



Research on the Dilemma of “For-profit vs. non-profit” in Private Colleges and Countermeasures: Based on SWOT Analysis and Policy Implementation Fit Model

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Abstract. Currently, most organizers of private colleges are still hesitant about choosing between for-profit and non-profit status, leading to a dilemma in the “For-profit vs. non-profit” decision. Using the SWOT model to analyze the reasons for the dilemma faced by private colleges, it is found that the objective factor of “structural” imbalance and the subjective factor of “game” status contribute to this situation. Based on M. McLaughlin's Policy Implementation Fit Model, proposed measures include improving national and provincial (municipal) differentiated management policies, establishing inter-departmental coordination mechanisms, creating a favorable policy environment, promoting differentiated management according to school characteristics, regulating the operational behavior of private colleges, enhancing publicity and interpretation efforts, to achieve high-quality development of private colleges and contribute to China's modernization with Chinese characteristics.

Keywords: Private colleges; “For-profit vs. non-profit” decision; SWOT analysis; Policy implementation fit model

1 Introduction

Implementing classification management in private universities starts with organizers deciding whether to register them as for-profit or non-profit institutions, known as the “for-profit vs. non-profit” choice. This decision, mandated by the revised Private Education Promotion Law of the People's Republic of China, has become a crucial requirement for all private universities nationwide. The initial step in implementing classified management involves the organizers deciding whether to register private higher education institutions as for-profit or non-profit entities, a decision known as the “for-profit or non-profit” choice. With the implementation of the revised “Law of the People's Republic of China on the Promotion of Private Education” (hereinafter referred to as the Private Education Promotion Law), this “for-profit or non-profit” choice has become a mandatory question for private higher education institutions nationwide. This study examines the challenges and strategies related to the “for-profit or non-profit” choice faced by private higher education institutions, as Chinese private higher

education enters a new phase of classified management and standardized academic practices. Initially, a SWOT analysis is conducted to dissect the various factors influencing this decision. Subsequently, the study analyzes the factors contributing to these challenges, considering both objective and subjective aspects. It then explores the educational practices of private colleges in the United States to provide insights for Chinese institutions. Finally, based on M. McLaughlin's policy implementation adaptation model, the study proposes strategies to advance the "for-profit or non-profit" decision, aiming to foster the high-quality development of private higher education institutions.

2 SWOT Analysis of the “For-profit vs. non-profit” Choice for Private Universities

SWOT analysis, proposed by Professor Andrews of Harvard Business School in the 1960s, is a scientific analytical method. This method, abbreviated as Strengths, Weaknesses, Opportunities, and Threats, guides analysis and evaluation from these four perspectives. It enables a comprehensive examination of the issue and facilitates the identification of appropriate solutions.

2.1 SWOT Analysis of Choosing to Register as a Nonprofit Private University

Strengths: Low registration threshold. Only need to complete financial audit and revise the school's charter in accordance with the law, and fulfill relevant department's new registration procedures. Low land cost. Enjoy the same land supply policies as public schools, including allocation and other methods; also enjoy the same policy treatment as public schools in school building and ancillary facilities construction. When the land is transferred to the school's name, only certificate fees and registration fees are charged. Adequate school funding. In addition to corresponding financial support and tax reduction, organizers do not pursue school profits, and all school surpluses are used for schooling. Teachers enjoy the same talent introduction policies as local public schools. Low tuition pricing. Not aiming for profit, more easily accepted by society, thus attracting a large number of students, with good student source quality.

Weaknesses: According to the revised "Promotion of Non-Government Education Law of the People's Republic of China," the tuition fees of nonprofit private universities will be gradually regulated by the market-oriented reform pilot. Specific policy formulation is determined by the provincial-level people's governments. Therefore, nonprofit private universities have limited autonomy in tuition pricing.

Opportunities: Alignment with National Policy Directives. According to the "Opinions of the State Council on Encouraging Social Forces to Develop Education and Promoting the Healthy Development of Private Education" (Guofa [2016] No. 81), the state actively encourages and robustly supports social entities in establishing non-profit private schools. In addition, Numerous Supportive Policies. Various levels of government provide support through financial subsidies, government procurement of services, fund incentives, donation encouragement, and tax and fee reductions. Additionally, there is support from special development funds and funds for private education,

alongside enjoying the same pricing policies for electricity, water, gas, and heating as public schools.

