals, the observed dominance of few universities both in overall performance and accreditation needs more explanations, which will be introduced in the next chapter.

Table 3 Comparison between the University Rankings and the Governmental Accreditation

<table>
<thead>
<tr>
<th>Overall University Ranking</th>
<th>Governmental Accreditation in International Student Recruitment and Management Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities included at least once within the top-ten positions between 2009 and 2011 (unranked order)</td>
<td>Ehwa Hanyang KHU KOREA SNU SOGANG YONSEI KAIST POSTECH CAU KUFS</td>
</tr>
</tbody>
</table>


Acronym of universities: EHWA (EHWA Womans University); KHU (Kyunghhee University); KUFS (Korean University of Foreign Studies); SKK (Sungkyunkwan University); SNU (Seoul National University)

* YONSEI universities have two separate campuses both of which were accredited.

In this chapter, three unintended consequences are presented. Based on this observation, it can be assumed that these consequences, as the policy outcomes, can be by-products resulting from the interplay between actors who involved in the policy process. In this sense, the next chapter will give an explanation about the sources of those consequences within the framework of the principal-agent theory. While the government has constructed the
international student policies, the tasks relating to international student recruitment and management have been carried out by universities whose performances need to be accountable to the government. Given the government-university relations, the principal-agent theory seems to provide the useful tools to analyze how certain policy outcomes emerge by focusing on the structure of regulations and incentive systems.
CHAPTER 5. Analysis based on the Principal-Agent Theory

With the principal-agent lens, contract relations can be understood “to be governance mechanisms ranging in character from formal to informal, explicit to implicit, and objective and subjective” (Berney & Ouchi 1986, 211 recited in Kivistö 2007, 12). As already mentioned, the government-university relations in South Korea has hierarchical features in which the government has strong regulatory powers in controlling practices of universities (Kim 2008, 1). As Lane & Kivistö (2008, 163) indicated about a ‘sub-contract’, international students policy has made the government-university relations as ‘sub-contract’ in the sense that the government attempts to guide behaviors of universities in line with its policy goals. The nature of this contract, however, should be carefully taken into consideration because there seemed to be still “the freedom of entry and exit to” contract (Lane & Kivistö 2008, 166). Universities unwilling to engage in international student recruitment and management do not have to accept the conditions included in the policy.

This chapter attempts to explain how the observed unintended consequences have been originated by engaging in the principal-agents relations affecting in international students policies in South Korea.

In the theoretical part, this paper assumed three hypotheses which will be reviewed one by one.

**Hypothesis 1:** The lack of the governmental regulations to monitor university capacity and behavior combined with information asymmetry, despite the common interests of the government and universities in quantitative expansion of international students, contributes to the increase in drop-out rates and undocumented international students.
The increase in numbers of international students has been at the center of the Study Korea Project since its inception. Universities in South Korea also have greatly emphasized the increase in international student population under the slogan of ‘internationalization’. Even if it is almost impossible to identity the real motivations of each university to involve in attracting international students (cf. Kivistö 2007, 68-69), the estimation can be made given the situations in South Korean higher education. The decrease in enrollment rate in universities, due to the demographic change, led universities to look at the international students market (Kim 2005, 2). Given universities’ high financial dependency on students’ tuition fees, the lack of enrolled students may threaten the financial stability and in extreme case survival itself. Additionally, it has been true that universities intend to have more international students as part of their internationalization strategies in pursuance of reputation and prestige since the diversity of student bodies has constituted one of the crucial elements of internationalization. These motivations are congruent or overlapped to a great extent with interests of the government international policies. The existence of the shared interests of both the principal and agents in international student expansion seems to have greatly contributed to the rapid increase in international student population in South Korea.

In the meanwhile, this paper found significant information asymmetry in the principal-agent relation regarding international student policies. While the government’s strong criticism of some universities’ handling of international student recruitment and management primarily directly addressed the misconduct of universities as the main source of the problem (MEST 2009, 1; MEST 2011b, 1-2), this paper argues that the lack of screening and regulation system on the principal side is the more fundamental source. First, the government did not have any legal statute to manage international student recruitment and management until 2008. This can show that the government did not have clear approach or was not ready in proceeding and managing international student affairs. Second, no entry requirements
necessary for agents to perform tasks relevant to international student affairs existed until 2011. In other words, any agents could become involved in international student recruitment and management if they wished, which has implications in terms of a screening system. Screening represents “those activities undertaken by the principal which are intended to separate good types of prospective agents from bad types of prospective agents” (Kivistö 2007, 80) which led to the accreditation system launched in 2011. This screening allows the principal to filter the eligible agents equipped with affluent capacities (Kivistö 2007, 80-81).

