Institutional governance in the development of Chinese private universities: three cases study from Sichuan province

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I,   confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

Abstract

This qualitative study investigates the form and features of institutional governance and the factors that shape governance in practice in private universities in China. A comparative case study approach is adopted, focusing on three private universities in the western province of Sichuan, each with differing institutional histories and forms of governance. It draws upon thematic analysis of extensive documentation relating to private higher education (HE) governance in China and data from in-depth interviews with 31 senior managers conducted across two phases of fieldwork.

Building on an exploration of the growth of private universities in China over the last 20 years, this study examines the specific context in China, including the role of the Communist Party and how the University Communist Party Committee (UCPC) integrates with shareholders and senior managers to achieve its role. The analysis presented makes use of three theoretical models: principal-agent, stewardship and stakeholder. The case studies show that two distinct forms of institutional governance have developed namely the *supervision form* and the *managerial form.* While external policies provide an impetus for change for each university, how key actors in institutional governance understand these policies has significant effect on how the policies are implemented. This can result in change that can be viewed as either *symbolic alteration* or as *operational change*. The internal factors that act to shape institutional governance mainly relate to the different developmental stages of the private university, the characteristics of shareholders and senior managers, and the various ways the universities respond to the external policy.

Based on the analysis of the data, a number of implications are proposed to improve the governance system of private universities. These include strengthening the professionalism of the Council and Executive Team, improving the implementation of the University Constitution and the role of UCPC, and having a clear mechanism of monitoring and authorization between the government and private universities. This study fills a gap in the study of the governance of Chinese private universities in English and enriches the empirical study of the governance of private universities worldwide. As such it provides insight into practice in China for policy makers, senior managers and academics in the field of governance of private universities.

Acknowledgements

The four years of study for my PhD have enriched my understandings of society and the world. It has been a process to develop critical thinking and reflection - one that has been full of challenges and hard work. This has been a milestone in my life and career.

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Content

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List of abbreviations

AGB	Association of Governing Boards of Universities and Colleges
CDI	Commission of Discipline Inspection
CYLO	Communist Youth League Organization
CPC	Communist Party of China
CUC	Committee of University Chairmen
DEHE	Diploma Examination in HE
ESHE	Examination of Self-study in HE
GDP	Gross Domestic Product
HE	Higher Education
MOE	Ministry of Education
NPM	New Public Management
OECD	Organization for Economic Cooperation and Development
SED	Sichuan Educational Department
UCPC	University Communist Party Committee
UK	United Kingdom
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific, and Cultural Organization

Chapter 1 Introduction

Learning without thinking leads to confusion; thinking without learning ends in danger.

--Confucius (2006)

1.1 Rationale for the research

1.1.1 Personal and professional background

This study contributes to the area of HE management and governance. It focuses on the institutional governance of private universities in China. The study was inspired by my personal educational experience and later employment. I received B.A. degree in Education Studies at Sichuan Normal University, which is financed and governed by the Sichuan provincial authorities. During this time, I was the President of the Students Union of both the university and Sichuan Province. As such, I participated in a number of meetings related to university governance with senior managers and staff as a student representative. This helped me understand what different stakeholders of the university considered important and how the university met the requirements of different stakeholders. Sichuan Normal University was also the first university to initiate a privately financed college in Sichuan province. After graduating I worked in the investment company established by this university that financed a number of private colleges. As the administrative officer for the Council of these colleges, I worked with Council members to develop an appropriate relationship between the Council and the colleges. We explored whether or not the Council members should participate in the daily operation of the colleges, how the work performance of senior managers should be evaluated and the financial management should be monitored. I remember once at one college the President and the Secretary of the Communist Party[1] were in dispute regarding their different interests and both were asking the Council Chair for their support. The Council Chair tried to coordinate the views but it did not work, so the Council appointed a new President and a new Secretary. These issues always involved

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1 Secretary of Communist Party is the leader of the Communist Party. For example, the current General Secretary of Central Committee of CPC is Xi, Jinping who also services as the President of China.

the distribution and supervision of power, which greatly affected the development of the college and the interests of other stakeholders including students and staff.

In 2009, I obtained a Master's degree in Public Management and worked at the Sichuan Educational Department (SED). Our team was responsible for the distribution scheme of student recruitment[2] for HE in the province of Sichuan. At that time this process involved 93 universities. I also worked on the statistical analysis of private HE, and had an administrative role relating to the evaluation and approval of private institutions. My responsibility was to assist the Director in the collection and organization of data relating to the emerging private institutions. This allowed me to have access to different universities and a variety of sponsors, senior managers, and government officials. I observed a conflict between the governing body and the President concerning their responsibilities and rights in the private university, and the President was finally dismissed. I became very aware of the diversity of private universities and the importance of the government legislation. During this period, I participated in the periodic national evaluation process of two private institutions and also participated in the formation of the Twelfth Five-Year Education Developmental Plan for Sichuan[3]. These experiences caused me to start considering HE, in particular private HE, from a macroscopic perspective.

In 2011, a private college, sponsored by the investment company of the Sichuan Normal University that I had worked for previously became a faculty of the university. I returned to work there as one of the faculty leaders in the role of Vice Secretary of the Communist Party. My team was responsible for all student affairs including accommodation, psychological counseling and career counseling. I felt a great sense of responsibility and tried to improve my team's support for every student. These students might have struggled financially or for academic success. During countless days and nights working with students and sometimes with parents, I understood how the HE experience of each student would affect their whole lives. Meanwhile, as a leader within the faculty, I coordinated with other leaders to address issues such as the

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2 The Ministry of Education allocates the place of university recruitment to provincial educational departments or universities in accordance with the university resources of different provinces, developmental requirements of the society and some other factors. The provincial educational department then allocates the places to each university.
3 The process of five-year plans began in 1953. These established development targets in a variety of social and economic spheres. The Twelfth Five Year developmental plan spanned the years 2011-2015.

teaching arrangements for students and the departments related to Communist Party of China (CPC) at the university level. As a result of these experiences I came to understand the running of a university from the microcosmic perspective of the faculty level and how CPC works at university level.

In 2004 when I started working, private universities were entering a boom period across China. Nevertheless after 10 years, many people were expressing doubts about these privately sponsored and managed institutions. Some people in the media criticised the government's supervision of the private universities. Some officials argued that the government policy was not carried out by the university according to the requirements. Some parents wondered whether their children would obtain a valuable qualification and a worthwhile education in private universities despite paying tuition fees that were double or even three times higher than that of public universities. In particular many people questioned sponsors' motivations and how these affected the governance of private universities. These questions led me to undertake this study.

1.1.2 Significance for practice

The private university in this study refers to a HE institution which is not directly funded by governmental departments or budget, and awards diploma of HE[4] or degree after three or four years full-time study. This definition will be discussed in detail in Section 2.2.

There are five significant points to take into account when studying the governance of private universities: the first three relate to the development of the university and the latter two to the external environment.

First, the rapid expansion of the private university has caused a number of issues, which has affected its development. In 2016, 6.11 million students pursue full-time study leading to a diploma or bachelor degree at 742 private universities (MOE, 2016). The number of students enrolled at private universities accounts for 24.22 per cent of all students and the number of private universities accounts for 29 per cent of universities in the whole system. In contrast, in 1996 only 12,000 full-time students were enrolled in private universities. In other words, the number of full-time students in private

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4 In Chinese: 专科

universities increased more than 500 times within 20 years. Zhong (2011, p. 947) points out that private universities attracted a lot of private capital and have both relieved financial pressure on the government and satisfied the public demand on the HE sector.

However, rapid expansion of private HE systems in China in the past few decades has had unintended social consequences; in particular there has been a crisis of its governance (Mok, 2016; Mok, Wen, & Dale, 2016). Both government and scholars argue it is necessary to improve the governance of private universities. Ten years ago, the *Announcement on Strengthening Standard Management of Private University and Guide Healthy Development of Private Higher Education* (General Office of the State Council, 2006) states that there were serious problems to do with student status recognition, degrees awarded and tuition fees charged. It states that one important reason for these issues was the poor institutional governance of private universities. In many private universities the form of institutional governance presents a number of problems including an unclear division of responsibilities of shareholders and senior managers and apparently random interventions of shareholders in the daily affairs of the university. A similar view is expressed by some scholars (Zhong, 2011; Zhong, Zhao, Hong, & Fan, 2011; Zhou, 2014), who state that institutional governance of private universities in China urgently needs to be improved. Li & Morgan (2008) point out it is common that the university Council, as governing body, is often entirely occupied by shareholders and the major shareholder acts as the university President. They further emphasize that,

> Many founding presidents or chancellors of private higher education institutions in China were entrepreneurs or well-placed government officials. Again, many private higher education institutions are subordinate to big private enterprises(Li & Morgan, 2008, p. 29).

These big private enterprises usually expect some economic return from their investment in the private universities. One of the key issues of this developing governance system is the failure to protect the interests of key stakeholders such as the staff and students when it pursues economic return. Sometimes these failures attain high public profile.

A recent example of this is the Bowen Institution of Lanzhou Jiaotong University, a private university, which dismissed a member of staff with the President's agreement, when she suffered from cancer in 2016. This was widely reported in the media

(PhoenixNet, 2016; Xinhua News Agency, 2016a). When this staff member asked to keep her position as it gave her medical insurance, the personnel department refused the request giving her continuous absence as the reason. The court told the university in writing that the expulsion was invalid, but the college refused to implement the court order. When she died with a substantial debt without medical insurance, it was reported by the press and immediately attracted public criticism.

As in many private universities, the largest shareholder of this university comes from a background of business and probably has limited knowledge of the principles underlying the governance and management of universities. Running a university can be viewed as being just the same as running another type of enterprise. In fact the largest shareholder acted both as the Council Chair and university President, and has absolute power in institutional governance. When power is unsupervised the running of a university is in a risky situation. As a result of the public outcry, the regional provincial educational department now states that the Council Chair cannot take the position of President. Nonetheless this simple and mandatory order may not be appropriate for all private universities in this region as some are in different developmental stages and have different requirements.

Second, family governance in the private university is widespread which could curtail the other stakeholders' interests. These 'family member' shareholders account for a high percentage of the membership of the Council which is the highest decision making body of private universities. The family universities are often established with the idea of making money or wielding influence, and typically have strong and centralized administrative control, with offices in the hands of family members (Altbach, 2005). Altbach notes that the family control form is also popular in many counties such as Mexico, Thailand, Japan, South Korea and India. As Wang (2012) observes, the advantage of power devolution in the family governance form exists from the first generation to the second but is not sustained thereafter. Such family governance in a company might have a positive influence on the performance of the corporation (Anderson & Reeb, 2003; Maury, 2006).

Nevertheless, a common recognition is that private universities differ from private enterprises because of the nature of their education mission. This commits them

strongly to public well-being and demonstrates a degree of social responsibility. By supporting the private university sector, the government is committed to the improvement of the wider economy and society; industry expects to have access to graduates with excellent professional skills; university employees look forward to career progression and students to obtaining qualifications and experience that will benefit their career and personal development. Thus while these private universities seek profitability in the interest of the family as an owner, they must also consider their public obligations and the interests of all stakeholders.

Third, private universities in China have already experienced the primitive accumulation phase and recently begun a new phase. This process of transformation requires the private university sector to reflect upon its orientation and position itself appropriately in order to keep pace with new circumstances and requirements. Some scholars have called this new stage, "a stage of stability and improvement" (Wen, Liu, & Xiong, 2008, p. 67), "the period of developmental transformation" (Shen, 2009, p. 83) or "a move towards being chosen by preference rather than being seen as offering a supplement to standard provision" (Chen, 2008, p. 18) and "the stage of sustained development" (Bie, 2010, p. 71). In order to deal with the challenges of this stage, the private university should, according to Zhong, Zhao, Hong and Fan:

- Strictly limit the random intervention of shareholders in the daily management of the universities, and improve the supervision of the daily management;
- Formulate a constitution which clarifies the relationship between the government, society, universities and other stakeholders (2011, p. 14).

Similarly, Xu (2012) argues that a private university should improve the system of Council and an effective supervision system for daily management to enhance institutional governance. In turn, Tan (2013) states that improving the system of Presidential Accountability under the Leadership of the Council[5] is the main task of private universities.

Fourth, the increasing financial gap between public and private universities requires that private universities improve the efficiency of their governance. According to the Ministry of Education (MOE) (2012), the national educational budget was 4.28 per cent of Gross Domestic Product (GDP) in 2012, which surpassed the 4 per cent of GDP

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5 This system will be discussed in detail in Chapter 5

target set out in the *Outline of Chinese National Plan for Medium and Long-term Education Reform and Development (2010-2020)* (*Outline of Education Reform and Development*) in 2010 (State Council, 2010). Across the whole world, in 2010, total public expenditure on education on average accounted for 4.58 per cent of GDP (UNESCO, 2014)[6]. Compared with international standards, the percentage in China is low but nevertheless it is the highest ever recorded for the country. The funding for regional universities comes mainly from the regional governments, and as a result, universities in different provinces show significant differences in funding levels. In terms of the requirement of this percentage, the 2010 the document *Opinion about Further Improving Funding Levels of the Local Undergraduate Course of Ordinary Universities* (MOE & Ministry of Finance, 2010) states that the per student capita funding of regional universities should not be lower than 12,000 RMB. Since 2010 the difference in per student capita funding between the different provinces has decreased as some provinces greatly increased their previously low levels of funding. For example, in Sichuan province[7], the level of student funding in public universities has almost tripled from 4,100 RMB in 2009 to 12,000 since 2012 (SED, 2014).

As a result of these changes in the public universities, teaching facilities and staff training have greatly improved. However, this increased funding only benefits public universities and so widens the financial gap between public and private universities. As students' aspirations have shifted from merely welcoming the opportunity to attend a university, to an expectation of getting a high quality education, this gap becomes a challenge during the development of the private university. The document of State Council (2014) the *Decision of Accelerating the Development of Modern Vocational Education* and *Guiding Opinions about the Transference of a Local University to be able to Offer Applied and Practical Courses* (MOE,2015c) proposes that hundreds of public bachelor degree-awarding universities will now focus on vocational training. These public universities had on average been established for more than 40 years, and were widely known and had strong support from state finances. As such, they are likely to become competitors of private universities, particularly in the recruitment of students, hiring staff and provision of graduate employment.

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6 UNESCO refers to United Nations Educational, Scientific, and Cultural Organization
7 The empirical data of this study is carried out in Sichuan Province.

Fifth, the development of the economy and the transformation of society place different requirements than previously on the private university. China's economy has been growing at a high speed since the policy of reform and opening-up was initiated in the 1980s. However, with the disappearance of the demographic dividend and the ageing of society, China's economy requires further reform and adjustments to enhance long-term stable development. In order to change the structure of the economy and increase social productivity, an increase in high-quality and effective supply of labour is going to be required in many industries. The private university sector with its emphasis upon vocational training has therefore become a vital component in China's economic and social development.

The university can be seen as an institution that plays an important role in relation to promoting economic success, leading in developing an information infrastructure and qualified human resources (Fielden, 2008; Kerr & Ashcroft, 1990; Shattock, 2006). Marginson (2013a) argues that universities educate people in social skills, prepare students for occupations, provide structured opportunities and social mobility, and are innovative in the capacity for, and production of, knowledge and culture. It has both a social and an economic purpose and is considered to be an essential element for the success of a society. During the development of a university, governance is the key issue to enable it to achieve its mission (Amaral, Jones, & Karseth, 2002; Kennedy, 2003). It is "at the heart of higher education and universities' abilities to serve their multiple purposes" (Austin & Jones, 2016, p. 18).

The World Bank (2012) emphasises that the governance of HE is a key dimension to the health of the HE system and has a strong impact on performance. While recognizing that institutional governance is a significant element underpinning any well performing university serving different stakeholders, this current study aims to explore the institutional governance of private universities in China. The particular research question will be discussed in Section 1.2.

1.1.3 Significance for policy

The significance of this research for policy can be mainly summarised from two perspectives. First, the government emphasis on the improvement of the governance ability of the private HE is an important strategy in tackling the current problems in its

development. In 2013, the theme of the Third Plenary Session of the 18th Central Committee of the CPC[8] is to 'Comprehensively Deepen Reform' with the overall goal of promoting the modernization of national governance systems as well as governance capacity and capability. This is a crucially important statement as traditionally it has been at these Third Plenary Sessions where long-term policy direction is set. Xi Jinping, the Secretary of the Central Committee of CPC and the State Chair of China in his speech *'To Develop a Law-based Country, Government and Society'* argues:

> We should exercise governance and administration according to the law, develop a law-based country, government and society simultaneously, and thereby bring the rule of law to a new stage…..We should strengthen the enforcement of the Constitution and the law, and uphold the unity, dignity and authority of the socialist legal system, so that people neither want, nor are able, nor dare to break the law…All organization and individuals should act within the scope prescribed by the Constitution and the law (2014, pp. 160-162).

Issues of governance have taken a high profile throughout the country and discussion is linked to one of the major policy directions led by Xi. In 2014, the Fourth Plenary Session of the 18th Central Committee of the CPC highlighted the theme of the 'Using Law to Rule the Country'[9]. It aims to create a system to serve the 'socialist rule of law with Chinese characteristics in order to build a moderately prosperous country' (CPC Central Committee, 2014), and requires each social field to carry out adjustments and reforms.

In the educational field, the commitment to extend the comprehensive reforms in education and to accelerate the modernization of the education governance system and governance ability was explicitly stated at the 2014 National Education Conference in Beijing. It emphasises that it is both essential that processes of modernization take place and that issues of the calibre of those placed in positions of authority are attended to (Yuan, 2014). In the report of the Minister of 2014 National Educational Conference by Yuan, improving the governance ability of the education system is highlighted as an important strategy in adapting to the changing world and tackling the current problems in education. This particularly emphasises that when dealing with issues relating to the governance of the private university, the focus should be on decision-making

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8 The government usually presents and ratifies the long-term policy direction at the third plenary session. This forum is therefore seen as being the key highpoint in the political cycle.
9 Following the Third Plenary Session, the theme of the fourth usually is close to the current national significant development task.

procedures and the structure of the Council, the President Accountability System, and the construction of the UCPC.

Second, the pathways to improve the governance of private universities are illustrated by government. The *Outline of Education Reform and Development* (State Council, 2010) points out the private university shall improve the governance, specifically,

- To establish a governing body and ensure that the President exercises their powers in accordance with the law;
- To assure the management of democratic participation and supervision right of staff;
- To actively play the role of the Party Committee and improve the system of steering commissioner[10].

Following that document, the *National Education Planning of the Twelfth Five-years* (MOE, 2012b) places an emphasis on improving the governance system of private universities in particular to improve the construction of the University Constitution and governing body of university. In the same year, The *Middle and Long-term Developmental Planning of Higher Education* (MOE, 2012a) states that the Party Committee will play a core political role in the private university and strengthen the construction of the University Constitution so as to regulate the university in accordance with the Constitution.

It is obvious that the challenges of governance in private universities are driven by a number of factors from both practice and policy. These include the changing expectations of students, government demands that private universities respond to social and economic circumstance, schemes for government funding arrangements for public universities, the developmental stage of private universities and calls for efficiency and effectiveness of the university governance.

1.1.4 Significance for academics

The academic significance can be summarised with reference to three aspects. First, original empirical research on the governance of the private HE sector in China is limited. The first public study regarding the private HE sector in China was 'Discussion of Private Higher Education System' by Pan (1988). In this study Pan mainly shows the necessity of the development of private HE. In the following fifteen

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10 In Chinese: 督导专员

years, research on private HE was scant until the beginning of the twenty-first century when private HE entered a period of rapid development. Currently, there are a number of publications about private university governance which are cited throughout the thesis. Nevertheless, as Zhong, Zhao and Hong (2009, 2010) survey the HE literature, they point out that research across China provides little detailed empirical investigation or case studies as most of the research is descriptive. These studies provide some information about the governance of private universities, but most focus on describing the current situation through the analysis of policy documents rather than using systematic original empirical research.

Second, there are a limited number of Doctoral theses which examine issues of governance in the private university sector, but other aspects of these studies raise a number of critical concerns. Wang (2012), for example points out that private universities sometimes ignore the interests of students and the wider public, and notes their strong profit-making motivations. He further observes that the structure of corporate governance needs improvement, especially to ensure that a more diverse range of stakeholders participate in formal governance roles. Zha (2010) finds that the degree of support and supervision by the government is lacking while Liu (2011) adopts the view that in the long-term, the government is aiming to unify the system by means of consistent regulatory instruments. Liu notes the lack of services, incentives and funding support for the sector. More recently, Wang (2013) proposes a supervision mechanism based on tripartite cooperation of the government, society and university, and suggests an investment compensation framework for private HE. Duan (2015) has argued that the private university sector needs to improve its internal governance particularly in relation to the constitution of the governing body. He also noted that there was an opportunity to better optimize the equity structure of these universities, and to establish a more rational decision-making mechanism.

These studies are set in China and provide important information on the development of and challenges confronted by Chinese private universities. However, other aspects of these studies raise a number of critical concerns. First, the studies state that the data was collected directly through interviews with informants, but little information about the data collection is provided. For instance, Wang Bin (2013) uses the case study method to analyse a private university in detail, and says he interviewed 62 people.

However, he gives no information on why the university is chosen, the reason why these particular informants were chosen nor the questions he asked. Second, the theoretical perspective employed does not always seem to be directly relevant to the data analysis. For example, Wang Qingru (2012) claims to primarily use stakeholder theory but after a brief introduction, there is little discussion of the data in relation to the theory. Zha (2010) employs social transformation theory to explain issues arising in private HE, but his conclusion comes from the developmental experiences of private HE in the United States which has a different political and economic context from China. In addition, as a systematic analysis of the statements of the interviewees in his study was not presented, his arguments appear to be subjective and arbitrary, and the reliability and validity of the study is difficult to assess.

The term 'private' in the private university was not defined in these studies and questionable information is given about the developmental situation and level of maturity of private HE in different countries. For example, Zha (2010) argues that in the United States, private HE did not adopt the market-oriented developmental model and that non-profit private HE plays a dominant role. Wang (2012) states that globally for-profit private HE focuses on providing non-diploma education and non-profit private HE focuses on diploma education. Duan (2015) states that the top UK universities are private. I would strongly question these three representations. The for-profit degree awarding private HE institutions have quickly developed in many countries since 1990s, such as in the United States,

> For-profits are the fast growing segment of higher education and will probably soon capture a 10th of total enrolment—about one-third of the country's private higher education overall (Levy, 2015b, p. 12).

In 2014-15, "there were about 3,436 for-profit institutions of HE" (Hunt, Callender, & Parry, 2016, p. 16). In UK, "There are four private providers with degree awarding powers at the time of writing in late 2009" (Fielden, 2010, p. 4).Though subsequent legislation has made it easier for private providers to obtain degree-awarding powers in the UK, these colleges are clearly not elite, nor in a position to challenge established elite institutions.

The present study sets out to address this imbalance of forms of research on and analysis of private HE in China by presenting primary research, focusing on

governance and drawing on first hand interview data in a theoretically informed manner. It will discuss the term 'private' in private university and follow the development of the private university sector globally and its governance in selected countries.

Third, there have been a few studies written in English about private HE in China but none of these studies is about the governance of private universities in practice. This limited literature briefly describes the basic features of the emerging provision, and provides the background or legislative context of Chinese private universities. For example, Li and Morgan (2008) suggest that the stakeholders including government, non-governmental organizations and inter-governmental organizations should work together to build a more socially equitable private HE system in China. Wang (2013) explores the causes and impact of the privatization of HE, taking the culture, socioeconomic and the unique state-party controlling system of HE management as contextual factors. In Wang's study, Beijing is taken as a case study to argue that in China, the growth of private HE is best viewed as a contingent adopted strategy rather than a fundamental reform of the HE sector. Hayhoe and her colleagues (Hayhoe, Li, Lin, & Zha, 2012) select 12 universities to represent the range of institutional types that have come into existence since the 1990s. Their study of three private universities examines whether or not there is an emerging Chinese model for such a university. Hayhoe and Liu state that,

> The values of Chinese university is based on the melding of Western traditions of university autonomy and academic freedom with Chinese values of self-mastery, social responsibility, and intellectual freedom that has taken shape over a century of modern HE development in China (2011, p. 96-97).

Mok (2009) examines how reforming the HE system through embracing market practices enables the transition from the command economy to a market economy. He states that a new governmental regulatory mechanism which takes local administrative cultures and political circumstances into account should be developed to respond to the private HE sector more actively and appropriately. The governance of HE in China needs to be understood, as Austin & Jones (2016, p. 118) propose "as an integration of post-Confucian ideals, along with strong historical and cultural tradition expressed within the logic of developing a globally competitive country". All these studies focus on various elements of private HE in China and provide diverse perspectives to explore the development of the private university sector. However, none of these studies show

how governance of private universities works in practice nor what governance issues arise in the development of private HE institutions in China.

Issues of governance are as much about social context and cultural norms as they are about complying with the legislation of the government. Therefore a study to explore in detail crucial aspects of this developmental phase in HE in China in relation to governance of private university is significant and valuable.

1.2 Research questions

A key issue is that a private university in part exists in order to satisfy commercially interested shareholders who seek a certain financial return on their investment. Success in this respect is seen as one way of attracting further investors. This might differ from government's priority which requires private universities to deliver higher numbers of skilled and knowledgeable graduates. At the same time other stakeholders including students and the local community, wish to see the university perform well to meet their interests.

Moreover, legislation concerning governance gives private universities enough space to tailor their governance to suit their own requirements and circumstances. When the different interests of stakeholders work together, factors such as different shareholders, history, and size of the university may serve to generate different institutional governance practices. While recognising that governance is one of the elements involved in a well performing university, this particular study seeks to understand the form of governance in practice.

Therefore, the research question are：

1   **What are the key features of the form taken by institutional governance in Chinese private universities that have emerged over the past 20 years?**

2   **What, from the specific cases studied, are the factors that have shaped the form of institutional governance?**

Although each university exhibits different characteristics deriving from its history and circumstances, some elements are common to all private universities; for instance, the obligation to conform to state qualification frameworks, the need to provide qualified education to students, and the financial return aspiration of shareholders. It is possible

to observe the similarities and differences in the ways in which their governance forms and processes interact with their circumstances and development. Comparing these interactions together enables the identification of the internal factors that influenced the forms of governance that have developed within a common legislative framework.

1.3 Research approach

The comparative case study is used in this study for two main reasons. First, the characteristics of comparative case study are appropriate to explore the research question of this study. The essence of the case study approach is to illuminate why certain decisions were taken in certain contexts, how they were implemented, and what their result was (Schramm, 1971). Comparative case studies can offer in-depth understanding of different cases and account for their complexity, and also allow crosscutting connections across cases (Ragin, 1989). Secondly, this approach is widely used to explore the governance and management of universities in different contexts by many scholars (Braun, Benninghoff, Ramuz, & Gorga, 2015; Clark, 1983, 1998, 2003; CUC, 2008; Mureddu Torres, 2008). These researchers have provided evidence that comparative case study is an effective approach to explore the governance of universities. By comparing similarities and variations of selected cases, the forms of institutional governance and the factors that have shaped the governance of private universities in China will be explored. The empirical work conducted focuses on three private universities in one province in China. These universities have been established at different points in the past 20 years, and all pre-date the distinction made in current Chinese legislation between profit and non-profit universities. Together they illuminate the development of private universities within a common legislative, political and economic framework, which enables the research questions to be addressed, but clearly limits generalization to all forms of private universities globally, which may operate in contexts that draw a clearer line between profit and non-profit institutions and which have different histories. This will be discussed in next chapter. The process of using a comparative case study approach, and the strengths and limitations of this approach, will be discussed in more detail in Chapter 4.

1.4 Structure of the thesis

This first chapter has introduced the rationale for this study and research questions. The research approach and chapter arrangements are outlined.

Chapter 2 presents a profile about the development of the private university sector around the world and in China. It explains how the private university is defined in this study and then moves to a brief examination of the development of private HE in different parts of the world, and its development experience and characteristics. The developmental history, contribution and funding of private universities in China is introduced at the end.

Chapter 3 sets the scene for the detailed analysis of the governance of private universities in China. It begins with a critical review of key concepts relating to the governance of private universities. The three sections outline the concept of governance, governance in the university and factors affecting governance of the university. It then moves to the social context of the private university in China, particularly the social system of governance and the current climate, as well as the governance system of HE. This is important in understanding the unique background of the private HE sector in China. This chapter also describes the structure and role of the Communist Party because any examination of private university governance requires some familiarity with the nature of the CPC and its important role in the governance of educational institutions in China. Government regulation of private universities in China is also presented.

Chapter 4 focuses upon theoretical orientation, research design and methodology. It begins with a discussion of the three theories of governance deployed in this thesis. Comparative case studies are employed to illustrate how private institutions adopt, adapt and implement government regulations in line with their unique characteristics. In order to analyse the distinctiveness of the institutional governance emerging in different development phases of the university, the interplay between evolving government legislation and the university is examined in the case studies, including the roles of the Council, Executive Team and UCPC within the framework. This chapter gives the rationale for selecting the three case study universities, and outlines the process of data collection. Thematic analysis, which is used to analyse the data

collected, and outlines the process of data collection. Thematic analysis is used to analyse the data and the challenges faced during the process of the research are discussed.

Chapter 5 constructs an overall picture on how the institutional governance of the private universities studied works in practice. It presents the analysis of data from the three individual cases, with a particular focus on their different governance forms. As Brown, Tan and Ye (2011) note, one of the contributions of research is to provide insight and analysis of ways of viewing a problem. This study will present data in terms of the thematic analysis described in Chapter 4. It gives a detailed account of the role of Council and the Executive Team in each case. How the private HE institutions respond to the requirement from external policy of the Communist Party and Constitution is presented drawing on analysis of the data.

Chapter 6 addresses the research questions: 'What are the key features of the form taken by institutional governance in Chinese private universities that have emerged over the past 20 years?' and 'What, from the specific cases studied, are the factors that have shaped the form of institutional governance?'.Drawing on the findings from the three private universities, the characteristics of governance in practice are discussed. The roles of shareholder, senior managers the Council, UCPC and University Constitution are reviewed to deepen the exploration of the factors that affect the governance of private universities. This chapter also explores the way in which private universities respond to the external policy.

Chapter 7 concludes the study. It reviews the research journey and research questions. Then it presents the research findings and proposes practical implications for the institutional governance of the Chinese private universities. The contribution to practice and to knowledge made by this study is also explored in this chapter. The limitations of the study and directions for future studies are considered before summarizing the overall argument presented in the thesis.

Chapter 2 Global development of private universities

The fundamental difference between socialism and capitalism does not lie in the question of whether the planning mechanism or the market mechanism plays a larger role. The planned economy does not equal socialism, because planning also exists in capitalism; neither does the market economy equal capitalism, because the market also exists in socialism. Both planning and market are just economic means.

--Deng (1995)

2.1 Introduction

This quotation comes from Deng Xiaoping[11]'s inspection tour of southern China in 1992, during which he demands further rapid economic reforms. This is the social and economic background of the development of the private university sector in China.

This chapter reviews the development of the private university sector. It first discusses the general definition of private universities and its meaning in the Chinese context. Since the development of the private university sector is also a global phenomenon, comparative information from a wide range of other countries is provided to put the development of the private HE sector in China in global perspective. In this section, the general situation of private HE in different continents and its development towards a mature system as well as its general characteristics will be described.

The social context of the development of private universities is discussed and then the chapter moves on to describe the pattern of the development of private universities from the beginning of the last century until the present, its contribution to education and its funding in China. This chapter provides an important reference for the present study and serves to understand the emergence of the private university from the perspectives of both time and space.

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11 Deng Xiaoping is the core leader of the second generation of the CPC and the chief architect of China's socialist reform, opening up and modernization.

2.2   Definition of private university

2.2.1   General concept

A commonly encountered perspective to define the private university is to compare it with the public university. The typical difference between the public university and the private university is who it is sponsored by; a crucial differentiator is the fact that the private university receives little or no state finance. Geiger (1991) and Levy (1992) propose that whether the university is governed and financed by the state or by non-state sources, is the standard to distinguish public from private. Levy (1986) argues that the major source of funding for private universities is from tuition fees, and they are usually governed by non-state personnel. In contrast, public universities are governed by the state and their main source of finance is state funding. Altbach (1999a, 2016) seeks to typify the sector in terms of finance where private institutions are responsible for their own funding and they control their internal governance. The Organization for Economic Cooperation and Development (OECD) (2011) has adopted a pragmatic approach, arguing that a private institution receives less than fifty per cent of its core funding from government, and financially exercises independence from state control. The Asian Development Bank (2012) identifies a public university as being traditionally owned, operated, and funded by the government, whereas a private university is owned and run by non-state entities including individuals, commercial companies or corporations, non-profit organizations and religious organizations. It usually receives conditional forms of state funding, with the main income coming from tuition and other fees.

As Praphamontripong (2010) has argued, private institutions emphasize issues of scale and volume as much as quality because they are heavily dependent upon the tuition fees to survive (Geiger, 1988). Altbach (1991, 2013) points out that many private universities run as not-for-profit institutions in contexts where for-profit HE is not legally accepted, by skirting existing regulations.

Another dimension in the discussion relates to the function of the private university. Writing from a polemical perspective Geiger (1986) proposes that private education provides an education which is 'more, better, or different' from that of public sector

competitors. It means when the public sector could not meet the requirements of the society, private HE provided more HE chances, better HE conditions, or was able to meet special different needs of the public. The private universities of China meet the 'more' category by providing more opportunities for HE to the public. Correspondingly, Levy (1986) identifies three types of private HE, 'demand-absorbing, the elite, the religious'. Elite institutions such as Harvard University in United States, Waseda University in Japan and Korea University in South Korea promote the idea of superiority and excellence. The demand-absorbing institutions exist to absorb student volumes into the HE system. Religious institutions pursue their distinctive and historical identity (Levy, 2011, 2015c). Indeed, these three types match those proposed by Geiger.

Altbach (1999a) points out that religious organizations have a long involvement in establishing and supporting academic institutions, with many of the earliest institutions being established by the Catholic Church. Initially, Catholic universities were aimed at training young men into a life of religious service through studying disciplines such as theology and canonical law. An earlier religious centre for learning is Al-Azhar University in Cairo dating from the 8th century which began as an Islamic institution (Levy, 2011). Some of these ancient universities have evolved from their religious origins to become part of the elite sector, particularly in the United States and UK where the majority of the top, world-ranking institutions are located. McCormick and Meiners illustrate this.

> From the founding of Harvard in 1636 until late in the nineteenth century, American colleges (universities) were small institutions devoted to supplying ministers and gentlemen with a moral education not directly related to careers. Private universities usually were tied to an established church. Even state colleges usually had a strong Christian element in the daily routine of students (1988, p. 424).

Geiger states that,

> The end of the eighteenth century education was viewed as a combined responsibility of civil and ecclesiastical authorities...The rise of the secular state sundered this nexus and produced the distinction between public and private institutions…the universities of Oxford and Uppsala developed into government sponsored institutions and Harvard became private...where church and state remained united, as in England, Sweden, and the German states, the ancient universities eventually became wards of the state. Where secular states were unsympathetic to universities under religious control, as in Belgium, France, and much of Latin American, a private sector emerged (1991, p. 233-234).

Indeed, most religious universities initially were also elite universities. The clear

distinction between these two types is whether a university is governed by a certain religion. Another type, the 'semi-elite' university stands hierarchically beneath the top universities while occupying a space above many institutions (Levy, 2006a, 2010c). According to Levy, these semi-elite universities are often distinguished by offering certain subjects and are characteristically entrepreneurial. However, Fielden notes,

> It is becoming increasingly difficult to draw some distinctions (such as public/private or for-profit/not-for-profit) as the picture is changing so rapidly. Throughout the world the old boundaries are becoming increasingly blurred and confused (2010, p. 12).

Similarly to Fielden, some scholars (Agarwal, 2015; Marginson, 2007; Welch, 2011) also note that, with the diverse development of HE, the borders and distinctions between the public university and private university are increasingly becoming blurred in terms of their financing, governance and the ways they operate.

2.2.2 Concept in China

In terms of the regulation of the *Law of Higher Education* (National People's Congress, 1998), HE refers to education after completion of senior secondary education. HE institutions provide full-time and part-time programmes leading to the awards from higher diploma to postgraduate degrees. It includes Ordinary Higher Education[12], Adult Higher Education[13] and Self-study Higher Education[14]. The students in Ordinary Higher Education participate in the National Recruitment Examination for University, which is referred to as the Gao Kao, or take the student recruitment test which is independently sponsored by the university. Students usually register in September, undertake full-time study and receive a HE diploma after three years or a bachelor degree after four years. In contrast, the students of Adult Higher Diploma Education take an entrance exam in October and register in the following March. They receive the diploma of Adult Higher Education after three years. The third type is the Self-study Higher Education in which students study by themselves and are assessed through a special national examination, held two or three times a year. Afterwards, they receive the Diploma of Self-study Higher Education.

In China university degree awarding HE institutions are sub-divided into two types: the

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12 In Chinese: 普通高等教育
13 In Chinese: 成人高等教育
14 In Chinese: 高等教育自学考试

university [15] and the college [16].According to the *Provisional Rules of Ordinary Undergraduate Institution Setting* (MOE, 2006b) and *Opinions on the Setting Up of the University during the Period of the 11th Five-Year Plan* (MOE, 2006c), both universities and colleges may award bachelor level degrees. However, the distinction between university and college lies in the size of the student population, the number and diverse types of subjects offered, the number and percentage of senior teaching staff, academic levels and research capability as well as their infrastructure, such as teaching facilities, quality of laboratories and specialist equipment. Usually, the university has a higher level than a college in all these above indicators. Currently, all university degree awarding private HE institutions are called colleges. There are two types of private colleges. One type is known as a 'Minban University'[17] which literally means 'People's-run-university' referring to its sponsorship by non-governmental finance. Li (2013, p. 45) notes "The term privatization is avoided because it is considered politically incorrect in Communist China". This type of college is an independent educational institution which is not a subsidiary of, nor belongs to a public university. A second type of private college is called an 'Independent College'[18].This is a privately-run establishment with independent registration and campus, but is affiliated to a parent public university.

It is recognised that the definition of private university tends to differ according to official regulations and social context in the countries where the universities are located. Therefore, the definition of a private university in this study is derived from the most authoritative legislation about private education, the *Promotion Law of Private Education*. It defines the private university in China as a HE institution which is not directly funded by governmental departments or budget, awards diploma of HE after three years full-time study or bachelor degree after four years full-time study. In terms of this law, these non-governmental departments or individuals are called sponsors[19] in the document but in practice these funding sponsors were always referred to as

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15 In Chinese: 大学
16 In Chinese: 学院
17 In Chinese: 民办高校
18 In Chinese: 独立学院
19 In Chinese: 出资方

shareholders[20]. In order to clearly present the data, this study will use the term shareholders when referring to the funding sponsors of a private university. In addition, the 'stakeholders' of a private university are the group or individuals who are greatly involved with the university and mainly include shareholders, senior managers, staff, students and government. These stakeholders will be discussed in detail in the section on stakeholder theory in Chapter 3.

2.3 Private universities worldwide

2.3.1 Private universities in different continents

A number of scholars have analysed the development of the HE private sector across the globe. Private HE has become an increasing phenomenon worldwide and seems set to continue to expand (Altbach, 1999b, 2016).

Latin America has the highest percentage of private HE institutions, 49 per cent of HE institutions are private (Levy, 2011, 2012, 2015b). Enrolment in private universities was only around 3 per cent in 1950 but increased to nearly 40 per cent by the 1980s (Levy, 1986). There were three periods of private HE growth in Latin America: the first involved Catholic universities; the second a decline in the quality of public HE and the third, rising demand for HE which exceeded the supply of public universities (Levy, 2006b). Chile and Brazil have the largest private HE sectors in Latin America (Levy, 2011, 2012, 2015b). In Chile 84 per cent of enrolments were at private institutions by 2014 (OECD, 2015); this is due to the significant market-oriented changes in HE in the 1980s when a military government took over the country (Bienkowski, 2012). The newly founded private institutions were initially entirely reliant on revenue from tuition fees. In Chile private HE sector spending is more than three times greater than public spending. However, the cost of attending a university does not necessarily reflect its quality. Two-thirds of the private spending is derived directly from students' families. The new privately funded universities are often charged with being low-quality diploma mills (Morgan, 2015). The discontent about education resulted in national protests by students in both 2006 and 2011. Students demanded cancelation of tuition fees, increased public funding, and improved quality of teaching and elimination of

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20 In Chinese: 股东

profiteering (Rowling and Clark, 2012). The current government is committed to educational reform to meet these appeals.

The United States has the greatest number of private institutions of any other country in the world (Levy, 2011), and private HE has a long and well-established tradition (Bienkowski, 2012). Currently over three-fifths of HE institutions are private, while the share of private HE in the total number of enrolments is 26.5 per cent. On the one hand, its private sector includes many world class universities such as Harvard and Yale, which are non-profit; on the other hand, the for-profit private HE institutions have also developed quickly. They currently account for one-third of all private HE institutions (Levy, 2015b) but unlike those in many other counties, the for-profit sector played a limited role in the process of massification of HE in the United States.

These private HE institutions in the United States are free from state control in terms of budgets, tuition fees and curricula (Bok, 2013; McGuinness, 2016). Government funding received by private universities is largely through the student aid programme so that students "who do poorly in high school can still find colleges to enter and eventually earn a BA degree" (Bok, 2013, p. 16). However, recently an increasing number of law cases involving low quality and deception in for-profit private universities has led the federal government to indicate its intention to restrict access to funds for students attending for-profit institutions (Hunt et al., 2016). From the experience of United States and Chile, it can be learned that to improve the institutional governance of the private university is becoming increasingly important.

In Asia, the share of private HE institution is 36 per cent, with Japan and South Korea registering the most private HE institutions (Levy, 2011, 2012, 2015b). Nowadays 90 per cent of HE institutions in Japan are private (Levy, 2010a) and more than 70 per cent of HE students study in the private sector (Bienkowski, 2012; Levy, 2006b). Hunt, Callender and Parry (2016) note the falling birth rate, and increased competition among private universities for students has led to some universities closing or facing closure in Japan. In Korea, Clark (2013) notes that approximately 78 per cent of university students and 96 per cent of professional school students enrol in private tertiary institutions. Altbach (1999a) points out that in Japan and Korea, private universities are owned by individuals or private enterprises. In other countries, like Malaysia, 90 per

cent of HE institutions are private and around 35 per cent of students study in these institutions (Levy, 2010b).

Altbach (1999a) points out that in Japan and Korea, private universities are owned by individuals or limited groups. In other countries like Malaysia, 90 per cent of HE institutions are private and around 35 per cent of students study in these institutions (Levy, 2010b). Jamjoom (2012) writing in the Saudi Arabian context notes that private HE institutions were a necessary complement to the public sector both to meet the demand for HE and to teach certain subjects limited for social and religious reasons by government.

In African countries, the average percentage of universities in the private HE sector is much smaller, and account for 15 per cent of their HE sector (Levy, 2010c, 2012). Salmi (2003) finds that private HE institutions in Sub-Saharan Africa have developed quickly in 1990s. This demonstrates the regional variation that exists behind national or continental statistics. The public sector's lack of resources also contributed to the development of private education institutions (Mabizela, 2004). Most of the private institutions in Africa were established during the 1990s owing to the rise in public demand for HE coupled with financial constraints faced by the state (Mabizela, 2004; Morley, 2014). In South Africa, the first private provider of HE was the South African College, founded in Cape Town in 1829 by influential citizens who sought a better quality of education for their children. The college became the University of Cape Town in 1918 (Fehnel, 2014).

Similarly, in Europe, according to Levy (2012), the share of private HE institutions is the lower than that of Asia and Latin America, in which the enrolment of students in private HE institutions averages 15 per cent. Levy further points out in many Western European countries, private HE is more regulated than in most of the world and HE systems have remained dominated by public provision. Overall the percentage of private HE in Western Europe is smaller than that of Central and Eastern Europe, where most countries have a significant percentage of private institutions in their HE systems (Bienkowski, 2012; Levy, 2012; Teixeira, Rocha, Biscaia, & Cardoso, 2014).

In Central and Eastern European countries, since the political and economic transformation of the 1990s, the private sector has developed significantly (Bienkowski,

2012). The shift in the balance between the state and the market has been more pronounced in the former socialist countries of Eastern Europe, where economies have been moving from central planning to liberalization, such as in Russia, where approximately 500 (more than one-third) of HE universities are private (Geroimenko, Kliucharev, & Morgan, 2012). The development of private institutions has been greatly affected by the ability of the government to impose regulations on and intervene in private HE.

Exploring the current situation of private HE throughout the world allows a better understanding of the development of private universities in China. The literature cited shows that the development of private HE institutions is a global phenomenon. It shows important variations across different continents inasmuch as the private HE sector exhibits great growth in some countries while in others it is only moderate or mild. Generally, private HE has developed more rapidly in developing countries than in developed countries which have a strong public HE sector.

