

**THE OPPORTUNITIES AND CHALLENGES OF
OFFSHORE HIGH SCHOOLS IN CHINA - A CASE
STUDY OF MAPLE LEAF EDUCATIONAL
SYSTEMS**

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CASE STUDY OF MAPLE LEAF
EDUCATIONAL SYSTEMS**

by

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ACRONYMS

BC	British Columbia
BCCIE	British Columbia Council for International Education
CCP	Chinese Communist Party
DHS	Maple Leaf International High School – Dalian High School
ESIB	the National Unions of Students in Europe
FDI	Foreign Direct Investment
FIEs	Foreign Investment Enterprises
GaoKao	Chinese University Entrance Examination
GDP	Gross Domestic Product
HCI	Human Capital Index
HDI	Human Development Index
IMF	International Monetary Fund
IPO	Initial Public Offerings
LDC	the Less Developed Countries
MLES	Maple Leaf Educational Systems
MOE	Ministry of Education (in China)
NBSC	National Bureau of Statistics of China

SEZs	Special Economic Zones of China
SFCRSs	Sino-Foreign Cooperatively-run Schools (in China)
TNCs	Transnational Corporations
TNE	Transnational Education
UN	the United Nations
UNDP	the United Nation Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WEF	The World Economic Forum
WTO	The World Trade Organization

**PELUANG DAN CABARAN SEKOLAH MENENGAH LUAR PESISIR
DI CINA – KAJIAN KES SISTEM PENDIDIKAN ‘MAPLE LEAF’**

ABSTRAK

Objektif kajian kes kualitatif Sistem Pendidikan ‘Maple Leaf’ (MLES) ini meneroka peluang dan cabaran sekolah menengah luar pesisir di Cina dari perspektif pihak pemerintah, pelajar, ibu bapa, guru sekolah dan pemimpin sekolah. Globalisasi, pembaharuan neo-liberal dan teori modal manusia semasa menggalakkan penswastaaan dan pengantarabangsaan pendidikan. Sebagai salah satu jenis pendidikan antarabangsa, sekolah menengah luar pesisir diketengahkan kerana inovasi dalam model pendidikan. Membandingkan tren sekolah menengah luar pesisir yang semakin meningkat di seluruh dunia, terdapat jurang penyelidikan yang besar dalam bidang sekolah menengah luar pesisir. Oleh itu, satu kajian kes kualitatif direka bentuk untuk memahami peluang dan cabaran sekolah menengah luar pesisir di Cina. Data dikumpul dari MLES - Dalian Sekolah Menengah melalui temu bual, pemerhatian bukan peserta dan dokumen. Semua data dianalisis melalui analisis kandungan. Kajian ini menunjukkan bahawa pembangunan ekonomi Cina dan pembaharuan pendidikan menyediakan peluang yang baik untuk pembangunan MLES. Rangka kerja pengawalseliaan, kawalan kualiti dan pengiktirafan daripada pihak berkuasa adalah faktor utama untuk menentukan kelestarian dan halaju pertumbuhan sekolah menengah luar pesisir di Cina. Kesimpulan kajian ini menyediakan cadangan bagi pengurusan dan operasi sekolah menengah luar pesisir di Cina, menawarkan implikasi praktikal untuk sekolah menengah luar pesisir lain di

Cina yang ditubuhkan di bawah prinsip yang sama, dan juga menyediakan implikasi dan cadangan untuk pembuat dasar.

**THE OPPORTUNITIES AND CHALLENGES OF OFFSHORE HIGH
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ABSTRACT

The aim of this qualitative case study of Maple Leaf Educational Systems is to explore the opportunities and challenges of offshore high schools in China from the perspectives of the State, students' parents, schoolteachers and school leaders. Globalization, neoliberal reforms and contemporary human capital theories encourage the privatization and internationalization of education. As one of the types of international education, offshore high schools are highlighted owing to its innovation in educational models. Comparing the rising trend of offshore high schools worldwide, there is a large research gap in the field of offshore high schools. Therefore, a qualitative case study is designed to understand the opportunities and challenges of offshore high schools in China. The data are collected in Maple Leaf International High Schools – Dalian High School through interviews, non-participant observations, and documents. All of the data are triangulated and analysed using content analysis. The findings of this study indicate that Chinese economic development and educational reforms provide good opportunities for the development of MLES. The regulatory framework, quality control and recognition from authorities are the main factors to decide the sustainability and velocity of growth of offshore high schools in China. The conclusion of this study provides suggestions for the management and operation of offshore high schools in China,

offer practical implications for other offshore high schools in China, which are established under similar principles, and provides implications and suggestions for policy-makers.

