

THE PREFACE

1. The necessity of thesis

In the context of our country is carrying out process of industrialization and modernization, investment in high quality human resource training is an essential requirement to meet the demands of social development and sustainable growth.

The high quality training programs are implemented in public universities in Vietnam, contributing to solve urgent matters related to the demand of high quality human resource serving social economy. The formation and development of high quality training programs in public universities in Vietnam are in conformity with practical requirements.

Financial mechanism for high quality training programs is adjusted continuously to create favourable conditions for universities which deploy high quality training programs effectively. However, there are still inaccuracy and limitation became significant challenges of public universities in Vietnam in the integration trend and development of higher education.

Therefore, author selected the topic “*Improving financial management mechanisms for advanced training program in public universities in Vietnam*” with the aim of solving the meaningful problems of theory and practice.

2. Aims of the study

With these reasons, the thesis focuses on the following the questions:

Managing questions:

- 1) Status and current issues of high quality training program in public universities.
- 2) Whether financial mechanism for high quality training programs are suitable or not? What is inadequate of the current mechanisms?

- 3) What are the solutions to improve those mechanisms?

Research questions:

- 1) What are high quality training programs?
- 2) What is financial mechanism for high quality training programs?
- 3) What are contents, characteristics and factors impacted on financial managing mechanism for high quality training programs?

Answering the research and managing questions will help to solve the target of the study

- Clearing the theoretical foundations on high quality training programs and financial managing mechanism for high quality training programs.
- Preciating the situation of financial mechanism for high quality training programs in public universities: strong points, weak points and impact of financial managing mechanism on target and quality of high quality training programs.
- Proposing some reasonable solutions in order to improve financial managing mechanism for high quality training programs in public programs which contributed to gain the goal and enhance quality of high quality training programs

3. Research objects

Research objects are financial managing mechanisms for high quality training programs implemented in some public universities in Vietnam.

4. Cope of the study

The dissertation focuses on the perspective of the State as managing entity using financial tools and methods so as to influence on managing objects, simultaneously considering the role of the State in the relationship with other subjects participated in operating financial managing mechanism for high quality training programs.

5. Method of study

5.1. Common method

To implement the research target, the thesis uses generally research methods combined with qualitative and quantitative analysis. The detailed research methods will be used as:

- Research group of analyzed documents; Group of research reality; Survey method using questionnaires.
- Deep interviewed methods: is done with the participation of Administrators, Board of faculty dean, Leadership of Financial department, experts in managing and studying higher education, financial management.

- Statistical methods, data processing: using statistical methods to analyse and deal with data, information collected from survey, interview investigation.

5.2. Research sample

The research samples are selected from 50 high quality training programs in representative public universities at different disciplines.

5.3. Methods of collecting data

Data will be collected through interviews and quotes from relevant documents, secondary and primary data source (from interviews and surveys).

6. Overview

Theory of public finance was developed and noticed in Vietnam recently when the economy is shifting to market mechanism and further integration in the world. Financial management for higher education are regulated and co-ordinated by the institution of public finance, however, there are distinct characteristics derived from the role and important position of universities in society.

The research works with many articles [27], [71], [99] of Professor Phạm Phú mention the issues of financial mechanism for higher education and the petitions to administrators. The article [73], translation documents [3], [69] of Dr. Phạm Thị Ly about financial mechanisms in several countries in the world and lessons for Vietnam. This work is valuable for State financial management organizations so as to implement innovative financing mechanism for higher education.

The research works related to field of topic consist of many essays and dissertations. The dissertation of Đặng Văn Du “The solutions enhance effectiveness of financial investment for training universities in Vietnam” [59], Lê Phước Minh “Improving financial policies for

higher education in Vietnam” [60], Bùi Tiến Hanh “Improving financial mechanism to impulse Vietnam educational socialization” [32], Phạm Văn Ngọc “Improving the financial managing mechanism of Vietnam National University, Hanoi in the process of renovating public financial management in our country at present” [74] have also focused on researching the macroscopic level issues for financial management in higher education as effectiveness of financial investment, financial policies for higher education, socializes mechanism for higher education. The contribution of these works have good reference value with the macroscopic management agencies rather than for a typical training program.

The documents about public finance of Alan [101], Holley [105] attracted the attention of economists, researchers, students. The book of public administration and explaining responsibility “Set up budget and budget institutions” of Anwar Shah [2] presents the theory on methods to set up budget, innovate public spend and experiences of countries over the world for public financial managers. However, the issues in book cannot be applied totally for typical cases as high quality training programs.

The research works of Bikas C.Sanyal, Micheala Martin, Susan D’Antoni: Documents “Managing universities in higher education [4], supply generally managing work in higher education with three basics: financial, human resource and material facilities management. However, some content of documents are not totally suitable for financial managing mechanism for high quality training programs.

Therefore, the research works above mention many aspects of financial management, higher education budget operation from microscopic management to detailed mechanism, policies and criteria. However, it has not had research works comprehensively about financial managing mechanism for especial training program but popular in public universities called high quality training programs.

The result researches will contributed to theory and practice of financial mechanism for high quality training programs, which supported to gain target and enhance quality of high quality training programs in public universities.

7. Contributions of the thesis

- Proposing criterions determined high quality training programs;
- Systematizing theory on financial managing mechanism for high quality training programs based on theory about operation of higher education following market mechanism, propose model of financial managing mechanism for high quality training program relied on methods, tools, target measures in accordance with international practice;
- Rely on analyzing and appreciating the situation of financial managing mechanism for high quality training programs, the thesis presented strong and weak points of both legal and practice foundation on financial managing mechanism for high quality training programs. This is the foundation for improving this mechanism;
- Solution systems meet the demand of development of high quality training programs toward the trend of international high quality training programs; in accordance with orientation of renovating financial management for public administrative divisions in Vietnam as well as practical conditions in public universities in Vietnam.

8. Contents of the thesis

Chapter 1. High quality training programs and financial managing mechanism for high quality training programs in public universities.

Chapter 2. The situation of financial managing mechanism for high quality training programs in public universities.

Chapter 3. Solutions of completing financial managing mechanism for high quality training programs in public universities.

