

The Thoughts on the Scientific Management of the Operating Costs of Multi-Campus Universities

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Abstract

The cost advantage of running a multi-campus university is unremarkable. How to increase the efficiency of funds and manage the operating costs scientifically and rationally has become key of the key. There are various reasons for these problems, and we must solve them specifically, for example, strengthen budget enforcement and constraint, increase the efficiency of funds and reform model of teaching.

Key words: Multi-campus; Operating costs; Management

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INTRODUCTION

The merging of universities is an important action of our reform of higher education. Its objective is to optimize allocation of educational resources, exploit the complementary advantage of subject, improve the scale merit and promote development of teaching and scientific research of higher education. The higher education of China has turned into mass education from elite education, the scale and level of running a school has been broadened, the higher education has been developed unprecedentedly. Multi-campus operation has developed

a new space for education, covered the shortage of educational resources and enhanced the competitive advantage. The enrollment has grown in the past few years, but educational operating expenses are increasing gradually, the benefits of economies of scale are not notable. Moreover, our government has shown little willingness to increase input to universities, the shortage of funds cannot be made up in a short term, and this condition restricted the development of higher education. How to increase the efficiency of funds and manage the operating costs scientifically and rationally, which aims at solving multi-campus caused problems and avoiding related risks, has become key of the key.

THE RUN COST

The operating costs of higher education refer to various expenses incurred in the daily operation. According to the property, they could be divided as teaching costs, management costs and transaction costs.

(1) Instruction costs refer to expenses relating to teaching activity, include wages, welfare and social security expenses, scientific research expenses, talent introduction expenses, teaching material expenses and teaching appliance expenses which are not part of fixed assets.

(2) Management costs refer to expenses relating to maintenance of daily management activity, include wages, welfare and social security expenses on administrative staff, water and electricity expenses, financial expenses, office allowance, traveling expenses, depreciation and maintenance for fixed assets and equipment.

(3) Transaction costs refer to expenses relating to various trading activity, include research and information costs, negotiation and decision-making costs, implementation costs and controlling costs.

ANALYSIS OF THE EXISTING PROBLEMS OF MULTI-CAMPUS

Multi-campus universities are showing more problems than single-campus universities on operating costs. The main six problems are as follows:

(1) Huge Costs and Debts. For a long time, universities lack investment from government. Although the investment in recent years has been increased, but it is hard to meet the demand of the development of higher education. The infrastructure, office facilities and schooling building for a new campus after the merging of universities need lots of money. Meanwhile, the economy's slow growing together with high inflation and interest rate result in construction expensive cost more than budget. Moreover, as we know, most of the fund for construction of a new campus is borrowed from bank. So, the capital chain of a university is suffering great challenge as the high interest rate during the time of paying debts, which affects the university achieve the goal of rapid expansion in some degree.

(2) Resource's inconvenient sharing, keen laying aside and low utilization rate. Because different campus are far from each other and the traffic costs much time and money, so much human resources and material resources cannot be shared around a university. In that case, the hardware resources in new campus should be purchased again, while it is laid aside massively in old campus. It is often happened that each department buy the same teaching apparatus. Different departments and sections act of their own free will, and equipments in laboratory are mutual blockaded. All these waste the educational resources which could play a greater role.

(3) Great wastage of territorial resources. Fixed assets are wasted because the tight construction schedule, the careless management caused by multiple leading and long distance. And purchase same library facilities and experimental equipments could waste much money. Moreover, the cost of rear service grows. The repeated construction of hospitals, canteens and administration's cost repeated investment in labor costs. All these lead to the great wastage of territorial resources.

(4) Improvement in span of control, more cost and less efficiency. The extension of multi-campus management caused the costs to rise. Under this management, any kind of management models (centralization, separation or the combination) would increase the costs. The functional department in the new campus would increase the wages and welfare, the coordination cost incurred when integrating original departments. Especially when integrating these departments, because of the self-interests, some contradictions may get intensified, which in turn caused the opportunity loss. The newly-built campus has little experience and poor system, so the management levels and administrative staff are much more than need. It can result in the poor information transferring and

contradiction of multiple leading. Otherwise, the long distance between each campus increases the coordination costs.

