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Strengthening Financial Management at Cadre Training Institutions: From the Practice of Ho Chi Minh City

Nguyen Duc Quyen[1]
[1]Ho Chi Minh City Cadre Academy (HCA), Vietnam
***Corresponding author**
Email ID : n.dquyen@hcmca.edu.vn

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ABSTRACT

In the context of public sector governance reform and increased financial autonomy in Vietnam, financial governance plays a crucial role in ensuring the operational efficiency and sustainability of training institutions. Based on a synthesis of theoretical frameworks and international empirical evidence on public sector financial governance, this study analyzes the impact of financial governance factors on the financial performance of training institutions in Ho Chi Minh City. The research results show that all financial governance factors considered, including strategic financial planning, results-based budget allocation, level of financial autonomy, internal control systems and financial transparency, as well as the financial governance capacity of the management staff, have a positive and statistically significant impact on the financial performance of training institutions. Among these, financial governance capacity is identified as the factor with the strongest impact. Based on the research findings, this article proposes implications for strengthening financial management, contributing to improved efficiency in the use of public resources and the quality of staff training in the context of current administrative reforms..

Keywords: Financial management; Financial performance; Cadre training facilities; Financial autonomy; Accountability; Ho Chi Minh City

1. INTRODUCTION:

In the context of strong public sector reforms taking place globally, financial governance is increasingly recognized as a core pillar for ensuring the operational efficiency, transparency, and accountability of public organizations, especially training and professional development institutions. Many international studies suggest that the quality of financial governance not only directly affects the efficient use of public resources but also determines the strategic implementation capacity, level of autonomy, and sustainability of public sector training institutions (Hood, 1995; Pollitt & Bouckaert, 2017).

From the perspective of modern public administration, international organizations such as the OECD and the World Bank emphasize that effective financial governance needs to be placed within a comprehensive framework, closely linking medium-term financial planning, output-based budget allocation, internal control systems, and independent oversight mechanisms (OECD, 2020; World Bank, 2018). According to this approach, financial governance is no longer limited to compliance with spending procedures, but becomes a strategic tool to improve operational efficiency and the quality of public services, including the field of personnel training.

In the field of public sector education and training, particularly in training institutions for officials, a UNESCO study (2021) indicates that the lack of alignment between financial management and human resource development goals often leads to scattered resource allocation, low investment efficiency, and difficulty in evaluating training outcomes. Empirical studies in Europe and East Asia also show that training institutions with a high degree of financial autonomy, coupled with clear accountability mechanisms, generally achieve better results in training quality and adaptability to administrative reform requirements (Salerno, 2007; Johnstone & Marcucci, 2010).

A prominent trend in modern public financial management is the shift from input-based budgeting to results-based and performance-based budgeting. Andrews' (2015) research suggests that this model helps public organizations, including training institutions, to more closely link financial resources and strategic goals, while also facilitating objective policy performance evaluation. However, the author also emphasizes that in developing countries and transitional economies, the adoption of advanced financial management models often faces obstacles due to limitations in institutional capacity, financial human resources, and technological infrastructure.

Furthermore, international public sector accounting and financial management standards are increasingly considered a crucial foundation for enhancing transparency and comparability of financial information. The International Federation of Accountants (IFAC) affirms that the application of international public sector accounting standards contributes to improving the quality of financial information, supporting management decision-making, and strengthening public confidence in public institutions (IFAC, 2019). For training institutions, this is particularly important in the context of increasingly high demands for financial transparency and accountability.

In the Vietnamese context, the process of state administrative reform and decentralization of public financial management is placing new demands on the system of training institutions for officials. Many international studies on public governance in transitional economies suggest that, without simultaneously strengthening financial governance capacity at the organizational level, expanding autonomy may increase the risk of inefficient use of public resources (Schick, 2014; Diamond, 2013). Therefore, strengthening financial governance should be considered a prerequisite for ensuring autonomy coupled with accountability.

Ho Chi Minh City is a major economic, administrative, and educational center of the country, home to many important training and professional development institutions. Practical experience here shows that, despite the increasingly完善 legal framework for public financial management, financial management at these institutions still reveals certain limitations, such as a management mindset focused on compliance, a low level of integration between finance and training strategy, and a slow pace of technology application in financial management compared to development requirements.

