

# Bridging the Knowledge Gap: Internationalization and Privatization of Higher Education in the State of Qatar and the Sultanate of Oman

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## ***Abstract***

Higher education is on the move: In a period in which the Arab Gulf states can use their abundant petro funds to close the financial and economic gap towards the most advanced economies, it is not surprising that these states are also using their funds to bridge the gap in terms of educational, cultural and technical sophistication. The import of Western lifestyle and culture, as seen in the bid to host international sport events, but also cooperation in museum projects and philharmonic orchestras, are visible signs of a creeping Westernization. Through the adaption of Western civilization, especially in terms of identity-establishing entities, such as culture and education, GCC states are buying into inevitable contradictions.

By using a cybernetic theory approach, the work in hand will screen the current move in higher education by analyzing the import reform strategies and its implementation in two case studies, in the State of Qatar and the Sultanate of Oman. Guideline-based expert interviews with local decision makers and shareholders as well as a systematic desk research were used to analyze the different modes of cross-border educational services which are accompanied by a policy of economic liberalization since the mid 1990s.

It is evident that the reorganization of the educational systems is related to the emergent knowledge-based economy debate in the region. Internationalization and liberalization have become panacea, as these policy measures promise to overcome the region's generally accepted backwardness in terms of knowledge production. Economic progress and the citizens' material welfare shall no longer rely solely on the export of depletable resources but rather on productivity, innovation capacities and a capable domestic knowledge base.

While the commercial presence of foreign educational providers and the overall shift towards privatization are defining features in Qatar and Oman, the country-studies reveal that the strategies and the implementation of the higher education reform differ widely in both countries. Qatar promotes a mobility of providers, whereas the funding of higher education remains mostly public. By contrast, Oman's policy leads to a mobility of academic programs, at the same time the government shifts educational costs to society. Thus, it is possible to link the different modes of cross-border higher education to the strategies at a national- and at an institutional level. Thereby it becomes apparent that the global market for cross-border higher education is highly fragmented as it is used strategically to meet the specific demand.

Public policy in the Arab Gulf states ever followed specific patterns. The claim to power of ruling dynasties, the status of rent-seeking petro economies, the social stratification, the abundance of capital as well as the dependency on foreign labor are unique features which have affected policy making since the 1970s. Those regional features also shape the character of the globalization's impact on higher education and human capital formation nowadays. Even if foreign educational providers intend to operate as independent, quasi extraterritorial (offshore) entities in the host country, they still have to apply to the local rules and norms. Thus, the globalization of higher education, in terms of internationalization and privatization, is never uncoupled from the local environment.



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## List of Abbreviations

AAA	=	Academic Affiliation Agreement
ABP	=	Academic Bridge Program (Qatar)
AHEI	=	Interviewee (Qatar/Oman): (Administrator)
BA	=	Bachelor of Arts
BC	=	Branch Campus
BSc	=	Bachelor of Sciences
CAS	=	Colleges of Applied Sciences (Oman)
CBHE	=	Cross-border Higher Education
CCQ	=	Community College Qatar
CEO	=	Chief Executive Officer
CIA	=	Central Intelligence Agency (U.S.)
CMU-Q	=	Carnegie Mellon University in Qatar
CNA-Q	=	College of the North Atlantic Qatar
CoT	=	College of Technology (Oman)
EC	=	Education City (Qatar)
FDI	=	Foreign Direct Investment
FU	=	Foreign University
GATS	=	General Agreement on Trade in Services
GCC	=	Gulf Cooperation Council
GDP	=	Gross Domestic Product
GHE	=	Interviewee (Qatar/Oman): Governance, Ministry, and Consultancy
GUtech	=	German University of Technology (Oman)
HEAC	=	Higher Education Admission Center (Oman)
HEI	=	Higher Education Institution
IMF	=	International Monetary Fund
ISO	=	Institutional Standards Office (Qatar)
I-O	=	Interviewee in Oman (Investor HEI)
KBE	=	Knowledge-based Economy
KSA	=	Kingdom of Saudi Arabia
MBA	=	Master of Business Administration
MENA	=	Middle East and North Africa
MoHE	=	Ministry of Higher Education

MoNE	=	Ministry of National Economy
MSM	=	Muscat Security Market (Oman)
MU	=	Mother University
NW-Q	=	Northwestern University in Qatar
OBHE	=	Observatory on Borderless Higher Education
OCCI	=	Oman Chamber of Commerce and Industry
OPEC	=	Organization of the Petroleum Exporting Countries
PPP	=	Public Private Partnership
QF	=	Qatar Foundation
QNRF	=	Qatar National Research Fund
QNV	=	Qatar National Vision 2030
QR	=	Qatari Rial
QSTP	=	Qatar Science and Technology Park
QU	=	Qatar University
RO	=	Rial Omani
RoI	=	Return on Investment
SAT	=	Scholastic Assessment Test
SEC	=	Supreme Education Council (Qatar)
SQU	=	Sultan Qaboos University (Oman)
SSG	=	Secondary School Graduates
TAMU	=	Texas A&M University, main campus in College Station, Texas
TAMU-Q	=	Texas A&M University in Qatar
TNHE	=	Transnational Higher Education
TRC	=	The Research Council (Oman)
VCU-Q	=	Virginia Commonwealth University in Qatar
UAE	=	United Arab Emirates
UCL	=	University College London
UC-Q	=	University of Calgary-Qatar
U.K.	=	United Kingdom
U.S.	=	United States (of America)
WCMC-Q	=	Weill Cornell Medical College in Qatar
WTO	=	World Trade Organization

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*We live in a social universe in which the formation, circulation and utilization of knowledge presents a fundamental problem. If the accumulation of capital has been an essential feature of our society, the accumulation of knowledge has not been any less so. Now, the exercise, production, and accumulation of this knowledge cannot be dissociated from the mechanisms of power; complex relations exist which must be analyzed (Michel Foucault 1991: 165).*

## **1 Knowledge and Innovation: GCC's Currency of the 21st Century?**

The economic downturn of the early 1990s revealed the structural limits of the political-economic model of the countries of the Arabian Peninsula, and it constituted a key event in their short modern history. Blessed with huge oil and gas resources, the six countries of the Gulf Cooperation Council (GCC) – Saudi Arabia, Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates – experienced an economic growth that is unique in global finance. Within a few decades, beginning in the early 1970s, the formally poor, underdeveloped and peripheral region was catapulted into modernity. As a by-product the local rulers gained power and international influence. However, the overall dependence on the export of their fossil resources made the countries vulnerable to the developments of the oil price. Already in the late 1980s and once again in the early 1990s, GCC states were faced with huge challenges due to declining oil prices.

After a long period of steady growth and an upcoming belief of an endless economic boom, the ruling monarchs were suddenly brought back down to earth in the late 1980s: The regimes had to realize that economic growth and prosperity is not a one-way street. Guided by multinational institutions and Western economists, GCC states tried to surmount this first economic crisis through an expansive monetary policy and by diversifying the industrial base. After an increase of the oil price, mainly in succession of geopolitical events, the crisis could be mastered, and the ruling regimes might have thought that they had implemented the right policy measures to prepare the nations for upcoming challenges. However, after the drop of oil prices in the early 1990s, the ruling families, as well as the domestic population, finally had to realize that only a radical policy shift to promote a lasting economic development beyond the oil and gas sector could set the course for a sustainable and stable future of the

Gulf states. OPEC reports in the late 1980s were an additional eye-opener for many governments, as they showed that for some GCC countries the status as oil-producer would end earlier than expected. Once again, the World Bank and the International Monetary Fund publishing a series of reports, asking the governments to adapt a new economic course. The main recommendation included an increasing orientation towards knowledge, innovation and productivity. Thus, Gulf states were advised to enter a new era by using the remaining oil funds to set course for a knowledge-based economy. From now on, GCC states should generate prosperity and stability on the basis of the human capital of their residents rather than on the wealth of their natural resources.

***Knowledge for Development: Renaissance and Reassessment of  
Higher Education in the GCC***

*“In ancient times and in our times, Muslim communities have been at the forefront of innovation and education. This is important because no development strategy can be based only upon what comes out of the ground, nor can it be sustained while young people are out of work. Many Gulf states have enjoyed great wealth as a consequence of oil, and some are beginning to focus it on broader development. But all of us must recognize that education and innovation will be the currency of the 21st century and in too many Muslim communities there remains underinvestment in these areas. I am emphasizing such investments within my country. And while America in the past has focused on oil and gas in this part of the world, we now seek a broader engagement”.*

(U.S. President Barak Obama, Cairo, June 04, 2009)

The Arab world is experiencing a multidimensional knowledge revolution that needs to be assessed more closely. After World War II, there were just ten universities in the countries of the MENA region. By 2000, the number of such institutions had increased to 140 and by 2010, their number reached 260 (MAZAWI 2004: 7-9; BECKER 2010: 3-4). These numbers are indicators of a silent revolution. It shows that the increasing importance placed on higher education in the 21st century all over the world has also arrived in the Arab world. Moreover, this enormous expansion reflects the particular vision of the leaders to propel their societies into a knowledge-based society. Regimes throughout the Gulf were driven by various trends, ranging from international accreditation of local state universities to the acquisition of prestigious international degrees to satisfy the urgent demand of the labor market.

One of the most intriguing contemporary institutional developments concerns the emergence of Western-style universities in the small member nations of the Gulf Cooperation Council. The surge in higher education, along with its privatization and its internationalization, has attracted major Western universities to establish a commercial presence in the Arabian Peninsula over the past decades. Each of the oil-exporting states of the GCC is currently pursuing its own tactic to address its educational reform plans which intends to bring the elite of its national population up to international educational standards. To push their ambitious

educational visions, governments are pouring billions of their petro dollars into the expansion of their higher education system (WILLOUGHBY 2008: 4; DEGHADY 2008).

One of the main characteristics of the adjusted higher education sectors is a general adoption of the Western university model as the sole standard. These newly established private institutions are challenging the national Arab-language universities by introducing a different educational model that emphasizes instruction in English, and by faculty who have often received their highest degrees from universities outside the region. While many of these private institutions have close academic bonds with American, Indian or European universities, they use Western curricula, textbooks, and academic requirements. In addition, independently operating branch campuses of Western type universities have mushroomed all over the Arabian Peninsula since the mid-1990s and have modified the region's entire higher education landscape (WILLOUGHBY 2008; ROMANI 2009; RUPP 2009; BECKER 2010).

### ***Privatization and Internationalization of Higher Education in the Gulf: What is it all about?***

Western leaders visiting the Arab world continually refer to the regional stability and economic cooperation. Noticeably, since 9/11 and the wars in Iraq and Afghanistan, the dimension of education and higher education has taken on greater significance in the relations between the Orient and the Occident. The poor quality and the disparity of education were widely seen as root causes of the strengthening of radical, Anti-Western factions within Muslim societies. While Western governments linked the quality of Arab education system to Islamism, this new emphasis on education in general, and higher education, in particular, can also be explained by a new alignment towards trade in this service sector.

*“Education is a crucial resource in preparing for the future, it is the engine of social development. This is true for Germany, a country with few natural resources, as well as for the countries of this region which have abundant natural resources. That is why the Federal Republic of Germany has recently decided to invest especially in education and research, and will continue to do so in the future. Deciding against this investment would mean falling behind. Because as this region has long recognized, in Qatar for instance, education and science will play a major role in the strategy for the future after the oil era”.*

*“It is important to promote the freedom and innovative power of science, to invest in intellectual property and also establish the political framework to protect such intellectual property. For education, innovation, invention and technological development play an essential role in helping us prepare for the challenges we face in the 21st century”.*

(Federal Chancellor of Germany, Angela Merkel, Doha, May 27, 2010)

The speeches given by U.S. President Obama (Cairo, 2009) and Federal Chancellor of Germany Merkel (Doha, 2010) are only two of many examples in which Western politicians address the topic of higher education in the Arab world. Obama and Merkel share both the appreciation of Arab's leadership in art, culture and science in the long epoch of the Middle

Ages, when the Arab-Muslim world became the center of science and scholarship. Obama and Merkel also paid tribute to recent educational developments and that, in particular, the new universities in the Gulf states demonstrate the visionary approach Gulf monarchies are taking towards the future. However, the process to expand and modernize the national higher education systems must continue, not only in Muslims countries. The need to invest in higher education is shared by Western countries.

To emphasize the relevance of knowledge, innovation and education, U.S. President Obama (2009) gives knowledge the catchy title of *“the currency of the 21st century”*. Thereby, he follows the paradigm of a human capital theory, which gives priority to wealth and development based on knowledge rather than on rents and depletable resources. Chancellor Merkel (2010) agrees with President Obama and points out that education is a *“crucial resource in preparing for the future”*, and that the human capital of a nation or region has become *“the engine of social development”*.

For many reasons, Western governments are interested in promoting scientific progress and a dissemination and the transfer of knowledge to the Arab world. As previously mentioned, there are several geopolitical reasons. Nowadays, in a globalized environment, knowledge and higher education are also noticeably economically perceived, as cultural dialogs and educational partnerships are often used to strengthen economic bonds. Thus, education, and in particular higher education, became an internationally traded commodity with an increasing global relevance. Whilst education emerged as a lucrative, multi-billion dollar business to be bought and sold by international active academic institutions, both exporting and importing nations share similar strategies. In terms of educational “products” it is obvious that the Arab Gulf has become a large and important importer since the mid 1990s. This includes not only the purchase of educational infrastructure, reaching from setting up branch campuses to an adaption of curricula and text books, but also in the dimension of international student- and scholar mobility. The West – i.e. Europe, United States, Canada, and Australia – is the largest seller and producer of educational commodities in form of higher education institutions, curricula and administrative practices (DONN & AL MANTHRI 2010: 30). As a consequence, Western governments intend to intensify cooperation and trade in higher education services, as those agreements may also positively affect cultural, economic and social formations. Thus, the field of importing nations and institutions on the one hand and exporting nations and institutions on the other hand is a very complex issue, as it includes several facets of cultural, economic and political dimensions.

One of the central questions of this research project is intended to dismantle the current higher education policies in the Gulf in order to uncover the rationales and motives lying behind the commonly propagandized strategies. Is it really all about educating the youth, fighting unemployment and inequality, and generating economic growth on the basis of knowledge rather than on fossil, depletable resources? Or, are the current educational projects, the large scale investments in knowledge, and the postmodern facades of Western universities in the Gulf just a byproduct and symbol of Western globalization, which hold the reins of government?

In fact, the glossy brochures, the ambitious development strategies, and the announcements of the ruling elites are opposing the current educational realities. However, in an era in which Gulf states can use their abundant petro funds to close the financial and economic gap to the most advanced economies, it is not surprising that these states are also using their funds to bridge the gap in terms of educational, cultural and technical sophistication. The import of Western lifestyle and culture, as seen for instance in the bid to host sport events and international conferences, but also cooperation in museum projects, theater and philharmonic orchestras, are visible signs of a creeping Westernization. Through the adaption of Western civilization, especially in terms of identity-establishing entities, such as culture and education, GCC states are buying into inevitable contradictions.

Many Western countries try to take advantage of GCC's aspiration to develop and strengthen their domestic knowledge base. The attention seeking initiatives to establish branch campuses of Western elite schools, like Cornell and Georgetown University in Qatar, Sorbonne and New York University in Abu Dhabi, Harvard Medical School Dubai Center or KAUST in Saudi Arabia, are apparent examples of this new trend or the spirit of the age in higher education. Whilst an increasing trade of transnational higher education services became a worldwide phenomenon, the Arab world in general and the emergent member states of the GCC in particular, take an exceptional position within this global trend.

First of all, there is the tremendous speed at which the educational system changed within just one decade. As mentioned previously, the GCC region became one of the most dynamic centers for transnational higher education services worldwide: Dozens of branch campuses, institutions operating on franchise or validation agreement, and the region's high share at student mobility prove the enormous speed of development within the past two decades.

Secondly, the specific model of internationalization being used to reform the higher education system. Amply supplied with petro dollars, Arab Gulf states were able to pursue different educational patterns than their Arab neighbors with a large domestic population or countries in Southeast Asia or in Eastern Europe. The availability of oil funds became apparent in the 1970 oil boom in a dynamic increase of student mobility towards the well-established educational hubs, primarily in the United States and Great Britain. The oil wealth nowadays enables the ruling regimes to import educational services from these established centers and to develop regional clusters for capacity building. Thus, the availability of sufficient funds affected GCC's higher education infrastructure in many ways.

Thirdly, the distinction between private and public as an important feature. While the region also followed the worldwide move towards more privateness in higher education, GCC's specific socio-economic and political background affected the policy, as it distinguishes the region from other ones in the world. Thus, the shift towards privatization, directly linked to globalization, proceeds differently in the GCC states than in other countries in the region. The main features, which have an impact of the higher education landscape, are the status as rent-seeking economies relying on the availability of the oil and gas resources, and the closed societies with highly concentrated and centralized power structures.

*It isn't knowledge as a product or commodity that we need; nor is it a matter of remedying the situation by having bigger libraries, a greater number of terminals, computers and so forth, but a qualitatively different knowledge based on understanding rather than on authority, uncritical repetition, mechanical reproduction. It is not facts, but how facts are connected to other facts, how they are constructed, whether they relate to hypothesis or theory, how one is to judge the relationship between truth and interest, how to understand reality as history. These are only some of the critical issues we face, which can be summed up in the phrase/question, how to think? Edward W. Said, cited from Arab Human Development Report (ADHR) 2003: 35.*

## 2 Knowledge Discovery: A Cybernetics Theory Approach

Following an interdisciplinary approach, the thesis analyzes different aspects of the ongoing process to reform the national higher education systems in the State of Qatar and the Sultanate of Oman. The research approach uses a well-founded theoretical concept: A cybernetic approach on the basis of a control model.

### 2.1 System Analysis and Cybernetics

The cybernetics methodology makes it possible to explore and analyze all relevant control, guidance, and governance processes affecting the national higher education system. It allows a systematically reconstruction and validation of past initiatives in both countries and makes predictions about future decisions and suggested measures.

#### 2.1.1 Fundamentals

Cybernetics is a broad field of study. The main objective of cybernetics is to understand and define the specific functions, processes and interrelations of a given system. It focuses on *“how systems use information, models, and control actions to steer towards and maintain their goals, while counteracting various disturbances”* (HEYLIGHEN & JOSLYN 2001: 2). LESER & SCHNEIDER-SLIWA (1999: 154) define system analysis as an operation for systematic studies of complex circumstances, which show a multiplicity of single elements, whose interconnections should be illustrated. To identify the interaction within a system, the analysis uses qualitative and quantitative approaches.

Systems participate in circular causal chains which move from action to sensing, to comparison with some distinguished goal, and again to action. Studies in cybernetics provide an approach for examining the composition and the function of any system. This includes social systems, such as business management, as it comprises the purpose of making the systems more efficient or more transparent (LESER & SCHNEIDER-SLIWA: 154). System analysis and cybernetics offer new explanation attempts for complex and dynamic entities in an interdisciplinary field by identifying the characteristics and structure of the specific systems.

The synthesis of the system theory is described by ZAHN & KAPMEIER (2006: 5571). The approach stems primarily from engineering (WIENER 1948; SHANNON & WEAVER 1949) and from biology, and is investigated as a subject of mathematics. Systems are being used to explain and to describe complex processes. Instead of describing only partial cause-and-effect dependencies, cybernetic studies have the common goal to explain complex systems that consist of a large number of mutually interacting and interrelated parts in terms of those

interactions (WIRTH 1979: 101). The rationale behind it is that single elements of a system are interconnected and are responsive to modifications within the balanced system. If a single element is affected within a system, there will be a measurable impact on all other elements of the system (KUEHNE 2003: 16).

The approach is based on the assumption that a system allows projections of the performance if it can be explained by its interactions and interrelations. The analytical element of the cybernetics theory, which permits forecasts in a closed system, is a well-established approach to analyze and to compare the multifaceted political and economic processes in a globalized environment. Although cybernetics has received less consideration in geographical analysis, the theory offers an interesting approach in understanding the behavior of complex systems over time. It deals entirely with internal feedback loops and time delays that affect the behavior of the entire system. The distinction of system dynamics to other approaches studying complex systems is the use of feedback loops and stocks and flows. System dynamics was created during the mid-1950s by the MIT Professor Jay Forrester. While FORRESTER'S (1961) system dynamics was applied almost exclusively to corporate and managerial problems since the late 1950s, his model has become famous through its application by the Club of Rome in 1970. In 1971, he created the first draft of a system dynamics model of the world's socio-economic system. The central paradigm is the regeneration of information in social systems: *"The feedback loop is seen as the basic structural element of systems. It is context within which every decision is made. Every decision is responsive to the existing condition of the system and influences that condition"* (FORRESTER 1975: 143).

### **2.1.2 Characteristics of Systems**

WIRTH (1979: 107) defines a system as *"a set of interacting or interdependent entities"* forming an integrated whole. The system embodies a set of relationships, which are differentiated from relationships of the set to other elements, and from relationships between an element of the set and elements being not a part of the relational framework. In order to analyze the structure of a system, it is necessary to unlock the system (ZAHN & KAPMEIER 2006: 5573), and to remove non-relevant entities from the system. Therefore, the definition of the system boundary depends on the objective of the investigation. All entities which affect or determine the system performance have to be arranged within the system boundaries.

A system is composed of a number of single entities, so called subsystems, whose number is not determined. *"Relations, illustrated as connections between the entities, define the characteristics of the entities and beyond of the whole system"* (ZAHN & KAPMEIER 2006: 5573). The variety of the entities and the interrelations between the entities determine the complexity of the system. Due to its integrated structure, single activities within the system do not operate autonomously. For this reason, a detailed knowledge of the structure is necessary, e.g. the feedback loops of the interconnected entities, *"to describe the regulation and control mechanism as well as the performance of social systems"* (Ibid.: 5573).

Figure 1 and 2 illustrate the *National Higher Education System* by analyzing the entities and



its interrelations. It becomes apparent that there is a dense network between the single entities which generates the complex and dynamic higher education landscape. The system is based on all elements which affect the national higher education landscape in the State of Qatar and the Sultanate of Oman, directly and indirectly. The relations between the single entities result in a complex framework.

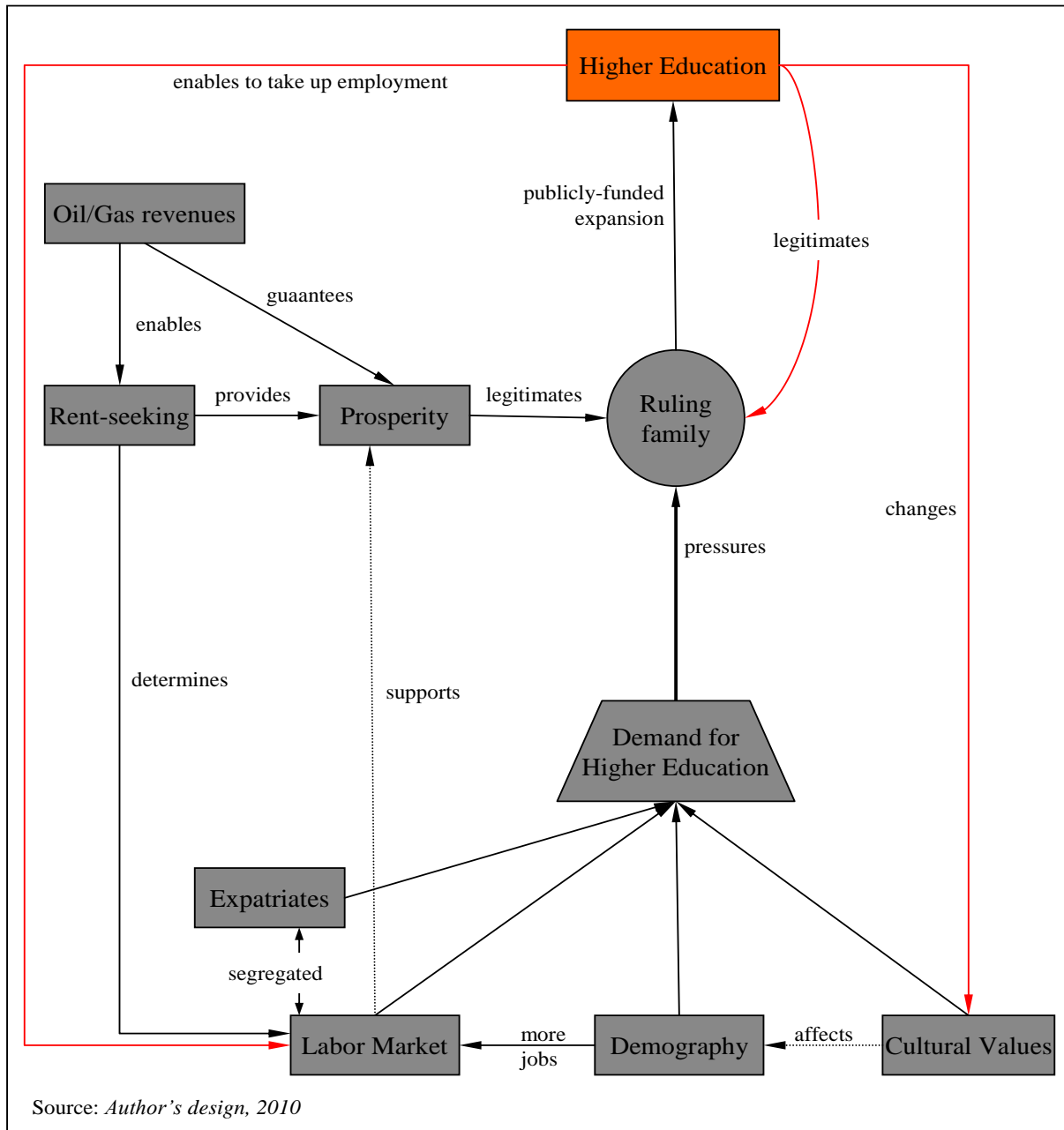


Figure 1: *Subsystem (1): The Rent-seeking Economy*

The first subsystem *rent-seeking economy* comprises all relevant input factors affecting the interrelation between demand for higher education, governmental regulation and the political economy. The demographic development has a significant impact on the demand for higher education. A high population growth increases the number of secondary school graduates which demand further access to higher education opportunities, both locally and abroad. As a consequence, absorbing the growing masses of young people, who demand “more” local

higher education opportunities, is one of the major challenges affecting the national higher education system in the Gulf states. Besides demography, the changing requirements of the labor market have a strong influence on the demand for higher education. The local industry relies on a better qualified cadre of school and university graduates. Labor market initiatives amplify this effect, such as the nationalization policy, which is directed to replace foreign workers by domestic employees. Moreover, changing cultural norms and values also affect the demand for higher education. Access to higher education is widely seen as the key to lucrative employment, prestige, recognition, and social advancement. This increasing awareness of education in general anticipates the demand for higher education. Finally, rising aspirations of non-nationals affect the national higher education systems of the Gulf states. The children of guest-workers, living in the countries often in the second or third generation, increasingly ask to continue to post-secondary education, and they often wish to do so locally. This trend poses a new challenge to policy makers in both countries, as there is a separation between locals and non-locals. Access to higher education has primarily been addressed to the locals and has been free of charge for them.

The increasing demand for higher education in the GCC is affected by several entities. Governments are forced to satisfy this demand by expanding the admission capacities of the local higher education system to enable more students to continue to higher education.

The increasing demand for “more” higher education is a request to the government as the steering and acting entity. Governments, and in particular the local rulers, retrieve portions of their legitimacy from the political measures to satisfy the needs of their people. Therefore, higher education is an important issue in all societies. Expanding the higher education facilities and granting better access to post-secondary education is a governmental measure to meet the requirements for more higher education. In return, it brings legitimacy to the government. Thus, there is a first feedback loop between the entities higher education and government with mutual interactions.

