

# Risk Management of School-enterprise Cooperation Based on Incomplete Contract Theory

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## Abstract:

The school-enterprise cooperation is a simple and effective way to improve quality of undergraduate talent training. Firstly, the contract risks and school-enterprise cooperation caused by incomplete morality, inadequate supervision, large differences in motivation and unclear positioning are analyzed. And the causes of the risks of various types of cooperation are studied. Secondly, according to the theory of psychological contract, structural equation model is used to obtain original data according to the three dimensions of transaction contract, relational contract and conceptual contract. With the help of structural equation model, the reliability and validity of the original data are tested, the model is fitted and modified, and the hypothesis is verified. Then, according to the results of theoretical research and empirical test, this paper studies and constructs a relatively complete risk governance strategy based on the combination of trust governance and contract governance, supplemented by external governance from the perspective of government, enterprise and university. Finally, the proposed risk management countermeasures are used to carry out school-enterprise cooperation risk management practices, and optimize the past school-enterprise cooperation. The comparison results show that the school-enterprise cooperation is developing in a more dynamic, open and complete direction.

**Keywords:** School-enterprise cooperation, Theory of incomplete contracts, Structural equation model, Risk management.

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## I. INTRODUCTION

In recent years, with the rapid development of economic, the skilled laborers, especially highly skilled person in China, are facing huge challenges in terms of quality and quantity. Based on this, the state has increased investment in the cultivation of skilled talents, and the shortage of social technicians has been gradually improved. However, compared with social production needs, the proportion of skilled person in China is still low. Among them, skilled workers account for only 33% of the nation's urban

employees. In Western developed countries, the data is above 50%. Therefore, the training of high-skilled talents has a long way to go.

An incomplete contract refers to a contract that has gaps and omissions in the contract terms, and the content is not complete[1]. This kind of contract may cause both parties to use opportunism to benefit themselves at the expense of others in the performance of the contract, and can not be confirmed and adjudicated by a third party. The core view of the incomplete contract theory is to distinguish between specific control rights and residual control rights. The former can be allocated in advance by means of contract, while the latter involves situations where it cannot be written into the contract and must be effectively allocated through ownership definition. Incomplete contract theory further deepens our understanding and grasp of reality and enhances the overall explanatory power of contract theory on the basis of complete contract theory. Therefore, there are broad application prospects in analyzing various fields of society, promoting its reforms, and improving service quality in the incomplete contract theory.

The contract theory and the theory of inter organizational relationship are introduced. The problems related to the risk management of school-enterprise cooperation are studied. The uncertainty of school-enterprise cooperation and the causes of risks are analyzed. And how to prevent and control the risks of school-enterprise cooperation and constituent factors of the comprehensive management model of school-enterprise cooperation are considered. Finally, how to build a scientific and reasonable school-enterprise cooperation is discussed and some constructive suggestions on risk management mechanism are proposed.

## **II. RELATED WORK**

With the increasing number of college graduates year by year, the employment pressure of graduates is also increasing day by day. On the one hand, the university complains that it is difficult for undergraduate graduates to obtain employment. On the other hand, recruitment enterprises cannot recruit suitable talents. Undergraduate graduates have poor practical ability and can not meet the needs of enterprises for talents. The fundamental reason why there is such a contradiction between supply and demand in the employment market is that universities can not cultivate practical and innovative talents needed by the society[2]. The school-enterprise cooperation is a simple and effective way to improve the quality of undergraduate talent training.

As far as foreign countries are concerned, before the 1990s, people were mainly concerned with the study of the university-industry, university-government, industry-government, and especially the university-industry double helix relationship. In 1995, Henry Ezkowitz proposed a three helix model when analyzing the relationship between universities, enterprises and government. He believed that universities, enterprises and government are interdependent. Only by coordinating with each other can

they promote their continuous improvement and progress[3]. Foreign school-enterprise cooperative education can be divided into three types: one is the American cooperative education model with schools as the main body, one is the German dual system model with enterprises as the main body, and the other is the Japanese official industry-university-research model with the government as the main body. Roberto Fontana believed that there were four basic modes in industry-university cooperation, including knowledge transfer, research funding, cooperative research, and technology transfer. Each cooperation mode represented a different degree of interaction between industry and academia[4]. Zhang Sujun summarized different cooperative education modes, such as the dual system in Germany, the enterprise vocational education contract in United States, TAFE in Australia, the work study alternation in the UK, the teaching factory in Singapore and the simulation company in Austria, and analyzed the role of different modes of government, enterprises and colleges in the cooperative education mode[5].

