



Some Theoretical Bases of Designing Financial Assistance Policy for General Education Teachers

Nguyễn Thanh Tâm¹, Nguyễn Minh Đức², Phạm Thị Hồng Thắm³

^{1,2,3} The Vietnam National Institute of Educational Sciences (VIETNAM).

ABSTRACT

Published Online: February 23, 2023

In terms of both theory and practice in Vietnam, the topic of financial assistance policies for general education teachers and the making of these policies is an essential topic that needs to be researched in order to form a detailed important policy area in the comprehensive policy framework for teachers. Building a good policy framework which contains different specific policy areas for teachers, including financial support policies, will help reduce pressure, create more motivation to work for teachers and at the same time help maintain and attract qualified and sustainable human resources for the pedagogy sector, contributing to achieve education sector's goals. One of the first things to do in this policy making process is to study the scientific basis for policy formation. This study focuses on the theoretical bases of the development of financial assistance policies for teachers, thereby showing the importance and need for this policy formation in Vietnam, and at the same time creating foundation to continue building practical bases in developing policy content on financial aid for general education teachers in Vietnam.

KEYWORDS:

Policy, Financial Aid, Financial Assistance, Financial Help, Financial Incentive, Financial Initiatives, General education teachers

1. INTRODUCTION

Teachers are a fundamental element of the educational process, a prerequisite for ensuring the effectiveness and quality of education (Samsujjaman 2017; Babalola 2015; Hanushek et al. 2016; Dang 2013; Tran Cong Phong et al. 2019). For this reason, it is important to develop policies to develop and manage the teaching staff. In addition to policies on training and retraining for teachers, support policies or incentives to attract, motivate, reduce pressure, and promote attachment to the profession should also be prioritized. One of the policies aimed at that goal is the financial assistance policies.

Researching and developing financial assistance policies/financial aid policies (FAP) for general education teachers in Vietnam is a necessary work and needs to be promoted at the present time, aiming to solve outstanding problems of human resources such as: shortage of teachers, inadequate quality of teachers, lack of mechanisms and policies on teacher remuneration and management, etc.

Corresponding Author: Nguyễn Thanh Tâm

**Cite this Article: Nguyễn Thanh Tâm, Nguyễn Minh Đức, Phạm Thị Hồng Thắm (2023). Some Theoretical Bases of Designing Financial Assistance Policy for General Education Teachers. International Journal of Social Science and Education Research Studies, 3(2), 332-337*

This study focuses on the theoretical basis in the formulation of this policy content in Vietnam.

2. METHODOLOGY

The research was conducted through literature review of various databases. In addition, the research team also applied the general theories in Economics and Sociology to build the theoretical bases of specific issue of designing financial assistance policies for general education teachers.

3. RESULTS

3.1 The concept and nature of the financial assistance policy for general education teachers

3.1.1 Concept

In the studies in the world, FAPs for teachers are expressed by a number of terms and concepts, specifically: Financial Aid for Teacher, Financial Assistance for Teacher (Jimerson 2003), Financial Help for Teacher, Financial Incentive (Prince 2002; Milanowski et al 2009; Aragon 2016). From the literature review, this study draws out the concept of the FAP as follows:

The Financial Assistance Policy for teacher is a component of the Teacher Compensation Policy group and is a policy kind that provides financial support to teachers (Jimerson 2003). However, the FAP is not identical with the policy of fixed salary/monthly salary/periodical salary which is mass

and universal. Instead of that, FAP is the type of policy that is flexible and aims specific groups of teachers to accomplish specific goals (Murnane & Cohen 1986; Prince 2002; Jimerson 2003; Milanowski et al 2009; Aragon 2016). In other words, the FAP, together with the policy of periodic salary, are two components in the group of remuneration policies for teachers, in which the salary policy is the basic policy and the FAP is the supplementary one. The position and characteristics of the FAP are shown in the diagram below:

