

Discussion on the Governance of Non-profit Private Universities in Vietnam: Analyses from a Legal Perspective

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ABSTRACT

The system of private universities in Vietnam has been formed and made remarkable progress for over 30 years, since the 1986 Renovation. At the present time, there are 65 private universities, of which the majority is of non-profit private universities, accounting for about 27,4% of the total number of higher education institutions across the country. However, in the process of organization and operation of this type, there exist many inadequacies and internal disputes related to issues such as capital contribution, ownership and benefit sharing or disputes over the senior management positions. This situation raises the question of whether the current laws and regulations on non-profit private university governance is really appropriate and encourages them to develop. To answer these questions, the article will explore and analyze the relevant laws and regulations on private higher education, and then point out the limitations. Thereby, make some suggestions to improve the laws on the governance of non-profit private university in Vietnam.

Keywords

Higher Education, Private University, Non-profit Private University, Governance, Vietnam.

Introduction

Higher education is one of the pillars of socio-economic development of each country (Batterbury and Hill, 2014). Many researches have shown the close relationship between an effective higher education with a high-quality workforce, capable of adapting to changing circumstances as well as teams of excellent managers in both public and private sectors in Vietnam (World Bank, 2020). The development of Vietnam's higher education system in general and private universities in particular always parallels with the country's development. Before the 1986 Renovation, the country followed the socialist model which based on the regime of state and collective ownership, non-public education did not exist. Since the 1986 Renovation, the country has gradually transformed to the market economy. Along with the recognition and protection of lawful private property, the non-public education system including private universities has taken shape step by step, and then has grown significantly (Pham, 2011). In 1988, Thang Long people-founded university was the first private university established, by the academic year 2018-2019, Vietnam had a total of 237 higher education institutions, including 65

private universities (most of which are non-profit). It shows that, after the 1986 Renovation 32 years, the number of private universities only account for about 27,4% of the total number of higher education institutions of the country (MOET, 2020). This figure is encouraging, proving that private higher education has developed to meet the learning needs of the society. However, it should also be acknowledged that among private universities, not many have prestige in training and scientific research. A notable number of private universities are known to society due to their fierce internal disputes between investors and university managers, or disputes in the key personnel positions, ownership determination, profit sharing and other financial problems (Tam and Mai, 2020, Nguyen, 2014). Most of these disputes are related to the problems in the practice of private university governance model under the applicable laws (P. Dien, 2016). Even when the 2012 Higher Education Law (HEL) was amended in 2019 to increase autonomy and accountability for university governance, the establishment and operation of non-profit private higher education in Vietnam still face many controversies and challenges (Le, 2020). These problems raise a big question that whether the governance model of non-profit private university proposed by the

current higher education law and related legal regulations is really appropriate and encouraging the development of this type of education in Vietnam and what is the proper governance model suitable for non-profit private universities in the current socio-economic circumstances.

To answer these questions, the article will examine and analyze the legal regulations that have been and are regulating the existing non-profit private universities to point out mismatches and their causes. Thereby, it makes recommendations to improve the laws on the governance of non-profit private universities in Vietnam. Because of the limitation of the research scope, the article will concentrate on examining the governance structure and model of non-profit private universities in Vietnam under the current laws. Other issues are mentioned only when they are relevant to the focus of this research.

The research consists of 5 parts. Part 1. Introduction; Part 2. Research Methodology; Part 3. Discussion; Part 4. Research Result; and Part 5. Recommendations and Conclusion.

Research Methodology

The employed methodology is based on traditional legal methods, analytical and critical ones combined with insights from other disciplines including the use of comparative methods and legal classification.