CHAPTER 1

HIGH QUALITY TRAINING PROGRAMS AND FINANCIAL MANAGING MECHANISM FOR HIGH QUALITY TRAINING PROGRAMS IN PUBLIC UNIVERSITIES

1.1. Overview of high quality training programs in public universities

1.1.1. Public universities in higher education system

1.1.1.1. Notion of public universities

Public universities

Notion, models and legal position of public universities are different in higher education systems in each country. However, it can be defined:

Public universities are established and administered by authorities. The expenditure guaranteed for activities of public universities depends on financial investing management and human resource socialized level for higher education in each country.

1.1.1.2. The role of public universities in higher education systems

Higher education system

Higher education is system of education after high school, including colleges and universities. University systems can be classified in many different ways, depending on the purpose of the study to apply different criteria in classifying University: *categorized by level of training; by Ownership; by mission of higher education foundation or level of higher education.*

The role of public universities in higher education systems

The appearance and activity of public universities express the role of State for higher education. Government passes activities of public universities to regulate social sources in order to gain effectively, therefore adjust human resource training structure reasonably maintain and develop training education, ensure the benefit of higher education.

1.1.2. Characteristic of public universities

Public universities is one part of higher education systems, had same characteristics as any universities in society. Besides, there are particular characteristics:

About managing mechanism and engine of organizational activity: Public universities are established by authorities, managed, tested and supervised on machinery of organization and administrative activities by regulations of State or Government at various levels.

About financial sources and financial managing mechanism: Public universities have significant characteristics that belonged to State’s ownership. Public universities are set up and invested expenditure by Government in order to build and activity therefore nature of operation in public universities is not by profit purpose.

About financial managing mechanism: Public universities have self-control in the scale of regulation.

1.1.3. Mechanism of higher education operation in market economy

Considering the operating mechanism of higher education in countries had advance technique, there are same characteristics that four units take part in higher education operating mechanism with different roles:

State, significant role of State for higher education expresses by factors: (i) Orient higher education development; (ii) Define the priorities and give appropriable methods; (iii) Create institution environment for activities of higher education systems; (iv) Regulate scale, speed and higher education apportion.

Marker: According to P. Williams (1996), market gives for higher education some of principle advantages. Firstly, meeting the requirements of socio-economy demands, reducing the directive participation of State in operating universities. Secondly, market helps higher education have capacity of accomodating and creating.

Participation of society: join in controlling and bringing influence on the development of higher education. Social forces include: people use labour, parent's students, students and related organizations.

Higher education foundations.

Conclusion, higher education development connect closely with the development of market economy, mechanism of operating higher education is impacted and more effectively due to factors of market economy intervened by State.

1.1.4. Standpoint about higher education benefit and goods

1.1.4.1. Tendency to develop higher education and the conception chagement about benifit of higher education:

The conception of higher education changed from simply public benifit to private benifit is the foundation of determinging finance for higher education of country

1.1.4.2. Higher education productions are especial goods in advance technique

Based on C. Mark's conception [33, tr.98], higher education is kind of nonmaterial labour and can be exchanged, purchased as other serve, goods and had sufficiently quality as normal products, services.

Professor Phạm Phú [99] believed that "personal goods" property is the scientific foundation so that higher education service has oriented and impacted by market.

Higher education is particular goods in comparision with other service products. The research makes it clear through service product characteristics of higher education in universities

1.1.4.3. Socializing education, sharing responsibility for the expenditure of higher education to State

Higher education service is a sort of service goods, which have both public benefits and personal benefits. This characteristic leads the opinion that it is neccessary to share responsibility between State and related authorities in mobilizing socialized resource to spend expenditure for higher educauion.

Socialized education activities is to campaign and organize citizens, organizations and society contributing resource in order to develop education, meet the demands of people for training education service. Educational socialization is carried out with the aim of sharing financial responsibility for higher education.

1.1.5. High quality training program in public universities

1.1.5.1. Notion of high quality training program

By studying documents and surveying activities of training program in public universities, high quality training program can be understood as: it consists of contents and model of organization designed in order to meet the requirements of graduated students who are talented and excellent in the field of professional knowledge; learners are people who have ability and good achievement; study programs are priority for mechanism and finance.

1.1.5.2. Criterion on determining high quality training programs

Studying criterion on determining high quality training programs, author considers point of view and ways to approach quality of high education:

Quality standard by ranking criterion

Standard of university quality followed way to approach input, process and out put

Criteria and score to determine faculty/major achieved international standard of VNU scientists

Based on research results, authors can generalize criteria applied to determine high quality training programs, which are the researchers in the thesis as: the standard of training programs standards related learners; standards related conditions which guaranteed training quality standards evaluated principle product group (training products; technology science products).

1.1.5.3. Aims of implementing high quality training program in public universities

Dealing with issues that appear to higher education in most of nations: conflict between limited human resource and training scale, contradict between scale and training quality, policies invested for higher education have changed. State has choiced and concentrated on high quality training within the framework of human resource for scared higher education.

Target of the high quality-training program is to attract, educate and nurture the talented people in especial program to meet the demands of excellent students in the field of science, technology, social economy.

In case of universities develop high quality training programs, government also implement priority policies to establish and organize high quality training programs, which more dominated than normal training programs, with preferential policies for teachers and learners to attract more people.

1.2. Financial managing mechanism for high quality training programs in public universities

1.2.1. Notion of financial managing mechanism for high quality training programs in public universities

1.2.1.1. Mechanism

Notion of "mechanism" by approaching macroscopic economy, microscopic economy or game theory, traditional politic-economic theory have also same characteristic which mention

“mechanism” means internal system or organization. Moreover “mechanism” expresses the interaction among “subject” of mechanism

1.2.1.2. Finance

Notion of finance is used popularly meant one economic category which express the relationship among economic subjects so as to perform, manage and use monetary fund on the purpose of achieve managers and related objectives’s target.

1.2.1.3. Financial managing mechanism

According to scientists of National Economics University [84, p.184], financial management is considered as two means: (i) *narrow meaning is management of budget receipts and expenses;* (ii) *broad sense is the use of finance as tools of State’s macroscopic economic management.*

According to Võ Văn Thường: *Financial managing mechanism is system of forms, methods and measures used to impact on the process of correlative economic relation with the aim at gain determined managing goal.*

The result of research groups led by Dr. Phạm Văn Ngọc [75] gave the notion of financial managing mechanism: “Financial managing mechanism is the collection of methods and tools in accordance with current law in order to carry out unit’s financial target in the condition of insufficient finance and other sources.

