

APPLYING BALANCED SCORECARDS TO PUBLIC UNIVERSITIES IN HANOI UNDER FINANCIAL AUTONOMY

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Abstract

The balanced scorecard is currently one of the effective management tools and is applied in many fields, including education and training. By concretizing financial, customer, and internal process learning and development measures, the balanced scorecard helps organizations implement their strategies and objectives. Disseminating and communicating information between departments and creating connections between individuals in the organization is also a prominent issue achieved when applying the balanced scorecard. This study surveys lecturers, staff, and managers at public universities in Hanoi to assess the importance of the 4 aspects of the balanced scorecard: finance, customers, internal processes, and training and development at public universities. These assessments are an important basis for us to propose building a balanced scorecard applied to public universities in Hanoi.

Keywords: Balanced Scorecard, Public University, Financial Autonomy.

1. INTRODUCTION

Empowering universities with autonomy coupled with accountability is a breakthrough in educational innovation, aiming to improve the quality of high-quality human resource training. The main purpose of granting autonomy to the higher education system is to enable universities to operate effectively and best meet the demands of society. Decree No. 60/2021/ND-CP, dated June 21, 2021, on regulations on the financial autonomy mechanism of public service units, is considered a breakthrough in the State's management mechanism for public units, including universities. Autonomy allows universities to decide their own issues, but on the other hand, it requires universities to uphold their responsibility to society with directly related stakeholders such as the state, investors, learners, and employing units. Therefore, it requires universities to innovate management thinking and apply modern management tools in educational management.

For public universities to rise and effectively address the goal of improving quality, it is necessary to perfect the financial autonomy mechanism towards granting the highest level of autonomy to universities: universities are autonomous in personnel, revenue, and expenditure; have the right to pay high salaries according to needs, job quality, and the subjects performing the work; and attract competent and dedicated staff and lecturers. Universities are responsible for their training and scientific research products. Implementing the university autonomy mechanism in general and financial autonomy in particular has created opportunities for public universities in Hanoi to be proactive in financial and asset management, using allocated state budgets economically and efficiently, and increasing non-state budget revenue through diversifying career activities and production and business. Being granted autonomy has opened up development opportunities for public universities in Hanoi, but besides that, facing

difficulties in enrollment, social recognition, and limited financial resources, universities need to have a proper development strategy in the current challenging context. Applying the balanced scorecard model in the university management process is considered an effective and scientific measure, a tool to transform the university's vision and strategy into specific goals and action programs based on 4 aspects: finance, students, internal processes, and learning and development. Thereby helping to achieve goals and accurately assess the effectiveness of the university's operations.

2. THEORETICAL BASIS

Financial Autonomy in Hanoi's Public Universities

The 2018 Law on Higher Education grants public universities autonomy in five areas: (1) organizational and personnel autonomy, (2) financial and asset autonomy, (3) training autonomy, (4) scientific and technological autonomy, and (5) international cooperation, ensuring higher education quality. Among these, financial autonomy is crucial, influencing the others. In this context, innovating financial management is key to successfully implementing financial autonomy. This is critical for ensuring the complete, objective, fair, and transparent self-governance and accountability of public universities. In Vietnam, financial autonomy for public service units, including universities, has been implemented since 2006 under Decree 43/2006/ND-CP, dated April 25, 2006. After nearly 10 years, Decree 16/2015/ND-CP, dated February 14, 2015, stipulated the autonomy mechanism for public service units. This decree yielded positive results, increasing autonomy in asset, financial resource, and human resource management for public service delivery, facilitating market-based service provision. In 2021, Decree 60/2021/ND-CP, dated June 21, 2021, addressed limitations of previous regulations regarding financial autonomy mechanisms for public service units. Specifically in education, financial autonomy has been applied with positive changes since Resolution 77/NQ-CP, dated October 24, 2014, on Piloting Renovation of Operational Mechanisms for Public Higher Education Institutions from 2014-2017. This resolution allows public higher education institutions committing to covering all recurrent and investment expenditures to exercise comprehensive autonomy and accountability, including financially. Decree 81/2021/ND-CP, dated August 27, 2021, regulates tuition fee collection and management for national education system institutions, along with tuition exemption and reduction policies and support for study costs and service prices in education and training. Service prices are determined by price laws and government regulations on financial autonomy for public service units, adjusted according to a roadmap commensurate with service quality, with a maximum annual increase of 15%.

Financial autonomy in universities involves proactively securing financial resources for training and research. This requires universities to independently decide and proactively explore funding sources, utilize existing financial resources and assets, and balance revenue and expenditure to ensure transparency and legal compliance within the financial system.