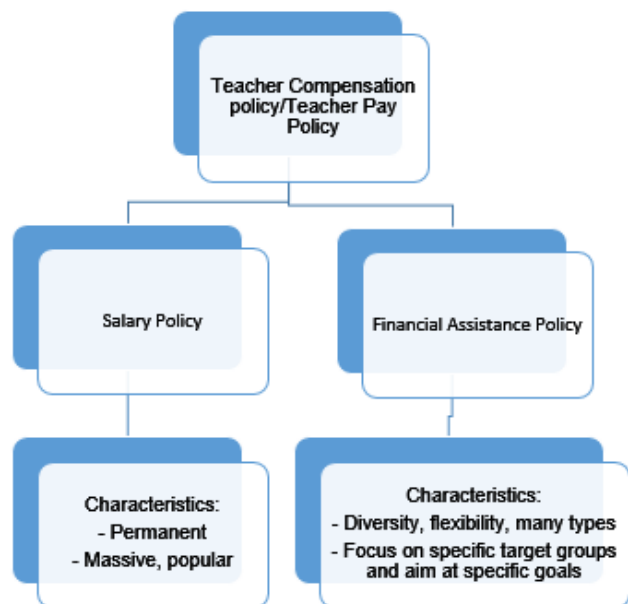


Figure 1. The position and characteristics of the FAP

3.1.2 Nature

The nature of FAP for teachers is similar to the nature of non-wage income in general. Specifically:

- The FAP for teachers is a flexible supplementary component in the policy system on remuneration for teachers. These policies fall under the category of Non-Salary Earnings, which together with Salary make up Teacher's Gross Income.
- The FAPs for teachers are diverse and flexible, which can be implemented in the form of direct support or indirect preferential policies.
- The diversity and flexibility of this group of policies is the factor that helps this policy type become a tool for managers to apply in the management of teachers, helping managers to have policies to attract, retain, motivate, mobilize and allocate teachers according to the goals of each locality and each educational system.

3.2 Classification of financial assistance policies for general education teachers

The financial assistance policies for teachers are divided according to many different criteria, each classification criterion includes many types of policies. Specifically, the study would like to point out five classification criteria with policy types corresponding to each classification as follows:

3.2.1 Classification by policy content

According to this classification, the FAPs for teachers are divided into:

3.2.1.1 Direct financial assistance policy

This is a policy form of direct financial aid to teachers in which aids in the form of cash or financial incentives are transferred directly to the teacher. Direct financial aid can be non-refundable, such as grants, supplementary allowances, teacher bonuses, scholarships or assistance with teacher tuition fees, travel costs and relocation costs when relocating to a new area, rewards when teachers achieve specific certificates/achievements (Lavy 2002; Prince 2002; Jimerson 2003; Imberman 2015). Direct support can also be implemented in the form of reimbursable grants or credits, for example: credits for teachers as a student of education (Jimerson 2003); credit for teachers for the purposes of going to school, buying a house; tax credits (Prince 2002).

3.2.1.2 Financial assistance policy through preferential mechanisms

Financial assistance through incentive mechanisms is support through favorable policies, or policies on financial exemption or reduction specifically for general education teachers. Some examples of policies that create preferential mechanisms are: policy on repayment exemption or reduction of student loan that teachers have borrowed before; tax free (Jimerson 2003); debt forgiveness/forbearance policy (Milanowski et al. 2009).

3.2.2 Classification by aspect of financial assistance

Policies can be segmented according to the aspects or areas that receive financial aids. Aspects revolve around the needs of the teacher's life and work. According to Prince (2002), the types of support can be classified according to each aspect as follows: support for expenses, income; housing incentives; support for training and retraining (tuition assistance), assistance with tax or credit obligations.

3.2.3 Classification by beneficiaries of financial assistance policy

Imberman (2015) analyzes the types of financial support for teachers based on beneficiaries of support include financial support policies for individuals and financial aid policies for groups of teachers.