However, with the notions above, it still exists weakness that cannot point out clearly the important of managers while using methods, tools impacted on managing objectives; the interaction between objectives in the process of operating policies, means, systems etc. These factors are parts of financial managing mechanism.

According to authors, notion of financial managing mechanism for high quality training program is *the synthetic of methods and tools which suitable with current legacy, applied by managing authorities in order to manage financial activities related high quality training programs in public universities*

1.2.2. Characteristics of financial managing mechanism for high training programs in public universities

Financial managing mechanism for high quality training program in public universities is impacted by many relationships: (i) depend on active desire of managers; thought and guiding opinions in managing documents of State; influence of market mechanism; the relationship in managing devolve, operating organization; management and expenditure division from program activities; the conditions in implementing financial management.

Managing mechanism for high quality training programs in public universities is high flexibility: apply new modality which is not normal administrative principle, adjusted in conformity with manager’s requirement.

1.2.3. Contents of financial managing mechanism for high quality training program in public universities

1.2.3.1. Government’s budget managing mechanism

About method of set up budget

*) First method: Form increasing budget by item

According to Ansaw [2] in works “The New Politics of the Budgetary Process” of Wildavsky and Caiden (1997) which describes this traditional system of setting up budget with main characteristic is the increase. The most important factor which determines annual budget is the budget level of last years, items will be exchanged from this year to that year. Managing organs decide to cut off, increase budget based on change of input factors

*) Second method: Set up budget by activities

In the method of expense budget management followed output result, it is necessary to concern about important issue: build up plans and point out activity target; specify output products reflected above target; put in an estimate for activities based on defining resources and necessary expenditure of each input products, establish and apply system of output evaluating index (quantity, quality, time); form administration system to test, supervise and evaluate budget expensing activities. The research on budget model management, which fixed output in countries express positive advantages of this method compared with setting up increased budget by items.

About method of budget apportion

According to Bikas C. Sanyal [4] the methods to apportion budget for universities implemented high quality training programs can be considered:

First method: Universities and government can discuss about percentage proportion of needed budget. Universities have to expense following purpose of government.

Second method: Universities receive once expenditure for high quality training program based on money supplied in previous period adding fixed increase money and can use the money actively in law.

Third method: Budget supply for universities relied on calculating number of student in high quality training program and expenditure per student. Universities can spend this money actively.

Fourth method: Government buy universities’s learning services. Budget supplied for universities base on activity results of high quality training programs in future. Apportion relied on activities and output but not only input.

Fifth method: Government’s budget will be supply directly for people who are beneficiary and using high quality training service through refund partial or whole expense which students spend via subsidization.

In the reality, mechanism of Government’s budget apportion is combined of two or many models mentioned above [4].

1.2.3.2. Managing mechanism of extra – budgetary finance invest into high quality training program

a) Fee policy

Firstly, Principle determine fees of high quality training programs

The tendency to share fees by learners who have to pay important fee for higher education receives much unanimous opinions, the trend of solving problem that share fees of higher education applied in many countries is “high fees – high support”

By the different analyses but point view of economists and educational management have same point which if considering higher education as “personal goods” and bringing individual benefits, their customers have to pay fees (partial of whole) in order to meet the requirements.

State, learners, parents are customers who are supplied and received higher education services, so they also pay fees so as to have those goods. With high quality training programs, customers will be supplied products to meet the higher demands so they have to pay more fees than normal training programs.

Secondly, mechanism determine level of mobilization of high quality training programs in public universities

Research of Arthur M. Hauptman [2] pointed out that: “ With public universities, government are responsible for building fee level. In some cases, the leaders in these schools have responsibility for regulating fee level but are checked by governmental organs”

Fee policies in almost nations consider fee levels as important part in fee training per student. Fees and expenses are made up from fee source depened by principles of determined training fee which is applied.

With high quality training programs, regular fee is higher than normal training programs to ensure quality. Higher fees is symmetrical with training quality so fee which students contribute will be higher because fee shared with national budget is higher than normal training programs.

b) Financial policies support for student

Financial policies which support for student need to fix with fee policies to guaranteed effectiveness.

c) Attract financial sources for high quality training programs through science research activites, counsel, supply services

1.2.3.3. Expense managing mechanism for high training programs

Firstly, expense management by traditional accounting methods

In economic market, higher education products will obey rules of value, supply and demand; simultaneously fee management for higher education should be posted as in enterprise.

According to political opinions of C. Mark, production cost is whole live labours and physical labours consumed in producing process. In higher education activities, live labours are activities of lectures, managers; physical labours are factors that ensure studying and teaching conditions of schools.

In public financial management, cost for higher education is divided into regular expense and investment expense. Regular expenses ensure training process to maintain.

By any classification ways, it can be cleared that quality of products, services have closed-nit relationship together with production cost which bussiness spend. High quality products and services require higher production cost.

High quality training programs with products formatted above have better quality than normal training programs, therefore, it is neccessary to has higher symmetrical cost.

Secondly, cost management by activities (ABC/M method)

Calculating cost by activity process

Robin Cooper, Robert Kaplan and H. ThomasJohnson define ABC as: “*a method of calculating cost is used to discovery source of common cost directly to objectives paid expense as products/services , processes or customers and help administrators make a good decision on mixed production and competative strategies* [108].

According to Krumwiede and Roth (1997) (ABC) method is a system of administrative account apported cost for objects based on activities which used by costed subjects

According to Horngren (2000) ABC method is the innovation of traditional accounting method, calculating cost focus in specific activities as basic costed objects

In the documents “*Book of public administration and responsibility for explaining Set up budget and budget institutions*”[2], Anwar Shah believed that Gary Cokins’s notion about ABC are the same opinion with these above. Application of ABC method will help convert cost of labour resource and output supplying resouces

ABC Method- Activity-Based Costing and Management

In 1992, Cooper and fellow – workers stated “ *Business cost management for process of activity is an administrative process which administrators use business cost information because of business cost method by process of activity supplied to manage activities and business process*” [110, p. 9].

ABC/M express more effectively than system of traditional financial management by making things clear in process and what is output by using labour resouce instead of focusing on labour and supplied expense..etc. Application of cost method for high quality training programs in particular by ABC/M is condition to set up and apport budget by activities and output result.

1.2.3.4. Property management for high quality training programs

Property management mechanism for high quality training programs is not more different than property management mechanism in universities

1.2.3.4. Model of financial management for high quality training programs in public universities

Author proposes model based on modality, tools, measure norm, appreciate in conformance with international practice.

