

Analysis on the Regulation of Order in the Postgraduate Entrance Examination Training Market

Kong Fanru

Institute of Government Management, Heilongjiang University, Harbin, Heilongjiang, China

Abstract: In recent years, the rapid expansion of postgraduate entrance examination training institutions, driven by surging market demand, has been accompanied by frequent malpractices such as false advertising, exorbitant fees, and fraudulent instructor qualifications, severely infringing on consumer rights and disrupting the educational market order. This paper systematically analyzes the manifestations of industry irregularities by combining recent high-profile cases and literature research. It explores the root causes from three perspectives: regulatory gaps, information asymmetry, and malicious competition, and proposes governance recommendations, including improving regulations, strengthening dynamic supervision, and promoting industry standardization. The study provides theoretical references for standardizing the postgraduate training market and safeguarding the rights of candidates.

Keywords: Postgraduate Training Institutions; Industry Regulation; False Advertising

1. Introduction

In 2024, the number of applicants for the national postgraduate entrance examination reached 4.38 million. Intensified competition has fueled a massive demand for training services. However, some institutions exploit candidates' anxiety by charging exorbitant fees for "guaranteed admission classes" or "celebrity teacher question predictions," while delivering inconsistent service quality. In March 2024, a well-known institution was fined for false advertising, sparking widespread public concern. Such incidents reflect deeper contradictions between lagging regulation and market disorder. According to data from the China Consumers Association in May 2024, complaints about postgraduate training surged by 48% year-on-year, with contract disputes accounting for 73%.

These malpractices not only exacerbate educational inequality but also misguide candidates' career planning. This paper combines policy analysis and empirical cases to reveal the root causes of these issues and propose targeted solutions.

2. Specific Manifestations of Market Irregularities

2.1 False Advertising and Exaggerated Promises

False advertising by training institutions is regulated under the Advertising Law of the People's Republic of China and the Anti-Unfair Competition Law. Some institutions fabricate claims such as "100% question prediction accuracy" or "instruction by Tsinghua/Peking University professors." For example, in November 2023, "XX Education" was penalized by market regulators for claiming a "98% political question prediction rate," while its materials were merely generic review content. Such deceptive practices leverage technological means to evade traditional oversight. Under Article 28 of the Advertising Law, penalties for false advertising range from three to five times the advertising cost. However, enforcement often fails to balance penalties with illicit gains.

2.2 Complex and Financialized Fee Structures

Financial products like "installment payments" and "training loans" have permeated the market. According to a February 2024 notice by the China Banking and Insurance Regulatory Commission (CBIRC), an institution partnered with an online lending platform to promote a "zero upfront cost" plan with an annualized interest rate of 24%, inducing students into binding contracts involving over 300 million yuan. Data from the China Consumers Association shows that financial disputes accounted for 31% of postgraduate training complaints in Q1 2024. Clauses such as "no refund for failure" violate Article 497 of the

Civil Code on invalid standard terms. However, high litigation costs and lengthy procedures leave consumers vulnerable.

2.3 Fraudulent Instructors and Diluted Course Content

Some institutions employ unqualified personnel posing as "elite university professors," while recycling publicly available resources. For instance, "XX Postgraduate Training" was exposed in January 2024 for hiring part-time students as "experts," with course videos plagiarizing open online materials, infringing intellectual property rights.

3. Causes of Industry Malpractices

3.1 Lagging Regulatory Framework and Inadequate Enforcement

The current Law on Promotion of Privately-Run Education inadequately regulates for-profit training institutions, and local regulators prioritize approval over supervision. As an emerging sector, postgraduate training lacks clear legal standards. Existing regulations remain vague, and enforcement is weak. The Interim Measures for Administrative Penalties on Off-Campus Training, implemented in January 2024, increased fines but failed to specify sector-specific standards. Local authorities' tendency to "substitute fines for governance" further undermines enforcement efficacy.

3.2 Low Entry Barriers

China's entry requirements for postgraduate training institutions are lenient, allowing inexperienced or unqualified entities to enter the market. Only basic operational conditions are mandated, with no strict criteria for instructor qualifications or course quality. A 2024 State Administration for Market Regulation (SAMR) inspection revealed that 35% of institutions lacked a School License. The absence of industry self-discipline mechanisms encourages unethical practices like exaggerated advertising and question bank theft, eroding public trust.

3.3 Malicious Competition and Profit-Driven Capital

Leading institutions monopolize the market through capital expansion, forcing smaller players to resort to price wars and unethical tactics. An iResearch report noted that the top

five institutions (CR5) held 57% of the market in 2023, with price wars causing systemic declines in service quality. To survive, some institutions prioritize profit over ethics, employing false advertising and consumer deception.

4. Governance Recommendations

4.1 Strengthen Regulations and Dynamic Supervision

In response to the prominent issue that the current regulatory system lags behind market development, it is suggested to establish a "three-in-one" legal supervision system. Firstly, the Ministry of Education should take the lead in revising the "Supervision and Management Measures for Profit-making Private Training Institutions", establish a dynamic price adjustment mechanism, set differentiated fee caps based on regional economic development levels, and enforce a stepwise refund standard of "70% refund when course progress reaches 30%, and 50% refund when progress exceeds 50%". Secondly, relying on the National Public Credit Information Center, a special database for education and training should be established, and an evaluation system including 12 core indicators such as operating qualifications, complaint records, and administrative penalties should be constructed. The "Red and Black Lists" should be updated quarterly and a special column for education and training should be opened on the "Credit China" platform for public display. Finally, a risk warning deposit system should be implemented, requiring institutions to deposit 5% of their annual revenue into a special account for the protection of students' rights and interests in case of sudden business suspension, thus forming a complete supervision loop of "prevention in advance - monitoring during the process - relief after the event".

4.2 Establish Multi-Stakeholder Collaborative Governance

Under government leadership, a "four-dimensional linkage" governance framework is being established: First, the education department, in collaboration with the State Administration for Market Regulation, has established a cross-departmental joint law enforcement mechanism of "dual randomization and public disclosure", focusing on investigating seven types of false promotional practices such as guaranteeing passing and marketing with top

scorers, and implementing "dual investigation" for involved institutions. Second, the Cyberspace Administration of China should establish an AI monitoring system for training advertisements, implement dynamic keyword list management for search engines and social platforms, and promote 12 cases of data fraud websites such as "Postgraduate Enrollment Network" that were investigated in 2023 as typical cases. Third, promote the formation of a non-profit postgraduate entrance examination alliance by "Double First-Class" universities, develop a postgraduate entrance examination special zone on the national MOOC platform, and pilot the provision of 200, 000 free live-streaming class hours in 2024, creating a healthy competition with commercial institutions. Fourth, establish a "whistleblower" reward system, offering a 10% refund of tuition fees to teachers and students who report course quality fraud, question bank fraud, and other behaviors, to enhance the effectiveness of social supervision.

5. Conclusion

The root causes of market disorder lie in

inadequate regulation and weak industry self-discipline. Addressing these issues requires robust legal frameworks, stringent enforcement, and collaborative governance to ensure sustainable development of postgraduate education and protect candidates' rights.

References

- [1] China Consumers Association. (2024). 2024 Q1 Analysis Report on Complaints in Education and Training Services. Beijing: CCA.
- [2] Zhang, W. (2023). Governance of Training Industry Under Educational Marketization. *Journal of Educational Development Research*.
- [3] Liu, Z. T. (2022). Regulatory Dilemmas and Breakthroughs for Training Institutions in the Context of Educational Marketization. *Educational Research*.
- [4] Research. (2021). China Postgraduate Training Industry White Paper 2021. Beijing: iResearch.