

# Chapter 15

## Private Higher Education in Vietnam

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### Introduction

Private higher education in Vietnam is poised for a significant expansion over coming years. Many questions remain unanswered, though, concerning how the expansion will be regulated and funded. In the Higher Education Reform Agenda (HERA),<sup>1</sup> the government made a commitment to expanding the sector so that, by 2020, it will enrol as many as 40 per cent of all higher education students. Given that the sector currently enrolls about 13 per cent of all students, this target is obviously very ambitious.<sup>2</sup>

This chapter seeks to provide an introduction to Vietnam's private higher education sector. It is informed by interviews in Hanoi, Ho Chi Minh City and Da Nang with rectors and leading members of the governing boards of various private universities. The chapter is also informed by several recent scholarly works (Le, 2006; Welch, 2007), and by statistics and other factual material reported by The World Bank (2008) and in recent Vietnamese newspapers.

### The Private Sector

The private sector of higher education in Vietnam is officially referred to as the “non-public” sector, to distinguish it from the much larger and better-established “public”, sector. Its distinguishing characteristic is that it receives no direct funding from the state. It is comprised of two types of higher education institution: *people-funded* and *fully private* institutions. From 1993 until 2005, there

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<sup>1</sup>Resolution no. 14/2005/NQ-CP, dated 2 November 2005.

<sup>2</sup>More recently (*VietNamNet Bridge*, dated 13 November 2006), Deputy Minister Banh Tien Long is reported as saying that the target is unfeasible and has been reduced to “between 30 and 40 per cent”.

was a third type of higher education institution in the sector, that is, *semi-public* institutions.

The first non-public higher education institutions were officially established in 1993.<sup>3</sup> During the years immediately following their establishment, there was a surge in growth in the sector. By 1999–2000, there were as many as 17 non-public universities and 5 non-public colleges, with a total enrolment of 107,528 students, accounting for over 12 per cent of all higher education students.<sup>4</sup> The sector became more tightly regulated during the late 1990s. Though it continued to expand, it was not permitted to expand at as faster rate than the public sector. By 2006–2007, there were 30 non-public universities and 17 non-public colleges, with a total enrolment of 193,471 students, accounting for 12.6 per cent of all higher education students.

People-founded (*dan lap*) universities and colleges form by far the major component of the non-public sector.<sup>5</sup> The first of these institutions was officially established in 1993.<sup>6</sup> The term, people-founded, derives from the fact that these institutions are peoples' organisations, founded by community groups such as trade unions, professional associations, youth organisations and women's associations. The groups proposing them must first be able to find the investment capital to provide the physical infrastructure for the institution.<sup>7</sup> They must then obtain approval by the prime minister, acting on the advice from the Ministry of Education and Training (MOET). In deciding to give approval to the establishment of a people-founded university or college, the prime minister must consider the proposing organisation's commitment to higher education, its financial capacity, its plan for the institution's development and the institution's proposed governance structure. Once established, people-founded institutions must be able to survive on the basis of revenue received from student tuition fees, though they may also receive revenue from gifts and investments and from the sale of certain educational services. People-founded institutions are not entitled to receive any direct funding from the state.

Fully private (*tu thuc*) universities and colleges are a more recent element in the non-public higher education sector in Vietnam. The first of these was the Royal Melbourne Institute of Technology-Vietnam (RMIT), which was officially established in Ho Chi Minh City in 2001. RMIT was not initially regarded as a

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<sup>3</sup>Private higher education institutions existed in the South of Vietnam prior to reunification in 1975, but it was not until the late 1980s that any official consideration was given to the possibility of their existence in the Socialist Republic of Vietnam.

<sup>4</sup>See <http://www.moet.gov.vn/?page=11.5&view=9266>

<sup>5</sup>The proportion is possibly as high as 95 per cent. Recent enrolment data that would enable an accurate estimate are not available.

<sup>6</sup>Thang Long University, in Hanoi, was officially established in 1993. As reported later in this chapter, it had been in operation as a Learning Centre from 1988 and had been approved to grant degrees from 1990.