2.3.2 Characteristics of private higher education

Regarding the development variation across continents, five main characteristics of the development of private HE are noted by scholars. These are private HE originates from the rising public demand, the blurred division between private and public HE, more autonomy than the public sector, quality is a central concern and private research universities are usually non-profit.

The first is that the growth of private HE in most countries originates from the rising public demand for HE rather than being planned or designed by the government. Altbach (2013) points out that the growth of the private institutions contributes to the demand for HE, and the private sector took a significant share of the expanding market (Levy, 2006a). Mabizela notes that,

> In many developing countries, the demand for HE goes beyond what public institutions provide, thus the private sector is largely responsible for meeting this continually growing demand(2004, p. 20).

Managing the difficult balance between growing needs and scarce resources has led many governments to allow the private sector to develop (Fielden, 2010; Levy, 2011; Teixeira & Dill, 2011), particularly when fiscal constraints become acute in times of

economic and financial crisis (Salmi, 2003). Altbach (1999a) and Levy (2015a) observe that in all continents, the great majority of private institutions are largely financed privately through tuition and other fees and many students in these private universities tend to come from low socio-economic backgrounds (Morley, 2014).The developmental pathway of private HE in many countries is a bottom to top process.

Second, the clear division between private and public HE has increasingly become blurred. The privatization of HE has occurred by increasing the private involvement within public universities, rather than private HE as an independent and separate sector. It is difficult to differentiate the particular characteristics of the private institution since the widespread use of the dual track system with publicly funded and private streams of students within the same state institution (Fielden, 2010). The finance of public universities is entirely intertwined with those of the private sector (Ball, 2012). In other words, The partnership between the public and the private is increasing, including the privatization of services at public institutions, the corporatization of universities and publicly financed privatization (Bjarnason et al., 2009). For example, the catering, computing or security services in some public universities are provided by private companies. In the meantime, there is an increased role of foreign institutions, in which the university establishes partnerships with local institutions or government, or the local institutions engage in a partnership with foreign institutions. Similarly, Altbach (2016) observes that the line between non-profit and for-profit is vague and a distinguished phenomenon is the privatization of public institutions.

Third, it is generally recognised that the private HE sector has more autonomy from the government than the public sector (Levy, 2012). For the most of the private HE in the world, central policy does not create, design, or even anticipate emerging private sector roles (Levy, 2006b). Private institutions have more freedom to make decisions in matters relating to financial policy, appointments, and academic matters. Nevertheless, the government can impose regulations and thus intervene in private HE. In addition, private HE institutions can be constrained by business ownership, or by the market and consumer factors (Levy, 2012).

Fourth, quality is a central concern of profit driven universities. These institutions often lack full-time staff, top achieving students, laboratories and libraries (Levy,

2015b). Some low paid staff from public universities take on part time teaching at private institutions with higher salaries (Levy, 2011). Thirty years ago Geiger (1988) identified one of the most difficult and pervasive problems of mass private sector institutions, namely the relative weakness of their academic staff, who display low motivation for research, publication, or even general intellectual involvement with their fields. Altbach (1998, 2016) notes that many new and entrepreneurial private HE institutions continue to be questioned over their quality in this respect; many are labeled diploma mills. This problem largely appears during the period of expansion of private universities.

Fifth, private research universities are usually non-profit. Marginson (2013b) finds that no research university is driven by profit and commoditization. These private research universities, such as Waseda in Japan, and Korea University in Korea, behave as non-profit institutions. He argues that in many countries the profit-driven institutions are concentrated at the low-value end of the HE hierarchy. They tend to specialize in inexpensive fields or applied programmes such as nursing and vehicle repair that are in high demand by the job market. In addition, the potential for growth of for-profit HE appears strong in areas such as adult education, distance education, career education, and foreign-domestic partnerships (Levy, 2015b).

The development of private HE in China presents similar characteristics of private HE around the world. For example, the growth of private HE in China originated as a result of rising public demand for HE but limited government finance. The majority of the private universities focused on vocational education and their shareholders hope to make a profit from their investment. In addition, services at public universities are increasingly privatized and private universities receive finance for providing government sponsored training. Private universities have become concerned about improving the quality of the education they give as well as protecting the interests of different stakeholders. At the same time, the government regulates the private university sector with a number of requirements but compared with the public university sector, the private university in China has much more autonomy, in particular with regards to its internal governance.

2.4 Development of private universities in China

2.4.1 1949-1970s: stagnated phase

Deng (1997) points out as early as 520BC, Confucius is known to have established private education. The HE system throughout Chinese history has been characterized by a twofold track of "the highly centralized central-oriented imperial administration system and the diffused independent private system of local academies run by an influential master" (Hayhoe et al., 2012, p. 453). In 1949 prior to the establishment of the People's Republic of China, there were 227 full-time universities including 65 private universities of which 24 were sponsored by a religious organization (Zhang, 1998). After that year, in terms of Li (2013, p. 88) the national university system was reconstituted, the model being adopted was the 'Soviet Model', a highly centralized government-run system based on the system in the Soviet Union. In 1952, the HE system was reshaped as a result of the policy of 'Adjustment of College and Faculty'. All existing universities, including private universities, were converted into public universities and governed in a centralized government-run system. As Perkin observes, this adjustment occurred,

> By substantially decreasing the number of comprehensive universities and liberal arts colleges…the central government created the elite poly-technical institutions for advanced science and engineering, and single-subject institutes to produce middle-level technicians, all with the aim of providing the trained manpower to build up China's heavy industries (1991, p. 455).

Correspondingly, finance, provision and management of HE was controlled by central government; the syllabus, textbooks, student admissions and graduate job assignments were designed by the National Education Committee[21](Mok & Ngok, 2008).

From 1966 to 1976, China experienced the Cultural Revolution, which profoundly affected many aspects of society. Many academic institutions were disrupted during these ten years. In 1978, the CPC convened the Third Plenary Session of the Eleventh Central Committee, at which it was asked to,

> Change productive relations and superstructure that are not suited to the development of productive forces, and to change all forms of management, activities and ways of

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21 It has been called Ministry of Education since 1998

thinking that are incompatible with the development of productive forces(CPC Central Committee, 1981).

At the same time, the Opening-up and Reform policy under the de-facto leadership of Deng Xiaoping began. This policy aims to reform and open up China to the world, and advance the modernization of economy, agriculture, scientific and technological development and national defence. These are called four modernizations. One of his favourite proverbs from his home province of Sichuan, "It doesn't matter whether a cat is white or black, as long as it catches mice" became popular. This proverb vivid describes the development focus of the country. The reform transformed China from a highly centralized planned economy into a market-oriented dynamic economy and opened a new developmental era (Mok, 2006). With the implementation of the policy of reform, many domains needed a great number of talents. Given this, the National Recruitment Examination for University namely Gao Kao, the main means of access to universities, was rapidly restored in 1977 after a gap of a decade.
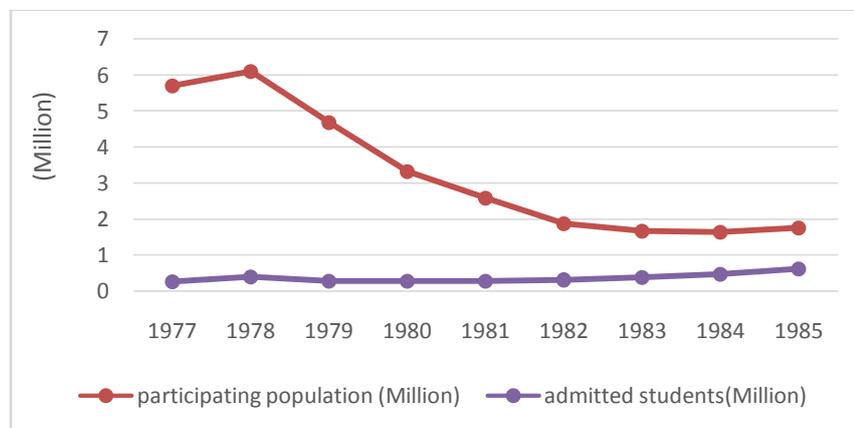
Figure 2- 1 Number of participants in the National Recruitment Examination for University (1977-1985)
(MOE, 2006a; Sina Education, 2015)[22]

Figure 2-1 above gives the number of students who participated in the National Recruitment Examination for University from 1977 to 1985. As the table shows, 5.7million and 6.1million people participated in the examination in 1977 and 1978 but only about 5 per cent and 7 per cent were admitted by the universities respectively (Sina Education, 2015). In other words, a very small percentage of these participants

22 When tables and figures come from other sources, the appropriate references are noted; otherwise, the tables and figures were developed during this study.

are admitted by the university.

2.4.2 1980s: Examination of Self-study in HE

In 1982 at the 12th National People's Congress of the CPC, Deng Xiaoping stressed that structural reform of the economy is an important pre-requisite for the Four Modernizations and that state policy should permit an increasing role of the market in the economy. This year, the Family Contract Responsibility System[23] was started. The *Constitution of People's Republic of China* (National People's Congress, 1982) points out,

> The state encourages the collective economic organizations, state enterprises and institutions, and other non-governmental organizations to sponsor different kinds of education ruled by the regulation of the law.

This was the first time since the CPC took over government that it expressed support for private education. The *Central Committee of CPC' Decision on the Economic System Reform* (CPC Central Committee & State Council, 1984) was delivered which emphasised that the full development of a commodity economy is essential for the modernization of the Chinese economy and that the policy of invigorating the domestic economy and opening to foreign countries should be carried out. After that, *CPC Central Committee's decision on the reform of education system* (CPC Central Committee & State Council, 1985) was published. This document emphasised strengthening the ties between HE and industry, and improving HE to serve economic and social development. At this time, the Gross Enrolment Ratio of HE was only 1.55 per cent but this rose to 3.7 per cent in 1988 (MOE, 2006a; Sina Education, 2015). Because of the limited number of university places, many people who wanted to go to university could not do so.

In 1983, in order to meet public demand for HE, the government launched a new study scheme entitled Examination of Self-study in HE (ESHE). The ESHE allowed individuals to take national professional HE examinations based on their self-study. It aimed to provide a chance to those eager to access HE who were unable to so because

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23 In terms of this system, land was allocated to each family and the food which the peasants grew beyond the regulated quota for the government could be sold on the free market. This system stimulates peasants' enthusiasm for production and improves their living standard. In contrast, the land previously had belonged to the collective and farmers worked collectively since the end of 1950s.

of the fiercely competitive National Recruitment Examination for University. The examination contents differ for each subject and each subject consists of about 10 courses. Participants obtain an associate degree or bachelor degree once they pass the regulated examination of the different subjects. The ESHE was warmly welcomed by the public and an increasing number of private training institutions offered supervision for the self-study of students and preparation for the exams. These were the predecessors of private universities. A number of these institutions gained a good reputation such as Zhejiang Shuren university, Xi'an PeiHua women's university, and South China women's college of Fujian[24] (Xu, 2005). In 1987, the *Interim Provisions on the School Running of Non-governmental Organization* was released (Education Commission of State, 1987) which defines:

> Societal forces are state enterprises and institutions, the democratic parties, social organizations, the collective economic organizations, academic groups and individuals who run state-approved private education.

This regulation acknowledges that the private schools run by the societal forces form a constituent and supplementary part of the national education system. The document allowed these schools to raise funds and charge a reasonable tuition fee, without making illegal profits. After this, the Education Commission of the State (1993) published *Interim Provisions on the Setting up of Private Universities*. It clearly states that a private university is financed by capital from non-governmental organizations and individuals rather than by state departments or state-owned enterprises and organizations.

2.4.3 1990s-2000s: rapid growth

2.4.3.1   Diploma Examination in HE

In 1992 Deng Xiaoping, during his inspection tour of southern China, demanded further rapid economic reforms. He asked that China should be bolder in carrying out reform and opening up, and dare to make experiments in many fields. In the same year, the 'Socialist Market Economy' was proposed as China's economic model at the 14th National People's Congress of the CPC. This concept combines the basic socialist system and the market economy. The government then carried out a reform of large

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24 In Chinese: 浙江树人大学, 西安培华女子大学, 福建华南女子学院

scale state-owned enterprises, dismissing many employees at the beginning of 1990s. As a result, more than 20 million people were unemployed, becoming a potentially unstable factor in society. By 1994, China's economy appeared to be overheating and the inflation rate was increasing. Thanks to series of measures, the inflation rate gradually decreased but the economy was softening and weak.

In 1993, the national educational guideline *Compendium of Education Reform and Development* (CPC Central Committee and State Council, 1993) stated that to reform the situation in which the government takes all responsibility for running schools and to establish a system in which the public school plays a leading role and different sectors of society contribute to its running, private education would be "encouraged, supported, guided and managed" by the government.

In 1996, the *'Distributed Job Package for University graduates'* was cancelled. This regulation came into force in 1949 and was part of the 'planned economy' by which the government assigned jobs to university graduates based on the production and output requirements. These initiatives created a policy environment for the development of private education.

At this time, a further 1000 institutions offered ESHE courses (Tao, 1996b). Although many training institutions wished to able to award degrees, the quality of their management and teaching did not meet the state requirements for awarding degrees. The pass ratio of ESHE was low, around 20 per cent. The need to improve the private training institution while ensuring the quality of HE degrees was solved by the Diploma Examination in HE (DEHE) in 1993 (Tao, 1996a). This new educational scheme combined national professional examinations and full-time study. Institutions were responsible for recruiting students and providing courses. Exams were divided into three parts, the national unified examination, the provincial unified examination and those of the individual institution.

This model became an important factor in the improvement of private institutions since they were able to provide nationally accepted course teaching and recruit a steady stream of students. The transitional period was crucial for these institutions: they obtained time and space to develop under the guidance of the government. The pass ratio of the national unified examination meanwhile provided evidence of their

teaching quality that was needed if they were to be upgraded to a degree awarding institution. By 2000, 467 private training institutions had joined the DEHE. These private training institutions provided the basis of the private university sector in the 2000s. In 2004, the *Notice on Cancelling the Diploma Examination of HE* (MOE, 2004) led to closure of the DEHE. Many of these training institutions in later years developed to be private universities.

From the 1980s to the beginning of 2000s, there was a consistent, state-led concern to move away from the state planned centralized model of the economy while encouraging the expansion and growing vitality of different sectors of society. The development of the economy and society required many professionals, which could be provided by the expansion of HE provision. However, at that time, the budget of HE and the student places in the university sector were limited.

2.4.3.2   Expansion of higher education

The economic and social conditions of the 1990s provided the basis for the expansion of university recruitment. In 1999, according to the *Revitalization Action Plan of Education Facing the 21st Century* (State Council, 1999) the aim of expanding university recruitment was to stimulate domestic demand, and to promote economic growth by delaying the entry into the depressed labour market of university age cohorts while improving their employability. The Plan envisaged that the expansion of HE would offer students more opportunities to study and proposed a Gross Enrolment Rate in HE in 2000 of 11 per cent or 6.6 million students. With the expansion of public universities, the average size of the entire student number in each university increased from 2,927 in 1996 to 7,704 in 2004 (MOE, 2007). At the same time, public finance could not satisfy the increased demand for places.

Yan and Lin (2012) point out that in China, while the government expanded the role of social participation in HE, the private sector rapidly developed. The government actively encouraged private capital to invest in HE and private universities so as to provide additional capacity and alternatives to public universities (Zhong, 2011). As a result private universities offering higher vocational education have flourished. Furthermore it was widely believed that the sponsors providing these education opportunities could obtain certain or good economic returns in the process (Yan & Lin,

2012). This belief is also supported by the *Promotion Law of the Private Education* which states that,

> The sponsor can receive reasonable returns from the surplus of university running after it deducts costs of university running, reserved development funds, and other necessary expenses in accordance with the national regulation.

According to MOE statistics, the number of university students increased from 1 million in 1997 to 1.08 million in 1998 and again rose to 1.6 million in 1999. The growth rate in 1999 therefore reached at 47.4 per cent. This rate in each year thereafter declined to 38 per cent in 2000, 21.61 per cent in 2001 and 19.46 per cent in 2002; by 2003, there were 10 million full-time students in universities. The average growth rate in student enrolment was 9.28 per cent for 2002 to 2009 (MOE, 2010), and this has slowed in more recent years. During this period, the speed and scale of the development of the private university sector was significant. This is how the models of "public-private funding of higher education" and "cost-sharing policies are implemented extremely rapidly" in China from 1997 to 2005 (Carpentier, 2012, p. 383).
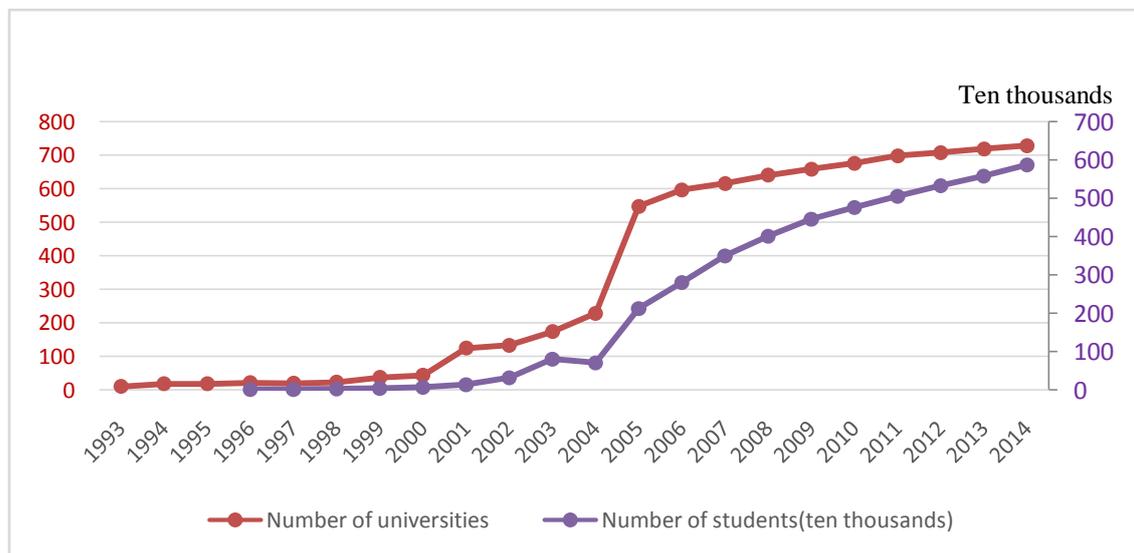
Figure 2- 2 Number[25] of private universities with the Gross Enrolment Ratio in HE (2005-2016) (MOE, 2015a, 2016)

Figure 2-2 reveals the continuous rise in numbers of recognised institutions, a trend that continues to date. According to the MOE (2016) total student enrolment across all

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25 Many private colleges affiliated to public universities registered as Independent Colleges in terms of the requirement of the government policy since 2004 which accounts for the growth of Independent Colleges from 2005.

kinds of HE institutions had reached 36.47 million in 2016, the equivalent of a 40 per cent Gross Enrolment Rate. The number of students pursuing full-time study in three-year specialist studies courses or four-year courses leading to a degree reached 26.25 million students, enrolled in 2,560[26] registered full-time ordinary universities. Within this aggregate number, 6.109 million students were enrolled in the 742 full-time private sector universities. Table 2-1 shows the enrolment condition of HE in China.

Student enrolment numbers: 36.47million	Gross Enrolment Rate: 40.0 per cent	
Student enrolment in full-time universities: 26.253 million	Full-time universities: 2560	Average size of university: 10,197

Table 2- 1 Higher education enrolment in China (MOE, 2016)

In 2011 the State Council established clearer guidelines for private universities seeking official authorization to award post-graduate level degrees. In that year for the first time, five private universities were authorized to award Master's degrees. This development received further official encouragement when the MOE (2012c) published *Implementation Opinions about Encouraging and Guiding Private Capital to Promote the Development of Private Education*. This document gives further support for private universities to improve their running condition in order to meet the requirements necessary to qualify to offer post-graduate degrees.

The below Table 2-2 presents the changing process in private education from the first time it was encouraged in the Constitution in 1982, through to when it can register to run for-profit in 2016. Generally, it can be seen that changes in the governance of HE parallels changes occurring in the Chinese economy which changed from central planning to a market-oriented approach.

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26 The MOE Statistics list the 7 Sino-foreign cooperative universities as a separate type from the private university. This number of 2560 does not include them. The first Sino-foreign cooperative university was the University of Nottingham based at Ningbo in Zhejiang established in 2004. Following this, six further universities were established which are New York University Shanghai, Beijing Normal University-Hong Kong Baptist University, United International College, Duke Kunshan University, Wenzhou-Kean University, the Chinese University of Hong Kong in Shenzhen, Xi'an Jiaotong-Liverpool University.

Year	Document	Expression
1982	Constitution of People's Republic of China	It was the first time the Constitution encouraged non-governmental capital involving education.
1987	Interim Provisions on the Running of Schools by Non-governmental Organization	The school was responsible for raising fund and was allowed to charge tuition and fees
1993	Compendium of Education Reform and Development	To encourage non-governmental capital running education
1995	Education Law of People's Republic of China	Education could not run for-profit
1997	Provisions on the Regulation of Non-governmental Capital Running Education	To positively encourage, energetically support, correctly guide and strengthen management
2003	Promotion Law of the Private Education	Private education could have reasonable financial return
2003	Opinions for Strengthen Management of Trial Independent Colleges Sponsored with New Mechanisms and Models from State Universities	The Independent College is a new model of private university which needs to have a great-leap-forward development
2010	Outline of Chinese National Plan for Medium and Long-term Education Reform and Development	To explore the classified management which the private university run as for-profit and non-profit
2016	The Amendment on Promotion Law of Private Education	The private institution can register as a corporation of running for-profit or non-profit

Table 2- 2 Expressions in the national document on the private education

2.3.1 Contribution and funding

The contribution of private universities can be concluded by Zhong who acknowledges,

> The private university absorbs the social capital input required by HE easing the financial pressure that the government would otherwise face and satisfies public needs for the HE sector. It also has trained a large of number students with applied or practical skill sets for society and offers employment opportunities for high-level personnel (graduates who have master degree and doctorate degree) and in so doing, they reduce structural unemployment amongst this group in society (2011, p. 32).

As Altbach (2015) points out, when the state is unable to or unwilling to provide the necessary support for an expanding postsecondary sector, privatization fills the gap. This is the case in China. Under the policy of the Opening and Reform, the government initiated economic structural reforms that required the workforce to acquire many professional skills, which were to be provided by the expansion of HE provision. However, the public budget for HE and the number of student places in the public university sector were limited, with the result that the government encouraged private capital investment in HE to address this problem. The private sector was therefore envisaged in terms of Levy's demand-absorbing institutions.

Private HE raised at least 200 billion RMB from 1998 to 2008 (Zhong et al., 2009). In China, most private universities are vocational and concentrate on courses which enhance the professional skills and employability of their students. This meets the needs of students whose academic results may not be outstanding and also the social

demand for the diversification of applied skills. For Pan, Wu and Bie (2012) by helping students who come mainly from the bottom of the academic hierarchy to complete their HE, private universities make an important contribution to society. To date the investment of shareholders and the growth of the private university sector has generated very large sums and huge capital assets. Pan, Wu and Bie have argued that this growth of the private sector has been a major factor in compensating for shortfalls of HE places that would otherwise have occurred. Despite the huge increases in state spending on HE, it is unable to keep pace with expanding demand.

Most early investors or founders invested capital to establish institutions for training courses which were then upgraded to diploma HE so these institutions had completed the primitive accumulation of capital through self-rolling development (Pan et al., 2012). Zhou and Zhang (2015) explain the term "self-rolling development" as further demands for investment in the school came from the surplus of the school itself rather than outside. They further pointed out that rolling development is divided into two categories. The first type of the early 1990s used a variety of financial instruments such as loans. During the second, in the late 1990s, some large private enterprises directly invested in private institutions. Liu (2002) and Wang (2013) divide the origins of private universities into five models,

- Training course institutions supported by the yearly accumulation of the institution;
- Developmental model supported by industry;
- A reconstruction and reform of public institutions;
- Operating as a private university subsidiary within a public university;
- Education group chain model.

Dong (2009) investigated 45 private universities across China and concluded that there were ten different types of origins of capital for private universities which could be furthermore classified into six types: individual, enterprises, non-governmental organizations, public universities, social donations and Sino-foreign cooperative education. As Dong (2009) argues, individuals and sponsoring enterprises are the main investors for private universities and these different types of sponsor often constitute a board with different shares and decision-making rights. As Yan & Lin (2012) observe, this sector receives limited financial support from the government and its income comes mainly from tuition fees, which account for over 80 per cent of their total

income (Tao & Wang, 2010; Zhou & Zhang, 2015) . To be specific, the tuition fees of private universities accounted for 84 per cent and 82 per cent of their income in 2012 and 2013 respectively (MOE, 2014, 2015b). The big proportion of tuition fees in the total income suggests that more thinking is needed as to how to widen the funding base as security against falling student numbers.

2.4 Summary

This chapter provides essential background information related to the development of private universities around world and in China particularly. Based on current literature, this study recognises the definitions of private university have some variation. It thus uses the definition of the private university from national law in China. It defines the private university as a HE institution which is not directly funded by governmental departments or budget, awards diploma of HE after three years full-time study or bachelor degree after four years full-time study. By reviewing the development of private HE around world, it is noted that the development of private HE in China presents many similar characteristics of private HE around the world. The development, contribution and funding of Chinese private universities is examined to understand the background of the private HE sector in China.

The next chapter will review the central concepts of this study, including the concept of governance, and governance in the university. In addition, the characteristics of university governance in China will be introduced.

Chapter 3 Understanding university governance

3.1 Introduction

The central concern of this chapter is to explore different perspectives of governance in order to gain an understanding of institutional governance of the private university in China. It begins with a discussion of governance in general. This includes the concept of governance, governance in the university, government and University Council as the core organisation of university governance, and factors affecting university governance. An examination of the wide range of literature on the topic is useful in developing a better understanding of the types of institutional governance of universities in China.

Enders (2004) argues that HE policy is mainly shaped at the national level and he underscores the specific circumstances of individual countries. This chapter acknowledges this and then moves to examine university governance in China, and provides an outline of the social system and external regulatory framework of the private university in China. It also provides background information on the CPC as it supports the implementation of policies at all levels of government so as to achieve national goals and establish an overarching ideological framework in which private universities are included. Government regulations require the governance of private universities to include a Council, as the decision-making body, the University Committee headed by the President as the executive body, the UCPC as the representative of the Communist Party, and a Constitution to provide the autonomous management principle of the university. This is introduced in detail in the Section 3.4.

3.2 Governance in general

The concept of governance is as old as human civilization (UNESCAP, 2009) but the use of the term governance has been popular in development circles in public policy only since 1980s (Bevir, 2012; Offe, 2009; Weiss, 2000).

Varying definitions of governance can be found in academic literature and international organizations. As Weiss (2000, p. 795) points out governance means a complex set of structures and processes and "many people use it synonymously with

government". But it differs from government which focuses on the state, while governance is more concerned with institutions and social activities (Bevir, 2012). Williamson (1979, p. 235) argues that governance is an institutional framework in which "the integrity of a transaction, or related set of transactions, is decided". Guthrie (2003, p. 945) further describes university governance as "structures, legal relationships, authority patterns, rights and responsibilities, and decision-making patterns". Stoker (1998) finds that governance is an autonomous self-steering mechanism while Bevir argues,

> Governance is all of processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization and whether through the laws, norms, power or language (2012, p. 1).

Similarly, Hufty emphasises that governance relates to,

> The process of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions" (2011, p. 403).

Thus, in the above literature the concept of governance appears on the one hand to be a self-steering structure (framework and mechanism) and on the other a process of transaction within institutions. In this study these two ideas are synthesised so as to explore the institutional governance of private universities.

A number of international organizations, including OECD, the World Bank, and the Commission on Global Governance, United Nations Development Programme and UNESCAP, define governance from different perspectives. The OECD states,

> Governance is the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development (1993, p. 18).

The World Bank defines governance from three aspects,

- The form of a political regime;
- The capacity of government to design, formulate and implement policies and discharge functions;
- The process by which authority is exercised in the management of a country's economic and social resources for development (1994, p. XIV).

Both OECD and World Bank view authority as a tool of governance, its object being to manage resources so as to foster social development. The report of World Bank Governance matters VI: aggregate and individual governance indicators, 1996-2006

states,

> An improvement in governance of one standard deviation can triple a nation's per capita income in the long run, and higher income also correlates with better governance, but the causal relationship is mostly from governance to income (Kaufmann, Kraay, & Mastruzzi, 2006, p. 2).

Clearly, social development as the aim of governance is underlined. The Commission on Global Governance defines governance as follows,

> Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken (1995, p. 1).

For the United Nations Development Programme governance,

> .... comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (1997, p. 2-3).

The work of the UNESCAP has been fundamental in supporting recent developments of the concept of governance. It points out the governance is,

> the process of decision-making and the process by which decisions are implemented…good governance has eight major characteristics: participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law (2009, p. 1).

The emphasis in these four institutions' understandings of governance is upon governance as a continuing process and the basic aim of which is the achievement of social development by means of effective, efficient, transparent management and accountability while accommodating the interests of a diverse body of stakeholders. This understanding of governance is adopted in this study. More characteristics of governance have been recently emphasised by OECD (2016). It underlines the need to ensure that accurate and timely information about the financial situation, performance, and ownership is readily available. However, Horvath has recently undertaken a cross-disciplinary review of three decades of governance study and argues,

> Although existing scholarship provides important insights into socio-political and economic phenomena that are often grouped under a common heading called 'governance', many of the currently used theoretical-analytical frameworks display serious limitations for empirical research (2017, p. 1).

In addition, governance can be studied at three levels, beginning with the international level such as transnational organizations like the United Nations and World Bank.

These establish the norms of behaviour and conduct to regulate relations between member nations. The second is the national level which is concerned with national frameworks and the third regulates institutions. As this study is concerned with the institutional governance of the private university, the definition of governance to be used is the framework of the authority regime by means of which the institution's authorities manage resources so as to support the development of the institution. In the process of governance the diverse interests of stakeholders are accommodated and due attention paid to efficiency, effectiveness, transparency, accountability and following the rule of law.

3.3   Governance in universities

In this section the focus is on the origins and types of university governance in mature university systems, including those of Europe and the United States. The World Bank (2012) points out that university governance includes two core aspects: institutional governance and system-wide governance. The first refers to the practices that enable universities to operate autonomously and the second to the macro level laws, policies, and processes. This study focuses on the first aspect.

3.3.1 Origins of university governance

In the first of the four volumes of the History of the University in Europe, Rüegg (1992) indicates that in the Middle Ages, autonomy was the distinct privilege of the university. It is protected and enhanced through the university's internal jurisdiction,

> University acts as a corporate body in dealing with the outside world, to supervise the recruitment of its members, both teachers or students, and to make its own regulations and enforce them by exercising some degree of internal jurisdiction (1992, p. 108).

For Mora (2001), medieval universities in Europe were independent and small; servicing an elite class, they were governed by a rector selected by the university's members. Both Rüegg and Mora emphasise that autonomy and independence are characteristic of the university in the Middle Ages.

McCormick and Meiners (1988) point out that, in the United States from the earliest founding of Harvard in the middle of the seventeenth century through to the later decades of the nineteenth century, the office of university President usually involved

responsibility for its direct management. They find that,

> By the 1890s, a few prestigious universities, public and private, possessed the organizational form familiar today: specialized faculties organised into departments granting graduate as well as undergraduate degrees, departments collected into colleges administered by a Dean, Deans reporting to Presidents who reported to boards of trustees (1988, p. 424).

In other words, when the university is small, the President or the senior managers can take responsibility for its direct management. When the university expands, senior managers have to delegate some management responsibilities to sub-level. The larger size of the university brings the establishment of different departments and then the separation of decision-making from implementation. It shows how governance is closely related to the expansion and development of the university. This relationship is developed by Parry who underlines that for colleges with both small and sizeable amounts of HE,

> A pressing issue is not just how to meet expectations around scholarship and academic freedom; or how to cultivate a HE ethos and identity. In many cases, the immediate task is to bring an expertise and appreciation of HE into the leadership, management, planning and governance of the whole institution (2013, p. 336).

In other words, the professional members in institutional governance of the university shall always primarily pay attention in order to improve the development of the university.

Rosovsky (1991, p. 261), the first faculty member of the Council of Harvard University, argues that university governance is linked to power, particularly "who is in charge, who makes decisions, who has a voice and how loud is that voice". Similarly, Temple emphasises that issues of governance have existed for centuries in the university context,

> Since the earliest days of the medieval university, the questions of who governs or even who owns, how its managers are appointed, what authority they have, and how decisions are made, have been asked (2014, p. 38).

As discussed in last section, Bevir (2012) argues governance is the process of governing, so who has authority to make decisions is at the core of this process. This is sympathised by both Rosovsky and Temple. Hartley states that,

> A central tenet of 'good' university governance is that all key constituencies, governing board, the administration and the faculty, ought to have some say in institutional decision-making (2003, p. 924).

'Who' in terms of Hartley refers to all key stakeholders in which he emphasises that the participation of the governing board, the administration and the faculty in the governance can be understood as shared governance. In summary the core issues of university governance involve the structure of decision making in an authority pattern which protects the interests of different stakeholders.

3.3.2 Different types of governance

Several types of university governance are proposed by scholars. McNay (1995) proposes four types: collegiums, bureaucracy, corporation and enterprise. Collegiums are associated with academic autonomy while bureaucracy is associated with regulation and the control of operating procedures. The corporation is associated with executive authority ensuring a separation between managers and professionals, while enterprise refers to decision-making processes related to servicing the interests of stakeholders especially students. McNay argues that these four models co-exist to different degrees at any one point in time. In other words, multiple models and perspectives for the operation of a university exist and overlap in practice.

De Boer, Enders and Schimank (2007) divide university governance into five governance dimensions,

- State regulation: the state regulates the university in detail;
- Stakeholder guidance: stakeholders affect the university through affecting the goal setting and giving advice to university;
- Academic self-governance: academic professionals affect the university through affecting the decision-making of university and the self-steering of academic communities;
- Managerial self-governance: internal hierarchy management including regulation and decision-making within power held by key administrators such as Presidents;
- Competition for scarce resources: university competing for resources within a quasi-market, which in turn affects the university's governance.

They emphasise that very often the practice of university governance involves a mixture of these five dimensions (De Boer et al., 2007; De Boer, Enders, & Schimank, 2008). Similarly, Trakman (2008) proposes five forms of university governance: academic staff governance, corporate governance, stakeholder governance, trustee governance and amalgam model of governance. The differences between these five dimensions arise from the perspectives of different stakeholders involved in governance. This again suggests that multiple models and perspectives exist in the

operation of a university, and these models overlap in the practice.

For Austin and Jones (2016) there are two types of HE governance, the bureaucratic and the hierarchical. The hierarchical type has a formal chain of command in which decision-making is collegial and there is an assumption of equal rights in policy determination and decision inputs among colleagues. In contrast, bureaucracy refers decision-making through authority, rules, and procedurally-driven environment (Weber, 2009). They state that coordination and control are the essence of an organizational structure in which there is specialization. As specialization creates differentiated roles across units within an organization, individual units tend to focus on their own priorities. While specialization improves efficiency it also requires coordination and control. This point will be discussed further in the Section 4.2 on theoretical orientation on the relationship between the shareholders and senior managers.

A more recent intervention is the New Public Management (NPM) which emerges in the Thatcher governments in the UK in 1980s (Ferlie, Musselin, & Andresani, 2009). NPM seeks to produce more efficient public services driven by more result orientated management and measured in terms of market performance. Since the 1980s, many OECD governments have embraced the NPM in which the university is viewed more as a business than a public service (Fabrice & Alexander, 2009). For example, it involves particularly,

> the separation of operations from policy-making within government departments, the construction of a formal distinction between government and providers, and the establishment of independent agencies at arms length from ministers to retain influence over the market on behalf of the public interest (King, 2007, p. 412).

The NPM reforms have changed modes of steering and control of universities (De Boer et al., 2007; OECD, 2003). In this case, the power of executive authorities, particularly that of university Presidents, is strengthened and a formal governing body composed of external and internal members is responsible for decision-making (Kretek, Dragšić, & Kehm, 2013; OECD, 2003). In relation to the application of NPM ideas to the HE sector, Ferlie, Musselin, & Andresani point to some characteristics of institutional governance. These are,

- The development of 'strong rectorates' and non-executive members drawn from business;

- Move to appointed rather than elected senior posts;
- Reduction in the representation of faculty and trade unions in HE institution governance (2009, p. 14).

Similarly, Locke, Cummings and Fisher note that in some universities, non-academic managers often exert authority over academic matters. They emphasise that,

> Historically academics have had the primary voice in academic matters, with the academic senate (or a similar body) making key decisions. But there appears to be a new rhetoric urging, for the sake of efficiency, a shift in governance over academic matters from multipurpose standing bodies such as academic councils and senates to standing committees chaired by university managers….. Some describe the shift as leading to the academy becoming a managed profession (2011, p. 11).

This transformation of university governance has introduced a trend of management style. Kretek et al. (2013) argue that administrative officers have moved from support and advisory roles to becoming decision-makers. When governance focuses on efficiency, it becomes more results orientated. In order to ensure the legitimacy and rationality of its actions, accountability and governance procedures become more important as does meeting the interests of different stakeholders. In Clark's (1998) research on entrepreneurial pathways of university transformation, the individuality of institutional development is acknowledged. Similarly, Scott (2014) regards governance as a carrier of institutional order, consisting of material culture, habitual behaviour, personal and organizational networks, and symbolic systems. Implicit here is that each university has its own character so when exploring the governance of our case studies, we should avoid the perspective of "a one-size-fits-all mentality" (Clark, 2004, p. 367), and accept that "each institution's setting and historic character is seen as necessary for understanding whatever transformation has taken place or is in process" (Clark, 1998, p. 3). In agreeing with these ideas, this study recognises that the institutional governance of private universities in China is likely to be diverse, and is open to explore different governance forms. In addition, in order to explore how governance forms and processes develop and interact with changing circumstances, this study will not only focus on current governance but also the developmental trajectory of each case.

Following the literature quoted above, this study defines institutional governance of the private university as the framework of the authority regime by means of which resources are allocated so as to improve the development of the university. In this

framework, internal affairs including academic matters and administration are accommodated which ensures the university serves different stakeholders.

The biggest difference between institutional governance and management is that governance concentrates on decision-making and implementation at the university level, while management concentrates on the department level. Guthrie differentiates governance from administration when he writes that "governance tends to be early on in the process and what happens later is administration" (2003, p. 945). Following this, the governance happens early on in the university level and management happens later at the department level.

3.3.3 Factors affecting governance of the university

3.3.3.1 Internal and external factors

This sub-section reviews general factors which affect the institutional governance of the university from existing studies. Mintzberg (1983) divides the factors affecting institutional governance into internal and external. This is synthesised in the current study since the university is not isolated from society but conversely closely connected with the social development and public welfare.

The internal factors include formal power of positions, shared ideology and the expertise of individual employees (Mintzberg, 1983), the presence of institutional cultures, leadership style, shared cognition and the university's history (Schein, 2010). This is consistent with that of Clark (2004) and Scott (2014) who maintain that each institution has its own unique characteristics. Therefore, strategic governance and decision making need to consider the history, culture and resources of an institution as effective institutional governance becomes more closely tied to particular circumstances in time and space (Peterson, 2007). This argument is used in the current study to explore how universities develop their own governance forms in terms of their different conditions during their developmental trajectories.

More specifically, scholars have noted a relationship between the size of governing forms and the efficiency of decision-making (Austin & Jones, 2016; Kezar & Eckel, 2004; Lee, 1991; Schuster, Smith, Sund, Kathleen, & Yamada, 1994).These writers posit that in large institutions, performance is usually more effective when the

governance process is decentralized. In contrast, in small institutions effective decisions are often made through a centralized process.

Turning to Mintzberg's external factors, other scholars also consider that institutional governance is influenced by the external environment. For example, Ladd (1975) points out that a university cannot be seen only as a self-governing community because rapidly changing outside agents and circumstances can exert a strong influence on it. Pfeffer (1972) emphasises that as organizations cannot produce all the resources needed for their survival, they must engage in exchange with the external environment. Furthermore, Middlehurst (2004) argues since the operating environment remains volatile and complex, universities need to have flexible decision-making capabilities and strong strategic capacity. These external factors include social norms such as beliefs, values and judgments, and formal constraints such as laws, regulations, pressure campaigns and direct controls (Mintzberg, 1983); governance guidance, competition within and between institutions (Gillies, 2011), and "entities or agents with different interests including state, for-profit/not-for-profit market, community, individual" (Robertson & Dale, 2013, p. 432). This study acknowledges that the university governance form is affected by these external factors. The universities need to engage with the external environment and form different relationships with these external factors so as to develop.

3.3.3.2   Interaction of internal factors and external policy

The mechanism of the interaction between internal and external factors is of interest. For Enders (2004) the impact of external factors depends on the internal daily practices within the university. This influence is achieved through externally imposed and internally reinforced mechanisms (Olssen & Peters, 2005). For example, internally, regular audits are carried out in universities to enhance transparency and accountability (Shore, 2008), and externally, quality assurance requirements are imposed by the government. Guthrie argues that,

> The growth of external influences is coupled with institutions trying to alter decision-making processes that were originally internally oriented, to be more externally oriented (2003, p. 947).

Pfeffer and Salancik further point out that,

> The interesting issue then becomes the extent to which organizations can and should respond to various environmental demands, or the conditions under which one social unit is able to obtain compliance with its demands (1978, p. 43-44).

How the government as an external factor works with the internal factors is particularly noted by scholars. As long as 40 years ago, Ladd (1975) observes that the governance of universities was increasingly being affected by legislatures, governors and federal offices. Paradeise, Reale & Goastellec (2009) have shown how the 1980s was a decade in which externally imposed regulations by national or regional bureaucracies were loosened in Western European countries, and many universities achieved greater degrees of autonomy in terms of self-governance. Marginson and Considine (2000) also pay attention to the intersection of university governance with external relationships such as government and community. Fried points out that the university governance aims to,

> Preserve the integrity of the academic value system while at the same time positioning universities vis- à-vis their larger environment to make them receptive and answerable to external messages, demands and expectations (2006, p. 81).

Clearly, university governance does not only involve internal self-steering but also needs to accommodate government demands. As Bess and Dee (2008) note universities are controlled and coordinated through devices like external authority, policies and budgetary mechanisms. Middlehurst states that the universities have experienced a changing relationship with the state over the last 20 years. This change,

> was associated with changes in internal organizational structures and operations, and also the creation of external intervention mechanisms in the form of new agencies (2004, p. 263).

Therefore, when exploring the institutional governance of universities, it is crucial to understand government policies and regulatory frameworks and how these are understood, interpreted and enacted by the people in the university. Similarly, Parry (2013) examines how an institution organises its work and considers its mission, its strategy being affected by many elements including the operating environments of institutions, size of student body and the types of partners which cooperate with the institutions. Therefore, he emphasises that the governance of an institution is to "engage with processes of localization" (2013, p. 335).

The relationship between policy and practice has been a principal focus for Ball and

his collaborators, who have conducted a number of studies on this topic, focusing on the secondary schooling sector. Ball emphasises that,

> Policies create circumstances in which the range of options available in deciding what to do are narrowed or changed, or particular goals or outcomes are set (1994, p. 19).

Braun, Maguire and Ball (2010, p. 547) point out that education policy is made by the government in 'its determination to control, manage and transform society'. In their study of four secondary schools, they refer to the 'enactment' of policy as policies are 'interpreted' and 'translated' by different actors in the institution. They state that,

> Firstly policies are processes, even when mandated, and policy texts can be differently worked on and with. Secondly, policy practices are specific and contextualized. They are framed by the ethos and history of each school and by the positioning and personalities of the key policy actors involved. And thirdly, and related to the contextualized aspect of practice, policies are mediated by positioned relationships: between government and each local authority, the local authority and each of its schools, and within, as well as between schools (2010, p. 558).

Ball, Maguire, Braun and Hoskins state,

> This process is made up of interpretations and translations, which are inflected by existing values and interests, personal and institutional, by context, and by necessity (2011, p. 635).

Ball and Maroy (2009, p. 99) note that schools have to mediate and compromise between internal dynamics and external constraints and pressures. They argue that internal factors, such as the actions of senior managers, staff and the history of the institution, affect an institution's response while external factors like regulations are not always translated into actions by the institution. Even though these studies take place out of China and are located in the schooling sector, they provide a useful framework for consideration of the interaction of institutional governance practice and external policies and legislation.