Increased access to post-secondary education also has an impact on the change of cultural norms and values and it also affects the expatriate community. Higher education raises human capital at all levels. In particular, it gives access to higher-value jobs and increases productivity. This is in line with several labor market policies. This also holds good for the children of foreign workers, whose human capital is raised and can be used to increase the productivity. In contrast with former generations and their lower education, university graduates may not rely on rent-distributing and may seek challenging employment. Furthermore, it is generally accepted that education generates positive externalities in terms of health, fertility and public welfare. Hence, there is a second feedback loop from higher education to cultural values and to the labor market. In return, the upcoming changes will influence the demand for higher education in the near future. The government, as the acting entity, is directly integrated into this loop, as it has to initiate actions to be taken.

Clearly, the higher education system is linked to the labor market. The national population needs to be enabled to take up employment in the labor market. Thus, all modifications of the

education system are directly linked to the employability of the graduates.

Being oil rentier states, Qatar's and Oman's entire economy, as well as the governmental budget, greatly depend on the revenues of the oil and gas exports. Oil funds are used to finance the public monopoly on higher education and to provide cost-free access to this system. Rent-seeking also determines the national labor market, and is the basis for the current prosperity of the society, which in turn legitimates the ruling family and the government. The strict segregation of public and private employment, the high number of migrant workers, as well as the low employment rate of nationals are distinctive features of the unique labor market system of all GCC states. Due to its rent-seeking nature, the labor market contributes only to a small degree to the prosperity of the national population. Thus, rent-seeking – based on the country's oil and gas deposits – rather than human capital, guarantees prosperity. Consequently, higher education and a highly trained national cadre are of secondary importance, as long as the ruler can rely on oil rents to produce legitimacy.

In view of the upcoming end of the oil era, all GCC countries, especially those countries with rapidly declining or very limited fossil resources, have to find a remedy to (re)legitimize their leadership. In light of the mentioned political and economic reasons, a process of diversification of the national economy was launched in all GCC states in the late 1980s. The major goal of this economic policy was to reduce the multiple dependencies and the vulnerability of the oil exporting economy – in a time of declining oil prices and international crises. In the beginning of the 21st century, the diversification of the economy was partially displaced by a new buzzword: Guided by international organization and new economic philosophies, GCC states committed to use their oil incomes more effectively by transforming their petro economies into knowledge-based economies (KBE) within the next decades. The modernization of the economy is expected to prepare the countries for the upcoming challenges of a post-oil environment. The focus on the domestic knowledge base intends to create new jobs for domestic youths and therefore stabilize and legitimate the political system of the ruling monarchies. *Sine qua non* for this economic shift is a comprehensive reform of the nations' innovation framework.

The panacea of the knowledge-based economy necessitates a massification of higher education in order to train and educate large parts of the national population.

The second subsystem, *knowledge-based economy* shows the relevant entities and the interrelation between demand for higher education, governmental regulation and the political economy. The need to modernize the higher education system – driven by the labor market's demand for “*more and better*” graduates – affects the entire subsystem. A knowledge-driven economy, rather than a petro and rent-seeking economy intends to become the cornerstone of prosperity and legitimacy of the ruling elite in future times.

A knowledge-based economy is directly linked to a capable higher education system, which is mandatory to educate and train a large number of students. At the same time, this new economic approach creates new jobs for the domestic population. Consequently, there is a

link between higher education and the government, because higher education – as a part of the KBE – legitimates the ruling regime, as it reduces the multi-dependencies of the oil economy.

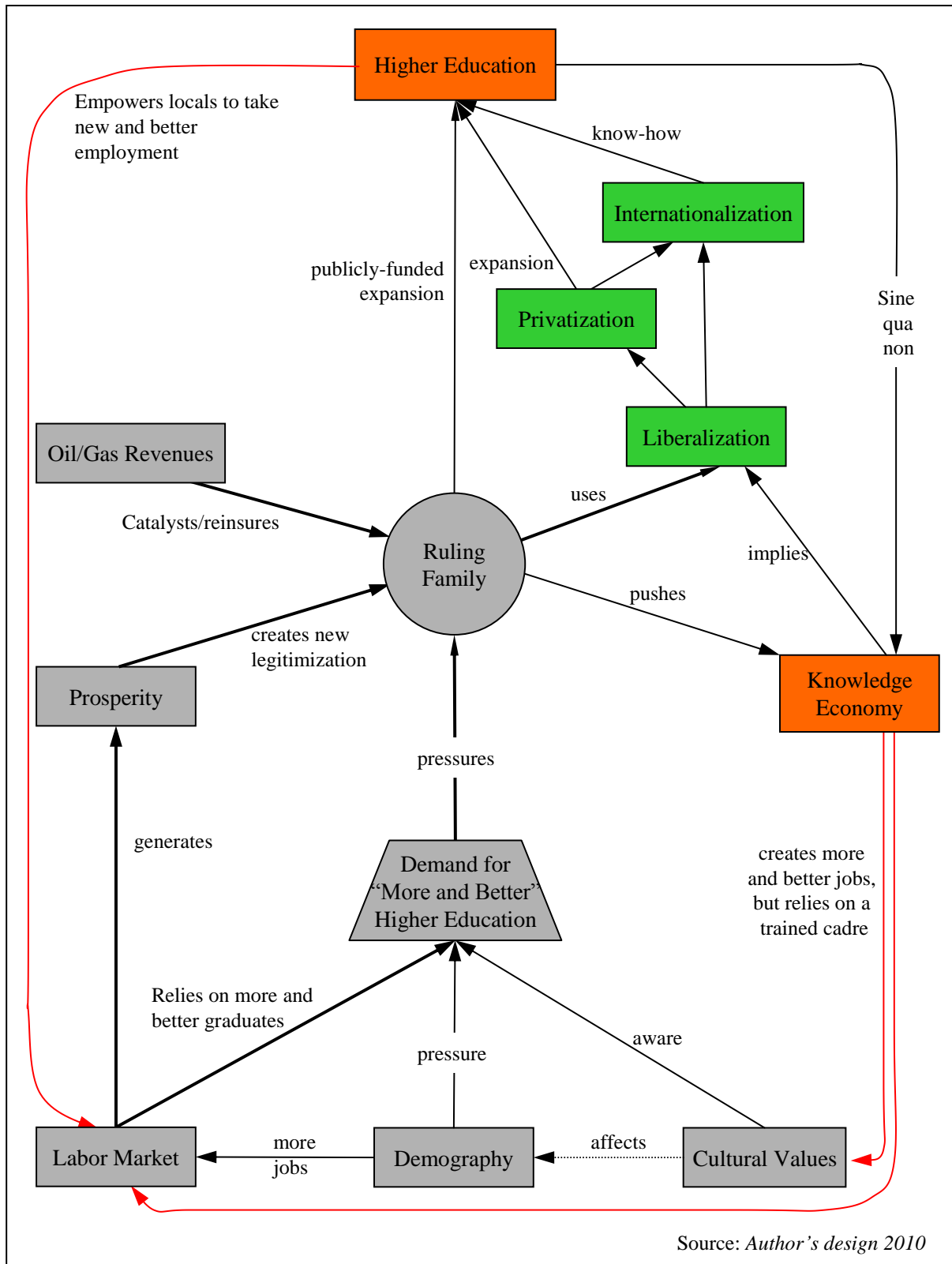


Figure 2: Subsystem (2): The Knowledge-based Economy

A capable and more competitive higher education system also affects the labor market as it empowers the national population to take up new and better jobs. This also reduces the effects

and the perils of the rent-seeking state structure. The country's oil and gas revenues can serve as a catalyst to finance the required expansion of higher education. At the same time the revenues are a type of economic reinsurance. In addition, governments of the GCC are not forced to cut back the rent-seeking state immediately.

The policy to expand the admission capacities of the higher education sector shows the interrelation between the knowledge-based economy and the demand for better and more post-secondary education opportunities. Until the mid-1990s, GCC's public sector sustained its quasi monopoly on the provision of higher education services. Driven by the need to increase the admission capacities on the one hand and being forced to rationalize due to budget constraints on the other hand, GCC countries were no longer willing, nor able, to bear the costs of the public provision of higher education. Related to the neoliberal zeitgeist and attended by the requirements of the KBE-campaign, GCC governments promoted a policy of economic liberalization, including higher education. The policy was used to shift costs from the public sector to the society. Simultaneously, private investors demanded access to new sectors and markets – also to the lucrative higher education market.

In line with the shift towards private higher education, an approach was realized to modernize the outdated education system. Believing that foreign institutions would help to set-up a capable higher education landscape, various models of transnational higher education were implemented. Thus, the process of internationalization has accompanied the privatization of higher education since the mid-1990s. Thereby, internationalization serves the demand for better and different higher education services. Thus, a transfer of expertise from abroad in order to modernize the domestic higher education infrastructure took place. As a consequence of this interrelation, the entities 'Knowledge-based Economy' and 'Liberalization' are also linked. Governments were recommended to increase the admission capacities as one of the pillars of the World Bank's KBE campaign. The only opportunity to do so was a shift towards more privateness instead of sustaining a public monopoly in higher education. Thus, the entities 'Liberalization' and 'Internationalization' are also linked to the entity 'Prosperity' – referring to the legitimacy of the ruling regime.

The concept of a knowledge-based economy, focusing on the interrelation between a capable higher education system and the national labor market, replaces the rent-seeking petro economy as the legitimacy producing entity. Higher Education and its mission within the economy became central element of the political agenda.

On the basis on the subsystems, the entire higher education system can be combined: The entities 'Ruling Family/Government', 'Knowledge Economy', 'Demand for More and Better Higher Education', 'Higher Education', and 'Labor Market' form the central elements of the system. All entities are interconnected and span a subsystem. Some of the relations within the system need to be emphasized.

**(1) Oil/Gas revenues → Liberalization:** *The oncoming end of the oil era. Liberalization of higher education due to the countries' changing socio-economic basic conditions.*

In the early 1990s, governments of the GCC were forced to expand and to modernize the existing higher education system, whereas, simultaneously, the oil revenues per capita decreased. By promoting neoliberal slogans of a free and deregulated economy, some ruling regimes shifted costs from the public sector to society. In order to satisfy the demand for higher education, liberalization and a participation of private shareholder seemed mandatory to fulfill the ambitious goals. The concept of a knowledge-based economy also promoted a liberalization policy to strengthen private entities.

**(2) Labor market → Higher education:** *Modification of the existing labor market system. The need for more and better higher education services.*

The need to modernize the existing higher education system correlates with the changing requirements of the labor market. In order to create new employment opportunities for following generations, a transformation of the existing labor market was mandatory. The engrained system of public employment was a serious obstacle for a sustainable future. Education and especially higher education became an essential criterion to break the outdated employment system. In this regard, a modernization of the higher education system creates new jobs and reduces the perils of a rent-seeking labor market. Private institutions and a move towards transnational higher education concepts intend to satisfy the labor market's demand for a highly-trained national work force.

**(3) Higher education → Legitimacy:** *Higher education to legitimate the ruling regime.*

The interrelation of legitimacy and higher education is reflected in different values. If a government is not able to satisfy the growing demand for higher education, the disaffection within the society will increase. Thus, reforming and modernizing the national higher education landscape is a huge and vital challenge for all ruling families of the GCC – it is one of the main priorities and basic missions to legitimate their power. In addition, if GCC governments are not able to produce economic growth or at least to distribute rents among the domestic population, once the oil rent declines in a post-oil environment, their claim to power and their legitimacy will be challenged. The same applies to keeping up with regional trends in terms of economic but also educational patterns. There is a high degree of intraregional competition, from which none of the ruling families could abscond.

## **2.2 Research Design**

Generally two prototypical research paradigms can be distinguished. The critical rationalism, advanced by CARL POPPER (1984), highlights a deductive-nomological model. The deductive reasoning validates a theory-based hypothesis in reality in order to prove the value or to reject the assumption. In contrast, the empirical inductive reasoning focuses on the interpretation of single perceptions in order to detect regularities. Thus, the empirical induction is a type of reasoning that involves moving from a set of specific facts to a general conclusion. As a form of theory-building, observations are used to create a theory by explaining relationships between the facts, and hence, generate a prediction of future knowledge. The premises of an

inductive logical argument indicate some degree of support (inductive probability) for the conclusion, but do not engender it. Therefore, induction is a suitable approach to describe complex structures and to affiliate interrelations. The data collecting and a description of the related effects allow the deduction of general nomological models. BORSDORF (1999: 50) subdivides the inductive reasoning into a trinomial schema: Firstly, aggregation of a maximum of single perception: It is achieved by empirical findings through qualitative methods, like observation, data collection, expert interviews, et cetera. Secondly, inference based entirely in the basis of single perceptions. Thirdly, formation of presumed regularities. Thus, empirical inductive reasoning develops a reality-based theory and hypothesis on the basis of a maximum number of single perceptions.

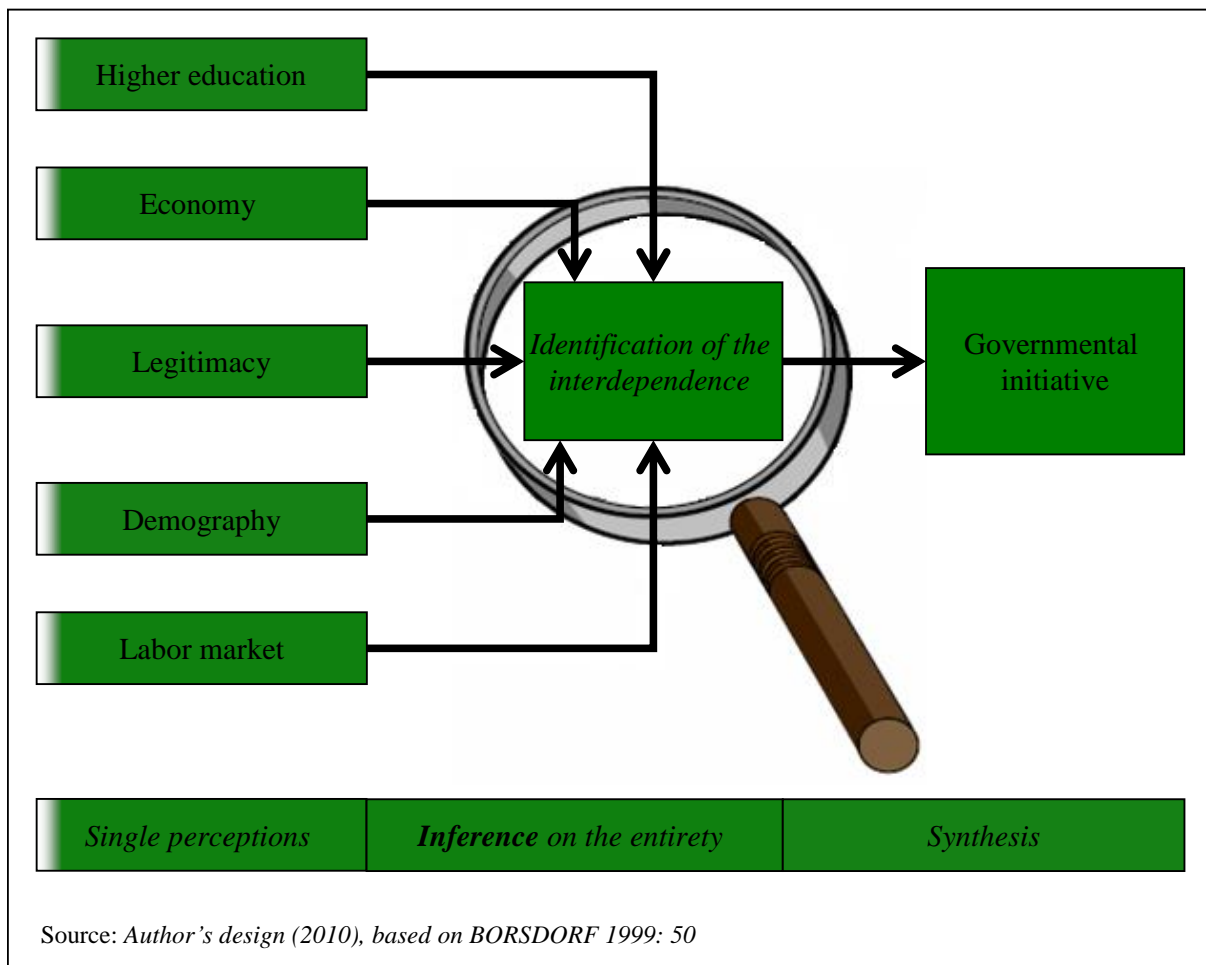


Figure 3: *Inductive Reasoning*

The main purpose of reality-based research is to describe, define and solve relevant problems and phenomena by using theory-based empiricism. Therefore, it is necessary to accumulate knowledge in order to allow forecasts of future developments. The main goal is to deploy a theoretical reference framework, which reproduces and describes all relevant elements of a complex reality-based problem. Thus, it may be possible to anticipate the reactions of the modification of single elements within a system.

Due to the lack of theories and the current state of knowledge, an explorative research design is suitable for such a reality-based research approach. The major aspiration is to provide an

advancement of science to solve and analyze existing problems or discourses. The research focus is not generally the validation of hypothesis, but rather to generate and introduce new research questions. In order to identify the boundaries of the system ‘*Higher Education in Qatar and Oman*’ and to describe the entities and their interrelations, an inductive analysis of the economic, social and political dimension will be adopted.

### 2.2.1 Cybernetics: Control Theory

The comparative analysis of the strategies to reform the national higher education system in Qatar and Oman bases upon the concepts of a control theory. Cybernetics is particularly suitable to describe all important processes affecting the higher education landscape. By an analysis of the different interdependencies and interaction between the elements of the system, it is possible to redraw the control and governance processes within the higher education system. Furthermore, cybernetics allows evaluating past decisions and, furthermore, enables an outlook on future initiatives. The control theory as a sub-class of cybernetics consists of single entities which interact directly through feedback-loops. In the following the major characteristics and entities of a control system will be illustrated (Figure 4).

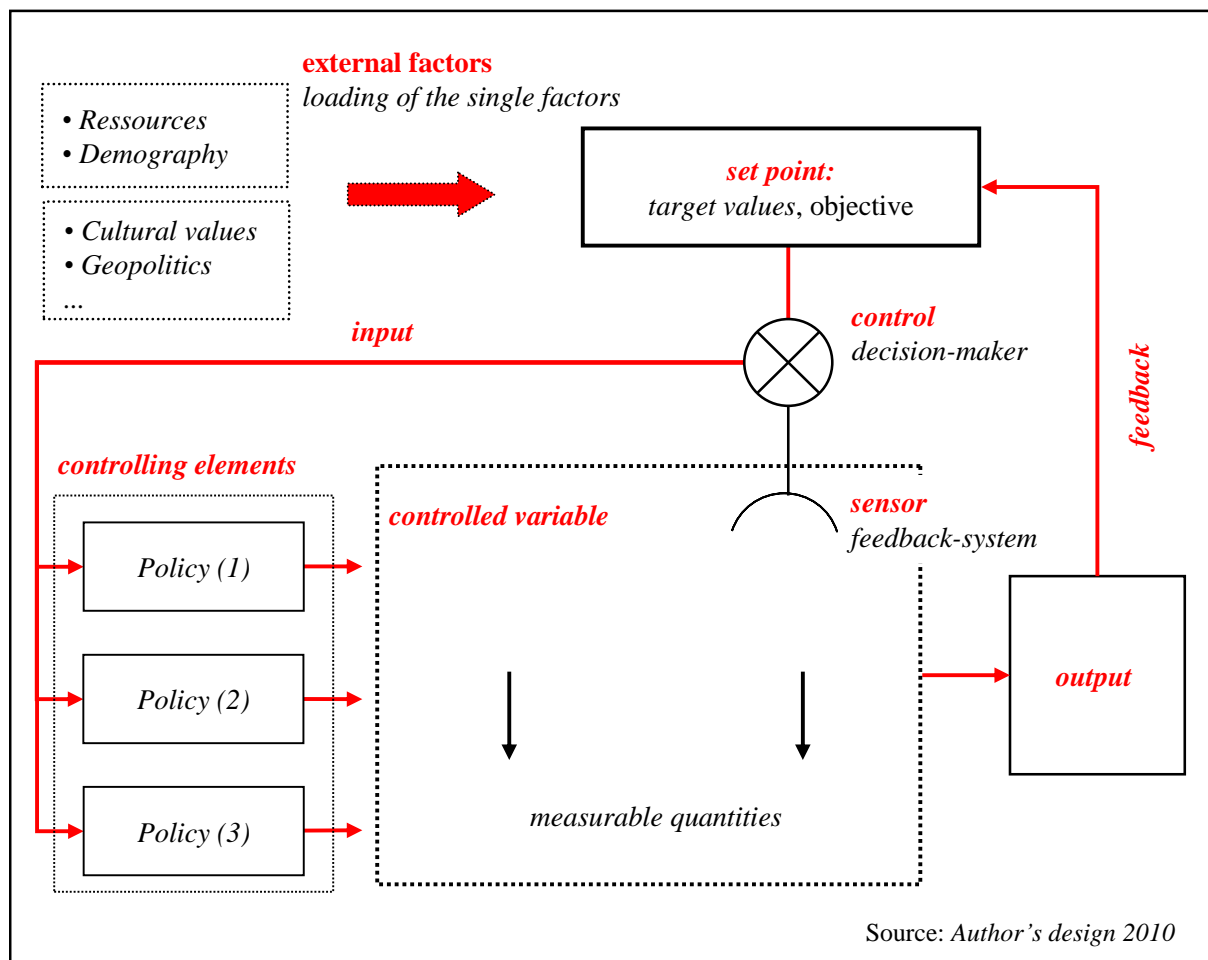


Figure 4: Elements of a Control System

One of the major criteria in establishing the control system is to identify the ‘set point’. This is the target value a controlled system attempts to reach. Accordingly, it is necessary to



analyze the rationales and strategies of the government to adjust the national higher education system. The set point is highly affected by the ‘external factors’, also called disturbances. Important external factors in the GCC countries are, for example, the annual revenues from exporting oil and gas, the demographic development, the unemployment rate, the regime stability, and geopolitical developments. The impact of the single disturbances on the set point can show great discrepancies. While the political and socio-economic basic conditions of the State of Qatar and the Sultanate of Oman vary, it is necessary to analyze the impact of external factors on the set point as well as on the entire control system. The analysis of the disturbances is the primary stage of a control system.

The ‘controlled variable’, the country’s higher education sector, forms the most important entity within the control system. The composition and all changes of the controlled variable are measured by ‘sensors’. All conditions, detected by a sensor, are referred as ‘feedback’ to the ‘control’, in the case of Qatar and Oman, the ruling family. Sensors measure, for example, the tertiary enrollment rate, the annual budget for higher education, or the number of foreign students studying in or outside the country. Through this first feedback-loop, the control is able to evaluate the conditions of the higher education system. The possibility to quantify and to measure the conditions of the control variable is one of the essential presumptions of control system theory. Thus, all changes and developments within the higher education system have to be measurable in order to analyze the progress. Through its central control function within the system, the ruler, as the politically and economically responsible entity, is able to exert direct influence on the controlled variable.

The regulation – as system input – is carried out by using the ‘controlling elements’. Through specific adjustments of these controlling elements, the ruler can control and govern the controlled variable. The input should generate positive effects within the higher education system. All controlling elements work autonomously and can be used apart. The controlling elements have great importance in the comparative control system. By describing the use and specification of the controlling elements, it is possible to plot the trajectories of the present developments and to compare the reform initiatives of different higher education systems. In addition, the analysis of the controlling elements allows to draw conclusions on the set point – as well as on the influence of the disturbances on the formation of the set point – and on the controlled variable.

A very important aspect is the consideration of the factor time. By analyzing the specific higher education developments throughout the past few decades, interrelations between the external factors, the set point, the controlling elements and the controlled variable will be highlighted time-variantly. Thus, it is possible to describe trends of the specific use of the single controlling elements.

After the ineluctable downtime, the adjustment of the controlling elements affects a modification of the controlled variable and represents the output within the control system. The output is connected to the set point via a second feedback loop. The output determines the achievements and the results of the regulation process. Thus, the outcomes of the process interact directly with the set point. According to control theory, it is essential to adopt the

generalized model in the case studies. Due to the distinct basic conditions in the State of Qatar and the Sultanate of Oman, all relevant system elements have to be tested and validated.

### 2.2.2 Procedures of a System Analysis

According to LESER & SCHNEIDER-SLIWA (1999: 156) the model-based system analysis includes the several procedures. By using the control theory, all relevant developments and processes affecting the research subject can be analyzed. Furthermore, the approach accomplishes the predictability and the controllability of processes and structures in complex systems.

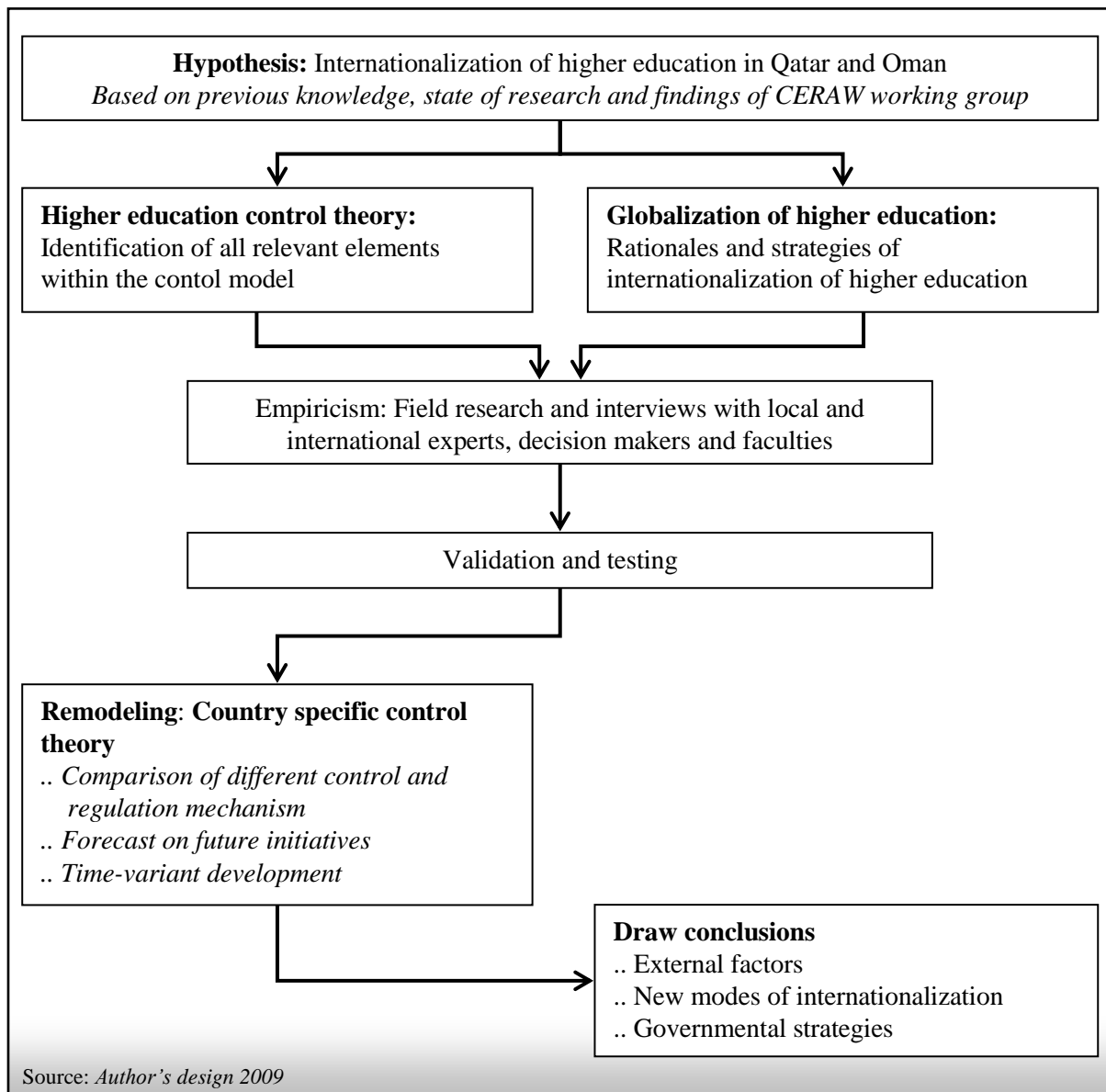
- (1) Scope of the research subject: In order to (re)define the boundaries of the relevant system, the objective of the research has to be isolated.
- (2) Problem analysis: Compiling the reality based hypothesis by using an inductive research schema based on the empiricism.
- (3) Re-modeling: Analyzing the system and all relevant entities of the system in order to identify the control procedures and to describe the interrelations within the system.
- (4) Simulation model: Using a generalized cybernetics control model in order to detect and to analyze all relevant control mechanism within the system.
- (5) Validation: Validating and testing of the control theory model under changing basic parameter: Country specific model and time-variant.