Thirdly, no regulations were found which could either control or punish agents who did not behave as the principal expected. Both the guideline and the sanction plan were introduced in 2009 for the first time.

Under these circumstances, the resulting outcome was ‘adverse selection’ and ‘moral hazard’ due to information asymmetry under which the government does not obtain enough information about its agents in terms of their capacities and practices (cf. Moe 1984, 756). This allowed universities even without enough academic, administrative, and physical infrastructures to involve in the international students tasks and may have given a wrong signal to universities that they can use whatever measures they wish, including those the principal may think is inappropriate as long as they achieve the policy goal, the quantitative increase. This situation often takes place when agents are informed about “what is to be produced” without having the instruction that “how best to produce a policy output and what that policy output should look like” (Lane & Kivistö 2008, 151). In fact, the first Study Korea project had attracted criticism that it did not have specific sub-plan on how to achieve the policy goal (Kim 2005, 8-12). It is a possible scenario that some universities were tempted to recruit any students who wish to study in their universities when there were no principal’s regulations demonstrating conditions and qualifications. For example, most Chinese international students in South Korea dropped their schools mainly because the lack of
Korean language capacities and the personal aspirations to work even illegally rather than study (GRI 2011).

In general, adverse selection can be found when the principal lacks the capacity to collect complete information (Kivistö 2007). It is, however, unclear whether this is because either the government had little interests in selecting proper agents and monitoring them due to its preoccupation with the quantitative goals or the government lacked the capacity in screening and monitoring more than 300 agents. In fact, the result of the online questionnaire from South Korea’s university administrators in charge of international student recruitment reveals that 67% of respondents indicated the government policies emphasizing quantitative expansion were the main source of the illegal works and the drop-outs of international students. This result seems to provide a clue to a possible intention of the government when coupled with the fact that the screening mechanism had not come into place until late 2011 despite the strong regulatory capacity of the South Korean government. One possible interpretation is that the government had less incentive in introducing the screening system which might hinder a planned rapid expansion of international students.

**Hypothesis 2:** The government policy to encourage the increase in the number of English-Medium Instruction (EMI) conducted at universities partly contributes to the uncertain quality of EMIs.

Universities in South Korea have both internal and external driving forces which encourage them to launch EMIs. Internally, the aspirations of universities to create internationalized campuses which would enable professors and student to nurture their communication skills in English with their foreign professors and fellow students has resulted in the increase in EMIs (Shim 2010, 48). The external evaluation mechanisms including
university rankings also have supplied indicators evaluating the ratio of EMIs to the whole classes at universities. In 2006, the South Korean government added new stimulus when it decided to link the ratio of EMI with the evaluation of financial support programs governed by ministries including MEST (CDHR 2006, 18).

Based on the principal-agent framework, this government policy instrument functioned as an input-based funding system. Input-based funding system, as behavior-based governance, that monitors “how universities are ‘behaving’ in economic and operational terms”, allocates financial resources based on how much resources are used by universities in producing outcomes (Kivistö 2007, 103). Given the low level of the government funding for higher education institutions, the new policy seemed to greatly increase the importance of EMIs. In fact, the second phase of the Brain Korea 21 project (BK 21) used the indicators relating to the classes delivered in foreign languages in the evaluation process, and universities joining the BK 21 may lose their funding depending on the evaluation results.

The government’s use of income-based funding can be understandable in the sense that the principal considers behavior-based governance including input-based funding as the preferred option when ‘output measurability’ is low, ‘output uncertainty’ is high, and the ‘length of the agency relationship’ is long (Kivistö 2007, 125). In fact, it is a difficult task for the government to measure both the quality and real outcomes of teaching activities (Kivistö 2007, 125), and the government-university relations regarding international student policies in South Korea do not have any fixed contract period as is the cases with research funding program.