From a domestic perspective, Zhou Chunyan described the development process from double helix to triple helix, and commented on the university-enterprise-government triple helix theory advocated by Henry Etskovitz, which provides a theoretical basis for research on the joint cultivation of schools and enterprises in China[6]. Zhu Xiaohong analyzed the industry-university-research cooperative education based on system theory, and believed that the industry-university-research cooperative teacher is a brand-new and complex education model. Its basic elements include students, enterprises, schools and the government which form an open system. The organic combination of the internal power mechanism, working mechanism, and external power mechanism contained in the system is the guarantee for the sustainable development of cooperative education of industry, university and research[7]. Based on the perspective of symbiosis theory, Liu Jiansheng discussed the different modes of industry-university-research cooperation, compared the similarities and differences between them, and thought that cooperation modes can be divided into four types: point symbiosis, intermittent symbiosis, continuous symbiosis and integrated symbiosis. Although the four types of modes had a trend from simple to complex, there was no difference between them[8]. Based on the research of cooperative education mode of industry-university-research in developed countries in Europe and America, Du Shuang summarized the main modes of cooperative education of industry-university-research in local universities in China: cooperative education mode of work study alternation (represented by Shanghai University of Engineering Science), cooperative education mode of practice teaching one line (represented by Beijing University of Technology), cooperative education mode of engineering and scientific research (represented by Tianjin University)[9]. Li Beibei believed that there were three main modes of industry-university-research cooperation education and education cooperation in applied undergraduate colleges: 3 + 1 + 1 mode, three semesters a year mode, 2.5 + 0.5 + 1 segmented training mode, etc.[10]. Wang Danxia and others believed that the internal mechanism of industry-university-research cooperation education was mainly divided into dynamic mechanism, operation mechanism, guarantee mechanism, regulation mechanism and evaluation mechanism. Colleges should start from themselves to explore and summarize the mode, system and mechanism conducive to

promoting the development of industry-university-research cooperation education[11].

For the risk of cooperative contract, in the context of incomplete contract, there is little research on contract risk and governance mechanism, and most of the research focuses on one aspect of risk governance. In addition, these studies lack empirical research on micro-data of schools and enterprises. The existing research on contract risk mostly analyzes the risk from a qualitative perspective and formulates the risk control mechanism, but lacks the quantitative research content based on the empirical background and the risk control mechanism based on the data.

Therefore, in-depth analysis of the causes of incomplete contract and the resulting contract risk, and the construction of comprehensive governance mechanism based on formal contract and informal contract are the key research fields[12]. The empirical test of the research results enables the integration of theory and practice, and puts forward constructive opinions that have far-reaching significance for the risk prevention of school-enterprise cooperation.

### **III. RESEARCH FRAMEWORK**

First of all, based on the literature research and the existing problems of school-enterprise cooperation in Jiangxi universities, the investigation and analysis are made, which classify the problems, summarize the problems with universality and research value from many problems, and form the problems that need to be solved through discussion and exchange. Secondly, the theories of management and pedagogy are selected to provide theoretical guidance and operation norms for solving the selected problems, so as to ensure the correctness of theoretical research. By organizing teachers to study and discuss, combined with teaching practice, further select relevant theories suitable for the needs. Then, on the basis of theoretical research, questionnaire survey and interview are carried out to verify the research hypothesis on the basis of statistical analysis. Finally, according to the enlightenment of theoretical research and empirical test, based on investigation of the risk of school-enterprise cooperation in Jiangxi Province, especially the current situation of risk governance, the countermeasures to build a more effective risk governance mechanism are proposed. The research framework is shown in Fig 1.

