

# *Research on the Practical Plights and Optimized Paths of Mixed Ownership in Higher Vocational Colleges*

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**Abstract**—This article takes the higher vocational colleges as the research object. By means of research and analysis, it discusses the situation of mixed ownership in higher vocational colleges, and proposes several optimized routes.

**Keywords**—Mixed Ownership; Higher Vocational Colleges; Practical Plights; Optimized Routes

## I. INTRODUCTION

Higher vocational education plays an important role in cultivating skilled workers who are badly needed during the development of economy. In recent years, with the dramatic expansion of school scale, Chinese higher vocational education has the problems of school quality, deep college-corporate cooperation and education vitality. Owing to the special nature of vocational education, traditional higher vocational colleges give first place to the public investment, and non-public investment presenting by the forms of sponsorships or donation. On the one hand, traditional higher vocational colleges are short of education vitality by the constraints from the public investment. On the other hand, the non-public vocational colleges had been retarded from their starting stage. The Mixed Ownership has an evident advantage in the reform of state enterprises. And the reform of mixed ownership in the higher vocational education has come up.

## II. THE BASIC THEORY OF MIXED OWNERSHIP HIGHER VOCATIONAL COLLEGES

### A. The Basic System: The Modern System of Property Rights

The traditional school-running system has only one kind of investment entity[1]. Higher vocational colleges have their clear definition according to the properties of the investors. There are obvious differences between the two types of the colleges who have been classified under two categories according to their characters. Most of the public higher vocational colleges maintain vigilance at the non-public vocational colleges. They had grave misgivings about the capital profitability and the misappropriate carried by the non-public investors[2]. Some of the non-public vocational colleges

also have their worries. They worry about the low operating efficiency and over-regulation pressured in the public colleges.

The practice shows that the public and non-public capitals both are indispensable parts in the development of the social economy. There are not distinguished differences between the two capitals. Seeking the scientific systems will eliminate and alleviate their worries. The mixed ownership system in higher vocational education has more than one property right bodies, which involves two or more entities investing the education. The funds can be from the state-owned enterprises, the local governments, private businesses, foundation organizations, foreign funded enterprises and individual investors. Also, there are many forms of the investments, such as funds, land, equipment, technology and human resources[3]. During the mixed ownership system, property right has been seen a key factor that closely connected to the ownership system.

The different economic systems are determined by the different property rights system, which will affect the types of economic organizations, the economic behaviors and economic performances[4]. Review the process of the historical development in China, the corn and vital issue in the mixed ownership system reform has been focused on the property rights. Therefore, making the well understanding about the separability, the exclusiveness and the transferability of the property rights will provide an efficient and sustainable basis of the mixed ownership system in the school-running of higher vocational colleges, conforming to the basic regular of property rights system, resolving the problems of the property rights caused by the mixed reform[5].

### B. The Base for Decision Making: Client-agent Relationship Theory

Mixed ownership higher vocational colleges are independent organizations with legal person qualifications. Owing to the integration of the public-owned and nonpublic-owned capitals, the mixed colleges have showed the characteristics of pluralistic entities of property rights and the complex interest relationship among the different investors. Client-agent Relationship is one of the most important

relationship in the mixed colleges which are manifested in the following four aspects:

- The Client-agent Relationship between the public and the government. The public is the ultimate holder of the state-owned capital in China. But the public can't participate directly in the management of entity in the country. The government becomes the agent of the public that fulfilling the management function and rights of the state-owned capital and the educational resources[6].
- The Client-agent Relationship between the government and the higher vocational colleges. The government can be one of the specific investors provided the public capitals in mixed colleges. They entrust the higher vocational colleges with the rights of running schools. And the higher vocational colleges provide the corresponding educational services to the students.
- The Client-agent Relationship between investor and the managers of the higher vocational colleges. The funds can be from the state-owned enterprises, the local governments, private businesses, foundation organizations, foreign funded enterprises and individual investors. All the investors have entrusted their rights to the managers of the vocational colleges. According to the capital contributions, different investors have allocated the rights. In most cases of the mixed vocational colleges, the investors don't take part in the operation of the college. The managers are selected by the board of the shareholders. The investors have the proprietary rights based on their funds[7]. And the managers have management right in the colleges. Here, we can see the dual positions of the government, who is the distributor of the social education resources, and also the sponsors of the colleges.
- The Client-agent Relationship between managers comes from school level and its departments level in mixed higher vocational colleges. School-running has worked by implementing the teaching activities. In the inner of the mixed colleges, the managers from school level make assignment to the managers from the subordinate departments. The subordinate departments fulfil the tasks in their specialties. So, How to dispose these problems caused by the different levels of managers would be a great challenge in the mixed ownership higher vocational colleges. The Client-agent Relationship Theory also supplies a good idea on how to make decisions come from the different levels of managers in higher vocational colleges.

### III. THE PRACTICAL PLIGHTS OF MIXED OWNERSHIP IN HIGHER VOCATIONAL COLLEGES

#### A. *Discussing the Properties of Mixed Ownership Institution*

Scholars and practicing specialists have discussed the properties of mixed ownership colleges which focused on the concrete types of the properties. Due to the differences of mixed method in the mixed ownership higher vocational

colleges, the current legislation or policy has made no clear definition. And there are different ways to define the properties of mixed ownership colleges in reality. At the same time, local governments and financial departments have faced an awkward dilemma about how to provide the public financial support and to carry out school management for the mixed ownership higher vocational colleges[8]. All kinds of capitals are full of worries about their investment.

