
RESEARCH

Diversification of Higher Education in Vietnam: Experiences in International Cooperation and Financial Autonomy at the VNU-International School

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Abstract

Since 1986, the beginning of Vietnam's Renovation Policy (Đổi mới), the Vietnamese educational system has undergone multiple reforms directed toward meeting the demands of society in terms of volume, quality and international values. This renovation process is currently facing many difficulties and challenges, the most critical of which concerns financial security in the context of a relatively weak economy. Based on an analysis of different mutations of higher education (HE) in the world and on the experiences of the International School, Vietnam National University, Hanoi (VNU-IS), this article tries to show that the diversification of financial resources through "socialization" and internationalization is a feasible and even optimal solution for producing resources allowing Vietnamese post-secondary education to achieve and maintain international standards.

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1. Problem

The university is not only a place for training people in the academic disciplines, including researchers, but also an environment for conducting research. As conceived by Kant, and later developed by Humboldt, the modern university has developed as an institution dominated by reason, open to the freedom of research, in which new ideas are born, new solutions are tested, and new models of social development are developed. This specific role of the university is particularly evident and

necessary in the periods of great social change. For Vietnam and most of the former socialist countries, the last decades of the 20th century and the beginning of the 21st century represent one of those periods of radical change.

In this article, we will focus our analysis on higher education financial management policy, a relatively narrow but very complex area that causes debate not only in Vietnam but also in many other countries, including those with highly advanced higher education systems. This situation results from the fact that HE financial management policy, being related to concrete cultural and socio-economic contexts, requires fundamental rethinking. This rethinking must be characterized by a courageous willingness to

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honestly look at our most basic conceptions of the nature and missions of the modern university.

This article begins with an overview of the Vietnamese HE management system and the conflicts and challenges it faces. From this overview, we will see that for Vietnam "socialization" of financial resources is an effective solution to build a HE system capable of meeting the requirements of the society. This is also a way that allows research in humanities and social sciences - in this case in HE management - to contribute to development in general.

Our research is mainly based on the activities observed at VNU-IS - our workplace.

2. Overview of changes in Vietnam's HE management since 1986

2.1. Impact of mutations

The policy of "Đổi mới" (Renovation), initiated by the Vietnamese Communist Party in 1986, which acted to abandon a Soviet style centralized planned economy, marked a turning point in the contemporary history of Vietnam. After a relatively short period of time, this policy has enabled Vietnam, a country then suffering from the depredations of extended warfare, including food shortages and infrastructure destruction, to become one of the fastest growing economies in the world. Vietnam's annual growth is 7% on average over the last twenty-five years, and its GDP per capita increased from US\$140 in 1976 to about US\$2000 in 2014, lifting Vietnam from the list of the world's poor countries and elevating it into the middle ranks of global economies [1].

With its rapid growth, the Vietnamese economy has also rapidly internationalized. From 1988-2009, the Vietnamese government issued licenses to 12,575 foreign direct investment (FDI) projects. The total amount of FDI in the 1988-2013 period in Vietnam reached US\$218, 8 billion. Meanwhile, Vietnam's foreign investment also experienced a sharp increase. Vietnam's economic openness

is also reflected in the turnover of imports and exports, currently amounting to 150% of GDP. Another change is the increase in the weight and role of the private sector. During the period 2000-2009, the number of private companies increased on average by 22% per year. In 2008, the private sector and provided 47% of GDP (Huỳnh Bửu Sơn, 2010).

The "Đổi mới" policy has exerted an important influence on Vietnam's national education system in general and HE in particular. Prior to 1986, Vietnamese education was based on the model of the USSR. In the 1980-1981 school year, the country had 85 universities and colleges, with about 140,000 students (Nguyễn, TH, 2009). The HE system of the time had the following features: 1) All institutions were public; 2) Most universities and colleges were small and narrowly specialized in certain areas; 3) All teaching and research activities were subsidized by the state; 4) Teachers and managers were civil servants; 5) The curricula and educational content of all curricula were determined and controlled exclusively by the state; 6) Universities focused mainly on teaching, while research was entrusted to research institutes; 7) The modality and volume of HE enrolment were determined by the State according to plan without necessarily seeking to meet the demands of the labor market.

This system was based on the idea that HE is a service of the state provided in the public interest. It had indeed certain advantages, especially in a country with a centralized social and economic system based on Soviet models.

