

An Exploration of the Opportunities of the Mixed Ownership of the Higher Education in Xi'an in the Development of the Urban Agglomeration on Guanzhong Plain

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Abstract: The issue of the Development Plan of the Urban Agglomeration on Guanzhong Plain has brought about new opportunities of development for Xi'an district. The Guanzhong Plain Urban Agglomeration is the second largest of its kind in the western region of China. Xi'an, as a national-level core city, boasts much strength in history, humanity and industries, and its profound participation in the international trade, humanity exchange and international cooperation has created historic opportunities. However, comparing with Beijing, Shanghai and other areas, there still remains a big gap. It is urgent to give full initiative to the rich resources of the universities in Xi'an, especially the strength of the educational system of the privately-owned universities by using the management mode of the fixed ownership in order to realize vitalization, quality and benefit of the universities for the purpose of bringing about the economic boom and cultural prosperity of the Guanzhong area and even the whole western region of China.

1. Introduction

On Jan.9, 2018, The Development Plan of Urban Agglomeration on Guanzhong Plain was approved by the State Council. The Guanzhong Urban Agglomeration includes Xi'an (and Xianyang) as the core circle, the cities of Baoji, Weinan, Tongchuan, Shangluo and Yangling Model District as the central circle and Pingliang and Qingyang in Gansu province and Linfen and Yuncheng in Shanxi province as the radiating circle. This urban agglomeration is characterised by foverable location and climate, dense population, advanced economic development and a long history. In 2017, the economic growth rate of this area reaches 18.67%, ranking No.1 in the whole nation and No.2 in the weatern region of China following the Chengdu-Chongqing Urban Agglomeration. It is a development belt and center of high-tech inductries and innovation. It is also home to numerous research institutes, state-owned enterprises and dozens of prestigious universities including Xi'an Jiaotong University, Xi'an Polytechincal University and so on.

2. The Status Quo of the Development of the Guanzhong Plain Urban Agglomeration

The conception of the Guanzhong Plain Urban Agglomeration was formed in 2006. In 2008, the Construction Plan for Guanzhong Urban Agglomeration was approved by Shaanxi Provincial Government. In 2009, the Development Plan for Guanzhong-Tianshui Ecobnomic Zone was approved by the State Council, which was later included in the 13th Five-year Plan issued by the State Council in 2015. In Jan.2018, the Development Plan for the Guanzhong Urban Agglomeration was finally issued by the National Development and Reform Commission.

For a long time, Guanzhong Plain has been a core area with a strong regional feature of concertration of institutions of higher learning, research institutes and large- and medium-sized state-owned enterprises with the ability to radiate to the economic development of China's western regions. Since the inauguration of reform and opening up 40 years ago, Guanzhong Urban Agglomeration has become the core economic zone of Shaanxi province, but comparing with other urban agglomerations, its disadvantages include lower economic production, lower development rate and shortage of prtivately-owned enterprises. The existing privately-owned enterprises feature more disadvantages including low overall strength and inadequate profitability. Take Shaanxi as an

example: up to the end of 2016, among all the listed companies in Shaanxi, 17 are privately-owned enterprises among which two are wholesale-oriented and two are related to computer, communication and other electronic equipment manufacturing industries. Others are scattered in industries including mining, service, renting, special equipment manufacturing, electric equipment manufacturing, pharmaceutical manufacturing, chemical products manufacturing, public utilities management, petroleum manufacturing, non-metal products manufacturing, oil processing and nuclear fuel processing. The shares of the privately listed companies total 15.7 billion, among which non-circulation shares amount to 8.436 billion, occupying 53.73 percent of the total. The total asset amounts to 127.51 billion RMB, among which the owners' equity occupies 68.298 billion RMB and the asset liabilities ratio is 46.43 percent and the ROE reaches 5.31 percent.

In the same period, there are 2,031 listed companies in the whole country with a total share of 1673.225 billion of which non-circulation shares total 468.357 billion, accounting for 27.99 percent of the total amount. The total asset amount to 21318.685 billion RMB, among which the owners' equity reaches 6931.074 billion, and the asset liabilities ratio is 67.94 percent and the ROE reaches 8.9 percent.

In Zhejiang province, there are 297 listed companies with a total amount of shares of 209.123 billion among which the non-circulation shares amount to 57.608 billion, accounting for 27.55 percent. The total asset amounts to 1661.042 billion RMB, among which the owners' equity occupies 868.404 billion RMB and the asset liabilities ratio is 47.71 percent and the ROE reaches 9.97 percent.

In the same period, the total profit of the medium- and large-sized companies in Beijing reaches 160.827 billion, and that of Shanghai amounts to 291.391 billion, however, that of the Guanzhong Plain Urban Agglomeration adds up to 98.475 billion RMB among which that of Xi'an (Xianyang included) reaches 65.645 billion RMB. In the same period, the total population of Beijing and Shanghai are 13.63 million and 14.50 million respectively while the population of the Guanzhong Urban Agglomeration totals 41.02 million. In the same period, employment population of Beijing reaches 7,915,200, occupying 58.07 percent of the total population. In Shanghai, the employment population reaches 6,277,700 accounting for 43.29 percent of its total population. In the Guanzhong Urban Agglomeration, the employment population is only 4, 812,900, accounting for 11.73 percent of the total population, among which the figure for the Grand Xi'an Area is 18.82 percent.

