

# **Implementation of Financial Policies in Vietnam and the Quality of Secondary Education since Decentralization - A Case Study of Hanoi City**

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## **1. Introduction**

Money and infrastructure themselves do not impact strongly on education quality, but the ways schools use them (Dimmock, 1993; Odden & Busch, 1988).

A recent study on OECD (Organization for Economic Cooperation and Development) countries shows that substantial increases in educational spending over the last 30 years have not led to improvements in the educational achievement of pupils in many OECD countries. The same happened in the US. The 2006 average of US\$8,393 per student in Washington DC was not only the highest spending per student in the U.S. but also more than twice as high as Utah with \$3,969 per student. Nevertheless, students in Washington scored last on every standardized national test they have ever taken, while students in Utah scored close to the top every time (Tobing, 2007).

The ways schools use financial resources depend on financial mechanisms and on financial policies established by a country or a school, and on the ability of people who implement policies (Dimmock, 1993; Odden & Busch, 1988).

In countries where management mechanisms allow schools more freedom and autonomy, schools use financial resources more effectively and creatively. Therefore, schools are able to enhance quality and ensure equity for students. Ineffective policy implementation is caused by limited transparency, low autonomy and poor quality control systems besides multiplicity of regulators with overlapping roles. "Create a single independent agency for regulating higher education and simplify the regulatory framework and reduce entry barriers for reputed players," suggests Suneja (2009). Odden and Busch (1988) and findings from a PISA survey of OECD countries (Haahr, Nielsen, et al., 2005) say that, decentralization management is one of the conditions for innovation and competitiveness of schools. That is one of the reasons for many countries to move from centralization to decentralization in management, especially in financial management.

Since 1986 Vietnam has undertaken the renovation and developed a socialist oriented market economy in the country, moving from centralization to decentralization with financial management as the first field of this decentralization. New financial policies and mechanisms have been developed and implemented in education. Schools have more autonomy in deciding budgets, saving and using money.

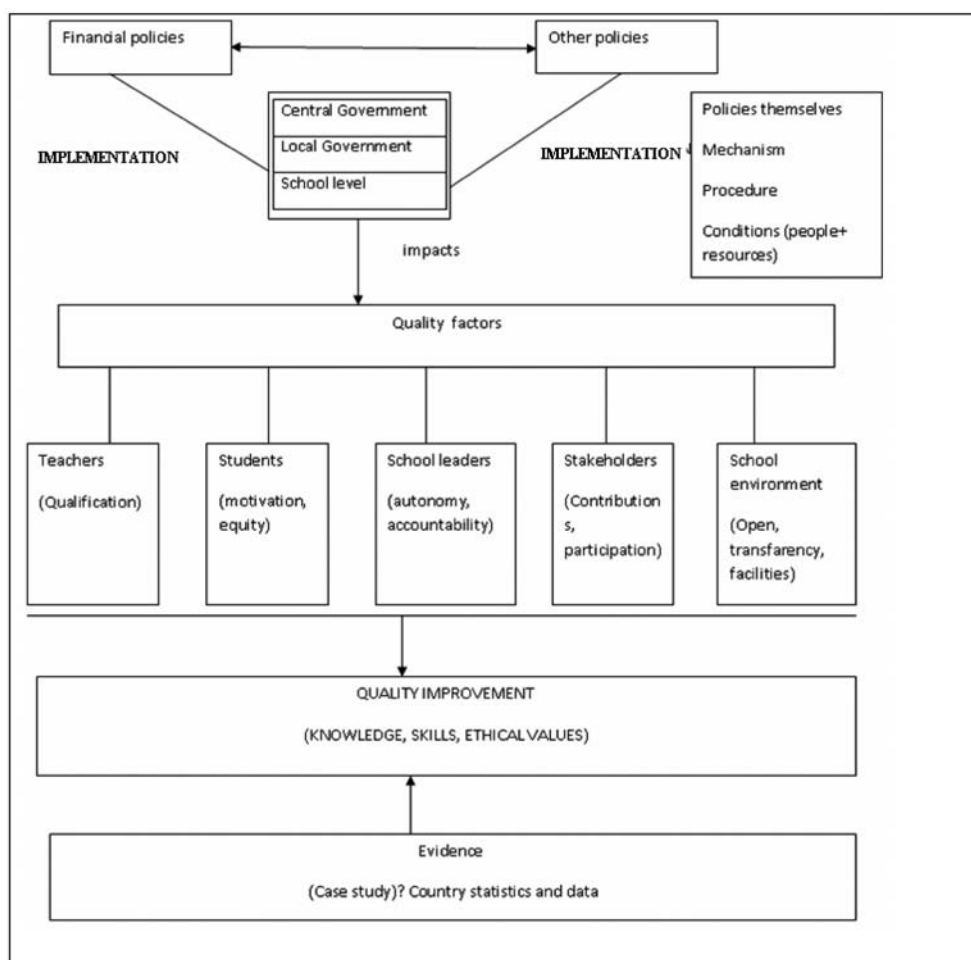
Although some achievements were gained, especially in terms of increasing student

enrollement, the education quality of Vietnam is still low, under the international level and has many problems.

Assessing impacts of the decentralization policies of financial management in education in Vietnam is important to draw lessons for improving the effectiveness of money use in education.

This research will give evidence of the quality improvement in Vietnam since implementing decentralization policies in financial management of education.

The research started in January 2010 and finished in June 2011 following the theoretical framework below (Figure 1)



**Figure 1. Theoretical framework**

With this theoretical framework, the research will study decentralization financial policies and their implementation at different levels and in relation with other policies (in personal and academic areas). The research will identify factors impact on education quality and analyse indirect impacts of the policies on quality through these quality factors. Then the research will conduct case studies to demonstrate the impacts of decentralization policies on quality improvement.

## 2. Description of the Research Methods

Finance is only a factor among different factors that impact on education quality (Figure 1). Since education quality is impacted by different factors, it is not easy to measure the impacts of autonomy in financial management as an independent factor. Much research can only compare education quality of schools with higher or less autonomy. School autonomy is easier to see as a stimulus for school improvement than an independent factor for quality improvement.

A literature review is used to identify theoretical issues of the research, focused on upper secondary education quality and education quality improvement, overview financial policies and their implementation in the decentralization context and to understand education quality in the world, in Vietnam and in Hanoi. Financial policies and their implementation in the relationship to the implementation of other policies in education in the context of decentralization management were also studied. As a result of having more autonomy, school can be able to invest more in student learning, teacher qualification improvement and equip more learning facilities. Therefore, the following quality improvement indicators were identified to use in the case study:

- **Improvement indicators**

- ✓ Percent of students moving from one learning achievement level to a higher level within a school year and from one school year to another year is higher
- ✓ Percent of teachers and school leaders who obtain higher professional degrees or additionally professional certificates is higher
- ✓ Investment in infrastructure & instructional equipment is higher

- **Data gathering**

To elaborate on the impacts of financial policies from other factors we carried out case studies at four upper secondary schools in both urban and rural areas in Hanoi and comparisons were made of financial mechanisms, management, financial conditions and education quality improvement of the four schools. From this comparison finance policies impact on educational quality and quality improvement can be known. Tools used for data gathering in the case studies combine questionnaires, interviews, observation, statistical analysis and PISA test.

In each school a sample of two school leaders, an accountant, 15 teachers, 100 parents and 100 students was selected to take part in the survey; two parents, two teachers, an accountant and two school leaders were taken part in the interviews.

Questionnaire: Beside demographic information, the questions focus on gathering data about how teachers and school leaders understand education quality, factors impact on education quality, understanding of respondents about decentralization management, school autonomy, their evaluation of the school quality and quality improvement, the impacts of decentralization policies on school quality improvement and some other data.

Interviews: interviews are used to clarify the ways schools implement decentralization management and obstacles it has met, how school leaders, accountants and teachers know that autonomy in financial management impacts on education quality and their suggestions to

improve decentralization policies.

Secondary data: Besides survey and interview, secondary data (such as statistics of student learning achievement year by year, number of teachers and school leaders and their professional improvement of school years, financial, school instructional facilities statistics) was analysed to identify and compare improvement indicators.

Observation and checklist of school instructional facilities has been carried out.

50 students were asked to do a PISA test in one lesson hour to test students' skills in problem solving, math and reading.

- **Data Analysis**

Two types of data are analyzed with support of software (SPSS). Statistics are collected and then converted into qualitative analysis. Qualitative data is analysed and qualitative analysis is used to evaluate quality of financial policies and their impacts on education quality. It is also used to evaluate the status of secondary education quality. The statistics, charts and schemes, statements, judgments and the responses of interviewers are used as evidences for the evaluation of this study. The data evaluation can be used to make decisions about how to improve the quality of financial policies, education quality and equity in Vietnam and provide recommendations for other countries.

Hanoi is the capital of Vietnam where financial decentralization is implemented at the early stage and education quality is considered a head flag of the country. Hanoi's secondary education system consists of different types of schools: public, private, international, semi public, excellent national standard and poor disadvantaged, urban and rural schools. The quality of these schools is different and depends much on decentralization mechanisms of each school's management. This comprehensive situation of Hanoi allows us to see the picture of education in the capital and the most advantaged area of the country. Therefore, we can compare to other disadvantaged areas to see difficulties in educational development in Vietnam.

Areas and schools chosen for case studies are:

- **Urban area:**

- 1) One semi autonomous school which has high education quality: this school is public and funded by the Government. It is allowed to plan budget use/allocation based on school needs but has to follow financial regulations and indicators set by the Government.
- 2) One school is a semi-public school with full autonomy. 25% of the staff of this school is paid by the Government. The school can spend money on their own regulations and does not need to follow the government financial indicators.

These two schools have similar inputs of infrastructure, teaching staff and student ability and both are in the urban area. The second school has higher favor in financial management than the first one.

- **Rural area:**

- 3) Two other schools are semi autonomous with different levels of financial difficulties. By comparison to these two schools, we can know how conditions of implementing

decentralization in finance management have impacted on education quality.

By comparing these four schools in terms of financial autonomy and education quality, it can be learned how education quality is impacted by financial mechanisms and policies and why.

### **3. Research Findings**

#### **3.1 Literature Review**

##### **3.1.1 Central Concepts**

The following concepts are used in the research: financial policy, centralization and decentralization management, performance related payment and education quality.

- **Financial policy**

According to Business Dictionary, financial policy is a policy that exists in financial field to guide financial activities. Policy compose of financial regulations, principles, financial criteria to determine financial transparency, methods of financing investment, monitoring and evaluating, and making decisions are important to achieve financial objectives.

Financial policies in general, and in education in particular are various. They are policies for budgets, for technology investment, for infrastructure, for teacher payments and incentives, for scholarships and student loans, fees and tuition, vouchers, for mechanisms of financial management such as centralization or decentralization, etc...

Financial policies exist at different levels: central government, local government and educational institution levels. Central government policies are promulgated by governments and they are general guidelines for education institutions. Different local governments always have their own policies for their local education and different education institutions have their own policies that create diverse choices for the learners and competitiveness among schools.

- **Centralization and Decentralization Management**

Centralization and Decentralization Management are two opposite terms in which *Centralisation* is the act to gather power to the center level from the local level, and it is the process by which the activities of an organization, particularly those regarding decision-making, become concentrated within a particular location and or group. In political science this refers to the condition of a government's power – both geographically and political, into a centralized government. At the organizational level, centralization is a vertical coordination method that addresses the extent to which power and authority are retained at the top organizational levels. (UNESCO Office in Bangkok: Glossary). Centralization is a mechanism and management method that limits individual and subunits' creativity. It creates conditions for corruption and bureaucracy. *Decentralization* is a process delegating power and authority to lower levels that allow individuals or sub-units can make decisions. (UNESCO Office in Bangkok: Glossary). According to Murphy (quote from Dimock, 1993), decentralization seeks to eliminate unnecessary layers of bureaucracy, untangle chains of command, and link greater percentages of fiscal and human resources directly with children at the school-site level. Proponents of

decentralization believe that reallocation of power and authority to these key stakeholders will make schooling more responsive to the unique needs of local communities and will capitalize on the knowledge, creativity, and energy of people at the school and community level. One of the ways to delegate the power that many schools adopt is school based management or site based management (SBM). With decentralization, the organizations and individuals have high autonomy. Autonomy is an employee's ability to make independent and discrete decisions. (UNESCO Office in Bangkok: Glossary). School autonomy impacts on the decision making process, and then on education quality.

- Performance budget & Performance-related pay

Performance budget is a budget format that is allocated based on measurable performance of activities. (UNESCO Office in Bangkok: Glossary).

Performance-related pay (PRP) (Defining Performance Related Pay in a Turnaround, 2011) is a method of remuneration that links pay progression to an assessment of individual performance, usually measured against pre-agreed objectives. The objectives of PRP systems may be grouped under three main headings:

- 1) Encouraging high performance levels by linking performance to pay
- 2) Embedding an entrepreneurial or high-performance culture across an organisation
- 3) The notion of equity or fairness

- Education quality

Education quality in this research is understood as an interactive complex of input, process and output and the output must satisfy customers' expectations and needs. By Newby (1999): quality comes from within the educational process and means not only as "doing enough to meet the criteria" but as "doing better, exceeded the customers' expectations".