(5) The car fare and the multi-campus allowance cause the management costs and teaching costs to increase. Another specialty to the multi-campus university is that the old campus and new campus are far away, in order to teach and study in these campuses; the school buses are needed to run between these campuses, which increase the traffic expenses. For example, the school bus has to run for more than 10 times between the two campus of Jiangsu University of science and technology. The traffic expenses are more than one million every year. Besides, because normally the new campus is far from downtown, in order to increase the enthusiasm to work in the new campus, many universities have increased the allowance to teachers, which in turn increased the operational costs. Students refer information, participate in the teacher lecture and do experiments between campuses should pay the traffic expense or use the school buses, which increase the operating cost. And the growing rate of communication infrastructure, communication fee and network fee is very high.

(6) The growth of personal expenses and allowance over campus with extra amount of teachers. According to the reality of long distance between each campus, the university needs import more teachers, which makes personal expenses grow. The teachers need some economic compensate and local subsidies because going and leaving between different campus waste their much time and energy. Not all the teachers who give lessons in the new campus are imported newly, so they need place to rest. And it may add the instruction cost too.

(7) The operation of multi-campus universities makes the transaction more complicate, the costs of negotiation, decision and implementation are higher than single-campus universities, especially under the centralization management model, if the decision is wrong, the consequence would be more serious.

COUNTERMEASURES AND SUGGESTIONS

The above-mentioned phenomena go against the principle of optimizing allocation of educational resources and using it to the hilt. So the university must search ways from inside and outside to enhance the measures of scientific management for saving the operating costs of multi-university.

The cost advantage of running a multi-campus university is unremarkable. How to increase the efficiency of funds and manage the operating costs scientifically and rationally has become key of the key. There are various reasons for these problems, and we must solve them specifically, for example, strengthen budget enforcement

and constraint, increase the efficiency of funds and reform model of teaching.

The merging of universities is an important action of our reform of higher education. Its objective is to optimize allocation of educational resources, exploit the complementary advantage of subject, improve the scale merit and promote development of teaching and scientific research of higher education. The higher education of China has turned into mass education from elite education, the scale and level of running a school has been broadened, the higher education has been developed unprecedentedly. Multi-campus operation has developed a new space for education, covered the shortage of educational resources and enhanced the competitive advantage. The enrollment has grown in the past few years, but educational operating expenses are increasing gradually, the benefits of economies of scale are not notable. Moreover, our government has shown little willingness to increase input to universities, the shortage of funds cannot be made up in a short term, and this condition restricted the development of higher education. How to increase the efficiency of funds and manage the operating costs scientifically and rationally, which aims at solving multi-campus caused problems and avoiding related risks, has become key of the key.

Establishing the sound financial management department and complete financial rules.

(1) Firstly, multi-campus universities should establish complete financial rules according to national regulations. Secondly, establishing unified spending standards is an important measure to guarantee the stabilization of financial system. Thirdly, the distribution policy is the reflection of the economic benefit adjustment. Under the headmaster and chief accountant's direct leading, the financial management department unite manage the university's financial work, change from the type of presenting a bill of expenses to the type of management. To attain the aim of convenient management and service, on the basis of internal department institution, the financial department can set budget section, financial accounting section and toll administration independently to enhance the function of planning university's all kinds of economic activity and raise funds for running the school from each side conveniently. It will strength the ability of running a university, increase the efficiency of using money and promotes the training of finance executives.

(2) Enhancing the budget executive strength and constraint force. Implement forecast management; enforce the plan of money using. Under the pressure of operational costs, it is necessary for universities to make the forecast and arrange the financial plan with scientific measures. The forecast starts from the daily operation, reflects the cash flow. When the university lacks the money, they should make financing plan to get money. The forecast is the key role of finance management. Only when the forecast is implemented effectively, could the cash flow

be under control. Budget management plays an important role in the financial management in the university. The leaders in different department must pay attention to the budget execution. As the budget is ratified, we should carry it out strictly. We cannot trim and increase it casually. If it is necessary to adjust the budget, we should obey the university's budget management institution and operate by the budget adjustment procedure. Nowadays, the universities usually pay more attention to the process of budget payment instead of the budget incoming and controlling payment.

