

THE ORGANISATIONAL MANAGEMENT AND REGULATION OF THE CHINESE PRIVATE HIGHER EDUCATION SECTOR

Ma Xiaoying (Zoe)

ABSTRACT

In this paper some background is given to the development of the private higher education sector in China. Rising economic growth rates, technological improvements across the economy, rising incomes and higher secondary school participation rates have all combined to increase the size of demand for places in the sector, including the private part of the sector. The growth of the private higher education sector has been accepted by the government on the whole, but the impact of government regulation has not always been one that has encouraged the sector to realise its full potential.

Keywords: China, private higher education, government regulations, Chinese-foreign cooperation.

INTRODUCTION

The relationship between the state and private higher education sector activity is one that has been analysed by policy researchers extensively over the past two hundred years. The literature in this field, however, does not have any heavy concentration on analysis of the impact of government regulation on the management and development of the private higher education sector in China. Instead what we find is that there is work more broadly on the impact of government regulation on higher education (public and private) in other countries (Altbach 2005; Gomitzka 1999; Levy 2002), and a literature on the growth of private higher education, both overseas and in China (Cao 2007; Cao & Levy 2005; Mok Ko-Ho & King-Wei Wat 1998; Yang 1997).

China's rapid economic growth has meant there has been a corresponding growth of China's higher education sector. In 2007 there were 28.4 million students enrolled in higher education in China according to that country's Ministry of Education (public and private, full-time and part-time). These numbers made it the world's largest higher education sector (UNESCO 2008). Expansion of the higher education sector has been rapid over the past twenty years with numbers rising from around 6.4 million in 1990 to 29.07 million in 2008. At the same time the participation rate of young people of tertiary education age (higher education plus vocational education and training) rose from around six percent to over 23.3 percent (UNESCO 2008). This rise in higher education enrolments in China was driven by a range of factors including, a rising participation rate in secondary education, increasing living standards, stronger demand for higher educated people by industry, and increased

About the author

Xiaoying Ma (Zoe) (xma@swin.edu.au) is presently undertaking a PhD at the Swinburne University of Technology in Melbourne, Australia. Her research focuses on the corporate governance, organizational behaviour and the management of higher education institutions and she has published a number of articles in this field.

expenditure by the government on the provision of higher education. All of these factors have combined together to push expansion of the system. As part of this growth private higher education institutions have made an important contribution. This in turn has raised a number of issues for the Chinese Government and the manner in which it regulates this sector.

The purpose of this paper, therefore, is to provide some background to the development of the private higher education sector in China and the public policy framework in which it operates. The private higher education system has expanded faster in the last ten years than the public sector and now is an important part of the overall Chinese higher education sector. In the first two sections of this paper a background is given on the education section in China and higher education more specifically. This is followed by sections on the private higher education sector, the regulation of the private sector and foreign investment in the Chinese higher education sector. In the final section some conclusions are made.

EDUCATION IN CHINA

Education in China is divided into three stages, as is common in most countries around the world. These three stages are basic education (primary and secondary), tertiary education (higher education and vocational education and training) and adult education. Basic education is divided into compulsory education and senior secondary education, with an optional pre-school system prior to primary school education. Compulsory education starts at the age of seven and lasts for nine years. Senior secondary education is accessible through entrance examinations at the age of 16 and lasts for three years, during which students are prepared for the National College Entrance Examination, which determines whether they will be allowed to study at a higher education institution. The secondary school enrolment ratio (2000-2005) is 73 per cent and has been growing in recent years (UNESCO 2008).

The normal period of study at tertiary level is four years, although there are variations, depending on the field. The most prestigious universities are designated as 'key' (*zhongdian*), and they stress teaching, research and postgraduate study. Postgraduate degrees, which the Cultural Revolution had suppressed, were reintroduced at the beginning of 1981, while in mid 1983 doctoral degrees were conferred on the first batch of research students to be trained in China. Institutions at a lower level are less focused on research and devote almost all of their energies to teaching. Lower still are a range of two and three-year colleges, many devoted to specialist training in particular fields.

Gradually through the 1990s student numbers in secondary education began to rise swiftly. This occurred not because of population growth but because of a rise in participation rates. Over the period 1999 until 2006 the participation rate of young Chinese students at secondary school rose from 62 percent to 75 percent (UNESCO 2008). This rate is still lower than the secondary education participation rate of developed countries such as the United States (88 percent), Japan (99 percent) and Hong Kong (78 percent), but fairly typical of developing countries and at a similar level to that of Malaysia (69 percent), Columbia (65 percent) and Thailand (71 percent) (UNESCO 2008). The inference from this is that this rate will probably continue to rise if China's growth and development continues and if China makes the full transformation from a developing to developed country. On the whole it can

probably be expected that the secondary education enrolment rate will continue to rise at a fairly steady rate to reach approximately 90 per cent before levelling off.

