South Koreans are spending $15.3bn a year on private English lessons, according to a new report by the country's leading economic thinktank. But while Koreans appear to have an insatiable appetite for education, they remain hampered by low self-esteem as linguists.

The Economics of English report was published by the Samsung Economic Research Institute (Seri) last month. It claims that total expenditure on language learning accounts for 1.9% of South Korea's GDP.

The report also assesses the potential value of the English language to South Korea and how teaching can be improved. However, the starkest figures expose the shortfall between expenditure and achievement.

Each year Koreans spend $752m on tests of English, with a large proportion of this being spent on the Toefl assessment test produced by the US company ETS. Currently South Korea is the world's largest market for Toefl, yet, according to a 2004 report by the Korea Government Information Agency, South Koreans ranked a dismal 110th on ETS's global Toefl rankings.

More than 1,000 expatriate managers of multinational companies polled by Hong Kong's Political and Economic Risk Consultancy rated South Koreans as the worst English speakers in Asia in a 2005 survey.

According to Dr Lee Byung-min of Seoul National University's Department of English Language Education, the study of English has become a kind of ideology for nearly all Koreans. It is influenced by the belief that English is essential for upward social and economic mobility.

Koreans spend heavily on English lessons because of the poor quality of teaching in state schools. "Korean is the only language used in primary education, and even in the English language classroom English does not exist," said Dr Lee. "People do not have opportunities to use English except in conversation classes run by English institutes."

History also plays a part in South Korean's difficulty in learning English. Once called the Hermit Kingdom for isolationist policies, few other languages have been able to seep into the Korean peninsula except for written Chinese.

In spite of its poor linguistic record, however, South Korea's economy is ranked at a very respectable 12th in global league tables. Now policy makers are determined to establish the country as a "hub of Asia" for business and more. According to the Samsung report, which echoes current government policy, mastery of the "global lingua franca" will allow South Koreans to lead globally competitive companies, stamp their mark on scientific discourse by publishing in English-language journals, entertain the world with English-medium pop music and films and eventually secure a Nobel prize for literature.

English isn't the only subject that Korean learners spend a great deal of time and money on. A 2005 report by the Korea Educational Development Institute calculated that there were 64,591 lifelong education institutes across the nation.

Veronica Choi is an English instructor at Changwon National University and corporate language coach at the Korean arm of the Swedish firm Volvo. She says that Koreans have
an innate passion for learning that is often channelled into English.

"It's very hard for Koreans to reach fluency, but spending money isn't an issue. For some, almost a third of their income is spent on learning something, usually a language," says Choi.

The final part of the Seri report makes suggestions on how to invest more effectively in English education. However, most of the recommendations rehash policies and programmes currently in place.

One suggestion is to create special English-only zones. Currently there are 30 English immersion villages in operation or under development. These are replicas of western towns where schoolchildren can visit for a day or weeks. During their stay, they interact with hired native speakers of English. However no studies have been done to prove that this model of language acquisition in such a short time span is practical or cost-effective.

The reason for the rapid spread of English villages may have more to do with politics. Local politicians can win votes by setting up villages and they are lucrative "make-work" projects for construction firms.

In an interview with Voice of America, Jeffrey Jones, an American businessman and director of the Paju English Village, recalled a phone conversation with the Gyeonggi governor, Sohn Hak-kyu: "He said, I've promised the electorate during my campaign that I'd build an English village. I don't know what it is, but I want to do it - can you help me?"

Earlier this year, the education and human resources development minister, Kim Jin-pyo, said that constructing the villages was a "wasteful enterprise". He argued that the massive costs outweighed their paltry benefits and that the budget should be spent on putting more native English teachers in schools and bolstering their English programmes.

The minister was castigated for his controversial comments, but the effectiveness of using more native teachers in mainstream schools is not proven either.

The government recruits foreign teachers under its English Programme in Korea (Epik) scheme, but it has been fraught with corruption and mismanagement since its launch in 1996. Beside poor housing conditions and contractual scams, Epik teachers are often shunted around classrooms as human tape players or asked to teach classes of 40 students or more with little training. It results in a high turnover of teachers and students receiving less than the best.

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