Seymour (1993) has seen *quality is in the system*: inputs – processes – outcomes: convert – outcomes or transform or assemble. When things go wrong in a system, quality suffers. Seeing the service of education as a process, reveals that every transaction has a customer (receiver of a service) and a supplier (provider of something that goes into a service). Upon seeing the "process" as a "stream", it is logical to suggest that product or service quality *downstream* is best assured by maintaining the quality *upstream*. The entire education process (or stream), therefore, is a series of "quality - related" service transactions between a supplier and a customer.

Education quality can be classified by different levels: world standard level, national level, school level, classroom level and individual level. The outcomes of education quality are: educating or training quality, research quality and service quality (Lieu T.T.B, 2008).

Effectiveness, efficiency, equity, accessibility, acceptability, relevance and adaptability are considered main components to measure education quality (Lieu T.T.B, 2008).

- *Effectiveness*

Effectiveness is (educational) an output of specific review/analyses that measure the achievement of a specific educational goal. It is different from efficiency, which is measured by the volume of output or input used (Harvey L, 2004).

- *Efficiency*

Efficiency (educational) is an ability to perform well or to achieve a result without wasted resources, effort, time, or money (using the smallest quantity of resources possible). Educational efficiency can be measured in physical terms (technical efficiency) or in terms of cost (economic efficiency). Greater educational efficiency is achieved when the same amount and standard of educational services are produced at a lower cost, if a more useful educational activity is substituted for a less useful one at the same cost, or if unnecessary educational activities are eliminated. (Harvey L, 2004)

From these definitions, one can understand, efficiency is a terminology used to indicate that an organization has achieved its goals, objectives by using the modest resources and money without wasting the time. Effectiveness refers to achievement of goals without considering the amount of resources use.

- *Equity:*

This term indicates that, every student regardless of their background can access the same quality of education services, equipments and can develop their potential fully. (Lieu T.T.B, 2008).

- *Accessibility:*

It means students can easily register for the school and use education services. (Lieu T.T.B, 2008)

- *Acceptability:*

It means students and other stakeholders' satisfaction with the school quality and services. (Lieu T.T.B, 2008)

- *Relevance:*

It means students are taught and assessed using the real world factors. (Lieu, 2008)

- *Adaptability:*

The ability of school and their students to adapt to the changes in the environment of learning, teaching and living. (Lieu, 2008)

- *Quality improvement:*

This is a process that involves developing plans and strategies and working to reduce gaps, making continuous changes leading to better quality of the organization (Lieu, 2008).

In conclusion, education quality is the meeting or exceeding student needs. Education quality is a stream, that final outcomes depend on inputs, processes and outputs and all these factors are interrelated and when things go wrong in a system, quality suffers. Education quality consists of training or educating quality, quality of research and service. Measurement indicators of education quality should include of effectiveness, efficiency, equity, accessibility, acceptability, relevance and adaptability. Student learning outputs and outcomes are important indicators of education quality. Education quality is required continuous improvement.

### **3.1.2 Secondary Education Quality**

- *Secondary education quality*

Secondary education quality is referred to as the education quality in the secondary

schools. It is a system of inputs, processes and outputs that strongly emphasize student learning achievements. Recent much emphasis on the 21 c skills: Creativity, Critical Thinking and Problem Solving, Communication and Collaboration, Information, Media and Technology Skills.

Unlike other countries in the world, Vietnam does not have national standards for education in general and for secondary education as well. 2006 was the first time the Ministry of Education and Training released a new curriculum where standards of knowledge, skills and attitudes of students after each learning period and after each level were defined. These standards are included in each subject.

Education development strategy of Vietnam put the aim of round development of students. Students are required to have competencies that meet the demands of the country's modernization and industrialization and meet regional and international education standards. They have to obtain practical skills, self learning skills, skills of creativity and communication in cross cultural contexts (MOET a, 2001).

In 2001 the Ministry of Education and Training (MOET) promulgated National Standards for Secondary School where one school will be recognized as a National Standard School if it meets the following five National Standards: 1) school organization which requires that the school has to have all the needed units of classrooms, subject teams, committees and parental representatives; 2) Administrative cadre, teachers and staff. This standard requires a school to have highly qualified teachers, at least 20% of them are excellent teachers recognized at the district or provincial level; 3) education quality that requires: a) The number of repeating students does not exceeded five percent, drop out ratio is less than one percent; b) Learning outcomes of students: more than three percent students reach excellent level, more than 30% are at good level and less than five percent are under average. 80% of student have good and excellent ethical behavior; c) Education activities: school combined and inside and outside classroom activities are organized to have at least one collective activity for the whole school in a year; 4) school infrastructure is independent, clean and has a beautiful campus; has enough classrooms and laboratories, libraries, playground and sport areas for students; has offices for the principal, vice principal, meeting room for teachers, enough fresh water for school activities, etc. ; 5) socialization where the required school is to tie to communities and other social-economic organizations to deliver good learning opportunities for students and mobilize their contributions to the school development. (MOET b,2001)

In 2009 The Ministry of Education and Training (MOET a, 2009) released standards to be evaluated for a secondary school as:

Standard 1 : School development strategy

Standard 2: Organizing and managing school

Standard 3: Administrative cadre, teachers and staff

Standard 4: Implementation of curriculum and education activities

Standard 5: Fianance and infrastructure

Standard 6: Relations of school with communities and other social- economic



organizations

#### Standard 7: Student learning results and behavioral development

These standards focus mainly on quantitative measures: for example on the ratio of students who reach excellent, good or fair level of learning; more than 80% of students must have good ethical behaviour, 90% of students have to take part in social and other school activities. The only good qualitative indicator is that schools should have an excellent student team for contest at the district level at least. Only when a school has an excellent team of students, it can become a national standard school. In standard 7 career orientation and development for students is considered as;

To enhance education quality the Ministry of Education and Training has reformed school curricula, teaching and assessment methods, upgraded school infrastructure and school management. (MOET b, 2001)

- *Factors impact on education quality*

The development and operation of education systems in general strongly depend and interact with the environmental factors in which these systems are existing. These factors are diverse and include economic, cultural, social, political, and population, etc. Besides, the development of education institutions also depends on its internal factors: leadership and management, quality of teaching staff, resources, student ability, etc.

Studies in education of financial management have revealed that money and infrastructure do not impact strongly on education quality and equity, but the ways schools use them (Dimmock, 1993; Odden & Busch,1988). The ways of using the financial resources of schools depends on financial mechanisms and on financial policies established by a country or a school, and on the ability of people who implement policies (Dimmock, 1993; Odden & Busch,1988).

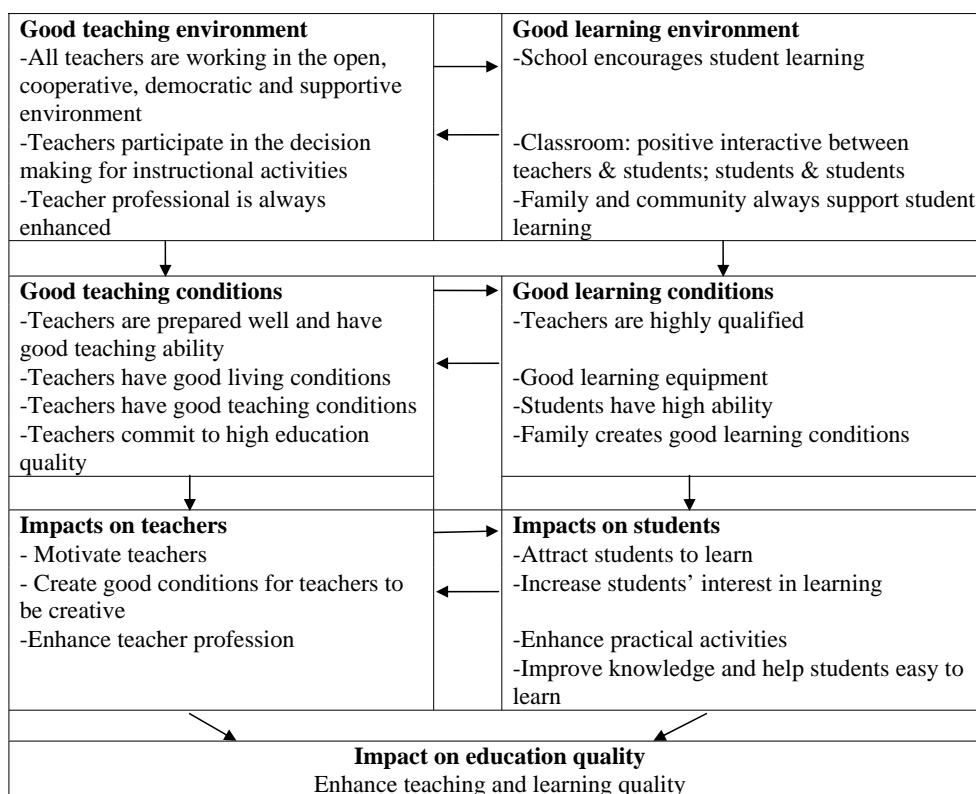
Data from PISA, TIMSS, and PIRLS, suggest that, shortages of educational resources (instructional materials, computers, etc.) do not affect students' average performances in mathematics, science, and reading, to a very great extent. The availability of computers may affect other skills positively, for instance ICT skills (Haahr, Nielsen, et al., 2005). However, nowadays a lack of ICT skills has impacted on student learning. The availability of technology in classrooms has increased significantly in recent years, especially students' access to computers for instruction purposes and for accessing the internet. But effective use of these new facilities in basic skills learning also depends on the implementation of new learning forms and on the teaching staff developing pedagogical competencies accordingly (Haahr, Nielsen, et al., 2005).

Haahr, Nielsen and Jakobsen (2005) found school autonomy positively correlated to student performance. Across schools in the different countries participating in the PISA surveys, there is a clearly positive correlation between the degree to which schools themselves decide on budget allocations, student disciplinary policies, dismissing teachers, determining course contents, and which courses are offered within schools and the average student performance.

Learning environment is an important factor to make education quality happen. This factor relates to the time students spend in the classroom; student- teacher ratio, teacher qualification,

salary, time spent for teaching, assessment and evaluation (Haahr, Nielsen, et al., 2005)

Lieu & Hoa (2003) summarizes what are good learning and teaching environments and the necessary conditions for these environments. They show how these environments impact on teachers and students and finally impact on quality of education (Figure 2).



**Figure 2. Good teaching and learning environments**

(Lieu & Hoa, 2003)

### 3.1.3 Decentralization Policies for Financial Management in Education, the Implementation and Impacts on Education in the World

- *Diversity of financial policies*

There are different types of financial policies in education: Policies for budgeting, policies for tuition, student aid, etc. Policies for budgeting is included budget formula, performance based location of the budget, budgets located by categories of instruction, research, student services, incentives and scholarships). Different countries have different financial policies at different levels: central, local governments and institutional levels (Chandrasekhar, 2006)

Budget formula at different countries has at least two types:

- Capitation grant: In many countries, capitation grants are widely used and a long lasting funding formula by which budgets are delivered to the schools based on the number of students. The amount of money is different for primary, secondary and special finance need students. A capitation grant formula is warned to make educational leaders focus more on student enrollment and number, but not education

quality.

- Performance budget (which is similar to Performance-related pay formula) becomes a popular budgeting formula in the developed countries. The findings about the impacts of these budgeting formulas on education quality are very positive. Research found that the performance formula has good impacts on school and teachers' performance. Baeder, (2011) found in a computer-based experiment done by Schmidt and DeShon, on priorities, people allocated their time and money more on areas where they need to catch up. The study also explored the influence of incentives. People get more done on a task that has an incentive tied to its completion than other tasks.

Policies of teacher salary and incentive are the most impacted on teacher qualification improvement, teaching motivation and then on student achievement. A study by Adamson and Hammond (2011) shows three important things when paying a salary to teachers: equality, payment according to the level raising teacher qualification standards and investment more in beginning teachers. Performance Fund Advisory Group (2006) shows that, for the effective use of performance funding or performance related to payment the improvement indicators must be clearly set up. According to the findings studied in the OECD countries, there is a positive impact of teacher wages on students' performance (Amjad, 2009).

- *Diversity of financial resources*

Due to financial difficulties and the limitation of the government investment, financial resources for schools have been mobilized from different resources (parents, governments, donors, etc). However, in most countries the main resource of funding comes from Government investment. The diversification of financial resources can be done only with help of decentralization mechanisms.

- *Models of decentralization*

Countries use different models of decentralization to implement education policies. To implement decentralization management, different countries use different types of school management, with the most popular being: School Based Management, Local Based Management and Self-Managing Schools where schools have great autonomy in financial, personnel and curriculum management.

Characteristics of these decentralization managements are:

- Pushing decisions down to those who are best informed and motivated to take them, and close to the clients whom the decisions should benefit (Dimmock, 1993). Schools form school board with participation of different representatives in and outside school, and subcommittees such as instructional, curriculum, financial committees where the needs of students and teachers are reflected and decisions have been made according to student needs. (Lieu, 2005)
- The efficiency and effectiveness of the system can be improved only if schools have sufficient control over the quality of education they provide (Clive Dimmock, 1993)
- Financial delegation is one of the conditions for creating competitiveness and innovation in education (Odden & Busch, 1988)

- *Conditions for successful decentralization*

A school in order to be successful in implementing decentralization has to have some necessary conditions as the following:

- Government promulgated legislation regulations for implementing decentralization
- School has autonomy in using budgets (allocate and spend budgets based on school needs)
- School has authority on suppliers (the right to know and choose appropriate suppliers for the school)
- School can save money (save money from renting teachers, from electricity and other resources) and use for implementing other school objectives.
- Implementers and school managers have skills to implement decentralization
- School has leadership empowerment and awareness
- School has transparency policies (available information)

Decentralization management in general, in financial management in particular, helps to improve education quality. The research findings and practice of different countries show that, decentralization management in general, in financial management in particular, helps to improve education quality through the impacts it has made on quality factors such as leadership, teachers, school environment and facilities, etc. Eunice, (2007) found expenditure decentralization in education significantly improves repetition rates, dropout rates, completion rates and test scores at primary school. In the US, decentralization of financial management is a stimulus, a tool for quality enhancement through accreditation mechanisms. Students can borrow the money from the government (federal and state) only when they learn in accredited schools. Schools can get money and financial support if they are accredited (Lieu, 2008).