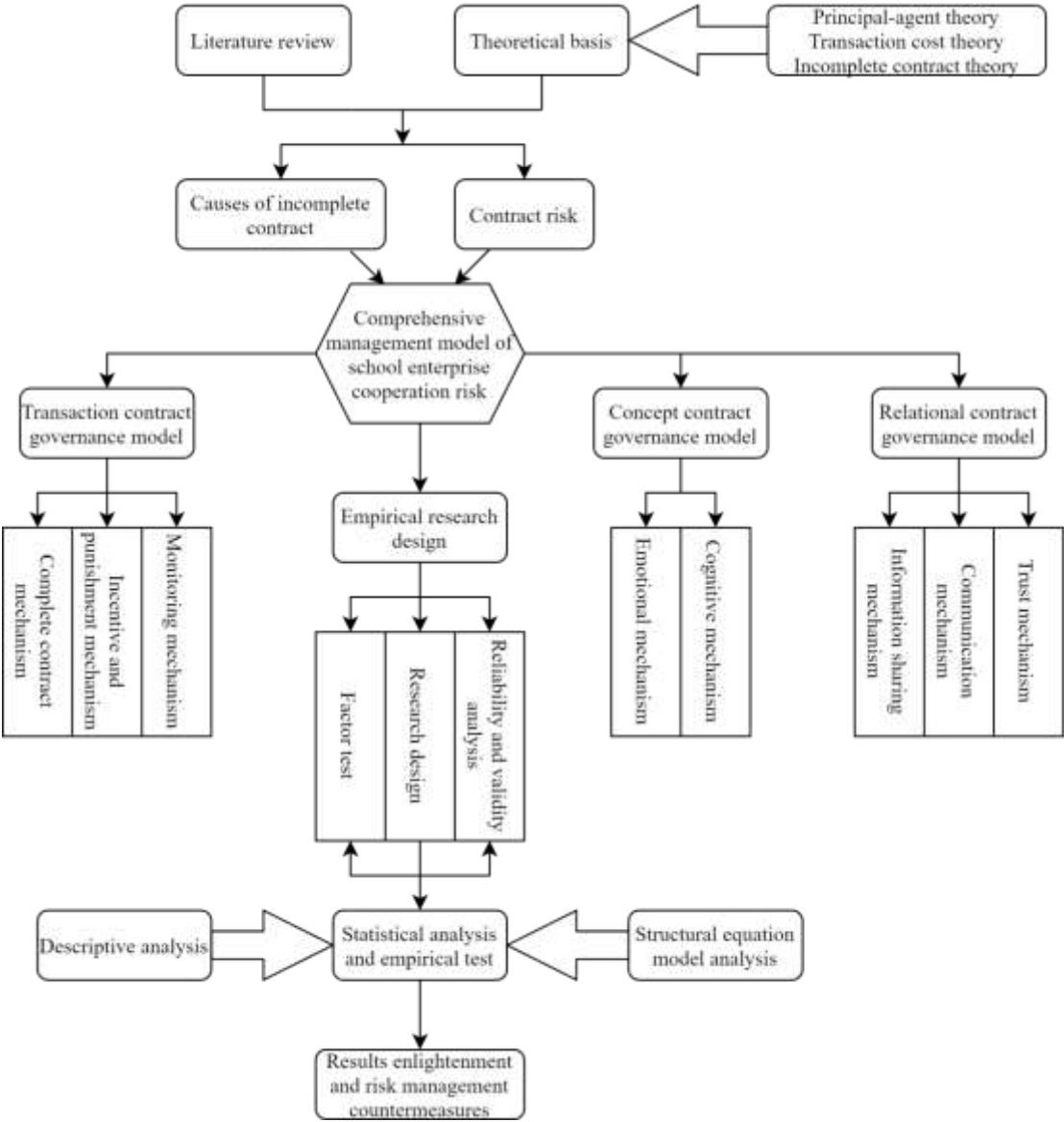


Fig 1: research framework

**IV. RESEARCH ON RISK GOVERNANCE OF SCHOOL-ENTERPRISE COOPERATION  
BASED ON INCOMPLETE CONTRACT THEORY**

**4.1 Causes of Risk of School-enterprise Cooperation**

With the rapid development of higher education, the connotation of school-enterprise cooperation in higher education has become more abundant, and the ways of cooperation have become diversified[13]. However, due to the underdeveloped higher education in China, the policy system and operating mechanism for the development of higher education institutions are not yet in place. Therefore, the form

of school-enterprise cooperation led by market demand cannot meet the needs of higher education person training. The main reasons are summarized as follows:

(1) Morality is imperfect. Specifically, it is the lack of social responsibility. Companies only need to select talents, and do not need to participate or rarely participate in talent training. For some schools, the successful school-enterprise cooperation will inevitably bring about changes in management. Schools have the mentality that less is better than more, which causes great resistance to school-enterprise cooperation.

(2) Supervision is not in place. Specifically, the constraint mechanism is missing. At present, although great importance to school-enterprise cooperation is attached in China and has carried out large-scale pilots and experiments, it has not yet established authoritative and complete school-enterprise cooperation guidelines and norms. National and local governments only have labor and social security departments and education departments to conduct macro-guidance on school-enterprise cooperation[14]. They have not established special coordination agencies responsible for the design, supervision, assessment and implementation of school-enterprise cooperation. Many projects cannot be fully coordinated. When encountering problems and difficulties, it is also the main solver and coordinator. This kind of school-enterprise cooperation that relies on the unilateral efforts of schools directly leads to unstable, weak and unsustainable cooperative relations, which restricts the in-depth development of school-enterprise cooperation.

(3) Big difference in motivation. Schools and enterprises can establish new connections through appropriate methods. However, due to lack of external institutional guarantees and the environment, the differences in the behavioral motivations of the parties involved in school-enterprise cooperation are directly caused conflict of cooperation[15]. On the one hand, it is the coping phenomenon and short-term behavior of enterprises arising from the pursuit of material and economic benefits. On the other hand, it is the quick success and formalism of colleges and universities to solve the problem of student employment and school resources. The differences and conflicts of behavioral motives between school-enterprise partners directly hinder the in-depth school-enterprise cooperation between enterprises and universities.

(4) Unclear positioning. Under the school-enterprise cooperative model, the enterprise is no longer an external auxiliary condition, but one of the important constituent factors of the school-running model. It is the key to success or failure of education, and the enterprise must be considered in the internal factors of the system[16]. Colleges cannot only build the school-enterprise cooperative mode from the angle of school and education, but should always consider the needs of enterprises, from the perspective of enterprises, for the interests of enterprises. Only in this way can we establish an effective and sustainable mode of school-enterprise cooperation.

## 4.2 Mechanism of Risk Management of School-enterprise Cooperation

### 4.2.1 Comprehensive Management Model of School-enterprise Cooperation

According to the theory of psychological contract, structural equation model is used to divide contract into three dimensions: transaction contract, relational contract and conceptual contract. Based on this, latent variables are constructed and the model structure is established. According to the theoretical model, the actual data of satisfaction degree of school-enterprise cooperation is obtained through the questionnaire survey of experts, school-enterprise cooperation colleges and enterprises. Then, the data is analyzed after processing the missing value, and the model is fitted, modified and explained.

There are three latent variables in the model, which are transaction contract, relational contract and conceptual contract. The first two are premise variables and the last one is result variables. Premise variables determine and influence result variables comprehensively. The transaction contracts include three measurable variables, which are complete contract mechanism, incentive and punishment mechanism, and monitoring mechanism. The relational contract contains three measurable variables, namely information sharing mechanism, communication mechanism and trust mechanism. The conceptual contract contains two measurable variables, namely the cognitive mechanism and the emotional mechanism.

Based on the analysis of relevant literature and the consideration of actual experience, the study sets the following assumptions:

H1: The relational contracts have a positive influence on transaction contracts.

H2: The relational contract has a positive influence on the conceptual contract.

H3: The transaction contracts have a positive influence on conceptual contracts.

Firstly, the potential variables are drawn and named by Amos Graphics. Secondly, the causal relationship between the latent variables is set. Finally, measurable variables and corresponding residual variables are set for the potential variables and named. The model is drawn as shown in Fig 2.