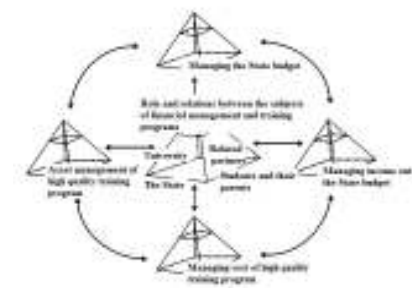


Diagram 1.2: Frame model of financial managing mechanism for high quality training programs in public universities (Source: self collected by the Author)

1.2.4. Model of managing, operating high training programs in public universities

By researching and observing the reality, author proposes model of managing, operating high training programs in public universities. In this model, the role and relation of subjects are reflected and pointed out clearly: (i) the relation between State and universities, (ii) relation among internal universities, (iii) relation between universities and related sides.

1.2.5. Factors are influent on financial managing mechanism for high quality training programs in public universities

Factors are influent on financial managing mechanism for high quality training programs: Tendency to develop higher education and government's policies for higher education and high quality training programs; financial managing mechanism in public universities; Targets, activities of high quality training programs; subjects participate in financial managing mechanism.

1.3. International experience on training and financial managing mechanism for training high quality human resource

1.3.1. Experience of nations

1.3.2. Lesson for Vietnam

It is necessary for Vietnam to learn from experience of other nations on financial managing mechanism for training high quality human resource: (i) public universities are nuclear for high quality training, (ii) State uses apportion tools, distributes budget for mechanism and invests finance in high quality training programs; (iii) public universities are delegated financial powers in accordance with capacity of implementing high quality training programs.

Conclusion of chapter 1

With detailed research on high quality training programs and financial managing mechanism for high quality training programs in public universities, authors elicited some issues:

- Clearing foundations which are necessary to implement and develop high quality training programs, proposing criteria defined high quality training programs.
- Systematizing basic issues on mechanism, financial mechanism; thesis gave detailed contents on financial management for high quality training programs. Since then proposing model of financial managing mechanism for high quality training programs considered completely, based on methods, tools, measure norm, appreciate in conformity with international regulations.
- Financial management for high quality training programs in public universities are impacted by many factors and influent mechanism of each factors.

Based on researching experience on financial management for training high quality human resource in some countries, author also learned and summarized lessons for Vietnam.

CHAPTER 2

ACTUAL STATUS OF FINANCIAL MANAGING MECHANISM OF HIGH QUALITY TRAINING PROGRAMS IN PUBLIC UNIVERSITIES IN VIETNAM

2.1. Actual status of high quality training programs in public universities in Vietnam

2.1.1. Formation of high quality training programs in public universities in Vietnam

Vietnam National University, Hanoi has implemented the project: building and developing some majors, specialities of basic science, high technology and key social economics to reach international level, which is the duty and strategic solution for the mission of providing talents and high quality human resource for the country.

Ministry of Education and Training has experimentally deployed 10 advance programs in 9 key universities. The project "training follows advance programs at some Vietnamese Universities in the period of 2008- 2020" was approved by the Prime Minister with the products of bachelors, engineers, doctors who are highly adaptable to working environment meeting the requirement of developing socio-economy of the country.

The training programs of high quality engineer in Vietnam has formed a system of major Universities training engineers in 3 locations (Hà Nội, Đà Nẵng and Hồ Chí Minh city) in which their operations are close to the French educational system (enrollment, programs, targets, ambition).

Universities have also implemented a large number of high quality training programs following type of organizing oversea joint training service. Funds to perform these types of programs are self-guaranteed by Universities by tuition and socialized resources.

2.1.2. Criteria for identifying high quality training programs

Researching actual status shows that Universities apply different criteria to identify high quality training program. Criteria are applied in each University based on oriented target of each type of program, or management requirements and supervision of manager. The reason explains for this actual status is that the State has not had any regulation of criteria issuance to evaluate the training quality and identify what high quality training program is.

It can be said that a lot of high quality training programs selecting applied criteria are not based on scientific basis of identifying training quality, many criteria only reflect high quality service.

2.2. Actual status of financial managing mechanism for high quality training programs

2.2.1. Actual status of financial managing mechanism for higher education

Vietnamese higher education has obtained fast growth, expanded in size and number of newly established universities. Financial managing mechanism for higher education during the past years had positive innovation, importantly contributing to promote the development of higher education. The outstanding features of the financial mechanism for higher education during the past time can be generalized as follow:

Firstly, the higher education institutions are enhanced the autonomy on finance under the Decree No 43/ND-CP. Secondly, the State focuses on investing on higher education. Thirdly, fee policies of higher education have been renewed. The Regulation of fee is initially based on principle of cost sharing; fee has had distinction between training programs.

Besides that, financial managing mechanism for higher education nowadays has disclosed inadequacies, limitations, impacts on higher education activities and quality. Evaluating the inadequacies of financial mechanism for higher education, Phùng Xuân Nhạ and his researching team [28] said that: “the inadequacies relating to financial management such as distribution and allocation of budget; regulation of fee is considered the most prominent features”. The most prominent features of actual status of financial managing mechanism for higher education have decisive impact on financial managing mechanism for high quality training programs.

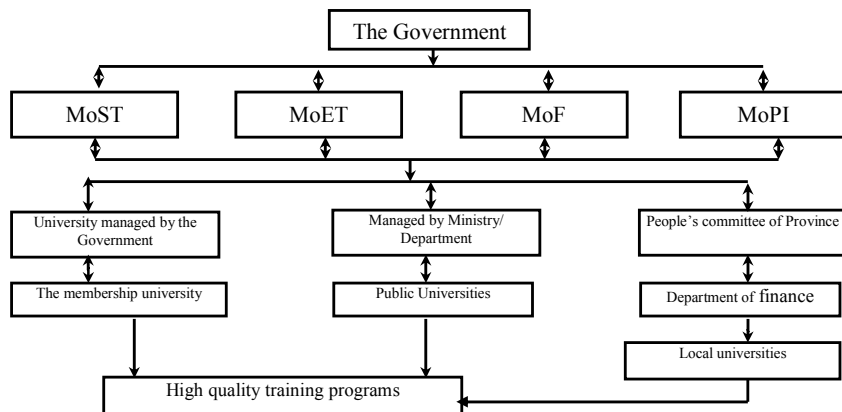
2.2.2. Actual status of financial managing mechanism for high quality training programs at public Universities