Discussion

A Brief Overview of Legal Framework for Private Higher Education in Vietnam

Immediately after the 1986 Renovation, the Government and the Ministry of Education and Training of Vietnam (MOET) moderately laid the legal foundation for non-public higher education. Two typical legal documents that paved the way for private higher education were the MOET's Decision No.1687/KH-TV dated December 15, 1988 on the pilot implementation of the private university model at Thang Long University; followed by the Prime Minister's Decision No.240/1993/QD-TTg on the Regulations on Private Universities, in which the provisions

recognized the ownership and the governance rights of the private university investors. However, at that time, the concept of private university and private investment in education were still unfamiliar to the social community, so the Prime Minister then continued to issue Decision No.196/1994/QD on "The Provisional Regulations on people-founded university" that basically similar to Decision No.240/1993/QD-TTg. The main difference was the term "private university" was replaced with "people-founded university". In order to inspire all economic sectors to participate in the development of non-public higher education, the Government issued Resolution No.90/1997/NQ-CP on the direction and policy of socialization of education, healthcare, sports and culture, and encourage foreign individuals and organizations to invest in higher education in Vietnam. This policy was institutionalized through Decree No.73/1999/ND-CP dated August 19, 1999 on policies to encourage the socialization of education activities, healthcare, sports, and culture.

It can be seen that the Government and the MOET had made great efforts to install the first legal foundation for the establishment and operation of private universities in Vietnam. Nevertheless, until 1998, when the first Education Law was enacted, the private university model was recognized officially and widely in Vietnam. According to this law, the university system in higher education in the country included four categories: public, semi-public, people-founded, and private universities, they were all subject to the state management by educational managerial agencies according to the division of work and allocation of responsibilities of the Government. The law also confirmed that the State created the conditions for the public universities to play the pivotal role in the national educational system, adopted policies to encourage organizations and individuals to establish people-founded and private universities to meet the educational needs of society (Article 44.1, the 1988 Education Law). Thereafter, the Government's Decree No. 43/2000 specified the four types of educational institutions as follows:

- *Public educational institutions:*
Established, appointed managerial staff and

assigned personnel quotas by the State; The State manages and invests in facilities and equipment and provides funding for recurrent expenditure tasks.

- *Semi-public educational institutions:* Established by the State on the basis of mobilizing organizations and individuals of all economic sectors to jointly invest in building, facilities and equipment.
- *People-founded educational institutions:* Established by social, socio-professional and economic organizations with the State permission and capital outside the state budget.
- *Private educational institution:* Established and invested by individuals or a group of individuals with the State permission.

This classification of higher education institutions showed the State's flexible policy on diversifying the types of non-public education, to suit the social economic changes and fulfill the people's aspirations to study at university level. However, it also presented the fact that private universities were subject deeply to varying degrees of government intervention (Pham and Briller, 2015).

Since the early 2000s, Vietnam had carried out drastic legal reforms in all areas of socio-economic life to meet the requirements of the WTO accession. In 2005, the neo Education Law was issued. The law merely accepted two types of non-public education, namely private and people-founded universities, and eliminated the semi-public type (Article 48.1). For higher education, the Prime Minister's Decision No.14/2005/QĐ-TTg, stated that all non-public higher education institutions in Vietnam had to be organized in the form of private universities. Due to this change in state management policy, a series of 19 previously established people-founded universities had to be converted to private universities under the Prime Minister's Decision No.122/2006/QĐ-TTg.

After more than 20 years of practicing concurrently the management of public and non-public higher education, Vietnamese state

authorities had realized that higher education was significantly different from general education, that higher education had its own subjects, contents, and approach. In other expression, it was the time to enact a separate law on higher education (Đỗ, 2014). In 2012, the first HEL was adopted. It stated that all non-public higher education institutions in Vietnam were divided into two types: (1) Private higher education institutions possessed by domestic social organizations, socio-professional organizations, private economic organizations or individuals, invested and built by those and (2) higher education institutions invested by foreigners include: a) Higher education institutions of 100% foreign investment and b) Joint higher education institutions invested by foreign and domestic investors (Article 7 of the 2012 HEL). Private universities themselves has been clearly divided into two sub-categories based on investment purposes; they are for profit private universities and non-profit private universities (Article 4 of the 2012 HEL).

