

Network Governance in Chinese Educational Policy: the Case of Harbin State-owned Enterprise Schools

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Abstract

This paper draws on theories of network governance to analyse a case study of policy implementation aimed at reforming Chinese public education. It builds on the work of Rod Rhodes (1997), who conceptualises 'network governance' in terms of interactions between groups that make up networks involved in policy making. Public school reform in China has included the establishment of the Modern Enterprise System, which disconnected schooling functions previously associated with State-owned Enterprises to rectify the loss of profit. The State Commission for Restructuring the Economy proposed that these schools should be relocated from enterprises to the Ministry of Education in order to rectify loss of profit in State-owned Enterprises. This paper reports on a case study of the railway state-owned enterprise schools in Harbin, the capital and largest city of Heilongjiang Province in Northeast China. The study examines how the top-down policy is implemented from central government to ministry level, to province level, to municipal city level and finally to the district level. It also shows the way networks support negotiation and bargaining at the district level, which influences the education policy of the central government. These intersecting policy implementation processes show how the centralised Modern Enterprise System policy proposal is coordinated through actions and resource transactions between actors at different levels of government and schools. This paper argues that the processes of formulating and implementing Chinese education policy can be characterised as a form of network governance, which coordinates actors, decision making processes, and stakeholders' motivation to comply with collective decisions in Chinese education. The paper reveals network governance to be an effective and legitimate way of problem-solving that assists policy implementation and education reform in China.

Key Words

Network Governance, Chinese Education Reform, State-owned Enterprise School

1. Introduction

Besides the governance modes of bureaucracy and market in educational policies, it is argued that network mode of governance is premised on new forms of sociality and institutional reconfigurations that mobilise dispersed resources so that collective action can be orchestrated toward the solution of a common policy problem (Blackmore, 2010; Kenis & Schneider, 1991). In other words, network governance is a new system for public policy deliberation, decision and implementation through a web of relationships between public, private and civil society actors (Koppenjan & Klijn, 2004). This article builds on the studies of network governance in education by Ball (2008), Liebman and Sabel (2003). They have applied network governance theories to understand educational policies in United Kingdom and United States.

Network governance theory has not been applied to Chinese educational policy. However, scholars have examined various Chinese public policies with this theory. These policies include reforming of taxation in the rural area (Tang, 2004), Chinese politics in the provincial legislatures (Xia, 2008), housing and estates (Zhang & Lou, 2007; Zhu, 2008) and public health insurance reform (Zheng, Jong, & Koppenjan, 2010).

Public school reform in China has included the establishment of the Modern Enterprise System, which disconnected schooling functions previously associated with State-owned Enterprises (SOEs) to rectify the loss of profit. In 1995, the State Commission for Restructuring the Economy proposed these schools should be relocated from enterprises to the Ministry of Education.

The structure of this paper is as follows: Section 2 reviews the network governance theory as a theoretical framework. Section 3 discusses the methodology while Section 4 outlines the landscape of state-owned enterprise schools in Harbin, the capital and largest city of Heilongjiang province in northeast China. Section 5 explores the detailed transformation process of state-owned enterprise schools from the Ministry of Railways to the Ministry of Education. It includes the law and regulation settings during top-down operation and how it be affected by the local network actors in the decision making. Finally, section 6 summarizes the key points of the argument, offering some recommendations and concluding remarks.

2. Network governance theory – a theoretical framework

Network governance is derived from policy network theory. The study of policy networks has become an important approach in the study of policy-making processes in the fields of public

administration and political science in the West since the 1970s. It offers one theoretical framework through which to view policy making.

Policy network theory provides a lens through which to examine the interactions between groups involved in policy making and their influence on the policy process. These interconnected groups form 'networks' that locate activities of governance, which are purposeful efforts by public and private actors, acting in conjunction rather than separately, to guide, steer, control, or manage a formalised or informal jurisdiction (Agranoff & McGuire, 2008). Such networks and their governing practices have been investigated in a number of policy arenas, including economic development, health care, criminal justice, human services, information systems, rural development, environmental protection, biotechnology, transportation and education.

The concept of 'governance' has been developed in two ways within policy network theory. Firstly, there is a substantial body of work concerning the way governance effects the contributions of central governments to the policy process (Kersbergen & Waarden, 2004; Kjær, 2004; Kooiman, 2003; Pierre, 2000; Pierre & Peters, 2005). For instance, Rhodes (1997) uses this 'Anglo-governance' model to postulate that groups / organisations / actors depend on each other for resources and, therefore, enter exchange relationships to secure relevant resources in ways that build collective capabilities. In the other words, the idea of 'governance' helps to explain why actors deploy resources in ways that support other actors and the mobilisation of their resources in the network to achieve their goals.

