



**MINISTRY OF EDUCATION AND TRAINING**

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**NGUYEN DONG ANH XUAN**

**FINANCIAL MANAGEMENT AT PUBLIC UNIVERSITIES UNDER  
THE MINISTRY OF INDUSTRY AND TRADE IN THE CONDITION  
OF IMPLEMENTING FINANCIAL AUTONOMY MECHANISM**

**Major: Finance - Banking**

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**SUMMARY OF ECONOMIC DOCTORAL THESIS**

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## INTRODUCTION

### **1. The urgency of the research topic**

Throughout the course of history, our Party and State have always affirmed the key role of education and training in general and higher education in particular to the country's socio-economic development. The Second Plenum of the Eighth Session (December 1996), affirmed: “Truly considering education and training as the leading national policies; Investment in education is an investment in development”. In particular, Resolution No. 29-NQ/TW of the 8th Plenum of the Eleventh Session (November 2013) “On basic and comprehensive innovation in education and training, meeting the requirements of industrialization and modernization in the conditions of a socialist-oriented market economy and international integration” has emphasized: “Education and training are the leading national policies, the cause of the Party, the State and the entire people. Investment in education is a development investment, with priority given to socio-economic development programs and plans”.

The practice proves that finance is a very important factor affecting the quality of higher education, because the financial source is the basis for universities to invest in developing other resources such as people and facilities. - The decisive factors to the quality of higher education. However, State budget allocated to public universities for regular expenditures and investment is still limited, non-business income sources face the challenge of increasing competition in higher education, which requires improving the efficiency of financial management at public universities in Vietnam.

For public universities under the Ministry of Industry and Trade, formerly known as long-standing worker training, intermediate, and vocational schools in Vietnam which were upgraded from colleges to

universities in the period of 2004-2011. Therefore, the foundation of undergraduate, postgraduate training, scientific research and university administration experience in general, and financial management in particular of many universities still have certain limitations in the development process. Moreover, the implementation of the financial autonomy mechanism under the Government's Resolution No. 77/2014/NQ-CP dated October 24<sup>th</sup>, 2014, on piloting the renovation of operation mechanism for public higher education institutions in the period of 2014-2017, Government's Decree No. 16/2015/ND-CP dated February 14<sup>th</sup>, 2015 stipulating the autonomy of public non-business units, the Law on Amending and Supplementing a number of articles of the Law on Higher Education dated November 19<sup>th</sup>, 2018, Government's Decree No. 99/2019/ND-CP dated December 30<sup>th</sup>, 2019 detailing and guiding the implementation of a number of articles of the Law on Higher Education, which further imposes a need to improve financial management at public universities under the Ministry of Industry and Trade to enhance the mobilization and efficient use of financial sources, especially non-State budget sources.

From the aforementioned issues, an urgent task is conducting a basic and systematic research to find suitable solutions to improve financial management at public universities under the Ministry of Industry and Trade, promptly respond to the requirements of socio-economic development in Vietnam and in line with the trend of international economic integration. Therefore, the research of the topic "Financial management at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy mechanism" has meaning in both theory and practice.

## **2. Overview of research situation related to the thesis**

### **a) Research situation in foreign countries**

#### **- Research on financial management in higher education:**

Author Malcolm Prowolm & Eric Morgan (2005), "Financial management and control for higher education". Research by Marianne, C and Lesley, A (2000), "Financial management and resources in education". Tsang, M.C. (1997), "Cost analysis to create and evaluate better education policy". Besides, financial management research is associated with specific higher education institutions, such as the research of author Sulochana (1991), "Financial Management of higher education in India - Case study of Osmania University".

- **Research on university autonomy:** The practice shows that there are many researches with different perspectives on university autonomy depending on the level of development and awareness of each country about the role of higher education. According to Berdahl, Graham and Piper (1971), "university autonomy is the power of the University to control its own operations without external control". According to Don Anderson and Richard Johnson (1998), "university autonomy is the freedom of a higher education institution to run its own businesses without direction or influence from any level of government".

#### **b) Domestic research situation**

- **Research on financial management in higher education:** Author Dang Van Du (2004), "Solutions to improve the efficiency of financial investment for higher education in Vietnam". The thesis of author Le Phuoc Minh (2005), "Improvement of financial policies for higher education in Vietnam". The thesis of author Bui Tien Hanh (2006), "Improvement of financial mechanism to promote the socialization of education in Vietnam". Research by Nguyen Anh Thai (2008), "Improvement of financial management mechanism for universities in Vietnam". Author Nguyen Thu Huong (2014), "Improvement of financial management mechanism for high quality training programs in Vietnamese public universities". The research is quite "close" to the thesis topic of PhD students, including the thesis of

author Vu Thi Thanh Thuy (2012), "Financial management of public universities in Vietnam". The research of author Nguyen Minh Tuan (2015), "The impact of financial management on the quality of higher education - Case studies at universities under the Ministry of Industry and Trade". The thesis of author Truong Thi Hien (2017), "Financial management at public universities under the Ministry of Education and Training in Ho Chi Minh City in autonomy".

