Separate Exploration on the Development Path of Mixed Ownership System in China’s Educational Field

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ABSTRACT
Since the reform and opening-up, China’s education has been developing rapidly but facing many systematic problems. In the background of developing mixed ownership system actively, developing the mixed ownership system in educational field has significant realistic value in broadening the source of the educational funds, de-administration in educational field, introducing normative competition mechanism, breaking through the restriction of the public schools’ establishment and stimulating vitality of running a school. This paper uses the public theory to analyze the present status of development of mixed ownership in educational field and the problems of all kind of education, and discovery the development path of mixed ownership system, including classifying reform, improving relevant laws and regulations, breaking through the ideological fetter of all-or-none thinking, clearing ownership of property, clarifying the responsibility of each party, strengthening the pilot work and finally realizing the reunification of particularity and universality.

Keywords: education, mixed ownership, public goods

INTRODUCTION
“Education is the basic of a one-hundred-year strategy of a nation”. In the 21st century of the era of knowledge economy, education contributes increasing more to material production and social development. Education development and input level is often the main criteria to measure degree of quality and civilization of a country, a nation. With the rapid development of social economy, China’s education investment continues to increase. In 2012, China’s education spending proportion in GDP reached the international base line of 4% for the first time and maintained between 4% and 5% for five consecutive years, reaching the highest of 4.3% in 2013. However, China’s education field still faces many problems, such as unfair distribution of educational resources; lack of funds for preschool and vocational education, single source of funding, heavy government burden; great gap in education, financial investment between urban and rural areas and between schools; undesirable quality in running vocational education and pre-school education, and lack of outstanding teachers. In this regard, all walks of life is always actively exploring new path for education reform.

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In view of the success of mixed ownership in the economic field, vocational education currently takes the lead in proposing development of vocational education of mixed ownership. From an economic point of view, education is seen as a mixture of goods with multiple ways for provision and production, which provides a basis for the development of mixed ownership education. However, educational products have clear public property, and whether mixed ownership is suitable for education of all levels is still worth exploring. Therefore, this paper attempts to make separate exploration of applicability of mixed ownership in different educational fields in the context of mixed ownership development.

**OBJECTS AND METHODS**

**Promote the Realistic Value of Mixed Ownership in Education Field**

Development of mixed ownership in education field means important realistic value for solving and alleviating the existing problems, specifically as follows:

First, it helps broaden the source of education funds and optimize the funding structure. China’s education funding mainly comes from the budget, and social capital investment accounts for a small proportion. According to the “China Statistical Yearbook 2016”, China’s education funding in 2014 totaled 328.1 billion yuan, of which, private school organizers invested only 1.133 billion yuan and social donations only amounted to 7.967 billion yuan. Although China’s education spending is increasing with its proportion in GDP reaching international base line of 4% for the first time in 2012, China’s investment in education field is still at a low level compared with other developed countries. In particular, private institutions lack financial support and their development is restricted by funds. Because private capital pursues profit, social capital tends to go to education field with strong private property featuring large income and quick results, but reluctant to go to public welfare education. Moreover, social capital in the existing education field lacks effective regulation, and disorderly development is often a case. The property rights of the mixed ownership schools belong to different forms of ownership, including state and non-state ownership. Through the construction of scientific mixed ownership model, public schools can more effectively absorb social idle funds, private schools can receive strong support from state finance, thus forming a financing system integrating state, society and individuals which helps reduce the government’s financial burden, optimize the education investment structure and alleviate the problem of insufficient education funding (Su, 2017).

Second, it helps de-administration in education field, thus stimulating school vitality. Education funds mainly rely on finance and management cadres have corresponding administrative level, which determines that schools’ important decision has to obey the higher authorities’ willing and higher authorities’ instructions must be strictly implemented. This is especially demonstrated in administration in personnel management and management standards. The long-term administrative system leads to lack of school vitality and school autonomy, institutional rigidity, staff redundancy, low work efficiency in schools, especially public schools. The introduction of scientific, standardized mixed ownership can help absorb multi-party investment, inject fresh blood to schools, improve the school governance structure, break through the education administration barrier, deepen the reform of school system and stimulate school vitality.
Thirdly, it helps introduce standardized market competition mechanism in education field and improve the efficiency of resource allocation. Public schools face the problem of education administration mainly manifested in the rigidity of personnel management and curriculum setting, which leads to the lack of school autonomy and the disjunction between school curriculum and cultivated talents. The mixed ownership in education field emphasizes use of market mechanisms and market ideas to promote healthy development of education. For example, for public higher vocational education, there lacks innovation motivation, the curriculum setting cannot meet the market needs, education quality is not high, student pool is insufficient, and graduates have difficulties in finding employment and obtaining social recognition. The main reason lies in the absence of school-running enterprise subject and inconsistency between vocational college and market demand (Que, and Pan, 2015). However, private institutions have a strong enthusiasm in new course development, strengthened practice and innovation owing to their profit purposes, but the vicious competition and lack of funds restrict its further development to some extent. The process of mixed ownership school running is in fact a process of readjustment and regularization of the interests of public capital and social capital (Chen, 2017). Education is a mixture of goods. Appropriate market-oriented operation in education field through mixed ownership can achieve complementary advantages of state-owned capital and non-state capital, which can not only ensure sufficient funding sources of schools, but also enhance the liquidity and utilization efficiency of capital through mature market operation mechanism of private institutions, thus improving education quality and enhancing market competitiveness.

