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Studying Methods for Determining the Training Cost at Public Universities in Hanoi in the Context of Implementing Financial Autonomy

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Abstract

For public institutions, maintaining expenditures for training activities and running the overall school system is a challenging issue, as is striking a balance between revenue and expenses. In the foreseeable future, state papers often provide for the progressive conversion of public service units with partial state financial assistance to totally autonomous service units. To meet the demands of development, public colleges have recently redesigned their

financial management system. These developments have given public universities a significant boost in their efforts to increase autonomy, which is linked to self-responsibility. In order to provide a strategy for calculating training costs appropriately, this paper examines the state of the art approaches for calculating training costs at Hanoi's public institutions in the context of adopting financial autonomy.

Keywords: Method of Determining Training Costs, Public University in Hanoi, Financial Autonomy

1. Introduction

Implementing the financial autonomy mechanism is a path for countries to transform the management mechanism of the higher education system from a state-run model to a state-supervised model. Accordingly, public universities are given autonomy and financial responsibility along with increased accountability to the State and society to ensure transparency.

Faced with this situation, public universities in general and public universities in Hanoi in particular must balance finances and evaluate the effectiveness of resources to improve the quality of training services. According to the university autonomy roadmap, all public universities in Vietnam will implement a full financial mechanism and tuition fees will have to cover all training costs. Implementing the financial autonomy mechanism according to the Party's guidelines and the State's policies requires that the management of training costs based on effective use of resources needs to be strengthened to improve training quality... at public universities. Furthermore, figuring out expenses based on training industry standards and training rates is a crucial foundation for managers to establish tuition pricing and, in reality, offer fair training services. Additionally, given the influence of competition in the higher education sector, diversifying training majors, programs, and forms of training is a strategy to improve enrollment circumstances in increasingly challenging situations. Public university expense management is becoming more challenging and intricate in an effort to draw in students. Universities are concerned about how much appropriate, acceptable, and timely training services will cost in order to make timely choices and seize opportunities in a more intensely competitive economy. Public educational institution. Furthermore, figuring out expenses based on training industry standards and training rates is a crucial foundation for managers to establish tuition pricing and, in reality, offer fair training services. Additionally, given the influence of competition in the higher education sector, diversifying training majors, programs, and forms of training is a strategy to improve enrollment circumstances in increasingly challenging situations. Public university expense management is becoming more challenging and intricate in an effort to draw in students. Universities are concerned about how much appropriate, acceptable, and timely training services will cost in order to make timely choices and seize opportunities in a more intensely competitive economy. Public educational institution. As a result, the paper is founded on research findings regarding the state of techniques for identifying.

2. Theoretical Background

Training costs

Training costs are the monetary expression of all the costs of living and materialized labor spent to carry out the process of providing learners with knowledge that can be applied to different fields. Cost object: presents the classification of costs according to where the costs arise.

Direct costs: Costs that are themselves transferred to a department because there is a really close relationship between the cost and the department that generates it. When a part is lost, direct costs no longer exist and vice versa. For example: direct material costs, direct salary costs, etc.

Indirect costs: Costs that must go through the allocation process to become costs of a department. The relationship between an indirect cost element and the department that uses it is formed through another intermediate relationship. Indirect costs do not really belong entirely to any one department.

Overhead costs: All cost items incurred at the production site or workshop that are not direct material costs are considered manufacturing overhead costs. Manufacturing overhead is an indirect cost item.

Methods for determining training costs

Job Order Costing

Job Order Costing is often applied in organizational units that produce products and provide services according to orders and requirements of each individual customer. (Bui Bang Doan *et al.*, 2010). According to this method, accountants record and collect costs for each order. Direct costs will be recorded directly for each order, indirect costs will be allocated to related orders according to an appropriate and systematic criteria.

This method can also be applied in universities to determine training costs for each contract, especially for joint training contracts, special training courses, short-term training... or when The State applies the ordering or bidding mechanism to provide training services using the state budget instead of the current "egalitarian" method of allocating funds.

