

# Improving the mechanism of autonomy and self-responsibility to promote innovation in the organization and operation of public service units

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**Abstract:** Public service units play a role in providing public service to meet the needs of the people and society, aiming at the goal of social stability and equity. The Party and State have issued many documents on the organization's innovation and operation of public service units under autonomy and self-responsibility. The initial implementation process has had positive results. However, there are still many limitations, especially for public service units that self-insure regular and investment expenditures. The article points out some issues and proposes several solutions to improve the mechanism of autonomy and self-responsibility to promote innovation in the organization and operation of public service units that self-guarantee regular and investment expenditures in the coming time.

**Keywords:** Public service units; public services; autonomy; self-responsibility; financial mechanism; organizational structure; personnel.

## 1. Introduction

Public service units are organizations established by competent state agencies, political organizations, and socio-political organizations by the provisions of law, with legal status, providing public services, and serving state management. The transition of public service units to operate under an autonomous and self-responsible mechanism is an urgent need in the context of our country's transition to a market economy; at the same time, improving the efficiency of operations and the quality of public

services, increasingly better meeting the needs of the people based on better mobilizing and using resources in public service units.

Recently, to institutionalize the Party's policies on innovation in the organization and operation of public service units, our State has issued regulations as a legal basis for the transition of public service units to autonomy and self-responsibility in finance, task performance, organization, and personnel. However, the implementation results have only been limited, especially for public service units that are self-sufficient in

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regular and investment expenditures. So, what are the problems, and what solutions are needed to overcome this situation?

## **2. Contents of the mechanism of autonomy and self-responsibility for public service units**

The autonomous and self-responsible mechanism is a system of policies that allows public service units to decide on their operations within the legal framework by the rules of the market economy and gradually approaching international practices. The content of the autonomous mechanism includes autonomy in determining functions and tasks, organization of apparatus and personnel, finance, and assets.

The level of autonomy and self-responsibility granted to public service units depends on financial independence. The highest level of autonomy is when a public service unit self-insures its regular and investment expenditures. The content of autonomy and self-responsibility of public service units is stipulated in current legal documents such as:

### *(1) Autonomy and self-responsibility for finance*

Article 11 of Decree No. 60/2021/ND-CP, dated June 21, 2021, of the Government (Government, 2021), stipulating the financial autonomy mechanism of public service units stipulates:

*Regarding revenue from public service activities*, including revenue from public service services; revenue from production and business activities, joint ventures, and associations with organizations and individuals by the provisions of law and approved by competent authorities by the functions and tasks of the public service unit; revenue from leasing public assets: the unit shall fully comply with the provisions of law on management and use of public assets and

must have the project for leasing public assets approved by competent authorities.

The law on fees provides that the revenue from fees shall be retained for the public service unit.

Loan capital, aid capital, and sponsorship by the provisions of law.

Other sources of income are prescribed by law (if any).

*Regarding regular expenditures*, public service units are allowed to proactively use revenue sources from the allocated budget, from service activities and from retained fees to pay for the following items: salaries and salary-based contributions; expenses for hiring experts, scientists, and people with unique talents to perform the unit's tasks according to the provisions of the unit's internal expenditure regulations; expenses for professional activities and management expenses according to the provisions of competent state agencies (for expenditure contents with economic and technical norms) or according to the provisions of the internal expenditure regulations (for expenditure contents not yet prescribed by the State); expenses for performing work and services to collect fees and charges according to the provisions of law; expenses for performing service activities; setting up reserves according to the provisions of law; expenses for paying loan interest according to the provisions of law (if any); other expenses according to the provisions of law (if any). In addition, there are regulations on the establishment and use of funds when public service units have a more significant difference in revenue than regular expenditure assigned to them for autonomy, including funds for the development of career activities, funds for supplementing income, reward fund and welfare fund, other funds according to the provisions of law. The use of these funds must be stipulated in the unit's internal spending regulations.