#### B. *Existing the Deficiencies of Governance Structure in Mixed Ownership Institution*

The pluralistic property right structure will inevitably generate the diverse governance structures[9]. Currently, president responsible system was adapted based on the director ate system in most of the mixed ownership vocational colleges, which established the departments such as board of supervisors and board of directors. The general meeting of stockholders elects the directors. The board of directors mainly discusses the major issues in the colleges, which also are responsible for the general meeting of stockholders.

#### C. *Increasing the risk of running school in the Mixed Ownership Institution*

Accompanying the market oriented economic reform, mixed ownership in higher vocational colleges are faced with the challenges from marketization, which will cause several issues. Owing to the mandatory management, all the vital decisions are made by the board of directors. When the decisions or the plans don't achieve its intended goals, all the stakeholders of the higher vocational colleges will undertake the risk of running school, which have an influence on the students, teachers and co-operative enterprises.

### IV. THE OPTIMIZED ROUTES OF MIXED OWNERSHIP IN HIGHER VOCATIONAL COLLEGES

Achieving the smooth promotion of the mixed ownership in higher vocational colleges needs all the efforts from governors, stakeholders, enterprises, teachers and students. Relevant suggestions are advised to strengthen and guarantee the reform of mixed ownership in higher vocational colleges in China, which list as follows:

#### A. *Accelerating the Legislation of Mixed Ownership Higher Vocational Colleges*

Exploring the school-running system in mixed ownership higher vocational colleges is a great attempt in China. A big problem during the school running is the lack of legislation[10]. According to the survey, the school administrators have realized the lack of legislation during the reform of mixed ownership, hoping the improvement of legislation as soon as possible.

In China, the traditional school-running system was dominated by the public finance in the past, ignoring the different types and levels of education. The existing laws are matched the traditional school-running system. The reform of mixed ownership in higher vocational education was largely restricted by it. The old or improper rules should be changed,

which will resolve the conflicts caused by the mixed ownership reform.

### *B. Improving the Operating Mechanism of Mixed Ownership Higher Vocational Colleges*

Improving the operating mechanism of mixed ownership higher vocational colleges can integrate the resources, bring favorable social and economic benefits, avoiding and preventing the potential negative results.

- Formulate a standard flow mechanism of social funds. Flow mechanism mainly contains the access mechanism, transfer and trade mechanism, exit mechanism, etc. For the access mechanism, social investors are faced with some difficulties in the process of carrying out mixed ownership, such as many restricts, high demands and complex processes[11]. The governments usually choose the capital owners with large scale, rich fund and high perception to ensure the legitimacy and negotiation of school-running. Education is a long operating circle which demanding the investors to accept the long circulation period. Nowadays, there are many irregularities in the capital transfer and trade.
- Implement scientific assets assessment. The assets assessment stems from the demands for manager to understand and quantify the property values, which are carried by the professional organizations and their staff. The manager can get a clear understanding about the enterprise, realizing dynamic management. For the shareholders, they can know the result of production and business activities. For the mixed ownership higher vocational colleges, when the different capitals have integrated in the school, it is necessary to assess their different kind of investment to guarantee the owners' interests.
- Provide the protective and motivational measures. Reform is a difficult process which destroyed the old and established the new. This reform carried out in the field of higher vocational education is a historic choices for Chinese vocational education that relieving the unequal distribution of education resources. The governments have recognized the function of market economy. They want to activate the educational vitality of vocational colleges, to improving the educational competitiveness and their social influence[12]. There are public capital and different types of non-public capital in the mixed ownership higher vocational colleges. All kinds of capitals have achieved the new power of development. At the same time, conflict and contradiction has come up by the capital integration. How to provide the protective and motivational measures is the pressing need both for the investors and the government[13]. Differing from the higher vocational colleges with one kind of capital, the mixed ownership colleges have particularities in the capital structure, governing way and operating models. Thus, the protective and motivational measures should consider all the relevant factors, combining the specific capital characteristics and the capital interests.

- Perfect the supervision mechanism. Higher vocational education should operate according to the regional development characteristics, focusing on the specialty construction and enhancing the social recognition. The changes of school-running system cannot improve the talents cultivation pattern directly. Vocational education should pay more attention to the integration of industry and learning, skills enhancement and student's application capability of technology. The quality of highly skilled talents is the key point of the vocational education. And the practical need of enterprises is the standard of the colleges' quality. It is an vital measure to supervise the process of the vocational education. A good supervision mechanism also can promote the healthy development of mixed ownership in higher vocational colleges.

### *C. Optimize the Management Structure of Mixed Ownership Higher Vocational Colleges*

The management structure mainly concerns the distribution problems of power among the different interests groups in the mixed ownership higher vocational colleges[14]. The relationship of stakeholders in the colleges is one of the cooperation and game characterized by seeking their own interests. The management structure consists of the inner leading system, executive system, democratic participation and supervision system, etc. Because of the characteristics of the capital body during the reform of mixed ownership, the mixed colleges should pay special attention to the management structure. Copying the management structure of the enterprises cannot resolve the current issues.

Meanwhile, no matter the forms of the vocational colleges, they are one part of the higher education which aimed at cultivating the highly skilled talents[15]. In China, their management structures should accept the guidance and macro control from the governments. Optimizing the scientific management structure become unavoidable for the reform of mixed ownership.

## V. CONCLUSION

It is a choice made for the reform of mixed ownership. And the higher vocational colleges explored the new way of school-running. According to the current situation of higher vocational education, the mixed ownership colleges make a different way to activate the educational vitality. The reform has an important meaning of practice. According to the reformative experiences in recent years, different mixed ownership colleges have faced different problems which related to their school conditions and their integrated capitals. Therefore, the mixed ownership colleges should be improved by measures such as accelerating the legislation, improving the operating mechanism and optimize the management structure of mixed ownership in higher vocational colleges.

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