

# The Path Dependence and Institution Innovation of the University Institutional Change in China

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**Abstract.** In order to solve the innovation of university institutional change in China with the institutional economics of path dependence theory, a feasible solution is used in this paper. By introducing the institutional economics of path dependence theory, it stipulates the developing direction of the university institutional change in China. It considers that the development of things depends on breaking the original path dependence continually and promoting the innovational institution. This paper consider in order to realize the innovation of university institutional change in China, from three aspects: that weaken the administrative power, strengthen the academic power; fading economic benefits, intensifying academic system; weaken institutional restriction, strengthen institutional supply.

## The “University Institutional Change”

The famous American economist Douglas C. North, who has being concerned institutional problems for 20 years, rediscovers the important role of institutional factors in economic development. He pointed out: to establish an interactive system through stable structure to reduce uncertainty; as a product, if the supply and demand of the system is balance, the system is stable; if the supply of the system can not meet the people's needs, there will be the possibility that the existing system will change. Institutional change can also be understood as a system of higher substitution process to another system, this process may be a new institutional framework of innovation. [1]From the perspective of the new institutional economics, the university system is the system of formal rules as well as the implementation mechanism. Some scholars believe that the development of modern society is restricted by the three kinds of strength, which are politic, economic, academic knowledge .The triple forces acting on the University makes that the university system becomes administrative ,economical and academic. The academic is the essential nature of the university system, which reflects the essential characteristics of the university system; administrative and economic properties reflect the attributes of the university system, which enriches our understanding of the university system. [2] Changes of today's university system should be mainly to the university system's academic, administrative and economic interaction .We should pay attention to the sustainability of the development of the university system, emphasizing people-oriented, improving the overall quality of students .

## Path Dependence of The University Institutional Change

Path dependence, rooted in messy order of the computer keyboard and became the custom of people, just like inertia of physics. North interpreted as the significant influence of the past on the present and future at institutional economics. He considers that history and custom influence of people's decision and picking and changing the new decision is difficult. [3] The university institutional change has path dependence characteristic obviously in China. It could be summed up three stage of development:

### A. Early university system showing the planning

Before and after the founding of New China, University system assumes a highly centralized planning. The scholars deem that university system is Yan'an pattern before 1949 and after 1949

present the Soviet Union pattern. Yan'an pattern takes the state unified collection in serious war period, ensure the supply of the war and lay a solid foundation for victory. The Soviet Union pattern uses high security administration to realize the socialization of production and measure the socialism by the scale of the nationalization. [4]Yan'an and Soviet Union pattern university institution both emphasized the national unification plan and practiced the unified national examination. It should be said that the former university system is adapted to highly centralize planned economic system. But, with the opening to the outside world and the development of market economy, the institutional administration impairs the autonomy of university to conform the development of society at a great extent and hindered the development of university.

#### B. The medium university system showing the economical efficiency

The mid 80's to the late 90's, China's reform and opening-up promotes the rapid growth of social economy and proposes the urgent need of they higher education .The development of University gradually transforms its position from the government administration to multiple stakeholders. The university institutional change appeared new characteristic: during this period, administrative gradually weakens; the autonomy of higher education institutions enlarge; economy of university system gradually highlights. The reform of university discipline system start to reform, adjust the humanities and social science disciplines, correcting previous oversimplified humanities deviation; to correct state the over-concentration of power control. At the beginning of reform and opening-up, university induced by the new system profit opportunity luring. Institutional change at this time is full of interests of the demand, and the "potential profit" began to be seen with the changes of strong demands. Universities at this period are not well aware of themselves as independent interest subject with the affection of planned economic system, cannot get rid of the dependence of mandatory institutional change path set.