Secondly, the German-Dutch school further extends this notion to the network mode of coordination (Kickert, Klijn, & Koppenjan, 1997; Scharpf, 1978; Sørensen & Torfing, 2007). Klijn and Skelcher (2007) describes governance networks as a process of "public policy-making and implementation through a web of relationships between government, business and civil society actors" (p. 587).

These network actors relate to one another on the basis of interdependencies, but not necessarily on the basis of equity. It is an emerging form of governance that reflects a changed relationship between state and society (Kenis & Schneider, 1991), in which social problems are through 'multi-section collaboration' (Blockson & Buren, 1999, p. 64). Modern states increasingly rely on the cooperation of stakeholders to mobilize fragmented resources in ways that realise favorable outcomes. Network governance coordinates such collective efforts by building stable and interactive relationships between stakeholders.

Governance networks are not entirely new phenomena. They have been anticipated under different names, such as 'corporatism', 'heterarchy', 'partnerships' and 'negotiated economy' (Nielsen & Pedersen, 1988; Sørensen & Torfing, 2005). The idea of 'networks' was introduced by Hugh Hecl

(1972, p. 106) to avoid reifying 'collectivities into individual deciders' but, rather, to understand the way interactions through networks get results.

Governance network theorists identify networks as a contribution to efficient governance and significant alternative to both markets and hierarchy (Bogason & Zølner, 2007; Considine & Lewis, 2003). Their significance lies partly in the increasing use of governance networks, and also in the recognition that central decision makers view networks as an efficient and legitimate mechanism of governance (Sørensen & Torfing, 2005). This acknowledges that the idea of a sovereign state governing society top-down through laws, rules and detailed regulations has lost its grip and is being replaced by new ideas about de-centred governance based on interdependence, negotiation and trust.

Empirical studies show governance networks have significant influence not only on political decision-making and but also on the production of efficient policy outcomes (Koppenjan & Klijn, 2004). Network governance is a way of managing actors' goals, perceptions and strategies within a policy arena. It is aimed at improving the interaction and collaboration between actors. The strategies include facilitating interaction, brokerage and conflict management. Participating actors can identify policy problems and new opportunities at an early stage and produce flexible responses that allow for adjustments to complexity and variety in concrete conditions.

Network governance has been applied to education policy (Ball, 2008). Ball argues that the mode of governance in education is shifting from centralised and bureaucratic government to governance in and by networks. This shift does not 'hollow-out' the state (Rhodes, 1994) because the centralisation of the state still dominates, but other actors can influence government policies. Ball (2009) states that such heterarchical modalities of governance are "a new modality of state power, agency and social action and indeed a new form of state" (p. 101).

Network governance has been identified as a way to improve public schools. Liebman and Sabel (2003) suggested that networks permit a 'new form of participatory collaboration between citizens and the agencies of government' in the US that helps to improve the quality of public education by introducing flexible, best practice approaches into the classroom. Wohlstetter, Malloy, Chau, & Polhemus (2003) confirms this point because, in urban schools, stakeholders are actively collaborating in the reform process. Since the late 1990s, Public-Private Partnerships (PPP) and social partnerships have also become more common in Australian education. Seddon, Billett, and Clemans (2005) show that shared goals are achieved when societal and private actors (community

groups, education and training providers, and industry members) participate in education policy development.

Back to China, many academics have examined various Chinese public policies by applying the Chinese terms *zhengce wangluo* (policy network) or *wangluo guanzhi* (network governance). Ren (2005) claims that network governance theory has great potential for Chinese governance since the development of civil society and interest groups will be strengthened after various cases of both government failure and market failure in China.

3. Methodology

This study adopts a qualitative approach and the data were collected through semi-structured interviews conducted in Harbin, Northeast China in September 2010. Official documents were also used. In order to examine the detailed transformation process of schools from the State-owned Enterprises (SOEs) to the Ministry of Education and local education bureaus, the author has selected railway state-owned enterprise schools at Harbin. The reasons for choosing schools in the Ministry of Railways and in Harbin are that the Ministry of Railways has a comprehensive education system, which provided education from pre-school to higher education to the employees and children of employees in China. Heilongjiang province (Harbin is the capital city) owns the biggest numbers of state-owned enterprise schools. The research findings in this province are significant and representative.