*(2) Autonomy and self-responsibility for performing tasks*

The content of autonomy and self-responsibility of public service units in Decree No. 16/2015/ND-CP dated February 14, 2015 (Government, 2015), the Government stipulates the autonomy mechanism of public service units. Although Decree No. 60/2021/ND-CP dated June 21, 2021 (Government, 2021), stipulating the financial autonomy mechanism of public service units has abolished Decree 16/2015/ND-CP (Government, 2021), because no regulations are replacing the regulations on autonomy in performing tasks, organization, and personnel, in reality, public service units still exercise independence and self-responsibility in performing functions according to Decree 16/2015/ND-CP (Government, 2021), including:

- Autonomy in developing plans to perform tasks but must report to the superior management agency for implementation monitoring, inspection, and supervision.

- Autonomy in organizing task implementation: deciding on measures to perform tasks to ensure quality and progress; participating in bidding for public service services by the specialized fields assigned by competent authorities; joint ventures and associations with organizations and individuals by the provisions of law.

*(3) Autonomy and self-responsibility for organizational structure and personnel*

Public service units that self-insure regular and investment expenditures are allowed to:

- Decide on the establishment, reorganization, and dissolution of affiliated and subordinate units according to the autonomy project approved by competent authorities, ensuring that it is consistent with the functions and tasks and meets the criteria, conditions, and standards prescribed in Decree No. 120/2020/ND-CP dated October 7, 2020 (Government, 2020), of the Government

regulating the establishment, reorganization, and dissolution of public service units.

- Develop a job position project, organize appraisal, and submit it to the head of the public service unit for approval by the Management Board. After being approved by the management board, the head of a public service unit decides to approve job positions and the staff structure according to the unit's professional titles, according to Decree No. 106/2020/ND-CP dated September 10, 2020 (Government, 2020), of the Government on job positions and a number of employees in public service units.

**3. Issues raised in implementing the autonomy and self-responsibility mechanism of public service units**

As of December 31, 2021, the number of public service units in ministries, branches, and localities was 48,055, a decrease of 7,306 focal units, equivalent to a reduction of 13.2% compared to 2015; of which, public service units under ministries, branches, and central agencies decreased by 8.5%, and those under localities decreased by 13.3% (Phuong, 2022).

Specific results show only 287 units of self-insurance of regular and investment expenditures (accounting for 0.6%) (Ministry of Home Affairs, 2022). Thus, the number of public service units that self-insure regular and investment expenditures was very low.

In the past, the practice of transforming the organization and operation of public service units that self-guarantee regular and investment expenditures to an autonomous and self-responsible mechanism has evidently revealed some critical issues. These issues demand immediate attention and action to ensure public service units' financial stability and efficiency.

*Firstly*, the legal system is incomplete and lacks uniformity.

The financial autonomy mechanism of public service units is implemented according

to Decree No. 60/2021/ND-CP, while autonomy in performing tasks, organizing apparatus and personnel is implemented according to Decree No. 16/2015/ND-CP, Decree No. 106/2020/ND-CP and Decree No. 120/2020/ND-CP, which leads to a lack of uniformity in the implementation process. In addition, the documents issued later have not resolved the problems of previous papers, lacking specific regulations on each content of autonomy and self-responsibility; there are no regulations on the independence and self-responsibility mechanism in each career field, such as education, health, science, and culture.

The lack of uniformity in the legal system is also reflected in the fact that according to the Law on Government Organization, ministers and heads of ministerial-level agencies have the authority to prescribe functions and tasks for public service units, so public service units cannot truly exercise autonomy and be responsible for performing their tasks. Similarly, regulations on organizational structure, recruitment, employment, salary, and bonus policies for civil servants in autonomous public service units have not been issued, creating significant difficulties and inadequacies in implementing autonomy.

*Secondly*, the financial mechanism for public service units that self-guarantee regular and investment expenditures is not suitable and unclear.