Threats: For organizers, choosing to register as a nonprofit private university means that they cannot obtain economic benefits from school activities. In addition, the state has strengthened supervision and audits for these types of schools, and issued relevant institutional documents restricting "related transactions." [1]

2.2 SWOT Analysis of Choosing to Register as a For-Profit Private University

Strengths: According to relevant legal provisions, organizers can obtain operating income under lawful conditions and distribute surpluses in accordance with national regulations. In the event of school termination, after lawful liquidation of school assets, any remaining property will be returned to the organizers in accordance with relevant provisions of the Company Law.

Weaknesses: Compared to nonprofit private universities, for-profit private universities receive less government support policies and are subject to higher taxes and fees. For-profit private universities face high land costs. Organizers need to pay high land transfer fees and bear the revaluation of land at market prices.

Opportunities: Despite less policy support compared to nonprofit private universities, governments at all levels will provide support through government purchases of services and tax incentives based on economic and social development and public service needs. Most provinces and cities have specific supporting policies for for-profit private universities, with fees subject to market-regulated pricing. Specific fee standards are determined autonomously by the private universities, largely addressing funding shortages.

Threats: Registration requirements are relatively strict. Organizers need to conduct financial settlement in accordance with legal requirements, clarify property ownership in accordance with provincial and lower-level government departments and relevant agencies, including land, school buildings, and educational accumulations, and pay corresponding taxes and fees. Subsequently, they need to obtain a new educational permit and re-register to continue educational activities. High operating costs may lead to higher tuition fees for for-profit private universities, potentially affecting student quantity and quality. For-profit private universities in China are still in the early stages and may face uncertain policy risks, as well as potential societal discrimination due to perceived profit-seeking motives. [2]

3 Factors Influencing the Dilemma of the Choice between "For-Profit" and "Nonprofit" Registration for Private Universities

The decision of which registration category private universities should choose is a significant strategic issue impacting the future development of private higher education. This decision is crucial for ensuring the effective implementation of policies for classifying and managing private universities. Currently, progress in the implementation of classification registration and management systems for private universities varies

significantly across regions, with fundamental root causes stemming from both objective and subjective factors.

3.1 Objective Factors Influencing the Choice between "For-Profit" and "Nonprofit" for Private Universities

The slow progress in the choice between "for-profit" and "nonprofit" for private universities in China is mainly due to objective factors in decision-making, particularly the "structural" imbalance among the entities responsible for executing this choice.

3.2 Unclear Path and Procedures for the Existing "For-Profit" and "Nonprofit" Choice

The structural imbalance is evident in the imperfect policy-making entities for the "for-profit" and "non-profit" selection policies. Though the newly enacted "Promotion of Private Education Law" emphasizes its role in "promotion," it lacks specific implementation guidelines and fails to establish a support system consistent with macro policies. The design of systems and the implementation of responsibilities for key issues like the classification registration and differentiated management of private higher education institutions lack detailed guidance and operational rules. While the state revises relevant laws to ensure the legitimacy of reform, the lack of alignment with laws such as the "Company Law," "Tax Law," and "Foreign Investment Law" hinders effective operation.

3.2.1 Difficulties in Financial Settlement and Asset Confirmation for Private Higher Education Institutions.

As a for-profit entity, one of the primary tasks for organizers is to liquidate the assets of the school, including payment of land use fees and income taxes as required by law. The large and diverse sources of assets in private higher education institutions make asset liquidation a challenge. The "Promotion of Private Education Law" categorizes private school assets into four types, and Article 58 stipulates financial liquidation when a private school terminates operations. However, the current registration system for private schools does not cover school closure, leading to issues such as determining responsible parties, organizing the liquidation process, and addressing property rights of various assets. Educational accumulations remain unresolved. Handling them poses challenges due to the lack of principled regulations and specific execution standards in national laws and regulations, resulting in substantial variations among provinces.