Eventually the reform and growth of the Chinese secondary education system began to flow on to affect the higher education sector. In the 1990s after a period of slow growth the number of students studying in the Chinese higher education sector began to expand rapidly. The Chinese Government became more prepared to invest funds in the expansion of the system and in a short period the Chinese higher education system was transformed into the world's largest.

HIGHER EDUCATION IN CHINA

Tertiary education in China is made up of regular tertiary education institutions, adult tertiary education, in-service training leading to vocational qualifications, preparatory courses for state-administered college level examinations for self taught learners, distance education and internet based education. The central government has responsibility generally for policy, regulation and teaching quality evaluation in respect of tertiary education. The provincial governments are responsible for managing the institutions in their provinces and for financing those public tertiary education institutions that are not managed by the central ministries.

Growth in incomes, growth in demand for graduates and a rising participation in secondary education has meant that participation in higher education had risen at a considerable pace in recent years. The rapid rate of expansion of enrolments has meant that the participation rate in China has risen. The participation rate (enrolment ratio) of young people studying at the tertiary level rose from 6.4 percent in 1999 to 22.0 percent in 2006 (UNESCO 2008). As part of this process the higher education sector also expanded. In effect the Chinese tertiary education sector was transformed in a very short time from an elite one to a mass education one.

This mass education sector, although now the world's largest, is perhaps not as large as it will grow into in the future. In terms of its relative size compared to the population as a whole the Chinese sector, even after years of rapid growth, is not especially large. Not only is the Chinese figure of net enrolment in tertiary education at 22.0 percent below that of developed countries (i.e., Japan 56.3 percent, the United States 51.7 percent, and Hong Kong 39.0 percent), but it is also below that of many developing countries (i.e., Malaysia 28.9 percent, Columbia 31.2 percent, and Thailand 46.4 percent; UNESCO 2008). It would appear therefore, that China's higher education sector will continue to grow in size in the future, perhaps not as rapidly as in the past, but nonetheless at a fairly steady rate. Perhaps the only factor that will constrain this growth is the aging of the Chinese population.

Although China has a long history of education, it was really at the end of the nineteenth century that the first of the modern Chinese universities were founded. The Chinese education system is based on legalist and Confucian ideals and the teaching of Confucius has shaped the overall Chinese mindset for the past 2,500 years. But, other outside forces have played a large role in the nation's educational development. Defeats in wars against western powers and the Japanese in the nineteenth century opened up the country to outside influences. As a result, Chinese intellectuals discovered the numerous Western advances in science and technology. This new information greatly impacted the higher education system and curriculum.

These new institutions when established, therefore, were influenced by the existing institutions that had been established in Europe and the United States as well as in Japan. The first university was established in China in Tianjin in 1895 and was then known as the Peiyang University (known since 1951 as the Tianjin University). Jiaotong University, the next, was founded in Shanghai in 1896. In the 1950s, a large portion of this university was moved to Xi'an, an ancient capital city in northwest China, and became the Xi'an Jiaotong University; the part of the university remaining in Shanghai was renamed Shanghai Jiaotong University. Other leading universities in China were also established around this time such as the Zhejiang University (1897), Beijing University (1898), and Nanjing University (1902).

In the early decades of the twentieth century growth of the Chinese universities was unspectacular but steady. By June 1931 there were 39 universities (13 national, 12 provincial and 14 private) in China as well as 17 colleges and 23 professional schools (Hayhoe 1989). By the time of the communist revolution in 1949 there were 205 universities in China (National Bureau of Statistics of China 1985). Although this was a sizeable number of institutions, for a country with China's enormous population it constituted a very small enrolment of the total population. Most of these institutions were quite small and only a tiny proportion of the country's population attended university at this time. After the Communists came to power they consolidated the universities, and between 1949 and 1953 the number of comprehensive universities was reduced from 49 to 13, accompanied by a severe reduction in the number of university places in the humanities and social sciences. In addition, the private universities were taken over by the government.

Soviet influence in the early 1950s was strong and tended to shape the development of the higher education sector. This meant that research was separated from teaching. The government also introduced a central plan for a nationally unified instruction system, i.e. texts, syllabi, etc. Universities tended to be concentrated into specialized fields, such as teaching, radio and communications, transport and construction, etc. The impact of this shift can still be seen today and Chinese higher education continues to struggle with excessive departmentalization, segmentation, and over specialization.