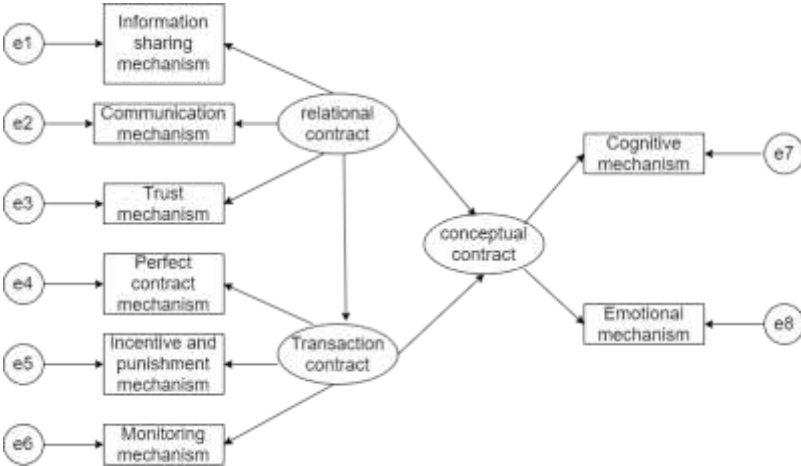


Fig 2: comprehensive governance model of school-enterprise cooperation

#### 4.2.2 Empirical Research

This project selected the internship of 2014 software engineering students from East China Jiaotong University Software School in Briup Technology, Inc. in 2017 as the research object. Using interviews and questionnaire methods, based on Likert's 7-point scale, on the basis of trial test corrections, a variable measurement table was developed. Before conducting interviews and questionnaire surveys, we must first develop a variable measurement table. The corresponding relationships between specific latent variables and measurable variables are shown in TABLE I. Then, with experts, school-enterprise cooperative colleges and enterprises as the survey objects, a questionnaire was designed. Based on a small-scale trial survey, a scale was developed, a questionnaire survey was conducted, and the data was collected and sorted out.

TABLE I. Correspondence between latent variables and measurable variables

LATENT VARIABLE	MEASURABLE VARIABLE
RELATIONAL CONTRACT	Information sharing mechanism: evaluation of complete information (a1)
	Communication mechanism: smooth communication and timely evaluation (a2)
	Trust mechanism: evaluation of trust between superiors and superiors (a3)
TRANSACTIONAL CONTRACT	Complete contract mechanism: evaluation of complete contract (a4)
	Incentive and punishment mechanism: fair evaluation of incentive and punishment (a5)
	Monitoring mechanism: evaluation of monitoring constraints (a6)
CONCEPTUAL CONTRACT	Cognitive mechanism: evaluation of cognitive work process (a7)
	Emotional mechanism: evaluation of emotions during work (a8)



A total of 500 questionnaires were distributed in the survey, and the questionnaires with missing items were directly abandoned in order to prevent them from affecting the authenticity of the overall data. In the end, a total of 480 valid questionnaires were obtained. And some statistical data of the questionnaire survey results are shown in Fig 3.

	A	B	C	D	E	F	G	H
1	a1	a2	a3	a4	a5	a6	a7	a8
2		2	7	5	3	6	2	5
3		7	4	3	5	6	5	4
4		3	6	2	6	5	3	4
5		4	7	4	6	2	6	7
6		3	4	4	6	2	4	5
7		3	1	3	7	5	5	6
8		2	7	2	2	6	1	4
9		5	4	4	7	6	6	3
10		2	6	3	4	5	4	6
11		4	2	5	5	5	4	1
12		7	3	5	5	7	7	2
13		3	1	3	7	5	5	7
14		5	6	6	4	7	6	4
15		5	6	5	5	4	4	7
16		5	6	3	5	6	4	1
17		7	4	5	2	4	4	4
18		2	2	4	3	6	6	3
19		6	4	3	5	5	6	2
20		2	5	4	1	5	4	1
21		7	5	3	3	2	5	3
22		2	6	3	3	3	2	6
23		2	5	3	2	1	2	6
24		2	3	4	1	2	4	4
25		6	3	4	2	3	3	5
26		6	4	5	6	6	5	5

Fig 3: partial statistical data of questionnaire survey results

The SPSS Statistics26 is used to study the internal consistency of data . The reliability of data is tested by calculating Cronbach's Alpha coefficient[17]. The results show that Cronbach's Alpha coefficient is 0.863, indicating that the data used in this case has good reliability. The reliability test results of overall data are shown in TABLE II.

