

# Research on Management Model of Private Colleges and Universities from the Multiple of Stakeholders

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## ABSTRACT

In recent years, private colleges and universities have continuously expanded the scale and improved the quality of running schools and have become an important force supporting higher education. Private colleges and universities are composed of multiple stakeholders such as the government, organizers, teachers, students, parents. Their interest value orientation fundamentally determines their survival and development. However, problems such as the unclear attributes of legal persons and the chaotic implementation of the "reasonable return" system have become increasingly prominent, and conflicts of interest between all stakeholders have hindered the sustainable development of private universities. The development of private colleges and universities depends on the guarantee of national policies and laws. The implementation of classified management policies for for-profit and non-profit private colleges and universities is a policy breakthrough that promotes the reform and development of private higher education and is the key to promoting the integration of all stakeholders in private colleges and universities to achieve a win-win situation. Therefore, the government creates key policies and systems that are in line with the development of private higher education, innovates the management mechanism of private colleges, and improves the government's guidance and service level to private colleges, to protect the rights and interests of all stakeholders in private colleges.

**Keywords:** Management Model, Stakeholders, private colleges

## 1. INTRODUCTION

Interest relationship is a basic relationship in social life. Any public policy and system are in the relationship of interest. Behind the will embodied in public policy is the balance between various social interests [1]. Public policy is not only a confirmation form of a certain social interest game but also an adjustment tool and distribution plan of social interest. The classified management of for-profit and non-profit private colleges and universities is essentially a set of public policies for the management of private higher education [2]. It not only directly affects the profit and loss of various stakeholders, but is also a game between core stakeholders. Therefore, the construction of classified management policies for private universities must proceed from the main demands of various stakeholders and be formed through constant equilibrium and game.

## 2. STAKEHOLDER ANALYSIS

The concept of stakeholder first appeared in the field of management. In 1963, the Stanford Institute proposed that a company is not only related to shareholders but also related to individuals or groups other than shareholders that have important interests in the company. In 1984, American economist Freeman pointed out in his book "Strategic Management-A Stakeholder Approach" that stakeholders are any individuals or groups that can influence the process of achieving corporate goals.[3]

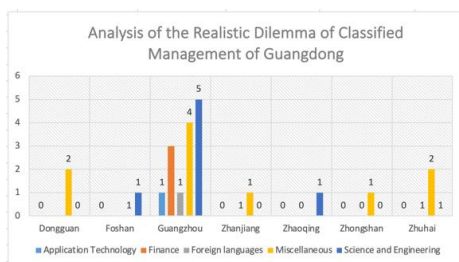
Carroll (1989) pointed out that stakeholders are those individuals or organizations who invest capital in the enterprise and have benefits and rights accordingly. From the perspective of capital investment and risk-taking. Clarkson(1995) believes that stakeholders are individuals or organizations who have invested various capital in the enterprise and assumed corresponding risks.[4] American scholar Mitchell

(1997) proposed that stakeholders must have influence, legitimacy, or urgency, and thus divide stakeholders into deterministic stakeholders, prospective stakeholders, and potential stakeholders, which has further promoted the practical application of stakeholder theory.[5] Shang Qu and Caihua Li(2003) define from the perspective of participating in corporate economic activities: stakeholders refer to all participants related to the company or corporate economic activities, including shareholders, creditors, managers, employees, and customers.[6] Junhua Feng and Long Zhang(2009) believe that stakeholders are: people or groups inside and outside the company, who affect the survival and development of the company and are also affected by the business activities of the company.[7] Xinhe Li divides stakeholders into four categories: supportive stakeholders, marginal stakeholders, non-supportive stakeholders, and mixed stakeholders from the two dimensions of cooperation and threat.[8]

American scholar Henry Rosovsky first applied the stakeholder theory to the field of higher education. He divided university stakeholders into four levels: the first level is the most critical teachers, administrators, and students; the second level is the key directors, Alumni, and donors; the third layer is the secondary key government and council; the fourth layer is marginal citizens, communities and media.[9]

Based on the classification of corporate stakeholders, according to the closeness of the relationship with universities, Fuhua Li divided the stakeholders into four levels: managers, teachers, and university students; alumni and financial donors; parties with contractual relationships with the school: Local communities and the public.[10]

Based on the analysis of stakeholders, the stakeholder groups of private colleges and universities are more complicated. They not only serve the sponsors and all shareholders, but also need to consider the demands of teachers, students, parents, government, and other stakeholders. Classified management will inevitably touch the interests of some stakeholders. Therefore, when conducting classified management of private colleges and universities, it is necessary to satisfy all stakeholders as much as possible, instead of maximizing profits and forming a management model in which all stakeholders share risks and share governance.