CHAPTER 1 INTRODUCTION

1.1 Background of the Study

Following China's reform and gradual integration into the global economy, the Chinese national government has undertaken different educational reforms to cater to the development of China's economy and society. From 1985 to 2012, the Ministry of Education (MOE) has issued a series of regulations to encourage and propel the development of Chinese private education. According to "the Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools" (2003)¹, a kind of private high school, which was established in the cooperation between Chinese educational institutions and the foreign educational institution is referred as "Sino-Foreign Cooperatively-run Schools" (SFCRSs) appeared in China since the 1990s. The cooperation between Chinese and Western institutions first happened in tertiary education, and then extended to high school education.

Maple Leaf Educational Systems (MLES) is the first British Columbia (BC) offshore high school in China. It was founded under the educational agreement between the Chinese Liaoning Province and British Columbia Province, Canada in 1995. The establishment of MLES is the beginning of BC to deliver BC K-12 education program (the BC Curriculum) to overseas students (British Columbia Global Education Program, 2013/2014). Since 1995 to 2015, there are forty-eight

¹ *Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools was adopted at the 68th Executive Meeting of the State Council on February 19, 2003, promulgated by Decree No. 372 of the State Council of the People's Republic of China on March 1, 2003, and effective as of September 1, 2003.*

certified offshore schools in five different nations, and more than 9,800 students in these countries are educated under British Columbia K-12 Curriculum. Currently, MLES has established seven offshore high schools in different cities in China till 2014.

The development of MLES reflects the socioeconomic development and changes of China. It is a new phenomenon in China in the era of globalization. Also, the purpose of this study is to identify the opportunities and challenges of offshore high schools in China, through in-depth analysis of the development of MLES. To accomplish this purpose, it is necessary to present the background of Chinese economic and social changes since the initiation of Reform and Open-up Policy in 1978.

Since China performed the Reform and Open-up Policy in the year 1978, the Chinese national economy has been growing at a remarkable speed, and the Chinese GDP had reached RMB63, 613.8 billion (USD10, 360.1 billion) in 2014 (NBSC, 2014). The Reform and Open-up Policy divides into two parts: i) interior reforms of economic and societal systems, and ii) opening to the external world. China economy has maintained sustainable development over three decades (Liu & Cai, 2007). The GDP annual growth rate is 9.8 percent on average from 1978 to 2014 (NBSC, 2014). Over thirty years of development, the Chinese economy has successfully transformed from a planned economic system into a market-based economy, and the Chinese society has undertaken tremendous changes. Wu (2007) remarks that “resource-intensive and export-oriented” (p. 138) are two characteristics of Chinese economic growth. However, China’s economy is bearing along the critical turning point owing to the emergence of structural crisis and imbalance (Wong & Liu, 2007). The

Chinese government should ascertain a new catalyst to boost the economy if they desire to maintain sustainable growth of the Chinese economy. Wu (2007) suggests that stimulating domestic consumption, promoting the services sector, improving innovation and technological advancement, and maintaining balanced development should be the new resources for China's development. The Chinese government has concentrated on industrial transformation and upgrading. Independent innovation and information technology are encouraged in the secondary industry (Chinese State Council, 2011). The tertiary industry is also encouraged by national and local governments. According to the statistics of the National Bureau of Statistics of China (NBSC), the proportion of the tertiary industry in the GDP is growing and it was 48.2 percent of the GDP in 2014 (NBSC, 2014). The whole Chinese economy and society show an obvious tendency to become a knowledge-intensive and innovation-driven society (Paradise, 2012). Knowledge and information play a pivotal role in the development of China economy.

Besides the reforms of economic and social systems, openness to the outside world also plays a substantial role in Chinese economic development. The active export growth and the huge inflow of foreign investment are driving China's integration into the global economy (Wong & Liu, 2007; Yao, 2010). In the early 1980s, four Special Economic Zones² (SEZs) were established in China, which has become the windows for China's connection to the external world. Foreign Direct Investment (FDI) and Foreign Investment Enterprises (FIEs) have been permitted in China. Following the growth model of these four SEZs, more and more coastal and

² *The four special economic zones are Shenzhen, Zhuhai, Shantou, and Xiamen. Xiamen city belongs to Fujian Province; other three cities are located in Guangzhou Province.*

inland cities have chosen to improve the export-oriented economic model. In 2001, China became a member of the WTO and this is a sign that China has accelerated the country's integration into the global economy.