### 2.2.3 Strategic and Functional Objective

At the onset of the empirical research, a generalized control model of the higher education system was established (Figure 5). This model is based on the previous knowledge, the current state of research and theories regarding the transnational higher education and on the research findings of the working group of Prof. Dr. Meyer and Dr. Al Hamarneh, of the *Center for Research on the Arab World* (CERAW), University of Mainz. The model was used to identify all relevant entities within the control theory. The validation of the control theory will lead to country-specific control models. Hence, the different control and regulation policies can be compared.

In view of the current state of research, the concept provides an additional view to the actual trends in reforming the national higher education system in a globalized environment. In line with the functional objective, it is necessary to identify the specific modes of internationalization and to analyze the stakeholder structure of the new established private higher education institutions in the region. The use of this research approach allows a time variant analysis of complex structures and forecasts on future policies.

The main task of the research project, its functional objective, is to identify the governmental rationales and long-term strategies in order to reform the higher education system. Due to the socio-economic and geopolitical relevance, GCC states hold an exceptional position within the Arab world. The country-specific analysis allows conclusions to be drawn, not only on recent developments, but also to forecast future incentives.

Figure 5: *Conception*

## 2.2.4 Research Objective and Approach

The thesis surveys the current process of privatization and internationalization of higher education in Qatar and Oman. In order to compare the recent developments in both countries, all major initiatives to modernize the nation's higher education system will be analyzed. In addition, the comparative study will identify new modes and values according to the globalization of higher education within the GCC and the Arab world.

By using a cybernetics research design, governmental action patterns to reform and modernize the higher education systems can be analyzed effectively. Furthermore, the political economy of the new private higher education market will be evaluated, in particular, the rationales for investments, the shareholder structure as well as the basic conditions of the privatization and internationalization policy.

“Strategic objective” – conception	“Functional objective” – central question
<p><b><u>Main objective</u></b></p> <p>Qualitative analysis of the structural changes of the higher education systems in the State of Qatar and the Sultanate of Oman since 1995.</p>	<p><i>Identifying the governmental rationales and long-term strategies of the current reform of the national higher education system.</i></p>
<p><b><u>Theoretical background</u></b></p> <ul style="list-style-type: none"> <li>• Internationalization of higher education: Modes of supply</li> <li>• Liberalization of higher education: Human capital theory</li> <li>• Cybernetics: Regulation and control theory</li> </ul>	<p><i>Describing the process of internationalization of higher education in Qatar and Oman.</i></p> <p><i>Assessing the liberalization of higher education – public versus private sector initiatives.</i></p> <p><b><i>Identifying the country specific modes and models of cooperation in transnational higher education?</i></b></p>
<p><b><u>Basic conditions – external factors</u></b></p> <p>Interrelation between the political, economic and social factors and the need to reform/modernize the nation’s higher education system.</p> <p><b><u>Shareholder analysis</u></b></p> <p>Investment and cooperation models in higher education: Governance, regulation and control patterns.</p>	<p><i>How do the external factors affect the current and the past higher education policy in the Gulf?</i></p> <p><i>Analysis of the shareholders structure of the new established higher education institutions.</i></p> <p><i>Comparative analysis of the recent higher education structures and initiatives in Qatar and Oman.</i></p>
<p><b><u>Theoretical-conceptual higher education model</u></b></p> <p>Validate the developed control theory model of the political economy of internationalization of higher education in the State of Qatar and the Sultanate of Oman.</p>	<p><i>Analyzing the governance and control mechanism in higher education.</i></p> <p><b><i>Time-variant analysis in order to forecast future initiatives and policies.</i></b></p>

Source: *Author’s design 2011*

Figure 6: *Strategic and Functional Objective*

## 2.3 Research Methodology, Study Design and Data Collection

In order to analyze the implemented higher education policies in Qatar and Oman, the process of data collection is evident. The state of research shows that the phenomenon of globalization of higher education within the Arab world has not yet attracted much attention in the scientific community. Thus, recourse to contemporary research projects and publication is rather limited. Field research, expert interviews, and the collection of background information were mandatory in order to obtain (silent) information and a substantial data basis which allows a critical analysis of the current higher education policies.

The study design is based on a mix of different methods. The most important work methods were a comprehensive literature research and problem-centered interviews with local experts. Information on the analysis of population, economic, education, and labor market data stems from country-level organizations and from international databases available inter alia from the UNDP, UNESCO, OECD, World Bank, World Economic Forum (WEF), and International Monetary Fund (IMF). These secondary data sources provide a context for understanding the human capital- and the economic challenges that each of the countries faces. The literature also includes academic sources, referring to current trends in internationalization and privatization of higher education. Furthermore, documents and information to the political and economic developments in Qatar, Oman and GCC were analyzed. Country-specific educational data and annual reports of higher education institutions were also relevant. Grey literature produced at all levels of government, academics, business and industry was essential to analyze the higher education policy. The field research was used specifically to acquire data and background information from the responsible ministries and the higher education institutions. The analysis of the national development plans, published in Qatar and Oman between 1995 and 2003, were also fundamental to review and reconstruct the higher education policy over the past few decades.

The second pillar of the methodology mix is marked by desk research. To receive further information, not available in the primary literature research, public and private websites were analyzed, local newspapers and journals were reviewed, statistical yearbooks and other data sources were evaluated. This second category also includes observations and conversations during the field research.

Problem-centered interviews with experts were carried out during three stages of the field research in Oman and Qatar in November/December 2008, March/February 2009, and March/April 2010. More than 60 interviews with key people, responsible for and interested in the success of the education system, were conducted during the almost six months of field research in the region. The interviews were held under conditions of anonymity and focused primarily on gathering information about the perceived strengths and weaknesses of the higher education system, barriers and untapped resources for change, ideas for improvements, and the like. Further interviews and conversations with experts were arranged in Munich and Aachen (Germany), as well as in Great Britain. Visiting the higher education fair GHEDEX in Muscat in March 2009 and the participation at international conferences in Germany, Great Britain, and Spain concluded the data collection.

The interview notes are used to provide an overview of the areas of human capital development in each country and the types of reforms and adjustments under way. Further analysis relied primarily on secondary data and published documents. As a result, the study does not directly reference or quote specific officials who were interviewed in the country studies. Instead, the interview information of each country's higher education policy is used to describe the general nature of each country's higher education policy. When other materials provided a source of information about specific aspects of the higher education system, those materials are directly cited. In the absence of a specific citation, the source is presumed to be information gathered during the interviews.

### 2.3.1 Rationales for Country Selection

The empirical findings of the present thesis are linked to the research project "Globalization and Privatization of Higher Education in the Arab World", supported by the German Research Foundation (DFG). The DFG project is headed by Prof. Dr. Günter Meyer at the Center for Research on the Arab world. The main objective of the research project was to analyze and to identify the new organization- and ownership structures of higher education institutions and to describe the political economy of private higher education in the Arab world.

Table 1: *Classification of Arab Countries According to the Status of Private Higher Education 1995-2010*

<i>Country Group 1</i>	<i>Country Group 2</i>	<i>Country Group 3</i>	<i>Country Group 4</i>
Countries with an almost <i>exclusively</i> public higher education sector	Countries with a <i>primarily</i> public higher education sector and a <i>strategically growing</i> private sector	Countries with a <i>coeval</i> private and public higher education sector	Countries with a <i>primarily</i> private higher education sector
Algeria, Iraq, Qatar, Libya, Saudi Arabia, Tunisia	Egypt, Abu Dhabi (UAE), Oman, Syria, Bahrain, Morocco, Kuwait, Sudan	Yemen, Jordan	Lebanon, Palestinian National Authority, Dubai (UAE)

CERAW's classification of the higher education system in the Arab world (based on MEI 2002; GEIGER 1988; LEVY 2006) and the relevancy of the countries according to the functional objective of the project were used to select the case studies. As the result of this procedure, five countries were selected for the empirical work: Qatar (CG 1), Egypt (CG 2), Jordan (CG 3), UAE (CG 2+4), and Oman (CG 2). While Dr. Ala Al Hamarneh (CERAW) described the recent processes of the higher education systems in Egypt, Jordan and the United Arab Emirates, this thesis analyzes the higher education policies in Oman and Qatar.

Due to an increasing number of international branch campuses and specific models of cross-border services, **Qatar** has been chosen as the case study of Country Group 1 (CG 1). The current economic boom, the liberalization commitment and the estimated investments in higher education substantiate the selection of Qatar.

**Egypt** is a country with a fast growing private higher education sector. With more than 76 million inhabitants and more than 45 private higher education institutions in 2008, Egypt is by far the largest and most important higher education market in the Arab world. In addition, Egypt tries to develop an elite private higher education sector besides the overloaded public universities.

The **Sultanate of Oman** also belongs to the second category. The country has one of the fastest growing higher education systems in the Arab world. More than 20 private higher education institutions have been established since the mid 1990s. In contrast to Egypt, Oman is a newcomer on the educational market, and relies on foreign expertise and know-how to establish its private higher education system and to meet the domestic demand for post-secondary education.

**Jordan** was selected as a case study from the Country Group 3. Jordan was among the first countries in the region to introduce several cost-recovery mechanisms in higher education. It also launched an export strategy to attract foreign, fee-paying students. As a consequence, Jordan has a very comprehensive private higher education sector in the region.

From Country Group 4, the research project selected the **United Arab Emirates (UAE)**. A large variety of private institutions has emerged since 2001. Private higher education almost replaced the former monopolistic publicly funded sector. Due to UAE's federal political system, there are several interesting models in terms of privatization and internationalization of higher education.

As a consequence, this study approach juxtaposes two Gulf countries – the Sultanate of Oman and the State of Qatar – to establish similarities and differences in the employed reform strategies. Despite different geographic and cultural histories, Qatar and Oman share many demographic and economic characteristics. They also face similar workforce challenges due to their reliance on imported labor to fill skill gaps in their national labor pools. Oman shares strong political and cultural similarities with its fellow Gulf Cooperation Council members. However, its lower dependency on natural resources for its wealth has caused its economic and socio-demographic development to differ from that of the other GCC members in significant ways. These countries were chosen to illustrate the differences in the challenges faced by what many outside the region consider being a homogenous group of nations.

Before choosing the study countries, a number of logistic constraints and several country-level characteristics were considered. Particularly, difficulties were expected with regards to getting appointments with high-level government officials, without which a personal connection or introduction would have been impossible to secure. The purposeful decision was therefore made to select countries that are open and liberal in this respect. Based on a previous research project (author's diploma thesis), in which the labor market policies of the GCC member states were compared, a recourse to an existing network in Qatar could be made. Therefore, it was easier to get in contact with responsible ministries and experts. Oman was selected as its socio-economic and political background differs. This enabled an informative country-specific juxtaposition.

### 2.3.2 Cognitive Process: Qualitative Experts Interviews

In line with the functional objective of a cybernetics approach, the research project focuses on qualitative research methods. According to DENZIN & LINCOLN (2005: 3), a “*qualitative research method investigates the why and how of decision making, not just what, where and when. Hence, smaller but focused samples are more often needed, rather than large samples*”. Qualitative expert interviews are well suited to analyze the functional objective of the research project as a securely established and adjustable research methodology. A problem-centered expert interview is a type of a qualitative research design. Expert knowledge is defined as in depth insight in aggregated or specific knowledge. This method takes advantage of the motivation of the experts, who are often willing to cooperate and exchange knowledge. Experts are members of the functional elite, who are characterized by their expertise, knowledge on the subject, and experience (MIEG & BRUNNER 2001). Due to their position, experts possess privileged access to relevant knowledge. An expert is defined as a person (i) who is responsible for the development, implementation or control of solutions/strategies/policies and (ii) who has privileged access to information about groups of persons or decision processes (MEUSER & NAGEL 1991: 99). Expert interviews are suitable, as it is possible to gather both descriptive statements, hence, the description of facts, and normative statements, assessments of the experts. In addition, experts often act as gate-keepers and may have access to further information sources (MEUSER & NAGEL 1991: 99).

Problem-centered interviews are a theory-generating method that tries to neutralize the alleged contradiction between being directed by theory or being open-minded so that the interplay of inductive and deductive thinking contributes to increasing the user’s knowledge (WITZEL 2000: 2). Due to the thematic focus, problem-centered interviews – also referred to as semi-structured interviews – with experts make use of guidelines. These guidelines can be seen as the theory-driven origin of the research process. As a consequence, the guideline reveals the assumptions at the beginning of the research project. The guideline was used in two respects: Firstly, the interviewer acquires foreknowledge to enter in a specialist conversation with the expert (MEUSER & NAGEL 1991: 99). Secondly, the guideline enables to structure and reproduce the single questioning serials. The guideline differs within the three groups of interviewees as shown in Table 2.

Following MAYRING (1997) and MEUSER & NAGEL (1991: 101), the design and the objective of the problem-centered interviews were evaluated continuously according to analytical methods during the entire research process. By implementing a circular research design, new findings encroach upon the following stages of the survey (STRAUSS 1998). This empirical approach assures that all relevant findings are detected readily and, consequently, a steady calibration of the operative objective was possible.

In terms of the conception and procedures of expert interviews, the thesis follows MEUSER & NAGEL (1991). The main objective of expert interviews is generally the production of specific theoretical statements. In the case of hierarchically structured bodies like ministries, companies or consortia, information is only available from persons who are directly involved in the control and problem solving or who have a privileged access to information or decision



making processes (MEUSER & NAGEL 1991: 99; STEINER 2009: 54). The adoption of interviews with local experts and “insiders” accommodates the strategic objective of the research project.

In order to explore the present rationales and strategies, semi-structured interviews with all parties involved were mandatory. Thus, the analysis of all related processes is based on subject-specific insider information. At the beginning of the field research, explorative expert interviews were used as a first orientation in new fields, to structure the problem and to establish a network of experts, which lead to further interviews. Systematizing and theory generating expert interviews focus on the exclusivity of expert knowledge and obtain information about routines, specific interactions and processes, which otherwise were inaccessible.

### 2.3.3 Selection of the Interviewees

The scope of interview partners can be subdivided into three groups. Firstly, officers at the newly established private higher education institutions, secondly, officials of ministries and public authorities and finally, founders, investors and shareholders of private higher education institutions operating in Qatar and Oman. The range of the interviewees was enlarged corresponding to the changing level of knowledge during the research process. Several topics were adjusted, and new interviewees were contacted to evaluate new circumstances.

The governance schema of the public higher education system is a defining feature in Qatar and Oman. The education system traditionally tended to operate as a “steep hierarchy”: Steep hierarchies are based on the assumption that decisions are made at the top of the organization. Those lower in the hierarchy are “doers”. Their role is to implement decisions made farther up the chain and to provide information requested by those at the top in support of their decision making. The number of individuals at the top of the hierarchy is relatively small in countries like Qatar and Oman. They all know each other, interact frequently, and tend to adjust their ideas according to each other. If a new idea is sold to other members of this group, action can follow immediately. At the lower levels of the hierarchy, individuals tend to have networks defined by their immediate workplace or physical location (CHAPMAN et al. 2009: 5).

The contacting of the local experts followed a standardize schema. At the onset of the field research, it was essential to identify qualified interview partners. At university level, the attempt was made to get in touch with the highest management level. Thus, the Dean, the Principal, CEO, or the President of the higher education institutions was directly contacted. In most cases, these interviewees were expatriates, who were often delegated from their mother university. At the governance level, staffs at the middle management level were contacted. Staffs at the secondary or third hierarchical level often work as assistants, and prepare initiatives and implement the strategies. In addition, the lower hierarchical level was used to get in touch with the executive level. In Qatar and Oman, it also proved to be a suitable approach to visit the responsible ministries without any appointment and to request access to responsible officers. During the three stages of the field research, more than 60 local experts were interviewed. More than half of the guideline-based interviews were conducted with

officials of the private and public institutions in Oman and Qatar. 16 interviews were carried out with officers at the ministerial level; eight investors of private higher education institutions in Oman were interviewed. The conducted interviews vary in terms of their information content and in their duration. The duration of interviews ranged between 20 minutes and one and a half hour. The settings also vary. The vast majority of interviews were carried out in offices, but some dialogs also proceed in informal places, such as restaurants and hotels. Whenever the dialog partner agreed, interviews were recorded, otherwise minutes compiled from memory were written afterwards.

Gaining access to local experts and decision makers was one of the major challenges of the empirical part of the research project. Policy and the decision making process is usually not transparent in the Arab world. In addition, gaining access to members of the ruling family, ministers, or to the management of leading private companies proved difficult. Due to this reason, it was necessary to make contact with many persons at the ministerial and university level in order to get further contact with members at the decision-making level. The contacting at the onset of the field research followed a fixed schema: Standardized emails were used, describing the request and presenting the main objectives of the research project. In order to spark interest in the research project, the announcement of an abstract as well as a letter of recommendation, provided by Prof. Dr. Meyer was sent. In retrospect, the chosen approach to select and contact the local experts in Qatar and Oman was very successful. In both countries it was possible to find a “door opener” who handed over an index of names, telephone numbers, and e-mail addresses. In addition, several interviewees permitted access to internal documents and data. Due to the steep hierarchies in both countries, the accrued network was expanded consequently in a snowball system. In fact, it was possible to meet members of the government in Qatar and in Oman.

Table 2: *Register of Interviewees*

Key actors	Higher education institution, companies, government agencies
Higher Education Institutions	<b>Qatar:</b> Carnegie Mellon University-Qatar; Texas A&M University-Qatar; Virginia Commonwealth University-Qatar; Georgetown University-Qatar; Northwestern University-Qatar; University of Calgary-Qatar; College of the North Atlantic-Qatar; Stenden University-Qatar; Qatar University; Military School of Saint-Cyr; Community College for Qatar; Outstanding School Initiative.
	<b>Oman:</b> German University of Technology Oman; Sultan Qaboos University; College of Banking and Sciences; Sohar University; Dhofar University; Nizwa University; Arab Open University; Majan College; Modern College of Business and Science; Al Zahra College for Woman; Mazoon College; Oman Medical College; Sur University College; Waljat College of Applied Sciences; MECIT; Scientific College of Design; Scientific College of Design; Gulf College; Muscat College; College of Engineering and Management, Oman Tourism College; International Maritime College Oman; Bayan College; Caledonian College of Engineering.

Investors	<b>Qatar:</b> Stenden University-Qatar.
	<b>Oman:</b> German University of Technology Oman; Mazoon College; Bayan College; International Maritime College Oman; Majan College; Nizwa University; Oman Dental College; Gulf College; Ernst & Young Oman.
Governance	<b>Qatar:</b> Amiri Diwan; Qatar Foundation; Qatar Science and Technology Park; Supreme Education Council (Evaluation Institute, Higher Education Institute, Education Institute); Qatar Planning Council (Social Affairs and Economic Affairs Department); RAND-Qatar Policy Institute; Community College for Qatar; Ministry of Education; Qatar Chamber of Industry and Commerce.
	<b>Oman:</b> Ministry of Higher Education; Oman Accreditation Council; Directorate General of Private Universities and Colleges; Higher Education Admission Center; Oman Research Council; Council on Higher Education; Advisor to the Ministry of Higher Education; Oman Chamber of Industry and Commerce.

### 2.3.4 Challenges of Field Research in the Arab World

Unlike in Europe or North America, empirical studies are subject to several restrictions and limitations in the Arab countries. STEINER (2009: 65) describes several problems of empirical research in the Arab world. The major difficulties are related to the political system. No country in the Middle East meets democratic standards of Western societies. In the case of Qatar and Oman, both countries are ruled by absolute monarchs. Neopatrimonialism is a defining feature of all states in the Arab world – Qatar and Oman are no exception. As a consequence, investigative empirical research focusing on governmental initiatives to reveal, for example, the participation of the ruling regime in the private economy or describing the linkages between decision making and political power, is often limited. Further information, data, laws and the entire decision-making processes are neither transparent nor publicly accessible. Accordingly, it is essential to build confidence with the interview partner in order to get the required background information.

Despite several difficulties to receive reliable statistics and information, the empirical work in Qatar and Oman also showed many positive aspects, which distinguish Qatar and Oman from other countries in the region. All higher education institutions follow an “open door policy”. Although some institutions are located in gated compounds, it is usually possible to get access to higher education institutions. It was also relatively easy to get in contact with the president or the rector of the universities – a scenario which might not be applicable to universities in Europe or the United States. The U.S. branch campuses in Qatar’s Education City in particular supported the empirical research and provided information. The only exception was detailed information regarding the financial agreements, in Qatar as well as in Oman. Public authorities also supported the research project – although there were some “red lights” related to financial and political issues. In fact, all ministries were accessible – expatriates, but also Qataris or Omani staff, were willing to provide information about recent projects. The

language is a minor obstacle. Most of the interviewees were expatriates from Western countries, especially from the United States, Australia, Ireland and the United Kingdom. Furthermore, English is widely used in the public administration and in the private economy. Access to information on key education, training, and labor market indicators is a vital part of diagnosing and articulating the nature of any human resource challenges a country may be facing. Basic data on GCC's population, primary, secondary, and post-secondary education outcomes, and labor market indicators, such as labor force participation and unemployment rates and the sectoral composition of employment, needs to be readily available to make an accurate diagnosis. It should be pointed out that the quality and the reliability of data, both from international and domestic sources, needs to be reviewed. Although the applied data was reviewed with due diligence, the statistics should be treated with the usual reservation.

## **2.4 The Case-study Approach**

The case-study approach allows one to highlight and to contrapose issues that cut across two GCC countries and to draw lessons learned from the differences and similarities in policy responses to those issues while considering the unique political, historical, economic, and demographic features of each country. Given the nature of case-study research, it cannot be recommended to generalize the study to other countries in the GCC or in the Arab world. However, the analytic framework and the methodology can be readily applied to examine the same issues in other nations of the Arab world.

### **2.4.1 Overview Qatar: Geographical, Historical and Economic Patterns**

Qatar is a small country on the Western coast of the Arabian Gulf, covering 11,437 square kilometers. In 2001, Qatar resolved its longstanding border disputes with Bahrain and Saudi Arabia, solidifying its boundaries. The country is divided into municipalities, with Doha serving as the nation's capital and commercial hub. Doha is the most heavily populated municipality; rapid residential growth is occurring in surrounding areas and municipalities, such as Ar Rayyan and Umm Salal – both became de facto suburbs of Doha.

Qatar's industrial base is spread across different municipalities, with petroleum and petroleum-based industries in Mesaieed and Dukhan. Ras Laffan has become the most important industrial base for Qatar, because the offshore gas production in the major gas field, the "North Field," is managed from there (BREWER et al. 2007: 14).

Arabic is the primary language and the official language of the government, but English is widely spoken and commonly used in businesses, especially in the private sector, primarily because of the diversity of the population in Qatar. Recent figures estimate that about 30 percent of the population is Arab (15 percent is Qatari), 25 percent is Indian, and 15 percent is Filipino. Nepali, Pakistani, Sri Lankan, and other ethnic backgrounds (for example, West European) also form large communities. Most Qatari nationals follow a traditional version of Sunni Islam. Due to the high number of alien workers, there are also significant numbers of other religious groups residing in Qatar.

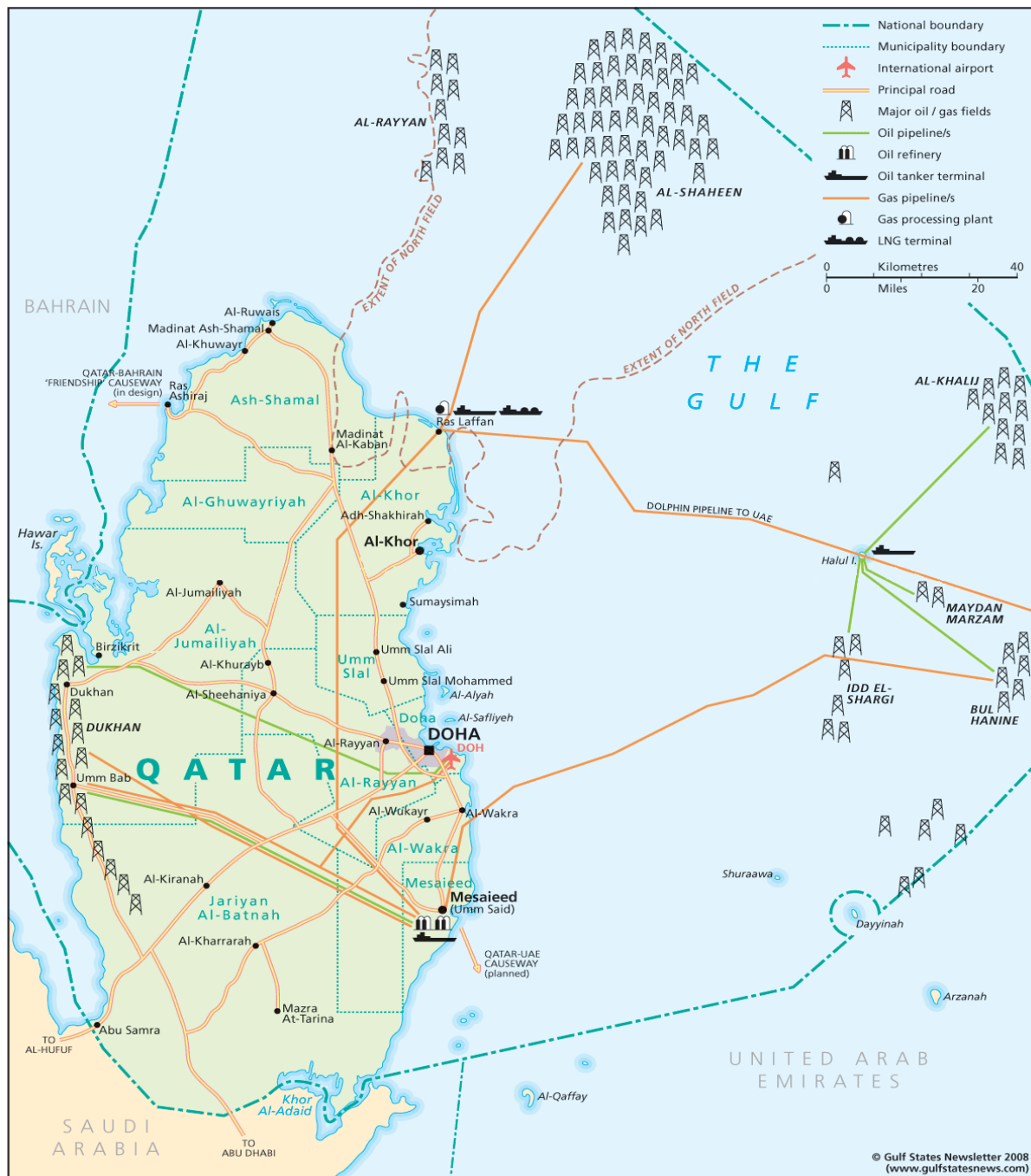


Figure 7: *The State of Qatar* (Gulf States Newsletter 2008)

Qatar's political and economic history is intimately linked to that of its surrounding countries. Similar to the other Gulf countries, it only recently became a sovereign state in the modern sense, and its economy relies heavily on the exploitation and exportation of oil and natural gas, which were discovered in 1932. A period of dominance by the Al Khalifa family of Bahrain over the territory now known as Qatar ended with the Turkish occupation in 1872. The Ottoman Turks retreated the peninsula at the beginning of World War I. In 1916, Abdullah bin Ali Al Thani signed a treaty with Britain that brought the peninsula into the trucial system. In exchange for Britain's military protection, Qatar relinquished its autonomy in foreign affairs and other areas, such as the power to cede, mortgage, or otherwise dispose of part of its territories or to enter into any relationship with a foreign government other than

Britain without its consent. In turn, Britain did not interfere with domestic affairs or infrastructure development. Due to this relationship with Britain, Qatar, like the other crucial states, remained relatively isolated and relied predominantly on pearling and fishing as its main staples of income (BREWER et al. 2006: 8-10; SCHOLZ 1985; METZ 1994; ZAHLAN 1998). It was not until Britain recognized one ruler, the leader of the Al Thani family, as the sovereign of the region that the nation-state of Qatar came into existence. After Britain announced its intention to withdraw from military commitments east of Suez, Qatar became an independent state on September 3, 1971. Qatar has a long history of leadership shifts within the Al Thani dynasty. In 1972, Sheikh Khalifa bin Hamad took control from the reigning Emir, Sheikh Ahmad bin Ali. Sheikh Khalifa had the support of the Al Thani family and of Britain, and he had the political, financial, and military support of Saudi Arabia and the UAE. In contrast to his predecessor's policies, he cut family allowances and increased spending on social programs, including housing, health, education, and pensions. Khalifa also filled many top government posts with close relatives (ZAHLAN 1998). He continued as Emir until 1995, when, following a downturn in the country's economy in the 1980s and early 1990s, Sheikh Hamad Al Thani, the Heir Apparent and Minister of Defense at the time, took over the running of the country from his father (METZ 1994; BREWER et al. 2007: 11).

