CHAPTER 9

The Emergence of Mergers and Acquisitions in the Private Higher Education Sector in Vietnam

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9.1 Introduction

There seems little doubt that the privatisation of higher education is having an increasingly important impact on the national higher education landscape in Vietnam (Asian Development Bank [ADB], 2012; Dao, 2015; Le, 2006, pp. 170–176). Private higher education institutions now account for about 14% of all higher education enrolments and 19% of all higher education institutions (Ministry of Education and Training [MOET], 2019). Though not yet key actors in the system, their importance is increasing, and is likely to continue to do so in light of constraints on the Government's capacity to fund future growth in the public higher education sector.

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Phan, L. H and Doan, B. N (eds.), *Higher Education in Market-Oriented Socialist Vietnam*, International and Development Education,
https://doi.org/10.1007/978-3-030-46912-2_9

The private higher education sector has been through a number of policy transformations since first obtaining official recognition during the early 1990s. Its most recent policy stage involves a proliferation of mergers and acquisitions (M&A) within the sector.

This chapter provides an account of this new development and of its likely implications. To establish a context for the development, the chapter begins with a review of four stages in the evolution of policy regarding Vietnam's private higher education sector. For more general circumstances, see Chapter 2 regarding the reform agenda for higher education in Vietnam.

9.2 The Evolution of Policy for the Private Sector

The first stage dates from 1975 to 1988. It was one characterised by a total rejection of the notion of private higher education. Prior to 1975, Vietnam was split politically between the North and the South. In the North, there was a policy commitment to non-market socialism, along Soviet lines, while in the South, the prevailing policy commitment was to market capitalism, drawing upon the United States as a model. There had also developed a vibrant private higher education sector in the South, but this development was brought to an abrupt conclusion when in 1975 the country was reunified under the leadership of the Communist Party of Vietnam (the Party). All higher education institutions became publicly owned and centrally managed by the State.

The second stage dates from 1988 to 2000. An important prelude to this stage was Vietnam's decision in 1986 to transition from non-market socialism to market socialism. This transition enabled a rekindling of private ownership in areas of agriculture, industry, and the provision of services. Its impact on the higher education sector was first seen in 1988 when a collective-organised learning centre, the Thang Long People Founded University Centre, was formed in Hanoi by a professional association interested in providing higher education opportunities for talented young people from the local community, funded entirely by donations and modest tuition fees. Its success subsequently prompted an official review of alternatives to state ownership in the national higher education system. In *Resolution 04, dated January 14, 1993*, the Party identified four models of ownership of higher education institutions: state ownership, semi-public ownership, people-founded ownership, and private ownership. State ownership was seen as providing the bedrock for the system, and private ownership was completely rejected, but notions of 'semi-public' and 'people-founded' higher education institutions began to be entertained. Both forms required that higher education institutions should be financially self-supporting through their partial or total reliance on the payment of tuition fees. Semi-public higher education institutions would be public higher education institutions that converted to becoming financially self-sufficient by charging tuition fees. People-founded institutions would indirectly be public institutions, having been technically established by government-controlled agencies, but would be underwritten financially and administered by community-based collective groups and professional associations. Together, these two models were said to comprise a 'non-public' higher education sector.

In 1994, the Ministry of Education and Training issued temporary regulations on people-founded universities, enabling Thang Long People Founded University to be established on a trial basis. Various other 'non-public' higher education institutions, most of which were people-founded, were then also established. During this stage of the development of the 'non-public' sector, leadership for the establishment and administration of people-founded institutions was mostly provided by reputable academics and experienced educational leaders from the public sector. In Hanoi, for example, the newly established institutions included: Dong Do University (1994), established by a group of academics from the Vietnamese Science Institute; Phuong Dong University (1994), established by some retired professors of Vietnam National University, Hanoi; and the Management and Business University (1996), established by a former Vice-Prime Minister, Tran Phuong. In Ho Chi Minh City, they included: University of Foreign Language and Information (1994); Van Lang University (1995); Hung Vuong University (1995); and Hong Bang University (1997). All of these institutions were founded by individuals or groups of academics. Some 'non-public' universities were also established in the provinces, including Duy Tan University (1994) in Da Nang City, Lac Hong University (1997) in Dong Nai, etc. These new institutions did not differ much from public higher education institutions in terms of their governance models and organisational structures. The big difference was that they were self-financing. Some of them were also established as family businesses, as in the case of Duy Tan University in Da Nang.