The highest level of autonomy is for public service units to ensure regular and investment expenses. The practical implementation of the comprehensive autonomy pilot of Bach Mai Hospital and K Hospital shows that the level of autonomy and self-responsibility is higher than the autonomy of units to ensure regular and investment expenses (Binh, 2022). Specifically:

The State allows hospitals to be autonomous in their professional activities, organizational structure, and financial resources, including prices for medical

examination and treatment services and equipment purchases. However, there is no basis for implementation. In addition, hospitals are the frontline assigned to provide professional medical support to lower levels. Still, the State budget does not spend, and the hospital does not have enough financial resources to cover its tasks.

One major hurdle hospitals face is investment, procurement, and asset management. The absence of a legal basis for purchasing drugs, medical supplies, and other assets creates numerous difficulties, hindering their ability to provide quality healthcare.

Regarding medical service prices, the State only allows the application of 4/7 price components, so it is impossible to calculate the costs correctly and fully in the service price. In addition, although hospitals can examine and treat patients upon request, the service price must follow the price frame issued by the Ministry of Health, which has yet to be issued.

Another financial challenge hospitals face is related to land. While the land belongs to the State, hospitals must pay land use tax when implementing full autonomy, adding to their financial burden and making it more difficult for them to operate effectively.

*Thirdly*, public service units that self-guarantee regular and investment expenditures must be genuinely autonomous in performing their tasks.

According to legal documents, regulating functions and tasks for public service units still belong to the managing agency. This regulation requires public service units to submit plans and programs to perform tasks to the managing agency and to be subject to the control and supervision of this agency's activities. This condition allows management agencies to deeply intervene in the professional activities of public service units, causing obstacles and difficulties in the unit's operation.

*Fourthly*, public service units that self-guarantee regular and investment expenditures are only partially autonomous regarding organization and personnel. According to Decree No. 16/2015/ND-CP, autonomous public service units must establish a Management Board to decide on essential issues in the unit's operation. These are:

- Decisions on the unit's strategies, medium-term and annual plans; decisions on investment policies to expand operations, establish, reorganize, and dissolve affiliated units; decisions on significant policies on organization and personnel.

- Approve the organization and operation regulations of the unit to submit to the competent authority for decision; approve the annual financial settlement report; conduct inspections and supervise the implementation of plans and democratic regulations; and decide on other important issues of the unit by the provisions of law.

However, due to the lack of specific regulations, it is not known who the head of the unit is. The relationship between the Director/Principal of the public service unit and the Party Committee of the unit is unclear, making it challenging to direct and operate the unit's operations. Issues regarding the organization and personnel of autonomous public service units still depend mainly on the governing body and the provisions of the Law on Civil Servants, making it challenging to build and develop quality human resources in these units (Minh, 2022).

*Fifthly*, the internal management capacity of public service units that self-guarantee regular and investment expenditures still needs to be improved.

Legal documents, regulations, and rules on internal management in public service units still need to be improved, not creating a legal basis for internal management and operation

activities of public service units; some units still need clarification in implementing regulations on internal management in public service units (Anh, 2022).

In addition, a common practice in public service units shows that the source of promotion and appointment of people to lead and manage public service units is often people who are good at professional expertise, such as health and education... After a period of professional work, having gained professional prestige, they are assigned to do management and operation work. Therefore, although they are good at professional expertise, they have little management experience, leading to much confusion and even making many mistakes in the internal management of public service units.

#### **4. Some solutions to improve the mechanism of autonomy and self-responsibility to promote innovation in the organization and operation of public service units**

To improve the mechanism of autonomy and self-responsibility to promote innovation in the organization and operation of public service units that self-guarantee regular and investment expenditures, the State needs to implement some of the following solutions:

*First*, review to supplement and adjust to complete and synchronize the provisions of the law on the mechanism of autonomy and self-responsibility for public service units. The review of the requirements of the law on the mechanism of autonomy and self-responsibility must start with the classification of public service units according to the level of independence associated with the nature of the public services that the unit provides to avoid assigning autonomy but lacking the basis to ensure autonomy. Specifically, basic scientific research units, strategic and policy research units... do not have a source of revenue, so they cannot be autonomous; educational institutions with revenue from tuition fees but cannot



increase tuition fees so they cannot be completely autonomous, while those with the capacity to transfer technology are those with stable revenue sources and good growth, so they should be given complete autonomy.