In addition, there are ministerial-level topics of author Vu Duy Hao (2005), "Improvement of financial management mechanism for public universities of economic sectors in Vietnam". Ministry-level topic of Pham Van Ngoc (2007), "Renovation of the financial management mechanism of Vietnam National University, Hanoi to meet development requirements till 2015 and vision to 2025".

- **Research on financial autonomy in higher education:** The research of author Mai Ngoc Cuong (2008), "Financial autonomy in current public universities in Vietnam". The thesis of author Tran Duc Can (2012), "Improvement of financial autonomy mechanism in public universities in Vietnam". The thesis of author Luong Van Hai (2011), "The role of the State in expanding autonomy of Vietnamese public universities".

### **c) Research gaps**

From the results of an overview of the research projects, the PhD students found that there are many quite comprehensive research projects on financial management in Vietnam and abroad, and issues related to financial management in higher education. However, there is no in-depth research of financial management in public universities under the Ministry of Industry and Trade. This has resulted in insufficient scientific grounds to propose solutions to improve financial management in the condition of implementing university autonomy in order to improve the efficiency of financial management and the quality of higher education, specifically:

- The above-mentioned researches only focus on Vietnamese public universities in general in the context that financial autonomy mechanism is not comprehensive, public universities are heavily dependent on the State budget; There are no in-depth researches on financial management for the characteristics of public universities under the Ministry of Industry and Trade, especially the context of competition in higher education is becoming more and more nowadays. Moreover, university autonomy has become an indispensable development trend in the world, the Government issued Resolution No. 77/2014/NQ-CP dated October 24<sup>th</sup>, 2014 on piloting the renovation of operation mechanism for public higher education institutions in the period of 2014-2017, Decree No. 16/2015/ND-CP dated February 14<sup>th</sup>, 2015 stipulating the autonomy of public non-business units, Law No. 34/2018/QH14 dated November 9<sup>th</sup>, 2018 amending and supplementing a number of articles of the Law on Higher Education.

- Researches on financial autonomy in particular and university autonomy in general in Vietnam in recent years have focused on researching and proposing macro solutions without many in-depth researches to propose micro solutions associated with specific conditions of public universities.

- In the current context, the State's mechanisms, policies and regulations have had many changes with strong international integration, some of the results and researches mentioned above are no longer appropriate. Therefore, it is necessary to research to find a solution that meets financial management requirements at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy.

### **3. Research purpose**

On the basis of researching and clarifying the basic theoretical issues on financial autonomy, financial management in public universities, the thesis surveyed, analyzed and assessed the situation of financial management at public universities under the Ministry of Industry and Trade, drawing out the achieved results, limitations and causes, thereby serving as a basis for proposing solutions to improve financial management at public universities under Ministry of Industry and Trade in the condition of implementing financial autonomy mechanism until 2025 with a vision to 2030 ”.

#### **4. Research subject and scope**

**a) Research subject:** Research on financial management issues at public universities under financial autonomy.

#### **b) Research scope**

- Research content: The research on financial management, financial management of public universities includes many management contents, but within the scope of research of the thesis, the author focuses on the management of revenues, expenditures, and management of financial results at public universities in the condition of implementing financial autonomy.

- Research space: The research on financial management at 05 (five) typical universities for 09 (nine) public universities under the Ministry of Industry and Trade, including Hanoi University of Industry and Industrial University of Ho Chi Minh City, Ho Chi Minh City University of Food Industry, Sao Do University, Quang Ninh University of Industry; thereby generalizing the status of financial management at public universities under the Ministry of Industry and Trade.

- Research period: Collecting data, analyzing financial management status at public universities under the Ministry of Industry and Trade mainly in the period of 2014-2018, proposing solutions to 2025 with a vision to 2030.



## **5. Research method**

### **a) Research methodology and methods**

- Dialectical materialism and historical materialism are used in the entire research process.

- Methods of analysis and synthesis are the key methods used in the research process. In addition, the thesis uses statistical and comparative methods.

### **b) Methods of data collection**

- Statistics and synthesis: This method is used to collect data on financial activities, personnel, facilities and learners at public universities under the Ministry of Industry and Trade. Data sources of the universities are collected, listed and synthesized from financial statements, annual reports ... and from the results of interviews and surveys at the relevant universities, ministries and branches.

- Interview with experts: This method is used to collect comments and assessments of officials of relevant ministries and branches and public servants and managers of universities to clarify research issues.

- Survey: Conducting surveys with 4 target groups: (i) Leaders of some Departments of the Ministry of Industry and Trade; (ii) University leaders; (iii) Head and deputy head of units of the University; (iv) Lecturers and experts. The questionnaire is designed based on the research contents of the thesis combined with 5-level Likert scale (From 1 - Strongly disagree to 5 - Strongly agree).

- Data processing: The collected data is processed by quantitative analysis software, data processing is to synthesize, analyze the data and produce research results.

## **6. Scientific and practical significance of the research topic**

Firstly, generalizing the researches related to the thesis topic, analyzing and clarifying the research gaps of the thesis topic.

Secondly, the thesis systematizes and enriches a number of basic theoretical issues on financial management at public universities in the condition of implementing the financial autonomy mechanism such as concept, characteristics and role of public universities; concepts, objectives, content, tools and factors affecting financial management at public universities in the condition of implementing financial autonomy.