3.2.2 The "for-profit/non-profit" Selection Policy is Difficult to Coordinate Among Various Government Departments.

In May 14, 2021, China promulgated the new "Implementing Regulations of the Private Education Promotion Law," with all 31 provincial-level administrative regions issuing corresponding provincial implementation opinions. The "for-profit/non-profit" selection involves various policies such as land, support, tax, pricing, exit mechanisms,

and financial systems, necessitating coordination among government departments for decision-making. However, discrepancies in responsibilities hinder consensus in private higher education institution classification management reform, leading to challenges in effective implementation and causing a state of disorganization in practical execution. Contradictions arose among departments, exemplified by Changsha Municipal Taxation Bureau's tax assessment notice to Changsha Medical College, highlighting inadequate coordination among relevant departments and creating confusion for organizers in the "for-profit/non-profit" choice.

3.2.3 The Preferential Policies and Profit Prospects after the "For-Profit/Non-Profit" Selection Are Unclear.

Private colleges enjoy preferential policies in two aspects: policy incentives during educational operations (e.g., enrollment quotas, awards, project funding, subsidies) and tax exemptions including tuition fees and other revenue, educational land, etc. Enrollment quotas of private colleges are determined by the government, therefore their expansion and reproduction are not entirely autonomous. Their profitability depends on both the school's capacity and government support. Revenue sources include surplus tuition fees, profits from educational operations, and various tax exemptions. Choosing to register as for-profit colleges requires specified taxes, potentially facing insufficient assets to cover tax obligations or struggling to sustain educational needs. Registering as non-profit colleges does not guarantee favorable profit prospects, and rewards for donations have not been established. Private schools have legal property rights, prohibiting any organization or individual from encroachment. Any assets donated can only be personal assets, not assets of the private college.

3.2.4 Risks of Sustainable Development Responsibility for Non-profit Private Colleges.

After choosing to operate as a for-profit private institution, the organizers will have complete ownership of the school. To preserve and increase assets in the context of declining birth rates, they must compete in the market to raise the school's educational standards. Therefore, the organizers bear direct responsibility for the school's development. In contrast, stakeholders in non-profit private institutions include the government, governance team, and social forces. According to the law, the government ensures the autonomy of private schools and supports and rewards non-profit private schools. The governance team, composed of decision-making bodies and administrative management systems, contributes to the stable development of private institutions. However, all responsible parties struggle to substantially ensure the school's sustained development. ^[3]

3.3 Subjective Factors Influencing the "For-Profit or Non-Profit" Choice of Private Colleges

Viewed through the lens of game theory in policy implementation, the process is a bargaining transaction where implementers and targets engage in negotiations,

concessions, or tacit agreements through various forces. In the execution of "for-profit vs. non-profit" policies, a "game" state exists between government executors and stakeholders of private colleges, primarily involving organizers and faculty-student interest groups.

3.3.1 Concerns of Organizers Regarding School Operation Expectations.

In China, the standard for distinguishing between for-profit and non-profit private universities is based on whether or not they generate operating income. The main motivation for organizers and their families to take part in educational activities at private universities is to seek reasonable returns. As a result, investment returns are the main consideration for organizers when choosing between for-profit and non-profit models.^[4] However, there is a lack of specific operational plans addressing concerns such as land, water, electricity, and taxation for organizers. The issue of land classification is particularly crucial for schools. Organizers must also consider factors related to family succession in schools. In the future, more "second-generation" private college successors are expected to face conflicts, anxiety, pressure, and concerns, making it difficult for organizers to make wise choices. Organizers primarily rely on self-study to understand and learn about relevant systems, while uncertain factors such as future student sources further impede informed decision-making.

3.3.2 Organizers' Lack of Confidence in School Operation.

The development of private colleges relies on the efforts of organizers and government support.^[5] The government supports private colleges through favorable policy environments and supportive policies. In China, the development of private colleges has gone through three stages: initially non-profit with no distribution of accumulated funds, then non-profit with reasonable returns allowed, and currently the option to choose for-profit status. Organizers undergo evolving experiences during operation. Local governments have space for autonomous exploration in the classification management of private colleges, but lack clarity and operability in differential support policies related to financial and land issues. This situation leads to a lack of confidence among organizers and hinders informed decision-making. Existing provincial policies mainly focus on macro planning, often duplicating content from national directives without addressing key issues related to specific interests in the classification management of private colleges. This lack of clarity delays progress in the choice between for-profit and non-profit models.

