

Chapter 1

INTRODUCTION

Background

The *doimoi* (renovation) policy implemented since 1986 has created an appropriate environment for democratisation and decentralisation in Vietnamese society. Policy making has emerged as a primary concern of governmental bodies and has become a scientific interest. Many policies have failed to reach their objectives. Reasons for failure are not scientifically analysed. Anyone involved in policy making, policy implementation or experiencing the benefits or other consequences of policy could offer some response to the problem. The critical activity fundamental to this research is to gather enough information upon which an analysis of a policy process and policy outcome can be based.

The choice made by the writer followed an association with and interest in policy problems and policy research in education. The Vietnamese National Institute for Education Development where the writer works is a research and development institution responsible for policy studies in education. Looking for solutions to the policy problems in education in the transitional period has become a primary concern of the Institute and its staff.

The Statement of the Problem and Aims of Research

The fact is that there has been no systematic research on higher education policy in Vietnam. This study focuses on an analysis of policy on privatization in higher education, as a recently emerging issue in Vietnamese higher education.

The major purpose of the study is to provide an analytical description of the existing policies in relation to privatization in Vietnamese higher education, to find out how these policies were made and are being implemented, and finally to show how effective these policies have proved to be. The ultimate objective of the study is to provide policy makers and policy implementers with information about policy on privatization and enable them to improve policy making in Vietnamese higher education.

Research Questions. In order to reach the objectives mentioned in the statement of the research problem and aims, this study attempts to answer the following questions:

1. What are the existing policies that are of critical importance to the development of the non-public sector in Vietnamese higher education?
2. How are the existing policies on privatization in Vietnamese higher education made and implemented?
3. To what extent have the objectives of the policies on privatization in Vietnamese higher education been achieved?

Scope and Limitations imposed

Hogwood and Gunn (1986:27-29) divide approaches to the analysis of public policy into seven categories: study of policy content, study of policy process, study of policy outputs, evaluation studies, information for policy making, process advocacy and policy advocacy. This study is seen as a combination of studies of policy content, policy process and policy outputs. The ultimate objective is to improve the policy making in Vietnamese higher education. Each question formulated in this study can be seen as a sub-problem or a step towards the solution to the identified problems. The policy on privatization in higher education is considered as a subject of the study, the generalisations of which could be used for policy making in Vietnamese higher education.

Concepts used

The term "policy" is used in many ways to refer to a highly diverse set of activities. It is used as a field of activities "economic policy", "foreign policy", "educational policy" etc. Some writers distinguish between policies, goals, decisions and laws, while others often use these terms interchangeably. In this study we use the term "policy" derived from works of Hogwood and Gunn (1984:22), and Harman (1980:56), as a course of action or inaction towards the accomplishment of some intended or desired end.

There is also confusion over the term "policy making", especially in relation to other policy activities. Some scholars consider "policy making" as one stage in the policy process, while others use the term interchangeably with policy process which includes some components such as policy formulation, policy implementation and policy evaluation. As Harman (1980:58) prefers, we use the concept of "policy process" as a whole, which can be divided into components or stages; one of these is policy making.

The term "policy evaluation" is used to mean "*the appraisal of policies in the light of data collected by standardised research procedures*" (Crane, 1982:1).

Conceptual Framework.

A conceptual framework is a set of concepts which serves to focus the investigation, providing a guide to the formulation of sub-problems and research design as well as to the organisation and analysis of findings (Hocking & Calcwell, 1990:7).

The aim of this study is based on an understanding of the influence of political, cultural, economic and behavioural factors on policy process in higher education. Policy making is related, first of all, to politics as a field of study. Traditionally political science focused its attention primarily on the institutional structure and

philosophical justification of government. Today the focus of political science is shifting to the description and explanation of the causes and consequences of government activities including public policy (Dye, 1978:5-6).

Policy, as considered in the literature (Adam, 1973; Harman, 1973; Beare, 1987; Simpkins, 1988; Scott, 1985), is a process in which governments, political parties, interest groups and the general public, each with different power, influence policy and policy making in different ways. There is a clear connection between politics and policy making, politics and exercise of power. Baldrige (1971), when studying a global change in the New York University, shows that the change went through a political struggle for the new goals, structures and policies. Administrators, students and academic staff are considered as political forces in the policy process. As any policy process, the policy on non-public higher education in Vietnam should be considered in the political context and determined by political forces in the country.

Culture is an important factor influencing policy making and policy implementation. Kluckhohn (1962) provides a cognate definition of culture.

Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiments in artefacts; traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditioning influences upon further action.

The importance of this statement for the present study is to place emphasis on the norms, the values and the symbols of human groups that contribute to formulation and implementation of policy and influence policy direction.

The sociological and psychological bases of individual and group behaviour, functioning of interest groups and political parties and the description of various

processes and behaviours in the legislative, executive, and judicial areas are to be taken into account in this study.

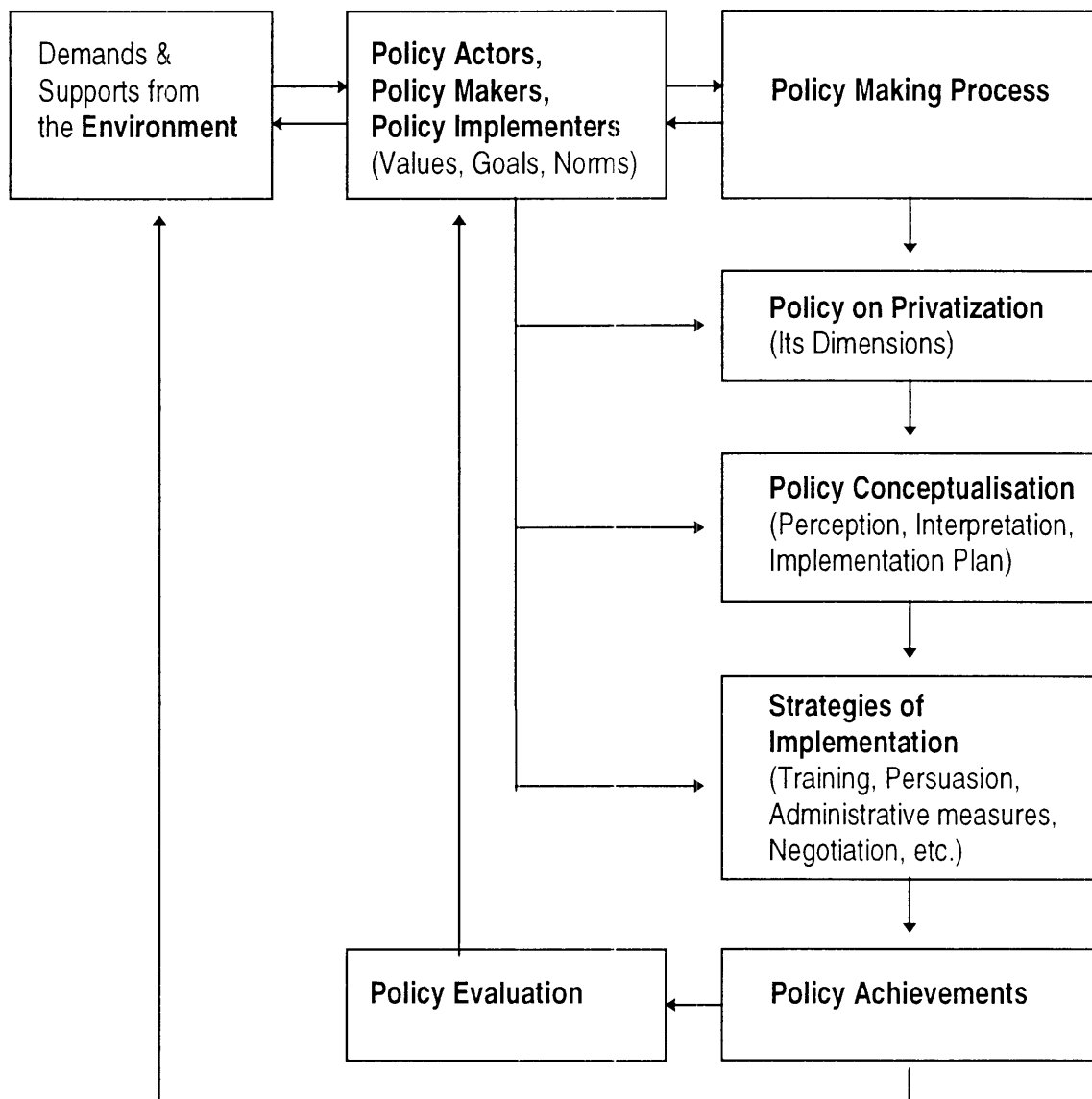
The economic concepts such as cost-benefit analysis, cost-effectiveness analysis, efficiency and economic opportunity should be used in the policy appraisal and in the comparison of public and private approaches in education (Harrold, 1982).

Policy also can be examined from the perspectives of political system models (Jennings, 1977), system theory, elite theory, groups theory, rational decision-making theory, incrementalism, game theory and institutionalism (Dye, 1978; Harman, 1980). The use of some of these models is necessary for analysing policy on non-public higher education in this study.

The diagram 1.1 illustrates the policy process and describes the relationship between its components. Under pressure of the external environment and the needs of the internal environment, policy issues emerge. Based on accepted values, goals and norms, policy makers reach policy decisions through the policy making process. A policy is formulated as a result of discussion, debate and compromise. Then, the policy is interpreted by policy makers and policy implementers and it should be correctly perceived by the "audience". The plan and strategies of policy implementation are formulated. After implementation, some objectives of the policy could be achieved, others could not. Information on policy evaluation goes back to the policy makers and policy implementers, and consequently, some redirection or amendment may take place. The policy achievement also affects the environment and changes the pressure on the policy makers and policy implementers. New issues may emerge and the policy process starts again.

Diagram 1.1

The Conceptual Framework for Policy Analysis



Source: Adaptation from Silva (1990:79)

Modes of Inquiry

Given the constraints of the policy on non-public higher education in Vietnam as a newly formulated policy area and the short time given to this research, an appropriate triangulation for data collection methods was designed. This kept the policy on non-public higher education and its process of making, implementing and

evaluating policy in focus. An outline of the three principal methods of data collection follows.

Data obtained from documentary evidence formed one point of the triangle. These documents included resolutions of the Communist Party of Vietnam (CPV), regulations issued by the Prime Minister and the Minister of Education and Training and other published and non-published materials concerning the policy on non-public higher education. Most of these documents were obtained personally through direct contact with related agencies or persons or in libraries. Where necessary, clarification was obtained from officers of agencies or institutions.

The second mode of data collection, the one with the greatest potential for providing useful data, was the series of interviews using fundamentally semi-structured schedule (see appendixes 1 & 2). These interviews were conducted with nine senior officers from the Ministry of Education and Training (MOET) and one from the Government office who were directly involved in the process of policy making and policy implementation at any stage of the policy process as key actors or representatives of educational bodies. It was also possible to interview 12 persons from 4 non-public higher education institutions (HEIs). They were all senior officers of these institutions who were and are involved mostly in the process of policy implementation.

The third kind of data collected is statistical. Blank data sheets (see appendix 3) designed to collect necessary statistical data were sent to non-public institutions of higher education or educational agencies. This information mostly was about finance, income, expenditure, number of students enrolled, facilities and equipment. Any clarification regarding statistical data that were ambiguous or incomplete was undertaken during personal visits to institutions and MOET departments.

This triangulation of data collection methods provided interlocking data. Data analysis was undertaken progressively and is reported in each chapter. The significant events of the process, the roles played by the different policy actors, the influence of internal and external factors on the policy process, the impact of how policies were made on their implementation, as well as substantive outcomes were analysed. The assessment of the policy was made based on the evidence of policy outcome in order to make clear the effectiveness of the policy. Criticisms and suggestions made by respondents were analysed for building up recommendations for further revision of policies on non-public higher education and policy making in higher education.

Overview of Thesis

The thesis includes seven chapters. The next chapter, Chapter 2, presents Vietnamese higher education in reform. After brief presentation of the historical background, the chapter presents issues that Vietnamese higher education is dealing with and its response since the *doimoi* policy was implemented.

Chapter 3 presents the general policy making context; it focuses on the four policy areas in higher education: policy on academic area, policy on structure and management in higher education, policy on staffing, and policy on finance and resource allocations; and to some extent, it also discusses how these policies are taking shape in several countries in the world and their major directions. In this chapter policy on privatization in higher education is emphasised.

Chapter 4 is the first of several that analyse collected data about policy on privatization in Vietnamese higher education. Its focus is on main policy changes since the *doimoi* policy was implemented, main objectives of the policy on privatization in education, issues and premises for development of non-public higher education, and regulatory framework for operations of non-public HEIs.

Chapter 5 presents major policy making bodies in Vietnam and the process of making and implementing policy on non-public higher education. This process includes 5 phases: issue emergence, policy formulation and authorisation, policy implementation, policy evaluation and policy redirection. Data analysed in this chapter were collected mostly by interviewing senior officers from MOET and the Government Office.

Chapter 6 focuses on analysis of the outcome of the policy on non-public higher education. In this chapter, the shortcomings of the policy and the regulatory framework governing operations of non-public HEIs are discussed and measures for further development of non-public higher education in Vietnam are suggested.

Chapter 7 brings together the principal outcomes of the study. Most of these were related directly to the policy on non-public higher education, while some others reflect on the emerging change in the policy on higher education. One firm conclusion is that the scope for further research on the policy on non-public higher education is extensive.

This thesis has gathered evidence on the policy on privatization in higher education as a recently emerging issue in Vietnamese higher education. This is one of the first studies focusing on policy in Vietnamese higher education. The contribution that the thesis makes is to enhance the understanding of policy and policy process in higher education, issues to be addressed, phases to go through and people to consult with. The result of the study is expected to help policy makers and policy implementers to improve policy process in Vietnamese higher education and make them recognise the importance of policy studies as a scientific basis for any policy enhancement in education.

Chapter 2

VIETNAMESE HIGHER EDUCATION IN REFORM

Historical Background

The history of Vietnamese higher education can be divided into three major periods: Confucian education (1076-1917); higher education in the period of colonialism and the war of resistance against France and the USA (1917-1975); and higher education after unification of the country (from 1976 to the present).

The first period began in 1076, when the first higher education institution - the Royal College was established in the Temple of Literature in the Capital of Thang Long (now Hanoi). In this College, the sons of higher dignitaries received moral education and training. Later, in 1253, the Tran dynasty also established the National Institute of Learning in the Temple of Literature for selected princes and excellent commoners for training as mandarins (Pham Minh Hac, 1995:43). Chinese classical characters known as *chu nho* were used in those institutions. From about the thirteenth century, a Vietnamese system of writing, *chu nom* or simply *nom*, was developed. Both writing systems continued until the twentieth century: *chu nho* was used for official business and scholarship, while *chu nom* was used for popular literature.

Examination was the only means for selecting people for feudal bureaucracy. In 1075, the first examination, an important landmark in the history of development of Confucian education, was implemented. The competitive examination was implemented fully and included the following elements: *thi huong* - the inter-provincial competitive examination; *thi hoi* - the pre-court competitive examination; and *thi dinh* - the prestigious court competitive examination organised in the capital city Thang Long.

Graduates of the inter-provincial competitive examination were bestowed with the title *cu nhan* (licentiate) if they passed four examinations or *tu tai* (bachelor) if they passed three examinations. Since 1374, graduates of the pre-court competitive examination were granted the title of *tien si* or doctor. Since 1829, this title was reserved for graduates of the pre-court competitive examinations who were of high rank and were allowed to participate in the court competitive examination. Other graduates who were not allowed to participate in the court competitive examination obtained only the title *pho bang* or junior doctor. For those who were successful in the court competitive examination, four titles were awarded: *trang nguyen*, being the first rank doctorate and first laureate; *bang nhan*, being a first rank doctorate and second laureate; *tham hoa*, being a first rank doctorate and third laureate; and the remaining candidates who passed all four competitive examinations obtained the title of doctor, namely, *tien si* (Pham Minh Hac, 1995).