2.2.2.1. Actual status of budget management allocating for high quality training programs

Budget managing mechanism for high quality training programs consists of the following contents:

Firstly, the process of making and allocating budget

Process of making and allocating budget is described in Scheme 2.1 hereinafter



Scheme 2.1 Process of allocating budget for high quality training programs

Source: Author develops from documents [30]

By researching actual status of the method of establishing and allocating budget for the high quality training programs in public universities, it shows that there are incompatible points with the model of financial managing mechanisms for high quality training program, which is considered a complete program (as described in Chapter 1). Specifically:

Making budget estimation for high quality training program following item added methodology

Making and allocating budget estimation for high quality training program based on input data (the number of student participating in the program and approved expense for each student)

Secondly, Criteria and limit of allocating budget

On allocating budget

The criteria of investing the State budget is generally seemed to have no significant distinction between training fields, allocated fund is based on simple norms, lack of clear and public criteria. Allocating criteria have still not reflected different levels of expense structure between training fields as well as not mentioned the ability of attracting social resources amongst different fields. The State budget continues to be granted for economic and technology fields. These fields attract the attention of society and could mobilize other financial resources in order to reduce the burden for the budget. Therefore, using applied criteria to allocate budget for ineffective high quality training programs to create financial incentives in order to help them achieve the set out target.

On limit of allocating budget

The basic difference of managing mechanism of allocating budget for high quality training programs is the limit, which is considered basis to adjust the budget allocation higher than other mass training programs. However, Limit of allocation does not actually reflect the necessary expense to ensure the training quality. The State allocates budget for high quality training programs but does not pay attention to balance the socializing income. Consequently, the actual implementation of training programs in basic science and technical fields still has little attraction and a few numbers of participating students which lead to harder difficulty than in economic field. [12]. obviously, the State has not effectively used the financial management tool to regulate the high quality training programs to meet the management target and demand of society.

Therefore, it is affirmed that the different features of financial managing mechanism of the State budget allocating for high quality training programs has not motivated to push up the quality improvement of high quality training programs in term of management, program and training target.

Thirdly, the State budget invests on high quality training programs

Statistic data of financial source of the State budget for high quality training programs show that the State budget is the major source to ensure the operation of high quality training programs, accounting for 80% of financial source for high quality training programs, tuition takes the percentage about 20% while other sources are considered none. Evaluations and affirmations are described in diagram 2.7

For checking and supervising mechanism: Checking and supervising mechanisms for management of financial resource of the State budget for high quality training programs are basically implemented under the current regulation of the State for finance and budget management. Besides that, it is able to additionally perform some checking and reporting methods under the request of each management level.

2.2.2.2. Actual management status of financial resource outside the State budget

Firstly, Management mechanism of tuition

According to recent reports of the State agencies, tuition is the major income outside the State budget allocated for universities and it continues to increase, the other resources is still quite limited in number. Summarizing the data analysis of financial resource of high quality training programs in public universities shows that the financial structure of high quality training programs is not an exception from this pattern.

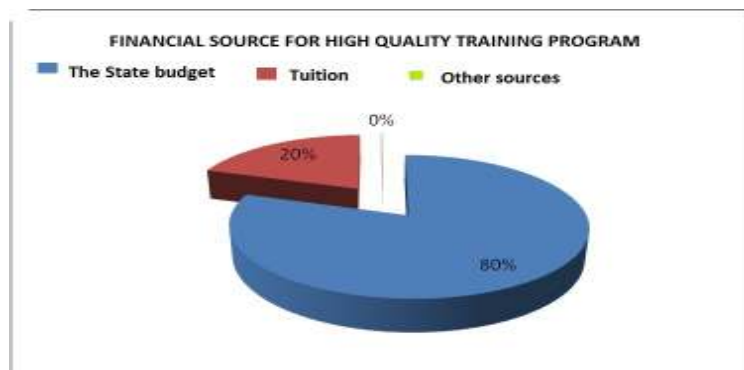


Diagram 2.7. Structure of actual financial resource for high quality training programs invested by the State budget. (Source: self collected by the Author)

**) Tuition of high quality training programs invested by the State by the State budget*

From 1993 to before dating the Resolution 35 by the Congress, the tuition policy for high quality training programs is regulated the same as the tuition of mass training program with the outstanding features as follow:

Firstly, tuition is just a fraction of training cost. The State still plays the key role of ensuring the human resource for higher education (accounting for over 50% of the financial resource for higher education);

Secondly, the tuition level has had no difference amongst training fields; tuition is not identified based on training cost.

Thirdly, The State simultaneously collects tuition and promulgates attached social policies, tuition exemption for the poor subjects, children of war invalids and martyrs.... However, the burden of performing regulation and policies are pushed to Universities.

The significant change of tuition collecting mechanism began to be regulated in the Resolution No 35/2009/QH12 dated 19/06/2009 by the Congress with the content of: education and training institutions are allowed to implement high quality program and collect high tuition level.

Based on reports of Ministry of Education and Training [12], the status of collection tuition of high quality training programs in Universities as follow: i) the level of tuition is varied amongst training fields; ii) the high tuition is applied for majors of technical, technology and economic fields. Basic science and pedagogical majors are collected the temporarily regulated tuition level or free. The collection level is not subject to actual expense according to the specific requirements of training fields. Without good combination between tuition policy and the State budget allocation, the economic majors, which collect high tuition, will have higher financial resource in comparison with basic science majors. Meanwhile, expense under the Project established for basic science majors is higher than economic majors in order to achieve the guaranteed output.

Surveying by questionnaire sheet attached in Appendix2, data at Table 2.10 expressed the evaluation result of management mechanism and tuition mobilization applied for high quality training programs.

Overall assessment of tuition revenues mobilized from learner of high quality training programs, it is showed that: the tuition revenue is accounted for about 20% in the total fund spent for high quality training programs. Especially, the high tuition prescribed in some high quality training programs under the basic science majors is infeasible due to not be selected by learners. The low tuition revenue accounts for the status of insufficient financial resource of some high quality training programs at the end of Project to continue to fully maintain operation, reducing the sustainability and effectiveness of investments as well as project's target.

Table 2.10. Summarizing the inspection and assessment results of management mechanism of tuition revenue.