However, when Vietnam began its reforms and engaged in the development of a market economy, this HE management system showed more and more limitations and disadvantages. The main challenges that this system is now facing lie in the mismatch between centralized and ideologically burdened management principles, and the demand for producing a market-oriented and increasingly internationalized workforce with: 1) high-quality university education; 2) increasing and diverse numbers; and

3) an adequate level of adaptability to international standards and expectations.

To adapt to the demands of the new situation, the Vietnamese HE policy makers and managers have implemented many changes at all levels and in all sectors of administration. During this process, there have been successes but also failures. The major changes are shown below.

2.2. Changes in the administrative organization

Before 1987, Vietnamese education was managed by three ministerial organizations: the Ministry of Education, the Ministry of Higher Education and Training, and the General Department of Vocational Training. We may also include the Committee for Protection of Mothers and Children, which, in 1987, was integrated into the Ministry of Education. At the same time, the General Department of Vocational Training was integrated into the Ministry of Higher Education and Vocational Training. In 1990, ministry-rank organizations in the field of higher education were reformed once again. This time, the Ministry of Higher Education and Training and the Ministry of Education were merged to form the Ministry of Education and Training. In principle, the Ministry of Education and Training manages all the education and training activities throughout the country. In reality, however, management structures are very complicated. Several universities and vocational schools are under the patronage of other ministries, industries, general departments and regions. For example, the University of Law is under the patronage of the Ministry of Justice, the University of Culture under the patronage of Ministry of Culture, etc. Recently, some companies and corporations have also opened their own universities under their own patronage. Furthermore, in the HE system, there are two “national universities” and three “regional universities” with special regulations that will be described in detail below.

2.3. Problem of volume: the process of "universitification" and the increasing number of private universities

The success of the "Đổi mới" policy has substantially increased the living standards of the Vietnamese people and at the same time has increasingly required of them higher levels of qualification to successfully enter the modern workforce. This has led, in its turn, the rapid increase in the number of universities and colleges. The experience of HE development in other developing countries shows that “universitification” is a general trend.

However, this increasing number of universities and students in Vietnam still falls short in meeting the demand for education when compared to the numbers in other countries. With its 90 million inhabitants, Vietnam has 436 universities and colleges in 2014. The proportion between the number of students and the number of inhabitants is half that in Thailand and a third to South Korea. World Bank statistics show that the proportion between the number of students and the number of habitants in Vietnam is 13% (Vietnam Country Summary), much lower than in developed countries, where the percentage is 70% in the United States, Norway, and Australia, or between 70% and 80% in Finland, New Zealand and Sweden (Kwiek Marek, 2008).

2.4. Quality problem: changes in the models of universities and colleges

As described above, one of the particularities of Vietnamese education before 1986 was that all the HE institutions were unidisciplinary, of small size, and most of them focused on teaching rather than research. This situation influenced not only the position of Vietnamese universities in world academic rankings, but also reduced their dynamism and their links to the labor market, as well as to production and trade activities. Aware of this situation, the Vietnamese government established two national universities with special regulations, acting as two HE centers and as high profile multidisciplinary scientific

research institutions to serve as the core of the HE and training system in Vietnam. In addition, in 1994, the Vietnamese government decided to establish three regional universities - the University of Thái Nguyên, Huế University, and the University of Đà Nẵng. These regional universities are given a more autonomous status than other universities but less than the two national universities.

The comprehensive multidisciplinary research model in HE is now applied not only to the two national universities and three regional universities but also to many other universities, particularly to the so called "cutting edge universities". This application is related to the progressive replacement, throughout the country, of the old school year evaluation system by the credit evaluation system. Vietnam has also created pilot programs of international standards, called "advanced programs"; these programs are foreign language-based, in which in the first academic year students study mostly a foreign language and only in the final academic years they study core subjects of their major.

2.5. Problem of internalization: the development of international cooperation

Prior to 1986, sending students abroad for their studies was the main international cooperation activity in Vietnam. This activity decreased dramatically after the collapse of the socialist countries in Eastern Europe. Since 2000, Vietnam has striven to revive this important activity with Project 322, which aims to send 450 students abroad annually with Vietnamese government scholarships. In 2008, the Ministry of Education and Training launched a very ambitious program to produce 20,000 doctors, of which 50% would graduate from overseas universities, over the 2008 - 2020 period. In 2013, this project was replaced by Project 559. In 2015, this Project had recruited and sent 296 students abroad.

