

Seminar on Governance of Tertiary Education  
27 April to 1 May 2008, Beijing & Guiyang

# Involvement of Standards and Independent Agencies in Governance of Tertiary Education: Alternative Regulatory Model

Prof. Lichia Saner-Yiu, Centre for Socio-Eco-Nomic Development  
Geneva, Switzerland, [www.csend.org](http://www.csend.org)



## Abstract

The dramatic increase of student population at China's Higher Education Institutions (TEI) since the 1990's has provided greater access and ensured greater output of qualified professionals and of specialised human capital. On the other hand, massification of tertiary education coupled with the new policy priority of developing world class elite universities has led to further stratification of China's TEIs due to unequal parameters such as geographic location, sources of funding, reporting lines to administrative unit in government as well as other functional categories (comprehensive versus specialised, research versus teaching TEIs).

This paper attempts to address the above developments by examining an alternative regulatory model, i.e., the use of standards and independent agencies to strengthen the regulatory function of tertiary education. The author will review practices used by the European Commission and some national governments in regard to the use of standards and independent agencies and conclude with a discussion of the applicability of such measures for China's goals in the field of tertiary Education.

## Introduction

The trend regarding governance of tertiary education in China has increasingly moved away from a central "command and control" regulatory model to a more market oriented approach which encourages private and public partnerships. Nevertheless, no matter what kind of legal and regulatory framework a country may adopt, the question remains to be answered: How could tertiary education institutions best be

strengthened through regulatory means while at the same time safeguarding institutional autonomy, provision of reliable and effective financing, ensuring institutional accountability and at the final count ensuring educational quality and relevance of educational policy?

These questions are of particular importance to China in light of the rapid expansion of educational enrolment of tertiary education from 5 million in the early 1990's to 23 million in 2007 (Gallagher et al. 2007). The education participation rate for the 18 to 22 years cohort group has grown from less than 10% to 22%. In addition to significantly increasing the enrolment and participation rate, on the basis of an ever increasing number of the age cohort, an ambitious plan of developing elite world-class universities was also put in force. As a consequence, tertiary educational institutions have been restructured and realigned through consolidations, mergers and centralisation of the regulatory oversights, as well as being expanded from 1,054 TEIs in 1995 to 1,731 in 2004. A detailed statistics on the number of TEIs by categories is presented in Table 1. The landscape of the Chinese tertiary education has become varied and complex requiring a more flexible regulatory approach.