**Figure 1** Analysis of the Realistic Dilemma of Classified Management of Guangdong

### 3. GAME ANALYSIS OF STAKEHOLDERS IN PRIVATE UNIVERSITIES

In 1928, John von Neumann proposed the game theory. He pointed out that two or more stakeholders should fully understand the information of each stakeholder in the case of competition, cooperation, and conflict, and use this to choose an optimal decision-making theory that can strive for the most benefit for yourself. Private colleges and universities are an open system that not only serves the sponsors and all shareholders, but also considers and satisfies multiple stakeholders such as teachers, students, parents, and the government. The goal of development should be to relatively satisfy the interests of all stakeholders, not to maximize profits. This kind of game can be understood as a non-confrontational, cooperative game, that is "positive-sum game." The positive-sum game refers to a game in which the participating multi-stakeholders distribute their interests based on the principles of cooperation, fairness, and mutual benefit so that every stakeholder is satisfied.

The sponsors and shareholders as investors and decision-makers are the main force in running the school and are also the core stakeholders. Although most private colleges and universities have constructed a corporate governance structure composed of sponsors, principals, and supervisors (and party secretary) sponsors or shareholder representatives have always firmly controlled the actual power of the school. The organizer expects that through capital flow and reorganization, the appreciation of capital will bring substantial economic returns. This "investor control" governance model will inevitably strengthen the profitability of private colleges and universities.

Teachers' interest demands are mostly inclined to "whether they enjoy the same salary, social security, career development opportunities and working environment as teachers in public colleges and universities", especially the retirement and pension issues. The difference in the salary and treatment of teachers in private universities and public universities has led to the high mobility of the teaching staff and faster loss of outstanding teachers, which often puts private universities in a dilemma.

What students value as learners is whether they can enjoy a high-quality education in the learning process, the same state subsidy as students in public colleges and universities, and fair employment opportunities after graduation. At the same time, students and their parents are also consumers. The tuition fees of private colleges and universities are much higher than that of public colleges and universities, and students do not get the national funding per student. Since as consumers, students should enjoy consumer rights such as the right to education, the right to be respected, the right to supervise, and the right to know.

The government is the main body of the management and policy formulation and implementation of private universities. The "Glasgow Declaration" (2005) of the European University Federation emphasizes that the relationship between universities and the government in the new era is: "The government must emphasize trust and empowerment, play the role of a supervisor rather than a regulator, and provide support and guidance for the field of higher education.

From the point of view of the interesting relationship among the stakeholders in private universities, all stakeholders have common interests. To realize the greatest common divisor of common interests in the game process, it is necessary to form the "common interests" of the government, organizers, shareholders, teachers, and students (parents), establish a mutually beneficial long-term trust mechanism and cooperation system and promote the sustainable development of private colleges and universities. Therefore, the process of the positive-sum game must be the process of realizing the common interests of all stakeholders. The realization of the "positive-sum game" among stakeholders in private universities is mainly reflected in the mutual construction of universal value consensus, mutual construction of symbiosis systems, and mutual construction of inclusive mechanisms. In the game relationship between sponsors, shareholders, teachers, students, parents, and the government, from the initial conflict of interest to the cooperation of interests, for-profit, and non-profit private colleges and universities should choose the benefits of each stakeholder in the classified management. To maximize the guidance of multiple stakeholders to achieve a win-win situation.

#### **4. CONSTRUCTING A CLASSIFIED MANAGEMENT POLICY SYSTEM FOR PRIVATE COLLEGES AND UNIVERSITIES THAT MEETS THE REQUIREMENTS OF VARIOUS STAKEHOLDERS**

The fundamental goal of classified management of private colleges and universities is to straighten out the management functions of private colleges and universities, promote their standardized management, and achieve sustainable development. Therefore, when constructing a classified management policy system for private colleges and universities, the interests of all stakeholders need to be considered.

##### ***4.1. Optimize the environment for the construction of a classified management policy system***

Based on the theoretical level, the best way to

resolve conflicts in the game of interest is to reduce the payment costs of the government, private universities, and teachers and students in the game process, and increase the benefits of each key stakeholder in implementing the policy.[11] From the conclusion of the positive-sum game, when constructing the classified management policy system for private colleges and universities, the government should fully consider the benefits and payment costs of all stakeholders, avoid deviations, and help all stakeholders establish a positive outlook on interests, guide all stakeholders to adopt correct methods to handle the relationship between their interests and overall interests, their interests and the interests of others, short-term interests, and long-term interests.[12]

Therefore, the scientific nature and feasibility of classified management policies are the prerequisite and basis for the effective implementation of private universities. The government should refine policy content, formulate policies suitable for local implementation based on existing policies, adopt direct support for non-profit private colleges and universities, adopt a differentiated method of indirect support for for-profit private colleges and universities, and effectively guide private colleges and universities to choose appropriate classifications through policies, and make all stakeholders reach a broad consensus can the classification management policies be effectively implemented and implemented.