In the first stage of colonialism, the French maintained the feudal system of Confucian education. After 1917, when the first Education Act was promulgated, the Chinese script was not taught in schools and the inter-provincial and pre-court competitive examinations were abolished. The education system of Vietnam imitated the French one. Under French colonialism, the following colleges were established: College of Medicine and Pharmacy (1902), Teacher Training College (1917), College of Veterinary Medicine (1918), College of Law and Administration (1918), College of Agriculture and Forestry (1918), College of Civil Engineering (1918), College of Fine Arts and Architecture (1924), College of Literature (1923) and the College of Experimental Science (1923). In 1939, the University of Indochina was established, including the College of Medicine and Pharmacy, College of Law and Administration, College of Science, College of Fine Arts, College of Agriculture and Forestry, and, College of Veterinary Medicine. Enrolments were small. Total students enrolled at these colleges were fewer than 1000 people. Vocational training at that time did not constitute a separate system (Nguyen Danh Binh, 1995:14).

During the war of resistance against the French Colonialists, 1945-1954, there was a partition of the whole country into two areas: the French controlled areas and

the liberated areas. In the former areas, higher education remained the same as in the period of French colonialism. In the liberated areas, the Vietnamese Government paid attention to the development of colleges or classes at university level, such as: two classes of general mathematics; the College of Foreign Languages begun in 1947; College of Law begun in 1948; the College of Engineering begun in 1947; the College of Fine Arts begun in 1949; and the College of Medicine and Pharmacy developed in the early 1950s. In 1950 three university centres developed in the province of Thanh Hoa, in the inter-provincial area of Viet Bac and in Nanning - a province of China. After 1954, the three universities were unified into the University of Hanoi.

In the period 1954-1975, the North of Vietnam was an independent nation. In South Vietnam, the cities and part of the countryside were controlled by the Saigon regime, but the rest was regarded as liberated areas. In the academic year 1974/75, in the North, there were thirty higher education institutions. Because of war, many of these institutions were divided into small colleges and some were relocated to the countryside. Before reunification of the country, in South Vietnam, there were four public universities located in Saigon, Hue, Can Tho and Thu Duc; three public community colleges in My Tho, Nha Trang and Da Nang; and seven private tertiary education institutions in various locations (Do Ba Khe, 1974). All HEIs in the South were organised along the lines of the American model of higher education.

After reunification of the country in 1975, all colleges and universities were united into one national system, based on the Soviet model of higher education. Only in the Sixth Congress in 1986 the philosophy of CPV was fundamentally changed to move from a centrally planned economy to a market economy. In responding to this socio-economic change, the higher education system began, in 1987, a series of important policy initiatives in keeping with national policies for renovation. Principal among those was the acknowledgment that higher education programs should be aimed at serving not only the state and the collective economic sectors, but also all other economic sectors; that the budget for higher education should be based not only on the allocation of finance by the State but also on the mobilisation of other resources, including payment of tuition fees; that the scope of higher education and

training should develop on the basis of diversity of training forms ; and that at the same time, the development of formal training should follow a more rational and systematic pattern which would ensure both quality in education and also satisfy new and emerging requirements of the society and economy (Tran Chi Dao et al, 1995).

Issues and Response

For historical reasons, the system of higher education in Vietnam has only few multi-disciplinary universities; the dominant pattern is mono-disciplinary institutions. The network is poorly funded, fragmented and divided into the following groups: Comprehensive Basic Sciences; Education; Technical; Agriculture, Forestry and Fishery; Economics; Foreign Languages and International Relations; Health, Physical Education and Athletics; Culture and Fine Arts (Do Ba Khe, 1995:145). Before reform, higher education institutions in Vietnam could be classified as follows:

- Multi-disciplinary institutions which provide degree programs in the basic disciplines (natural sciences, social sciences and humanities) with one or two universities also offering programs in medicine and agriculture (Can Tho University) or Law (University of Hanoi, University of Ho Chi Minh City);
- Specialised institutions of technology (both mono- and multi-disciplinary) in such areas as engineering, agriculture - forestry - fishery, economics, medicine, pharmacy, sports;
- Cultural and art colleges;
- Local multi-disciplinary colleges;
- National teacher training colleges;
- Both national and provincial junior teacher colleges;
- Other provincial and junior colleges.

Of 103 HEIs in Vietnam, thirty nine were responsible to MOET and the remainder were responsible either to other ministries or to provincial authorities.

The single most critical issue facing higher education derives from the big number and small size of institutions and their lack of integration at the system level. Based on the earlier decision to follow the eastern block model of higher education with specialised, usually mono-disciplinary institutes, many colleges and universities are too small, academically dispersed, and unarticulated to make the most efficient use of resources.

In responding to this structural issue, the Vietnamese Government is reorganising the higher education system by (a) establishing large multi-disciplinary universities offering many programs; (b) developing a system of community colleges to function as cultural, scientific centres in the community and to meet the need of the community; and (c) establishing an articulation system between community colleges and universities (Lam Quang Thiep, 1993:17). Two national multi-disciplinary universities have been established in Hanoi and Ho Chi Minh City based on amalgamating various mono-disciplinary institutions. Specialised and mono-disciplinary HEIs were amalgamated to form three regional universities in Thai Nguyen, Hue and Da Nang. At the provincial level, the idea of community college - a kind of provincial multi-disciplinary HEIs was put into practice. Some communities colleges are being established and the idea of reorganisation of post-secondary education at the provincial level is warmly welcomed by local authorities and local communities.

In administration and management, the renovation policy in higher education is mostly based on the idea of decentralisation and deregulation. The HEIs have more autonomous rights in selecting new academic staff, staff appointments and promotions. The part of finance coming from the State is still strictly controlled by the MOET Department of Planning and Finance. Distribution of income from other sources is under power of individual HEIs (MOET, 1992).

In respect of curricular and other related academic matters, all HEIs are under supervision of MOET and its departments. Prior to 1987, MOET was responsible for organising the entry examination throughout the country for all HEIs. It intervened in student admission, the setting up of examination requirements, core curricula, the granting and recognising of degrees. Since 1987, responsibility for these matters has been transferred to individual HEIs. Since 1991, the Open Universities in Hanoi and Ho Chi Minh City have tried successfully to create new programs in foreign languages, computer science and business administration. The students have to gain not only theoretical knowledge - a strong point of the Vietnamese education system - but must also develop ways of thinking and working which are appropriate for practical use in employment after graduation (Berlie, 1995:160).

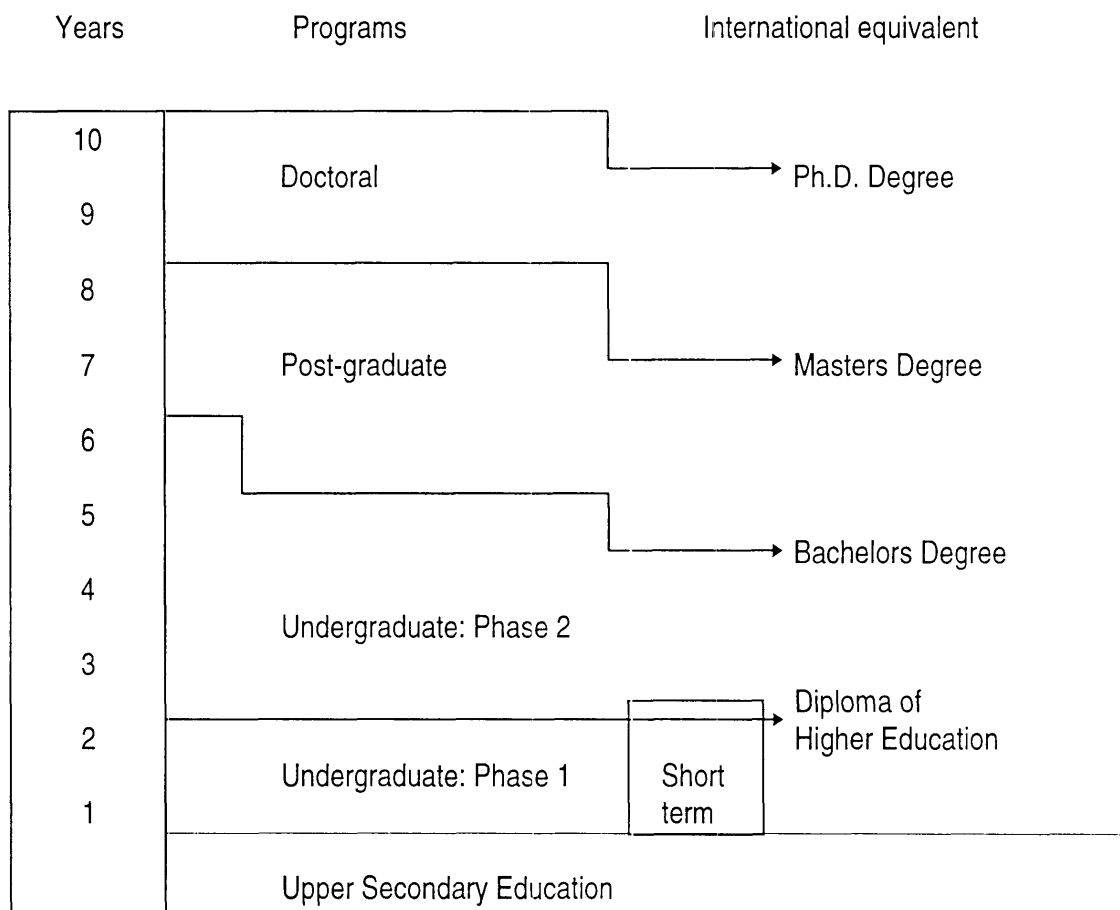
The open admission policy allows for an increase in the number of students enrolled. The additional enrolment of students who pay tuition fees (extra-plan students) to cover part of the costs has expanded rapidly. Some estimates indicate that by May 1992, the total number of fee-paying students in higher education was greater than the total number of official scholarship students (Pham Quang Sang & Sloper, 1995:176). Following the school year (SY) 1993/94, higher education enrolments more than doubled in two years (World Bank, 1996:20). At present, the additional enrolments in some universities are three or more times the number of official scholarship students (plan students) enrolled.

Since 1988, a combination of school year's curricula and a modular approach has been applied to some subjects. The use of a modular approach in designing curricula helps to increase the positive attitude of students to the learning process and the possibility of student transfer between courses and levels of higher education. In the SY 1993/94, MOET conducted an experimentation in the Ho Chi Minh City University of Technology, in which a credit system was used in all subjects. Based on the experience of the Ho Chi Minh City University of Technology, MOET requests other universities to use the techniques in designing curricula and preparing teaching materials at the undergraduate level (MOET, 1994c). Due to lack of knowledge of modularisation and the credit system, academic and management staff are facing

difficulties. Some staff are sent overseas to learn about the approach and the materials prepared by MOET are distributed to institutions to help the staff of HEIs in designing curricula.

There has been a process of reform in degree patterns. The first degree has been divided into two phases: phase 1 - fundamental study of two years' length; and phase 2 - specialised study of two or more years' length. Long-term higher education programs are offered in many institutions, for example, six years for medical and

Figure 2.1
Higher Education Award Pattern



Source: Tran Chi Dao et al, 1995:81

dental science, five years for industrial engineering, and four years for most other awards. The majority of these programs have two years of basic study followed by specialisation. Short-term diploma programs are offered in junior colleges with duration of about three years. All universities have adopted the two phases degree program in which phase 1 consists of two years of foundation knowledge and techniques (MOET, 1992; 1993).

In post-graduate education, a regulation drafted by MOET and approved by the Prime Minister in 1996 (Vietnamese Government, 1996) specifies that awards of doctors and junior doctors are altered to include the master degree and to delete the junior doctors degree. This renovation results in two standard post-graduate degrees of master and doctor in the reformed national system (see figure 2.1). In addition, diversification of the education and training forms in higher education was allowed with the operation of short terms in higher education, open learning and distance education in order to satisfy the diverse needs of various strata of society for higher education and training.

In keeping with the Soviet model of higher education, which generally separated teaching from research activities, Vietnam established a comprehensive network of research institutions throughout the country, in parallel with the network of institutions of higher education. Over 300 state research institutes or centres belong to various ministries, some of which are, as reported, better funded, staffed and equipped than universities (Dang Ba Lam & et al, 1995). Trying to find sufficient well-trained personnel and funds either to undertake quality teaching in the universities or quality research in the research institutes has been a difficult task. Moreover, to sustain and to generate not only its academic labour force but also its national economy, Vietnam must produce sufficient numbers of highly qualified personnel. Inefficient and irrational use of human resources in universities and research institutes has been recognised and a proposal on reorganisation of the network of research institutes and universities is being discussed and is likely to be approved soon.

Another issue faced by HEIs in Vietnam nowadays is staffing. A recent study (Pham Thanh Nghi & Sloper, 1995) shows that despite growth in the number of academic staff with higher degrees, the proportion of staff with doctoral and other higher degrees to staff with only bachelor degrees is unsatisfactory in terms of the needs for secession, development and change that are being imposed on the whole education and training sector. The distribution of academic staff by age and qualification is notably imbalanced among institutions, but will be difficult to adjust in the short term. In terms of employing highly qualified staff, the HEIs are in hot competition with business organisations. Nevertheless, the system of employment, remuneration, promotion and career development is still bound tightly to a socio-economic pattern that no longer exists. For example, because of the deficiencies and lack of a thorough "selective mechanism" for new appointments, there continues to be a number of unqualified academics working for universities, while the student/staff ratio is too low (6.12/1 in SY 1992/93). At present, this indicator is higher. The deficient knowledge and experience of the managerial and professional staff is recognised. Short-term courses or seminars or workshops are being used to equip the management staff the knowledge of educational administration in the free market mechanism.

Financial allocation is another issue of the higher education system. The financial allocations to HEIs in Vietnam are undertaken according to the bureaucratic mechanism. The government agencies have strict control over the financial expenditure of universities through established regulations. These resource allocations are itemised and include the following: staff salaries, student scholarships, teaching and learning support services, equipment and maintenance. The procedure goes through several steps: institutional financial plans are prepared by institutions, then revised by MOET and sent to the Ministry of Planning and Investment and the Ministry of Finance for consideration. With appropriate revision by the Ministry of Finance, the budget for the whole system is subsequently submitted to the National Assembly for confirmation (Pham Quang Sang & Sloper, 1995). According to this funding mechanism, HEIs are expected to work under detailed state control. They are not allowed to rearrange their budget to meet the needs of the changing external

environment. There is an obvious contradiction between the dynamism of the market and the rigid mechanisms existing in funding and utilising finance.

Financial allocations for staff salaries to an institution of higher education, for example, include a proportion of finance calculated on the basis of the current salary level of the staff with an additional amount for promotion which depends not on the quality of contribution to work done, but by seniority. Depending on the institution, the supplementary income for salary is taken from “shadow budget” that the institution has earned from income-supplementary activities. Due to the low student/staff ratio, there is a great underutilisation and underpayment of staff. Because of the rigid funding mechanisms, the institution cannot dismiss unqualified staff members, nor pay those who are highly qualified higher salary rates. This mechanism, in fact, significantly discourages the contribution of staff to teaching, research and community services.

The scholarship scheme is another example. Since 1989 scholarships have been awarded to students enrolled according to the State plan and based on academic merit and to specific groups of students such as ethnic minorities and students from poor families. Due to decline in purchasing power in recent years, the scholarship scheme no longer encourages students to study. A proposal which is based on two principal criteria of merit and equity could be used to develop a new scholarship scheme that would reduce the number of recipients and increase the benefits. Savings from such revision could be spent on the improvement of teaching and learning conditions such as library, textbooks, learning materials, equipment acquisition and maintenance.