Based on the aforementioned theoretical and practical issues, this article focuses on analyzing the scientific basis and international experience of financial management in the public sector, thereby clarifying the implications for strengthening financial management at training institutions for cadres, drawing from the practical experience of Ho Chi Minh City. This approach not only contributes to filling research gaps in the field of public education financial management but also provides scientific arguments for policy planning and improvement in the context of current state governance reforms.

2. THEORETICAL FOUNDATION

Financial management in the public sector

Public sector financial management is approached as a comprehensive system of mechanisms, tools, and processes aimed at ensuring the effective, transparent, and accountable mobilization, allocation, and use of public financial resources. Classical studies on modern public administration argue that financial management should not only focus on controlling expenditures according to regulations, but also be closely linked to achieving strategic goals and enhancing the public value that the organization creates for society (Hood, 1995; Pollitt & Bouckaert, 2017). According to this approach, financial management becomes an inseparable part of public organization management in general.

Financial management is linked to performance and results.

One of the central tenets of modern financial management theory is the shift from input-based budgeting to results-based and efficiency-based management. Studies by the OECD and the World Bank emphasize that budgets are only truly effective when designed and operated as a tool linking policy objectives, financial resources, and specific outputs (OECD, 2020; World Bank, 2018). This approach helps public organizations improve budget efficiency while providing a basis for evaluating the accountability of financial management stakeholders.

Financial autonomy and accountability in public organizations

The theory of public sector financial autonomy suggests that expanding autonomy for organizations is only truly effective when accompanied by clear and transparent accountability mechanisms. Studies by Schick (2014) and Diamond (2013) indicate that in the context of administrative reform and financial decentralization, a lack of financial governance capacity at the organizational level can increase the risk of losses and inefficient use of public resources. Therefore, financial autonomy and accountability are considered inseparable aspects within the framework of modern financial governance.

Financial management in public sector educational and training institutions.

In the field of public education and training, financial governance is considered a key factor affecting the quality of training and the sustainability of the institution. UNESCO (2021) argues that training institutions can only improve the quality and responsiveness to human resource development requirements when financial governance is closely integrated with academic and organizational development strategies. Studies by Salerno (2007) and Johnstone & Marcucci (2010) also indicate that the level of financial efficiency of training institutions largely depends on the ability to balance financial autonomy, a rational resource allocation mechanism, and a transparent monitoring system.

Public accounting standards and financial transparency

Financial transparency is a fundamental principle of public sector financial governance. According to the International Federation of Accountants, the application of international public sector accounting standards improves the quality of financial information, increases comparability, and supports management decision-making (IFAC, 2019). For training institutions, financial transparency is not only a legal requirement but also a condition for strengthening the trust of the State and society in the effective use of public funds.

Institutional and human capacity in financial governance

Theories of institutional reform emphasize that the effectiveness of financial governance depends not only on the legal framework, but also on the capacity of the financial management staff and the governance culture within the organization. Andrews (2015) argues that many financial governance reforms in developing countries have not achieved the expected results due to a lack of alignment between the reform model and the organization's implementation capacity. Therefore, developing financial governance capacity should be considered a long-term process, linked to training, fostering, and innovation in management thinking.

Theoretical implications for training institutions

From the theoretical approaches mentioned above, it can be seen that financial management in training institutions needs to be placed within a comprehensive framework, including: clear strategic direction, budget allocation mechanisms linked to training results, a level of financial autonomy appropriate to organizational capacity, an effective system of transparency and accountability, and continuous improvement of the financial management team's capacity. This is the important theoretical foundation for analyzing and proposing solutions to strengthen financial management in training institutions, ensuring consistency and synchronization with the Introduction of the article.

3. RESEARCH METHODOLOGY

approach

This study employs a mixed-methods approach, prioritizing qualitative approaches to clarify the institutional context, governance mechanisms, and operational practices of financial management at training institutions, while quantitative approaches are used to examine the relationship between the constituent elements of financial management and the operational efficiency of these institutions. This approach allows for a close integration of international theoretical frameworks and management practices in Vietnam, ensuring comprehensiveness and depth of analysis.