The fieldwork lasted 20 days. Visits were paid to senior officials at Education Bureaus, State-owned Assets Supervision and Administration Commission for the State Council (SASAC), the Railway Education Department of Harbin Railway Branch under the Ministry of Railways, school principals and teachers in their offices or private locations to obtain basic information on school transformation. Government documents and relevant documents were collected at the interviewed location and government websites. For ethical reasons, real names are not used in this paper.

4. The landscape of state-owned enterprise schools

The State-owned Enterprises (SOEs) have contributed a huge resource in provision of education by establishing large quantities and diversified state-owned enterprise (SOE) schools from childcare centres to higher education institutes throughout China. In this section, we will address the issues on quantity and funding of state-owned enterprise schools in overall China, in Heilongjiang province and in the Ministry of Railways respectively.

4.1 Quantity and funding of state-owned enterprise schools in China

SOEs run wide-ranged schools in China. It covers pre-school education institutions, primary school, secondary school, vocational school, adult learning school and higher education institution. Figure 1 shows 21,323 schools were operated by Chinese SOEs in 1994, in which, there were 11,157 primary schools, 6,442 secondary schools, 2,631 vocational schools, 779 adult schools and 314 higher education institutions (CEFSY, 1994).

Figure 1 The types of state-owned enterprise schools in 1994 and 2007

The types of state-owned enterprise schools in 1994 and 2007			
Types of Schools		1994	2007
Higher Education Institutions (HEI)		314	110
	Regular HEIs	3	57
	Vocational HEIs		39
	Adult HEIs	311	53
Senior Secondary Specialised / Technical Schools		547	151
	Senior Secondary Vocational Schools	120	62
	Senior Secondary Normal (Teachers) Schools	4	2
	Adult Senior Specialised Secondary Schools	423	87
Skilled Workers Schools		1,471	263
Secondary Schools		6,617	1,849
	Senior Secondary Schools (SSS)	1,493	135
	Combined Secondary School (SSS+JSS)		426
	Junior Secondary Schools (JSS)	4,949	1,285
	Adult Secondary Schools	175	3
Junior Secondary Vocational Schools		1,036	106
Primary School		11,338	2,314
	Regular Primary Schools	11,157	2,312
	Adult Primary School	181	2
	Total	21,323	4,793

Source: China Educational Finance Statistical Yearbooks 1994 and 2007

Under the Modern Enterprises System proposed by the Central Government in 1993, the quantity of state-owned enterprise school have been reduced to 4,793 in 2007 (CEFSY, 2007). Most of

these schools were transferred to the Ministry of Education and some of them were merged and cancelled. Not surprisingly, the state-owned enterprise schools that provided basic education section (6 year primary education and 3-year junior secondary education) have been reduced relatively quicker than others because, under the Chinese Compulsory Education Law, it is the Chinese government's duty to provide 9-year of free basic education to citizens. The government piloted this shift of schools from SOEs to the Ministry of Education in 2004, by detaching 729 state-owned enterprise schools from the China National Petroleum Corporation, China Petrochemical Corporation and Dong Feng Motor Corporation. With the success of this pilot, the Chinese government removed another batch of schools from 74 Corporations in 2005. These corporations are from industries, such as nuclear, aerospace, shipping building, steel, metallurgy and mining, chemical, power, transportation, business investment, fishery and forestry (SASAC, 2005). The funding gradually increased from RMB¥ 8.91 billion in 1994 to RMB¥ 13.9 billion in 2002 and then sharply decreased by 36.7 per cent to RMB¥ 8.8 billion in 2003. 2003 was the first year to acute implement the policy of "Separation of major and auxiliary industries and reformation of auxiliary industries" under the Modern Enterprise System for SOEs. It is important to mention that the state-owned enterprise schools faced a great challenge due to lack of sufficient funding when SOEs reduced 36.7 per cent education funding from the previous year, against only 11.5 per cent decrease in quantity over the same period. Although the budget had been adjusted to RMB¥9.8 billion in 2004, the funding gradually declined from RMB¥ 9.2 billion in 2005 to RMB¥5.2 billion in 2008 (CEFSY, 1994, 2002, 2003, 2004, 2005, 2008).

