

## EDUCATION AND TRAINING POSITION PAPER

*Prepared by  
Education and Training Working Group  
Vietnam Business Forum*

In most developed countries higher education institutions are struggling to change from how they have operated for the past century to how they need to be for the upcoming decades. For example, the facilities were constructed for how people learnt 100 years ago using standard lecture rooms, yet today, students learn in many different ways –online, peer to peer sharing, flip methodology, open discussions and debates. Many people will also be able to study whilst working. This requires different styles of facilities.

In the same way that Vietnam leapfrogged in the telecommunication sector, from no phones to mobile phones, the country can do the same in higher education and vocational training. That's the opportunity for Vietnam. To take the opportunity the legislation needs to be more forward thinking rather than trying to replicate what is already out of date in developed countries.

The Education and Training working group is focusing on the following key areas

- **The National Administration of Higher Education**
- **Issues relating to Decree 73/2012/ND-CP on foreign investment in education and training**
- **Work permit for academic personnel**
- **Improvement of vocational training based on industry skill demands**

### **I. THE NATIONAL ADMINISTRATION OF HIGHER EDUCATION**

Our focus is to work with the Ministry of Education and Training ("MOET") to obtain more autonomy to already licensed, reputable non state universities. Even though the education law may give institutions more autonomy, in practice the MOET still requires Universities to obtain several approvals. For example

- Renewal of current degrees, approximately every 2 years.
- Number of students per intake even when a University has been approved to register a total number of students.
- Making any changes, even minor ones, to current degrees.
- Cooperating with foreign universities.

The MOET also decided to ban the offering of new degrees in the areas of Business Administration, Economy, and Finance, giving the reason that graduates are exceeding the demand. It's another example of too much control. Progress is being made in the legislation but the implementation has not yet happened.

Our constructive suggestions are that:

- The MOET should not legislate on which degrees the higher education sector should/should not be able to offer. It should be left to the need and demands of society.
- There should be a clearer legal framework that gives more autonomy to local institutions to cooperate and make joint ventures with foreign institutions.
- Provide educational institutions with a robust framework to work within. At the same time give sufficient autonomy to function in an efficient and effective manner. The Law on Higher Education has allowed the foreign-capitalized higher education institutions, with independent organizational structures, but it needs the guiding Decree/Circular to define the structure to apply at the educational institutions.
- Allow institutions more autonomy to adapt current offerings as long as it does not change the fundamental nature of the program.
- Avoid unrealistic targets such as saying X% of lecturers must have a PhD when in reality a Masters qualification is adequate.

## **II. ISSUES RELATING TO DECREE 73/2012/ND-CP ON FOREIGN INVESTMENT IN EDUCATION AND TRAINING DATED SEPTEMBER 26, 2012 (“DECREE 73”)**

### **1. There are several issues to Decree 73 that are not reasonable or not applicable. For example**

Conditions of establishment: In theory it is easier to set up a foreign language centre than a general education institution (e.g primary school) or a higher education institution, but Decree 73 requires the same procedures and application dossiers for all. Even the work experience requirements for language teachers and lecturers are the same - 5 years experience. The law needs to allow for the different educational institutions.

Legal procedures: Previously, the process to set up an educational institution required only the investment licenses and operation license (two kind of licenses), but Decree 73 required three kinds of license in which the legal processes are similar. It leads to: three inspections of the same location looking for the same criteria by three different authorities.

There are no provisions to encourage reinvestment of profits:

- The current legislation has no provisions to encourage foreign and local investors already operational in Vietnam, to re-invest their profits back into Vietnam instead of transferring the profit overseas.
- The legal procedures for granting licenses for new investment projects are the same as the legal procedures of the re-investment projects. For example, if a successful university wished to expand its campus into a new location it has to go through the same application process as if it were a totally new investment. The same applies to short-term educational institutions such as language centers and vocational training centers.

### **2. Solutions that we have already proposed to the MOET include**

The draft of implementing Circular to Decree 73 (after the Decree 73 have been amended as requested by the Government as mentioned in Resolution No. 47), should have detailed and separate provisions on procedures for approving the establishment of short-term training institutions, schools and higher education institutions. This is because the conditions and operations methods of short-term training institutions are quite different from those of higher education institutions. The opening of a new training centre for a short-term training institution should be simpler than the establishment of the new campus for higher education institutions.

Legal procedures for new investment projects and re-investment projects should be different to create favourable conditions for the investors who have been operating for many years. The current legislation has no provisions to encourage foreign and local investors already operational in Vietnam, to re-invest their profits back into Vietnam instead of transferring the profit overseas.