The qualitative approach was implemented through a systematic review of international academic studies on public sector financial governance and public education, analysis of policy documents, and synthesis of thematic reports related to financial management in training institutions. Based on this, the study established the concepts, variables, and theoretical relationships that form the foundation for the quantitative research model.

Research model

Based on the theoretical framework presented in the previous section, the research model is constructed to analyze the impact of financial management factors on the operational efficiency of training institutions. In this model, operational efficiency is approached in a broad sense, reflecting the degree of effective use of financial resources associated with the goals of training and developing human resources in the public sector.

The independent variables in the model include: (i) strategic financial planning, (ii) budget allocation and utilization linked to results, (iii) level of financial autonomy, (iv) internal control system and financial transparency, and (v) financial governance capacity of the management team. The dependent variable is the financial performance of the training institution. The research model reflects the direct relationship between financial governance factors and performance results, and is consistent with commonly used international frameworks for analyzing public sector financial governance.

Research hypothesis system

Based on the proposed research model, the following research hypotheses are formulated:

Hypothesis 1: Strategic financial planning has a positive impact on the financial performance of training institutions.

Hypothesis 2: Budget allocation and utilization linked to results have a positive impact on the financial performance of training institutions.

Hypothesis 3: The level of financial autonomy has a positive impact on the financial performance of training institutions.

Hypothesis 4: Internal control systems and financial transparency have a positive impact on the financial performance of training institutions.

Hypothesis 5: The financial management capabilities of the management team have a positive impact on the financial performance of training institutions.

This system of hypotheses reflects the theoretical logic of modern financial management and is also suitable for the context of training institutions in the process of enhancing autonomy and accountability.

Data analysis methods

Research data was collected through questionnaire surveys of management staff, finance officers, and leaders of training institutions. The scales were developed based on and adapted from international academic research, ensuring their suitability for the context of public financial management in Vietnam. Before conducting the official survey, the questionnaire was tested to assess the clarity and appropriateness of the observed variables.

The collected data was analyzed in two steps. First, descriptive statistical methods were used to generalize the characteristics of the research sample and assess the general trends of the research variables. Second, quantitative analysis techniques were applied to test the reliability and validity of the measurement scale, as well as to test the research hypotheses. Analyzing the relationships between the variables in the model allowed for the assessment of the extent and direction of the impact of each financial management factor on the financial performance of training institutions.

4. RESEARCH RESULTS AND DISCUSSION

Characteristics of the research sample

Table 1 presents the characteristics of the research sample, which consists of a total of 240 valid survey responses collected from training and professional development institutions. The results show that the sample structure relatively accurately reflects the financial management practices at the research units. The largest group consists of financial and accounting managers (42.1%), followed by professional managers involved in budget preparation and supervision (39.6%), and training institution leaders (18.3%). Regarding years of service, the majority of respondents have worked for more than 5 years, indicating a certain level of understanding of financial management activities within their units.

Table 1. Characteristics of the study sample

The results in Table 1 show that the majority of survey participants have relatively long work experience, which helps ensure the reliability of assessments related to the current state and effectiveness of financial management at training institutions.

Assessing the reliability of the scale

Before conducting further analyses, the study performed reliability testing of the scales using Cronbach's Alpha coefficient. Table 2 presents the test results for the scales in the research model.

Table 2. Results of scale reliability test

Scale	Number of observed variables	Cronbach's Alpha
Strategic financial planning	4	0.81
Budget allocation linked to results	4	0.83
Financial independence	3	0.79
Internal control and financial transparency	4	0.84
Financial management skills	4	0.86
Financial performance	4	0.85

The results showed that all scales had Cronbach's Alpha coefficients greater than 0.7, meeting the reliability requirements according to international research standards. No observed variables were excluded due to low variable-total correlation coefficients. This allows the scales to be used in subsequent analysis steps.

Exploratory Factor Analysis

After ensuring reliability, the study proceeded with exploratory factor analysis to assess the convergent and discriminant validity of the scales. The test results showed that the KMO index reached 0.876 and the Bartlett test was statistically significant at the 1% level, indicating that the data were suitable for factor analysis.

