

Private Higher Education and the Labor Market in China

Institutional Management Efforts & Initial Employment Outcomes

Yingxia Cao

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Institutional Management Efforts & Initial Employment Outcomes*

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PRIVATE HIGHER EDUCATION AND THE LABOR MARKET IN CHINA:

Institutional Management Efforts and Initial Employment Outcomes

by

Yingxia Cao

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ABSTRACT

The proliferation of demand-absorbing and commercial private higher education institutions is one of the most extraordinary developments reshaping the landscape in the worldwide higher education of the latest decades. With the growth, however, has come considerable debates and skepticism. One key area of controversy involves efforts and performance regarding graduate employment. China is a major case epitomizing the international trends. This research thus investigates how and how well private colleges in China have managed efforts to link private higher education to the labor market.

The research finds that Chinese private colleges have made major efforts to link private higher education to the labor market and that their efforts are well received by the labor market and their graduates. A mixed methods research design triangulates and validates the findings, with both quantitative and qualitative data. The analysis of qualitative data focuses on mission, provided fields of study, educational delivery, and career services. It reveals that the private colleges not only include meeting labor market demands in their mission, they also improve student employability and bridge graduates and employers through providing job-oriented fields of study, educational delivery, career services, and networking. The analysis of self-reported quantitative data by their graduates examines employment status, starting salary, job and educational level match, job and field match, job and skills/knowledge match, job satisfaction, as well as graduate feedback on the worthiness of private higher education and satisfaction with various management efforts. Both initial employment outcomes and graduate feedback reflect

positive picture about the appreciation of institutional efforts by the labor market and the graduates.

Yet the research also finds wide variations in efforts and outcomes among the colleges. In examining the outcome variations and possible related factors, it identifies two likely relevant efforts: the existence of separate offices for career services and niche-field designation. The former is positively, whereas the latter is negatively associated with various outcomes. Based on summarized effort and outcome variations, this study builds a conceptual model to distinguish serious demand-absorbing colleges from those low quality mere demand-absorbers, with eight criteria on the “effort” dimension and seven criteria on the “outcome” dimension.

To my husband, Lang Zhang; son, Andy Zhang; and daughter, Angie Zhang.

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CHAPTER ONE: INTRODUCTION

One of the most fascinating phenomena in the past several decades' higher education development is the rapid and controversial growth of its private sector in China and many other countries. By the late 1970s and early 1980s, private higher education appeared, re-emerged, or took new forms in many countries. It has expanded enormously worldwide since then. This private growth has been commonly accompanied by controversies over its institutional practices and performance. The controversy is strong and heated with regard to graduate employment, which makes it necessary to approach the research question of this study on how and how well private higher education institutions have made efforts to link private higher education to the labor market.

This first chapter introduces the study. It first highlights the controversial international private higher education growth and analyzes how the Chinese case chosen for this study echoes certain international patterns. It proceeds to state the research question and hypotheses. After defining several key terms and delimiting the research scope, it pinpoints some of the limitations and the significance of this research. Lastly, it briefs the organization of this dissertation.

Private Higher Education Worldwide: New Development and Controversies

Private higher education, defined in this study primarily by its private official judicial status, has achieved spectacular growth since the 1980s in both countries with no previous history or existence of the sector as well as those with a relative long history of its existence (Altbach, 1999; Levy, 2002b, 2005, 2006b). The first category has

widespread examples in each geographic region worldwide, where private higher education appeared or re-emerged around the early 1980s.¹ The second category includes the United States and some Latin American countries, where the private sector takes new forms or new roles. A striking case in the United States is the increasing number of for-profit institutions, such as the University of Phoenix (Kelly, 2001; Tooley, 1999). Nevertheless, as will be explained later, the worldwide numerically dominant form is a demand-absorbing type, legally nonprofit, but often with “commercial” and sometimes “entrepreneurial” characteristics.