Process costing

According to Bui Bang Doan *et al.* (2010), the process costing approach is frequently used in organizational units that create goods or offer services via a number of distinct phases, creating a continuous and closed process. The product or service has great homogeneity and little variation in production/supply times. As a result, incurred expenditures are categorized based on the location of the occurrence, which is often the departments involved in the manufacturing or service delivery process.

Universities, as training service providers, can also apply the process costing method to calculate unit training costs for each student in each major, for one course, for each student. One department, each credit... However, because training activities in a university often have diversity in training systems, training types, training programs... to satisfy customer needs, so Services provided may lack uniformity. Therefore, before determining training costs using this cost determination method, it is necessary to uniformly convert through coefficients for each level of training level, training system, type of training, industry, and program. Training program... to ensure uniformity of services provided. According to Bui Bang Doan and colleagues (2010), when ensuring the way to synthesize and process data, the unit training cost is determined according to the formula:

$$\text{Training costs/student/year} = \frac{\text{Total training costs}}{\text{Total converted students}}$$

Activity-based costing method

The ABC method is implemented on the basis of gathering costs for each activity and using criteria appropriate to the consumption of input resources in each activity to allocate indirect costs, so the results are Cost calculation will be more accurate than using a single allocation criterion like traditional cost determination methods (Compton, 1996). After gathering costs for each activity, they will be allocated to cost objects according to the relationship between input resources and output products and services in each activity according to cost driving factors.

There is frequently variation in majors and training programs, training levels, training methods, and training kinds for colleges that operate in a competitive context. Consequently, in order to calculate the training cost, the ABC technique must be used. At that point, the price of any sub-activity in the main training activities offered by the school can be "normed" to provide several options for clients and students.

It's crucial to see university operations as a sequence of actions when utilizing the ABC technique (Jamalludin, 2013) [2]. Expenses are given to training support activities rather than charging items. This implies that resources, activities, and cost objects are the three fundamental elements of the process of calculating costs using the ABC approach. Universities must identify their activities in order to guarantee the proper implementation of the ABC approach, as the activities serve as the basis for calculating expenses in accordance with the ABC method.

Applying the ABC approach in universities is not without its challenges, though, since it may be quite challenging to keep training activities separate from one another in the real university training program. Maybe it's not feasible. Moreover, there are significant drawbacks to using this approach of cost determination: it is more expensive and requires accountants to possess certain skills and certifications due to its enormous and complex job. In contrast to conventional costing techniques (Potkany *et al.*, 2007).

Characteristics of public universities implementing financial autonomy

In Vietnam, public universities are public service units operating in the field of training and scientific research (Pham Thi Hoa Hanh, 2018). The Law on Public Employees (National Assembly, 2010) stipulates that "a public service unit is an organization established by a competent State agency in accordance with the law, has legal status, and provides public services.", serving state management". More specifically, the Law amending and supplementing a number of articles of the Law on Higher Education (National Assembly, 2018) stipulates that "public universities are established, invested by the State, ensure operating conditions and are owner's representative".

While public universities vary depending on the educational system in each nation or area, generally speaking, public universities are those that are founded and run by a university agency. Speaking on behalf of the government. Financial resources guarantee that public universities operate differently based on the financial investment policy for higher education of each nation and area as well as the

degree of socialization of higher education in each time.

The process of implementing the financial autonomy for public universities

In the process of development, until now public universities in the higher education system in our country still play a leading role. That is reflected in both the scale and quality of training (Ministry of Education and Training, 2011). In order to promote the development of higher education in a competitive environment, the State has implemented a roadmap to implement a financial autonomy mechanism for public universities, reflected in many legal documents. Since 2005, the State has clearly determined that public universities need to develop towards autonomy and enhance social responsibility (Government, 2005). Accordingly, public universities, instead of being controlled by governing bodies, have autonomy in operations and decisions regarding training, research, human resource management, and project planning. Financial revenue and expenditure accounting, budget use plan and cooperation agreement. The content of financial autonomy of public universities emphasizes the issues of proactively using state budget funds to carry out tasks assigned by the State more effectively, and at the same time, proactively using financial resources. Assets and human resources to develop training activities and increase revenue for the school. However, public universities have not yet been given full autonomy, and have not really encouraged eligible units to achieve higher levels of autonomy.