After 1957 the number of higher education institutions was greatly increased and rose from 229 in 1957 to 1,289 in 1960, although many of these were of very small size and barely sustainable (Table 1). This number was pared back in subsequent years and stood at 434 in 1965. The advent of the Cultural Revolution in 1966 meant that growth and development of the higher education system was curtailed for a number of years and it was not until 1977 that the National College Entrance Examination was resumed and many universities were reopened. From 1967 to 1976, China's Cultural Revolution took a great toll on higher education, which was devastated more than any other sector of the country. The number of tertiary level students dropped from 674,400 to 47,800, which was to have a considerable impact on education in China through into the 21st century (Table 1).

From the 1980s on, Chinese higher education has undergone a series of reforms that have slowly brought about improvement. In 1977, Deng Xiaoping made the decision to resume the national college entrance examination. From 1977 the academic degree system was reintroduced and Masters and Doctoral degrees established in a number of universities. By 1995 1,054 universities and colleges were operating with some 2,906,000 students (Table 1). Between 1996 and 2000 another round of mergers took place and the number of institutions in China fell, at a time when actual enrolments grew substantially.

Table 1: Number of higher education institutions and enrolled students in China, 1952 - 2007

	Regular Institutions of HE no	Regular Institutions of HE students
1952	201	191,000
1957	229	441,000
1962	610	830,000
1965	434	674,000
1970	434	48,000
1975	387	501,000
1980	675	1,144,000
1985	1,016	1,703,000
1990	1,075	2,063,000
1995	1,054	2,906,000
2000	1,041	5,560,900
2005	1,792	15,617,767
2007	1,908	18,848,954

Source: Ministry of Education

In terms of the higher education sector in China itself, the sector consists of two and three year colleges as well as universities. The former institutions award associate degrees and diploma qualifications, and the latter mainly four year degrees. Masters degrees and PhDs are offered by universities and research institutions that are accredited by the State Council. Until the late 1980s higher education was free to students, but since then fees have been introduced for most qualifications and have in recent years risen steadily. The reforms aimed to provide higher education institutions with more autonomy and with the ability to better meet the needs of students. Instead of micromanagement, the government has been moving toward a greater concentration on general planning of the growth of the sector.

Over the same period of growth of the higher education sector the approach of government oversight has also changed. In 1986 the State Council on education promulgated the Provisional Regulations Concerning the Management of Institutions of Higher Learning. These regulations initiated a number of changes in administration and adjusted educational opportunity, direction and content. These reformed regulations allowed universities and colleges to:

- choose their own teaching plans and curricula;
- accept projects from or cooperate with other government establishments for scientific research and technical development in teaching, scientific research, and production;
- suggest ways of making appointments and removals of vice presidents and other staff members;
- take charge of the distribution of capital construction investment and funds allocated by the government; and
- be responsible for the development of international exchanges.

The reform process picked up pace in 2000, when the government began to reform 200 universities operating under China's ministries and started 15 university-based scientific technology parks. By 2002, there were slightly over 2,000 higher education institutions in

China, of which close to 1,400 were regular higher education institutions. A little more than 600 of these were higher education institutions for adults.

As well as growth in numbers the Chinese government has tried to raise the general quality and world profile of the country's universities. Since 1998, 10 universities were targeted by the Chinese government to become 'world-class' institutions - including Peking and Tsinghua Universities. To achieve that goal, the government promised to increase the educational allocation in the national budget by one percent a year for each of the five years following 1998. Along with the top tier of universities efforts have been undertaken to raise general quality across the system. In the late 2000s only 30 percent of faculty in Chinese higher education institutions held postgraduate degrees.

In the spring of 2007 China conducted a national evaluation of its universities. The results of this evaluation were used to support the next major planned policy initiatives. The last substantial national evaluation of universities had been in 1994. The evaluation raised a number of concerns, but chief amongst these was that the quantity of rote memorization instilled in Chinese students served as a detriment to creative thinking and the lack of real-world experience during the formative years negatively impacts students' ability to adapt to the global business environment easily. An additional concern was the manner in which expansion was occurring and the relationship between higher education institutions, including private ones, and the government.

The rapid expansion of the higher education in China has meant that its growth has extended beyond the resources available to the government. This has meant not only that the government owned universities have increasingly relied on the charging of fees to students, but also the government has shown a willingness to allow for the growth of private higher education institutions. These 'demand-absorbing' institutions have steadily become an important component of the Chinese higher education sector and it is to them that our attention now must turn.