Table 1: Total Landscape of China's TEIs, 2004

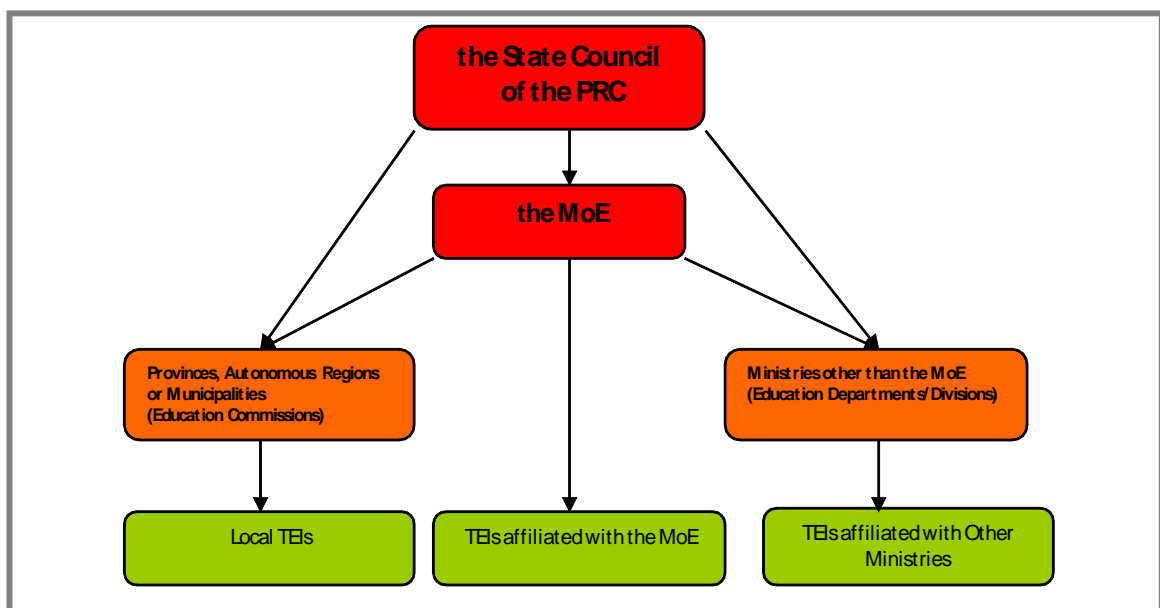
Categories of TEIs	Total Number
Regular TEIs	1,731
<ul style="list-style-type: none"> <li>▪ Affiliated with central MoE 73</li> <li>▪ Affiliated with other central government ministries 38</li> <li>▪ Local TEIs (administered by provinces, autonomous regions, municipalities) 1,391</li> <li>▪ Private TEIs 226</li> </ul>	
Non-formal TEIs for adult education	1,692
<ul style="list-style-type: none"> <li>▪ Public Non-formal TEIs 505</li> <li>▪ Private non-formal TEIs 1,187</li> </ul>	
Adult Education Institutions	481
In-Service Training Institutions	n.a.
Virtual (Internet Based) Education offered by regular TEIs	67

(Source: OECD Thematic Review of Tertiary Education - China Country Note, 2007)

The rapid expansion of TEIs has stretched educational resources to the limits for instance in regard to qualified teaching faculty, teaching facilities, financial resources and logistical support available for educational purposes. In addition, the policy of creating world-class elite universities has further escalated the existing stratification among tertiary education institutions due to unequal parameters applied in determining resource allocation, and student recruitment. These parameters include geographic location (central or periphery), source of funding (central government, provincial or a mix of both), administration by administrative unit (central, provincial, municipal), as well as functional categories (comprehensive versus specialisation, research versus teaching).

As to the administrative functions, universities are under direct supervision and funding by the central government through the Ministry of Education except for the selected key (“elite”) universities. The rest of the tertiary education institutions have been transferred to the provincial governments or municipal governments, such as Beijing, Shanghai and Chongqing which enjoy equal administrative status as a province (Figure 1).

Figure 1: The Governing and Administrative Structure for Tertiary Education



(Source: OECD Thematic Review of Tertiary Education - China Country Note, 2007)

The two-tier policy which defines the boundary of administrative control and also determines targeted funding and spatial differentiations of operation (national versus provincial) for the “designated” centres of excellence resulted in a decentralized supervisory function, a form of social partnerships for educational investment and dynamism within the tertiary education sector. The two-tier policy has also stimulated

academic competition and innovations. Social actors are increasingly active in providing tertiary education (“Min Ban”) by responding to demands of niche markets and by adopting a managerial approach to their institutional governance. The ecosystem of the Chinese tertiary education is more diversified, vibrant and energetic today than at the start of the 21st century.

Policy reformulation however is not without unintended consequences. Involvement of the local authority in the supervision and funding of the local tertiary institutions can be a double-edged measure. On the one hand, local supervision brings the “customer” and the “producer” closer to each other so as to ensure the responsiveness of the tertiary education institutions and their relevance to the local context. On the other hand, incomplete information of the sector including labour market demands and lack of in some cases sufficient technical know-how have impaired the governance capacity of the local authorities now in charge of HE institutions in their administrative sphere. In addition, due to the apparent link with economic competitiveness and reputational gains, competition between provinces and localities for educational investments and educational infrastructure has also created misallocation of resources resulting in inefficiencies and neglect of other more complex matters concerning institutional governance and responsiveness. These tensions and contradictions in strategic orientation have contributed in part to the mismatch of labour market supply and demand and to the increasing unemployment and underemployment of graduates.

