

## EDUCATION AND TRAINING POSITION PAPER

*Prepared by  
Education and Training Working Group*

### Introduction

The Vietnamese people place a very high value on education. This is a great attribute for any country and will help Vietnam become more globally competitive. A quality education system is crucial in ensuring that this goal is achieved. Young Vietnamese people, entering the workforce, need to have the knowledge, skills and attitude that will make them valuable contributors to the nation's economic growth. We will address the following high level areas that we feel are paramount to the achievement of a high quality and internationally recognised education system here in Vietnam.

- 1. Providing more autonomy to Higher Education Institutions;**
- 2. The quality and relevance of Higher Education;**
- 3. Vocational Education and Training;**
- 4. The Management Structure of schools in relations to the Management of a Company; and**
- 5. The low percentage of Vietnamese students to be enrolled to International Programs in the FDI schools.**

### **1. Providing more autonomy to Higher Education Institutions**

The establishment of quality higher education institutions is of paramount importance. Therefore the environment must be created to help to improve the quality of local institutions in addition to attracting quality overseas higher education institutions. The Law on higher Education No. 08/2012/QH13 dated on June 18, 2012 allows for higher education institutions to have autonomy over matters such as organization, personnel, finance, property, training, science and technology, international cooperation, assuring higher education quality, and student numbers. However, in practice institutions are still very much under the control of MOET. The following are some recommendations that we consider would help improve the quality of higher education in Vietnam:

- Provide educational institutions with a robust framework to work within and also the autonomy to function in an efficient and effective manner. The law on higher education has given autonomous rights to foreign invested-capital higher education institutions. However, there is not any detailed legal framework to stipulate the level of these autonomous rights. The law should include transparency provisions on autonomy and should also apply to local higher education institutions.
- Create a legal framework that encourages the highest standards for local institutions, joint ventures with foreign institutions, and also to encourage quality foreign institutions to come to Vietnam. The focus should be on outcomes. With regard to foreign institutions setting up in Vietnam there has been very limited success. The legal system and administration should encourage the setting up of quality institutions and discourage institutions of dubious quality. Again the key issue here is autonomy. Local universities should have more autonomy to partner with overseas institutions.

- Identify ways to institute a high level of Corporate Governance into educational institutions.
- Implement a transparent and independent ranking system for all Higher Educational Institutions.
- Encourage more internationally collaborative academic programmes

## 2. The quality and relevance of Higher Education

The graduates from the higher education institutions need to have both a quality education and one that is relevant to industry needs. It needs to be both effective, i.e. relevant, and efficient, i.e. have the desired quality. The following are some recommendations that we consider would help achieving a higher quality educational system:

- Giving autonomy to local universities to help them respond to the needs of the market. This includes helping to ensure that curricula are developed that provide graduates with the competencies needed, including practical skills, in key industries in Vietnam.
- Identify ways to improve the standard of academic staff to ensure that a modern learning focused classroom environment is implemented. Local universities should be encouraged to develop their own PhD candidates.
- Identify ways to improve the management and administration of Higher Educational Institutions. There is a lot of international know how in this area that can be shared and adapted in Vietnam.

## 3. Vocational Education and Training

The Government should continue improving the quality of vocational educational and training programs based on industry needs. For example, foreign owned enterprises in the manufacturing sector, that are contributing to Vietnam's economic development, require more skilled technicians who can do high precision processing and production engineers who can lead improvement of production lines. The activities of the Project for Human Resource Development of Technicians at Hanoi University of Industry (HaUI-JICA Project)<sup>1</sup> provided various useful lessons for the improvement of training programs in partnerships with industry. The Higher Engineering Education Alliance Program (HEEAP) that brings together government, academic, and industry to modernize Vietnamese public higher education in engineering is also relevant here. Some recommendations are as follows:

- It is suggested that the responsible government agencies, such as the General Department of Vocational Training (GDVT) under MOLISA, should encourage vocational training institutions to improve their programs by carefully analysing industry needs. The survey report drafted by the HaUI-JICA Project can be a good reference of industry needs analysis by a vocational training institution<sup>2</sup>.
- The Government should urge high schools to promote vocational training courses as a future option to their students. This can be achieved by cooperation with schools that provide vocational courses and enterprises who want to recruit skilled technicians. More technicians are needed by industry and the reality is that not all high

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<sup>1</sup> See the website of the Project for further details: <http://hau.edu.vn/en/hau-jicaproject>

<sup>2</sup> The report is available from: <http://hau.edu.vn/media/22/ufdownload22386.pdf>

school graduates will be able to enter university courses. In order to convince high school students and their parents of benefits from entering vocational courses, the Government and vocational training institutions should conduct the research on the career paths of vocational course graduates and examine if they would tend to face the “glass ceiling” between university and vocational course graduates in the middle of their careers.