3.2.4 Classification by achievement and work performance

Achievement and work efficiency to receive support can be understood as the goal of the policy, answering the question of to what purposes the policy is enacted and implemented for teachers. The performance criteria for support can be applied flexibly and diversely, creating separate policies aimed at motivating and improving the quality of teachers.

3.2.5 Classification by issuing agency, management and scope of application

According to this classification, there are 3 types of policies based on 3 areas of application, which are:

- Policy for teachers nationwide, promulgated and managed by central agencies, nationwide scope

- Public for teachers at provincial/local level, issued and managed by local authorities, has a scope of application within the province/locality.
- A district/school-level policy, implemented by a group of schools or issued by a school, with the goal of motivating and establishing incentives for teachers in the school(s).

3.3 The scientific bases of the development and implementation of financial assistance policies for general education teachers

3.3.1 Economics Base

3.3.1.1 Financial assistance for teachers have an important impact and role in the Teacher Labor Market model

a. Labor market according to Theory of Labor Economics

According to The Theory of Labor Economics, the labor market consists of the Supply of labor, which comes from households, and the Demand for labor, which comes from firms, employers. Wages and other income constitute total income, referred as Wages in the model, representing the price of labor power and the costs of enterprises and bringing income to households. In a hypothetical free-market economy, Wages are determined by the uncontrolled interaction of Supply and Demand. However, in real mixed economies, governments and unions can influence Wages. In addition, in the actual model, the quantity of wages is understood as the salary and also the financial receipts that constitute the employee's income, including financial assistance of various forms which help improve the income of workers. The labor market is illustrated in the diagram below:

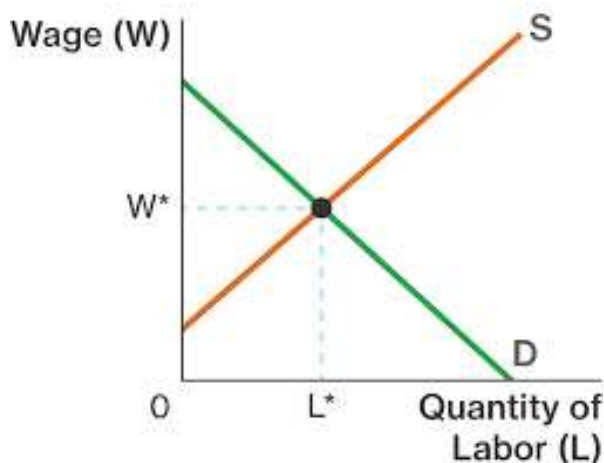


Figure 2. The labor market

Source: <https://www.coursehero.com/>

b. Teacher labor market according to Theory of Labor Economics

In terms of the teacher labor market, we also have Supply and Demand for teachers, operating in a market that is regulated by teacher remuneration and the number of teachers. The teacher labor market reaches equilibrium when the Supply of teachers is equal to the Demand for teachers, there is no shortage or surplus of teachers.

c. The role of financial assistance for teachers in the teacher labor market

The FAP for teachers is a part of the remuneration for teachers, and constitutes the income for teachers, which is synonymous with the nature of Wages in the Labor Market model. Not only that, some forms of financial assistance have direct impacts on wages and salaries of workers in general and teachers in particular. From the model, it can be seen that the FAPs for teachers have impacts on the Supply and Demand of teachers. When strengthening the FAPs, which means an increase in the income of teachers and an increase in wages in the Labor Market model, it will have the effect of reducing the Demand for teachers and increasing the Supply of teachers and vice versa. Thus, according to the Labor Market model, FAP is one of the tools to adjust the level of Wages, thereby adjusting the Supply and Demand of teachers, creating market equilibrium and avoid excess or shortage of teachers.

3.3.1.2 Financial assistance for teachers have impact on the Demand for Teachers

a. According to the theory of Labor Economics, the Demand for labor is affected by the following factors:

- Wage rate/wages/remunerations that make up income (Wage rate)
- The demand for the products produced by workers
- Productivity of labor
- Profitability of enterprises/companies/organizations
- Substitutes
- The number of 'buyers' of labor.