Controversies are common and frequent over the practices and performance of the newly developed demand-absorbing private higher education, hereafter called “the new private higher education”. With evidence or alleged evidence of institutional malpractice,² opponents accuse it of being low quality, often profiteering without accountability, being irresponsible and untrustworthy, and cherry-picking several most lucrative fields. Proponents often counter that it has grown with no or little cost to the general public, providing higher education access to thousands who otherwise may never have had a chance. Admitting that some of what opponents charge might be true in some private institutions, they argue that the majority make serious efforts and fill special niches by providing certain particular types of higher education, including market-needed specialized programs that are not provided or sufficiently provided by the public sector.³

The controversy over institutional practices and performance regarding graduate employment is a vital case in point. With evidence of graduate unemployment and underemployment, some complain that the new private higher education has low value in

¹ See relevant references in Maldonado, Cao, Altbach, Levy, and Zhu (2004) for examples in various regions.

² See criticisms reported by several (Brender, 2004; Gong, 2004; Mok, 1997a).

³ See arguments reported by several (James, 1993; Levy, 1992; Newman and Couturier, 2001; Sosale, 1999).

employment and its institutions provide little or no career services to graduates seeking employment.¹ To refute this and similar other criticisms, many private institutions argue that their graduates are well employed and some are even better and more quickly employed than their public counterparts. They attribute their success to institutional efforts, such as assessing labor market demand and soliciting feedback from employers and graduates.² Some of the institutions go even further by promising job placement and guaranteeing money back if graduates cannot find a job in a certain period of time after graduation.³

In short, the impressive growth of the new private higher education is accompanied by frequent and heated controversies, over its practices and performance in general and those of its graduate employment in particular. For the latter, the focus is mainly on how and how well private institutions have met labor market demands, while providing higher education access and being managed commercially.

Private Higher Education in China: Resurgence and Controversies

The growth of Chinese private higher education and its relevant controversies epitomize the prominent worldwide trends highlighted above. First, China is indeed a major case of private sector expansion in contemporary worldwide private higher education growth. The initial private higher education reappeared in 1978,⁴ but it was

¹ See such claims reported by Sapatoru, Nicolescu, and Slantcheva (2003).

² Such arguments are often made by administrators and publications of private institutions, as shown by several (Ellerinton, 2004; Kelly, 2001; Mok, 1997a; Sperling, 2000; Sperling and Tucker, 1996).

³ Two German private institutions promised students money back if they could not find jobs within four or six months of graduating (Brookman, 1997).

⁴ The private sector was an important part of Chinese higher education before 1952. All 89 private institutions, 39 percent of the higher education, were transformed into public ones by the communist government in 1952. Private higher education, along other private enterprises, was prohibited in China for several decades. Its reappearance and growth since 1978 are mainly related to market development (Lin, 1999; Qin, 2000).

not until the 1980s that major growth began to surge. It has grown conspicuously in size, speed, and scope shortly after (Liu, 2002; Qin, 2000; Yan and Wu, 2004). By 2000, about 1280 private institutions existed, with a total enrollment estimated to be around one to two million, or about one fourth of entire higher education enrollment.¹ The total number of accredited private institutions, defined as being recognized by the Ministry of Education to grant associate or/and bachelor degrees, has jumped several folds, from 43 in 2000 to 278 in 2006. Among them, the number of the four-year colleges has jumped from one to 25.^{2,3}

China is also a country where private higher education profiteering is prominently alleged and assailed, along with perceived low quality and reported frauds. In a country where philanthropic and religious actions seen in other countries are rare, profit-making is seen as a major motive and practice in many, if not most, private institutions (Kwong, 1997; Mok, 1997a; Mok and Wat, 1998), despite laws prohibiting the establishment of for-profit educational institutions. Profit-making Chinese private institutions have been described and denigrated as “typifying the times” and “a way to cash in on the increasing desire for degrees” while producing little value in employment and providing little help for graduates seeking jobs by one *Washington Post* report (Goodman, 2003). Of course, malpractices have taken place in the private sector (Gong, 2004). Additionally, as in

¹ The two million figure was cited by Daguang Wu in his presentation “Development and Issues in Chinese private higher education” in SUNY at Albany 2003 from the report of Yandong Qu on *Minban Education Development and Research* conference in Ningbo, China. April 2002.

² The 2000 figure was reported by Wu, as cited above. “278” was reported the Ministry of Education, 2006 Educational Statistics (<http://www.moe.gov.cn/edoas/website18/level3.jsp?tablename=2233&infoid=33446>, accessed 11/09/2007). “25” was reported by China Education and Research Network, online at <http://www.edu.cn/20060717/3200140.shtml> (accessed 11/09/2007). The rest 253 colleges are three-year colleges and can only grant associate degrees.