PISA 2003 (OECD, 2004) examined a number of characteristics of school management and school autonomy of schools in Germany, Luxembourg, Austria, Belgium, the Czech Republic, Finland, Hungary, Portugal, Slovakia, Spain, Sweden, the United States, Denmark, Iceland, Korea, and the Netherlands. Almost all schools (OECD average 95%) report having some responsibility for decisions concerning how money is spent. Most school principals have some responsibility in setting up disciplinary policies, the choice of textbooks, teaching contents and methods and admissions. In most countries, regional or national authorities have a direct influence on decision-making as regards student assessments (tests etc.). Schools tend to have little control over teacher salaries, but more over the hiring and firing of teachers. The findings in PISA 2003 show a positive correlation between higher degrees of school autonomy and average student performance in mathematics; between the degree of school autonomy in decisions on budget allocations within schools and the average student performance (Pearson's  $R=0,6$ ); a rather strong correlation between average student achievement score and both the percentage of schools which have responsibility for appointing teachers and the percentage of schools which have responsibility as regards student disciplinary policies (Pearson's  $R=0,4$  for PISA 2003 in both cases). There are also positive correlations between average student performance across countries and school autonomy in the fields of dismissing teachers, determining course contents,

and deciding which courses are offered (Pearson's  $R = 0,3$  in PISA 2003). Thus, only when decentralization in financial management in education has been implemented in relation with decentralization in personnel and academic management can it improve education quality.

The direct financial support policies are also embedded with parent freedom of choosing schools for their children through vouchers that are considered the most effective form of using money for quality improvement. The most effective policies are vouchers and direct student aids. Osorio, Patrinos, and Wodon (2009) provide evidence of the effectiveness of vouchers and cost policies on education quality and school performance in different countries. According to the findings, voucher schools have better performance than public schools.

According to Glewwe and Kremer (2006) the financial policies in education in developing countries have faced significant challenges. These include distortions in educational budgets often leading to inefficient allocation and spending of funds; weak teacher incentives leading to problems such as high rates of teacher absenteeism; and curriculums often focused excessively on the strongest students and not well-matched with the typical student, especially considering the high rates of teacher and student absenteeism. Numerous school reform initiatives have been proposed, ranging from programs designed to strengthen links between teacher pay and performance, to reforms to decentralize budget authority, to voucher and school choice programs. They came to the conclusion that, decentralization programs appear promising, *but the results of decentralization policies appear to be very heavily dependent on the details of implementation*. Inefficient spending will lead to leakage and delays in program implementation, thus affecting the benefit stream. Low teacher effort will affect the quality of the interventions. Some of this "inefficiency" may be a result not only from lack of capacity, but also from a lack of fiduciary controls that guard against corruption.

In summary, decentralization has both positive and negative impacts on education quality, but positive impacts are more favorable for the schools. It helps schools reach to

- higher student performance –meeting the needs of students and other school customers
- more efficient use of resources (focus on priorities, savings carefully planned and evaluated)
- increased skills and satisfaction in school administrators and teachers
- all aspects in the schools: power, knowledge, information, curriculum, instruction and rewards
- more autonomy more accountability
- increasing competitiveness among schools
- improvement of the flexibility and the speed of management; the active involvement, empowerment and motivation of staff
- Improving test scores and increasing value added.

However, there are some negative implications of decentralization in financial management on education quality are found in England and some other countries:

- The amount of time spent on financial management is more than on instructional leadership, while success of a school almost depends on successful instructional

leadership.

- It creates a market oriented competitive environment (where school funding is based on pupil roll) which is alleged to increase inequalities between schools with the “rich getting richer and the poor getting poorer” ( Theodorou, 2006);
- Since schools are accountable for any overspending they look for the cheapest rather than the best teachers, reduce the teaching force by increasing class size and transfer tasks traditionally undertaken by teachers to non teaching staff (Theodorou, 2006)

Paulsen and Smart (2005) found relationships among financial policies and education quality, equity and efficiency which were impacted by cutting budgets, faculty workloads and student-faculty ratios.

### **3.2 Decentralization Policies for Financial Management in Education, the Implementation and Education Development in Vietnam and in Hanoi**

#### ***3.2.1 Decentralization Policies for Financial Management in Education, the Implementation and Education Development in Vietnam***

- *Decentralization policies for financial management in education and the implementation*

In the centralization period, education in Vietnam was free for everyone and all investment came from the central government. In the decentralization period some new financial policies have been promulgated regarding central and local government budgets, student fees, grants... The money is spent for salary, instructional activities, administrative activities, small building maintenance, scholarships and other expenses. Decree No 43/2006/NĐ-CP (Government, 2006) sets regulation for public units on autonomy in personnel, financial and organization management. According to the State Fiscal Laws, financial management in education on regular expenditures has been divided as follow:

- The People Committee of provinces and cities monitors budgets and financial management of provinces and cities;
- Ministry of Education and Training (MOET) is responsible for financial management of education institutions under MOET's management.
- MOET manages ODA's budgets.
- MOET manages fundings of National education goals and programs
- MOET and People Committees of local provinces manage investment funds for building infrastructure.
- Education Department of Provinces and cities is responsible in monitoring financial management of upper secondary schools; Education Department of districts manages financial activities of primary, kindergarten and lower secondary schools.
- Primer Minister allocates the budgets for the central government agencies; MOET in relation with the Ministry of Finance and the Ministry of Planning and Investment develops rules, financial indicators for financial allocation and expenditure in education that allows MOET to have more autonomy in finance and more independence in allocating budgets for priorities of education and more effective use

of financial resources.

There are diverse types of decentralization in financial management in education at provincial and district levels in Vietnam: in some provinces financial departments allocate and manage budgets of the education units with or without discussion with education departments; in some other provinces/cities, financial departments and education departments discuss financial allocation for the schools, and together manage budgets. In other provinces, education departments deliver and manage budgets to the schools after discussing with financial departments. In all cases, the decision of financial allocation and management have to be approved by the People's Council and People's Committee of the province.

Besides the policies allowing education institutions to have more autonomy, the Government also released policy to encourage them to save money and other expenditures (Decree No 10/2002/ND-CP, 2002). Money that is saved can be transferred to the next year's budget. (This is very new because in the previous years if a school had not used all the money, the school had to give the money back to the Government. Because of this rule and because the schools usually received late distribution of the money, all schools at the end of the fiscal year were always rushed to spend money to buy things that were low quality or unnecessary for them. This Decree also allows administrative units to have some bonus funds, funds for compensating staff earnings, etc.

The implementation of financial policies of public and non-government schools in Vietnam is different: non government schools have more autonomy in financial, personnel and academic activities. Turnover of nongovernment schools will be invested in education activities and divided among stakeholders based on their distributions. Non government schools have more diverse financial resources than government schools. Because non government schools can rent teachers on their own, some schools rent cheap teachers with low qualification, therefore, the schools cannot have good quality education and lose their reputation. Due to desire to attract more students, some schools reduce student fees and also reduce education quality.

Education in Vietnam is mainly financed from the following resources: state budget, tuition/admission fees, ODA funds, loans, donations and grants. Funds provided by the State are generally distributed on a per capita, weighted index for the disadvantaged, supplemented at the local level through the application of fees that cover necessary teaching and learning expenses and school development. Additionally, educational institutions often make their own revenues through providing consultancies, technology transfers and services, and by carrying out their production and business activities. Secondary education in principle is not provided free of charge in Viet Nam and students pay tuition of VND 18,000-200,000 in 2004-2005 (equivalent of USD 1.2-12.5) for lower secondary education, and VND 36,000- 350,000 (equivalent of USD 2.5-21.9) for upper secondary education and it is up to 860,000 VND (about 40USD) in 2010-2011.

In fact, the implementation of decentralization policies in education in Vietnam has given schools more autonomy, more savings and more focus on education quality.

However, there are some weaknesses existing in the process of the implementation of

these policies such: Overlap between local and professional management and among ministries: several ministries control on one university; Financial expenditure indicators promulgated by the Ministry of Finance are not supported education activities because they are lower than the market price; there is a lack of control on financial management and education expenditure; Financial staff lack skills to implement effective decentralization; There is no transparency in financial management. According to the National Assessment, 26 provinces in Vietnam were incorrectly used education budgets (MOET b, 2009).

To solve these weaknesses and continue improving education, in 2009, Vietnam's Government has promulgated a Project on renovating financial management in education for the period of 2009-2014 submitted by the MOET (MOET b, 2009).

The Project puts emphasis on several objectives:

- Increasing the state investment in education, focusing on national education priorities
- Improving infrastructure and education equipment, building houses for teachers in remote and disadvantaged areas, dormitories for students; completing and supplementing mechanism and policies for non public schools
- Strengthening socialization in mobilizing resources for education; encouraging and having policies for different socio - economic organization, individuals to take part actively in education development. Developing mechanisms for monitoring and evaluating investment resources for education.
- Renovating financial mechanisms in education to enhance education quality, to expand education scope and ensure education equity; implement policies for scholarships, tuitions and learning supports in all education levels matching to the local situations, student family conditions; implement cost sharing between State and the learners; Exemption tuition fees for the poor and nearly poor students; implement student loans.

It indicates eight contents of renovating financial management in education:

a) *Renovating budget planning and budget approval in term of three year period, reprioritizing state investment in education goals:*

- State committees to invest adequately and increasingly in education. State is a main investor for K-12 (preschool and general) education. Continue to implement free primary education, compulsory secondary education with a suitable payment from the learners and by 2015 ninety five percent of five year old students will attend high quality kindergartens;
- State provides adequate budget for public schools to maintain minimum quality of education. Kindergartens and schools which provide high education quality have the rights to ask the learners to pay tuition fees;
- Priority to invest in education in remote, mountainous and disadvantaged areas, for talented schools and mountainous boarding schools;
- Increase budget for vocational education;
- Develop high quality education institutions at vocational and higher education levels by state budgets and loans from ODA to educate high qualified human resources that



meet the needs of society.

- b) *Define accountability and autonomy of central and local governments in planning and implementing education budgets.*
- c) Develop rational mechanisms for mobilizing financial resources for education
  - Government encourages contributions from families, sponsors, business organizations; encourages developing non- public education institutions.
  - State budget supports non public education institutions to prepare and train high level lecturers; implement regular professional training for teachers and educational leaders; compensate tuition fees for the poor students in non public schools.
- d) *Renovating tuition fees and financial supports for learners:*
  - Amending tuition fees of public schools so that tuition fees will not be a burden for families and students of K-12 education and will not exceed 6% of family income. The tuition fees will be decided by the People's Committee of the provinces in agreement with the Province People's Council suitable to the local socio- economic situation and householder income; The State will take responsibility for other parts of public school expenditure (occupies more than 90%) to ensure education quality. Sharing cost between the State and the learners of vocational and higher education institutions must cover salary and regular spending of training areas; the other parts of expenditure of these education institutions will be covered by the State budgets.
  - Education institutions which provide higher quality of education have the right to get higher tuition fee to compensate higher spending of their training or educating activities.
  - Free education is provided for primary education and students who are poor and are the government's special social objectives (children of dead soldiers or policemen fathers, fathers or mothers who had contributed to the wars etc);
  - State continues to give the loans to the poor vocational and higher education students. The amount of loans will be increased when cost for training is increased;
  - Replacing tuition exemption policy for teacher students by loan policy and the loans will be erased if students after graduation continue to work for the education system double the amount of his/her training (e.g. 6 years for three year college students, 8 years for four year university students);
  - State gives money directly to the students who are objectives of tuition exemption at K-16;
  - State has policy to encourage excellent students at all levels of education systems by giving scholarships to train in or outside the country;
  - State invests in building dormitories and students pay fees to maintain and operate the dormitories;
  - Establish non - state funds to encourage learning of students at all social organizations and local governments.

e) *Policies for teachers:*

- State ensures enough and better salary for teachers in public schools for their living and working by state budget and tuition fees;
- Continue to implement encouraging policies for teachers in the remote, mountainous and disadvantaged areas;
- Standardization of teachers' profession and developing salary scales suitable to their levels of profession. Implement teaching year experiences based incentives for teachers and educational managers. Teachers, who are promoted to become education leaders will be compensated an additional salary of 40% of the basic salary.

f) *School accountabilities in financial management:*

- The Public schools implement autonomy of financial and personnel management by the State Regulation.
- Ensure education quality accordingly to the given amount of money (from state budget, tuition fees and social subsidization). Effectively use the budgets to enhance people's education levels, develop human resources and nurture talented people;
- Publicly to announce training and educating objectives, quality education, quality insurance conditions of education institution according to the state rules (e.g. Teachers' qualifications, quality of infrastructure, curricula, quality of science research, international cooperation, etc);
- Publicly to report on annually financial expenditure, paying taxes to the Government, following rules of accounting, financial management and financial auditing of the State;
- Report on school's activities including financial activities to the upper leaders.

