

Development of Private Non-academic Education and Training Enterprises in China

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Abstract: After nearly 40 years of development, private education in China has become an important growth point for the development of education and an important force for promoting education reform. Private education institutions can be divided into two categories: private schools engaged in academic education and private education training institutions engaged in non-academic education. Private non-academic education institutions have played an important role in expanding domestic demand, adjusting the structure, increasing employment and promoting social development, and thus have flourished. For example, Yu Minhong founded new Oriental school in 1993, and Yin Xiong founded giant education in 1994. In September 2006, new Oriental education group was listed in the United States. Since then, a number of private education enterprises, such as Bowen net, China net education, Xuesi and Xueda education, have been listed in the United States, which has pushed the private non-academic education in China to a new height. However, with the rapid development of private non-academic education enterprises, they are also facing great challenges.

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1 Development status of private non-academic education and training enterprises

1.1 Private non-degree education industry in China has broad prospects

With the progress of the society, Chinese parents are more concerned about the development of the next

generation, often tend to let their children participate in extracurricular tutoring classes; At the same time, the concept of lifelong learning is gradually gaining popularity, and many people choose private non-degree education and training to improve themselves. On December 27, 2016, China education association released a survey report on the status quo of teachers in China's tutoring education industry and tutoring institutions, which mentioned that in 2016, the market size of extracurricular tutoring industry in primary and secondary schools exceeded 800 billion yuan, the number of students participating exceeded 137 million, and the number of teachers in tutoring institutions exceeded 7 million to 8.5 million.

PEST analysis is adopted to analyze the macro environment of the development of private non-degree education enterprises in China from four aspects including politics, economy, society and technical environment. From a political perspective, since the 18th National Congress of the Communist Party of China (CPC), general secretary Xi has put the strategy of rejuvenating the country through science and education, strengthening talent and innovation-driven development at the core of China's development. This puts forward higher requirements for China's education and brings opportunities for the development of private non-academic education and training enterprises. From an economic perspective, the per capita disposable income of Chinese residents reached 28,228 yuan in 2018, up 8.7 percent year-on-year. Per capita consumption expenditure was 19853 yuan, an increase of 8.4% over the previous year. Among all consumer expenditures, education, culture and entertainment accounted for 2,226 yuan. With the increase of family income, family education investment also increases

gradually. From the perspective of social environment, China has attached great importance to education since ancient times, and the demand for educational resources also provides impetus for the development of private non-academic education enterprises. From a technical point of view, the application of Chinese 5G technology for online one-on-one education, one-to-many classes are created new development prospect, 5G communication technology eliminate the scope the problem of weak on sensory, enhances the working efficiency of the VR/AR device, reduce time delay and increase in scope, not only improve the students' interest in learning, also can improve the utilization of education resources. It can be said that in the future, 5G+ Internet of things technology will become a turning point in the development of education and training enterprises.

1.2 It is difficult for China's private non-degree education and training enterprises to expand their market

In the initial stage of non-academic education and training enterprises, they often choose to develop in industries with high short-term returns, which on the one hand increase market competition, and on the other hand lead to the lack of competitive advantages. Managers and managers of enterprises lack long-term strategic management awareness and management planning, and cannot find the core competitiveness of the enterprise itself. It is not only difficult to expand the market, but also will soon be eroded by large professional training enterprises.

According to Michael porter's five forces model, this paper studies the industry environment analysis that influences the development of private non-academic education and training enterprises in China. The five forces model combines a large number of different factors into one simple model to analyze the basic competitive situation of an industry. The five forces model identifies five main sources of competitors, which are the threat of existing competitors in the industry, the threat of potential entrants in the industry, the threat of substitutes, the bargaining power of suppliers and the bargaining power of buyers.

1.2.1 Threats from existing competitors in the industry

Existing new Oriental, blog network, China education,

learning and thinking, Xueda education such as the national education training enterprises large chain brand, firmly occupy the dominance of China's private non-academic education industry, their capital is abundant, has the ability to put more money into the teaching research and development and market development, the development of other education training enterprises caused great obstacles. In addition to these "big" education groups, the entry of foreign famous education and training groups into the Chinese market also brings great challenges to China's local education and training enterprises.

1.2.2 Supplier bargaining power

As the basic factor of production, suppliers directly affect the cost and profit of enterprises. The suppliers of China's private non-academic education and training enterprises are divided into teachers, publishers providing teaching content and lessors of teaching space. Teachers' demand for higher salaries, teaching content publishers' demand for higher prices, and rental fees for teaching space will all increase the financial pressure on education and training enterprises.