Thirdly, the thesis summarizes financial management experience at public universities of some countries in the world such as the United States, Japan, and Korea to draw some lessons for Vietnam.

Fourth, the thesis generalizes public universities under the Ministry of Industry and Trade; summarizes, analyzes, demonstrates and draws some conclusions about the achieved results, limitations and causes of the state of financial autonomy and financial management at public universities under the Ministry of Industry and Trade in the period of 2014-2018.

Fifthly, the thesis presents the background, perspective and orientation of public higher education development; proposes 06 solution groups with specific solutions and 04 proposal groups to improve financial management at public universities under the Ministry of Industry and Trade in the near future. The proposed solutions are systematic, consistent with theoretical and practical basis.

## **7. Structure of the thesis**

Chapter 1: Theoretical basis for financial management at public universities in the condition of implementing financial autonomy.

Chapter 2: Current situation of financial management at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy.

Chapter 3: Solutions to improve financial management at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy mechanism.

**CHAPTER 1: THEORETICAL BASIS FOR FINANCIAL  
MANAGEMENT AT PUBLIC UNIVERSITIES IN THE CONDITION OF  
IMPLEMENTING FINANCIAL AUTONOMY**

**1.1. Public universities in the higher education system**

*1.1.1. Concept of public universities*

*1.1.2. Characteristics of public universities*

*1.1.3. The role of public universities in the higher education system*

**1.2. Financial management at public universities**

*1.2.1. Concept of financial management at public universities*

Within the scope of the thesis, the concept of financial management at public universities below is used as the basis for the research process. "Financial management at public universities is the management of the formation, use and distribution of financial resources through the planning, organization, control, inspection and supervision of financial activities under the financial management mechanism of the State to ensure funding for the task performance of public universities"

*1.2.2. The goal of financial management at public universities*

- Strictly complying with the regulations of the State on financial management.
- Developing financial sources for the University's activities.
- Using effectively financial resources.
- Improving the effectiveness of financial inspection and supervision.

*1.2.3. Contents of financial management at public universities*

*1.2.3.1. Management of revenue resources and levels*

*1.2.3.2. Management of the use of financial resources*

*1.2.3.3. Management of financial results for the year and use of funds*

*1.2.3.4. Asset management*

*1.2.4. Financial management tool at public universities*

- Financial policies of the State for public universities
- Financial plans of public universities

- Internal financial regulations of public universities
- Accounting regime applied at public universities
- Financial inspection and supervision

### **1.3. Financial autonomy mechanism and its impact on financial management at public universities**

#### ***1.3.1. Financial autonomy mechanism at public universities***

##### ***1.3.1.1. Concept of financial autonomy mechanism***

The financial autonomy mechanism for public universities is understood as the mechanism for empowering public universities to make decisions and take self-responsibility for financial activities, under which public universities are empowered to make their own decisions, take self-responsibility for revenue and expenditure and financial relations according to the degree of autonomy decentralized by the State.

##### ***1.3.1.2. Contents of financial autonomy mechanism***

- Autonomy mechanism on revenue sources and levels.
- Autonomy mechanism on the use of financial sources.
- Autonomy mechanism on the use of financial results
- Autonomy mechanism on asset management.

#### ***1.3.2. Impact of financial autonomy on financial management at public universities***

- Creating conditions for public universities to improve their autonomy and creativity in financial management.
- Diversifying revenue sources for public universities.
- Promoting the process of publicity and transparency in financial management.
- Creating motivation for public universities to compete healthily and improve the operational efficiency of the University.

### **1.4. Factors affecting financial management at public universities in the condition of implementing financial autonomy mechanism**

#### ***1.4.1. Group of objective factors***

- State policies and mechanisms for public universities

- National socio-economic development conditions

#### ***1.4.2. Group of subjective factors***

- Development strategy of public universities
- Trademarks and training quality of public universities
- Financial management organization at public universities
- Financial management capacity of public universities

### **1.5. International experience in financial management at public universities in the condition of implementing financial autonomy mechanism**

- Experience of the United States
- Experience of Japan
- Experience of Korea
- Lessons learned for Vietnam

## **CHAPTER 2: CURRENT SITUATION OF FINANCIAL MANAGEMENT AT PUBLIC UNIVERSITIES UNDER THE MINISTRY OF INDUSTRY AND TRADE IN THE CONDITION OF IMPLEMENTING FINANCIAL AUTONOMY**

### **2.1. Overview of public universities under the Ministry of Industry and Trade and the process of implementing financial autonomy**

#### ***2.1.1. Public universities under the Ministry of Industry and Trade***

##### ***2.1.1.1. History of formation and development***

Currently, the Ministry of Industry and Trade has 11 universities: 02 universities under the Group, 09 universities under the Ministry of Industry and Trade.

**Table 2.1: List of public universities under the Ministry of Industry and Trade**

Name	Year of foundation	Timeline to become university	Autonomy under Resolution 77
Hanoi University of Industry	1898	12/2005	07/2017

Viet - Hung Industrial University	1977	10/2010	
University of Economic and Technical Industries	1956	09/2007	05/2017
Electric Power University	1898	05/2006	09/2015
Industrial University of Ho Chi Minh City	1956	12/2004	06/2015
Ho Chi Minh City University of Food Industry	1982	02/2010	06/2015
Quang Ninh University of Industry	1958	12/2007	
Sao Do University	1969	03/2010	
Viet Tri University of Industry	1956	01/2011	

*Source: Summary of the author, July 2019*

Public universities under the Ministry of Industry and Trade were formed and developed on the basis of long-standing vocational training schools, professional intermediate schools and colleges in Vietnam, upgraded to universities in the period of 2004- 2011.