Seq	Description	Negative	Not impact	Positive	Highly positive
1	Principle of tuition collection	3.47	20.5	62.46	13.57
2	Autonomy in deciding tuition	58.37	25.35	13.07	3.21
3	Tuition level	53.8	28.89	13.6	3.71
4	Regulation of using tuition	4.47	20.5	61.46	13.57
5	Process of tuition approval	58.89	22.97	13.6	4.54
6	Checking and supervising mechanism	53.92	27.89	14.9	3.29

Source: Self summarized by Author from survey sheet.

**) Tuition of high quality training programs organized or implemented by public universities under the linking contract with foreign partners*

For high quality training programs self-set up and implemented by university, the tuition level is pushed up quite high because most of majors are opened to attract the social attention and students. However, due to lack of criteria and sanctions for supervision, there is no basis for social Agencies to supervise and ensure the quality guaranteed by the University and benefits of learners and for society.

Thus, in the same university, mechanism of collecting and mobilizing tuition amongst high quality training programs maintain differences on autonomy level and checking and supervising mechanism. However, some decisive factors for the tuition of the two programs are due to its ability of attracting social resources of the majors.

Secondly, actual status of management mechanism of other income.

Financial managing mechanisms for high quality training programs still remains issues of concern which are to maintain the financial resources to ensure the sustainability of the program. Most of the programs have financial resource at the end of the Project lower than when starting. Especially, the deficit is very huge for basic science programs with low tuition rate in financial structure.

Thus, without the priority investment from the State budget, many programs will be insufficient of financial resource to maintain training activities as before. Failure of ensuring financial capability for sustainable development of high quality training programs has affected to target of implementing high quality training programs. The verdicts are demonstrated in the data table described in the following Diagram 2.12.

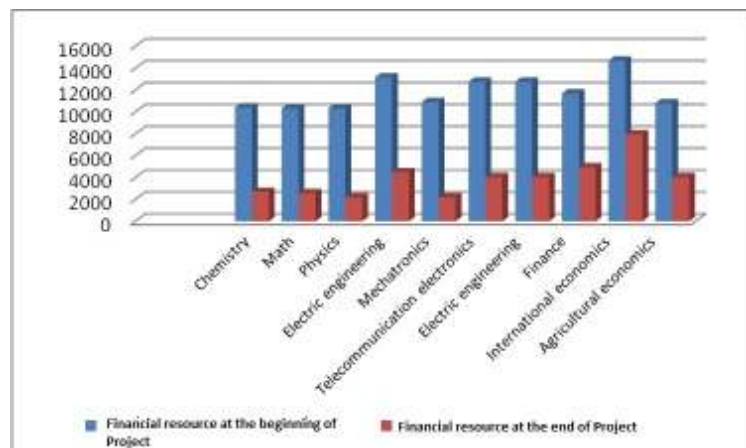


Diagram 2.12. Financial resource of high quality training programs at the beginning and at the end of Project (Source: Self summarized by the Author from reports of Universities)

The State must promulgate more suitable investment policy for high quality training programs. The investment should be complied with the ability of socialization to attract social investment resource of each program.

**) Analyzing factors impacting on attraction ability of high quality training programs*

To uncover factors impacting on ability of attracting socialized resource of high quality training programs by collected data, The Author has analyzed the relationship amongst factors which impact on ability of attracting socialized resource of high quality training programs in research samples.

In particular, the ability of socialization is measured by financial sources outside the State budget / total financial resources for high quality training programs. This is quantified scale from which to analyze the remaining factors. From the data collected, analysis, data processing for β coefficient of correlation between the variables in factor

Because denominator is small in number, coefficient $\beta > 0.15$ is only for statistical significance. Results showed that the ability to attract socialized resources of high quality training program depends on major ($\beta = 0.27$), enrollment marks in recent 3 years ($\beta = 0.17$), rate of student employment ($\beta = 0.23$), geographic region (location of university headquarter), the area of university classrooms (facility factors), the number of lecturers (the number of organic personnel, percentage of lecturer with master degrees or higher)

The data analysis is relatively consistent with the actual status of income management mechanism outside the State budget of the high quality training programs analyzed above. The majors achieving the interest of society will be in high tuition level without relying on necessary training costs for the operation of the program to ensure the guaranteed output.

Thirdly, actual status of the sponsoring policies for students of high quality training programs in public universities

Students of high quality training programs are offered sponsorship under the current regulation of the State for student in public universities in general.

2.2.2.3. Actual status of expense management for high quality training programs

Accounting expense:

The survey in public universities with high quality training programs (questionnaire sample – appendix 2.2) shows the result of 100% of universities implementing expense accounting according to accounting mode applied for the State administrative unit promulgated along with Decision No 19/2006/QĐ-BTC and regulations based on financial mechanism stipulated in Resolution No 43/CP.

Currently, accounted expenses of a high quality training program have not fully reflected expenses following point of view of the market economy. Expenses are gathered and accounted for activities of high quality training program without expense of fixed asset depreciation and tax of land use. It is assumed that there are two high quality training programs in the same university that together link and collaborate with a foreign university in two different kinds of training supported by the State budget or by the University in different principles of gathering and identifying expense.

Method of expense management

Surveying at public universities having high quality training programs shows that 100% of universities using the traditional accounting method. This written expense is the total of expenses relating to all activities of the university without clearly discriminating for each subject suffering expense. Currently, expense accounting and management will not clearly discriminate the expense of a high quality training program with expense of other programs in duty of the university.

Summarizing the results of survey for opinion of manager, experts verdict that it is necessary to change the accounting principle and method, expense management for high quality training programs in order to identify and fully calculate the necessary expense for operation. This has important implication because fully accounted and calculated expense is the basis for the State to allocate the budget as well as for university to identify tuition and popularize for social supervision

Actual status of expense limit for high quality training program

The expense of high quality training program in comparison with mass programs of the State has shown the priority of the State for high quality training programs. In fact, most of average expense/ student of high quality training programs are not under the expense as estimated in the Project. The diagram 2.3 hereafter shows that the expense limit of high quality training programs invested by the State is calculated about 80% compared with estimation on the Project. The low expense impacts on the quality of high quality training programs. This also confirms that it is necessary to increase the training cost in order to achieve the goal of the programs.