1.2.3 The buyer's bargaining power

As the education and training industry gradually mature, industry information transparent degree is higher and higher, in order to obtain the most valuable training services, education services buyers tend to compare several training enterprise information, the use of information between the various training enterprise opaque, analyzes various education training enterprise education service price, again with the business negotiation, it also increased the education training enterprises operating challenging.

1.2.4 The threat of potential industry entrants

The low investment and technical threshold, high rate of return on investment in education and training industry, as well as the national policies supporting private education enterprises, have attracted many potential competitors to enter the education and training industry.

The threat of substitutes

At present, electronic products and Internet courses have a great impact on traditional offline education and training enterprises. Compared with traditional offline education and training, online education and training

has great advantages in low running cost, flexible class time and location, and low learning cost.

2 Private non-academic education and training enterprises face difficulties

2.1 China's private non-degree education and training market is chaotic

With the continuous maturity of Internet technology, private non-academic education and training in China has developed rapidly, but there are also problems such as false publicity, confusion of fees, and low level of teachers and so on. A survey of 2017 respondents conducted by the social survey center of China youth daily and the website wenjuan.com showed that 58.7 percent of respondents said that someone close to them had been cheated by the training institution. Rapid improvement in performance in a short period of time (66.4 per cent), lectures by famous teachers (57.2 per cent) and the transmission of special skills or learning methods (50.8 per cent) were considered common publicity stunts. In order to gain profits, non-academic education and training enterprises often use all means to attract students, even some organizations use illegal means of publicity. For example, teachers' academic qualifications were falsified, hardware facilities of institutions were exaggerated, false promises were made to consumers, some behaviors were easily misunderstood by consumers, intellectual property rights were infringed and other bad behaviors were committed.

2.2 China's private non-degree education and training enterprises lack development strategies

Except for a few listed education and training enterprises, most education and training small and micro enterprises lack a clear development strategy. With the increasingly fierce competition in the education industry, China's education and training has been developing towards specialization and concentration. However, small and micro enterprises in the initial stage often lack corresponding development strategies, which put them at a disadvantage in market competition.

3 Suggestions on the development of private non-academic education and training enterprises

3.1 The government strengthens the long-term supervision mechanism of education and training enterprises

In recent years, some provinces and cities in China have begun to standardize the supervision and management of education and training market. In December 2017, the general office of the Shanghai municipal people's government forwarded the standards for establishment of Shanghai private training institutions, administrative measures of Shanghai for-profit private training institutions and administrative measures of Shanghai non-profit private training institutions formulated by the municipal education commission and other four departments. In August 2018, the general office of Xi'an municipal people's government issued the interim measures for the administration of private non-academic cultural education and training institutions of Xi'an.

From the perspective of school-running examination and approval, these regulations clearly stipulate the establishment standards of education and training enterprises. From the perspective of practical operation, these regulations require education administrative departments to focus on the supervision of education and training enterprises' running hardware facilities, enrollment publicity, faculty, training content and training schedule. On the other hand, the government should also innovate the way of supervising private education and training enterprises. From the perspective of the approach to establish a nationwide non-governmental education training enterprise information announcement system, such as in the information announcement system, education and training companies list different province, click on the provinces (autonomous regions and municipalities directly under the central government) will link to the counties in the province, click counties can view location through licensing the education and training of enterprise information, and the education training enterprises can in the announcement system to update

dynamically. From the perspective of supervision mechanism, only when the education systems of provinces, cities, counties and towns cooperate with each other, can the complex education and training market be supervised. Such as the innovative design of the city, area of Shanghai, the villages and towns (street) level of comprehensive supervision mechanism, on the one hand, by the municipal, district and township government (subdistrict offices) combined with education training routine inspections of the violation behavior of the state-owned enterprises, on the other hand, by each district market supervision and management departments to patrol found preliminarily verify clues or complaints to report, the comprehensive supervision mechanism to solve the question of who the education training market regulation. From the perspective of supervision team, it is necessary to form a strong education law enforcement team; For example, Haidian district of Beijing has set up the comprehensive education and environment management center of Haidian district of Beijing. The center consists of 15 departments. To assist in the management, supervision, evaluation and service of privately-run educational institutions, as well as the investigation and punishment of illegal school-running, kindergarten running and illegal school-running cases of privately-run educational institutions. Therefore, according to the actual needs of education and training market, an education environment comprehensive management center can be established at the county level.