TABLE II. Reliability test results of overall data

CRONBACH'S ALPHA	ITEM
0.863	8

In addition, not only the reliability of the overall data is tested, but also the reliability of each latent variable is also tested. From the reliability test results, it can be seen that only latent variable transaction contract has a lower reliability of 0.805, but it also reaches above 0.7. This latent variable also has good reliability. At the same time, the Cronbach's Alpha coefficient of overall data is 0.863, indicating that the reliability of scale is high. The reliability test results of each latent variable are shown in TABLE III.

**TABLE III. Reliability test results of each latent variable**

LATENT VARIABLE	NUMBER OF MEASURABLE VARIABLES	CRONBACH'S aLPHA COEFFICIENT
RELATIONAL CONTRACT	3	0.903
TRANSACTIONAL CONTRACT	3	0.805
CONCEPTUAL CONTRACT	2	0.906

Validity refers to the degree to which the measurement tool can correctly measure the characteristic to be measured[18]. First, the theoretical model is constructed, and the validity of the scale structure is evaluated by the fitting of the model by confirmatory factor analysis. Therefore, the validity test of data is transformed into the model fitting index evaluation in the evaluation of structural equation model. For the case, it can be seen from TABLE IV that the theoretical model and data fit well and the structure validity is better.

**TABLE IV. Commonly used fitting index calculation results**

FITTING INDEX	CHI-SQUARE VALUE	CFI	NFI	RMSEA	AIC	BCC	EVCI	IFI
RESULT	295.8	0.973	0.946	0.052	345.982	348.403	0.865	0.965

Using Amos26.0 structural equation model processing software, the maximum likelihood method is used to fit the model, and the path coefficient estimation results of structural equation model in TABLE V are obtained.

**TABLE V. Path coefficient estimation results of structural equation model**

<b>PATH RELATIONSHIP</b>	<b>Unstandardiz ed Coefficient</b>	<b>STANDARDIZATI ON FACTOR</b>	<b>S.E.</b>	<b>C.R.</b>	<b>P</b>	<b>SIGNIFICAN CE</b>
TRANSACTIONAL CONTRACT←RELATIO NAL CONTRACT	0.342	0.382	0.03 2	4.82 1	** *	Significant
IDEA CONTRACT ← RELATIONAL CONTRACT	0.715	0.811	0.02 4	5.52 3	** *	Significant
IDEA CONTRACT ← TRANSACTION CONTRACT	0.728	0.623	0.02 3	3.86 8	** *	Significant
a1←RELATIONAL CONTRACT	1.000	0.965				Significant
a2←RELATIONAL CONTRACT	1.052	0.982	0.02 5	3.19 8	** *	Significant
a3←RELATIONAL CONTRACT	1.043	0.906	0.03 6	5.65 6	** *	Significant
a4←TRANSACTIONAL CONTRACT	1.000	0.945				Significant
a5←TRANSACTIONAL CONTRACT	1.065	0.961	0.03 8	4.34 8	** *	Significant
a6←TRANSACTIONAL CONTRACT	0.893	0.903	0.02 4	4.63 5	** *	Significant
a7←CONCEPTUAL CONTRACT	1.000	0.858				Significant
a8←CONCEPTUAL CONTRACT	0.904	0.725	0.02 6	8.59 3	** *	Significant

The structural equation model path coefficient estimation results show that the path coefficients between latent variables have passed significance test. The standardized path coefficients of relational contract and transaction contract, relational contract and conceptual contract, and transaction contract and conceptual contract are 0.382, 0.811, and 0.623 respectively, indicating that the relational contract has the greatest impact on the conceptual contract, followed by transaction contract. The impact of the contract on the conceptual contract is that the relational contract has the least impact on the conceptual contract. The significance probability P of the path coefficient between the three latent variables is less than 0.01, and the significance is good (\*\*\*) means significant at the level of 0.001), assuming H1-H3 holds.

