



# Government Failure in the Market-oriented Development of Online Education

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**Abstract.** In 2020, the exogenous impact of the new crown epidemic ushered in the market-oriented development of online education and expanded rapidly. Because of the status quo of "half of the sea, half of the flame", the online education on the tuyere is both sought after and controversial, and the highly market-oriented development of online teaching is impacting all aspects of people's daily life, and its advertisements can be seen everywhere. But in July 2021, with the introduction of the "double reduction" policy, online education seems to have been broken again, and it has entered a cold winter in an instant. The rapid expansion of online education must have the rationality of its model, and the disorderly expansion has exposed the failure of the government in the market-oriented development of online education.

**Keywords:** marketization of online education, government failure, lack of government, double reduction.

## 1 Introduction

From the perspective of the absence of the government in the process of market-oriented development of online education, this paper mainly analyzes the advantages of the market-oriented development of school-based education and how the government should regulate the integration of online education and traditional education in the post-"double reduction" era, and puts forward specific measures and suggestions. Finally, this paper concludes that the market-oriented development of online education is the trend of the times, and the government should take more effective measures to actively co-ordinate, rationally plan and actively promote the market-oriented development of online education.

## 2 Background

On July 24, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Opinions on Further Reducing the Burden of Homework and Extracurricular Training for Students in the

Compulsory Education Stage" (hereinafter referred to as the "Opinions"), the promulgation of the "Opinions" has caused great "turbulence" in the education and training industry market, and a large number of practitioners in the education and training industry have ushered in the "industry winter". Especially in the context of the new coronavirus pneumonia (COVID-19) epidemic, China's online education industry has expanded rapidly and developed rapidly, with a number of listed or unlisted education industry companies such as Xueersi, New Oriental Online, Gaotu, Homework Gang, and Ape Tutoring, but this speed of development has also led to disorderly development, which urgently needs to be regulated and governed.

Online learning resources have become extremely popular, particularly after the restrictions caused by the Covid-19 outbreak.<sup>[1]</sup>In this context, the vast majority of academics analyze the rationality or implementation effect and significance of the "double reduction" policy from the relevant theories of education or administration, and lack of analysis from the perspective of public economy. The problem that the government's demand for education exposed in the rapid development of the education and training industry before the introduction of the "double reduction" policy cannot be met in a timely manner. From the perspective of public economy, this paper uses the theory of government failure to analyze the lack of government in the process of marketization of online education and puts forward countermeasures.

### **3 Existing Problems in Government-Led Education**

#### **3.1 Public Finance Investment in the Education Sector is too Low**

Since the 18th National Congress of the Communist Party of China, China's public financial expenditure on education has continued to increase, but from the perspective of the actual proportion of education investment, the government's investment is still far from the needs of the people. As early as the 60s of the 20th century, industrialized countries increased from about 4% to 5%~6%, and the average level of developing countries also increased from 2.6% to 3%~4%. In 1980, China's education expenditure accounted for only 2.5 per cent of GDP, and in 1995 it was only 2.3 percent, which is not only lower than the world average of 5.2 per cent, but also relatively insufficient in the face of the average of 2.6 per cent in the East Asia and Pacific region.<sup>[2]</sup> After the 18th National Congress of the Communist Party of China, the Party and the country attached great importance to education, and always put education in a strategic position of priority development, giving priority to planning, investment, and allocation of resources, and education has become the cause that the whole society is most concerned about and supports. The proportion of national financial investment in education to GDP has remained above 4% for ten consecutive years, but it is still far from developed countries or other educationally developed countries.<sup>[3]</sup>

### **3.2 There are Imbalances and Inadequacies in the Development of Education**

The regional differences in China's education investment system and economic development determine the imbalance in the level of education investment in different regions. The specific manifestations are: first, the development of compulsory education within the region is unbalanced and imperfect, the level of education development within the region is quite different, and the support capacity of the central government and the provincial financial compulsory education funds is insufficient, which further aggravates the difference in the education level of compulsory education between different regions;<sup>[4]</sup> Second, the development of education between urban and rural areas is unbalanced and inadequate, there is a gap between urban and rural areas in school education resources, and at the same time, there are also differences in urban and rural areas where education funds are burdened, that is, rural residents have to bear the surcharge of education fees, and they have to bear part of the funds for educational infrastructure in the form of education fund-raising, but urban residents do not have this burden.<sup>[5]</sup>

### **3.3 Traditional means are difficult to meet the personalized needs**

Faculty are often hired for their subject matter expertise rather than their proficiency in teaching online.<sup>[6]</sup> With the improvement of the overall national economic development level and the improvement of the per capita income level, Chinese students have more and more optional educational products, and their characteristics are more and more fancy. Different family backgrounds, growing environment and experiences determine that today's students pay more attention to personalized quality development,<sup>[7]</sup> and the blindly "big class coax" mode is difficult to continue to meet the educational needs of today's students. Therefore, in this context, new curriculum models such as online small class class, double-teacher class and AI intelligent class have been spawned.<sup>[8]</sup> These classroom models can pay more and more attention to the different needs of each student, and then give students a sense of attention.

