

# The Development of Hybrid Colleges in China: A Neo-Institutionalism Perspective

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In the past decade, China has witnessed unprecedented higher education expansion. The total enrollment has grown from 6.23 million in 1998 to 33.25 million in 2012. As Philip Altbach (2002) argued, a central characteristic of mass higher education systems is differentiation. Mass higher education in China has mainly been achieved through differentiation: expansion in public non-elite local universities, development in newly restructured vocational colleges, and flourishing of the private sector, in which a new hybrid type of college, the private-run second-tier college affiliated with a public university (named *duli xueyuan*, independent college), is an important component.

These independent colleges are run as self-financing entities and operated on market principles. The tuition is twice as high in these independent colleges and student intake is at a lower academic level than at the public universities. But the public universities are expected to assure basic academic quality at these colleges (Liu 2012). Emerging in the 1990s, this type of college has grown rapidly during the massification process. Its numbers had increased to 309 by 2011, enrolling more than half of the student population in the regular programs in the private sector and nearly 12 percent of the national total.

Being perceived as an innovative approach to expand higher education with less public funding, this new hybrid type of college has raised lively debates about credentials, quality, and equity issues. Research on independent colleges, however, is an under-examined area. This study intends to analyze the rationale and dynamics in the development of these colleges through the lens of neo-institutionalism.

## Theoretical Framework

Institutional theories argue that institutions are not only “property” but also “process.” Change in institutions starts with the process of the de-institutionalization of the existing institutions, and encompasses construction, institutionalization and maintenance (Meyer and Rowan 1977), which build on the bases of interactive and competitive power dynamics (Alexander 1995).

Neo-institutionalism extends “old” institutionalism by emphasizing cultural-cognitive elements as important symbolic forces to the regulative and normative framework, and connecting structure with behaviors of organizations. The bases of legitimacy for the change associated with regulative, normative and cultural-cognitive elements are different: the regulatory emphasis is on conformity to rules. A normative conception stresses a deeper, moral base for assessing legitimacy. Normative controls are much more likely to be internalized. A cultural-cognitive view points to the legitimacy that comes from conforming to a common definition of the situation, frame of reference, or a recognizable role or structural template (Scott 2008, p. 61). Disputes at a cultural-cognitive level may lead to conflict or even crisis in a new institution.

## De-institutionalization of the Public Monopoly of Chinese Higher Education

The organizational design of independent colleges functions in a context where public higher education provision was insufficient while demand was massive in China (Pan and Wu 2004). The government adopted a strategy of allowing nongovernmental capital to pour into education (Zhang 2009). The first private college was established in 1992 after a 30-year discontinuity of private higher education in the socialist regime. However, the deinstitutionaliza-

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tion of public monopolization in the education domain was not without tension. Governments were cautious about encouraging private education because of the concern of losing control, and people did not trust those institutions much due to the socialist ideology. This is the reason, when private institutions re-emerged in 1982, they called themselves “*minban*” (people run) rather than “private.” This context promoted the creation of a hybrid type.

The first independent colleges were established and this new type of organization spread rapidly in the Jiangsu and Zhejiang provinces, where the forms of economic entities were diverse, government intervention was relatively weak, and nongovernmental capital was sufficient. Meanwhile, high proportion of the population had financial means paying for education (Mok 2009).

Zhejiang University City College was one of the first of such colleges. It was set up in collaboration between the Hangzhou Municipal Government, Zhejiang University and Zhejiang Telecom Industry Corporation. The establishment of City College was decided in line with the overall planning of a new Zhejiang University, into which four universities merged to form a comprehensive institution aiming at “world-class” status. City College became the solution for reallocating superfluous staff. It also provided more undergraduate programs for local students with less government funding, which met the pressing demand for higher education in the region without degrading quality in the major programs of the university. Meanwhile, it was expected to generate income for the university as well as the investor, and to feed the need of the company for highly skilled manpower (Liu and Jia 2003). Therefore, City College was a product of a resource-driven cooperation.

The reputation and resources of the public universities, the flexible quasi-market mechanism of operation and the capacity for mobilizing external resources make this hybrid out-weigh their private counterpart in recruiting students. Independent colleges became increasingly popular in China during the massification process.

### **The Development of Independent Colleges**

The development of independent colleges can be viewed as a process of the institutionalization of a new approach of financing and managing higher education.

This process experienced three stages reflecting the dynamics in the regulative, normative and cultural-cognitive legitimization.

#### **First Stage (1990s-2002): Rapid Growth in Uncertainty**

In this stage, the establishment of an independent college only needed approval from the Educational Bureau of the provincial government, the same requirement as for establishing a new second-tier college rather than going through an accreditation process. The legal status and property rights of the independent colleges were unclear.

Because there was no standardized certification for this new type of organization, some independent colleges offered diplomas in the name of their affiliated public universities, while others did so in their own name. The absence of government regulation led to uneven quality among independent colleges and devalued their credentials. Nonetheless, independent colleges flourished because of the massive demand for higher education in the absence of government control. This phenomenon can be seen as an organizational imitation among universities due to the uncertainty of the environment, as DiMaggio and Bowell (1983) indicate.