3.3.3 The Rights and Attitudes of Organizers Impact the Process of "For-Profit or Non-Profit" Choice.

According to Article 19 of the Private Education Promotion Law, private school operators can choose to establish non-profit or for-profit private schools, granting them actual decision-making and control power. The board of directors is responsible for making significant decisions, such as appointing or dismissing the president and financial budgeting. In the "for-profit/non-profit" choice, provincial education administrative agencies are the primary policy executors. However, local governments may delay

classification management due to other priorities. During policy execution, the agencies listen to the opinions and difficulties of private schools and recognize the complexity of the "for-profit/non-profit" selection procedure. Some private school operators often unite to postpone classification management. Thus, the "for-profit/non-profit" policy may lag intentionally until a consensus is reached or a solution is found, causing the policy to emerge to solve the problem.

3.3.4 Teachers and Students Hold an "Open" Attitude Towards the Choice of for-Profit or Non-Profit Models.

In decision-making at private colleges, faculty and students are usually silent but can influence decisions significantly when their own interests are involved. Their impact can alter internal college decisions and even affect government decisions. The Private Education Promotion Law explicitly protects the legitimate rights of students in private schools. Faculty and students frequently voice opinions or take action to influence policy-making or implementation. For instance, during the conversion of independent colleges to private universities, opposition from faculty and students has led to the suspension of conversion plans. Moreover, when teachers' rights are violated, they protest, and collective actions receive high government attention. The current classification management policy safeguards faculty and student rights, with students primarily concerned about educational quality and the validity of academic credentials in both non-profit and for-profit institutions. Teachers perceive minimal impact on their interests whether the school operates for profit or non-profit, thus maintaining an open attitude towards classification management.

3.3.5 Private University Teachers Generally lack a Sense of Security.

Career development of teachers in both for-profit and non-profit private universities is limited by their status. Most private schools, registered as non-profit organizations, treat teachers as non-profit enterprise staff, differing from the civil servant status of public school teachers. Even in non-profit private universities, teachers cannot obtain the civil servant status enjoyed by public school teachers, leading to a lack of belonging and psychological security.

Although policies mandate equal rights and benefits for private university teachers compared to public university teachers, disparities exist in social recognition, salary, retirement benefits, living welfare, and career advancement. In terms of teacher training, research, and project applications, private university teachers have limited access to government funding, facing bias in research project applications and difficulties in obtaining research grants. Despite experiencing slightly less research pressure than public universities, private university teachers still feel anxious. ^[6]

4 McLaughlin's Mutual Adaptation Model of Policy Implementation

McLaughlin's model posits policy implementation as a dynamic equilibrium process of mutual adaptation between implementers and those affected, where effectiveness depends on the degree of their adaptation. This model was introduced in the article "Mutual Adaptation in Policy Implementation" in 1976.

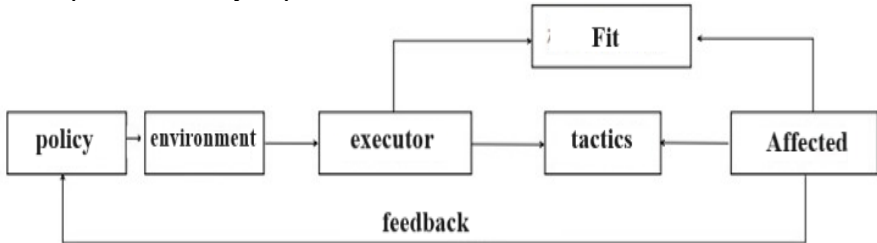


Fig. 1. McLaughlin's Mutual Adaptation Model of Policy Implementation

Figure 1 illustrates the Mutual Adaptation Model of Policy Implementation proposed by M. McLaughlin, depicting the interaction and mutual adaptation of goals and means between implementers and those affected in a specific context, as well as their relationship with the policy. From Figure 1, several key assumptions of McLaughlin's model can be identified:

Firstly, the model highlights the process of mutual communication based on subject equality between policy implementers and those affected. The policy implementers encompass not only government agencies but also the target groups of policy implementation, with both parties holding relatively equal status.

