

The Relevant Research Based on the Issues Related to the Listing of Private Education Institutions at Home and Abroad

Fengming Liu

Yunnan Technology and Business University, Kunming, Yunnan, 651700, China

Email: kaixien@163.com

Keywords: Private Education Institutions; Stock Market; Financing; For-Profit; Risk

Abstract: In recent years, China's private education institutions have developed rapidly and have chosen to go public for financing. This article reviews and sorts out the research results and progress of domestic and foreign experts and scholars on important issues related to profitability, investment significance, and listing financing methods of education listing, and points out that listing is a feasible and effective financing channel for private education institutions and should be strongly supported. And development, and emphasized the risk of listing and financing, which has a certain role to play in promoting the listing and financing of private education institutions in China and related departments to formulate relevant policies for listing of private education institutions.

In recent years, many high-quality private education institutions in China have chosen to go public for financing, such as New Oriental Education Technology Group, Minsheng Education Group, Yuhua Education Group, Ruijian Education Group, etc. Affected by the "non-profit" policy for a long time, the listing of private education institutions in China has been restricted. Article 19 of the "Law for the Promotion of Private Education" on November 7, 2016 stipulates: "The sponsors of private schools can choose to establish non-profit or for-profit private schools. The sponsors of for-profit private schools can obtain school benefits." This means that for-profit private education institutions have been recognized in China's laws, so it is also possible for our private education institutions to go public. In fact, domestic and foreign experts and scholars' research on education-related issues is very rich and comprehensive, providing a theoretical basis for the listing and financing of private education institutions in China.

I. Research on Educational Profitability

The premise of listing a private education institution is that the education institution is profitable. For-profit educational institutions have increased rapidly worldwide since the 1990s. The for-profit issue of education has also aroused great attention and widespread attention from the academic community.

As early as 2001, Peng Hongbin conducted research on the profit of private education institutions in Japan and the United States [1] Peng Hongbin. Analysis and Enlightenment of Private Education Profit Problems in Japan and the United States [J]. Comparative Education Research, 2001, 37 (01): 52-54.] And proposed that we should learn from the experience of private schools in the United States and Japan, clarify the profitability of private education institutions in legislation, and clarify issues such as the establishment, approval authority and taxation of private education institutions.

Since then, after studying the private education institutions in the United States, Australia, South Africa, India, Singapore and other countries [2] Wu Daguang. The marriage of private higher education and capital markets-international experience and China's road choices [J]. Education Research, 2003, 25 (12): 8-13.] Further put forward: "The profit of private education is conducive to making private education institutions enter the capital market for financing by issuing stocks, thereby achieving the marriage between private education institutions and the capital market." Ren Fang researched the financing of private education [3] Ren Fang. Research on the financing of private universities in China [D]. Xi'an: Northwest University, 2007.] and believed that the

profitability of private education was recognized to some extent. It helps to improve the quality of education. She believes that the pursuit of profits will become the driving force for private education institutions to improve the quality of education.

In foreign countries, especially the United States, the development of for-profit educational institutions is relatively mature. Dees Stallings believes: "Education for profit is a reform movement with great market potential" [][Dees Stallings. The virtual university is inevitable: But will the model be non-profit or profit? A speculative commentary on the emerging education environment [J] .Journal of Academic Librarianship, 1997,223 (4): 271-280.]. Annes Chung pointed out in the article "The Choice of For-Profit University" that because for-profit educational institutions can adapt to changes in the labor market, and public education institutions are largely unresponsive, companies are increasingly preferring for-profit university graduates. Many foreign high-income families choose for-profit private education institutions, and low-income families choose public schools [][Annas Chung. Choice of for-profit college [J] .Economics of Education Review, 2012,31 (6): 1084- 1101.].

American scholar Richard S. Ruch in "Higher Education Companies: The Rise of For-profit Universities" [][Richard S.Ruch), translated by Peiwen Wen. Higher Education: For-profit The Rise of Universities [M]. Beijing: Peking University Press, 2015: 29-109.]] States: "The most important factors for profit-making universities to obtain profits are the quality of teaching and teaching services. The profit of the university is obtained by the poor teaching provided by scale education, which is a big mistake. "Mr. Richard S. Ruch proved the benefits of educational institutions and the success of the American education reform with facts and data, which also made us eliminate. Doubts about whether the profit of educational institutions affects the quality of teaching.