<sup>7</sup>Though the state is not obliged to provide any assistance with capital resources, there is a good deal of evidence to indicate that grants of land from local governments have been critical to the establishment of many people-founded universities and colleges.

private university. Its status was that of a foreign direct investment firm, and its operations were required to comply with the Law on Foreign Investment. It was not until 2005 that a Prime Ministerial decision brought it and other, mainly foreign-based, fully private higher education institutions under a common set of regulatory controls.<sup>8</sup> Since then, various other fully private higher education institutions have been permitted to establish. While some have been foreign-based, a recent trend has been for former public-sector institutions to convert to fully private status. In 2006, for example, the prime minister gave 19 public-sector higher education institutions permission to become fully private.<sup>9</sup> The reasons for this trend relate to the government's policy of "socialising" (that is, allowing private expenditure on) the delivery of higher education in Vietnam, thereby encouraging a sharing of responsibility with the private sector for the expansion of the higher education system.

Semi-public (*ban cong*) universities and colleges were an element in the non-public sector from 1993 until 2005. These institutions were established by the state but were financially reliant for their ongoing viability on the receipt of revenue from student tuition fees and from the sale of certain educational services.<sup>10</sup> The first of these institutions was the Open University in Ho Chi Minh City, which was established in 1993 to provide open access to higher education programmes, including access by means of distance education. By 2005, semi-public higher education institutions accounted for 3 per cent of all higher education students. In 2005, the government, having regard to issues related to academic standards and the ongoing financial viability of these institutions, determined that semi-public (and some public) higher education institutions should become fully private.<sup>11</sup> As of 2005, therefore, semi-public higher education institutions were no longer considered officially to exist, though, in practice, some of these institutions continued to operate on a semi-public basis while making the transition to their new status.

## Development of the Sector

It was not until the late 1980s that some interest in restoring a private sector of higher education in Vietnam was rekindled, but on an experimental basis, and strictly on a not-for-profit basis. The context for this interest was the grave financial state of the higher education system and the realisation that one of the ways in which bottlenecks in social demand for higher education qualifications could be relieved was by allowing students to pay tuition fees for their studies. The most durable of the experimental initiatives from this period was the founding in 1988 of the Thang Long Tertiary Education Centre in Hanoi. This centre was a community initiative, intended to operate on a not-for-profit basis, offering programmes in mathematics

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<sup>8</sup>Decision 14/2005/QĐ-TTg, dated 17 January 2005.

<sup>9</sup>See <http://english.vietnamnet.vn/education/2006/06/576783>

<sup>10</sup>Decree no. 90/CP, dated 24 November 1993. The characteristics of these institutions were further clarified in a ministerial decision, Decision 04/QĐ-TCCB, dated 3 January 1994.

<sup>11</sup>Resolution 14/ND-CP-2005, dated 2 November 2005.

and computer science to fee-paying students. In 1990, the centre was given official permission to provide degree-level awards. In 1993, as part of a wide-ranging reform package intended to restructure the higher education system in light of the policy of *doi moi* (economic renovation),<sup>12</sup> it was given official recognition as a people-founded university.

Other people-founded universities and colleges soon also began to be established. By the late 1990s, there were (as noted earlier) 23 people-founded universities and colleges, enrolling over 12 per cent of all higher education students. In the haste associated with this expansion, some of these institutions took shortcuts in seeking to attract income and remain financially viable. Some, for example, enrolled far more students than they had authority to enrol under quotas given to them by MOET; some enrolled students with dubious academic potential for higher education study; and some admitted more students than their physical facilities were capable of carrying, giving rise to overcrowding (Welch, 2007: 47). There was also a tendency for them to concentrate on the delivery of training programmes in fields of study characterised by low initial investment but high financial return, such as in the fields of business, economics, information technologies and foreign languages. This short-term focus on profitability earned people-founded universities and colleges a reputation for being “garbage-can” institutions, in the sense that they were seen to be sweeping up any scraps of opportunity left over by public-sector institutions. This reputation has stayed with them up to the present day.

Concerned by the fact that many non-public institutions appeared to have slipped out of control, and stung by criticisms of a lack of vigilance in protecting standards of quality, MOET intervened decisively during the late 1990s. It introduced a series of regulatory controls that had the effect of containing the rate of growth of the sector. Penalties for over-enrolment were sharply increased; enrolment quotas were not allowed to increase as rapidly as had been the case beforehand; and regulations relating to the establishment and registration of people-founded higher education institutions were tightened. The matter of their academic quality was also addressed. In 2004, for example, MOET determined that students with a final score below a certain level in the Tertiary Entrance Examination would not be permitted to proceed to a university, whether in the public or the non-public sectors. The impact of this decision was felt quite sharply by the non-public sector. Between 2003 and 2004 and 2004 and 2005, there was, as a consequence, a significant drop in the enrolment quota for the non-public sector (Le, 2006: 80).