*2.1.1.2. Organization of apparatus and personnel*

*2.1.1.3. Teaching staff*

*2.1.1.4. Training, science and technology activities*

*2.1.1.5. Facilities*

*2.1.1.6. Characteristics of public universities under the Ministry of Industry and Trade*

***2.1.2. The process of implementing financial autonomy mechanism at public universities under the Ministry of Industry and Trade***

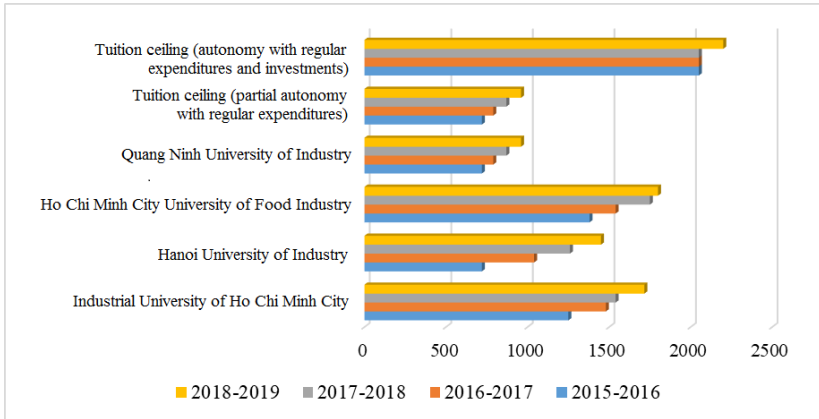
**2.2. Current situation of financial management at public universities under the Ministry of Industry and Trade in the condition of financial autonomy**

***2.2.1. Actual situation of managing revenue sources and levels***

*2.2.1.1. Actual situation of collection level of universities*

- Tuition and fee collection: In the period of 2010-2015, the tuition and fee collection levels for public universities under the Ministry of Industry and Trade shall comply with the Government's Decree No. 49/2010/ND-CP dated May 15<sup>th</sup>, 2010; From 2015 to now, the Government's Decree No. 86/2015/ND-CP dated October 2<sup>nd</sup>, 2015.

*Unit: 1,000 VND/ month/ student*



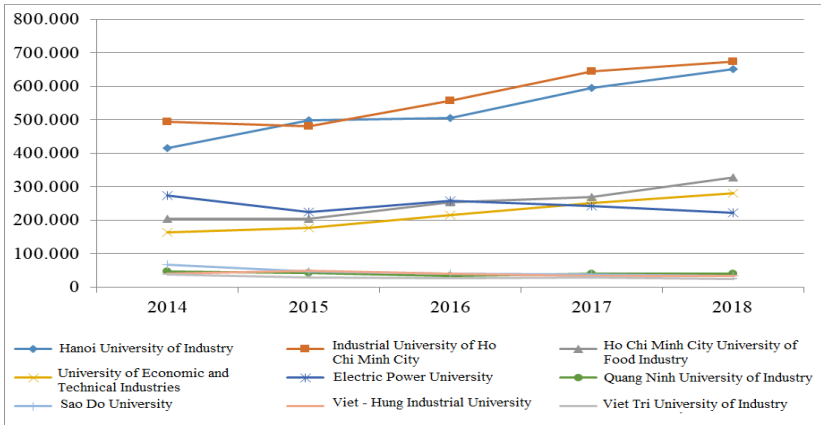
**Figure 2.7: Tuition fee collection levels of some universities (2015-2019)**

*Source: Summary of the author, 2015-2019*

- Revenue from service activities: The universities are allowed to decide on the collection level in principle to ensure the cost recovery and accumulation. The revenue is managed and used at commercial banks.

#### *2.2.1.2. Scope of revenue sources of universities*

- Based on the scope of the revenue source, the public universities under the Ministry of Industry and Trade are divided into 3 groups: (i) The group of universities with the large scope of revenues (over VND 600 billion/year): Hanoi University of Industry and Industrial University of Ho Chi Minh City; (ii) Group of universities with average scope of revenues (over 200 billion/year): Ho Chi Minh City University of Food Industry, Electric Power University, University of Economic and Technical Industries; (iii) Group of universities with low scope of revenues (less than VND 100 billion/ year), including 04 universities: Quang Ninh University of Industry, Sao Do University, Viet - Hung Industrial University and Viet Tri University of Industry.