In essence, financial autonomy for public universities means that, when the state budget cannot cover regular expenses, these universities have the authority to make their own financial decisions to ensure sufficient funding to cover arising costs, thereby guaranteeing the quality

of training, scientific research, and service provision as committed to stakeholders.

Overview of the Balanced Scorecard

The Balanced Scorecard (BSC), first introduced in 1992 by R. Kaplan and D. Norton of Harvard Business School, has proven to be a versatile and adaptable technique applicable across various fields. The BSC is a planning and performance measurement method that translates an organization's vision and overall strategy into specific objectives, measurable metrics, and clear targets. It provides a framework for selecting key performance indicators, supplementing traditional financial measures with operational measures of customer satisfaction, internal business processes, and learning and growth activities. Thus, the BSC helps businesses ensure balance in measuring ultimate business effectiveness, directing the behavior of all departments and individuals towards common goals and sustainable development. Later, the BSC evolved with diverse approaches. According to Niven (2009), the BSC is a system of carefully selected quantitative measures derived from the organization's strategy. The measures chosen for the BSC represent the tools leaders use to communicate to employees and external stakeholders the results and performance drivers through which the organization will achieve its mission and strategic objectives.

Kaplan & Norton (2009), a BSC encompasses four perspectives that enable organizations to monitor financial performance while also tracking progress in building the capabilities and acquiring the intangible assets they need for future growth. These four perspectives are financial, customer, internal processes, and learning and growth.

- **Financial Perspective:** Considered the most crucial measure of the BSC. Commonly used financial metrics include total assets, revenue/total assets, revenue from new products, profit/employee, economic value added, outsourced revenue, solvency, and accounts receivable turnover.
- **Customer Perspective:** Reflects the relationship between customer satisfaction and organizational performance: customer satisfaction, customer loyalty, market share, lost customers, response rate, value delivered to customers, quality, efficiency, service, and cost.
- **Internal Process Perspective:** Typically developed after the financial and customer perspectives, managers identify the key processes that most significantly impact customer satisfaction and the company's financial objectives, such as: Internal processes focus on operations management, customer management, product and service innovation, and establishing good relationships with external partners: on-time delivery, average cost per transaction, stock shortages, continuous improvement, and new product introductions.
- **Learning and Growth Perspective:** This is the foundation for the long-term survival and development of the organization, based on three main resources: human resources, system resources, and organizational resources. Employee participation in professional associations, training hours, number of employees trained, employee satisfaction, and value added per employee.

3. CURRENT APPLICATION OF BALANCED SCORECARDS IN HANOI'S PUBLIC UNIVERSITIES

Currently, Hanoi has 46 public universities, including 8 under the Vietnam National University, Hanoi, and 38 under other state management agencies. This research collected primary data through surveys distributed to leaders, managers, specialists in departments and faculties, and lecturers at Hanoi's public universities to evaluate four balanced scorecard measures: finance, internal processes, customers, and training and development. We used a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree." The questionnaire draws on previous balanced scorecard research by Mang Chuang (2006) and Cristina (2009) and includes additions tailored to the specific characteristics of universities. Survey results were processed using SPSS 22 software, combining analytical methods and comparing results with secondary statistical data to achieve research objectives.

Financial Perspective:

To establish financial measures suitable for Hanoi's public universities, we conducted a 5-point Likert scale assessment across these aspects: long-term planning implementation, increasing revenue, and reducing expenses. Regarding long-term planning, responses ranged from "Agree" to "Strongly Agree," with average values from 4.06 to 4.27. Long-term budgeting had the highest average at 4.17, followed by budget adjustments at 4.17 ("Strongly Agree"). Increasing the completion rate of long-term plans scored lower, at 4.06 ("Agree"). For increasing revenue, responses indicated agreement, with averages from 3.39 to 4.26. The most agreed-upon revenue sources were "increasing revenue from formal training" and "increasing revenue from scientific research and technology transfer," with values of 4.26 and 4.12, respectively. Next were "increasing revenue from indirect benefits for students" and "increasing revenue from service activities," at 4.1 and 4.05, respectively. Other sources had less support: "increasing revenue from external funding" and "increasing revenue from non-training activities," at 3.89 and 3.65, respectively. Expense reduction measures were rated "Strongly Agree" and "Agree," with high averages from 4.08 to 4.53. "Limiting losses and waste" was rated highest at 4.53 ("Strongly Agree"), followed by "Controlling costs linked to responsibility" at 4.24. "Establishing norms for each task" and "Allocating expenses for each training group" scored lower at 3.89 and 3.74 ("Agree").