At the same time, the Vietnamese government has also encouraged foreign

education and research organizations to participate, or even to open subsidiaries, in Vietnam's HE market. The Royal Melbourne Institute of Technology (RMIT) was the first university with 100% foreign capital to be established in Vietnam. The first academic year of RMIT was held in 2001 in Ho Chi Minh City and in 2004 in Hanoi. The most widespread form of internationalization, however, is in cooperative programs, often called joint programs. At present, many institutions consider international cooperation not only as a way to improve their academic quality, but also as a solution to the HE financial management problem.

3. The problem of financial management and diversification

The three major objectives of the ongoing HE reform in Vietnam - improving quality, diversification, and internationalization - require significant funding. It is difficult, if not impossible, to meet these goals if we rely only on the state budget. Spending on education in Vietnam accounts for 12% of the national budget, of which 5% is for higher education. This means that the expenditures for education account for about 3% of GDP, a much lower percentage in comparison to the Philippines (4.2%), Thailand (5.4%), and Malaysia (6.7%) (According Doan Ngo Dai in Higher Education in South East Asia –UNESCO) [2]. Expenditures for higher education, calculated as percentage of GDP, are also much lower compared to other countries. According to Đặng Quế Anh [3], expenditure on higher education in Vietnam in 2002 accounted for 0.41% of GDP, while the world average is 1.22%. The low percentage of investment in education in Vietnam is due to the low level of GDP per capita (approximately US\$ 1,200 in 2010 and US\$ 2,000 in 2014). Vietnam is obliged to give priority to other, more urgent, expenses such as health care, transport, and communications.

Thus, the lack of funds for higher education in Vietnam is becoming more and more serious,

especially in the current context of a rapid increase in the number of universities and students compared to the growth of GDP. The investment per student remains very low, about VND 2.5 million or about 80 Euros per student as compared to 12,000 Euros per student in Norway, 13,600 in Denmark, 14,000 in Sweden, and 19,000 in Switzerland (Marek Kwiek 2008) [4]. As a result, Vietnamese universities are increasingly backward in terms of logistics. The lack of funds leads to low salaries for teachers, which in turn pushes talented intellectuals to abandon the field of education for other better paid sectors.

Realizing this state of affairs early in the history of Renovation, in 1987 the Ministry of Education and Training proposed a new policy oriented towards the diversification of financial resources, known under the term "socialization of education" (the term "socialization" in Vietnam means to mobilize financial sources outside the state budget, to abandon the total dependence on state subsidies. Thus, this concept is quite similar to "privatization" in Western countries).

Prior to 1986, all universities and colleges in Vietnam were public, and all expenses for higher education came from the state budget. The first step towards the "socialization" of financial resources was made in 1987 by the Ministry of

Education and Training, allowing universities to open unofficial (Category B) programs, parallel to formal programs. Students in Category B had to pay a tuition fee much higher than official students. According to Ngo Dai Doan [2], the number of students in Category B has increased faster than that of official students. In the 1987-1988 school year, there were about 133,136 students, of whom 41,954 were to pay their tuition fee. For the "academic year 1988-1989, students of Class B were four times more numerous than those to have a formal waiver of their fees" study (UNESCO Higher Education in South East Asia, 2006). Meanwhile, continuing education continued to bring significant revenues to the universities. The Journal *Tuoi tre* (Youth) of December 11th 2010 showed that one third of the learners "are in university continuing education. At some universities, this percentage is 50% (Binh Minh - Ha Giang, 2010).

The development of the private sector is another direction of the diversification of financial resources. Twenty five years after the creation of the first private university in 1988, the private sector now represents 89 universities and colleges of the total of 436 institutions. According to Vietnam's General Department of Statistics [1], the creation of private universities has been increasing rapidly through the years.

Number of universities and colleges

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2014
Total	178	191	202	214	230	277	322	369	393	403	436
Public	148	168	179	187	201	243	275	305	322	326	347
Private	20	23	23	27	29	34	47	64	71	77	89

Source: Vietnam General Department of Statistics

According to the figures provided by the Vietnam General Department of Statistics, in 2009, there were a total of 1,796,200 students, including 248,800 students in private universities. Over the past decade, the number of students in public universities increased by 5.2% while the number of students in private universities increased 17%.