Although the law brought with it many advantageous elements compared with the prior legal documents, after 5 years of implementation (2013-2018), it revealed the limitations focusing on two major issues: (1) Reducing the autonomy in both professional and financial aspects of private universities and (2) Demonstrating the deep intervention of state management agencies in private university administration (MOET a, 2018). In fact, the quantity and quality of higher education, including private universities, had not been improved much since the autonomy was tightened and the methods of evaluating the quality of higher education were not substantive (Le, 2017).

During the period of time from 1988 to 2019, private higher education in Vietnam has made significant progress. From only one non-public university (Thang Long people-founded university) formed in 1988, after 31 years, the number of non-public universities has increased to 65. Nonetheless, the proportion of private universities to the total universities in Vietnam is quite modest.

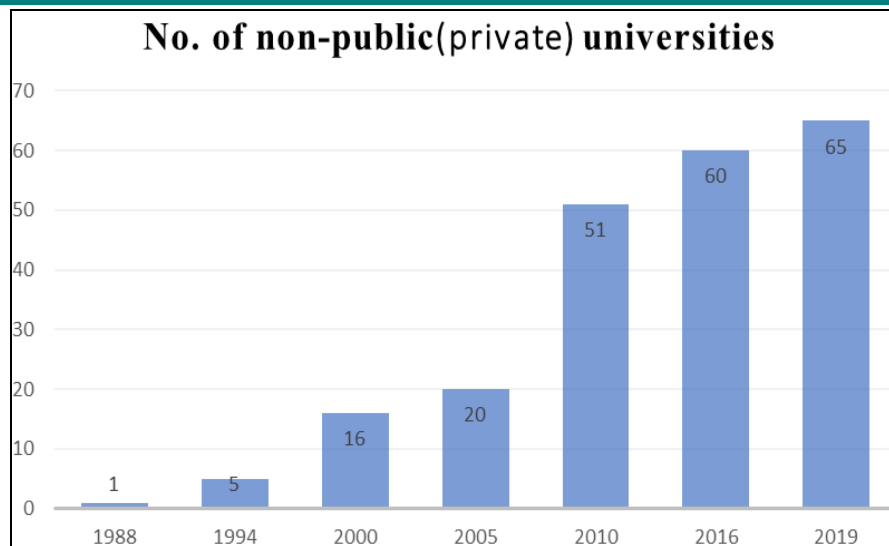


Figure 1. The Growth in Number of Non-public (private) Universities in Vietnam, 1988-2019

Source: Ministry of Education and Training Vietnam (2020)

Table 1. Number of non-public (private) universities in Vietnam out of total in Vietnam, 1988 – 2019

Year	1988	1994	2000	2005	2010	2016	2019
No. of non-public universities	1	5	16	20	51	60	65
% of total universities	1.8	8.6	18.2	16.9	26.7	25.5	27.4

Source: Ministry of Education and Training Vietnam (2020)

It is encouraging to see that, since the 2012 HEL came into effect in 2013, the number of public university students has steady growth. However, the ratio of private undergraduate university students compared to the total university students is merely 17.33% in the year 2019. The proportions show a fact that private university, including non-profit private university, have not yet attracted a large number of students, although the demand for higher education in society is very high.

Table 2. Number of undergraduate students in private university out of total in Vietnam by each academic year, 2013 – 2019

Academic year	Number of undergraduate students			
	Total number	Public Universities	Private Universities	Private university, % of total
2013-2014	1.670.023	1.493.354	176.669	0.1058
2014-2015	1.824.328	1.596.754	227.574	0.1247
2015-2016	1.753.174	1.520.807	232.367	0.1325
2016-2017	1.767.879	1.523.904	243.975	0.138
2017-2018	1.707.025	1.439.495	267.53	0.1567
2018-2019	1.526.111	1.261.529	264.582	0.1733

Source: Ministry of Education and Training Vietnam (2020)

Corresponding with the growing number of students enrolled, the number of private university lecturers also increased progressively during the period from 2013 to 2019. It is noteworthy that the proportion of private university lecturers to the total university lecturers is rather impressive, in www.psychologyandeducation.net

the context that both the private undergraduate student and university sizes are small compared with those of public higher education. The following data provided by the MOET has demonstrated the positive growth of private university lectures.