Fourth, it helps break the restrictions on the establishment of public institutions to achieve the optimal allocation of teacher resources. Public institutions adopt establishment system in personnel management, and competent authorities responsible for establishment determine the staffing quota and job allocation in accordance with specific circumstances such as school size. However, the manning quota is limited and relatively fixed and staff outside the quota needs to be employed to ensure normal operation of the school. There is a big gap in treatment for staff within and outside the quota. The first issue is different pay for the same work. In the general circumstances, wage of the staff within the quota is higher than that of staff outside the quota, and pension of the staff within the quota is borne by the state, but those outside the quota shall take responsibility for their own pension. However, requirements for the faculty are the same in all aspects. Second, faculty outside the quota can only be promoted after joining the establishment system, and establishment serves as the premise for promotion. Furthermore, establishment features a certain degree of stationarity, excellent teachers preferring economically developed areas are fixed in the locality through establishment, and the lack of liquidity results in regional imbalances in educational resources. Finally, work for staff within the quota means a secure job, while it is relatively unsecure for those outside the quota. The treatment difference between the personnel within and outside the quota has dampened the faculty enthusiasm, and some outstanding teachers have left their jobs due to incapability to join the establishment system, resulting in loss of talents. Development of mixed ownership helps introduce modern personnel management system, practice the principle of matching people to jobs and fair competition, break through the establishment restrictions on teachers in public institutions, thus stimulating the enthusiasm of faculty and retaining talented people.

Development Status of Mixed Ownership in China’s Education Field and the Existing Problems

It is generally believed that China’s education system is divided into basic education, higher education, vocational and technical education and adult education. The four are not opposed, but have mutual fusions. In this paper, public goods theory is used to analyse development status of mixed ownership and the existing problems in four types of education respectively.

Basic education

Basic education includes pre-school education, nine-year compulsory education and high school education.
1. Pre-school education

Pre-school education means early childhood education, the initial stage of school education. With the development of social economy and improvement of people’s living standard, pre-school education has received more and more attention, but there are still problems of insufficient investment, not standardized management, great teacher mobility, uneven regional development. At present, pre-school education has clear mixed ownership characteristic, which includes four different types of kindergartens (Zeng, and Liu, 2016).

Public kindergartens: kindergartens run by the state. With state finance as a support, it pays more attention to equity and increased social welfare, but there are also a number of problems, including: shortage of public pre-school education resources, unfair distribution of quality educational resources; lack of market competition mechanism, insufficient sensitivity to market demand, lack of innovation motivation; with administerization characteristics, lack of autonomy; rigid personnel management system and lack of excellent teachers.

Private kindergartens: kindergartens organized by social capital. With more innovation and vitality than public kindergartens, it sets different courses and teaching standards for different service objects with strong flexibility. In teaching, private kindergartens tend to develop new projects in response to market demand and enhance their competitiveness. However, development of private kindergartens is uneven, there being problems of unlicensed business activity and poor teacher quality issues. Moreover, operators have poor public consciousness and legal awareness, blindly pursuing profit; there is vicious competition to reduce fees, hardware and software facilities are insufficient; government departments lack supervision, failing to provide effective guidance.

Enterprise kindergarten: kindergartens organized by enterprises (generally state-owned enterprises) and belonging to the unit’s welfare system. With the vigorous development of GSP kindergarten, enterprise kindergartens are neither public kindergarten nor private kindergartens in pure sense in the context of institutional reform. In a status of embarrassment, they lack stable state financial support. Many enterprise kindergartens face dilemma in financial, management aspects, and lack motivation in innovation such as development of new projects (Wang, 2016).