In China, the government plays a significant role in university governance; in particular the CPC directly participates in the institutional governance of universities. This study will look at the CPC's role in university governance and also synthesize different government legislations so as to gain a better understanding of the interaction between university governance and government policies.

3.3.4 Core organizations in university governance

3.3.4.1 Government

The following two sub-sections will discuss the role of the government and the University Council in the institutional governance of the university in a general context. One of the best known relationships of the university and the state is that of triangular relationship of state, market and university which is illustrated by Clark (1983). As shown in Figure 3-1, in this triad, different modes of co-operation between these elements are possible. For example, a more market-like mode such as is found in the United States, a more state-induced mode as in Sweden or a more academy-based mode as in the UK. In terms of this triad, there is a space for shifting power relations between the state, the market, and academic institution.
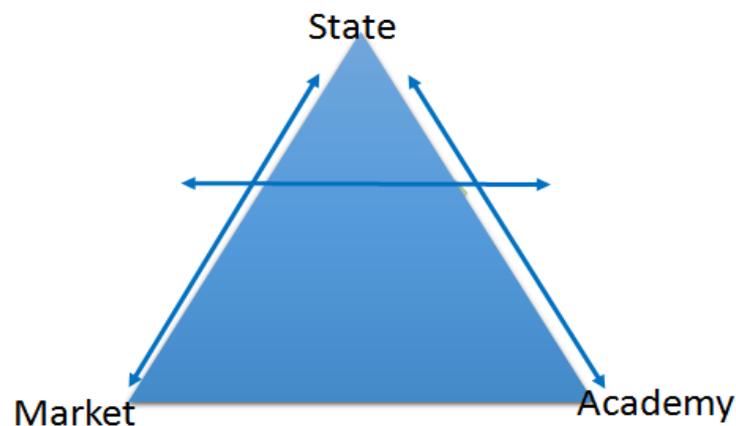
Figure 3- 1 Triangle of state, market and the university illustrated by Clark

Van Vught (1989) produces another much quoted study of the role of government in university governance. He proposes two models, a state control model and a state supervising model. In the first type the state has a strong bureaucratic authority in the university and the academician is powerful. In the second model, the state provides the overall framework and only intervenes in institutional governance when the university fails to meet state expectations; authority is embedded in the senior managers of the academic community such as the President and Deans. The studies of Clark and Van Vught took place around 35 years ago but the power relationships of the government and the university governance they describe still exist today.

Based on the work of Clark and Van Vught, Braun and Merrien (1999) develop the cube of governance where they apply the NPM discussed in Section 3.2.2.2 into governance of HE. They suggest that the NPM from commercial management has a utilitarian culture focused on service and client-orientation which has greatly affected the governance of universities. While Braun and Merrien emphasise that the cube of governance encourages a stronger role of government in developing guidelines for institutional action, it does not envisage hierarchical management by political authorities. This form supports institutional autonomy in managing financial, organizational and academic affairs. It encourages the utilitarian in service and client orientation, favors guidelines for institutional action developed by the state but refutes the tight procedural model of control by the state.

The ideas of Braun and Merrien are consistent with the practices of some countries where there are deemed to be sufficient guidelines for actions of the university, but these guidelines only work as a reference rather than as necessary requirements for action. For example, in the UK, professional associations and organizations like the Committee of University Chairs (CUC) publish a number of guidelines including *The Guide for Members of HE Governing Bodies* (CUC, 2009). In the United States, the Association of Governing Boards of Universities and Colleges (AGB) drafted *the AGB Board of Director's Statement on Board Responsibility for the Oversight of College Completion* (2016). Such documents address shared challenges and strategies for HE governance. In these countries, governance issues are addressed comprehensively but often through the agency of non-government professional associations. However their regulations do not have the force of state legislation issued through a Ministry. This leaves space for flexibility in their interpretation and implementation rather than rigid bureaucratic application.

In terms of the relationship type between the university and the government, Mora suggests three models: the Humboldtian, the Nation-State and the Anglo-Saxon,

- Humboldtian model: financial and organizational details are controlled by the state. The senior civil servant status attaching to the position of professor guarantees complete freedom to pursue knowledge, while the university as an institution has no autonomy. For example, Germany;
- Nation-State model: The universities have no autonomy and both their objectives and academic programmes are decided at national level. However, professors are

prestigious in the national body and have considerable power to exercise influence over university policy. For example, France;

- Anglo-Saxon model: power resides in the universities and the government is limited to providing funds and setting general criteria as part of its HE policy. The power of academics within universities has often been weaker than that of management. For example, UK (2001, p. 97-98).

This is confirmed by Shattock (2014) who argues that while some countries show a trend towards government giving more autonomy to the institutions, such as UK and the United States, in others the trend is to tighter state direction and control, such as Germany and France. He considers that this trend also reflects different historical traditions of the relationship between the state and the university. It is obvious that HE policy is predominantly shaped at a national level, tending to reflect and underscore the specific traditions and circumstances of individual countries (Enders, 2004). This includes China where the CPC is the sole governing party and has considerable influence on university governance. And both government and CPC establish a number of regulations for the private university. This will be discussed in detail in Section 3.4.

In general, governments are able to control the scope and nature of academic systems by means of a number of mechanisms (Altbach, Reisberg, & Rumbley, 2009). The government allocates funding and permits university autonomy. In some countries if a university goes in an opposing direction, the government can limit its actions by decreasing funding and controlling student numbers (Yonezawa, 2014). Since autonomy can enable universities to operate effectively and be dynamic and also to take a different direction, how to balance autonomy and control becomes a significant issue between government and university. Fielden (2008) proposes four types of university governance: state control, semi-autonomous, semi-independent and independent which often overlap. For instance, in the state control model, the central Ministry cannot control everything, and in the independent model, the state retains overall strategic control. That such issues are significant is shown by the OECD (2008) statement that government needs to find an appropriate relationship between steering and protecting institutional autonomy.

The discussion above has systematically reviewed the literature on the role of government in university governance. It shows diverse relationships between the government and the university in which autonomy and control are key issues

encompassing a range of topics including regulations, authorization, planning and budgets. This point will be synthesised in the current study.

3.3.4.2   University Council

This sub-section considers the concept of University Council in general. As Bevir (2012) argues governance is the processes of governing, so it is important to examine the role of a governing body during this process. This governing body is given a variety of names in the literature such as Council, governing board and boards of trustees (Berezi, 2008; Kretek et al., 2013; Shattock, 2014). In order to unify the name on the core concept, this study will use Council as the governing body of the university governance to develop the discussion.

Vidovich and Currie (2011) identify a trend toward the Council occupying an increasingly powerful position at the nexus of the universities' internal and external environments. The good performance of the Council aids the development of the university (Hillman, Cannella, & Paetzold, 2000; Jackson & Holland, 1998; Kretek et al., 2013). And the responsibilities of the Council and the procedures to choose their members are viewed as key elements to affect performance of universities. In particular, "who controls the selection of members and how the chair of the board is chosen have much to do with the extent of an institution's autonomy in practice" (Saint, 2009, p. 9).

From existing literature, this section develops three main roles of the Council in general. The first role lies in strategy making, risk controlling and resource seeking (Rosenthal, 2012). Second, it acts as a link between the external environment and internal governance (AGB, 2010; Hillman et al., 2000; Kretek et al., 2013). In this role, Council helps to link the university with its external environment so as to manage external dependency and to decrease the influence of uncertain environments (Pfeffer & Salancik, 1978). Thirdly it appoints the senior manager and is an important source to provide advice for senior management (Baysinger & Butler, 1985; Rosenthal, 2012; Westphal, 1999). All these roles require certain degrees of specialist knowledge of Council members. Nevertheless, it has little authority to affect the teaching directly such as the structure of study schemes (De Boer, Huisman, & Meister‑Scheytt, 2010; Kretek et al., 2013). To be specific, these three roles can be explained by the primary element of Council which the CUC proposes,

- To take final decisions on matters of fundamental concern within its remit; To protect institutional reputation by being assured that clear regulations, policies and procedures adhere to legislative and regulatory requirements;
- To ensure institutional sustainability by establishing the mission and strategy of the institution; to ensure that academic governance is effective; To ensure effective control and due diligence in relation to institutionally significant external activities;
- To promote equality and diversity throughout the institution and to ensure that governance form and processes are fit for purpose of institution (2014, p. 9-10).

To conclude from the literature above, the aim of the Council is to lead the university in achieving its mission by means of its internal actions and interactions with the external environment.

Kretek, Dragšić and Kehm summarise four types of functions which the University Council enact in the governance. These are,

- Agents of owners: act in the interest of the owners such as the state;
- Stakeholders: represent interests from the stakeholders such as corporations, employers and students;
- Stewards: act as partners to the university leadership;
- Rubber stamps: occupy the position symbolically because they were asked to (Kretek et al., 2013, p. 48).

Indeed, the key point of these four types is that the Council serves different stakeholders. This includes the purpose of the Council and who it stands for. This study recognises that who the Council represents is important in the university governance. This point is considered in the selection of interviewees as shown in Chapter 4.

Finkelstein and Mooney (2003) note that the effectiveness of the Council requires engagement in constructive conflict, avoidance of destructive conflict, working together as a team, knowing the appropriate level of strategic involvement and addressing decisions comprehensively. However, as Gillies asks, "who guards the guards?" is a question to which the governors should be alert (2011, p. 12). In other words, how to ensure the running of Council is always fit for purpose is an important consideration in the institutional governance of universities.

One of the ways is through formal and regular self-evaluation to improve Council' performance (Finkelstein & Mooney, 2003; Nadler, 2004). To achieve a good governance, the Council Chair needs to frequently review the opinions of the Council, the role it plays, the work it does, the people with whom it works, the agenda it builds, the information it receives and its culture so as to determine whether the governors are

successfully working together (Nadler, 2004).

The second way is to have a professional and diverse membership. The Council members including the President need to understand their own responsibilities and evaluate its work (AGB, 2010). Professional experts in fields such as finance, auditing, estates, human resources and student affairs make useful members of the governing body according to Gillies (2011); in fact, many of these specialised activities can be delegated to committees, subject to defined restrictions (Copland, 2014). In addition, a higher percentage of external members can enhance the performance of the Council and lessen the probability of financial fraud (Beasley, 1996; Fama & Jensen, 1983) and these external members play a positive role in supervision of the management (Kretek et al., 2013). But it is important to note that lay members may lack experience in finance, management or academic background which may open governance activities of the university to risk (Berezi, 2008). Rosenthal and Lesley (2012), highlight a frequent error of Councils inviting new members because of their reputation in a certain field, without considering their suitability for the duties of the Council.

A third way is to build a passionate Council that represents the interests of most of the stakeholders rather than any particular stakeholder. This is concluded by Gillies and Malcolm (2011) as a sensible and robust strategy. As AGB (2010) in the USA points out, universities that have both academic freedom and constituent involvement, the participation of staff and other stakeholders should contribute to effective institutional governance. In other words, the Council needs to ensure those stakeholders' voices are heard in the governance process and it always stands for the interests of these stakeholders. Therefore, Council members are required to commit their loyalty to the university as a whole rather than to any of its departments (AGB, 2010; Fielden, 2008).

In terms of the above discussion, the role of the Council in this study is to engage in strategy making and developmental direction, to interact with the external environment and to manage senior managers. These roles require its members to have a wide range of relevant professional knowledge. In addition, in order to ensure the effectiveness of the Council, it needs to establish a mechanism by means of which to have formal and regular self-evaluation, and understand the interests of different stakeholders rather than any one stakeholder. The similar role of Council in the private universities is also

required by the Chinese government through relevant documents. According to the *Promotion Law of Private Education* (National People's Congress, 2002), a private university is required to set up a Council or other forms of decision-making bodies. The Council is required to appoint a President to be in charge of the daily management of the university. This will be discussed in detail in next section.

3.4   University governance in China

3.4.1 CPC within national bureaucratic system

This section looks at how university governance operates in China. In order to understand this, it is necessary to understand how the CPC influences all institutions in the country. The CPC is the founding political party and the sole governing party of the People's Republic of China. According to the *Constitution of the CPC* (CPC Central Committee, 2012) the most authoritative body of the CPC is the National Party Congress, which meets once every five years. When it is not in session, the Central Committee, which is elected by the National Party Congress, is the highest body to implement the daily duties.

The CPC supports the implementation of policies at all levels of government so as to achieve national goals and establish an overarching ideological framework. This structure has clear lines of direction and accountability headed by the Central Committee of CPC, which then has subsidiary tiers operating at national, provincial, county, district and local levels. All rural areas, government organisations, schools, communities, social organizations and other basic units, where there are at least three full Party members, are allowed to form a Party group. These primary Party organisations are subject to approval by the higher level of Party organizations. In terms of the Constitution of the CPC, the Four Obediences are the fundamental principles of establishing the order of the inner life of the Party, which is explained as follows,

- The party members shall be subordinate to the organization of Party；
- The minority shall be subordinate to the majority；
- Subordinate organizations shall be subject to the higher-level organizations；
- All party organizations and all party members shall obey the Party's National Congress and the Central Committee (CPC Central Committee, 2012).

These requirements ensure the unity of the whole party and make the party a

well-organised and unified whole. With the power of the state, the CPC is directly involved in social governance through its centralized leadership and its elaborate organizational mechanisms, as well as having an in-depth presence in all areas of social life. The parallel structure of the administration and the Party constitutes the basic organizational structure of the state's system of power.

The Party committee organises some regular activities to unify the Party members. For example, the cadres of the Party attend a Democratic Reflective Meeting in which the cadres gather periodically to engage in criticism and self-criticism. There shall be no privileged Party members who do not participate in the regular activities of the Party organization.

As Liu (2017) states, in the hierarchical system of Chinese government departments, every position becomes endowed with a special status and assumed value from *Zhengguoji* to *Keyuan*. For example, the Premier of the PRC is in Level 1, which is called *Zhengguoji*, and the leading roles in ministries or their equivalents, and in provinces or their equivalents, are Level 3–4, which is called *Zhengbuji*. The appointment, promotion and removal of the administrative managers are controlled by the supervising authority. These hierarchical levels are illustrated in the Table 3-1.

Examples	Level	Chinese name
Premier & Chair of China	Level 1	Zhengguoji
Vice Premiers of the State Council	Level 2-3	Fuguoji
Leading roles of ministries or of provinces	Level 3-4	Zhengbuji
Assisting roles of Ministries or of Provinces	Level 4-5	Fubuji
Leading roles of departments or of prefectures	Level 5-7	Zhengtingji
Assisting roles of departments or of prefectures	Level 6-8	Futingji
Leading roles of divisions or of counties	Level 7-10	Zhengchuji
Assistant roles to divisions or of counties	Level 8-11	Fuchuji
Leading roles of sections or of townships	Level 9-12	Zhengkeji
Assistant roles of sections or of townships	Level 9-13	Fukeji
Staff members	Level 9-14	Keyuan

Table 3-1 Hierarchical level of Chinese government departments

3.4.2 Governance of the public university

As a state institution, a public university adopts the same hierarchy for administrative management as its parallel government department. Public universities are primarily funded by the government and are affiliated with provincial education departments, a relevant section of industry, or more directly with the MOE. All these public

universities are categorized into different levels with regard to their affiliated supervising authority. The status level of the Party Secretary and President also corresponds to the administrative level of the university. The hierarchical model identifies a corresponding level to an administrative position from top to bottom within the university management structure. For example Peking University is a *ZhengbuJi* Institution and provincial affiliated universies are *ZhengtingJi* Institutions.

Based on this system, the managers of a university can transfer to the corresponding level of the governmental department as officials and vice versa. For instance, the level of President of a provincial affiliated university is *ZhengtingJi*, which is usually the same as the Director level of the provincial educational department; the level of Faculty Dean of this university, *Zhengchuji*, is usually the same level as a head county magistrate. Therefore, the managers holding the same levels theoretically could transfer with one another. This transferable positional level between the university and the government department also strengthens the bond between the university and government. The Chinese university administrative system is based on official rank and authority in which the political perspective plays an important role and the position of President is an overtly political appointment. Their staff members usually have contracts of tenure and the major part of their salaries comes from the government funding. By this mechanism, the public university is strongly controlled by the State which continuously attributes funding to the university based on its number of students (Liu, 2017).

Regarding the role of the CPC in the university, the *Law of Higher Education* (National People's Congress, 1998) states that;

> The public university carries out the governance model of the Presidential Accountability System under the Leadership of the UCPC in which the UCPC is officially designated to play the core role of leading the university.

As the representative of the authority of the Communist Party, the UCPC is formally recognised as the highest authority within the university. It reports to a high level Committee such as the provincial CPC. According to the *Constitution of the Chinese Communist Party* (CPC Central Committee, 2012) and the *Ordinary regulations of CPC Central Committee on university committee* (CPC Central Committee, 2010), the Secretary and Vice Secretary are elected by the UCPC and then examined and approved

by the appropriate tier of the CPC. Within the *Constitution of the Chinese Communist Party*, every party member is organised into a branch or unit of the Party to participate in the regular activities of the Party's organization including the Party member's critical and self-reflective evaluation. As Liu points out,

> The UCPC follows this requirement by establishing Faculty Party Committees. Correspondingly, each Faculty Party Committee then sets up a Party Branch in all of its constituent units such as teaching and research departments, and administration. A Student Party Branch is also established in each Faculty grade or, in cases where numbers permit, in subject class groups. In this structure, the political and ideological system of the Communist Party is integrated with the administrative and management structures at each level of the university (Liu, 2017, p. 272).

Figure 3-2, from Liu (2017) presents the organizational structure of UCPC of the public university in China.
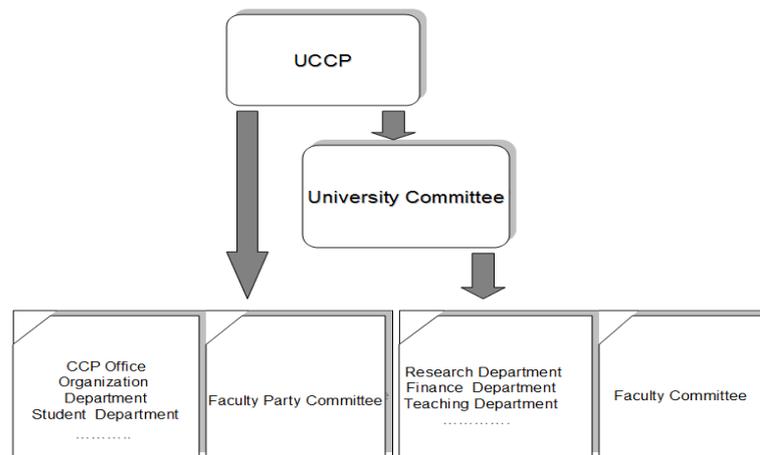
Figure 3- 2 Organizational structure of UCPC of the public university in China

In addition, the CPC has established a variety of ancillary organizations forging links between the Party and the public, such as the Communist Youth League Organization (CYLO), which is responsible for leading youth movements and activities. Almost all students of universities are members of the CYLO which has become an integral part of the governance system within universities, taking a lead in ideological training among students. Thus, all universities are linked through a comprehensive organizational structure, and are also linked with other social organizations in pursuing policy strategies for modernization and development. Thus a university-based primary Party organization links to a structure outside of and beyond the university and it is from this external source that its authority is derived.

The private university is required to establish a similar structure and organisations of

the UCPC to that in a public university. However, as private universities in China are funded by non-governmental sources, they enjoy more autonomy than public universities. This will be discussed in detail in the next section.

3.4.3 Governance of the private university

In China, the government creates a regulatory environment which seeks to improve the development and regulation of the private university so that it can achieve its mission and meet the requirements of society. The principal laws relating to the private university include the *Law of Higher Education* and the *Promotion Law of Private Education*. These laws give rise to a number of policies and provisions that act to regulate private universities. Usually, the private university is evaluated when it applies to be established; this is called Setting Evaluation. After that, the university needs to submit a range of self-inspection documents to the educational department including an annual audit report from a professional audit agency. It also has to undergo a site visit evaluation when it has the first cohort of graduates. This is called Quality Evaluation for the Cultivation of Talents of Vocational Higher Education. Then it must undergo the Evaluation of Teaching Level every five years. These evaluations provide the evidence needed to permit student recruitment and secure resources in the next few years. In addition, the state has control over the number of students recruited and tuition fees charged. These are usually proposed by the university subject to the approval of the provincial education department. The student-staff ratio, basic conditions of student recruitment, compulsory curriculum and degree requirements are also required by the government. The university must also submit a report on its financial management and use of its assets to the provincial education department.

In terms of the regulations established by the *Promotion Law of the Private Education*, the institutional governance of private universities includes a Council, as the decision-making body, and the executive body, headed by the President. The UCPC plays the political core role to supervise the direction of the university. In addition, the University Constitution is required to be set as the running principle of university. This regulated framework on the institutional governance of private universities forms the basic structure to explore the governance of private universities in current study.

3.4.3.1   University Communist Party Committee

Similar to the public universities, private universities are required to establish a UCPC as the representative of the authority of the Communist Party. Differently, in terms of MOE (2007) the *Provisions on Running Management of Private University*, the UCPC only plays the core political role in the private university rather than the core of leadership. The specifics of this political role and the responsibilities are explained within the document *Opinions on Strengthening the Construction of the CPC in the private university* (*The Opinions*) (CPC Central Committee, 2006) as follows.

- To promote and implement the party's route, policies, and the decisions of the higher Party organization, and to guide and supervise the university to abide by the laws and regulations;
- To report the reasonable requirements of the college towards the higher Party organization and the related governmental departments;
- To strengthen the construction of ideology, organization and system of the college Communist Party Branch and the management and education of Party members;
- To lead the ideological and political work and moral education of the university;
- To lead the Trade Unions, the Communist Youth League, the Student Union and Staff Congress;
- To lead the work of the united front with Democratic Parties[27] and to support Democratic Party organizations within the university to carry out their activities in accordance with the respective constitution.

The role of UCPC in the private university is to focus on the ideological education of its members, and to supervise the developmental direction of the university required by the government. This document emphasises that the Secretary of the UCPC is appointed by the Provincial level of the Party authority in education.

The MOE (2007) also emphasises that the UCPC is responsible for the ideological and political education of the students and general student affairs. The channel to achieve the ideological and political education of the students includes their Party Committees from university level to faculty level and ancillary organizations such as CYLO as discussed in last section. In addition, in China undergraduates are required to live together in university accommodation. Given this situation, thousands of students live

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27 There are other parties who also participate in the political system and they accept the leading role of the CPC in national governance. These eight parties are Revolutionary Committee of the Kuomintang, China Democratic League, China Democratic National Construction Association, China Association for Promoting Democracy, Chinese Peasants' and Workers' Democratic Party, Zhigongdang of China, Jiusan Society and Taiwan Democratic Self-Government League. The basic principle of the cooperation between the CPC and the other parties is long-term coexistence, mutual supervision, sincere treatment with each other and the sharing of weal and woe (CPC Central Committee, 2012).

and have meals on the university campus, which creates a space to leading different activities collectively and then to achieve this ideological education. As a result, this model places a heavy workload on the university. For example, of the 100 or so students who live in a typical accommodation block, conflicts owing to different personalities, living habits, or cultural backgrounds can sometimes occur. The sub-department of the UCPC is responsible for addressing these affairs.

The Opinions (CPC Central Committee, 2006) further emphasises that the UCPC "improves the implementation of the Party's education policy and ensures the socialist direction of the private university". General Secretary Xi Jinping (2014; 2016b) explains that adherence to the direction of the socialist university is the most distinctive characteristic of Chinese universities. Its fundamental requirement is to constantly consolidate the guiding position of Marxism in the ideological field of universities by propaganda and ideological work. This explains the political core role of UCPC. Table 3-2 presents the role and responsibilities of UCPC in the private university.

Role	Political core
Responsibility	Ensures the implementation of the Party's education policy
	Ensures the socialist direction of the private university
Secretary	Council member
	appointed by the Provincial level of the Party authority in education

Table 3- 2 Description of UCPC in the private university

Regarding participation in the institutional governance, *The Opinions* (CPC Central Committee, 2006) asks the Secretary of UCPC as a member of Council to participate in governance including development planning, personnel arrangements, financial budgeting, basic construction and other major issues. Correspondingly, the Communist Party members of the Council and the senior managers of the university can act as members of the UCPC. In addition, it emphasises that the UCPC supports the university President in the exercise of their functions and powers based on related laws. *The Opinions* formally defines the role of UCPC and creates a framework which makes the UCPC a sort of reserve authority which can intervene in institutional governance.

3.4.3.2   University Council and President

The *Promotion Law of Private Education* (National People's Congress, 2002), discusses the role of Council in the governance of private university.

The private university sets up a Council or other forms of decision-making bodies and the President is appointed by this decision-making body. The Council consists of at least five members including shareholders or their representatives, president, and staff representatives. More than one-third of members shall have at least five years' work experience in the educational field.

The responsibilities of the Council are made explicit in this law as,

- To appoint and dismiss the President and amend the constitution and formulate regulations of university;
- To supervise the development scheme and approve the annual work plan of the university;
- To raise funds for the university, review and verify budgets and final accounts;
- To verify staffing size and income structures;
- To decide the merging, termination and other important matters of the university.

It is clear that the Council is the governing body of the private university. Based on this, the MOE (2009) emphasis that the President should "have a bachelor degree (or above) and senior professional title". In 2013, some sections of the *Promotion Law of Private Education* were revised. In the new version, the President should be an educational expert with at least ten years of work experience in the HE field and be less than 70 years of age (National Congress, 2013). In 2016, the *Decisions about Repealing and Modifying Some Regulations* (MOE 2016) added the following condition about the terms of the President: "The tenure of President is principally for four years." Each of these amendments reflects a balancing act by government to introduce higher requirements in stages to minimize difficult situations relating to senior appointments from the past which no longer suit modern circumstances.

On the responsibility and power of the President, it states as follows,

- To carry out the decisions made by the Council and to be responsible for the daily administration of the university;
- To execute the development plans made by the Council, draw up the annual work plans, financial budgets, and the regulations of the university;
- To appoint, dismiss and reward staff and impose punishments;
- To make arrangements for education, teaching and scientific research, and ensure the quality of education and teaching;
- To execute other powers delegated by the Council.

Therefore, the relationship between the Council and the President is regulated by the law in which the Council is the governing body to lead the President who is responsible for the daily management of the university. Furthermore, the regulations make explicit the relationship between the President of the university and Council. The *Interpretative Regulations on the Promotion Law of the Private Education* (State

Council, 2004) stipulates that the President independently exercises the teaching and administration without the interference of Council. It points out that sponsors participate in the Council or other forms of decision-making body whose power is limited by the prescribed procedures and regulations of the Constitution, and thus cannot arbitrarily intervene in the affairs of the university. These provisions ensure Council has the right to recommend the appointment of the Secretary of the CPC to the Provincial level of the Party authority in education.

State regulations emphasise that the Council is the decision-making body of the private university while the President is in charge implementing its decisions. As well as the leadership of the university, there is a group of senior managers, who are the executive body and are responsible for the daily operation of the college. The institutional governance of private universities makes clear that the positional power of the President originates from the Council and is also limited by the Council.

3.4.3.3   University Constitutions

As early as 1995, the *Education Law* (National People's Congress, 1995) regulates that institutions must establish a University Constitution when registering with the official authority. The *Outline of Education Reform and Development* (2010) states that the Constitution is an important component of the modern university system. In 2011, the MOE released a document titled the *Interim Measures about the formulation of University Constitution* (The Interim). This is the first time that the Ministry formulated detailed guidelines for such constitutions. This document is explained as follows,

> The Constitution embodies the principle of autonomous governance, management and performance of their public functions. It is the basis for formulating the internal management system, implementing teaching activities and developing the social links and cooperation of the university.

It emphasises that the Constitution should regulate the procedures of decision-making, the form of governance, democratic management, the academic system and the cooperative activities with other social organizations of the university. In addition, it should define the relationship of the sponsors, government departments and the university itself, to ensure the autonomy of the university. In other words the Constitution is the autonomous management principle of the university. These conditions are designed to establish the professional, financial and academic integrity

of the university. It defines the responsibilities and rights of the main stakeholders, and integrates the mission and purpose of the university into the mechanisms and systems of daily management.

Following the interim document, in 2014, the MOE (2014) released another document titled the *Notification on Accelerating the Formulation, Approval and Implementation of the University Constitution.* It emphasises that the Constitution needs,

- To reflect the requirement of the modern university system with Chinese characteristics and objectively describe the characteristics and positioning of the university;
- To accurately state the relation between the university and sponsor;
- To regulate the internal governance of universities;
- To strengthen the construction of the academic system in which the academic committee is at the core;
- To standardise the exercise of the autonomy and supervision mechanism;
- To comprehensively provide the basis and evidence for the university running and independent management.

The Constitution thus provides the basic regulations for the running of the university. It is expected to become the general guideline for the institutional governance of the private university. Therefore the present study will highlight the role of Constitution in the institutional governance of private universities. It is noted that *The Interim* states that, "the educational administrative department should guide and supervise the implementation of the University Constitution". In other words, government does not just approve the authority of the Constitution but also supervises its implementation.

3.4.3.4   Differences of the governance in public university and the private university

The main difference of institutional governance between the private university and public university appears in two aspects. First is the role of UCPC. In public universities UCPC works as the core having both a political and leadership role, and is formally recognised as the highest authority. But in the private university, the UCPC works as the political core and the Council is the core of leadership. In particular, the public university carries out the Presidential responsibility system under the leadership of the UCPC in which the UCPC is the most authoritative body. In contrast, in the private university the Council is the most authoritative body where the top decision making is influenced heavily by the investors.

The second difference is the personnel system. In the public university, bureaucracy structure is applied and every level of personnel has its designed administrative level. But in a private university, the positional level of administrative management of a private university does not equate to or transfer from the level of corresponding governmental departments. In other words, the position level of a staff member in a private university does not theoretically match with the relevant position in a state organization. Therefore, the position of staff members in private university is more easily adjusted with less procedure required by the government. This weakened boundary and flexible system allows the private university to have greater autonomy in organizing themselves. For example, the President of a private university who has an unsatisfactory work performance can be dismissed by the Council of private universities. But in the public university, the dismissal procedure is more complicated which has to be approved by relevant departments of CPC. In addition, this type of dismissal of the President is considered as one of the punishments about his work performance rather than normal work mobility which is much more serious in the public university[28]. Table 3-3 presents the difference of institutional governance in private and public universities.

	Public universities	Private universities
UCPC	core of politics and leadership	core of politics
The most authoritative body	UCPC	Council
Top decision making is influenced heavily	by the university leaders who are appointed by the government	by the investors
Administrative system	Strong boundary and fixed system	weaker boundary and flexible system
Level of administrative personnel	match with the position in state organization	does not match
Institutional governance	has less autonomy	has more autonomy

Table 3- 3 Comparison of the institutional governance in private and public universities

3.4.3.5   Amendment of the law in 2017

The two phases of fieldwork conducted for this study were carried out in 2014 and

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28 Regarding to the profit-company in China, the *Law of Company* regulates four parts of governance forms. 1) The Board of Shareholders is the highest authority. It consists of shareholders and their representatives and the shareholder has the ownership of the company. 2) The Council is the decision-making body of the company. The Council is elected by the Board of shareholders to protect the interests of shareholders. 3) The Supervision Board is the monitoring body. It monitors the implementation of finance and the work of Council and Senior Executive Team.4) The Senior Executive Team takes charge of the daily management of the company. This team is employed by the Council. In addition, this law points out that the company establishes the organization of CPC to carry out party activities according to the provisions of the Constitution of CPC. In stated-owned company, the CPC is the governing body but in private company, the Council is the governing body.

2016. As this thesis was being prepared for submission, the *Promotion Law of Private Education* was amended and the amendment will be in force from September 2017. This provides an opportunity to examine whether some of my findings from this study anticipate or contrast with these recent developments. The key details of the changes are summarised below.

First, it acts 'to further strengthen the construction of the Party in private schools'. It emphasises that 'the organization of the CPC in the private school should actively arrange activities according to the Party Constitution and play the political core role in the school so as to ensure that the private school always adheres to the direction of socialism'.

Second, it seeks to differentiate private schools that are managed on a non-profit basis and for-profit. According to this amendment, for-profit education becomes permissible for all education other than the compulsory education from the ages of six to fifteen. This provides the legal basis for private universities to be run on a for-profit basis. The biggest difference between the for-profit and non-profit in this amendment is that in non-profit institutions shareholders cannot receive financial returns from surpluses generated by the school's activities. All surpluses must be invested in the running of the school. In for-profit institutions, shareholders can receive financial returns from the school, subject to the provisions of Company Law and other relevant laws and administrative regulations. The non-profit private schools will receive the same treatment as the public schools in terms of tax incentives and land use. They may also receive some other supplements including government subsidies and funding.

This amendment acts to further protect the rights and interests of the shareholders. Shareholders are also allowed to participate in the management of the school in accordance with the procedure and provisions of the school's Constitution. Mechanisms to protect the rights and interests of staff and students are strengthened. Private schools should protect the salaries, benefits and other legitimate rights and interests of all staff, and pay their social insurance premiums. It encourages private schools to supplement the staff's pension insurance according to state regulations. Government entities above the county level can adopt measures such as student loans and scholarships to protect the rights and interests of students in private schools.

The new law seeks to further improve governance mechanisms stipulating that private educational institutions should establish decision-making bodies and supervisory mechanisms. This brings the framework that applies to universities into force for other types of educational institutions. Educational administrative departments and relevant departments should establish information disclosure and comprehensive archives of credit and rule-breaking record for these private schools. It authorises all provincial governments to adopt the relevant specific provisions in accordance with the law to ensure the stability of existing schools. The amendment asks the State Council, MOE and provincial government to give full consideration to the reality of the private school to protect the legitimate rights and interests of the sponsors, faculties and students when implementing reforms in private schools in accordance with this amendment. There will be further consideration of the possible influence of the new legislation in Chapter 7.

3.5 Summary

Existing literature related to the concept of governance in general and governance in the university has been synthesised and evaluated in this chapter. A number of themes are examined including the definition of university governance, the relationships of government and the university, and the factors affecting institutional governance. Based on these studies, institutional governance of the private university in this study refers to the authoritative framework used to regulate the management of its resources with the aim of improving the development of the university. As mentioned in the literature review, authorization and supervision are the primary aspects of the government and the university. In this process, the Council as the governing body of the university interacts with the internal affairs and external policies. This theme of authorization and supervision in the governance will be adapted to investigate the institutional governance of the private university.

Since the development and governance of private universities are greatly affected by the national social system, an overview of the governance of HE in China is provided including that of both public universities and private universities. As a unique part of governance of private universities in China, the role of the CPC in implementing educational policy is provided along with the government regulations requiring the

governance of private universities. At the same time, the government makes a number of regulations which aim to improve the university achieving its mission in terms of the requirement of the government. These regulations set a legislative environment for the governance of private universities.

The next chapter will explore the theme of authorization and supervision within the institutional governance of private universities from the theoretical perspective. Research design and methodology will also be discussed.

Chapter 4 Theoretical orientation, methodology and research design

4.1 Introduction

This chapter first discusses the three theoretical theories that have been used to discuss governance in the private university sector: principal-agent, stewardship and stakeholder. It then introduces the reasons for choosing a comparative case study approach, and moves to the selection of the particular cases. Three universities in one province have been chosen for an in-depth investigation. Each university exhibits both similar characteristics and some that are different. When these characteristics are compared, the cases show how the form of governance that was adopted responded to circumstances in practice. This allowed the identification of the various internal factors that influenced the forms of governance that developed within the common legislative framework.

Whilst the circumstances of the cases chosen, and the practices observed, are not untypical, it is not here being claimed that these three case studies are representative of the whole sector. However, what can be learned from these cases can be used to understand a larger set of cases (Neuman & Robson, 2012). Thus, the cases are selected for their potential power, through their similarities and differences, to illuminate how governance forms and processes develop and are enacted in practice.

Following the discussion of the selected cases, the process of data collection and analysis is introduced. The data for this study comprises semi-structured interviews with senior managers in private HE sector and relevant documents from both the government and the university case studies. The thematic analysis used is outlined and the ethical issues that arose during the research are also considered in this chapter.

4.2 Theoretical orientation

4.2.1 Reasons to choose three theories

Both Eisenhadt (1989b) and Abdullah and Valentine (2009), adopt the position that no one theoretical approach is sufficient to address the complex issues and problems of governance. The latter suggest using a combination of various theories. This multi-theory approach has also been advanced by scholars like Lynall et al.(2003) and

Christopher (2010). After reviewing the literature, three theories have been chosen to guide the process of data collection and explore the analysis. The three reasons to choose these theories are listed below.

Firstly, as I have already explained in Section 3.4.3.4, according to the government document *Promotion Law of Private Education,* a private university in China is required to establish a Council or similar forms of decision-making bodies. The Council is responsible for appointing a President to take charge of the daily management (National People's Congress, 2002). One of the key characteristics of Chinese private universities is that the shareholders hope to make a profit from their investment as "private universities in China are non-profit organizations in name only" (Li & Morgan, 2008, p. 29). The majority of private universities are permitted to operate on the basis of securing a reasonable financial return to investors (Tao & Wang, 2010; Wang, 2011; Wu, 2007; Yan & Lin, 2012). In this case, shareholders may employ professional senior managers as their agents to manage the university, or directly participate in the management of the university themselves. The role of shareholders and their relationship with senior managers will then be key factors affecting the form of institutional governance. Therefore, the analysis needs to use theoretical approaches that concentrate on the relationship between these two key elements of institutional governance.

Second, the theory of principal-agent focuses on the relationship between shareholders and their agents. This theory is widely used in literature related to the governance of business (Austin & Jones, 2016). The key point of this theory is that the shareholder is the 'principal' who employs professionals as their 'agent' to be responsible for the daily running of the corporation. However, although the interests of these two elements diverge, both seek to maximize their own interests. The inherent tension between them can lead to difficulties in the development of the institution (Berezi, 2008; Donaldson & Davis, 1991; Jensen & Meckling, 1976; Smith, 1776). Since one of the key characteristics of Chinese private universities is that the shareholders pursue a financial return, the institutional governance of private universities resembles the governance of a corporation. In applying this theoretical perspective to the current study, the owner of the private university is the principal who employs the senior managers such as the President as his agents.

Another theory that focuses on the relationship between shareholders and their agents is stewardship theory which offers a contrasting perspective (Shattock, 2006). This theory draws attention on analysing how managers exercise authority within the organizations they run (Jones, 1995). The key point of this theory is that even though some actions could lead to personal benefit to the manager, they tend not to adopt them from a sense of duty to the organization or its broader social aims (Etzioni, 1975). This theory posits that managers gain intrinsic satisfaction from their actions (Herzberg, Mausner, &Snyderman, 2011). Stewardship theory complements principal-agent theory by providing an alternative conceptualization of governance in a way that overcomes some of the limitations of principal-agent theory (Segal & Lehrer, 2012; Van Puyvelde, Caers, Du Bois, & Jegers, 2012).This study uses these two theories to mutually complement each other.

Third, it is well-known that universities have a concern for the public welfare as do the stakeholders, which includes staff, students, the local community and the government. As Prondzynski and colleagues (2012) state, the university governance,

> …is not just a question of assuring the integrity and transparency of processes, it is a question of allowing society to protect its broader investment in education, knowledge and intellectual innovation (2012, p. 4).

Similarly, AGB (2010) argues that universities have many of the characteristics of enterprises in which the Council is accountable for ensuring that the enterprises are managed in accordance with business standards, but differs from the business in that,

> The bottom line has more to do with human development and the creation and sharing of knowledge…than with simply balancing the budget (AGB, 2010, p. 2).

However, this situation can become confused and complicated in the private university where the shareholder, who has considerable authority in the institutional governance, hopes to gain a financial return. This makes private universities tend to pursue the interests of a narrow group of stakeholders, particularly the shareholders. Therefore, stakeholder theory is relevant in this study. According to Freeman, a stakeholder is any group or individual who can affect or is affected by the achievement of corporate objectives (2010, p. VI). He argues that an institution needs the perspectives of its stakeholders in its strategic decisions which set its direction. Following his opinion, stakeholders of the private university discussed in this study

include shareholders, senior managers, staff, students and the government.

4.2.2 Principal-agent theory

Principal-agent theory was first articulated by Adam Smith in the Wealth of Nations, first published in 1776, in which he states that in modern enterprises, the owners are the 'principal' who employ managers to work as their 'agents' (Smith, 1776). The basis of principal-agent theory is the separation of ownership and managerial authority. Shareholders are the key focus, separated from enterprise managers who function as agents for shareholders and work for their interests (Berezi, 2008; Donaldson & Davis, 1991; Jensen & Meckling, 1976). Weber (1978) notes a similar relationship in public bureaucracies in which political masters need to employ officials with specialized knowledge who are responsible for the management of administration but stand apart from their political masters.

One of the challenges in this employment relationship is that the interests of principals and agents may be different. Berle and Means (1932) regard the interests of shareholders and managers as divergent; both seek to maximize their own interests. The inherent tension between the two can at times make it difficult for managers to work for the benefit of the shareholders (Jensen & Meckling, 1976). Moreover managers could transfer the corporation's profits to a subsidiary and obtain substantial rewards resulting in a conflict between shareholders and managers (Berle & Means, 1932; Van Puyvelde et al., 2012).

Williamson (1996) argues that the shareholders are concerned with securing,

- the maximum profit with reasonable degrees of risk for the company;
- distributed profits to shareholders with appropriate apportioning;
- company shares to remain freely marketable pegged with a fair price.

When the manager does not act in the shareholders' interests, shareholder activism will occur which aims to enhance shareholder value, putting pressure on the manager and daily management to improve the firm's performance (Gillan & Starks, 2000; Guay, Doh, & Sinclair, 2004). Figure 4-1 shows the meaning of principal-agent theory.
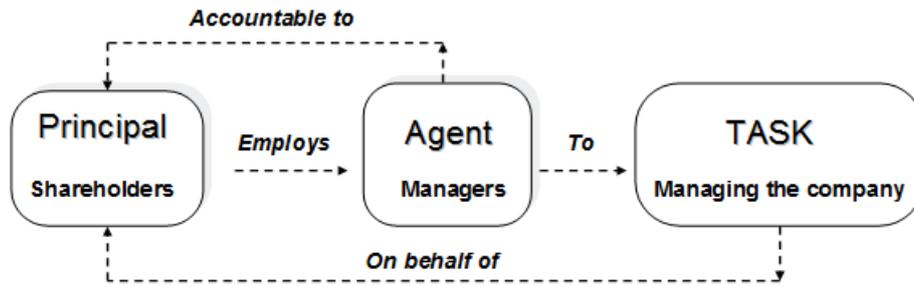
Figure 4- 1 Understanding of principal-agent theory

The second concern is the information asymmetry in this agency relationship. As Lane (2008) observes, agents have professional knowledge of the daily management that the principal does not. Principals know neither the agent's activities nor the extent to which they shirk their responsibilities. Therefore, the principal is hardly able to assess the effectiveness of the work of agents and whether these agents work in terms of the requirement of the principal.

Applying this theory to the present study, the principals in a private university are shareholders and the agents are the senior managers of the Executive Team, such as the President. The shareholders employ people including the President who have specialized knowledge of HE to be responsible for the management of university. However, the interests of shareholders and managers differ as they have different information about the development of the university which makes it problematic for managers to work only for the shareholders' interest. Following this perspective, different forms of institutional governance might emerge so as to address these various interests.