As is the case of other Gulf countries, the exploitation and exportation of natural resources make up the bulk of Qatar's national wealth. Oil and gas account for more than 60 percent of Qatar's GDP, roughly 85 percent of export earnings, and 70 percent of government revenues (QSA 2010). It is estimated that proven oil reserves of 23 to 25 billion barrels will continue for more than 25 years (BP 2011). During the past two decades, Qatar's leadership revitalized the country's economy through a set of different diversification efforts. These efforts and the escalating oil prices resulted in rapid economic growth – per capita GDP rose from an average of US\$ 14,000 in the 1990s to more than US\$ 25,000 in 2000 and over US\$ 60,000 in 2008 (FASANO 2001; FASANO & IQBAL 2003; QSA 2010; GONZALES et al. 2008). Real GDP growth averaged about 10 percent per year in the second half of the 1990s, well above the 3.5 percent average of other GCC countries (FASANO 2001; FASANO & IQBAL 2003). Nominal GDP growth reached 33.3 percent from 2004 to 2008 (QSA 2010). As a result of this economic development, Qatar, now classified as a high-income country by the World Bank, is one of the wealthiest nations in the world. The windfalls associated with the steady rise of oil prices in the past decade and the discovery of vast reserves of natural gas in Qatar have set the stage for large-scale development projects. When Sheikh Hamad Al Thani became Emir in 1995, infrastructure development accelerated. His ascension to the throne brought a cadre of like-minded reformers, including his wife Sheikha Mozah Bint Nasser Al Missned, to oversee a number of governmental institutions in the country (BREWER et al. 2007: 72).

#### **2.4.2 Overview Oman: Geographical, Historical and Economic Patterns**

The Sultanate of Oman is located in the Southeastern part of the Arabian Peninsula and covers 309,000 square kilometers. In 2009, about 3.4 million people inhabited Oman, of whom approximately 24 percent were expatriates. The Sultanate is flanked by the Gulf of Oman, the

Arabian Sea, and the Rub al Khali (Empty Quarter) of Saudi Arabia, all of which contributed to Oman's isolation. Historically, the country's contacts with the rest of the world were by sea, which not only provided access to foreign lands, but also linked the coastal towns of Oman. The Musandam Peninsula, located above the northernmost tip of the UAE, is also part of Oman; it is adjacent to the Strait of Hormuz, a vital transit point for world crude oil coming from the Gulf nations (METZ 1994; BREWER et al. 2007).



Figure 8: *The Sultanate of Oman* (Gulf States Newsletter 2009)

Oman's population is heterogeneous, consisting of an ethnic and religious mix derived in large part from a history of maritime trade, tribal migrations, and contacts with the outside world (METZ 1994). Arabs constitute the majority, but non-Arab communities include

Baluchis – from the Makran coast of Iran and Pakistan – who are concentrated in Muscat and the Al Batinah coast play a significant role in the armed forces. Zanzibari and ex-slaves Omanis are well represented in the police force and the professions. The integration of Omanis of African descent is often difficult by a language barrier, as they often speak Swahili and English but not always Arabic (METZ 2004).

The presence of Omanis of Indian descent in Muscat reflects the historical commercial ties between the Sultanate and the Indian subcontinent. The Khoja community in Matrah is of Indian origin and is one the richest private groups in Oman. Its members are among the best educated. Because of the small indigenous population, Oman has been obliged to use foreign labor. More than 60 percent of the labor force in 2008 (MoNE 2009) was foreign which derive primarily from India, Pakistan, and Bangladesh. The majority of Omanis are Ibadi Muslims, followers of Abd Allah Ibn Ibad. Approximately 25 percent are Sunni Muslims and live primarily in Sur and the surrounding area and in Dhofar. They form the largest non-Ibadi minority. The Shia minority live along the Al Batinah coast in the Muscat-Matrah region. This minority includes the Khojas, the Baharina of Iraqi or Iranian descent, and the Ajam of vague origin but generally considered to originate in Iran. Arabic is the official language, but English, Baluchi, Urdu, and other South Asian languages are also common (SCHOLZ 1998: 267; METZ 1994). The Sultanate of Oman has two distinct geographic areas: The coast and the interior. It is divided into nine administrative divisions; four of them are called governorates (Muscat, Dhofar, Musandam, Al Buraimi), and the other five are called regions (Al Batinah, Ash Sharqiyah, Ad Dakhliyah, Ad Dhahirah, Al Wusta). Muscat is the nation's capital, the metropolitan area Muscat/Muttrah/As Seeb is the commercial hub.

After seizing power in 1970, Qaboos Ibn Said concentrated on restoring control over the southern Dhofar region, which had been in rebellion against his father's rule. He used economic and military means, believing that poor economic conditions had helped motivate the Dhofari rebellion. By 1975, he succeeded in suppressing militarily the rebellion, and the Sultan could turn to development issues and the establishment of modern governmental and administrative institutions. Not only has Oman had to play catch-up with its Gulf neighbors; it also has smaller resources. In 2011, its proven reserves in oil were estimated at 5.5 billion barrels – small in comparison to the reserves of other Gulf States (BP 2011). It was estimated that Oman's crude reserves would permit 17 years of output. However, increased wealth from oil revenues also brought an improvement in the standard of living for Omani citizens. The World Bank classified Oman as upper middle income. Oman's per capita GDP, measured in constant U.S. dollars, more than doubled between 1970 and 2004 rising from about US\$ 4,000 to US\$ 9,000. Due to the oil price rally since 2003, Oman's GDP per capita has increased to US\$ 18,000 in 2008 (SCHOLZ 1998: 267; METZ 1994; GONZALES et al. 2008; MoNE 2009).



### **3 Theoretical Framework (1): Globalization, Development, and the Knowledge-based Economy**

The cybernetic control model is being applied to compare the different control and regulation mechanisms within the higher education system in the State of Qatar and the Sultanate of Oman. Following the schemata of the control model and the system analysis (Figure 1, 2 & 4), part one of the theoretical framework will introduce the concept of knowledge-based economies as set point within the control system and discuss its relevance. Part two of the theoretical framework will focus on the controlling elements being used to regulate the nation's higher education sector.

#### **3.1 Establishing Knowledge-based Economies: The New Panacea of Economic Development or Just the Buzzword of the 21st Century?**

*“Knowledge production and development is (...) recognized as one of the main drivers of economic development, and those who are able to make best use of knowledge will also be those who perform most effectively within globalized economic structures” (KIRK 2010: 1).*

It is commonly accepted that globalization has changed the economic base of nations around the world. The speed at which knowledge and information is spread and transferred around the world has linked the interrelations of all forms of business, culture and education and is also highly competitive (HELD et al. 1999; MARGINSON 2004). The flow of knowledge that is created, accumulated and shared when it is of relevance and value, is at the center of this phenomenon. To participate in a globalized world, nations around the world aim to develop their own knowledge base: Where previous economic systems were based on natural resources or manufacturing, today's modern economies are based on the knowledge transfer of human capital, as well as scientific and technological progress (DAVID & FORAY 2003: 5). Along with globalization, the concept of a knowledge-based economy entered the international development agenda of the late 1980s as a buzzword – enabling countries to generate sustainable economic growth, based on their domestic human capital. The paradigm entered international policy as a new panacea to fight poverty and economic stagnation. The terminology also became relevant in policy and scientific research. Today, entire libraries seem to focus on the topic of a knowledge-based economy, covering all aspects of knowledge related development.

The thesis uses the term knowledge-based economy to describe current education and higher education policies. Accordingly, the concept of a knowledge economy and its importance, especially in the development context, is introduced in order to assess its relevance for the

GCC states, and in particular for Qatar and Oman. Therefore, the analysis will focus on two related issues: **Firstly**, knowledge-based economy and human capital theory, as the propagated panacea of the World Bank and other multinational organizations for the encouragement of economic growth in developing and emerging countries. **Secondly**, the relevance of education, and especially higher education, within the knowledge-based economy debate.

### **3.1.1 Introduction: The Knowledge-based Economy**

The concept of a knowledge-based economy was first introduced by FRITZ MACHLUP (1962: 5-8), measuring the production and distribution of knowledge in the United States. Machlup was the first to measure the distribution of knowledge as a broad concept, while other former benchmarks were concerned with the reproduction of scientific knowledge. His calculations gave rise to a genre of literature on the knowledge economy, its policies and its measurements. The first wave, starting in the 1970s, was concerned with the so-called information society. During this period both the terms information and knowledge were used interchangeably. A second wave started in the 1990s and is still ongoing.

Based on Machlup's concept the OECD re-launched the principles of a knowledge-based economy in the mid-1990s (GODIN 2008). BENÔIT GODIN (2008) analyzes the construction of Machlup's economic theory: The motivation Machlup offered for studying the economies of knowledge was the relevancy of knowledge in societies: *"Knowledge has always played a part in economic analysis (...). But to most economists and for most problems of economics the state of knowledge and its distribution in society are among data assumed as given"* (MACHLUP 1962: 3-4). *"Now the growth of technical knowledge and the growth of productivity that may result from it are certainly important factor in the analysis of economic growth and other economic problems"* (MACHLUP 1962: 5).

### **3.1.2 Globalization, Education and the Knowledge-based Economy**

No other economic concept, disseminated and promoted by the Bretton Woods institutions, affected the international development agenda, within the last decades, in the same way as the knowledge-based economy paradigm. The major message is that knowledge and innovation have always played a crucial role in development since the beginning of mankind. But with globalization and the technological revolution, resulting from a rapid growth in information and communication technologies (ICT), *"knowledge and innovation have clearly become the key driver of competitiveness and is now profoundly reshaping the patterns of the world's economic growth and activity"* (World Bank 2007: 8). The Arab Human Development Report defines a knowledge-based economy as *"one where knowledge diffusion, production and application become the organizing principle in all aspects of human activity: culture, society, the economy, politics and private life"* (AHDR 2003: 2). Therefore, knowledge and human capital are the main drivers of growth, wealth creation and employment across all industries (APEC 2010). The classification according to the World Bank specifies several defining characteristics of a knowledge-based economy (AUBER & REIFFERS 2003: 9-11):

- Innovation is a permanent feature. It always goes along with the retrieval of new information. The rapid pace of change differentiates the latest ICT revolution from previous technological revolutions.
- Human capital plays a decisive role, and the capacity to learn matters more than the level of knowledge. While secondary school certificates were the “trump cards” of industrialization, higher degrees are those of the knowledge economy. Lifelong training is essential.
- It is an economy of networks at different hierarchical levels. Global networks dominate the top of the pyramid, and a growing number of excluded entities lie at the bottom.
- It is accompanied by new forms of organization involving industrial cooperation, polarization, and relations between the public and private sectors.
- Tacit knowledge needs to be codified and distributed. Information-related activities proliferate in all sectors of the economy.

Knowledge has always been the reason and source of the economic development of nations. Economies that perform effectively have been those that make the best use of knowledge and its applications (AUBER & REIFFERS 2003: 1). With the rise of the term *knowledge revolution*, the ability of a society to produce, adapt, commercialize, distribute, and use knowledge is increasingly critical for sustained economic growth and improved living standards. Thus, knowledge and human capital have become the most important factors in economic development (KIRK 2010: 2-4). *“Investments in knowledge can increase the productive capacity of the other factors of production as well as transform them into new products and processes. And since these knowledge investments are characterized by increasing returns, they are the key to long-term economic growth”* (OECD 1996: 11). As a consequence regional differences in terms of income and economic growth are less explained by differences in capital accumulation rather than by the total factor productivity.

*This means that countries “with” human capital take-off faster due to their high productivity than those “without” human capital* (OECD 1996: 9).

New economic theories and related econometric models, such as the new growth theory or the human capital theory help to explain why countries’ economic trajectories tend to diverge, and therefore help to justify government action and investment in public goods, such as education and infrastructure, which facilitate the use of knowledge and innovation.

The theory of human capital is based on the belief that individuals and the society at large derive economic gains by investing in people. It is argued that such investments, aimed at exploiting the utmost potential of people, should target areas such as education, health and nutritional improvement. Human capital formation is based on the view that people have skills, experience and knowledge, which are forms of capital – human capital (PETERS 2001: 9). As a consequence, investments are made to develop human capital, and returns are expected in forms of higher earnings for individuals and general economic growth in the

larger society. Investment in education and skill formation, just like investments in other factors of production, are considered to be significant factors in economic growth (SCHULTZ 1963; WOESSMANN 2000).

This rediscovery of the economic importance of human capital is fundamental to understanding the new global knowledge economy (PETERS 2001: 7). Education as the major source of human capital formation noticeably turned to an economic parameter that is measurable in financial and economic return. In his analysis of the changing perception of knowledge, PETERS (2001: 7-9) argues that the World Bank stressed the significance of education and training as key drivers to participate in the new global knowledge economy for the development of human resources, for increasing the competencies of workers, for the production of research and scientific knowledge, and for economic growth. Nowadays, knowledge and skills stand alone as the main source of comparative advantage, as *“they have become the key ingredient in the late twentieth century’s location of economic activity”* (THUROW 1996: 68). EVERS (2003) states that in the current phase of the economic liberalization in the banner of globalization, knowledge has taken its place as the most important factor of production passing capital and labor. DRUCKER (1994: 61) emphasized the importance of the productivity of knowledge as the basis for national competition within the international marketplace. *“The central wealth-creating factor will be neither the allocation of capital to productive use, nor labor. Value is now created by productivity and innovation, both applications of knowledge to work”* (DRUCKER 1994: 61). Equipped with this central understanding and guided by neoliberal theories of human capital, public choices and new public management, governments all over the world have begun to restructure their national education systems (PETERS 2001: 7).

PETERS & OLSSON (2005: 313) trace the links between neoliberalism, globalization and the knowledge economy: Within higher education, neoliberalism has introduced a new mode of governmental regulation. *“In a (...) neoliberal environment, the role of higher education for the economy is seen by governments as having greater importance to the extent that higher education has become the new star ship in the policy fleet for governments around the world”*. Worldwide policies for the development of a knowledge-based economy have education and higher education as a centerpiece. The defining characteristic of this new direction of neoliberalism can be understood as a revival of many of the central tenets of classical liberalism, particularly classical economic liberalism. According to PETERS & OLSSON (2005: 315) these presuppositions include (i) the self-interested individual (rational optimizer), (ii) free market economies, (iii) a commitment to laissez-faire (self-regulating markets), and (iv) a commitment to free trade (abolition of any state-imposed protection or support). Thereby higher education and the universities are seen as a key driver in the knowledge-based economy. The role of higher education is taken as the generator of national wealth. Governments aim to provide higher education equitably and en-masse, while ensuring that it is of high quality and of relevance to the national labor market. At the core of a knowledge-based economy are individuals who, when provided with appropriate skills, are able to increase the productivity and to enhance the wealth of an organization, an industry, a region, and ultimately a nation. Thus, higher education is seen as the prime factor for success

in the development of human capital, which in turn will lead to a wealthy knowledge-based economy, assuming that graduates can be absorbed into the local labor market (McMAHON 2009; Peters 2001).

### 3.1.3 Knowledge for Development: Benchmarking Knowledge-based Economies

According to the paradigm of the new growth theory, the World Bank promotes the ideals of the knowledge shift or knowledge revolution: In order to become successful knowledge economies and even “*knowledge champions*” (World Bank 2007: 23-27) emerging and developing countries have to rethink and act simultaneously on their (i) domestic education base, (ii) innovation systems, and (iii) ICT infrastructure, while also building (iv) a high-quality economic and institutional regime. These four pillars are the basic framework in which countries should articulate strategies for their transition towards a knowledge-based economy (World Bank 1999, 2007, 2008):

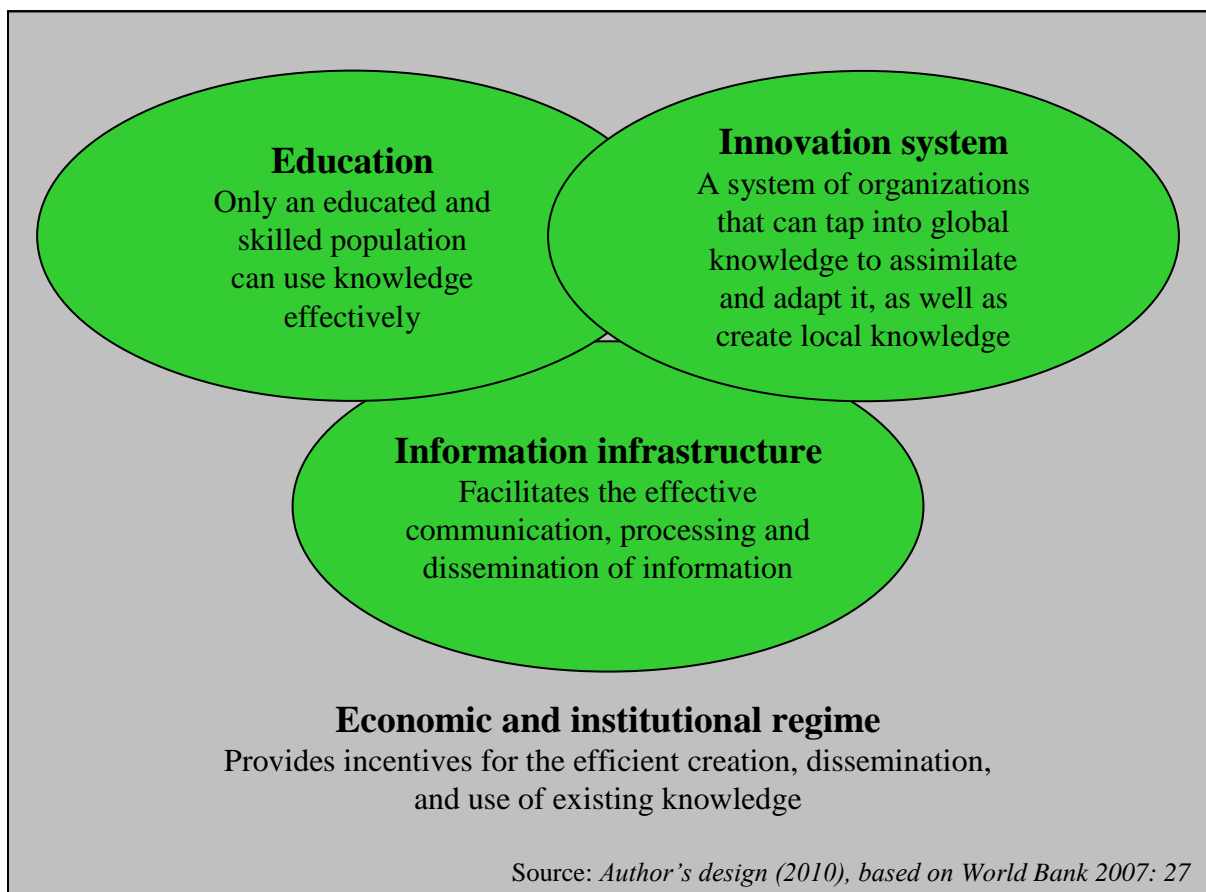


Figure 9: World Bank's Pillars of the Knowledge-based Economy

*Education and human resources:* The labor force should be composed of educated and highly-trained workers who are able to continuously upgrade and adapt their skills to create, spread and use knowledge efficiently. Education and training systems encompass primary and secondary education, vocational training, higher education and lifelong learning. The quality of education needs to be improved at all levels in order to train the labor force to meet the region's economic needs. If the job market does not provide the

educated population with appropriate employment opportunities, it will lead to high unemployment among diploma holders and to a significant brain drain.

A capable *information infrastructure* will facilitate the effective communication, dissemination and processing of information and knowledge. Information and communication technologies (ICTs) are the essential infrastructure of a global, information economy, as railways, roads, and utilities were in the industrial era. They can considerably reduce transaction costs by providing ready access to information.

An effective *innovation system* is composed of enterprises, research centers, universities, consultants, and other organizations that keep up with new knowledge and technology, tap into the growing stock of global knowledge, and assimilate and adapt it to local needs. Public support for innovation, science, and technology covers a wide range of infrastructure and institutional functions, from the diffusion of basic technologies to advanced research activities.

An appropriate *economic and institutional regime* is essential for ensuring proper payoff from investments in knowledge, information, education, and research. Key elements of such a regime are the competitive environment, financial markets, labor markets, legal systems, and, more generally, the overall governance climate.

### 3.2 GCC's Vision of a Knowledge-based Economy

*“Without a strong and growing contemporary knowledge base of their own, Arab countries will be absorbed into the international knowledge society as passive consumers of other countries’ proprietary knowledge, technology and service” (AHDR 2003: 163).*

The late 1980s mark a turning point in the short history of the Arab Gulf states. For the first time, petro states of the Arabian Peninsula feel the effects of their oil dependency. After years of high oil prices, peaking in early 1980, prices gradually fell back. In the years after the second Gulf War in 1990/91, the annual average crude oil price decreased again, dropping below US\$ 20 per barrel in 1995 (IMF 2010). Consequently, governments of the Gulf, blessed with high oil revenues in the past, were faced with new socio-economic challenges: Declining oil revenues, while simultaneously, the national population increased.

While the great oil wealth has afforded a catch-up development and has created wealth and prosperity since the 1970s, it has contemporaneously concealed structural deficits and political failures of the recent decades. Various features indicate that the development process of the region, on the basis of the oil economy, has reached its limits. Among these limits are the overall economic dependency on oil, an increasing unemployment and an insufficiently developed private sector. Especially the lack of innovation, transparency and education, appearing in low productivity, illustrates the deficits and perils of the petro economies.

The debate that an abundance of natural resources can have negative economic and political impacts on a country’s development is hardly new. This phenomenon has been variously diagnosed and specified as *Dutch Disease*, the *Resource Curse* or the *Paradox of Plenty*

(FRIEDMAN 2006: 3; SACHS & WARNER 1997). Revenues received from the export of natural resources may hinder the economic and political development “(...) *by transforming the state from a production state to an absolute allocation state*” (ROSS 1999: 297). In addition, patronage and a lack of transparency undermine democratic growth and the development of free-market economies (ROSS 1999: 297). Hence rents may prevent states from creating incentives based on productivity because states are focused on distributing oil revenues to the citizens. “*When rents from oil revenues are enough to provide adequate healthcare, education and other services to citizens, allowing states to eliminate taxation, the need for citizens to be productive in order to earn these privileges is obviated*” (BEBLAWI 1990: 88). Thus petro-rents produce a “*get rich quick*” mentality (ROSS 1999: 297) among public and private actors by creating easy wealth. According to FRIEDMAN (2006: 3) a “*dependence on natural resources always skews a country’s politics and educational priorities, (...) everything revolves around who controls the oil tap and who gets how much from it*”. In general, the economic development until the early 1990s clearly indicates that the Arab Gulf states, exuberantly rich by any measure, did not manage to utilize their oil revenues effectively to diversify their economies and to educate their citizens during the last two decades.

In order to reduce the multi-layered socio-economic dependencies, public initiatives to diversify the national economy were embedded in the national development plans of all GCC states in the late 1980s and early 1990s (SCHOLZ 1998; RITTER 1985). The main tasks were to create new employment opportunities for the fast growing national population. In doing so, the regimes of the Gulf wanted to make use of the comparative regional advantages by establishing energy-intensive industries to diversify the export. Since the beginning, this agenda was ideologically guided and supported by the World Bank and other international organizations: One of the effects of this external consultancy through Bretton Woods’s economists was that all GCC states adopted similar diversification plans, particular in petrochemistry and aluminum industries. A major policy shift came in the mid-1990s. Due to the cyclical slump, GCC countries were faced with declining oil revenues per capita. As a result of the economic development, the ability to sustain control and to obtain legitimacy through the unique policy of public spending raised difficulties. To put this challenge in a nutshell, the proven policy model of rent-seeking economies – guaranteeing regional stability – appears to be coming to an end.

Once again, ideologically influenced by the World Bank and Western consultancies, GCC states seized the concept of a knowledge-based economy as a panacea to solve the economic challenges of the late 1990s. The special status of the Arab world and the GCC in particular, can be seen in the number of World Bank reports related to the knowledge economy:

“Constructing Knowledge Societies: New Challenges for Tertiary Education” (2002); “Knowledge Economies in the Middle East and North Africa: Toward New Development Strategies” (2003); “Arab Human Development Report 2003: Building a Knowledge Society” (2003); “Integrating TVET into the Knowledge Economy: Reform and Challenges in the Middle East and North Africa” (2005); “Building Knowledge Economies. Advanced

Strategies for Development” (2007); “Turning Qatar into a Competitive Knowledge-based Economy” (2007); “The Road Not Traveled: Education Reform in the Middle East and Africa” (2008); “Building a Knowledge Society in the Arab World” (2008).

The external consultancies were quite successful, as all GCC countries launched knowledge initiatives as a reaction of the economic downturn. The numerousness of national reports, mostly titled as Vision 2020, Vision 2025 or Vision 2030, is a visible sign of the importance attached to the knowledge concept in the GCC. In addition, many statements of GCC leaders, which adopted the development paradigm and the philosophy of the World Bank, the OECD, and others, found their way into the economic concepts of the Gulf monarchies:

- *“Knowledge is the cornerstone of human development, a means of expanding people’s capabilities and choices and a tool for overcoming human poverty. In the 21st century, knowledge is also increasingly a dynamic factor of production and a powerful driver of productivity and human capital” (AHDR 2004: 29).*
- *“I do wish for all my Arab brothers and sisters what I wish for my people of the UAE. I just want them to reach the same advanced levels achieved by developed countries” (Sheikh Ahmed bin Mohammed Al Maktoum, AKR 2009: 1).*
- *“We are leading the transformation of Qatar into one of the world’s most advanced knowledge-based societies, peopled with educated, healthy and creative citizens (...). Qatar will be the hub of learning of the Middle East region” (Dr. Saoud, President of Qatar Foundation, 2006).*
- *“Knowledge and the pen are far stronger than any other force” (Sheikh Mohammed bin Rashid Al Maktoum, AKR 2009: 3).*

In summary, it can be stated that, at least since the mid-1990s, there has been a general commitment to starting the process of transforming the rent-seeking economies into *Western-styled* knowledge economies: Thus, from *“passive consumers”* of knowledge to *“advanced creator of knowledge”* (AKR 2009: 173). The popular slogan was, and still is, to enter a new era of education, innovation and knowledge and to revive the age of an Arab Renaissance – linked to the status of Arabian societies in medieval times. Henceforth, the revenues from exporting the fossil resources should be used effectively as an investment in domestic human capital and the formation of a modern ICT infrastructure. Sine qua non for this radical transition from a rent-seeking economy, towards a capable knowledge-based economy, is the dimension of education in general and higher education in particular.