Among the influencing factors, the wage level is the first factor that has the greatest influence. The higher the Wage rate (expressed as the average rate of income over a given period of time), the lower the Demand for labor. Therefore, the labor demand curve slopes downward.

b. Applied to the Teacher labor market, the Demand for teachers will depend on many factors, of which the most prominent factor is: Wage rate of teachers which includes salaries and non-wage payments. Non-wage payments are the financial support that teachers receive because these supports also have an impact on teachers' salaries and earnings. Thus, it can be seen that the FAPs for teachers are a part of the teacher's remuneration, which has an impact on the Demand for Teachers. The more financial assistances lead to the higher the level of remuneration (expressed in the average income ratio) which means that the higher the Wage in the model, the lower the Demand for teachers. In addition, compared with some factors that are difficult to adjust and affect the Demand for teachers such as: substitutes for teachers' labor force, the demand for labor power of teachers, the salary/teacher remuneration factor becomes an easier and more effective tool for regulating teacher Demand. In particular, with the flexible nature, the FAPs for teachers even help the Remuneration factor to be easily changed and adjusted to achieve the desired impact on the Demand for teachers.

3.3.1.3. Financial assistance for teachers have impact on Supply of teachers

a. According to the theory of Labor Economics, in a simple Labor Market model, Labor Supply is defined as the number of workers willing and able to work multiplied by the number of hours that they are willing and able to work (Labor Quantity). Labor Supply is determined by the following factors:

- Wages, which move the Labor Supply curve

Factors besides wages and salaries will have the effect of shifting the Labor supply curve to the left or to the right.

Those factors include:

- The size of the working population

- Migration

- People's preferences for work

- Net advantages of work

- Allocation of time between work and leisure (Work and leisure)

The wage/wage rate is the only factor that moves the Labor Supply curve. The higher the wage rate, the larger the Labor Supply, which means that the Labor Supply curve will be an upward sloping line. In addition to wage, increase or decrease of the Labor Supply is influenced by Net advantages of work. These are non-monetary advantages, such as changing working conditions, job security, vacation benefits, promotion prospects, and other psychological benefits of work. These benefits improvements will shift the Labor Supply curve to the right.

b. Applied to the Teacher Labor market, the Supply of teachers will depend on many factors, including 2 factors: Salary level, wages and financial means that change teachers' incomes (or Net advantages of work). These are also two notable factors, related to the FAPs for teachers. The various forms of FAPs for teachers can change teachers' salaries and wages (e.g. bonuses, performance-based payment) or increase benefits of teachers (e.g. insurance benefits, housing rental fees, financial support for teachers' children, preferential and non-monetary policies), thereby changing the Supply of teachers.

3.3.2 Sociological bases: Financial assistance policies for general education teachers are an important factor in ensuring equity in the remuneration policy for teachers.

3.3.2.1 The financial assistance policies for general education teachers helps to ensure equity in the treatment of pedagogy sector in comparison with other professions.

Pedagogy plays an extremely important role in the development of all countries (Samsujjaman 2017; Babalola 2015; Hanushek et al. 2016; Dang 2013). In addition, with the requirements and job goals placed on human values, national human resources, it requires the Pedagogy sector with high professional competence and requirements, requiring investment in the training process, self-study, the process of forming and improving the capacity of each teacher.

The job is of higher importance and requires higher knowledge and skills than some other occupations, posing a need for commensurate remuneration. If the remuneration is not suitable for the difficulty and high requirements of the job, it will inevitably lead to a shortage of human resources, insufficient recruitment, and teachers quitting or switching to other professions. Policies on general remuneration and treatment for all teachers are tools to help teachers work for a long time, overcome difficulties and challenges at work, and avoid teachers leaving or changing careers. These policies are also an important factor to help ensure fair treatment for teachers in relation to other professions, aiming to ensure sustainability and quality for pedagogical human resources.