The below Figure 4-2 shows the application of principal-agent theory in relation to governance of private university. In this figure, the shareholder of the private university as principal hires the senior managers such as President as the stewards to work for their interest, but the senior managers have their own self-interest and there is asymmetric information between the shareholder and the stewards.
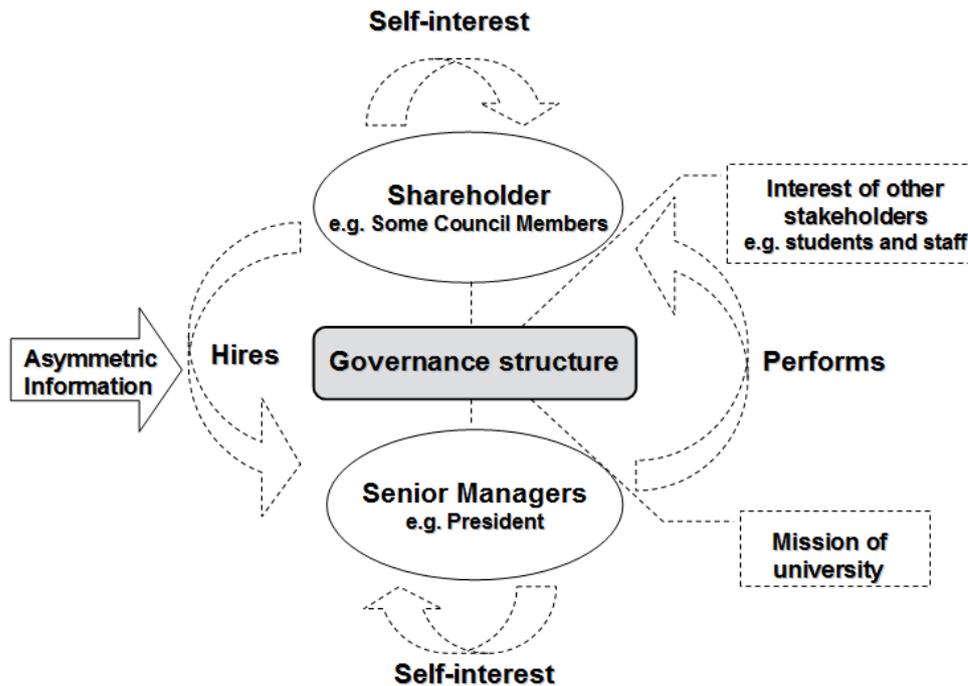
Figure 4- 2 Principal-agent theory in relation to governance of private university

In order to deal with the two challenges of information asymmetry, and different interests of shareholders and managers, a formal contractual relation between shareholders and senior manager needs to be established to clearly define their different responsibilities and rights (Davis, Schoorman, & Donaldson, 1997; Jensen & Meckling, 1976). In this case, two contractual approaches can be adopted by the principal to govern the manager: behaviour-based and outcome-based contracts (Eisenhardt, 1989a; Kivistö, 2005). In the first place, accountability monitoring mechanisms are adopted by the principal to monitor the behaviour of agents such as a clear budget system and set working hours. This aims to reduce the information asymmetry between the principal and agents. In contrast, the outcome-based approach places the accountability on the agents for the achievement of outcomes. For example, universities are rewarded for achieving goals aligned with the government's expectations and desired outcomes such as research productivity and students' employment ratio (Kivistö, 2005). These two approaches can be integrated in the articles of the formal contract of the agent.

Although, in principal-agent theory, devising a comprehensive contract should not necessarily be costly, in reality the contractual costs may be large (Fama & Jensen,

1983; Hart, 1995). This is particularly the case when the contractual relations between shareholders and managers differ in practice from the original contract (Van Puyvelde et al., 2012). For example, the managers might act differently from that agreed in the contract because of unstable circumstances, their own interests or the contract itself failed to accurately predict the change in conditions during its tenure. Such arrangements may incur future unanticipated additional financial costs (Klein, Crawford, & Alchian, 1978). As long as 80 years ago, Coase (1937) argues that when considering whether to break the contract,

> The question always is, will it pay to bring an extra exchange transaction under the organizing authority? (1937, p. 104)

Coase explains that the costs of organizing within the firm need to be equal either to the costs of organizing in another firm, or to the costs related to leaving the transaction to be organised by the price mechanism, otherwise the extra exchange transaction would not happen because transaction cost is a key factor which the corporation always considers.

Therefore, whenever contracts are incomplete and agency problems exist, corporate governance processes appear (Hart, 1995) and the Council plays a mediating role between the shareholders and their agents by balancing the conflict of their interests and establishing policy to address problems (Davis et al., 1997).

Principal-agent theory offers insights into the relations between the shareholders and managers and lays a foundation for considering issues relating to the role of governance. Some scholars have combined stakeholder concept with principal-agent theory to address these issues in corporate governance (Hill & Jones, 1992; Sharplin & Phelps, 1989). This paradigm envisages the corporation as a nexus of contracts between stakeholders who have different interests, forging a stakeholder-agent equation, and is used to explain the different interests of shareholders and managers (Eisenhardt, 1989b) in relation to the corporate governance (Clarke, 2004). This point will be developed more in the Section 4.2.4 of stakeholder theory.

Williamson (2002) suggests that the values of the CEO significantly influence the salience of stakeholders in the daily management. As the only group of stakeholders who enter into a contractual relationship with all other stakeholders and directly affect

the performance of the corporation (Hill & Jones, 1992), these senior managers must distinguish the different intentions of stakeholders and the goals of the corporation. As applied to present study, this position of CEO could be played by the President of the university who is the first person to be responsible for its daily running.

However, principal-agent theory has been criticised by some scholars. First, Perrow (1986) argues that it over emphasises the profit-orientation of shareholders and lacks detailed empirical support relying instead on theoretical generalizations. Second, it pays too much attention to the interests from the perspective of shareholders (Hirsch, Michaels, & Friedman, 1987). The third limitation is that it tends to focus too intently on extrinsic motivations, such as measurable market reward, and neglects other factors that structure how a corporation operates. This includes the multiple motivations that exist within the whole workforce and in the communities in which the cooperation operates (Davis et al., 1997). A similar idea is proposed by Lane (2008) who points out this theory focuses on a simple contractual relationship with usually one general goal, but does not account for how the principal and agent may have different optimization strategies. Segal and Lehrer (2012, p. 171) also note that although principal-agent theory enjoys the "ontological status of a law of nature", it is "a self-fulfiling prophecy: coercive controls create frustration and ultimately the very type of opportunism they were designed to control". However, Eisenhardt (1989a) considers although this theory ignores the complexity of organizations, it can offer insights into how enterprises operate internally in relation to aspects such as the uncertainty of outcomes, incentives and risk. These above drawbacks are recognised in the current study. Therefore, stewardship theory will be used to give a contrasting but complementary perspective to explore the research questions.

Some scholars have used principal-agent in the analysis of HE governance. Toma was considered as one of the first scholars to apply this theory to governance of HE. She notes that the structure of the Council of a university as the governing body "reflects the costs to politicians of allowing internal agent shirking" (1986, p. 155). Other scholars have used this theory to discuss the relationship between the government and the university. They illustrate how the state, as principal, monitors and funds its universities to ensure the universities are acting in the best interest of the state (Gornitzka, Stensaker, Smeby, & De Boer, 2004; Kivistö, 2005, 2008; Lane, 2007;

Lane & Kivisto, 2008).

One example of how this works in practice is the way the government attempts to control universities by influencing or regulating what they do and how they do it (Lane, 2007; Sirat & Kaur, 2010), such as with the appointment of members of the Council (Lane, 2007). It also often used in the internal management of the university. For instance, contracts are common among different stakeholders to assure their responsibilities to the university but also protecting their interests and to behave according to the rules. In this case, employment of staff is governed by contracts of work, and students contract with a university to obtain an education (Lane & Kivisto, 2008). Liefner notes that in a university,

> The principal can be a ministry of science and education, the management board of a university, a president, dean, or department chair. The agents are those actors in HE, who receive assignments and funds from the principals (2003, p. 477).

He points out a number of managers are simultaneously principals and agents. The studies listed above explain the principal-agent relationship in public university governance, but few studies are found that use this theory in the governance of private university. In particular, not much attention is paid to how this relationship develops when a third party is involved.

In Chinese private universities, the UCPC represents the government involvement in institutional governance. Its activity may or may not change the relationship between the principal and agent in the context of private universities. Therefore based on, but not limited to this theory, the current study will explore how the shareholder as principal, the senior managers as agent**s** and the UCPC as the third party work together to form its governance in order to achieve the development of the university.

4.2.3 Stewardship theory

In contrast to the principal-agent theory, stewardship theory draws attention to the managers who are employed by the shareholder or owner to address authority and challenges arising during their work. The theory focuses on analysing how a manager exercises authority within the organizations it runs (Jones, 1995). Even though some actions could lead to personal benefit, these managers may feel unable to adopt them out of a sense of duty to the organization or its broader social aims (Etzioni, 1975). In

such organizations the decision-making structures permit social and environmental aspects to be taken into consideration rather than focusing solely upon financial concerns. This theory stresses the beneficial consequences for shareholder returns through unifying the needs and interests of shareholders and agents (Barney, 1990).

The key point of this theory is that the manager would work for the interests of the organization and its broader social aims rather than for themselves. It argues that managers gain intrinsic satisfaction from their actions and the acknowledgment of their colleagues (Herzberg et al., 2011). One of the reasons is that many people value their self-respect and the self-satisfaction derived from a job well done more highly than material rewards (Bandura, 1991). In addition, the manager is highly committed to the mission of the organization (Prondzynski et al., 2012).

Some scholars have studied the application of this theory to the governance practice of corporations. If a stewardship relationship exists between both shareholder and manager, the potential performance of the corporation is maximized and vice versa (Davis et al., 1997). Donaldson & Davis (1991) observe this is particularly the case when the CEO also occupies the position of Council Chair and where there is no doubt about whose authority or responsibility is greater. If principals believe the agents will act in the best interests of the organization rather than serving their personal interests, the governing form will require less monitoring and more empowerment to managers (Davis et al., 1997). However, exclusive reliance upon stewardship theory may understate the complexity of the organization particularly when the organization is large (Caldwell & Karri, 2005).

The difference between the theories of principal-agent and stewardship has been discussed by various scholars. Davis et.al. (1997) for example, argues that the essential difference between these two theories is how they recognise the contribution of human motivations and attributes. With regards to agent theory, agents are seen as being motivated by extrinsic rewards such as commodities that can be purchased in the marketplace. In this case, the control mechanism is structured around the extrinsic motivation which creates financial incentives to discourage agents from acting in self-serving ways. Conversely, stewardship theory assumes that stewards are motivated intrinsically and are driven by the need for growth opportunities,

achievement, affiliation, and personal satisfaction.

Recognizing the danger of over-simplification of this discussion, the difference of these two theories may be listed as in Table 4-1.

Manager	Principal-Agent theory	Stewardship theory
Motivation tends to be	Extrinsic rewards	Intrinsic interests
Aspiration with institution tend to be	Misalignment	Alignment
Relationship with principal tends to be	Contract and evaluation	Trust and authorization

Table 4- 1 Differences between the theories of principal-agent and stewardship

In applying this theoretical perspective to the current research, the manager-agents of the shareholders, such as the President and Vice President, are personally committed to the private university; in taking responsibility for their work they thereby gain intrinsic satisfaction. These managers value the self-respect and self-satisfaction through the development of the university and their achievements at work. These in turn motivate them to work harder. If shareholders believe the President and Vice President are committed to the development of the private university rather than their own interests, they would seemingly delegate more authority to the managers in the daily management of the university. This steward relationship is shown in following Figure 4-3. In this figure, the shareholder of the private university as principal employs the senior managers as the stewards. They empower and trust these senior managers who have intrinsic and extrinsic motivations to work for the interests of the shareholder.
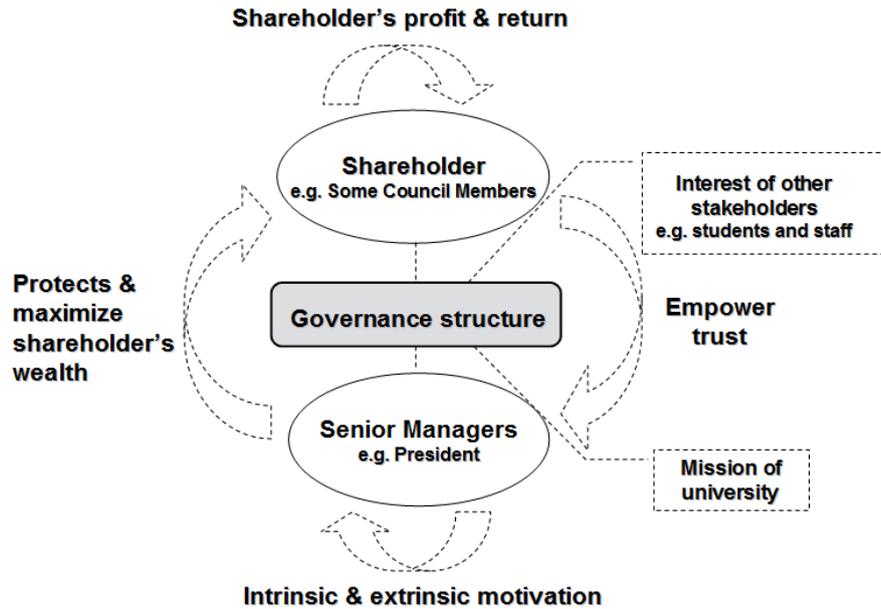
Figure 4- 3 Stewardship theory in relation to the governance of the private university

It is noted that the theories of principal-agent and stewardship raise a key issue of governance: the supervision of managers by shareholders and the delegation of authority by shareholders to managers. This study considers the institutional governance of private universities by using principal-agent theory to emphasise supervision, and stewardship theory to emphasise trust and authorization.

4.2.4 Stakeholder theory

The third perspective employed in this study is stakeholder theory. According to Freeman (2010), the word 'stakeholder' first appeared in 1963 in an internal memorandum at the Stanford Research Institute. This memorandum points out stakeholders can include governmental bodies, professional associations, trade unions, political groups, financiers and investors, communities, employees, customers, suppliers, even competitors whose status is derived from their capacity to affect the corporation (Stewart, Allen, & Cavender, 1963). More generally, Freeman observes that,

> A stakeholder is any group or individual who can affect or is affected by the achievement of corporate objectives (2010, p. VI).

Mitchell explains this in particular,

Persons, groups, neighborhoods, organizations, institutions, societies, and even the natural environment are generally thought to qualify as actual or potential stakeholders (1997, p. 853).

Following these, Clarkson (1995, p. 106) argues that stakeholders, 'have, or claim, ownership, rights, or interests in a corporation and its activities', while Donaldson and Preston (1995, p. 85) stress the idea of 'the legitimacy of claims or interests in procedural or substantive aspects' of corporate activity. Turker (2009) and Lenssen et al. (2009) narrow the argument and provide examples of a wide range of stakeholders, including employees, customers, competitors, the natural environment, future generations and governments. Thus the key issue is that the running of an organization can be interpreted as being an interaction between the interests of various stakeholders. In this case, the governance of the institution needs to identify with the stakeholders' interest and shape the governance actions towards satisfying the interests of these stakeholders.

This importance of stakeholders is recognised by many organizations including OECD which states that,

The competitiveness and ultimate success of a corporation is the result of teamwork that embodies contributions from a range of different resource providers including investors, employees, customers and suppliers, and other stakeholders (2016, p. 34).

Freeman (1984) argues that strategic management needs the perspectives of stakeholders to set and implement the direction of an organization. Therefore, it can be concluded that stakeholder theory asks the organization to consider the interests of different stakeholders and the connections among these interests.

Donaldson and Preston propose that stakeholder theory meets three mutually supportive functions. These are,

- Descriptive accuracy describes the corporation as a constellation of cooperatives;
- Instrumental power establishes a framework for examining the connections between the management and the various corporate goals, and then adopts corresponding strategies;
- Normative validity offers managing guidance on the basis of underlying philosophical principles (1995, p. 70-72).

Here Donaldson and Preston pay attention to the cooperation and connections of different stakeholders and to manage the guidance of stakeholder' actions. This is similar to Freeman who emphasises the use of stakeholder theory as a strategy to

guide the actions of the management in order to achieve the developmental goal. Therefore, being clear about the interests of different stakeholders and the connections of these interests is one of the foundations for taking the actions in the institutional governance.

Based on an analysis of the findings of research done for Fortune magazine, which features in-depth articles in the business field[29], Preston and Sapiens (1990) observe that on a long-time basis major stakeholders, including shareholders and customers, collectively gained or lost their interests. This understanding is important for the current study because the key stakeholders of private universities need to recognise that their interests coexist with the interests of other stakeholders rather than acting in opposition to one another. For example, the shareholder will not have their financial return if they do not pay attention to the interests of students and staff.

The drawback of stakeholder theory has been discussed by a number of scholars. For instance, Slinger (1999) maintains that in order to satisfy all stakeholders, the organization may not pay enough attention to important stakeholders. Furthermore, the issue of multiple accountabilities to different stakeholders within governance has been questioned (Edwards & Hulme, 1996; Romzek & Dubnick, 1987). Dunlap supports this criticism saying that,

> The most ridiculous term heard in boardroom these days is "stakeholders". They're people or institutions that have a stake in the company's well-being and don't pay a penny for their stakes but the shareholders do (1997, p. 196-197).

For Sternberg (1995) this theory can play a negative role for business by affecting the conduct and the economic conditions and thus the decisions. He points out,

> It [stakeholder theory] is fundamentally misguided, incapable of providing better corporate governance and business performance, and intrinsically incompatible with all substantive objectives and undermines both private property and accountability (1997, p. 3).

Sternberg argues that the corporation needs to prioritize and focus upon the interests of particular shareholders above that of others.

An answer to these negative comments on stakeholder theory would be to categorize

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29 This magazine is well known for the ranking of companies of Fortune 500.

the importance of various stakeholders. For example, Mitchell, Agle and Wood (1997, p. 872) define the importance of stakeholders in terms of their different capacities and positions: "power, legitimacy and urgency". In their opinion, stakeholders could have either 1) the power to influence the corporation, or 2) a legitimate relationship, or 3) an urgent claim on the corporation. The first type of stakeholder has all three of these attributes - this is the definitive stakeholder; the second type has two of the attributes which is called the expectant stakeholders; while the third type has only one of the attributes which they call the latent stakeholder. Managers can therefore take into account these attributes to design their actions of governance to meet the interests of stakeholders in terms of their importance (Mitchell et al., 1997, p. 874-879).

A similar opinion is proposed by Jamal (2007) who acknowledges that although theoretically all stakeholders are equally important, they differ in terms of the power, legitimacy and urgency they bring to the organization. Because of this, managers need to understand the ranking of stakeholders based on these characteristics. This is supported by Carroll (1991, p. 43) who proposes that organizations should give priority to those who are 'most urgent' to meet the expectations of these stakeholders.

These different management perspectives help to illustrate how the roles of stakeholders and their relationships with each other can be affected by many variables; they can alter with changing social contexts or the different development phases of the organization. In particular, governance actions depend not only on the rights, roles and legitimacy of stakeholders but also on the developmental needs of the organization itself and who are the primary stakeholders in the mind of decision-makers.

With regards to universities, Ladd (1975) and Amaral and Magalhaes (2002) emphasise that a number of internal and external stakeholders involved in university governance come with different aims and values. Each stakeholder hopes to promote their own interests, but these may conflict with the interests of others. A similar opinion is shared by Gillies (2011), who finds that a university embodies many competing interests: students need an education leading to a recognised qualification, staff members want to get on with delivering their core assignments and to progress in their career, communities want an intellectual hub, the bureaucracy seeks the best value for money and governments want to be reelected. The core issues of university

governance aim to protect the interest of different stakeholders in an authority pattern. These different stakeholders are shown in the below Figure 4-4. It lists the main stakeholders of the private university but others including commercial and real estate around the university are not shown in this figure.
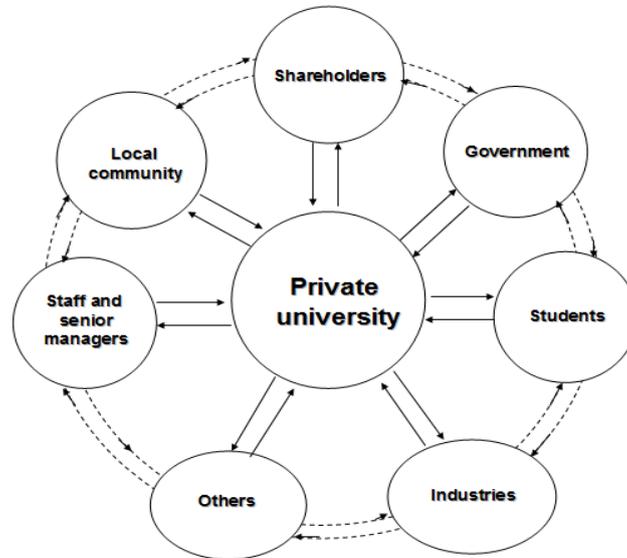
Figure 4-4 Stakeholder theory in relation to the private university

Stakeholder theory can therefore serve three purposes for this study. It firstly provides a broad perspective for considering the institutional governance of the university and promotes recognition of the different interest of these stakeholders. Secondly, it highlights the differences and contradiction of these interests for the university. Thirdly, while the complexity of the wider environmental forces arises from the wider range of stakeholders and their impact on HE, the interests of its key stakeholders shall be of prime importance in the governance in the university.

Each of these three approaches, principal-agent, stewardship theory and stakeholder theory can stand on its own in conceptualizing governance but together serve to strengthen explanations from different perspectives.

4.3   Qualitative case studies

For such a study two different research methodologies can be used: quantitative and qualitative. In quantitative research, techniques are used to convert observations into a standard measure such as a number. In contrast, a qualitative study leaves the data in diverse and nonstandard forms (Neuman and Robson, 2012). The key point of

qualitative research is to understand the phenomenon from the participants' perspectives (Merriam & Tisdell, 2016). It explores how people interpret their experiences and behaviour and so provides detailed contextual descriptions (Merriam & Tisdell, 2016; Schensul, 2012). It has the power to illuminate the dynamics of how things operate, particularly when the study is rooted, complex and sensitive (Ritchie, Lewis, Nicholls, & Ormston, 2013).

Qualitative research methodology is the most appropriate for this study of the governance of private universities in China. First, the factors that shape the institutional governance of private universities will be explored. Since governance forms are diverse, it is hard to use a common standard to measure the factors that have produced these different forms. Second, this study aims to understand the actions that constitute governance, the reasons behind the different behaviours, and the dynamics of how governance is formed. To achieve this, the study needs to dialogue with people who have been involved in governance actions, and to understand their various experiences in diverse contexts.

Furthermore, the comparative multi-case study is selected for two reasons. Firstly, the case study method is particularly appropriate in situations where the behaviours involved are diverse and cannot be simply classified by the researcher and where boundaries are not contextually clear (Yin, 2013). "Essentially, all research is case study research in so far as it makes claims about one or more specific cases of or in relation to a broader field of instances or phenomena" (Dowling& Brown,2010, p.27). Looking at cases situated within their wider institutional context can be a powerful way to explore emerging dynamics across an entire region (Baxter & Jack, 2008). Each case is considered as a complex entity, it synthesizes multiple conjunctive causations and different causal paths, with each path being relevant in a distinct way (Benoit Rihoux & Lobe, 2009).

This research explores the internal factors shaping the forms of institutional governance of private universities. As both the institutions themselves and their educational setting are continually evolving, the comparative case study method is the most appropriate to employ. Secondly, it is also compelling as it explores differences and similarities within and between cases (Herriott & Firestone, 1983). It can

systematically analyse the phenomenon by crosscutting comparisons (Benoî Rihoux & Ragin, 2009); common attributes across cases can be shown as well as unique features (Baxter & Jack, 2008). Ragin states that,

> comparative provides the key to understanding, explaining, and interpreting diverse historical outcomes and processes and their significance for current institutional arrangement…when qualitatively oriented comparatives compare, they study how different conditions or causes fit together in one setting and contrast that with how they fit together in another setting (2014, p. 13).

In this approach, each case exhibits different characteristics and together the cases provide comparisons that enable us to identify internal factors that influence the forms of governance.

The procedure adopted follows Yin (2013, p. 50) who describes the case study approach as proceeding from an initial understanding regarding the selection of the appropriate cases, the design and conduct of data collection and analysis, writing up the case reports, and drawing conclusions. Based on, but not limited to Yin's framework, this study uses the following data collection procedure. Figure 4-5 shows the process of data collection.
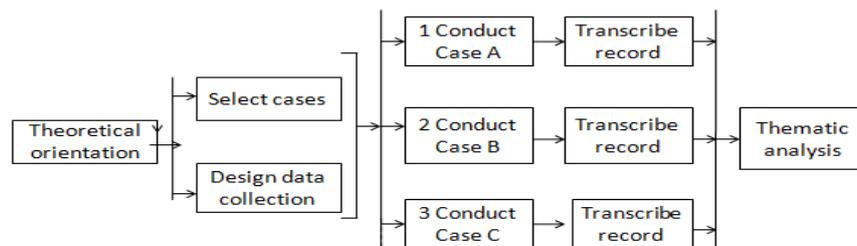
Figure 4- 5 Process of data collection

4.4 Selection of cases

4.4.1 Province chosen

In mainland China, 31 provincial administrative regions come directly under the central government; each has its own distinctive pattern of economic and social development. Working within the broad framework required by the MOE, the provincial level education department formulates regulations relating to private universities, interpreting the national regulations in the light of local social and economic development needs.

In terms of previous studies in Section 3.2.3, external factors such as laws and regulations have an influence on the institutional governance. Therefore, the observation of similarities and differences within the same province allows for valid comparisons to be made because their development is linked to the same authority, regulations and social and economic context.

Figure 4- 6 Location of cases

Figure 4-6 shows the location of the province. Sichuan province was selected for several reasons. First, it is a developing region with a strategically important central location being an important junction and transport corridor adjoining the Southwest, Northwest and Central China. Sichuan encompasses 486,000 square kilometers, which is the fifth largest province in China, has a population of 81 million (Sichuan Provincial People's Government, 2015) and is comprised of 21 cities. When compared with eastern central China, until recently, parts of western China have lagged behind in terms of economic and social development. Table 4-2 shows the relative level of development within comparable data on a number of key indicators between Sichuan and the rest of China.

	Urbanization Rate	Per capita disposable income (RMB)	Number of Universities	Private universities (Independent College)	Per cent of private universities
Sichuan	47.69%	17,221	109	23 (9)	30.27%
China	56.1%	21,966	2560	459 (266)	29%

Table 4- 2 Development of economy and university in China and Sichuan
(QiFang Education Research Institute, 2016b; State Statistics Bureau, 2016)

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Secondly, in the past 20 years, the development of private universities in Sichuan has been consistent with the pace of growth of the sector at the national level. As in many provinces, the private universities of Sichuan grew out of private vocational middle schools, private faculties within public universities or from the collaboration of enterprises and state organization. Table 4-3 shows the number of private universities in 31 provinces and autonomous regions in 2016.

Province	Number	Province	Number	Province	Number
Guangdong	52	Jiangxi	31	Guizhou	14
Jiangsu	50	Henan	31	Tianjie	10
Hubei	43	Sanxi	30	NeiMonggol	10
Shandong	39	Chongqing	26	Xinjiang	9
Henan	37	Guangxi	24	Hainan	7
Fujian	36	Yunnan	20	Gansu	7
Hebei	35	Shanghai	19	Ningxia	4
Liangning	34	Heilongjiang	18	Qinhai	1
Zhejiang	34	Jining	17	Xizang	0
Sichuan	**34**	Beijing	16	Total	734
Anhui	31	Shangxi	15		

Table 4- 3 Numbers of private universities in 31 provinces and autonomous regions in 2016
(QiFang Education Research Institute, 2016a)

In 2016 Sichuan had 109 recognised universities each of which is an independent legal entity and a total of 1.39 million full-time students. This includes 34 private universities with an average of 9,000 students at each university. Private universities accounted for 31 per cent of the universities in Sichuan at the end of 2016 (SED, 2017) compared with 29 per cent at the national level. These 34 private universities are registered at Sichuan Education Department of which 22 are located in capital city, 19 award bachelor degrees and 15 award associate degrees.

However, many studies in Chinese into private universities have tended to focus upon eastern and central institutions in cities such as Shanghai and Beijing. To date no known empirical research on the private universities of Sichuan has been undertaken. In addition, private universities in Sichuan differ little from similar institutions in other provinces; all fall under the same national legal framework and funding system, and face similar challenges as discussed in Section 1.1.2.

Last but not least, access to the case universities and interviewees could have been one of the biggest challenges of this study. This study aims to understand institutional governance and the factors which shape the form of governance, and thus requires

access to senior managers who are involved in university governance. As I have worked for many years in Sichuan, I understand its social and economic situation, particularly the development of the private university sector. My professional experience and connections with senior managers in the sector was helpful in securing access to the case universities and collecting information which this study requires, and in being able to interview senior managers who can be reluctant in speaking about their role. Attempting to study universities and its senior managers in other provinces would have been significantly more challenging.

4.4.2 Case universities chosen

4.4.2.1   Selection process

There are 34 private universities in Sichuan with different institutional governance forms. According to the findings from the previous studies (Pfeffer, 1972; Mintzberg, 1983; Middlehurst, 2004; Gillies, 2011), the form of governance is affected by both internal and external factors (Section 3.2.3). It is noted that private universities are similar in terms of their status within the HE system and national regulations from government (Section 2.3.2), and also provincial regulations (Section 4.3.1). In order to explore the different phenomena and their reasons, it is necessary to select contrasting characteristics as cases for comparison (Yin, 2002). Thus, multiple-case studies are used. As this study aims to explore factors which shape the governance, different forms of institutional governance were used as the main criterion to select the cases.

Since there is no official report on the institutional governance form of each university, I first discussed how to differentiate the governance forms of these universities with my previous colleagues including the two officials of SED, three senior managers of private universities and a scholar. All of them have a lot of knowledge and experience about governance of private universities. While private universities have diverse governance forms, the Council is either generally separate from daily operations or it participates in them. A third form includes family governance. While some universities are clearly of one type, others show characteristics of two types. I listed all the private universities in the province and asked my informants to categorize each one into three types,

- where the Council is separate from daily operation;
- where the Council participates in daily operations;
- where there is family governance.

Their categorizations largely coincided except for four universities. I then considered choosing a representative from each of the three common governance types, their forms being agreed by all of my colleagues. Table 4-4 shows the different governance forms of the 34 private universities in Sichuan Province from my colleagues.

Types	Numbers
Council separates from daily operation	6
Council participates in daily operation	14
Family governance	10
Different ideas (between Council participates in daily operation and family governance)	4

Table 4- 4 Governance forms of private universities in Sichuan Province

To avoid the possibility of bias, I looked up the websites of all the universities but found little information on their form of governance. All mentioned their Executive Team but only a few universities gave information on the role of the Council and its membership. All included the origin of the college, the type of degrees awarded, the year the university was established, local and regional characteristics, and student numbers. As the discussion in Section 3.2.3 indicates, the factors affecting university governance include the local economic level, the size of university and its history; all these different elements present different challenges. This study explores which factors shape institutional governance rather than how one factor affects another factor, and it tries to differentiate these factors as much as it can in the three private universities selected. Therefore, I chose three private universities out of the 32 in Sichuan as case studies, herein referred to as Case A, Case B and Case C.

4.4.2.2   General situation of the three cases

It is worth noting that in addition to different forms of institutional governance, the three private universities differ in other ways as follows.

- Student numbers - two are large; one is small;
- Location - two are located in the major city; one is not;
- Different degree awarding - two are able to award a diploma of HE; one is able to award bachelor degree;
- Length of establishment - one started in 2004, one 2009 and one in 2011;
- Origins - two are private institutions of public universities; one is a private vocational middle school.

Case A is a private vocational university located in a major city in Sichuan province[30]. In October 2016 it had more than 15,000 enrolled students and over 90 per cent of whom are from Sichuan. It is amongst the biggest HE diploma awarding private universities in the province and has a high rate of graduate employment. The university website shows that there were over 4,000 graduates in 2016 of whom more than 90 per cent found employment and over 70 per cent of these were employed in Sichuan itself. This is consistent with the orientation of the university which serves to support the development of the local province. In 2014 it passed the MOE's Quality Evaluation for the Cultivation of Talents of Vocational Higher Education which is discussed in Section 3.4.3[31].

By September 2016, the university was able to award the diploma of HE in over 40 subjects including Finance and Trade, Transportation, Manufacturing, Electronic Information, Culture and Arts, Public Management, Tourism, Education and Sports, Resources and Environment. The subjects offered are directly relevant to the infrastructural needs of the urban area that it serves. In order to integrate courses taught with practical employment experience, the university cooperates with more than 500 enterprises including City Metro, Hyundai Motor of Sichuan and Care House. It also runs a range of special training classes for the employees of the cooperating enterprises. The university has an international cooperation exchange programme with universities outside China including universities in Korea and UK. Case A has five shareholders, none of whom participate in the daily functions of the university. There is a Council, which is the decision-making body, and a University Committee as an executive team. The institutional governance of this university is seen by many as a model for the whole province. At present the asset value of the university, including the campus land, teaching buildings, student accommodation and

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30 The information on these case studies originates from the official websites of the universities, accessed in August 2015, and interviews which took place during the site visit. The three universities provided other documents such as the Minutes of Council meetings and three universities consented to their names being used in the thesis. However, to protect the interviewees, who were open and honest with me, the universities are not named and interviewees are identified by letters rather than their real name.
31 This evaluation is the most authoritative and common Quality Evaluation of a university in China, which is usually carried out in the fifth year after the university has registered with the authority and then every five years thereafter.

all teaching facilities, is around 1 billion RMB.

Case B is a private urban university and awards both bachelor degrees and the diploma of HE. In October 2016, the university had over 25,000 full-time students, among the highest number in Sichuan's private universities, half of whom come from other provinces. It has developed more than 30 subjects including Journalism and Communication, Film and Television, Digital Media Technology, Art Design, Management in Cultural Industry and Performance. It aims to help all students interested in the Arts to become practical, multi-skilled graduates with real industrial expertise as well as creativity and a global vision.

Case B promotes work place experience to improve the professional abilities of graduates and enable their seamless integration with the requirements of the workplace; improving the classrooms, laboratories, and studios for students of the future; cultivating graduates with work experience. Its graduate employment rate is over 90 per cent. Many of its facilities and equipment are to a standard that is equal to or higher than industrial standards, and are used for both teaching and actual productions. It also offers diverse international exchange programmes with partner universities in the United States, Korea and the UK. In Case B, most of shareholders participate in the daily operation of the university. By 2016 its assets were valued over 1.5 billion RMB.

Case C is located in a county at a juncture of four provinces in the Southwest of China, where education and economic development has lagged behind more affluent urban areas. Formerly a private, middle, vocational school, university status was approved by the Sichuan provincial government in 2011. In 2016 the university had over 4,000 full time students, one of the smallest number in private universities of Sichuan. It is now authorized to award the diploma of HE in more than 15 subjects, including Animation Design and Production, Financial Management, Logistics Management, Communication Technology, Electronic Information Engineering, Network Technology Application, Car Mould Design and Manufacturing, Construction Engineering Project, and Engineering Technology. In Case C, the graduate employment is also more than 90 per cent. The development objective of this university is to train technically qualified, highly skilled graduates for the advanced manufacturing, modern service, and the emerging technology industries. It has only one

owner who participates in its daily operation within a family governance form. By 2016 its assets were valued at over 0.25 billion RMB. The characteristics of three cases are presented in below Table 4-5.

	Case A	Case B	Case C
Governance Form	Council separates from management	Council combines with management	Family governance
Location	Major city	Major city	A county
Degree	Diploma of HE	Diploma of HE; Bachelor degree	Diploma of HE
Students	15,000　One of the large HE diploma awarding universities	25,000　One of the largest private universities	4,500 One of the smallest private universities
Founded32	2009	2004	2011
Origins	A private institution of a public university	A private institution of a public university	A private vocational middle school

Table 4- 5 Characteristics of the cases

The principal targets for student recruitment in all three cases are ordinary high school graduates, as well as some graduates of vocational schools. All candidates are required to participate in the National Recruitment Examination for University. The student recruitment quota is decided by the provincial educational department on the basis of national quotas set by the MOE. More than 95 per cent of students are in the age range 18-22 and more than 85 per cent of the students live in university accommodation.

4.4.3 Semi-structured interviews and documentary resources

Two data collection methods are used in this study: interviews and analysis of documentary resources. The interview method is a crucial qualitative data collection method to capture people's perceptions and understandings of a particular phenomenon (Mason, 2002) as informants possess characteristics, opinions and experiences related to social reality (Gibson & Brown, 2009; Mason, 2002). Interviewing is a "powerful way" to understand social issues through the experience of the individuals who are involved with those issues (Seidman, 2013, p.14). As Patton explains,

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32 The year it registered as an independent legislative body of a university.

> We cannot observe behaviours that took place at some previous point in time… that preclude the presence of an observer…how people have organised the world and the meanings they attach to what goes on in the world…The purpose of interviewing, then, is to allow us to enter into the other person's perspective (2015, p. 426).

Interviewing is required when we cannot observe past events and the feelings of people, and how they interpret their behaviour (Merriam & Tisdell, 2016). They can be unstructured, semi-structured or structured. Semi-structured interviews give flexibility in exploring key points through probing questions that begin with 'what, how and why' (Patton, 2015; Yin, 2013). This format provides the chance for interviewees to answer the question posed and also to feed in new ideas on the topic (Merriam & Tisdell, 2016). This semi-structured interview allows the researcher to have a number of required questions and talk about areas that have particular personal relevance (Mikecz, 2012). Therefore, the semi-structured interview is the format employed in this study. Although this semi-structured interview is time consuming in terms of both data collection and analysis, it gives flexibility in exploring key points through probing questions and the managers can answer questions in as much detail as they would like. This format allows me to have a certain space to explore questions that have particular personal relevance to the managers. More valid information about their attitude and opinions on the university governance were obtained, in particular how they explain and contextualize the issues emerging from the institutional governance.

Another source of data comes from documents. There are two reasons to consider this source. First, in order to engage in in-depth understanding of the case, multiple sources of evidence are usually used (Candappa, 2016; Patton, 1990) because these different forms of data collection can enhance the quality of qualitative research (Bailey, 2007). Second, documents are a rich source of qualitative data as they provide insight into the origins and meanings of the processes and practices being discussed (Atkinson & Coffey, 2004; Mason, 2002; Prior, 2004). Such data allows the researcher to obtain information pertaining to the contexts being explored (Gibson & Brown, 2009; Merriam & Tisdell, 2016). In particular, systematic searches for relevant documents such as laws, policies and regulations play an explicit role in case study research (Yin, 2013).

In order to understand the context of development and governance of the private university, the governmental legislation is explored as an important external factor.

The national documents and documents from Sichuan province which are about private HE since 1978, when the Opening and Reform policy was implemented, were collected for this study. These national and provincial documents provide a background of the policies on the private universities. In addition, University Constitutions were used to analyse the institutional governance of each case. These documents, in either hardcopy or electronic format, are obtained from websites, official publications and the interviewees. Altogether 46 documents were collected. In these documents, 35 are about the national law and policy, 4 are about the regional regulation and 7 are about the governance which comes from the particular university.

4.4.4 Selection of interviewees

The number of informants is a significant factor in research and several scholars discuss the question of the appropriate choice (Creswell, 2012; Miles, Huberman, & Saldana, 2013; Seidman, 2013). If the interviewer wishes to achieve depth rather than breadth, six to nine informants of each case may be enough (Mears, 2009). This study has five types of informants: informants from Cases A, B and C, informants from Educational Administration and from other universities. Following Mears and considering the senior managers were not easily accessible, I planned to interview five informants of each type. Nevertheless, the door was opened to extra informants who could clearly provide useful additional information.

The research questions focus on the features of the institutional governance form in practice and the factors that have shaped the institutional governance of private universities in China. In terms of the literature and existing regulations on institutional governance (Sections of 1.1.2, 2.3.2, 3.3), some themes on institutional governance have been previously established such as the Council, Executive Team, the UCPC and Constitution. As Dowling & Brown (2010, p.68) state, sometimes the interview questions "do not consist of standard questions that are given to all interviewees in a fixed order", I prepared a question pool but kept the question and order flexible for different informants. These questions focused on how the informant understood institutional governance; to what extent governmental policy regulates institutional governance; how the institutional governance adjusts to negotiate conflicts and challenges; what roles shareholders and senior managers play and how they cooperate

or conflict with each other; who the members of the decision making body are and how decisions are made; what the interests of different stakeholders are and whether (or how) their voices are heard by the decision-making body; what roles the UCPC plays and what the factors shaping the governance of the university are.

As this study aims to explore the factors that shape the form of institutional governance in private universities, potential informants included shareholders, senior managers, employees, and students. Before deciding who should be interviewed, I discussed the governance of the universities with total eight members of these three cases: two teaching staff, three administrative staff and three students. I spoke to three of them when they were on campus and the rest in the refectory during meal times. The reason for talking to them first was to identify the most appropriate way of approaching the key figures.

In discussing the governance form with these employees and students, I found that they did not know much about governance nor about the relationship between the Council, University Committee and the UCPC. Teaching staff tended to focus on the details relevant to their own subjects and teams and students usually paid attention to their own faculty and department. A few administrative staff members did have some understanding of the institutional governance, but were not clear about the practicalities of the relationship and the process it has formed. As this research does not explore how decisions are made at department level but rather focuses on the relationship between the decision-making entity, the executive body and the supervision mechanism in the university level, and how this relationship has developed in the different universities, the informants finally selected were all involved in governance. Most of them are members of Council, the University Committee, and the UCPC.

In addition, as institutional governance is to some extent regulated by the government, educational administrative officials from the government were also interviewed. Lastly, accounts and observations were sought from official examiners of HE and senior managers of other private universities so as to avoid bias. While none of them work in the three universities selected, all have rich experience in the governance of private HE and understand the issues well. They can provide both a more objective

view of institutional governance of the three case study universities and also some comparative data to widen the perspective of this study.

4.4.5 Access to interviewees

4.4.5.1 Snowball sampling and access to informants

When studying elite individuals, obtaining access is a key issue (Hertz & Imber, 1995). They are in powerful positions, which can mean they ask for certain privileges in the interview, and sometimes cancel an interview owing to their busy schedules (Kvale, 2008). Researchers need to understand how to access them and find out what they are willing to discuss ahead of time (Emmel, 2013). As I knew some informants from my previous work, they introduced me to other senior managers who have worked in the private HE sectors for many years. As a result, the number of informants snowballed.

One example of how the number of interviewees increased is when one senior official of SED happily accepted my request for an interview. When I arrived at his office, he said he did not have time to talk with me at present, but he could help in some other ways. I immediately asked whether he could help me connect with two other informants. He instantly contacted these two informants and recommended another senior manager. Because of his recommendation, I was able to meet four other managers and generated good data from all of them.

I found that half of the informants held more than one senior management position. For example, one President was a member of the Provincial Review Committee in HE; another President was a national inspector of HE. All had been in their senior role for more than five years. As Emmel (2013) suggests, participants become actively engaged in research if they think it is worthwhile and the interview provides the forum for both interviewer and interviewee to jointly construct knowledge (Miller & Glassner, 1997). All informants have experienced the rapid development of the private university in China and are among the founders of the private university system. Moreover, most of them hope that more scholars will undertake further systematic research into private HE institutions.

4.4.5.2　Preparation for the interviews

I tried to prepare myself as fully as possible for the interviews. First, since I had no prior experience of doing research interviews, I conducted two pilot interviews with people I already knew. The first was with my undergraduate tutor, who is the principal advisor of a private university and a visiting professor at the Institute of Education, UCL; the second was with my previous manager who is a government official and responsible for private education of Sichuan province. The two pilot interviews helped me to improve my interview technique and refine the interview questions to become more specific. After these interviews, both men provided useful suggestions on how to effectively explore the key questions. For example, they suggested that I respond to the ideas of interviewees by nodding, and try to explore their answers by asking why and how.

Second, knowledge of an informant's background, including life history and career, is an important aspect of preparing to interview elites (Mikecz, 2012). Before the formal interview, I researched the professional backgrounds and recent work positions of the interviewees from the relevant websites. In this case, I had a general impression about their professional backgrounds. In addition, given that all of interviewees were senior managers with busy schedules, I only planned to carry out one interview per day and a maximum of three interviews a week.

4.4.5.3　Problems encountered and strategy used in the fieldwork

Usually senior managers are knowledgeable and have developed effective communication skills arising from their daily responsibilities as a leader. Welch has outlined how this can lead to an imbalance between the less experienced interviewer and commanding interviewee leading to the interviewer feeling patronized and dominated (Welch, Marschan-Piekkari et al. 2002). In the process of obtaining the data, I encountered the problems faced by a relatively young professional getting an interview with people in senior roles.

I use my interview with one lady as an example. She is the shareholder and Council Chair of her university and has participated in the daily running of the university. After being introduced to her by another interviewee, I was granted an appointment. When I went to her office, I was first questioned by the campus doorkeeper and then

her assistant. I was told she was in a meeting. After an hour I returned but was again asked to come back after another hour. When we finally met, I asked whether I might record our conversation. She refused this request. She selected some questions from the list I had sent her and spent around 30 minutes talking to me without any record being taken. During the interview I was subordinated to the position of a passive listener unable to engage in a dialogue. By the end of the interview, her assistant came into her office to check a meeting agenda with her. So I sat waiting to have a formal farewell with her. Surprisingly, she passed the list of interview questions to her assistant and asked her to give me some documents related to the questions. The documents provided important background information on the questions I was exploring. This interview not only gave me an insight into some facets of authority, but also taught me how to interact with senior managers with varied leadership styles.