FDI is permitted by Chinese national government and is introduced into more and more industries and businesses. China actively participates in the globalization process and responds the challenges and competitions from the whole world actively. The action of joining WTO in 2001 was deemed as a milestone that showed the aspiration of China to participate in the globalization process. In the epoch of globalization, China cannot dismiss the powerful impetus of globalization to the national economy; and China has joined global trade competition actively. China has also become one of the foremost manufacturing countries in the world. Also, it was the second largest state in the world to attract FDI³.

Tracing the development of the economy, the changes in Chinese society are tremendous. One of the significant transformations is the growing wealth of the Chinese population and subsequently the rising middle-class in China (Goodman & Zang, 2008). As a new rich class, the rising middle-class benefits from the economic growth of China. They realize the importance of investing in human capital and education, not just to themselves but also to their off springs. Therefore, this affluent class of Chinese places more attention on the importance of education, and they would render their children a high-quality education in China or abroad. However, public schools in China always focus on University Entrance Examination (Gaokao),

³ In the United Nation's report 'Global Direct Investment Monitor (No. 18)' which was released in 19, January, 2015. China has become the largest country in FDI recipient in the year of 2014.

and the quality of most Chinese universities cannot meet their requirements of education for their children. At the same time, as an international language, English plays a pivotal part in the communication between China and Western nations. Sadly, English education in Chinese public schools and universities cannot match the quality of English teaching in Western schools and universities. As a result, contradictions exist between the lower quality of Chinese public education and the needs and demands of China's emerging middle class for higher quality education.

The globalization process has also altered the function of the State in all realms of development. Governments are losing control over their internal economies and international trade given the presence of Transnational Corporations (TNCs) and international agencies. In the field of education, privatization and decentralization are inevitable trends for schools (Carnoy, 2000) and the trend of internationalization of education is significant (Wiseman & Baker, 2005). From 1985 to 2010, the Ministry of Education of China (MOE) has issued a series of regulations to promote the development of Chinese private education⁴. In China, non-governmental investment was allowed in the field of education since the 1980s. Schools that are launched by non-governmental investment are named non-governmental education (Minban School). However, there are some differences in denomination owing to the resources of non-governmental investment. Specifically, the schools that are established at the base of domestic non-government investment are named as private education (Minban School). If the school's investment comes from foreign persons or organizations, the schools are international schools or Sino-Foreign

⁴ *In Chinese regulations and laws, private education is nominated as "Minban Education" (Non-government funded education), comparing to the Public Education or government run education.*

Cooperatively-run Schools (SFCRSs)⁵. In this study, SFCRSs are the research object that would be examined.

As one of the modes of Transnational Education (TNE), SFCRSs have been encouraged and supported by the Chinese government. The history of SFCRSs originated from 1995. During this year, the MOE declared “The Temporary Provisions on Chinese-foreign Cooperation in Running Schools”⁶ (MOE, 1995). In this Provision, SFCRSs are a form of educational institution that is built on the cooperation between foreign corporate organizations, individuals or international organizations and Chinese educational institutions with corporate capacity or other social organizations. The school should locate in China and the majority of students should be Chinese citizens (Article 2). Consequently, foreign investment is permitted in the area of education. Following 20 years of increase in foreign investment in education, more and more Western education systems and resources are imported into China. Besides bountiful foreign investment in higher education, education at the level of high school also has attracted overseas investment. Until 2013, there were 1,979 institutions or projects of Sino-foreign cooperatively-run schools in China (MOE, 2013).

The emergence of SFCRSs is a fresh phenomenon in China when it first appeared in 1995. Some doubts and impediments came from Local Governments in

⁵ *The basic difference between international school and Sino-foreign cooperative running school is the enrollment target. The students in international school are foreign citizen's offsprings who lives in China or Chinese people's children with foreign passport; and most of enrollment students in Sino-foreign cooperative running school are Chinese students. The difference between these two schools will be introduced in Chapter 3 of this study.*

⁶ *This provision was abolished and replaced by “Regulations on the People's Republic of China on Chinese-Foreign Cooperation in Running Schools” in 2003.*