In the Central Place Theory proposed by Cristaller, in order to seek maximum profit, the producers will strive to control a larger market area so that the distances between the producers would be larger. The consumers therefore would seek ways to reduce their shopping expenses by visiting the business shopping centers for commodities and services. The central area provides multiple services including trade, finance, handicrafts, administration, culture and spirit. The principles behind the central area system includes market, transportation and administration.

Xi'an, as a famous historic and cultural city and starting point of the ancient Silk Road, is also China's important base of education, science-tech research and development center. The high-speed train network and the highway network are being continuously implemented, the international airport and the important conjunction of internet are under construction. The issue of the Plan has created favorable conditions for Xi'an to become the central area in terms of market, transportation and administration. In order to cultivate growth poles, the construction of Xi'an as the hub city should be accelerated so that the radiation of Grand Xi'an will reach more places.

Whether it is to invigorate the privately-owned enterprises or build Xi'an into a hub city calls for cultivation of talents of various kinds especially those in science and technology, and the higher education is the only solution.

3. The Status Quo of the Institutions of Higher Education in Xi'an

Currently, there are 63 institutions of higher learning in Xi'an among which 42 are universities and 11 are independent colleges. The total student population reaches 73,680.

40 Universities in Xi'an

Xi'an Statistics Yearbook 2017

Unit: ten thousand

year	University Number	University Graduates	Student Enrollment	Students at School	Teachers and Staff	Full-time Teachers	College Students /ten thousand people
1978	21	0.6	1.31	2.88	2.24	0.87	58
1998	29	2.61	3.3	11.58	3.91	1.5	189
2016	63	21.6	20.07	73.68	7.37	4.72	1,080

In Xi'an, there were 63 institutions of higher education in 2016, three times that of 1978. The student population in 1986 reaches 736,800, 25.25 times that of 1978. Averagely speaking, the total number of college students in each university is 11,700, 8.36 times that of 1978. In 2016, the total number of teachers and staff reaches 73,700, among which the full-time teachers account for 64.04 percent. However, in 1978, this rate was only 38.84 percent.

The student number per ten thousand people in 1978 is 58, but this number amounts to 1080 in 2016, an increase of 17.62 percent.

Major Data of Institutions of Higher Learning in 2016

Xi'an Statistics Yearbook 2017

Unit:ten thousand

Types of University	Number of Universities	University Graduates	Enrollment	Students at School	Teachers and Staff	Full-time Teachers
Non-private	47	13.06	12.75	47.47	5.38	3.43
Private	16	8.54	7.32	26.21	1.99	1.29
Total	63	21.6	20.07	73.68	7.37	4.72

In Xi'an, there were 16 private universities in 2016, with a total student population of 262,100, among which there were 16,400 students in each university, 62.38 percent higher than that of the non-private universities, where there were only 10,100 students in each university. The number of teachers and staff members in private universities totals 19,900, among which there are 12,900 full-time teachers, accounting for 64.82 percent of the total. Whereas in the non-private universities, the number of teachers and staff members totals 53,80, among which there are 34,300 full-time teachers, occupying 63.75 percent of the total, 1.07 percent lower than that of the private universities.

According to Article 11 of Methods Concerning the Promotion of the Private Universities, the set-up of the private universities should meet the requirement of the development of local education. Since the inauguration of the reform and opening to the outside world, great changes have taken place in Xi'an, evidenced by an increase of the college student population. This is the great achievement of the economic reform and also the transition from elite education to the education of super human resources, and the private universities are the major practitioners of and contributors to this educational idea. Take Xi'an Peihua University as an example, the university currently boasts a student population of 22,000 among which the undergraduate student population accounts for 70.6 percent. The student employment rate after graduation reaches 90 percent for 11 years consecutively. Every year, it cultivates about 5,000 talents of various trades for the society. The university currently boasts 1,200 teachers, among which 400 hold senior professional titles and those boasting both academic background and practical experiences account for 50 percent of the

total. The teacher-student ratio remains at 18.33:1, a little bit higher than that of other private universities but much higher than other non-private universities.

Recently, the America's attempt to ban ZTE shocked many Chinese people. Many cities including Xi'an have started their campaigns for more talents by offering favorable household registration policies. The locomotive of China's future economic development is science and technology.

Made-in-China 2025 is a witness of the strategic insight and the determination of the the Chinese government: In ten years, China will step into a strong country of manufacture. By 2020, China will achieve industrialization, consolidate manufacturing power, and greatly increase manufacturing digitalization. By 2025, the overall quality of manufacturing will improve greatly, innovation capacity will enhance markedly, overall labor productivity will increase greatly, and the integration of IT into industry will reach an advanced level. By 2035, Chinese manufacturing will reach an intermediate level among world manufacturing powers. By 2049, the centennial of the founding of New China, China's manufacturing sector status will become more consolidated and China will become the leader among the world's manufacturing powers.