The third orientation in the policy of financial resources diversification is to appeal to foreign investment through cooperation programs or branch campuses of foreign universities in Vietnam. RMIT, already mentioned above, is an example of successful foreign investment in higher education in

Vietnam. According to the RMIT website, the number of students in its two campuses exceeded 5,000 in 2008. In 2008, the Vietnamese government set the goal of establishing four universities of "international standards" with the participation of American, French, German and English partners. Thus, the Vietnamese-German University was founded in 2008, followed by the "Vietnam-France University" (University of Science and Technology of Hanoi, 2009), and Vietnam-Japan University (2014).

The most popular method in the mobilization of foreign investment is to create international cooperation programs. This mode allows teachers and students to access international programs and learning sources, to implement advanced teaching methods and technologies, and to improve the quality of research when Vietnamese universities do not have sufficient financial resources or time to reach world standards. Since the issuance of the license for the MTESOL cooperation program between the Hanoi University of Foreign Languages (currently Hanoi University) and the University of Victoria (Australia) in 1998, the number of cooperation programs has been increasing. In 2010, the Ministry of Education and Training released a list of 112 cooperation programs authorized by the Ministry. This list does not yet include the dozens of programs organized in the two national universities in Hanoi and Ho Chi Minh City, as well as those organized in the regional universities of Huế, Đà Nẵng and Thái Nguyên, which also have the right to issue license for international cooperation programs.

4. Diversification of financial resources through internationalization at VNU-IS

The VNU-International School, formally the VNU-Vietnamese-Russian International Faculty, was founded in 2002. Its mission is to implement the experiments of "socialization" and internationalization in the field of higher

education. Financially, the VNU-IS has the following characteristics: 1) a public organization that does not receive state subsidy; 2) expenses for its investments and activities come from different sources, such as tuition fees, financial contributions, sponsorship, donations, grants and services; 3) a non-profit organization (all revenues are used to finance infrastructure construction, operation and fulfillment of financial obligations for the State and the Vietnam National University).

4.1. Brief description of VNU-IS

Despite its financial autonomy in relation to the State, VNU-IS has grown rapidly to become today a prestigious HE institution of considerable size, capable of conducting significant scientific activities, having good financial resources for funding its activities and assuming tax and other obligations to the state.

During the last thirteen years, VNU-IS has deployed a dozen undergraduate and post-graduate cooperation programs in four languages: English, French, Russian and Chinese. All the programs conducted at VNU-IS have been accredited by competent organizations in the partner countries, then reviewed and approved by Vietnam National University, Hanoi. Upon completion of their studies, students receive a degree issued by VNU or its partner universities. VNU-IS academic activities meet all the standards of its partner universities. The international character of its teaching and research environment, reflected in the teaching staff, instruction languages, and documentary sources, allows students to acquire advanced methods of learning and conducting research. VNU-IS has developed its infrastructure effectively; this infrastructure includes classrooms, lecture halls, computer rooms, research laboratories, libraries and other facilities to meet the needs of teachers and students in international cooperation programs. In 2002, VNU-IS had only 44 students. In 2015, it has 2500 undergraduate and graduate students, including those sent

abroad. At VNU-IS there are about 150 foreign students (Canadian, Russian, Chinese, Laotian and South Korea). With annual recruitment of 550 students for preparatory classes and those of first year, 200 students for graduate programs, the number of learners and students of VNU-IS is expected to further increase in coming years.

4.2. Effectiveness of the financial diversification mechanism at VNU-IS

Financial activities that produce operating revenue are the basis for the development of **VNU-IS** and have also become a special feature of this school compared to other member institutions of VNU, Hanoi and other universities, both public and private.

As a self-financing organization, VNU-IS focuses on strengthening and developing its financial sources through the "socialization" of academic activities, adequate mobilization the financial contribution from learners, flexible application of different tuition regimes according to study levels, modes and types. The success of VNU-IS is based on this principle: the school must create the most favorable conditions for students to secure an occupation after their period of study, to ensure a balance between spending and resources, and to establish a financial reserve for contingencies.

VNU-IS has sought and is currently seeking financial resources from businesses, social organizations and NGOs in order to have more resources to serve the academic activities and the transfer of educative technologies, such as materials, equipments, labs, documentary sources, as well as scholarships. The improvement of financial sources will allow VNU-IS to have a salary wage policy suitable to create jobs for 150 Vietnamese teachers and 50 foreign teachers. This salary and wage policy has contributed greatly to the formation of a strong body of researchers, professors and experts meeting rigorous international standards.