## **4 Countermeasures and Suggestions for Government Failure in the Development of Online Education**

### **4.1 Increase the Level of Investment in Education**

Since the 18th National Congress of the Communist Party of China, China has made great achievements in the level of investment in higher education: China has supported the world's largest higher education system with the world's average level of financial investment in higher education. There are about 290 million students and 18 million faculty and staff in the world, and the combined size of the number of higher education students is equal to the total population of the United States, making it the largest higher education system in the world. In the past decade, with the realization and consolidation of the 4% target, the financial investment in education has reached more than 4 trillion yuan per year, double that of 2011 and nearly 500 times that of 1978 at the beginning

of reform and opening up. China has entered the historical stage of "a big country running a strong education".<sup>[9]</sup> China will give full play to the state's policy advantages of focusing on financial investment and raising education funds through multiple channels, and strive to promote the overall level of higher education modernization to enter the ranks of the world's moderately developed countries.<sup>[10]</sup> However, in order to fundamentally solve the problem of insufficient investment in education and insufficient total education funds in our country, and to ensure that there is a stable source of funds, the government must further increase the proportion of education in public finance. It is necessary to strive to achieve a balanced and rational distribution of educational funds, reduce the differences between urban and rural areas, and strive for equality, so as to eliminate the problems of unfair, unbalanced, and inadequate education between regions, between urban and rural areas, and between poor and poor industries. At the same time, the government should establish a national plan for the expenditure of education funds, increase the intensity of transfer of financial appropriations, and adjust the proportions in light of China's actual national conditions by taking the average ratio of primary, secondary, and tertiary education expenditures in the same countries in the world as a reference.

## **4.2 Reform the Traditional Education Model**

### **Introduce Online Education in Combination with Traditional Classrooms.**

First, in terms of teaching and research, online education platforms can provide joint teaching and research methods, so that teachers from multiple schools can communicate without barriers and communicate more effectively as if they were in the same field. Under the trend of education informatization, online joint teaching and research can bring newer teaching concepts and better teaching content to teachers in rural areas.

Second, in terms of actual teaching, affected by black swan events such as the epidemic, there are often situations where some students in the class are at home, some students are at school, and sometimes even the teacher is at home and the students are at school, which makes the combination of online and offline classes more necessary.<sup>[11]</sup>

### **Reform of the Teacher System.**

Although the traditional educational concept and classroom model have their reasonableness, in today's rapid development, teachers' teaching outlook, knowledge outlook and curriculum outlook cannot stay at the level of understanding in the past. In the curriculum, teachers should be more open, flexible, active and inclusive, update the teaching interaction mode, establish the concept of education marketization, and participate in the professional standardization of teachers to promote the improvement of the overall education level.

### 4.3 Strengthen the Interaction between the Government and Schools

#### **Introduce a Competition Mechanism to Improve Government Efficiency.**

The construction of schools should not only become the unilateral responsibility of the government, but also should not become a public good exclusively produced by the government, education is a quasi-public good, so the government can establish a market mechanism,<sup>[12]</sup> and the introduction of the market mechanism has two benefits: one is to increase the cost of government departments to create public goods, so as to achieve the least possible government investment, in exchange for the highest possible social productivity. Second, it can reduce the monopoly caused by administrative contracting, and at the same time make the company or organization that obtains technical rights and interests through the market more consciously consider the needs of the university as a user, and make a decision by the university as a user, which is also an effective way to establish a communication mechanism between government departments and universities. After the introduction of the competition mechanism, the construction of the school has the endorsement of the government, and the active participation of the market, which is more efficient than the direct operation of the government.

#### **Schools propose a preference display mechanism for the government**

The decision of the people's government must reflect the wishes and needs of the masses, to public goods, law and other measures to reflect the rights and needs of the masses, the good wishes and good quality is not enough, need to establish a need for the rights and interests of the masses from the bottom up to timely express incentive mechanism (i. e., preference display mechanism). Only when we fully grasp the interests and requirements of the people, understand the major decisions, and actively participate in the people, can the people's major decisions meet the interests and needs of the people. However, if we do not know the interests and needs of the masses, the masses will become passive recipients of various decisions, and the major decisions the people make may be unrealistic and bad with good intentions.

## 5 Conclusion

The education industry has an important historical significance in the journey of realizing the great rejuvenation of the Chinese nation. The development of online education is also an inevitable development that meets the needs of the times. In summary, the marketization development of online education is an irresistible trend, and the government should take more effective measures to actively coordinate, reasonably plan, and proactively promote the marketization development of online education.

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