Another issue related to finance is tuition fees. Under the impact of policy changes in recent years, the demand for higher education has grown rapidly. The growth in the public budget could not satisfy the growth in demand. In 1987, MOET approved an expansion of higher education enrolments by admission of students in excess of the centrally planned numbers for which scholarship support funding was allocated. As a consequence of the new policy allowing admission to HEIs of fee-paying students is the appearance of an absence of discrimination between low-

income and high-income families. Rural and isolated people, women, the poor and other disadvantaged or vulnerable groups face enormous difficulties in gaining entry to colleges and universities by either scholarship or in the payment of fees. Those who are the offspring of high income families who get better coaching or attend a private secondary school have more chance to compete successfully for scholarships at public universities. The funding mechanism currently used in financial allocation to HEIs in Vietnam is no longer relevant to the dynamic market oriented system recently established.

As far back as the 1980s, consideration was given to seeking additional funding for colleges and universities. However, only recently have most colleges and universities been successful in mobilising additional funds to support essential activities. The rate of mobilisation of extra funding depends on three key factors: firstly, the product or service that can be provided (and this does not always relate to the primary mission of institutions); secondly, the entrepreneurial capacity and culture that are developed in a college or university, whether centred around an officer like a president or dean or developed elsewhere with official encouragement; thirdly, the state of institutional infrastructure, personnel, organisational and technical, which creates the basis for delivering a desired product or service. Institutions with academic staff or facilities able to provide for current needs in the emerging market economy in teaching, research, consultancy, or production are those with the highest rate of non-government funding (Pham Quang Sang & Sloper, 1995).

Besides tuition fees, Vietnamese HEIs also earn from undertaking research and service contracts, income from which has become an increasing part of the budget of institutions. Those activities which help raise additional funding include: foreign aid projects both bilateral and multilateral; co-operation with international foundations and non-government organisations; further collaboration with commercial and industrial ventures to develop joint training and research facilities; and development of philanthropy and loans programs to encourage both talented students and those experiencing socio-economic disadvantage.

Additionally, there are many other issues associated with critical issues presented above. They include:

- the absence of systematic information system for higher education management;
- curriculum renovation and development of closer links with employers and professional bodies;
- teaching/learning quality, associated equipment and resources provisions and academic staff development;
- the quality and maintenance of buildings and other learning resources such as library, computers and special facilities;
- alternative delivery modes;
- research and service linkage with industry, employers and the community (Tran Chi Dao et al, 1995).

Many of these issues are being considered in seeking solutions. The Government and other central organs of the CPV have been scrutinising various models which will modernise the system of higher education in response to emerging needs. Conferences of presidents of universities and colleges and expert consultations have deliberated alternatives, and international agencies such as UNESCO, UNDP, World Bank and others have already provided valuable assistance. The higher education system in Vietnam is being renovated to meet the need for industrialisation and modernisation of the country as identified in the Resolution of the Eighth CPV Congress (CPV, 1996).

Conclusion

Vietnamese higher education has gone along a long path of development. In the first period (1070-1917), although the higher learning in Vietnam was Confucian, there were some efforts to make higher education suitable to the needs of society and national tradition. In the period of colonialism and the war of resistance against France and the USA (1917-1975), Vietnamese higher education was strongly influenced by the French model of higher education (1917-1954), and then (1954-1975) by the

Soviet model in the North and by the American model in the South. After the unification of the country, all colleges and universities were united into a national system, based on the Soviet model of higher education. Since 1987, the higher education system has moved from a rigid system with specialised programs to a more flexible system with wider profile courses. The school year programs were replaced by modular designed courses to enable easier transfer of students between courses and levels. The system is being reorganised to form a new system of higher education with a limited number of multi-disciplinary universities located in the biggest cities and regional centres, an unlimited number of community colleges established in provinces and some specialised colleges or universities (Lam Quang Thiep, 1993). Currently, the system of higher education in Vietnam is in the formative period (Vu Van Tao, 1996:1). One of the most crucial issues of higher education in this period of transition is to develop appropriate policies and to successfully implement them in the practice, as the Education Sector Review (UNESCO/UNDP/MOET, 1992a, 1992b, 1992c) recommended.

Chapter 3

POLICY IN HIGHER EDUCATION

Introduction

The extensive literature on higher education policy focuses on four main areas, as Harman (1993) classified. The first category of policy is related to the essential functions of higher education; its goals and objectives; the enrolment of students; assessment; the teaching and learning process. The second area relates to the establishment, structure and governance of individual institutions and the system of higher education as a whole. Thirdly, there is policy concerned with the recruitment, employment, promotion, supervision and remuneration of academic staff and professionals. And finally, there is policy concerned with the provision and allocation of financial resources. This chapter discusses the concept “policy” and the general policy making context. It also presents four main areas of policy in higher education.

Concept “Policy”

In the literature there is confusion over the terms used, as mentioned in Chapter 1. Policy is considered as a set of activities. It also means the activities and decisions of government. In some works policies, goals, decisions and laws are distinguished, while in others these terms are used interchangeably. Jennings (1977:30), for example, defines policy as

a guide for taking future action and for making appropriate choices or decisions towards the accomplishment of some intended or desired end.

Policy may be thought of as setting out the solution to a problem, i.e. it is the intent of policy makers to change existing conditions in ways which will solve a problem. Policies are normative in that they are statements of what should or ought to be; thus

they imply value judgements. However, policies are not decisions for single separate actions, nor are they goals in the larger sense.

Policy has three characteristics (Jennings, 1977) which distinguish it from goals and decisions. Firstly, policy has an aspect of giving direction to choosing or deciding. Goals and value positions or stated ends from which policy is usually derived, by themselves provide no direction for their achievement. Stating a policy or policies has the effect of indicating the choices that are preferable in terms of what is to be achieved. In the policy process, action results as choices or decisions are made, tested and put into operation. Secondly, policy has a future orientation. This means that the policy process lasts over time and a series of choices or decisions are expected and required. Thirdly, policy allows for changes in the context of decision-making. The changing socio-economic and political setting will be taken into account from time to time as the results of previous choices and decisions are observed and as further choices or decisions are needed.

Hogwood and Gunn (1984) distinguish policy from decision and administration. For them, policy is larger than decision. A policy usually involves a series of specific decisions. One decision may be seen as the “moment of choice”. In addition, the concept of “decision” is often associated with that of a “decision maker”, however, the study of a “policy” usually involves multiple interaction among many individuals, groups and organisations. Policy, as distinct from administration, is related to higher level of administrators. Policy, for Hogwood and Gunn (1984), also involves behaviour and action as well as interaction and inaction. Policy is also considered as a process which consists of a series of steps or stages.

Policy, for Crane (1982:1), is a “*commitment to a course of action based on broad plans and general principles*”. Some studies take the view that “policy” is considered basically as a course of action or inaction towards the accomplishment of some intended or desired end (Harman, 1980:56; Hogwood & Gunn, 1984:22), as

...implicit specification of courses of purposive action being followed, or to be followed, in dealing with a recognised problem or

matter of concern, and directed towards the accomplishment of some intended or desired set of goals. In essence, then, policy is a set of ideas or goals that lie behind particular action, or plan of action. If the action or plan of action is chosen by government, the policy is a public policy, and carries with it authority and the potential for coercion... It refers to courses or patterns of action or activity, rather than random or chance behaviour. It refers to courses or patterns of action, rather than separate decisions; usually policy development and application involves a number of related decisions, rather than a single decision. Since it involves decisions, policy is about choice between different alternatives (Harman, 1986:5-6).

The General Policy Making Context

Policy Models. The complexity of policy process and the dependence of policy decisions on the interaction of policy-actors with their points of view is shown by the diversity of models promoted by several theorists on policy making. In the literature, Hogwood and Gunn (1984); Davis et al (1988, 1993) and Harman (1980) review policy making models which are used in the policy process. These models consist of or imply a set of theoretical modeling basic properties of the processes of policy decision-making which results in the formulation and/or the implementation of public policies. The various models of policy making and of policy implementation satisfy different situations occurring at different times and at different places (Lane, 1983:522). The use of these models in policy process depends on external factors and purposes set up by policy makers. Some of these models are used in analysing policy making in Vietnamese higher education.

Rational models. This model is based on the notion of rational choice and follows a logical, ordered sequence, such as:

1. recognition that a problem exists;
2. preliminary appraisal or inquiry into the problem;
3. identification of goals and objectives;
4. canvassing of possible strategies to achieve objectives, and evaluation of the costs, benefits and consequences of each; and
5. choice of action,

Incrementalism. The incremental model was promoted by Lindblom (Braybrooke & Lindblom, 1963). The model views the policy making process as fragmented activities, or as a series or sequence of activities rather than as one comprehensive and deductive activity. Policy is not made once and for all; it is made and remade endlessly. Policy making is a process of successive approximation to some desired objectives in which what is desired itself continues to change under reconsideration (Harman, 1980:59).

Political interest group theories. Political interest group theories emphasise the role of external pressure from interest groups in policy making. Interest group theories consider conflict between different interest groups in society and policy simply as the product of group conflict and compromise and view administrators and politicians, as no more than adjudicators between rival groups. According to group theorists, public policy at any given time is the equilibrium reached in the group struggle. This equilibrium is determined by the relative influence of interest groups.

Policy makers are viewed as constantly responding to group pressures - bargaining, negotiating, and compromising, among competing demands of influential groups (Dye, 1978:24).

Elite theory. Elite theory suggests that elites actually shape mass opinion on policy questions more than masses shape elite opinion. Thus, public policy really turns out to be the preferences of elites.

Bargaining theories. Bargaining theories consider policy making as bargaining games, and policy as their product. Thus, policy outcomes are viewed not as solutions chosen for particular problems, but rather, as the results of conflict, confusion and compromise.

Political system model. This approach emphasises the value of policy making as an interactive process, through which inputs are converted into outputs or policy decisions. The essential base of the model is that the political activities and behaviour in society are inter-related.

Policy as institutional activity. The relationship between public policy and governmental institutions is very close. A policy does not become a public policy until it is adopted, implemented, and enforced by some governmental institutions. There are three distinctive characteristics (Dye, 1978) that governmental institutions give public policies. Firstly, government lends legitimacy to policies. Secondly, government policies involve universality. Finally, government monopolises coercion in society.

Process mode. Policy process is considered as a series of steps and stages in which different kinds of decisions have to be made.

Policy Process. The concept “process” is commonly accepted in policy making and policy implementation. As mentioned above, policy process includes several steps, policy making and policy implementation are considered as two of those.

Public policy essentially concerns the ongoing, sequential transformation of group conflict over public resources and values into authorized agreement over their allocation. Thus, although the concept of policy making concentrates attention almost exclusively on the decision element of policy at the point of formulation, policy process is based on the notion that the handling of policy by one department or agency involves a series of sequential stages or phrases (Harman, 1985:23-23).

Policy making is considered as a policy process in the Hecllo's (1974) analysis of the development of social policy in Britain and Sweden. Another study which traces the policy process within a simple institution over time was carried out by Whitwell (1986) on the Australian Treasury.

Jennings (1977) considers policy making as a process which comprises a series of steps or stages illustrating the several different kinds of decisions made by policy makers. He even includes the implementation stage into the policy making process, so in fact policy making is considered by Jennings as a whole policy process. The first stage, *initiation* of the process, occurs when dissatisfaction is expressed with the present situation. The deviation of performance from the previous policy may be called a problem. In stage two, opinions are crystallised around particular points. This

stage is called *reformulation of opinion*. When potential solutions to the problem are put forward, the stage three, *emergence of alternatives*, begins. At stage four, *discussion and debate*, alternatives are shaped into policy proposals. Selection of one or more policy proposals for final consideration is made by policy makers. The decisions are taken and the choice of policy is then ratified or legislated at stage five, *legitimisation*. Implementation of policy is the sixth and final stage.

The process approach has been refined by British writers Hogwood and Gunn (1984). They divide policy process into the nine following stages: (1) Deciding to decide (issue search or agenda setting), (2) Deciding how to decide (or issue filtration), (3) Issue definition, (4) Forecasting, (5) Setting objectives and priorities, (6) Options analysis, (7) Policy implementation, monitoring, and control, (8) Evaluation and review and (9) Policy maintenance, succession, or termination. For Hogwood and Gunn (1984), any process framework is dynamic, interactive and flexible.

Dror (1968) breaks the policy making process down into three stages, metapolicymaking, policymaking and post-policymaking which are closely interconnected by communication and feedback channels. Metapolicymaking includes seven phases, the policymaking stage includes seven phases and the post-policymaking stage includes three phases. The communication and feedback network is considered as a separate phase - phase eighteen.

Considering policy making process as a sequence of decisions Wirt and Mitchell (1982) divide it into four stages: issue emergence, policy option deliberation, authoritative allocation and performance oversight. Each stage is characterised by different groups of key actors and different types of decision making behaviour.

Studying the handling of education policy at the state level in Australia and America, Harman (1985) and his colleagues conceptualised the stages as (a) issue emergence and problem identification, (b) policy formulation and authorisation, (c) implementation, (d) evaluation and review, and (e) termination or redirection.

Sequential stages can be defined in different ways according to each project and the policy making conditions.

Policy Participants or Policy Actors. Policy and policy making depends on participation by several actors and policy participants. They are key individuals, such as Ministers and senior officials who play an important role in the policy making process. There may be also interest group members who may influence policy decisions. Policy actors involved in education policy at the national level in Australia, according to Harman (1985), fall into two main groups: the official and the non-official.

The official actors can be divided into five sub-groups: the first comprises senior levels of government, and in each state they include the governor, Parliament, premier, cabinet and the political party or parties holding office. People from this sub-group can be the most influential figures and exercise considerable power.

The second sub-group comprises the Minister of Education and education agencies. At the commonwealth level the key agencies are the Department of Employment, Education and Training, the National Board for Employment, Education and Training and its subsidiary councils.

The third sub-group of official actors are education agencies and their minister and officials other than those from the education department authority. At Commonwealth level these include the central “policy” departments, such as the Department of the Prime Minister and Cabinet and the Department of Finance. At state level, they include departments which often play a part in formulating and applying education policy.

The fourth sub-group includes those government agencies outside the education portfolio that affect education policy with their power over finance and personnel. Other actors are public workers and crown law departments, the judiciary or anti-discrimination boards.

The final sub-group of official actors consists of the Australian Education Council and its associated committees and ad hoc committees.

The non-official participants are interest groups, political parties and the media. Through political participation, these groups of actors influence policy decisions. In many cases, policy decisions are the result of compromise between several political groups and parties. The media plays an important role here.

In the university context, as “clients” or the “products” of the university, students play an important role in policy making process. As Roper (1973:119) states:

No matter what the strength of the alternative structure or elements of power are, or whether decision making is democratic or hierarchical, students access to the decision making process is important’.

Conclusion. Policy making in education is a complex process involving several kinds of actors and dividing into many stages and phases. Thus, decisions are made based on the integration of many factors. It is impossible to talk about a single “decision making process”. As Lindblom (1968:4) explains:

A policy is sometimes the outcome of a political compromise among policy makers, none of whom had in mind quite the problem to which the agreed policy is the solution. Sometimes policies spring from new opportunities, not from "problems" at all. And sometimes policies are not decided upon but nevertheless "happen"...

The policy making processes themselves still have something of the “black box” about them (Howell & Brown, 1983). However, Dror defines the process as the

most ambitious of all human activities, namely the attempt to deliberately shape collective futures through organised interventions with historic process (Dror, 1984:13).

While Saran (1973) considers educational policy as the product of interaction between political controllers and professional provicers of services, and David (1977)

demonstrates timing and feasibility as crucial elements in policy making. Howell and Brown (1983) chose a system's analysis perspective for policy making in education. These authors emphasise different elements of policy making in education, but most of them consider policy making as a process with participation of several kinds of actors: politicians, government officials, teachers, interest groups, parties. Policy is made and implemented as a result of a conflict of interests, negotiation and compromise. In the next sections, policy in higher education is discussed to make clear what policy changes are made in the areas of academic affairs, organisation and governance, staffing, and financial provision and allocation of resources.