There was for much of the 1990s a sense in Party circles of 'crossing the river by feeling the stones' with respect to a rapid expansion of the 'non-public' sector during the late 1990s. It was not until 2000 that permanent regulations for the two 'non-public' models of ownership were formally approved. Much of the caution was derived from concern about any forms of profit-making within the 'non-public' sector (Lam, 2004). To contain profit-making, the Government declared that any financial surpluses made by 'non-public' institutions should be placed in a reserve fund for reinvestment in institutional infrastructure, or to be used for debt repayments and the payment of interest on loans *(Decision 86, dated July 18, 2000, Article 29; Education Law 1998, Article 20)*. Some funds were, however, being distributed as profit, but this practice was tolerated provided the value of the profit was small.

The third stage dates from 2000 to 2013. This stage may be said to have begun with the adoption of Decision 86, concerning people-founded universities, which gave official recognition to these institutions and which provided a legal framework for them to develop. In this regard, Decision 86 was pivotal to the future direction for the 'non-public' higher education sector. During the early 2000s, the sector's development was held in check while details of a new policy approach to the 'non-public' higher education sector were resolved. Important here was a renewed commitment to a policy of 'socialisation', which had been approved in *Decree No 90-CP, dated August 21, 1997*, but which had yet to be brought to bear on the higher education system. The intention of 'socialisation' was to achieve cost-sharing between the Government and the community for the purposes of providing more public services across a range of areas that included education, health, culture, and sport.

The impact of this policy was evident in the *Education Law of 2005*, and especially in *Decree 75/2006/NĐ-CP, dated August 2, 2006*, which presented regulations for implementing the Education Law. The 'non-public' model in the higher education sector was effectively abandoned and replaced by a 'fully-private' model. This development marked a radical shift in Government policy, given its traditional disapproval of private ownership in the higher education system. In a new set of regulations on private universities *(Decision 14/2005/QĐ-TTg, dated January 17, 2005)*, concepts such as 'shares', 'shareholders', 'founding members', 'general meetings of shareholders', 'authorized capital', and 'boards of management' began to enter the official vocabulary for the first time with respect to the 'non-public' sector. In 2006, these concepts assumed practical importance because all new 'non-public' higher education institutions were expected to be privately owned by shareholders

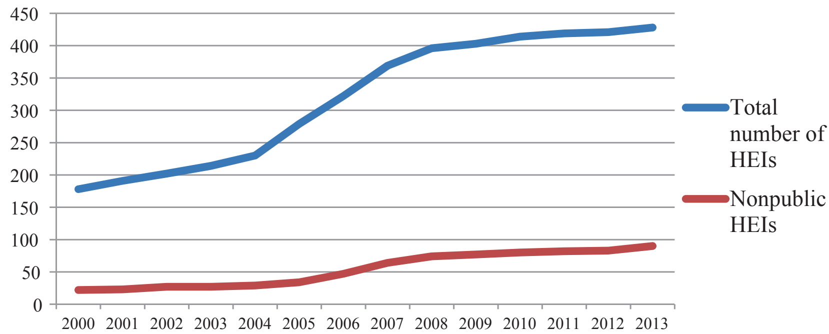

Fig. 9.1 Non-public higher education institutions as a proportion of all higher education institutions, Vietnam, 2001–2013 (*Source* Ministry of Education and Training—MOET 2019)

and corporately managed by boards of management. New semi-public and people-founded institutions could no longer be established. Existing semi-public institutions were made to convert to 'fully-private' status, and all people-founded institutions were forced to rearrange their ownership and governance arrangements so that they could continue as 'fully-private' institutions.