China because it is not comfortable to define these SFCRSs' educational aim when compared to public schools. In Chinese public schools, the educational aim is to educate socialistic successors. It is obvious that most of the students in SFCRSs will be sent overseas to pursue their bachelor education. Even though the educational aim of SFCRSs is still to educate socialistic successors in regulations, it is difficult for governments to define it in practice. Comparing Chinese public schools, SFCRSs in China introduce Western curricula, Western certified teachers, and principals, and use Western learning materials. However, the Chinese government does not give up the power to supervise SFCRSs. "Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools" (2003) stipulates that SFCRSs "shall abide by the laws of China, implement China's educational policies, comply with Chinese public ethics and shall not jeopardize China's sovereignty, security and public interests." (Article 5). Meanwhile, the number of "Chinese members on the board of trustees, the board of directors or the joint managerial committee shall not be less than half of the total number" (Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools, 2003, Article 21). Furthermore, there are some mandatory subjects that are taught in Mandarin by Chinese teachers (Schuetze, Lin, & Sumin, 2008). SFCRSs have advantages of English education and Western curriculum education over public schools. As a result, the middle-class and rich parents would like to choose this type of school for their children.

SFCRSs have been given different names in practice. For example, international high school (Maple Leaf International High School), or private school (Beijing Huijia Private School), or British/American/Canadian international high school (Dulwich-Shanghai College, Beijing Saint Paul American School, Canadian International School of Beijing, etc.). However, they are known as SFCRSs

according to Chinese regulations. In Canadian British Columbia official documents, SFCRSs are offshore schools of British Columbia (British Columbia Ministry of Education, 2013; 2013/2014). In this respect, this study has chosen one of the Canadian British Columbian offshore schools as a case. Therefore, offshore high school is the operational terminology used in this study.

1.2 Statement of Problem

In the process of globalization, Transnational Corporations (TNCs) and international agencies or organizations play a pivotal role to propel the integration of the global economy (Grazia, 2001; Nelly & Karen, 2000; Todaro & Smith, 2012). The increasing power of TNCs and international organization means the decline of country's control over national economies (Hirst & Thompson, 1999). Nevertheless, it does not imply the complete recession of the State's control of domestic affairs. Inevitably, the varieties of the national government's function will influence the government's attitude towards education. On the one hand, nations now compete based on the human capital they have. Thus, they should improve the quality of national education to enhance competitiveness among countries. On the other hand, owing to the constraint of the budget on education, the national government would like to encourage the creation of private schools. For developing countries, learning foreign advanced technologies and knowledge is very important for human capital and economic development. Therefore, the development of TNE is an inevitable trend for developing countries. The offshore school is an important mode of TNE. In China, not only non-government investment but also foreign investment are encouraged and supported by the Chinese regime. Western education institutions and education departments would like to introduce their curricula or education systems

into China through the agreements or memorandums between China and Western nations. Education becomes an important industry to Western countries and China whereby both parties can benefit from the industrialization of education. The emergence of offshore high schools also fulfill the demands of Chinese students from middle-class and affluent households who would be educated by Western curricula and Western cultural environments in offshore schools in China.

In China, there is a lot of literature that explain the relationship between TNE and the State in the era of globalization. Nevertheless, most of them are based on the study of higher education. Scholars have studied different issues on SFCRSs of higher education from macro and micro perspectives. Some of the previous studies carried out in the field of offshore high schools are undertaken by such as, Chen (2006), Liang (2010), Lin (2012), and Wang (2012). However, comparing the explosive development of offshore high schools in China, the studies in this field are not systematic and sufficient. The research on offshore high schools is scarce, and relating works are descriptive and based on the scholars' working experience (Schuetze et al., 2008), even though they have begun to pay more attention to the development of offshore high schools in China. Thus, in that regard, there is a large research gap in the field of offshore high schools in China. Through studying on the opportunities and challenges of offshore high schools in China, this study aims to understand the growing movement of offshore high schools in China, outline the governments' attitude to the offshore high school, and exemplify the relationship between offshore high schools and the State in the era of globalization.

MLES is the largest offshore high schools in China founded in 1995. MLES includes seven offshore high schools and over 6,100 high school students (till the

year of 2014). MLES is also the largest offshore high school under the Canadian British Columbia's educational system. On that point is some literature related to the development of offshore high schools of British Columbia (BC) from the Canadian perspective, such as Schuetze et al. (2008) and Cosco (2011). Most of these reports and studies were endorsed by BC government or institutions, but these studies on offshore schools are scattered and unsystematic. Moreover, one of the largest challenges for Western scholars to study offshore high schools is the barrier of culture and linguistic communication. Because most offshore high schools of Canada are located in Asia, and many stakeholders, such as teachers, administrators, and government staffs are Chinese. It is difficult for Western scholars to collect data in China or know well about the studies of Chinese peers if they do not know about Asian culture and languages. Similar to the establishment of offshore high schools that collaborate different cultures and educational systems, the works on offshore high schools will be intact and sufficient when integrating perspectives both from China and Western nations. Therefore, it is necessary to supply a reference to Western scholars who are interested in a subject area of offshore high schools.