In order to improve fitting effect of the model, it is necessary to modify the model by deleting or adding related paths. According to the model fitting and evaluation results, this study achieves the

purpose of model correction by adding relevant paths to reduce the chi-square value of the model. The corrected model path coefficients and correlation coefficients have a good significance level, and the degree of fit corrects the fitting results. It shows that the overall fitting effect of the model is relatively ideal, as shown in Fig 4.

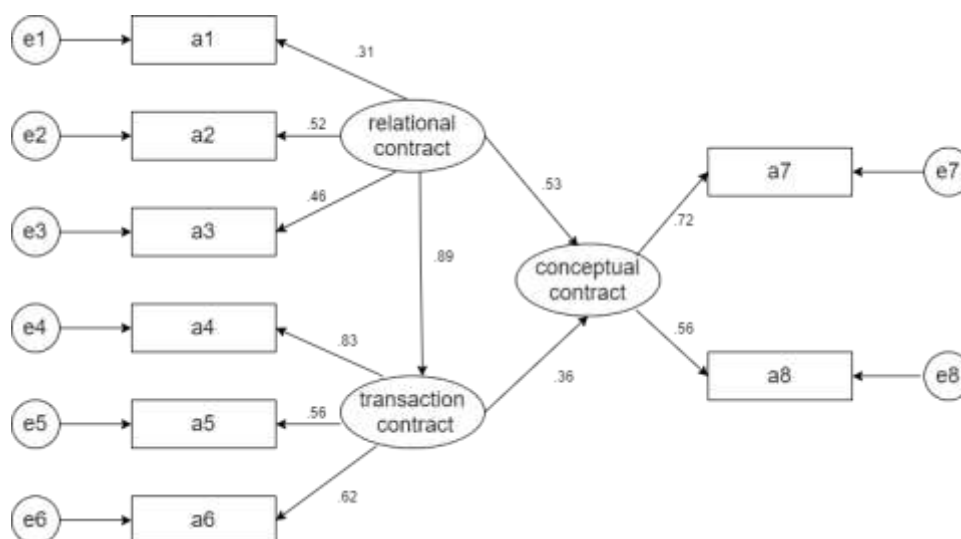


Fig 4: fitting path diagram after simulation correction

#### 4.3 Countermeasures To Prevent and Control Risks of School-enterprise Cooperation

##### 4.3.1 Internal Governance of School-enterprise Cooperation

(1) Trust governance. Trust is a kind of relationship state of school-enterprise cooperation in higher education. It is a social mechanism formed and established according to the acquired belonging relationship among people. In the process of school-enterprise cooperation, it is likely that actual results are inconsistent with the expected goals. The existence of trust will make both sides willing to accept the possible losses and reduce the repeated bargaining behavior caused by environmental uncertainty, special asset investment and high coordination cost[19].

(2) Contract governance. In the process of reaching the cooperative relationship between colleges and enterprises in higher education, by specifying in advance the rights and responsibilities that both parties should enjoy in the cooperation between colleges and enterprises, we can restrain the willingness and ability of both parties to show self-interest tendency or engage in opportunistic behavior. Contract governance is conducive to coordinating the actions of both sides, reducing the chance of conflict between the two sides to a certain extent, helping colleges and enterprises to accomplish complex cooperation tasks, and gradually forming mutual trust relationship[20].

#### 4.3.2 External Governance of School-enterprise Cooperation

(1) The government should formulate complete rules and policies. All departments of the government should coordinate fully, guide and support their respective fields, improve relevant laws and regulations and encourage policies, and regulate rights and obligations of the government, schools, students and enterprises in the process of school-enterprise cooperative education, and protect the interests of all parties from being infringed[21,22]. The government labor and social security department should actively use the market mechanism to carry out school-enterprise cooperation, implement the combination of production, study and research, and give support and reward to the universities that have made outstanding achievements in the cultivation of high skilled talents. Enterprises that actively carry out school-enterprise cooperation, undertake internship tasks and achieve remarkable training results will be given appropriate rewards.