**Figure 2.8: Scope of revenue sources of universities (2014-2018)**

*Source: Summarized from financial statements of the universities, 2014-2018*

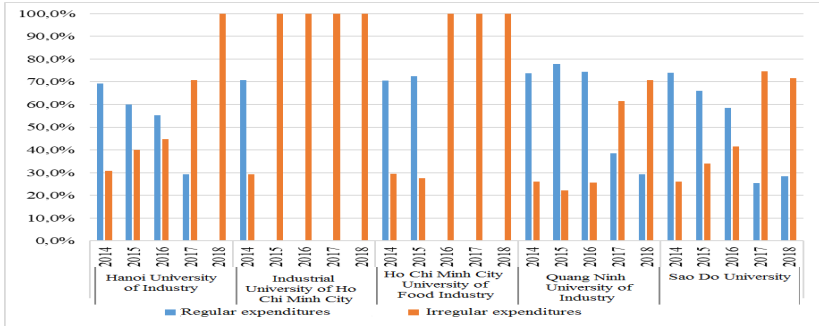
### 2.2.1.3. Structure of revenue sources of universities

- For autonomous universities with regular expenditures and investment under the Government's Resolution No. 77/NQ-CP dated October 24<sup>th</sup>, 2014: the State budget accounts for a very small proportion of less than 10%; non-business revenues account for a very large proportion of over 90%.

- For partially autonomous universities with regular expenditures under the Government's Decree No. 43/2006/ND-CP dated April 25<sup>th</sup>, 2006: the State budget accounts for a large proportion from 49.0% to 58,5%; The scope of non-business revenue sources is small and only accounts for 41.5% to 51% of the total revenue sources.

a) *State budget source*: The allocation of budget funding is through decisions on assignment of budget revenue and expenditure estimates. State budget funding for universities is through the State Treasury to control expenditures.



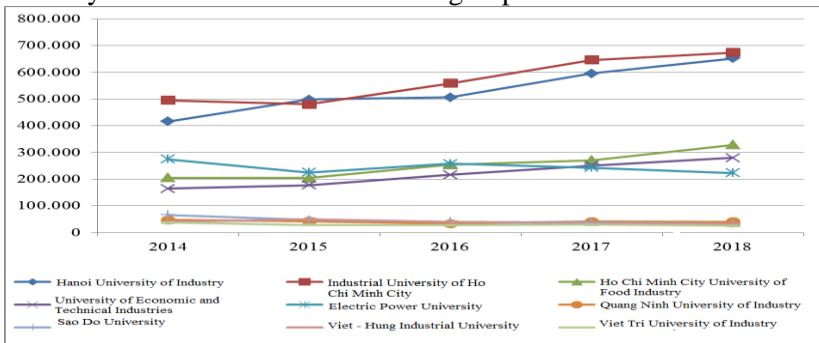


**Figure 2.10: Structure of allocation of State budget allocations to universities (2014-2018)**

Source: Summarized from financial statements of the universities, 2014-2018

*b) Non-business revenue sources of universities*

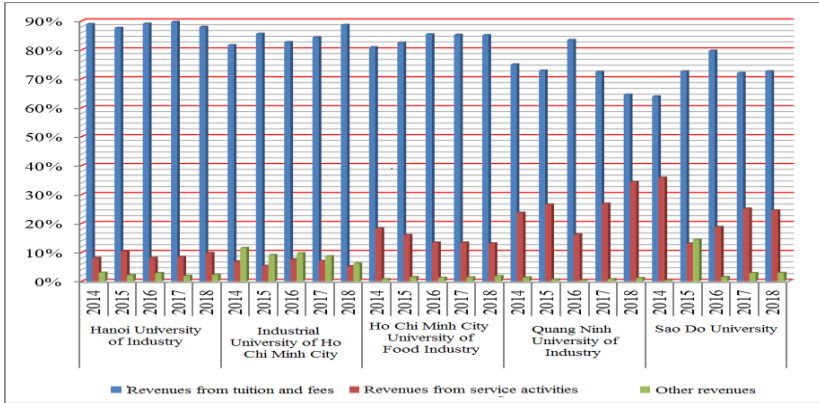
- Regarding the scope of non-business revenue sources: Non-business revenue sources of public universities under the Ministry of Industry and Trade are divided into 3 groups.



**Figure 2.11: Scope of non-business revenue sources of universities (2014-2018)**

Source: Summarized from financial statements of the universities, 2014-2018

- Regarding the structure of non-business revenue sources: The structure of non-business revenues of public universities under the Ministry of Industry and Trade has not changed significantly. Tuition and fee collection is still the main source of revenue for universities (accounting for 59.2% to 93.8% of total non-business revenues).



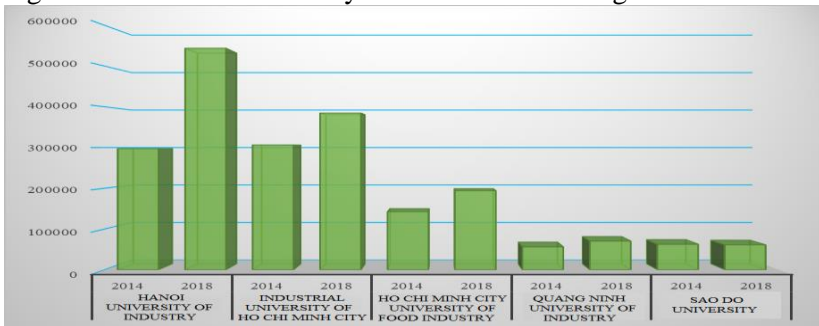
**Figure 2.12: Structure of non-business revenue sources of universities (2014-2018)**

*Source: Summarized from financial statements of the universities, 2014-2018*

**2.2.2. Actual situation of managing and using financial resources**

**2.2.2.1. Scope of expenditures**

The implementation of the financial autonomy mechanism has enabled the public universities under the Ministry of Industry and Trade to proactively prepare financial plans and financial revenue and expenditure estimates; proactively use financial resources to perform the tasks on the basis of complying with the State's regulations and the University's internal financial regulations.