The reform has been being implemented to decentralize financial management and to increase the autonomy of the local financing units. The reform ensures flexibility in staffing and allows remuneration above the minimum for some government units, including schools. The MOET is responsible for providing guidelines to implement the reform. Under this reform, secondary school principals are given more powers in: (i) management of revenue and expenditure accounts; (ii) exploitation of alternative revenue sources; and (iii) decision-making concerning staffing levels and remuneration, including restructuring of staffing as well as adjustment of salary and wage packages subject to some ceilings.

- *Education Development since implementing decentralization management*

To enhance education quality the Ministry of Education and Training has reformed school curricula, teaching and assessment methods, upgraded school infrastructure and school management.

According to the research works have been implemented on Vietnam education (e.g. Kellaghan, Greaney & Murray, 2009), Vietnam has made considerable progress in increasing educational enrollments at all levels and improving the efficiency and equity of education spending. Total education and training expenditure has grown significantly over the past five years, reaching 17 percent of total public spending (about 3.5 percent of GDP) in 2000 and now

it reached 20%, or about 8.3% of GDP in 2008 (Hạnh, 2010). As a result, the number of teachers and the average duration of studies have risen, although from relatively low levels. Spending on education is highly decentralized, with more than 73 percent of total spending carried out by provinces, districts, and communes. School education represents 62 percent of total spending on public education, with 36 percent of spending allocated to primary education and 18 percent to lower secondary education. This intrasectoral allocation appears to be appropriate and should be maintained (London J, 2010).

- *Education quality in Vietnam: weaknesses*

There is still inequality in education in Vietnam's education system (Binh, 2008). Ngoc (2007) found conflicts in increasing the percent of highly qualified human resources in Vietnam (by the number of people who gained secondary, technical and higher education degrees) with economic growth and he found the quality of education as the reason. Education quality is not adequately understood and there is no national education quality standards except standards for each learning subject and standards for national schools that focus on quantitative indicators. Although some achievements have been gained, especially in the field of increasing student enrolment, education quality of Vietnam is under the international level and still has many problems. Many negative comments have been made on financial policies and education quality in Vietnam. New financial policies in education are good, but the implementation is not effective enough. The ineffectiveness of the implementation of these policies is caused by many reasons. One of the key reasons is that, the changes and the implementation of the new financial and other education policies have been taken in Vietnam in the period of overlapping between centralization and decentralization that has created obstacles for the formation and implementation of education polices in general and in financial policies in particular. One of evidences of these obstacles is the habits of centralization management in people's thinking and action. Education managers have been passively in implementing their job, waiting and obeying their upper leaders than being creative in implementing decentralization policies. Besides, the lack of knowledge and skills in financial management of school leaders leads to some mistakes and ineffectiveness in the implementation of financial policies. There has not been a good training on skills of decentralization management for financial staff, educational leaders and teachers. For effectiveness and efficiency of policy implementation, policies must be implemented at the lower levels, where the implementers are the closest to their customers – their students. However, some leaders don't want to delegate power to their subordinators and mechanisms of financial decentralization are still implemented by centralization in these schools. The budget allocation is not based on the needs of schools or on the objectives school has to achieve. The lack of knowledge in formulating and the lack of research evidence of the effectiveness of implementing financial policies have made these policies imperfect and some of them are irrational. Some policies have been developed, but received objections from society as they lack socio-economic by scientific bases that don't give enough explanations to the society on why these policies need to be implemented in education. Assessment criteria and mechanism of the implementation of financial policies have not been created. Policies on tuition

fees create inequality in education for the rich and the poor students. Without equality, we cannot say anything about good education quality. The shortage of financial resources and lack of priorities in investment also lead to ineffective use of money and infrastructure of schools. These obstacles prevent schools from effective implementation of policies and therefore, reduce education quality at the school level.

### ***3.2.2 Hanoi's Financial Policies and Education Quality since Implementing Decentralization Management***

- *Introduction of Hanoi*

Compared to the capitals of some Asian countries, Hanoi is the biggest and Hanoi's population is only less than the population of Delhi (India), Tokyo (Japan), Seoul (Korea) and Jakarta (Indonesia).

Hanoi has contributed 12.1% to the country's GDP, 12.6% to industrial production, 11.1% to the exported turnover and attracted 16.2% investment funds in 2008. The economic growth was 11.3% in the period from 2001-2008. Although the growth is high compared to the country's growth, it is lower than Da Nang and Ho Chi Minh City's growth. (Dai, 2011)

The fast economic growth has created good opportunities for education development and for enhancing education quality to regional and international standards. The high income of householders can help parents to choose and pay for high education quality services for their children.

Hanoi is Vietnam's capital with traditions of studious learning and the place for educating talented students. It has developed the best education system of the country. Hanoi is proud to be a leading flag of education development and quality in Vietnam. The scope of school development and student enrollment has been increasing year by year. Hanoi's education is diversity in school types with diverse financial management formulas and mechanisms. Its education diversity is featured by the number of public and nonpublic schools (2055 public schools and 400 non public schools with 127,588 students, composed of 9.26% of the total student number in 2009-2010). Non public schools consist of private, people founded and joint venture schools (104 schools in 2009-2010). (Dai, 2011).

By financial activities, public schools are divided into:

- Schools that are able to afford funds for their activities: the Government only provides funds for building infrastructure and maintenance; the schools pay for their educational activities on their own (Phan Huy Chú, Bắc Thăng Long upper secondary schools and Linh Dam Kindergarten). The main financial resource is tuition fee: about 1,300,000 VND (about 60USD) per upper secondary student and 550,000 VND (about 25 USD) per kindergarten student in 2009-2010 (Tuan, Son, (2011).
  - Schools that the Government provides budgets for teachers' salary and partially for education activities; the other expenses have to come from the tuition fee and other financial resources. Different regions of Hanoi have different fee standards.
- *Hanoi's decentralization policies and their implementation*

Beside the state policies, Hanoi has its own decentralization policies in financial management of education according to the regional conditions (poor and rich) and it has its incentive policies for gifted students and tuition exemption for the poor (People's Committee of Hanoi No 171/2002/QĐ-UB, People's Committee of Hanoi, 2009, Standards of tuition fee and other fees for the poor students and close to the poor level students in Hanoi). Different policies have been detailed the Government policies in decentralization of education such as Decision No 51/2008/QĐ-UBND on decentralization of state management in some socio-economic areas in Hanoi period 2009-2010 (People's Committee of Hanoi, 2008); Guidelines No 662/STC-HCS on the implementation of autonomy in financial, personnel and organization management for public units since 2009 (Financial Department of Hà Nội, 2/24/2009).

Hanoi has been increasing investment for education from 729,900,000,000 VND (occupied 19.6% of GDP of Hanoi) in 2000 (about 66,354,000 USD, when the rate was about 14,000 VND per USD) to 1,197,000,000,000 VND (about 23% of Hanoi's GDP) in 2005 (about 85,500,000USD, when the rate was about 16,000 VND per USD). The capitation grant per student has increased 2.5 times from 2003 to 2005. The City Government has tried to provide 80% of the budget for the school salary. Hanoi uses a capitation grant formula for budgeting. (Tuan, Son, 2011).

There are different financial mechanisms for public and non public schools in Hanoi. Public schools can save money from the fees and state budgets. Schools can have money from services they provide such as: training, education services, selling products of their experimental production, science and research services, bank interest rates etc and from grants, donation and from the bank loans. Turnover (surplus) the schools get can be divided for teachers and staff in the form of additional salaries. Beside having autonomy in financial, personnel and curriculum management as public schools, non public schools have some other rights in deciding fee standards based on their needs and the negotiation with parents so that schools can have enough budget for education activities. School Government Board of non public schools approves financial plan for teachers' salary, for investment in buildings, maintainance and for intructional activities. It makes decision on dividing tunovers (surpluses) to the stakeholders, etc.

Both public and non public schools have to report to the financial and educational management orgninzations who monitor the schools. Schools are required to report publicly their financial activities and effectiveness.

According to the Hanoi People's Committee's Decision (2008) and Hanoi Finance Department's Guidelines (2009), schools can use 25% of their savings for the development fund and a proportion of this saving can be used to pay increased (additional) salary and emergency cases for their staff. Savings can also be used for incentive and welfare funds. Money from the development fund is used for professional and education service development, buying equipment and infrastructure, technology application and transferring. The use of this fund is according to the school regulations school leaders' decision in non-public schools and to the State Regulations in public schools. A welfare fund is used for social and charity activities, pension, etc.

However, there are some limitations of the implementation of decentralization in financial management: the participation of kindergartens, primary and lower secondary schools in some districts is limited. The financial activities and the spendings of the schools have been planned and directed by the Financial Departments of these districts without considering school needs. The budgets have not provided as schools require which made the schools passively use the budgets and limit education quality improvement.

- *The impacts of Hanoi's decentralization policies on education development*

Together with giving the schools autonomy in financial management, Hanoi's Education Department also provides them autonomy in personnel and curriculum management. These autonomies, the schools can operate well and encourage their staff to work effectively, save money increase staff salary, and provide better working conditions for teachers. Reporting on the results of the implementation of the Government Decree 43 in Hanoi, Tuan and Son (2011) notice that Hanoi Education is very flexible in implementing decentralization management and financial policies. In their calculation, in 2009 there were three schools among 166 public schools which were able to pay on their own for all their activities; 162 schools could afford to pay a proportion of their activities; and one school that the State subsidies funds all their activities. 166 schools developed their own internal expenditure charter. The schools that are able to pay on their own in 2009 have developed a budget of 24,663,000,000 VND (more than 15,000,000 USD, at the rate of 1 USD = 16,000 VND). Hanoi provide 540,625,000,000 VND (33,790,000 USD) to the schools for paying salary and a proportion of the school activities. Hanoi gave 5,147,000,000VND (equivalent of 3,217,000USD) to the schools to subsidize the whole fund for its activities. Schools in Hanoi saved 57,783,000,000 VND (36,114,000USD) in 2009 and their turnover was 20,551,000, 000 VND (1,284,000 USD). Additional salary for staff in Hanoi was 2,000,000 VND/month (125 USD/month) in average.

Autonomies, that Hanoi schools have, help them to increase education quality. Hanoi's education quality is the highest in the country. The average proportion of students learning well every year consists of 55.8%; the average proportion of good ethical code students is 95.4%; the graduation rate is 88.3%. There was an increase in the proportion of student learning achievement from fair to good level of period 1990-1998 at all education levels: from 45% up to 59% of primary students; from 40% up to 50% of lower secondary students; from 25% up to 33% of upper secondary students. Especially, in 2004, the increases were from 80% to 86% of primary students; from 60% to 68% of lower secondary students and 50% to 55.8% of upper secondary students. The proportion of students who have good ethical conduct in 2009-2010 was 99.86% of primary students; 96.47% of lower secondary students and 95.56% of upper secondary students. (Dai, 2011).

Hanoi has a big proportion of students who have gained the highest score on the university entrance exams. The average score for university entrance of Hanoi's students is higher than the average score of the country by 3-4 points. (In 2002 average score of Hanoi's students was 11.67 points compared to the 8.4 points nationwide; in 2004 it was 14.35 points – nationwide was 10.3 points). In 2004, Hanoi had 14 of 39 students who gained maximum scores on the university

entrance exams: 30 out of 30 students and 654 out of 2,221 nationwide students gained 27 out of 30 points and above. In 2009, Hà Nội led the nation in the number of the students who passed the university entrance exams with maximum scores; and occupied third place in the number of students who entered universities. (Authors' summary from Vietnam's MOET statistics on Ranking Provinces and Cities by scores of university entrance exams of the years 2002, 2004, 2009)

Hanoi's education has contributed a large amount of talented students to the country: during five years there have been 9,408 lower secondary students, 6,405 upper secondary students have gained the City Prize; 413 have gained the National Prize (in which there were 27 first prizes, 134 second prizes and 146 third prizes); 22 students have gained International Prizes (in which there were 4 first prizes, 6 second prizes and 10 third prizes); and 638 teachers have gained the City Excellent Teacher prize (Dai, 2011; Tuan and Son, 2011).

The number of schools which meet national standards of infrastructure and education quality has increased from 33 lower secondary schools and 4 upper secondary schools in 2005 to 130 and 16 respectively. (Dai, 2011; Tuan and Son, 2011)

However, Vietnam's education quality in general and Hanoi's Education quality and equity in particular still have many problems. There is an existing inequality in education quality and access among Hanoi's districts and regions. The inflation and the low tuition fee have caused difficulties for the schools to use money effectively and that has limited education quality. Due to the gap of incomes among householders, the poor students in Hanoi cannot afford high quality education. There is a difference in education quality among some national standard schools, international schools and other poor schools and between private and public schools in Hanoi (Duc, 2008).

We can notice that, Hanoi is the earliest city that has implemented decentralization management in finance of education. Hanoi's education quality has been impacted by decentralization management. But the evidence is not clear since there are many factors which impact on education quality and no research has focused on how decentralization management has impacted education.

- *Conditions for implementing decentralization policies in education in Hanoi*

According to Tuan, Son and Dai (2011), Hanoi can gain these achievements in the implementation of decentralization policies because Hanoi's Education Department has prepared enough conditions for their implementation.