Policy on Academic Domain

The higher education system has undergone remarkable changes in recent years. These changes have emerged in many aspects of university affairs such as a shift of the system from elite to nearly universal access in many countries (Trow, 1974; OECD, 1994) and adjustment of goals and objectives. Universities have changed curricula and modulated them in an attempt to make their training courses more relevant to employment and more flexible to meet the needs of students (Boys et al, 1988). There is also an increasing concern about quality in teaching and research. Quality assurance and quality improvement are emerging as policy issues put on the agenda of higher education institutions.

Change in Goals and Objectives. Universities today are different from universities of a hundred years ago which were exclusive academies of scholars pursuing privately their learned interests and instructing a small number of highly selected students for the civil service or traditional professions and in some cases for scholarship. Universities today educate, in many countries, as much as a fourth to a third of all young people in the appropriate age groups and conduct research on topics that are important to solve the problems of mankind (Trow, 1974). In an elite system, universities prepare students for leadership positions, in mass higher education, although elites are still being educated, universities focus mostly on the transmission of skills. There has been a radical change in the objectives of higher education.

Instrumental rather than liberal educational objectives are paramount (Boys et al, 1988:12). These objectives are reflected in the funding, governance and administration of higher education institutions.

Expectations of employers have changed. Graduates with higher order communication skills, well developed interpersonal skills, numerate and economic literacy and computing skills are sought by employers (Australian Higher Education Council, 1992).

There is a shift from the classic autonomous model, where the higher education institution sustains its own values and ways of working. Maximum freedom is given to the basic units and staff members, towards the responsive, dependent model where the objectives might be set, or largely conditioned by, external sponsors whilst the institution is left to determine issues of method: in teaching, research and scholarship (Boys et al, 1988). Moving towards a closer relationship with the labour market is a tendency in policy change in higher education institutions today. In many developing countries, as well as the formerly socialist countries, institutional enrolment patterns and curricula reflect local skill requirement more closely and courses in social sciences and management have been established to ease the transition to a market economy (OECD, 1994:74).

Changes in Curricula. Diversification of the curriculum in post-secondary education relates foremost to the range of fields of studies offered. Several curriculum reforms envisage fewer and broader areas of study in order to give the graduate a wider range of career options and to make higher education more polyvalent (Trow, 1974).

Another tendency in curriculum development is the introduction of flexible curricula.

More flexibility allows for a faster updating of the curriculum, better accessibility of the courses to different groups of students and a better adjustment to development in the labour market and the needs of society (Van Eijl, 1986:450).

Modularisation of programs is considered as a way to increase the flexibility of the system and to enhance the chances for survival. Modularisation of programs also makes national higher education systems compatible in fostering student exchanges and mutual recognition of qualifications as the *sine qua non* for job mobility (Girod de L'ain, 1994:99). The purpose of modular instruction is briefly presented in four main points (Goldschmid & Goldschmid, 1973): modular instruction allows the student to proceed at his own rate, to choose his own learning mode, to select appropriate topics among a large variety of topics, and to identify his strengths and weaknesses to repeat or change learning mode. The modular course is one of the distinctive characteristics of the American higher education system where students acquire qualifications by accumulation, as distinct from the system of final examination (OECD, 1990b:34).

In brief, the modularisation of programs reflects a change in curriculum design to meet the diverse need of students and employment, and to make the system of higher education flexible in order to survive in an increasingly competitive market economy.

Assessment and Quality Assurance. Another issue in policy in the academic domain presented in this section is the need for improving quality of teaching and research. In order to produce well-trained graduates and significant research outputs, universities and colleges must bring together the minimal inputs necessary for successful performance: well-prepared secondary school graduates, competent and motivated staff and facilities with essential instructional and research equipment and material (OECD, 1994:66).

Effective institutions also rely on evaluation mechanisms for assessment and improving the quality of teaching and research. In many countries, universities have conducted periodic performance reviews, including the quality and relevance of programs, internal efficiency and financial needs. The evaluation of teaching is based on student ratings, evaluation by a department chairperson, evaluation of course outline, peer evaluation, and teaching awards (OECD, 1994). Independent assessment

to measure quality, external accreditation and other measures can help to set and preserve higher standards of performance.

In Australia, traditional methods of quality control are strict academic entry criteria for student admission and internal accreditation for new courses and awards. At the system level, an accreditation process was previously carried out by separate agencies. In recent years, there has been a growing concern about quality assurance and perception of the need for a more serious approach to evaluation in higher education (Harman, 1994).

In Germany, quality is assured by entry and input standards and procedures for appointment of staff, rather than by outputs assessment. Quality maintenance and quality improvement are subject to market pressures. Internal/implicit models of quality assurance may be the most suitable one for German higher education and a relatively informal approach to quality assurance is in place (Frackmann, 1991). In Britain, the Academic Audit Unit established by the Committee of Vice-Chancellors and Principals (CVCP) is based on examining and commenting on the adequacy of universities' mechanisms in provision and design of courses and degree programs; in teaching and communication methods, in relation to academic staff and in taking account of external examiners' report, students' view of courses, professional accrediting bodies and employers (Williams, 1992).

As distinct from other systems of higher education, an American institution of higher education or program is accredited by non-governmental institutional or professional bodies in order to determine whether it meets or exceeds stated criteria of quality and to assist the institution or program in continuing to improve itself (Lenn, 1992).

To summarise: academic affairs are the key component in a university's life. Policies concerning this area are focused on such matters as identification of the university's goals and objectives, student admission, teaching and research, quality assurance and quality improvement. Depending on the issues emerging in various

countries, policy focus may be different, but effectiveness and efficiency in teaching and research and quality improvement in universities are usually the first concerns of policy makers at both institutional and system levels.

Policy on Organisation and Governance of Higher Education

The second area of policy in higher education is concerned with the establishment, structure and governance of individual institutions and the system as a whole. Structure and governance are visible and sensitive elements of the system, so that governments usually interfere in this policy area foremost. Neave (1984), Neave & van Vught (1994), Saitis (1988) and Marshall (1992), for example, discuss the changing relationship between higher education and the government. Smart (1991), Goedegebuure, Lyson & Meek (1993), Harman (1988), Meek (1989, 1990, 1991) analyse the amalgamation in higher education. The change in leadership and management style is discussed in publications of Middlehurst (1992), Keller (1983), Rekila (1994) and Birnbaum (1989).

Change in Government and Higher Education Relationships. According to the relationship between governments and higher education institutions, countries can fall into three discernible clusters (OECD, 1990a:19).

- At the western extreme, group 1 comprises the decentralised systems of higher education in Canada and the United States, where universities and colleges are considered as small-scale capitalist entrepreneurs;
- Group 2 consists of the highly centralised higher education systems of the former socialist countries where education is a product of manpower planning;
- Group 3 is made up of the western European social democracies which lie in between. Higher education is mostly publicly financed, but there are varying degrees of centralisation, more or less developed social markets for students, for research and for graduate labour.

Corresponding with the three above mentioned types of political economy, are three types of formal education. With the perfect market type, the return approach is used and price signals are relied upon to reveal market imbalances. There is no theoretical need for macro planning. The individual university competes with many other sellers for the favour of a large number of student buyers. In the manpower market, where students become sellers, there is a competition for jobs. The employers buy students' skills. On the other hand, with complete centralisation, the state determines both demand and supply. The social democracies have found themselves between the two poles of market and planning strategy. These countries, depending on varying circumstances, are seeking a compromise between the claims to equality and fairness rooted in citizenship and between the claims to efficiency, freedom and property rights rooted in class. The collapse of the socialist block led to a reduction in influence of the centralised model. There is a move towards a state supervisory model in specific systems of higher education (Neave & van Vught, 1994).

The relationship between higher education institutions and federal or local authorities has changed dramatically in recent years. Experience shows that autonomous institutions are more responsive to incentives for quality improvements and efficiency gains. In many countries,

the government has granted increased financial autonomy to individual faculties and departments in national universities to stimulate innovation in research and teaching (World Bank, 1994:63).

The trend toward "market economy" in financing higher education will be discussed later in this section. It is necessary to emphasise here that diversification of funding facilitates efficient use of resources and control over the principal factors affecting the cost of institutions. Effective management is guaranteed by access to resources the institution needs and its ability to reallocate resources internally (World Bank, 1994:63). At the same time, higher education institutions should be accountable for their performance, thus most governments monitor the quality of training and research outputs of higher education institutions, the relevance of their programs and their use of public resources. In Australia, for example, the Commonwealth government takes

full responsibility for financing higher education institutions, so that it is responsible for control over their performance. This reduces the policy involvement of the states. Reconstruction of Australian higher education shows clear signs of renewed interest and intrusiveness by government in higher education policy. The Australian government is committed to a strong linkage between higher education and the economy and to tackling the growing problems besetting the financially neglected higher education sector (Smart, 1991).

Structural Response to the Expansion of Higher Education. All countries are travelling on the road to the expansion of higher education. There have been significant efforts to change the structure of higher education to meet the need for expansion of higher education and improvement in institutional efficiency. The “sputnik-shock” and the rising of living standards in both developed and developing countries affect the growth in enrolment (Teichler, 1988; Psacharopoulos, 1991). Higher education enrolment increased dramatically during the second half of this century to a multiple of what they were in the 1950s. The share of the public budget devoted to education has remained constant. The search for a modern structure for higher education took place in the latter half of the 1960s and early 1970s. There was an emphasis on the question of how the system of higher education could absorb the constantly increasing number of students which involved an increasing variety of educational backgrounds, motives and aspirations. The concept of a “diversified structure” has become very popular in several countries. During the 1980s, higher education policies began to diversify between countries to a degree unprecedented in the preceding three decades.

The traditional model of the European university has proven expensive and inappropriate to meet the multiple demands of economic and social development as well as the learning needs of a more diverse student body. Increased differentiation in higher education such as the development of non-university institutions and the growth of private institutions can help to meet the growing social demand for higher education and make the higher education system more responsive to changing labor market needs. The establishment of technical colleges in 1962 and the decision taken

in 1965 to accept junior colleges as permanent institutions in Japan (Teichler, 1988) and the rapid expansion of community colleges in the United States observed already in the late 1950s (Zigerel, 1970; Martorana, 1973) were the first moves to diversify the higher education system. The efforts to seek structural models suitable to the needs for change in the higher education system led to some results. Different elements of structures are defined and considered differently by different authors. Clark (1977:36-69), for example, describes systems according to tiers (short-cycle, undergraduate, graduate etc.), control (single public, multiple public, private), and the number of major types of institutions. Trow (1984:157) considers “meritocrats” versus “egalitarian” and “unitarians” versus “pluralists”. Furth (1973:15-19) compares institutions of higher education existing in various countries like the “multipurpose”, “specialized” and “binary” models. The system of higher education organised according to one or some of these models can be found between two extremes: the “integrated model” and “diversified model” (Teichler, 1988).

Integrated higher education has emerged as a result of efforts to create the new structure of the higher education system directly through institutional and structural measures or indirectly through admission schemes and financial arrangement in such a way that closer linkages emerge between segmented sectors and differences of educational provision are kept within bounds by bringing together students from varied educational and socio-economic backgrounds. Integrated higher education creates a link between the research orientation of the universities and the vocational orientation of the non-university institutions of higher learning: to increase considerably the possibilities for transfer between courses of study; to bring the non-university sector into closer contact with research; to utilise higher education resources better, and to make non-university level study more attractive. To a limited extent, this model is used in the form of comprehensive universities (Gesamthochschulen) in Germany, as open admission at the City University of New York and as the opening of higher education to occupationally experienced persons in Sweden (Teichler, 1988:38), but it is not popular as the diversified model.

The concept of a *diversified system* as a solution to the problem of expansion of higher education has become very popular in developed and developing countries. Trow (1974:66) mentions the rising proportion of age cohorts going to colleges as the major driving force for change in the patterns of higher education. Systems at different phases of their development differ in their diversity. Elite systems tend to be highly homogenous. They tend to be universities with high and common standards. Mass systems begin to be more “comprehensive” with more diverse standards. In systems of universal access there is very great diversity in the character of component institutions, with common standards among them.

There are some arguments presented in the work of Birnbaum (1983) to support policy on institutional diversity in higher education. The first is based on diverse students’ needs. Historically, the desire for a religious environment was the most important argument that made students seek suitable institutions. However, other factors are seen as more critical today. Students with varying histories of academic achievement have access to institutions whose performance expectations also vary, affording each student the opportunity to compete with others of similar background. Students’ needs are also reflected in the diverse orientation of many institutions’ programs, which range from those with unique support services for students with learning disabilities, physical handicaps, or the need for remedial or developmental work to those with special curriculum emphases. In meeting students differing needs, a diverse system serves not only the interest of individuals but the interests of the public.

Another argument in support of policy on institutional diversity is the increasing institutional effectiveness. Institutions of higher education are established to perform many important functions for society. The institutional structures, personnel, resources and tradition that are essential preconditions for effectively performing one of these functions are quite different from those required for successfully performing another and equally important function. Institutional diversity also protects institutional autonomy and academic freedom.

Diversification of higher education institutions is considered as a response to the needs for providing social mobility, serving the political demands of interest groups, permitting both elite and mass higher education and facilitating reform through competition (Birnbaum, 1983).

The growing diversity of institutions of higher education is manifest, as mentioned in a publication of the World Bank (1994), in two major areas: differentiating institutional missions and developing non-university institutions. The differentiation of institutional missions is found in the establishment of different kinds of higher education institutions with different functions and serving different kinds of students. This differentiation is more obvious in countries which are in the higher level of development. Among low-income nations, 61 percent of the higher education systems are entirely public “university-based”, 26 percent of countries belong to the “differentiated” category, and only 13 percent to the “public/private differentiated” group. By contrast, in the upper-middle-income group, only 15 percent of countries are purely “university-based”, 54 percent have “differentiated public” systems, and 31 percent have differentiated systems with both public and private institutions. Among all world regions, Asia is the continent where differentiation efforts have been the most extensive and most effective (World Bank, 1994).

The other manifestation of higher education differentiation is in the development of non-university institutions. During the last two decades, enrolment in non-university institutions, both public and private has grown faster than in traditional universities. The principal advantages of such institutions include lower program costs which reflect shorter courses, lower dropout rates, and lower per-student annual expenditures. Non-university institutions help meet the need for improved access to higher education by minority groups and underprivileged students.

In the United States, as mentioned above, the size of the system of higher education primarily is determined by market demand and, in that sense, is not dependent on central government planning and policy. Universities and colleges are linked in a unified but diverse system by the unit credit. The strong private higher

education sector and the community colleges are distinct features of American higher education. Higher education policy is determined by the states. Higher education institutions have a great autonomy. The president of an American college, as Trow (1988) notes, is a relatively powerful figure, being both the administrative and academic head, responsible only to the lay board of trustees.

The Japanese higher education system is a hierarchical system. There are universities considered the leading ones. Technical colleges never became attractive. Junior colleges, which provide mostly two-year programs, were accepted as permanent institutions. Higher vocational schools are conceived to be institutions of tertiary education. Finally, 'miscellaneous schools' are named in recent publications as a component of tertiary education. The Japanese higher education system would be 'diverse' if differences of quality and reputation as well as the existence of a visible elite sector were taken as criteria. In fact, this system is characterised by hierarchy among its institutions (Teichler, 1988:57-60).

Both Britain and Australia previously had binary systems of higher education. In Britain, independent universities and polytechnics and higher education colleges existed independently from the 1960s. In the early 1990s there was an increase in the number of students enrolled in polytechnics and colleges of higher education, which offered more diverse courses than universities. from highest degree to short courses including full-time, part-time and sandwich courses. In Australia, new colleges of advanced education were created in the late 1960s. They offered a series of awards at the level of diploma, bachelor's degree, postgraduate diploma and master's degree. In Australia, the pressure from independent institutions for a greater share of government funds contributed to the demise of the binary system of higher education in 1989. Similarly, in Britain, the government announced the abolition of the binary system of higher education in 1991 (Davies, 1992).