Actual status of autonomy on expense management of high quality training programs

Survey results on expense management of major universities implemented high quality training programs (in Appendix 2.1) showed that the financial managing mechanism governed and affected the decision of fund using for high quality training programs in Decree 43/2006/ND-CP and Circular 71/2006/TT-BTC. Besides that, high quality training programs participating in Project CTTT by Ministry of Education and Training also implemented financial management according to Circular No 220/2009/TT-BTC dated 20/11/2009 on guiding financial management of fund to implement advance programs.

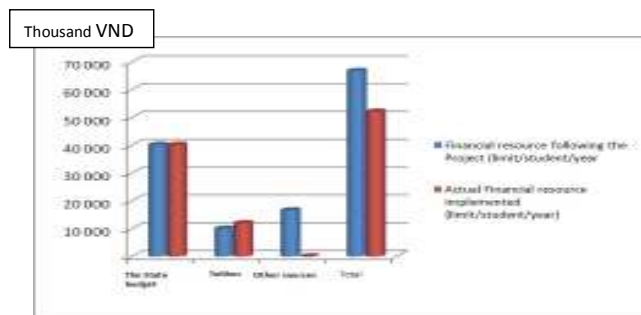


Diagram 2.13.
Actual expense
for high quality
training program
(average
expense/student/y
ear) Source: Self
summarized by the
Author from data
of Appendix 1

2.2.2.4. Actual status of asset management which is applied in high quality training programs

2.2.3. Actual status of model of management and operation of high quality training programs

Model of management, organization operation of high quality training programs in public universities in Vietnam are now organized in two models 1 and 3 presented in section 1.2.5 of Chapter I. In the models above, the actual status, role and relationships between subjects operating the financial managing mechanism of the high quality training programs are described as follows: the State has not effectively used budget tool to effectively regulate resources for high quality training programs; accountability of universities have been fuzzy; learners and related partners have not successfully perform their roles.

2.3. Evaluating the actual status of financial managing mechanism for high quality training programs

2.3.1. Achievements

2.3.2. Defects

2.3.2.1. For management mechanism of the State budget

Methods of establishing and allocating estimate are based on input factors, without relating to output results

The State has not effectively used the State budget to successfully regulate scale and structure of training structure in order to ensure the effectiveness of social resource.

2.3.2.2. For management mechanism of financial resources out of the budget

Tuition before Resolution 35 and Decree 49: low tuition level will restrict the mobilization of social resources in order to share expense with the State.

Tuition from promulgation of Resolution 35 and Decree 49: Policy on tuition and budget allocation has not had solid combination to ensure the effectiveness of using financial resource.

The proportion of financial resource attracted out of budget (including tuition) has still limited in number, not reached the level guaranteed when starting Project of implementing high quality training programs.

2.3.2.2. For management mechanism of expense

Method of managing expense contains inadequacy on principle of identifying expense and method of expense accounting and management.

The State has not had enough technical and economic quantum and criteria attaching to output standard in order to be basis of calculating training expense.

The Universities has not had financial autonomy corresponding to the requirements of implementing management of high quality training program following modern and advanced methods

Conclusion of Chapter 2

From the issues mentioned in Chapter 2, to improve the financial management, Vietnam universities should consider, figure out suggestions and recommendations in detail. The suggestions need to follow an appropriate roadmap, which is matched with conditions of development of Vietnam in spirit of studying and applying lessons of international experience. This content will be presented in Chapter 3.

CHAPTER 3

SOLUTION OF COMPLETING FINANCIAL MANAGING MECHANISM FOR HIGH QUALITY TRAINING PROGRAMS IN PUBLIC UNIVERSITIES

3.1. Standpoint of completing financial managing mechanism for high quality training programs in public universities

3.1.1. Development orientation of high quality training programs

3.1.2. The necessity of completing financial managing mechanism for high quality training program

Completing financial managing mechanism in order to overcome remaining problems of inadequacy with sense of theory and practice.

It is necessary to completing financial managing mechanism in order to liberate social resource to strongly invest in high quality training programs.

The completion is the necessary requirement to raise the role of the State in the relation with subjects, who participate in financial managing mechanism, contributing to increase general effectiveness of social economy.

3.1.3. Orientation of completing financial managing mechanism for high quality training programs

3.1.3.1. Innovating mechanism, policies and method of making estimate and allocating budget for high quality training program.

3.1.3.2. Building plan for restructuring investment fund of the State budget for high quality training programs, matching with requirement of the State and market in long term: allocation following stratifying result of higher education institutions and result of classifying the ability of socialization of education.

3.1.3.3. Mobilizing resource of socialization to invest in high quality training programs in accordance with applying relations of market economy in managing higher education in general and high quality training programs in particular

3.1.3.4. Enhancing the autonomy, Public universities are self responsible for financial management for high quality training programs based on fully accounting expense; are offered expanded autonomy of mobilizing and using resource to ensure effectiveness and quality.

3.1.3.5. In parallel with autonomy, public universities need to complete the mechanism of checking and supervising the implementation of high quality training programs

3.2. Solution for completing financial managing mechanism for high quality training programs in Vietnam public universities

3.2.1. Group of solutions for completing mechanism of budget management

3.2.1.1. Applying method of the State budget management and applying criteria to assess products

For the State Authorities

Firstly, establishing evaluation index of output

State management agencies need to develop indicators of output of high-quality training programs. For scientific and objective evaluation, the criteria system must be very scientific, consistent with the standards and international practice. According to the author, it is able to apply the product and the following criteria to be basis for assessing output and financial performance of high quality training programs

+) Products and criteria applied to be basis for evaluating output of high quality training programs including: *group of products on conditions of ensuring quality, training products; products of scientific technology activities; Products of linking and cooperating; other products according to characteristics of high quality training program/ training unit.*

+) Criteria to evaluate financial effectiveness of the mentioned above products

Secondly, check and supervision: the State agencies implement check and supervision following regulated criteria (assumes of applying products and criteria above)

Thirdly, using the results of assessment to be basis for funding

Based on the results of the assessment of management agencies and independent organizations to adjust funding for training programs CLC

For universities having high quality training program

Firstly, identifying specific target ò each high quality training programs

Secondly, identifying group of basic products of high quality training program need to be achieved (according to products regulated by the State)

Thirdly, making estimate based on operation attaching with output

Finally, self evaluating activities and products of the programs as well as well implementing the content of locally checking and supervising universities.