Another example is from an interview with a senior manager of a university. I knew him from my previous work so I contacted him directly to ask if I could interview him. He was delighted to accept. When I arrived at his office it was locked; his assistant told me he was having lunch after a long meeting. He returned after an hour but then people streamed in and out of his office. After another hour, when he was on his own, I went into his office and he immediately asked me why I had not come on time. I was stunned but responded saying that I had arrived at his assistant's office two hours ago. He then turned to the topic of our interview. At first he refused to allow me to record the interview or even to make any notes. It was an embarrassing situation but after ten minutes of the interview, I tentatively asked again if I could take notes on the interview, he hesitated a second and then agreed. Toward the end of the interview, a manager from the provincial educational department came to visit him. I had already arranged an appointment with this manager as he had known me when I worked in the educational department. When he saw me he reminded me about our appointment two days later. The senior manager was surprised and asked how we knew each other. After listening to the explanation his manner towards me changed and he invited me to have dinner with them in the university campus. In this interview I experienced how he adopted a particular manner of address towards a person based upon their perceived status. After hearing about me from someone of status he switched from one mode of address to another. This experience broadened my understanding of the power relations

between the young professional and senior manager, and the importance of building trust ahead the interview.

Altogether 26 people were interviewed between July to October 2014 and each interview averaged one hour; the longest taking 90 minutes and the shortest 40 minutes. The average age of informants was 55, the oldest being 74 and the youngest 32. During the fieldwork, I had some informal conversations with some interviewees and staff of the three case universities. We talked about the tuition and background of students, salary and teacher training. This content was not used in the data analysis but provided broad, background information, which helped to better understand the case universities.

4.4.6 Second phase of fieldwork

After analysing the initial interview data a detailed picture of the governance form of the three universities was obtained. I realised that the institutional governance in practice is much more complicated than was first apparent. On the basis of previous research in this area, the factors affecting the governance and the developmental processes of the three cases showed both considerable differences as well as some similarities.

Data collection and analysis is a dynamic and interactive process. After the fieldwork in 2014, I kept in touch with key persons in the three institutions and found that the institutional governance of the three cases changed. To understand these changes I decided to undertake additional fieldwork in February and March 2016. This second period of fieldwork was not planned when this study was designed in 2014. I re-visited all the senior managers who I interviewed in the three universities, went to their new campuses and met up with the staff and students at the university cafe. In addition, five key senior managers of the three cases who I was unable to meet in 2014 were interviewed. Based on the trust and understanding which developed during the first visit, the informants provided more useful information and insights on the universities.

Over the two visits I conducted interviews with 31 senior managers on 44 separate occasions. The interviews were held in their offices, homes or cafes, and the majority of interviewees agreed to be recorded. The two interviewees who refused to be

recorded are not included in this number.

Below Table 4-7 shows the profiles of interviewees.

	Position	Date	Minutes	Location	Gender
Case A	**7 people with a total of 11 separate interviews**				
CA1	The founding Council Chair (tenure 2003-2015)	CA1a: July 2014	80	Office	Male
		CA1b: Feb 2016	40		
CA2	University President and Secretary of the UCPC	CA 2a: July 2014	50	Office	Male
		CA 2b: Feb 2016	40		
CA 3	Full-time member of Council	CA 3a: July 2014	70	Office	Male
		CA 3b: Feb 2016	70		
CA 4	External member of Council	CA 4a: July 2014	70	Office	Male
		CA 4b: Feb 2016	70		
CA5	Vice President for teaching	CA5a: July 2014	70	Office	Male
		CA5b: Feb 2016			
CA6	Vice President for employment	Feb 2016	60	Office	Male
CA7	Vice Secretary of the UCPC	Feb 2016	120	Office	Male
Case B	**5 people with 8 separate interviews**				
	Position	Date	Minutes	Location	Gender
CB1	University President and Secretary of the UCPC	CB1a: Sep 2014	90	Office	Male
		CB1b: Mar 2016	60		
CB2	Vice Chair of the Council	Sep 2014	40	Office	Female
CB3	Vice President for teaching	CB3a: Sep 2014	60	Office	Male
		CB3b: Mar 2016	60		
CB4	Chief of the directorate office	Sep 2014	30	Office	Male
CB5	The Chief of the Development Planning Department	CB5a: Sep 2014	90	Cafe	Male
		CB5b: Mar 2016	40		
Case C	**8 people with 12 separate interviews**				
	Position	Date	Minutes	Location	Gender
CC1	The Council Chair	CC1a: Aug 2014	25	Office	Male
		CC1b: Mar 2016	35		
CC2	Secretary of the UCPC	CC2a: Aug 2014	70	Office	Male
		CC2b: Mar 2016	80		
CC3	President	Mar 2016	80	Office	Male
CC4	Executive Vice President	CC4a: Aug 2014	90	Office	Male
		CC4b: Mar 2016	90		
CC5	Vice President for teaching	Mar 2016	90	Office	Male
CC6	Vice Secretary of the UCPC	Mar 2016	70	Office	Male
CC7	Vice Head for education of the County	CC7a: Aug 2014	50	Office	Female
		CC7b: Mar 2016	40		
CC8	Chief of educational section of the County	Aug 2014	30	Office	Male
Officials of SED	**(4 people with 5 separate interviews)**				
	Position	Date	Minutes	Location	Gender
O1	Vice Director for HE	Jul 2014	70	Office	Male
O2	Vice Director for Development and Plan	Jul 2014	40	Office	Male

		O3a: Aug 2014	70		
O3	Division Chief of the Private Education office	O3b: Mar 2016	40	Office	Male
O4	Vice Chief of the HE Division	Aug 2014	70	Office	Female
Experts and senior managers from other universities (7 people with a total of 8 separate interviews)					
	Position	**Date**	**Minutes**	**Location**	**Gender**
E1	A member of National Review Committee in HE (He was a President of a private university)	Aug 2014	70	Home	Male
E2	A member of Provincial Review Committee in HE (He is a President of a private university)	Jul 2014	70	Office	Male
E3	A Vice-President of a private university	Aug 2014	80	Cafe	Male
E4	A member of National Review Committee in HE (He was a Vice-Secretary of the UCPC of a public university)	Aug 2014	70	Office	Male
E5	A member of Provincial Review Committee in HE (He is also a President of a private University)	Oct 2014	90	Office	Male
E6	A National Educational Inspector (He is also a President of a state university)	Oct 2014	35	Office	Male
E7	A senior advisor of a private university (He is also a Dean of a Institute of Education of a public university)	Sep 2014	70	Cafe	Male
		Mar 016	60		
Note: All are recorded					

Table 4- 6 Interview schedule and profiles of interviewees

4.4.7 Quality of data

The quality of the interaction between the researcher and interviewees is important in this type of interview (Schensul, 2012). Well-informed informants give meaningful insights into the practices and processes being explored and can sometimes provide the history of a situation in greater depth (Yin, 2013). In order to allow informants to express their opinions freely, three particular strategies were used.

First, all interviews were conducted in the interviewees' native language: half were in Mandarin and half were in the Sichuan dialect. This had the effect of making some interviewees more relaxed to speak with me.

Second, a semi-structured format was used where the interviewees were given free space for expression. If there was any question which needed to be followed up during the interview, I made notes and asked them to expand on this after they had answered all the questions on the list.

Third, I told the informants that they could skip any questions which they thought

were particularly sensitive and we could come back to these if they felt more comfortable to answer them later. In addition, after each interview I transcribed the recording and notes as soon as possible, usually within 24 hours. This also enabled me to get a clearer idea as to what I needed to ask in the next interview so that I could explore increasingly complex issues, thereby successively improving the quality of each interview. The length of the transcripts of all the interviews amounts to some 300,000 Chinese words.

Fourth, all interviews used in this study were recorded. The audio recordings allowed me to concentrate on the responses of interviewees and allowed me to explore some questions with them rather than making notes on the conversation. Initially I was worried that senior managers might not allow me to record interviews; however, more than 90 per cent agreed to being recorded and several said that they use recorded interviews in their daily work. The recordings also captured my reactions to interviewees which helped to improve my interviewing skills; when I listen to some of the recordings I was sometimes displeased with my own reactions and my voice and manner of address. For example, in the first interview I talked too much; in the second, I lost several chances to explore some answers in greater depth by jumping to other questions.

Methods	Sources of evidence			
Document analysis	National document, provincial document and university document[33]			
Semi-structured interviews	**Types**	**Times**	**People**	**Occasions**
31 people on 44 separate occasions	Case 1 Case 2 Case 3	7 people on 11 separate occasions 8 people on 12 separate occasions 5 people on 8 separate occasions	62.5%	71%
	Officials	4 people on 5 separate occasions	12.5%	11%
	Senior managers from other private universities and scholars	7 people on 8 separate occasions	25%	18%

Table 4- 7 Sources of data collection in this study

The data collection method and sources of evidence are presented in Table 4-8.

I am aware that my previous work experience might bring some bias into the study and have attempted to avoid this in the process of data collection and analysis. First, I

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33 All documents are listed in Appendix 1

had no practical work experience in any of three case universities; indeed, I am still an external person for all of them. Second, this was the first time I had formally interviewed any of the informants and the first time I had met half the informants. Third, the interview transcript was sent to the informant to check. Few changes were made by any of them.

4.5   Ethical issues

This study was carried out in accordance with the latest edition of the Ethical Guidelines for Educational Research (British Educational Research Association, 2014). The Ethical Concerns Form of this study was approved by the Research Ethics Committee at the Institute of Education, University College London in July 2014 prior to the commencement of fieldwork.

As all the people interviewed in this research have previously occupied or currently occupy a high-level position in their job sector, there is a degree of sensitivity as to their identities, which could affect what they feel able to say in an interview. Interviewees were given a consent form, information sheet and the interview questions before the interview in order to ensure that the purpose of the research and their rights were understood. All informants were reminded that they could withdraw from the research at any time and could decline to answer any question; they were also told that it was not necessary to follow the questions in any strict order. One potential informant refused to be interviewed after receiving the questionnaire before the interview because he thought some questions were too sensitive. Two informants refused to allow me to record the interview, who I gave in last section as examples to show some of the problems I encountered. In addition, each recording of the oral account was transcribed soon after the interview and the transcription given to the interviewees for approval. All research data will only be used for this study and its relevant written publications. The records and field notes are, and will be, kept in files on my personal laptop. Interviewees were identified using letters and no actual names of people were used in the analysis so as to protect their anonymity.

4.6 Data analysis

In terms of Merriam and Tisdell (2016), data analysis is the process of making sense out of data to answer questions. Flick (2014) describes it as the interpretation of data to make reports about the meaning of data. Thematic analysis is one of the most common forms of data analysis in qualitative research and is a process by which themes are identified that go beyond the words of a text and moves on to identifying implicit and explicit ideas in the data (Guest, 2012). Thematic analysis is used in current study.

Thematic analysis enables researchers to use a wide variety of types of information, which increases accuracy in interpreting observations about people, events, situations, and organizations (Boyatzis, 1998). These themes are derived from specific research, interview questions and fieldwork (Daly, Kellehear, & Gliksman, 1997). The exploration and interpretation of these themes can include comparing thematic frequencies, identifying thematic co-occurrence, and graphically displaying relationships between different themes (Guest, 2012). For Braun& Clarke (2006) thematic analysis creates meaningful patterns through the process of coding in six phases: familiarization with data; generating initial codes; searching for themes among codes; reviewing themes; defining and naming themes and producing the final report. The thematic analysis of data in this study is based on the stages of Braun & Clarke. The texts for analysis consist of the transcription of interviews and documents.

4.6.1 Familiarization with data

As I personally transcribed all the recordings during the fieldwork, I was able to gain an initial understanding of the content of the data. Before the formal coding on the transcripts, I first re-read all the transcripts which enabled me have a thorough understanding of the data. Secondly, the transcripts were classified into five document folders: case one interviews, case two interviews, case three interviews, interviews of senior managers from other universities, and interviews with government officials. After that, each transcript was divided into two documents; one included information about the case university and the other general information about private universities. This step required me to reread all the transcripts, which made me re-familiarize myself with the data and further codes emerged during this process, which I made notes on.

4.6.2 Codes and themes

The first task of this process was to generate the codes from the data. Some of the interviewees spoke a Sichuan dialect and all the original data including interview transcripts and documents are in Chinese. It is not easy to find appropriate English words to express the meaning of some Chinese words or dialect accurately. For example a private university is called Minban University, which literally means "people running university". This is hard to understand in English and looks confusing. In order to ensure the accuracy of the data, the coding process was finished in Chinese.

The data were coded according to the year, 2014 and 2016 respectively. NVivo computer software of qualitative data analysis is used in the coding process. The two documents, information about the case university and general information about private universities were inputted into NVivo and each document was coded line by line using opening coding. The analytical procedure used was a hybrid approach that incorporated "a top-down, deductive, theoretical process and a bottom-up, inductive, data-driven process" (Swain, in press). It sets a number of priori codes (Crabtree and Miller, 1992) in terms of the research questions and the literature. These priori codes of the data analysis are listed as follows Table 4-9 and all these codes are found in the transcripts.

Council	Council Member	Council Chair	Shareholders	Executive Team	President
UCPC	Decision making	Family governance	Stakeholders	Government	
Presidential responsibility under the leadership of the Council					
Relationship between the government and the private university					
Advantages of the Council participating in the daily management					
Disadvantages of the Council participating in the daily management					

Table 4- 8 The priori codes of the data analysis

As some scholars similarly proposed (Boyatzis 1998, Charmaz 2007, Glaser 2017), the study then generates a set of a posteriori codes directly from words in the transcripts. At the preliminary stage, coding was unlimited so that data from the transcripts generated 180 codes. I then reviewed the codes and combined similar codes. The remaining 89 codes were then organised into different themes.

The difference between a code and a theme is that a code is more basic and a theme broader (Braun and Clarke, 2006), and a cluster of codes can generate a theme (Fereday and Muir-Cochrane, 2006). In this process, sometimes the term for a theme is same as

that for a code. For example, shareholder is used as a code but also as a theme. I then re-read the transcripts to check whether the themes were consistent with the data and whether any ideas in the data had been ignored. After this, some themes were combined since they had similar meanings in the data set.

Thematic analysis was also carried out on 46 documents. Any information related to institutional governance of private universities was extracted from the document. These extracts were coded line by line, which generated 60 codes. These codes were then further collapsed and reduced to 23 codes including 3 that are different from the codes of the interview transcripts. Finally 14 themes were generated which had a clear distinction from each other. The process of coding and combining the codes to produce themes made me conversant with all the transcripts and constantly provoked insights relating to the research questions. For example, what are the differences in the practice of the case universities and what shapes these different practices? How do different people think about the interests of shareholders and senior managers? What affects governance behaviours? These questions further guided me in coding the transcripts.

	Themes	Chapters	Categorizes
1.	Private university in China	Chapter 2	Development of private universities in China
2.	Relations between the government and the private university		
3.	Public university		
4.	Chinese social context		
5.	Institutional governance form	Chapter 5	Institutional governance of private university in practice
6.	Council and shareholders		
7.	Executive Team and President		
8.	Relation between the Council and Executive Team		
9.	University Communist Party Committee		
10.	University Constitution		
11.	Independent college		
12.	Challenges of cases		
13.	Stakeholders		
14.	Governance at other private universities	Not used	

Table 4-9　Themes relating to data analysis in each chapter

These 14 themes were again divided into 3 categories: development of private universities in China, institutional governance of private university in practice and not relevant with this study. The first category enabled me to better understand the development of private universities in China and agrees with the account in Chapter 2. The second category is presented in Chapter 5 in detail and the third category was not

used in this thesis. The codes are listed in the Appendix 3 in the end of the thesis. Table 4-10 presents 14 themes relating to data analysis in each chapter.

4.6.3 Report writing

All the used themes were numbered from 1 to 13. Those with D represent data from documents and those given a C are interviewees from the three case study universities. The three universities are categorized as A, B and C; an informant from each case is identified with a number in which 1 means the first informant, 2 means the second, and so on. CA1-4 thus indicates data from the first informant of university A about the fourth theme. The interviewees who are officials from the government are called O1 to O4; experts are called E1 to E7. The documents are categorized as G and C where G means document from government and C means document from the university. Similarly, documents from both government and case universities are identified with a number in which 1 means the first document, 2 means the second, and so on. For example, D-G1 means data from the first government document. Similarly, D-CA1 refers to information from the first document of Case A. These indexes are shown when referring to the statement of both interviewees and documents in the following chapters. For each individual theme, I wrote a detailed analysis in terms of the research questions and used these in the overall study. This is shown in Chapter 5.

4.7 Summary

This chapter focuses on the theoretical orientation, research design, methodology and ethics. Although principal-agent and stewardship theories provide opposite views in explaining the relationship between shareholders and senior managers, this study considers them to be mutually complementary. I have noted a gap in the existing literature on applying these two theories to private universities which opens a space for this study. In particular there is an absence of studies on the relationship between the principal and agent when a representative of the government, like the UCPC in China, is involved in the relationship. In addition, a private university embodies many different stakeholders: students, staff, the government and industry. As a result stakeholder theory is included as one part of the theoretical perspectives of this study.

Comparative case study was chosen in order to compare the similarities and differences

of how the governance form responded to circumstances and developed in practice. Guided by the research questions, two phases of in-depth semi-structured interviews and document sources as data collection method were used. The interviews were carried out to capture the informants' experiences of, and views on, institutional governance of private universities. Informants in this study were purposefully selected to ensure the maximum variation. The chapter also discusses a number of issues which were carefully considered during the field work and the solutions used to deal with these issues. These include ways to establish trustworthiness with informants and gaining access to elite interviewees, to ensure the quality of data. Certain issues on research quality such as reducing bias from my previous work experience, and the language used in the interview, have also been examined.

Thematic analysis was used to analyse the data. The procedure of data analysis has been detailed, and the themes generated from the codification of transcription and documents have been presented. Ethical issues have also been discussed. The next chapter will present the outcomes and findings of the analysis of each case.

Chapter 5 Governance in practice: three private universities

5.1 Introduction

This chapter provides a description of the practice of institutional governance of three private universities. These cases studies show three different forms of institutional governance: Disjointed Council with Executive Team, Conjoined Council and Executive Team, and Paternal Council and Executive Team. The three forms of governance and the changes that have occurred in each of the universities will be discussed in the following three sections.

5.2 University with a Disjointed Council and Executive Team: Case A

> *Extract from field notes of the visit on February 24th, 2016:*
> *During the three-day visit, I interviewed senior managers in their respective offices. The interviews which followed the schedule sent to them in advance all ran well and without delay. All their offices and office desks were neat and organised. On the last day I went to the new campus on the university bus with other staff members to interview the Vice Secretary of UCPC who I did not have the chance to interview in 2014. I then had lunch with him in the student café. During lunch, the manager of student affairs said 30 prospective students were visiting the campus. So I accompanied these students to see the teaching facilities, theatre and accommodation and was impressed by these advanced facilities.*

5.2.1 Brief introduction

Case A university commenced in 1998 when a commercial company involved in education cooperated with a public university to establish a private college to offer degrees and diplomas in subjects predominantly relating to information and technology. I was able to interview the person who was President of the public university from 1996 to 2004. During this period the university cooperated with different private organizations to establish 20 private colleges of which Case A was one. He explained how the first private college emerged from the province.

> In 1996, we realised that there was a considerable gap between the demand for and the provision of talent in some industries such as IT and Media. We wanted to develop these subjects but had no specialized teachers, facilities or budget, unlike some private organizations such as training institutions. As a public university we had good social esteem, plenty of experience of running HE, and teachers of national compulsory

courses[34] which the private training institutions lacked. In contrast, they had flexible management mechanisms - only employing staff as needed rather than providing lifelong tenure - as well as access to various fundraising channels. We thought by combining these two strengths, a good model for a college could result. We reached an agreement in which the public university would manage courses, provide the teachers of national compulsory courses and award diplomas; the private organization would take charge of fundraising and daily management. At that time, some colleagues said we sold the diploma to earn money for ourselves (senior managers). It was a hard time but the facts illustrate that we made the right choice at that time (CA4a-1)[35].

This interview shows how a group of innovative and farsighted senior managers were able to introduce new educational programmes. In Case A, the commercial group withdrew cooperation in 2000 due to cash flow problems that the group was facing. The public university however established an investment company to deal with matters arising from the termination of the agreement and invited other potential investors to cooperate in the college. This college continued to run and the Council Chair of the investment company acted as the college's Council Chair. By 2008, given the existing teaching facilities, management team and staff, the investment company applied to register with the government as a private university.

In 2015, the founding Council Chair moved to another organization and the largest shareholder took over the role of Chair. A second campus was established in another city and in the same year recruited its first cohort of more than 2600 students. According to all interviewees from Case A, the shareholders of Case A have not received any financial return since the establishment of the university as all profits were reinvested in the university's infrastructure including the new campus.

5.2.2 Council and shareholder

The form of governance derives from their previous experience in which the Council, as the governing body, decides on the university's direction and development strategy. The role of the Council is defined by the University Constitution as follows:

- To employ the members of Executive Team, financial manager and principals of sub-organizations of Council and to decide their wage level;
- To recommend the Secretary of UCPC for a position within the provincial CPC and to decide upon the termination or merger of the university;
- To approve the organization of faculties and the staff distribution system

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34 In China some modules are required as compulsory modules in all subjects by the MOE including PE, ideological and political education, and English.

35 Quotes from the data are coded to identify the source, e.g. CA4a-1 and D-CA21 and the meaning of these reference codes are as explained in Chapter 4.

- To approve the University Constitution, the regulation of the Executive Team, the university's middle and long-term development plans and annual plan;
- To approve the financial budget and final accounts, to organise the annual financial audit and raise the funds needed by university (D-CA1).

It is noted that here the Council is mainly responsible for employing the senior managers and establishing the regulations to supervise the senior managers' implementation of its decisions. The Council Chair said,

> The Council first considers how the university achieves its designated goal by organizing different resources, and supervises the implementation of the Executive Team (CA1a-6).

The main concerns of the Council are to organise resources and supervise the implementation of decisions. The President is responsible for the daily operation of the university with the support of the Executive Team, of which he is the head. This form is called the Presidential Accountability System under the leadership of the Council[36]. In it, the Council is the highest decision-making body and plays the leading role in university governance.

When the new investment company took over the college in 2002, the Dean was appointed by the affiliated public university. Two years later the Council asked the university to appoint a new Dean, and agreed to change the articles of the Constitution so that in future the Dean would be appointed by the Council rather than the public university. When asked why a new Dean was requested, one of the Council members explained,

> Neither Council nor staff was pleased with the Dean because he was unable to improve the development of the college as the Council wished and also did not meet the interests of the staff (CA1b-6).

The new Dean cooperated well with the Council and the internal management mechanisms improved. Since then the governance and senior management has remained stable. Once the university was registered in 2009, the Council appointed the previous Chair and Dean as the university's founding Council Chair and President respectively and recruited its first intake of 2,600 students. The inaugural Council members are as Table 5-1 shows.

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36 In Chinese: 董事会领导下的校长负责制

	Position	Identity	Work Type	Work background	Age
1	Chair	Shareholder representative	Full-time	HE	45
2	Member	Shareholder representative	Full-time	Enterprise	44
3	Member	Shareholder	Part-time	Enterprise	60
4	Member	Shareholder	Part-time	Enterprise	62
5	Member	Shareholder	Part-time	Enterprise	52
6	Member	President	Full-time	HE	46

Table 5- 1 Council member of Case A

One Council member noted that,

> We (Council members) are in different cities and often communicate by phone rather than sitting together in a room to have a meeting other than for especially significant issues (CA3a-6).

The Council believes the financial health of the university is one of the most important indicators reflecting the Executive Team's achievements, and invites an independent third party to undertake the supervision of financial matters.

> The university is required to accept the annual auditing of the professional accounting institution invited by the Council (CA3a-8).

However, the Chair expresses the potential risks involved when the shareholders do not participate in the daily running of the university.

> If the financial scheme is not appropriately carried out, the Council would not know until the final account (CA1a-8).

> The concentrated authority of the President could result in contradictions. For example, the Executive Team led by the President might think they can master everything and the importance of shareholders could be neglected. If they do not communicate, as time goes by, distrust might accumulate between the shareholders and the Executive Team (CA3a-7).

This clearly shows an asymmetric sharing of information between the Council and the Executive Team. In particular, as the Council is not involved in the daily management of the university, it lacks a understanding of the university's operational functions.

The Council Chair is appointed as the representative of the shareholders, and is elected by the Council. He is the legal representative of the university. The main responsibilities of the Chair according to the Council Constitution are as follows:

- To abide by the relevant government laws, policies and regulations and to conscientiously carry out the Council Constitution;
- To lead the work of the Council, convene the Council meeting and carry out decisions of the Council;
- To nominate the candidates for President and Vice President, which are then discussed by the Council (D-CA2).

As well as being responsible for the Council's daily operations and coordination of all its affairs, the Chair is also in charge of nominating the senior managers. An implication here is that the Council Chair is a key person to carry out the task of the Council and to connect other Council members with the Executive Team.

The public university to which Case A was affiliated before it was established in 2008 is one of its current shareholders and the Chair acts as its representative. He is trusted by other shareholders and praised by the members of the Executive Team. On the Chair's performance of his job, the President said,

> When we transferred the assets of shareholders to the name of the university, some shareholders disagreed with it considering the potential risk.[37] The Chair persuaded each of them and they finally agreed the transfer of assets (CA2a-6).

On the relationship between the Chair and the President, a Council member said,

> The Council Chair is one of the founders of the university and is experienced in the management of HE. He trusts and awards enough authority to the President who is also an experienced professional in the HE field. They both communicate well (CA3a-6).

The Chair describes his work as follows,

> As the Council Chair, sometimes you must make a prompt decision. It is a challenge because you cannot judge things in terms of your personal feelings, but the objective facts (CA1a-4).

In 2015, the biggest shareholder took over the role of Chair after the founding Council Chair left. Regarding the ways in which the change of the Council Chair affects the institutional governance, the President said,

> We (the new Chair and senior managers) currently cooperate well and you know it will take time to have a deep understanding with each other (CA2b-8).

In fact the change of Chair did not negatively affect the university. While the founding Chair had a degree in Education and had worked in the HE field for many years, the new Chair had studied business management and had worked in business enterprise throughout his career. A Council member noted the differences between these two Chairs,

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37 The transfer of the assets from shareholders to the name of the university is one of the biggest issues because of the expensive tax of transfer fee and that legally these assets cannot be withdrawn until the university closes.

The founding Chair emphasised teaching quality more and the new Chair emphasises state-of-the-art facilities more. Whatever we purchase, he asks to have the best quality (CA3b-6).

The Vice President said,

The new Chair asks that every procedure should be strictly carried out by signed process but the previous Chair could be informed by phone in advance and he would sign the document later (CA5b-6).

Their different educational and work backgrounds affect their views of the role of the university. As the first Chair was the shareholders' representative their concerns needed to be considered carefully. The new Chair is the biggest shareholder and has considerable influence especially when it comes to procurement of materials and investment decisions. He has, for example, asked that all the facilities acquired for the new campus be better than those of other private vocational universities.

The established system is recognised by both shareholders and managers and is also continually improved in practice. Based on this existing system, who is the Council Chair is not the key to affecting the internal governance (CA1a-6).

In 2015, the Council recruited two external members in order to widen its expertise. A Council member said,

The external members have excellent reputations in the HE field. The Council Chair and President often communicate with them. We plan to invite more experts as external members in future years (CA3b-6).

Previously, when only one member of the Council was not a shareholder, it was inevitable that the interest of the shareholders dominated the decision-making process. The inclusion of external members with considerable experience in HE improved the Council's ability to consider the interests of different stakeholders in terms of the mission and goals of the university.

5.2.3 Executive Team

The responsibility of the Executive Team covers teaching and administration, student recruitment, staff employment, curriculum affairs, and cooperation with other social organizations. The identity of the Executive Team is defined by the University Constitution as follows,

In order to ensure the implementation of the current governance and the sustainable development, the university sets up the Executive Team to be responsible for the daily management of the university. The President is in charge of chairing the Executive

Team and making decisions on the basis of a full deliberation and collective discussion of members. Issues where there is a large divergence of opinion can be submitted to the Council to make the final decision (D-CA1).

When I undertook my first period of fieldwork in 2014, the Executive Team had five members, four Vice Presidents and the President. All of them worked full-time, had senior professional titles in different subjects, and were in charge of different departments connected to their professional expertise, for example Administration or Academic Development. Apart from the President, the other members also acted as the Deans of different faculties. All members of the Executive Team accepted annual and tenure work assessments and financial audit from the Council. The members of Executive Team are listed in Table 5-2.

	Position	Profession	Work background	Age
1	President	Professor	HE	46
2	Vice President	Associate Professor	HE	48
3	Vice President	Senior engineer	Enterprise	45
4	Vice President	Professor	HE	48
5	Vice President	Associate Professor	Enterprise	50

Table 5- 2 Executive Team of Case A

The Executive Team has considerable autonomy in personnel and finance matters. The President described how,

> The daily management is independent without the intervention of the Council. This includes entire autonomy for the employment of the staff and management of finance (CA2a-8).

The Executive Team meets every two weeks to take decisions on daily management. A Vice President said,

> All important things are discussed in the meeting of the Executive Team, which avoids the potential for the President to grab all the power and abuse his authority (CA6-7).

The senior managers assert that the Council actively supports the strategies proposed by the Executive Team.

> Most actions we take get the support of the Council. The decisions about these actions are repeatedly discussed by the Executive Team and benefit the development of the university. This is also consistent with the interests of the shareholders (CA2a-8).

Whether the university provides a platform to realise their professional and personal ambitions is an important element that affects the work of senior managers.

> The senior managers care more about whether the college can provide a platform to achieve professional status and recognition than wages (CA7-7).

I feel a sense of achievement when a number of deans and teaching teams have grown in their professional work and subjects by our common endeavor (CA5a-12).

The mutual co-operation of senior managers is an important factor in influencing who the Council invites to join the Executive Team.

The members of the Executive Team should have both ability and integrity, and consider the development of the college as their own business. Even if someone is appropriate for the position of Vice President, if he cannot cooperate with the whole team, we would ask him to leave (CA1a-7).

In the development stage from 2009 to 2015, the turnover rates of the Executive Team remained relatively low. One founding member went back to a public university and one member who was recruited in 2010 left in 2012. The effect of senior managers' leaving was talked about by a Vice President.

The main effect is related to the department's need for familiarity with the personality and work style of new managers and that the position of President has been filled by the same person is the key element to the university (CA7-7).

In 2015, the Executive Team added a new member who previously was the manager of the vocational office of the SED.

I am familiar with the management of vocational education and I have kept a good communication with both Council Chair and President in past years. When they invited me to work here I am glad to come (CA6-7).

Previous understanding and trust between managers was also important in affecting the willingness of managers to work together.

In order to tie the interests of the senior managers and the university closer together, the Council asked all senior managers who had an authorized position in a public university to resign from the public university. As was introduced in Chapter 3, when employed by the government every position is linked to the wider sphere of hierarchical arrangements in which a person would progress up various levels. If a senior manager in the private university failed to make progress, they could always return to a public university, or other government institution, to work in a different job but at the same level. In Case A, one senior manager chose to return to the public university but all others stayed with the private university, thereby giving up the possibility of a future job in a government department. This soon became well-known among other members of staff, and had a positive impact on improving their confidence in the

future of the university. They could see that the "senior staff did not have a route of retreat so will pay all their attention to the university" (CA5a-7).

> These senior managers separated the personal relationship with the public institution; shareholders transfer the property rights of assets into the university. It means all their interests bond them to the university and everyone will gain or lose interest collectively (CA1b-8).

It is important that both the Council Chair and the President understand that different requirements can be united to benefit the development of the university. As the Council Chair said,

> If the university develops successfully, the shareholders can get a good financial return and the senior managers will have a good career platform (CA1a-13).

Both the Council Chair and the President emphasised that the private university is a community of interests in which the shareholders, the senior managers, the students and the government collectively gain or lose their interest rather than one wins at the expense of another's loss. They recognised that the successful development of the university is achieved by the acknowledgement of the different interests of stakeholders.

According to the University Constitution, the President is the chief person in charge of the daily operation. His responsibilities include,

- The comprehensive work of the college including teaching, research, students' affairs and daily operations;
- Drafting and implementing the annual work plan and budget;
- To set and approve the college's internal regulation; to employ or dismiss the staff who are not employed by the Council;
- To draft and carry out the scheme of department positions and allocation of staff;
- To report on the work to the Council and sign different documents on behalf of the university (D-CA1).

Within these regulations, the President carries out the decisions of the Council and is responsible to the Council.

> The President has thought a great deal about the university's development. Usually, the important decisions are first agreed in the Executive Team and then conveyed to different departments. Last year we had income distribution which confronted some resistance and complaints of part of employees. In this time, his perspective and capability is important so as to make the right judgment (CA3a-7).

> The President has strong administrative ability. He worked in a public university for many years which enabled him to accumulate rich administrative experience and has many ideas about the development of the college (E5-7).

In the process of implementing decisions, opposition can occur; whether they can be carried out smoothly largely depends on the President's capabilities. This shows the importance of the President in the daily running. The Chair said,

> In our Council, the President is an Ex-Officio member the Council and they need to ask his opinion in the decisions they makes (CA1a-6).

The Chair noted that the President has a greater understanding of the practical operation of the university than the shareholders and has a strong voice on the Council. The Council Chair and the President were classmates and worked for many years in a same university, and since being appointed to their respective positions they have sustained a good working relationship. The Chair comments that building trust between the Council Chair and President is a long and hard process.

> There are different aspirations between the Council Chair and the President. The President requires a high wage, which the shareholder might think does not match his work; or the President requires more power in finance and human resources but the shareholders do not trust the President (CA1a-13).

Since the Chair is the shareholders' representative, the different requirements of the shareholders and the President may result in difficulties between them. If a Chair distrusts a President he can begin to intervene in the university's daily operations, leading to possible conflict with the President. The way to address the potential for contradictions is to establish a system that keeps the Council closely informed of university operations and ensures its supervision rights.

> The Council can establish a system and model to understand the operation of the college such as an annual summary, auditing and evaluation (CA2a-8).

In 2015, the Council handed over responsibility for the annual evaluation of the Executive Team members to the President. Thereafter Executive Team members sign annual work assignment contracts with the President and similarly, the President signs his annual work assignment contract with the Council.

> The Council considers that I understand each member's work performance so it now asks me to be responsible for evaluating their work performance. After that I report the evaluation outcome to the Council (CA2b-7).

The evaluation is an important determinant of salary levels and whether employment contracts are renewed. It is obvious the Council has given the President greater authority. The President keeps exploring different ways to enhance the capacities of

the members of Executive Team including rotating their responsibilities. A Vice Secretary of the UCPC said,

> This will allow us to observe how colleagues cope with the challenges that we might not have thought about, and to understand each part of the university better (CA7-7).

In 2015, the President initiated a range of institutional reforms of administration and teaching. He expanded the teaching advisory committee by inviting a number of well-known experts in the educational and professional field from different provinces to be available for consultation when the university confronts problems. As noted, in 2015 the Executive Team established an independent internal evaluation department which is responsible for evaluating the implementation of the budget and the decisions of the Executive Team.

5.2.4 University Communist Party Committee

The UCPC was established when Case A was founded in 2009, and the President appointed as its Secretary. Initially, the Party Committee focused on the students' ideological education and the promotion of student Party members.

> In the first month of the new branch in 2009, many students asked how they could become a Communist Party member so this became our primary work in that time (CA7-9).

In the beginning, in order to meet the requirements of ideological education, all departments established the Party organization. By 2013, 65 per cent of employees and 10 per cent of students were members of the Communist Party. Each academic year, the Party members in the various departments arranged talks for staff and some of the students who are facing either financial or academic difficulties. These conversations are an important means of understanding ideological trends and existing contradictions between staff and students. Usually, many queries about the university can be explained during these discussions, which also enable department leaders to hear the views of staff and students. As the Vice President for teaching said,

> The first assignment of the UCPC is to ensure the university adheres to the direction of socialism by carrying out the regulations of the CPC and its laws. The second is the construction of the Party including to develop new Party members. The third is the ideological and political education of all staff and students (CA5a-9).

This informant considers that the role of the UCPC is consistent with government regulations introduced in Chapter 3. The UCPC also organises a Party Committee

Conference every summer and winter at which managers of every department discuss government policies on private education, strategic plans and the direction and goal of the university.

> This meeting is important to help staff to understand the direction of the college and also to unify the thinking on our work's purpose. Many important reforms for the college originate from this meeting (CA7-9).

As for the role of UCPC in governance, the President stated that,

> The joint meeting of the Executive Team and CPC is the highest executive body of daily management. Usually it is held once every two weeks and I chair this meeting (CA2a-9).

In 2014, the university codified the procedure for the joint meeting in the document *Regulations on Joint Meetings of Executive Team and UCPC*. It details the attribution, preparation and participants for the meeting,

> The President decides the content of the meetings. The fixed participants are the President, Vice Presidents, Secretary and Vice Secretaries of UCPC, and the Manager of the Office of President and Executive Team. The flexible and temporary participants depend upon the content of the meeting (D-CA2).

The joint meeting of the Executive Team and UCPC is the most authoritative body as regards regulations; topics discussed cover all the tasks involved in daily management, including the adjustment of personnel, student recruitment, teaching, and research. The President serves as the Secretary. The President and the Secretary are the two key members of the Executive Team and the CPC. When both these positions are occupied by the President, he becomes the most authoritative figure in daily operations. In addition, one of the Vice Presidents is the Vice Secretary of the UCPC. The UCPC committee office is shared with the Executive Team office, with one manager. Discussing the advantages of such a centralized structure, the Chair said,

> The concentration of power and position reduces the amount of internal conflicts and improves the efficiency of the work. This is particularly important in the early stages of the university (CA1a-9).

The objective of the UCPC is to ensure that the university adheres to the direction of Socialism by following the regulations of the Communist Party and its laws, supporting the Party and encouraging Party membership, as well as organizing the ideological and political education of all staff and students. As the Vice Secretary said,

The UCPC plays an increasing role in the internal governance through the ideological and political education of both senior managers nowadays (CA7-9).

A Democratic Reflective Meeting introduced by the Vice Secretary, is a good illustration of this increasing role,

> The Provincial Party Education Committee is required to have this democratic and reflective meeting and all members of the Executive Team and UCPC participate. In this meeting, we do self-analysis and share our reflections, and then others criticise your daily work performance. Initially it was a requirement of the Super Communist Party Committee and it was embarrassing. So we discussed how to keep carrying on and we finally agreed this embarrassment is beneficial to improve our work and this meeting has become routine (CA7-9).

As the informant notes, the Central Committee of CPC plays a significant role in daily work of the UCPC. The university ensures that all the requests of the Superior Party are carried out as they help the UCPC to address practical challenges. The Central Committee of CPC every two or three years chooses different thematic education activities. The theme between 2014 and 2015 has been "Mass Line"[38] and the Vice Secretary observed,

> During the campaign of Mass Line, we talked with staff face-to-face, aiming to hear their opinions about the university's development. The President attended eight of these discussions in just one semester to listen to the suggestions of the staff (CA7-9).

Senior managers appreciate these activities as they create a good bridge between themselves and ordinary staff (CA5a-9 and CA7-9), and also improve the cohesion of the two groups (CA1a-9, CA2a-9 and CA4a-9). Figure 5-1 shows the governance form of Case A.

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38 "Mass line" refers to a guideline under which CPC officials and members are required to prioritize the interests of the people and persist in representing them and working on their behalf. The educational campaign was launched to boost ties between CPC officials, members and the people, while cleaning up undesirable work styles such as formalism, bureaucracy, hedonism and extravagance.
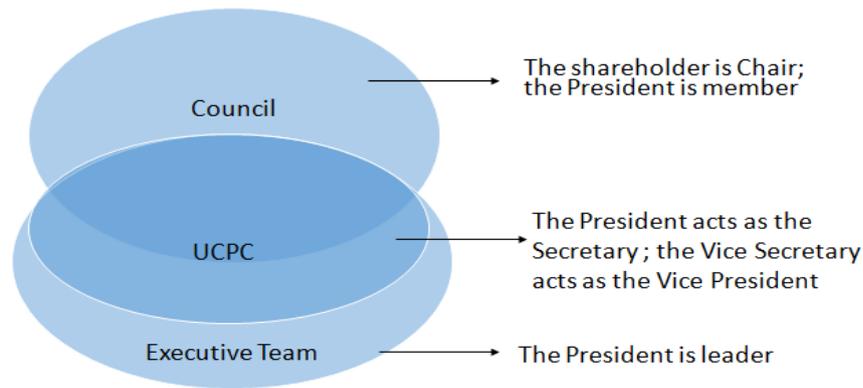
Figure 5- 1 Governance form of Case A

The Commission of Discipline Inspection (CDI) set up by the Party, monitors the implementation of the various decisions of the Party. Since the majority of officials at all levels of government are also members of the CPC, the Commission is in practice the most authoritative anti-corruption and anti-malfeasance body. The Vice Secretary works as the Secretary of the University CDI, and he said,

> The Council trusts us and gives us much autonomy so we must try our best to prevent any risk. The President also often emphasises that we must fully play the role of University CDI (CA7-8).

As the CDI is an official requirement, the UCPC sets up a CDI to monitor the implementation of Party rulings, the daily running of the university, the supervision of cadres, and the prevention of illegal actions.

5.2.5 University Constitution

Case A formed its University Constitution when it first registered with the government. The University Constitution describes the rights and obligations of the shareholders, the University Council, the President and the internal organization and management.

> The Constitution ensures the university's autonomy in personnel and finance, and prevents the shareholders randomly intervening in the daily affairs of the university (CA5a-10).

According to informant (CA1b-10), the Constitution has played a positive role in the institutional governance of the university.

> The university forms some regulations and mechanisms accompanying the development of university but some should be more specific, such as the decision-making procedures and accountability in management (CA1b-10).

With the development of the university, the regulations are gradually recognised by

different stakeholders and existing barriers are reduced by amendments to the Constitution.

In 2016, the MOE asked all private universities to revise their University Constitutions taking into account their specific characteristics. Since the shareholders recognised the success of the existing governance and the achievements of the Executive Team, they took the opportunity to detail the institutional governance and legislative rights of different stakeholders in the new Constitution.

> When I left, the shareholders had a comprehensive discussion; all shareholders signed a number of documents in particular the new Constitution that aims to maintain and improve the existing governance form. This can prevent negative influences when personnel change in the future (CA1b-6).

Case A held a number of special sessions to discuss revisions to the Constitution in terms of its developmental requirements. The Council Chair and the President observed,

> In this new version, we revised some provisions and added some including Staff Congress and Student Congress (CA1b-10 and CA2b-10).

The revised version is twice as long as the previous Constitution, and covers the regulation of the university's activities from governance to teaching quality. It describes how the legal rights of staff and students should be protected. With the University Constitution as the core, the Party organization and the Union of Staff Representatives are the main supervisory mechanisms balancing power between shareholders and Executive Teams so as to achieve the autonomy of the university.

This university aims to become a "university of centuries", which means the university hopes to continue in its future development. "Our current work is committed to improving the university to obtain the right to award the bachelor degree" (CA5b-7). After it is able to award the bachelor degree, the university can recruit students who have higher academic scores.

As it has been shown, the university's form of governance has adjusted to its development. This study divided the process of development into two stages: Foundation and Establishment. In the establishment phase, as the university grows, two distinctive phases of governance appeared that can be called Development and Consolidation. This is shown in the Table 5-3.

Stage	Development of the university	Governance
Foundation 1998-2008	1 A commercial group cooperated with the public university to establish a private college but the group withdrew the investment after two years. 2 A new investment body took over the ownership of the college.	1 The Constitution was adjusted and then the Council directly employed the Dean.
Establishment 2009 - to date	1 Case A was established in 2009 and recruited 2600 students in this year.	**Development** 1 The institutional governance form was based on that of the college in the foundation stage and members did not change. The University Council was separated from the Executive Team. 2 Apart from the President all Council members were shareholders.
	1 Student numbers expand to over 15,000 in 2015 and a new campus opens in 2015.	**Consolidation** 1 The founding Council Chair left and the largest shareholder becomes Council Chair; the governance form remains the same. 2 The Council recruits two external independent members. 3 The University Constitution is revised to take better account of the interests of different stakeholders.

Table 5- 3 Governance form in different developmental stages of Case A

In summary, Case A separated its Council from the Executive Team; the shareholders do not participate in daily management but have given the Executive Team sufficient authority and autonomy by establishing clear standards for their work. Both shareholders and senior managers intensified their commitment to the private university by transferring all its assets from the shareholders' names to the university's name. All members of Executive Team were asked to end their status as personnel of a public university. The diversity of Council membership was widened by including external non-shareholder members, and the University Constitution has been revised to make clear the responsibilities and obligations of the different stakeholders.

5.3 University with a Conjoined Council and Executive Team: Case B

Extract from field notes of the visit on February 26th, 2016:
My interview with the President was delayed for two hours and had to be stopped several times because different colleagues came in to ask for instructions or to have him sign documents. The President who is 73 years old looks in good health and spirits. At 6:00 pm when the interview finally finished, the Chair came to ask whether they could have dinner together. That afternoon, two officials from the SED had reviewed the

university's reform programme and were invited to have dinner in the café. As they were previous colleagues of mine, the Chair invited me to join them.