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8 BK 21 aims “to foster word-class research universities and produce top-notch human resources”, which is governed by MEST. The first phase of the BK 21 was between 1999 and 2005, and the second phase is between 2006 and 2012. The total budge volume of the second phase of the BK 21 project approximately accounts for $2,030 million (KRF 2007, 11).
The change in the government funding mechanism acts as a strong motivation that leads universities to support more efforts to establish EMIs even if they are not ready to have sufficient pedagogical methods and capacities of professors and students to make them work (Kim 2011, 67). The respondents to the online questionnaire conducted with university administrators, showed the overall effects of the government policy on the launch of EMIs. The question was ‘to what extent does the government policy that uses EMIs and international student population as internationalization indicators of universities affect the international student recruitment and the establishment of EMIs at your university?’ 73% considered that the government policy have significant effects on their practices (‘Very greatly’: 6% and ‘Greatly’: 67%) while 22% chose the answer with ‘Slightly’ and 5% with ‘Never’.

The input-based funding used by the government can reduce the information asymmetry between the principal and agents by monitoring how agents behave; that is, how many classes are opened. The rationale of the government policy seems that the more EMIs represent the better internationalized environment: the government policy document (CDHR 2006, 18) said that EMIs were considered as the part of the ‘Educational Infrastructure’ for internationalizing higher education in South Korea. While the growing number of professors and students at universities seems to recognize the necessity of EMIs (Song 2011 p.3; Park 2011 p.30; Lim 2011 p.47), but there have been little attempts to analyze how universities, as the agents, manage the EMIs and how the classes are operated.

For this reason, the online survey was conducted with 39 international students studying at the university where EMIs are mandatory at the graduate level. This university has maintained its EMI policy since its establishment in 1993, which meant the expansion of EMIs at this university does not necessarily correlate with the government policy. The findings from the survey, nonetheless implies that the quantitative expansion of EMIs does
not always confirm the quality of classes. It is found that 32% of students have ‘ever encountered any problem in attending courses taught in English’. Among them, 12% considered ‘student capacity (English proficiency/participation)’ as the main source of problems, and 15% pointed out faculty capacity (English proficiency/presentation) while 5% said both. Despite the fact that this university has operated EMIs for the past twenty years, still around 32% of international students found some obstacles. This result does not deny the necessity of the expansion of EMIs, but it seems to provide an evidence that the EMIs can function well only when professors and students of universities have sufficient capacities. In this sense, the impression about EMIs provided by one respondent seems to be significant.

‘They are trying hard to push English as the medium language in my institute. However, the capacity of professors are not up to par. For some cases, the professors are not able to conduct the lecture well by using English, especially in terms of grammars and pronunciations, even though most of them came back from America for their higher studies. Even though I’m an international student, but sometimes I even understand the class better when the professors repeat the lecture in Korean. The institute is trying to establish itself as an English proficient school; however there are still a lot of works to do in order to achieve that.’

- The student from Malaysia-

**Hypothesis 3:** *The structures of the new accreditation system affect the reproduction of university prestige in the area of international recruitment and management.*

The introduction of the accreditation system in terms of international student affairs represents the ‘screening’ process in which ‘adverse selection’ can be decreased. As explained, the principal-agents relations between the South Korean government and universities regarding international students have no entering barrier which allows any agents to become involved in international student recruitment and management. This paper already
identified that this free-entry option was attributed to the source of the drop-out rate and the undocumented international students. The exit-option is still valid under which agents can escape from their relations with the government if they do not want to accept the terms provided. However, this option is very narrow because once the number of international students reaches more than 20 at a university it is subject to the government guidelines and evaluation for accreditation.

The accreditation results totally depend on the evaluation process, comprised of three stages; quantitative data screening, the on-site evaluation based on qualitative factors, and an investigation of overall performance. A close look at indicators used for accreditation make it possible to examine how this new regulation affects the reproduction of a university hierarchy in international student affairs. Among three stages, information about the process through which how the second one-site evaluation based on qualitative indicators are calculated or translated into accreditation decision is not publicly available. The final stage can only provide the confirmation of the results of the overall evaluation. Given the lack of information, this section only uses the first quantitative indicators. In fact, the accreditation targeted 201 four-year universities in total, and presumably only ten universities (5%) were subject to the second stage because the universities which fell into the highest 5% based on the results the first stage could carry on the further process (MEST 2011c). In other words, the first stage filtered out 95% of universities and the second stage filtered only 20% (2 out of 10). Consequently, it can be assumed that the first stage had more significant impacts in judging the capacities of universities, which makes the examination of the indicators of the first stage still valid.