#### C. Recent university system showing the academic tendency

Chinese university system went into a brand new stage when the popularization of higher education started in the end of the 1990's. The main features of this period are the combination of administrative and academic power. "If the popularization of higher education started in 1999 was pushed forward by the government, then with the coming of knowledge economy and the strategy of invigorating the country through science, technology and education becoming the priority of the country, the root cause of the government's efforts of pushing forward the population of higher education is academic, opening the change from pursuing quantity to quality"[5] . Some scholars think "the formation of university system would be influenced by many factors, and the internal motivation should be university concept. The university system is the carrier and manifestation, reflecting the university's concept". [6]Many scholars began to peruse the academic freedom, "Academic freedom, being a universal academic value, is not man-made but spontaneous. As an internal system deriving from the long-term evolution of the university, it is the base of modern university system."[7] The development of university cannot be separated from the sediment of university spirit and the pursuit of lofty academic ideals.

### **The Institutional Innovation of The University Institution "Path Dependence "**

Considering the bottleneck of the university system in China, the key factor is the "path dependence". So it is an urgent issue to break the shackles and speed up the institutional innovation.

#### A. Dilute executive power and strengthen academic power

In order to establish a new relationship between university and government, we should change the role of government. Change its concepts of authority and power, and turn it as organizers into coordinators. The university will get autonomy again so that shapes their Characteristics. To make it independence progressively under government's macro-regulation and effective supervision that can embody the university spirits plenty. Meanwhile, government also should devolve fully the education management and operational permission to school, in order to make it has absolute autonomy and independence to create in the market, which will make it a real separate legal entity and the academic community. Under the premise of efficient function, we should reduce the administrative agency positions and meantime try to avoid academic leaders as executive positions,

in that way effectively avoid academic power which was encouraged but not abused. The professors should fully play roles, who were not only a scholarship, but also a host to in running school, in a result of expanding the professor's right in participation and management.

#### B. Generalize economic interests and strengthen academic system

Standardize university system economy and improve the university resource allocation mechanism. It is nature to put up social responsibility and social value at the first place, reduce redundant construction, allocate school resources orderly and finally rationalize the relationship between schools and businesses drawing on modern enterprise operation system. By searching ways and methods about how to allocate university resources efficiently, we can gradually form a college appraisal .wage distribution mechanisms, and resource use and cost-sharing mechanisms, and thus enhance the overall functioning of the school centralized regulation. [8]Higher Education as a quasi-public goods provided by government which lead to that not only can not use public resources rationally, but also can not meet the public demand. The approaches to encourage community to participate in are that respect the market demand, recognize the legitimacy and rationality of a variety of private education in the policy regime. Gradually form the pattern of government, market and social organizations to provide public goods or services. By strengthening university academic nature and highlighting the university's teaching and research functions, flexible academic institutions are explored so that we can promote the development of the scientific research system diversification. In order to build new style university scientific and academic institutions, it is imperative to strengthen cooperation between social organizations and various forms of interdisciplinary research organizations, simultaneously, form main line as discipline construction, focal point as academic freedom, academic democracy, and faculty autonomy, in consequence to stimulate grass-roots academic viability.

#### C. Desalinate system constraints and strengthen institutional supply

To establish the authority of the system, it is necessary to make the system deterministic, normative, operability, stability and universally binding. The authority of the system from the core values of justice and fairness, from the organization's long-term habits and from the rational protection of order and efficiency. University as the system exists, is well received by the constraints of the system, but also enjoys the interest's protection through the regulation of the system. Some experts pointed out that “institutional arrangements are established by certain principles of rationality, through system design, choice, innovation to effectively safeguard social fairness, justice and order. This arrangement and selection process includes both the evolution and transformation of the social system, and reflects the value of the pursuit of innovation and ethical implications, but there was no consideration of certain ethical ideas and institutional ethics.” [9] Our university system is influenced by historical tradition and constrained by administrative, which is non-equilibrium. The purpose of desalinating system constraints is to give the system more choices and improve operating efficiency and the interests of revenue through dynamic adjustment of the system. University System needs to inspire the university's own system supply, increases spontaneously profit opportunities of the new system, and avoids external mandatory regime change. [10] Czech educator Comenius said, the strengths of the school is all about the system, which includes all the things that happened in the school system, all soul through it, all the produce, growth and development, and to achieve a degree of perfection. Where the system is stable, there will be all stable; Where system shaken, there will be all shaken; Where system baggy, where it all loose and chaos; and when the system was restored, everything will restore. [11]

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