PRIVATE HIGHER EDUCATION IN CHINA

Private higher education is defined primarily by its type of ownership. Private higher education institutions are not operated by governments, although they may or may not receive funding from government sources depending upon the country in which they operate. Some countries such as the United States, Japan and the Philippines have very substantial and old private higher education institutions, while in some countries private universities are a new phenomenon. Depending on the region, private universities may be subject to government regulation. Many of the oldest are non-profit institutions originally founded by religious orders, but have subsequently grown into being substantially, non-secular, non-profit institutions. Since the 1980s there has been very strong growth in private higher education both in countries with a long history of private provision and in others that previously had little experience of this type of institutions (Kwong 1997; Altbach 1999; 2005; Levy 2002, 2005, 2006).

In more recent times the most prominent type of private institution that has arisen has been the for-profit type (often legally non-profit) with demand-absorbing aims and commercial characteristics. China provides one of the most important examples of the growth of private

higher education in recent years. Private higher education in China re-emerged in 1978, but was an important part of China's higher education sector before 1952. In that year, 89 private institutions, most of them not-for profit institutions, were transformed into government ones by the communist government. Subsequently private education at all levels was prohibited by the Communist government but re-emerged after 1978 (Qin 2000). In the 1980s the private sector re-emerged and subsequently grew steadily (Liu 2002; Qin 2000; Yan & Wu 2004).

From Table 2 it can be seen that by 2007 the number of private higher education institutions in China had risen to over 1,400. Table 2 shows that after 2000 the proportion of private higher education in total higher education has risen steadily. This growth has not been uniform across China but instead is concentrated in a number of provinces.

Table 2: Public and private higher education enrolments in China, 1999-2008

	Public HE enrolments no	Private HE enrolments no	Private HE enrolments %	Education exp/GDP %
1999	7,494,617	na	na	1.59
2000	9,321,219	na	na	1.67
2001	11,944,396	na	na	1.91
2002	14,450,459	na	na	2.06
2003	17,328,455	1,781,105	9.3	1.99
2004	18,097,830	1,425,487	7.3	1.93
2005	20,949,642	2,036,050	8.9	1.89
2006	23,741,859	2,804,982	10.6	1.94
2007	23,993,193	3,268,302	12.0	2.44
2008	26,976,244	4,037,603	13.0	2.60

Source: Ministry of Education

This growth of the private higher education sector has meant that it is now an important part of the total higher education sector. In fact compared to most countries the Chinese private higher education sector is one of the world's most important (Table 3).

Table 3: Private higher education shares, 2000-2009

Country	Private % of total higher education enrolment	Year
Australia	3.5	2008
China	13.0	2008
France	16.6	2006
Germany	4.9	2008
Hong Kong	59.0	2007/08
Japan	77.4	2007
India	30.7	2005/06
Malaysia	50.9	2004
New Zealand	9.3	2006
Philippines	65.2	2005/06
Russia	14.9	2004
South Korea	80.1	2006
United States	26.1	2007
Vietnam	10.4	2005

Source: PROPHE

All private institutions are designated solely for educational purposes instead of for-profit, with the permission that they may make 'reasonable returns' and their foreign investors are allowed to repatriate returns. Its founders may include individuals, enterprises, public universities to Sino-foreign cooperation and others, with the requirement of financial viability, qualifications of both teaching and managing staff, as well as internal administrative procedures with a three-year probation. The average tuition fee for the public tertiary education institutions varies from RMB 2,000 to RMB 6,000 per year; which compares to private tertiary education institutions of from RMB 8,000 to RMB 13,000 (OECD 2009). It is normally required that applicants for private accreditation in China provide evidence of financial viability, the qualifications of teachers and administrators and internal governance procedures. Private institutions normally have to show satisfactory performance over a probationary period of three years.

The private higher education sector in China has evolved into a diverse one and consists of a large number of large specialist institutions, as well as a number of quite large scale institutions with diverse offerings. In order to understand the private higher education sector in China it is helpful to observe a few examples. The first example is that of the Beijing Geely University (BGU). It is one of the most well known private universities in China and is based in the capital city - Beijing. It was founded in 2000 by Beijing Geely International Education of the China Geely Group and was approved by the Beijing Municipal Government and registered by the Ministry of Education of China to issue graduation certificates and diplomas. BGU is a privately managed higher education institute with enrolments ranging from undergraduate level, self-taught to diploma test and overseas students. There are over 1,000 fulltime working staff at the university with over 11,000 students and it aims to attract 30,000 students in the near future. The tuition fee for the university is RMB 29,500 per year for 2010, and student accommodation fee ranges from RMB 2,200 to 4,200 per annual for the year of 2010 (Beijing Geely University 2012).