4.2 Quantity and funding of state-owned enterprise schools in Heilongjiang Province

State-owned enterprise schools are established by SOEs in each province, autonomous region and municipality in China. However, they are distributed unevenly throughout China (See Figure 2). Most schools are located in the northern part (Xinjiang, Inner Mongolia, Heilongjiang, Jilin and Liaoning) and central part (Sichuan, Hunan and Henan). Municipalities (such as Beijing, Tianjin, Shanghai) and the coastal provinces (such as Zhejiang, Fujian and Guangdong) have fewer state-owned enterprise schools. These provinces in northern China have more heavy industries, SOEs and state-owned enterprise schools. As mentioned in earlier, in Chinese policy, heavy industries (like steel, mining and ship building) are monopolised by the State and ran by the SOEs.

Figure 2 Distribution of state-owned enterprise schools in china from 1994 to 1998 (by provinces, autonomous regions and municipalities).



Source: China Educational Finance Statistical Yearbook 1994-1998

From province prospective, the data between 1994 and 1998 shows that Heilongjiang had 2,509 state owned enterprise schools, the highest numbers among the provinces. SOEs in Heilongjiang province spent more than RMB¥20 billion in education between 1994 and 2008.

4.3 Quantity of SOE schools in the Ministry of Railways

The Chinese railway is one of the biggest industries in China and it provides a comprehensive education to the children of employees from pre-school education to higher education. The Ministry of Railways established 15 bureaus or corporations to manage schools in their geographical locations. Figure 4 outlines the Ministry of Railways owned 1,144 schools in 2004, which include 644 primary schools, 398 secondary schools and 102 technical colleges and adult schools. At the same period, Harbin Bureau owned 212 schools in 2004, which include 124 primary schools, 67 secondary schools and 21 technical college and adult schools.

The former director of the Railway Education Department, Harbin Railway Branch explained to me the characteristics of the location of railway schools:

“More dense of railway network, more railway schools; Further to the south of China, fewer railway schools; Later developed cities or regions, basically no railway schools; First have railway lines and then city, more railway schools; First have city and then railway lines, fewer railway schools.”

Figure 4 The number of railway state-owned enterprise schools under the Ministry of Railway in 2004

Railway Bureau Name	Provinces / Autonomous Regions / Municipalities	Primary School	Secondary School	Technical College and Adult School	Total
Harbin Bureau	Heilongjiang, Inner Mongolia Autonomous Region	124	67	21	212
Shenyang Bureau	Jilin, Liaoning, Hebei, Inner Mongolia Autonomous Region	66	37	12	115
Beijing Bureau	Beijing, Tianjin, Hebei, Shanxi	70	45	10	125
Hohhot Bureau	Inner Mongolia Autonomous Region	45	36	7	88
Zhengzhou Bureau	Henan, Shaanxi, Hubei	98	74	10	182
Jinan Bureau	Shandong, Jiangsu, Anhui, Henan	25	13	8	46
Shanghai Bureau	Shanghai, Anhui, Zhejiang, Jiangsu	29	10	8	47
Nanchang Bureau	Jiangxi, Fujian	42	18	3	63
Guangzhou Railway Group Corporation	Guangdong, Hunan, Hainan	36	26	4	66
Liuzhou Bureau	Guangxi, Zhuang Autonomous Region, Guangdong, Guizhou	22	15	4	41
Chengdu Bureau	Sichuan Province, Guizhou Province, Chongqing Municipality	45	22	10	77
Kunming Bureau	Yunnan	10	12	1	23
Lanzhou Bureau	Gansu, Ningxia Autonomous Region	6	3	1	10
Urumqi Bureau	Xinjiang Autonomous Region	17	13	2	32
Qinghai-Tibet Corporation	Qinghai	9	7	1	17
	Total	644	398	102	1,144

Source: China Educational Finance Statistical Yearbook 2004

5 The transformation of ownership in railway enterprise-run schools at Harbin Municipality

After reviewing the landscape of provision of education by State-owned Enterprise between 1994 and 2008, I now analyse how a policy from top-down have been applied in schools when they were removed from the Ministry of Railways to the Ministry of Education in 2004, the ownership was changed and what problems have been associated with.

5.1 Background

There had 212 schools under the Harbin Railway Bureau in 2004, in which 18 schools are located in Harbin Municipality. These 18 railway schools were scattering at seven different districts: Nam Gao district, Daowai district, Hulan district, Dongli district, Acheng district, Shuangcheng city and Wuchang district. Under the requirement of Modern Enterprise System, the Railway Education Department of Harbin Railway Branch was required to transfer these schools to the local education bureaus not later than 30th September 2004.