II. Research on the Significance of Education Investment

Private education institutions are profitable, and the education services provided have the attributes of commodities. Ma Yongxia discussed the value of personal education investment [][Ma Yongxia .On the value of personal education investment [J] .Journal of Hebei Normal University (Education Science Edition), 2004,7 (02): 50-54.], I believe that investing in education is not only conducive to increasing the human capital stock of individuals, but also to accelerate the development of education, promote social and economic prosperity, solve the shortage of education funding, and help to achieve true education equity and adjust the balance of education supply and demand.

Li Zhen made a special study on the significance of education investment to the formation of human capital [][Li Zhen .The significance of education investment to the formation of human capital [J] .Journal of Jilin Province Economic Management Cadre College, 2015,27 (02): 39-40.], Believe that education investment is conducive to improving the quality of labor force, accumulating human capital, is the most important means to cultivate workers' moral values.

Wang Lijun of Capital University of Economics and Trade has done a lot of research on the impact of China's education investment on economic development [][Wang Lijun.Effect of Chinese Education Investment on China's Economic Development [D] .Beijing: Capital University of Economics and Trade, 2006.]] Based on the relevant data and models, we have scientifically tested the correlation between China 's education investment and the total GDP, which proves that the fluctuation of education investment in China is always highly closely related to the fluctuation of economic growth. It is concluded that increasing education investment helps promote China 's actual The conclusion of economic growth.

In fact, as early as 1961, the famous American economist Schultz, known as the "father of human capital", took education as an investment in people, and in "Human Capital Investment" [][Theodore. W. Schultz. "Human Capital Investment" [M]. Beijing: Commercial Press, 1990.]] states: "Human capital investment is an investment with a high rate of return on investment, and there is no way to compare it with other areas." According to Schultz: "There is a very close relationship between investment in human capital and the growing economic value of people.

Therefore, the key to changing the poor is not cultivated land, nor energy and space, but increasing investment in education. .

American economist Edward Fulton Denison is known as "the father of growth accounting or analysis of growth reasons." He conducted a detailed study and analysis of the causes of US economic growth and found that education has made a huge contribution to US economic growth. growth in the United States and the alternatives before us [M] .US: Committee for Economic Development, 1962.]] states: "The increase in the level of education of American workers — The contribution of economic growth in 1957 reached 23%. "

American scholar Todd Leachcf studied the impact of Massachusetts higher education privatization on profits [[[Todd Leach.The impact of For-Profit Privatization on Higher Education in the State of Massachu Setts [D] .Motheastern University, 2008.]] believes: "An educated person can better understand and understand society, has innovation, creativity, and critical thinking, can propose better solutions to the development of the entire society, and invest in education is beneficial to society Development and change. " American Doctor of Education Gynthia R. philips conducted research on the revenue, cost, profit, etc. of private universities [[[Grnthia R.Philips.Cost, Revenues; And Coss Subsidies in Private Research-doctoral Universities [D] .St. John's University , 2010.]], the research results found that: "Investment in education not only has high economic benefits, but also has high social effects, which can reduce the crime rate of a country." Classical British economist Adam Smith in "The Wealth of Nations" [[[Adam. Smith. Translated by Yang Jingnian. "The Wealth of Nations" [M]. Shaanxi: Shaanxi People's Publishing House, 2001.] states: "The best way for a person to have a certain ability is to enter a school as an apprentice or receive education. The capital owned by a learner includes not only labor compensation, but also this Kind of intangible capital obtained through learning. "

In 1890, Alfred Marshall, a famous British economist in modern times, wrote Principles of Economics [[[Marshall. Translated by Zhu Zhitai. Principles of Economics] [M]. Beijing: The Commercial Press, 1997.]], which states: "Educational investment is not cost-effective, not only measured by the direct results of education, but also the skilled technology, capabilities and knowledge reflected in educational investment." In 1999, Italian scholar Daniele Checchi et al. Conducted research on educational equity in the United States and Italy [[[Danilel Checchi, Andrea Ichino, Aido Rustichini. More equal but less mobile? Education financing and intergenerational mobility in Italy and in the US [J]. Economic Woring Papers, 1996, 74 (3): 351-393.]], Believe that investment in education is more attractive to poor countries, and even if it is the most expensive, this investment is worth it.