3.3.3.2 The financial assistance policies for general education teachers helps to ensure equity in treatment for different types of teachers

Looking at the teaching staff of a country, it is possible to see many different subjects, classified by environment, work mode or by capacity and work achievement. Regarding the working environment, there are teachers working in urban areas, having favorable conditions in terms of facilities and professional development. On the contrary, there are teachers working in more difficult areas such as mountainous areas, remote areas, schools with many students, schools with low student achievement or many special students. After a working process, teachers will achieve different achievements in the job or in the enhance of knowledge and skills. It is these divergences that create inequalities in the actual remuneration and benefits that teachers receive, creating the need for remuneration policies aimed at specific groups of teachers to compensate and ensure fairness for the group of teachers with more difficulties in work or the group of teachers with better achievements, thereby maintaining sufficient pedagogical human resources, especially in disadvantaged areas and at the same time contribute to create encouragement and motivation for good teachers to continue to improve their expertise and capacity.

3.4. Impact and implication of financial assistance policies for general education teachers

From the above theoretical bases, we can see the impacts and meaning of the FAPs for general education teachers. In fact, many studies have also been done to find these effects and implications. Proven effects and implications include:

- FAPs help attract teachers, ensure teacher resources and mitigate teacher shortage (Figlio 1997; Goldhaber 2001).

- FAPs help retain teachers, ensure the stability of teacher resources and mitigate the situation of teachers leave job or change careers (Chambers and Fowler 1995; Prince 2002).

- FAPs improve equity in teacher compensation and management (Jimerson 2003; Southeast Center for Teaching Quality 2002; North Carolina Association of Educators 2000; Carroll et al, Hanushek et al 2001, Lankford et al 2002).

4. CONCLUSION

From the content of the theoretical bases of the financial assistance policies for general education teachers presented in the research, including: Concept, Nature, Classification, Economic and Sociological bases, Impact and Implication, it can be seen that this is a policy system that brings many meanings and positive impacts. The results of this study are the basis for continuing to conduct research on the practical bases and propose a system of financial assistance policies for general education teachers in Vietnam.

ACKNOWLEDGMENTS

This article is the research result of the Project "Scientific bases of designing financial assistance policies for general education teachers in Vietnam" - Code: V2022-02 - 2022 Institute-level Science and Technology Project - The Vietnam National Institute of Educational Sciences.