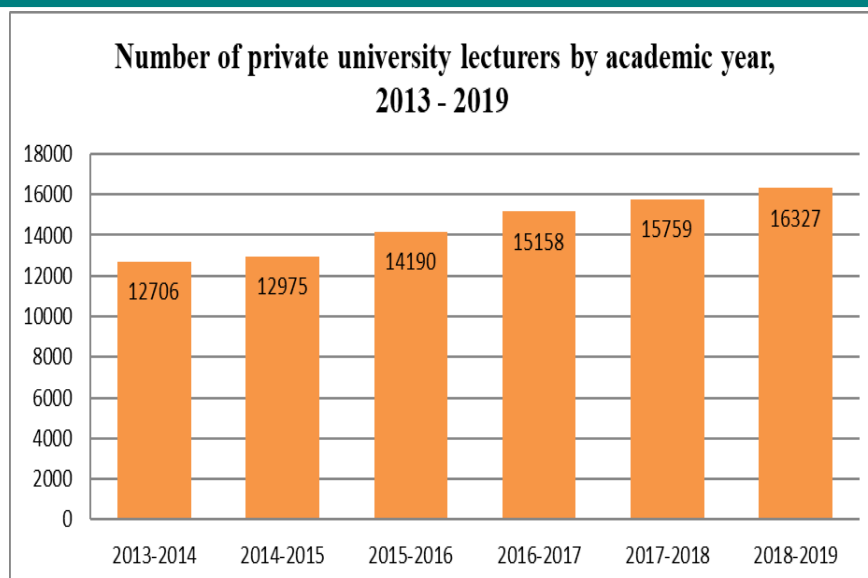


Figure 3. Number of lecturers in private universities by each academic year, 2013-2019

Source: Ministry of Education and Training Vietnam (2020)

Table 3. Number of lecturers in private universities out of total by each academic year, 2013 – 2019

Academic year	Number of university lecturers			
	Total	Public university	Private university	Private university, % of total
2013-2014	65.206	52.5	12.706	19.49%
2014-2015	65.664	52.689	12.975	19.76%
2015-2016	69.591	55.401	14.19	20.39%
2016-2017	72.792	57.634	15.158	20.82%
2017-2018	74.991	59.232	15.759	21.01%
2018-2019	73.312	56.985	16.327	22.27%

Source: Ministry of Education and Training Vietnam (2020)

Looking at the statistics showing the growth of non-profit education in Vietnam, it can be seen that, except for the early period of the Renovation, Vietnam's private higher education had a steady growth but was still on a humble scale compared to the needs of society; and there appeared to be no breakthrough. Evaluating private universities in Vietnam, some educational scholars said that, except for a few universities with a reputation for training quality such as FPT, Hoa Sen, RMIT..., many private universities have low quality, small size of education, income based wholly on tuition fees, too much emphasis on profit and ignorance of scientific research. These universities that did not have a long-term development strategy, do not have time to transform, so they have gradual decline in the quality of training (Thanh, 2018). In short, private higher education might not been thoroughly invested by private investors. The State did not have policies sufficient to encourage investment and improve the quality of teaching

and scientific research at these universities as well.

It seems that, the 2012 HEL did not provide appropriate mechanisms and a legal framework for major reform in higher education, especially private universities, as expected. Even some educational experts frankly commented that, instead of paving the way for higher education, the law gave the impression of the barrier to the education innovation in the country (Ngọc Hà, 2015). Therefore, in 2018 the law was amended and officially came into effect from July 1, 2019. The 2018 amendment focused on the four major policy groups: Expanding the scope and improving the effectiveness of university autonomy, reforming university governance, reforming training management to improve the quality of training, and reforming the state management in university autonomy (MOET b, 2018).