The Australian government is urging a more diverse and responsive set of higher education institutions. Diversity is generated by the creative responses of staff to the needs of their students and to changing circumstances (Baldwin, 1991:40).

However, the amalgamation in Australian higher education may encourage institutional imitation rather than diversification. The evidence found in the research of Goedegebuure, Lyson & Meek (1993:407) suggests that “*the Australian higher education reward structure is working against diversity*”. For example, all higher education institutions are trying to build a research culture to compete for research funding and to develop PhD programs which attract PhD students. The interventions of governments in higher education do not always lead to the expected results.

In brief, nearly everywhere, governments are asking their respective higher education systems to operate more effectively and efficiently, to produce a better educated, culturally enriched, and more economically secure society. Over the last few years, substantial system restructuring has occurred in many countries with the intention of creating more flexible, adaptive, accessible and responsible higher education institutions. Some governments are changing so called binary systems of higher education into unitary ones, other governments seem to be doing the opposite; still other governments are encouraging greater educational diversity while maintaining the organisational status quo (Meek et al, 1991:451). In general, there is an attempt to create more flexible and diversified higher education systems. At the same time governments of some countries are demonstrating an increasing tendency to decentralisation in management, giving higher education institutions more autonomous rights, but increasingly interfering in reorganisation of the system as a whole. As Grant (1991:7) notes :

...governance of education is politically centralised, management in education is intended to be more decentralised with measures to ensure compliance.

Policy on Staffing of Higher Education

The third area of policy in higher education is related to staffing of higher education. Remarkable changes in higher education systems throughout the world in recent years and changing expectations of society led to change in the tasks of the academic profession and in staffing structure (OECD, 1994). Responses of various

systems may be found in different aspects of higher education. However, the staffing issues of higher education are usually a central concern of universities. There are two reasons for this. Firstly, funding for staff represents the largest single item of expenditure by universities. Secondly, the qualifications of staff determine the ability of a university to teach its students and to create and disseminate new knowledge. The central importance of staffing issues led universities to make adjustments in staffing policies and practices in the last decade.

Staffing Issues in Higher Education. Due to massification of higher education (Trow, 1974; OECD, 1994), many factors have affected the supply and demand. On the demand side, new staff should be recruited to meet the need of enrolment growth and to replace retired staff. On the supply side, the primary source for new staff recruitment is the flow of newly trained persons. In some disciplines, there was competition from business and industry for qualified personnel. There is a predicted shortage of academic staff, especially qualified persons to take academic staff positions (El-Khawas, 1993).

Another issue related to staffing of higher education is the challenge of collective ageing of university staff (Fiebiger, 1983; Wandel, 1983; Gobbels-Dreyling, 1993). This issue has been apparent because of the explosive expansion of higher education which took place in the past. Many staff members of the same age were appointed at the same time. The proportion of staff with different ages is not even. The average age of the current staff is high. This situation is blocking the recruitment of new staff in senior positions because very few of the staff presently employed are at retiring age.

The third big issue of staffing of higher education is related to capital for staff salaries and rewards. Accompanying expansion in enrolment is a decline in real terms of the resources per student allocated to institutions (OECD, 1994; Lonsdale, 1993). Higher education institutions are expected to do more with less. These pressures, in turn, are transmitted to the academic staff. Staff are coping with larger classes and increased work loads and administrative responsibilities.

Response to the Staffing Issues. The issues given above and others have forced university administrators and officials at the system level to change policies concerning staffing throughout the last decade. The changes are several. Universities coping with greater student numbers had to create a growing number of temporary, part-time and ad hoc positions in teaching and research (OECD, 1994). This measure helps to keep a low cost resource at a time of financial stringency, or enables universities to overcome other employment restrictions and to meet the need for particular forms of expertise that can only be provided through outside employment. Part-time appointments sometime are very extensive. They account for more than a third of all academic staff positions in Canada (Rajagopal & Farr, 1992). Universities in many OECD countries also appoint a significant number of full-time staff who have temporary, short-term contracts. These full-time non tenured appointments account for at least 10 percent of the American professoriate today (OECD, 1994:59).

In terms of the uneven age distribution of the professoriate, one possible solution to the problem can be the creation of additional permanent posts each of which is not to be renewed when the present incumbent retires (Fiebiger, 1983; Gobbels-Dreyling, 1993). The absolute number of posts will grow, so that the financial burden will be increased. However, savings can be obtained by reduction in the numbers of research stipends and teaching assistants (Wandel, 1983).

The studies undertaken by Fiebiger (1983), Wandel (1983) and Gobbels-Dreyling (1993) demonstrate that universities are currently at a special disadvantage for junior academic positions, because of low compensation levels. Although the issues related to old age and uneven age distribution may create some gaps among academic staff, they do not always lead to negative consequences. Not every academic begins his or her career with little or no other work experience. More and more academic staff at universities have work experience in other employment settings (Fulton, 1993). The issues of aging people who are very near to retirement are different from the issues raised by considering a clustering of those academics in their early 50s who are still actively contributing to teaching and research. Moreover, the aging issue should be considered differently in different countries and disciplines. In

the United States, for example, retirement is no longer mandatory at any age. Academics can continue their positions into their 70s (OECD, 1994). Professors in business management or philosophy, for example, might be older than 50s but still relatively new to academic positions, while, “older professoriate” has a different meaning in a field such as mathematics, where most original work is done at an earlier age. The problem of aging might be also considered in the new context of international cooperation and staff exchange. Thus, the shortage of academic staff might be solved by hiring personnel from foreign countries.

Other issues of staffing increasingly put on the policy agenda are concerned with the shortage of resources and the increased emphasis on efficient performance. Marginson's (1989) analysis showed that the maximum salary for an Australian lecturer had fallen significantly over the period 1973 to 1989. Combined with other sources of dissatisfaction over working conditions, such as increasing workloads and formal performance appraisal procedures, these inadequacies are affecting staff morale and creating additional challenges for universities. One of the solutions to the problem can be reached through saving by hiring part-time, non-tenured academic staff. Another measure is to introduce appraisal schemes associated with national salary awards (Lonsdale, 1993). For Lonsdale (1993), appraisal is increasingly considered as a means for ensuring accountability, assisting staff management and improving efficiency. Through appraisal, Australian universities introduce merit pay arrangements for senior staff such as deans, deputy vice-chancellors and university secretaries and registrars (Lonsdale, 1993). The performance-linked pay system serves both as a means of acknowledging high quality performance, helps distinguish between those who perform at a superior level and those whose performance is at lower level, and serves as an incentive, motivating staff to achieve enhanced performance, and in turn, it increases organisational effectiveness (Lonsdale, 1993).

One of the focuses of policies concerned with staffing of higher education is on academic staff development, which is currently affected by factors such as: student cohort, curriculum and personnel issues (Sloper, 1988). The change in social composition of the student cohort and the instrumental attitude of students towards

higher education have an effect on the direction of academic staff development. The need for change in curriculum in a “bottom up” way requires a necessary knowledge for a particular design. Personnel issues such as age structure of staff, imbalance in profile by discipline, rank and gender, and outside competition in areas of higher demand put universities in a position where academic staff should be prepared to change the staff profile and compete with external market requirements. Academic staff development issues are solved differently in different countries according to staff functions in their higher education systems. The entry point to the academic profession also varies in different systems. The new appointed staff members should be prepared for teaching, research and service/administration. Academic staff are usually prepared for research functions through their own higher degree studies. In terms of teaching experience, in most systems, new staff can be appointed without any experience of teaching in the tertiary sector. In other systems, in Germany and Australia for example, teaching skills can be assessed (Moses, 1993). In the United States, the graduate schools explicitly prepare future faculty by providing a broad education and in some cases, courses in teaching (OECD, 1994).

The upgrading of staff qualifications is differently organised (UNESCO, 1985a). Some countries have developed a comprehensive formal system at the national level (e.g. the former Soviet Union), others leave the matter to the separate higher education institutions (as in the British Commonwealth). In some countries (Eastern European and some developing countries), there are trends towards greater systematisation and expansion of staff development provisions, in others (most Western countries) the trend is in the opposite direction. There are also two various models representing two organisational themes - “top down” and “bottom up”.

To summarise: this brief discussion on staffing issues and policy on the staffing of higher education suggests that when systems of higher education became diversified and massified, there emerged many issues related to staffing such as shortage of qualified staff, collective aging and insufficient finance to encourage the staff. Seeking solutions to these is a complicated process. There are no unique ways to overcome the problems. Only a combination of measures made at the system level and

institutional efforts such as academic and professional requirements and financial rewards and sanctions, and organisational and individual efforts can help solve staffing problems.

Policy on Financial Provision and Allocation of Resources in Higher Education

The fourth area of policy, concerned with the financial provision and allocation of resources, is a subject of concern of many scholars. Funding mechanisms, financial models and financial resources in higher education, policies on tuition fees, voucher systems, loans and subsidies for students are discussed in the works of Blaug & Woodhall (1978), Marginson (1987, 1993), Martin (1993), Meek and Jones (1988), Neave & van Vught (1994), Psacharopoulos (1991), Scott (1987), Taylor (1989, 1991), Williams (1987, 1991), Woodhall (1992). The trend towards market dominance in higher education is emphasised in their works.

A funding mechanism is both a means by which resources are allocated and a channel for messages between providers and users of finance (Williams, 1987:36). The funding mechanism also affects the distribution of power and the style of allocational decision making within the institution of higher education. Williams (1987) identified three models of external funding to education institutions: (a) endowment or block grant, (b) bureaucratic and (c) market. In the first model, the institution can determine its own allocational priorities and is free to spend as it wishes within the terms of its charter. In the second model, the external funding agency establishes regulatory mechanisms to ensure that the public interest is being met. In the third, the academic institution effectively sells services to many sources so that no single external agency can control its internal activities.

For Williams (1987:39-40), endowment or block grant form of funding is most likely to be associated with the collegial form of management. Staff involvement in management is a major characteristic of this kind of organisation. The application of the "market economy" approach is based on the recognition that higher education benefits private individuals and their employers, helps reduce the burden on

governments through increased support from the private sector, and importantly, facilitates competition for funds, thus increasing institutional efficiency and responsiveness to economic and social needs (Taylor, 1991; Williams, 1991). This proposition is confirmed by Scott (1987:54):

The logic of deregulation in relation to tertiary education rests on the proposition that the free operation of the market is the best way to allocate resources. Removing inhibition on the market mechanism will lead to greater efficiency as well as reducing the burden on ordinary taxpayers.

Resource decisions in the market model are determined not by politicians and self-interested professionals but by many different consumers and educational services, while in endowment or block grant, collective decisions of professionals are likely to be the most important.

The change in the funding mechanism should result in a changing government perception.

Rather than seeing themselves as providers of resources, governments are beginning to see themselves as purchasers of products, for which they are prepared to pay. In effect, governments are preparing to adopt the role of consumers of higher education services (Harrold, 1992:1470).

In the market context, the participants can be divided into sellers and buyers. The private institutions are clearly considered as independent sellers; even they are required to observe the standards set by the government. The position of public institutions is less clear. If public HEIs operate as autonomous bodies, they can be regarded as independent sellers, even though funded by government. But since the government provides the funding this independence may be constrained by requirements that institutions operate in accordance with government policies and direction. If the government acts as the principal provider (or purchaser) of educational services, government policies should be reflected in both the magnitude and direction of funding. If access to education was simply a matter of buyers and sellers, only students with substantial income would be able to afford it, and students

from lower income families would not be in a position to buy it. This difficulty can be overcome through subsidy. Students can pay fees but have them reimbursed by the state. That is the essence of the voucher system which has been the subject of experiments in various countries in Western Europe, North America, Latin America and Asia and a few in Africa (Woodhall, 1992; Albrecht & Ziderman, 1992). This topic is discussed in the section on student loans.

In the market model, students are seen as buyers. The concept of the student as a buyer implies that the student is informed about the available options and in a position to make an effective choice. Students are undoubtedly buyers from private universities. This can apply to public universities to the extent that students pay fees by using their own money or money given by the government through voucher or loans systems. The advantage of this model is evident. The government is required to ensure that disadvantaged groups and talented students from low income families have opportunities to enter HEIs.

In Australia the autonomous institutions are funded on a rolling triennium basis, and operating grants are allocated as a single block grant by the federal government. In Germany, higher education institutions “have no budgetary sovereignty” and the financial arrangements correspond more or less to the bureaucratic model. The United States is the closest of all OECD countries to a market model of funding. Most institutions receive substantial funds from federal government, state government and non-government sources, and most of these funds are for particular purposes (OECD, 1990a).

The level of government participation in market creation and provision of services determines the level of independence of HEIs. When the government is the only market provider and service provider, HEIs are completely dependent on the government. When the government reduces its roles as a market creator and a service provider, HEIs are more independent. Many HEIs could be privately owned. By privatization, Lieberman (1986:731) means “*the withdrawal (or substantial reduction in the role) of government as the creator of markets or the provider of services*”. The

government can reduce only its role as the market creator and still retain its role as the provider of services, by introducing a fee-paying system. If government provides vouchers that can be used to defray the cost of education in non-public universities, then government is creating a market but not providing a service. The government can play this role differently, in whichever way it chooses. The government cannot completely stop creating educational markets or providing services when investment in education is considered as a long-term and low interest rate investment, but the way in which the government creates these markets influences very much the efficiency of higher education.

A free market approach is considered as a new trend in financing higher education. Martin (1993), for example, characterises the move of the higher education system to a user-pays system of higher education. The introduction of the Higher Education Contribution Scheme (HECS) in Australia and its consideration in the United Kingdom is only the first step towards full fee payment. The move to a deregulated system of higher education involves the introduction of a more direct provider-consumer relationship between universities and their students. At the system level, there will be increased competition and greater differentiation, changes in the student profile, growth of private universities, domination of patterns of demands and supplies. At the institutional level, the market-driven trend will be dominated and the institution of higher education will rely heavily on planning, change in the structure of courses offerings, emphasis on student services and reliance more on teaching than research.

According to Fenwick (1993), the New Zealand Government introduced a fee system for tertiary students in 1987. In the 1990s students should contribute more to tertiary education. From 1992 tertiary institutions have been empowered by legislation to establish their own fees.

Although there are certain differences between countries in policies regarding tuition fees, fees generally play an insignificant part in the finance of European higher education. Most European countries have a long tradition of free education; even

where fees are charged, they are usually nominal. Moreover, most European countries provide aid to students. Apart from grants or loans to students, and income tax relief for the parents of students, most European governments provide a form of low-cost accommodation, travel facilities, free medical care or health insurance, and in some cases subsidised food and books (Blaug & Woodhall, 1978). In developing countries, the World Bank (1986) recommends governments shift toward greater private financing with the provision of widely available student loans and a limited number of selective scholarships.

Tuition Fee System. Due to government budget deficits, financing of higher education in developing countries should rely to a greater extent on private sources and contributions from users (Psacharopoulos, 1991). Whether by means of establishment of private universities or fee-payment at public universities, the great excess demand for higher education should translate into more money coming to the sector. Public funds for excess demand for university education would be reduced and savings from this reduced pressure for university entry may translate into more public resources which could be used for lower levels of education or for purchasing facilities and equipment in higher education. Private finance sources must be tapped as major sources for expenditure at colleges and universities. In this way HEIs can improve their financial situation and improve the quality of teaching and research. Cost-recovery in higher education also affects the accountability of the HEIs. When paying, using their own money, consumers must see the value of what they get in return. If universities provide low quality service they will not survive, and will give way to better ones. Charging fees also provides a more efficient student selection mechanism; only those who are likely to succeed in the training courses are ready to pay. Any fee-paying system should be accompanied by a student loan scheme, where students can repay their loans after graduation.