The university café has a separate area for the senior managers or university guests where they conduct discussions. Usually, the Chair, Vice Chair and President have meals in this room at a fixed time. I had lunch with them there when I conducted the first interviews in 2014. I met the Vice Chair of Council and two Vice Presidents again. As he did on my last visit, the President sat in the central seat opposite the door. According to Chinese culture, this seat belongs to the host. The Chair sits opposite the President which indicates that she is the second host. I did not recognise the special meaning of this arrangement until I interviewed one of the Vice Presidents. He said the President always sat in the host seat whenever discussions and meals took place, demonstrating his key role among senior managers. During the dinner, the President asked for wine but the Chair reminded him of the doctor's recommendation that he should avoid alcohol.

5.3.1 Brief introduction

In 1997, eight retired artists raised money in the name of one of their work units, from themselves and their relatives to found a media college within a public university. Most of them were senior professionals in the media. Initially the new college provided Adult HE and ESHE[39], and recruited only part-time students. In its first year, there were just 30 students. During the initial period, the founders debated a lot since they had a number of different opinions about how to run the college, and they employed three different Deans between 1997 and 1998. With the unexpectedly low student enrolment and unstable leadership, two thirds of these retired artists became worried about the loss of their investment and withdrew from the project.

In response, the Dean found another sponsor she hoped would replace the original investors. The potential sponsor had managed a number of training programmes for the unit where she worked. In 1998, the potential sponsor took over all the college's debts and two-thirds of the retired artists were able to withdraw their investment. With fewer shareholders the senior management team was reconstructed. The new sponsor became Council Chair, the previous Chair, the faculty leader and a new recruit formed the Council membership. The Council participated in the daily running of university.

In 2001, the current President participated in the senior management team as the Executive Vice President. By this time the college had 120 part-time students; the college then applied for permission to recruit full-time students, and was able to recruit

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39 This education style was introduced in the section of the private universities of Chapter two.

214 full-time students in the first year. After that, this college recruited a number of professional senior teaching staff and invested in advanced technical infrastructure. The aim was to improve the teaching quality in preparation for attracting more students. In 2003, land was purchased to enable the construction of an independent campus rather than continuing to rent space and facilities.

In the same year, *Opinions on regulation and strengthen management of Independent College Sponsored with New Mechanisms and Models from State Universities* was published (MOE, 2003). In this document, private colleges were encouraged to become Independent Colleges with their own campus and infrastructure, while teaching and management remained within the supervisory framework of a public university. Such colleges could take advantage of the reputation and resources of their affiliated public university to start operating as a self-financing entity charging a higher tuition fee than that of the parent public university. This type of Independent College mainly recruited students whose academic scores were lower than those required for the same type of course awarded by the public university.

Given its background, the college applied to be an Independent College affiliated to a public university in 2003. With this status it could recruit students, award diplomas, have independent control of finance and become a legal entity enabling it to accept civil liability. From 2008 the government encouraged Independent Colleges to separate from their mother public universities and seek registration as private universities. Case B finally registered as a private university in 2013. Since then according to my informants, all profits were reinvested in the construction of the university's infrastructure

5.3.2 Council and shareholder

After it registered as an Independent College in 2003, both Council Chair and President have remained in their roles to date. The Council, Executive Team and UCPC have formed a combined entity; the Council Chair is the Vice President and Vice Secretary of the UCPC. She is responsible for finance, student recruitment and logistics. The President is Secretary of UCPC and is responsible for teaching and academic matters. In the same year, two further members were added to the Council: the President and the Manager of the Teaching Department of the affiliated public

university. They represent the public university. All Council members, other than the two representatives of the public university, participate in the daily running of the university. One of these representatives, after retiring from the public university in 2007, has worked full-time as Vice President in Case B. Throughout this process the senior managers remained stable with only one member retiring in 2015.

	Position (Full-time)	Work background	Profession	Age
1	Chair (Vice President and Vice Secretary of UCPC)	Public Media	Engineer	49
2	Vice Chair (Vice- President)	Research Institution	Senior-engineer	59
3	President (Secretary of UCPC)	HE	Professor	63
4	Vice President of teaching	HE	Professor	53
5	Vice-Secretary of UCPC	Cultural Media	Senior- journalist	61
6	Vice President (Dean of Faculty)	Cultural Media	Senior-editor	58
7	Vice President (Dean of Faculty)	Cultural Media	Professor	58
8	Vice President (Dean of Faculty)	Cultural Media	Professor	54
9	Vice President (Dean of Faculty)	Cultural Media	Senior- broadcaster	58

Table 5- 4 Executive Team of Case B

The members of Executive Team of Case B are presented in Table 5-4. As it shows, the governing role of Council is integrated with the daily management of the university and forms a senior manager team responsible both for decision-making and implementation of the college's strategic plan. As can be seen in the above table, the governance form of Case B overall is relatively flat. In this structure, half the membership are also Deans of faculties who also work as middle level management connecting the top decision making authorities and the faculties.

The largest shareholder at present executes three roles: Council Chair, Vice President and Vice Secretary of UCPC. Another shareholder is both Vice Chair of Council and of Vice President of the university. In order to avoid possible confusion of staff and students about their roles, both the Chair and Vice Chair are described as Vice Secretary and Vice President on the official website.

The main responsibility of the Chair is regulated by the Council Constitution as follows,

- To lead Council to abide by the relevant government laws and regulations and to carry out the Council Constitution;
- To convene the Council meeting according to the Council Constitution, to convene and chair a temporary Council meeting if some emergency occurs;
- To lead the work of the Council and ensure that all the decisions of the Council are carried out; To nominate the candidates for President, which will then discussed by the Council (D-CB2).

It is noted that most of these responsibilities are similar to those of Case A. The Chair is also responsible for nominating the President. The President and the Chief of the Development Planning Department spoke about the roles played by the Chair,

> The Chair emphasises that the student is the centre of the university and she loves students very much. Her smart phone number is published to all members of the university who can directly call her about any issue of the university (CB1a-6).

> Last year, one student suffered a heart attack at mid-night in their dormitory. The student's room-mates immediately telephoned the Chair who used all available resources to ensure the student was treated in the best hospital within just after 40 minutes. Otherwise the student could die (CB5-6).

All shareholders are senior-professionals in the field of cultural-media and HE and participate full-time in the daily management of the university. The President and the Chief of the Directorate Office said,

> All of senior manager have a good educational background and rich work experience as senior managers in the HE field or media industry with high political qualities and administrative abilities (CB1a-6 and CB3a-6).

None of these senior managers have left after becoming a Council member except for health problems. The Chief of the Development Planning Department commented that,

> The membership of the senior manager team is highly stable. It has two authoritative levels: the first consists of the Chair and President, and the second consists of the other members (CB5-6).

Although the senior manager team does not have an official regular meeting, the Council Chair, Vice Chair and President usually have meals together in the special room set aside for senior managers in the university café and discuss work. The Council members who are Deans of faculty regularly meet the Chair and President at the Dean's meeting once a week. Other than this, if these Vice President needs to discuss work with either of them, they go to the Cafe during the meal time.

> When there once was an official work meeting among the senior managers every week, there were always a lot of disputes about their different opinions when all they sit together. The efficiency is low and many contradictions in that time. Democracy sometimes is not a good thing easily resulting in conflict and disturbance (CB3b-6).

> Last year, one department needed to purchase some equipment costing 5 million RMB, the department Dean directly reported to the President and Chair, and after one week, all equipment was set up at the department. Real efficiency (CB1b-6).

Shareholders participation in the senior management team improves work efficiency and reduces procedure of decision-making. This combined form is described by the

President as an important element to improve the rapid development of the university.

5.3.2 Council and Executive Team

In Case B, the Chair and President have individual responsibilities: the Chair is responsible for decisions on the recruitment of students, finance and infrastructure; the President is responsible for strategic development, teaching and research. The Chair maintains an effective relationship and good communication with the President. The Chief of the Development Planning Department spoke of the importance of respect for both sides of them,

> The Chair and President respect each other in the work and they communicate well. The Chair does not sign any documents if it is not one of her duties and if anything should require the opinion of the Chair, the President would not take it (CB5-8).

He spoke of these two senior figures as not only acting but also thinking collectively;

> They share a similar education philosophy and agree with each other in the important decisions. They have clear responsibilities and cooperate better as time goes by, forming the highest authority of the university (CB4-6).

The responsibility for student recruitment has been taken over by the Council Chair because she brings extensive experience of working closely with the market and industry, and understands how these directly influence the income of the college. She also assumes the leading executive responsibility for university finance. The President assumes the leading responsibility for all promotional documents issued by the university and also leads on the affairs relating to teaching and research. Figure 5-2 shows the governance form of Case B.
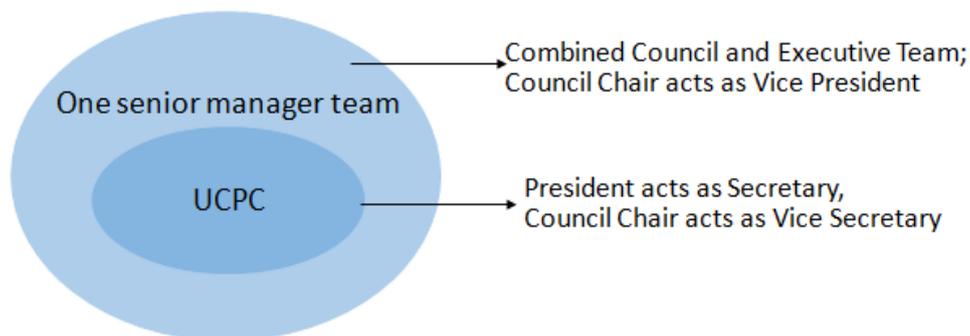

Figure 5- 2 Governance form of Case B

In Case B, considerable care is taken to achieve organizational clarity at senior

management level and to ensure effective and untroubled leadership. When shareholders participate in the daily operation of the university, they only undertake the duties allocated to them.

> Things such as teaching and research are the responsibility of the President - the Chair never took any decisions about them. She said these things shall only be decided by the President and reminded staff always to find the leaders with specific duties. This maintains the authority of other leaders and over time the staff would ask different things in terms of the division of labour (CB5-8).

More than half of the Vice Presidents serve as the Dean of a faculty, and also accept some teaching assignments. Most of them participate in the daily management of different faculties.

> If any student needs to be absent for over a week, I must sign his request – hum - a lot of work, but it allows us senior managers to understand the specific circumstances of each department in timely fashion and thus better regulate daily management (CB3b-7).

Those Vice Presidents who are also Deans attended the Deans' meeting weekly and discuss any issues arising in the different faculties with the President and Council Chair. Regarding to the dispute between the Chair and the President,

> If they cannot persuade each other, the Chair would say, I am the Chair and I employ you, but the President always responds, I am the President and this is my university, and smiled with each other, then discussed it after few days (CB3a-4).

The President has worked in a public university for many years both as a professor and a senior manager and has accumulated rich experience in the HE field. He was President of a divisional campus of a public university before Case B employed him on conditional terms as executive President in 2000; he was confirmed as President in 2007. Both he and the Chair have a great deal of senior management experience, and as time goes by they have come to understand each other better and ensure potential conflicts are avoided and a clear forward direction of the university promoted.

The position of the President is regulated by the University Constitution as follows,

> The President is employed by the Council, approved by the Provincial Educational Department, being responsible for teaching and administrative management. In addition, the President is responsible for implementing the development strategy, drafting the annual work plan and budget, and formulating the regulations of the college. He should submit to Council recommendations on the appointment of candidates for Vice President and Chief Financial Officer, or on the dismissal of the Vice President or Chief Financial Officer (D-CB1).

In terms of this regulation, the President is responsible for implementing the

development strategy of the university rather than to make the strategy. One of the informants said of the President,

> He is determined with a strong inner strength and plays a decisive role in the directional development of the university (CB3a-7).

The role of the President was crucial in taking decisions on important events in the development of the university. He remembers when in 2003 the government encouraged the private college affiliated public university to register as Independent Colleges.

> Our senior managers would not apply to be an Independent College because in that time the direction of the policy was not clear and we did not have enough capability to confront so many changes and challenges. But I firmly adhered to the aim to become an Independent College because the policy might change soon (CB1a-11).

Many private colleges worried about whether they would be able to survive if they became Independent Colleges, and many chose to wait to see if further policy support would become available and to observe the outcome of those who chose to change. The required standard of register for Independent Colleges from the government later becoming higher and after five years this policy even was halted. Many colleges therefore missed this opportunity.

> From our current development in terms of student enrolment and employment, the President's insistence on his opinion plays a significant role to improve the development of the university (CB4-7).

In 2006, the document, *Opinions on the Setting Up of the University during the Period of the 11th Five-Year Plan* (MOE, 2006) states,

> Depending upon the regulations laid out, an Independent College can gradually transfer to become a private university with an independent organizational system separated from its mother public university depending on the needs and conditions.

This was followed in 2008 by *Regulations for Establishment and Management of Independent Colleges Sponsored with New Mechanisms and Models from State Universities* (MOE, 2008), which codified and consolidated the status of the Independent College as an important type of private university, and it also encouraged Independent Colleges to separate from their mother public universities and to become independent private universities. In this year, there were ten Independent Colleges in Sichuan province; Case B was the first one to apply and be recognised as an independent private university. The Vice Chair spoke of how the decision was made by

the senior manager team.

> We initially had a big debate about whether or not to separate from the mother public university to be a private university. Five Council members, of whom two firmly disagreed, and two, the Chair and I, tended to disagree. Only the President persisted with the separation. He first persuaded me and the Chair, then the other two shareholders until finally all of us agreed with his idea (CB2-11).

The regulations for the registration an independent private university differ from those of an Independent College of a public university in that they require higher qualifications and numbers of staff members, better teaching and infrastructure facilities on campus. Case B had to spend five years raising a large amount of funding to meet the government's requirements. The President said,

> I made two decisions that are significant to the development of the university. One was to apply to be an Independent College from a private faculty of a public university; another was to separate from the public university so as to be an independent private university. Intuition and rich experiences told me that the opportunity may pass fleetingly if we did not catch it in a timely manner (CB1b-7).

As this quote demonstrates the President played a leading role in the decision-making. His contribution and abilities are recognised by the shareholders who very much trust him.

> I am old and can only propose education schemes and the strategic development plan; implementation like purchasing facilities and student recruitment is the responsibility of the Chair, who is energetic. My thoughts can be carried out in the university without any change (CB1b-7).

The President reveals a sense of his own limitations and accepts only the responsibilities he feels able to discharge. He also reveals a willingness to delegate responsibilities. This sense of creating a balanced senior team is reflected in the statement by the Vice President for teaching who said;

> The Chair has a daring spirit and is very pioneering; the President is rigorous and strict, but not conservative. Their personalities complement each other (CB3b-6).

However, the *Promotion Law of Private Education* states that the President of a private university should be an educational expert with at least ten years work experience in the HE field and is under 70 years of age (National People's Congress, 2013). The President of Case B is now 73 years old but retains his position.

> It is not easy to find appropriate people to cooperate with the Chair so we maintain the current condition (CB3b-12).

To find an appropriate President is one of the biggest challenges Case B currently confronts. This example shows how governance is based on existing conditions that sometimes differ from government regulations.

A Vice President of a private university suggests that the arrangement in Case B does follow accepted lines;

> If the Council Chair participates in daily operations, he should be responsible for finance, but teaching, human resources, students' education, all of these should be the responsibility of the President or experts (E3-6).

Commentators had opinions about this division of responsibility, with a member of Provincial Review Committee in HE saying,

> The Chair is responsible for finance and infrastructure, which lessens the pressure on the President, but the teaching and research could be limited if the President does not have autonomy in finance (E2-6, E4-6).

In 2015, as the university was growing, the senior management team was expanded by recruiting two managers from public universities. They share responsibility with the Council Chair and President, and are involved in the detail of many college matters.

5.3.3 University Communist Party Committee

The Communist Party organization has been associated with Case B from its origin. In 1998, the Party Branch[40] of the UCPC of the affiliated public university was formed. In 2004, after the Independent College was established, the Party Branch was upgraded to General Party Branch[41]. Both the Party Branch and the General Party Branch were affiliated with the UCPC of the affiliated public university. In 2006, the CDI was established within the UCPC and the Council Chair given the role of Secretary of the CDI.

In Case B great attention is paid to the work of the Party. 42 percent of all employees including teaching staff are Communist Party members, in particular 54 percent among the teaching staff. Lectures on the Party are given every week and all the leaders of the UCPC, including the Council Chair, the President, Vice Secretary and all Secretaries of Party branches in departments and faculties deliver lectures to students.

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40 In Chinese: 党支部
41 In Chinese: 党总支

> The proportion of student members of the Party is high. You know the media is the mouthpiece of the Party and our students who will work in the media could not be anti-Party and anti-Socialist. These student members of Party also play a positive role in the daily management of the university (CB1-9).

The Party Committee holds a weekly meeting which is convened and chaired by the UCPC Secretary. All the Secretaries of Party branches in faculty and departments attend the meeting. The UCPC office collects important matters for discussion and the President acts as the Party Secretary and determines the topics for the meeting. The final decision is made by the Secretary on the basis of discussions with the attendees.

> Both of them (Council Chair and President) convene a faculty Secretaries meeting every Tuesday at which ideological education, employment, safety and student affairs are discussed (CB3b-9).

> Every semester they deliver lectures in person related to the Party, including the updated documents and the history of the Party, to the staff and students (CB4-9).

Since 2004 the President has held the position of Secretary while the Council Chair holds that of Vice Secretary. The UCPC in Case B concentrates on ideology and the daily management of student affairs, and it pays little attention to the supervision of the university governance. In this combined form of Council, Executive Team and UCPC, the supervisory function of institutional governance by the UCPC is weakened.

5.3.4 University Constitution

When Case B applied to register as an Independent College in 2003, having a University Constitution was a key requirement in the process. The University Constitution outlines the aims and direction of the college, the rights and responsibilities of stakeholders, the internal governance and management mechanisms and its termination and transformation. In 2013, Case B revised its University and Council Constitutions when it applied to be an independent university in accordance with the requirements of government. It gives details of the components, responsibilities and the decision-making procedures of the Council which takes up 55 percent of the entire Constitution. Similarly, its Council Constitution authorises the Council to establish a supervisory board, to supervise Council members and senior managers, the finances and any important decisions.

According to the University Constitution, the college uses the Presidential Responsibility System under the Leadership of the Council, as does Case A in which

the Council is the most authoritative decision-making body of the college. According to the Constitution, the Council consists of seven members who are shareholders or their appointed representatives, the President and staff representatives, of which one third should have at least five years or more work experience in the HE field. However, there is a gap between the Constitution and the practice on the institutional governance. For example, according to the Constitution,

> The President's Meeting is the essential decision-making forum. It is chaired by the President and all Vice Presidents, Assistants of the President and the Chief of the directorate office attend the meeting (D-CB1).

In reality, as shown in Section 5.3.2, the senior manager team does not hold official regular meetings. One of the Vice Presidents said,

> Regarding to some other things such as the President's Meeting or the Council meeting, we do it in terms of the actual need rather than the regulations of the Constitution. But it meets the requirement of the practice and runs well (CB3-10).

In other words, the university carries out the Constitution in terms of their developmental requirement rather than the text from the Constitution even though it is required by the government. In this process, the university has enough discretionary power.

As in Case A, the process of university development is divided into two stages: foundation and establishment. In the establishment stage, as the university grows, two distinctive phases of governance appeared. In the second phase, the form of governance is consolidated and becomes mature. The form of governance is adjusted as the university develops. This is shown in the following Table 5-5.

Stage	Development of the university	Governance
Foundation 1997-2003	1 A private college affiliated to a public university. 2 Original investors drop out and a new one took over.	1 The college experienced three Deans in the first two years. 2 The Council Chair as the largest shareholder reconstructs the senior management team.
Establishment 2004 - date	1 An Independent College of a public university. 2 It has about 2000 students in 2004.	**Development** 1 Two members of Council come from and represent the public university. 2 Most members of Council participate in daily running.
	1 The university separates from the public university to become an independent university. 2 Student numbers expand to over 24,000 in 2013.	**Consolidation** 1 Council, Executive Team, and UCPC integrate to form the most authoritative body. Two members of Council from the public university withdraw from the Council. 2 The senior management team recruits two more members.

Table 5- 5 Governance form in different developmental stages of Case B

Case B combines its Council with the Executive Team and UCPC to form a unified and centralized senior management team. In this joint form, the shareholders participate in the daily operations. There are two levels of authority: the top level consists of the Council Chair and the President, and the second consists of other senior managers who are the Deans of the different faculties and departments. The institutional governance thus has a flat authority structure.

5.4 University with a Paternal Council and Executive Team: Case C

Extract from field notes of the visit on February 18, 2016:
When I left the office of the President the car driver handed me a helmet and took me to the construction site of the new campus where I met the Council Chair. The engineering truck generated a rumbling sound accompanied occasionally by heave-ho expressions of construction workers. I saw the Chair again after the last interview in August 2014 when he was busy planning to decorate the staff office in the old campus. He is 60 years old and 1.65 meters high. His clothes were covered with mud and he wore grey rubber boots. He asked me how my lunch was in the student caféand whether I was given enough support from his son regarding my visit. We found a relatively quiet place on the site and sat on the spot. A nearby worker came to give us a bottle of water and left without saying anything. He sipped his water and said "students can study here next academic year". He speaks the local dialect and his voice is huskier than two years ago.

He said, you've visited many private universities and are well-informed; if you have any suggestions please tell us. I could feel his honesty. We walked around the new construction site. He introduced each building to me, library, training base, student accommodation, staff office and cafeteria. I could feel his expectations and vision for the future of the university. The driver told me he always starts work around 7:40 in the construction site since the construction began a year ago. He said that as long as the university developed well, all of the effort will have been worth it. When I left the construction site it was late afternoon. He reminded the driver to buy some fruit for me since it will take me four hours by train for my journey back to home. During my two visits, the Council Chair ate with the construction workers in the canteen and wore the same uniform as them which gave no sense of him being wealthy or a senior management type of person.

5.4.1 Brief introduction

The Council Chair graduated from university in 1981 in the first cohort to graduate when the National Recruitment Examination for University was reinstituted in 1977 following the Cultural Revolution. Following the *Distributed Job Package for University Graduates*,[42] he was allocated work as an ordinary staff member at the

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42 The National Recruitment Examination for University and Distributed Job Package for University graduates is discussed in Chapter 2.

County Agricultural Bureau. In 1980, the China Central Agricultural Broadcasting and Television School[43] was founded. A branch of the School was established in the county in 1983 as there was a great need for skilled agricultural training in the rural areas of China. The Chair was requested by the County Agricultural Department to take on the management of this school and by 1992 this school had 6,000 students. In the beginning of 1990s when the 'Socialist Market Economy' was proposed which encouraged industries to reform and open up, the President felt it would be beneficial to transform the school into a vocational middle school to train skilled blue-collar workers for industries such as computing, catering, construction and machine engineering. In 1994 this school was changed into a vocational middle school and its ownership transferred from the County Agricultural Department to private hands.

In 2011, based on the school's achievements[44], the owner applied to establish a private university, herein known as Case C. The owner then became the Council Chair and his son and three relatives the other Council members. His son is the Secretary of UCPC and is responsible for the daily running of the university; the senior manager team has no professionals from HE sector. This form of governance remained until 2015 when a full-time professional President was employed.

5.4.2 Council and owner

In the mid-1990s, the senior managers proposed to change the ownership of the school from the County Agricultural Department to private ownership. Nine senior managers including the President and Vice Presidents bought all the shares from the Department.

> At that time, there were frequent conflicts between us about the issues of the school as we held different opinions. All of us were boss and nobody could persuade others. Some shareholders even proposed disbanding the school altogether (CC4b-6).

Before the ownership change, the President was recognised by the government as the official leader of the managers. When all the managers became the shareholders, the previous relationship was broken as all the shareholders held similar shares. However,

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43 China Central Agricultural Broadcasting and Television School consists of one central school, a number of branch schools and teaching stations from provincial, prefecture and township and village level. It is responsible for farmers' training about agricultural technology and the main teaching model is distance education and training. It is now called the Open University of China.
44 The vocational school still continues after the university was established on another campus. It now recruits over 3,000 students each year who have graduated from junior higher school.

they had different interests which needed to be balanced in a new governance system that was consistent with the changed status of the school and shareholders.

After two years, the President bought out the shares of other shareholders and became the owner of this school. He committed all his attention and time to the school. One Vice President said,

> He (the owner) was forward thinking. When the school was a Broadcasting and Television School we were so satisfied with the achievement of the school and our salaries. Nobody thought the school needed to be transformed to be a vocational school but he persisted it was necessary (CC4b-6).

The reason the owner was 'forward thinking' was that the number of people interested in agricultural technology decreased. By the middle of the 1990s, many farmers from the region migrated to cities like Guangzhou as laborers, at the same time increasing numbers of factories needed skilled blue collar workers and the rising rural youth population was eager to study vocational skills. The school had already expanded its facilities which enabled a growing number of students to benefit from vocational training. As a result, the school quietly walked through its survival crisis and the number of students increased quickly. The highest number recorded of enrolled students was more than 38,000 in 2004. The Executive President said,

> In that time there was no decision-making committee and all decisions come from him. He worked at school 7 days a week and he knows the name of each of the 300 student's counsellors. If we hold the collective party for the birthday of student, he would always come to congratulate (CC4b-6).

The owner of this school is seen as both owner and a committed vocational educator with considerable experience. The majority of students come from economically deprived villages and families. The school put forward the idea of "cultivating a student, making a family get out of poverty" (CC1a-6). It pays attention to skills training and discipline of the student.

The school has made a great contribution to the students' families by alleviating their poverty and has provided many skilled labourers for local companies. In 2005, the National Vocational Education Conference was held at the school during which the Minister of Education, Zhou Ji, praised it, saying that, "it represents the developmental direction of middle vocational education in rural areas of West China" (Zhou, 2004).

When the university was established in 2011, the Council was established as the

governing body. It has five members: the owner is the Council Chair and the other members are his son and three relatives. His son said,

> According to government regulations, the Council should have five members at least, so we put another three relatives on the list other than my father and me, but they do not play any practical role in the internal governance (CC2a-6).

Having five members of Council thus satisfies formal legal requirements designed to ensure that the university is run in an approved manner. The responsibility of the Council is given in the University Constitution as,

> To employ and decide the wage level of the President, Vice President, Financial manager and Principals of sub-organizations of Council; To approve the University Constitution and developmental strategy and annual plan; To approve the financial budget, final accounts and the investment to the college; To decide the termination, combination or separation of the college and other important affairs of the university (D-CC1).

In fact only two members of the Council, the Chair and his son, play any practical role in its institutional governance. Since his son is responsible for daily running, all these the responsibilities listed in the Constitution are taken by the owner himself. The Chair said,

> My responsibility is fundraising, infrastructure and facilities, such as the construction of the new campus, and to recruit senior managers. Regarding the daily management, I need to ensure that the fundamental running mechanism is fine (CC1a-6).

At this time, the owner was the university's most authoritative and sole decision maker. The university employs an emeritus President who visits the university only once a year. The Executive Vice President has worked with the Chair since 1992s and maintains a good relationship with him; he has a good reputation among ordinary staff and managers alike. He and the Secretary are solely focused on the university's daily management; if the Secretary is not available to take a decision on this, it is reported to the Council Chair, who makes the final decision. The Executive Vice President described his work as follows,

> The Secretary and I leave the office after 10pm every night and rack our brains. The Secretary is my employer and leader but the Chair asks me to supervise him. The opinions of two generations are sometimes different but I cannot oppose both of them. Sometimes it is hard (CC4a-7).

The Executive Vice President expressed some worries about the membership of the team with respect to governance and HE expertise.

> We did a lot of work that led to nowhere and followed tortuous paths. These could be avoided if we had professional leaders who had experience in the HE field. I suggested we recruit an experienced President, but he says it is too expensive and current student numbers are not enough to support the expenditure of employing a President (CC4a-8).

Not having a full-time President because it would be 'too expensive', suggests that cost is the key factor considered by the owner. I undertook fieldwork in September 2014 and again in February 2016. The timing of these interviews was crucial as they took place just before adjustments were made in governance, and so the analysis partly reflects the process of the adjustment. When I visited the university campus in 2016, the atmosphere among senior managers was very different from two years before. The Secretary said,

> My father and I recognised that the university needed to employ a professional President; and then construct a professional team otherwise we could not continue (CC2b-6).

In September 2015 an experienced President was employed. The Council Chair then withdrew from the daily running of the university to concentrate upon the construction of the new campus that was scheduled to open in 2016. I interviewed the President,

> He (Council Chair) cares about students. All parents who come to visit students could have two days free accommodation and food. He said government officials and leaders come to visit I treat them well; the parents of students come I must treat them well because my livelihood depends on them. I am moved by his values on students and I try my best to consider all matters including decreasing the cost of improving the facilities of the university (CC3-6).

The owner has been involved with the school since the 1980s; indeed the development of the university from a school covers almost his entire professional life. Nevertheless it took him four years to recognise the importance of a professional senior management team and the need to employ an experienced President from the HE sector.

5.4.3 Executive Team

When the university was established, an Executive Team led by his son was responsible for the daily running of the university. The team had seven members: the Secretary and two Vice Secretaries of UCPC, the Executive Vice President, two Vice Presidents, and the managers of the teaching departments and the personnel department. Many of the shareholder's relatives work in different departments of the university.

The Executive Team uses the one vote system in which the Secretary has the right to

veto the decisions of the Executive Team. The Executive Team cannot reach a decision if the Secretary of UCPC is absent from the meeting. Since the university does not have full-time President, the power of President is divided between the shareholder, his son and an Executive Vice President.

> I can only independently make decisions on some daily things, like the expenditure under certain small accounts. The significant decisions are discussed with my father (CC2a-8).

All matters relating to finance, human resources and some teaching related work must be reported to the Council Chair. The Executive Team convenes a meeting every morning, which is presided over by the UCPC Secretary. The Secretary said,

> We meet every morning at 7:30 and I am responsible for chairing the meeting. Much of the work is routine and procedural with advanced planning regarding the experiences while running the university (CC2a-7).

In its daily operations, the senior management team is the highest authoritative body with the Secretary having most decision-making power. Decision-making on daily operations comes from bottom to top. The Executive Vice President said,

> Usually, the department puts forward issues or proposes them to its Vice President, who in turn brings them for discussion to the daily senior management team meeting (CC4a-7).

All members of senior management team have worked in vocational education for many years but none of the members have previously worked in the HE field. The Vice Head for education of the County affirmed that,

> I am not optimistic about the future of the university if there is only the shareholder and his son. They should hire a professional team who has rich experience in HE field (CC7a-7).

Professionalization of the Executive Team significantly affects the development of the university. Being a senior manager, particularly the President, is a demanding position requiring an understanding of HE, management and even business. However, its importance was ignored by the owner of the university. The Vice Secretary said,

> Since many teaching staff come from other cities and worked part-time here, they were only available on the weekend, so the university opened on the weekend instead, closing on Thursday and Friday (CC6-12).

This reveals potential future problems as eccentric arrangements are instituted to suit present needs rather than operating strategically with the interests of the university

paramount. The Executive Vice President said,

> In the first years we were confused about how to run a university; where shall the university go? I struggled for three years and urged the owner to employ a professional President. We need a group of experts in HE to plan the development of the university and we can carry out their ideas (CC4a-12).

The Vice Secretary of the UCPC said,

> We tried our best to support an increased number in both students and teaching staff. It was a hard time since we had no professional President and experience (CC6-12).

Regarding the next step of the university, the Vice Head of Education for the County said,

> The university needs external intelligence, particularly a professional and experienced President who can bring good educational ideology, management approach and a good team (CC7a-12).

This suggests that the employment of professionals from HE sector became an issue in the process of the university's development. Table 5-6 present the Executive Team of Case C.

	Position (Full-time)	Work background	Profession	Age
1	Secretary of UCPC	Engineer	Engineer	32
2	Vice-Secretary of UCPC	Soldier	Senior manager in army	49
3	Executive Vice President	Education management	Senior manager in middle school of vocational education	47
5	Vice President	Education management	Ditto	47
6	Vice President	Education management	Ditto	45
7	Vice President (Manager of teaching department)	Education management	Ditto	48
8	Vice President (Manager of personnel department)	Education management	Ditto	48

Table 5- 6 Executive Team of Case C

In 2015, a person who had previously worked in a local vocational university as the President and Secretary of UCPC was employed as Case C's President. As is common, there is a link between holding CPC leadership position and becoming an executive leader in an institution. His arrival came via the provincial level network of senior higher education officers and, informally, instigated a new chapter in the life of this private university and moved it some way towards embodying the spirit of the legal requirements.

The new President introduced the process of how he took over the role of President.

> The day I retired from the public university, the manager of the private education office of SED asked me if I would like to work at this university as its President. I knew nothing about this university and said I would think about it but after just a few minutes, the Council Chair called me and asked to meet me as soon as possible. We met on the second day and he drove a very cheap car and wore an old jacket covered with mud. When we met he directly said he would quit the management of university and entrust all things to me. I asked him about the condition of the university. He said it is at the bottom of the whole province. I was moved by his sincerity and I felt I was trusted by him (CC3-7).

His reasons for accepting were greatly influenced by the sincerity of the owner of the university and the fact that he was being trusted. This President quickly recognised the university's problems. These included lack of a strategic developmental plan, a big gap between the quality and quantity of teaching staff and teaching facilities. There was an urgent need for the Executive Team to be lead and motivated by someone with professional experience and given clear developmental direction. He initiated a series of reforms in teaching, student services and several other fields, and has proposed middle and long term developmental plans for the university. A number of documents were produced to standardise internal management.

The regular meeting of the Executive Team is still responsible for the daily operation of the university, but it is now held every two weeks instead of every morning. A Vice Secretary, who was a founding member of the university, described the current condition of this meeting in these words:

> We know exactly what will be discussed. Before the meeting, the member in charge for that meeting needs to prepare proposals based on relevant research into the topic and on consulting different opinions. Previously, we did not do this preparation and the decisions were made without careful thought. Our goal of student education and development are clear now (CC5-7).

The previous Executive Vice President, who is now a Vice President, is responsible for the university's cooperation with local industries rather than comprehensive management.

> I attended training for senior managers last week in capital city and will go to a conference there next week. I need to understand what other universities are doing and how to improve myself; I am very happy about these study chances which I did not have before the President came (CC4b-7).

The President talked about his task and objectives,

> The three major tasks of my tenure are to ensure the right developmental direction, to train youth and supervise the shareholder's son. I also make mistakes but as a President,

the most important thing is you should not be biased towards anybody and be fair (CC3-7).

By 2016 the construction of the new campus required substantial investment, so all surplus university income was being used for this purpose. The Council Chair said,

> My role is to provide logistical support for the development of the university including the construction of the new campus and I like to ask the opinion of President. You know the opinion of the educationist is significant (CC1b-6).

> Council Chair withdrew from the daily management after the President came because he had confidence in the President due to his professional ability that would enable him to exercise authority over the Executive Team (CC4b-7).

Another Vice President, who had been a consultant on teaching affairs since the university started, and who supervised the college's application to become a private university in 2011, began to work full-time at Case C a month after the President came. He said,

> Our (himself and the President) work time here is limited, but we will wholeheartedly do our best. One of our significant assignments is training young cadres, getting through and constructing the growth channel for them (CC5-7).

The President formed a team to implement his reforms as soon he arrived. He accepted all the senior managers, adjusting some of their positions, and appointed several professors to work at the university. He retained the owner's daughter-in-law as Head of finance as "Things related to infrastructure and finance can be communicated and done better by family members so that I can concentrate on internal administration". All regulations involving the staff, including the salary allocation scheme, and the revision of the University Constitution, follow consultation with staff. "The situation is getting better since they employed a professional full-time President (CC7b)". A Vice Secretary of the UCPC said,

> Where the university will go and how the university will get there are all things we were previously confused about, but now we know much more. We have confidence in the future of the university (CC6-12).

The new President has examined the variety of complex relationships that have existed for many years in the university, and existing habits have been challenged and reformed. E5 who is President of another private university summed up the changes taking place when he admitted that;

> The ideas of the President are not easy implemented because the development of a university depends on a team rather than a President. The ideas need to be carried out by a relatively qualified team (E5-12).

This reflects a real shift from a top down structure of decision-making towards a broader based structure where decision-making arises from professional expertise. When asked why the university did not consider employing a professional President in previous years, the Chair and his son affirmed,

> Many private universities seek professional senior managers who are demanding and it is not easy to find an appropriate one (CC1b-12 and CC2b-12).

Their response partly masks their resistance to appointing a professional President. As there are more than 100 universities in the Province, professional senior managers should be available. The Vice President said,

> Since the owner was very experienced in vocational schooling and hoped to decrease the cost, he did not employ the professional senior manager (CC4a-6).

The shareholder's lack of experience at HE level is omitted. The Head of the county educational department said,

> The local government and educational department required him to quit the daily running and employ a professional senior management team. In addition, with the development of the university, he recognised that it is necessary to have a professional senior management team (CC5-6).

County level senior management encouraged the owner to understand what was required. In its early years the university's income was limited. The Chair worried that "if the new President does not understand the condition of the university, he could return and cause troubles" (CC1a-6). The notion that there was a shortage of appropriate professional Presidents in the market might be overstated but that, "nobody was willing to come since we are in such remote place with a poor condition" (CC1a-7) is quite accurate. In fact the university is in remote place where it is harder to employ professional senior managers.

5.4.4 University Communist Party Committee

The Secretary of the UCPC is responsible for leadership and can make decisions within certain limits but any major decisions are still handled by the Chair. The official website of the university features a document to illustrate the role of the UCPC: *The Implementation Measures of the Presidential Responsible System under the Leadership*

of the UCPC. According to this document, the UCPC in Case C is the highest authoritative body in the daily management. It states that,

> The university carries out the Presidential responsibility system under the leadership of the UCPC, which plays the leading role in the major issues of reform and development, teaching, research and makes the final decision (D-CC2).

The Secretary was awarded his bachelor's and master's degrees at an elite university in Beijing; after graduation he worked as a researcher at a well-known research institute. As the sole child of the family, he was required to come to work as the Secretary of the university.

In terms of the requirements of the *Promotion Law of Private Education,* "the President is in charge of the daily running of the university". It also lists a number of qualifications the President should have; "the President should be an educational expert with senior professional title in the education field who has at least ten years' work experience in the HE field". The shareholder's son has no professional experience in HE which is one of the reasons he takes the role as the Secretary.

The Party Committees are still responsible for the ideological and political education of staff and students. This function has been carried out by the Vice Secretary.

> The Secretary worked in the army before working in the university and the Secretary trusts the Vice Secretary a great deal (CC4b-7).

The Party is responsible for student affairs. All departments established a Party branch to carry out the political and ideological education of staff and students.

> The work of Party is combined with the Executive Team. We carry out all our work in terms of the requirements of the provincial party, especially the activity of "Mass Line". All managers, including the managers of different faculties, hold a whole daylong meeting and everybody engages in criticism and self-criticism (CC6-7).

Before the full-time President was employed, the Secretary had to make many decisions on the daily running of the university. The President proposed a clear plan for the management and overall development strategy of the university. The Secretary described his current assignment,

> The President usually proposes solutions and tells us why these should be done. After he came, our internal operation is more standardised and what shall we do in every stage in the next decade are clear. I really admire him (CC2b-7).

He now works with the President as the representative of the shareholder. He said,

Every time we need to spend big money I will tell the Chair as he needs to estimate if the finance is enough to support the project. He usually approves all our propositions (CC2b-6).

The Secretary represents the shareholder and engages with both shareholder and internal senior managers. His role in the university is like a bridge to connect the Council Chair and the President. Figure 5-3 shows the governance form of Case C.
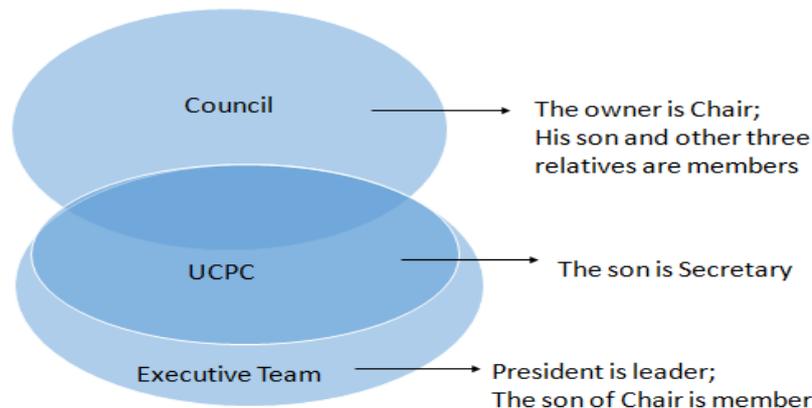

Figure 5- 3 Governance form of Case C

5.4.5 University Constitution

In Case C, the Constitution regulates the rights and obligations of shareholder, staff and students, and also establishes the responsibilities of the internal governance components and structure. The section on the rights and obligations of the sponsors and organisers states that,

The Council has seven members including a Chair and a Vice Chair. The Chair is held by the shareholder. Staff members elect a representative to participate in the Council on their behalf. In addition, more than a third of the members should have at least five years' work experience in the HE field (D-CC1).

However, the regulations outlined above were not really observed. For example, three out of five (not seven) Council members are named in the official report but played no role in the practical work of the college.

We copied the Constitution from another university and have not used it since the university was approved by the government. Many regulations in practice are established by their usage. This is appropriate in the initial stage of establishment because it is flexible to adjustments (CC2a-10).

A generous view of such a position is that it shows a welcome pragmatism about such matters. Others might argue that it constitutes a serious breach of regulations as having a Constitution was a necessary requirement when the university applied for registration.

There is however a high degree of homogenization of Constitutions among the private universities. As noted above, when I revisited the university in February 2016, the SED required all private universities to revise their University Constitution. This university revised its Constitution in terms of the template from MOE. The UCPC Secretary said,

> The best way is to just comply with the template and for the government to revise it; otherwise it is too troublesome to revise (CC2b-10).

A retired President of a private university stated that,

> It is easier to be approved by the government if the shareholder does not require financial reward and writes it in the Constitution (E1-10).

Since the purpose of the Constitution is to meet government scrutiny, the university made every effort to do this, even though it meant creating an unrealistic document. In reality, the document is not followed because "it is not appropriate to the developmental reality of the university" (CC2a). One of the examples is that when the university was founded, the identity of the Council was defined by the University Constitution as follows,

> The Council is the highest decision-making body, which consists of the appointed representatives of shareholders, President and representatives of staff (D-CC1).

As stated earlier, three members of the Council do not play any practical role. The Secretary said,

> We plan to remove the three relatives and add the President, one teaching staff and one professional staff. I hope we can improve this in our Constitution in the next two years (CC2b-12).

As with Case A and Case B, the development of governance of Case C can be divided into two stages. This is shown in the following Table 5-7.

Case C has a form of family governance. The owner controls the Council and his son participates in daily management and receives daily information. In this form, the owner was the most authoritative person in the university until 2015. During this process, there is little delegation of responsibility based upon expertise and management ability of HE, and the overall capacity was very limited. When an experienced President was employed to work full-time, the owner withdrew from the university. The President's assignment was to improve the existing management system and to mentor the shareholder's son so that he can take on this responsibility.

The new President gained the recognition and trust of the owner and gradually he is changing the form of governance. Family governance has the flexibility to adjust to the practical requirements of the owner. For example, in terms of government regulations the owner's son may not be the President but as UCPC Secretary he could carry out the President's role in the founding stage.

Stage	Development of the university	Governance
Foundation 1980s – 2011	1 A branch of the Broadcasting and Television School in 1980s belonged to the County Agricultural Bureau. 2 The school transformed into a vocational middle school and shares were bought by ten senior managers.	1Many conflicts among the shareholders until the President bought all shares in 1998. 2 The shareholder worked as the President and the highest number of students enrolled in the vocational school was 38,000 in 2004.
Establishment 2011 – date	1 The newly established university recruited 700 students in 2011.	**Development** 1 Council Chair was the only shareholder and all members were the Chair's relatives. 2 The Chair's son is the Secretary of the UCPC, in charge of the university's daily activities. 3 The university did not have a full-time President and no senior manager had work experience in the HE field.
	1 It has 3400 students in 2015.	**Consolidation** 1 The university employed a professional President and the Council Chair ceased involvement the management. 2 The President is responsible for daily management. 3 The Chair's son works with the President as a Secretary of the UCPC and as his apprentice so as to be able to lead the university in the future.

