



# Research on Vocational Education Management from the Perspective of Public Choice Theory

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DOI: 10.32629/memf.v5i2.1648

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**Abstract:** Vocational education contributes to the development of public values, with external effects on promoting social employment and achieving balance in educational structure. However, vocational education also enhances individual vocational abilities, which does not meet the standard of non-excludability. When individuals receive vocational education, it implies a reduction in the opportunity for others to enjoy vocational education. Public choice theory primarily features the analysis and discourse of political activities through economic analysis theory. Therefore, this paper, based on theories such as the attributes of public goods, the economic agent hypothesis, and government failure, focuses on elucidating the internal issues of schools, provision, and management in vocational education. It seeks effective methods to solve these problems to enhance the efficiency and quality of vocational education management.

**Keywords:** vocational education, public choice theory, management, economic agent

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## 1. Introduction

As early as 2017, the national education authorities first proposed optimizing and improving the structure of vocational education to achieve its deep development. The comprehensive implementation of the "Guidelines for the Development of Manufacturing Talent" will provide more high-quality talents to China's manufacturing industry, with a strong emphasis on the comprehensive implementation of the "Regulations on School-Enterprise Cooperation". Modern public choice theory refers to the theory formed by the integration of political science and economics. Its characteristics lie in the assumption of economic agents, conducting research on the choice behavior of political science and economics under the framework of microeconomics. The prominent contribution of modern public choice theory lies in bridging the gap between politics and economics, analyzing political activities through economic analysis assumptions and theories[1]. Public choice theory is an interdisciplinary subject that effectively combines political science and economics and studies the decision-making of various subjects through economic analysis methods. Generally, public choice theory studies political markets and economic markets. In the economic market, economic decisions refer to rational economic agents using money to satisfy their needs with private goods. In contrast, in the political market, political decisions refer to selecting policies, laws, systems, and politicians that can bring benefits to people through political votes.

## 2. Occupational Education Product Attributes and Supply Modes Analysis

### 2.1 Attributes of Occupational Education Products

Based on the determinative role of public product attributes in its supply mode, to identify the optimal vocational education approach, the first step is to clarify the attributes of vocational education products. According to the principles of excludability and rivalry, social products are classified into two categories in public economics: public goods and private goods. Typically, products are categorized as either public or private from the perspective of their characteristics as goods. Among them, public goods mainly consist of three types: pure public goods, which exhibit non-rivalry and non-excludability; common-pool resource goods, where consumption involves rivalry but effective exclusion is not possible; and club goods, which exhibit non-rivalry in consumption but are excludable. Many scholars refer to the third type of goods as club goods.

For vocational education, researchers often classify it as a quasi-public product. This is because vocational education contributes to the development of public values, with external effects on promoting social employment and achieving balance in educational structure. However, vocational education also enhances individual vocational abilities, which does not meet the standard of non-excludability. When individuals receive vocational education, it implies a reduction in the opportunity for others to enjoy vocational education[2]. Additionally, compared to other forms of education, vocational education is an extension of basic education and is constrained by the level of social productivity. Its scale and speed of development must be determined according to the needs and resources of socio-economic development and generally do not belong to

public welfare undertakings. Compared to higher education and compulsory education, vocational education is more direct, productive, and practical. Therefore, vocational education is considered a quasi-public product.

## **2.2 Supply Modes of Vocational Education**

Typically, the types of public goods provided by the government include: (1) government investment with direct production; (2) government investment with indirect production. Direct production is a very important form of government intervention in product development, especially at the beginning of economic development, which can achieve remarkable results with extremely high development efficiency. However, in the later stages of economic development, as the scale of public services grows larger and continuously increases the demand for public goods among the public, if the government continues to choose the direct production model, it is prone to problems such as resource shortage and allocation errors. The drawbacks at this stage mainly include financial constraints, vague goals, insufficient autonomy in operation, and labor-management issues. The reasons for these problems are that direct government production leads to a lack of competitive pressure and bankruptcy threats for public goods, resulting in a lack of production efficiency and operational vitality. Inefficient production can lead to an increase in consumer prices and costs. If, in this case, the government refuses to provide financial support for the public sector, consumers will reduce consumption due to the high prices of public goods. However, if the government uses financial support to ensure that public goods are maintained at low prices, it will not only increase the government's financial burden but also lead to insufficient supply of public goods and over consumption. In light of these circumstances, it is necessary to adopt an indirect production model, encouraging enterprises to operate public goods, which is beneficial for improving the efficiency of public goods supply and helping the government alleviate its financial burden. Since vocational education falls within the category of quasi-public goods, the above situation is also highly applicable in vocational education management. If the government is the sole producer and supplier, it does not align with the requirements for vocational education development and may affect the fairness and effectiveness of vocational education management. In the current stage of rapid socio-economic development, the supply of vocational education should be market-oriented. Considering the existence of private and non-profit education, vocational education resources should be allocated through market mechanisms, with clear competitive incentives to promote the rational distribution of vocational education resources[3].

Currently, the international classification of vocational education models includes three main types: (1) the administrative model represented by France and Italy; (2) the market model represented by the UK and Japan; (3) the cooperative model represented by Switzerland and Germany. China's vocational education has gradually shifted from government-led to market-oriented, with the government playing a supporting role. Market participation mainly manifests in four forms: first, enterprise participation, leveraging the role of enterprises in vocational education management; second, expanding investment channels for vocational education and realizing market-oriented operations; third, privatization of vocational education, coordinated development among various school-running entities; fourth, non-educational vocational activities, directly participating in market competition. In fact, it is impossible for vocational education development to be completely regulated by the market alone because the demand for talent in society is mainly reflected by the market. However, due to the lack of immediacy in the information system and the imperfect market, distortions exist in this reflection. The demand for talent in society needs to be regulated through government planning[4]. Therefore, the government plays a decisive role in social decision-making mechanisms, determining who produces products, the production methods, and how to compensate for costs. Specifically, this involves making advance plans, strictly formulating policies, providing financial assistance, and approving operating rights.