Student Loans. Selective cost-recovery can redress inequities in the financing of higher education. When combined with availability of student loans, cost-recovery in higher education is associated with further equity. Anybody whether poor or rich, could then borrow to finance his or her university studies and will finance their studies

themselves - not the general taxpayer. Currently, loan programs exist in over 50 developing and industrial countries (Albrecht & Ziderman, 1992). Student loans are considered in many developing countries as a means of financing of higher education. Student loans aim to reduce financial pressure on public budgets by seeking ways to increase private contributions to the cost of higher education, to increase cost-recovery in higher education, to improve efficiency of higher education and to advocate a sharing of the cost of higher education (Woodhall, 1992:351). Student loans have more advantages than grants, scholarships and free tuition which mainly benefit upper-income families. According to a suggestion by the World Bank (1986), national governments can play an important role in alleviating students' difficulties in obtaining educational credit.

The study of Albrecht and Ziderman (1992) shows that conditions for loans vary from country to country. Many student loan programs are open to all students, regardless of need or ability. But open access can be expensive to governments and increase pressure on limited loan funds. Access to loans may be limited to those students whose family or personal income falls below a threshold value. In the United States, support is available to students below the income threshold. Loan amounts can vary according to the difference between an individual's available resources and the cost of a given course of study, as in Canada, Barbados, Brazil and Sweden. In Sweden, Netherlands and Norway, students over 19 years of age are treated as financially independent of their family. Thus, almost all students are eligible for support. In developing countries, effective loans face difficulty when based on income data alone. By examining assets and social status, effective targeting is not beyond the capacity of any government. In Chile and the Philippines, students must submit information on family income, assets, parent occupation and education level and place of residence.

Another issue relates to reducing subsidies while limiting debt burdens. Experience shows that the lower the interest rate, the larger the subsidy on loans. But higher interest rates increase debt burden and the likelihood of default. The 1989 reforms in Sweden's student support system have increased the financial efficiency of

student loans, while easing the required payment burden (Woodhall, 1989). The reforms were based on two principles: increasing the availability of support funds for poorer students by converting the hidden subsidy in the old loan program into open grants, and minimising the risk of borrowing by linking repayment to income. The introduction of HECS in Australia helps decrease the burden of financing the growth envisaged in higher education (Committee on Higher Education Funding, 1988). In this scheme, income related loan repayments are made through the income tax system. In principle, repayment could be effected through other collection institutions, though there are clear advantages in using the taxation system for collection (Albrecht & Ziderman, 1992:366)

In developing countries, higher rates of default, problems of graduate unemployment, inadequate banking mechanisms, political opposition and public hostility to the idea of loans are all cited as reasons why loan programs would not work. Governments of developing countries are trying to reform loan recovery. In Ghana, loan programs are linked with the social insurance system. The use of employers who can deduct loan repayments at source was introduced in China. Several countries are also trying to develop a means test, to identify financially needy students in order to target student aid more effectively (Woodhall, 1992).

Changes in Higher Education Policy in Former Eastern Block Countries

Issues in Higher Education. The collapse of the Soviet Union and other socialist countries in eastern and central Europe left behind the heritage of “socialistic” higher education. Characteristics of this system of higher education were discussed in the works of Amsterdamski & Rhodes (1993), Ivic (1992), Pisut (1993) and Worgan (1995). The organisation and management of higher education were characterised by centralised and bureaucratic procedures, rigidity and formality, inefficiency, and lack of institutional autonomy. Research undertaken in Academies and teaching in universities were separated. The state strictly controlled HEIs through the control of curricula, teaching methodology, text books, research, staffing and study programs. Senior officers in HEIs were filled by those who were deemed as politically correct,

very often were not qualified and in some cases incapable of doing the job. HEIs seriously lacked budget for teaching and research. All of these are challenging the higher education system of the former eastern block countries in the process of reform.

Policy Changes in Higher Education. After years of a centralised and bureaucratic system, a new relationship between the state and higher education has been established. In Czech and Slovak republics, Poland and Hungary, new legislation was introduced. The management and administration of HEIs were taken away from the Ministry of Education (Worgan, 1995; Pisut, 1993). Academic staff are given certain freedoms and rights. Chief officers such as rectors or presidents are elected by the members of the institutions academic senate. Professors are nominated by the scientific council of the institution. In Czech Republic, each HEI has a high level of autonomy despite the reliance on the state funding. It seems that institutions have this level of autonomy because of the part played in the revolution by students and academics (Lajos, 1993). In former Soviet Union, HEIs are getting more autonomy, under the influence of a further liberalisation policy (van de Bunt-Kokhuis, 1993).

There has been a little change in the structure of higher education. In Poland and Yugoslavia, the structure of higher education has remained unchanged. Most universities are still narrowly specialised and small sized institutions (Grzelak, 1993; Ivic, 1992). The private form of ownership on HEIs has been allowed in the former Eastern block countries. Private HEIs are being created in Hungary, Romania, Bulgaria, Poland and Slovak Republic. In Hungary, private management schools are being set up everywhere (Rupnik, 1992).

The basic task of universities as teaching and research institutions is recognised. In Czech Republic, “*A valiant attempt has been made to alleviate this problem by attaching some of the Academies research institutions to universities*” (Worgan, 1995:247). Nevertheless, not every attempt has succeeded. Despite long discussion on the status of all academies and proposals for their dissolution, new laws have either confirmed their previous status (in the Czech and Slovak Republics) or

(as in Hungary) are expected to do so, or (as in Poland) have not yet even been presented to the parliament (Amsterdamski & Rhodes, 1993:391).

Academic affairs are no longer the concern of the state. In Czech Republic, the curriculum is not controlled by the state but in the hands of the institutions and or faculties through their scientific councils (Worgan, 1995). In former Soviet Union, subjects like political and social sciences, history, law and economics have been changed dramatically (van de Bunt-Kokhuis, 1993). Accreditation has been introduced in Hungary (Lajos, 1993). The introduction of new qualification (PhD) for university teachers will create a cadre of younger pedagogues who will undertake research as a matter of course in the universities (Lajos, 1993; Pisut, 1993).

Funding from the state is still the major source for higher education and allocated by cost per student and number of students. Tuition fees are paid at private universities. Institutions are discussing the fee-payment for students studying at public universities. This leads one to suppose that a valiant attempt is being made to move towards the market oriented model of higher education (Worgan, 1995:249).

Despite the great success of higher education reform in the former eastern block countries, there are many problems that challenge HEIs and the system of higher education as a whole. The reform in higher education was not perceived as a priority by people outside the system; politicians and society in general were mostly occupied by economic, social and political issues (Pisut, 1993). The higher education policy of the parties in parliament is of much less significance. The structure of higher education could not be changed due to the compromised attitudes of governments towards higher education and research issues (Lajos, 1993). HEIs have gained in freedom but lost their financial support of state and local governments. The brain drain of scientists are also problems for higher education (Grzelak, 1993; van de Bunt-Kokhuis, 1993).

In brief, the transformation process in the former eastern block countries could be extremely difficult. It is not only a transition of a non-market economy to a market one, but it is also a transformation of a non-democratic society to democratic one. It

may take decades to complete the process. But reform initiatives at macro level need to go ahead. Goals and strategies for development of higher education should be formulated with the help of top decision makers. In reforms at the medium and micro levels the initiative is with the faculties (Pisut, 1993). The existence of a sensible and competent higher education government, plus reasonable additional funds in support of the changes, are pre-conditions of the transformation (Lajos, 1993).

Policy on Privatization in Higher Education

A recent study of the World Bank (1993a) points out that investment in education is an important factor for economic achievement in East Asian countries or at least in the countries which are considered in the study. Education is both a private and a social investment that is shared by individual students, their families, employers, governments and other groups, including international agencies. Current economic conditions have reduced most governments' ability to continue expanding education. For this reason, the World Bank and others have put forward the policy proposal that developing countries should rely more heavily on private schools, cost-recovery in higher education, student loans and selective scholarships (Patrinos, 1990). It is argued that such a policy package would result in more resources flowing to education, more efficient use of such resources, and more equitable access to education. In some countries significant excess demand for higher education was not met, in other countries public higher education failed to give highly qualified higher education and in developed countries the need for more academic freedom, institutional autonomy and more choice is needed in higher education. These reasons and others have urged the development of private higher education in many countries throughout the world. Private sectors are organised differently, serve different purposes and receive different levels of aid from governments and other organisations. This section will analyse the reasons for the establishment of private higher education, its merit, general features, finance, government supports, government controls and government policies for private higher education development.

Reasons for the Establishment of a Private Sector in Higher Education. Private sectors in higher education have been established to serve the needs of society in

training high levels of manpower. Geiger (1985:387) states that private higher education has occurred in three types of situations:

*cases in which **more** higher education was demanded than was provided by the state; cases in which groups desired **different** kinds of schools from those provided; and cases in which qualitatively **better** education was sought.*

In developing countries with limited resources available for government services, the private sector has often been allowed to meet the social demand for higher education. This strategy produces restrictive and elite state universities complemented by a “*mass private sector*”. Eisemon (1992:157) notes that

many African countries were unable to maintain the levels of support their higher education systems received in the 1960s and 1970s. African governments are allowing the development of a private higher education sector in recognition of their reduced capacity to fund further expansion of public higher education.

Japan, despite its current affluence, has retained this pattern; more than three quarters of university students are found in private institutions.

The private provision of *different* kinds of higher education also can be stimulated by the needs of either a cultural or a functional constituency. Minority communities have sought their own universities in order to cultivate and preserve their distinctive beliefs. Catholic higher education tends to confirm this pattern. A functionary inspired differentness can be found in the establishment of business-related education which has been left to the private sector.

In Latin America, according to Levy (1986a), public HEIs failed to give highly qualified courses of higher learning. The deterioration of conditions in state institutions caused a certain segment of students, notably those from upper-middle class backgrounds, to defect to private universities in order to find institutions that will better qualify them for private sector employment. “*Better*” in teaching, extensive libraries and modern scientific laboratories, carries costs that go far beyond what the intended consumers could or would pay. Thus, Geiger (1985:388) confirms that

private institutions are able to offer qualitative advantages at times by confining themselves to a restricted, and not overly expensive, area of higher education, as has been the case with the Stockholm School of Economics’.

Another reason that encourages the emergence and the development of the private sector in higher education is concerning institutional governance.

Many of the conservative governments of contemporary Western Europe are intent upon developing competition and privatization in the education sphere. Their official rhetoric is that reduced dependence upon state funding will mean increased freedom for individuals and educational institutions (Pritchard, 1992:247).

The spirit of individuality, diversity and free enterprise in education is conducive to the foundation of non-state universities in Germany and Britain (Pritchard, 1992).

All the above mentioned factors are reasons for the emergence and development of diverse private sectors in higher education throughout the world.

Merits of Private Higher Education. Private sectors have contributed significantly in the development of higher education.

...privately controlled institutions possessed the intrinsic potential for realizing several positive results for higher education as a whole. Private institutions can often enlarge the resource pool for higher education by mobilizing private forms of support in addition to that provided by the public fisc. They can enhance the pluralism of higher education systems, thereby increasing the choice and satisfaction of educational consumers. And they are likely to adapt relatively quickly to changes in conditions that are vital for their existence, thereby increasing the responsiveness of a system (Geiger, 1985:386).

By their functions, private HEIs are an important compensation for public higher education. They can meet the changing needs of students and employers effectively and flexibly (World Bank, 1993b). In terms of finance, the contribution of the private sector helps to achieve the four following objectives:

- decreasing the public burden, using available resources to increase either quality or quantity in higher education.

- increasing internal efficiency in resource use in public institutions by encouraging recognition of expenditures and rational use of resources,
- increasing responsibility of HEIs by encouraging connections between higher education and industry, commerce and the wider community,
- increasing equity in higher education because recipients of higher education have to contribute towards the costs of their education (Woodhall, 1992).

Private institutions in higher education also give more freedom, private choice, equity and effectiveness in serving consumers (Levy, 1986a).

The private edge is probably smallest under open regimes that allow considerable public university autonomy, yet even there the sector enjoys greater autonomy in decision over finance and appointments (Levy, 1986a:313).

Levy (1986b) also explains that private sector can provide added student choice among institutions because the public sector bears the main responsibility for access. The private sector increases choice by offering certain fields of study not offered or not offered in innovative ways in the public sector. Most private institutions are narrow in the range of courses offered. Substantial choice emerges not because individual institutions are broad but because they are different from one another and because the private sector is pluralistic. As mentioned above, private higher education contributes to satisfaction of the excess demand for higher education by creating the possibility of entrance to higher education for the less privileged group in society. In Latin America, the private sector provides “*better*” higher education to its clientele and its successes are based largely on the deficiencies of the public sector, so the private sector’s demonstrated ability to satisfy powerful privileged groups may help the public sector to be comparatively open to less-privileged groups. In this case, private higher education plays a role of providing access and equity. The effectiveness of the private sector is even more obvious than the other three values: freedom, equity and private choice. If effectiveness means success in carrying out selected goals, then the private sector has been strikingly effective.

To summarise, both public and private sectors provide higher education to meet the needs of consumers, but each sector accomplishes something distinctive, something better than the other sector, something that certain groups want and that satisfies their notions of desirability. The emergence and development of the private sector in higher education compensates for weaknesses in the public sector. This compensation increases possible freedom, choice, diversity, equity and effectiveness in higher education.

The Private Sector and its Relation to the Public Sector in Higher Education.

One of the fascinating issues in the operation of higher education in the latter part of the twentieth century is the relative merits of private control. The diversity and flexibility of the private sector in higher education proves its innovative and adaptive ability to survive in demanding societies and its pre-eminence in complementing the public sector.

Excluding the United States of America, Geiger (1986, 1987, 1988) divides all systems of higher education into three basic structural patterns of public-private differentiation. They are mass private and restricted public sectors, parallel public and private sectors, and comprehensive public and peripheral private sectors.

Mass private sectors. A mass private sector manifests itself in Japan, the Philippines, South Korea, Brazil, Colombia and to some extent in Indonesia. Among these countries, Japan has a private sector with 73 percent of the country's university students, the Philippines with 85 percent, Brazil with two thirds and Indonesia with 65 percent of the total enrolment (Geiger, 1986). This structural pattern has the task by default of accommodating the considerable excess social demand for higher education.

One of the most salient characteristics of mass private sectors is a widely recognised institutional hierarchy.

Differences in selectivity of students, student/teacher ratios, library size and campus amenities become embodied in institutional reputations; these reputations, in turn, become generally known and, more significantly, faithfully mirrored in family choices for their children and employer preferences for graduates (Geiger, 1986:15).

The great degree of access to higher education achieved has nevertheless had its negative aspects. While some of the private institutions in mass private sectors are comparable to the best that the state can offer, the bulk of the additional student places are of a decidedly inferior quality (Geiger, 1986). In Japan, for example, in 1979 the private sector of higher education comprised 78 percent of total enrolment. At the top there is competition truly based on merit, and the system functions exceedingly well in allocating the most prized career opportunities. At the bottom the Japanese system is essentially open to anyone with minimal qualifications desiring a college education. Wide access fulfils the needs of an open society by allowing individuals to pursue their educational aspirations freely.

Another basic feature of a mass private sector is an extreme reliance upon tuition revenues. In addition to Japan, where the rate subsidisation was close to 40 percent in 1975, other countries have also developed mass private sectors based mostly on student tuition and institutions function as independent self recovery enterprises. In the Philippines, for example, only one-third of the private sector's students were in schools set up as non-profit organisations. The rest were in colleges and universities that operate as for-profit corporations. Diversity and innovation are commonly regarded as attributes of the private sector, but it would seem that these qualities are inhibited when private institutions are responsible for the bulk of a nation's higher education (Geiger, 1986).