Up to 2019, the Government has just issued Decree No. 99/2019/ND-CP on elaborating and providing guidelines for a number of articles of the Law on amendments to the 2012 HEL. The Decree concentrates on guiding university autonomy and accountability for higher education institutions, including non-profit private universities in Vietnam. These legislations are anticipated to bring positive changes to Vietnam's higher education, especially private universities.

The slow-moving legal framework for private universities has shown a two-sided picture of higher education in the country. On the one hand, it presents the efforts and certain achievements of lawmakers and state authorities in creating the first legal foundations for private higher education to meet the people's need of higher learning in the market economy. It is obviously that setting up a private higher education framework in the country is not a simple task for Vietnamese lawmakers and regulators. Before 1986, Vietnam's higher education was built on a socialist foundation that took the Union of Socialist Soviet Republics as a model. Thus, building of the private higher education system with two types of for-profit and non-profit universities required a comprehensive innovation in both political and economic thinking (Le and Hayden, 2017). Particularly, it is needed to learn experience from higher educations of the market economy countries and choose the appropriate to apply for Vietnam (Nguyễn, 2019, Vu, 2018).

On the other hand, it cannot be denied that Vietnam's legal system of higher education has been cumbersome, complicated, and constantly changing. This also reveals contradictions in the thinking of private education management in Vietnam in each phase of national development. In the early 1990s, the fact that private universities were allowed to establish on a multi-level basis. This fact reflected the caution and confusion of lawmakers and state competencies when approaching the market mechanism and trying to differentiate public and private ownership in education - which has never previously happened in Vietnam. Even when the 2005 Education Law was enacted, and the firm position of private education was legally confirmed, the state management agencies still sought to bind private higher education with tough and detailed regulations in their operation and governance.

Meanwhile, the rights to operate and develop the private universities should belong to their investors. Thereafter, the 2012 HEL and its guidelines, instead of encouraging the healthy development of private higher education, became an obstruction for them in term of the insufficient methods and tools of the state management (MOET a, 2018). The amendment of this law, after 5 years of implementation, is a good sign, showing that Vietnam's higher education is changing towards a more positive and open direction.

The Governance Models of Private Higher Education in Vietnam

As previously mentioned, although there have been many issues to consider in Vietnam's private higher education, this article only focuses on exploring the organization and operation of Vietnam's private universities from the legal perspective of their governance.

1. Classification of Private Universities in Vietnam

According to Article 4 of the 2012 HEL amended 2018, private universities in Vietnam, including foreign-invested universities are classified into two categories: private universities (for-profit) and not-for profit private universities. It should be noted that, some Vietnamese lawmakers may consider that "not-for profit" and "non-profit" are essentially the same. They might not fully understand that according to international practice, there are differences between these two in the ways of managing and using profits (US Chamber of Commerce, 2019, Powell and Bromley, 2020). Therefore, the formal English translations of the 2005 Education Law and the 2012 HEL and its amendment posted officially on the websites of the international organizations such as ILO, WTO..., the term "non-profit university" is referring to "not-for-profit" private university in Vietnam.

Accordingly, the criteria used to define a non-profit private university are: the investor have to commits to operate the university not-for-profit. It must be recorded in the decision to permit the establishment or the decision to convert the type of higher education institution; non-profit operation, capital non-withdrawal and not-for-

profit operation, and on maintenance of annual accumulated earnings under indivisible joint ownership to continue developing the institution are the mandatory commitments to invest in non-profit higher education in Vietnam. For for-profit private universities, they are not bound with those conditions.

2. Governance Structure of Non-profit Private University

According to the 2012 HEL amended in 2018, the governance structure of a private university in Vietnam consists of three levels, namely the University Council, the Rector (Director) and the Science and Training Council.