Every year Hanoi's Education Department provides training courses for educational leaders and accountants in tending, finance planning, building school infrastructure, new financial policies and regulations and about monitoring accounting activities, etc.

Hanoi's schools have applied IT in financial management: all schools are equipped with computers and internet connection for financial activities and management. The accountants have been trained in using software for accounting jobs.

The relationship between Hanoi's Education Department with the relevant Financial and Personnel Departments and the other offices in Hanoi have been well developed and have helped

the schools to manage finance effectively.

#### **4. Evidence of the Impacts of Decentralization Policies in Financial Management on Education Quality Through case Study of Four Hanoi's Schools**

##### **4.1 Introduction**

*Objectives of the case study* are to find out:

- 1) evidence of quality improvement under the impacts of decentralization policies in financial management of education
- 2) how the new financial policies have been implemented
- 3) why or why not decentralization policies in financial management of education have impacted on the improvement of education quality. How have they been impacted? Which conditions are needed for the decentralization policies in financial management of education to have positive impacts on education quality?

The case study provides feedback to the schools for modification of their activities for better education quality and recommendations to policy makers to improve decentralization policies in financial management of education.

The case study describes the status of each school including its location, students, staff, financial resources, infrastructure, school financial mechanism and policies; then shows improvement indicators and explains the reason how and why decentralization policies impact or do not impact on education quality. Finally it provides a comparison of the four schools in terms of conditions for implementing decentralization and the impacts of decentralization in financial management on education quality and draws conclusions from the case studies.

##### *Four Selected schools*

The selected schools used for case study include four upper secondary schools of both urban and rural areas.

- *Urban area*

- 1) Nguyen Tat Thanh School (fully autonomous)
- 2) Viet Duc School (semi autonomous)

These two schools are some of the most advantaged schools in Hanoi City. Both are located in the Center of Hanoi, with easy transportation and students are both high quality and rich. Viet Duc's standard score for recruiting student<sup>1</sup> is 52; Nguyen Tat Thanh recruits good and excellent students and these students should also pass the test conducted by the School. Nguyen Tat Thanh does not follow student selection standards set up by Hanoi's Education Department.

- *Rural area*

- 3) Yen Vien Upper Secondary School (semi autonomous and more advantaged compared to Dai MoUpper Secondary School)
- 4) Dai Mo Upper Secondary School (semi autonomous but less advantaged compared to

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1 (Standard score of recruiting students: this standard based on the student's score of his/her lower secondary math and Literature examination x 2 = 40 points + 20 points of 4 years of good learning achievement + 2 points of social merit status (eg: son or daughter of dead soldier or policemen or very poor family). The highest score for the student recruitment standard is 62 in total).



Yen Vien School)

Two schools are in the rural area, but Yen Vien School is more advantaged than the Dai Mo School in terms of quality of students. Standard score for recruiting students of Yen Vien upper Secondary School is 47 while Dai Mo is only 33, or even 28.

These two schools are located in the rural areas of Hanoi and since these areas have become sub-cities of Hanoi Capital, the lands became expensive to sell and parents have more income to invest in student learning. However, these parents who have enough financial means to send their children to learn in the good schools in the Hanoi City Center are more than those leaving their children to study in the rural schools. So rural schools lack high quality input of students and it is very difficult for them to compete with good and long standing schools in the city areas for good students.

- *About Nguyen Tat Thanh School*

The School is named by Ho Chi Minh – Vietnam’s President’s Teenage name. Nguyen Tat Thanh has been established by some reputed professors of the famous Hanoi University of Education in Vietnam on July 4<sup>th</sup> 1998 under permission of Hanoi’s People’s Committee. Nguyen Tat Thanh is a semi state school (similar to a charter school in the US) where 5% of its staff is paid by the Government. Its operational mechanism is totally free from the Government regulations. By ranking based on the results of university entry exams, Nguyen Tat Thanh has always been one of the 200 top schools nationwide.

Nguyen Tat Thanh has been a demonstration school for teacher professional preparation and development of Hanoi University of Education. In 2011-2012, there were 70% of the teachers have master and doctoral degrees.

The school divides students into three class types: 1) high quality classes, 2) mathematics gifted student classes and 3) normal classes. In 2011-2012 there are 38 high quality classes and 6 mathematics gifted student classes.

Main achievements:

- 100% of students of high quality classes and math gifted classes pass university entrance exams every year. Nguyen Tat Thanh school’s students have gained different national and international prizes.
- The school was recognized as a National Standard School and was awarded a Labor Medal Class III and other awards.

- *About Viet Duc Upper Secondary School*

Viet Duc School was established on March 3<sup>rd</sup> 1955 and is approaching 62 years since establishment at the end of 2011. Since establishment the School has received helps from East Germany and that is why the School is named Viet Duc to show the friendship between Vietnam and Germany.

A lot of students of the Viet Duc School become famous professors, scientists, State Leaders, Military Officers and Labor Heroics.

The School has gone through different times and stages of its development and that has helped the School store valuable teaching and learning experiences. Viet Duc has a long history

of development with a highly qualified teaching staff. Among them many teachers have gained the highest position awarded to excellent and greatly contributing teachers: The People's Teacher and excellent teachers.

Viet Duc school's students have gained different national & Hanoi city contest prizes for math, literature, biology and other subjects. Students are actively involved in international campaigns and contests and some students have been awarded some prominent prizes.

- *About Yen Vien Upper Secondary School*

Yen Vien School was established in 1965 and was 52 years old in 2011. Although student input is not high, with great efforts of both teachers and students, students have gained the highest places in some university entrance exams. Every year, about 20% to 35% of students pass university entrance exams. From 2005 to 2011 the school's students have gained gold medals, silver medals and bronze medals in different contests organized by Hanoi City. The school focuses on whole child development. In 2008-2009 the School was awarded the Third Medal Class by the State President and the Prime Minister Merit Certificate. The school has also been awarded different prizes for its efforts and achievement in renovating teaching and learning methods.

- *About Dai Mo School*

Dai Mo School is a newly established - 9 years old school. It was born on April 27th, 2002. Although Dai Mo School has met difficulties in different aspects, from student input to teacher qualification, in the first year of its establishment, it had 6 students who gained prizes in Hanoi City's Excellent Student Contest. In the past and recent years, its students have gained other prizes in different Hanoi City Contests.

All four schools have been focusing on whole student development, organizing different extra activities to nurture students mind, soul, health and ethic.

#### ***4.2 Evidence of the Impacts of Decentralization Policies on Education Quality of case Studies from Statistics***

- The improvement indicators of case studies from statistics for Nguyen Tat Thanh & Viet Duc

Percent of master degree teachers has increased from 36% to 43.5% at Nguyen Tat Thanh School from 2005 to 2010. For two years, Viet Duc has tried to invest in master degree teachers and this number has increased by 2% (Table 1).

Percent of good achievement students of Nguyen Tat Thanh has been nearly 50% and the rest has been at a fair level. Student learning achievements are sustainable or have improved state for good & fair levels. Percent of students at the fair level at Viet Duc is high: 59.3% to 71.6%. Both schools are successful in reducing or limiting the number of average and under average students (Table 1).

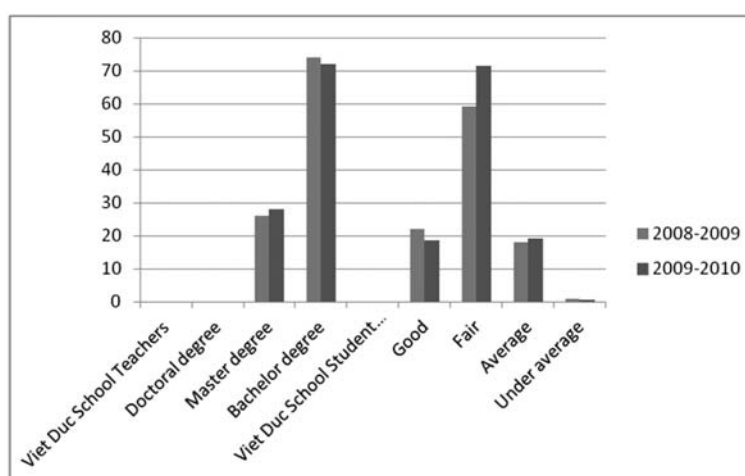
**Table 1. Improvement indicators of Nguyen Tat Thanh & Viet Duc**

	Viet Duc					Nguyen Tat Thanh				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Teachers</b>				102	106	181	140	142	138	124
Bachelor %				74	72	65	52	53.5	53.6	48.3
Master %				26.0	28.0	36.0	43.0	42.3	40.0	43.5
Doctor %						3.0	4.0	4.4	6.4	8.0
<b>Student learning Achievement</b>			2,477	2,346	2,252	1,932	1,835	1,846	1,858	1,930
Good %			24.9	22.0	18.6	46.0	43.3	46.9	49.5	49.3
Fair %			61.5	59.3	71.6	45.0	48.0	45.3	42.8	42.2
Average %			13.4	18.0	19.3	9.0	8.4	7.8	7.7	8.2
Under average %			0.12	0.8	0.53	0	0.4	0	0	0.3

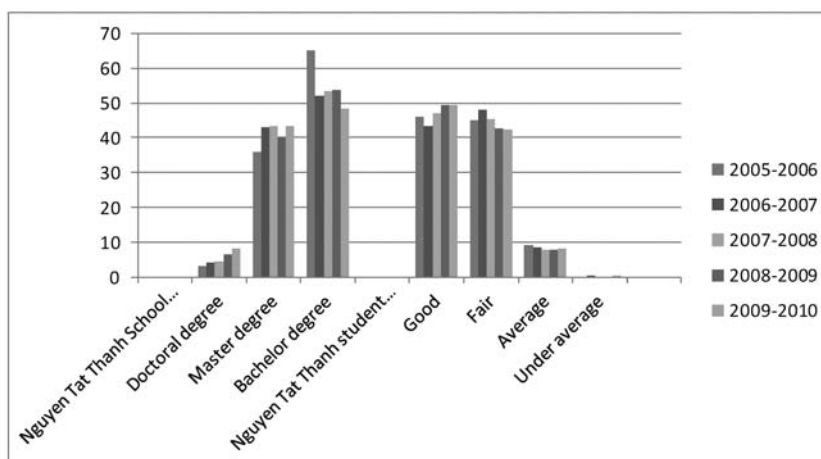
Table 1 shows, student learning achievement of Nguyen Tat Thanh is higher than Viet Duc.

However, there is no obvious correlation between teacher professional degrees and student learning achievements. For example, at Nguyen Tat Thanh school in the years of 2008-2009 and 2009-2010 the percent of student learning achievement at good and fair levels are the same: around 49% and 42% while percent of master and doctoral teachers has changed, by increasing in both figures: master from 40% to 43.5% and doctoral degree from 6.4% to 8.0%. At Viet Duc the number of master teachers increased in 2009-2010 by 2% compared to 2008-2009, while percent of good students was lower, with an increase in the number of students at the fair level and reduction of the number of under average students. It is also difficult to judge this phenomenon when we don't have statistics of the inputs of these students in these two school years. However, the improvement indicators of student learning achievement and professional development of teachers are known.

The figures 3& 4 show the indicators of teacher development progress and student learning progress of Viet Duc and Nguyen Tat Thanh Schools. Due to the missing data archival at Viet Duc School, the data collection can be provided only for the two years.



**Figure 3. Improvement indicators of Viet Duc School**



**Figure 4. Improvement indicators of Nguyen Tat Thanh School**

- *The improvement indicators from statistics of Yen Vien and Dai Mo Schools*

Although in the disadvantaged situation, these two schools have made some improvements in increasing the percent of teachers who have a master degree, increasing the percent of students who achieved learning at good and fair levels and slightly reduced the percent of weak and under average students (Table 2).

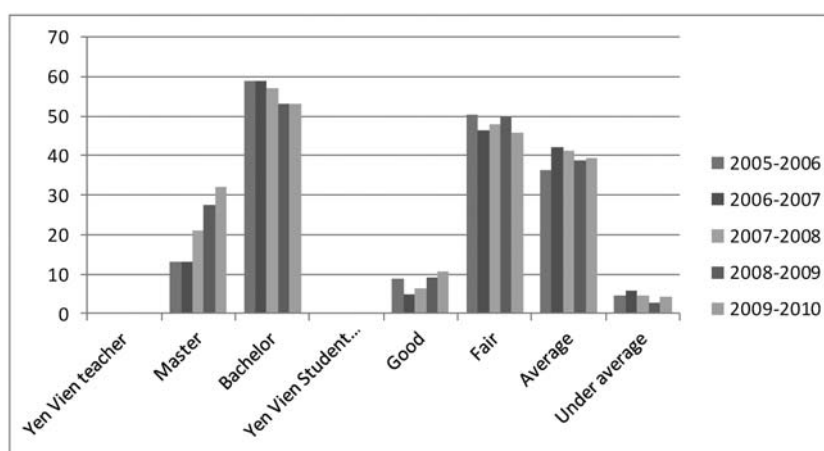
The number of master degree teachers has been increased in the Yen Vien School from 9 people in 2005-2006 to 25 people in 2009-2010. The number of good students has been increasing every year and increased nearly 3% from 2007-2008 and 2008-2009. The number of under average students has been reduced, especially from 2006-2007 to 2009-2010, from 4.5 to 2.6. The percent of good students has a stable increase from 2006-2007 to 2009-2010 as well as percent of master degree teachers at Yen Vien School.