Based on a reasonable classification of public institutions, the content, level of autonomy, and self-responsibility should be determined to suit each type in a specific and transparent manner. At the same time, relevant regulations in documents such as the Budget Law, the Law on Government Organization, the Law on Civil Servants, and specialized laws, etc., must be reviewed to make adjustments to create consistency and synchronization as a basis for implementation.

*Second*, it is essential to adjust the financial mechanism to suit the practical operations of public institutions in different fields. This is particularly important for the investment capital of public service units. While these units are self-guaranteeing regular and investment expenditures, they still need state support in constructing and purchasing valuable equipment. Without this support, public service units could be forced to operate as private enterprises while still performing state tasks. Additionally, the State should consider eliminating unreasonable fees for public service units, such as land use tax.

Regarding the calculation of service prices, the State needs to allow public service units to calculate correctly and thoroughly the actual costs (which may not include investment costs because this is a source from the State budget) to ensure that the unit can cover its operations. Suppose the unit cannot calculate the total cost due to implementing policies and regimes to provide social security. In that case, the State must pay for the shortfall or have preferential policies and reduce the unit's revenues.

*Third*, the management mechanism for public service units should be eliminated. The management mechanism creates cumbersomeness in the management apparatus

and causes difficulties in the operation of public service units. Eliminating this mechanism helps state management agencies focus on performing the tasks of creating a legal basis, formulating policies, building strategies for developing the system of public service units, and controlling, inspecting, and examining the operations of public service units to ensure compliance with the Party's viewpoints, policies, and laws of the State. From there, deep intervention in professional activities and public service units' organization and personnel management should be avoided, thus helping the units to be genuinely autonomous in their organization and operation.

*Fourth*, stipulate the standards, responsibilities, and powers of the heads of public service units. When implementing autonomy, the responsibility of the head of a public service unit is weighty because they must take full responsibility for the performance of the unit. Therefore, there should be clear regulations on the standards for the head of the unit to create a basis for selecting and appointing people to this position. At the same time, there should be specific regulations on the responsibility of the head of a public service unit as a basis for their scope of activities and also as a basis for evaluating the performance of the unit leader. Along with responsibility, there should be corresponding regulations on the authority of the head of a public service unit (on finance, organization, personnel, etc.) so that they have the conditions to perform their duties best.

*Fifth*, the corporate governance model should be applied to self-insured service units for regular and investment expenditures. Transforming public service units into enterprises (joint stock companies) has helped attract more social resources for public service provision, reduce the burden on the state budget, improve internal governance, and improve the operational efficiency of public service units. This practice is the basis for

applying the corporate governance model to public service units.

However, due to the public nature, when applying the corporate governance model to public service units, it is necessary to make adjustments to suit the purpose, tasks, and service nature of the public service unit. It is essential to clarify the position and role of the Management Board, the Director/Principal, the relationship between these two departments, and the relationship with the Party organization in the public service unit. In addition, when applying the corporate governance model, public service units must pay attention to the inspection, evaluation, and ranking of public service units to ensure the quality of public services that the unit provides to social life.

*Sixth*, policies should encourage and support public service units in transforming their operating mechanisms through access to preferential loans, interest rate support to invest in strengthening facilities and equipment, tax incentives, etc., to reduce the financial difficulties that units encounter during the transformation process.

## 5. Conclusion

The innovation of the organization and operation of public service units towards autonomy and self-responsibility is an objective necessity in the context of a socialist-oriented market economy to reduce the burden on the state budget while creating conditions for public service units to be proactive and creative in improving the efficiency and quality of public services. However, after implementing innovation in this direction, reality has shown several difficulties and shortcomings, hindering the innovation process of public service units that self-guarantee regular investment expenditures in our country. By pointing out several issues and proposing several solutions in this article, the author wishes to contribute a small part to promoting the innovation of

public service units that self-guarantee regular and investment expenditures in our country in the coming time by the orientations and goals that the Party and the State have determined.

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