Customer Perspective:

In assessing student and trainee attraction, responses mostly indicated "Strongly Agree." Agreement fell into four main groups. The first group, with the highest averages, included "enhancing the university's reputation" at 4.56, followed by "improving facilities" and "improving teaching quality" at 4.37 and 4.28, respectively. The second group, "increasing student employment rates," "strengthening business connections," and "enhancing the university's image," had averages from 4.07 to 4.15. The third group had lower averages, from 3.86 to 4.03, including "applying IT to enhance student value," "improving student support services," "improving training programs," and "diversifying elective courses." The final group, at the "Agree" level, was "improving scholarship policies" at 3.65.

Internal Process Perspective:

To assess internal processes, we considered the following aspects: training management and the reward system. Regarding training management processes, the feedback indicated a strong need for improvement. "Simplifying administrative procedures" received the highest level of agreement with an average value of 4.35, followed by "Guidance on effective use of learning materials" and "Supplementing learning data" with average values of 4.24 and 4.17, respectively. Next is "Increasing support from academic advisors," with an average value of 4.02. The remaining two items had lower average values but still remained at a high level of agreement: "simplifying the course registration process" and "simplifying the process of evaluating academic results and training." Regarding the rewards, the international students strongly agreed on "establishing clear reward criteria" and "flexibility in awarding rewards," achieving average values of 4.34 and 4.26, respectively.

Learning and Growth Perspective:

To understand the university's training and human resource development, we evaluated two aspects: professional training and management skills development. Regarding professional training, the evaluations reached levels of agreement and strong agreement. The items "strengthening professional training for lecturers" and "attracting highly qualified lecturers" achieved the highest average values, reaching strong agreement with values of 4.36 and 4.29, respectively. Next is "encouraging scientific research" with an average value of 4.19. Finally, "increasing the number of scientific conferences" had a value of 3.98. Regarding the development of management skills, all evaluations strongly agreed with the surveyed content, with average values ranging from 4.12 to 4.43. The highest-rated item was "establishing regulations to improve operational efficiency" with a value of 4.43. Next was "management skills training" with an average value of 4.99. The remaining items achieved an average value of 4.12, including "IT skills training" and "exchange and learning of experiences."

4. CONCLUSION

All respondents rated the four perspectives—financial, customer, internal process, and learning and growth—as very important. These perceptions provide a favorable foundation for developing a balanced scorecard applicable to public universities in Hanoi. Therefore, we propose the following steps for developing a balanced scorecard at Hanoi's public universities:

Step 1: Define Mission, Vision, and Strategy

Before a detailed plan, the university needs to review its mission, vision, and desired core values to establish organizational goals and strategies. Organizational goals must be stated as processes, and the five SMART criteria are specific, measurable, achievable/attainable, relevant/realistic, and time-bound. Along with defining goals when transitioning to an autonomous mechanism, university leadership needs to plan for the establishment of a support revenue, comexpenditure, and balanced scorecard implementation process, as this work will require significant time from all management levels. Furthermore, leadership will need to develop a "system" of criteria as a basis for evaluation. This system must be rigorously

constructed and combine the four relevant perspectives: financial, customer, internal process, and learning and growth.

Step 2: Define the direction for the indicators

The institution needs to identify the necessary operational directions to achieve its strategic objectives. In this Scorecard, the four perspectives framework proposed by Kaplan and Norton can be utilized.

Step 3: Develop a strategic map

The Balanced Scorecard (BSC) differentiates itself from other strategic models by reflecting the organization's objectives and strategies through specific measurable indicators within each perspective. Developing a strategic map establishes the causal relationships and influencing factors between objectives and tasks.

Step 4: Develop Key Performance Indicators (KPIs) according to objectives.

Key Performance Indicators (KPIs) are quantitative metrics used to evaluate or compare the performance of activities in finance, students, internal processes, and learning and development. commonly used by organizations to assess the effectiveness of the organization, functional departments, or individuals Basis: Establishing KPIs involves quantifying the objectives in the strategic map with specific metrics. Through these metrics, previously abstract and general strategic objectives and content become clearer and more specific for each department and individual in their daily work.

Step 5: Integrate the balanced scorecard into the management system.

Based on the established indicators, allocate human and financial resources and establish responsibilities for task implementation. The BSC is integrated into the institution's planning and budgeting system and management reporting system. The BSC development process is continuous, iterative, and evolves with the enterprise. The work cannot end with the integration phase; it is necessary to regularly review the system of indicators, including quantitative and qualitative components, value limits, and their interrelationships. Include total adjusting the BSC, depending on the rate of change within the organization, is recommended annually.

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