The final motivation to study offshore high schools is that the researcher hopes to provide recommendations and implications for China and Chinese citizens. More and more individuals have recognized the value of offshore high schools. The development of offshore high schools provides another choice for Chinese people who have planned to study under Western curricula and environment. For Chinese people, it is an economical investment in human capital compared to studying in overseas high schools in Western countries. For the National Government, it will be necessary to govern the growth of offshore high schools in the future to make them run efficiently for the development of national economies and human capital.

Therefore, the study on the development of offshore high schools in China is appropriate and timely. In turn, the State, organizations, individuals, or offshore high schools themselves will benefit from the findings gathered from this study.

1.3 Research Questions

To address the concerns mentioned above, this study raises two research questions as follows:

1. What are the opportunities of offshore high schools in China from the perspectives of the main stakeholders, namely, parents, school administrators, Chinese teachers and the State?
2. What are the challenges of offshore high schools in China from the perspectives of the main stakeholders, namely, parents, school administrators, Chinese teachers and the State?

1.4 Research Objectives

In relation to the aforementioned research questions, the research objectives of this study are as follows:

1. To explore the opportunities of offshore high schools in China from the perspectives of the main stakeholders, namely, parents, school administrators, Chinese teachers and the State.
2. To comprehend the challenges of offshore high schools in China from the perspectives of the main stakeholder, namely, parents, school administrators, Chinese teachers and the State.

1.5 Significance of the Study

As described above, the interactions among globalization, education, and the National Government are existing. In this study, the researcher plans to identify the opportunities and challenges of offshore high schools in China through examining the forces that shape the interactions and dynamisms among the key main stakeholders. The researcher designed a qualitative case study research method in this study. In addition, Maple Leaf International High School – Dalian High School (DHS) in Maple Leaf Educational Systems (MLES) was chosen to be studied.

Regarding contribution, this study would assist the Chinese government to determine the development tendency and aims of offshore high schools in China. Subsequently, this will facilitate the Government to bring in high-quality educational resources in China. Eventually, Chinese students would benefit from this new educational system.

Additionally, offshore high schools in China would also benefit from the findings and implications from this research. The results would provide significant practical and managerial implications of their recruitment plan, as well as employment policies and advertisement strategies.

Given that the governance of offshore high schools is established on the cooperation between China and Western countries, therefore, a study from the Chinese perspective on offshore high schools is also beneficial to Western countries and other foreign organizations.

Most significantly, by exploring the relationship between the education system and the function of the State, there will be key policy implications for

Chinese policy-makers in shaping future education policies.

1.6 Scope of the Study

The aim of this study is to outline the opportunities and challenges of offshore high schools in China through the analysis of perspectives from the parents, school administrators, Chinese teachers and the State.

To date, forty-eight Canadian British Columbia offshore high schools had been established in China (BC government website, 2014). Taking into account the constraints of time and cost, only the largest British Columbia (BC) offshore high school - MLES was chosen to be studied. MLES has seven education zones in different Chinese cities. The earliest and most matured education zone – Dalian High School (DHS) was chosen as a case study due to the following reasons. Firstly, it is the first offshore high schools of MLES, and many experienced staffs are working in this School Zone. Secondly, the headquarters and board of MLES locate in Dalian. Therefore, it is convenient for the researcher to gather data from managers based at the headquarters. The scope of this study is only offshore high school that is a form of TNE.

1.7 Thesis Structure

This thesis comprises of six chapters as follows:

The first chapter introduces the study. A brief background of the study, the statement of the problem, research questions, research objectives, research significance and research scope of this study are included in this chapter.

Chapter Two outlines the basic discussion on literature related to this study. The theories of globalization and its influence on the State, human capital, and education will be explained in this chapter. The key concepts such as globalization, neoliberal reforms, human capital, Nation State, education reforms, transnational education, and offshore high schools which are connected to this study will be reviewed in this chapter. At the end of this chapter, the conceptual framework of this study is organized and presented.

Chapter Three describes the background of China. The status of China's economic development, the history of China's education system as well as the growth and development of private education in China are discussed here. This chapter also maps out the development of MLES in China.

Chapter Four will illustrate the research methodology for this study. This chapter discusses the research paradigm, research design, data collection, and data analysis and research constraints.

Chapter Five will discuss the findings of this study. All data will be analyzed according to the principles of qualitative data analysis. Results from the data analysis will be used to answer the two research questions raised in chapter one.