5.2 Process of transformation

The ownership transformation of SOE schools from the Ministry of Railways to the Ministry of Education involved four levels of governments (the Central government, Heilongjiang provincial government, Harbin municipal government and district governments) and three levels of administrative corporations in Railway industry (The Ministry of Railways, Harbin Railway Bureau and Harbin Railway Branch). In 1993, the State Commission for Restructuring the Economy (Central government) proposed the issue of state-owned enterprises schools should be separated from SOEs under the Modern Enterprise System.

The Ministry of Railways responded to this request in by conducting an industry-wide research about the transformation of institutional issues on 1,368 railways schools in 1997 and then issue an advice on “advance of internal separating of enterprises education in railways enterprises” in 1999. In 2000, another document was issued and advised on “Acceleration of Separating of Main business and associated business in Transportation industry”. The main focus was on distinguishing enterprises’ social functions (schools and medical institutes) from business functions and prompting toward community.

In late 2003, the Ministry of Railways made a decision to transfer all schools to local education bureaus. In 2004, the Harbin Railway Bureau signed an agreement with the State-owned Assets Supervision and Administration Commission of Heilongjiang Provincial Government to establish a working team to be responsible for this transformation. Participating government departments in this team were State-owned Assets Supervision and Administration Commission Harbin Municipal Government, Harbin City Board of Education, Harbin Finance Bureau, Harbin Human Resources and Social Security Bureau, The Bureau of Land and Resources Harbin and Harbin City Real

Estate Housing Bureau. In May 2004, the Railway Education Department of Harbin Railway Branch started to negotiate with seven local education bureaus one by one about school transferring in relation to the teacher, assets and funding.

5.3 Actors' participation to achieve the best result in governance

The main players involved in this education reform are the State-owned Assets Supervision and Administration Commission for the State Council of Harbin Municipal Government, the local Education Bureaus, the Railway Education Department of Harbin Railway Branch, Railway state-owned enterprise school principals and teachers. Table 1 gives an overview of these main actors, with their primary goals, perceptions of the issues at hand, and the strategies they employed to achieve them. There have three deadlocked problems, namely, teacher's salary, excess teacher, retired teacher and school funding.

5.3.1 Problem of teachers' salary

The salary setting for railway state-owned enterprise school teachers is one of the major issues in the negotiation process between the Railway Education Department, local education bureaus and state-owned enterprise school teachers. In some districts, on one hand, the local education bureaus were not willing to offer salaries to the teachers who are higher than local teachers'. On the other hand, these teachers did not accept the salary level lower than before. The Railway Education Department of Harbin Railway Branch provided extra funding to solve this problem.

“At that time, salaries of teachers are different based on the districts' economic situation, even salaries in two adjacent districts may have a difference. We use local teacher's salary in each district as a benchmark. If salary of railway school teachers is lower than the local school teachers', the Railway will provide extra money to local education bureaus to match it up. Alternatively, if salary of railway school teachers is higher than the local school teachers', the teachers can keep their originated salary level, so the Railway will provide extra money to local education bureaus for three years. They both accepted it without saying anything.”

(Interview with the former director of the Railway Education Department of Harbin Railway Branch)

This problem had been solved between the Railway Education Department, the local Education Bureaus and the railway state-owned enterprise school teachers by resource exchange. All three parties were satisfied with this arrangement.

5.3.2 Problem of excess teachers

There are differences in teacher/student ratio between the railway state-owned enterprise schools and government schools. The railway state-owned enterprise schools have a high teacher/student ratio. Therefore, the local education bureaus did not receive excess teachers. The former director of the Railway Education Department of Harbin Railway Branch explained to me the solution to this problem.

“We offered them extra money. The amount of money we paid for them is the total salaries of excess teachers for the remaining of their teaching years before retirement. We paid them this lump sum of money. They accepted it.”

The Railway Education Department offered a lump sum of money to the local education bureaus in exchange of the acceptance of excess teachers. This is a clear example of how resources can be exchanged within parties to achieve mutual benefit for both parties.

5.3.3 Problem of school funding

The school funding is a crucial problem during the transferring period. The local education bureaus have a long bargaining process with the Railway Education Department of Harbin Railway Branch in order to obtain extra funding for the future cost of these schools. This was a difficult issue to solve during the transferring period as it did not have any successful precedent to follow.

“Although our schools have been returned to the local education bureau in 2004, we still paid the running cost of the schools (including teacher salaries with yearly adjustment) for three years until 31st December 2007. It took a long time in negotiation. The breakthrough point was the central government issued an important policy in May 2005 that allowed us to claim the money back from the Central Finance Department. In our Harbin Railway Bureau, we got back RMB¥ 10 billion after transferring 212 schools to the Ministry of Education and other social services to the relevant government departments. In fact, the Ministry of Railways claimed RMB¥ 97 billion in total.”