Table 5- 7 Governance form in different developmental stages of Case C

5.5   Summary

This chapter has explored the institutional governance system of the three case universities and how these systems have changed as the universities developed. In Case A, in order to reduce the risk of asymmetry of information between shareholders and employed managers, supervision is emphasised in the governance system. If the Executive Team is given autonomy in daily operations the shareholders are concerned to know how the Council's directions are followed. This is achieved by the implementation of a number of supervision systems. For example, at the highest level, an annual evaluation on the performance of the Executive Team and senior managers is carried out by a third party appointed by the Council. At another level, the supervision role of UCPC, CDI and Constitution has been developed by the government. The university has established the Union of Staff Representatives and the independent evaluation department as the supervisory mechanism of the daily running

of the university. In this form, lines of authority and supervision become major issues of institutional governance. It therefore looks authoritarian with more formal regulations.

In Case B, the Council and the Executive Team are combined, and information flow between shareholders and other managers is symmetrical. However, the role of the supervisory and strategic decision making of the Council is weakened. This also results in the practice that some actions that are taken are different from the regulations of the Constitution. For example, the meetings of senior managers do not exactly run as stated in the Constitution.

In Case C, the Council is controlled by the owner and as family members participate in daily operations they get daily information, but little or no formal supervision. Both the Constitution and Council are merely symbolic to meet government requirements. The challenge is whether the family members are capable of managing the university professionally.

All three universities operate within the same policy framework, but each adopts a form of governance consistent with its own characteristics. The various forms have different strengths and limitations, and have been adjusted as the colleges mature into universities rather than remaining in their original forms. During this process, the characteristics of shareholders and the Executive Team play an important role in shaping the form of university governance. This will be discussed more fully in the next chapter.

Chapter 6 Form of governance and the factors that shape it

I have participated in the daily running so understand the difficulties of the university. You know, only the wearer knows where the shoes hurt.

--Interview from a shareholder

6.1　Introduction

The purpose of this chapter is to address two research questions: 'What are the key features of the form taken by institutional governance in Chinese private universities that have emerged over the past 20 years?' and 'What, from the specific cases studied, are the factors that have shaped the form of institutional governance?'. With regard to the first question, the proposal is that two distinct forms of institutional governance which are named by this study as the *supervision form* and the *managerial form* have developed. The characteristics of these two forms are described, as are their relative merits and challenges. In answer to the second question, the relevant factors relating to the different historical developmental stages of the university, the characteristics of the shareholders, the nature of the Executive Team, and the model of governance adopted by the university are proposed and explored.

6.2　Features of different governance forms

6.2.1　Supervision form

In Chapter 3 both the principal-agent and stakeholder theories were applied to the current study. The shareholders of the private university are the 'principal' who employs senior managers such as the President to be their 'agent' in charge of the daily running of the university. However, the interests of shareholders and senior managers are usually different, so according to the theory, the shareholders need to supervise the senior managers' actions to ensure they meet their requirements. In practice, the forms of supervision are varied, and may include an annual audit of managers' work performance, a formal contract between principal and agent, a defined financial budget and final account. There may even be direct participation in the daily management of the college. These different forms of supervision in practice result in different forms of governance. These may be classified in the two types of

governance mentioned previously. The type in which the shareholders do not participate in management is called *supervision form* by this study and the type in which shareholders participate in the management is called *managerial form.*

Case A represents the supervision form. In Case A, the Council and Executive Team have a strong boundary with different responsibilities and rights, which are clearly set out in the Constitution and carried out in the practice. The role of the Council is strategic planning and evaluation of the performance of the Executive Team. Its members, other than the President, are not involved in daily management. The Executive Team is composed of professionals led by the President, and has autonomy and operational responsibilities in the daily running of the university.

According to the informant, this model emphasises the importance of the regulatory framework, and is considered a tool to decrease the influence of some unpredicted events. For example, one informant made the following observation about the situation when the founding Chair left the position,

> The established system is recognised by both shareholders and managers which is also continually improved in practice. Based on the existing system, the Council Chair is not the key figure in affecting the internal governance (CA1a-6).

Nevertheless, communication between the President and the Council Chair plays an important role to affect the outcome of this supervision form.

> In our Council, the President is an Ex-Officio member and the decisions the Council makes need to be discussed with him (CA1a-6).

> We (the new Chair and senior managers) currently cooperate well together, and, as you know, it takes time to develop such a deep understanding between each other (CA2b-8).

The advantage of this model is that it optimizes decision-making, allows the professional skills of the managers to be more fully implemented, and increases the enthusiasm and initiative of senior managers. For example,

> The President has thought a great deal about the university's development (CA3a-7).

The Vice Secretary of UCPC said,

> The Council trusts us and gives us considerable autonomy, so we do our best to prevent any risks. The President has also emphasised many times that we must fully play our role in the University CDI (CA7-8).

As the Council proactively engages in strategic planning, its membership is adjusted

to meet the university's development requirements. In the later stage, it has recruited independent external members with rich experience in the HE sector. As the university is still growing and changes needs to be made, the Council is likely to make further adjustments in the future. Professional experts in the fields of finance, auditing, estates, human resources and student affairs are likely to be invited to join the Council. The characteristics of Case A, with ownership and implementation separated, and with the Council supervising the implementation of the Executive Team, illustrates the supervision form of governance.

The problem in adopting the supervision form is the information asymmetry that develops between the shareholder and the Executive Team. In terms of the principle-agent theory, the shareholders, as 'principal', have insufficient information about the actions of the managers as 'agents' (Bosse & Phillips, 2016) since they lack information on the daily management and often professional knowledge in certain fields. As Council members are not involved in daily operations, they may not be aware if the Executive Team is not carrying out its decisions. Therefore, the principal is hardly able to assess the effectiveness of the agents' work. As a result, transaction costs will increase in the institutional governance.

In order to deal with the potential for contradictions and decrease the cost, a formal contractual relationship must be established (Davis et al., 1997; Jensen & Meckling, 1976). In this relationship, the Council acts on behalf of the shareholders to monitor the performance of the senior managers. As discussed in Chapter 3, the Council generally formulates the strategy, including the setting out of broad policy for management, risk control and seeking new resources. These arguments were reflected in the following interviews from Case A.

> The university is required to accept the annual audit by a professional accounting institution invited by the Council (CA3a-8).

> The Council needs to know evaluation outcomes as they are an important indicator of salary levels and whether employment contracts should be renewed (CA2b-8).

In Case A, the Constitution regulates the position of the President.

> The university sets up the Executive Team as the highest decision-making body of the internal daily management of the university. The President is in charge of chairing the Executive Team and making decisions on the basis of a full deliberation and collective discussion of members (CA3a-7).

Shareholders also monitor the actions of the managers.

> If the finance budget scheme is not appropriately carried out, the Council would not know until the final account (CA1a-8).

> If the President does not understand the condition of the university he could make a number of difficulties rather than improve the work (CC1a-7).

The flow of information between Council and Executive Team tends to be structured and restricted. The asymmetry of information between the Council and the Executive Team is a worry to shareholders since unanticipated additional agency costs arise with the separation of ownership from daily management (Fama & Jensen, 1983; Klein et al., 1978; Williamson, 1985). The transaction costs could be high particularly if contracts are incomplete, and if either shareholders or managers break the original contract this can incur future additional costs. In order to avoid this, some shareholders directly participate in daily management. This is illustrated in Cases B and C.

6.2.2 Managerial form

Different from Case A, in Case B and Case C, all Council members are shareholders, so that the ownership and daily running of the university combine, and there is no clear separation between the Council and the Executive Team. As the Council is deeply involved in daily management, its supervisory role decreases, and may even disappear. This institutional pattern of governance is categorized as the *managerial form*.

In this form, shareholders usually have experience in the education management sector or in certain subjects of the university. They understand how to run a school or academic programmes. The strength of this form, according to the informants, mainly centre on decreasing the transaction costs and ensuring the efficient implementation of decisions. In terms of the stewardship theory discussed in Section 3.4.2, when shareholders participate in daily management, they work whole-heartedly for the university, and by doing the work themselves reduce the cost of employing senior managers. In this case, they understand the requirements of the daily running of the university. The information between Council and Executive Team is more personal and circulates more widely. Therefore, the issue of information asymmetry between

them and other senior managers is greatly decreased as are the transaction costs. A National Educational Inspector who is also a university President said,

> When shareholders participate in daily operations, they understand the situation of the university in detail and are able to make and carry out decisions directly, in particular those to do with finance and investment (E6-6).

In addition, decisions can be made and implemented by shareholders at the same time. The time gap between identification of the problem, decision-making and implementation is much shorter than with the supervision form. This high work efficiency with lower costs was perceived by informants as being particularly important when the university was initially founded.

> Last year, one department needed to purchase some equipment costing 5 million RMB. The department Dean directly reported to the President and Chair, and after one week, all equipment was set up at the department. Real efficiency (CB3a-6).

> I have participated in the daily running so understand the difficulties of the university. You know, only the wearer knows where the shoes hurt (CC2b-6).

The challenge of this form of governance is that with no monitoring mechanism any wrong decisions could easily leave the university at risk. This is particularly the case when a university expands and organizational structure becomes more complex. The Bowen Institution of Lanzhou Jiaotong University mentioned in Section 1.1.2 provides an example of this. With no effective monitoring mechanism, the President, who was also the main shareholder, signed the dismissal document for a staff member suffering from cancer. This not only violated the interests of the staff member, but also broke the law and negatively affected the reputation of the university.

When shareholders participate in management, they have to spend more time addressing daily issues. This is likely to weaken the strategy-making role of the Council as well as its ability to monitor and evaluate the Executive Team's performance. It is hard to keep the independence of the decision-making from the operational knowledge. Some informants also felt that such involvement can have other negative effects; "it will prevent the motivation and positive attitude of the managers in the Executive Team (CA1a-7)". "The senior managers tend to lose the authority for their work when the shareholder participates in the daily management (CA2a-7)". "The voice of other managers of the Executive Team could be weakened" (O1-7).

This form of governance might also result in an unclear relationship of leadership and

responsibility between the shareholder and the Executive Team. A member of National Review Committee in HE who previously was a President of a private university commented,

> The Vice President is led by the President who should report to the Council Chair, but this model confuses the working relationship between the Chair and President. Who leads who? The staff will lose their sense of direction particularly when they two are hearing different views (E1-6).

This informant worries that confused leadership would adversely affect the clear division of the responsibilities between the shareholder and the senior manager.

"A private university is considered as an investment by the shareholder who does not trust other people to manage the university for them" (O1-6). As proposed by theories of principal-agent and stakeholder, the shareholders and senior managers have different interests so the shareholder needs to ensure the actions of senior manager meet the shareholder's requirements. Direct participation in the daily management is a way to supervise the work of senior managers and assure the maximization of their own interests. In this case, the senior managers tend to withhold their own opinions and follow the shareholder's ideas. For example, "If the shareholder does not willingly accept my suggestions I usually do not persist. He is the big boss and this is his university" (E1-7). To maintain a harmonious relationship with the shareholder who participates in daily management can become an important daily challenge for the President, even requiring him or her to neglect some of the responsibilities of the position as President.

A distinctive type of managerial form is the family governance, which is shown in Case C. As Altbach (2005) observes, private universities using the family governance model typically have strong and centralized administrative control in the hands of family members. The advantage of this model is that there are many informal channels to communicate with each other. "I and my father often discuss questions on the university at home, sometimes even at 12pm" (CC2a-7).

But, as a member of the Provincial Review Committee in HE who is also the President of a private University notes "a single or a few shareholders can result in absolute power without supervision" (E5-6). A President also felt,

The family members work in positions related to finance and human resources. When they do not accept the Executive Team's decisions, for example, the member who works in the position of finance does not agree with decisions about expense and could easily veto the decision. If this often happens, the senior managers would lose their authority and subsequently their positivity and enthusiasm for their work (CA2a-7).

In addition, the traditional ideology of paternity could affect the institutional governance. In China, to respect and follow the idea of father is a traditional ethic. "He, (the Secretary of UCPC) is obedient to his father and respects him very much" (CC5-7).

Both supervision form and managerial form have their different features. These are presented in Table 6-1. However, it needs to be noted that the supervision form can include some elements of the managerial form, and vice-versa. For example, in the supervision model, the Council cannot supervise everything and in the managerial model, the Council may still retain some functions of supervision and overall strategic control of the university.

Elements	Supervision form (Case A as example)	Managerial form (Case B and C as example)
Shareholders	do not participate in management	Participate in management
Ownership	separates from implementation	integrates with implementation
Council holds the power	in strategy making	in both strategy making and implementation
Managers	have strong authority and agency	have weak authority and agency
Council and Executive Team	have a strong boundary have a structured and restricted flow of information	have a weak boundary have a personal and expansive flow of information
Transaction cost	is high	is low

Table 6- 1 Comparison of supervision and managerial forms of governance

6.3 Factors that shape the form of institutional governance

6.3.1 Stages in university development

In Chapter 5 the analysis of data from the three case study universities indicate that these private universities go through various stages as they develop. Before the registration of the university by the government as an independent corporation, it usually takes some years to achieve the necessary practical skills and accumulate experience. For example, it initially runs as a school or an affiliated college of a public university. In this study, this is named as the *foundation stage* of the university. Once the university registers with the government as an independent corporation, the university may be regarded as in the *establishment stage*.

6.3.1.1   Foundation Stage

In this stage, the governance form of all three cases experienced significant changes. In Case A, when the commercial company withdrew their investment, new shareholders were approached and the Dean was reemployed. The college adjusted its Constitution to prevent potential future conflicts between the Dean and Council in terms of the practical experience. After that, the shareholders and senior managers gradually built up a relationship of mutual trust, with a Constitution providing practical guidance as to how the college is managed.

In Case B, the two year start-up period was plagued by problems and the majority of shareholders withdrew their investment. A person with considerable previous experience became the largest shareholder and took over the management of the university. The Council and Executive Team were reconstructed, which had the effect of stabilizing the shareholders and ensuring senior managers were professional and effective in their work relationships. At that time, the current President was employed as Executive Vice President. This provided the basis for the establishment of the university in its present form.

As was described earlier, Case C was originally a Broadcasting and Television School, and 10 years later it became a vocational middle school owned by 10 senior managers. After this, conflicts arose among the shareholders over the development of the school, and so the President bought out all the shareholders and was directly responsible for the daily running of the school. This ownership by a single shareholder and the particular form of governance laid the basis for the governance form when the university was established.

Generally, change and instability are the main characteristics of the governance form in this early stage. The institution sets out as a new organization and quickly confronts many challenges and difficulties before finding an appropriate developmental pathway. The future of the institution was initially uncertain making it likely that shareholders might change or withdraw their investment; the relationship between shareholders and senior managers becomes unstable: conflicts appear between differing interest groups. During this time regulations and senior managers were frequently adjusted.

In each case, the major shareholder became the founding Council Chair. In the later

period of this stage, the rudiment formal governance structure begins to appear that will greatly influence the shape the governance in the next stage. Usually, two main types are observed in this stage, one is that the professional senior managers are employed and gradually built integrated into a mutual-dependent relationship with the shareholders based on their employment contracts such as Case A. The other approach was that the shareholder combined ownership with direct participation in the daily operations such as Case B and Case C.

6.3.1.2   Stage of establishment

6.3.1.2.1   Development phase

The establishment of the institute as a university marks the beginning of this stage. In terms of the size of university, this stage could be divided into two sub-phases, the *development phase* and the *consolidation phase*. In the development phase, the university recruited the first batch of students and saw a gradual expansion of student numbers. In case A, the number of students increased from 2,600 in 2009 to 15,000 in 2015. It operated a clear division between the role of Council and the employed senior managers who constituted the Executive Team. The Council consisted of shareholders or their appointed representatives, and its members did not participate in the daily management and it was the President's responsibility to see that Council decisions were carried out. The governance form was stable and this allowed the growth of mutual trust between shareholders and senior managers.

In Case B, the number of students increased from 2,400 in 2004 to 24,000 in 2014. The Council, Executive Team and Party organization became highly integrated. Another two members from the public university were co-opted onto the Council and all Council members form a senior manager team which participated in the daily management. The major shareholder works as Council Chair who, with the President forms the first level of authority and the rest of members form the second level in the institutional governance.

In Case C, when it recruited its first batch of degree students its numbers increased from 700 in 2009 to 3,400 in 2014. The university did not have a full-time President and a nominal Council was appointed to fulfil the government's requirements. The son of the owner worked as the Secretary of the UCPC and was responsible for the

university's daily management. Since there was a lack of professional staff from HE in both the Council and Executive Team, the university struggled to survive.

Stability and development are the main characteristics of the form of governance in this phase, but this allows the size of university to expand rapidly. Basically, the governance form in this stage continues like that of the later period in the foundation stage. The form of governance of each university in this establishment stage has distinct characteristics. The Council Chair in each case is the shareholder who holds the largest proportion of the shares, or was an appointed representative of the shareholder, and most of the Council members were also shareholders. But, the division of power between the Council and President differs in each case. It is noted that at this stage, having a professional team lead by a full-time President trusted by the Council Chair was important for the university's development. Although the mutual trust between shareholders and senior managers was established, and the senior management team tends to be stable, the university continued to seek a more relevant form of governance to meet the emerging needs of the university.

6.3.1.2.2 Consolidation phase

The increasing number of staff and students revealed the growing problems resulting from the more complex internal organizational structure. As the university continues to expand, it reaches the limits of the existing conditions, resources and facilities. Its increasing speed of student enrolment eventually reduces and its student numbers plateaus and becomes stable. This shows that the university has entered its consolidation phase. The form of governance which existed with the establishment of the university is no longer able to meet the growing needs of the various stakeholders. Some adjustments to the form of governance happen. There are various possible types of adjustment such as the revision of Constitution, the change of the Council Chair or President, and the addition of new members onto both the Council and the Executive Team. At the same time, the external policy is likely to require adjustments to meet the new characteristics and requirements of the development stage.

In Case A, when the founding Council Chair left, the largest shareholder became the new Council Chair. The university's achievements led to the recognition of the advantages of the Presidential Accountability System under the leadership of the

Council. Council membership was expanded to include two external members, and the Council continued to fine-tune the University Constitution in the light of its experience of running the university. The rights and responsibilities of the Council, the Executive Team and the President were more clearly defined. The Council delegated more authority to the Executive Team in the university's daily operations, but the President remained the chief authority responsible to the Council.

In Case B, it updated from being an Independent College affiliated to a public university to become an independent private university. The Council and the Executive Team still combined as this arrangement allows decisions to be made and implemented rapidly. However, after it separated from the public university, two Council members from the public university withdrew from the Council. Two more senior managers were recruited later, which was especially necessary as the university continued to expand in size. This was the first time the Council and the senior management team had undergone adjustment since it had been established.

In Case C, the seriousness of the problems deriving from its form of governance became evident to the owner, with the need of some adjustments to the governance system. An experienced full-time President was employed to help construct a professional team, and the Council Chair ceased to be involved in the daily management. At the time of my fieldwork in 2016, the university was planning to replace three of the family members of Council by the President and two representatives of the staff. Table 6-2 presents the years of the three case universities in different stages.

| Case | Foundation Stage | Establishment Stage | |
		Development	Consolidation
A	2000-2009	2009-2015	2015-
B	1998-2004	2004-2013	2013-
C	1983-2011	2011-2015	2015-

Table 6- 2 The years spent in different stages by the three case universities

The rapid expansion of the university seen during this stage has slowly revealed some of the limitations within the existing system. This requires the university to adjust its governance form to better meet the needs for future development, and prepare for the next developmental phase. The relationship between the shareholders and senior managers has now become more integrated. Adjustment based on the existing form of

governance is the characteristic of this stage.

Generally, the formation of institutional governance of a private university is a dynamic process, in which each stage is closely connected with the previous one. In each of the stages, key internal figures, in particular the shareholder sought the most appropriate form of governance that would be best for their university. Changes and adjustments tended to be radical in the foundation stage and then more stable thereafter. The characteristics of institutional governance in different developmental stages are presented in Table 6-3.

Elements	Stage of foundation	Stage of establishment	
		Developmental stage	Consolidation stage
Student number	Small	Increased	Stable
Funding	Unstable	Stable	Stable
Regulations	Unstable	Stable	Stable but with adjustment
Senior manager	Unstable	Stable	Stable but with adjustment
Governance form	Unstable	Stable	Stable but with adjustment
Council member	Unstable	Stable	Stable but with adjustment
Relationship of the shareholders and managers	Critical and sensitive	Stable	Integrated
Future development	Uncertain	Tends to be certain	Tends to be certain

Table 6- 3 Features of governance form in different stages of the private university

As a result of the changing environment and in response to the shareholders' understanding of how best to confront challenges and shortages of key resources, different pathways were taken for various lengths of time. Thus, when considering the form of governance of a private university, not only the current status of governance need to be considered, but also how it has changed and what its developmental trajectory has been at different stages. As one interviewee said:

> The government should reduce unnecessary administrative interventions. What does this mean? For example, when we have a cold we sometimes do not go to the hospital but take a hot bath and have a longer sleep and then we recover. The university has its own endogenous mechanisms which could automatically work for many problems (O3b-2).

When analysing the different forms of governance at different stages, it is clear that governance can be automatically adjusted at different speeds and in different forms to meet the needs of the development of the university. This is supported by Lynall, Golden, & Hillman (2003) who note that the formation of governance is influenced by the life cycle of the organization. The existing form of operation changes when it no

longer meets the requirements of the different stakeholders. In particular, when the university expands and internal affairs become more complex, the governance form will tend to greater decentralization with more professional members.

6.4.1 Characteristics of shareholders

In each of the three cases, all shareholders are Council members and the Council Chair is either the major shareholder or the appointed representative of the shareholder. As was shown in Section 4.2, information asymmetry between the shareholder as principal and managers as agents is always a concern. Sometimes the shareholder does not understand how the institution is managed on a daily basis such as "If the financial budget scheme is not appropriately carried out, the Council would not know until the final account" (CA1a-8). "If the new President is not familiar with the university's situation, a number of troubles could arise" (CC1a-7). Thus the supervision and autonomy of the Executive Team are key issues with which the shareholder is concerned. As a result, the principal, in order to avoid possible issues arising from information asymmetry, could employ different mechanisms to limit the agent's authority which in turn affect the governance form of the university.

First, the number of shareholders has an influence on the form of institutional governance. If there are a number of shareholders with similar shares, no single shareholder will have supreme authority, the same situation as when there is a mixture of individual and institutional shareholders. Authority and power needs to first be balanced and limited among these shareholders. Effective governance and transparent allocation of responsibilities on the Council and the management of the university is necessary for the shareholders to be confident about their investment. In order to maintain trustful governance and a prosperous development of a university, it tends to employ a professional Executive Team and give it enough authority in the daily management. As a result, the governance depends on contracts and a system approved by both the shareholders and the professional Executive Team. In return, senior managers are allowed autonomy more readily and are less reliant on the authority and power of a single owner or of over-dominant shareholders.

Second, whether or not the shareholder or Council Chair directly participates in the daily management of the university, affects the governance form. When the

shareholders have work experience in the education field and have enough time to manage the university, they are more likely to participate in daily management. For example, in Case A, shareholders worked in different cities and were busy on their other assignments. In Case B, all shareholders are senior managers or professionals in the core subjects of the university. In Case C, the owner had considerable experience in vocational education. As one informant noted, "Since the shareholder was experienced in vocational schooling and hoped to decrease costs, he did not employ professional senior managers" (CC4a-6). Another felt that "If the shareholder or a family member is qualified to be, or willing to be, a senior manager, they would work in the university" (E3-6). In such a case, the shareholder may become the main authority in both decision-making and daily management of the university. In practice, their work and educational backgrounds is an important influence on their emphasis and leadership style.

Third, the shareholders' expectations as regards the university affect the form of governance. "They may hope for financial return, social reputation and recognition, or may just want to contribute to society - or all of these" (E2-6). If the purpose of running the university is to obtain quick financial returns, the design of governance will support this purpose. For example, shareholders will participate in the management to directly control finance and cost without supervision. The university will employ few qualified managers and staff, and will offer limited teaching facilities. Conversely, if the shareholder recognises that getting a financial return from running a HE institution is a long-term process, or wants to contribute to society, they tend to prefer to choose a professional management team, and develop a structure suitable for a longer term strategy.

Fourth, the founding Council Chair plays an important role in forming the initial institutional governance. In the founding stage, many things including shareholders' investments, the form of governance, the future development of the institution, trust between shareholders and managers are uncertain and unstable. In this stage, shareholders may differ in their understanding of what is needed to run a university, as it also may differ between the shareholders and senior managers. The founding Council Chair needs to balance different interests and contradictions to ensure the development of the university. For instance, in Case A, "The Chair finally persuaded

all shareholders to agree to the transfer of assets to the name of the university" (CA2a-6). "The Chair trusts and gives enough authority to the President" (CA3a-6). In Case B, "The Chair has a daring spirit and very pioneering" (CB3b-6). "She respects the President very much and their personalities complement each other" (CB5-8). In Case C, the founding Council Chair is the owner of the university. "The Chair was farsighted.... we were so satisfied with the achievement of school and nobody thought the school needed to be transformed, but he insisted it was necessary. He worked at school 7 days a week and he knew the names of each of the 300 student's counsellors" (CC4b-6).

All the founding Council Chairs of the three cases have high levels of competence in some aspect as a senior manager such as foresight, diligence and rational thinking. Their abilities appeal to and are recognised by their colleagues who like to work with them. In this process, the characteristics and leadership style of the Council Chair greatly affects the direction the university takes, whether shareholders and senior managers withdraw or remain in the institution and whether the university can deal with numerous difficulties to secure its survival in the initial years.

6.4.2 Nature of senior managers

First, the comprehensive capability of the President is important to achieve the developmental object of the university. As Collins (1996) and Fielden (2008) argue, senior managers such as the President must have discretion in deciding the management of the university. In all three cases studied, the President has considerable influence on the development of the university and the internal form of governance. In Case A, "when some resistance and complaints appear, his (the President) perspective and capability is important so as to make the right judgment" (CA3a-7); "The President has strong administrative ability and he has many ideas about the development of the college" (E5-7); "In our Council, the President is an Ex-Officio member and decisions the Council makes needs to be discussed with him" (CA1a-6). In Case B, "he (the President) is determined with a strong inner strength and plays a decisive role in the directional development of the university" (CB3a-7); "The President's insistence on his opinion plays a significant role to improve the development of the university. From the perspective of our current situation in terms of student enrolment and employment, he

made the correct decision" (CB4-7). In contrast, when there was no full-time professional President as in Case C, "we were confused about how to run a university, where shall the university go? I struggled for three years… and urged the owner to employ a professional President" (CC4a-12). "It was a hard time since we had no professional President" (CC6-12); "The university needs a professional and experienced President who can bring good educational ideology, management approach and a good team" (CC7a-12). Since the President is the primary person responsible for the daily management, he (she) plays an important role as to the development of the university and its institutional governance.

Secondly, whether the senior managers can gain the shareholders' trust and confidence or not, affects the delegation of authority from the shareholder, and thus the governance form of the university. As Trakman (2008) notes, the relationship between a Council and a President often affects the success or failure of governance and good governance requires strong relationships based on mutual respect, trust and honesty between the Council, the President and the Executive Team (CUC, 2014). In terms of the case studies, if the senior managers can gain the shareholders' trust, the shareholders are likely to allow senior managers more control over the daily management of the university.

In this process, the Executive Team becoming more professional is an important element affecting the trust and how much responsibility the shareholders tend to allow senior managers to take. For example, in Case A, "The President and his team are professionals in the management of HE and they are responsible for the daily running of the university" (CA3a-7); "The shareholders recognised the achievements of the Executive Team and authorised the separation model of Council and daily management in the revised Constitution" (CA1b-6). "The Council considers that I (President) understand each member's work performance so it now asks me to be responsible for evaluating their work performance. After that I report the evaluation outcome to the Council" (CA2b-7). In Case B, "It is not easy to find appropriate people to be a President like the current one who was very trusted by the Council Chair" (CB3a-7). In Case C, "President is professional and we (owner and his son) trust him very much" (CC2b-7). "My role (owner) is to provide logistical support for the development of the university including the construction of the new campus and I like to ask the opinion of

President. You know the opinion of the educationist is significant" (CC1b-6). "Council Chair withdrew from the daily management after the President came because he is now confident on the professional ability of the Executive Team" (CC4b-7).

Third, intrinsic satisfaction and motivation have an influence on the willingness of the senior manager to contribute to the university. In terms of the stewardship theory, even though some actions could be for personal benefit, the manager may feel unable to adopt them out a sense of duty to the organization or its broader social aims and their personal commitment to the mission of the organization (Etzioni, 1975; Van Puyvelde et al., 2012). The above is shown in the case studies. For instance, in Case A, "If we (senior manager) do not do our best, we will feel sorry for students….I (Vice President) feel a sense of achievement when a number of Deans and teaching teams have progressed in their profession" (CA5a-7). In Case B, "I do my best to improve the university" (CB1b-7). In Case C, "whatever we (senior manager) do we should always try our best ... maybe it is being faithful to education" (CC4a-7). These senior managers clearly felt a personal sense of responsibility and professional achievement that motivated their work and to maintain their passion and commitment. These managers gain intrinsic satisfaction from the acknowledgment of their colleagues, and they are willing to contribute to the improvement of the organization.

Following this intrinsic satisfaction, the longer senior managers have worked in the university, the deeper their feelings for it, and in turn, the greater the likelihood that they will be given more authority to work in the daily management. For example, in Case A, "we (senior managers) separated the personal relationship with the public institution… the Council awards enough authority to us in the daily management" (CA5b-8); In Case B, "I have combined my life with the development of the university for almost twenty years" (CB1a-7); In Case C, "I have a deep feeling towards even the trees and bushes here. All my youth time are here" (CC4a-7). In addition, the turnover rate of founding members in the three cases was low, in terms of the interviewees, mainly because the age of retirement was reached.

It is noted that the different interests could integrate with each other particularly when the key stakeholders consider the organization is a community of interests between different stakeholders, and these interests affect each other. This is demonstrated in

Case A in which all its senior members emphasised that the private university is a community of interests. "These senior managers separated the personal relationship with the public institution; shareholders transfer the property rights of assets into the university. It means their entire interests bond them to the university and everyone will gain or lose interest collectively" (CA1b-8); "If the university develops successfully, the shareholders can get a good financial return and the senior managers will have a good career platform (CA1a-13)". In this community, all interests of these stakeholders bind with each other. They gain or lose their interest together rather than one gaining at the expense of another.

6.4.3 The various ways the universities respond to the external policy

6.4.3.1 Establishment of the university

The predecessor of Case A was a private institution of a public university, as is the case of many private universities. The previous President of this public university, an external member of the Council of Case A said,

> We (public university) reported the cooperative agreement of co-running a private faculty to the SED; they neither agreed nor disagreed. This cooperation looked reasonable because it would not require any funds from the government and would educate the youth to meet the requirements of local industry. However, there was no national document related to this cooperative type of public university-private funding. We thought that by saying nothing it meant that they approved the agreement. No in-service official attended the inaugural meeting. After three years, one of the leaders of the National People's Congress investigated this private college and appraised it as being a successful reform of HE mechanism. Following that, the education department indicated their support for this new model (CA4a-2).

In the 1990s, public universities had little autonomy, and so cooperation with a social organization to create a new model of college needed to be reported to the government. As CA4a-2 indicated, "We thought that saying nothing meant acquiescence", so reforms were carried out with "neither approval nor opposition" of the government's educational department. In 2006, the MOE required public universities to stop this cooperative private college model; existing private institutions had either to apply to be an Independent College or a private university, or face having to close down. The Council decided to apply to register as a private university. As a result of this ruling, another private institution affiliated with the same public university merged with Case A in 2010. This increased student numbers of Case A from 6,000 to 9,000.

Case B started in 1997, and it was also was a private institution of a public university. It became an Independent College in 2003, finally achieving separation from its mother public university in 2013. Both actions were encouraged and enabled by government policy. Some other quite similar colleges did not do as Case B did; as indicated in Chapter 5, they preferred to observe the actions of others or waited for clearer requirements from the government. In this case, government policy provided an important impetus for the change but how the key insiders of the university understand the requirements of the government plays an important role in determining which actions the university would take.

Case C originated from a rural branch of the Agricultural Broadcasting and Television School to offer agricultural training in the 1980s. In that time, there was a particular need for agricultural training in rural areas. Its student numbers expanded until the beginning of 1990s when many farmers left the rural areas to find work in cities. The school then transformed itself into a vocational middle school aiming to produce technically skilled workers for industry. The model of the school and its greater number of students attracted the attention of government officials. This attention and support played a significant role when the school actively applied to establish a vocational college. Although government policy provided both the basis for the establishment of the school and the conditions for its on-going development, the actions taken in practice depended on the understanding of actors involved in the governance.

6.4.3.2   UCPC

In terms of the requirement of the government introduced in Section 3.3.2, all private universities are required to establish a UCPC to fulfil the role of the political core by supervising the university's socialism developmental direction and the ideological education of university members. In addition, the Secretary of the UCPC and its Vice Secretary are appointed by the Party committee of the higher level such as the provincial Party Committee. The Secretary is required to participate in decision-making as a member of the Council. It is worth highlighting that in private universities, Council members, Chair and the managers are appointed by the university itself. In other words, Secretaries of UCPC are the only senior managers appointed by the Party even though they can be nominated by the Council.

Clearly, the requirement is given by the government and it is the same for all universities. Generally, the three case-study universities set up the Party organization at both university and the department level, but responded differently to some aspects of the regulation. In Case A, the President works as the Secretary of UCPC and a Vice President works as the Vice Secretary. The joint meeting of the Executive Team and UCPC is the most authoritative body in the daily running of the university. In addition, the UCPC committee office combines the Executive Team office lead by a manager. "The concentration of power and position reduces the amount of internal conflicts and improves the efficiency of the work" (CA1a-9).

In Case B, similar to Case A, the President is positioned as the Secretary of UCPC and the Council Chair is positioned as a Vice Secretary. UCPC holds a weekly meeting which all the Secretaries of Party branches in the faculty and the departments attend. In this case, all information from the daily running in terms of the student affairs are directly managed by the Council Chair and the President.

In Case C, the position of Secretary of UCPC is held by the son of the owner. One of the reasons is he is not "an educational expert with at least ten years work experience in the HE field" required by the *Promotion Law of Private Education* (National People's Congress, 2013) so is not able to act as a President. In addition to being responsible for the ideological and political education of university members, the UCPC in Case C is also the leading body in the daily management. The daily running of the university is carried out according to the "Presidential responsibility system under the leadership of the UCPC" (D-CC2). Thus, in this way, the son as the Secretary represents the owner, so directly taking over the management of the university.

On the one hand, these arrangements meet the requirement by establishing a Communist Party organization as the representative of the government to link the university's internal governance. On the other hand, universities take the advantage of this regulation to integrate its governance's need and decrease the potential contradictories of the separation of implementation and supervision. This over-lapping structure may close down discussion of decisions among senior managers, and the UCPC then might lose its independent supervisory role. Nevertheless, as the representative of the government, UCPC plays its supervisory

role to improve the self-reflection and communication of the decision-making and daily management from another perspective.

The holding of Democratic Reflective Meetings is a good example to illustrate this point. In terms of the requirement of the Central CPC and Provincial CPC, the UCPC holds Democratic Reflective Meetings. This requirement has gradually become routine and also expanded to include non-Party senior managers because "it is beneficial to improve our work and to help cope with the practical challenges we confront" (CA7-9).

The activity of the "Mass Line" required by the Central CPC, and strictly enforced by the UCPC, has had the same outcome. "We talked with staff face-to-face to hear their views about the university's development" (CA7-7). "The President said this is a good way to understand the interests of the staff and improve our understanding about our own responsibility from the work and asked that we have this activity (Mass Line) every year" (CA5a-7). "UCPC sets some principles on the actions of its members and candidates including students which are important in the daily management and consistent with the beliefs of the university" (CA1b-9). This indicates that the UCPC can help to resolve potential contradictions between shareholders and senior managers.

In all three case studies, the role and usefulness of the UCPC were recognised by both shareholders and senior managers. Its activity strengthens the relationship between the shareholder as principal and senior managers as agent. Most informants shared positive comments about the role of the UCPC which had become embedded in the daily activities of the universities and play a significant role in student affairs. As a result, the drive to carry out the regulations relating to the UCPC is strong since its benefits and role are accepted by all the universities in this study.

6.4.3.3   University Constitution

As with the UCPC, all private universities are required to draft a Constitution as the principle guidelines of the university that details the management of the university and clarifies the relationship between different stakeholders. The way in which this is carried out by the university can differ in practice.

In Case A, "The Constitution ensures the university's autonomy in personnel and

finance, and prevents the shareholders randomly intervening in the daily affairs of the university" (CA5a-10). In 2016 when the MOE asked private universities to revise their University Constitutions, Case A took into account their specific characteristics to greatly improve the Constitution. As one interviewee said: "The new Constitution aims to maintain and improve the existing governance form which can prevent negative influences from the change of the personnel in the future" (CA1b-6). "In this new version, we revised some provisions and added some including Staff Congress and Student Congress" (CA1b-10, CA2b-10). The revised version describes how the legal rights of different stakeholders are protected. With the University Constitution as the core, the power of the Party organization and the Union of Staff Representatives are strengthened in order to achieve the autonomy of the university.

Case B had a Constitution as required by the government when it registered as an Independent College in 2003, and revised the Constitution when it registered as an independent university. The content of Constitution was in accordance with the requirement of the government which outlines the aims and direction of the university, the rights and responsibilities of stakeholders, the internal governance and management mechanisms. The second version of the Constitution emphasises the components, responsibilities and decision-making procedures of the Council. However, "With regards to some other things such as the President's Meeting or the Council meeting, we do it in terms of the actual need rather than the regulations of the Constitution. The way this is carried out in practice meets the requirements and runs well" (CB3-10).

The Constitution of Case C regulates the rights and obligations of different stakeholders and outlines the governance form of the internal governance including the members of the Council and the decision-making procedure of the Council. Nevertheless, these regulations were not actually followed in practice. For example, all Council members are family members and although three of them are named in the official report they do not play any role in the practical running of the Council. "We have not used the Constitution in practice since it does not really help with the development of the university" (CC2a-10); "The best way is just to comply with the template from the government and to revise it" (CC2b-10). It can be see that having a written Constitution and getting it formally approved is a requirement of the government, and yet the characteristics of the university affect its implementation. One

interviewee said of Constitutions,

> Whether the Constitution plays its role in the governance is closely related to the purpose of investment and acknowledgement of the Constitution by the shareholder. Only in accordance with the Constitution can the university develop well (CA3b-10).

If the importance of the Constitution is not recognised by the actors involved in the governance, the Constitution becomes just a text rather than the guide for the governance of the university. The authority and effectiveness of the Constitution will therefore be weakened.

Similar things happened with regards to the position of President. In terms of the regulations about the President in the document *Promotion Law of Private Education* (National People's Congress, 2013), the university employs a President to be responsible for the daily management. This person should be an educational expert with at least ten years work experience in the HE field and be under 70 years of age. However, the President of Case B is over this regulated age, because "It is not easy to find appropriate people to cooperate with the Chair so we maintain the current condition (CB3b-12)". "The President is in good health and the Chair said he can work in this position as long as he wishes" (CB5-12). Another example comes from Case C. As noted in the introduction of Section 5.4, Case C had not employed a full-time President and its senior management team had no professionals from the HE sector for four years until 2015. This shows how the governance of a private university in practice is based on actually existing conditions and sometimes differs from the requirement of the external policy.

6.4.3.4 Operational changes and symbolic alteration

As outlined in Chapter 3, some scholars have used principal-agent theory to discuss the relationship and interactions between the government and public universities (Gornitzka et al., 2004; Kivistö, 2005, 2008; Lane, 2007; Lane & Kivisto, 2008). Institutional governance is expected to act as a regulatory device to ensure that institutions behave as the government requires (Section 3.4.1) by adopting one of two contractual approaches, the behaviour-based contract or the outcome-based contract (Eisenhardt, 1989a; Kivistö, 2005). Li (2013), in the study of private HE in China, notes how the government has withdrawn from some areas, such as allowing private universities to establish new programmes and to determine their content and

objectives. However, the government has formal regulations that establish the criteria as to what constitutes governance and has reinforced political structures in order to maintain a presence within the institution. Each university must establish a UCPC and a University Constitution, and to accept teaching evaluation every five years. During this process, both behaviour-based contracts and outcome-based contracts are employed.

In this relationship, the government acts as principal to monitor the private university, and the autonomy of the university and the control from the government are the key factors in the relationship between the government and university. Even though the government does not directly fund a private university, it can determine many key issues including the student recruitment targets, the evaluation of the quality of a university, approve of the University Constitution, the appointment of Secretary of UCPC and even whether the university continues to operate.

Clearly, as in Van Vught (1989) argues policies often provide a framework rather than a detailed description of the actual practice. The legislation is given by government to affect the developmental direction of the private university, and they are interpreted to meet the needs and characteristics of the different universities. In terms of the previous discussions on the different governance forms, the establishment of the university, roles of the UCPC and University Constitution, the three case studies, working with the same policy framework, realised and responded to the external policies in different ways.

In Section 3.2.3, Braun, Maguire and Ball (2010, p. 547) refer to the 'enactment' as to the way policies are 'interpreted' and 'translated' by the different actors in the institution. They state that, policy is framed by "the ethos and history of each school and by the positioning and personalities of the key policy actors involved" (2010, p. 558). Similarly, this study notes that the regulations from the government are not always translated into actions by the private university, and the interest of the university in particular those key policy actors affect the university' response on the government regulations.

In order to encourage private institutions to meet national needs, the government often uses policy and the leverage of funding as a tool to adjust the running of the

institution (Mundial, 1994). The changes initially appearing in all three case studies were driven by the external pressure of the government, whether or not it is in the plan of the university. However, in this process, what extent the policy would be carried out in the university depends on whether the policy is consistent with the expectations of the university senior managers. When the regulations from the government are consistent with the university's values and meet the university's interests, it is more than likely that some profound operational changes will be made. This is called *operational changes*. Given this, universities will propose a number of documents and activities to improve the implementation of the policy. As a result, the behaviour of the university regulated by the policy would change. If however a university has no interest to respond to external regulations, it generally will strive to achieve a balance between external regulations and practical operation. As a result, its change and the response are likely to be superficial. This is called *symbolic alteration*. In this condition, universities will produce the documents and convene the meetings required, but their daily behaviour will not change. In other words, universities respond to legislation on the basis of what the key figures consider is best for the university, rather than seeking to implement the legislation fully.

The process is presented in Table 6-4.

External policy ⇨	does not meet the interests of the university ⇨	**Symbolic alteration**
	meets the interests of the university ⇨	**Operational changes**

Table 6- 4 The ways the universities respond to the external policy

It is noted that this model could be changeable since the requirements of a university and the understanding of the senior manager on the requirements will change as the university develops. As Lin (2007) has pointed out, the fuzziness of education policy texts and the right of discretion of the university interact with each other to influence the outcome of the policy. This interaction between the text of the policy and its implementation allows the executives to seek policy space so as to find a balance between different interests of stakeholders.

For example, in the document the *Promotion Law of Private Education* (National People's Congress, 2003), private universities are required to establish a Council as their highest decision-making body and to establish an Executive Team, headed by the

President of the university, to collaborate with the Council. The regulation is general for all private universities but does not state whether the Council is allowed to participate in the daily management, and so this opens a space for universities to operate differently such as in the three cases of this study.

Therefore, the factors that act to shape institutional governance of the private university are listed in Table 6-5. It includes the different developmental stages, the characteristics of shareholder (as principal), the nature of employed senior managers (as agent) and the responsive models of university to external policy.

Factors	Explanation
Developmental stages	Stage of foundation Stage of establishment: Developmental stage and Consolidation stage
Characteristics of shareholder (as principal)	Numbers of shareholder Directly participates in the management of the university Aspirations for the university Personal leadership style of the founding Council Chair
Nature of Executive team (as agent)	President is important to the form the governance Intrinsic satisfaction and motivation of managers Professional ability of the managers to gain the trust of shareholders
The ways the universities respond to the external policy	Symbolic alteration Operational changes

Table 6- 5 Factors that act to shape the institutional governance of private universities

6.4 Summary

This chapter discusses the characteristics of institutional governance and the internal and external factors that shaped the form of governance. The three case studies have responded to their developmental requirements by making adaptations to their governance. During this process, two differing models of governance were adopted; the supervision and the managerial. In the supervision model (as exemplified in Case A), the Council and Executive Team each had different responsibilities and rights according to the provisions of the Constitution. The role of Council is to devise and approve strategic decisions and evaluate the performance of the Executive Team. The Executive Team of professionals with the President as leader has operational responsibilities and a degree of autonomy in carrying them out. The strength of this form is the professionalization of the decision making and implementation, while encouraging the enthusiasm and initiative of senior managers. In the managerial model (as exemplified by Cases B and C), ownership and implementation are

combined. The Council is deeply involved in daily management; its supervisory role is greatly reduced and even disappears. The strength of this model mainly lies in ensuring the highly efficient implementation of decisions, enhancing the efficient use of resources, and decreasing transaction costs.