Figure 10 summarizes the concept of transforming the oil-exporting GCC states. The diversification process describes a transition phase along with the renunciation of a rent-seeking economy. Following international knowledge champions, like Finland, Singapore or Denmark, the GCC states committed to promote the four knowledge economy pillars of the World Bank, namely *education – innovation – ICT – economic and institutional regime*. No longer should prosperity be drawn solely from trade in conventional natural resources,



commodities or services. Further development of wealth in a post-oil era is increasingly seen as dependent on innovation, human capital, new technologies and enterprise dynamics. Higher education is one of the main catalyzer for this economic turn (AKR 2009: 173-175).

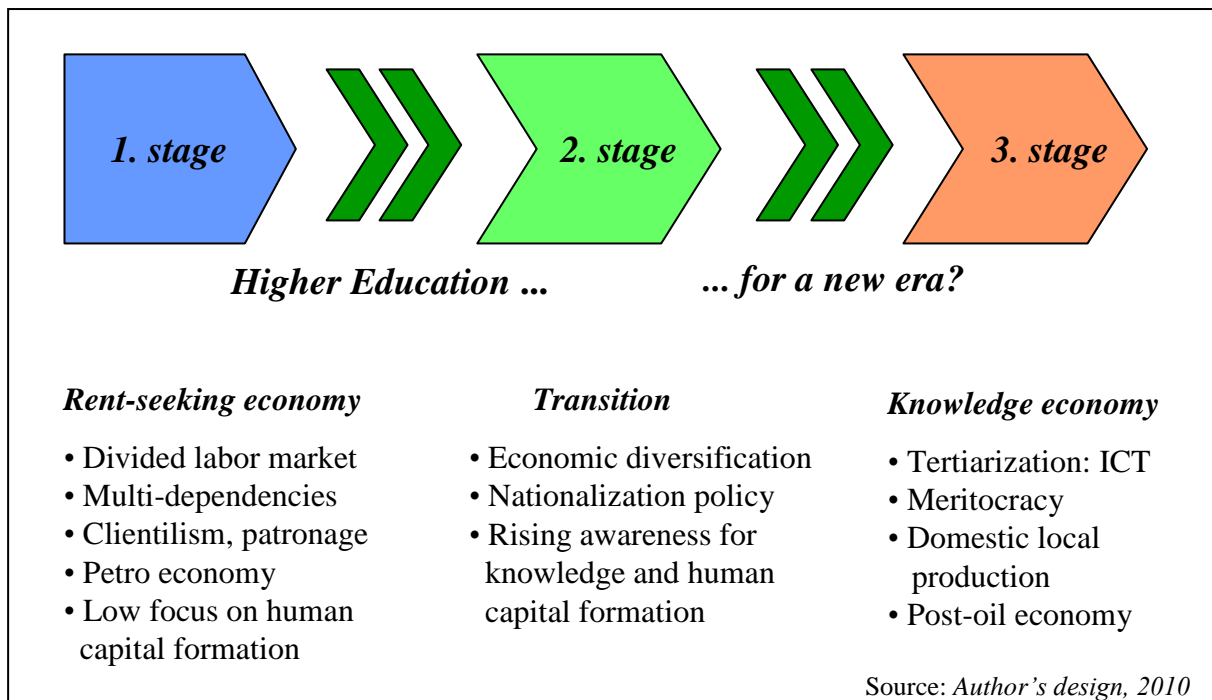


Figure 10: *Transition of a Rent-seeking Economy towards a Knowledge-based Economy*

### 3.2.1 GCC's Overall Knowledge Economy Readiness

The World Bank's Knowledge Assessment Methodology (KAM) is a tool to benchmark a country's position relative to others in the global knowledge economy. The Knowledge Economy Index (KEI) is an aggregated index, representing the overall level of development of a country or region in the knowledge economy. It summarizes performance over the four knowledge economy pillars (see Figure 9) and is constructed as the simple average of the normalized values of 12 selected knowledge indicators. KEI attempts to capture whether (i) an economic and institutional framework provides incentives for the efficient creation, dissemination and usage of knowledge to promote growth and increase welfare is in place, (ii) an economy has an educated and highly-skilled population, (iii) an innovation network composed of enterprises, research centers, universities, and other organizations that can tap into the growing stock of global knowledge, and (iv) a dynamic information infrastructure that can facilitate the effective communication, dissemination, and processing of information has been put in place. Because the 80 variables that are contained in the KAM span over different ranges of values, all variables are normalized, ranging from 0 (weakest) to 10 (strongest) (World Bank 2007, 2008, 2010).

Figure 11 presents a comparison of the values of the mentioned indicators between the six member states of the GCC and the G7 group of nations – Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States – based on the KAM in 2010.

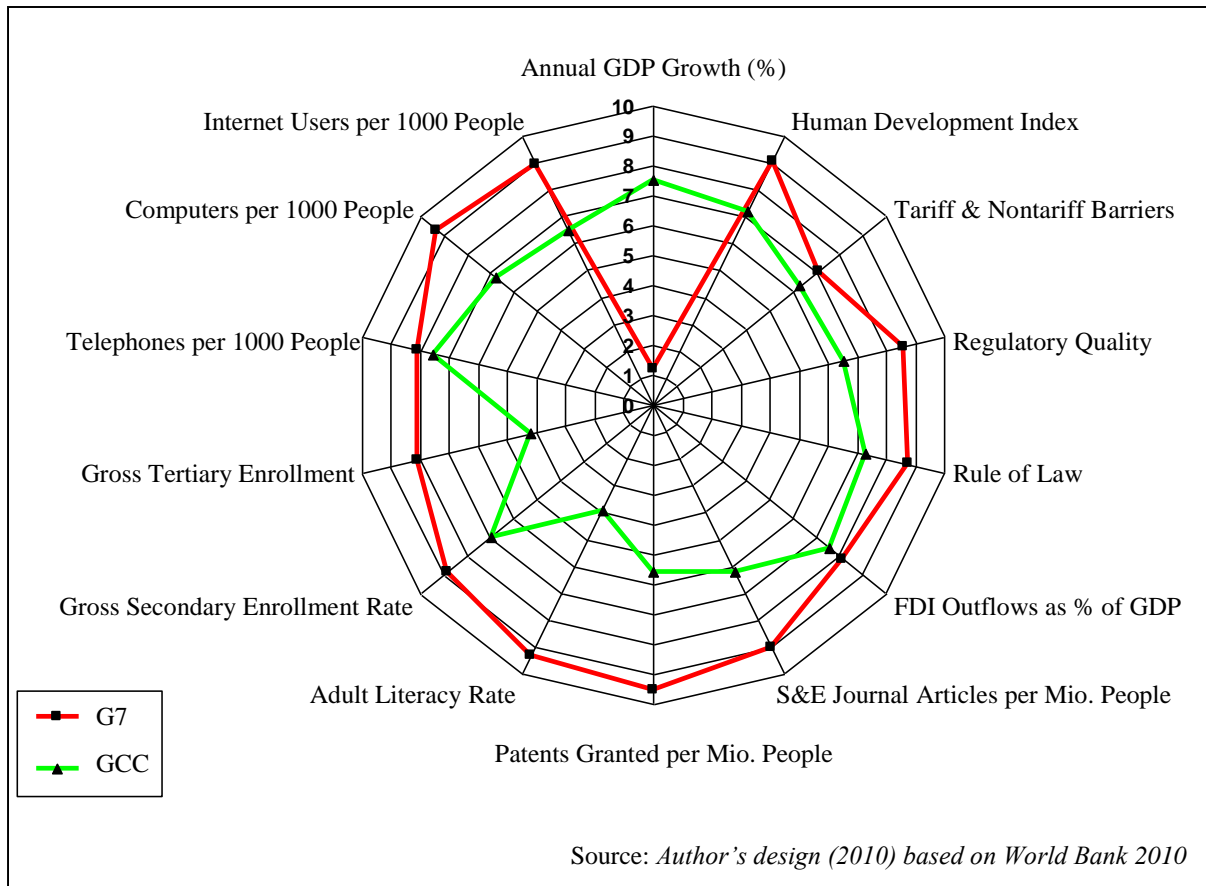


Figure 11: *Benchmarking GCC's Knowledge Performance*

The G7 group was chosen as benchmark because it comprises the countries with the highest levels within the knowledge economy. While the GCC states almost closed the economic gap in terms of the 'Human Development Index' and the 'Per Capita Income', there are still remarkable gaps in the knowledge related sectors. The figure shows that the average of the GCC states (green marked) reaches lower scores in all indicators with the exception of annual 'Annual GDP Growth'. The KAM reveals that the gap between the GCC and the highly developed nations is particularly marked for the indicators measuring the readiness of the innovation and education systems: The existing skill base for workers is low by world standards, and relatively little research, development, and innovation is occurring in the region. Although all GCC states succeed in raising the adult literacy rate, the indicator reveals some backlog demand – especially in Saudi Arabia. The gap between GCC and G7 states in higher education, measured by the indicator 'Gross Tertiary Enrollment' is also significant. According to the World Bank (2008, 2010), most GCC states only reach a tertiary enrollment between 20 and 30 percent, compared to more than 60 percent in the G7 states. As a consequence, GCC would have to raise the tertiary enrollment rate to reach a higher ranking on the KEI. With respect to the pillars of knowledge, it must be noted, that most GCC states almost reach the level of G7 states in terms of ICT index – Saudi Arabia and Oman reduce the level to some extent – and in terms of economic and institutional regime. The quality of governance, measured by 'Regulatory Quality' and 'Rule of Law', is also on a high level in the GCC states.

Table 3 shows GCC's development over time of KEI in 1995 and 2009. The benchmarking proposed by the World Bank indicates that only Qatar made progress on the way towards a knowledge economy in the past years – reaching the highest KEI in the Arab world, jointly with the UAE scoring 6.73. Bahrain's and Kuwait's KEI declined over the time span, while the UAE, Oman and Saudi Arabia record the level of 1995. The logic of the World Bank is that, particularly in the fields of education and innovation, as the two major development pillars, the expansion did not keep pace with the rapid demographic change. For example, the gross enrollment rate in tertiary education declined in all countries. In general, it can be stated that there is a noticeable KEI gap between the small, less populated GCC states and the two populous countries Oman and Saudi Arabia. But this gap is mainly a consequence of the lower ICT Index compared to the small states. All in all, the World Bank's Knowledge Assessment Methodology offers a benchmark to compare different countries on a generalized level. It is obvious that the GCC states lag behind the most developed nations in terms of innovation and education. As a consequence the World Bank and the domestic stakeholder set a focus on these two knowledge pillars. A major goal is to increase the tertiary enrollment rate and to foster research and development capacities.

Table 3: *GCC's Knowledge Economy Index*

Country		KEI	Economic Regime	Innovation	Education	ICT
Qatar	1995	5.92	5.78	4.79	5.60	7.49
	2009	6.73	7.05	6.45	5.37	8.06
UAE	1995	6.48	7.46	6.59	4.27	7.62
	2009	6.73	6.75	6.69	4.9	8.59
Kuwait	1995	5.99	6.35	5.50	4.65	7.46
	2009	5.85	6.50	4.98	4.93	6.96
Bahrain	1995	7.00	7.19	6.93	6.37	7.52
	2009	6.04	6.75	4.29	5.82	7.30
Oman	1995	5.25	6.51	5.48	3.14	5.89
	2009	5.36	7.15	4.94	4.47	4.9
Saudi Arabia	1995	5.03	4.67	5.00	3.93	6.51
	2009	5.31	5.94	3.97	4.89	6.43

Source: *World Bank 2010*

### 3.2.2 WEF's Global Competitiveness Index

In addition to the benchmarking offered by the World Bank, the *World Economic Forum* (WEF) has developed the *Global Competitiveness Index*, which might be useful when looking at a country's overall performance in terms of economic growth, competitiveness and the knowledge economy. The WEF is a Geneva-based non-profit institution, well-known for its annual meeting in Davos, Switzerland. Its economic policy is highly correlated to the free market approach of the Bretton Woods institutions.

The Global Competitiveness Index separates countries worldwide into three specific stages of development and transition, adding degrees of complexity at each stage, called "factor-driven", "efficiency-driven" and "innovation-driven" (WEF 2007). In the first factor-driven

stage, countries compete on low prices. Countries sell commodities or simple products, taking advantage of low-cost labor and available natural resources. At this stage of development, the basic ingredients of competitiveness include (1) *strong public and private institutions*, (2) *adequate infrastructure*, (3) *healthy macroeconomic environment*, and (4) *a healthy workforce with good basic qualifications*.

At the efficiency-driven stage it is important to develop more efficient production practices. Product quality rather than low prices or natural resources drives competitiveness at this stage. (5) *Quality higher education and training* prepares the workforce for more advanced production, (6) *good labor and financial markets* that operate at increasing levels of efficiency, and (7) *access to and use of the latest technologies* are the key indicators of promoting efficient production practices (WEF 2007).

Finally in the innovation-driven stage, countries can no longer only compete on being efficient. Countries must compete by having (8) *sophisticated businesses* through (9) *innovation*. Countries that are highly ranked, especially in the innovation sub-index, can be assumed to have a relatively high level of readiness for the knowledge economy, whereas good rankings in both the factor-driven and efficiency-driven indicators are strong conditions for moving towards a knowledge-based economy (WEF 2007).

On the basis of the Competitiveness Index, the GCC states can be classified to the three stages of development: The small oil rich states Kuwait, Qatar and UAE scored highest and are located in the transition towards an *innovation-driven economy*. Bahrain, Oman and Saudi Arabia are on the way towards *efficiently-driven economies*. The analysis of the single pillars of competitiveness shows similar findings as the World Bank's KEI: Gulf states have strong macroeconomic indicators and institutions, but perform weak in the field of education and innovation: The educational system is an area of concern, its quality as well as the low enrollment rate in tertiary education. Although the GCC countries exhibit a very high teacher to pupil ratio, outcomes are not proportionate with the public investment undertaken or the needs and expectations of the business sector. In summary, it can be stated that GCC needs to improve the pillars of education and innovation in order to set the course to become a purely innovation-driven economy and to enhance the competitiveness of the national economies.

### **3.2.3 WEF's Scenarios of Socio-economic Development in the GCC**

On the basis of the competitiveness index, the World Economic Forum has developed three scenarios for the economic and political future of the Gulf Cooperation Council (GCC) countries to 2025.

Since the early 1970s, the Gulf Cooperation Council countries have witnessed impressive social and economic progress. Economic rents from the energy sector have been channeled into the development of the infrastructure and the advancement of the private sector. Its present wealth poses an interesting question for those interested in the future of the GCC countries: *How can this current wealth be used to ensure that the GCC countries increase in affluence, and also ensure that they overcome the internal and external pressures that could shift them from the path of sustainable prosperity?* In positing three possible futures that

address these questions in different ways, two key themes consistently emerge as being crucial to the future of the GCC countries (WEF 2007).

**Education and innovation:** The GCC countries face the challenge that their collective oil reserves will not last forever, nor are oil and gas always a reliable source of wealth. There have been many times when GCC budgets were in deficit as a result of falling energy prices. However, in attempting to diversify away from oil, the GCC countries face a major problem, in that their existing skill base for workers is low by world standards, and relatively low research, development, and innovation are occurring in the region. The region significantly lags behind in terms of education and innovation. This creates an impediment to development, and exacerbates other problems associated with importing both foreign workers and technologies. As a result, the way in which education policies are handled by GCC governments will be a significant determinant of the region's ability to develop as knowledge-based economies that do not wholly rely on natural resources.

**Leadership and governance:** The GCC countries are ruled by traditionally organized family groups, with varying underlying executive, legislative, and judicial models. Leadership and governance will therefore be instrumental in determining the path that the GCC countries will take over the next 20 years. Although much is being undertaken to improve the efficiency and openness of these systems, the strategies chosen and the rates of change vary between GCC countries. In managing both internal stability and reforms, and thus in determining the structure and strength of institutions, leadership plays a critical role at all levels of GCC governments, as well as in the private sector.

**Scenario (1) – Sandstorm:** Regional conflicts cause a period of economic slowdown. In a depressed economic environment, affected by volatile oil prices, reforms deflate from a lack of attention to the root cause of internal issues and the tendency for governments to focus on short-term stability at the expense of long-term solutions. Due to geopolitical tensions, the flow of foreign direct investments declines, affecting the process of diversification. Thus, the energy sector remains the main source of income. Much needed institutional reforms are not carried out effectively. The government bureaucracy blocks the economic growth and hinders innovation and modernity. Business considers the inadequately educated labor force and the inefficiently government bureaucracies to be the two most problematic factors for doing business. As a consequence the economic development cannot keep pace with the population growth, measurable in a decreasing per capita income and high unemployment rates, which threaten the stability of the ruling regimes (WEF 2007).

In summary, the WEF describes a scenario, in which internal deficits, such as lack of innovation, productivity and government bureaucracies, are intensified by regional conflicts. Only when the Gulf states succeed in renewing their institutional and educational framework, they will be able to increase their regional competitiveness and avoid being negatively affected by external factors such as geopolitical tensions.

**Scenario (2) – Oasis:** Despite geopolitical tensions, GCC states remain the stronghold of socio-economic stability in the region. GCC countries work together to coordinate diplomatic

and economic policies, through technocratic governance and a strong regional market. This intraregional cooperation conserves economic growth and is the basis for a stable climate for investments. While reforms on the institutional and educational level continue, GCC states set the course for sustainable socio-economic development. The oil incomes are used to modernize and diversify the economy. Governments launch initiatives to increase the competitiveness of the domestic private sector. The skills shortage begins to be addressed by educational reform aimed at enhancing human capital in strategic sectors, improving public infrastructure across the region and implementing on-the-job training. Leaders have been encouraged to be role models for private-sector participation. Taken together, all this has contributed to upgrading the image of the professional worker and strengthened meritocracy among the workforce. By 2025, the GCC will make significant progress in terms of competitiveness, but have done so via a series of top-down reforms and industry policy rather than by focusing on market liberalization. Although health, education, and technology have improved substantially, there remain some elements of friction within institutions and markets, which are geared towards strategic priorities, and infrastructure investments occasionally suffer from poor planning. Nevertheless, efforts to build the private sector and to improve the efficiency of the public sector have paid off in terms of increased business sophistication and the reduced costs of bureaucracy and corruption. Despite ongoing calls for increased transparency in decision-making, people are generally satisfied with their governments' management of natural resources and social issues. Through ambitious reforms on the institutional level to promote the productivity and the competitiveness of the economy, GCC states may defy regional tensions by generating economic growth which keeps pace with the demographic development.

**Scenario (3) – Fertile Gulf:** This scenario describes the emergence of the GCC as a leading hub for innovation in a global environment, characterized by a strong demand for energy and increasing globalization. GCC countries defy regional instability by using their oil revenues to enhance their human capital at all levels, investing heavily in education while proceeding carefully with political and institutional reforms to support their growing economies and societies. Recognizing the importance of education and innovation, GCC governments decide to spend their built-up wealth on educating their people and jump-starting research and development (R&D) in a radical and dramatic fashion. As a result, a number of huge education and R&D funds emerge, sponsored by private individuals and supported by GCC governments and commercial partners. Governments encourage entrepreneurship by creating more business-friendly regulatory and institutional environments through improving corporate laws and by significantly reducing the number of procedures required to set up a business. Public investment in infrastructure is more efficient, and transparency and accountability of public institutions are significantly strengthened, reducing corruption and nepotism. After a “sea change” in both attitudes to and the provision of tertiary education, Arab graduates are keenly sought after for positions in finance, engineering, and medical sciences in Asia, Europe, and North America (WEF 2007). GCC based business schools make it to the top 50 in world rankings. Thanks to the improved education and good business climate,

unemployment is greatly reduced while the proportion of migrant workers decreases. The formation of human capital in line with political and economic liberalization guarantees a high level of economic and social stability.

The bottom line of WEF's scenarios is that GCC countries are currently at a crossroad in terms of their economic competitiveness. Although reforms to date have been, on the whole, well thought out and positively implemented, high oil prices and the resulting boom in revenue may distract governments from the need for further more painful reforms:

Depending on their decisions **now**, GCC states could remain primarily oil exporters, or they could develop the Arabian Peninsula into an innovation hub that leads the global economy (WEF 2007).

Given the heterogeneity of countries, it is important to bear in mind that key themes such as leadership, strong and efficient institutions, diversification of the economy, effective primary and employment orientated higher education, and the foundation for innovation will play out differently in each country (WEF 2007). The scenarios clearly reveal that the WEF, like the World Bank, promotes an active policy shift towards commercialization and a redefinition of the state. Thereby reforms on the institutional level, along with a new focus on education, are the key themes of the GCC states in the future.

### **3.3 Higher Education as a Part of the GCC's Knowledge Revolution**

Both knowledge economy benchmarking suggest that GCC states need to enhance the competitiveness of their national education sector to meet the socio-economic challenges of the future and to establish their own domestic knowledge base.

#### **3.3.1 Knowledge Lights the Lamps that Point out the Way on the Arab Journey to the Future**

GCC's current population boom affects the demand for education in several ways. GCC states deciding to raise the enrollment rates for different levels of schooling will face a steep rise of demand because of the demographic bulge, along with a steep rise in the cost of meeting this demand. These trends translate into a tremendous growth in the number of students that will need to be accommodated at secondary and tertiary levels over the next 20 years. It is expected that the secondary education population in the region will increase by one third during this period, and the tertiary education population will more than double (World Bank 2008: 99). The second is related to the demand for different educational outcomes, as by the above discussion on the knowledge economy. Finally, facing all these challenges will be extremely costly. To sum up, an increasing number of youth will require educational opportunities that do not yet exist, neither in quantitative nor in qualitative terms.

Especially since the attacks of 9/11, the Arab world has been faced with their social, economic and political deficits and regression. The 2003 Arab Human Development Report (AHDR) defines the lack of education still as one of the major obstacles for economic trend

on Arab societies: The Arab world “*has to overcome three cardinal obstacles to human development posed by widening gaps in freedom, women’s empowerment and knowledge across the region*”. Creating and promoting “*human capital, under more promising conditions, could offer a substantial base for an Arab knowledge renaissance*” (UNDP 2003: 1). By adopting this slogan of an Arab knowledge renaissance the Gulf states aim to become a new model within the Arab world. The promotion of higher education, knowledge and modernity dominates this new policy. Post-secondary education institutions have a critical role in supporting knowledge-driven economic growth strategies as its academic and research activities provide crucial support for the national innovation system. In addition, tertiary institutions often constitute the backbone of a country’s information infrastructure, in their role as repositories and conduits of information.

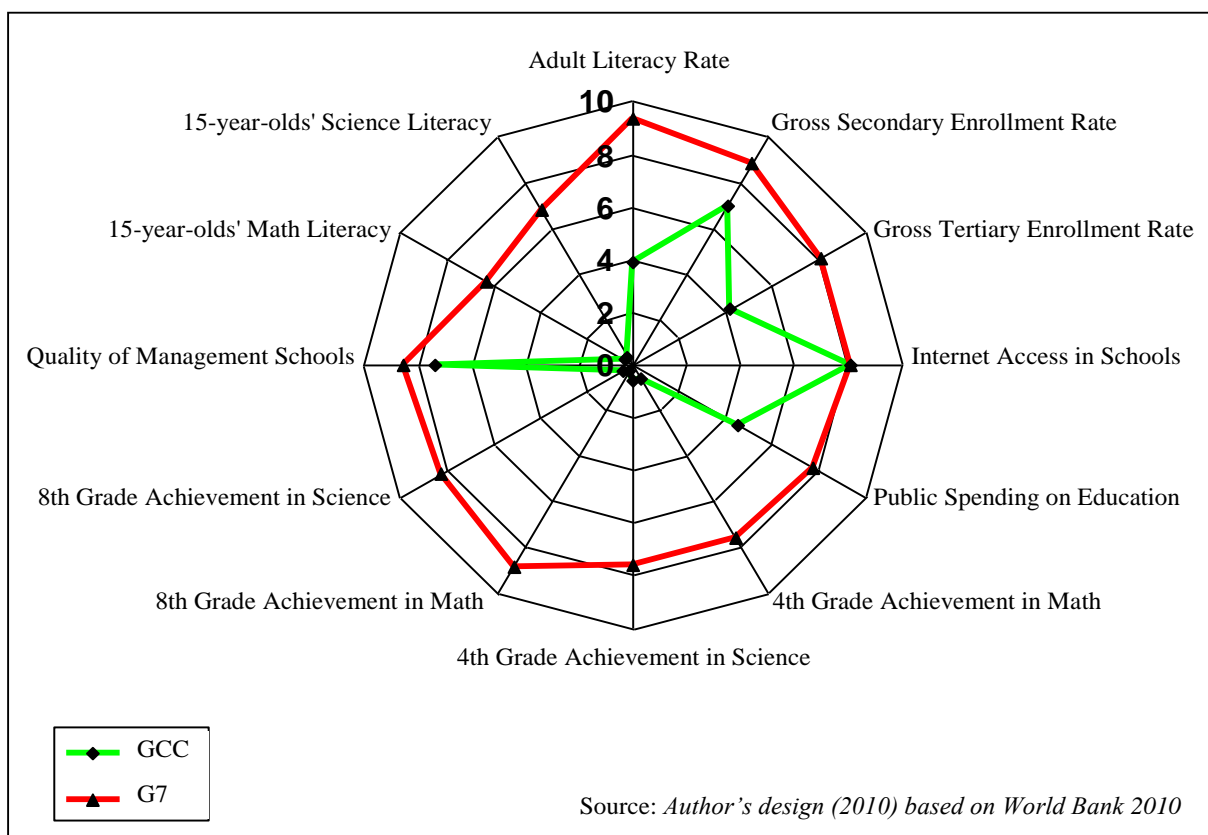


Figure 12: GCC's Knowledge Index

By using the World Bank’s KAM system, it is possible to analyze the urgent deficits of the education system in the GCC states. Figure 12 compares the GCC states and the G7 group as reference group on the basis of 13 education indicators. Three of them, *literacy rate*, *secondary* and *tertiary enrollment*, were also part of the knowledge economy index. The education indicator clearly shows that the educational infrastructure is well-established in all GCC states. The quality of management also reaches a high level, the equipment of schools is up-to-date (e.g. internet access at schools). With regards to the quality of education, a huge gap between G7 countries and GCC states can be highlighted. Some GCC countries participated at OECD education assessments, measuring the school performance in reading, math and science. The results of the PISA and TIMSS studies (OECD 2008) reveal the



structural problems of the domestic education system. In TIMSS, a standardized mathematics test, Qatari 4th grade students had an average score of 296 points, while their counterparts in G7 countries reached an average score of 530 points (MULLIS et al. 2007: 473). The PISA study of 2006 showed similar results. The normalized variable, measuring the scores of the international assessments, oscillates between 0 and 1 – which means that the performance is very poor. Thus the quality of education, mapped by the assessment, as well as the access to higher education, causes a low overall education index.