## Characteristics of the Sector

Consistent with the Prime Ministerial “Charter for Higher Education Institutions” issued in 1993,<sup>13</sup> all non-public higher education institutions are required to have a governing board comprised of at least seven members, including the rector,

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<sup>12</sup>Decree no. 90/CP, dated 24 November 1993.

<sup>13</sup>Decision 153/2003/QĐ-TTg, dated 30 July 2003.

representatives of the investors, representatives of the academic and administrative staff and representatives of the institutional Party Committee (Le, 2006: 121). The governing board has responsibilities that include development of a strategic plan, review of the academic plan, control of the finances and implementation of MOET regulations. The governing board also develops proposals to MOET for the appointment or reappointment of rectors. The rector is responsible to the governing board for the overall management of the institution.

Governing boards of non-public higher education institutions are entirely responsible for raising sufficient revenue to ensure the institution's financial viability. In this regard, student tuition fees are by far the most important source of revenue. Survey results suggest that they account for over 82 per cent of the revenue of all institutions in the non-public sector (The World Bank, 2008: Fig. 3.16).<sup>14</sup> Additional sources of revenue include income from the sale of services, capital from investors and gifts from individuals. The state provides no direct financial support,<sup>15</sup> and student tuition fees are capped at about twice the level of the student tuition fees charged by public-sector higher education institutions. The issue of the size of the tuition fees charged by some non-public higher education institutions has recently attracted public concern. Against a background of increasing price inflation, and in light of the need to fund improvements in teaching quality across the higher education system, all higher education institutions in Vietnam are likely from 2009 onwards to be able to increase their tuition fees and to charge different levels of tuition fees for different training programmes.<sup>16</sup> Some non-public higher education institutions, especially the fully private institutions, appear also to have been permitted to make significant increases to their tuition-fee levels, giving rise to concerns about the extent of profit-making by these institutions within a national higher education system generally assumed to function on the basis of a socialist-market orientation.<sup>17</sup>

Governing boards of non-public higher education institutions are also responsible for deciding how to spend the revenue available to them, though regulatory controls and compliance requirements imposed by MOET and the Ministry of Finance (MOF) place some significant limits on their decisions in this regard. People-founded institutions are widely considered to be "fee charging providers of social services" (quoted in Le, 2006: 148), and so are held to be subject to the same strict levels of spending scrutiny as apply to all but the two national universities in the public sector of higher education.

Non-public higher education institutions are permitted to make operating surpluses, but the disbursement of these surpluses remains a sensitive matter. As

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<sup>14</sup> Anecdotal information suggests, however, that this figure may be an underestimate.

<sup>15</sup> This matter is complex, however. Since 2005, the government has supported the granting of land entitlements to non-public higher education institutions that are "not-for-profit". These grants are mainly the responsibility of local governmental authorities.

<sup>16</sup> See <http://vietnamnet.vn/giaoduc/2008/10/806890/> and VietNamNetBridge, "School tuition fee system revamped", <http://english.vietnamnet.vn/education/2008/10/807128>, 6 October 2008.

<sup>17</sup> See <http://www.tuoiitre.com.vn/Tianyon/Index.aspx?ArticleID=218901&ChannelID=13>. See also, VietNamNetBridge, "Students stress over university fee hikes", 6 September 2008.

originally conceived, people-founded institutions were expected to operate on a not-for-profit basis. Over time, it has become accepted that investors in non-public higher education institutions, whether people-founded or fully private, should obtain some reasonable return on their investments. Written into the Education Law of 2005, for example, is the provision that, after meeting their financial liabilities, paying taxes and adding to the institution's investment fund, the balance of the income of non-public higher education institutions may be "divided among stakeholders according to their capital contribution".<sup>18</sup> An ongoing problem, though, is that there has been no official definition concerning what comprises a reasonable rate of return for these investors. This matter remains one where official tolerance must be tested from time to time in order to establish safe limits. In 2005, the Cabinet introduced a new classification scheme for non-public higher education institutions whereby they could be recognised as being either for-profit or not-for-profit, and it committed the state to supporting not-for-profit institutions through the provision of generous tax exemptions and land grants.<sup>19</sup> Details about the implementation and effects of this policy have not yet been systematically investigated.