Adopting the same logic of targeted funding, provincial authorities also designated their own key universities/institutions/programmes for funding support and privileged arrangements. Such replication of differentiated funding schemes further diluted the overall equity of the Chinese tertiary educational system and undermined the social mobility, one of the key functions of education in general and tertiary education in specific, of the underprivileged and rural populations.

Against this backdrop of various governance reforms, discussions and small steps have been taken to explore the involvement of independent agents and the use of standards as supplemental regulatory instruments. Organisations, such as the “Institute of Degree and Graduate Education Association for Higher Education Institutions and Research Institutions” have been given the mandate to act as intermediaries to coordinate different interests and to supervise the implementation of specific public policies.

## **Challenges Due to Current Regulatory Practices: Administrative Decentralisation and Marketisation**

There are different challenges in the current governance structure. However, for the purpose of this paper, only two will be addressed here.

### **Policy Coordination at Both Functional and Spatial Levels**

Measures have been taken to deepen decentralization and marketisation of the Chinese tertiary education sector. However, in contrast to the level of institutional autonomy enjoyed by the TEIs of OECD countries, the tertiary education sector remains highly centralised (Gallagher et. al, 2007, p. 31). Such regulatory control manifested itself in the designation of university titles, the award of academic qualifications, academic quality and standards criteria, the conduct of entrance examinations, the tuition fees, curricula and other aspects of the sector.

On the other hand, the strategic function of the MOE has been undermined by these newly stratified administrative arrangements. It has actually become more difficult for the regulators to coordinate across a myriad of interested parties in order to maintain a shared strategic thrust within the existing complex policy framework. This inherent paradox of the current governance structure constrains the performance of the sector and might negatively impact of its future development.

### **Performance Criteria and Accountability**

Tertiary education reform intends to strengthen the functions and performance of different institutional actors, including the administrative agents who exercise administrative control of the non-national TEIs. Regular assessment and evaluation have been widely used in China to ensure minimum standards of performance across the whole spectrum of TEIs.

Traditionally, high on the agenda in terms of the multi-functional characteristics of TEIs are:

1. Teaching and learning support
2. Research and knowledge creation
3. Knowledge dissemination and transfer
4. Social inclusion

5. Civic spirit and citizenship

With the popularisation of the New Public Management approach, the following two functions have been made explicit:

6. Local and regional economic competitiveness and development
7. Meaningful and gainful livelihood of graduates

Point 6 and 7 are specifically looking at the benefits of tertiary education investment and are related to the educational outcome ranging from personal employability to concrete contributions to local, regional and national socio-economic development. From a regulatory point of view, these outcome indicators justify the existence of TEIs and continued increase of resource allocation and mobilization. Therefore these core missions of the TEIs need to constitute the evaluation framework and corresponding criteria when assessing the performance of individual TEIs and the sector as a whole.

While the the first five functions (point 1 to 5) have been generally accepted as being the core mission of the TEIs, the last two have caused friction amongst the education providers. They have caused some of the most heated debates between academia and the regulators within OECD countries. A more mercantile approach and emphasis on management accountability put into question the traditional view on how TEI should be managed, steered and rewarded since the days of enlightenment.

Agreement on the performance criteria of the TEIs is a process of negotiation, which needs to fit with the specific context. Horizontal coordination amongst different stakeholders of different spatial levels is difficult to conduct by the central government. Delegation of such authority on the other hand hinders proper oversight of the local dynamics.