**Figure 2.13: The situation of using financial sources of universities 2014-2018**

*Source: Summarized from financial statements of the universities, 2014-2018*

Financial resources used for expenditures of public universities under the Ministry of Industry and Trade for the period of 2014-2018 increase by 7.5% per year on average. Among 5 surveyed universities: Hanoi University of Industry had the largest average increase of 16.9%; Sao Do University had the lowest average increase of 2.5%. Financial resources used to allocate expenditures of public universities under the Ministry of Industry and Trade have different scopes and are divided into 3 groups:

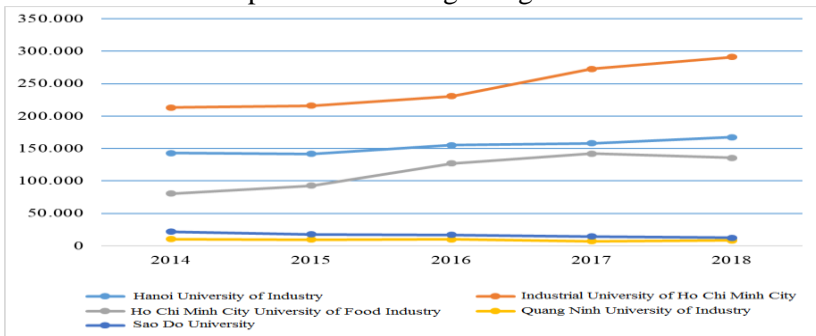
#### *2.2.2.2. Structure of regular expenditures*

At different stages, the level, content and structure of regular expenditures of public universities under the Ministry of Industry and Trade differ and the proportion among expenditure groups depends on strategy, goals and socio-economic conditions of each period.

#### ***2.2.3. Actual situation of managing financial results in the year and agency funds***

##### *2.2.3.1. Results of difference between financial revenues and expenditures*

Every year, on the basis of financial results, after paying all expenses, taxes and making other payments as prescribed by the State, the universities determine the difference between revenues and expenditures. The difference between revenues and expenditures shall be used to set up funds according to regulations.



**Figure 2.24: Results of difference between financial revenues and expenditures of universities (2014-2018)**

Source: Summarized from financial statements of the universities, 2014-2018

2.2.3.2. The situation of using financial results in the year and funds

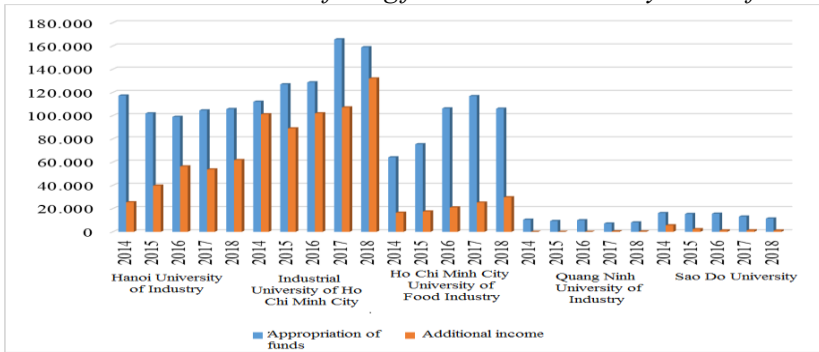


Figure 2.25: The situation of using financial results (2014-2018)

Source: Summarized from financial statements of the universities, 2014-2018

The structure of fund allocations in universities has strong divergences, largely depending on the scope of the revenue sources and the allocation and use of revenue sources of universities.

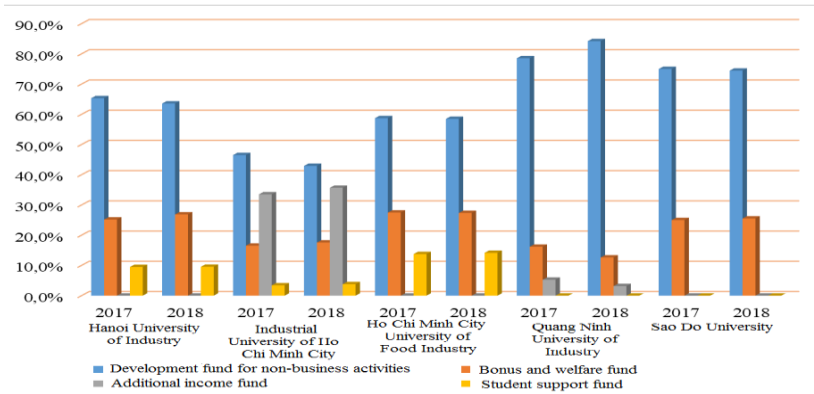


Figure 2.26: Appropriations for agency funds at universities (2014-2018)

Source: Summarized from financial statements of the universities, 2014-2018

2.2.4. Real situation of asset management

In the process of building and developing universities, the assets of public universities under the Ministry of Industry and Trade are

constantly invested and developed in both quantity and value with diversified sources of formation.