Secondly, there exists a divergence of interests between policy implementers and those affected, which necessitates face-to-face communication between them.

Thirdly, policy implementers possess a degree of flexibility in setting goals and means. In contrast to traditional top-down approaches primarily relying on administrative measures, the Mutual Adaptation Model of Policy Implementation emphasizes the use of persuasive guidance methods, complemented by administrative, legal, economic, technological, and other strategies.

Lastly, the evaluation of policy implementation effectiveness should be based on the perspective of those affected. In the interactive model of policy implementation, the target groups, being an integral part of the policy implementers, greatly influence the final outcome of policy implementation through the extent to which their values and preferences are satisfied.

According to McLaughlin, in the process of policy implementation, implementers are not merely passive executors of policies, and those affected are not simply passive recipients. The key to effective policy implementation lies in the level of interaction between policy implementers and the target groups.

5 Private Higher Education Institutions' Promotion Strategy for the "Operate Non-profit" Choice

To avoid the "Hobson's choice" of the "Operate Non-profit" selection, the principle of independent choice and smooth transition should be adhered to. In light of the current challenges, tailored and proactive measures should be taken to promote the high-quality development of private higher education institutions.

5.1 System Design to Further Improve the National and Provincial (Municipal) Categorized Management Policies

In accordance with M. McClafin's policy of implementing the theory of mutual adaptability models, policy executors' means of policy implementation encompass administrative, economic, legal, persuasive guidance, and technological approaches. The management of classified policies consists of national top-level design and local specific implementation regulations. The reform of classified management of private colleges and universities is a reform initiated by the central government and implemented by local governments. At present, the difficulty in promoting the implementation of the reform lies in two aspects: one is to make clear or directional regulations for some problems that can only be solved by exclusive central legislation; the other is that local governments need to issue more operable solutions. Specifically, at the top-level policy design level, under the socialist legal system with the Constitution as its core, policy voids need to be filled as soon as possible, and further coordination communication needs to be strengthened with the National People's Congress and relevant departments to coordinate education laws and regulations with the Civil Code, tax law, company law, and other laws and regulations. At the same time, education laws and regulations need to be refined to further perfect the key issues hindering the process of classified management reform of private colleges and universities, such as asset liquidation, school running accumulation, compensation and reward, etc. Furthermore, the concept and measures of educating and managing schools according to the law need to be further strengthened to better play the role of legal protection for fundamental, stable expectations, and long-term benefits.

From the local level, according to the needs of local implementation documents, 31 provinces (autonomous regions, municipalities directly under the Central Government) urgently need to specify the key issues of concern to the organizer in the local implementation documents, including asset identification, land issues, tax incentives, compensation or reward standards, non-profit support, etc. First, asset identification can refer to the practice of Wenzhou City, which divides the assets of private colleges and universities into four categories: original investment by the organizer, financial appropriations, school-running accumulation, and social donations. Second, for the land issues of private colleges and universities for academic education, local people's governments can supply land legally through agreements, tenders, auctions, and other means, or through long-term leasing, leasing before transfer, and leasing transfer combined. Land transfer fees and rent can be paid in installments according to the contract

agreement within the prescribed period, referring to the relevant provisions in the "Regulations on the Agreement Transfer of State-owned Land Use Rights" in 2003, combined with the actual situation of education land locally, to improve the land leasing and preferential operation rules for for-profit private colleges and universities. Third, referring to the U.S. practice, private colleges are not distinguished between for-profit and non-profit based on their ability to generate investment returns, but rather on their tax-exempt status. For-profit private colleges in China are registered as enterprises, but because of their public nature, they cannot be fully equated with enterprises. It is suggested to further define the nature of for-profit and non-profit private colleges and universities from the perspective of semi-public attributes.