- The Government should consider how graduates from vocational training courses can have a fair social and economic status in their careers, in close partnerships with business communities. The further promotion of skill evaluation and testing could be one solution for this. The national skill tests have been launched, on a pilot basis, in the field of mining, graphic designing, mechatronics, operation of machining centres, and operation of conventional lathes<sup>3</sup>. It is suggested that the Government should develop a sustainable mechanism of skill evaluation system for expanding this trial to nationwide in more trades, in consultation with business communities.
- The Government should organize awareness raising activities for changing people’s mindset that graduates of vocational training courses will fall into a low social status. At the same time, vocational training institutions should improve the training environment, in order to get rid of people’s image that their workshops are dirty and unsafe. Application of the 5S concept into workshops and lecture rooms would help them, as HaUI has started to implement in their campus<sup>4</sup>.
- The Government and vocational training institutions should consider how to attract more female students to courses such as machinery processing where few females students tend to apply. It seems that many companies want to recruit more female technicians or production engineers, even for the processes such as machining which used to have less female workers.
- In order to persuade more high school students to become interested in vocational training programs, it is suggested that the Government should improve the paths that vocational college graduates can transfer to university courses. Some universities have already started accepting vocational college graduates as transfer students, but they are still a minority<sup>5</sup>. If more universities would facilitate the transfer of vocational college graduates, more high school graduates would consider vocational courses as an option.

#### 4. The Management Structure of schools in relations to the Management of a Company

A clear cut approach to and segregation between such issues as legal status, managerial and operating mechanisms, etc between foreign-owned and Vietnamese educational institutions is needed.

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<sup>3</sup> For example, see the following website for the implementation of the skill test on machining center operation:

<http://haui.edu.vn/en/page/jicapproject/html/project-overview>

<sup>4</sup> 5S is a method for organizing a workplace, especially a shared workplace (like a shop floor or an office space), and keeping it organized. It is a reference to a list of five Japanese words which include SEIRI (Sort), SEITON (Set in Order), SEISO (Shine/clean), SEIKETSU (standardize), and SHITSUKE (Sustain/self-disciplined). Regarding HaUI’s 5S activities, see the following website: <http://haui.edu.vn/en/page/jicapproject/detail/53280>

<sup>5</sup> Refer to: Joint Circular No. 27/2010/TTLT-BGDĐT dated 28 October 2010 issued by the Ministry of Education and Training and the Ministry of Labour, Invalids and Social Affairs. At this moment, about 20 universities accept applications from graduates from vocational college students.

With regard to the current legislation in education there is difficulty in seeing the logic in the concept and approach to legal status, operation and management between a foreign-owned and a 100% Vietnamese educational institution. This leads to the undue difficulty to determine which regulations apply to foreign-owned institutions only; which apply to both foreign-owned and Vietnamese educational institutions; and which apply only to Vietnamese institutions. Please refer to the following examples:

a. Legal status (legal person status):

- Traditional understanding takes for granted that schools are public facilities established and financed by the government, and administered by a system of education regulators. However, as market liberalization is encouraged by the State, schools are also initiated by private entities and individuals (collectively called the private sector). As such, we need to change our perception as to who establishes, finances and runs a school. And accordingly, the law also needs to change to adapt to such new developments.
- The private sector responds to the government's market liberalization policy, where foreign investors are part of the mix. Apparently, domestic and foreign investments in education follow different procedures and regulatory systems, with varied legal status, and as a result, are subject to different administrative rules.
- Domestic investment in education: The State allows entities and individuals that are Vietnamese nationals to invest in, administer, and run schools under the supervision of education regulators. There are two key investment options available to Vietnamese investors:
  - (i) Investors setting up a legal status (company) and using that company to invest in, develop, manage and run one or more schools in different locations and provinces, OR
  - (ii) Investors investing in, developing, managing and running schools without an underlying legal entity or company.
- In respect of foreign investment in education, however: foreign investors have only one option as they must have the legal entity (company) first, then through the company, invest, develop, manage and run schools. They must acquire an investment certificate which recognizes the incorporation of the company and involvement in the investment project (the school).
- Given the varied investment modes mentioned above, the regulatory frameworks applied and legal status of the two types of investors are also entirely different. A school may be an independent legal entity OR a subsidiary unit that fall under the management of a specific company.
  - In case the investor invests in, develops, manages, and runs schools without an underlying legal entity (company), the schools are viewed as independent legal entities in line with Article 84, Civil Code, having their own assets, being self-accountable and may, on their own behalf, participate in different legal relations.
  - But in case an investor sets up a legal entity (company) first, then uses the company to invest in, develop, manage and run a school, the school will not qualify as an independent legal entity, since it has no assets of its own, cannot take responsibility for itself and act on its own behalf when engaging in legal relations, but instead it

relies entirely on the company's governance. If one school ceases to exist, the company is still there to run and manage many other schools. Based on the above analysis, it is safe to conclude that a foreign-invested school cannot be seen as an independent legal entity.