Transformed kindergarten: mixed ownership schools. Through decomposition of kindergarten property rights, the structure where the state and organizers jointly enjoy ownership is developed (Zeng, and Liu, 2016). Transformed kindergarten is currently in the forms of public kindergarten in balance allocation system, public kindergarten in principal-agent relation, state-owned private kindergarten and joint-stock kindergarten (Yu, 2012). Transformed kindergartens face the following problems in the development process: imperfect relevant laws and regulations; insufficient education funding, absence of government responsibility; unclear property ownership, easy disputes in property rights and benefit distribution.

In 2016, private kindergartens in China totaled 0.1542 million, an increase of 7827 over the previous year, accounting for 53% -54% of the total pre-school education, while private kindergarten children numbered 24.3766 million, an increase of 1.3522 million over the previous year. But in general, China’s pre-school education resources are quite insufficient, supply of public pre-school education resources exceeds demand. The gap in regional development level is big especially in rural areas, development of private pre-school education resources is uneven, there are few transformed kindergartens, and pre-school education still lacks inclusive resources (Yang, and Li, 2016). As pre-school education is not compulsory education, its public nature is relatively weak than that of compulsory education. Thus, it enjoys the potential for positive development of mixed ownership education.

2. Compulsory education

Compulsory education refers to education implemented according to law that children, juvenile of school age must accept. Featuring mandatory, free and universal characteristics, it means the rights and obligations of each citizen. From the perspective of public goods, compulsory education is not a mixture of goods, but pure public goods that should be provided by the government free of charge. In reality, although it is provided by the
government free of charge, there is a great gap in amount and quality of compulsory education resources due to the wide gap in development level of various regions. As a result, people compete for excellent educational resources, resulting in competitiveness and exclusivity. There are also some private primary and junior high schools in compulsory education. According to the “China Statistical Yearbook 2016”, in 2015, primary schools in China numbered 191,000, 5859 of which were private primary schools, junior high schools in China totaled 52,400, 4876 of which were private junior middle schools. By 2016, private compulsory education schools totaled 11,100, an increase of 325 over the previous year, while students numbered 12.8915 million, an increase of 724,000 over the previous year. Where, the number of private primary schools accounted for 7.4% -7.5% of all primary schools, while private junior high schools accounted for 11.7% of all junior high schools. Private primary schools and private junior high schools are mostly elite schools or aristocratic schools. With small class size, high quality of teaching, focused quality education, their charges are accordingly higher as a whole without inclusiveness. Public schools have bigger class size, some reaching as many as 70 per class, but teachers are relatively stable.

At present, compulsory education faces the following problems in the development process. First, distribution of compulsory education resources is uneven, with big regional gap in quantity and quality; second, there lacks quality compulsory education resources to meet people’s needs; third, behavior bias occurs in the process of governance. In the system featuring balanced governance of compulsory education, the three parties of the state, local government and school constitute the complicated principal-agent relation, and information asymmetry due to multiple system barriers results in unconscious behavioral bias in the governance process (Peng, and Zhu, 2017). Then, local government selectively implements policies and the results are often unsatisfactory. In short, as compulsory education is pure public goods, the condition for large-scale development of mixed ownership is not met.

3. High school education

High school education means the education based on pre-school education and 9-year compulsory education to further improve the quality of people and lay the foundation for lifelong development of students. “National Medium and Long-term Education Reform and Development Plan (2010-2020)” mentions the requirement to speed up popularization of high school education, promote diversified development of ordinary high school, promote diversification of school-running system and expand high-quality resources. The contradiction between supply and demand in high school education is the main dilemma of high school education development (Liang, and Chen, 2017). With the establishment of market economic system, China’s rapid social and economic development, people have more demand for education. People have increasingly strong voice for popularity of high school education, thus high school education gradually has the nature of compulsory education, with growing public nature.

Higher education

Higher education includes junior college education, undergraduate education, postgraduate education and doctoral education. Seen from the theory of public goods, higher education belongs to quasi-public goods. On the one hand, higher education is an important way to improve quality of people, cultivate high-level talents, drive innovation and promote economic development, thus it has the nature of public goods. On the other hand, who benefit more from higher education are individuals. Individuals receive higher levels of knowledge through higher education, and have more opportunities for better occupations and higher income in the future. In other words, the benefits that individuals derive from higher education are internalized and privatized, and one person’s receiving higher education correspondingly lowers other people’s opportunity of receiving higher education. Thus, higher education cannot be provided free of charge by the government as defence and law, which also provides a theoretical basis for the development of mixed ownership in higher education.