The number of master degree teachers has increased in Dai Mo School from 9 people in 2005-2006 to 25 people in 2009-2010 (Table 2). The number of fair students has increased. The number of under average students has been reduced, especially from 2006-2007 to 2009-2010. The percent of good, fair and average students has remained the same every year and that has been by a great effort of the school to keep its sustainability when the student input is low and the school is in a difficult situation of teachers' qualification, school facility and social environment (Figure 3 & 4).

However, there was a highest percent of good students in 2005-2006 at 8.7% equally the highest 87 percent of the number of teachers who had bachelor degree in Yen Vien and the same state at Dai Mo, where percent of good students occupied 2.62, percent of bachelor teachers was 89.0, the highest percents of the school years (Table 2). It was explained by Vice Principals as a result of high quality input of student and experienced teachers who had left the Schools due to the non-incentive policies for their achievements.

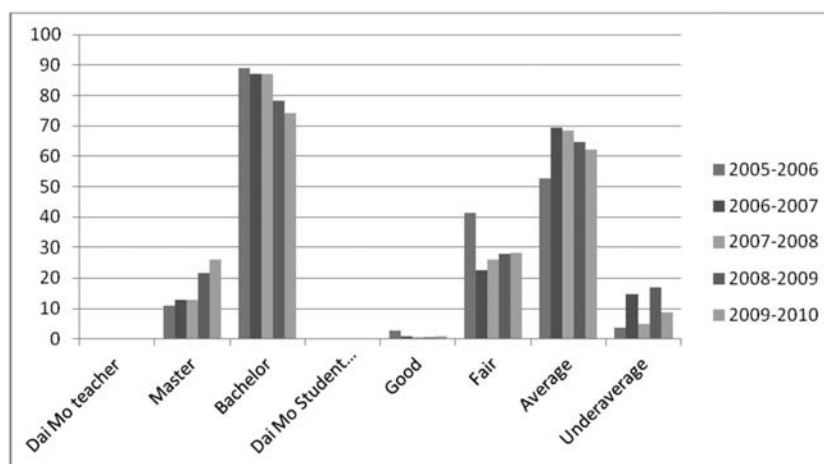
**Table 2. Improvement indicators of Yen Vien & Dai Mo schools**

	Yen Vien					Dai Mo				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Teacher</b>	68	70	72	73	78	47	47	48	51	58
Bachelor %	87	84	79,0	72.6	68.0	89.0		87.2	78.4	74.0
Master %	13.0	13.0	21.0	27.4	32.0	11.0	13.0	12.8	21.6	26.0
Doctor	0	0	0	0	0	0	0	0	0	0
<b>Student</b>	1,800	1,895	1,778	1,730	1,739	1,143	1,077	966	966	959
Good %	8.7	4.7	6.44	9.19	10.7	2.62	0.65	0.52	0.50	0.83
Fair %	50.3	46.4	47.8	49.7	45.7	41.3	22.7	26.1	28.0	28.1
Average %	36.2	42.1	41.1	38.6	39.3	52.8	69.4	68.4	64.6	62.2
Under average %	4.5	5.8	4.5	2.6	4.27	3.7	14.6	5.02	17.1	8.7



**Figure 5. Improvement indicators of Yen Vien School**

Figure 5 shows a stable increase of the number of master teachers and the number of students achieved good learning level as well as the reduction of the student number at average and under average levels at Yen Vien School.



**Figure 6. Improvement indicators of Dai Mo School**

Figure 6 shows a stable increase of the number of master teachers and number of students moved from average and under average to fair learning level from 2006-2007 to 2009-2010 at Dai Mo School.

#### 4.3 Evidence of the Impacts of Decentralization Policies on Education Quality of Case Studies from Survey and Interview Data

- Respondents' understanding about education quality
- ✓ Understanding education quality as a system

In Table 3, 100% of the leaders of Yen Vien and Dai Mo and 60% of the teachers at Nguyen Tat Thanh and Viet Duc understand education quality as a system of input, processes and output. The other respondents (Nguyen Tat Thanh School's Leaders, teachers at Yen Vien and Dai Mo) consider education quality as student learning achievement.

**Table 3. Understanding education quality as a system (%)**

Questions & answers	Nguyen Tat Thanh		Viet Duc		Yen Vien		Dai Mo	
	Teachers	School leaders	Teachers	School leaders	Teachers	School leaders	Teachers	School leaders
<i>Understand education quality as a system of input, processes and output</i>	60		60	50	26.7	100	26.3	100
<i>Understand education quality as student learning achievement</i>		100		50	60		73.6	

- ✓ Understanding education quality based on its components of effectiveness, efficiency, equity, relevance, accessibility and adaptability

*Effectiveness:* 81% of Viet Duc and Nguyen Tat Thanh school teachers, 73% Yen Vien and 100% Dai Mo School teachers, leaders of Viet Duc, Dai Mo and Yen Vien schools agreed effectiveness is one important indicator of education quality.

*Efficiency:* Only 80% of Dai Mo Teachers and leaders of Viet Duc and Dai Mo agreed with efficiency as an education quality indicator. Most teachers of three schools and leaders of Yen Vien and Nguyen Tat Thanh schools don't consider efficiency as an education quality indicator because in their opinion, efficiency is difficult to measure in education and if a school focuses on efficiency it may reduce quality by using cheap payment teachers and cut down other expenses for instructional activities.

*Equity:* 100% of Dai Mo school's teachers and leaders, 87% Yen Vien school's teachers and leaders; 68% Viet Duc and Nguyen Tat Thanh schools' teachers and leaders agreed that equity is an education quality indicator.

*Relevance:* 87% Viet Duc and Nguyen Tat Thanh schools' teachers and leaders and 100% Dai Mo and Yen Vien schools' teachers and leaders agreed relevance is an education quality indicator and they emphasized on its importance, because this indicator shows that schools are very tied to the real life.

*Accessibility:* 100% Dai Mo teachers, 77% Viet Duc and 53.3% Yen Vien teachers and all school leaders agreed accessibility is an education quality indicator. Only 47% of Nguyen Tat Thanh teachers agreed with this indicator.

*Acceptability:* 100% Dai Mo, 93.3% Viet Duc, Nguyen Tat Thanh and 60% Yen Vien teachers and all school leaders agreed acceptability is an education quality indicator and that school educates students meeting the needs of society.

Survey results show that, teachers and leaders of the four schools understand correctly about the definition of education quality and its indicators. Especially school leaders of Yen Vien and Dai Mo consider education quality as a system of input, process and output.

- *Parents’ rating on school environment, quality and their satisfaction to the school quality.*

Parents highly rated on school environment, education quality and their satisfaction with the school at Viet Duc and Yen Vien: 90.4% parents at the Viet Duc rated environment at very good and good levels; 91.4% rated education quality at very good and good levels; at Yen Vien these percents were 88.6% and 91.2% (Table 4).

**Table 4. Parents’ assessment of the school environment, education quality & their satisfaction**

School	Environment			Education Quality			Satisfaction		
	Very good	Good	Total	Very good	Good	Total	Very satisfaction	Satisf	Total
Viet Duc	16.2	74.2	<b>90.4</b>	8.6	82.8	<b>91.4</b>	8.6	65.6	<b>74.2</b>
Yen Vien	43	45.6	<b>88.6</b>	41.8	49.4	<b>91.2</b>	38	43	<b>81.0</b>
Dai Mo	1.2	58.5	<b>59.7</b>	1.2	56.1	<b>57.3</b>	1.2	61.0	<b>62.2</b>
Nguyen Tat Thanh	School does not allow parents to answer this question								

Teachers and School Leaders at Nguyen Tat Thanh and Viet Duc schools graded highly for education quality at their schools. School leaders and teachers at Yen Vien and Dai Mo graded average for their education quality (Table 5).

**Table 5. Evaluation of school quality by teachers and school leaders (%)**

Nguyen Tat Thanh		Viet Duc		Yen Vien		Dai Mo	
Teachers	School leaders	Teachers	School leaders	Teachers	School leaders	Teachers	School leaders
High	High	High	High				
93.3	100	93.3	100	50	50	50	50

Two teachers at Nguyen Tat Thanh School in the interview said that, they are satisfied with the school because the environment there is friendly and lovely like their “second house”. The teachers highly assess students’ skills in English, in communication, in math and other learning skills as well as students’ confidence in themselves.

More than 93.0% of parents at Viet Duc School are satisfied with the school and in answering the question: “Why are you satisfied with the school?” many said that they feel their children are lucky to learn in Viet Duc where children live in a friendly, polite environment; children can develop their potential and talent; children have opportunities to learn in Germany; Teachers are good, knowledgeable and highly qualified.

At Dai Mo, almost parents highly appreciate the efforts of the school, but they aren’t satisfied with students’ behavior (72.5%).

All four schools have improved their student learning achievements and the number of the master degree teachers. Nguyen Tat Thanh and Viet Duc have a higher percent of student learning achievement compared to Yen Vien and Dai Mo. The survey results show high percent of good assessment of surveyees on quality indicators an learning environment of these two schools. Yen Vien has improved student learning achievement every year. Dai Mo with low student capacity has successfully retained the percent for the average number of students and increased the number of fair students.

- *Assessing factors impact on education quality by school teachers and leaders*

The factors below have been put in the survey to ask school leaders, teachers and accountants to give their assessment about the impacts on education quality:

**Table 6. The list of Factors that impact on education quality used in the survey and interview**

<b>I</b>	<b>General factors that impact on education quality</b>
1.	Teacher qualification
2.	Leadership capacity
3.	Student capacity
4.	Assessment
5.	High expectation to student achievement
6.	School infrastructure, facilities
7.	School environment
8.	State investment in education
9.	Student family income
10.	Student backgrounds (e.g parents’ education, learning conditions at home, family investment in children’s learning)
11.	Government policies
12.	Cultural factors
13.	Social environment
14.	Internationalization
15.	Globalization
16.	Teacher salary
<b>II</b>	<b>School autonomy in personnel &amp; organization management and its impact on education quality. School has authority on</b>
1.	Establishing new units inside school to provide services or implement school objectives
2.	Recruiting teachers by the selection committee
3.	Signing contract with selective teachers
4.	Mobilizing teachers to work in other places



5.	Deciding teacher retirement & dismissing teachers
6.	Deciding started salary for teachers
7.	Deciding to promote and enhance teacher salary earlier
8.	Reducing teacher numbers to save money
<b>III</b>	<b>School Academic autonomy.</b> School has authority on
1.	Building own discipline policies
2.	Developing own assessment criteria
3.	Determining student selection process
4.	Selecting textbooks
5.	Teachers can determine content of learning
6.	Teachers can determine selective contents
7.	Teachers can determine teaching methods
8.	Teachers can determine number of lessons meeting student needs
<b>IV</b>	<b>School autonomy in financial management</b>
1.	School is given a lump sum
2.	School needs based on fund allocation
3.	School can transfer unused funds for use in the new school year
4.	Financial plan is controlled by school board or by Education Department
5.	School decides price of the school products & services
6.	School decides merit or incentive payment
7.	School decides can establish development fund
8.	School decides additional salary
9.	School has contributions or performance based payment formula
10.	School has financial supports for the poor students
11.	School has incentive policy for talented students
12.	School has the right to choose suppliers
13.	School has financial transparency

There were 86.7% to 100% of teachers and 100% of school leaders of all four schools consider the most impacted factors on education quality are: teacher qualification, leadership capacity, school environment and Government policies; 80% to 100% of teachers of all four schools and 75% of school leaders of three schools consider student capacity is one important factor that impacts on education quality, except Nguyen Tat Thanh school leaders. Nguyen Tat Thanh school leaders don't agree that student capacity can impact on student learning as they explained that every student has his/her capacity and if teachers have good instructional methods, teachers can develop students and enhance education quality. 100% of the surveyees voted for teacher salary as a factor that impacts on education quality. There is a correlation between teacher professional qualification and student achievement in general. But when we analyze the correlation of these two variables for each school year, the statistics do not show the correlation. For example in Nguyen Tat Thanh school in 2009- 2010 the achievement of students was lower than in 2008-2009 although in 2009- 2010 Nguyen Tat Thanh had a higher percent of master and doctoral teachers than in 2008-2009. Between 2005-2006 and 2006-2007 the same thing happened. The percent of students who achieved at a good level in 2005-2006 was higher

than in 2006-2007 although in 2005-2006 the percent of qualified teachers was lower. Nguyen Tat Thanh School's Leaders explained the low quality inputs of the students of these school years were the reasons of this incorrelation.

A lower percent of teachers and leaders agree on the impacts of other factors such as student family income, family investment in student learning, assessment, and high expectation for student achievement, school infrastructure, facilities, state investment, cultural factors and social environment on education quality. The lowest percent is for globalization and internationalization factors at Nguyen Tat Thanh, but higher at Yen Vien and Dai Mo (80% and 73.3%) and rather high at Viet Duc school (60%).