### **2.3. Assessment of the real situation of financial management and financial autonomy mechanism at public universities under the Ministry of Industry and Trade**

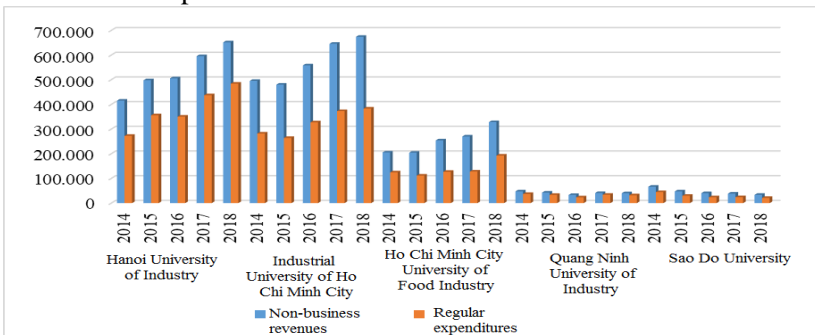
#### **2.3.1. Achievements**

##### *2.3.1.1. Regarding management of revenue sources and levels*

For universities in big cities, with favorable geographic location, brand name and piloting the renovation of operation mechanisms such as Hanoi University of Industry and Industrial University of Ho Chi Minh City has a great non-business revenue source and growth over the years. In particular, non-business revenue source of these universities is higher than before the pilot implementation of operational mechanism renovation.

##### *2.3.1.2. Regarding management and use of financial resources*

The data in Figure 2.28 shows that the non-business revenue of public universities under the Ministry of Industry and Trade is now able to ensure regular expenditures and there is a difference between revenue and expenditure.

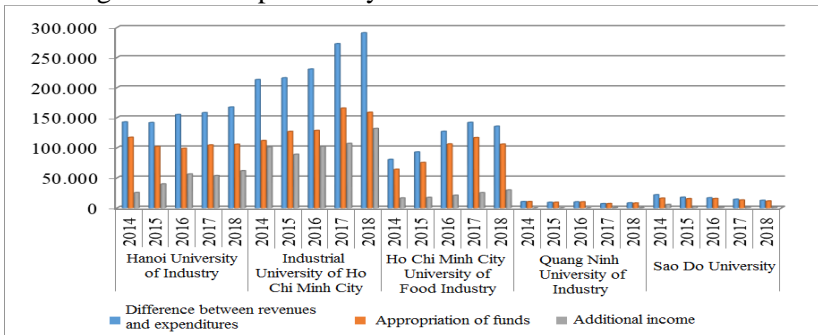


**Figure 2.28. Comparison of non-business revenues and regular expenditures of universities**

*Source: Summarized from financial statements of the universities, 2014-2018*

### 2.3.1.3. Regarding the management of financial results in the year and funds

The difference between financial revenues and expenditures of universities always ensures greater revenues than expenditures. Especially, for the universities piloting to renovate the operating mechanism, the difference between revenues and expenditures exceeds the plan and financial quality of most of the following year the is higher than the previous year.



**Figure 2.29: Financial results of universities (2014-2018)**

*Source: Summarized from financial statements of the universities, 2014-2018*

### 2.3.1.4. Regarding asset management

Most universities manage and use State assets, make investments and procurements using State budget capital and non-business revenue as prescribed.

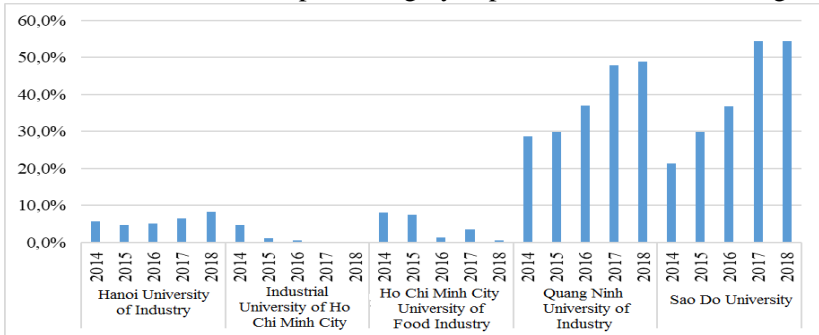
*2.3.1.5. The system of legal documents on autonomy mechanism and financial management has been gradually institutionalized, completed and implemented.*

### 2.3.2. Shortcomings and limitations

#### 2.3.2.1. Regarding management of revenue sources and levels

- Revenue source from State budget: A number of public universities directly under the Ministry of Industry and Trade in their localities due to low socio-economic development conditions that directly affect training and research activities. Therefore, it is difficult

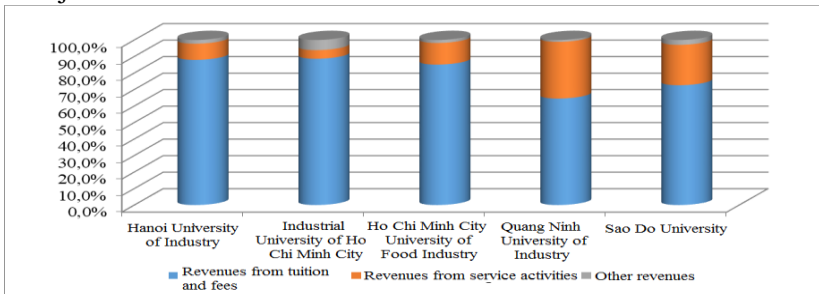
to mobilize financial resources outside the State budget, financial resources are small in scope and highly dependent on the State budget.



