

Private HE in Vietnam: Challenges in the new era

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Abstract - Over three decades since their inception, Vietnam's Private Higher Education (PHE) have played a pivotal role in advancing the national education landscape. Their development has followed a dynamic trajectory—characterized by rapid expansion in the first decade, a slowdown in the second, and increasing differentiation in recent years. This evolution has been closely shaped by state policies and legal frameworks. With the upcoming issuance of Resolution No. 71-NQ/TW on comprehensive educational reform and a revised Law on Higher Education enacted for 2026, PHE are seen to encounter both significant opportunities and complex challenges. This paper employs document analysis to examine the opportunities and challenges these institutions face in mobilizing resources for investment and growth.

Keywords: Non-public, higher education, private education, Vietnam

I. INTRODUCTION

The emergence of private higher education (PHE) in Vietnam in the late 1980s, facilitated by market reforms, has significantly shaped the country's educational landscape (Chau et al., 2022). Enrollment in the sector has doubled approximately every decade. By 2016, there were 60 institutions serving 13.25% of students nationwide; by 2024, this had grown to 67 institutions and 22.77% of total enrollment (Ministry of Education and Training [MOET], 2025).

Studies (Nguyen, 2016; Chau, 2020) have shown that the development of PHE over the past 30 years has been closely tied to state policies and macro-level directives. In 1997, the government introduced the social mobilization (or socialization) policy under Resolution No. 04/HNTW encouraging societal stakeholders to contribute financially to the education sector. As a result, PHE institutions were prioritized in land allocation (Resolution No 4/HNTW, 1993). However, subsequent government policies—particularly those concerning admissions and ownership—undermined stakeholder confidence. By the late 2010s, the situation had escalated, prompting leaders from various private universities to collectively petition the Ministry of Education and Training (MOET, 2025) regarding its stance on public-private equity. In early 2018, the National Assembly's Committee for Culture, Education, Youth, Adolescents, and Children convened a consultation seminar to solicit input on improving PHE policies. Later that year, the amended Law on Higher Education was passed,

explicitly endorsing public-private equity and introducing new regulatory provisions.

With the revised Law on Education (No 123/2025/QH15) and the Law on Higher Education (No 125/2025/QH15) to be enacted on the 1st of January 2026, the policy landscape for PHE is once again poised for transformation. This paper explores the current challenges facing non-public universities in Vietnam, focusing on their strategic positioning, investment resources, asset ownership, and development orientation.

II. CHALLENGES REGARDING THE POSITIONING OF PRIVATE UNIVERSITIES

The public-private dynamics of HEIs can be assessed from four pillars: function, funding, ownership, and governance (Klemenčič & Zgaga, 2014; Marginson, 1997). In reality the boundaries between public and private are blurred. A public institution that receives a smaller share of state budget funding effectively becomes more "private" (i.e., privatized), whereas increased public funding makes a private institution more "public" (Klemenčič & Zgaga, 2014). While university regulation shares similarities across countries, there are also distinct national features (Marginson, 1997). Functionally, public institutions are often seen as providers of public goods, while non-public institutions typically emerge and develop around three basic roles: absorbing "overflow" demand from the public sector, offering "differentiation," and/or providing "excellence" relative to public institutions (Geiger, 1986). International studies suggest that

without state subsidies a non-public university can only survive and develop if it fulfills at least one of these three roles (Marginson, 1997). In Vietnam, the earliest non-public institutions—people-founded universities—arose primarily to absorb students that failed to get admitted into public universities. In the early 1990s, as the economy accelerated, demand for human resources surged while public universities could accommodate only about 162,000 students—roughly 10% of the college-age cohort (Hayden & Lam, 2007). To meet burning workforce needs during a period of comprehensive economic renovation, amid tight state budgets for public institutions, Resolution 04-NQ/HNTW (1993) authorized the establishment of people-founded, private, and semi-public universities to mobilize off-budget resources for human-capital development. Together with the policy target that 40% of students study in non-public institutions, and sky-high demand, this opened the door to rapid sectoral growth in the first decade.

However, there was a strong decline in the percentage in term of number of private HEIs as the government established more public institutions and expanded their intakes: Public institutions increased from 101 in 1987 to 295 in 2009 and 352 in 2016, with enrollments growing 18.8-fold (MOET, 2018). Consequently, “overfull” demand dwindled. In recent years, oversupply has meant many non-public institutions—and even certain programs in public institutions—failed to recruit and were forced to suspend admissions (Pham et al., 2017). This loss of the overfull-demand absorption role has fragmented and wasted resources across the entire system and is a key driver of the impending large-scale mergers of public universities and colleges planned by the Ministry of Education and Training for the last three months of 2025. Therefore, non-public universities face two strategic choices: pursue “differentiation” and/or “excellence” relative to public institutions. Differentiation may involve distinctive programs, tailored offerings for specific communities or organizations, or transnational programs delivered with overseas partners. Such differentiation requires strong autonomy and full accountability. The strive-for-excellence strategy seeks to deliver outstanding quality on par with top international universities, which in turn requires exceptional mobilization of finance, land, and talent.

Challenges in Mobilizing Investment Resources for Non-public Universities

Inequity exists in access to public resources (Heller, 2023): Public universities are guaranteed facilities and operating funds by the state and also collect tuition, whereas non-public institutions must fully self-finance both facilities and operations from day one. Although various legal texts allow for possible state support to non-public institutions (e.g., land, concessional loans, tax incentives), in practice such support is not guaranteed and depends entirely on local authorities. For example, in non-public universities in Haiphong city must pay land-lease fees at commercial rates, whereas public institutions do not. Given these constraints on public-resource access, achieving “excellence” requires huge investments. Clearly, not all universities have met this requirement. VinUni is a rare case: it received billions dollars from Vingroup corporation as VinUni is treated as a social enterprise (Matthew & Santos, 2023). In addition, non-public universities are required to allocate at least 25% of the difference between revenue and expenditure for reinvestment, which then becomes indivisible assets (when the university is dissolved, these assets must be transferred to the Government). Therefore, this 25% can be considered as the minimum 25% of a non-public university operating on a non-profit basis.