### 3.3.2 Bridging the Knowledge Gap

The 2003 Arab Human Development Report (AHDR) also emphasizes that the knowledge gap between Arab countries and advanced knowledge societies is large and widening. If GCC countries are to catch up with dynamic knowledge societies, they will have to pursue a course of exponential growth of knowledge (AHDP 2003: 40). Adopting such a course is a challenge, as *“it requires accelerating the dissemination, production and utilization of knowledge, at rates faster than those which historically prevailed in today’s knowledge economies. The steep gradient of this course should be taken to indicate the seriousness of the challenges developing countries face, if they seek to build the knowledge society starting from today’s initial conditions”* (AHDP 2003: 40).

As indicated in the AHDR 2003, a path of exponential growth is necessary to create a knowledge-based economy in the Arab world. The World Bank (2002: 23) like many non-governmental institutions add that *“tertiary education assists the improvement of the institutional regime through the training of competent and responsible professionals needed for sound macroeconomic and public sector management”*. In response to the educational challenges of the 21st century, the World Bank suggest that *“tertiary education institutions need to be able to respond effectively to changing education and training needs, adapt to a rapidly shifting tertiary education landscape and adopt more flexible modes of organization and operation”* (World Bank 2002: 23). Since education is the main source of knowledge creation, education systems must be changed in order to deliver the new required skills and expertise necessary to excel in a more competitive global market environment.

Today GCC states, like many other nations around the world, try to close the knowledge gap and expand their higher education systems. Especially since higher education capacities are essential to meet the ambitious development goals of the regimes. Only a highly trained domestic population will be able to compete in the globalized labor market. In addition, the education, and especially the higher education sector, has to keep pace with the current economic boom. In relation to the size of the national economy, the per capita income or the human development index, educational outputs in all GCC states lag far behind other (Western) regions. There is yet no correlation between knowledge, productivity and wealth in the GCC. Wealth is mainly produced by the oil exports and not innovation-driven. Thus, it is necessary to promote knowledge in order to bridge the gap between human capital outcomes and the national income. This is imperative in order to create a sustainable socio-economic future (ADHR 2003: 40-42).

Bridging this gap is achieved by increasing the number and range of academic programs, creating private institutions, by developing distance learning, and by engaging in activities of internationalization, such as the importing of educational programs provided by foreign institutions, through partnerships with local institutions, or allowing foreign institutions to operate locally. As a consequence, one might assume that the current trend towards internationalization, privatization and trade in higher education, contributes to this catch-up process. These new emerging education services enable the required exponential growth to reach the knowledge level of advanced economies, in qualitative and quantitative terms. The internationalization is used to bridge the quality gap by importing foreign programs and institutions. The privatization of higher education addresses primarily the fiscal pressure of the massification policy.

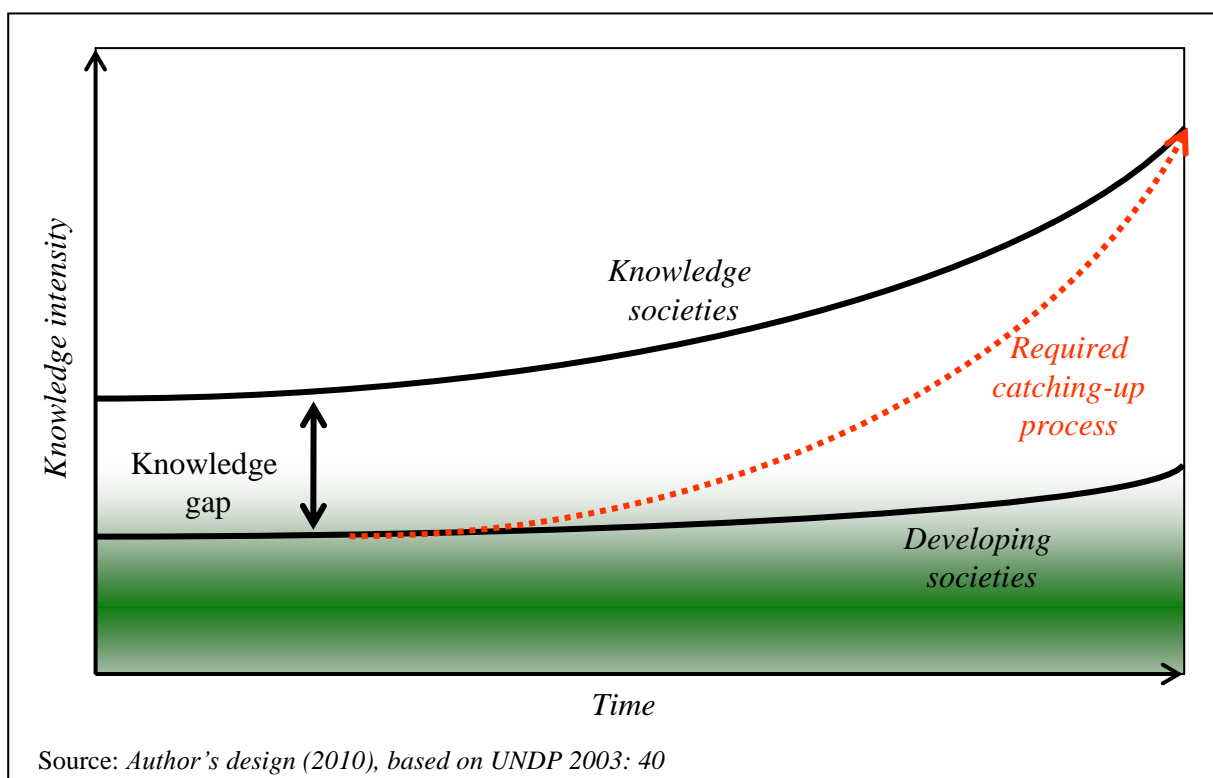


Figure 13: *Catching-up through Exponential Growth*

The neoliberal human capital concepts of the World Bank and the World Economic Forum towards knowledge, innovation and education adopt a liberal, market-driven policy. Former public services, such as education, should be gradually converted to guarantee return of investments. Thereby the participation of private stakeholders seems to be an appropriate concept for the Gulf states nowadays. By redefining the role of knowledge and turning education into a tradable commodity, education intends to become a key driver of GCC's economic development.

## **4 Theoretical Framework (2): GATS, Internationalization and Privatization of Higher Education**

By implementing political and economic regulation, governments exert direct influence over the controlled variable – the *National Higher Education System*. The input is carried out by using the so called *controlling elements*. Thereby, an adjustment of the controlling elements regulates, controls and modifies the higher education landscape. All controlling elements operate autonomously and can be applied separately. The following chapter will be used to introduce the controlling elements that are used to regulate the higher education sector in Qatar and Oman, and to describe the common theories relating to globalization of higher education. On the basis of the state of research, previous knowledge and research findings of the CERAW working group, the following major controlling elements are currently being used to modernize the national higher education landscape: (1) Privatization/marketization of higher education; (2) internationalization of higher education; (3) trade commitment to higher education according to GATS.

### **4.1 Privatization of Higher Education**

The general purpose is to analyze the formation of the private higher education sector in the light of governments' strategic policies and directives, in response to the urgent disparities between supply of and demand for higher education.

#### **4.1.1 Higher Education as a (Former) Public Commodity**

Higher education has always been an important priority in the public agenda. It is a repository and guardian of culture, an agent of change in this culture, an engine for national economic growth, and an instrument for the realization of collective aspirations (JOHNSTONE 1998: 1). Generally, education and higher education are publicly provided by every nation. This dominance of the state is a fundamental feature of most educational systems. Such a unique position is shared by only a very limited range of goods and services, such as, for example, defense, internal security, courts, police, etc. (JOHNSTONE 1998: 1-2). Even in those countries, where education is not publicly provided, it is often heavily subsidized by the state. There are several arguments that justify the role of the state in education. Education is a public commodity and higher education is at least a quasi-public commodity, producing a wide variety and vast amount of externalities. Consumers of education obtain external benefits on those not acquiring education. Therefore, the social benefits of having a large higher educated population go beyond the added aggregated value. The externalities of higher education include improvement in health, reduction in population growth, reduction in poverty,

improvement in income distribution, rapid adoption of new technologies, ensuring of civil liberties, etc. (SCHULTZ 1988; LUCAS 1988). These positive externalities constitute a strong justification for the state to play a crucial role in education. As a consequence, state provision of higher education is advocated on the grounds of providing equality of opportunity. Ensuring equality of opportunity in education for all, irrespective of not only social, racial, and cultural, but also economic backgrounds, is considered an important function of the modern state. Access to education is found to be the most effective instrument of equity. In the absence of state subsidies, only those who are able to afford to pay would enroll at schools. The concern for equality of opportunity has led to the almost universal agreement that the state should subsidize education (NERLOVE 1972; TILAK 2004).

In particular, the post-war era in Western countries and the post-independent period in developing countries were dominated by a welfare state philosophy and a philosophy of social democratic consensus. It was strongly felt that the government could, and should, do almost everything for everyone (TILAK 2004: 2-5). Education was one important sector in which the role of the state was widely recognized. *“Education, innovation and knowledge were viewed as a great wealth itself, besides being a source of increase in wealth”* (TILAK 2004: 2). Societies voluntarily invested resources in education, often without expecting any direct economic or financial return. It was generally accepted that the benefits of education were widespread, and that in the long run, public investments made in education were recovered by the society through the increased productivity of the labor force, and therefore higher tax receipts by the government. Hence, there was no need for any specific measures to recover the investments made in education directly from students or from any non-governmental sources. An investments in higher education will pay for itself as it will increase the earnings of the students and the government will recover higher educational costs through higher tax receipts (TILAK 2004: 1). Accordingly, there is a long tradition which assigns publicly supported education a major role in promoting social peace and self-improvement, and also in the process of wealth-creation itself: *“A gold standard tradition was established, characterized by state provision and financing of education”* (TILAK 2004: 3).

#### **4.1.2 The Creeping in of a Market Philosophy into Higher Education**

The dawning of the late 1970s heralded a continuing financial crisis in higher education. The crisis was characterized by shrinking public budgets for education, along with increasing student numbers, declining per student expenditures, inadequate investment in the quality of education and widening of intra-country inequalities in expenditure on education, etc. (JOHNSTONE 1998: 1-3; TILAK 2004: 2-5). In the beginning of the 1980s, neoliberal economic reform policies promoting the shift towards privatization were unveiled in several countries, in the form of adjustment policies linked to IMF and the World Bank. *“The underlying philosophy of these policies is that any aspect related to public sector is inefficient, and any aspect related to private sector is, ipso facto, efficient and desirable”* (TILAK 2004: 3). The 1980s and 1990s brought about a complete swing of the pendulum in which welfare state concerns were replaced by the free-market philosophies that stress individual economic values

and gains. Individual freedom and choice were preferred to social choice. “*Nowadays it is not the government, but the market that can do everything for everybody*” (TILAK 2004: 3). This shift towards a liberal policy paradigm was taking place all over – markets and the private sector now held the center stage. The neoliberal philosophy entered the higher education sector as well. A reduced role of the state in higher education was promoted as an economically and educationally efficient proposal. The World Bank (1994) argued that the role of the government should be confined to the formulation of a coherent policy framework. Privatization is being pursued in higher education as a very effective measure to improve efficiency and as an important measure to ease financial crises. The human capital theorists placed emphasis on the role of education in the transformation of humans into human capital, an instrument of production and economic growth, and thereby, economic well-being of the people and societies (World Bank 1994; TILAK 2003, 2004).

With this policy shift, the state’s traditional functions of production and dissemination of knowledge came under attack. The market-promoting policies pose serious challenges to higher education. New values, policies and practices replaced traditional and well-established concepts and approaches. Social democratic visions were replaced by market driven policies – *marketization* has become the buzzword and the role of the government was reinvented. As a consequence, public subsidization and public monopoly of higher education was increasingly criticized:

*Firstly*, an opposition to public subsidization of higher education has emerged from estimates of rates of return. The social rates of return are found to be consistently lower than private rates of return to education. Hence, public subsidies could be reduced and individuals could be asked to pay for their education (PSACHAROPOULOS 1994; World Bank 1994; TILAK 2003, 2004).

*Secondly*, it is argued that public subsidization produces perverse distribution effects, as it would be regressive and increase income inequalities by transferring the resources from the poor to the rich, as “*the education subsidies accrue more to the rich than to the poor*” (World Bank 1995: 80).

*Thirdly*, worldwide governments were increasingly facing a resource crunch: Economic reforms, including structural adjustment policies and necessitated cuts in public expenditures across the board.

Thus, education was considered as a sector from which governments could withdraw relatively easily. It was also felt that a reduction in the role of the state and in state subsidies would not adversely affect the growth of higher education, as cost recovery measures could be adopted. Since education, and particularly higher education, may not be price elastic, it is believed that cost recovery measures would not lead to any significant fall in enrollments. Given the high private rates of return, people will be willing to pay for higher education.

#### **4.1.3 Marketization of Higher Education: March Towards More Privateness**

Despite the abundant knowledge on the importance of the role of the state, higher education systems are in a transition towards marketization. The decade of the 1990s has seen a

remarkably consistent worldwide reform agenda for the finance and management of universities and other institutions of higher education. The economic policies introduced during the last quarter century require a drastic cut in public expenditures across the board, including higher education, and in addition, a promotion of a market-driven approach. Public expenditure on higher education was cut back in many countries – in terms of relative priorities in proportion to the total government expenditure allocated to higher education or in public expenditure on higher education in absolute terms in real prices – total as well as per student (TILAK 1997, 2003). Noticeable cuts could also be noted in several countries, specifically in public expenditure on quality and equity related inputs in higher education (e.g. research grants or scholarships). In this situation the recovery of higher education costs from the students, mainly through tuition fees, has been an important strategy, along with the raising of resources from other non-governmental sources (TILAK 1997, 2003). Along with this and the public apathy for higher education, one can notice a strong emergence of forces in favor of private higher education. The lack of public resources is one frequently stated reason for the growth of private higher education. An equally important reason is the change in attitudes towards private higher education, and towards profit-oriented private higher education institutions in particular. Private higher education is projected as an efficient system to increase access and improve the quality, as well as equity (TILAK 2004: 13). Governments have either implicitly encouraged higher education institutions to adopt market relevant policies, or explicitly formulated policies that contribute to rapid privatization of higher education (JOHNSTONE 1999: 2; TILAK 1997, 2003). Such policies are for example

- (i) the withdrawal of government grants to mobilize financial resources from non-governmental sources,
- (ii) the introduction of marketable courses of study that could be sold to the students in place of long-term courses of study, and
- (iii) the appointment of industrialists as chairpersons of governing bodies of higher education institutions. Financial management, including cost recovery and profit-making, have become the traits that are sought after in such appointments.

The march towards marketization of higher education is taking place through a variety of measures. The financial privatization of formally public universities, the transfer of ownership of public institutions, and the establishment of private institutions – private institutions with government support, self-financing private institutions with no government support and profit-making private institutions – all are focusing on short term market considerations and an immediate market relevance (JOHNSTONE 1999: 2; TILAK 2004: 12).

The emerging private institutions also consist of more institutions without government recognition. Existing public universities were transformed into entrepreneurial universities. Thereby, autonomy from the government has become a buzzword. The mission of the universities, their ownership, sources of revenue, norms of management, and the role of the government in university development, have been changing rapidly (JOHNSTONE 1999: 1-2). The changes are not confined to newly established institutions, but also the well-established “traditional” universities are affected by these changes, and there is a steady march from

publicness to privateness in higher education (JOHNSTONE 1999: 1-2).

Privatization in reference to higher education refers to a process of colleges and universities – both public and private – taking on characteristics of private enterprises. Therefore, privatization connotes a greater orientation to the student as a consumer, including the concept of the education as a “product”. Attention is directed to image, competitor institutions and “market niches”, pricing and the enhancement of net earned revenue, and last but not least marketing. Privatization also suggests the adoption of management practices associated with private business, such as contracting out, or “outsourcing” (i.e. turning to private firms to perform non-academic services such as printing, food services, or general building maintenance), aggressive labor relations and minimization of payroll expenditures, decisive decision-making, widespread use of audits and accountability measures, and an insistence that each department or academic program contribute to profitability, or at least to the organization’s particular metric of success (JOHNSTONE 1999: 1-2).

Table 4: *Continua from Public to Private Higher Education*

Dimensions	High ‘Publicness’ ←-----→ High ‘Privateness’ (‘Traditional’) (‘Modern’)			
Mission/ Purpose	serves as a clear public mission as determined by the state/faculty	mission both avowedly public and private	mission is mainly to respond to students’ private interests, mainly vocational	mission serves private interests of students, clients, and owners
Ownership	state-owned	public corporation or constitutional entity	private non-profit; clear public accountability	private, for-profit
Sources of revenue	public/tax payers	mainly public, but some tuition or cost sharing	mainly private, but some public assistance to needy students	all private revenue: mainly tuition-dependent
Control by government	high state control	subject to control, but less than other state agencies	high degree of autonomy; state control limited to supervision	controls limited to those over any other businesses
Norms of management	academic norms, shared governance, anti-authoritarianism	academic norms, but acceptance of need for effective management	limited homage to academic norms, high management control	operated like business, norms from business management
Sources: JOHNSTONE 1998: 6-12; JOHNSTONE 1999: 2; TILAK 2004: 12				

Movements in the direction of greater privatization may mean any or all of the following dimensions (see Table 4):

- (i) Higher education institutions are seeking greater autonomy from the government, as in getting relief from state budget billet controls and moving toward lump-sum budgeting.
- (ii) Private as well as public sector institutions start to raise tuition.

- (iii) Universities are putting considerable resources and managerial attention to marketing.
- (iv) Embracing the concept of enrollment management, which limits financial assistance, or institutional price discounts to those students whom the institution most wants and who also require the least discounts to matriculate.
- (v) Higher education institutions adopt a culture of service to the student as a client.
- (vi) Increasing fundraising activities to lower dependence on state taxpayers.
- (vii) Cutting back on departments and other units that seem not to be attracting students or research grants, or otherwise justifying them being carried by the units that do.

In short, the emerging higher education system can be summed up as a transformation of academic institutions into entrepreneurial universities or even commercial institutions (RAINES & LEATHERS 2003: 214), whose most important objective seems to be the mobilization of resources, rather than serving as a clear, determined state mission. The focus is no longer directed towards education as a general value.

#### **4.1.4 Emergence of Private, Profit-oriented Higher Education**

There are two directions in private higher education: non-profit and for-profit. *“While most of the world’s private higher education is non-profit, a major uptick is under way, concerning for-profit higher education”* (LEVY 2009: 12). *“Private higher education institutions, many of them for-profit or quasi for-profit, represent the fastest-growing sector worldwide”* (ALTBACH et al. 2009: 12). This shift towards for-profit higher education is rather interesting as it was prohibited in many areas of the world. The extent to which legalization of profit-oriented education will continue suit is yet unknown, but its growth is unmistakable (LEVY 2009: 12).

Profiles of private higher education institutions: In the sense of a philanthropic or social mission, visionary thinkers founded private, non-profit higher education institutions for the good and well-being of the society (AL LAMKI 2006: 63). Such institutions, mainly in the United States, have proven to be very successful. Examples include the private elite universities such as Harvard, Princeton, Yale, Cornell, Columbia, Brown, Dartmouth, and Penn. The specific U.S. traditions of a donor culture in a highly established economic system, with a critical mass of private philanthropists, and coupled with a favorable tax system, made the availability of a non-profit elite system of higher education institutions possible (LEVY 2009: 12-13; AL LAMKI 2006: 63-64).

By contrast, profit-oriented private higher education institutions tend to be more prevalent in the less developed countries with weaker economic systems (ALTBACH et al. 1999: 12). In such economies, profit-oriented private higher education became an instrument *“in assisting governments in situations when the public’s high demand for higher education is unmatched by supply and the inability of the government to provide the necessary support and funding”* (AL LAMKI 2006: 63). Its organizational structure and management, coupled with its market orientation, allows private institutions to adopt innovative educational and pedagogical methods. Unlike traditional public colleges and universities with strong liberal arts education,



profit-oriented private higher education – driven more by the markets than by academics – intend to focus on vocational programs with direct links to the national labor market (AL LAMKI 2006: 63; JOHNSTONE 1999: 1-3).

Following the argumentation of ALTBACH (2005: 15) and JOHNSTONE (1999: 2), profit-oriented higher education institutions have a different mission and role in higher education, as they have identified and secured a strategic niche. Such niches of potential growth appear especially strong in such areas as adult education, distance education, career education, and foreign-domestic partnerships (LEVY 2009: 12). *“The prominence of for-profit higher education relates not just to its expansion, but also to its relative distinctiveness. Major blurring occurs across all three higher education sectors – private for-profit, private non-profit and public”* (LEVY 2009: 13). Consequently, it is not always easy to identify for-profit higher education institutions: One of the problems is that private institutions are labeled as non-profit but act in fact like profit-oriented ones. In addition, several countries neither proscribe nor explicitly allow the for-profit form, simply not mentioning it in the educational context (LEVY 2009: 13; LEVY & KINSER 2006).

The distinction between private and public higher education is especially clear when the private is profit-oriented. The major distinction between private non-profit and for-profit institutions is the use of the financial gains, as well as a market oriented approach. These generalizations can be illustrated in finance, whereas public higher education remains extremely dependent on governmental spending, typically, private institutions overwhelmingly rely on tuition and fees (LEVY 2009: 13; JOHNSTONE 1999: 2). Profit-oriented institutions are often formed in the same manner as a regular business corporation, and may even be listed at the local stock market. The yield or operating surpluses are distributed among the owners or shareholders and not reinvested in the higher education institution. Private investors who invest their personal funds in the purchase of property, construction of academic buildings and operation of the institution establish private that are incorporated as for-profit. As soon as the investment begins to break even, the stockholders expect to be paid dividends, either in cash or in stock options (AL LAMKI 2006: 64). In contrast, non-commercial institutions often reinvest all operating surplus for capital and other development (LEVY 2009: 13).

New confusion accrues, as noticeably many traditional non-profit institutions commercialize themselves more than ever. Therefore, the differences and the distinction of profit, non-profit and public institutions disappear. According to LEVY (2009: 12), the confusion is particularly salient with ‘training’ as opposed to ‘education’ institutions. *“The former may come under business law, the latter under educational law, with only the former allowed to be, legally, for-profit, while the actual boundaries are slippery”* (LEVY 2009: 12). In addition, cross-border activities also change the formerly simple distinction between traditional and profit-oriented institutions: Universities, operating as public or non-profit institutions back home, collaborate with entities abroad, *“where they then act like for-profit institutions”* (LEVY 2009: 13).

Thus today there is a clash between those who are willing to transform knowledge into a tradable commodity, and those who consider knowledge as a collective good. Critics of such a

commodification argue that private profit-oriented institutions do not address the academic needs of the society (AL LAMKI 2006: 64), as their main objective and mission is the profit-making to the benefit of the shareholders. In addition, the pure “*focus on market demand with an emphasis on vocational programs rather than by academics, reflects a significant departure from the traditional system of higher education*” (AL LAMKI 2006: 64).

#### **4.1.5 Types of Private Higher Education Institutions**

By considering major areas of finance, governance, and function, LEVY (2006: 6) differentiated three types of private higher education institutions (PHEIs): The *Catholic*, the *elite* and *demand-absorbing* private institutions. The rise of private Catholic universities – based on case studies in Latin America – emerged mainly as a result from changes of the state’s and church’s roles. Catholic universities principally focused on religious service through disciplines such as theology and canonical law. *Elite universities* occurred as the formation of socially advantaged, secular and depoliticized universities which were distinct from, or different to, for example, the Catholic universities, in terms of programs offered in business-oriented fields. The last category, *non-elite demand-absorbing universities* provides further alternatives to religious study, and mainly responds to the increasing demand for higher education. Accordingly, demand-absorbing institutions are concerned with quantity much more than quality.

By analyzing the remarkable rise of for-profit institutions, ALTBACH (2009: 1) states that, in general, “*the private sector is demand-absorbing, offering access to students who might not be qualified for public institutions or who cannot be accommodated by other universities because of overcrowding, (...) in general, it serves a mass clientele and is not seen as prestigious*”. The three basic chronological waves serve, for the most part, distinct purposes in satisfying educational demand for *better* (elite institutions), *different* (Catholic institutions), and *more* (demand-absorbing institutions) (GEIGER 1988: 700-702; MEI 2002: 51; PRAPHAMONTRIPONG 2008). Due to the obligatory limited impact of Catholic institutions in the GCC region, the following brief analysis will focus on the elite and demand-absorbing institutions.

**Private elite institutions:** The state deliberately develops private elite institutions in order to build a strong private sector in the higher education system. This is done either because there is insufficient public funding, or because there is a belief that elite private institutions could provide a healthy challenge and spillover to the public institutions. As a result, the private sector is favored in new developments in elite higher education (BJARNASON et al. 2009). While religious characteristics and missions signal a prime identification of religious-oriented institutions, a combination of academic status, admission selectivity, high profile students and faculty, coupled with a business-orientation, often epitomizes the elite globally (LEVY 1992, 1996, 2006; PRAPHAMONTRIPONG 2008). Elite universities are characterized as those having strong research orientation with great professional influence on decision-making (CLARK 1987). They are the most complex organizations among others, due to their diverse goals and high degree of functional differentiation, which makes them least subject to bureaucracy.

However, private elite institutions are rare outside the United States, and more commonly, there is an approach to include institutions with “semi-elite” status. The term “semi-elite” has just very recently been defined and studied (LEVY 2006, 2007, 2008; PRAPHAMONTRIPONG 2008): PRAPHAMONTRIPONG (2008: 7) simply defines these institutions as those between elite and non-elite: *“Semi-elite institutions are often the leading private higher education institutions in their own nations with multi-dimensional prestige of their students’ socio-economic status, comparable reputation to most good public counterparts, leadership in a niche and business-related fields, entrepreneurial and market-oriented with well-tuned employment networks for their graduates”*.

**Non-elite demand-absorbers:** The majority of private higher education institutions worldwide tend to be demand-absorbing. Institutions within this subsector have become very diverse and multi-dimensional. By definition, demand-absorbing relate to non-elite institutions, which generally emerge to absorb the demand that the public supply of higher education cannot, or will not, accommodate (LEVY 1992, 2007b; PRAPHAMONTRIPONG 2008). Demand-absorbing institutions have been viewed as problematic for quality and finance with low cost – focusing often on such inexpensive programs as accounting, business, law, and cheaper professional training locations (GEIGER 1991; GELLERT & RAU 1992; LEVY 2006). Recent empirical evidence has illustrated great variations within the demand-absorbing subsector that helps re-conceptualize its meaning. For instance, LEVY (2006: 9) categorizes non-elite demand-absorbers into two different types: (1) serious job-oriented institutions and (2) profit-making “garage” institutions. One is serious and usually responsibly job-oriented, while the *“other is serious mostly in its pursuit of financial reward, dubiously profiting from the large demand-supply gap, and vulnerable where countries build viable licensing or accreditation system”* (LEVY 2006: 9). The development role of the “garage institutions” is woefully limited. But the main development role of the serious non-elite institutions can be powerful: to bring comparatively unprivileged groups into the development process – a major “access” role within often highly stratified societies – and in so doing, to serve the evolving and globalizing job market (LEVY 2006: 9).

#### 4.1.6 Typology of Higher Education Sectors

The emerging scenario depicts varying degrees of privatization of higher education. As previously mentioned, private higher education intends to fulfill the demand *for more, for different* and *for better* (MEI 2002: 51). While the phrase *demand for more* refers to fulfilling the unmet demand in public higher education (in terms of limited public admission capacities), *demand for different* and *for better* refer to different types and to better quality, as opposed to those delivered at government-funded universities (MEI 2002: 51).

Based on his study of private higher education in eight countries, GEIGER (1988: 700-702) categorized private higher education sectors into three different types:

**(a) Mass private and restricted public sectors:** These systems are inherently hierarchical, with state sponsoring, high-cost, academically elite universities. The private sector is hierarchical too, with the highest status usually bestowed upon old and established

institutions. However, much of the private sector is left with the task of accommodating the considerable excess social demand for higher education.