Besides the income from its activities, during the recent years, VNU-IS has received grants and financial aid from its partner

universities and foreign organizations such as the Scholarship Fund of HELP University (Malaysia), which awards scholarships to VNU-IS students; financial support from the University of Nantes (France), which covers all the costs related to the teaching faculty of Nantes in Hanoi in the dentistry program, a fruit of the cooperation between the VNU-IS and the University of Nantes; the Grant from the Russian World Fund that has allowed the installation and operation of the reading room "Russian World" within VNU-IS. For the dentistry cooperation program, the University of Nantes has offered all the equipment of a pre-clinical laboratory. The Erasmus Mundus Scholarship Fund of the European Union has awarded six scholarships to students and teachers of VNU-IS for the 2011-2014 period. The Agence Universitaire de la Francophonie (AUF) has agreed to support certain French language programs at VNU-IS, etc.

Currently, thanks to its robust development, VNU-IS is becoming an International University. VNU-IS is expected to continue its policy of financial source diversification after getting the status of a member university of the Vietnam National University, Hanoi.

The dossier "Investment project of establishing the International University on the basis of VNU-IS" declares that "with the existing and prospective financial sources, for the first years after its foundation, the International University will have substantial financial resources and all important conditions to fulfill its mission" [5].

5. Conclusion: diversification of financial sources through "socialization" and internationalization in the public sector of Higher Education

Securing funding for the operations of a university is a difficult task for almost all universities in almost all countries, even those with a highly developed HE system and benefiting from very investments over long

periods of time. For Vietnam, a developing country that is now in a transition period, the difficulties are numerous. It is clear that with the rapid and continuing increase in the number of learners, if based solely on the public budget, it will be difficult or impossible to secure its financing, even at current low levels. The diversification of financial sources through "socialization" and internationalization is probably the best solution for higher education in Vietnam.

The "socialization of education" is often understood as an expansion of education in the private sector. However, reality has shown that even public universities can successfully participate in this process. "Socialization" of financial sources in public universities may be realized in several forms, ranging from the application of a suitable regime of tuition fees that respects competition and social equality and that is appropriate to the development level of the national economy, to cooperation with domestic and foreign partners. The rapid development of VNU-IS shows that the demand for "socialization" is large and adaptable to the financial capacity of the population. With an optimal choice of foreign partners and an appropriate tuition mechanism, international cooperation in HE can not only meet the immediate demands of the population for higher education and of the national economy for a high-quality workforce, but also can facilitate technology transfer. It helps also consolidate the body of teachers who contribute to the modernization of higher education in Vietnam, attracting financial sources within the country and abroad without state subsidy. The policy of "socialization of education" will allow

the state to focus its investments in leading universities, which in turn will help drive major change in higher education in Vietnam. Therefore, international cooperation is not only a solution for internationalization, but also a highly effective financial solution.

In summary, the diversification of financial sources is the best solution for Vietnamese universities today and in the future; in this way it will be possible to develop the national HE sector both in terms of size and quality, rising steadily to meet international standards of accomplishment.

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Đa dạng hóa giáo dục đại học Việt Nam: Kinh nghiệm hợp tác quốc tế và tự chủ tài chính ở Khoa Quốc tế - Đại học Quốc gia Hà Nội

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Tóm tắt: Từ khi Việt Nam bắt đầu công cuộc Đổi Mới (1986), hệ thống giáo dục của Việt Nam đã trải qua nhiều đợt cải cách nhằm đáp ứng yêu cầu của xã hội về quy mô, chất lượng và tính quốc tế. Quá trình đổi mới hiện đang đối mặt với nhiều khó khăn, thách thức, trong đó đặc biệt cấp bách là vấn đề đảm bảo tài chính trong bối cảnh một nền kinh tế còn tương đối yếu. Dựa trên sự phân tích các xu hướng vận động của giáo dục đại học thế giới và kinh nghiệm của Khoa Quốc tế, bài báo chỉ ra rằng đa dạng hóa các nguồn tài chính thông qua “xã hội hóa” và quốc tế hóa là khả thi, và thậm chí là tối ưu, để đảm bảo sự phát triển của giáo dục đại học Việt Nam nhằm đạt và duy trì các tiêu chuẩn quốc tế.

Từ khóa: Quản lý tài chính, Quốc tế hóa giáo dục đại học, chương trình liên kết, Khoa Quốc tế.