Parallel public and private sectors. This pattern results from the need to guarantee a significant degree of cultural pluralism within a non-hierarchical system (Geiger, 1988). Belgium and the Netherlands have welfare state conditions, under which private universities today receive nearly full state funding. In Belgium 69 percent of university enrolment were in private institutions in 1984, compared to only 20 percent for the Netherlands in 1982. All Dutch universities have traditionally enjoyed a high degree of autonomy. The Academic Council has served as an intermediary between the Ministry of Education and universities. In Belgium, the state universities have always been closely tied to the government. For this reason, Belgian private universities have been eager to protect their greater autonomy. Geiger (1986) makes two points: firstly, private institutions are sufficiently different from their counterparts

in the public sector to enhance the range of student choice, and hence the overall diversity of the system, and secondly, the independence of the private institutions contributes to adaptive innovation, helping the system as a whole to change with the evolution of its social environment.

Comprehensive public and peripheral private sectors. When the public sector is designed to fulfil all social higher educational functions, the private sector is relegated to those tasks that are neglected by the state. The private sector is forced to operate around the periphery of the state system of higher education. The dominant public sector monopolises the university component of higher education because of the high level of expenditure required to maintain universities according to internationally set standards for state and society. The peripheral private sector is left with a variety of tasks largely associated with non-university post-secondary education. The tasks have included various kinds of advanced vocational education, and especially training for commerce and private industry (Geiger, 1986) such as Sweden's Stockholm School of Economics. On the other hand, where serious deficiencies exist in a comprehensive state sector, the private sector may have an opportunity to grow to significant size such as in the case of Latin America. The University of Buckingham in England or Bond University in Australia fulfil only peripheral tasks which public universities neglect. Private universities in welfare societies face great difficulties, as Beloff states,

the founders should have known how hard it is to sell something which one can get elsewhere for free or, at any rate, for much less (Beloff, 1979:400).

Private sector in the United States. The American private sector is the world's largest, containing by itself a major share of all private enrolments in higher education. In the 1970s about 45 percent of college-age cohorts had been enrolling in higher education. Then the private sector enrolment share declined to less than one-quarter of the total, and it has stabilised since 1980 (Geiger, 1986).

Compared with the United States, the private sectors in other countries pursue single overriding purposes. Mass private sectors in Japan and the Philippines chiefly owe their existence to the limited availability of state higher education. The role of private universities has been to supply *more* higher education to meet the popular

demand. Parallel and peripheral private systems accommodate *differences* of another kind of higher education. In some cases, private sectors would be providing education that is in some senses *better* than that available from the state. The American private sector provides services with all three rationales: *more*, *different* and *better* for students and society (Geiger, 1985, 1986). Private research universities provide superior higher education, liberal arts colleges provide higher education with a difference and large urban private universities serve the multitudes.

Private sectors in higher education in Asia. Woodhall (1992), when comparing models of higher education development in Asia, notes that different attitudes have emerged towards private sectors in higher education. In Japan and the Philippines private colleges and universities have been established to meet excess demand for higher education.

In other countries the private sectors are growing rapidly. In Indonesia, there was a change in government policy towards private higher education in the late 1980s. Previously, public higher education played the major role and the private sector had a peripheral role. With increase in demand, public universities could not satisfy the need for higher education, therefore the private sector has been expanded. In 1993, the private sector had 65 percent of the total enrolment in higher education. In South Korea, nearly 80 percent of students are enrolled in private universities. In Malaysia the government decided to expand and develop public universities as a priority in the development of higher education. However, there was a limitation in enrolment for ethnic minority students, because the demand exceeded supply. As a result, students had to go abroad to study. In 1980, the government recognised that public universities were not able to satisfy the needs of society in higher education. Private higher education has been allowed to develop.

Other countries in the region, such as Thailand and Hong Kong, have strong private sectors which exist parallel with public universities and colleges and supply exceeds the special demands of these societies. Private higher education has emerged in Asia to meet the needs for mainly *more* and to some extent *different* and *better* higher education.

Vietnam has undergone a long period of state monopoly in higher education. The private sector has been re-established only recently. In fact, there were seven private colleges and universities in the South before 1975 (Do Ba Khe, 1974). After reunification of the country, the private sector in higher education was abolished. The open door policy implemented since 1986 has affected education. Higher education institutions are being urged to become effective and appropriate to the functions of providing human resources for social and economic development. The need for the establishment of private and semi-public schools, colleges and universities has emerged. To date, Vietnam has ten non-public universities established. This is a small number of non-public universities in comparison with other countries in the region. The total enrolment in the private sector is estimated at about 40,000 students - a significant number which helps to expand higher education when the government is unable to meet the demand.

The development of private higher education in Asia (UNESCO, 1985b) shows that it is possible to meet much of the consumer demand for higher education through private initiative, though difficulties in ensuring the attainment of the necessary standards in achievement, policy and planning cannot be discounted, as has also been shown, for example, in the United States and Japan.

Finance for Private Higher Education. HEIs obtain their funds from four main sources: government grants, private contracts and donations, fees, and endowment income (Karmel 1987). For Levy (1986b), a commonly used criterion to distinguish universities called private and public is the source of funds. This criterion varies from nation to nation. Within a given nation or state, policymakers could choose a certain percentage of government support to total income above which institutions would be considered and treated as public, and below which they would be considered and treated as private. In developing countries private sources are a major part of the income of private institutions. In developed countries, the situation may be different. Private colleges and universities sometimes are fully funded by governments.

Tuition fees are the largest source of revenue for private institutions in higher education and they are also the cause of the greatest single disparity between public and private institutions (Geiger, 1986).

Financial support from governments is a very important source of revenue for private universities and colleges. In developed countries sometime it occupies the largest part of the income of private institutions. The private universities in welfare societies like Belgium and the Netherlands have been wholly funded by the state (Geiger, 1988).

The cost of private higher education caused by growing expenditure is now higher than most private-sector students can be expected to pay. As a result, in developed countries individual students or institutions in the private sectors have been receiving financial aid of some type or other. In the United States, for example, private students receive need-based financial aid through a combination of different federal programs that have been put in place over the past two decades. The United States federal government funds on a vast scale both public and private institutions.

In developing countries, governments are not able to give great support to the private sector in higher education. The Philippines, for example, can spare no more than a pittance in aid to numerous private colleges.

In the United States, philanthropy has been instrumental in the shaping of the private sector since the day that "*John Harvard achieved immortality by giving to the newly founded colleges in the Massachusetts Bay Colony*" (Geiger, 1986:172).

Other sources of private support for higher education are by donation or endowment. These are important in some developed countries, but are not likely to be significant in developing countries (Psacharopoulos & Woodhall, 1985).

If the definition of "private" and "public" in finance depends on the ratio of state-provided income to total income, then private sectors in developing countries are truly private with total income provided from private sources and their public sectors are truly public with total income provided by the state. In welfare societies such as Sweden, Belgium and the Netherlands, governments fund a major part of income for private HEIs. This difference is explained by the factors that caused the private sector in the two systems to emerge. The private sector in developing countries emerged when governments were unable to maintain the necessary levels of support for higher education. The private sector required students to pay tuition fees for their education.

On the other hand, governments of developed countries allowed the establishment of the private sector to create an environment for freedom, free choice, equity and effectiveness in higher education systems.

Role of Governments and Policies for Development of Private Higher Education.

Governments play an important role in the development of the private sector in higher education. They usually provide financial or political support and at the same time they take control over finances and quality of teaching and learning in private institutions.

As presented in the previous section, governments in developed countries usually provide significant financial aid for private institutions directly or indirectly. University support in the United States may be said to be indirect or through contracts to undertake specific research projects for federal agencies. In Japan and Britain, government funds are for general institutional support but they are given indirectly through an intermediate body. In Belgium and the Netherlands, government funds are simply granted directly to private universities, while in Sweden the direct grant is governed by a negotiated contract. The Japanese government policies have changed since the 1970s in favour of the private sector. The decision to decrease control over the establishment of private higher education institutions in the early 1960s was the first turning point in higher education development. By the end of the 1960s the crisis in Japanese private higher education created a big gap in standards between the public and private sectors. The Japanese Government decided to provide current cost subsidy for the private institutions in higher education which were becoming financially bankrupt in the 1970s. The third turning point in Japanese government policy was the decision to give a permanent current cost subsidy consisting of one quarter of the finance for private institutions (Woodhall, 1992).

In developing countries governments are not able to give great support financially. They usually create a suitable political and legislative environment for the development of private higher education. In Indonesia, for example, the government supports private higher education institutions indirectly by sending academic staff to work for private institutions (Woodhall, 1992).

Governments in developing countries also promulgate regulations to ensure quality and control over academic and financial processes. In Kenya, for example, permission from the government to offer degrees was obtained with the stipulation that these institutions and their programs be accredited by and usually affiliated to recognised foreign institutions (Eisemon, 1992).

In Indonesia, public universities are not necessarily accredited, but private higher education institutions have to ask for accreditation. They must apply for accreditation to the Regional-Cooperation of Private Institutions of Higher Education - KOPERTIS. Accreditation licences are valid for only 3-5 years and apply only to a program or course that is accredited (Woodhall, 1992).

In developing countries, the majority of private institutions, that made expansion possible, were badly deficient in physical facilities, libraries, laboratories, and most crucially, adequately trained teachers. The Philippines Government, for example, has consistently

attempted to compensate for these glaring weaknesses through a surfeit of regulations. Such devices as rigidly specified course contents and required class attendance, however, affect the formalities of higher education without touching the inner content (Geiger, 1986:231).

According to Geiger (1986), the financial controls that were placed on the Philippines private higher education seem to have virtually frozen the sector in its current mould, while gradually starving it of the funds necessary to cope with rising price levels.

Conclusion

The need for massification of higher education in developed countries and expansion of higher education in developing countries forces national governments to change policy on higher education. Making programs more flexible, diversifying systems of higher education and dealing with staffing issues and financial scarcity are major concerns of policy makers in higher education. The excess demand in higher education caused by the Sputnik effect in developed countries and the rise in real incomes in developing countries (Psacharopoulos, 1991) requires further expansion of

higher education. In order to satisfy this demand, governments both in developed and developing countries have allowed the establishment of private sectors in higher education. Moreover, private higher education potentially possesses qualities that may be of value to most of society. One set of such qualities is associated with diversity. The existence of diversity enhances individual choice, equity, effectiveness and thus the optimisation of individual welfare. Although private sectors are treated differently in different countries, most governments have established policies and appropriate conditions, such as financial and legislative, for development. Private higher education should not be perceived as an end in itself, or as an inherently superior way of organising the task of higher education. It has, however, been a widely utilised vehicle for achieving certain general objectives in higher education, and these efforts in themselves have produced benefits for educational systems and society.

Chapter 4

POLICY ON PRIVATIZATION IN VIETNAMESE HIGHER EDUCATION

Introduction

Before the *doimoi* policy was implemented, the education system in Vietnam, with only a few exceptions, was fully funded by the government and governed by centrally controlled regulations. As part of the restructuring of the education system, the transformation of some public educational institutions into semi-public ones, and the establishment of people-founded and community based schools have been a result of the implementation of the *doimoi* policy in education. The Vietnamese Government and the governing party have identified main policy objectives and policy changes in the area of private development in education and have promulgated principal regulations governing operations of non-public institutions in education. Though the legitimate framework for the non-public sector needs to be improved, it is a reflection of the policy change from a single state and collective control economy to multi-sectoral development.

This chapter describes the main policy changes in education, the objectives of the policy on privatization in education, major contents of the policy and its expectations, and regulatory frameworks governing operations of non-public HEIs.

Data Sources

Although higher education policy in Vietnam is authorised by the highest level of authority, there are not clearly defined functions in policy authorisation between the three highest bodies of power: the Communist Party of Vietnam (CPV), the National Assembly (NA) and the Government. The education law has not been approved by the National Assembly, there is no evidence of the role of the NA as a legislative body in

making policy in higher education. Traditionally, the general guideline for higher education development is stated in the CPV documents, while issuing regulatory frameworks and other legal bases for development of higher education is a responsibility of the Government and its agencies. The data collected for this chapter, therefore, comprise the following:

1. Resolutions of the CPV,
2. Decisions, circulars, regulations and decrees issued by the Government,
3. Regulations issued by the Ministry of Education and Training (MOET) and other related documents of MOET,
4. Reports of any group or committee that deals specifically with formulation and implementation of policy on non-public higher education,
5. Any article or study that might contribute to a fuller understanding of this policy.

Additional information on policy change and policy objectives is obtained by interviewing senior officers from the MOET and the Government office. All interviewees were assured that any confidential information provided will be treated confidentially.

The Main Policy Changes since the *Doimoi* Policy was Implemented.

The *doimoi* policy introduced at the sixth CPV Congress in 1986 confirms the legal existence of a multi-sectoral economy in Vietnam and encourages the development of non-public institutions in education and other service sectors (CPV, 1986). Later, at the fourth Plenum of the CPV Central Committee, held in January 1993, major guidelines for educational development were identified (CPV, 1993). The major policy changes introduced at the fourth Plenum are based on the change in the philosophy of the CPV on the country's development in the new context and the changing roles and functions of education and training in the market economy. As an implementation of the Resolution of the CPV Central Committee (CPV, 1993), the

Circular 90/CP (Vietnamese Government, 1993a) issued by the Government identifies the structure of the national education system and the system of degrees in the Socialist Republic of Vietnam. In the two documents - the Resolution of the fourth Plenum of the CPV Central Committee and the Circular 90/CP, three elements of a new model of education were developed. They include a system of new ideas on education development; a structure for the education system; and mechanisms for operation and management of the education system.

The system of new ideas on renovation in education and training is based on the changing role and functions of education and training as “a primary national policy”. The system includes the following: education and training is an important force for economic development; investment for education and training is considered as investment for development; resources of any kind could be mobilised to develop education and training; learners have to pay; employers have to contribute to employees’ training; social equity in education is to be ensured; policy to assist the poor and disadvantaged groups needs to be formulated.

The structure of the national education system must facilitate improvement in people’s knowledge, training of the labour force, fostering of talents, expansion of the educational system, improvement of quality, and, step by step, implementation of continuing and long-life education. The education system is to be restructured in such a way that creates opportunity for the people who want to learn, to learn all their life. This structure should be unified, diverse, flexible and based on the modularisation of knowledge and the possibility of transfer between various programs and levels. The structure is to facilitate diverse delivery modes: long-term and short-term; internal and external; formal and non-formal; face to face and distance education. Forms of ownership might be public, semi-public, people-based and private. The reform in higher education must focus on implementation of two phases’ training for undergraduate degrees; transformation of the school year’s programs to a credit system and of narrow, specialised programs to wider profile programs; increase of post-graduate training (masters and doctors degrees), and the possibility of transfer (CPV, 1993; Vietnamese Government, 1993a).

The mechanisms for operation and management of the education system are to be reformed. The process of decentralisation and deregulation in education management is to be continued. HEIs will be given more autonomous rights and teaching staff more academic freedom. The principles of diversification, democratisation and encouragement of people's involvement in educational business are to be implemented in administrative, academic and financial management. Policies on tuition fees, scholarships, and loans; and regulations governing the operations of foundations and non-government organisations established to assist education and training are to be formulated and implemented. Changes in the mechanisms for operation and management are aimed at making the education system relevant to the needs of socio-economic development.

As part of the general guideline, the Plenum of the CPV Central Committee identified the restructuring of the education system as a major measure to put the policy into practice. This policy implementation permits improvement in the structure of the education system, consolidation of public schools and the change of some public schools into semi-public ones; it encourages the establishment of people-founded schools, allows the establishment of private institutions in pre-school and post-secondary education (except in general education) and encourages the expansion of non-formal education (CPV, 1993:62). The mechanisms for operation and management, the most dynamic and important element, as mentioned in the CPV document, could be effective, if the system of education was well organised, strategies and actions' programs well identified, and powerful management machinery well integrated (Vu Van Tao, 1996:3).

The Main Objectives of the Policy on Privatization in Education

“Privatization” can take two forms - private provision and private financing. In terms of provision, earlier restrictions against private (or “non-public”) institutions have been lifted or relaxed since the late 1980s, and the number of such institutions is growing at every level. Most of the costs of running non-public institutions are met from student fees. In terms of financing, even when a child enrolls in a public

institution, the family must bear a significant share of the full economic cost of the child's education and training in the form of fees paid, which offset some part of the institution's expenses, and in the form of other private costs related to the child's education. In this study, the focus is made on private provision of higher education.