3.2.1.2. Applying classification results of high quality training program according to socialization ability to funding the State budget

Content of solution: the State needs to adjust the mechanism of allocating and funding budget for high quality training programs based on the socialization capability of the training

program: restructuring the State budget funding for high quality training programs; not funding the average State budget allocation for all programs as implementing now.

The author proposes a model of the factors affecting the ability to perform socialization of training program, which is described in Figure 3.2 below.

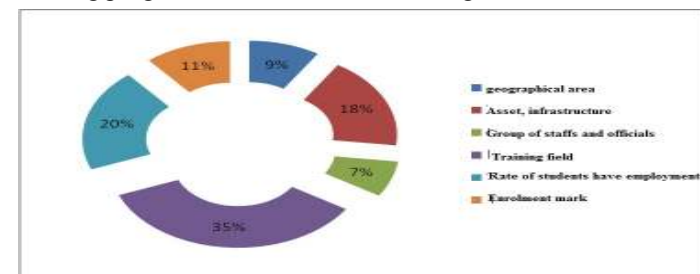


Diagram 3.2. The degree of influence of these factors on the socialization capability of high quality training programs (Source: Self summarized by the Author based on database of Appendix 2.1.)

Thus, classifying and determining the degree of socialization of high quality training program can be referred to apply the classification criteria for high-quality training programs in allocating and funding budget. The restructuring the State budget for the high quality training program is to meet the needs of the State and market in long term, increasing the effective use of social resources.

3.2.1.3. Applying method: the State orders training of high quality programs in basic science majors

State agencies promulgate conditions for ordering training

- 1) Identifying the demand of human resource in basic science majors
- 2) Stipulating conditions to ordering and steps to implement

Conditions for ordering: (i) On financial mechanism; (ii) mechanism regulates the State and local agencies to guarantee to use the ordered human resources; (iii) Mechanism for cooperating between university and related partners

Instructing universities to build Project, evaluating, approving to implement 'ordering'

Conclusion, evaluation

Universities build Project for order training reception

- 1) Identifying high quality program in order to build project ordered by the State
- 2) Guaranteeing to provide quality output products to meet the requirement of the employer
- 3) Calculating full training cost
- 4) Mechanism of ordering training of basic science majors for the State

3.3.2. Group of solutions of completing management mechanism of tuition collection

3.3.2.1. Changing charge and fee policies into managing service price in the process of high quality training

Deploying application of management mechanism of service price for high-quality training programs. It needs to take steps compliance with the roadmap of innovating the financial managing mechanism of the Party and State, receiving acceptance of society.

For the State, it is requested to perform following contents

Ministry of Education and Training, and managing Ministry should establish economic and technical norms relating to high quality training programs;

Ministry of Finance should issue financial norms;

The managing Ministry should evaluate and approve the methods of collecting and spending, identifying cost of group of products of high quality training program;

For the university organizing high quality training program

Calculating expense of higher education needs to have a specific roadmap and apply expense level under the following stages:

- *) Stage 1: the training cost must ensure full payment of salary
- *) Stage 2: Training cost must ensure to maintain cost of continuous operation
- *) Stage 3: the service price must be sufficient for the whole cost

3.3.2.2. Autonomy of collecting tuition corresponding to the training quality

Enhancing autonomy of collecting tuition attaching with high social responsibility in the event of implementing high quality training program

Performing supervision of collecting and spending activities of tuition in higher education institutions

Identifying tuition level of high quality training programs

3.3.2.3. Combining methods of completing financial managing mechanism and tuition policy

3.3.2.4. Solution on policy of supporting students

3.3.3. Group applying solution of increasing effectiveness of expense management

3.3.3.1. Applying ABC model to calculate training cost

Conditions to apply ABC model in calculating training cost

The State agencies allow universities to manage cost according to the ABC model for high-quality training programs, use the results of cost calculation according to this model in management, budget allocation and tuition of high quality training programs.

Choosing the ABC model to calculate training cost of high quality training programs: applying simple model of two stage to calculate the training cost of high quality training programs

Suggesting the ABC model to calculate operation cost for high quality training programs

3.3.3.2. Increasing autonomy for public universities in using financial resources of the high quality training programs

The university is offered autonomy of using financial resource to implement attracting policies, inviting domestic and foreign lecturers for the programs; paying salary and income for officials and civil servant who participate in the high quality training programs in appropriate forms; implementing preferential policies to attract students; autonomy to decide the content /

expenses / expenditures according to operational requirements; being experimentally applied calculation method according to output cost to be the basis of determining tuition level; being experimentally applied method of payment and liquidation based on the evaluation results and outputs of the programs;

3.2.4. Group of other solutions

3.2.4.1. Management solutions to promote the role the State in the process of operating financial managing mechanisms for high quality training programs

3.3.4.2. Increasing capacity of implementing high quality training programs in public universities under the direction of autonomy and social responsibility

3.5.4.3. Enhancing the role of other subjects participating in operation of financial managing mechanisms for high quality training programs

CONCLUSION OF CHAPTER 3

The author has offered a number of solutions to improve the financial managing mechanism for high-quality training programs in public universities in Vietnam. The solutions will contribute to the effective implementation of high-quality training programs and achieve the set out targets.

The order to implement these solutions depends on the importance and the conditions of implementation. Nevertheless, it is forced to ensure conformity for high effectiveness. If strictly implemented the above solutions, the financial managing mechanisms for high quality training programs in public universities Vietnam will be completed and reach the goal of financial management which is the main condition for improving the quality of higher education

GENERAL CONCLUSION

The thesis concentrated on the following issues:

Analyzing and reaching agreement on notion of high quality training program, proposing criteria for identifying high-quality training program, financial management mechanism model for high-quality training programs which could be considered comprehensive in the following aspects: budget managing based on activities and output products and products assessing criteria in accordance with international practices; tuition fee policy developed on the principle which tuition fee are self-determined based on training cost; cost managing by activities (Model ABC-M) along with economic and technical norms and the inner elements of cost; the relationship between entities in the mechanism operation.; clarifying the role of financial management for improving the quality of the high quality training programs.

Analyzing and clarifying the actual status of financial managing mechanism for high quality training programs, being basis to attract and effectively use the social resources; sharing the burden with the State budget for high quality training programs.

Proposing some solutions to complete the financial managing mechanism for high quality training program in public universities attaching with output quality, orienting to stabilize finance.