## **Instrumentality of (Quality) Standards and Independent Agents/Actors**

### **Standardisation Processes and Related Advantages**

Over the last twenty years, there is a definite trend toward building and reinforcing a regulatory mechanism across the advanced industrialised world (Glaeser & Shleifer, 2003). As an alternative path to enforcing rules, standardization and the use of independent actors or agents for compliance enforcement have become common

practice in the EU context and provide incentive based and market oriented approaches to enforcement.

A standardization process provides policy space for broader engagement in the defining of the rules and scopes of the TEIs. According to the International Standardisation (ISO), a standard is a

“document established by consensus that provides, for common and repeated use, rules, guidelines or characteristics of activities or their results, aimed at the achievement of the optimum degree of order in a given context” (Glossary for ISO/TC Business Plans)

Standards define the form of a good, a service or a procedure; and enable them to circulate and to be compatible with other goods, services or procedures. Therefore standardization facilitates the normalization of practices, specifications and use. Standards share four major characteristics: a) result of a work carried out among interested parties, b) based on scientific and technical data, c) consensus driven decision making, and d) voluntary compliance.

As a public policy instruments, standards represent a balance of power between economic actors (competitors or subcontractors) and between economic actors and other social stakeholders (representing consumer or user groups). The legitimacy of standards derives from a scientific and technical rationale (using of scientific and technical data) and its inclusive principle (equal representation of all interested parties). Therefore the development of standards forms part of a trend that sees public authorities delegating to “independent” or “private” organisations the enactment of rules that, even if not enforceable by law, are no less binding in nature. At the same time, the regulatory authorities may still retain the oversight in safeguarding the public interests and policy integrity. These unique features of standard making process transform the voluntary standards into normative instruments and allowing them to yield soft regulatory impact.

The development of standardization processes contributes to a form of re-regulation or meta-regulation, in which direct intervention and enforcement are replaced “with allegedly lighter demands on economic actors to institutionalise processes of self-regulation” (Jordana and Levi-Faur, 2004, p.7). In practice, however, this type of regulation often times proved to be equal to direct intervention aimed at monitoring and enforcing competition.

As a regulatory instrument, standards open new perspectives for use or interpretation by political entrepreneurs, which so far have been difficult to control. As a result, standardization processes facilitate institutionalisation of policy space yet to be regulated and contribute to stabilising collective action, by making the actors' behaviour more predictable, and simultaneously freeing up resources for their new pursuit.

The participation (inclusiveness) principle of the standardization processes provides stakeholders, including industry representatives, opportunities in drawing up rules concerning them. This complements well with the growing problems public authorities face in obtaining detailed knowledge of the activity they wish to regulate.

Finally, standards due to their voluntary and transparent nature and broad based participation are perceived as more legitimate and accountable than government regulations. Governments as political actors can then use resources from both the public and private sector in a form of partnership to bolster their regulatory goals and pursue their policy objectives. Budget constraints, bureaucratic and economic interests, poor credibility of inter-ministerial arrangements and highly technical nature of regulatory policy making also contributed to the success of standards.

Standards have been developed mostly thanks to private initiatives. More than three quarters of European standards do not come under a EU directive but result from a market initiative (Borraz, 2007).

### **Involvement of Third Party or Independent Agency**

Why do government authorities in the advanced market economies delegate powers to independent standard agencies? The reason is that these independent agencies act as "buffer organisations". In other words, standard-setting allows the authorities to achieve credible political commitments and to ensure predictable behaviour of multiple actors, other than by command and control techniques. In addition, it also minimizes the risk of confrontation and possible fall out if things do not work.