- The current regulatory system for education (from preschools to tertiary education) invariably identifies schools as independent legal entities, without discrimination depending on the different investment modes they follow. This approach creates ***conflicts between the Enterprise Law, Investment Law, and education-related normative documents***. Such conflicts of the law will make it difficult for the government to find a uniform way to regulate the school and company, which are two independent legal entities being responsible for their own activities.

*b. Difference of the management structures between the company and school (established and managed by the company)*

- Given the difference in the investment mode as discussed above, how the company and school (established and run by the company) are managed also varies. To be specific, in case the investor starts up a legal entity (company) and uses the company to invest in, develop, manage and run schools:
  - The company will be subject to the investment and enterprise laws; accordingly, the management system of the company often includes: the General Meeting of Shareholders (owners' council), Board of Directors and senior management.
  - Meanwhile, schools fall directly under the jurisdiction of education-related laws. Accordingly, the school's management system often features: an academic senate, faculties, etc.
- Decree 73, the legislative instrument that directly governs international partnership and investment, provides no specific regulations on the organizational structure and management of schools, or any clear cut managerial distinction between the company and school (formed and run by the company).
- Existing laws and regulations, including those on the school charter, organization, management and operation of schools (*it is unclear if these apply also to foreign-owned schools*) reveal some entirely out-of-sync regulations on the management systems for the school and company. It is very difficult to tell apart the management systems applied to the company and school, as overlaps in management even exist for both the company and school. For example, according to the school charter, the school's management system includes: the General Shareholder's Meeting, Board of Directors, Supervisory Board, academic senate, senior management, faculties, administration, party and mass organization committees, award and discipline board, advisory board, among others, while the company also has the General Shareholder's Meeting, Board of Directors, Supervisory Board and so on.

Existing rules on the management of schools obviously contains **inconsistency between investment and enterprise laws and sector-specific laws on education**. Investors are confused, not knowing which management system to adopt to make sure that they do not break the law. The government is in no better position since it has to deal with huge challenges in governance. More tellingly, this approach has been deep-rooted in the entire regulatory system from preschool to tertiary education levels.

*We suggest that particularly for foreign investment in education, the Ministry of Planning and Investment should act as the investment licensing agency and the Ministry of Education and Training, as the regulator of the education sector, should collaborate by introducing very specific rules and guidelines on the management system applicable to schools vis-à-vis the holding company (the investor in the school), to guarantee consistency between investment and enterprise laws and education-specific rules.*

## **5. The low percentage of Vietnamese students to be enrolled to International Programs in the FDI schools**

In accordance with Article 24.1, Decree 73, on admission of Vietnamese students, primary and secondary schools may accept Vietnamese students. However, the number of Vietnamese students in primary and middle schools must not exceed 10% the total student base, and 20% the total student base for high schools. These percentages are too low and make it difficult for the schools in their delivery of the classes, particularly in teaching different disciplines to Vietnamese students, or to be specific, mandatory disciplines. Some schools actually do not have that many foreign students.

In the current context of global integration, the demand of Vietnamese students to learn international programs is really significant. Many Vietnamese parents have little options other than sending their children overseas to learn at costs that are many times higher. We need to make full use of what we have locally and encourage Vietnamese students to learn in international schools that have the same quality as in other countries? The percentage restrictions above go against the demand and wishes of Vietnamese parents and students to learn in international educational programs.

In investment and operation licensing practices, these percentages have not been strictly observed, resulting in unfair and unhealthy competition between schools. Some foreign-owned schools are allowed to enroll unlimited percentages of Vietnamese students while others are not.

We propose that higher percentages of Vietnamese students are allowed to enter international schools to provide them with the opportunity to learn in advanced and international class educational environments, and also to make it easier for investors in the organization and delivery of training in various disciplines for Vietnamese students. This will help remove the discrimination of foreign-invested and Vietnamese schools.

## **Conclusion**

The Vietnamese economy continues to grow and this is of benefit to the citizens of Vietnam. Quality education and training is required to provide the skilled workforce to maintain this growth. As mentioned in our introduction this would require the combined efforts of relevant stakeholders working closely together to find effective solutions. The Education and Training Working Group, through the VBF, will continue with its commitment to assist Vietnam in achieving its economic potential.

We look forward to seeing progress in the above areas and again would like to thank the National Assembly for inviting us to present at this important meeting.