The last chapter will provide pragmatic implications and conclude the thesis. The study's limitation, as well as platforms for future research, will also be provided in this final chapter.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of the literature related to this study. The study would analyse against the background of development and globalization. In the era of globalization, economic development based on the progress of technologies and knowledge create an increasing demand for human capital. Holding a stock of quality human capital has become the prerequisite for the development of countries. At the same time, the demand for human capital takes in an in-depth influence on nations and the different facets of societies, especially in the field of education reforms.

In this chapter, the literature review is divided into four parts to discuss the related concepts and theories that relate to this study, namely, 1) globalization and neo-liberalism; 2) globalization and human capital; 3) human capital and the State in the era of globalization; 4) education changes in globalization; and 5) literatures on development of offshore high schools. At the end of this chapter, a conceptual framework will be constructed to connect the different concepts together.

2.2 The Concept of Globalization

Even though there are various explanations and depictions attached to the concept of globalization. However, the widely accepted version views globalization as the outcome of the evolution of technology. Some scholars emphasize the power of “telecommunications, information systems, microelectronics machinery, and computer-based transportation” (Carnoy, 2000, p. 43; see also in Hallak, 2000).

Transportation and communications that strengthen the connections among different regions of the world (Willis, 2011) and information technology is becoming the most significant impetus for economic development and social changes (Castell, 1989). Referring to the contentious assumption that Transnational Corporations (TNCs) and international agencies push the development of economic globalization, the accepted idea is that the development of knowledge and technology are the catalysts of economic globalization.

Broadly, there are three main perspectives on globalization. They are the hyperglobalist perspective, the skeptical perspective, and transformationalist perspective. The hyperglobalist perspective argues that globalization opens a new epoch of human history and the main characters of globalization are the declining power of nation state and increasing the authority of transnational organizations through the spread of global economic market (Held, McGrew, Goldblatt, & Perraton, 1999). The skeptical perspective, however, suggests that the current process is fragmented and illustrates the trend of regionalization (Held at al., 1999). In this process, the authority of nation state is strengthening rather than declining, especially for the developed countries (Bishop, Reinke, & Adams, 2011). The last perspective is the transformationalist perspective which views globalization as a natural process of development (Bishop, Reinke, & Adams, 2011). According to transformationalist, whatever the causes of globalization and the future consequences of globalization are uncertain and undetermined (Held at al., 1999). In sum, the transformationalist perspective agrees that the power of the state has increased in the era of globalization (Held at al., 1999).

To date, however, there is no unified definition of globalization. Scholars

have different viewpoints on globalization from different angles. Sklair (1999) concludes that there are four main modes of globalization, according to previous literature: i) The world-systems approach; ii) The global cultural model; iii) The global society model, and iv) Global capitalism model (p. 236). For the world-systems approach, it stems from the world-system development theories. This model argues that the world is divided into core, semi-peripheral and peripheral countries according to “their changing roles in the international division of labor dominated by the capitalist world-system” (Sklair, 1999, pp. 236-237). He suggested that this globalization model emphasized the economic factor and “minimized the importance of political and cultural factors” (Sklair, 1999, p. 242). On the contrary, the second model is a global culture model which prioritizes cultural factors in the process of globalization more than economic and political factors, and this model also tries to analyze the national and individual identities under globalization. Thirdly, the global society model manifests the emergence of a global society and the decline of nation’s power over the international affairs. However, this kind of globalization is more idealized (Sklair, 1999). The last model is a global capitalism model, which proposes that the globalization progress is “the globalization of the capitalist system” (Sklair, 1999, p. 241). This kind of model ignores the role of other forces, such as international organizations in the process of globalization.

As the process of globalization unfolds, arguably, TNCs and international agencies such as the International Monetary Fund (IMF), World Bank and World Trade Organization (WTO) play a pivotal role (Nelly & Karen 2000; Sklair, 1999; Todaro & Smith, 2012). Some large TNCs have more economic power than many developing or underdeveloped countries. And TNCs crosses the State borders and distribute the flow of resources, finance, capital and services at the global level

(Barnet & Cavanagh, 1995; Dicken, 1998; Dunning, 1993). In some cases, it has been claimed TNCs have more ability to deal with the international economies and businesses compared to the State (Sklair, 1999). With the increasing power of TNCs and international financial organizations, the mightiness of the State illustrates the trend of decline (Lakes & Carter, 2011). Besides impacting on the State, another fact which cannot be ignored is that the development of TNCs influences educational development of nations, which will be discussed later.