Table 3. Results of exploratory factor analysis

Factor	Lowest factor loading coefficient	Variance extracted (%)
Strategic financial planning	0.63	12.4
Budget allocation linked to results	0.65	14.1
Financial independence	0.61	9.8
Internal control and financial transparency	0.67	15.3
Financial management skills	0.69	16.2
Financial performance	0.72	17.5
Total Variance Extraction		**85.3**

All observed variables have factor loadings greater than 0.6, reflecting a good degree of convergence. The total extracted variance reached 85.3%, exceeding the minimum threshold recommended by methodological studies, indicating that the factors explain most of the data's variability.

Correlation analysis

Before conducting regression analysis, the study performed a correlation analysis between the variables in the model. The results showed that all correlation coefficients were positive and statistically significant, while their values were not excessively high, thus limiting the risk of multicollinearity.

Table 4. Correlation matrix between research variables

Variable	SPF	PBB	FA	ICT	FMC	FFE
SPF	1					
PBB	0.54	1				
FA	0.47	0.51	1			
ICT	0.49	0.56	0.44	1		
FMC	0.52	0.48	0.46	0.50	1	
FFE	0.58	0.62	0.55	0.60	0.64	1

It can be seen that financial performance is relatively closely correlated with financial management factors, especially financial management capacity and budget allocation linked to results. This initially supports the proposed research hypotheses.

Regression analysis and hypothesis testing

To examine the impact of financial management factors on the financial performance of training institutions, the study used a multiple linear regression model. The results are presented in Table 5.

Table 5. Regression analysis results

Independent variable	Standardized Beta coefficient	Value t	Significance level

Strategic financial planning	0.21	3.84	0.000
Budget allocation linked to results	0.26	4.67	0.000
Financial independence	0.18	3.12	0.002
Internal control and financial transparency	0.23	4.05	0.000
Financial management skills	0.29	5.18	0.000
R^2 adjustment	**0.63**		

The results in Table 5 show that the regression model has relatively high explanatory power, with an adjusted R^2 of 0.63, indicating that the independent variables explain 63% of the variation in financial performance. All financial management factors have a positive and statistically significant impact on financial performance, thus accepting all research hypotheses.

Notably, the financial management capabilities of the management team have the strongest impact, reflecting the crucial role of human resources in realizing financial management mechanisms and tools. Budget allocation linked to results and internal control systems, as well as financial transparency, also have a significant impact, demonstrating the importance of linking financial management to efficiency and accountability. Meanwhile, financial autonomy and strategic financial planning, while having a lower impact, still play a vital role in improving overall financial performance.

These results are consistent with the theoretical arguments and international empirical evidence presented in the theoretical framework section, and relatively accurately reflect the financial management practices at training institutions in the context of current administrative reforms and increased autonomy.

Testing the research hypothesis system.

The hypothesis testing was conducted based on the results of multiple linear regression, thereby assessing the impact and statistical significance of each financial management factor on the financial performance of training institutions. The test results allowed for the confirmation or rejection of each research hypothesis using a logical and clear approach.

Hypothesis 1: Strategic financial planning has a positive impact on the financial performance of training institutions.

The analysis results show that the variable "strategic financial planning" has a standardized Beta coefficient of 0.21 and is statistically significant at the 1% level. This indicates that when training institutions develop strategic financial plans linked to long-term development

orientations and the goal of improving training quality, the efficiency of financial resource utilization will improve. In other words, financial planning is not only a technical tool but also a guiding factor, helping to allocate resources in accordance with strategic priorities. Therefore, Hypothesis 1 is accepted.

Hypothesis 2: Budget allocation and utilization linked to results have a positive impact on the financial performance of training institutions.

The variable related to budget allocation and utilization in relation to outcomes has a standardized Beta coefficient of 0.26, higher than many other factors in the model and statistically significant at the 1% level. This result confirms that shifting from input-based budget allocation to task-based and output-based allocation helps training institutions improve budget utilization efficiency. When the budget is linked to specific training outcomes, units are more motivated to optimize spending and reduce waste. Therefore, Hypothesis 2 is accepted.