Challenges in Asset Ownership

Throughout the development of Vietnam’s private sector, ownership of assets has lacked consistency and have caused numerous institutional problems. Although non-public university assets originate from private ownership (either by individuals and/or by a non-public organizations) for nearly the first decade there were no formal provisions on ownership. Although non-public (people-founded) universities first established in 1993, but only in 2000 regulation regarding ownership came into effect: Article 1 of Decision 86/2000/QĐ-TTg stated that “the university’s assets are *collectively owned by investors, faculty, staff, and employees of the university*,” reflecting features of the non-profit model.

For private universities, not until January 2005 did Article 35(5) of Decision 14/2005/QĐ-TTg (2005) specify that “all university assets are *owned by the investors*”. That means all asset appreciation of

private universities can be distributed. However, Article 7(2)(b) (Law on Higher Education, 2012) take notice that asset accumulation within asset appreciation can not be distributed. In short, under current rules, state assets (e.g., land) and non-distributable accumulated assets at private institutions are effectively under state ownership; investors control only over other asset categories.

Inconsistency in ownership regulation deteriorates investors considering building an excellence-oriented university and hinder access to state socialization incentives and investment support.

Development Orientation for Private Higher Education

In the first decade, state expectations and policies for non-public universities were clear, emphasizing the role of absorbing overfull-demand. Subsequently, expectations became less clear, and a stable, coherent policy framework to encourage either differentiation or excellence has been lacking. Legal constraints have limited institutional autonomy, leaving many institutions uncertain about strategic direction. Given the principle that “the State enables public institutions to play a core role in the national education system” (Article 48(2), Law on Higher Education, 2012), public universities have received substantial support, whereas the issues of the non-public sector have not been adequately addressed. Problems arising at non-public institutions are often treated as isolated internal matters rather than systemic issues warranting macro-level solutions.

Moreover, recent legislation has not adequately distinguished policy regimes for for-profit versus not-for-profit private institutions, fostering public skepticism and regulatory suspicion about the role and status of non-public universities. As a result, when it comes to the State’s responsibilities toward non-public institutions, they are readily treated like private enterprises liable for all taxes—ranging from canteen services and parking to library loans, revenue taxes, and land-lease fees—costs ultimately borne by students. Conversely, regarding university obligations, non-public institutions are often treated like public-service providers expected to self-fund scholarships and social policies for students. For example, although Article 89(1) of the Law on

Higher Education (2012) states that the State provides merit scholarships to vocational and higher-education students with Distinction—no matter which universities students enrolled in - such funding has never been provided to non-public institutions. Some have even faced student opposition when a portion of tuition was reallocated to fund scholarships for high achievers. Besides, up to now there has still been no general legal regulation on exempting land rent for non-public educational institutions, even for non-profit universities. This matter has been left to the authorities of each province or city to decide and adjust.

III. RECOMMENDATIONS

- Clarify the State’s expectations for non-public/private universities—whether to absorb overfull-demands from public universities, to pursue differentiation, or to achieve excellence—and align legal frameworks to maximally enable these goals. Clearly, increase in State’s investment, in the expansion of training scale for public universities sector on the one hand, creates a significant advantage for them, on the other hand, poses major challenges for private universities. As a result, only “excellent” private universities with substantial investment resources for facilities, faculty, training programs will be able to survive and develop.
- Move beyond basic definitions of not-for-profit status to establish clear, separate provisions on ownership, rights, and responsibilities for for-profit and not-for-profit private institutions. Issue distinct organizational and operational regulations for each model bringing clarity and consistency with the Civil Code and Enterprise Law.
- Respect institutional autonomy to choose operating models; any non-public university may elect to transition to not-for-profit status and be governed accordingly.
- State’s role is not to guarantee the survival of any specific institution—public or private—but to ensure fair competition across institutions (Branković, 2014; Klemenčič & Zgaga, 2014). Persistent competitive imbalances, while immediately disadvantaging non-public

institutions, will ultimately undermine the strength of Vietnam's entire higher-education system.

Although Resolution 71 and the Law on Higher Education both encourage investors and enterprises to invest in non-public/private higher education, when State support for these to happen is not highly stable, making it difficult to attract investors to participate in this market. Forthcoming legal revisions must resolve these problems to realize Resolution No. 71-NQ/TW (August 22, 2025), which calls for "robust mechanisms and policies that encourage organizations and enterprises to invest in education and training; and for the vigorous promotion of public-private partnerships."

IV. CONCLUSION

Private higher education in Vietnam has traveled a complex path over the past three decades—expanding rapidly, slowing under policy constraints, and now facing a decisive turning point. As the revised Law on Higher Education and Resolution No. 71-NQ/TW come into force, the sector stands at a crossroads. The sustainability of private universities will depend on their ability to move beyond the outdated role of absorbing excess demand and instead embrace strategies of differentiation and excellence. Yet this transition requires coherent state policies, equitable access to resources, and clarity in ownership and governance frameworks. Without these reforms, competitive imbalances will persist, discouraging investment and weakening the system as a whole. If Vietnam succeeds in creating a fair and enabling environment for private institutions, however, the sector can become a vital partner in national human-capital development, contributing innovation, diversity, and excellence to the country's higher-education landscape.

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