In the interview, principals and accountants consider school needs based resources allocation and teachers' salaries are the most impacted factors on education quality and additional factors are teacher recruitment and the criteria for recruiting students. Principals understand autonomy means more freedom in deciding how to spend the money based on the school needs. In Hanoi, Hanoi Financial Department gives concrete indicators to guide the schools on how to spend the money. These indicators are not suitable to the market price and the needs of school activities so school principals and accountants feel they are limited in creating effective ways to spend the money. In their opinion, the more autonomy given to them the more accountability they will have. When financial indicators given to guide schools are too concrete, they feel they have less accountability and less creativity in spending money because they have to spend money by the norms given. Viet Duc School's principal and accountant give some examples of unsuitable financial indicators for spending money on instructional activities such as the amount allowed to organize professional seminars or inviting experts to come to talk. Furthermore, the amount needed to teach students cannot cover the cost spent for the activities (about 10 USD to 25 USD allowed to pay for one speaker).

The Principal of Nguyen Tat Thanh school jokes that the detailed financial indicators given by the Government is like a mother who gives a daughter a sum of money and the list with items to buy for a meal and price she has to pay. When the daughter went to the market, she has to buy all the things of low quality as the sum of money can allow for her to pay or she will buy only some of the items in the list covered by the given sum with high quality. If the daughter is given a sum of money and let go to the market, she studies the market and then decides what to buy for the meal, she will think of what she has to buy for a good meal for the family. It also saves time and energy that the mother spends to think of what to ask the daughter to buy and how much she has to pay.

The school budget is very small and spent mostly on teacher salaries at the schools subsidized by the Government: Viet Duc, Yen Vien and Dai Mo. Investment in salary of these three schools occupies from 75.3% to 84.4% at Viet Duc, over 70% at Dai Mo and over 60% at Yen Vien.

Yen Vien School spends less money on teacher salaries than Dai Mo and Viet Duc. Nguyen Tat Thanh can save money from salaries, invest more in instructional activities, in renting master and doctoral teachers that help it achieve a larger number in good student learning achievement.

Investment for instructional activities occupies only a modest percent in the Viet Duc school, less than 10%. Yen Vien and Nguyen Tat Thanh spend more than 20% for instructional activities every year. Yen Vien School leaders let us know that they never have any extra money to save and move money from one year to another year. Dai Mo and Viet Duc schools report the same. (Table 7.1 and 7.2).

**Table 7.1. Investment of Viet Duc and Nguyen Tat Thanh Schools**

	Viet Duc					Nguyen Tat Thanh				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Investment (million VND)</b>		5,495	5,946	6,455	7,728	3,925	5,077	6,036	7,129	8,135
Salary %		75.3	81.0	81.0	84.4	50.6	44.6	44.8	42.6	41.6
Maintenance %		4.2	3.2	1.5	2.6	5.8	0.64	0.31	0.52	0.40
Instructional activities %		5.4	4.8	4.8	5.6	22.0	22.5	19.5	21.2	22.0
Other investments %		15.0	10.2	11.0	7.1	21.3	22.4	32.5	30.5	33.2

**Table 7.2. Investment of Yen Vien and Dai Mo Schools**

	YEN VIEN					DAI MO				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Investment (million VND)</b>		2,881		3,301	5,015	1,045	1,045	2,180	2,226	2,439
Salary %	49.5	52.8	57.7	60.2	61.7	76.0	78.0	70.0	75.0	74.0
Maintaining %	11.0	12.0	12.0	10.0	10.3	2.4.0	3.8	4.0	2.9	3.3
Instructional activities %	30.0	25.0	20.0	20.0	20.0	11.0	8.6	14.7	9.7	10.3
Other investments %	10.5	10.2	10.3	9.8	8.0	10.6	9.6	11.3	12.4	12.4

Only Nguyen Tat Thanh which has more autonomy can spend money according to their needs. The amount of money for incentives is very small so the incentives have very little or no impact on teachers. A small amount of additional salary is given at the end of a school year. Teachers with a low salary and little incentive lack the motivation of being good and excellent teachers. In addition, in Yen Vien, especially in the Dai Mo areas, under the impacts of urbanization policies when Hanoi expanded, the land became very expensive. A teacher's family can live well by selling the land so the low salary makes teaching less interesting. However, the raising of land prices has given parents more incomes to pay higher tuition fees and invest more in student learning (buying computers and more books for reference for their children. Most families in Yen Vien bought computers for their children although the parents don't know or know little about computers and they cannot or are too busy to control the computer use of their children).

There were 100% of Yen Vien school teachers voted as very strong impact, 70% Viet Duc school teachers as strong impact; 47% Dai Mo school teachers rated as very strong impact

and the rest as strong impact; both strong and very strong impact by Nguyen Tat Thanh school teachers was 64.4% on the impact of the recruitment of teachers by the selection committee. At Dai Mo, there was 60% of the teachers said earlier enhancement of teacher salary has a strong impact on the education quality as it stimulates teachers to teach better to get earlier promotion. The other three schools don't consider earlier enhancement of teacher salary is a factor that impact on education quality.

The other factors of autonomy on personnel and organization management although given to the schools, don't have chances to be exercised because these rights are only given to the schools since 2006 and became reality a bit later. Viet Duc, Dai Mo and Yen Vien have a great number of permanent school teachers and they cannot dismiss anyone or decide earlier retirement except for the teachers who they can recruit on their own recently and this number is very small. Only Nguyen Tat Thanh School has its autonomy in choosing teachers and in paying salary for teachers by its regulations, the school can choose or dismiss teachers according to the teaching quality and the school need.

In the criteria of school academic autonomy the most impacted factor highly graded by the teachers and school leaders is: Building own discipline policies (80% of teachers and 100% of leaders at Nguyen Tat Thanh, 93% of teachers and 100% of leaders at Dai Mo school, 66.7% of teachers and 100% of school leaders at Viet Duc School, 59.7% of teachers and 100% of leaders of Yen Vien school). From 73% to 100% teachers and school leaders voted for the other factors such as develop own assessment criteria; determine student selection process.

High input of students has a very strong impact on education quality. In Table 8.1 and 8.2 the highest input of students belongs to Nguyen Tat Thanh School, then Viet Duc; Viet Duc has a higher selection score standard than Yen Vien and Dai Mo. Dai Mo has the lowest standard score of student selection and the lowest percent of good and fair students. The highest percent of students who achieved good level is at Nguyen Tat Thanh School; then Viet Duc and after Viet Duc are Yen Vien School's students.

**Table 8.1. Student input and student achievements of Viet Duc & Nguyen Tat Thanh schools**

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Student achievement</b>			2,477	2,346	2,252	1,932	1,835	1,846	1,858	1,930
% Good			24.9	22.0	18.6	46.0	43.3	46.9	49.5	49.3
% Fair			61.5	59.3	71.6	45.0	48.0	45.3	42.8	42.2
% Average			13.4	18.0	19.3	9.0	8.4	7.8	7.7	8.2
% Under average			0.12	0.8	0.53	0	0.4	0	0	0.3
<b>Student inputs</b>	Selection standard score is 52 (It is a high score compared to 47 of Yen Vien school and 39 of Dai Mo school).					High achievement students do a test and if they are successful they will be accepted. Schools also have some special cases of accepting average achievement students.				

**Table 8.2. Student input and student achievements of Yen Vien & Dai Mo schools**

	Yen Vien					Dai Mo				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Student achievement</b>	1,800	1,895	1,778	1,730	1,739	1,143	1,077	966	966	959
% Good	8.7	4.7	6.44	9.19	10.7	2.62	0.65	0.52	0.50	0.83
% Fair	50.27	46.39	47.89	49.65	45.73	41.3	22.66	26.09	28.0	28.36
% Average	36.24	42.06	41.1	38.55	39.33	52.78	69.38	68.35	64.55	62.17
% Under average	4.5	5.8	4.5	2.55	4.27	3.7	14.58	5.02	17.05	8.68

Table 9 shows the different levels that school autonomy factors impacted on education quality by assessment of different respondents.

**Table 9. School autonomy impact of education quality by respondents at very strong and strong levels**

<b>Factors</b>	<b>Nguyen Tat Thanh</b>	<b>Viet Duc</b>	<b>Yen Vien</b>	<b>Dai Mo</b>
Establish new units inside school to provide services or implement school objectives	60%	88.9%	N/A (school never established new units)	55.6
Recruit teachers by the selection committee	54.7%	56.7%	48.9%	65.7%
Sign contract with selective teachers	15.5%	6.6%	95.3%	48.9%
Mobilize teachers to work in other places	N/A*			
Decide teacher retirement & dismiss teachers	Three schools: Viet Duc, Yen Vien and Dai Mo have permanent teaching staff and retirement is decided based on the Labor Law. The school leaders don't have the right to dismiss these teachers. Only Nguyen Tat Thanh can decide to rent teachers and can dismiss teachers and in the interview the principal said, its impact is strong on education quality because they rent only teachers who can teach well. Viet Duc school principal thinks this factor can impact education quality strongly if they can act accordingly.			
Decide starting salary for teachers	44.6%	35.6%	No impact	No impact
Decide to promote and enhance teacher salary earlier	No, because NTT rents teachers by year	Leader thinks its impact very strong, but only 26.7% of teachers say it strongly impacted on them.	Leaders think the impact not very strong. Teachers: very strong: 20% & Strong: 13%	Leaders think the impact not very strong. Teachers: very strong: 40% & Strong: 20%
Reduce teacher number to save money	Both accountant and principal think it has a strong impact.	Schools don't reduce the number of teachers, but in the interview they think if they did that it would impact badly on education quality because teachers would have work overload.		
Built own discipline policies	60%	88.7%	86.6%	64.3%
Develop own assessment criteria	85.1%	93.3%	49%	51%

Determine student selection process	91.1%	99.7%	86.7%	57.7%
Select textbooks	84.5%	99.7%	75.3%	57.7%
Teachers can determine content of learning	N/A**			
Teachers can determine selective contents	100% (leaders accountant); 0% teachers ***	100% (leaders accountant); 0% teachers	39.7% by teachers only	64.7% of leaders, accountant and teachers
Teachers can determine teaching methods	100%	100%	98%	98%
Determine number of lessons meeting student needs	N/A****			

\*School leaders said, they have only one campus and they never mobilized teachers to work in other places.

\*\*MOET determines contents

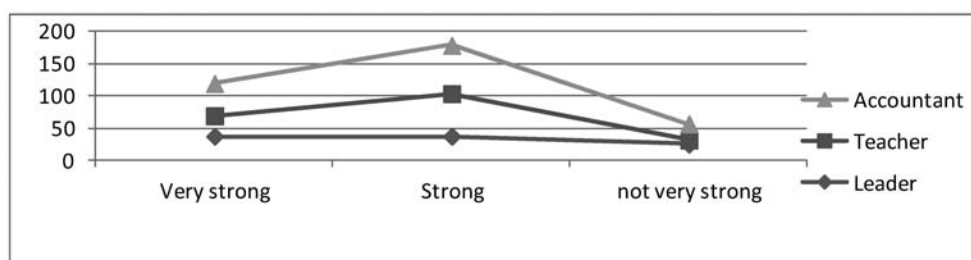
\*\*\* Teachers said, the curriculum does not have selection contents and they never determine to choose selective contents.

\*\*\*\*MOET decides the number of lessons, but if yes, schools can improve quality of student learning.

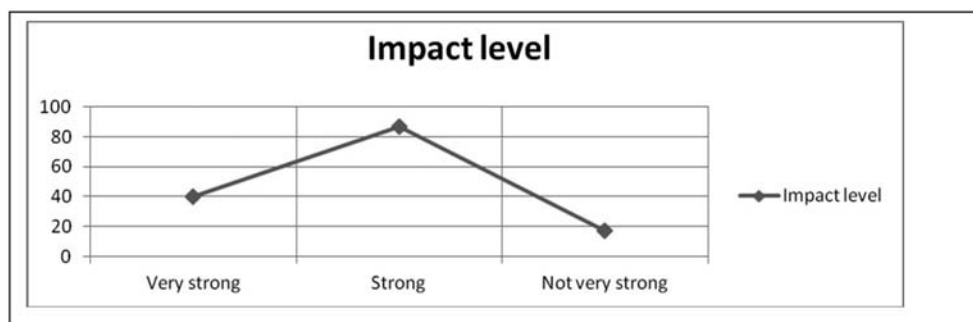
Overall, the number of respondents assessed that financial decentralization has a strong impact on education quality recorded the highest percent (87.6%). Percent at very strong level was 39.7%. All three types of respondents are in favor of strong impacts (Table 10 & figures 9, 10).

**Table 10. Overall assessment of the impact of financial decentralization on education quality by schools and by all types of respondents**

Respondents	Very strong	Strong	Not very strong	No impact
<i>Average percent of 3 types of respondents of four schools</i>	39.7%	87.6%	17.2%	
<i>Leaders</i>	37.5%	37.5%	25%	
<i>Teachers</i>	31.7%	65.8%	6.7%	
<i>Accountants</i>	50%	75%	25%	



**Figure 7. Average percent of the impact of decentralization in financial management on education quality by all respondents**



**Figure 8. Assessing the impact levels of decentralization in financial management by each type of respondent**

By teachers', leaders' and accountants' assessment, the decentralization in financial management has stronger impacts on Nguyen Tat Thanh, Viet Duc and Yen Vien schools more than on Dai Mo. At Dai Mo School, the Leaders noticed no impacts the decentralization in financial management has made on education quality and the accountant rated the impacts at strong level only, while at three remaining schools all respondents rated the impacts at very strong and strong levels (in Table 11).