Between 2006 and 2012, there was a surge in the number of private higher education institutions. Whereas in 2006 there were 29 of these institutions, by 2012 there were 80 of them. The growth pattern is shown in Fig. 9.1, which also shows, though, that in proportional terms, the size of the private higher education sector remained relatively small. At the same time, as the number of private higher education institutions was increasing dramatically, there was also a dramatic expansion in the number of new public higher education institutions being established.

Subsequently, in *Circular 20/TT-BGD-ĐT* in 2010, and again in *Circular 45/TT-BGD-ĐT* in 2014, all remaining people-founded higher education institutions were directed to convert 'fully-private' higher education institutions. This process was far from simple because it was not clear if the original contributors of the funds to these institutions could reclaim their investment, together with a significant dividend, given that the value of the land on which many of these institutions had been built had greatly increased since the mid-1990s. Moreover, it was difficult to place a value on the intellectual and political capital that had been invested in the establishment of these institutions. It was, indeed, a challenge to transform from a collective basis of ownership to one in which individuals could be identified as the owners.

Between 2000 and 2013, the ownership profile within the 'non-public', and then the 'fully-private', sector changed significantly. Whereas up to 2001, the founders of 'non-public' higher education institutions had been academics, education administrators, or families committed to the provision of higher education, by the late 2000s most founders/owners were corporations or professional investors. Examples include FPT University, Tan Tao University, and Ho Chi Minh University of Technology (HUTECH). Of note also is that in 2001 RMIT Vietnam became established as Vietnam's first foreign-owned private higher education institution.

From 2006 to 2013, there was an especially steep learning curve to be negotiated within the sector concerning issues related to corporate governance and management. University presidents were being appointed as chief executive officers within the new 'fully-private' institutions, but the owners often considered that they should also play a direct role in the management of their institutions. Power struggles ensued, as for example that which occurred at Hung Vuong University and Hoa Sen University. The situation at Hung Vuong University became so serious that the University lost its right to enrol new students for a period of time (Duyen, 2012).

Official and the general public's concern about profit-making within the sector continued to attract attention. The Government had expected the sector to contain the extent of its profit-making, but uncertainty lingered about how much profit shareholders could actually retain before becoming liable for the payment of income tax. In *Resolution 05/2005/NQ-CP, dated May 18, 2005*, the Ministry of Finance and related ministries had been requested to study the features of 'for-profit' and 'not-for-profit' higher education institutions in the 'non-public' sector, with a view to implementing accountabilities appropriate to the policy of 'socialisation'. In January 2006, the Prime Minister then issued *Direction 193*, requiring a distinction to be made between 'for-profit' and 'not-for-profit' institutions by the end of that year. No progress was made.

The issue was again discussed nationally in the context of the development of a decree on international partnerships in education investment. In May 2010, a National Assembly Supervision Group report recommended that criteria for distinguishing between 'for-profit' and 'not-for-profit' higher education institutions were needed. In 2012, in the newly developed Higher Education Law, the matter was finally resolved: as of 2013, a 'not-for-profit' private higher education institution was declared to be one in which there should be no distribution of profits, or else where shareholders received a dividend less than the amount they would have received from investing in public bonds (Section 7, Article 4). This decision was important because it provided clarity about the taxation status of 'for-profit' higher education institutions, but many problems remained, especially concerning the distribution of surplus earnings by 'not-for-profit' institutions in forms other than shareholder returns.