- i. *University Council*: is the highest governing body of a private university, representing investors and interest related parties (Article 17.1).

**Authority of private university council*: similar to that of the public university council, they decide on the most important strategic issues on training activities, organizational structure, on appointment and dismissal of senior personnel such as Rector, council members, investment and financial matters (Article 16.2).

**Members of private university council*: The number of the university council members of a private university or a non-profit private university must be an odd number.

- a) *The university council of a private university* is comprised of representatives of investors, members inside and outside the university elected and decided by the investor conference according to the capital contribution rate;
- b) *The university council of a non-profit private university* consists of investor representatives elected by investors according to the proportion of capital contribution and by the inside and outside members.

Inside members include mandatory members such as Rector, the head of Communist Party Committee, Trade unions, Youth union and

selected members including representatives of lecturers and employees. Outside members are elected by the general meeting or representative conference, including leaders, managers, educators, culturalists, scientists, entrepreneurs, alumni, or representatives of the employer (Article 17.3).

- ii. *The Rector of University*: The Rector of a private university is responsible for the management and administration of all activities of the university in accordance with the laws and the legal regulations on the organization and operation of the higher education institution. The Rector of private higher education institution is appointed by the University Council.
- iii. *The Science and Training Council*: The Science and Training Council includes: Rector; Vice rector in charge of training and scientific research; heads of training and scientific research units; Prestigious scientists representing specialized fields.

The Council is responsible for professional activities in training and scientific research such as: building the regulations on training and science and technology activities, standards to recruited lecturers and researchers, library and laboratory staff; the plan to develop a contingent of lecturers and researchers of the university; the projects on opening new training majors or fields; implementing or cancelling training programs; orienting science and technology development, planning and assigning science and technology activities.

Basically, the governance structure of a for-profit and non-profit private university is relatively the same. In both of these types, the investors play a decisive role in administration, human resources, investment, and finance of the university. The biggest difference is that the University Council of a non-profit private university has an additional mandatory membership of the Rector and representatives of Communist Party, Union and Youth organizations. It is worth noting that the law does not define a specific proportion of investor representatives to other types of board members. This rate is set out in the university charter. Therefore, the ratio of investor

representatives is often overwhelming on university boards.

Research Results

Currently, only the 2012 HEL amended in 2018 took effect since July 1, 2019 and the Government's Decree No. 99/ND-CP since February 15, 2020 are legislation documents that correct the issues related to private university governance in Vietnam. Although it has just been put into practice, this legal framework has exposed some shortcomings to the governance of non-profit private universities as follows:

Inadequate Perception of Non-profit Private University

In Vietnam, the non-profit private university system was established quite late compared to that of many countries around the world. The initial capital and assets of these are completely based on the contributions of the investors, not from the donation of philanthropists or social entrepreneurs like those in Europe and the United States. The main sources of income for these universities include: tuition fees, social contributions (often from alumni), government contracts and businesses, and income from investment activities. The more prestige the university has, the more advantages it gets in fund raising and gaining contracts (Rüegg, 2004, Thelin, 2011).

Private universities in Vietnam were founded cautiously in the early stages of the Renovation, when the concept of 'private ownership' in the education sector was still unfamiliar with many state authorities. Consequently, many sub-law documents guiding the organization and operation of private non-profit universities were "exploratory" in nature, lacking in consistency, making the implementation difficult (Thái b, 2019).

When enacting both the 2005 Education Law and the 2012 HEL, the lawmakers and state authorities had not fully understood the importance of non-profit private universities in the mission of accelerating private higher education, as well as the how this university model was to be formed. Therefore, they might assume that all private universities, including non-profit private universities, were privately owned businesses

entities, that did not require any financial supports from the Government and society (Nguyen, 2016). This led to the fact that the organization and operation of these depended entirely on the capital contributed by the investors – the ones who invest to seek for profits rather than for the education mission. When the investors, the controlling members of the university council, wanted to limit the costs of professional development and the quality of training to increase their profits and their personal interest, the fierce internal conflict in many private universities was unavoidable. The 2012 HEL amended in 2018 has made a great effort when it provides preferential policies for the establishment and operation of non-profit private universities. However, it is still tough for these policies to come into practice.