## **3. Government Failure Perspective in Vocational Education Management**

### **3.1 Market and Government Failure in Vocational Education**

Vocational education is closely related to the market economy, but it also has functional deficiencies. If vocational education relies solely on market regulation without considering government intervention, it will inevitably lead to market failure. Reasons for market failure, analyzed from the perspective of public economics, include: (1) the public goods characteristics of education, with strong positive externalities; (2) severe information asymmetry in the education sector, leading to uncertainty in future returns; (3) the presence of economies of scale and constraints from capital markets in education. These reasons can lead to market failure in vocational education, highlighting the important role of government in vocational education management. By utilizing legal regulations and increasing government investment in vocational education, external costs can be internalized to control the losses caused by market failure[5].

Although government intervention can effectively control market failure, its intervention is not omnipotent and can

even lead to government failure. Analyzing the current situation of vocational education in China, it is found that China still follows a state-led model of education development. If the government intervenes excessively or in the wrong direction, it not only fails to correct market failures but also inhibits the orderly operation of market mechanisms. From the perspective of public choice theory, the government is also a rational "economic agent" pursuing its interests. It is difficult for the government to ensure that its decisions on public goods meet collective preference structures, and the results of its actions may not align with the intentions of legislators, leading to inefficiency, rent-seeking behavior, and ultimately waste of social resources and unfair competition[6].

### **3.2 Government Failure in Vocational Education Management**

In recent years, the state has placed great emphasis on education development and has vigorously promoted vocational education. However, in vocational education management, there are instances of "government failure," manifested as follows:

#### **3.2.1 Government overreach or absence leading to ineffective vocational education intervention**

Currently, the government's control over vocational education management is unclear in terms of scope, intensity, and methods. Government departments are heavily involved in teaching methods, school finances, and teacher appointments, not only increasing the government's management burden but also suppressing the autonomy of vocational education institutions.

#### **3.2.2 Excessive government intervention in vocational education, hindering other factors from participating**

The government almost monopolizes the education market in terms of vocational education product supply, excluding market competition mechanisms and neglecting the services, cost-effectiveness, and innovation awareness of other education entities.

#### **3.2.3 Short-sightedness of politicians and incomplete information leading to decision-making errors**

In fact, vocational education and the market are inseparable. However, the centrally planned economy still remains strong in China's vocational education, where the government often conducts talent forecasts based on economic development plans and formulates vocational education development plans. However, due to the difficulty in estimating economic growth rates, the accuracy of talent forecasts is low, and the vocational education system created based on these forecasts may deviate from actual economic development, leading to waste of material and human resources and exacerbating unemployment issues[7].

Therefore, the government should promptly change its approach to vocational education management, identify its own advantages and responsibilities, effectively combine market and government macro-control models, provide more autonomy to schools, fully tap into the initiative of schools, ensure that school development aligns with actual market demand, and fully demonstrate the advantages of vocational education.

## **4. Internal Management of Vocational Education from the Perspective of Economic Agents Theory**

For a considerable period, education management in China has been characterized by the "moral man" assumption, believing that education managers always uphold the collective interests of schools, make accurate and fair choices, and even regard school staff as selfless. This phenomenon has led to a situation where education management in China tends to prioritize personal rule over the rule of law. Policy and regulatory loopholes have led to "policies at the top, countermeasures at the bottom" behavior, resulting in problems with policy implementation. Public choice theory posits that both public choice behavior in the political market and individual choice behavior in the economic market belong to the "economic agent model." If only one entity selects a scheme or formulates a strategy, that entity will maximize its interests as the execution standard.

Currently, school management in China mainly follows the "principal responsibility system." Although this system can streamline the rights and responsibilities in education and help improve school management efficiency, excessively expanding the power of principals will inevitably lead to a series of risks. Therefore, in vocational education management, it is essential to understand the following points. (1) Principals, like ordinary employees, are also rational "economic agents" with personal motives and preferences, unable to represent the interests of all staff and students. Thus, the self-interest goals and public goals directly influence the behavior of principals. (2) The actions and cognitive abilities of principals are limited. Vocational education demand is diverse. For example, society needs vocational education to solve employment issues, students need vocational education to achieve their educational goals, and teachers need vocational education to improve their career prospects.

## **5. Conclusion**

In the context of pursuing multiple goals, the behavior of principals may not necessarily prioritize public interests,

especially in a rapidly changing social market, where principals are susceptible to decision-making errors due to cognitive limitations or information asymmetry. To prevent the drawbacks of principal decision-making, it is necessary to establish effective policies and regulations, with a focus on the institutional constraints on principals, while emphasizing that principals, as legal representatives of vocational education institutions, must be fully responsible for school management. Additionally, conducting diverse and regular assessments of principals, establishing a comprehensive system to restrain and supervise principal behavior, and effectively safeguarding the vested interests of schools are crucial. Furthermore, fully leveraging the functions of the teachers' congress and the school board, encouraging faculty participation in school decision-making, and preventing unilateral decision-making by principals can not only protect the legitimate interests of faculty and staff but also stimulate their enthusiasm for work, thus significantly contributing to the efficiency of vocational education management.

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