The Government also sought to retain some control over profit-making by private higher education institutions that were self-declared 'not-for-profit' providers. The Higher Education Law of 2012 regulated that the governing boards of these institutions should include not only representatives of the owners, but also local government representatives, and representative of other organisations closely associated with the Party, including the Labour Union (Section 3, Article 17). The extent of public control over the self-declared 'not-for-profit' institutions tended, however, to be fairly superficial. In 2013, in a report by the Association of Non-Public Universities and Colleges, it was observed that most private higher education institutions were claiming to be 'not-for-profit', even while making substantial surpluses. This situation meant that the Government was disinclined to provide any public resources to these institutions. It has also meant that any form of endowment funding for these institutions was problematic because the funds received would be under control by shareholders with a financial interest in the benefits. The situation also prolonged a negative community outlook with respect to private higher education providers because almost nobody believed that they were truly 'not-for-profit'.[1]

Since 2013, the sector may be said to have entered a fourth stage in its development. This stage dates from a tightening by the Government of conditions attached to the establishment of new higher education institutions. In 2010, the chartered capital required to establish a new private higher education institution was 50 billion VND ($2.2m. USD). Then, in 2013, it was lifted to 250 billion VND (approximately $11.2m. USD). Currently, new entrants to the sector are required by *Decree 46/2017/NĐ-CP dated April 21, 2017*, to have acquired at least

[1] See, e.g., Phi (2011).

5 hectares of land and to have a chartered capital 1000 billion VND ($45m. USD), excluding land price. Progressively the best option for newcomers wishing to invest in the sector is now by means of a merger or acquisition, thereby setting the scene for the emergence of the M&A phenomenon. Before turning to this phenomenon, however, some other developments since 2013 are noteworthy.

One is a growing public concern about the number and quality of private higher education institutions. By 2014, social media had begun to focus strongly on the emerging phenomenon of graduate unemployment.[2] Competition between private higher education institutions was also becoming increasingly fierce. A vicious cycle had become established, with private higher education institutions setting lower tuition fees to compete with public higher education institutions for enrolments, but taking short-cuts with the quality of their academic programs because of their lower earnings, and so becoming even less able to compete with the public higher education institutions for enrolments.[3] In 2017, the Ministry of Education and Training stepped in by further tightening the licensing requirements for newly established private higher education institutions *(Decree 46/2017/NĐ-CP, dated April 21, 2017)*. It is in this context that the phenomenon of M&A began to emerge.

Another is that the amended Higher Education Law of 2018 sought finally to resolve problems relating to the distinction between 'for-profit' and 'not-for-profit' private higher education institutions. In Article 7, it declared that:

> *A non-profit higher education institution is one in which the investor declares that the institution does not run for profit as written in the decision to permit its establishment or conversion; the investor will not withdraw capital or receive dividends; the annual accumulated profit shall be considered non-distributable property and will be used as reinvestment in such institution.*

[2] See, e.g., Communist Party of Vietnam Online (n.d.). In this article (published in Communist Party of Vietnam website), the Minister for Education and Training, Pham Vu Luan, reported that the total number of unemployed graduates in 2014 was double the number in 2010.

[3] See, e.g., Ha (2015). In this article (published in Journals of State Inspectors), MOET provides statistics of 2015 enrolments: 135/230 universities attracted only less than 50% total of enrolments quota.

Hardly any private higher education providers in Vietnam could meet this standard, in which case they all became effectively ‘for-profit’ institutions. The definition did not, however, resolve the legacy of people-founded institutions, which had been founded by collectives rather than by individual owners, and which to a large extent had operated on a ‘not-for-profit’ basis. They were being required to convert to ‘fully-private’ and ‘for-profit’ status, which was very difficult. Of note is the issue of ownership: ‘not-for-profit’ higher education institutions are also regarded as being ‘fully-private’, which means they can be sold like any other private assets.

In seeking to resolve the problem of defining a ‘not-for-profit’ private higher education institution, the amended Higher Education Law of 2018 *(Law No. 34/2018/QH14, dated December 3, 2018)* created the circumstances for a removal of various governance constraints on investors in private higher education institutions. The amended Law delegated authority to the legitimate owners of these institutions to govern and manage them in the same manner as all private enterprises. Although the governing board for these institutions is defined by law as the ‘governing body representing of the investors and other stakeholders’ (Article 17), its composition may now be determined by the investors. By law, the governing board must include faculty representatives, but the process for electing them is vaguely specified, meaning that the selection of the members of governing boards is now fully under the control of the owners. For ‘not-for-profit’ private higher education institutions, however, the governing board must include inherent members as well as members elected by the academic community. Inherent members include the Party secretary, the rector, the chair of the Labour Union, and the secretary of Ho Chi Minh Youth Communist group (Article 17).