China’s current institutions of higher learning face the following problems. First, public institutions of higher education have single source of funding, heavily dependent on the government; second, private schools generally do not have high school-running quality, with relatively poor quality of students as a whole. With the
large-scale enrolment of public colleges and universities, outstanding students are more inclined to attend public colleges and universities, leading to the lack of outstanding students in private colleges and universities, which exerts a greater impact on school-running quality; third, the social recognition of private schools is not high, there exists discrimination against them, which is also the direct cause leading to the lack of outstanding private students in private institutions of higher learning; fourth, private colleges and universities have insufficient outstanding teachers. Excellent teachers are more inclined to find employment in public institutions offering better treatment, and some private institutions can only rely on external part-time teachers to make up for their insufficiency in teacher resources. The nature of quasi-public goods in higher education provides the potential to further develop mixed ownership.

Vocational and technical education

Vocational and technical education includes secondary vocational and technical education and higher vocational and technical education. Vocational institutions currently include public vocational and technical institutions, private vocational and technical institutions and very few mixed ownership institutions. The current vocational education has not yet fully adapted to the needs of social and economic development, with generally not high school-running quality and not reasonable structure. In June 2014, “State Council decision on accelerating the development of modern vocational education” put forward the requirement to explore the development of joint-stock, mixed ownership in vocational schools, allow capital, knowledge, technology and management factors to participate in school running and enjoy the corresponding rights. The government encourages the organization of mixed ownership institutions, as there are only a few pilot schools of mixed ownership institutions in China, such as Guangxi Institute of Technical.

Vocational education encounters the following problems in the process of exploring mixed ownership school-running. First, property rights are the core of ownership, mixed ownership system involves state-owned capital and non-state capital, explicit ownership of property rights is the basis for mixed ownership school-running, but there is problem of unclear ownership of property rights at the level of practical exploration. As a result, it is difficult to evaluate property rights, as social capital is worried that their own interests cannot be guaranteed, while state-owned capital is worried about losing control of the school and loss of state-owned assets, the two have difficulties to integrate with each other, which restricts the development of mixed ownership vocational and technical education to some extent.

Second, the long-term all-or-none way of thinking is a major obstacle to the development of mixed ownership education in China. China has a late start to explore and practice mixed ownership system in school running, the relevant laws and regulations are not perfect and there is no substantive policy support, which is the origin of unknown school ownership of property rights and unclear legal status in mixed ownership school running.

Third, there is a shortage of funding for education. China’s investment in vocational and technical education is lower than that in compulsory education and higher education, plus its incapability to effectively absorb social capital, vocational and technical schools, especially private schools, face the problem of funding shortage, with tuition accounting for a major part of funding. The shortage of teaching funds has led to low treatment of teachers, so excellent teachers cannot be retained, teaching practice lack equipment and facilities and it is difficult to improve quality of education.

Fourth, “double type teacher” resource is in shortage. Different from the academic school, vocational and technical education focuses on training skills applied talents. What vocational and technical institutions need are “double type teachers”, which means teachers with academic theory teaching capability and practical teaching quality. However, academic research accounts for a large proportion in teacher evaluation standard in vocational and technical institutions, so that teachers prefer academy over practice, which affects school’s school-running quality, and results in inconsistency between trained talents and market demand.
Adult education

Adult education is different from the ordinary full-time teaching, with no age limit characteristics. As a supplement to formal education, adult education can promote popularization and generalization of education, thus making up for its drawbacks to a certain extent (Yang, 2017). Adult education is also a mixture of goods. With relatively strong internality, it has the prerequisite for vigorous development of mixed ownership.

China’s current adult education is also facing many problems. First, the purpose and orientation of adult education is not clear enough. Adult education aims to continuously improve the quality of adults so that they meet the needs of social and economic development. The current adult education, however, still resorts to the traditional model, lacks innovation, thus unable to really achieve the purpose of training; second, policy guidance in adult education is not scientific enough. Adult education is a supplement to ordinary formal education, the government and society fail to give enough attention to it, and the investment is far less than that in other types of education. Third, the government and society fail to pay enough attention to adult education, there is a great system vacuum in terms of institutional supply, and the existing system is no longer applicable to further development of adult education.