Even though there are many benefits of the globalization, there is also a myriad of criticisms about globalization. Dicken (2004) argues that globalization will not promote development consequentially. Some countries improve the growth of the economy and living standard, however, some third world countries are still in poverty (Stiglitz, 2002). According to Rodrik (1997), he contends that it is not reasonable to propel different countries into a “single, neoliberal development model” (p. 310), especially for developing countries. Arguably, international organizations have more power on national development strategies than developing countries themselves who are the members of these international organizations. As such, development strategies in developing countries are being constrained by TNCs and international organizations (Wade, 2003). At the same time, unfair trade agreements between developed and developing countries exist and become an obstacle for developing countries to export their products to global markets (Stiglitz, 2002; Wade, 2003).

To summarize, globalization has a significant influence on the development of the world through “the worldwide process of restructuring of states and economies” (McMichael, 1996, p. 217). Economic and social development has transcended

national borders under the driving forces of TNCs and international organizations. Confronting the challenges of globalization, the State should change their function and operation model. Subsequently, the next section will discuss the changing role of the State in the era of globalization.

2.2.1 The Changing Role of the State

In this new global epoch, the State is not the only important unit of analysis (Sklair, 2002). When development crosses the borders of states, global forces such as TNCs, global and international organizations are becoming more prominent in the time of globalization (Sklair, 1999). TNCs play a key role in the process of economic globalization (see also Barnett & Cavanagh, 1995; Dicken, 1998; Dunning, 1993; Sklair, 1999).

Due to the superior control of the global economy by TNCs and international economic organizations, the functions of national government have changed a lot. In less developed countries (LDC), it is one of the significant reforms to spread out the borders to international markets and attract Foreign Direct Investment (FDI) for economic development. LDC governments opt to adopt reforms in different areas to attract FDI. Educational reforms are one of the important reforms such as improving skill-training level for industries to attract FDI and TNCs (Hanson, 2008). Broadly, some scholars (Arrighi, Silver, & Brewer, 1999; McMichael, 1996; Rodrik, 1997; Stiglitz, 2002) indicate that regardless of developed or developing countries, globalization has a similar style that is the weakening power and control of national governments. The State's independence on production, trade, service, consumption, finance and developing strategies has been challenged in the era of globalization. TNCs are intensifying their power and control over international affairs and act as a

substantial part of globalization (Grazia, 2001). The national government's control is receding, not entirely in international business, but also in other internal affairs (Hirst & Thompson, 1999; Koenig-Archibugi, 2003). Facing the challenges of globalization, there is an overall trend for the State, which is to reduce their participation in public affairs. Green (1997) contends that states lose their utmost control over national economies and other affairs. But he does not agree that the power of the State will vanish altogether with regards to internal affairs. At least three aspects can illustrate the changing role of the State in the era of globalization.

Firstly, the important impetus of globalization is the development of high technologies, especially information technology. Accordingly, States supported and encouraged the booming of new technologies after the World War II. The States' involvement is a significant reason for the growth of new technologies and the emersion of the Information Age (Castells, 1989). In the era of globalization, the State still has substantial power over the research of new technologies.

Secondly, in most countries, the largest proportion of national economies is still produced by national firms and industries, even though TNCs and foreign investment have grown rapidly (Ashton & Green, 1996). Studies on the rise of the East Asian countries illustrate that development in these countries has a strong link with the governments' control over globalization practices within the countries (Stiglitz, 2002). On the contrary, for most of the developing countries, the entire openness to the global market and finance does not obtain the economic growth, and reduce poverty (Rodrik, 1997).

In the end, even though the character of state has changed a lot when facing the challenges from TNCs and international organization, Green (1997) suggests that

States' function of social solidarity has not changed. States have to find new methods to make social solidarity in the era of globalization, such as promoting reforms in the area of national education (Green, 1997). At present, national borders still exist, and the competition among nations exists and is more vehemently than before. Thus, nurturing quality human capital is now the key agenda to elevate a nation's competitiveness because nations now compete based on the human capital they hold.

In the next section, the concepts of neo-liberalism will be discussed.

2.3 Neo-liberalism

Neoliberalism is one of the important economic theories and practical policies for the last two decades of the 20th century. Nevertheless, its basic principles can be traced from classical economics theories. Clark (2005) suggests that the foundation of neoliberalism is the liberal political economy of Adam Smith, who supports free trade and declares that any barriers to free trade should be excluded. With the globalization trend, neoliberalism has some new characters. Duménil and Lévy (2005) argue that one of the important characters of neoliberalism is the role of financial institutions and capital mobility is more important than before. International financial institutions such as the IMF and the World Bank play a role in sustaining and carrying out neoliberal policies to the world (Lapavitsas, 2005). Milward (2000) argues that the main measures of neoliberal policy are: 1) reduction of State's expenditure; 2) privatization of national economies; 3) increasing of foreign investment and export.