One other change introduced by the amended Higher Education Law of 2018 was that investors were designated as having a separate set of powers to those of governing boards (Article 16), such that governing board members may now be hired by the investors to exercise institutional governance, including a responsibility for supervising rectors in the performance of their chief executive officer functions. In this regard, the governance and management model for these ‘for-profit’ institutions has come to resemble the model of boards of directors as found in large private companies.[4]

[4] HSU and POU can be seen as illustration examples.

In summary, then, there has been an extraordinary policy evolution with respect to the private higher education sector since 1975. First, from 1975 to 1988, there was absolute antagonism to private higher education. Then, from 1988 to 2000, there was guarded acceptance of it. Then, from 2000 to 2013, it was embraced, but with an expectation that it would be largely 'not-for-profit' in orientation. Most recently, the sector has become strongly profit-driven and, to an extent, commercially predatory. In 2018, the amended Law on Higher Education completed a process that had commenced in 1988 by declaring two options for the sector, that is, 'for-profit' or 'not-for-profit'. Such a policy evolution and the practical development can be explained and understood more deeply by the institutional logics perspective, which examines the interactions among the three major ideologies that characterise Vietnamese higher education (HE), namely Neoliberalism, Socialism, and Confucianism, as presented in Chapter 3 by Ngo.

9.3 The Emergence of Mergers and Acquisitions

The emergence of M&A has been a significant feature of the most recent stage in the development of the private higher education sector in Vietnam. This section of the chapter sets out to examine the facts and present an initial analysis of the implications of this trend.

One of the earliest examples of an ownership transfer took place in 2012, in the form of a divestment by the original investors in Van Hien University (VHU) and the acquisition of the University by the Hung Hau Corporation. Hung Hau invested 75 billion VND ($3.26m. USD) in the deal. Prior to its acquisition by Hung Hau, VHU had been a site of ongoing governance disputes between shareholders.

More deals of this nature followed. Some were direct acquisitions of private higher education institutions, such as in 2013 when the University of Phan Thiet was sold to Mr. Vo Van Thuong for 60 billion VND ($2.6m. USD). The sale price included land lease rights and school facilities. Also in 2013, the Saigon College of Technology Economics was sold to Mr. Le Lam for 30 billion VND ($1.3m. USD). At the same time, this University had been prohibited from accepting new enrolments for a period of two consecutive years. The institution was renamed the Dai Viet Saigon College. A year later, Mr. Le Lam acquired another school, Viet Tien College, also for 30 billion VND ($1.3m. USD). He now owns four private higher education institutions in Vietnam.

The deals progressively became more complex, involving multiple partners and larger sums of money. In 2014, for example, the HUTECH Education Investment and Development Joint Stock Company, led by Mr. Kieu Xuan Hung, acquired the University of Economics and Finance (UEF) at the sale price of 100 billion VND ($4.3m. USD). The Company contributed 51% of the sale price and the shareholders in HUTECH (Ho Chi Minh University of Technology) contributed the rest. In 2015, the Hoan Cau Group acquired Quang Trung University, and the Nguyen Hoang Group acquired Hong Bang International University (HIU). In 2016, the Thanh Thanh Cong Group acquired Yersin University and Sonadezi College, and the Nguyen Hoang Group completed another deal to become the new owner of Ba Ria Vung Tau University (BVU).

By 2018, mergers and acquisitions involving private higher education institutions had become widespread. The Institute of American Education acquired Phu Xuan University (PXU); the Thanh Tay University (TTU) had a new owner; and the Nguyen Hoang Group had acquired Hoa Sen University (HSU), having already acquired Gia Dinh University (GDU) earlier in the year. A local media report indicated the sale price for GDU to be 100 billion VND ($4.3m. USD), the sale price of HIU to be 500 billion VND ($21.45m. USD), and the sale price of HSU to be 2000 billion VND ($85.8m. USD) (Huyen, 2018; D. Nguyen, 2018). Except in the case of HSU, most of these deals were executed at prices well below the amount of chartered capital officially required for the establishment of a new higher education institution in 2017. The newcomers were clearly attracted to entering the market by acquiring an existing university rather than by establishing a new one.