REFERENCES

1. Aragon, S. (2016). *Mitigating Teacher Shortages: Financial Incentives*. Policy Report. Education Commission of the States. [Teacher-Shortages-What-We-Know.pdf \(ecs.org\)](https://www.ecs.org/files/2016/09/Teacher-Shortages-What-We-Know.pdf)
2. Babalola J. B. (2003, Revised 2015). *Fundamentals of Economics of Education*. Report of Research. Basic Text in Educational Planning. Ibadan: Department of Educational Management, University of Ibadan, Ibadan, 127-191.
3. Carroll, S., Reichardt, R., & Guarino, C. (2000, October). *The distribution of teachers among California's school districts and schools*. MR-1298.0 4IF. Santa Monica, CA: RAND.
4. Chambers, J & Fowler, W. J., Jr. (1995). *Public school teacher cost differences across the United States*. Washington, DC: U.S. Department of Education, National Center for Education Statistics (NCES 95-758).
5. Đặng Thị Minh Hiền (2013). *Những đặc điểm và hướng nghiên cứu cơ bản của kinh tế học giáo dục*. Đề tài nghiên cứu khoa học cấp Bộ, mã số: B2010-37-84.
6. Figlio, D. N. (1997). Teacher salaries and teacher quality. *Economic Letters*, 55 267-271.
7. George, J. B. (2013). *Labor Economics sixth edition*. Published by McGraw-Hill. ISBN 978-0-07-352320-0. MHID 0-07-352320-8
8. Goldhaber, D. D. (2001). *How has teacher compensation changed?* In W. J. Fowler (Ed.), *Selected papers in school finance, 2000-01* (NCES 2001-378). (pp.11-40). Washington, DC : U.S. Department of Education.
9. Hanushek, E.A., Kain, J.F., & Rivkin, S.G. (2001, November). *Why public schools lose teachers*, p. 12. Working Paper 8599. Cambridge, MA: National Bureau of Economic Research. <http://www.nber.org/papers/w8599>.
10. Hanushek E. A., Machin S., & Woessmann L. (Editors, 2016). *Handbook of the Economics of Education*. Book, Volume 5, 1st Edition. Elsevier, Hardcover ISBN: 9780444634597, eBook ISBN: 9780444634672.
11. Imberman, S. A. (2015). *How effective are financial incentives for teachers?* IZA World of Labor 2015: 158 doi: 10.15185/izawol.158 | wol.iza.org
12. Jimerson, L. (2003). *The Competitive Disadvantage: Teacher Compensation in Rural America*, Policy Brief, Rural School and Community Trust, US Department of Education, <https://files.eric.ed.gov/fulltext/ED474248.pdf>
13. Lankford, H., Loeb, S., & Wyckoff, J. (2002, Spring). *Teacher sorting and the plight of urban schools: A descriptive analysis*. *Educational Evaluation and Policy Analysis* (24)1:37-62.
14. Lavy, V. (2002) "Evaluating the effect of teachers' group performance incentives on pupil achievement." *Journal of Political Economy* 110:6: 1286–1317.
15. Milanowski, A.T., Longwell-Grice, H., Saffold, F., Jones, J., Schomisch, K., & Odden, A. (2009). Recruiting New Teachers to Urban School Districts: What Incentives Will Work? *International Journal of Education Policy and Leadership* 4(8). 1-13. Retrieved [DATE] from <http://www.ijep.org>.
16. Murnane, R. J. & Cohen, D. K. (1986). Merit pay and the evaluation problem: Why most merit pay plans fail and few survive. *Harvard Educational Review*, 56 (1). 1-17.
17. North Carolina Association of Educators. (2000, July). *Getting it right: Improving the ABC's of North Carolina*. ABC Survey Result Summary, July 2000. <http://www.ncae.org/news/abcsurvey/abcsurvey.shtm>
18. Prince, C. D. (2002) *Higher Pay in Hard-to-Staff Schools: The Case for Financial Incentives*. American Association of School Administrators, Arlington, VA. 2002-06-00, For full text: http://www.aasa.org/issues_and_insights/issues_dept/higher_pay.pdf
19. Samsujjaman (2017). Principle And Significance Of Teacher Education. *International Journal of Engineering Development and Research* (www.ijedr.org), © 2017 IJEDR, 5(2), 1995-2000.
20. Southeast Center for Teaching Quality. (2002, January). *Recruiting teachers for hard-to-staff schools: Solutions for the Southeast & the nation*, p. 5. Chapel Hill: Author. [http://www.teachingquality.org/resources/pdfs/hard to staff schools regional brief. Pdf](http://www.teachingquality.org/resources/pdfs/hard_to_staff_schools_regional_brief.pdf)

21. Trần Công Phong và cộng sự (2021), *Nghiên cứu cơ sở lý luận và thực tiễn cho việc đề xuất xây dựng Luật nhà giáo*, Nhiệm vụ KH&CN cấp quốc gia, Mã số: KHGD/16-20.ĐA.003, Thuộc: Chương trình Khoa học và công nghệ cấp Quốc gia giai đoạn 2016-2020: “Nghiên cứu phát triển khoa học giáo dục đáp ứng yêu cầu đổi mới căn bản, toàn diện nền giáo dục Việt Nam”, mã số: KHGD/16-20
22. Trần Xuân Cầu (Chủ biên). (2020). *Giáo trình Thị trường lao động*. Nhà xuất bản Đại học Kinh tế Quốc dân
23. Website: <https://www.coursehero.com/>