The internal factors that affect institutional governance mainly come from four sources: different stages of the development of the institution, shareholders, senior managers and the way the university responds to the external policy. The different stages consist of the founding stage, developmental stage and consolidation stage. Factors arising from shareholders include whether the shareholders have the ability and willingness to manage the university, the number of shareholders, and the shareholders' aspiration for the university, and the personal characteristics and leadership style of the Council Chair. Factors coming from senior managers are their ability to gain the trust of shareholders and their motivation in working for the university. It is noted that the external policy shapes what happens in the university but there is a difference in how the policy is interpreted and how it is enacted by the university. In order to create the opportunity and improve the change, the policy is proposed by the government but the university responds to that opportunity differently.

The next chapter will review the whole research project and provide an overview of the findings, contribution to knowledge and practice in the field, limitations of the study and suggestions for potential further research.

Chapter 7 Conclusion

It doesn't matter whether a cat is white or black, as long as it catches mice.

--One Chinese proverb

7.1 Introduction

This chapter first reviews the research journey and summarizes the findings. While recognizing that there is no single ideal form of governance suitable for all private universities, the study has given rise to some important implications that would improve the effectiveness of the governance of such institutions. These implications are presented in the following section. The chapter then moves to consider the contributions this study makes to both practice and knowledge in the field of HE governance. Finally, the chapter discusses the limitations of the study and makes recommendations for further research before presenting some concluding remarks.

7.2 Research journey

This study contributes to HE management and governance, through the empirical study of institutional governance in Chinese private universities. Although the issues originated from my professional interest, they are currently of great importance for the development of education in China, and raise significant issues for the practice, policy making and theory of private HE. The journey commenced in October 2013 and finished with the completion of this thesis in August 2017.

It started with a broad review of the literature in order to provide direction to my experience and an examination of the feasibility of such an academic inquiry. After three months of initial literature review, a broad research aim was identified, which was to improve the development of private universities in China but I still struggled to narrow the study down to a specific topic. At the end of 2013, I discussed the research aim with some of my colleagues who were working in the private HE sector in China. During this process, I kept reflecting on the rationale for this study and realised that in-depth exploration on the institutional governance of private universities would be demanding but would be significant for both practice and for academics concerned

with the growth of private universities.

The study then focused on the literature concerning the institutional governance of universities worldwide and then on the Chinese context. The working research questions were drafted and the theoretical models were mapped out at this stage. At the same time, I attended a number of research training courses including Qualitative Study Methods and Data Analysis. The comparative case study approach using semi-structured interview and documentary analysis was identified as an appropriate methodology for this study.

It then began the task of choosing suitable universities for the case studies, which would also provide relevant key informants. As discussed in Chapter 4, three universities were chosen as case-studies. From June to October 2014, 26 informants were interviewed. In order to maximise the quality and trustworthiness of this qualitative study, data triangulation was used to increase reliability. The information and data were checked between the collected documents and interviewees, and between the interviewees who work in a same university and also the interviewees inside and outside of the university.

During the next five months, thematic analysis was used to examine the texts of the interviews and to draw out a number of key themes from the data. These preliminary themes helped to shape and refine the research questions and define the focus of this study. Then a further substantial literature review was carried out from September 2015. In this process, three theoretical models relating to institutional governance, theories of principal-agent, stewardship and stakeholder, were identified to underpin and inform the study. In addition, I kept in touch with some informants in the three case-study universities. The governance forms of these three cases were all experiencing some significant adjustments at the end of 2015. For example, the Council Chair changed or the President changed. To understand the reason for and influence of these changes, a second phase of fieldwork was undertaken in February 2016. Based on the trust developed over the previous two years and the information I had gained about the universities, the second phase enabled the collection of additional data and provided many useful insights into the case-studies. Another 18 interviews were conducted in this phase so this study in total has 31 interviewees, conducted on

44 separate occasions. The same thematic process of analysis used in the first phase was implemented to analyse the data. Table 7-1 shows the timeline of the study.

Stage	Year	Month	Task
Initial literature review and research design	2013	Oct-Dec	Exploring research theme
	2014	Jan-Jun	Initial literature review and research design
First phase of data collection	2014	Jul-Oct	First phase fieldwork
	2015	Nov 2014-Mar 2015	Upgrading
		Apr-Sep	Preliminary data analysis
Second phase of data collection	2015	Oct-Dec	Substantial literature review to explore the emerging themes
	2016	Jan-Mar	Second phase fieldwork
		Apr-Aug	Final data analysis
Writing-up	2017	Sep 2016-Aug 2017	Writing-up
		September	Submission

Table 7- 1 Timeline of the study

In the writing up stage, based on the themes generated from the data analysis, reports were written to describe and explain the forms of institutional governance and the factors acting to shape those forms. These findings linked the themes developed from the data analysis, and allowed a critical engagement with the theoretical models. Implications for the practical improvement of institutional governance of private universities were then explored. The limitations of the study were considered and recommendations for further research were also developed.

7.3　Research findings

This study has two main findings.

- Two different emerging forms of governance were identified: supervision and managerial form;
- Four factors that affect the forms of, and changes in, governance were identified,
    a) the specific stage in the developmental progress of the university
    b) the characteristics of the shareholders
    c) the nature of the executive team
    d) the various ways the university may respond to external policy

First the study shows that as the universities made efforts to respond to their developmental requirements, two forms of governance emerged: the *supervision* and the *managerial* form.

In the supervision form, ownership and implementation were separated. A Council is responsible for the strategic direction and evaluation of the work performance of the Executive Team. The Executive Team is led by the President and has adequate

autonomy over its operational responsibilities. There is a strong boundary between the Council and Executive Team. The strength of this form is the professionalization of decision-making and implementation, and it encourages the enthusiasm and initiative from the members of the Executive Team. The challenge of this form however is the asymmetry of information between the Council and the Executive Team, which is often a concern to the shareholders. The transaction costs may also be great, particularly since the contracts between the shareholders and managers are incomplete, or (and) if either shareholders or managers break the original contract, future additional costs can be incurred.

In the managerial form, ownership and implementation combine. The strength of this form is the efficiency of decision implementation and the lowering of transaction costs. However, the challenge is that the Council, as the governing body is deeply involved in the daily management of the university and that its supervisory role decreases and may even disappear. Thus, whether the shareholders are sufficiently professional to be able to manage the daily operations and keep the independence of the decision-making from the management becomes an issue in this model. To keep the enthusiasm and initiative of senior managers is another challenge of this model. It should be noted that the two forms of governance are not always mutually exclusive, but there can be a mixing of the two. For example, in the supervision model, the Council may be involved in the management of the university when the President encounters some unexpected challenges in the daily running of the university.

The second finding is about the factors that affect the form of governance. These four factors are explained as follows.

1) Private universities go through various stages as they develop and these different stages influence the form of institutional governance. These stages are named in this study as the stage of *foundation* and the stage of *establishment*. Generally, change and instability is the main characteristic of the governance form in the early foundation stage. At this time the future of the institution is still uncertain, shareholders might change or even withdraw their investment, and conflicts between shareholders and senior managers might occur due to their differing interests and perspectives.

In the subsequent establishment stage, stability and development are the main

characteristics of governance. Two phases appear with the expansion of the university, which were called *development phase* and *consolidation phase* in this study. In the first phase, mutual trust between shareholders and senior managers is established and the university focuses on growth resulting in rapid expansion. In the consolidation phase, the university accumulates practical experiences as to how to adjust its governance forms to meets the development requirements. The formation of institutional governance of a private university is usually a dynamic process, in which each stage and phase is closely connected with the previous stage.

2) The characteristics of the shareholders affect the form of governance.

a) The number of shareholders influences the form of institutional governance because if they have similar shares, mutual trust is an important factor that needs to be developed. To achieve this, universities tend to construct a transparent governance system and employ a professional Executive Team to ensure the security of their investments.

b) When the shareholders have work experience in the education field and have sufficient time, they are more likely to participate in the daily management. Their work and educational backgrounds is thus an important practical influence on their emphasis and leadership style.

c) The shareholders' expectations in their investment in the university also affect the governance form. These expectations are diverse including having a financial return and contributing to social development. The form of governance will therefore be consistent with the stated purpose of the university.

d) The founding Council Chair plays an important role in establishing governance in the early stage of the university because many issues are still unresolved and changeable in this period. The Chair has to deal with the different and sometimes conflicting interests of the various stakeholders. In this process, the characteristics and leadership style of the Council Chair greatly affects whether shareholders and senior managers remain or leave the institution, or whether or not the university even survives the early years.

3) The nature of Executive Team affects the institutional governance of the private university. First, the President is of great importance in the achievement of the

developmental objectives of the university, and in forming a successful governance structure. Second, whether the senior managers gain or fail to gain the trust and confidence of the shareholders also affects the governance form of the university. Good governance requires mutual respect, trust and honesty between the Council and the Executive Team. In this process, professionalism of the Executive Team is an important element that affects how much authority is delegated to the Executive Team. Third, senior managers gain intrinsic satisfaction from professional achievements which would have a positive influence on their on-going willingness to contribute to the development of the university. Fourth, it is noted that the longer senior managers have worked in the university, the deeper their commitment to the development of the university, and in turn, the greater the likelihood that they will be delegated more personal authority.

4) The various ways the universities respond to the external policy affect the form of governance. External policy usually provides an impetus for change in the university, but how the key university insiders understand and interpret the requirements of the policy can greatly affect which actions are implemented by the university. Generally, the interests of government with respect to the private university are expressed by legislation and policies. Effective governance does not solely depend on internal or external factors, but on their mutual interaction. Since universities have different characteristics depending on their key insiders, and their internal governance is diverse, external regulations therefore have a variety of impacts on different universities.

The modes of response of a university to external policy can be expressed internally in two ways: *operational change* and *symbolic alteration*. If the key insiders consider the external regulations are consistent with the interests of the university, the operational changes are implemented, but if these key figures do not feel the regulations are consistent with their aims they are more likely to make only a symbolic response. Therefore, the effectiveness of the government legislation largely depends on the extent to which legislation meets the values of the university as understood by the key insiders, and also whether the university authorities have sufficient motivation to implement the requirements in their particular developmental stage. For these reasons the institutional governance of private universities is not a

simple linear consequence of policy implementation.

7.4   Implications for the private university

This study shows how, in practice, the various universities within the common legislative framework responded with different forms of governance depending on their particular circumstances. What is learnt from these three cases provides an understanding of the governance within other private universities. Based on the data analysis from the specific cases, this study reveals six implications for the governance of private universities in China in general. These six implications are about the Council, the Executive Team, UCPC, University Constitution, the role of government and the amendment of the *Promotion Law of Private Education.*

First is the implication for the Council as a governing body. In terms of stakeholder theory, the Council needs to understand the interests of different stakeholders and then make decisions according to their various interests. One way of addressing this is to ensure that Council members represent the different stakeholders including staff, students and independent external members.

The case studies show how some shareholders, particularly the Council Chair, do participate in the daily management of the university. In terms of the principal-agent theory, their participation can lessen disagreements and avoid a confusion of objectives between shareholders and senior managers. It can also reduce running costs and promote the efficient implementation of decisions. However, with the increasing student numbers, the management structure of the university becomes more complex. If shareholders participate in the daily management, then ownership, decision-making and management become one, and power may then be concentrated in the Council Chair. This could give the Council Chair little time to consider future planning, emerging issues and opportunities that the university has. As a result, the university might be in a precarious position with decisions being made subjectively by the Council Chair or a few shareholders. It could also diminish the enthusiasm and initiative of employed senior managers, and in particular the President.

To avoid this, a clear statement of the responsibility and accountability of both shareholders and managers should be produced. It might also be useful to consider

how the shareholder, as principal, establishes a mechanism to strengthen the monitoring of agents as well as providing professional evaluation and consultation, whilst still giving enough autonomy and authority to the managers as their agent. The performance of the Council should also be regularly evaluated to ensure the continual improvement of its effectiveness and transparency. This could take the form of an annual review as to how well the Council has met its goals and whether its decisions were consistent with its mission and values as stated in the University Constitution. In addition, a specific Constitution for the Council based on the university's mission should be established as part of a mechanism to monitor the work of Council. This would outline the principles of the Council including decision-making procedures at its meetings, and the appointment, responsibilities and rights of its members.

Second, it is recommended that the professionalism of the Executive Team is strengthened. In terms of the stakeholder theory, the senior managers are the only group of stakeholders who enter into a contractual relationship with all the other stakeholders, and who directly affect the performance of a corporation (Hill and Jones, 1992). Senior managers need to understand the intentions of different stakeholders as well as the goals of the university. The values they personally hold significantly influence the development of the organization (Williamson, 2002). Being a senior manager, particularly the President, can be demanding, as an understanding of management, administration, finance, business and HE are all required. Their professional quality will not only improve the development of the university itself, but will add to the shareholders' confidence in the university who would then award more autonomy to senior managers.

The third is to maintain the independence of UCPC in the institutional governance in order to better supervise daily operations. The involvement of the UCPC in the governance of private university is unique to the Chinese context. It is evident from the three case studies that the UCPC can, and does play a constructive role in unifying the purpose of the university and lessening contradictions among managers in daily management. In the case universities, the role of the UCPC was welcomed by both shareholders and Executive Teams. In all three cases, the UCPC combined with the Council or (and) Executive Team to a considerable degree, almost becoming indistinguishable from them.

When the President acts as the Secretary of the UCPC, power is highly concentrated in one person. This may simplify the procedures of decision-making, lessens agency costs and conflicts between senior managers, and also increases work efficiency. However, it might have a danger to make poor decisions if they are too autonomous in one person. Discussion of varying opinions is important at the senior management level as it can optimise decision-making but in an over-lapping structure such as in combining the position of Secretary and President, the independent supervisory role of UCPC officials could be lost. The regulations give the UCPC the right to participate in the Council and Executive Team, and part of its role is to supervise the daily running of the university to ensure the Communist Party's mission is achieved. It is proposed that there is a need to consider how to best maintain the independence of UCPC from the Council and Executive Team so as to better supervise daily operations. This is particularly important with the expansion of student numbers and the complicated structure of the university.

The fourth implication is to enact the Constitution for the University. The importance of the Constitution was recognised by all informants in all the three cases, in theory at least. Each informant believed that the Constitution was a necessary requirement providing a clear expression of the mission of the university, and defines the different roles, responsibilities and parameters for assessing the success of the Council and the Executive Team. However, in practice while some informants consider their work was being implemented in accordance with the University Constitution, others thought it would take some years before the Constitution was fully implemented.

Private universities often face tensions between their various stakeholders; some stakeholders may take actions that benefit their own interests even though these may damage other stakeholders' interests or the development of the university. In terms of the principal-agent theory, in order to clearly separate the responsibilities and interests of principal and agent, a formal contractual relationship should be established. The Constitution can be considered as a contract among these stakeholders to regulate their different interests, and should be taken seriously in terms of its drafting and implementation.

Fifth, it is proposed that the government shall consider having a clear mechanism of

monitoring and authorizing private universities with clearly different roles for governance. Some scholars have used the principal-agent theory to discuss the relationship of the government and the university (Section 4.2.2). In terms of this theory, the monitoring and authorization is the key issue for the governance of private universities. Compared with the public universities, the private university usually has more flexibility to shape its own form of governance in terms of its practical requirements. However, this flexibility could result in a failure to properly protect the interests of students or the quality of education since the university prioritises profit as was shown in the developmental experience of private HE (Section 5.4). Improving HE is the responsibility of all the stakeholders especially that of the government. Effective monitoring of the governance of the private university should be made to protect the interests of the different stakeholders and improve the quality of education. In particular, the occasional symbolic compliance shows the need for better accountability at system level. For example in the five year institutional review, the compliance with government directives should be seriously reviewed.

The sixth implication is about the amendment of the *Promotion Law of Private Education.* As discussed in Section 2.3.2, this amendment proposes changes in the regulations regarding the governance of private universities, and will be implemented from September 2017. As noted in Chapter 2, the main amendment of *Promotion Law of Private Education* aims,

- To protect the rights and interests of the shareholders; Shareholders are allowed to participate in the management subject to the Constitution of the school;
- To strengthen mechanisms to protect the rights and interests of staff and students;
- To further improve governance mechanisms of private institutions, in particular to establish decision-making bodies and corresponding supervisory mechanisms;
- To further strengthen the construction of the Party;
- To enable governmental departments to strengthen the supervision of private schools including to set information disclosure and comprehensive archives of credit record for private schools;
- To categorize the private schools that are managed on a non-profit and for-profit basis.

In accordance with this amendment, the State Council, MOE and provincial governments will form relevant policies and regulations to implement reforms in private schools. The amendment also asks that full consideration be given to the history and reality of the private school to protect the legitimate rights and interests of sponsors, faculty members and students. The majority of the suggestions arising from

this study are consistent with the provisions of the amendment. The new legislation asks to categorize those private schools that are operated on a non-profit and for-profit basis. Since the focus of this study is institutional governance, it does not specifically address this aspect of private HE provision.

Generally, the amendment aims to ensure that governance will, from the government's perspective, be more consistent and effective, but, as this study has shown, in practice institutional governance is dynamic. When the new legislation comes into effect, universities might respond to this new legislation in the light of their particular interests, and operational change is only likely to occur if the regulations meet the interests of the university. In addition, it is notable that the new legislation clearly allows shareholders to participate in daily management, subject to the provisions of the university's Constitution. In the light of the discussion of Section 6.2.2, shareholder participation in daily management would lead to the supervisory role of the Council being weakened. Therefore, it is suggested that the University Constitution makes clear the role and responsibility of the shareholders and their full participation in the development of strategy.

7.5 Contributions

7.5.1 Contributions to practice

First, the rapid increase of the private university sector in the past twenty years has led to the expansion of HE, but as introduced in Section 1.1 it has raised a number of concerns. This study has explored how each of the three universities responded to changing circumstances in adopting a particular form of governance. Based on the data analysis, some implications are proposed to improve the governance of private universities (Section 7.4). It is worth noting that there are some fixed elements common to all HE institutions such as the interaction between the university and government, and a duty of care towards the different stakeholders of university. The implications from this study could also be relevant and applicable in the governance of private universities of other countries. The study provides insights from an empirical investigation through case studies into the governance of private universities in China, and also a referential perspective for the governance of private universities

in general for policy makers, senior managers and academics.

Second, the case studies show that the governance form is a result of the interaction between the external policy and the university. During the process of interaction the key actors involved in the governance are the main influencing factor that affects the implementation of the policy. Previous studies on the governance of private HE sector in China have indicated that the institutional governance should be strengthened and a more rational decision-making mechanism needs to be established (Wang, 2012; Xu, 2012; Duan, 2015). This study has discussed in-depth the interaction of shareholders and employed senior managers. It also recognises the gap that exists between external policy and enactment in practice investigated in a schooling context by Ball and Maroy (2009), and Braun, Maguire and Ball (2010) and notes that the university interprets and enacts the external policy in terms of its own interests. This study furthermore provides a reasonable explanation of the different forms of governance and the implementation of the policy.

7.5.2 Contribution to knowledge

This study makes five major contributions to knowledge, the first two are original and the latter three are additions to existing literature.

First, little has been written in English about the development of private universities in China. A reason for this deficiency is that the private universities in China have only developed in the last twenty years, unlike other countries such as the United States which have a longer tradition of private HE. However, today private HE in China makes up one-third of the total number students in HE in the whole country, which now makes this the largest number of students in private HE in any country in the world. This study has systematically followed the growth of the private sector of HE in China since 1978 with the Opening-up and Reform policy and the development of the market economy.

Second, this study has examined the role of the CPC within the university and how it affects governance of private universities. The UCPC is a unique aspect of the governance of private universities in China, and it plays a major part in the supervision, the governance, ideology education and management of student affairs. This study describes how the UCPC represents the Party as an external power that

integrates with shareholders and senior managers to achieve its required role. The different universities show flexibility in how they have worked with this external power to improve internal governance. No study in English has been found that investigates the role of UCPC in the private university and how it affects its institutional governance. This study therefore offers scholars a unique empirical analysis of the role of CPC in practice within university governance in China. It also presents a comparative perspective of the governance of the private HE sector with other political and social systems.

Third, this study details how government legislation frames the institutional governance of private universities and finds two ways in which universities are likely to respond to external legislation, *symbolic change* and *operational change*. If the values of external policy are not consistent with the university's overall aims, a university has limited interest in responding to the policy, but has to achieve a balance between external regulations and the internal aims of the university. It therefore responds to the new policy by making what can best be described as a *symbolic change*. However, if the university accepts the value of the policy, it is more likely to implement some profound *operational changes* to the policy on the university.

Fourth, by exploring the situation of private HE in China, this study adds reliable empirical data and case studies to the growing body of literature on the governance of private HE sectors worldwide. It also provides an overall explanation of two forms of institutional governance: *supervision* and *managerial*. These two forms detail how the shareholders and senior managers interact with each other in the university governance.

Fifth, the study has developed application of the theories of principal-agent and stewardship to the governance of the private HE sector. Although these two theories are commonly used in the study of business, there has been limited application of them to institutional governance of private HE. The perspectives on governance formed in this study originate from understanding the relationship between the shareholders and managers utilising these two theories. In these terms, the shareholders and managers are believed to have certain incentives to participate in the governance. This study therefore enriches the research literature by applying these

theoretical frameworks in an empirical study of the private university context.

7.6   Limitations of the study

Reflecting on the research journey, four possible limitations of this study are noted. While two might be seen to originate from the research approach adopted, and are thus counter-balanced by the strengths of this approach, another two relate to the process of data collection and scale of the study.

The first limitation might be the generalisation of findings coming from comparative case studies. This method offers an in-depth understanding of three different cases and accounts for the complexity of different cases, and allows cross-cutting connections across cases (Ragin, 2014). Three private universities with various histories, different lengths of time since they were established, size of student body and geographic location were selected. This allowed the research to concentrate on the particular objectives, and illustrate how forms of governance and processes develop. Since there is a wide difference in economic and social development among provinces, these three case studies cannot represent the whole of the private university sector in China. Nevertheless, the study provides an understanding of how the governance forms and processes responded to external changes for the private university sector in China.

Secondly, it could be that my own experience with private universities might affect the findings. It is well known that the researcher is also the instrument that facilitates the collection, interpretation and analysis of the data. In order to avoid interference from my personal experience, a number of strategies were adopted, from the cases selected to the process of the data analysis. Furthermore, it was my previous work and experience with private universities that initiated this study and gave me the opportunity to interview senior figures.

Thirdly, the spread and types of interviewees are limited, but they do include Council members, Secretaries of UCPC, Presidents of the university, educational administration officials from government and official examiners of HE. Even though all of the interviewees in this study held senior positions in private universities and have rich experiences in the governance of private HE, people with other roles may

have different perspectives on the institutional governance of these universities. However, as illustrated in Section 4.5.2, other roles such as the ordinary staff members and students tended to focus on the issues more relevant to their own subjects and department rather than the wider university governance. To change the spread and types of the interviewees would therefore mean the focus of the study would be changed because it is these senior managers who understand the operation and function of the university's governance.

The fourth limitation could relate to the reliability of the interview data. Some of the interviewees are my previous colleagues and others were introduced by these colleagues. Whilst some senior managers would be open and honest in such an academic interview, others might feel more restrained in discussing their personal experiences. But, data triangulation facilitates improved reliability of the interview data. The documentary evidence from national, provincial and university level was used to cross check the accuracy of the information from the interviewees as was data from other interviewees who are within and outside the university. The second series of interviews conducted two years after the first allowed the checking of all information previously provided by the interviewees as regards to its consistency and coherence.

7.7   Recommendation for future studies

In order to further explore the subject of governance in private universities future research could be undertaken in four directions.

First, the form of governance for any institute is a dynamic process which has to adjust to meet the needs of the changing social environment and the different developmental stages of the university. To monitor the continuing development of the form of governance of these three case studies would be a significant study for the future. In addition, this study has chosen to focus on the governing group as the best means to explore the dynamics of governance from these three cases. It would be worthwhile expanding the interviewees to include other stakeholders such as members of the academic and administrative staff. This could provide a more multi-faceted account to explore the activities of the university and its management.

Second, this study did not select the universities because they are exceptional in terms of performance, and nor did it have any means of systematically relating governance to academic standards. Nevertheless, it can be assumed, from the literature and research conducted in other settings, that clear and transparent governance does have a positive impact on the extent to which the needs and expectations of stakeholders are met. Further research could look at the correlation between the form of governance in a private university and performance by studying quality assurance mechanisms, and how institutional changes might be triggered to improve the development of the universities. In addition, it is noted that leadership is a component of governance so a related aspect is how the style of leadership shapes the relationship between the President and the Council, how this affects governance and the performance of the university, and how the power fluctuates among these key actors and organizations and affects governance. It is recognised that governance embraces the issues of autonomy, academic freedom and accountability, and the culture of the organization. Conduct of studies across the organisation and its cultures can be included for further work.

Third, the appropriateness of the semi-structured interviews used throughout this study has been demonstrated where informants were free to enter discussion of the topics explored by the study in terms of the questions asked and their own ideas (Section 4.5.1). This however does not exclude the use of other methods such as questionnaires that could be used to collect data from a larger number of participants. Such studies may be conducted when senior managers gathered to attend training sessions and conferences. Nevertheless, it is noted that questionnaires may limit the opportunity to ask the informants more about particular or follow-up questions because it is a once-and-for-all investigation. Therefore mixed methods could be used to explore the study in the future.

Finally, similar studies of the internal governance of private universities could be undertaken in other provinces to examine how the different economic and social contexts affect the issues of governance. It would also be worthwhile to conduct similar comparative studies in different countries with diverse social and political backgrounds, and the relationships of state and university across the world, although this would change the research design and require more researchers to participate in

the project.

7.8 Closing comments

Currently, over six million students study full-time in Chinese private universities. As illustrated in Section 1.1, the development of private universities does encounter some major challenges. Nevertheless, theoretically informed studies based on empirical work and case studies of the governance of private universities are few. This thesis investigates forms of institutional governance and the internal factors that have shaped the governance in practice. The perspectives of principal-agent, stewardship and stakeholder theory were adapted to understand the relationship between the shareholders and senior manager, the government and the university.

Two distinct forms of institutional governance, *supervision form* and *managerial form* were identified. The factors acting to shape the governance form depend on the particular developmental stage of the university, the characteristics of shareholders, the nature of the senior managers and the responsive models of university to the external policy. Some suggestions are made as to how the governance of private universities in China may be improved. These proposals might also be applicable to the governance of private universities in other countries. Overall, this thesis fills the gap of studies about the governance of private universities in China, written in English. The study offers an empirically informed insight to policy makers, shareholders and managers of private universities and academics who are interested in the governance of private universities. It also adds to the literature on governance of private HE worldwide.

At the time of the completion of this thesis, I revisited the three case universities. Their governance forms had remained the same as when I visited them in February of 2016. Case A prepares to upgrade to be a bachelor degree awarding university in 2018. It now is committed to improving the quality and specialized focus of the university. The President told me he will not act as the Secretary of the UCPC and a Vice President will be promoted as the Secretary since September 2017. Case C passed the Quality Evaluation for the Cultivation of Talents of Vocational Higher Education introduced in Section 3.3.3. As part of this evaluation, the group representing the government proposed a number of suggestions on the development of the university,

including the training of teaching staff and young managers. Case B celebrated its 20th birthday in June 2017 involving thousands of people including its alumni, current staff and students, representatives from the field of HE, government, industries and local community. At the end of the ceremony, the sound of the song "Meet again after twenty years" echoed around the grounds of the university. The lyrics of this song indicate a sense of hope and confidence for the future development of the university.[45]

In the past twenty years, the full-time student numbers of private universities increased from 12,000 to 6.109 million. The private universities have been successful in attracting private capital to relieve the financial pressure on the government and satisfy public need for HE. During this process, the diversification of institutional governance has become evident in different universities. In the future years, this diversification will continue as an essential feature of the private university. It is understandable that this diversification of institutional governance will develop as universities respond to changes in policy and other internal and external factors, but it must be kept in mind that the aim of governance is to improve the development of the university by allocating resources, and to ensure the university serves and protects the interests of its different stakeholders. Above all they should enable young people to become appropriately skilled and equipped for life in modern China and an increasingly global world.

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45 Extract from the lyrics of this song is "We date our wishes and portray the future blueprint again, and let us meet in another twenty years. In that time we will review and comment all achievements we have done; In that time the achievements we have done will be gratifying".

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Appendix

Appendix 1: The documents used in the study

Documents from the national government

	Date	Name	Issuing department
1	1982	Constitution of People's Republic of China 中华人民共和国宪法	National People's Congress 全国人大会常务委员
2	1984	The Central Committee of CPC' Decision on the Economic System Reform 中共中央关于经济体制改革的决定	CPC Central Committee State Council 中共中央　　国务院
3	1985	CPC Central Committee's decision on the reform of education system 中共中央关于教育体制改革的决定	CPC Central Committee State Council 中共中央　　国务院
4	1987	Interim Provisions on the School Running of Non-governmental Organization 关于社会力量办学的若干暂行规定	Education Commission of the States 国家教育委员会
5	1993	Compendium of Education Reform and Development 教育改革和发展纲要	CPC Central Committee and State Council 中共中央　　国务院
6	1993	Interim Provisions on the Setting Up of Private Universities 民办高等学校设置暂行规定	Education Commission of the States 国家教委
7	1995	Education Law of People's Republic of China 中华人民共和国教育法	全国人大常务委员会 National People's Congress
8	1997	Provisions on the regulation of non-governmental capital running education 社会力量办学条例	State Council 中共中央国务院
9	1998	Law of Higher Education 高等教育法	National People's Congress 全国人大常务第委员会
10	1999	Revitalization Action Plan of Education Facing the 21st Century 面向 21 世纪教育振兴行动计划	MOE 教育部
11	2003	Promotion Law of the Private Education 中华人民共和国民办教育促进法	National People's Congress 全国人大常务委员
12	2003	Opinions on Regulation and Strengthen Management of Independent College Sponsored with New Mechanisms and Models from State Universities 关于规范并加强普通高校以新的机制和模式试办独立学院管理的若干意见	MOE 教育部
13	2004	Interpretative Regulations on the Promotion Law of the Private Education 民办教育促进法实施条例	State Council Decree No.399 国务院令
14	2004	Notice on Cancelling the Diploma Examination of HE 教育部关于取消高等教育学历文凭考试的通知	MOE 教育部
15	2006	Provisional Rules of Ordinary Undergraduate Institution Setting 普通本科学校设置暂行管理规定	MOE 教育部
16	2006	Opinions on the Setting Up of the University during the Period of the 11th Five-Year Plan 关于"十一五"期间普通高等学校设置工作的意见	MOE 教育部
		Announcement on Strengthening Standard Management of Private University and	

17	2006	Guide Healthy Development of Private Higher Education 关于加强民办高校规范管理引导民办高等教育健康发展的通知	General Office of State Council 国务院办公厅
18	2006	Opinions on Strengthening the Construction of the CPC in the private university 关于加强民办高校党的建设工作的若干意见	MOE Organization Department 教育部　组织部
19	2007	Provisions on Running Management of Private University 民办高等学校办学管理若干规定	MOE 教育部
20	2008	Regulations for Establishment and Management of Independent Colleges Sponsored with New Mechanisms and Models from State Universities 独立学院设置与管理办法	MOE 教育部
21	2010	Outline of Chinese National Plan for Medium and Long-term Education Reform and Development (2010-2020) 国家中长期教育改革和发展规划纲要	State Council 国务院
22	2010	The ordinary regulations of CPC Central Committee on university committee 中国共产党普通高校基层组织工作条例	Central Committee of CPC 中共中央委员会
23	2010	Opinions on Improving the Development of Private Education 关于进一步促进民办教育发展的若干意见	MOE 教育部
24	2010	Opinion about Further Improving Funding Levels of the Local Undergraduate Course of Ordinary Universities 关于进一步提高地方普通本科高校生均拨款水平的意见	MOE and Ministry of Finance 财政部　教育部
25	2011	Interim Measures about the formulation of University Constitution 高等学校章程制定暂行办法	MOE 教育部
26	2012	The Middle and long-term planning of Higher education 高等教育中长期专题规划	MOE 教育部
27	2012	National Education Planning of the Twelfth Five-years "十二五"教育规划	MOE 教育部
28	2012	Constitution of the CPC 中国共产党章程	CPC Central Committee 中共中央委员会
29	2012	高等教育中长期专题规划 Middle and Long-term Developmental Planning of Higher Education	MOE 教育部
30	2012	Implement Opinions on Encouraging and Guiding Private Capital into the Education Field to Promote the Healthy Development of Private Education 鼓励和引导民间资金进入教育领域促进民办教育健康发展的实施意见	MOE 教育部
31	2014	关于加快发展现代职业教育的决定 Decision of Accelerating the Development of Modern Vocational Education	State Council 国务院
32	2014	Notification on Accelerating the Formulation Approval and Implementation of the University Constitution. 关于加快推进高等学校章程制定核准的通知	General Office of the MOE 教育部办公室
33	2015	Guiding opinions about the transference of a local university to be able to offer applied and practical courses 关于引导部分地方普通本科高校向应用型转变的指导意见	MOE, Ministry of Finance National Development and Reform Commission 教育部　财政部　国家发改委
34	2016	Decisions about Repeal and Modify Some Regulations 教育部关于废止和修改部分规章的决定	MOE 教育部
35	2016	The amendment on Promotion Law of Private Education 民办教育促进法修订案	National People's Congress 全国人民代表大会常务委员

Documents on the private university published by Sichuan Province

	Date	Name	Issued department
1	1998	Regulations of Sichuan Province on the School Running of Non-Governmental Capital 四川省民办教育管理条例	Sichuan Provincial People's Government 四川省人民政府
2	2006	The Opinions of Energetically Carrying Out the Development of Private Higher Education 关于大力促进民办高等教育发展的意见	Sichuan Education Department, Finance Department and other 10 local departments 四川教育厅等十二部门
3	2008	The Regulations of Sichuan on Promotion of the Private School 四川省民办教育促进条例	Sichuan Provincial People's Government 四川省人民政府
4	2014	The Comprehensive Guidance to Deepen the Reform of the Education Field 教育体制深化改革条例	Sichuan Education Department 四川省教育厅

Documents from the Case Studies

	Code	Date	Name
1	D-CA1	2009	University Constitution of Case A
2	D-CA2	2009	Council Constitution of Case A
3	D-CA3	2014	Regulations on Joint Meetings of University Committee and UCPC
4	D-CB1	2004	University Constitution of Case B
5	D-CB2	2004	Council Constitution of Case B
6	D-CC1	2011	University Constitution of Case C
7	D-CC2	2012	Implementation Measures of the Presidential Responsible System under the Leadership of the UCPC

Appendix 2: Interview questions

1   What do you think were the motivations to improve the development of private universities in past years?

2   How have you been involved in the field of private higher education? What kinds of roles have you taken on in this field?

3   Could you introduce the institutional governance of your university?

4   As a member of Council (Executive Team or UCPC), what is your responsibility?

   a)   Do other members have same or different role?

   b)   What are the overall responsibilities of the Council (Executive Team or UCPC)?

   c)   How are the important decisions generated, carried out and supervised in the implementation?

5   If the interviewee has more than two roles:

   a)   What's the relation between these roles?

   b)   Is there any conflict, advantages or disadvantages between these roles?

   c)   What reasons encouraged you to take on more than one role?

6   In some private universities, the shareholder participates in the daily operation of the university. In others, the shareholder does not participate.

   a)   What are the advantages and disadvantages of these two situations?

   b)   What do you think were the reasons why universities employed those two differently?

7   Who are the stakeholders of the private university? What are their interests? What are their roles in institutional governance?

8   What do you think about the role of the University Constitution in the institutional governance of the private university?

9   What are the most influential decisions your team (or you) have ever taken in terms of institutional governance?

10   What are the main challenges facing the private university (your university) as regards the institutional governance? Is the university (or government) doing anything to address these challenges?

11   How does institutional governance assure the qualification of student' training?

12   Is there is any gap between the document policy and the implementation of the policy in the practice as regards governance of the university? What do you think about these differences?

13   In terms of governance of private universities, what is the role of government?

14   What is the ideal relationship between government regulations and university actions as regards on the institutional governance in the private university?

Appendix 3: Coding of documents and interviews

Documents(D)	Interviews: General comments on private universities(IG)	Interviews: Comments on university of the case-study(IC)	Themes
1.1 Mission of the private university 1.2 Characteristics of Chinese private universities 1.3 Development direction of private universities	1.1 Mission of the private universities 1.2 Development direction of the private university 1.3 Development of process private universities 1.4 Unequal treatment directed towards the private university	1.1 Mission of the private university 1.2 Characteristics of Chinese private universities 1.3 Development direction of the private university 1.4 Development of process private universities	1 Private university in China
2.1 The relationship between the government and the private university 2.2 Supervision of the Commissioner	2.1 The relationship between the government and the private university 2.2 Supervision of the Commissioner 2.3 Interests of the government 2.4 Government regulation	2.1 Relationship between the government and the private university 2.2 Interest of the government 2.3 Government regulation	2 Relations between the government and the private university
	3.1 The characteristics of the public university		3 Public university
	4.1 Chinese social context	4.1 Chinese social context	4 Chinese social context
5.1 Corporate governance 5.2 Democratic decision making of internal governance	5.1 Corporate governance 5.2 Family governance 5.3 The system of Presidential responsibility under the leadership of the Council	5.1 Corporate governance 5.2 Family governance 5.3 The system of Presidential responsibility under the leadership of the Council 5.4 Separated Council and Executive Team 5.5 Combined Council and Executive Team	5 Institutional governance form
6.1 Council Member 6.2 Role of Council 6.3 Shareholders 6.4 Authority	6.1 Council Member 6.2 Shareholders 6.3 Role of Control 6.4 Monitor 6.5 Authority 6.6 Trust	6.1 Council Member 6.2 Council Chair 6.3 Senior management team 6.4 Shareholders 6.5 Power	6 Council and shareholders
7.1 President	7.1 President 7.2 Executive Team	7.1 President 7.2 Executive senior manager	7 Executive Team and President

	7.3 Relation between the Council Chair and the President 7.4 Professionalization 7.5 Leadership	7.3 Relation between the Council Chair and the President 7.4 Joint meeting 7.5 Professionalization 7.6 Autonomy 7.7 Motivation	
8.1 Relation between the Council and daily management 8.2 Independent assets 8.3 Daily management	8.1 Relation between the Council and daily management 8.2 Independent assets 8.3 Finance of the university 8.4 Advantage of the Council Chair participating in the daily management 8.5 Disadvantages of the Council Chair participating in the daily management 8.6 Reasons for the Council Chair participating in the daily management	8.1 Relation between the Council and daily management 8.2 Independent assets 8.3 Finance of the university 8.4 Relation between the Council and executive team 8.5 Experiences connected to the daily management	8 Relation between the Council and Executive Team
9.1 UCPC	9.1 UCPC	9.1 UCPC 9.2 Secretary of the UCPC 9.3 Joint meeting	9 UCPC
10.1 University Constitution	10.1 University Constitution	10.1 University Constitution	10 University Constitution
11.1 Independent college	11.1 Independent college and its mother university	11.1 Independent college and its mother university	11 Independent college
12.1 Academic Board	12.1 Problems of the private universities 12.2 Teaching quality	12.1 Hardly find an appropriate President 12.2 Qualified executive team 12.3 Teaching quality	12 Challenges of cases
13.1 Students 13.2 Staff 13.3 Trade Union and Staff Congress 13.4 Social participation	13.1 Stakeholders 13.2 Students 13.3 Parents 13.4 Staff 13.5 Trade Union and Staff Congress 13.6 The community of interests 13.7 Government	13.1 Stakeholders 13.2 Students 13.3 Parents 13.4 Staff 13.5 Trade Union and Staff Congress 13.6 Local community 13.7 Government	13 Stakeholders
	14.1 Governance situation of other private universities		14 Governance at other private universities

Appendix 4: Coding example

The independence of assets is critical; all the university's assets, including land, buildings, equipment and facilities, are transferred under the name of the university, rather than the name of companies.

Author
Code IC 8.2: Independent assets
Theme 8: Relation between the Council and Executive Team

The aim of shareholders is to make good use of existing assets in the university, which could only be achieved by running the university successfully.

Author
Code IG 6.2: Shareholder
Theme 6: Council and shareholders

As some shareholders worry about the risk that comes from the transfer of assets, the Council Chair finally persuades them.

Author
Code IC 6.2 and 6.4: Council Chair, Shareholders
Theme 6: Council and Shareholders

In the daily operational aspects of the university, the highest decision-making body is the Joint meeting of the Party and the Executive Team.

Author
Code IC 7.4, 9.1: Joint meeting, UCPC
Theme 7, 9: Executive Team and President, UCPC

Principles and procedures to deal with tasks are of great importance. We clearly require the Joint Meetings of the Party and executive team committee chaired by the President. Because I hold positions as both the Secretary of the Party and the President, there is no question about who chairs the meeting.

Author
Code IC 7.1, 7.4, 9.1: President, Joint meeting, UCPC
Theme 7, 9: Executive Team and President, UCPC

If the position of Secretary is separate from the President, the President presides over the meeting. The ex-officio member includes all senior managers and sometimes there are non-voting delegates. These non-voting delegates are established based on the content of the meeting. All important decisions are considered and made by this joint meeting.

Author
Code IC 7.4: Joint meeting
Theme7: Executive team and President

This can also avoid any abuses of authority and hoodwinking by the President.

Author
Code IC 7.1: President
Theme7: Executive team and President

Appendix 5: Information sheet

A Study of Institutional Governance of Private Universities in China

Invitation

You are being invited to participate in this study. Before you decide to take part in this interview, you should understand the purpose of this study and the issues related to your participation. Please carefully read the following information and ask if you are unclear or would like more information on this study and your participation.

What is the purpose of the study?

This study seeks to explore the institutional governance and the factors that have shaped the governance of private universities in practice. Overall, this study plans to offer an empirically informed perspective to both policy makers and academics on the institutional governance of private universities in China.

Why am I chosen?

The senior managers of private university (members of Council, Executive Team and University Communist Party Committee), the government officials and experts on private higher education are three groups of participants for this study. Their experiences and interpretations of private university governance are of great importance to this study. As an experienced member in the university governance in China, your opinions will enable me to insight in-depth into governance of private universities and beneficial to this research.

What will happen if I participate in this study?

If you participate in this study, you will take part in an individual interview with the researcher in face-to-face around one hour. Some prescribed questions on private university governance will be asked for your answer and you are welcomed to express any issue out of these questions but related with private university governance. Your perceptions and answers will be discussed in this research. The place and time of interview can be decided by you according to your schedule. With your permission, the interview will be audio recorded.

Do I have to take part? What are the risks and benefits of taking part?

You have no obligation to take part in this study and you can withdraw research at any time without specifying any reason. There are no known risks in taking part in this research. Your participation, as part of this study, will contribute to a updated and detailed understanding of the governance of Chinese private university to this research.

The research findings, which are partly based on your participation, will be of interest to government policy-makers, senior managers of private universities and scholars who study in the governance of higher education.

What will happen to the results of this research?

The data is a basis of the PhD thesis of Institute of Education, University College London (IOE). Some analysis may be published in academic journals or presented at academic conferences. The analysis of data will take place in the next three years. I will ensure that audio recordings and interview transcripts will be only applied in research and are not to be made available to any other person. These data will be kept in a recorder which only I have the password. Any publication or conference presentation which involves these data will be anonymous other than the participants ask and it is appropriate to be not anonymous. A copy of research findings will be available upon your demand.

Who is organising the research?

The research is organised as a PhD research project with in conjunction with the IOE, which is sponsored by the Chinese Scholarship Council. This research has been approved by Research Ethics Committee at the IOE.

Contact for Further Information or Follow-up

If you have any further questions on this research, you are welcomed to contact with me with liuxubright@gmail.com.

Appendix 6: Consent form

A Study of Institutional Governance of Private Universities in China

This study seeks to explore the institutional governance and the factors that have shaped the governance of private universities in practice. It is undertaken by XuLiu, PhD student at the Institute of Education, University of London.

1.I have read and understood the information document on this study and have considered all the risks involved with this research. I have had the opportunity to ask questions which have been answered by researcher satisfactorily.

2.I understand that I can withdraw from this study without any explain at anytime simply by informing the researcher of my decision timely.

3.I understand the purpose of this research and how these data will be used, and how the research findings will be disseminated.

4.I understand how to contact researcher if I have questions on my participation in this study.

5.I understand this research has been reviewed and approved by Research Ethics Committee at the Institute of Education, University of London.

I agree to participate in this study.

Name: _____   Researcher: _____

Date: _____   Date: _____

Signature: _____   Signature: _____

If you wish to obtain a copy of the research findings, please leave your contact details here:

_____