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9 Basically, the four indicators used for the second qualitative evaluation relate to the existences of regulations, management and supporting systems in terms of recruitment, monitoring, and academic affairs. Although the point allotted to each indicator for evaluation is available, the translation process of quantitative indicators into the points is not found in the publicly available government documents.
The scrutiny of the accreditation system can identify two elements which influence the final outcomes. First, when compared to indicators of two domestics ranking systems, some indicators used for accreditation overlapped. The Table 4 shows the eight indicators used for the first evaluation stage. Joong-Ang has indicators similar to 1,2, and 3 while the QS-Chosun’s indicators include 1. The indicator 4 is not identical to ones used by the two private actors but the nature of this indicator can also represent the common aspects. ‘Enrollment number and rate of international student’ relates to two components: the total international student population and the enrollment status of domestic students. The former is one of the key indicators used by both Joong-Ang and the QS-Chosun, and the latter is utilized by Joong-Ang. This overlapping seemed to benefit the universities which already marked better performances than their counterparts based on the two private companies’ indicators.

Table 4 Quantitative Indicators for the Accreditation of Capacity for International Student Recruitment and Management of Universities

<table>
<thead>
<tr>
<th>No</th>
<th>Accreditation Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Full-time international faculty number/ratio</td>
</tr>
<tr>
<td>2</td>
<td>Out-bound exchange student ratio</td>
</tr>
<tr>
<td>3</td>
<td>In-bound exchange student</td>
</tr>
<tr>
<td>4</td>
<td>Enrollment number/rate of international student</td>
</tr>
<tr>
<td>5</td>
<td>Drop-out rate of international student</td>
</tr>
<tr>
<td>6</td>
<td>Diversity of international student</td>
</tr>
<tr>
<td>7</td>
<td>Financial stability</td>
</tr>
<tr>
<td>8</td>
<td>Accommodation provision</td>
</tr>
</tbody>
</table>

(Source : MEST 2011b)

Second, the accreditation is based on the relative evaluation, which evaluates relative performance of universities compared to their counterparts, seemed to enhance the existing hierarchy of universities. Despite different motivations and structures of accreditation systems, it is said that one key precondition of accreditation is that “there must be a clear
definition of the quality expected” and the assessments “should be based on a coherent set of explicit reference points” (Hämäläinen, Mustonen & Holm 2004, 8). In fact, Accreditation of Capacity for International Student Recruitment and Management has no benchmarks in assessing universities’ capacities. Given its object of the quality enhancement in international student recruitment and management, the new accreditation system should intend to “certify a set of defined standards of quality” (Hämäläinen, Mustonen & Holm 2004, 8). The relative evaluation mechanism, however, seemed to make the accreditation act as a ranking system. Under this system which selects only 5% of the top-tier performers, universities which cannot outperform their highly competitive colleagues have difficulties in obtaining accreditation, which otherwise can be attainable with prearranged benchmarks. Coupled with the composition of indicators, this mechanism has increased the possibility that only the current top-tier universities with already marked higher performance based on similar indicators showed up in the final accreditation list.
Conclusion

This paper attempted to figure out the sources of the unintended consequences of South Korea’s international student policies based on the principal-agent theory. Analysis of these sources in this paper reveals that frameworks of regulations and incentives that the government, as the principal, created can condition the behaviors of universities, as the agents, and policy outcomes. First, the adverse selection resulted from the information asymmetry and allowed even unscreened universities to pursue the quantitative increase in international students. This free-entry option contributed to the expansion of international student populations, which also became the source of the increase in drop-out rates of international students and the undocumented students. Second, the input-based incentive system, which only emphasized the installation of the English Medium Instructions (EMIs) without caring about the outcomes of EMIs, brought about the uncertain quality and the lack of students’ understanding of EMIs. Third, the new accreditation system, as the screening mechanism, functioned as a ranking system as it used a relative evaluation scheme without establishing any reference points which were essential components of accreditation. Additionally, the accreditation system applied the same indicators already used by the private university rankings, which affected the reproduction of the existing university hierarchy.

Given the analyzed sources of the unintended consequence, there are possible policy options among which the South Korean government can choose. The rapid expansion of international students is the aggregated achievement of universities and the government. The new accreditation system in favor of the top-tier universities could discourage other universities who have been contributing to the increase in international students. The government needs to amend the evaluation system including indicators in the way that reflects the difference in capacities and resources among universities. Moreover, an outcome-
based incentive system in evaluating EMIIs needs to be introduced in order to ensure the quality of classes. The disconnection between the internationalization indicators used for evaluation of universities and the government financial supporting programs should be taken into consideration since the current funding mechanism can discriminate against universities which have little incentives or capacities to involve in internationalization when they wish to apply for the government funding.