The major objective of the policy on privatization in education, according to the Party (CPV, 1986; 1993) and government documentation (Vietnamese Government, 1993a), MOET documents (MOET, 1992, 1993, 1994c) and reports of an expert group (Working Group No 4/WB, 1996a; 1996b, 1996c), is to mobilise private resources to meet the excess demands for education of various social strata. The Minister of Education and Training points out:

The Resolution of the fourth Plenum of the CPV Central Committee confirms the legal existence of semi-public, people-founded and private educational institutions; and some regulations on non-public educational institutions have been promulgated. The objective of this is to compensate for the public sector and to meet the excess demand for education of population (Tran Hong Quan, 1993:18)

In terms of financing, the Vietnamese Government intends to mobilise all kinds of resources to develop education and training, such as investment into education from the government budget, grants and loans with low interest rates from foreign countries and international organisations and private contribution from consumers (CPV, 1993:64). Of those, the private contribution will provide the highest proportion of education and training expenses. To help finance the direct costs of education and training, government policy in Vietnam now permits public institutions to charge fees at all levels of education and training except at the primary level. In addition, informal charges and incidental costs must be met by individuals enrolled at all levels including primary. The net result is that Vietnam has reached quite a high level of cost-recovery in education and training. It is estimated (World Bank, 1996:xii) that above 40 percent of the total direct costs of education and training across all levels is from private funding. Private provision in education and training relieves the burden on the public administration, which then does not have to carry the full load of provision, and it also

relieves the public financial burden to the extent that students in private institutions do not usually receive public subsidies.

In higher education, the policy on privatization is aimed at expanding the system (MOET, 1992; 1993; 1994c). There was a very rapid increase after school year (SY) 1992/93 in higher education enrolments, which more than doubled in two years, far out-stripping the modest increase in primary education, and even the quite rapid increase of secondary education, on the rebound after the four year decline between SY 1987/88 and SY 1991/92. Over the entire ten year period from SY 1985/86 to SY 1995/96, enrolments in higher education increased at an annual average rate of 11.1 percent, as compared with 2.1 percent for primary and 1.6 percent for secondary education (World Bank, 1996:20). However, individual non-public HEIs may also pursue different objectives. Contributing to increasing student enrolments in the whole system, non-public HEIs may focus on high quality training. At the Ho Chi Minh City Open University, for example, English and business administration are considered as highly standardised courses offered in Vietnam. At the Thang Long University, mathematics and computing courses are pursuing the national standards which only traditional public universities can afford.

The foundation of the non-public sector in education and the permission of extra-plan student enrolments also create a space for the increase of institutional autonomy and institutional responsibility of HEIs and a competitive environment within the system of education. As the Minister of Education and Training confirmed:

The appearance of non-public educational institutions creates many positive factors affecting the education system. For example, a dynamic style of management is evident, mechanisms of operations are more efficient and effective, training programs are being renovated more quickly. Competitions and cooperations between the two sectors have emerged. Competitions should be positive and based on cooperative spirit (Tran Hong Quan, 1993:30).

Finally, establishing non-public education institutions, the Government actually creates opportunities for everybody to learn according to his or her aspirations, ability, learning conditions and income situation (CPV, 1993:62).

Whereas achieving a greater degree of cost recovery is an objective of government policy, complementary measures are needed to ensure that students from poor homes are not financially constrained from attending education courses for which they are academically qualified. An alternative policy solution, as suggested by specialists of the World Bank (1996:xviii) is a combination of a free attendance at primary level of education and an expansion of the student loan program now being piloted in Hanoi for other levels of education.

In brief, the implementation of policy on privatization in education is aimed at expanding enrolments in education, opening up the door for more students to come based on a high level of cost recovery; making the system of education diverse and adaptable to the newly established market economy; and finally, meeting the diverse needs of various social strata in Vietnamese society.

Issues and Premises for Development of Non-Public Higher Education

In the early 1980s, the socio-economic crisis directly influenced HEIs and made worse the weaknesses of the higher education system. Enrolments decreased. Quality of training slowed down. Income of the staff was too small to cover expenses for living. Equipment and facilities were very poor and backward. The management system was inefficient. There was a major contradiction between, on the one hand, the need for expansion of higher education and improvement of quality and, on the other hand, the limited capacity of the government in providing HEIs with financial and material resources (Phan Tat Gia, 1995).

At the Sixth Congress of the CPV, a new philosophy on the country's development was developed and all-round and profound renovation of the Vietnamese economy was identified. The renovation of the economy has created promises for higher education renovation which were identified in the Meeting of Presidents of Universities and Colleges in Nhatrang (MOET, 1987; Le Thac Can, 1991). They are:

- Higher education institutions are training specialists not only for the state-owned sector of the economy but also for enterprises that are cooperatives, privately owned and joint ventures. The task of higher education is also designed to meet the demand of people for scientific and cultural education.

- Higher education and training are being carried out not only under the auspices of the state plan but also according to contracts among universities, colleges, and prospective employers or through agreements between HEIs and fee-paying students.

- Higher education institutions set up their plans based not only on the central plan but also on contracts signed with consumers and prediction of the learning needs of society.

- Higher education is not necessarily tightly linked with distribution of graduates as it was in the centrally controlled mechanism, but graduates are responsible for looking for jobs. Higher education needs to be ready to upgrade knowledge and practical skills for employees and be responsible for training quality.

The Nhatrang's Meeting (MOET, 1987) also identified three principles as a philosophical basis for renovation. Firstly, higher education reform should correspond with and serve the economic renovation. Secondly, higher education in Vietnam is in the process of taking shape, therefore, the State played and continues to play a decisive role in the development of higher education, especially in formulating policy on higher education and in developing key courses and institutions which affect long-term development. Finally, higher education is being transformed from a close and rigid system to an open, dynamic and diverse system and the Government is decreasing its role in the control of HEIs. Obviously, there has emerged a tendency of decentralisation and democratisation in Vietnamese higher education.

The relationship between the state and higher education in Vietnam has changed dramatically in the last few years. There is a movement from one of state

control towards academic oligarchy by autonomy. HEIs now have more autonomy in dealing with matters like student admission, recruitment and promotion of staff, identification of courses taught and mobilisation of additional resources for institutional development. However, financially, HEIs still strongly depend on the State. The government budget is still a major financial source for higher education and the implementation of reform projects and programs needs great assistance from the State. Thus, in the period of transition, the Government still plays a critically important role in the renovation of higher education. The increasing involvement of the State in the development of higher education means an increase in participation by the State in financing and coordinating object-based-programs, such as programs of contents reform, renovation in training process, upgrading staff qualification, restructuring HEIs and so on. The impact of the Soviet era on the relationship between the state and higher education is still serious. At present, individual HEIs cannot renovate themselves to respond to the needs of the market economy without assistance from the State. There is no contradiction between the increasing role of the State in the renovation of higher education and the promotion of institutional autonomy in the transitional period. The State assistance helps consolidate the capacity of HEIs and, consequently, the possibility of institutional autonomy.

Regulatory Framework Governing Operations of Non-Public HEIs

Non-public higher education, as determined in regulations (MOET, 1994a, 1994b; Vietnamese Government, 1993) includes three kinds of institutions: semi-public, people-founded and private universities. *Semi-public* universities are owned by the state and managed by a public authority, but all operating costs are covered by student fees. Additional finance could be mobilised from other sources. *People-founded* universities, as a kind of not-for-profit institutions, are owned and managed by non-government or private organisations such as trade unions, cooperatives, youth organisations and women's associations. As with semi-public institutions, there is close to full cost recovery. *Private* universities in the usual sense of the word are owned and managed by private individuals. A regulation permitting the establishment of private HEIs in 1993, based on Decision 240/TTg of the Prime Minister, was

suspended soon thereafter. The reasons for this is presented in Chapter 5. For the time being, the non-public HEIs in Vietnam are all semi-public or people-founded.

There are no differences between semi-public and people-founded HEIs in the areas of academic affairs and institutional organisation. In terms of relationship between the State and non-public HEIs, people-founded universities have more autonomy than semi-public HEIs. Due to the significant financial contribution by the State to semi-public HEIs, the State has more power over semi-public HEIs than people-founded. MOET appoints and dismisses the president of a semi-public university. In the case of people-founded HEIs, the president is appointed by the board of trustees and approved by MOET. As far as staffing is concerned, people-founded universities have more autonomy than semi-public universities in recruitment and promotion of staff. The staff members of a semi-public university can be civil servants, but the staff members of a people-founded university are only private individuals who are eligible for signing a work contract.

The establishment of a semi-public or people-founded university is decided by the Prime Minister. Semi-public universities may be established as a result of the transformation of a public university or initially established, based on the initial contribution of the state (ministries or agencies at ministerial level; provincial, city's or special zone's people's councils). To establish a semi-public university, a public university or an economic or social organisation has to begin with the establishment of a council of founders. After preparing a proposal for the establishment of a semi-public institution, the council of founders submits it to MOET. MOET examines the proposal, then submits it to the Prime Minister through the government office. When a decision is made by the Prime Minister, a ministry or agency at ministerial level issues a decision to recognise the semi-public university (MOET, 1994a).

The people-founded university is established under the sponsorship of an organisation. Individuals or organisations wishing to establish a people-founded university have to submit to MOET an application, a list of founders and their Curriculum Vitae. After being recognised, the council of founders prepares and

submits to MOET a proposal and a draft regulation of the university within one year. Considering the proposal and available documentation, MOET approves the proposal or may ask for improvements and then submits it to the Prime Minister. After the Prime Minister allows the establishment of the institution, MOET issues a decision to recognise the university (MOET, 1994b). If necessary, MOET conducts a survey by sending officers from various MOET departments to meet the council of founders to inspect the possibility of the establishment of the institution.

Non-public HEIs in Vietnam, as determined in the regulations, must follow all requirements set up by MOET for public institutions on student enrolment, curriculum design, examination procedures and quality assurance.

Requirements for the founder and the chief officer of a non-public HEI. Qualifications, behaviour and attitude of the founder must be relevant to the requirements set up by MOET. Qualifications of the chief officer (director or rector or president) of a non-public HEI must be equivalent to those of the chief officer of a public institution (MOET, 1994a, 1994b; Vietnamese Government, 1993).

Infrastructure and equipment of HEIs. Infrastructure and equipment of institutions of higher education have to meet the minimum requirements set up by MOET for a public institution.

Teaching staff. Academics working for non-public institutions of higher education must be trained accordingly. Those working for private or people-founded institutions must sign a working contract with the chief officer and those who work for semi-public institutions could be public servants or private individuals who are eligible for signing a contract with the institution. All teachers have the right to upgrade their knowledge and participate in staff development programs of the institution and other programs organised by MOET and other educational bodies.

Requirements for students. Students of non-public HEIs must follow regulations issued by MOET for non-public institutions of higher education on student enrolment, examination and financial contribution.

Finance and tuition fees. Level of financial contribution and tuition fees is set up by the institution in consultation with students and their families. Before announcing the level of tuition fees, the finance officer or representative of the HEI discusses the matter with representatives of student families. In making the decision on tuition fees, the institution usually takes into account the competitiveness of other institutions. The level of tuition fees must not be higher than the full-time equivalent (FTE) student cost that the state grants the public institutions of higher education.

Semi-public institutions receive initial investment from the state, while people-founded institutions theoretically have the right to borrow money from public banks and international credit loans. To date, there is no people-founded HEI that has borrowed money from either the state or international agencies, because state finance is not available and international assistance programs for higher education are in the process of negotiation.

Quality assurance mechanism. Each year, non-public institutions have to submit a report on financial, academic and other matters to MOET. MOET directly carries out inspections and evaluates institutions at any time. Criteria for evaluation are set up based on the criteria used in public institutions. Academic and financial aspects are the first subject matters of inspection.

Organisation of non-public HEIs. Non-public institutions of higher education are organised according to the same structure and organisation as that of a public institution of higher education. A board of trustees is a distinctive structure element of non-public institutions. The board of trustees is responsible for policy making and identification of an institution's development plan. The board of trustees also selects a

president, approves administrative machinery at the request of the president, identifies financial mechanisms and the staff policy of the institution.

The president of a non-public HEI is responsible for daily management, implementation of policy made by the board of trustees, and negotiation and conclusion of contracts with outside organisations. The president is responsible to the board of trustees for the institution's performance.

Besides the board of trustees, special councils, like scientific or academic boards, may be established to assist the president. Semi-public and people-founded universities are given the right to establish new programs which have effect only when they are accepted by a committee established by the MOET.

Dissolution or temporary suspension. Dissolution or temporary suspension of activities in a non-public HEI are decided by the Prime Minister based on the request of MOET. To date, this has not happened to any non-public HEI.

The Director of the MOET office, the Director of the Department for Personnel and Organisation and directors of other related MOET departments are responsible for the implementation of regulations on semi-public and people-founded universities.

Educational agencies responsible for the implementation of regulations on non-public HEIs take control over the process of the establishment and operations of non-public HEIs. Sometimes they intervene in activities of institutions. For example, in October 1995, MOET sent a team to inspect the implementation of regulations in the Ho Chi Minh City Open University. Based on the results of the inspection, MOET adjusted some activities of the university according to the requirements determined in the regulations on semi-public universities.

A non-public HEI is suspended from operating when: 1) its revenues are inadequate to cover recurrent expenditures and the debt is bigger than the total capital

of the institution; 2) instruction does not meet MOET quality standards, and 3) the institution violates any regulation or law of the State.

As a result of the implementation of the policy on privatization in Vietnamese higher education, there have been two semi-public and eight people-founded universities established in Vietnam. Over 40,000 students are undertaking various courses and programs at non-public HEIs. The biggest non-public HEI, the Ho Chi Minh City Open University, enrolls more than 20,000 students for a range of undergraduate courses: computing, business administration, biological technology and English. The smallest non-public HEI, the Duy Tan University, was established in Da Nang. Only 550 students were enrolled for the first SY 1995/96. More discussion on individual non-public universities and the policy outcome are presented in Chapter 6.

Conclusion

- The implementation of policy on privatization in education has resulted in policy changes since the *doimoi* policy was implemented. These changes in educational policy manifest themselves as measures to transfer an educational system relying mostly on the government budget and central planning to a system that could respond to the needs of the market.

- The policy on privatization in education confirms the legal existence of the non-public sector in education and allows the collection of tuition fees at all levels of education except at the primary level. However, the implementation of the policy, as suggested in the CPV document (CPV, 1993:65), needs to be combined with measures to assist disadvantaged groups and the poor. A mixed program that provides selective “social scholarships” for needy students and access to loans at market rates for others who do not qualify for scholarships but want assistance is an efficient way of achieving a higher level of cost recovery in education.

- The main objective of the policy on privatization in education is to mobilise private resources to meet the excess demands for education, to encourage positive

competition, quality improvement and diversification of delivery modes and to create the possibility for students to learn according to their ability, learning conditions and income situation.

- In the transitional economy, HEIs are training specialists not only for the state owned enterprises, but also for the non-public sector; the budget for higher education is based not only on the resource allocation by the State but also on the mobilisation of other resources; the plan set up by HEIs is based not only the central plan but also on contracts and prediction of the social needs for higher education; the graduates are responsible for looking for jobs. All these initiatives were put into practice as premises for the development of non-public higher education.

- In terms of regulatory framework, regulations on non-public HEIs specify the responsibilities of councils of founders, councils of trustees, presidents, teaching staff, and students; conditions for setting up the level of tuition fees; requirements for infrastructure and facilities, organisation of non-public universities, quality assurance; and conditions for dissolution and temporary suspension of non-public university activities. Nevertheless, the shortage of concrete criteria specified in the regulations on these items creates some difficulty in the process of implementation. Thus, these regulations need to be better specified in order to avoid confusion in the process of implementation.