Fourth, regarding tax incentives, reasonable tax incentives policies should be formulated for different types of private schools. The new "Private Education Promotion Law" stipulates that non-profit private schools can enjoy the same tax incentives as public schools, while for-profit private schools can enjoy relevant industry policy tax incentives stipulated by the state. Some provinces (autonomous regions, municipalities directly under the Central Government) have already specified the specific details of tax incentives, which can be used as a reference. For example, Shanghai stipulates that for-profit private schools that obtain tax-exempt status for non-profit organizations are exempt from enterprise income tax for income that meets the tax exemption criteria. Sichuan Province stipulates that for-profit private schools that meet the income tax preferential conditions for western development are subject to a 15% tax rate for enterprise income tax.

Fifth, compensation or reward standards. The "Thirty Articles on Private Education" issued by the State Council clearly stipulate that non-profit private colleges and universities should receive certain compensation and rewards when they terminate their school operations. Compensation and reward standards are an important means of eliminating concerns of organizers in choosing non-profit nature. For example, Wenzhou City stipulates that if there is still a surplus after the property is legally liquidated when a private school terminates its operation, a reward should be given based on no less than 20% of the net assets of the school. Shanghai municipality stipulates that after comprehensively considering the contributions made by private schools' investors before September 1, 2017, their reasonable returns, and the effectiveness of running the school, etc., corresponding compensation or rewards can be given to investors from the remaining property after the school's legal liquidation.

Finally, non-profit support. Public welfare education is the direction of national and provincial (autonomous region, municipality directly under the Central Government) policies. In order to guide private colleges and universities to carry out public welfare education and improve their educational level, each province (autonomous region, municipality directly under the Central Government) should formulate and effectively implement relevant policies according to their actual situation, including increasing financial input, innovating financial support methods, tax incentives, protecting the rights and interests of teachers and students, etc. Effectively implementing the provisions of the "Private Education Promotion Law" that non-profit private colleges and universities shall not change their non-profit nature when transferring ownership to protect the

rights and interests of non-profit private colleges and universities and promote their cultivation and healthy and sustainable development. [7]

5.2 Establish Interdepartmental Coordination Mechanisms to Enhance Communication and Coordination

According to M. McCraflin's policy execution interplay model theory, the interaction between policy implementers and those affected by the policy demonstrates a process based on subject equality. To advance the reform of classification management for private universities, further strengthening communication, coordination, consensus building, and forming a collaborative effort is necessary.

The implementation of the policy on classification management for private universities involves various aspects, including registration, fees, land, taxation, support, liquidation, etc. To ensure the gradual progress of the classification management policy, a mechanism for collaboration among more than ten departments such as education, industry and commerce, auditing, housing and construction, tax, human resources, civil affairs, etc., must be established. In April 2021, the General Office of the State Council issued a letter approving the adjustment and improvement of the inter-ministerial joint conference system for private education, increasing the original 14 member units to 20, with an important function of coordinating solutions to key difficulties.

The advancement of the classification management for private universities has been slow, becoming one of the current key difficulties. Therefore, it is recommended to utilize the inter-ministerial joint conference system to achieve effective coordination between the central and local governments, enhance communication and cooperation among regions and departments, summarize the work results in a timely manner, draw on the experiences of provinces like Shanghai that have largely completed the reform of classification management, and promote advanced practices and experiences.

In strengthening effective communication and coordination, it is essential to first enhance communication between policy implementers and policy subjects. Policy implementers should communicate policy instructions, objectives, theoretical basis, historical background, etc., related to the policy choice effectively with organizers to dispel misunderstandings about the classification management policy. Secondly, communication and coordination between policy implementation agencies and personnel need to be strengthened. As policy implementation involves multiple agencies and individuals with different professional fields, knowledge, intelligence, and experience, internal and external communication and coordination within organizations must be enhanced during the policy implementation process to reduce conflicts. Additionally, information sharing among government departments, streamlining work processes such as classification registration, establishing a specialized joint handling model for cancellation, registration, etc., and exploring the implementation of "one-stop processing and one-stop service" are also necessary. [8]

5.3 Creating a Favorable Policy Environment to Break Through "Social Resistance"

Following M. McCraflin's policy execution interplay model theory, compared to the traditional top-down approach primarily using administrative means, M. McCraflin's policy implementation involves administrative, legal, economic, technological, and other means. A conducive policy environment is a crucial safeguard for the execution of the classification management policy for private universities. The policy on classification management for private universities should create a favorable policy environment to promote reform from political, economic, and social perspectives.