(2) Enterprises should increase their sense of cooperation and responsibility. Enterprises should establish long-term development strategy and high-level enterprise values, and realize that enterprises are the direct service objects of higher education and the first beneficiaries of higher education products. Enterprises should actively participate in the person training of universities, actively select engineering and technical person to take part-time courses in universities, participate in the teaching reform of universities, build professional and practical training bases with universities, and share the talent resources and equipment resources of universities[23].

(3) Universities should strengthen control in the form of contract and improve control means. It needed to clarify the legal subject and implementation subject of both parties to contract. School-enterprise cooperation first means that school and enterprise legal person sign a school enterprise cooperation contract. Under the framework of the agreement, in order to implement the school-enterprise cooperation, all secondary teaching units can sign specific implementation plans with the enterprise, so as to implement the school-enterprise cooperation[24]. The main content of school-enterprise cooperation contract relationship should be standardized. The state should issue the standard text of the school-enterprise cooperation agreement as soon as possible, make clear the main cooperation content, and try to make clear the specific content such as the content and method of cooperation, so as to guide the colleges and enterprises to sign the school-enterprise cooperation agreement.

#### 4.4 Practice of Risk Management of School-enterprise Cooperation

Because our school and Briup Technology, Inc. have established a deep friendship, in order to be able to further and more widely carry out school-enterprise cooperation, in view of the information communication in the past, imperfect contracts and imperfect relevant regulations, our school actively exchanged views with Briup Technology, Inc., improved relevant regulations, strengthened supervision and supervision and push the cooperation between school and enterprise to a new height of more dynamic, more open and more complete.

In the next year, our school continued its friendly cooperation with Briup Technology, Inc. to dispatch the software engineering students of grade 2015 of the software college to Briup Technology, Inc. for internship in 2018. The same method is used to study again, questionnaire is issued, data is collected, structural equation model is constructed, and the fitness result of structural equation is finally obtained. The results are compared with 2017 results. The final comparison results are shown in TABLE VI.

**TABLE VI. Comparison result of fit**

STATISTICAL TEST VOLUME	ABSOLUTE FITNESS INDEX				VALUE-ADDED FITNESS INDEX			SIMPLE FIT INDEX	
	CMIN/D F	RMR	RMSE A	GFI	NFI	RFI	CFI	PNFI	PGFI
ADAPTATIO N STANDARD	<3	<0.0 5	<0.08	>0.9	>0.9	>0.9	>0.9	>0.5	>0.5
2017	1.923	0.048	0.052	0.92 1	0.94 6	0.91 8	0.97 3	0.72 6	0.65 6
2018	1.865	0.042	0.051	0.93 8	0.95 3	0.92 4	0.97 8	0.62 8	0.63 2
FIT OR NOT	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

According to the comparison results in the table, after active communication with Briup Technology, Inc., all indicators are developing in a better direction on the basis of reaching the original standard, which indicates that school-enterprise cooperation is developing in a more dynamic, more open and more complete direction.

## V. CONCLUSION

The risks and causes of school-enterprise cooperation by introducing contract theory and inter-organizational relationship theory are analyzed. Using the structural equation model, a comprehensive governance mechanism model is constructed. Using interviews and questionnaire methods, based on the Likert 7-point scale, a variable measurement table is developed on the basis of trial test corrections[25]. The SPSS and Amos tools are used to test the reliability and validity, model fitting and correction, and verify the theoretical hypothesis. According to the results of theoretical research and empirical test, the construction of internal governance is studied which is mainly based on the combination of trust governance and contract governance, supplemented by external governance

which is respectively constructed from the perspective of government, enterprise and university, and a relatively complete risk governance strategy which is combined with internal and external governance. By using the proposed risk management countermeasures, this paper carries out the risk management practice of school-enterprise cooperation, and optimizes the past process of school-enterprise cooperation. The comparison results show that the risk management of school-enterprise cooperation has achieved results, and the school-enterprise cooperation is developing in more dynamic, more open and more complete direction. Therefore, the research on governance of school-enterprise cooperation with the help of incomplete contract theory can provide some reference for future research.

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