It can be seen that scholars at home and abroad have more consistent views on the significance of education investment. They all believe that investment in education can bring great economic benefits to individuals, improve the overall quality of a country's personnel, reduce the crime rate, and help social progress And development will also bring great contributions to the economic growth of a country. Therefore, no matter what form of investment in education is a good thing for the benefit of the country and the people, it should receive strong support.

III. Research on Educational Listing Financing

Under the premise of meeting the relevant conditions, listing financing is the most effective financing method. In 2012, John Aubrey Douglass of the United States pointed out in the article "Money, Politics, and the Rise of For-profit Higher Education in the United States" [[[: "In the 1990s, many for-profit private education institutions in the United States issued shares and passed stock exchanges. IPO financing, and most of the value of listed companies are growing at an alarming rate. "

In China, with the successful listing and financing of some private education institutions such as New Oriental, domestic scholars have also carried out some exploratory research on the listing of private education institutions. Zhang Wei [[[analyzed the feasibility of listing and financing of private education institutions in China. Wang Yuanyuan and Liu Cunxu [[[researched on the issue of listing of private education institutions and concluded that the listing of private education

institutions helps to solve the attributes of private capital and the scale of education investment, the professionalism of education management, the integrity of education institutions, and education. The problem between the efficiency of resource allocation. Xie Dan analyzed the characteristics of China's education and training institutions' overseas listing and financing, and found that basically every overseas listed Chinese education and training institution has a history of private placement before listing; although private equity is basically for holding, and Selling stocks at an appropriate time, but in the short term, consistent with the interests of the companies to be listed, will provide advanced management concepts for educational training institutions and open up an international perspective. []]

IV. Research on the Risks of Listed Financing

Under the premise of listing and financing, since China's private education institutions are both private enterprises and the education industry, the issue of risk after listing cannot be ignored.

Cui Qingtao of Beijing Jiaotong University researched the risks of China's private enterprise listing and found that the listing of private enterprises will not only encounter systemic risks such as economic fluctuations, economic crisis, inflation, deflation, morality, etc., but also the selection and issue of intermediary agencies. Non-systematic risks such as prices, issue costs, mergers and acquisitions []] Cui Qingtao. Study on the Financing Risks of the Private Enterprise's GEM Listing [D]. Beijing: Beijing Jiaotong University, 2009.]. Tan Minghua's research on the listing and financing of private enterprises found that after the listing of private enterprises, due to the uncertainty of the number and proportion of shareholders, there may be a risk of out-of-control of the enterprise and the risk of out-of-control control []] Tan Minhua. Lun Mingying Risk Management of Control Rights of SMEs' Listed Financing [J]. Economics, 2009, 25 (3): 101-103.]. Yang Xingyu researched the financing methods and risks of overseas listing of private enterprises, and believed that there was a risk of listing place selection, IPO pricing risk, and issuance failure of private companies overseas listing []] Yang Xingchong. Research on financing methods and risks of overseas listing of private enterprises [A], Zeng Xiaochun, Li Yan. The Tenth Annual Conference of the Institute of Industrial Technology of the National Economic Management College [C]. Zhongshan, Guangdong, China: China Business Press, 2010: 272-276.].

Cheng Gang used SWOT analysis method to study China's private education institutions successfully listed in the United States []] Chenggang. Study on the strategy of China's private education industry—SWOT analysis based on overseas listed education institutions [J]. Fudan Education Forum, 2013, 34 (2): 70-75.]. And put forward: China's private education institutions are listed overseas, and their market value is easy to be underestimated due to information asymmetry; after listing, they are easily subjected to unrealistic scales due to pressure from the capital market Expansion; and due to the contradiction between the non-profit nature of private schools and the pursuit of profit of listed companies as stipulated by China's policies, there are policy risks in listing financing.