We have recently had a meeting with MOET to go through each issue. The main challenge is that even when both parties (VBF and MOET) agree on an outcome we have yet to see an implemented change in the law. For example, everyone recognizes that it is not right to require a provider of short term language courses to have to build their own facility, and yet, in practice the requirement remains.

## **III. WORK PERMIT ISSUE**

The Vietnam Government has a good record of reversing unworkable legislation, but in the case of the work permit regulations we are sorry to report this is not the case. The Government has already issued the Resolution no. 47/NQ-CP to relax the conditions for work permit issuance for foreign employees (“Resolution no. 47”). This was a positive step but the Department of Labour, Invalids and Social Affairs is still requiring conditions for work permit issuance which remain different to the conditions stipulated in the Resolution no. 47.

The solution we have suggested is that the Ministry of Labour, Invalids and Social Affairs should issue an instruction on how to apply and understand the contents of Resolution no. 47 as soon as possible to help resolve this key issue that impacts educational organizations throughout Vietnam.

#### **IV. IMPROVEMENT OF VOCATIONAL TRAINING BASED ON INDUSTRY SKILL DEMANDS**

In order to go forward to the next step of industrialization, with higher value-added manufacturing processes, Vietnam requires high-skilled industrial human resources, who can improve product quality and production operations. In particular, the lack of competent technicians is an immediate concern, considering that Vietnam is aiming to move up to the next stage of industrialization, which requires more value added processes with stronger supporting industries<sup>1</sup>. According to the survey conducted by the Japan International Cooperation Agency (“JICA”) with more than 100 Japanese enterprises, 80% of respondents replied that they currently need technicians and 89% replied they will need technicians in the future<sup>2</sup>. However, a survey conducted by the World Bank indicated that more than 80% of responding employers reported that job applicants for the position of professionals and technicians lack the skills required for the jobs.<sup>3</sup>

In order to reduce the mismatch of skills demand and supply at the technician level, Technical and Vocational Education and Training (“TVET”) institutions should make more effort to improve training programs by carefully analyzing the needs of industry. We noted that the Government is currently revising the Law on Vocational Training in a way to add a clause which asks enterprises to provide information on training and recruitment demands for the state management agency of vocational training. We are aware that enterprises need to cooperate with TVET institutions and provide information of skills demands. However, the Government should urge TVET institutions to come to collect information from enterprises, not to wait for the enterprises or the Government to provide the information for them. This is because TVET institutions should be the ones who know the kind of specific information that is needed to improve training programs. In order to improve training programs based on skill needs which change dynamically, TVET institutions should communicate with enterprises more proactively and determine current and future skill needs in cooperation with industry.<sup>4</sup>

In addition, while TVET institutions should make more efforts to improve their training programs, we also need to realize that TVET institutions cannot solve all the issues alone. For example, the improved training program may not reduce the skills mismatch, if applicants for TVET programs keep decreasing. In fact, Vietnam is suffering from the same issue that faces many other countries in that the labour force prefers to obtain academic qualifications, when the needs of the economy is for vocational qualifications. For example, in Germany for the first time in decades the percentage of students obtaining academic qualifications is higher than vocational. The result is that people can obtain a degree but not a job. In order to attract more young people to TVET programs, it is necessary to improve the social and economic status of technicians through some concrete measures, such as, the expansion of national skills tests. The stronger commitment from the Government is needed for the expansion of national skills tests, while enterprises will need to consider applying skills tests for their human resource management practice in order to improve the status of technicians.

Over the upcoming 12 months we want to make constructive suggestions on how to improve the quality of TVET programs and reduce skills mismatch at the technician levels in partnerships between TVET institutions, industry, and the Government.

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<sup>1</sup> Refer to JICA (2014a). “Promoting Tripartite Partnerships to Tackle Skills Mismatch: Innovative Skills Development Strategies to Accelerate Vietnam’s Industrialization”. JICA Policy Paper. Hanoi, Vietnam: JICA.

<sup>2</sup> Refer to: JICA (2014b). The Survey Report on Japanese Companies’ Human Resource Needs in Vietnam. Hanoi, Vietnam: JICA.

<sup>3</sup> Refer to: World Bank (2014). “Skilling up Vietnam: Preparing the workforce for a modern market economy”. Vietnam Development Report 2014. Hanoi, Vietnam: World Bank.

<sup>4</sup> Refer to JICA (2014a)