The Law on Higher Education (National Assembly, 2012) gave public universities much more autonomy than they had previously, particularly in terms of personnel and financial autonomy. The Government has specified operating mechanisms in general and financial autonomy mechanisms in particular in order to increase the level and scope of autonomy for public universities (Government, 2014; 2015; 2021). The relevance of the financial autonomy mechanism is demonstrated by the outcomes of the pilot project to innovate public university operating mechanisms from 2014 to 2017, in accordance with Government Resolution No. 77/NQ-CP (Government, 2014). The autonomous mechanism of public universities has been widely acknowledged from the outset, and as a result, the quality of education and training provided by the participating institutions has improved dramatically. However, the pilot implementation process also pointed out the lack of uniformity in legal regulations on the financial autonomy mechanism of public universities and the lack of "substance" of autonomy (Vu Thi Phuong Anh, 2014; Ministry of Education and Training, 2017) [3]. Recognizing the importance and necessity of university autonomy, the financial autonomy mechanism in public universities according to Resolution No. 77/NQ-CP is continued to be implemented (Government, 2017). Next, the Law amending and supplementing the Law on Higher Education (National Assembly, 2018) expanded the autonomy and enhanced accountability of public universities through criteria to ensure quality and efficiency, transparent. More specifically, the Government issued Decree No. 99/2019/ND-CP to provide detailed guidance for the implementation of the Law on Education amending and supplementing the Law on Higher Education (Government, 2019a), Decree No. 32/2019/ND-CP on guiding the mechanism for assigning tasks, ordering or bidding to provide public services using

the state budget (Government, 2019) and Decree No. 60/2021/ND-CP regulates the financial autonomy mechanism of public service units. This is an important legal basis to overcome limitations in the process of implementing the financial autonomy mechanism of public universities according to Resolution No. 77/NQ-CP in the period 2014-2017 and Decree No. and No. 16/2015/ND-CP. Accordingly, the consistency in legal regulations guiding the implementation of financial autonomy mechanisms in public universities will be higher and financial autonomy in public universities will be more "substantive". At the same time, the autonomy and administrative capacity of public universities must be raised one step higher through accountability.

Although the financial autonomy has been implemented at our nation's public institutions in recent years, there have been many positive outcomes, it hasn't been very effective uncertainty, particularly the inconsistent application of the law (Ministry of Education and Training, 2017) [3]. For public universities to execute the financial autonomy more successfully and realistically, they must be given true authority based on a clear definition of their rights and responsibilities school for the public (Mai Thi Sen, 2017) [5].

3. Current status of applying the method of determining training costs at public universities in Hanoi in the context of implementing financial autonomy

Overview of Hanoi's public university system

Currently, there are 75 public universities in Hanoi. In terms of financial autonomy, nearly 30% of public universities have implemented experiments to innovate their operating mechanisms according to Resolution No. 77/NQ-CP with the level of financial autonomy being self-sufficient. Ministry of recurrent and investment expenditure (Ministry of Education and Training, 2017) [3].

Regarding the method of determining service costs, the author conducted a survey of data compiled in Table 1 to show that all public universities in Hanoi implement the financial autonomy mechanism that has been applied. Using a combination of modern methods (determining costs according to the ABC method) with traditional methods (determining costs by job and determining costs by process) to calculate training costs, accounting for 38.46 % of universities surveyed.

These are schools that have calculated training costs per unit per student and detailed according to each form of training or detailed according to each training major and form of training. Accordingly, the ABC method is applied to collect costs of training, scientific research, production, business and service activities. For training costs, this method continues to be used to group by training activities at the undergraduate and graduate levels. On the basis of training costs gathered for each undergraduate and postgraduate training activity, the process cost determination method is used to track training costs in each department such as faculty/institute. Expertise, functional departments /departments and other support/service units in the university. Meanwhile, the job-based cost determination method is mainly applied to collect training costs for training programs affiliated with foreign universities, advanced training programs, high quality.