Another, older, example is that of the Beijing Renwen University, which was established in 1984 with the authorization of the Beijing Municipal Education Commission. It is one of the earliest and one of the 50 most competitive private higher education institutions in China. It is made up of four campuses in four districts in Beijing and it is a full-time multi-disciplinary comprehensive institution with 16 schools and four institutes and more than 60 majors and specialities with multi-skill training bases (three-year and four-year) which cover arts, science, industry, management, economics, foreign languages and martial arts. It has over 1,100 faculty and staff members including over 300 full-time and part-time professors and associated professors as teaching staff, and over 18,000 full-time students (Beijing Renwen University 2012).

A final example is the Dalian Neusoft Vocational Institute of Information Technology. It is located in the Software Park of Dalian city, Liaoning Province in China, and is a private higher education institute authorized by Liaoning Provincial Government and registered by the Ministry of Education in 2002. It carries out three and four year, full-time higher college education qualifications and the institute's enrolment has been included in the national general higher education enrolling plan. The institute has established regular contact and academic exchange programs with dozens of universities such as the University of Adelaide and Swinburne University in Australia, the University of Reading in Britain, and Waseda University in Japan.

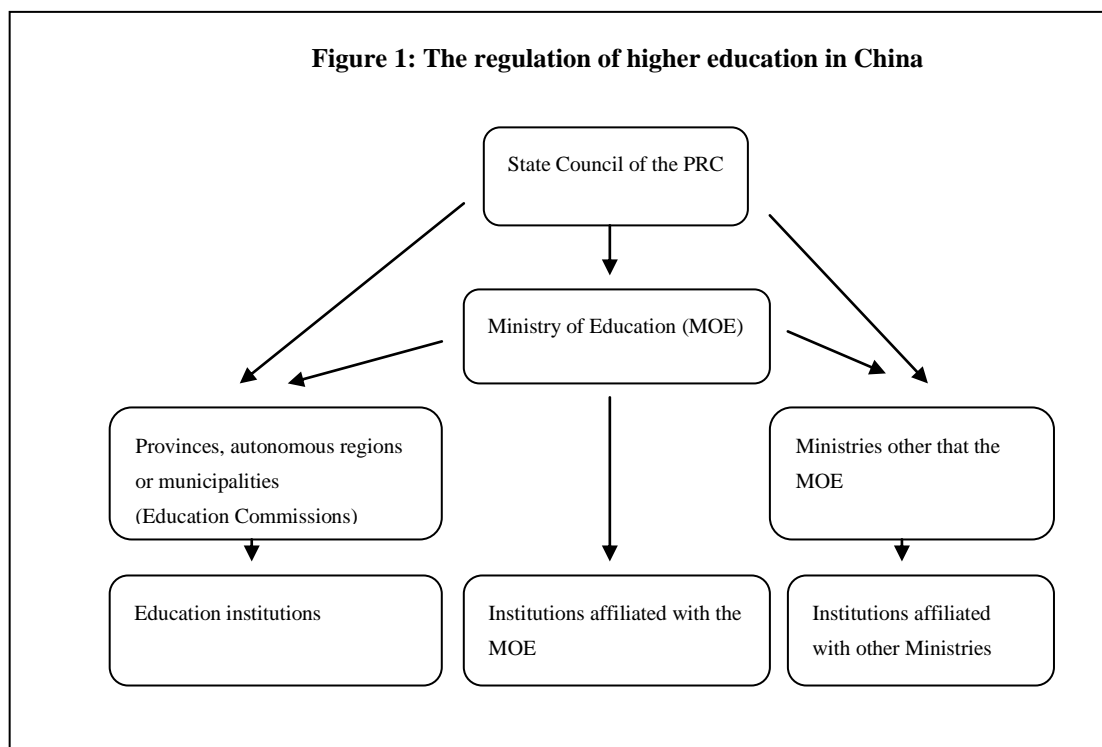
From these three examples it is possible to see that the private higher education sector in China does possess a number of very substantial institutions, with very well established facilities and reputations. This is not to say that all private higher education institutions in China are regarded in a similar fashion. Many are far smaller in size, and narrower in scope often specializing in the provision of education in a range of fields such as English language, business studies and IT. Nonetheless it is apparent that the growth of these institutions over the past ten years has meant that China today has a very substantial private sector.