A related development has been the extent to which individuals or corporations have begun to own multiple private higher education institutions, or else they have become significant shareholders in several private higher education institutions at the same time. Hung Hau Holdings, for example, now owns one private university and four private colleges; the Nguyen Hoang Group is the owner of four private universities; the Thanh Thanh Cong Group and the Institute of American Education now each own two private higher education institutions; and three of the four owners of Tay Do University are also owners, or have a strategic shareholding, in a number of other private universities and colleges. These individuals and corporations have also invested heavily in private schools and kindergartens. The transactions are legally sanctioned because private higher education institutions are now seen to be no different from other private enterprises.

What, then, are the implications for the private higher education sector in Vietnam? One implication is that the governance and management culture of these institutions has become dominated by corporate expansion and profitability. Individuals, structures, and procedures have value only to the extent that they are contributing to the generation of even larger profits for the owners. It is nearly always the case that once an existing private higher education institution has been acquired, a new governance and leadership group familiar with the profit orientation of the owners is installed to replace the existing governance and leadership group. There is a new board of management, a new president, and a new group of executive managers appointed. Decisions are made by senior administrators and faculty members are given little say.[5] Huge differences appear between the salary levels of administrators and the salary levels of faculty members. There are no official statistics available concerning the salary levels of the presidents of corporatised private universities, but it has been reported that one of these university presidents was earning $500,000 USD per annum, while the more usual rate was from $40,000 to $150,000 USD per annum. These rates contrast with annual salary levels of between $5000 and $12,000 USD paid to faculty members (e.g., see Pham, 2018). Faculty members are routinely given key performance indicators, as are administrators. These performance indicators are closely linked to financial outcomes, and with success measured indicated primarily in terms of effectiveness in contributing to the financial profitability of the enterprise.[6]

[5] See, for example, Pham (2017). In this article, the author listed a number of universities that might not have Academic Council or have no information about it in higher education institution websites; even there is no spot for academic council in school organisation structure. One example is Hoa Sen University, which recently established its academic council, 8 years after transforming into university from a college status.

[6] For instance, according to a local media, FPT Education reported that its revenue in 2015 was 590 billion VND ($USD 28 mil. approx.) and the profits were 171 billion VND ($USD 8.1 mil. approx.), equivalent to 29%. See more Nguyen (2015).

The changes made by new corporate owners can sometimes be surprising. In general, research is more often regarded as a financial liability than as a source of profit by the new corporatised private higher education institutions. At Phenikaa University, however, formerly known as Thanh Tay University, the new ownership immediately established two new research centres: The Inter-Discipline Social Sciences Research Center and the Thanh Tay Institute for Advanced Sciences.

Other changes introduced may be regarded in a more positive light, though the basis for their introduction is invariably the drive to increase profitability. It is typically the case, for example, that the newly acquired institutions see an immediate improvement in their appearance and in the quality of their facilities, the aim being to make them more attractive to prospective students and their families. In the same vein, members of academic staff are required to be more 'customer-friendly', mainly by being more student-oriented in their approach to teaching and learning. New campuses may also be established, as for example at the University of Economics and Finance (UEF), Hong Bang International University (HIU) and Van Hien University (VHU), with new equipment and facilities available to support student learning. According to Nguyen, L. (2018), Nguyen Quoc Toan, a consultant from Ernst & Young, who specialised in mergers and acquisitions, stated in an interview :

> *The investors see the market from the perspective of Vietnamese people [being] degree-oriented. Everyone wants to have a university degree. People just need a degree. They do not care about the quality. Pursuing university education in international schools or public schools is not easy due to selective process, or financial affordability. Private higher education institutions still attract good enrolments thanks to responding to the need of the degrees of the Vietnamese.*