Having rapidly developed, this new public-private partnership in tertiary education had not yet been legitimized by government regulation, nor normatively and culturally accepted in the society. The growth of independent colleges raised extensive debates on the issues of educational quality and equity, as well as disputes about the relationships between independent colleges and their affiliated public universities, investors, other private HEIs, and governments. These debates reflected the competing interests among stakeholders, and revealed conflicts within normative and cultural-cognitive levels, such as the belief in higher education as a public good versus a commodity, and the conflict of academic culture and profit-driven pursuit.

#### **Second Stage (2003-2008): Regulation and Unsolved Deep Level Conflicts**

To address these debates, and to rectify the disorder caused by the absence of regulation, the Ministry of

Education (MOE) issued *Enhancing Regulation on Independent College Operated with New Mechanism by Public University* in 2003. The definition of this hybrid was clarified. It also set up five principles: autonomy in administration, legal status, awarding diplomas independently, separate campuses, and independent financial management. The operation of independent colleges should be based on contracts which articulately define the legal efficacy of obligations, rights, and benefits of both sides of the public university and private investor. The governing board was legitimized as the governing structure of the independent colleges.

During this period of time, governments set the rules for the establishment and operation of independent colleges. However, the legitimacy of an institution cannot be effectively established by regulative power alone. Moreover, the implementation of these rules was problematic when supervision was weak and stakeholders lacked a common definition of the situation and framework for action.

One problem was the normative and cultural conflicts between public university and private investor. Public universities tended to practice more quality control because the independent colleges bear their names, while the external investors tended to treat the colleges more like businesses and expected to gain returns as fast as possible (Lu 2009). When the competition for recruiting students intensified due to the rapid expansion, organizational behaviors of breaching regulations frequently happened in independent colleges: cheating in recruitment activities, over-charging fees from students, violating rules of financial management, and so on (Song 2004). These problems undermined the legitimacy of the new institution. To rectify this, the MOE carried out a system-wide project to assess and re-accredit independent colleges. Among 360 independent colleges, more than 100 running below the minimum standards were closed and other 249, which met the criteria, got approval (Liu 2005).

In this stage, independent colleges went through a rough breaking in. Rules and ways were formed by the negotiation of multiple forces, for instance, government regulation, market competition, public opinions, interests of public universities, investors and education con-

sumers. Nonetheless, normatively and culturally the legitimacy of independent colleges was far from being established.

### **Third Stage (2009-present): Break Through or Fall Through?**

After a decade of experimentation, independent colleges were still struggling with some fundamental divarication: incompatibility in norms and cultures within the owners of independent colleges, appeals for equal treatment from the private sector, and pressure from public opinion about quality and equity, and so on. All the conflicts are surrounding the normative and cultural-cognitive legitimacy of the type of organization and its mechanism of operation.

To solve the problem, the MOE issued *Regulation on Establishing and Managing Independent College* in 2008. This policy document set an explicit agenda for independent colleges' transformation to private institutions within a five-year timeline. It also stipulated that public universities were to be owners who can gain a return from the balance after reduction based on *The Law to Promote Private (Minban) Education* (2003) from their non-material input, for instance, brand name and intellectual property rights. Independent colleges should pay for the utilization of the infrastructure, resources, and curricula of the public universities in accordance with contracts, so as to prevent public assets from being misappropriated.

By the end of 2012, only 25 independent colleges have transformed into private colleges. The majority of independent colleges are still straddling. Public universities do not want to lose the tens of millions annual "management fees" they can charge to their independent colleges. Private investors lack motivation, because they are afraid the independent colleges will be short of enrollment due to losing the prestige of their public partners thus reduce their investment return. Independent colleges have the same concern over the drop in enrollment and some have difficulties in meeting the criteria set by the government to establish an independent HEI, which are higher than those set at 2003 for an

independent college as a second-tier college within a public university (Tang and Xu 2012).

## Conclusions

The emergence and development of the hybrid type of independent colleges in China are the result of inductive forces rather than coercive forces. Exogenous factors (e.g., economic and social development, demand for more learning opportunities) coupled with endogenous ones (e.g., generating revenue, diverting surplus teaching staff, new channel of investment, and coping with the pressure of enrollment expansion from the local authorities) jointly led to the creation of this hybrid.

As a new approach to public-private partnership in managing and financing higher education, independent colleges have effectively expanded higher education provision with limited public funding. However, it is difficult for them to be normatively and culturally accepted in the society. As a compromise, an agenda to transform them into private institutions has been set up. The implementation of this policy is unsatisfactory so far due to the lack of incentive.

The implications of this analysis for policy making and implementation include considering the normative and cultural-cognitive influences for change, being consistent throughout time, and being fully aware of the “economic man” nature of stakeholders and employing strategies to promote their motivation to implement the policy.

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