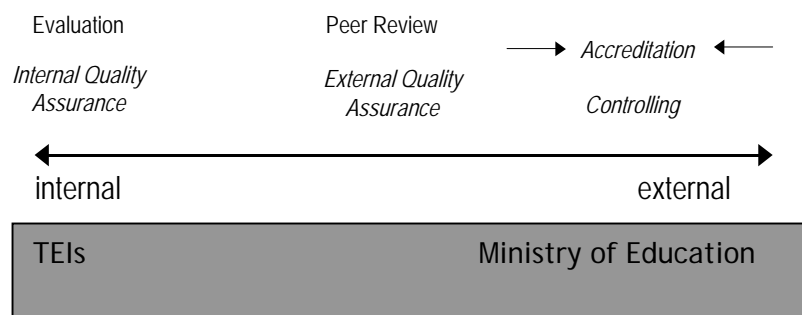
In addition to the standard setting activities, third party actors can also effectively engage in the actual monitoring of the standards. A three layered quality architecture is often used to monitor the application of standards especially in the conformity assessment of ISO standards. There is a clear separation between designating authority, accreditation bodies, conformity assessment organisations and market



supervisory authorities to avoid conflict of interests and to ensure effective functioning of the standards.

Looking at the ways universities have used quality assurance standards and quality evaluation one can observe the scope of quality evaluation can vary from internal orientation (See Figure 2).

**Figure 2: Continuum of Quality Assurance Approaches used in the Field of Tertiary Education**



Third party certification is more credible than “self-declared” conformity with required standards. Third party also enforces transparency of decision making. In the long run dialogue between the certified and the certifier could lead to organizational learning and innovative institutional arrangement.

International experts consider third party verification of regulatory practices as best regulatory practices. Such practice enhances incentives for discipline by domestic experts to know that there is an oversight mechanism. It allows for an oversight mechanism to implement quality control on potential oversights by domestic experts.

## Implications for the Governance of Chinese Tertiary Education

One-size-fits-all type of prescriptive regulations will not work in a diversified landscape of Chinese tertiary education. Instead, what is needed is to develop standards which capture the essential requirements and technical specifications. In the domain of tertiary education, essential requirements are concerned with institutional governance and management, while degree qualification requirements are technical specifications.

Both types of standards setting need to observe the same principles that have given the standards legality, legitimacy, and accountability. They are: involvement and participation of the interested parties, use of scientific and technical data, decision by consensus and voluntary in nature.

The on-going regulatory reform in the tertiary education system could consider a wider use of standard-setting as means to strengthen the institutional governance of TEIs. In an indirect manner, the benchmarking exercise, such as PISA for the secondary education, or ELITE amongst the leading technological universities are serving the function of setting performance standards amongst consenting parties.

Ranking of universities have achieve similar effect as third party verification or validation. Jiantong University's ranking since its launch has gained worldwide visibility and served as a performance indicator for many TEIs around the world. Comparable impact could be felt on the domestic front.

## Conclusion

The questions that this paper intends to address are how could China best utilise quality standards and independent agents (accreditation and certification bodies for quality assurance) in the governance of tertiary education sector, and what could be the potential benefits and challenges in arranging such institutional relationships based on a public-private partnership, i.e., cooperation in setting standards with third party enforcement.

The options described in the preceding sections of combining regulatory policies with standardisation processes offer potentially excellent policy space and dialogue allowing

for creative adjustment and mutual accommodation between central Ministry of Education, provincial administrations, TEIs and other stakeholders.

## References

Borraz, O. 2007. Governing Standards : The Rise of Standardisation Processes in France and in the EU. *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 20(1): 57-84. January.

Glaeser, E.L. & Shleifer, A. 2003. The Rise of the Regulatory State, *Journal of Economic Literature*, American Economic Association, vol. 41(2), pages 401-425, June.

International Organization for Standardization, Glossary of terms and abbreviations used in ISO/TC Business Plans, accessed on 19.04.08, at <http://isotc.iso.org/livelink/livelink.exe/fetch/2000/2122/687806/Glossary.htm?nodeid=2778927&vernum=0>

Jordana, J. and Levi-Faur, D. 2004. The Politics of Regulation in the Age of Governance. In Jordana, J. and Levi-Faur (eds.), *The Politics of Regulation Institutions and Regulatory Reforms of the Governance Age*. Manchester: Edward Elgar and CRC Series on Regulation.