Insufficient Regulations on Capital and Ownership of a Non-profit Private University

There exists a problem throughout the formation and development of the private university system since in the country. That is the state managers are always trying to build a multiple joint ownership regime for non-profit private universities through the model of non-profit enterprise in the education sector.

As mentioned above, in Vietnam, the capital and assets of private universities in general and non-profit private universities in particular come from the contribution of investors. The main source of income for the university is from tuition fees. There is almost no financial support from the State such as free land use, low-interest loan or tax-free regimes. Compared to the past, the 2012 HEL amended 2018 have more provisions on preferential policies for this type of education and for the investors including organizations, enterprises and individuals (Article 12.4). However, these are only general regulations to encourage, not specific guidance to mobilize investment and assistance for private universities from society in practice.

The law also reveals strict and unreasonable conditions for non-profit private university investors. In addition to the requirement of non-profit and non-interest operations, investors are also required not to withdraw capital or to get profit distributed. The undivided cumulative

annual profits under joint ownership are for continuous investment in the development of the institutions (Article 7.2.b). Compared to Article 10 of the 2014 Enterprise Law (Amended 2020), the social mission and community ownership structure of a non-profit private university have many similarities with the social enterprises (Nguyễn et al., 2012, Phan, 2015).

In the socio-economic context of Vietnam, these regulations on non-profit private universities are inappropriate and unfair because of the followings:

Firstly, investing in a non-profit organization is completely voluntary. Investors have sacrificed their economic interests by pledging no profits. That the law requires them not to withdraw capital is contrary to the sense of voluntary. Later, being aware of the unreasonable point, Decree 99/2019/ND-CP provided guidance on how to transfer the capital contribution of investors to private universities, and non-profit private universities (Article 17 Decree 99/2019/ ND-CP).

Secondly, the law requires that all cumulative annual profits (essentially the difference between revenues and expenditures), and donated assets be put under undivided ownership for reinvestment on the operation of the university. In fact, this difference is continuously invested annually, over years it will become a multiple ownership between communities. The differences will be huge compared to the initial capital contribution of the investors. If so, the non-profit private university will become a community university. That is what no investors want, and it also warns them to be more cautious when investing in non-profit universities (Zingnews, 2020). They might choose to invest in a for-profit private university model to get more benefits.

Thirdly, in practice, strict regulations increase countermeasures and circumvent the law. In order to curb the rise of the "indivisible common property" and reduce the loss for investors, many non-profit universities have "circumvented" by paying very high salaries, bonuses, and expenses for the investors. Therefore, the imposition of the laws that prohibit the investors from enjoying profits in order to form the community assets is impractical and intangible, forcing the non-profit private universities to find ways to illegally

distribute the profits and limit their reinvestment (My Dung, 2016).

Deficiencies of the Governance Model of Non-Profit Private University

In fact, the law is imposing a non-profit business governance model on non-profit private universities in Vietnam. This is shown in the followings:

Firstly, through the regulations on the authority and composition of the University Council, the law gives it the rights to decide all the most important issues of governance in a private university such as finance, personnel, operation, investment, planning..., in which representatives of investor are the controlling members. The Rector and the other members were just extension ones with no decisive roles. In fact, the University Council operates similarly to the Board of Directors in a joint stock company in which investors are controlling shareholders. In case the investor is a legal entity or an individual, this is the model of a single-member limited liability company.

The Rector is the legal representative and the account holder of the higher education institution, unless otherwise provided by the university charter (Article 20.3.a). The Rector of a private university has the same position as the CEO in a joint stock company, but is in fact only a member of the University Council and can be dismissed by the investors. The non-profit university also has a science and training council, whose composition and implementation are similar to the professional advisory board for the University Council and the Rector, but is not decisive (Pham, 2017).