Xu Jia pointed out in his master's thesis "Research on Legal Issues Related to the VIE Model" []] Xu Jia. Research on Legal Issues Related to the VIE Model [D]. Shanghai: East China University of Political Science and Law, 2015.]. pointed out that China's Internet and educational institutions are listed overseas Most of them use the VIE model. On the surface, this model has become the darling of domestic companies intending to list overseas. However, there are huge hidden dangers behind the glory. The reason for the delisting of the private education institution listed in the United States is analyzed, which explains the existence of the VIE model. Shareholder default risk.

V. Conclusion

According to relevant researches by domestic and foreign scholars on listing and financing, we can see that private education institutions have many advantages in listing and financing and encounter inevitable risks, but we cannot afford to waste food. We still need bold attempts and

explorations in this regard.

References

- [1]. Peng Hongbin. Analysis on the profit of private education in Japan and the United States and its enlightenment [J]. Comparative Education Research, 2001, 37 (01): 52-54.
- [2]. Wu Daguang .The marriage of private higher education and capital market: international experience and China's road choices [J] .Education Research, 2003,25 (12): 8-13.
- [3]. Ren Fang. Study on the Financing of Private Colleges and Universities in China [D]. Xi'an: Northwest University, 2007.
- [4]. Dees Stallings. The virtual university is inevitable: But will the model be non-profit or profit? a speculative commentary on the emerging education environment[J].Journal of Academic Librarianship,1997,223(4):271-280.
- [5]. Annas Chung. Choice of for-profit college [J].Economics of Education Rview,2012,31(6) : 1084-1101.
- [6]. Richard S. Ruch, translated by Yu Peiwen. Higher education: the rise of for-profit universities [M]. Beijing: Peking University Press, 2015: 29-109.
- [7]. Ma Yongxia. On the Value of Individual Education Investment [J] .Journal of Hebei Normal University (Education Science Edition), 2004,7 (02): 50-54.
- [8]. Li Zhen. The Significance of Educational Investment to the Formation of Human Capital [J] .Journal of Jilin Province Economic Management Cadre College, 2015, 27 (02): 39-40.
- [9]. Wang Lijun. Effect of Chinese Educational Investment on China's Economic Development [D] .Beijing: Capital University of Economics and Business, 2006.
- [10]. Theodore. W. Schultz. "Human Capital Investment" [M]. Beijing: Commercial Press, 1990.
- [11]. Edward Fulton Denison .The sources of economic growth in the United States and the alternatives before us[M].U.S: Committee for EconomicDevelopment,1962.
- [12]. Todd Leach. The impact of For-Profit Privatization on Higher Education in the State of Massachu Setts[D].Motheastem University,2008.
- [13]. Grnthia R. Philips. Cost, Revenues; And Coss Subsidies in Private Research-doctoral Universities[D].St.John's University,2010.
- [14]. Adam Smith. Translated by Yang Jingnian. On National Wealth [M]. Shaanxi: Shaanxi People's Publishing House, 2001.
- [15]. Marshall. Translated by Zhu Zhitai. Principles of Economics [M]. Beijing: Commercial Press, 1997.
- [16]. Danilel Checchi, Andrea Ichino, Aido Rustichini. More equal but less mobile? Education financing and intergenerational mobility in Italy and in the US[J].Economic Woring Papers, 1996, 74(3): 351-393.
- [17]. Cui Qingtao. Research on the Financing Risks of the Private Enterprise's GEM Listing [D]. Beijing: Beijing Jiaotong University, 2009.
- [18]. Tan Minghua. On the Risk Management of Control Rights of Listed Financing of Private SMEs [J] .Economic Survey, 2009,25 (3): 101-103.
- [19]. Yang Xingxia.Research on Financing Methods and Risks of Private Enterprises' Overseas Listing [A], Zeng Xiaochun, Li Zheng.The Tenth Annual Conference of the Institute of Industrial Technology of the National Economic Management College [C] .Zhongshan, Guangdong, China: China Business Press, 2010: 272-276.

[20]. Cheng Gang. Study on the Strategy of Private Education Industry in China——A SWOT Analysis Based on Overseas Listed Educational Institutions [J]. Fudan Education Forum, 2013, 34(2): 70-75.

[21]. Xu Jia. Research on Legal Issues Related to VIE Model D]. Shanghai: East China University of Political Science and Law, 2015.