(3) Building a scientific system for costs control and assessment. Increasing the efficiency of using money to focus energy and financial resources on enhancing quality of running a school, together with the core competence. Currently, the financial departments in universities are focusing on cost accounting, there is no effective cost management system. In order to increase the cost efficiency, we need to introduce the idea of cost management and establish scientific cost management system. The system includes cost forecast, cost calculation, cost controlling, cost analysis and assessment. Meanwhile, the job of cost management should cooperate with forecast. The result of forecast is connected with bonus, so to motivate all the employees, which in turn reduce the operational cost. Group the funds all around the school, let the financial department regulate and control it, which can adjust the fund surplus and deficiency around all the departments, speed up the capital turnover, cut the occupation of funds, tap all university's money, increasing the efficiency of precipitation funds, add fund value, reduce loan from the bank and save financial expense. Making the most use of the financial department as reservoir can also enhance the control on fund flow, ensure the fund's safety and promote the university's accumulation and development.

(4) Raising the fund of running school from many paths like the country, province and city government and individuals. Within the limits of policies and laws, we can actively explore the forms of ownership to raise social funds. Under the premise of running a university normally, we can make good use of multi-campus and consider it as a resource superiority to carry out continuing education, school-enterprise joint and so on, which can have a good harvest in social benefit and economic benefits. As to the huge loan happened during the early days' new campus building, the government can play a role as bridge between the university and the bank to strengthen communication and reduce the running cost. Besides that, the local government needs to add financial investment to the university by plan. Moreover, the government should enhance the monitoring on the university's funds to make sure the invested funds run well.

(5) Optimizing teachers and staffs troops to cut human costs. We can cut off sections and reduce the numbers of staffs. All managers should be appointed on demand.

And the traditional model of “up not down” should be broken. We must establish unified financial forecast and settlement, make unified rules and spending standards, make unified distribution policy and faculty’s salary and welfare. When making the policy, must consider the financial situation before the merging, so the key job of the financial management is to how to use money and forecast. In the multi-campus universities, we must have a unified financial rules and spending standards, and consider the physical truth when facing problems, choose effective policy.

(6) Allocating educational resources and enhancing the fixed assets’ cost management. The fixed assets are an important component in the educational resources. We should set up the management system and operation system of sharing fixed assets, which contains institution setting, rules and regulations, operation ways and so on. The systems overcome phenomena such as fixed assets’ repeat purchase, who uses and who occupies, not for circulation and so on. Unifying forecasting, purchasing and managing assets can sum the costs from different department, so the financial department and the equipment management department can adopt effective monitoring and management.

(7) Reforming the teaching model and promoting the appliance of information technology in teaching and management. The modern information technology on line can help us found up the modern management model based on campus net gradually. And the management model such as electronic registering, teaching management piles, course scheduling and online course selection due to credit-based system can realize. So the students on different campus can study on line, and use the system of network platform and video, which could make it come true that the students ask questions and teachers guide them by face to face on line. The appliance of information technology can strengthen the communications between teachers and students, solve the problem of long distance between different campus and save the teaching costs.

(8) Using the most direct method of substitution and recombination in alien place by long-term planning. If all aspects of conditions permitted, we can substitute the dispersive campus by near ones to reduce the distance between each other, considering the university’s need. But the character of schooling should be kept. We can also combine the several campuses into a larger one to realize the resources recombination. I think all these can promote university’s healthy, continuous and fast development.

(9) Implement the rule of Unified leadership centralized management and combining classification management. According to the role, make the system of economic responsibility, distinguish the responsibility of decision making, implementing and supervising. Centralized leadership refers to unifying financial policy and rules. Centralized management refers to managing the

rules, accounting business and personnel.

(10) Using the networking and computerization for financial system. Use the networking to handle data and supervise multi-campus financial management. We must use advanced measures, one the base of building digital campus, use networking and computer to improve financial management. In the environment of networking, vertical type management not only increase the monitoring efforts, but also make the forecast more effective.

All in all, when universities are establishing a new campus, the objective is to optimize the resource allocation, use the advantage of subject complementary, enforce the scale merit, and increase the strength of universities and competition advantage. The function of finance management is to use resources rationally, and share resources, maximize the value of money. So the multi-campus universities must discard the single-mode management, reform and innovate bravely, put people first during the process of management, play the role in the reallocation of resources in universities, further the development of the operation of universities.

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