



# A Tripartite Evolutionary Game Model for Chinese-Style Education Investment in ASEAN Under Local Government Policy

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## ABSTRACT

With the deepening of the Belt and Road Initiative (BRI), many Chinese have been dispatched to Southeast Asian countries to participate in technical support and management. However, there are no OCE schools locally that can provide educational resources for their children. The decision of whether to invest in overseas Chinese-OCE has become a challenge for Chinese education groups. In this paper, the authors put forward an evolutionary game analysis scheme to study the OCE investment decisions among host country governments, students, and Chinese enterprises. The simulation results show that (1) the government's subsidy is always helpful to Chinese enterprise, especially at the beginning stage, (2) applying a soft strength of positive execution and combining with other methods could encourage the enterprise at the beginning and regulate the market later on, and (3) high strength of high support of government for the educational infrastructure is a win-win method for both students and the enterprise. Some managerial insights and suggestions are proposed based on these results.

## KEYWORDS

Evolutionary Game, Government Regulation, Investment Decision, OCE

## INTRODUCTION

With the advancement of the Belt and Road Initiative (BRI) proposed by General Secretary Jinping Xi in 2013, education and culture, as the core of “people-to-people bond,” play an important role. How to steadily promote the internationalization of culture and education has become an important topic. At the national level, as early as 2020, eight ministries and commissions, including the Ministry of Education, jointly issued the *Opinions on Accelerating and Expanding the Opening up of Education in the New Era* (Ministry of Education of the People's Republic of China, 2020) to provide Chinese programs for global governance in the fields of education and culture. In 2022, the State Council issued the *Development Action Plan for International Education Cooperation (2022-2025)* (People's

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Republic of China, 2022), which put forward specific requirements and plans for the overseas schools of OCE. It is planned that by 2025, there will be 1,000 China/foreign cooperatively-run schools and institutions. At the demand level, against the backdrop of global economic changes and the evolution of local economic patterns, China's position and role in the economic and trade system always reflects China's interaction with and leading capacity in globalization (Zhu et al., 2022). The proposal of the BRI reflects China's response to the changing world economic landscape and China's program for global economic governance. This initiative advocates inclusive global sustainable development. The spirit of "joint consultation, joint construction, and sharing" has been accepted by more and more countries, and China's program for economic globalization has had some positive impacts around the world (Huanqiu, 2023). According to relevant data from the Department of Outward Investment and Economic Cooperation of the Ministry of Commerce, from January to November 2021, China's non-financial direct investment in 57 countries along the Belt and Road reached 116.22 billion RMB, accounting for 18.1% of the total amount during the same period (Liu et al., 2017). In particular, direct investment in Southeast Asia exceeded \$16 billion (US) in 2020 (Ministry of Commerce of the People's Republic of China, 2021). Along with the influx of capital into Southeast Asia, a large number of Chinese engineers and managers have been sent there to help improve their job skills and management qualities. They are stationed there for 1-2 years and sometimes 5 or more years. Many engineers and managers started families in China before being dispatched. The long-term separation from family has become the primary concern for employees of Chinese enterprises who are reluctant to be stationed abroad. To this end, Chinese enterprises have introduced many security measures, such as paid leave, some reimbursement of round-trip air tickets for relatives, protection for accompanying children. These measures have alleviated the family difficulties of Chinese employees stationed abroad to some extent. However, the education for accompanying children remains a challenge. First, local education standards are different from Chinese education standards, and it is difficult for accompanying children to obtain authentic Chinese education experience. Second, the recognition system between local education and domestic education has not yet been established, and it is difficult for the results obtained by accompanying children locally to seamlessly connect with the domestic education system after returning home. Finally, IB courses locally are prohibitively expensive and not suitable for all expatriate employees. The recognition of IB courses in China still needs to be improved. In addition, with a large number of Chinese factories stationed locally, many locals need to improve their Chinese proficiency and understanding of Chinese culture in order to better communicate with Chinese managers and technicians to improve their own work skills. At present, local governments can only provide basic Chinese teaching institutions and a handful of Chinese schools funded by local Chinese. Even though Chinese schools can provide a certain level of Chinese cultural education, their teaching models and standards have long been integrated into the local context and cannot effectively solve the problem of OCE for local workers. To this end, Chinese education enterprises have begun investing in OCE schools in Southeast Asia to solve the aforementioned difficulties. However, investment in education is different from physical investment. It has characteristics such as long return cycle, slow effect, and obvious cultural attributes, particularity in overseas investment due to differences between countries in basic OCE. At the same time, the cultural label of education makes it difficult for SOEs or even state agencies to carry out similar direct investments locally, such as Confucius Institutes, on a large scale. Private enterprises with relatively flexible systems and methods are more suitable for promoting the implementation of OCE locally. Therefore, studying the models, strategies, and risks of overseas investment in OCE by private capital has profound practical significance and theoretical value in promoting cultural exchanges, knowledge sharing, and investment security between countries. Additionally, it is valuable to understand how the host governments' policy affects the investment in terms of subsidy, positive execution and the like. Especially in some ASEAN countries, a good policy does not always translate to better performance due to the flawed execution. Therefore, in this paper, host governments' actions are taken into account to make the model more reality. This paper organized the research structure followed by Wang & Li (2023).

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