The remaining universities are all applying process cost determination combined with cost norms to determine training costs. Accordingly, direct training cost items are

tracked for each specialized faculty/institute and general cost items are aggregated for the entire school. At the end of the fiscal year, all training costs of the school are aggregated to serve the cost settlement with the governing body. However, only a part of cost items are applied according to the norms prescribed by the State, while a large part of other cost items are grouped according to actual expenditures or expenditure norms set by the unit. Self-developed and regulated in the Internal Expenditure Regulations. Most of these schools are partially funded by the state budget for regular spending purposes and the actual annual enrollment number has not yet reached the registration target, so there is a need to use training cost information as a basis for decision-making. Setting tuition fees and determining enrollment scale is not high. This is considered a consequence of the State having applied for too long a period of time the accounting regime based on the cash flow method, which is only suitable for monitoring and summarizing costs.

Along with the application of the cost determination method, the use of cost allocation criteria also partly shows the current situation of determining training costs performed by the accounting department at public universities. Present a financial autonomy mechanism. The data compiled in Table 1 also shows that among the 36 public universities in Hanoi implementing the financial autonomy mechanism, the survey author applied a combination of traditional cost determination methods with traditional cost determination methods. In modern cost determination methods to calculate training costs, schools use more than one criterion to allocate common costs. Most of these universities participate in multi-disciplinary and multi-field training, and administrators here believe that there are many differences in the use of input resources between industries during the training process. The interview results also show that the main types of common costs allocated include: depreciation of fixed assets, salaries and income of managers and indirect service staff, electricity bills and other materials, tools used for management departments and indirectly serving training activities of public universities.

Table 1: Method for determining training costs applied at public universities in Hanoi implementing the financial autonomy mechanism

TT	Content	Add together	
		School number (n=36)	Rate (%)
I	Method for determining training costs applied		100,00
1	Job order costing	0	0,00
2	Process costing	22	61,11
3	Activity-based costing	0	0,00
4	Mixed method	14	38,89
II	Use cost allocation bases	36	100,00
1	Use only 1 base	5	13,89
2	Mix utilizing multiple bases	8	22,22
3	Do not apply	23	63,89

Source: Compiled from author's investigation results (2023)

4. Conclusion

Thus, applying a combination of cost determination methods to calculate training costs will ensure suitability for a public university implementing a financial autonomy mechanism with many different activities, diverse fee subjects... to aim at meeting training cost information requirements according

to detailed, complete, accurate and timely criteria. On the other hand, using a combination of cost determination methods will take advantage of simplicity, savings and ensure compliance with general accounting principles recognized in the currently applied administrative accounting regime applied to public service units (job order costing and process costing). At the same time, at some stages in the training process that use many input resources, many types of output, and are affected by many factors, cost allocation techniques should be applied using many criteria. Different methods to ensure the accuracy of training cost information.

From the analysis of the characteristics of training activities of public universities in Hanoi implementing financial autonomy mechanisms as mentioned above, the author believes that public universities implement financial autonomy mechanisms. Financiers should apply a combination of both traditional (job-based costing and process-based costing) and modern (activity-based costing) costing methods to maximize Take advantage of each method. Accordingly, the activity-based costing method is used to calculate costs for training activities, scientific research activities, service activities and production and business activities. In training activities, costs will be calculated for each undergraduate and postgraduate training activity using the activity-based costing method. After determining the costs for university training activities, the process cost determination method will be applied to mass training programs with the use of appropriate cost allocation criteria at different levels each department (Faculty/Specialized Institute) to attach costs to charge objects. Use the process-based costing technique (if readily converted to the program) for particular training programs, such as sophisticated, high-quality, application-oriented training programs. Mass training), or figure out how much training will cost using the job-based costing approach. Training expenses for State, municipal, and enterprise-ordered programs should be determined using the job-based pricing technique.

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