3.2 Private non-degree education enterprises shall strengthen their own operation

3.2.1 Maintain target customers

According to the theory of customer life cycle management, different customer relationship periods correspond to different types of customers, so the customers of education and training enterprises can be divided into potential customers, repeat customers, value customers and lost customers. Education and training enterprises should not only pay attention to attract new customers, but also pay attention to maintain customer repeat purchase. STP method is a commonly used method to find target customers. S (Market Segmentation) requires education and training enterprises to divide the overall Market into several consumer groups according to the differences in consumer demands. T (Target Market, Target market), evaluate the market segmentation, and select

the feasible market according to the strategic plan set by the education and training enterprise. P (Market Positioning). According to the competitive situation of similar products in the target Market and the degree of customers' attention to some characteristics or attributes of such products, education and training enterprises should shape strong and distinctive personalities for their products and vividly convey their images to customers.

The second is to achieve effective customer retention. Loyal customers is education training enterprise profit and the direct source of continued growth, customer retention, the longer from education training enterprises to buy more goods, recommend more new customers, the greater the value of brings to the enterprise education training, customer loyalty there is positive correlation between yield and education training enterprises. In new Oriental school, for example, it will be the main energy into the screening and breeding high sexual price existing customers, through customised services, set up a "customer service center", "high bonus credits", "old" preference and the opening of a public lecture, get-togethers, send warm service activities such as holiday between teachers and students, improve relationship between rights and interests, through increasing customer returns, shaping brand long-term earnings.

3.2.2 The development of enterprise brand

With the increase of educational resources and the diversification of educational supply, education is gradually out of the past shortage era and into the stage of quality selection. In order to attract students and attract education consumption, the competition between private non-academic education and training enterprises is increasingly fierce. The focus of competition between education and training enterprises is to gain a relative reputation and build a well-known brand. Once the enterprise brand is formed, it will become the most important resource.

Take Xueda education group as an example. It was founded in September 2001, focusing on utilizing high-quality educational resources and advanced information technology to advocate personalized education in China. On October 16, 2010, Xueda education group submitted an application to the US Securities and Exchange Commission for the f-1 listing, and on November 2, 2010, Xueda education group listed on the New York stock exchange under the stock code "XUE". By 2019, Xueda covered 98 cities, opened

more than 600 learning centers and had more than 10,000 full-time teachers. Xuedu education focuses on the “combination of online and offline” personalized teaching assistance model, which mainly includes one-to-one tutoring, small class tutoring, art examination and cultural course tutoring, etc. These business models shape the core competitiveness of Xuedu personalized teaching assistance and build its own unique brand.

3.2.3 Pay attention to internal management

To improve the internal control of Chinese private non-academic education and training enterprises, first of all, it is necessary to establish a good internal control environment in the organization, and establish a complete and scientific internal control system to meet the needs of enterprises. In the internal control system, the all-directional risk assessment system is an important basis for the internal control system to be guaranteed, including the daily financing risk assessment, make-up students’ parents’ daily credit risk assessment, the signed contract risk assessment and so on. At the same time, an authorization and recognition system should be established to include all operational activities of educational enterprises in its scope. The authorization and approval authority should be determined according to the different influences of events on the interests of institutions, and a clear system of rights and responsibilities should be adopted to abide by the principle of “who manages and who is responsible”.

Secondly, the establishment of a good internal control environment also requires a sound budget mechanism. In the overall budget control, the following steps can be taken: a to establish a comprehensive budget system; B develop the corporate budget system; C. Assign management plan and budget targets and implement the responsibilities of relevant responsible persons; D authorize the implementation of the budget plan; E. Strictly monitor the budget execution process; F analyze and adjust deviations generated in the execution of the budget.

Thirdly, establish a sound supervision system and reward and punishment system. This requires education and training enterprise internal management must be people-oriented, reward and punishment clear, let employees do their best. Only by first formulating reasonable development goals, can we develop feasible methods to achieve the goals, and then develop a performance evaluation mechanism in line with the reality.

Finally, strengthen the enterprise operation cost control. Private non-degree education and training enterprises in China can hold relevant meetings among employees to convey the sense of economy. And establish a budget system, the enterprise operating expenditure scientific forecast, strict control of operating costs.

3.2.4 To solve the operation crisis

China’s private non-academic education and training enterprises are faced with four major crises, which are the loss of knowledge staff, student source, capital chain and reputation. The crisis of knowledge staff leads to the failure of education and training enterprises to retain talents, the crisis of students’ leads to the shortage of students, the crisis of capital chain leads to the difficulty of operation of education and training enterprises, and the reputation crisis leads to the vulnerability of education and training enterprises to public opinion.

To solve the staff turnover crisis, education and training enterprises can start from the three aspects of salary, career and emotion, such as improving the treatment of employees, making career planning for employees, and meeting the emotional needs of employees. To solve the student source crisis, education and training enterprises can pay attention to their own connotation development, form their own unique corporate culture, improve their brand.

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