

Institutional governance of private universities in China - a comparative analysis of three universities (0019)

Xu Liu

Institute of Education, University College London, UK

## **1 \* provide background information and/or indicate the context of the study and how it relates to previous research and literature in the field**

According to the report of the Chinese Ministry of Education (2015), 5.75 million students were in private universities, which accounts for 30 percent of the HE sector. Appropriate university governance is essential for these universities to achieve their respective missions and serve their different stakeholders. Chinese government legislation on the governance gives private universities the enough space to develop their practical governance structures for their own requirements. Even with such autonomy, the private university can be constrained by internal factors.

Although a number of related papers have been written on the internal governance of Chinese private colleges by Chinese scholars, most work is descriptive rather than systematic and original empirical research. In English literature, there is a small quantity of research projects devoted to the private higher education (PHE) of China. This limited literature briefly describes the basic features of the emerging provision, background, or legislative context of Chinese private universities but no empirical research on the institutional governance of the Chinese private university is found.

In order to understand the factors that shape the form of the institutional governance structure of private university, the present study closely investigates the institutional governance structure by three case universities. It analyzes the distinctiveness of institutional governance emerging in different developmental stages of the private university. The study will play a positive role in improving the governance of education provided by private universities and advancing their development. Meanwhile, it is important for researchers to analyze developments of HE in China as part of global expansion. This study will inform the practical perspective of policy makers, leadership of the university and the scholars who are interested in the governance of the private university.

## **2 \* explain the theoretical approach or methodology adopted**

In China there are 34 provincial administrative regions with a distinct variation in economic and social development. In order to decrease the difference of external variables of cross-case studies and more convenient to access to interviewees, this study chooses three private universities within a province as cases. The number of population of this province has 88 billion and then researcher worked there many years. Three cases were chosen in terms of the different scale, location, the length of establishment and institutional governance structure. In order to understand the updated information, the interviewee selection focuses on the people who daily involved in the governance structure, mainly are the officials of the government, members of Council、 University Committee and the UCCP. The field work was

carried out with 44 in-depth interviews in Chinese in 2014 and 2016. All 44 interviewees were recorded and transcribed before the thematic analysis was carried out. In addition, 30 key documents produced by national and provincial governments as supportive data is used.

Theoretical perspective of this study consists of corporate governance and university governance. Particularly it makes reference to three theories of corporate governance: stakeholder theory (Freeman, 1984), principle-agency theory (Williamson, 1996) and stewardship theory (Davis etc., 1997), and characteristics of university governance (Clark, 1998; Braun and Merrien, 1999; Marginson and Considine, 2000 and Shattock, 2014).

### **3 \* indicate results (preliminary or final) and other findings or conceptual arguments and explore the implications of the study (eg for theory, practice and further research)**

The principal–agency theory offers insights into the contractual relations aiming to accommodate clearly the rights and responsibilities between the shareholder and the manager. However, it is possible that the shareholder and the employed senior manager had a trust relation much more than just a contractual relation. Meanwhile, the private university needs to consider the interests of a wide range for stakeholders, broader than just for shareholders and senior managers. Because of this, stakeholder theory, stewardship theory and the perspective of university governance are brought to consider the element of the governance in private university.

The function of the Council as a governing body is to ask the university to respond efficiently to the developmental requirements and changing environment of the university in different areas including teaching, training and campus facilities. In order to make strategic decisions about the development of the university, the Council must maintain objectivity about the operation and efficiency of the university. In terms of the stakeholder theory, one of the ways to ensure the Council plays its role in an effective manner would be to hear from more voices of stakeholders and bring some external members into the Council.

Given the context of the private university in China, the Council Chair is usually a shareholder or their representative, and the shareholders would control the governance of the university, and sometime participates in the daily functions of the university. In accordance with principle agency theory, this could minimize disagreements and inconsistent objectives between the shareholders and the senior managers, and in turn decrease the running cost and promote the efficient implementation of decisions.

Applying this to the governance of private university, the concentration of power could be effective in the primitive accumulation stage of a university's development because of low cost and high efficiency. Nevertheless, when the college has experienced the primitive accumulation stage and developed to a certain stage, this model enables highly centralized power, which easily leads the college to a risky situation governed only by concentrating on the interests of the shareholder.

In terms of the literature of university governance, the university needs to consider the mission of the university as expressed in terms of skills, knowledge, employment, and well-being. The interest of the shareholders lies in the profitability of the university, but the profitability is not the sole mission of the private university. As a higher education institution, the establishment of a good reputation is a long process in which the educational ideology and personality of the senior managers particularly the President plays a significant role. Because of this, their enthusiasm and positivity should always be protected.

The private college establishes their Constitution aiming to improve the development of the university. Functioning like a contract, from an external perspective, it clarifies the relationship between the university and the government, and defines the responsibilities and rights of the university as an independent corporation. In the internal governance, who has power, what power they hold, and how many powers exist for the different stakeholders should be clarified in the Constitution. This is significant to improve the development of the private university.

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