Toan also stated:

> *[The] quality of some private higher education institutions has been better than before, but many private higher education institutions are diploma mills providing university degrees at very low quality.*

The new investors are also attracted to the possibility of being able to take advantage of favourable policies towards land use for education: According to L. Nguyen (2018), 'They are provided land but having no resources for campus constructions. They simply keep the land and wait for buyers'. From his point of view, the phenomenon of M&A in Vietnam's private higher education sector represents an 'education bubble', not unlike a stock market bubble. The selling price of many private higher education institutions is now widely regarded to be much higher than either the true value of the capital assets or the profit-making potential. According to Nguyen, there is 'no education model that allows such a huge capital return quickly'.

In some cases, however, the new governance and management practices in newly acquired private higher education institutions have not brought about more favourable results. The Pacific Ocean University (POU), located in Khanh Hoa Province, was established in December 2008. During its first five years of operation, it changed the chair of the board of management three times, and the president four times. By 2013, it had an enrolment of only 100 students.

A similar story can be seen in China, which has over 740 private universities. As in Vietnam, the Chinese Government set the barrier high for the establishment of new universities, including the prerequisite of possessing land and campus buildings. It has a huge influence over the amount of initial capital required for licensing. According to Kai Yu, the chief executive officer of China Education Group Holdings Limited, a company listed in the Hong Kong Stock Exchange, mergers and acquisitions of the private higher education institutions in China are now breaking previous records for the amount of money changing hands (Yu, 2018). Many of these deals fail to realise the anticipated benefits. Some estimates put the success rate at less than 20%. However, China Education Group Holding has been a success. It became a listed company in Hong Kong in December 2017. In the six months since listing, its share price had increased by more than 80%. It raised $420m. USD in its initial public offering. Three months later, the group acquired two schools in Zhengzhou and Xi'an in China.

The phenomenon of M&A in the private higher education sector in Vietnam is consistent with the Government's policy commitment to the idea of 'socialisation', as referred to earlier. Prior to 1988, higher education was seen as a state responsibility, provided for the sake of advancing the socioeconomic development of the country. The notion of 'socialisation', when first introduced, involved a focus on government and people working together. It became a vital element in providing for a labour force with sufficient skills to meet the needs of a rapidly expanding economy. Over time, however, 'socialisation' has steadily morphed into 'privatisation', and 'marketisation', with higher education coming to be seen as a commodity capable of being delivered by a private corporation. The M&A phenomenon is symptomatic of these changes that have occurred in the values framework of higher education in Vietnam since the early 1990s.

In general, the M&A phenomenon is succeeding in bringing a huge amount of private investment into the higher education sector, and it is also generally creating better teaching and learning experiences for students whose families can afford the tuition fees charged. It means also that less efficient private higher education enterprises are being swept aside by more efficient private higher education providers. Such a situation suggests a small number of private universities can become semi-elite institutions, which might be the first choice of middle-class students and provides a counterbalance to established public universities, as stated in Chapter 8 by Chau. The downside, though, is that the professional and academic independence of faculty members has become increasingly subjected to the kinds of values that drive an intense pursuit of private profit. The extent to which this trend becomes more evident as the incidence of mergers and acquisitions in the private higher education sector increases over coming years will require close monitoring.

9.4 Conclusion

The M&A phenomenon has become a characteristic of the private higher education sector in Vietnam in less than 20 years since the Government cautiously embarked on an experiment in permitting the development of a 'non-public' higher education sector. Since 2013, the phenomenon has come to dominate the private higher education sector, resulting in the emergence of corporate investors and corporatised systems of governance and operational practices. The private higher education sector now functions in a context of 'marketisation'. This development seems at odds with the values of a State commitment to traditional Communist Party values, but, as in China, it is a development that has taken place very rapidly. However, it is a development that warrants more critical scrutiny. At stake is a notion of higher education being valued more for its social importance than its value as a commodity, able to be bought and sold by an increasingly wealthy collection of investors.

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