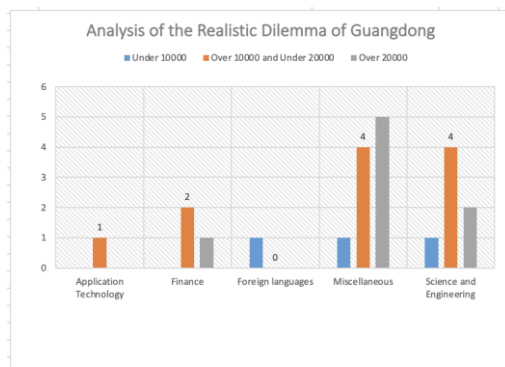
##### ***4.2. Give full play to the government's policy guidance for private universities***

Marxism believes that in human society, the relations between people include economic relations (production relations), political relations, and cultural relations, but the most basic is economic relations, and other relations are derived from economic relations. The classified management policy of private colleges and universities is formulated by the national conditions of the country, aiming to distinguish the differences between for-profit and non-profit private colleges and universities. To achieve the policy goals, it is necessary to integrate the interest appeals of all relevant stakeholders. The government guides the school-running behavior and development direction of private colleges and universities through financial allocations, tax incentives, and public services. Therefore, as a powerful player in the game, the government should follow the principle of interest balance, transform management functions and methods, improve a set of reasonable interest coordination mechanisms, and guide the stakeholders of private universities to reach a positive-sum game. Regarding the asset verification of private colleges and universities, the government should actively promote the establishment of a mutual trust mechanism among all stakeholders, based on common

interests, and deal with them in different categories according to the capital investment situation and proportion, and appropriately reduce the cost of the school's implementation of the classified management policy. Consider giving the organizer reasonable compensation or rewards.

**4.3. Establish a social security policy for teachers in private colleges and universities**

The level and stability of teachers determine the development of a university. The construction of a team of high-quality professional teachers with reasonable structure, exquisite business, and enough in private colleges and universities is the fundamental guarantee for their sustainable development. In the classified management of private universities, both for-profit and non-profit should pay attention to the core interests of teachers, eliminate treatment discrimination against teachers in private universities, and improve the social security policies for teachers in private universities. The preferential policies of non-profit private universities in terms of institutional attributes, personnel systems, social insurance, and taxation should be consistent with those of public universities. Retired teachers who meet certain conditions can enjoy the social security policies of public university teachers. For the same length of service, professional title, and teaching experience teachers can follow the standards of public institutions. Retired teachers at for-profit private colleges and universities can be implemented by the corporate social security system.



**Figure 2** Analysis of the Realistic Dilemma of Guangdong

**4.4. Guarantee the right to education fairness of students in private colleges and universities**

Private higher education in many developed countries has formulated relatively sound student funding policies. For example, both public and private college students in the United States can enjoy government financial assistance. From 1995 to 1996, nearly 80% of for-profit private universities and 64% of non-profit private universities in the United States received various forms of federal funding. Therefore,

the government should increase funding for students from private colleges and universities, establish a scholarship and bursary policies [9], and incorporate private college students into the same national aid system as public colleges and universities. Properly preferential policies for non-profit private colleges and universities, establish three-dimensional and diversified student funding systems such as per-student subsidies, scholarships, grants, and student loans so that students in private colleges enjoy the main beneficiaries of national public financial expenditures. In terms of further education, employment, social preferential treatment, and advanced selection, the government should also ensure that students of private colleges and universities enjoy equal opportunities for competition and development platforms with similar public schools at the same level.

**5. CONCLUSION**

To sum up, based on the stakeholder theory, it analyzes the necessity of the classified management of private colleges and universities. Only by balancing the interests of all stakeholders, to achieve a management model of common governance, sharing risks, and mutual checks and balances. Therefore, the classified management of private higher education should fully consider the demands of all stakeholders, play the role of various stakeholders, find a balance of interests, coordinate and meet the needs of all stakeholders, and promote the win-win cooperation of all stakeholders, ensure the effective implementation of the classified management policies for for-profit and non-profit private colleges and universities and to promote the healthy development of private higher education.

**ACKNOWLEDGMENTS**

This research was financially supported by the Guangdong Province Philosophy and Social Sciences Planning Discipline Co-construction Project (No.GD18XJY19) and the characteristic innovation project of ordinary universities in Guangdong Province (No.2018WTSCX172) and the Guangdong Higher Education Teaching Reform Project (No.2018SJJXGG02) and Guangzhou College of Commerce for the school-level key Project (No.2018XJZD007).

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