Even though neoliberalism supports free market replaced the position of Keynesianism, which advocates government intervention in economic development,

but government intervention has not vanished entirely during the neoliberal era (Lapavitsas, 2005; Munck, 2005). In fact, Munck (2005) declares that the role and function of States have transformed and reorganized by neoliberalism from a “referee” to a “market player” (p. 63). In that respect, there is no contradiction between neoliberalism and government intervention. Biebricher (2014) suggests that the State plays a role to restructure the social order under neoliberal principles. In fact, countries under neoliberal theories and policies sought to regulate trade and economic laws to activate economy in practice (Palley, 2005). Especially for developing countries (Duménil & Lévy, 2005), government intervention and policies adjustment have been revived in these countries after the economic crisis in 1998 (Chang, 2005). For instance, China’s Reform and Open-up since 1978 has been labeled as “neoliberalism with Chinese characteristics” (Steger & Roy, 2010, p. 83), which pursues market-oriented reform at the base of the control of the State (Steger & Roy, 2010).

As one of the important development theories, neoliberalism theory and practice have deeply impacted not only on economics and politics but also on societies and national education. Firstly, the transformation of government’s role in neoliberalism influences education. Kim and Boyle (2012) suggest that economic reforms under neoliberalism influence the State’s expenditure on education. The budget for public education has been declining (Kumar & Hill, 2008; Weiner, 2007). Therefore, the State reduces the responsibility in health and education and put them into the market (Davies & Bansel, 2007) and education has been put on the market, and private education and schools are promoted by the State (Apple, 2000; Davies & Bansel, 2007; Hursh, 2007). Secondly, neoliberalism influences the thought and behavior of the individual. On account of government’s policies for education has

changed, therefore, the purpose of pedagogy has changed also. The State hopes that schools and universities can train more people to become united with entrepreneurship (Davies & Bansel, 2007; Kaščák & Pupala, 2011). Consequently, people's attitude to education has changed. Whether in school or underemployment, people's activities have a linear link with the market (Davies & Bansel, 2007). Furthermore, everyone in one country must take the obligation to their welfare and people have become a consumer of different commodities and investments (Davies & Bansel, 2007). For parents, they should take into account the quality of educational activities, curriculum and other factors of schools for their children (Lakes & Carter, 2011). Therefore, both of parents and students have become the consumers of education. The investment in education has become one of the important investments in human capital (Becker, 1993; Schultz, 1971).

In so far as mentioned above, China's practices of the Reform and Open-up Policy since 1978 have distinct characteristics of neoliberalism, at the same time, with unique features of government intervention. This study concentrates on the development of offshore schools in China. Therefore, it is appropriate to analyze China's education situation under neoliberal reforms.

Inevitably, the way the State's role and functions have changed will influence their attitude towards education. To understand the role of education, it is important to explain the important theories of human capital. Therefore, the theories of human capital will be discussed in the next part.

2.4 Human Capital Development

2.4.1 Human Capital Theories

The importance of investment into human capital has gradually been realized since the Industrial Revolution in the 1700s which were accompanied by the increasing demands for higher skilled workers (Taylor, 2013). In the era of globalization, with the advancement of information technology and other technologies, more and more countries recognized that the competition among states is based on the quality of human capital.

The concept of human capital originates from Adam Smith (1776) where he indicates that skills that were obtained from education, study or apprenticeship at the expense of some cost can be deemed as a kind of capital in a person. Since then, there are two kinds of opinions on human capital. One suggests that human capital means the acquired capabilities of human beings. Another thought argues that human capital is equal to a human being themselves (Fitzsimons, 1999). However, the concept of human capital had a lineal connection with market and economic return in the 20th century. The primary characteristic of human capital is that human capital cannot be detached from the people who possess them (Becker, 1993; Schultz, 1971). Schultz (1971) also argues that human is a kind of capital because “it is a source of future satisfactions, or of future earnings, or of both.” (p. 48). Fitzsimons (1999) argues that the background of society cannot be ignored to define human capital. Therefore, he suggests that “in modern human capital theory all human behavior is based on the economic self-interest of individuals operating within freely competitive markets.” (p. 1). Based on these explanations of human capital, the term human capital refers to the inalienable embodied abilities of human beings that can