³ In addition to these independent private institutions, 318 privately managed but publicly-affiliated colleges are also recently defined as part of the private sector. The Ministry of Education announced a list on April 4, 2007 at http://www.gov.cn/zfjg/content_566290.htm, accessed on 11/09/2007). But as will be explained later, this research does not study them. Hereafter, except where special notes are given, all private numbers refer only to the real independent ones.

many countries outside the United States, the Chinese private institutions occupy the low level of academic hierarchy, with lower standards of admission, higher part-time faculty and student-faculty ratios, and less equipment, laboratories, and libraries than their public counterparts. Its quality is thus also often doubted.

Despite criticism and doubts, the new private higher education in China is sometimes officially praised for its salient job preparation efforts and widely advertised for its good employment outcomes. For example, the Ministry of Education, along with five other important governmental agencies in China, conducted a joint study on graduate employment and lauded the private sector. According to their study the graduate employment rate of the 171 private colleges surveyed had higher employment rates than their public counterparts. Some private colleges even had 100 percent job placement through several consecutive years.¹ In China, some officials criticize the privates in one way or another, others have repeatedly expressed satisfaction with the graduate employment efforts and performance by some colleges. They have even encouraged public institutions and other privates to follow such practices. The privates also publicize their higher initial employment rates and assert superior job preparation practices and efforts in newspaper and admission brochures.² As a matter of fact, however, such praises and claims are sustained by serious studies.¹

¹ See news “Schools: Aids Students Seeking Jobs”, Guo Nei, *China Daily*, July 5, 2004, at http://www.chinadaily.com.cn/english/doc/2004-07/05/content_345480.htm; “Seminar on the Sustainable Development of China’s Minban Higher Education was Held”, Guo Yan, *China Net*, July 5, 2004, at http://edu.china.com/zh_cn/1055/20040705/11765441.html (accessed, 11/9/2007). However, a caution that I would drop on here is: when I sought the final report from the key officials of the Ministry of Education on private education, I found that they had not heard about it and never seen the report. Thus, it was suspected that such a report was probably not serious study, if not just an advertisement of the private colleges.

² See a news series on management efforts and employment rate in four private colleges, *China Daily*, 8/11/2003, p.4: Yi Feng, “How to Ensure High Employment Rate #1: Beijing City College – Start and End Point”; Ke Wenying and He Yu, “How to Ensure High Employment Rate #2: Jianqiao Vocational & Technical Colleges – Vocational Graduates Become Popular Targets”; Huang He, “How to Ensure High

Overall, what China has experienced, in its private higher education growth and relevant controversies, strikingly echoes these described international patterns. The private institutions are usually commercially managed and often focus on some low-cost but profitable disciplines, while also receiving complaints and criticisms. Nevertheless, in a country where demand for private academic elite and culturally or religiously differentiated private sector is rare, meeting differentiated labor market demands becomes the only area in which the new private higher education in China can make unique and continued contributions, in addition to providing higher education access. Thus, China is an ideal case for studying the new private higher education from the perspective of institutional efforts and graduate employment.

Research Question and Hypothesis

The context highlighted above illustrates huge concerns and major claims about the practice and quality of the new private higher education worldwide. The concerns and claims are: a). Does the new private higher education largely fit critics' charges of low quality, rip-offs and even being interested only in profit by merely providing higher education access and absorbing excess higher education demand? Or b) does it aim at some serious academically non-elite ends, notably pursuing substantial job goals albeit not of the elite, high status, or purely academic variety, while providing higher education access opportunity for those who otherwise would not have? And c) how and how

Employment Rate #3: Huanghe Technical College – Establishing High Effective Employment System”; Lan Tian Xuan “How to Ensure High Employment Rate #4: Lantian Vocational & Technical College – Meeting Company’s Demand and Broader Employment Pathway”.

¹ No serious research, not even the joint-study by several governmental agencies, has been released to sustain either governmental or institutional claims of success. A study, such as this dissertation, can reveal how some governmental positions and institutional claims are sustained; the study can do this through describing the patterns of institutional practices in linking private higher education to the labor market, initial graduate employment outcomes, and graduate feedback on institutional practices.

commonly do private institutions undertake efforts to move from something like (a) toward something like (b)? An overarching research question to address the concerns and claims around its graduate employment in particular is: How and how well have private higher education institutions made efforts to link the new private higher education to the labor market?