**Table 11. Overall assessment of the impact of financial decentralization on education quality by each school.**

	Very strong	Strong	Not very strong	No impact
<b>Nguyen Tat Thanh</b>				
Teachers	26.7	66.7	6.7	
Leaders	100			
Accountant	100			
<b>Viet Duc</b>				
Teachers	33.3	76.6		
Leaders		100		
Accountant	100			
<b>Yen Vien</b>				
Teachers	33.3	60	6.7	
Leaders	50	50		
Accountant		100		
<b>Dai Mo</b>				
Teachers	33.3	60	6.7	
Leaders			100	
Accountant		100		

- *The reasons of school autonomies impacted on education quality at the schools*
  - a) Having more autonomy in budget spending, schools invest more in teachers and instructional activities
    - By giving schools a lump sum and the right to allocate funds based on school needs,

the schools have invested more in teacher professional development as they consider teacher qualification the most important factor which impacts on student learning. Schools have some policies to encourage teachers to upgrade their teaching quality such as providing supports for teachers to attend conferences, workshops and study master and doctoral degrees. Nguyen Tat Thanh School Principal said, without excellent teachers, it is difficult to have excellent students, so the school has to invest in teachers. The schools invest in improving skills of using English and ICT for teachers. At Nguyen Tat Thanh most teachers, especially young teachers use ICT at proficiency level (34 teachers) and at basic level (49 teachers); 6 teachers speak English well, 53 teachers can use English in everyday communication. The Nguyen Tat Thanh School rent teachers by its needs and pay salary based on teaching quality and the teachers' accomplishment of school duties. By this payment method the school encourages teachers to work well.

In Tables 12.1 and 12.2 below we can see the more schools invest in instructional activities, the more schools have good and fair students. Yen Vien and Nguyen Tat Thanh have doubled the investment in instructional activities compared to Viet Duc and Dai Mo.

In interviews with the accountants, they said, how education quality cannot be improved when the schools invest more in teachers and in instructional activities? More students move from fair to good level and receive more awards from the schools. After salary allocation, the schools allocate the rest of the money according to the schools' requirements in teaching and learning. In Dai Mo, Yen Vien and Viet Duc schools have a school financial plan which has been developed based on the financial plans submitted by the head teachers of subjects. Most accountants have worked in both centralization and decentralization periods observe that, it did not happen before that the schools can calculate budgets and invest more in instructional activities.

**Table 12.1. Investment, teacher professional development and student achievements of Viet Duc & Nguyen Tat Thanh schools**

	Viet Duc					Nguyen Tat Thanh				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Investment in instructional activities %		5.4	4.8	4.8	5.6	22.0	22.5	19.5	21.2	22.0
Students learning achievement										
<b>Good %</b>			24.9	22	18.6	46	43.3	46.9	49.5	49.3
Fair %			61.5	59.3	71.6	45	48	45.3	42.8	42.2
<i>Total Good+ Fair</i>			86.4	81.3	90.2	91%	91.3	92.1	92.3	91.5
Average %			13.4	18	19.3	9%	8.4	7.8	7.7	8.2
Under average %			0.12	0.8	0.53	0	0.4	0	0	0.3



**Table 12.2. Investment and student achievements of Yen Vien & Dai Mo schools**

	YEN VIEN					DAI MO				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<i>Investment in Instructional activities %</i>	30.0	25.0	20.0	20.0	20.0	11.0	8.6	14.7	9.7	10.3
<i>Student learning Achievement</i>										
<b>Good %</b>	<b>8.7</b>	<b>4.7</b>	<b>6.4</b>	<b>9.2</b>	<b>10.7</b>	<b>2.6</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>
Fair %	50.3	46.4	47.9	49.7	45.7	41.3	22.7	26.1	28.0	28.4
<i>Total Good+ Fair</i>	59.0	51.1	54.3	58.9	56.4	42.9	23.4	26.6	28.5	29.2
Average %	36.2	42.1	41.1	38.6	39.3	52.8	69.4	68.4	64.6	62.2
Under average %	4.5	5.8	4.5	2.55	4.27	3.7	14.6	5.0	17.1	8.7

b) Schools can be able to invest in new teaching equipments

Both Viet Duc and Nguyen Tat Thanh Schools have enough classrooms, a strong team of ICT teachers and other teaching facilities. Viet Duc has invested in buying and using computers for both teachers and students. Nguyen Tat Thanh has 100 computers. The schools use different software for accounting, management and smart boards. Every year the schools spend a small percent to buy new learning and teaching equipment.

Yen Vien School has 38 classrooms but lacks 17 more classrooms, lacks offices for the accountant and treasurer and lacks offices for two vice principals. The other equipment is adequate for teaching and learning: computers, some software for administration and teaching and a library. Dai Mo has enough classrooms and other equipment for teaching and learning, some computers, software for administration and teaching, library, etc.

However, they don't have enough money for maintaining infrastructure and equipment so their schools infrastructure and equipment is getting worse.

c) School (Nguyen Tat Thanh) can select students by their criteria

As an independent school from the Government regulations, Nguyen Tat Thanh can set their own selection criteria for students. If the other schools recruit students based on the standards set up by Hanoi Education and Training Department, Nguyen Tat Thanh does not use these standards, but carefully examines profiles of high achievement students from the lower secondary school years and requires students to do a test administered by the School. If students are successful they will be selected to learn at the School.

d) Schools are more transparent in budget spending and managing

The results of the survey and interviews on question “*Why does school autonomy impact on education quality?*” are shown in Table 13. Autonomy in financial management allows schools to invest more in teaching and learning. In the Table 8.2, Yen Vien and Dai Mo Schools have spent the most in instructional activities after salary.

e) Schools use money to invest more in outside classroom activities to develop full competencies of the students.

In the interview, principals said, they focus more on extra activities and invest more in

outside classroom activities to make students feel better about life and to be more active. In all four schools a part of the budget is used for sports equipment and activities. Besides, they also organize different contests like singing, quizzes, creating stories, poetry, etc. Every year they take students on excursions outside Hanoi or within Hanoi to learn about new places.

The Principal of Yen Vien School said, The School has been making changes of the Monday School Meeting organized for all students and teachers where students report their activities in protesting against social evils like drug addicts, school bullying and demonstrate their performance of songs, dramas and poems. According to her, extra activities make students feel more confident, and love of learning and life has increased.

**Table 13. Percent of respondents agreed on the reasons why school autonomies can impact on education quality from the survey**

	Nguyen Tat Thanh		Viet Duc		Yen Vien		Dai Mo	
	Teachers	Leaders	Teachers	Leaders	Teachers	Leaders	Teachers	Leaders
School has invested more in developing teacher profession	93.3	100	100	100	100	100	93.3	100
in instructional activities	100	100	100	100	100	100	100	100
in instructional facilities	100	100	100	100	100	100	100	100
in socialization for the development of teacher profession	6.7		100		100	100	100	100
School is more transparent in budget spending	73.3	100	100	100	100	100	100	100

f) Schools are more transparent in information

Parents have been informed about budget spending at the schools according to the teachers. At Viet Duc School, teachers and parents can notice some financial announcements on the school blackboard. Schools inform very often to the families about student learning achievements (over 90% of parents said they often receive school letters informing them about their child's learning achievement). Schools also let parents know about teachers so that they can communicate with them for their student learning.

g) Schools are more independent in making decisions

Schools are more independent in making decisions; therefore their decisions are on time and meet the needs of teaching and learning. In the interviews, accountants said, they can allocate budgets and can pay teachers on time, can give students and teachers incentives because the schools have available funds. This never happened before in the centralization period when salary for teachers was usually delayed and paid very late because accountants had to go to the Department of Education and Training to get the salary for teachers and when money was usually given at the end of the fiscal year and schools were always in a hurry to spend the money to buy equipment or to build and maintain infrastructure without considering the quality.

h) ICT application in financial tasks and management

With ICT application, the tasks to implement financial activities are faster and the schools can save time. In the schools, which have young accountants, the application of ICT in the financial management and tasks happen faster and more conveniently, which makes the accountant work become easier.

- *The weaknesses in the implementing decentralization policies of the schools*

a) The lack of financial resources and small funding

Financial resources of the schools are poor. Nguyen Tat Thanh School gets money mostly from tuition and other fees paid by parents. The other schools depend on the state subsidiary and parent contributions. The schools don't have any other additional resources. Parent contributions for schools include: fees for infrastructure building, tuition fees, excursion fee, uniforms, health insurance and some other expenses. 58% of parents at Nguyen Tat Thanh and Dai Mo think the contributions are suitable for them; this figure is 79% at Viet Duc and 62% at Yen Vien Schools. When funding is small, it cannot make a big impact or change for the school.

b) Lack of participation of teachers and parents in the financial planning process

In the survey, parents and teachers report they don't participate in the financial planning process and making decisions. The parent committee is informed about the budget. Teachers have little voice in financial planning and decisions. Financial allocation decisions have been made only by some important people in the schools such as the principal, accountant, Secretary of the Communist Party and representative of the Teacher Union. Parents participate in managing education activities through the parent committee. Parents don't take part in making decisions on how to spend the money. However, in Viet Duc School, representatives of the Parent Committees said, they have taken part in almost all school activities (financial discussion, school managing activities). In Dai Mo School, teachers can ask the school to invest in their teaching needs.

c) Difficulty of the cooperation among Schools, the Treasury and Financial Departments and the complication of administrative procedure

As indicated in the above sections, financial indicators are not suitable to the market price and professional requirements due to the lack of cooperation and understanding between education and financial agencies. These two agencies don't sit together to discuss education needs and financial support to meet the needs. Financial allocation depends on concrete financial indicators that cannot meet the school needs well. Many papers must be submitted to get the funds.

Besides the above reasons, the lack of ICT skills of the accountants and effective measurement of financial expenditures also lead to the weaknesses in the implementing decentralization policies. There are no criteria for assessing effectiveness of financial expenditures in education in Hanoi and in Vietnam.

## 5. Conclusion

Vietnam is on the way to implementing school autonomy. Although school autonomy has not been implemented for a long time, it shows positive impacts on education quality. The evidence of this impact can be found from four schools in the case study in Hanoi. From the case study some lessons can be drawn:

- 1) Four Schools in this case study with full and semi - autonomous standing have made improvements in education quality. The schools have the right to allocate their money suitable to the school needs and invest more in teacher professional development and instructional activities. Thanks to these investments, the number of master degree teachers has been increased. The percent of good learning achievement students has been increased and the number of under average students has been reduced; the most obvious evidence can be seen in the Yen Vien school.
- 2) The more autonomy a school has, the higher quality it gains. Of the four schools, Nguyen Tat Thanh School has full autonomy in setting their own criteria and standards for recruiting students. They can recruit high ability students and the recruitment can be implemented based on their own rules. They can allocate budgets based on their needs without using Hanoi financial indicators. They can pay salary for teachers based on the teaching and learning quality.
- 3) The more investment in instructional activities the more a school has higher student achievement. Yen Vien and Nguyen Tat Thanh Schools allocate funds twice more for instructional activities than that at Dai Mo and Viet Duc and the percent of good and fair students has doubled.
- 4) In most cases, when teacher quality has been improved, student learning achievement improved.
- 5) Student competence strongly impacts on education quality. Input of students is highest at Nguyen Tat Thanh and it has the highest student learning achievement followed by Viet Duc (student selection standard score is 52) and then Yen Vien (student selection standard score is 47) and the last one is Dai Mo (student selection standard score is 38 or even 29).
- 6) Decentralization policies and their implementation have made impacts on education quality indirectly through other factors of education quality: teacher professional improvement, investment in instructional activities in the class and in extra activities
- 7) If financial conditions are not enough (small funds or lack of a cooperation mechanism, complicated administrative procedure, staff lacking in skills, lack of participation of different representatives in financial management, etc) the decentralization does not impact very strongly on education quality.
- 8) By giving schools a lump sum and letting them spend it according to their needs, schools will have more accountability and creativity in spending money and it will help schools use resources more effectively.

Table 14 summarizes the lessons have been drawn above and compares factors impact on student learning achievement at four schools in case study.

**Table 14. Comparing factors impact on student learning achievement of the four schools**

School	Factors					Impacts			
	Teacher capacity	Leader capacity	Student capacity	Investment	Autonomy	Instructional Facility	Student achievement	Improvement	Education quality
<b>Nguyen Tat Thanh</b>	Highest	High	Highest	Adequate	Highest	Most Adequate	Highest	Yes	Highest
<b>Viet Duc</b>	High	High	High	Not adequate	High	Adequate	High	Yes	High
<b>Yen Vien</b>	Lower	High	Low	Small	High	Less adequate	Low	Very obvious	Low
<b>Dai Mo</b>	Lowest	High	Lowest	Small	High	Not Adequate	Lower	Yes	Lower

The case study show that, for positive impacts of decentralization policies on education quality, a school must have needed conditions of money, full autonomy, skillful staff, cooperation and simple administrative procedure. Schools must have enough money to spend for teachers' salary, instructional activities, and invest in new instructional equipments, put investment priority in instructional activities. The Government should be a main investor and just set requirements and criteria of effective use of budgets and let schools use money flexibly and creatively. Accounting staff must have good skills in allocating funds, in using IT to do accounting tasks; school leaders must have enough financial knowledge and skills in financial management. To help schools operate finance well, there is a necessity of a good cooperation mechanism among schools, treasury agencies, financial departments and education departments as well as having a simple administrative procedure for financial allocation and management. Transparency, participation, good monitoring and evaluating school effectiveness in using money are needed for effective implementation of decentralization policies in financial management in education.

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