The findings of this paper can show that the principal-agent theory could be applied to the government-university relationship within the specific policy area which concerns international students. Moreover, given the fact that the government economic incentives influence the universities to a great extent in South Korea, the principal-agent theory seems to have analytical implications in investigating the government-university relationship where the public funding given to universities is relatively low such as Japan and US.

Despite these implications, this paper has some limitations. This paper mainly focuses on a ‘correlation’ between the sources and the outcomes, which does not show a ‘causal’ mechanism. This is mainly because sources of unintended consequences can be multiple, which implies that other factors existing beyond the boundary of the government-university relationship are not taken into consideration. Another limitation concerns the generalization of the finding in this paper. The South Korean situation in which around 90% of universities are private with the low government financial support is not a common context in terms of the government-university relationships, which requires a caution in generalizing findings of this paper.

Internationalization in national higher education systems by inviting more international students came to have significant meaning both in economic terms and in academic dimensions for a national government. While no one can deny the necessity of internationalization, any efforts to advance this process can encounter unintended
consequences, which may counteract expected positive policy outcomes. While little attention has been paid to how to detect the source of these unintended consequences in this policy area, this paper can provide a new approach by using a principal-agent theory.
Appendices

Appendix 1: Online Questionnaire for International Student

1. What is your nationality? ( )

2. Are you a native English speaker?
   - Yes
   - No

3. Have you ever encountered any problem in attending courses taught in English? If so, what is the main source of problems?
   - Yes - Because of student capacity (English proficiency/participation)
   - Yes - Because of faculty capacity (English proficiency/presentation)
   - No - I have no problem
   - Other ( )

4. Please describe your general impression as well as any suggestion regarding English-Medium Instruction at your university.
Appendix 2: Online Questionnaire for University Administrators

(Conducted in Korean language)

1. 정부는 외국인 유학생 확대 육지를 위하여 2004년부터 Study Korea Project를 추진하고 있습니다. 이 과정에서 외국인 학생의 불법체류·취업·이탈 등의 현상이 나타나고 있습니다. 이러한 현상의 가장 큰 원인은 무엇이라고 생각하십니까?
(What do you think is the major reason of the increase in the drop-out rate and the undocumented international students?)

- 유학생의 양적 확대를 강조한 정부 정책
  (The government policies emphasizing the quantitative expansion of international students)
- 대학의 무분별한 유학생 유지
  (Universities’ reckless efforts to invite more international students)
- 외국인 학생의 개인적 차원의 이익수지
  (Personal interests of international students)
- 기타 (Others)  

2. 정부의 대학평가 및 재정지원사업 평가 시 외국인 학생 수·영어강의 수를 `국제화` 지표로 활용하고 있습니다. 이러한 정책이 대학의 외국인 유학생 유지 및 영어강의 개선에 어느 정도 영향을 미치다고 생각하십니까?
(To what extent does the government policy that uses EMIs and international student population as internationalization indicators of universities affect the international student recruitment and the establishment of EMIs at your university?)

- 아주 많은 영향을 끼친다 (Very greatly)
- 많은 영향을 끼친다 (Greatly)
- 조금 영향을 끼친다 (Slightly)
- 전혀 영향을 끼치지 않는다 (Never)

3. 대학의 외국인 유학생 유지관리 활동과 관련하여, 정부정책 중 보완하거나 개선해야 할 점이 있다면 무엇이라고 생각하십니까?
(What do you think is the most essential element to improve South Korea’s international student policy?)

- 대학에 대한 정부 재정 지원 강화
  (A government financial support for universities)
- 대학별 유학생 유지관리 활동 자율성 증대 (Increase in autonomy of universities in recruiting and managing international student affairs)
- 유학생 관련 평가지표 (유학생 수·영어강의 수 등) 개선
  (Improvement of the quantitative internationalization indicators)
- 외국인 유학생 유지관리 내실화를 위하여 부설대학에 대한 보다 강력한 규제 도입
  (Introduction of tougher regulations on universities without sufficient capacities)
- 기타 (Others)  

44
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