PLANNING AND REGULATION OF HIGHER EDUCATION IN CHINA

Higher education institutions in China, historically, have been subjected to a very highly centralised and prescriptive system of regulation and planning. This system, however, has been the subject of considerable reform since the 1990s. Universities and vocational colleges are administered at the national, regional and local levels, or combinations of the three. In China, the public higher education institutions are administered and financed by one of the following administrative authorities.

- a. The Ministry of Education (MOE).
- b. Central level ministries and agencies.
- c. Provinces and province-level municipalities.

Figure 1 provides a description of the basic regulatory structure of Chinese higher education.



In terms of regulation of the education sector, in the year 1982, Article 24 of the Constitution was promulgated, and was further amended in 1988, 1993, 1995 and 2004 respectively. This article pointed out the importance of promoting education to China's social and economic

development. In 1985, the Decision of the Chinese Communist Party Central Committee on the Reform of the Educational System began the process of decentralization in education. The *Education Law* promulgated in 1985 stipulated that the corner stone of modernization in China was education, and that priority should be given to its development. Article 14 of the *Education Law* stipulated that the State Council and local governments at all levels should guide and administer educational work according to principles of management at different levels, with suitable division of responsibilities. Education at the secondary school level or lower would be administered by local governments under the leadership of the State Council. Higher education would be administered by the State Council and the governments of the provinces, autonomous regions, and municipalities directly under the central government.

On the 29 August 1998, the fourth conference of the Ninth Standing Committee of National Congress promulgated the *Higher Education Law* and put it into force on 1 January 1999, which was the first comprehensive legal document regulating higher education in China. On 28 December 2002, the Thirty-first Meeting of the Standing Committee of the Ninth National People's Congress promulgated the Private Education Promotion Law of the People's Republic of China, and put it into force on the 1 September 2003. This law stated that to establish non-public schools that provide education for academic credentials, pre-school education, training for preparing self-study examinations and other cultural education shall be subject to examination and approval by the administrative departments of education at or above the county level within the limits of their powers defined by the State. The establishment of a non-public school that mainly provides vocational skills, including training for vocational qualifications, shall be subject to examination and approval by the administrative department of labour and social security under the government at or above the county level, within the limits of its powers defined by the State. The Law made it possible for foreign institutions to offer programmes in China through joint ventures with Chinese higher education institutions.

Based on the *Education Law*, the State Council and local governments guide and administer education according to the principles of management at different levels and with a division of responsibilities. The administrative educational departments under the State Council are in charge of educational work throughout the country, and undertake overall planning, coordination and management of educational activities. The administrative departments of education under the governments, at or above the county level, are in charge of educational activities in their respective administrative regions. Other administrative departments of the governments, at or above the county level, are responsible for the relevant educational activities within their jurisdiction. Other ministries and commissions under the State Council also have departments in charge of educational administration within their sphere of competence. The State Education Commission was the agency in charge of education throughout the country between 1985 and 1998.

Today the Ministry of Education is the highest educational administrative body. It takes charge of implementing the relevant laws and regulations, principles and policies, defining specific educational policies, preparing and coordinating educational development plans, coordinating the education-related work of all departments in the country, and providing guidance to the reform of the education system. Higher education is under the supervision of the State Council and administered by the governments of the provinces, autonomous regions and municipalities directly under the central government. Higher education institutions include universities, research institutes, specialized institutions, independent colleges (since

2008), professional universities, military institutions, medical schools and colleges, and executive training schools. Admission to university depends on the results of the national entrance examination (*Gaokao*). Universities and other higher education institutions offer practically-oriented, non-degree programmes, typically lasting two or three years, leading to the award of a diploma; diploma holders can continue on to a Bachelor's degree by completing an additional three or two years of study. Programmes leading to a Bachelor's degree normally take four years to complete (five years in medicine, traditional Chinese medicine, architecture, and engineering). If successful in the entrance examination, bachelor's degree holders can pursue a master's degree, normally awarded after two to three years of study. Admission to a programme leading to the award of a Doctorate requires a master's degree, passing the entrance examination, and formal recommendations by at least two professors. Programmes usually last between three and five years. Programmes combining a master's and a doctorate are also offered; in this case, it is not required to sit the entrance examination for admission to the doctorate programme (NUFFIC, 2010).

Since the Tenth Five-Year plan (2002-2007), the Ministry of Education adhered to the guidelines of deepening reform, safeguarding results, raising quality and facilitating the pace of development. Two important major measures have been taken to guarantee quality levels in the process of decentralization and mass expansion of higher education. One was to control the student quota. All higher education institutions under the direct administration of the Ministry must apply yearly for approval of the number of students to be taken in. Other institutions apply to the provincial government for their quota, and the total of the province must be approved by the Government, to make sure that the increase of the gross enrolment rate is in accordance with the rate of increase of the GDP.