**(b) *Parallel public and private sectors:*** This pattern results from the need to guarantee a significant degree of cultural pluralism within a non-hierarchical system. The existence of national degrees requires that each university provide education of equivalent value. But in order to achieve a meaningful quality and to satisfy different cultural groups, private institutions have to be in possession of resources comparable to public ones.

**(c) *Comprehensive public and peripheral private sectors:*** The public sector is basically designed to fulfill all of society's higher educational needs. But as, invariably, certain tasks are neglected, there are opportunities left for private initiatives. Where serious deficiencies such as overcrowding and politicization persist in a comprehensive state sector, the private sector may have an opportunity to grow to a significant extent.

While GEIGER (1988: 700-702) typologizes higher education sectors and describes the relation of private and public institutions within the system, TILAK (2004: 15) proposes a classification focusing more on the prevailing privatization in higher education from a financial point of view, mainly in terms of cost recovery. Based on an examination of higher education in Asia, Latin America and the USA, TILAK (2004: 15) argues that, based on *cost-recovery* and *source of revenue*, it is possible to identify four types of privatization in higher education:

**(d) *Full privatization:*** An *extreme* version of privatization, implying total privatization of higher education: Colleges and universities being managed and fully funded by the private sector, with no or little government intervention. Students are, in general, privately funded. Such privatization in higher education provides financial relief to the government, but may “*cause long-term economic and non-economic costs to society*” (MEI 2002: 53).

**(e) *Strong privatization:*** There is high degree of privatization, which involves a full recovery of costs of public higher education from their “users”.

**(f) *Moderate privatization:*** There is a public provision of higher education with a reasonable level of financing from non-governmental sources.

**(g) *Pseudo-privatization*** which cannot really be called privatization: Higher education institutions under this category are privately managed, but government-aided. They were originally created by private bodies, but receive nearly the whole of their expenditure from governments.

Based on the typologies suggested by GEIGER (1988) and TILAK (2004), as well as on classifications introduced by JOHNSTONE (1999) and LEVY (2009), it is possible to suggest a new classification, addressing the specific features of the private higher education sector in the Arab world. Thus, the diversity of the higher education landscape, as well as the socio-economic background, needs to be considered. The classification, being used to integrate the research findings towards the formation of private higher education institutions, with the particular focus on Qatar and Oman, will include the following dimensions:

- (1) The **types** of higher education sectors, according to GEIGER (1988: 700-702), private beside public higher education;
- (2) the **mission, purpose** and **ownership** of private institutions, according to JOHNSTON (1999: 2), ‘traditional’ versus ‘modern’;
- (3) the **main sources** of **income** of higher education institutions, according to TILAK (2004: 15); and finally
- (4) the **profile** of private higher education within the system, according to LEVY (2009: 12-13), private elite versus private non-elite demand-absorbing institutions.

This typology will enable to draw conclusions on the governmental strategies related to higher education and, in addition, it will allow comparing the different approaches at a country-level.

## 4.2 Internationalization of Higher Education: Growth and Complexity of Cross-border Services

*“Internationalization is changing the world of higher education, and globalization is changing the world of internationalization” (KNIGHT 2004a: 5).*

In most countries, especially those in transition, the demand for post-secondary education is increasing. This is related to a number of socio-economic reasons: changing demographics, a greater number of secondary school graduates, the movement towards lifelong learning, or the impact of the knowledge-based economy concept. While the demand for higher education is growing, the capacity of the traditional public sector institutions to satisfy this need is being challenged. Alternative ways to provide higher education are being developed, including a growth in the private higher education sector, a greater emphasis on distance and virtual learning, given the recent innovations in information and communication technologies, but also new developments in cross-border education (KNIGHT 2007: 21).

One of the most visible aspects of globalization, in terms of education, is student mobility. International students have become big business (ALTBACH et al. 2009: 8), bringing large revenues to host universities and countries through tuition payments and other expenditures. The report *Global Student Mobility 2025* (BOHM et al. 2002) foresees that the demand for international higher education will increase from 1.8 million international students in 2007 (ALTBACH et al. 2009: 25) to 7.2 million international mobile students in 2025. By all accounts these are staggering figures and present enormous opportunities and new challenges – for universities as well as for governments to handle this new development. KNIGHT states that there is no doubt that the number of students moving to study in foreign countries will continue to increase, *“but it is not clear what proportion of the forecasted demand will be met by student mobility or through other forms of cross-border education”* (2007: 21). As well as the escalating mobility of students and a global circulation of academics, a definite increase of mobility of academic programs and providers moving across national borders to deliver courses to students in their home countries is taking place. Evidence of this international dimension of higher education includes (KNIGHT 2006b: 352):

- (i) The growing numbers of students, professors, and researchers participating in academic mobility schemes.
- (ii) The increase in the number of courses, programs, and qualifications, which focus on comparative and international themes.
- (iii) A growing number of cross-border delivery of academic programs.
- (iv) The impetus given to recruitment of foreign students.
- (v) The rise in number of joint or double degrees.
- (vi) The expansion of partnerships, franchises, offshore satellite campuses.
- (vii) The establishment of new national organizations focused on international education.
- (viii) New regional and national level government policies and programs supporting academic mobility and other internationalization initiatives.

Especially the ease of transportation, the new modes of ICTs, the use of English as lingua franca in international education, and the globalization of the curriculum have tremendously increased the international circulation of academic talent, academic programs and educational providers. While traditionally flows of students and scholars was largely a brain exchange with the North, or at least from South to North, from the developing countries to North America and Europe, the flows of programs and providers moving back and forth across borders have increasingly proceed along other lines (ALTBACH 2004: 19).

#### **4.2.1 Terminologies**

Beginning in the mid-1980s, internationalization of higher education started to increase in importance, scope and volume. Accordingly, the terminology became an important part of higher education lexicon. Prior to this time, international development cooperation, international academic affairs, and foreign students were the key concepts used to describe the kind of international activities that post-secondary institutions were engaged in (KNIGHT 2005: 2). Drawing on several recent documents by JANE KNIGHT (2004, 2006, 2007), an introduction to the landscape of cross-border education needs to be put in place. The purpose is to provide an introduction to the different types, forms, modes and rationales of cross-border education, and to clarify the related terminology.

**Globalization** implies the broad social, economic, and technological forces that shape the realities of the 21st century. KNIGHT (2006: 18) describes globalization as a process that is increasing “*the flow of people, culture, ideas, values, knowledge, technology, and economy across borders resulting in a more interconnected and interdependent world*”. The results of globalization in terms of education include the use of English as the lingua franca for scientific communication, the growing international labor market for scholars and scientists, and the growth of communication and of multinational and technology publishing, and the use of information technology (ALTBACH & KNIGHT 2007: 291). Thus, the “*growth in cross-border education is seen as one of the direct results of globalization*” (KNIGHT 2007: 23). As “*globalization is presented as a phenomenon impacting internationalization*”, it is necessary

to “maintain the focus on the ‘internationalization of education’ and to avoid using the term ‘globalization of education’ in this debate” (KNIGHT 2005: 348).

**Internationalization of higher education** is typically described as “the process of integrating an international, intercultural, and global dimension into the goals, functions (teaching/learning, research, services) and the delivery of higher education” (KNIGHT 2006a: 18). The notion of internationalization engenders an inclusive and multi-faceted definition of the international dimension of higher education.

**Cross-border higher education (CBHE)** refers to the “movement of people, programs, providers, curricula, projects, research and services across national or regional jurisdictional borders” (KNIGHT 2007: 23). “Cross-border education may include higher education by public/private and not-for-profit/for-profit providers. It encompasses a wide range of modalities in a continuum from face-to-face (taking various forms from students traveling abroad and campuses abroad) to distance learning (using a range of technologies and including e-learning” (UNESCO/OECD 2005: 9). CBHE is a subset of internationalization, where development cooperation projects, academic exchange programs and commercial initiatives are increasingly mobile and traded as marketable commodities.

The terminus **transnational higher education (TNHE)** differentiates between international students recruited at local institutions and those who enroll in degree programs offshore. The UNESCO (2000: 2) defines TNHE as “all types of higher education study programs or set of courses of study, or educational services (...) in which the learners are located in a country different from the one where the awarding institution is based”.

#### 4.2.2 Educational Services Across National Borders

KNIGHT (2006a, 2006b, 2008) provides a framework to understand the nature of cross-border education and illustrates two significant trends. The first shift signifying a substantial change in orientation from development cooperation to competitive commerce, or in other words, from aid to trade. Given the presence and importance of GATS and other multilateral trade agreements, this discussion focuses on the mobility of programs and providers for commercial purposes.

The second trend is the shift from student to program and provider mobility. Although the number of students seeking education in foreign countries is still increasing, and the largest component of cross-border higher education, the study will mainly emphasize the delivery of foreign academic courses and programs to students in their home country. This commercial presence of educational providers is of prime importance, as it deals with provider and investment movements and includes the cross-border mobility of programs and institutions.

##### 4.2.2.1 Cross-border Program Mobility: Collaborative Provision of Education Services

The program mobility describes the physical or virtual “movement of individual education/training courses and programs across national borders through face to face,

*distance or a combination of these modes. Credits towards a qualification can be awarded by the sending foreign country provider or by an affiliated domestic partner or jointly*” (KNIGHT 2006a: 23). Thus the key factor is that **only** the academic program, and not the student or the institution, moves across national borders in this type of educational service.

The delivery of the programs is carried out through a partnership arrangement between a foreign provider and a local institution. The program and qualification awarded is provided by the foreign university, while the teaching and support is done by the local institution. This task sharing between the foreign provider and the local stakeholder is the defining feature of a so called *collaborative provision*. Thus institutions expand abroad by exporting/delivering academic services to institutions in the host country. Thereby *“the awarding institution remains responsible for the academic standards of all awards granted in its name”*. *The legal power of a higher education institution (...) to grant awards and qualifications carries with it a responsibility to ensure that the academic standards of all its awards and qualifications are consciously and carefully secured*” (QAA 2011: 10). In some cases, the foreign providers take complete responsibility for the delivery of the academic program but have a local business partner investing in the operation. Credits towards a qualification may be awarded by the foreign country provider or by an affiliated domestic partner or jointly. Franchising, twinning, double/joint degrees, articulation and validation arrangements became the most popular methods of cross-border program mobility (KNIGHT 2006a: 23).

Table 5: *Typology of Cross-border Program Mobility*

Program franchising	A university agrees to authorize the provision of the whole or part of one or more of its own approved programs by a partner organization (abroad). The university retains overall and direct responsibility for the program’s content, delivery, and quality assurance. Arrangements for teaching, management, assessment, profit-sharing and awarding of credit/qualification are customized for each franchise arrangement and must comply with national regulations in the host country.
Program validation	An awarding institution judges that a program developed, delivered and assessed by another institution or organization (abroad) is of appropriate quality and standard to lead to its award. In some cases, the source country provider may not offer these courses or awards itself.
Articulation	Articulation arrangements between providers situated in different countries permit students to gain credit for programs offered by all of the collaborating providers. This allows students to gain credit for work done with a provider other than the provider awarding the qualification.
Double/ joint degree	Providers in different countries collaborate to offer a program for which a student receives a qualification from each provider or a joint award from the collaborating providers.
Twinning	A situation whereby a provider in source country A collaborates with a provider located in country B to develop an articulation system, allowing students to take course credits in country B and/or source country A. Only one qualification is awarded by provider in source country A.



Virtual/ distance	An arrangement where the provider delivers courses/programs to students in different countries through distance and online modes.
Sources: KNIGHT 2006a: 24-28, 2006b: 358-363; QAA 1999: 68	

The key factor in cross-border program mobility is ‘who’ awards the course credits or ultimate credential for the program. KNIGHT (2006a: 24) refers to these challenges of a steady rise of transnational programs: *“The question of who grants the credits/awards will be augmented by who recognizes the provider and whether or not the program has been accredited or quality assured by a bona fide body”*. It is of critical importance whether the qualification is recognized for employment or further study in the receiving country and in other countries as well. Due to country-specific limitations, new emerging private institutions are often not allowed to confer own degrees, and many private universities lack the expertise to design their own curricula when they were established in the mid-1990s. As there is a strong demand for degree programs and professional courses in the education market, many private higher education institutions established arrangements with foreign universities to offer educational programs ranging from certificate courses to postgraduate programs.

The impetus to form international linkages can be viewed from the perspective of the foreign, as well as the local institutions: Universities primarily in Western countries are keen to export their educational programs in order to generate additional revenue and to establish a branding as a global acting institution. Receiving or importing institutions in the host country aim to establish international linkages as a means of acquiring and delivering an additional or new course at minimal cost. To some extent it is economically unreasonable to design own courses. Accordingly, the import of well-established and recognized degree programs is often cost effective and provides better opportunities in a bitter competition.

Figure 14 highlights two important collaborative arrangements related to program mobility: *Validation services* are often used as a marketing tool to promote a high quality standard of a provided educational concept. The programs are designed and developed by a local institution. The foreign institution judges that these programs under the validation agreement are of appropriate quality and standard which lead to its award. Thus, the validation agreement serves as a mode of quality assurance as foreign institutions recognize the locally-designed programs. For its validation services, foreign universities generally receive a fixed annual fee, usually based on the number of students. The awarding university does not have any direct financial risks, as they are not involved in program design or management. The intensity of cooperation between the awarding and the local institutions is rather low.

The *program franchising* describes a complex provision of educational services. In this model, a foreign university supplies their approved programs which are offered locally by an affiliated institution. The franchised programs may be adapted to the local context, although the students receive the same qualification as their fellow students of the sending institution. In addition to the academic transfer, franchise agreements often include cooperation on the management and faculty level. For the receiving institutions, program franchising offers a possibility to provide well-established and recognized academic programs without the need to

establish own capacities in program design. This “outsourcing” is cost efficient for new private institutions, which often have no experience and capacities in these academic areas.

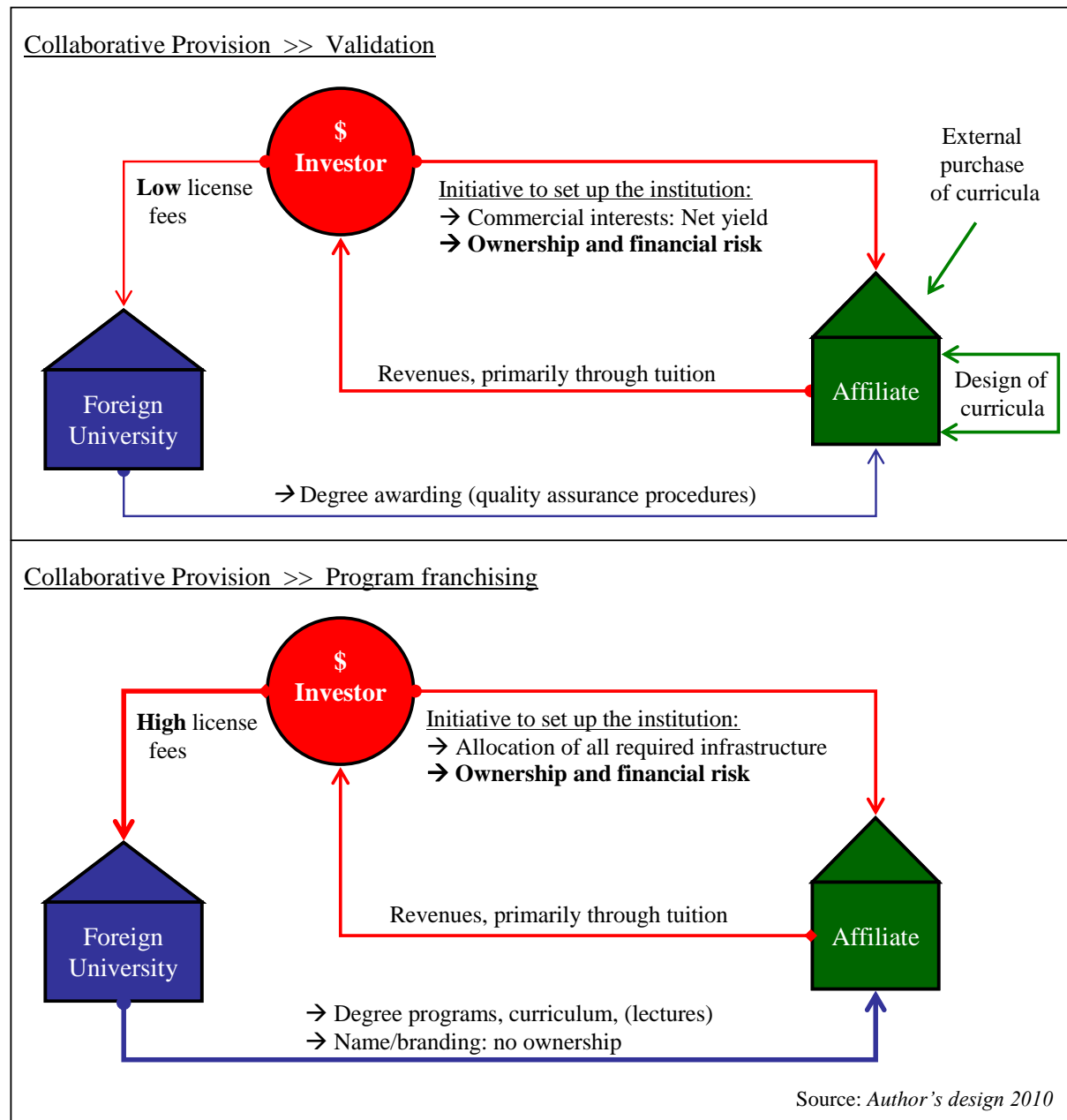


Figure 14: *Collaborative Provision: Validation and Program Franchising*

Throughout the past years, program mobility has become a major and growing market. The British Council estimates that some 200,000 overseas-based students are enrolled in U.K. delivered programs and that this market is growing at 10 percent a year (NAIDOO 2009: 321). Consequently, British universities are the second largest exporter of academic programs. In absolute terms, Australia is the largest active exporter. The United States is the third most active exporter of TNHE programs, followed by New Zealand and Canada (NAIDOO 2009: 321).

While the movement of programs across borders has been taking place for many years, new types of providers, partnerships and delivery modes enlarged the dimension of transnational

higher education. The category of provider mobility, under the umbrella of non-collaborative provision of higher educational services, set an emerging trend in higher education within the last decades.

#### 4.2.2.2 Cross-border Provider Mobility: Non-collaborative Provision of Education Services

A non-collaborative provision of educational services explicitly addresses the role of the provider. The key factor in this category is that the institution/provider moves to have a physical or virtual presence in the host country. Thus, the provider moves abroad to serve the student on site. Programs, or parts of a course of study, or other educational services, are provided directly by an awarding institution. Accordingly, non-collaborative arrangements are a complex type of cross-border provision of educational services. KNIGHT (2007: 30) defines non collaborative provision as “*the physical movement of an education provider across a national border to establish a presence in order to offer education/training programs and/or services to students and other clients*”. The difference between program and provider mobility is one of scope and volume, in terms of the respective programs and services offered and the local presence (as investment) by the foreign provider. Credits and qualifications are awarded by the foreign provider, particular through foreign, local or self-accreditation methods or by an affiliated domestic partner or jointly (KNIGHT, 2006a: 24). Like in the case of program mobility, there are different modes of cross-border provision.

Table 6: *Typology of Cross-border Provider Mobility*

Branch campus	An international branch campus is an offshore entity of a higher education institution operated by the institution, either as a wholly owned subsidiary or through a joint venture partnership with local host country partner. The branch operates under the label of the mother university.
Independent institution	Foreign provider A establishes in Country B a standalone institution to offer courses and degree programs.
Acquisition/merger	Foreign provider A purchases a part of or 100% of local HEI in Country B.
Study center	Foreign provider A establishes study centers in Country B to support students taking their courses/programs. Study centers can be independent or in collaboration with local providers in Country B.
Flying faculty	Provider offers courses/programs – particular in post-graduate level – in intensive modules, often in cooperation with local institutions.
Virtual/distance learning	Provider that delivers credit courses and degree programs to students in different countries through distance education modes and that generally does not have face to face support services for students.
Sources: ALTBAH 2010: 2-4; KNIGHT 2006a: 24-28, 2006b: 358-362	

The most important mode of non-collaborative provision in recent years is certainly the international branch campus. ALTBAH (2010: 2) describes a branch campus as an “*offshore*

*entity of a higher education institution operated by the institution or through a joint venture in which the institution is a partner (some countries require foreign providers to partner with a local organization) in the name of the foreign institution. Upon successful completion of the course program, which is fully undertaken at the unit abroad, students are awarded a degree from the foreign institution”.*

A distinction between branch campuses, satellite campuses, and study centers is blurred, subjective judgment is often required to conclude whether a certain operation exists. The traditional branch campus is characterized by academic and student facilities such as a library, student accommodation, and recreational activities, research facilities, and a range of course offerings (ALTBACH 2010: 2). The Observatory on Borderless Higher Education (OBHE), a U.K.-based commission for research on transnational education, differentiates three types of branch campuses (OBHE 2006: 2):

**Model A: Completely funded by the institution:** The offshore operation is fully funded by internal resources of the provider. This includes the infrastructure, building of the facilities, and so on. Obviously, the advantage of this model is that the mother university has full control. There are no external expectations, in terms of when a return on investment will be reached or which courses should be offered. However, it is a very resource-intensive activity, which is why many institutions are reluctant to fund it or to take all the financial risks alone. In order to minimize the risks of the offshore investment, universities aim to jointly use the facilities and resources of a well-established university on-site. Such cooperation with other foreign universities or local institutions may reduce the initial costs and, accordingly, minimize the financial risks of the campus. This approach to offshore operations might become less common as institutions seek more collaborative approaches. The size of the investment required to establish a fully-fledged branch campus and the fact that the institution would be solely accountable for any losses, serve to discourage many from operating through this model (OBHE 2006: 3). In this model, the foreign provider has the ownership, or at least significant shares, of the branch campus. Many countries in the MENA region restrict 100 percent foreign ownership in education, except in economic free zones.

**Model B: Branch campus in receipt of investment from public or private organizations:** About one third of all branch campuses worldwide fall under this model (BECKER 2009: 4). Therefore, this type can be divided into two sub-categories. Branch campuses either in receipt of host government funds or in receipt of external support from private companies or other organizations in the host or home country (BECKER 2009: 4).

*(a) Support from the government:* Funding for the branch campus comes from external sources, for example a financial contribution from the host government or support from the home government through state approved loans. Countries providing support, funding, or infrastructure to foreign providers have attracted the highest number of new branch campus establishments (OBHE 2006: 3). As mentioned in model A, institutions increasingly wish to establish an offshore presence in receipt of external funding. Accordingly, the number of campuses established in cooperation with external funds increased within the last decade (OBHE 2006: 3) and became an increasing trend in the mobility of educational providers.

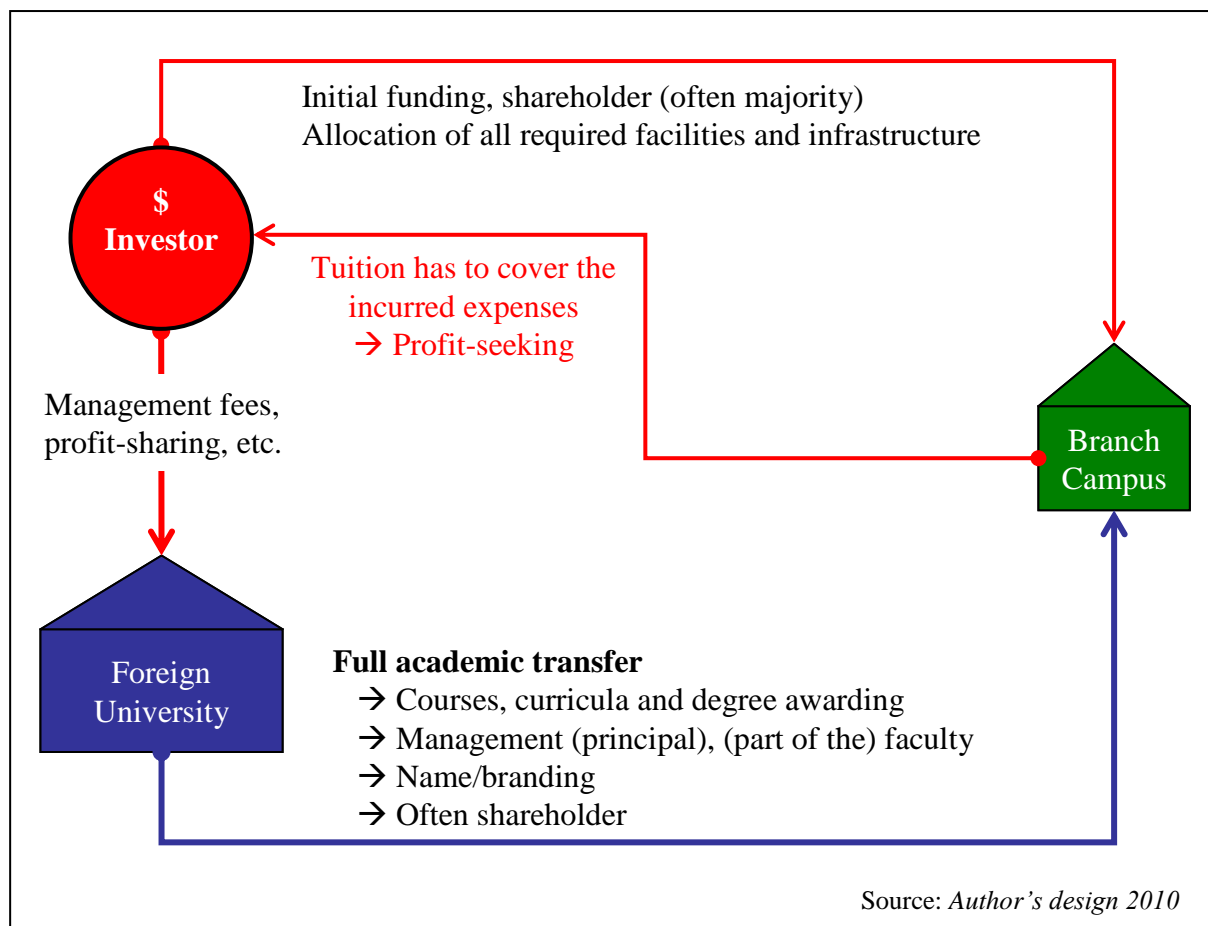


Figure 15: *Branch Campus in Receipt of External Funding*

(b) *Joint venture*: Establishing a branch campus in receipt of external support from private companies, private investors or other organizations in the host or home country. Some governments require foreign providers to cooperate with a local organization. Thereby, foreign investors are not allowed to hold the majority shares of the higher education institution. Although the branch is established as a joint venture, it is operated in the name of the foreign institution. The scope of the joint venture agreement may differ from case to case. The major distinction is the type of ownership of the investors. Jointly, the external funding covers the infrastructure as well as the initial funding, whilst the operating costs need to be raised by the university. A range of branch campus establishments have been created with contributions from external sources. The opportunities and challenges are almost exactly the opposite of those stated in Model A, with the advantages being the financial contribution and shared risks, and the disadvantages including expectations of the investors in terms of return on investment and influence on the operation.

Figure 15 illustrates the formation of a branch campus receiving external funds. The foreign university establishes a branch campus in cooperation with strategic investors. Alternatively, (local) investors choose a foreign university as an academic partner to set-up a campus. Thereby the foreign university is responsible for the academic affairs. In addition to the collaborative provision of a program franchising, the foreign university also operates and manages the local branch, posts part of the faculty and brings in its (prestigious) name.

Therefore, the university is either a shareholder, thus participates in the profits of the branch or receives a fixed annual fee. The investor bears the main financial risks by allocating the required infrastructure and making sure of the initial funding. Generally, the branch campus is a profit-oriented investment, therefore the joint venture between academic and financial partner is a lucrative opportunity.