Non-public higher education institutions also have strict enrolment quotas imposed on them on a programme-by-programme basis, and they may offer training programmes in certain fields (typically business, management and information technologies) and at undergraduate levels only. They are, therefore, operationally restricted in terms of their ability to respond to market demand. All the same, there are ample market opportunities for them in the fields of study that have been their traditional focus.

Not surprisingly, in view of quota constraints and the cap on the level of the tuition fees they may charge, non-public higher education institutions are extremely cost-conscious. In 2002, their unit cost levels were estimated to be 83 per cent of those of public-sector higher education institutions (Le, 2006: 110). They are much less likely than public-sector higher education institutions to employ permanent staff, a strategy made possible by the fact that there is a ready supply of permanent academic staff from public-sector institutions, together with retired academic staff, who are willing to teach part-time in the non-public sector. Concerns have been expressed about this strategy, however. The Minister for Education, for example, is quoted in this context as saying disapprovingly in 2007 that: "I can't imagine that some universities have only 50 full-time teachers."<sup>20</sup>

Another aspect of their cost-consciousness is that their physical infrastructure is usually low-cost, to the point in some instances of being inadequate to meet the needs of the number of students enrolled. Recently there is evidence of reinvestment in their capital infrastructure, often associated with new campus development on sites likely to appreciate considerably over coming years in terms of land value.<sup>21</sup>

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<sup>18</sup>Article 66, Education Law, National Assembly, Law no. 38/2005/QH11, 14 June 2005.

<sup>19</sup>Resolution no. 05/2005/NQ-CP, dated 18 April 2005.

<sup>20</sup>VietNamNetBridge, "Non-public universities and colleges – a mess", 21 February 2007.

<sup>21</sup>It is fair to say that there is some general cynicism about the motives of the non-public sector in its efforts to develop new campuses. A view expressed in many informed circles is that the investors

There is widespread agreement that the non-public higher education sector is lower in status than the public higher education sector (Le, 2006: 159). The first choice for students entering higher education is nearly always a public-sector institution. Tuition fees at public-sector institutions are about one-half those charged by non-public institutions; the range of training programmes available in the public sector is far greater than is the case in the non-public sector; there are no state-sponsored scholarships available to support attendance at non-public institutions; and, because the students who attend them are generally those with lower entrance examination scores who could not obtain admission to a public-sector institution, there is a widespread perception that non-public higher education institutions are inferior in terms of their academic quality.<sup>22</sup> This perception is undoubtedly reinforced by official policies: MOET stipulates, for example, that only graduates from public-sector institutions may proceed to postgraduate studies across a wide range of training areas; non-public higher education institutions are largely deprived of research funds; and, as reported earlier, non-public higher education institutions are not permitted to offer postgraduate qualifications.

The social profile of students attending non-public higher education institutions has not to date been systematically investigated. There is a widespread perception that these institutions are more likely to be providing for students from better-off backgrounds, on account of the higher costs associated with attending a non-public university or college. It is also plainly the case, however, that a significant proportion of students attending people-founded universities and colleges come from poorer regional areas with lower rates of higher education participation. In some instances, local communities have established a people-founded institution specifically to meet the needs of these students. There are also reports of fees and living costs being subsidised for students from poor backgrounds who attend a people-founded institution. Local businesses are also inclined to make scholarships available to assist some students from poorer backgrounds to attend one of these institutions. In this regard, official student loan programmes currently coordinated by the state seem to provide considerable support to the non-public sector. In 2008, the government's credit programme for poor students, whether they attended a public or a non-public higher education institution, provided loan funds to some 754,000 students.<sup>23</sup> It is not known, though, what proportion of these students came from the non-public sector.

The full-time academic staff of non-public higher education institutions compare unfavourably with their counterparts in the public sector in terms of research publication rates. While, by international standards, rates of research publication in Vietnam are low overall, in the non-public sector the rates are especially low – an average rate of one research publication per 100 academic staff in the non-public

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in some non-public higher education institutions are increasingly attracted by appreciating land values and less by any profits from student tuition fees.

<sup>22</sup>There are, of course, some notable exceptions, such as RMIT-Vietnam.

<sup>23</sup>See <http://english.vietnamnet.vn/education/2008/08/799094/> (statistics for private sector are not available).

sector, compared with an average rate for the system as a whole of 39 publications per 100 academic staff (The World Bank, 2008: xiv). Teaching quality may possibly be better in the non-public sector, on account of the fact that non-public sector employers do not have to assure permanent employment to all employees. Students at non-public higher education institutions normally provide feedback on the quality of the teaching, and academic staff members who are poor teachers are generally not retained. In this regard, the non-public sector is not as constrained as the public sector in terms of the rigidity of employment contracts and conditions.