(Interview with the former director of the Railway Education Department of Harbin Railway Branch)

Similar to the solution to the previous problems, the local education bureaus and the Railway Education Department of Harbin Railway Branch found their ways to communicate with each other through the method of resource exchange. The deadlock problem of school funding had not solved

by the actors after a long negotiation, so the central government issued a new policy to allow the Ministry of Railways claimed back the compensation from the Central Finance Department, so the problem had been solved.

In fact, the final results of this network-kind of negotiation in the case of railway state-owned enterprise schools are favored and accepted by all actors. All actors were better off, with the Ministry of Railways the only one disadvantaged actor in this matter, even though it was compensated. This matches with the claim of Torfing, Sørensen, and Fotel (2009) that 'the network actors must be prepared to respond positively to constructive proposals, to make concessions, or at least to compensate the losers' (p. 291).

Table 1 Main actors and their goals, perceptions and strategies

Key actor	Goal	Perception	Strategy
State-owned Assets Supervision and Administration Commission for the State Council (SASAC) of Harbin Municipal Government	Advances the establishment of Modern Enterprise System in SOEs and pushes forward the reform and restructuring of SOEs	The state-owned enterprise schools should be detached from the Ministry of Railways to the Ministry of Education under the notion of the Modern Enterprise System	Coordinating the issue of state-owned enterprise schools between the Ministry of Railways and the Ministry of Education
Local Education Bureaus	Completing the command from the Ministry of Education and accept the school with the minimum expense in the transition period and running cost after	Not accept railway state-owned enterprise school teachers' salary higher than local teacher's. No excess teachers. A large amount of money will be requested as a kind of compensation to receive the schools from the Ministry of Railways.	No higher salaries will be paid to the state-owned enterprise school teachers if their salary is higher than the local teachers. Do not accept excess teachers. Request extra funding from the Railway Education Department of Harbin Railway Branch for maintaining the schools.
the Railway Education Department of Harbin Railway	The school must be returned to the local education bureaus before 30 th September	No teachers will be left to the Railway Education Department	Negotiation with the local education bureaus to accept all teachers. They prepare to give some

Branch	2004		money as compensation at last.
Railway SOE schools Principals and Teachers	The schools with all teachers need to be returned to the local bureaus to enjoy the better future and on-job training	The salary level should be higher or the same in railway state-owned enterprise schools	Negotiation with the Railway Education Department, no teachers will be laid off and no salary will be lowered than before.

6 Summary and conclusion

Undoubtedly, State-owned Enterprises (SOEs) have run a wide-range of fruitful schools in China in the past decades. They shared a huge responsibility in the provision of education for the central government in China. Under the Modern Enterprise System, schools have been requested to detach from the SOEs and then transferred back to the Ministry of Education. The problems of teachers' salary, excess teachers and school funding have been examined.

Governance of public policy in the Chinese administrative system has entered a new phase moving on from the central hierarchy top-down approach to the approach of central steering with local diversities. In other words, the Chinese central government had a core policy objective, and the local governments can achieve it with their own means with local characteristics.

This case provides an example which the actors within a policy arena can interact with each other by exchanging their own resources to produce better outcomes, in which all the actors are better off without anyone worse off. The loser will be compensated. Obviously, the Railway Education Department of Harbin Railway Branch in this case, as a disadvantaged actor, had been compensated by the Central Finance Department in relation to the teachers' salary, excess teachers and school funding.

We have also seen that the network governance in policy network theory has been increased to use in Chinese public policies, such as reform in taxation, provincial politics legislatures, housing and estate, and public health insurance reform. Network governance is a new form of political governance which reflects a changed relationship between the state and society. Its emergence is a result of the dominance of organized actors in policy making, overcrowded participation, the

fragmentation of the state and the blurring of boundaries between the public and the private (Rhodes, 1997).

Network Governance in Western policy sciences is generally useful and fruitful for understanding the policy process in China, however, some ideas, like Rhodes's "hollow-out state" may not fit in China as the role of the Chinese Communist Party is still dominant in policy making. It is still highly resourced and has a range of powers with which to retain influence over public sector agencies.

Ball (2010) suggested not to "giving up by the state of its capacity to steer policy" (p. 748).

Therefore, more research is needed to make further alterations of the network governance theory in order to fit in the Chinese political and social environments.

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