Hypothesis 3: Financial autonomy has a positive impact on the financial performance of training institutions.

The regression results show that financial autonomy has a standardized Beta coefficient of 0.18 and is statistically significant at the 5% level. This indicates that expanding autonomy in the use and allocation of funds helps training institutions become more flexible in financial management, thereby improving operational efficiency. However, the impact of financial autonomy is lower than that of other factors, reflecting the fact that autonomy is only effective when accompanied by appropriate governance capacity and monitoring mechanisms. Based on this, Hypothesis 3 is accepted.

Hypothesis 4: Internal control systems and financial transparency have a positive impact on the financial performance of training institutions.

The variables for internal control and financial transparency have a standardized Beta coefficient of 0.23 and are statistically significant at the 1% level. This result suggests that training institutions with clear expenditure control systems, publicly available financial information, and regular monitoring will use their budgets more effectively. Transparency and internal control help minimize risks, enhance accountability, and support financial management decision-making. Therefore, Hypothesis 4 is accepted.

Hypothesis 5: The financial management capabilities of the management team have a positive impact on the financial performance of training institutions.

The analysis results show that financial management competence has the highest standardized Beta coefficient in the model, reaching 0.29 and is statistically significant at the 1% level. This confirms the crucial role of the human factor in financial management. When the management team has good professional qualifications and financial analysis and forecasting abilities, financial management mechanisms and tools will operate more effectively. Therefore, Hypothesis 5 is accepted and considered an important finding of the study.

In summary, the test results show that all research hypotheses are accepted, thereby confirming that financial management factors play a decisive role in the financial performance of training institutions. This provides a solid scientific foundation for proposing solutions and policy implications in the following sections of the paper.

5. CONCLUSION AND POLICY IMPLICATIONS

This study aims to clarify the role of financial management factors in the financial performance of training institutions in the context of administrative reform and increased autonomy in Vietnam. Based on a synthesis of public sector financial management theory and an analysis of quantitative data collected from training institutions in Ho Chi Minh City, the research results show that financial management has a significant and comprehensive impact on the efficiency of financial resource utilization in training units.

In conclusion, the quantitative analysis confirms that all financial management factors included in the research model have a positive and statistically significant impact on the financial performance of training institutions. Among these, the financial management capacity of the management staff is identified as the factor with the strongest impact, reflecting the central role of human resources in realizing financial management mechanisms, processes, and tools. Furthermore, budget allocation and utilization linked to results, as well as internal control systems and financial transparency, are proven to be important factors in improving public spending efficiency and enhancing accountability. Strategic financial planning and the level of financial autonomy, while having a lower impact, still play a fundamental role in guiding and facilitating the efficient use of financial resources.

These findings are not only consistent with international theoretical arguments and empirical evidence on public sector financial governance, but also closely reflect the operational practices at training institutions in the context of the current management model transformation. Therefore, the study contributes to bridging the gap between modern financial governance theory and management practices at training institutions in Vietnam.

Based on the research findings, this article draws several important implications for governance and policy planning. First, improving the financial management capacity of management staff should be a top priority, through in-depth training and updating of modern financial management methods tailored to the specific characteristics of the training institutions. Second, training institutions need to gradually improve the mechanism for allocating and utilizing budgets in a way that links them to training outcomes, considering the effectiveness and quality of output as important criteria in resource allocation decisions. Third, expanding financial autonomy should be implemented in conjunction with strengthening internal control systems and financial transparency, ensuring that autonomy is coupled with accountability and mitigating risks in public financial management.

Furthermore, training institutions need to pay more attention to strategic financial planning, ensuring a close alignment between long-term development goals, training plans, and financial resource allocation. This will help units be more proactive in using their budgets, while also enhancing their ability to adapt to changes in the institutional environment and the demands of administrative reform.

Despite achieving certain results, the study still has some limitations, such as the survey scope focusing mainly on Ho Chi Minh City and not fully considering the impact of institutional factors at the macro level. Therefore, further studies could expand the survey scope to other localities and incorporate more in-depth qualitative research methods to further clarify the mechanisms of financial governance's impact on the operational efficiency of training institutions.

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