Secondly, in the context of the whole charter capital contributed by the investors to form the university, forcing the investors not to receive any profit ratio in the course of the school operation is like a deprivation of their legal rights. Because of this irrationality, the non-profit private universities have sought the ways to reduce profits, compensate their investors by awarding them managerial positions at the university and paying them the highest salaries and bonuses.

Thirdly, the 2012 HEL amended 2018 only allows for-profit private universities to switch to a non-

for-profit private university model but not vice versa. This is contrary to the voluntary spirit of business investment. Consequently, the investors might be hesitant to invest in this model when they cannot reap certain benefits.

In summary, the current law-based non-profit private university model seems to force investors to sacrifice more benefits than they would like. Therefore, it might discourage investors from pursuing the higher education mission. In addition, this model might create negative effects in university governance such as internal conflicts between investors and other university council members on financial issues, human resources, orientation of education and scientific research...It may even create collective arbitrage fraud as aforementioned. These problems will undermine society's trust in non-profit private university. So, there is a critical need to find a positive governance structure for the nonprofit private universities in the country to ensure they operate more efficiently.

Recommendations and Conclusion

To overcome the shortcomings in the governance today of non-profit private higher education in Vietnam, the following legal reforms are proposed to improve the situation:

Firstly, to amend or enact new laws on higher education and related laws such as tax law, investment law... in which specifies the state's support policies on non-profit private universities and the mechanisms to bring the supports into practice. The actors responsible for implementing these policies must include state management agencies in relevant fields and local authorities. These supports should include the incentives of land use, taxation, and credit programs for the universities and their students. In addition, it is also necessary to implement incentives for the investors and the donors with tax exemption and reduction policies. The government should also have policies to encourage non-profit private universities to participate in funded academic research projects and operate public service delivery to enable universities to earn more revenues and not rely entirely on tuition fees.

Secondly, As analyzed, non-profit private universities and social enterprises have many similarities in terms of operating purpose and

ownership regime. These universities are putting the mission of spreading and providing higher education to the community as the top of its priorities; their profits made to serve educational goals. In addition, the ownership structure of both social enterprises and non-profit private university is geared towards joint ownership. Therefore, it is possible to transform non-profit private universities into social enterprises for more effective governance (Nguyen et al., 2012). The social enterprise model will bring the following benefits to private non-profit universities.

- i. The educational objectives and mission of the not-for-profit university and the interests of investors clearly defined in the charter and procedures of the university establishment will not cause misunderstandings for investors. Therefore, this model will attract the philanthropists, social entrepreneurs who really wish to invest or donate property to these types of universities. This enhances the university reputation and contribution to society. In return, this will attract more students, more social contributions to the universities.
- ii. The university retains the majority of profits (more than 51%) for the education development while the investors enjoy a certain percentage of profits (Article 10 of the 2014 Enterprise Law). This inspires them to continue investing and practicing good governance. Moreover, non-profit private universities in nature are social enterprises so as to enjoy the investment incentives from the government and local authorities to better contribute to the community through its higher education mission.

In conclusion, developing non-profit private universities is a right choice of Vietnam's higher education. Nevertheless, due to the unique socio-economic and political context of the country, the governance model imposed on these university by the application laws has presented many restrictions. It seems to be creating a misunderstanding about the university educational mission and its non-profit operation. Obviously, the existing governance model of non-profit university in Vietnam has not really encouraged

investors and social communities invest and contribute more to this type of private higher education. Accordingly, to meet the social expectation and need, it should be strongly reformed. In order to do so, the legal framework governing these universities should be further revised to bring about a balance between the noble educational mission of the non-profit universities and the legitimate interests of their investors and donors. In the context of the social economy in Vietnam, social enterprise appears to be an appropriate model of non-profit private universities in the country.

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