**Figure 2.30: Proportion of State budget allocations to total revenues of universities**

*Source: Summarized from financial statements of the universities, 2014-2018*

- Non-business revenue source: At present, non-business revenue source of universities mainly depends on tuition and fees and become a major revenue source from non-business activities.



**Figure 2.31: Structure of non-business revenue source of universities in 2018**

*Source: Summarized from financial statements of the universities, 2018*

### 2.3.2.2. Regarding management and use of financial resources

The structure of expenditures of most public universities under the Ministry of Industry and Trade is unreasonable, individual payment expenses of many universities account for a large proportion (over 50% of total expenditure) but the average income of workers in

partly autonomous universities with regular expenditures is low, mainly salary based on rank and position. On the other hand, due to the limited financial resources, the investment in facilities is still inconsistent, the use efficiency is not high.

*2.3.2.3. Regarding the management of financial results for the year and funds*

The appropriation of funds of a number of public universities under the Ministry of Industry and Trade is still inappropriate, sometimes accounting wrongly or using the fund for improper purposes. The payment of additional income is equal, not based on the results of the annual classification of civil servants, public employees and workers, not ensuring the principle that employees with high labor efficiency, greatly contributing to increase income, savings will be paid more.

*2.3.2.4. Regarding asset management*

The investment in construction and asset procurement sometimes lacks of synchronism, the cost of maintenance and repairs is high while the use efficiency is not high.

***2.3.3. The cause of the limitations and shortcomings***

*2.3.3.1. Objective causes*

- The legal basis for financial autonomy is not comprehensive and consistent.
- The mechanism of state budget allocation and tuition policy is not appropriate.
- The socio-economic conditions of some localities where the universities are headquartered for training and development are not high.

*2.3.3.2. Subjective causes from internal affairs of public universities under the Ministry of Industry and Trade*

- Foundation of training, scientific research, university administration experience in general, financial management in particular of many universities is limited.
- Some internal financial management tools of universities have not been effective.



- The organizational capacity of financial management apparatus of some universities is limited.

**CHAPTER 3: SOLUTIONS TO IMPROVE FINANCIAL  
MANAGEMENT AT PUBLIC UNIVERSITIES UNDER THE MINISTRY  
OF INDUSTRY AND TRADE IN THE CONDITION OF  
IMPLEMENTING FINANCIAL AUTONOMY MECHANISM**

**3.1. Background, objectives and viewpoints of higher education development and financial management improvement at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy mechanism**

**3.2. Solutions to improve financial management at public universities under the Ministry of Industry and Trade in the condition of implementing financial autonomy mechanism**

***3.2.1. Group of solutions to improve management of revenue sources and levels***

- Expanding autonomy on tuition and fee collection.
- Improving the quality of training and scientific research - The basis for universities to increase non-business revenue source.

- Increasing mobilization of financial resources from organizations and individuals.

- Mobilizing resources from former students, students and trainees.

***3.2.2. Group of solutions to improve management and use of financial resources***

- Renewing the structure of using financial sources.

- Expanding autonomy in using financial resources.

***3.2.3. Group of solutions to improve management of financial results for the year and agency funds***

***3.2.4. Group of solutions to improve management of assets***

***3.2.5. Group of solutions to improve management of financial management tools***

- Improving the effectiveness and efficiency of internal expenditures regulations

- Completing the financial planning

- Completing accounting and auditing

- Improving the effectiveness of financial inspection and supervision

### ***3.2.6. Group of solutions to improve financial management capacity***

- Enhancing the role, effectiveness and efficiency of the University Council
- Strengthening publicity, transparency and accountability in financial activities
- Innovating financial management according to social enterprise management model

management model

- Enhancing the capacity and qualifications of the financial management team in public universities

- Enhancing the application of information technology in financial management.

### **3.3. Some recommendations to the State**

- Improving financial autonomy mechanism in public universities.
- Renewing the mechanism of state budget allocation.
- Completing the tuition policy, financial support policy for students.
- Completing the policy of socializing the financial resources for investment and development of higher education.

## **CONCLUSION**

Financial autonomy plays a fundamental role for the effective and sustainable implementation of other aspects of university autonomy. In particular, improvement of financial management plays a very important role in the implementation of financial autonomy. This is a key issue, in order to ensure that the process of autonomy and self-responsibility is implemented fully, objectively and transparently. For public universities under the Ministry of Industry and Trade, the process of implementing financial autonomy still faces difficulties and challenges. This research has proposed solutions to improve financial management to help public universities under the Ministry of Industry and Trade to increase non-state budget revenues and determine reasonable revenues; determine appropriate expenditures contents and levels; establish and use funds to pay workers' incomes in order to better meet the development requirements of public universities under the Ministry of Industry and Trade in the coming time.

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