Firstly, in the political realm, enhancing institutional settings and power division is essential to establish equal legal status with public universities for fair competition. At the national level, the establishment of a private education department could be considered to oversee and coordinate the nationwide private education sector; at the provincial level, high-quality non-profit private universities could be supervised by provincial governments to receive more policy support, ensuring that each provincial education administrative department establishes a private education office responsible for managing private education within the province.

Secondly, from an economic standpoint, encouraging mature provinces (autonomous regions, municipalities directly under the central government) to pilot programs, accelerating the research and formulation of the "Action Plan for Improving the Quality of Private Universities," increasing financial investment, innovating financial support methods, actively promoting projects to establish "high-level private universities," focusing on cultivating high-quality disciplines, majors, courses, and faculty, overall enhancing the quality of education and teaching in private universities.

Finally, on the social front, strengthening mainstream media coverage of private universities, establishing supervisory institutions for the execution of classification management policies, improving supervision mechanisms, increasing social oversight and management of private universities, striving to create a positive social discourse environment, and promoting the healthy development of private universities. Looking back on the history of higher education reform and development, higher education has shifted from expansion to emphasizing both equity and quality. Since 2021, a phenomenon of "widespread shortage of enrollments and multiple rounds of lowering admission scores for voluntary enrollment" has occurred in private universities nationwide, directly related to high tuition fees and the need to improve educational quality. With the smooth implementation of the classification management policy for private universities, it is expected that a group of relatively high-quality "truly non-profit" private universities will enjoy equal per capita funding as public universities and moderately reduce tuition fees, promoting fairness in higher education opportunities and gradually forming a beneficial ecosystem of coexistence between public and private higher education. ^[9]

5.4 Adhering to the Principle of "One School, One Strategy," The Classification Management Should Be Promoted According to The Specific Circumstances Of Each Institution

According to the policy execution interplay model theory proposed by M. McCraflin, in the process of policy implementation, policymakers are not merely passive executors of policies, and those affected by the policies are not simply passive recipients. Each private university has its unique growth trajectory, real-world issues, and development strategies, which determine whether it chooses to operate as for-profit or non-profit institutions, influenced by both institutional factors and the specific circumstances faced by the schools. For private universities that are still undecided and have not made a final decision, when choosing the path of classification management, consideration should be given to the characteristics and needs of each school, providing them with more development space, policy support, and capital support.

In advancing the process of classification management for private universities, it is necessary to expedite the transformation of independent colleges, converting them into public or private universities based on their actual situations. In cases where conversion to a private university is chosen, factors such as equity structure, land nature, and the founder's intentions need to be considered to determine whether to operate for profit or as non-profit organizations. Additionally, it is important to establish clear workflow processes for private universities to register as for-profit or non-profit institutions, providing specific requirements and comprehensive guidance for those that have made a "for-profit/non-profit" decision, ensuring uniform standards for application materials and processing procedures.

Specific classification management plans need to be formulated, outlining timetables, roadmaps, and task lists, while submitting written materials within specified timeframes for review of the classification selection, enhancing risk prevention and control to ensure smooth and orderly registration work.

To further improve the legal person governance structure, it is necessary to address issues such as inadequate legal person governance in private universities. Operating in accordance with the law and governing schools in accordance with the law are fundamental and important prerequisites for safeguarding the legitimate rights and interests, healthy development, and promoting reform and innovation in private universities. Implementing a system where the president (dean) is responsible under the leadership of the board of directors (council), and improving the legal person governance structure, is a prerequisite for ensuring the scientific development and standardized operation of private universities, as well as an essential requirement for building a modern private university system. ^[10]

5.5 Strengthening Rational Supervision and Regulating the Operations of Private Universities

In accordance with M. McCraflin's policy execution interplay model theory, the ultimate outcome of policy implementation depends on the degree to which policies satisfy the values and preferences of the target group. To respect organizers' autonomous

choices and regulate the activities of private universities, it is necessary to strengthen local government management responsibilities for private education. This involves improving the party building, educational conditions, legal governance structure, academic conduct norms, financial risk prevention, and enhancing governance system construction and daily supervision of private universities. Efforts should guide private institutions to enhance educational reforms, update educational concepts, transform development approaches, promote intrinsic and distinctive development, and enhance teaching quality and academic standards.