To answer the research question, several interwoven sub-questions must be pursued: What efforts have private institutions made in linking the new private higher education to meet labor market demands? How good are their employment outcomes and how satisfied are their graduates with their management efforts? Do managed efforts correspond with employment outcomes? What variations in efforts and outcomes exist among the private sector? Answers to these questions can shed light on the role of the non-academic or modestly-academic non-elite private higher education in meeting labor market demands. They can also provide responses to the controversies over private institutions' graduate employment practices and performance in particular and the private sector's management and quality in general.

However, understanding based upon studies about the relationship between the new private higher education and the labor market is limited. Globally, the relationship between the two has just recently become prominent in many countries and only begins to catch the attention of some scholars. Very few studies on private higher education and the labor market have been done and the existing handfuls of such studies are often limited in scope.¹ Neither the private higher education literature nor the higher education and the labor market literature can adequately address the research question on the new

¹ Only several such publications are available (Monks, 2000; Sapatoru, Nicolescu, and Slantcheva, 2003; Yonezawa and Baba, 1998). Among them, only Sapatoru, Nicolescu, and Slantcheva (2003) is about the new demand-absorbing private higher education.

private higher education and the labor market. The private higher education literature seldom studies the labor market (as *Private Higher Education: An International Bibliography* reveals); the literature on higher education and the labor market seldom studies private higher education in particular or as focus. Even where studies on graduate employment of private institutions exist, they largely use the private cases like the public ones and rarely take the distinctive nature of private higher education into consideration. Existing empirical studies on private higher education and graduate employment in China are also few.¹ Many of them lack vigorous research methodology and analysis. The criticisms, the doubts, and even the praises and advertisement mentioned above are more based on ad hoc impression and incomplete institutional disclosure than on robust empirical research.

And yet a review of literature provides guidance on how to approach the research question. First, many studies on private higher education identify meeting labor market demands as a major niche of the new private higher education (Cohen, 2003; Levy, 2003b; Sharvashidze, 2002; Stetar and Berezkina, 2002). And in reality, although most demand-absorbing private institutions do not achieve academic standing and they do not make such a claim (whereas some do and even achieve some kind of superiority), many of them do claim that their efforts and outcomes in job training and preparation are differentiated and even superior, even though such training and preparation may not be conventionally academic-oriented and even are widely labeled or dismissed as low quality (Levy, 2003b). Factors cited in explaining such niche, efforts, and outcomes include branded or different programs, specialized areas and courses with strong market demands, new programs attuned to the market, high-demand occupational or professional

¹ Only a few studies exist (Bao, 2005, 2006b; Cao, 2000; Wu, 2003; Zhou, 2003).

fields, jointed professional training and practicum with employers, emphasis of job related skills, job placement, career counseling, other intermediary services, etc.¹ Additionally, field of study can be a fundamental link between private higher education and jobs (Levy, 1986a). Moreover, studies on higher education and the labor market uncover how institutions may influence employment outcomes through managing various structures, policies, and activities in educational/ field of study provisions (Finnie, 1999a), career services (Chesler, 1995; McGrath, 2002), and networking (Villar, Juan, Corominas, and Capell, 2000).

Therefore, this research hypothesizes that private higher education institutions have managed major efforts to link the new private higher education to the labor market; their graduates are well employed and satisfied with institutional management efforts related to graduate employment; their efforts correspond with initial employment outcomes. In approaching the hypothesis, this research studies institutionally managed structures, policies, and activities in educational provisions, career services, and networking. It also reveals initial employment outcomes of the graduates and explores the associations of these management practices with initial employment outcomes, while considering the distinctive nature of the new private higher education.

Definition of Terms

Several key terms need to be defined before testifying the hypothesis and pursuing the answers to the research question of this study.

¹ See the aforementioned series in *China Daily*, 8/11/2003 and several others (Cohen, 2003; Giesecke, 1999b; Kwong, 1997; Levy, 2003b; Mok, 1997a; Pritchard, 1992; Sharvashidze, 2002; Stetar and Berezkina, 2002).