## Legislative and Regulatory Environment

The legislative and regulatory environment of higher education in Vietnam is primarily focused on the public sector of higher education. Existing legislative and regulatory provisions are not well attuned to the existence of a non-public sector. In many regulatory documents, there is little more than passing mention of the non-public sector.

In the Education Law of 2005,<sup>24</sup> there is, however, explicit reference to the non-public sector, though, even in this document, interpretation of the provisions on the non-public sector is not always straightforward. Article 65 of the Law, for example, declares that qualifications from people-founded and private higher education institutions will be regarded by the state as being equivalent in value to those awarded by public higher education institutions, but no process for assuring this equivalency is documented. While both groups of institutions must utilise MOET-approved curriculum frameworks, this form of quality assurance is input-oriented and would not generally be regarded as a secure basis for establishing comparability between outcomes. An additional consideration is that, while some progress is being made with quality assurance and accreditation procedures for the public sector of higher education, no comparable initiatives are evident in regard to the private sector.

Article 66 of the Law grants financial autonomy to people-founded and fully private higher education institutions, subject to their compliance with auditing and accounting regulations of the state. As indicated earlier, these institutions are also given the right to invest their own funds and to distribute profits to their stakeholders. This provision, which effectively creates a legal foundation for profit-making and profit-sharing from the provision of educational services, appears to be at odds with Article 3 of the Law, which states that “Vietnamese education is a socialist education”, and with Article 20 of the Law, which states that “all acts of commercialisation of education are forbidden”. The somewhat contradictory nature of these provisions is consistent with the difficulties Vietnam has in many areas of public policy in reconciling socialism with the market economy.

It is of note that Article 66 of the Law does not draw any distinction between for-profit and not-for-profit higher education institutions in the non-public sector. This distinction has become critical, however, in light of a Cabinet resolution in 2005 that

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<sup>24</sup>Education Law, National Assembly, Law no. 38/2005/QH11, 14 June 2005.

committed the state to the provision of preferential support for non-public higher education institutions that are not-for-profit. Article 68 of the Law commits the state to extending preferential policies to people-founded and private higher education institutions (“priority treatment in the land use right, land leasing, support finance or facilities; credit and tax exemption or reduction as prescribed by the Government”), but, until regulations establish how not-for-profit status is determined, this provision in the Law cannot possibly be implemented with any consistency of approach.

Article 104 of the Law encourages investment in education by proposing income-tax exemptions for contributions to and investment in education, including investment in building construction for educational purposes. Article 109 of the Law gives particular encouragement to foreign investment and expenditure: “Foreign organisations and individuals, international organisations, Vietnamese residents abroad are encouraged by the Vietnamese State which shall create conditions for them to teach, study, invest, fund, cooperate, apply scientific advances, transfer technology in education in Vietnam; they have their legitimate rights and interests protected according to Vietnamese law and the international conventions which the Socialist Republic of Vietnam has signed or acceded to.” In a Prime Ministerial decision in 2005, however, strict new conditions were imposed on individuals and organisations seeking to establish private universities in Vietnam.<sup>25</sup> Only Vietnamese citizens or organisations are to be permitted to establish a private university; they must be able to invest at least US \$950,000 in registered capital; the rector must have a PhD and at least 5 years of management experience; and, within 5 years, all lecturing staff must be permanent employees. The first of these conditions could possibly be a serious impediment to attracting foreign universities to establish campuses in Vietnam. The last of them would impose such a heavy cost burden on non-public higher education institutions as to make many of them financially unviable.

## Strengths and Weaknesses of the Sector

Le (2006: 170–176) has identified various strengths and weaknesses of the non-public sector in Vietnam. One of the major strengths identified is that non-public higher education institutions contribute significantly to the government’s “socialisation” policy, whereby private-sector resources are mobilised in support of the advancement of increased educational provision. Le (2006: 172) has calculated, for example, that, in 2004–2005, non-public higher education institutions had collected about US \$35.5 million in fees (approximately US \$255 per student). This amount was estimated to be equivalent to one-quarter of the total budget given to MOET to support student scholarships (for attendance at public-sector higher education institutions) and other forms of financial support for the public sector. In mobilising these resources, the non-public sector also helps to address the problem of excess social demand for places in universities and colleges, thereby alleviating some of the pressure on the public sector of higher education.