RESULTS

In view of the general and particular problems reflected above, this paper puts forward the following countermeasures:

First, separately advance mixed ownership reform in education field and steadily achieve reform objectives. Different types of education have different degrees of publicity, so mixed ownership reform should be separately and steadily advanced. In the first place, develop mixed ownership vocational and technical education. State-owned capital and non-state capital can jointly co-sponsor schools. The government can provide funds, school sites, etc., while social capital takes up shares with equipment, capital. In the development of vocational education, strengthen the cooperation between schools and enterprises, encourage outstanding engineers to enroll as part-time teachers to provide practical experience, while enterprises provide practice sites for schools to further improve school-running quality. Vocational and technical institutions can also achieve separation of ownership and management by entrusting professional vocational education group for management. Second, positively develop mixed ownership pre-school education, and actively explore state-owned and social capital cooperation model. Furthermore, vigorously develop adult education mixed ownership. Mixed ownership of adult education is dominated by social capital. The government attracts more social capital through provision of part funds, playing a role of guard reversal. Again, moderately develop higher education mixed ownership. Under the premise of ensuring education fairness, public institutions can introduce social capital to realize diversification of investment subjects. The logistics management of colleges and universities can be outsourced to the society to improve management efficiency. Finally, cautiously explore development of mixed ownership in compulsory education and high school education. Compulsory education is pure public goods, and high school education is more and more public, to ensure public welfare of the two, large-scale development of mixed ownership is not feasible.

Second, improve the laws and regulations to provide institutional basis. Mixed ownership means a new attempt in the field of education, thus supporting laws and regulations are imperfect, mixed ownership school activities lack the relevant legal basis, which is the root cause of many problems. “The decision of the Central Committee of the Communist Party of China on Several Important Issues Concerning Comprehensive Advancement in Rule of Law” mentions that “the socialist market economy is essentially a legal economy. Socialist market economy legal system must be improved with protection of property rights, maintenance of contract, unified market, equal exchange, fair competition, effective supervision as the basic guidance to enable market to play a decisive role in allocation of resources and better give play to the role of government.” Mixed ownership aims to achieve healthy development of education with market mechanisms and market management philosophy, applies laws and regulations with market mechanism as the essence, and adheres to fairness and equality. Perfecting laws and regulations is the fundamental guarantee for the development of mixed ownership. In this
regard, it is recommended that the government issues relevant systems and guidance to provide legal basis for the promotion of mixed ownership in education field; revise existing laws and regulations which are old and unable to provide effective guidelines for existing mixed ownership education; strengthen the system classification design, separately and steadily promote mixed ownership reform in education field.

Third, break the all-or-none thinking to achieve diversification of school-running subjects. Mixed ownership is an economic form between public ownership and private ownership, which is demonstrated as diversification of school-running subjects in the field of education, that is, both state capital and social capital are involved and organically integrated. Mixed ownership school running can take the following forms: First, public schools introduce social capital to enable orderly development of social capital; second, state-owned capital invests in private institutions, to solve the problem of insufficient funding in private institutions; third, public and private institutions as well as other social capital jointly invest in school construction; fourth, convert public school assets into shares through assessment of assets, then sell the shares to school staff, so that school staff become the owner of the school, which inspires their work enthusiasm.

Fourth, clarify ownership of property rights, determine responsibility of all parties. Mixed ownership is essentially a joint-stock economy, property rights is its core (Dong, 2016). “Decision of Central Committee of the Communist Party of China on several major issues concerning comprehensive reform” mentions the requirement to “improve the modern property rights system featuring clear ownership, clear rights and responsibilities, strict protection and smooth flow.” The essence of mixed ownership system in education is to introduce a number of investment and school-running subjects, transfer part of investment and school management responsibility originally entirely borne by the government to the market, so that each subject can obtain a reasonable proportion of profits, while the property rights subject can freely trade in the property rights trading market. The motivation of social capital to participate in economic activities is economic benefits. Clarification of property rights ownership to protect the legitimate interests of the various investment entities is an important guarantee for sustainable attraction of social capital, healthy operation of social capital and sound development of mixed ownership. Participation of state-owned and social capital is a must for development of mixed ownership education. Otherwise it cannot be referred to as mixed ownership. The government shall perform its functions, strengthen regulation and provide school with sufficient policy and financial support.

Fifth, strengthen pilot work, steadily push forward the reform. Reform is not done overnight, but step by step. Pilot work is experimental work. Steady pilot is needed to timely find problems in the process of exploring mixed ownership school-running. Through timely adjustment of actions of each party, explore the scientific way to develop mixed ownership education, steadily promote mixed ownership reform in vocational education → preschool education → adult education → higher education → compulsory education and high school education.

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