Another measure has been the quality assessment. In 2000, the Ministry appointed a specialist group to work out a programme for evaluating the capacity of undergraduate education of a university and the actual level of teaching, which was originally considered as part of the university teaching assessment system. It consisted of seven first-rank checking items, 19 second-rank checking items and 44 points of observation. The programme covered all aspects of undergraduate education, including infrastructure, facilities, teaching staff, administration, teacher performance, student discipline, student abilities, etc. It was first tried out 2002. In the following three years over 180 universities and colleges were assessed. The rest were checked by the end of 2007. Since then, all institutions of higher education will be assessed every five years.

The policy change of decentralization has resulted in the emergence of plurality in institutional ownership and sources of funding for higher education. For a century higher education institutions in China were public and funded solely by the central or local government. Now over one thousand universities or colleges are privately owned. These independent colleges (a special mode of institutions of higher education) with 0.68 million students, are funded and run by private enterprises. In 2003, the Ministry of Education issued a document to officially support this new type of ownership and to announce the requirements for the establishment of this kind of institutions.

The designation of university title, the award of academic qualifications, standards criteria are all regulated by the national Ministry of Education in Beijing. Direct management of these regulations, however, has been delegated to provincial ministries, with the exception of 73 national universities which are regarded as 'flagship' institutions of the Chinese nation.

Private higher education institutions fall under the scope of the same regulatory regime as the government institutions. This means that they are regulated to some degree by the guidelines set down by the national Ministry of Education. In practice, however, the various private institutions are regulated to some degree by the differing interpretations of the provincial Ministries of Education. This means that there can be some variety in terms of regulatory standards across the country. The regulatory climate for private higher education institutions is, therefore, a complex and ever changing one with circumstances being altered and reformed from one year to the next. This might be one of the reasons why the private higher education sector varies in importance across the different provinces.

According to Tao Xiping, the chairman of China Association of Private Education, China's private education is divided into two phases, which are: the start-up period and transition period of development. The first phase was from the year of 1978 to 2003, with 'Closely supervise regulations' in 1997 as a symbol, to break the barriers of higher academic education, so that non-governmental forces in the field of higher education have a broader space for development; the second phase is from the year of 2003 to 2020, with 'Private Education Promotion Law' being promulgated as a starting point, private education enters into the legal phase of the restructuring period of its development. Tao Xiping emphasized that the development of private education in China shortly before entering the transition, and the rapid development of private education from the start-up period to maturity of the transition, need more rational thinking and practice efforts to achieve a higher level of private education in the health development.

Public awareness, funding, autonomy and school system are the main concerns in the transitional stage of the development in China's private higher education. Wang Wenyan, the director from the Institute for Private Education, Beijing Academy of Education in China, stated that if the above four issues are resolved properly, it is bound to open up more space to the development of private education and the growth of private institutions, thereafter, it will also move into new round of rapid period of development. Tao Xiping predicted, according to 'Education Plan' requirements, private education in China after 2020 will enter into a relatively mature stage of development, he suggested the government speed up the implementation of equal treatment policy, or private education might never grow to maturity.

FOREIGN INVESTMENT IN HIGHER EDUCATION

The government policies toward Chinese-foreign cooperation in running schools and colleges in China, have undergone a striking change in the past 30 years. In doing so the year 1995 was a watershed one. Before 1995, it was more informal, incidental and laissez-fair in this area, but since 1995, with the issue of the 'Interim Provisions for Chinese-foreign Cooperation in Running schools', it has been more formal, systematic and well regulated.

From the start of the open-door policy in 1978 until the mid 1980s, cooperation projects were started with caution, mainly among higher education institutions but without any clear regulations from the Chinese government. Since the mid-1980s, there were some well-known public universities in China – the Renmin University of China and Fudan University which started cooperation with their foreign counterparts in providing economic and law training classes. The Nanjing University cooperated with Johns Hopkins University from

United States in opening the Sino-American Cultural Center in Nanjing in 1986. This was followed by Tianjin University of Finance, which cooperated with Oklahoma City University from the United States in running MBA training classes in 1987.

From the end of 1980s until the mid 1990s, higher education in China experienced a fundamental change. On 30 June 1993, the State Education Committee issued: 'Foreign institutions and individuals in China on Cooperation in Running Schools Issues', which raised some issues on the regulation of the running of schools related to cooperation in terms of its meaning, principle, range, types and its main body.