These strategies call for more and more talents. Applied technical talents are the guarantee for the quality of the products, the overall competitiveness, the reduction of energy and material consumption per unit of industrial added value and pollutant emissions of key industries and overall improvement of the manufacture industry. It is evident that the population of college students still remains to be raised.

4. The plan and development of the Guanzhong Urban Agglomeration provide an important opportunity of mixed ownership system of the institutions of higher learning in Xi'an

The strategic position of the construction of the Belt and Road Initiative has put Guanzhong Urban Agglomeration to the frontier of opening to the western regions of China, and it has also provided a historic opportunity for Xi'an to exert its competitive edges in history, humanity and industry and more profound participation in international trade, humanity exchanges and international cooperation. In Sep 2017, the newly abridged Law Concerning the Promotion of Private Education was issued. Article 19 points out: "The founders of the private schools can choose to set up profitable or non-profitable schools." At Bo'ao Forum for Asia 2018, it is agreed that the private institutions of higher learning should not only seek more financial support, it should also diversify its school management modes to form its own competitiveness. The private institutions of higher learning should raise both its quality and benefit, which are also the target of the reform of the state-owned enterprises. This is also the underlying meaning of the vitality of state-owned enterprises by promoting mixed ownership.

It is commonly acknowledged that great achievement has been made in the last fourty years of China's reform and opening-up effort. Some scholars point out that China's institutions of higher learning, with public universities as the main body, is an area where planning economy still dominates. There also remains the problem of high investment with low efficiency in this area as in the state-owned enterprises. The construction of the double first-rate universities has also brought about possibilities of mixed ownership. There are altogether 63 universities in Xi'an, among which three are "985" universities and seven are included in China's "211" top university program. Currently, eight universities have entered China's double top-rate university program, and the construction of them requires financial, talent and policy support. Other universities, with the purpose of cultivating more technological talents, should become the targets of benefits brought by the mixed ownership. The diversity of educational systems and educational modes will help the universities to form their unique strength so as to fully raise their vitalities in school management and promote the quality and benefit of education.

The author of this paper once conducted a poll which reveals that people's concern for education is much higher than expectations. To the question "If there is a chance to buy a state-owned enterprise, which trade are you the most interested in?" the result reveals that 43.87% of the respondents choose education, which shows that educational reform calls for great urgency. MIC

2025 has outlined the key areas including new advanced information technology, automated machine tools and robotics, aerospace and aeronautical equipment, maritime equipment and high-tech shipping, modern rail transport equipment, new energy vehicles and equipment, power equipment, agricultural equipment, new materials and biopharma and advanced medical equipment. Xi'an Peihua University boasts accounting, women's education, health-care, medical engineering and electronic engineering and electronic information engineering, doctors and nurses training platform, financial trade and cloud financial center. They can provide technical personnel to Made-in-China effort. Through the reform of education mode and system combining with other universities in the province, the advantages of mixed ownership will benefit more people and the whole society.

The combination of industry and teaching is an important means to cultivate applicable technical personnel. The cooperation of university and enterprise can gradually raise the participation of enterprise in university affairs. It is also an important route to the diversity of educational systems and educational modes. Take the needs of the enterprise as the guide, through mixed ownership, the legal person and the governance structure should be further improved. This will also help the connection of the talent cultivation and industrial needs so the transmission of the needed talents to the enterprise will become smoother and smarter.

Xi'an, as the center of Guanzhong Plain Urban Agglomeration, still possesses strong education potential to be exerted. Previous facts show that the population of this area is triple that of Beijing, but the work forces constitute only 60.8 percent of that in Beijing. The total profit of large- and medium-sized companies of Xi'an accounts for only 61.23 percent of that in Beijing. A McKinsey report reveals that 30 percent of today's jobs will be replaced by automation in 2030, and at the same time more knowledge-type jobs will be created. The future jobs will call for more and more professional knowledge including cooperation, management and communication to provide the market with its needed personnel. It is also an important constituent of diversified educational systems and diversified educational modes. The Plan points out: "Take Xi'an as the core city and the regional important conjunction of the regional development and an important channel of comprehensive transportation to speed up the development of population, capital and science and technology". The population concentration is the basis of capital and hi-tech development. It also provides the needed labour force for the development of new energy and building Xi'an into a base for advanced manufacturing, strategic new industry and modern service. It is urgent and earnest to call for a re-adjustment and re-expansion of the related institutions of higher learning in Xi'an.

5. Conclusion

In a report issued by JLL, Xi'an is listed as one of the driven-type cities boasting a good higher educational system, strong research and development center, strong tertiary industry and the hub of the Belt and Road. Therefore, the mixed ownership reform in the institutions of higher learning in Xi'an enjoys a good opportunity, a favorable geographical location and most important of all, a strong high-tech background and a big reservoir of high-tech and innovative talents.

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