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<sup>25</sup>Decision 14/2005/QD-TTg, approved on 17 January 2005.

One of the major weaknesses identified is that non-public higher education institutions are widely perceived to be inferior to public-sector institutions. Most students, for example, do not regard them as “first-choice” institutions. They are also prevented officially from accessing opportunities that would enhance their academic reputation, such as by being able to offer postgraduate qualifications. Their freedom in terms of curriculum reform, and in terms of being able to develop niche programmes of study, is effectively restricted by MOET’s system-wide requirements regarding curriculum frameworks for all higher education training programmes. Le (2006: 144) characterises them generally as being “peripheral”, in the sense that they provide for only a small proportion of all students, have quite small enrolments, teach only at the undergraduate level and provide mainly for students who would prefer to have attended a public-sector institution. Le notes also the management difficulties people-founded institutions have encountered as a consequence of not having a “supervising authority” in the same way as public-sector institutions do.<sup>26</sup> Though subject to MOET as their “state management authority”, they do not have a particular ministry to refer to for guidance about regulatory requirements, and so must second-guess these requirements on the basis of what they see public-sector institutions being required to do. There are also reports of serious management problems at some non-public higher education institutions: “the boards of directors at many schools are constantly fighting, and the relationships between boards of directors and presidents are often ‘tense’”.<sup>27</sup>

## Conclusion

There are a great many challenges facing the non-public sector of higher education in Vietnam. Important among these is the need to develop an official “vision statement” for the sector. To date, the sector has been allowed to develop and grow because of its strategic importance in soaking up excess student demand in areas of study not able to be provided for adequately by the public sector. It has also been important as a mechanism for attracting private resources into the provision of a better-educated and more qualified labour force in Vietnam. The sector is not, however, an equal partner with the public sector, regardless of the fact that the Education Law of 2005 states that qualifications from the two sectors are equivalent. The non-public sector is consistently addressed in much of the official regulatory and planning documentation as something of an afterthought. Even in HERA, which proposes an extremely ambitious expansion of the sector by 2020, there is no clear blueprint provided concerning how the sector is going to be enabled to expand.

Expansion of the sector is likely to be severely constrained if students attending non-public universities and colleges continue to remain cut off from any

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<sup>26</sup>Though HERA has proposed abandonment of the arrangement, all public higher education institutions in Vietnam are currently under line-ministry supervision. MOET has the major share of this responsibility, and at least 12 other ministries also act in a supervisory capacity for individual public universities and colleges.

<sup>27</sup>VietNamNetBridge, “Non-public universities and colleges – a mess”, 21 February 2007.

state-funded scholarship support. There are many indications that people-founded institutions provide higher education opportunities for young people from less-advantaged backgrounds who are highly motivated to succeed academically but whose educational opportunities have been limited because of their home circumstances. These are students whose extended families incur enormous financial strain to support them through their studies. Without scholarship support, and having regard to increased cost-pressures on the non-public sector, it is difficult to see how the sector will be able to attract even more students from disadvantaged backgrounds in order to achieve an enrolment rate of 40 per cent of all higher education students by 2020.

At the same time, though, the sector also needs more quality control. MOET is reported to have convened a conference early in 2007 on the state of non-public higher education sector. A news report, entitled “Non-public universities and colleges – a mess”,<sup>28</sup> conveyed the prevailing sentiment. The report referred to inconsistencies in governance and management structures, disagreements within governing boards, friction between rectors and their governing boards, limited campus space, poor-quality libraries, inadequate provision of teaching and learning supports, insufficient numbers of full-time teaching staff, insufficient high-quality permanent teaching staff and serious deficiencies in physical infrastructure. This image of the sector, especially its people-founded institutions, is borne out by other reports documenting especially the chronic shortage of highly qualified full-time academic staff in many non-public institutions. These problems will get worse as the non-public sector faces increased pressure to expand. Indeed, the scale of the problems may eventually pose a serious threat to the quality standards of the entire higher education system.

Vietnam faces a significant challenge in relation to its private sector of higher education. If the sector is not provided with public financial support, it is unlikely to be able to maintain any competitive standing with the public higher education sector. If, however, it is given public financial support, then it becomes a subsidised system operating in competition with the public sector and under a different set of ownership arrangements.

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<sup>28</sup>Ibid.