In 2001, China joined the World Trade Organization (WTO), which involved compliance with the General Agreement on Trade in Services (GATS). Item 3 of Article 10 in GATS promulgated that, in addition to the teaching activities completely funded by the Governments, all those teaching and learning activities involving the charging of tuition fees and of a commercial nature belong to trade in educational service areas. Therefore it required China to put the WTO rules, agreements and the Protocol into its domestic legislation.

In March 2003 the: 'Regulations of the People's Republic of China on Chinese-foreign Cooperation in Running Schools' was issued by the State Council, which promulgated to further expand its opening-up in education, and to provide a legal basis for Chinese and foreign cooperatively-run education activities. According to article 3 of chapter 1, cooperation in running schools between Chinese higher education institutions and well-known foreign counterparts in higher and vocational education is encouraged. But for the organisation and administration, article 21 of chapter 3 states that: 'Chinese members of the board of trustees, the board of directors or of the joint managerial committee shall not be less than half of the total number'. This emphasised the importance on the Chinese side in the leadership of Chinese-foreign cooperatively-run schools. Furthermore, in Article 25 of Chapter 3, it states that 'the president or the principal administrator of a Chinese-foreign cooperatively-run school shall be a person with the nationality of the People's Republic of China and shall be subject to approval of the examination and approval authorities'. Thus it is not allowed for foreigners to be a legal person to run a Chinese-foreign cooperative school in China. All these indicate that various levels and forms of cooperative running schools are encouraged in China, especially in higher education.

In order to better implement the 'Regulations', in March 2004, the Ministry of Education promulgated the 'Implementation Measures of the PRC Chinese-foreign cooperative education' (hereinafter referred to as the 'Measures'), further refining the management systems and measures. The promulgation and implementation of 'Regulations' and 'Measures' marks Chinese and foreign cooperation in running schools, which has embarked on a legal track, and has entered a period of rapid development.

Since the beginning of the twenty first century, especially after the entry into the WTO, China's education market has been attracting more and more attention from foreign education institutions, and as a consequence the demand for foreign education resources is increasing in China. As the approval process for Chinese-foreign cooperation in running schools is pretty stringent, some Chinese and foreign cooperative education programmes do not start under the name of 'foreign cooperative education', which is an attempt to circumvent the management from 'Chinese-foreign Cooperation in Running Schools'. Nevertheless, the broad foreign cooperative education activities in colleges and universities continue to be carried out, and

many universities have expanded their enrolment through the means of foreign cooperation in running schools. As in the market economy, the higher education system is affected by the role of multiple factors. In addition to a number of colleges and universities, some unqualified institutions also have carried out cooperative education activities in this area, resulting in developments towards large-scale, chaotic and market-oriented trends with foreign cooperation in running schools.

In terms of geographical distribution, Chinese-foreign cooperative education institutions and projects are relatively concentrated in the economically and culturally more advanced large and medium sized cities and eastern coastal provinces, such as: Beijing, Shanghai, Shandong, Jiangsu and Guangdong. In contrast to this, cooperative education development of the western region is slow. Among the 12 provinces, municipalities and autonomous regions in western China, only Sichuan, Yunnan, Guizhou, Chongqing, Guangxi have the educational projects in Chinese-foreign cooperative undergraduate education, and the remaining seven provinces and autonomous regions are still blank in this area, which highlights an imbalance in terms of the geographical distribution of Chinese-foreign cooperation in running schools in eastern and western regions/provinces.

CONCLUSION

Alongside the economic reforms that have occurred in China since 1979 there has been a process of educational reform as well. This has occurred at all levels of the sector including primary, secondary and tertiary. This has meant greater autonomy for institutions, with greater influences in growth originating outside of China

Over the past 20 years there has been a rapid expansion of the Chinese higher education system. Rising economic growth rates, technological improvements across the economy, rising incomes and higher secondary school participation rates have all combined to increase the size of demand for places in the higher education sector.

As demand for higher education rose steadily, the Chinese Government devoted more resources to expand the sector. Although amounts of state resources have been devoted to expanding the higher education sector, the government has not had sufficient resources to invest to keep up with demand. This has meant that first fees on students were re-introduced in government institutions and later the private sector expanded to meet excess demand. The private higher education sector in China, therefore, has emerged mainly to absorb the increasing demand in the Chinese market.

This growth of the private higher education sector has been accepted by the government on the whole, but the impact of government regulations has not always been one that has encouraged the sector to realise its full potential. One has to look a little bit deeper to discern the relative influence of the various factors (income, secondary participation, lightness of regulation) to understand what has been the greatest influence of the expansion of the private higher education sector in China.

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