Moreover, it is essential to standardize annual inspections and reporting systems, implement information disclosure and credit file systems for private universities, and prevent academic risks. Regarding mergers and acquisitions of private universities, enhanced supervision is recommended, along with establishing firewalls between companies and universities to ensure relative independence among schools.^[11] For organizer transition procedures, a blacklist system is suggested to prohibit unregulated capital expansion behaviors. Additionally, specialized supervision should be conducted for classification management to identify issues, prompt rectification, and ensure the active advancement of classification management reform.

Regardless of the profit nature of educational forms, their public welfare remains unchanged, serving the fundamental mission of educating individuals for the party and the nation. Private universities should adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the party's education policies, uphold socialist educational directions, fulfill the moral education mission, and cultivate socialist constructors and successors who are well-rounded in morality, intelligence, physical fitness, aesthetics, and labor skills. Furthermore, strengthening party leadership over private universities is crucial to leverage the political core role of party organizations, providing robust political and organizational security for the construction of high-level private universities.^[12]

5.6 Enhancing Propaganda Efforts and Promoting the Implementation of Classification Management in an Orderly Manner

Drawing on M. McCraflin's policy execution interplay model, interactions in policy implementation tend towards gentle persuasive guidance and face-to-face communication. To promote the reform of classification management in private universities, strengthening public awareness and guidance is essential to address existing misconceptions and doubts. This is crucial for overcoming the challenges faced in the development of private universities and achieving successful innovation and reform in classification management.

In intensifying propaganda efforts, emphasis should be placed on communicating legal regulations and policies to organizers of private universities. Different private universities have diverse backgrounds, educational objectives, and rights, making it vital to introduce government officials, organizers, leaders, and relevant personnel to new party ideologies, legal interpretations, and normative documents through forums, training sessions, and seminars. This aims to enhance legal awareness, enforce regulatory capabilities, unify ideology, elevate understanding, consolidate strength, accelerate

classification management reforms, and encourage more organizers to choose non-profit private universities.

Furthermore, establishing a robust risk prevention and control mechanism is imperative to preempt and mitigate significant risks. Stability serves as the foundation for reform and development; thus, a steady and progressive approach is necessary. Educational administrative departments, organizers, and schools should adopt a risk-oriented mindset, enhance risk awareness, comprehensively assess various risks arising during reform, and formulate proactive measures to address financial, safety, and stability concerns when choosing between for-profit and non-profit schools. This involves establishing and improving long-term mechanisms, defining responsibilities for prevention and control, and ensuring the safety baseline of classification management reform. ^[13]

6 Conclusion

Despite the continuous enactment of various policies and regulations at both the national and provincial (municipal) levels, the reform of classification management in private higher education institutions still faces numerous challenges. For the organizers of these private institutions, the decision of whether to classify the institution as for-profit or non-profit is the primary step and the most crucial aspect of advancing classification management reform. This decision holds strategic significance for the future development of private higher education institutions. To ensure the healthy development of the institutions, organizers must exercise careful consideration when making the "for-profit or non-profit" choice. Consequently, it is imperative for educational administrative departments at the national and provincial (municipal) levels to further refine relevant policies and regulations, clarify the interests and concerns of organizers, and alleviate any hesitation they may have during their decision-making process. Simultaneously, organizers must acknowledge the current circumstances, recognizing that the "for-profit or non-profit" decision is not only a matter of choice but also a compulsory one. They should shift from passive to proactive decision-making by employing scientific methods and considering both their own conditions and those of their institution to arrive at the most satisfactory decision.

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