**Model C: Facilities provided:** A branch campus is established by making use of facilities which are provided by a company or a government, “*often as an enticement to draw foreign providers to the host country*” (OBHE 2006: 4). One of the main advantages for institutions operating through this model is the reduction in the size of the start-up funds required. The OBHE describes this model as the latest development within branch campus funding models, as it already accounts for 28 percent of the establishments for which a funding model was identified (OBHE 2006: 4). The OBHE report states that Model C is the common model for establishing a branch campus in the oil rich GCC states in order to attract prestigious international universities. The level of provider mobility requires attention to be paid to national regulations regarding the status of the entity, total or joint ownership with local bodies, tax laws, for-profit or non-profit status, repatriation of earned income, boards of directors, staffing, granting of qualifications, selection of academic programs and courses etc. As provider mobility relates to Mode 3 of the GATS, trade rules are at play as well. For some countries, it means that strict regulations are being developed to closely monitor, and in some cases, restrict foreign providers to operate in the country. In other instances, incentives are being offered to attract high quality institutions to set up a teaching site or full campus. This is especially true where “knowledge parks” or “education cities” are being developed to attract foreign companies and education providers. Although the proposed typology, based on the studies of KNIGHT (2006b: 24 ff) and BECKER (2009: 4), does not capture the innovations that are occurring in relation to networks, partnerships and other forms of non-collaborative provision in detail, it may serve the purpose of distinguishing between program and provider mobility and the respective regulatory issues connected to them.

#### **4.2.3 Values and Rationales Guiding Cross-border Higher Education**

An international dimension in higher education was long associated with the mobility of students and scholars. Universities in Europe or the United States, but also regional centers in Asia or within the Arab world, have ever attracted talented students and scholars. Student mobility was widespread between the first universities of Europe. Until the end of the eighteenth century, the sight of students and professors on the roads of Europe was commonplace (RUEGG 2004). In particular the use of Latin as a common language and a uniform program of study allowed mobility of students and scholars between the early European knowledge centers. In the early nineteenth century, modern university models like the Humboldt University Berlin or the French system of Grand Écoles changed Europe’s higher education landscape (RUEGG 2004). In addition, new barriers through the different languages and an increasing divergence of systems and structures affected the academic mobility. Referring to the decline of student mobility, TEICHLER states (2003: 313), “*the more*

*regulated education became, the more the barriers grew against mobility“.*

Following World War II, and in the wake of the decolonization process, a new movement of scholars and faculties emerged, largely motivated by political, cultural and development assistance reasons. Governments in the West used the internationalization of higher education as a means of mutual understanding, to maintain or to establish special relationships to specific regions or countries. Although these rationales and values are still present in today's internationalization agenda, a shift towards marketization and economic benefits affected the rationales driving internationalization. According to VINCENT-LANCRIN (2004: 49), mutual understanding has been complemented or even replaced by new trends. Economic rationales and revenue generation have become much more important within the last decades and modified the policy and the scope of internationalization. VINCENT-LANCRIN (2004: 49) suggests a classification of the rationales according to export and import strategies. By integrating KNIGHT's (2004b: 24 ff) concept of rationales on the country level as well as on the institutional level, it is possible to analyze the multi-approaches related to cross-border higher education.

#### **4.2.3.1 Import Strategies as Driving Factors of Cross-border Higher Education**

*Mutual understanding and creation of strategic alliances:* The international mobility of students and academics, as well as collaborative research and education initiatives, are being seen as productive ways to develop closer political and cultural ties and economic relationships between nations. Student mobility and academic partnership programs have often been established as part of development aid programs. Similar to the shift towards privateness in higher education, in general, the mutual understanding approach shifted from alliances for cultural purposes more and more to economic purposes (KNIGHT 2006b: 24). This is especially true at the regional level, where countries are trying to achieve stronger economic and political alliances with neighbors by increasing their international education activities on a regional basis. As main policy instruments, student and faculty mobility programs were launched. In addition, country-specific cooperation in program and provider mobility was established, based on academic, political and economic agreements.

*Capacity building:* The concept of capacity building or capacity development appeared in the late 1980s and has become the buzzword of development in the 1990s. The shift from traditional development aid to capacity building is illustrated by the well-known proverb: *“give a man a fish and he eats for a day; teach a man to fish, and he can feed himself for a lifetime”*. The concept of capacity building signals a shift from assistance to a less dependent help yourself attitude in the development community. The education and the higher education sector play a significant role in any capacity building strategy. The ultimate goal of a national capacity development strategy is to achieve progress and development, inter alia, by becoming a developed high-income economy (VINCENT-LANCRIN 2007: 59). This factor is distinctive for the perspective of an importer, using cross-border higher education as a means to meet the yet unmet demand for (quality) higher education or, in particular, to offer specific and requested transnational education concepts. As many emerging and developing countries

are lacking the physical/human infrastructure and the financial resources to offer (elite) post-secondary education opportunities to their citizens, governments use the opportunity of cross-border higher education to bridge this gap. In addition, imported programs and foreign institutions intend to enhance the country's human capital by building up a capable higher education infrastructure: An educated and trained citizenry and a workforce able to do research and generate new knowledge are key components of the globalized nation-building agenda. Thus, internationalization is used in line with a nation-building process. As main policy instruments, governments encourage domestic students to study abroad, hire experienced faculty, and import foreign programs and institutions to operate in their country.

Table 7: *Import Strategies at the Country- and at the Institutional Level*

<b>Import Strategies</b>	
<b>Country-level</b>	<b>Nation Building: Capacity Building</b> <b>Rationales</b> <ul style="list-style-type: none"> <li>▪ Meeting unmet demand for higher education or specific gender demand for TNE</li> <li>▪ Enhancing the country's human capital</li> <li>▪ Building a better higher education system thanks to spill-over's coming from partnerships with foreign institutions</li> <li>▪ Nation-building purpose and knowledge economy</li> </ul>
	<b>Mutual Understanding</b> <b>Rationales</b> <ul style="list-style-type: none"> <li>▪ Academic, cultural, social</li> <li>▪ Political</li> <li>▪ Economic</li> </ul>
<b>Institutional level</b>	<b>Capacity Building and Revenue Generation</b> <b>Rationales</b> <ul style="list-style-type: none"> <li>▪ Transnational education services are used as marketing instruments and to attract students</li> <li>▪ TNE is used to outsource costly services</li> <li>▪ Lack of local expertise and program-development capacities (institutions rely on foreign know-how)</li> </ul>

Source: OECD 2004: 232

On the institutional level, capacity building and a revenue generation strategy are the driving forces of the internationalization. Private institutions often rely on the import of foreign faculty due to the lack of local experts and faculty. Therefore, the presence of natural persons is a crucial element of the import strategy on the institutional level. In addition, an import of foreign education services, especially academic programs, is often a cost-effective solution as it is cheaper than the design of own programs – which in addition, is still limited and bears more risks to fail international standards due to the lack of experience.

#### 4.2.3.2 Export Strategies as Driving Factors of Cross-border Higher Education

*Income generation:* While trading in post-secondary education became a multi-billion dollar market, the export of educational services became important in the strategic vision of many



Western governments. Countries such as Australia, New Zealand, United Kingdom and the United States have an increased interest in the potential for exporting education for economic benefit. Consequently, the main focus has been placed either on attracting foreign students, which have to pay full tuition fees, or exporting educational services related to cross-border mobility of programs and providers. Thereby, exporting countries use international and regional trade agreements to decrease barriers to trade, in an attempt to increase the commercial side of international cross-border trade in education. Besides the rationales to establish a capable educational export cluster, cross-border incomes are used to finance the domestic higher education sector. This economic approach goes along with the commercialization of higher education. Public education institutions may establish for-profit operations abroad or offer costly training programs locally (KNIGHT 2004a: 21-23).

An increasing emphasis on the knowledge-based economy, mobility of the labor force, demographic shifts, and increased trade in services – these are all factors driving nations to place more importance on developing and recruiting human capital or brain power through international education initiatives. KNIGHT (2004b: 22) notes that, *“there are signs of heightened pressure and interest to recruit the brightest of students and scholars from other countries to increase scientific, technological, and economic competitiveness”*. Especially in Western countries, changes in recruitment strategies, incentives and immigration policies are examples of efforts to attract and retain students and academics with potential for enhancing the human capital. Indicators are the immigration regulations, for example, of Australia and Canada with high credits for education, particularly in fields that are needed at the local job market. Similarly, there is more attention being paid to enhancing the international dimension of teaching and research, so that domestic students and academics can be better equipped to contribute to their country’s competitiveness on an international stage (KNIGHT 2004a: 22-25). In addition, there is increasing recognition being given to the need for further development of intercultural understanding and skills for personal, professional, and citizenship development. Finally, the international mobility of students and academics, as well as collaborative research and education initiatives, are being seen as productive ways to develop closer geopolitical ties and economic relationships.

Achieving international academic standards and degrees traditionally plays an important role on the institutional level and personally. Institutions compare themselves with other higher ranked ones, and people proudly state that they graduated from a renowned university to receive higher prestige. This motivation is still important, but it appears to have been subsumed by the overall drive to achieve a strong worldwide reputation as an internationally operating, globalized institution. *“This drive relates to the quest for name recognition internationally in an attempt to attract the brightest of scholars/students, a substantial number of international students, and, of course, high-profile research and training projects”* (KNIGHT 2004a: 26). Although academic standards are still important, there is a perceptible shift from an emphasis on a high-quality academic experience for students/ teachers, to one of high academic standards in order to compete domestically and internationally (KNIGHT 2004b). Besides the rationales of international reputation, which also relates to economic issues, the income generation is the major driving force of internationalization on the

institutional level. Earning money is a key motive for all internationalization projects in the for-profit sector and also for some traditional non-profit universities. For-profit higher education providers, such as Laureate or the Apollo Group (both U.S.) entered the international market by establishing new institutions or partnering with enterprises or institutions in other countries.

Table 8: *Export Strategies at the Country- and at the Institutional Level*

<b>Export Strategies</b>	
<b>Country-level</b>	<b>Income Generation – Commercial Trade</b>  <b>Rationales</b> Same as skilled migration plus: <ul style="list-style-type: none"> <li>▪ Developing higher education as an export industry</li> <li>▪ Using cross-border education to finance the domestic higher education sector</li> <li>▪ Integration of migrant workers</li> </ul>
	<b>Skilled Migration – Brain Gain</b>  <b>Rationales</b> <ul style="list-style-type: none"> <li>▪ Attracting high skilled people to build or maintain the country's knowledge economy</li> <li>▪ Enhancing the competitiveness of one's higher education sector</li> <li>▪ Knowledge-based economy</li> </ul>
<b>Institutional level</b>	<b>Revenue Generation – Skilled Migration</b>  <b>Rationales</b> <ul style="list-style-type: none"> <li>▪ Generate (additional) source of incomes</li> <li>▪ Reputation: Becoming a globalized university</li> <li>▪ Internationalization of curriculum</li> <li>▪ Mutual understanding</li> <li>▪ Recruitment of graduates and faculty</li> </ul>

Source: OECD 2004: 232

Public institutions and commercial providers are more and more looking at cross-border activities as a means to generate new sources of income – although with different perspectives. Profit-oriented internationalization, by expanding abroad through various degrees of transnational education or by attracting foreign, tuition-paying students, is an emerging phenomenon on the institutional level. Especially the growing number of new private commercial providers, who are primarily in business to generate income on a for-profit basis, modified rationales towards an economic approach. The results of a report published by IDP Education, an Australian organization dealing with cross-border services, indicate that commercial motives are the driving factors of the cross-border initiatives. The study focused on traditional public and private Australian universities, who were engaged in providing courses and programs in other countries through various types of collaborative and non-collaborative services. The driving factors for offering educational programs offshore were: 'generate additional source of income' (41% response rate); 'increase profile and reputation' (31%); 'internationalize the curriculum' (13%); 'recruit international students to Australian campuses' (9%) and 'build capacity of offshore partner' (6%). These findings strongly emphasize the importance of income generation and increased profile and reputation

as the driving motivation for both national level policy and institution level providers in a strong exporting country like Australia. At the same time, the potential to build capacity in foreign institutions was seen as less relevant (DAVIS et al. 2000: 24).

### **4.3 Liberalization Commitments to Higher Education According to GATS: The Relevancy of the Global Trade Regime for Higher Education Services**

The contemporary emphasis on free trade noticeably stimulated international academic mobility. Current thinking sees higher education more and more as a commodity to be freely traded. Therefore, higher education no longer remains a public responsibility as it turned into a private commodity. This move from publicness to privateness is the origin of the international trade of educational services. Nowadays, commercial forces have taken a legitimate and even a dominant place in higher education (JOHNSTONE 1999: 2; KNIGHT & ALTBACH 2007: 2).

The World Trade Organization (WTO) provides a regulatory framework to encourage international trade in education and service-related industries as part of negotiating the General Agreement on Trade in Services (GATS). With the membership in the WTO in 1996 and in 2000, respectively, Qatar and Oman support their participation in international trade, ensuring the application of the new opportunities offered by the new trading system. Therefore, the liberalization of higher education constitutes a new and powerful instrument in the reformation of the national education sector. Liberalization commitments according to GATS will affect higher education in terms of privatization and internationalization.

#### **4.3.1 General Agreement on Trade in Services**

The establishment of the WTO in 1995, emerging from the Uruguay Round of negotiations, was deeply symbolic for the global regime. This new institution replaced the GATT (General Agreement on Tariffs and Trade), and reached ambitiously into two new areas of trade regulation: Trade in services and in intellectual property. These two agreements – the *General Agreement on Trade in Service* (GATS) and *Trade Related Intellectual Property Services* (TRIPS) substantially advanced the rule-based nature of the trade regime (ROBERTSON 2006: 8). As education has become a main service-exportation industry, many governments and the higher education industry were increasingly interested in eliminating the trade barriers on education (VERGER 2009: 228-231). GATS became such a global instrument, with the ability to achieve this liberalization goal and to promote the trade of cross-border education. As one of the main agreements of the WTO, GATS aims to expand the worldwide trade in cross-border services “by means of establishing a progressively liberalized multilateral framework of principles and rules for trade in services” (VERGER 2009: 229).

GATS promotes the liberalization of twelve different service sectors, among which there are the educational services as a single sector (WTO 2010). All services sectors are composed by different subsectors. Trade in educational services is organized into five categories. Higher

education, covering also post-secondary and vocational education services refers to category CPC 923, based on the *United Nations Provisional Central Product Classification (CPC)*:

Table 9: *Education Services within the GATS Framework*

Category of educational services	Activities included in each category
Primary education (CPC 921)	- pre-school and other primary education services - does not cover child-care services
Secondary education (CPC 922)	- general higher secondary - technical and vocational secondary - also covers technical and vocational services for the disabled
Higher education (CPC 923)	- post-secondary technical and vocational education services - other higher education services leading to university degree or equivalent
Adult education (CPC 924)	- covers education for adults outside the regular education system
Other education services (CPC 929)	- covers all other education services not elsewhere classified - excludes education services related to recreation matters
Sources: KNIGHT 2002b: 212; VERGER 2009:229; WTO 2010	

According to FRANCOIS & WOOTON (2000: 2), a critical distinction affecting the trade of goods and services is that services are usually consumed where they are produced. “*As a result of the flow nature of the transaction, service transactions hence involve an interaction between user and provider. Based on this element of interaction between user and provider, it is necessary to draw a distinction between services that require physical proximity, and those that do not*” (FRANCOIS & WOOTON 2000: 3). GATS also recognizes this critical distinction and covers trade that requires no direct proximity (the cross-border mode), and trade that involves proximity (the modes of movement of providers, movement of consumers, and foreign establishment).

Additionally, it has to be pointed out that the liberalization of services stipulated by GATS means the establishment of commitments to trade opening with reference to two clauses. Firstly, the *national treatment* and secondly, the *market access*: Commitments to liberalization, in terms of national treatment, means that foreign providers benefit from treatment that is not “less-favorable” than those given to domestic companies. This implies that foreign suppliers cannot be discriminated. The commitments to market access imply the elimination of trade barriers (e.g. rules, regulations, laws) that hinder the entrance of foreign service-providers in the domestic market (FRANCOIS & WOOTON 2000: 2-3; KNIGHT 2002b: 212; VERGER 2009: 229; WTO 1998).

GATS defines four ways in which a service can be traded, known as *Modes of Supply* (WTO 1998; KNIGHT 2002: 5; 2002b: 212). These four modes of trade apply to all service sectors, and commitments to the liberalization of services negotiated on the basis of these four modes. Therefore, markets may be opened in one of these modes but not in the other three. A country

making a full commitment to market access indicates there are no restrictions, while a partial commitment indicates that at least one restriction applies. Full and partial commitments cannot be withdrawn and no further restrictions can be introduced (WTO 2010). Table 10 lists the single modes and the relevance to trade in higher education.

Table 10: *Different Modes of Services According to the GATS Classification*

<p><b>Mode 1:</b> <i>Cross-border supply</i> refers to the provision of a service where the service crosses the border (does not require the physical movement of the consumer). Cross-border supply of educational services includes inter alia distance learning, e-learning or virtual universities. Currently it is a small market, but has the potential to grow rapidly in the future, through the use and distribution of new source ICTs for distance and e-learning.</p>
<p><b>Mode 2:</b> <i>Consumption abroad</i> refers to a situation in which a service consumer moves to the country of the supplier. This includes the student mobility, when students (as consumers) travel to another country to access the service. International flows of students in higher education constitute, at present, by far the largest share of the global market for educational services.</p>
<p><b>Mode 3:</b> <i>Commercial presence</i> of educational services refers to the establishment of commercial facilities abroad in order to render service. For example, a university sets up a branch campus abroad or arranges franchise, twinning agreements with local institutions. Within the last decades, it became very relevant in terms of educational services and has strong potential for future growth.</p>
<p><b>Mode 4:</b> <i>Presence of natural persons</i> consists of a natural person (e.g., a professor, researcher, teacher) traveling to another country on a temporary basis to provide an educational service.</p>
<p>Sources: LARSEN <i>et al.</i> 2002; KNIGHT 2002b: 212; WTO 2010</p>

GATS provides a systematic framework for administering and negotiating the four different modes of supply of services. Thereby, it operates in three levels: (1) *General Obligations and Disciplines* governing trade in services; (2) *annexes* dealing with the rules for specific service sectors; and (3) *schedules* detailing the liberalization commitments of each WTO member. In addition, it has a fourth element, which consists of lists showing indications of instances in which countries are temporarily not applying the most-favored-nation (MFN) principle of non-discrimination (ROBERTSON 2006; WTO 2010). This results in a combination of *top-down rules*, where all measures and sectors are covered unless they are explicitly excluded (MFN, transparency, domestic regulation, government procurement, subsidies), and *bottom-up rules*, where measures and sectors that are specifically identified and included (market access, national treatment) (SINCLAIR 2000; KNIGHT 2002b: 213-214). This means that countries can change to pace their liberalization of trade in services, however, the overall direction remains towards liberalization (ROBERTSON 2006: 8).

When a WTO member decides to liberalize its higher education sector, it has to take into consideration many issues and possibilities. Countries wishing to keep good control on

quality or number of foreign educational institutions may open up their sector for foreign public universities only. Some may choose to allow private universities along with strict limitations. Accordingly, it might not be advisable to allow foreign public universities, due to competition or other threats to its local public universities, and rather opt for a policy allowing foreign private universities only. However, it may be noted that the WTO member states, while liberalizing its education sector, can lay down various forms of significant limitations and conditions to best further the interests of students, academia and the national educational and developmental objectives (VERGER 2009: 232; WTO 1998).

#### **4.3.2 The Relevance of Trade in Higher Education**

The current debate on the impact of GATS on higher education is divided, if not even polarized. Critics primarily focus on the threat of increased trade, as it leads to a market oriented approach, promoting the establishment of profit-oriented institutions. The commodification of higher education as a formally public commodity would have a negative impact on the quality of education. In addition, critics emphasize the changing role of the government, which noticeably loses the ability to control the vital education sector. Supporters of the trade regime highlight the economic benefits that GATS can bring, in terms of innovations through new providers and delivery modes, greater student access, and increased economic gains (KNIGHT 2002b: 219).

Figures published by the U.S. Department of Commerce show that the United States posted a healthy trade surplus of US\$ 12.6 billion in its education sector in 2008. Despite the effects of the worldwide economic slowdown, a modest increase in the education sector is foreseen. Receipts from international students studying in the United States reached US\$ 17.8 billion in 2008, the highest amount ever recorded (SIEGMUND 2008: 2). Those exports come primarily from Mode 2 (consumption abroad), international students, who pay tuition, fees, and living expenses to U.S. institutions. The Department of Commerce estimates that the US\$ 17.8 billion represents 45 percent of the global market for education services, which is about US\$ 35 billion. In 2008, expenses from U.S. students studying abroad were about US\$ 5.2 billion, which yielded a positive trade balance of about US\$ 12.6 billion (SIEGMUND 2008: 2).

According to the Australian Education International (AEI), a board responsible for promoting cross-border higher education, Australia's overseas student industry contributed US\$ 14.5 billion in export income to the Australian economy by 2008. According to AEI, educational services remain Australia's third largest export, behind coal and iron ore (US\$ 44 billion and US\$ 29 billion respectively), and the largest services export industry ahead of personal travel services (US\$ 11 billion). This assertion has been endorsed by other education authorities. Universities Australia, the peak body representing Australian universities, states that *"education exports increased from US\$ 12 billion in 2007 to US\$ 15 billion in 2008, making education also the clear number one service export ahead of tourism"* (BIRRELL 2009: 1).

With regard to future growth in trade for higher education services, NAIDOO (2009: 312) argues that particular services referring to commercial presence (Mode 3), and to a lesser extent to cross-border supply (Mode 1), will become more relevant. With the promise of new

internet-based technologies, distance and e-learning systems, services related to Mode 1 will have great potential in the future. Transnational higher education referring to Mode 3 is expected to even outpace the incomes of student mobility in the long-term. The increase in commercial presence even begins to “*cannibalize trade in education services via Mode 2*” (NAIDOO 2009: 312), as number of education exporting countries missed international recruitment targets in the last years. In the United Kingdom, it already accounts for an estimated 50% of U.K. international enrollments, GARRETT & VERBIK (2004) predict a similar development in Australia.

### 4.3.3 The Intensity of Liberalization Commitments in Higher Education

Historically, trade in higher education services has been limited, as it was mostly provided by public institutions to local students throughout the world. Universities have typically been owned, financed and operated by the state. Government provision was seen as necessary in light of the widely recognized importance of higher educational services for social and economic development, and of the need to ensure public policy objectives in the provision of these services (GELOSO-GROSSO 2007: 172-175). This is one of the reasons why educational services are one of the sectors in which the WTO members have established the fewest commitments within the GATS framework (KNIGHT 2002b: 5). “*The situation is very different in other service sectors contemplated by the agreement, as there are sectors that have been highly liberalized, such as tourism and travel services*” (VERGER 2009: 228).

Education as a sector in which the state provision normally predominates and which is a fundamental service for the effective implementation of a series of social rights, liberalization advances more slowly than in other sectors. In the framework of the GATS negotiations, sectors like education, healthcare and water supply are known as “*sensitive sectors*” (WTO 2010). Many governments, “*normally progressive and often under pressure from the civil society*” (VERGER 2009: 229) have stated publicly that they will not liberalize these kind of services (KNIGHT 2002b: 5). It could also be linked to the fact that education has taken a very low priority in the major bilateral/regional trade agreements and the same may be true for GATS.

*Restrictions by Mode of Supply for Market Access:* A country making a full commitment to market access indicates there are no restrictions, while a partial commitment indicates that at least one restriction applies. Market access restrictions may apply to both national and foreign service providers. According to BASHIR (2007: 55), the maximum number of restrictions under market access applies to commercial presence (Mode 3), and the minimum number to consumption abroad (Mode 2) and cross-border supply (Mode 1). Of the 32 country commitments to higher education, 29 have made full commitments to foreign consumption (students studying abroad) and 25 in cross-border supply (distance and e-learning), while only 16 have made full commitments to commercial presence (e.g. twinning, franchising, branch campuses). Fourteen countries made partial commitments and two made no commitments in this mode of supply. Altogether, 15 countries made full commitments in all three modes of supply. These include two of the leading exporters, Australia and New Zealand, several states

from East and Central Europe, as well as some developing countries (BASHIR 2007: 55).

The market access provision prohibits six types of limitations on (i) the number of suppliers, (ii) the total value of service transactions or assets, (iii) the total number of service operations or total quantity of service output, (iv) the total number of natural persons that may be employed, (v) measures that restrict or require specific types of legal entry or joint venture, and (vi) participation of foreign capital. By placing a limitation on one or more of these six measures, for any mode of supply, the country raises barriers to international trade in service. Across all five levels of education, the maximum limitations are on higher education and especially prominent regarding the ‘commercial presence’ of providers. Most restrictions are on the type of legal entity, such as a ban on profit-oriented providers (BASHIR 2007: 57).

Although the national treatment provision of the GATS does not specify measures which foreign and domestic service providers are expected to get equal treatment, discriminatory measures are usually identified under the following labels (BASHIR 2007: 59): (i) Taxes; (ii) subsidies and grants; (iii) nationality requirements for labor force; (iv) residency requirements; (v) licensing, standards, qualifications; (vi) authorization requirements; (vii) performance requirements; (viii) technology transfer requirements; (ix) local content, training requirements; (x) ownership of property/land. Countries that impose discriminatory taxation or insist on using national workers or workers with national qualifications also impose barriers to the free exchange of services. There is a debate about when standards and licensing requirements are discriminatory and alter the conditions of competition between service suppliers. Countries scheduling limitations under national treatment have done so for delivery of higher education services under both ‘commercial presence’ and ‘presence of natural persons’. These include restrictions on nationality requirements and licensing, standards and qualifications (BASHIR 2007: 57).

The commitments indicate two main conclusions. Firstly, the majority of countries, especially among the importers, have not made binding commitments to higher education in any mode of delivery, although they clearly permit these forms of trade in higher education services. Even though most countries do not place restrictions on students studying abroad, they do not wish to make binding commitments in case there are changes in the external environment. Even those governments which actively encourage foreign participation in higher education have not made commitments in Mode 3, in order to give themselves greater freedom to negotiate with individual providers of their choice, without an obligation to extend the same terms to other providers. Secondly, even among those countries which have made commitments, while very few impose hurdles on the movement of students abroad, many, including industrialized countries, wish to restrict access to foreign providers operating within their boundaries (BASHIR 2007: 57).

According to VERGER (2009: 237), the countries degree of development is strongly related to the establishment of commitments on liberalization in higher education sector. Developing countries and less developed countries (LDCs) “*are more reticent to establish commitments in the area of educational services than (...) developed countries and transition countries*”. GATS is perceived as a suitable instrument to attract foreign direct investment (FDI) and



foreign expertise to educational systems, in particular higher education, that often are underfunded by the state. Accordingly, liberalization commitments on GATS can be a market solution for the limitation of state investment in (higher) education. The question is why developing countries are much more reluctant to establish liberalization commitments on higher education and other education services than developed countries? VERGER (2009: 237) argues that these countries “*perceive more the threats or drawbacks than the benefits in opening up trade within their education systems*”. Net importers of higher education services, like most of the developing countries, have great difficulty in accessing global educational markets. In addition, trade liberalization may also mean that domestic providers are expelled from their own markets by the foreign competition (KNIGHT 2002b: 217; VERGER 2009: 229). Important variables affecting the intensity of liberalization commitments on higher education are the *private funding of education*, *state subsidies to the private provider*, the *enrollment share in the private sector* and the *foreign students flows abroad*. VERGER (2009: 234) highlights the variables (1) *enrollment share in the private sector* and the (2) *state subsidies to the private sector*, which both have a measurable impact on the intensity of GATS commitments:

(1) Countries with a large private higher education sector have a lower *frequency of establishment trade commitments in the educational sector*. Governments may believe the domestic educational supply (state and private) to be ample and, consequently, “*deem it unnecessary to facilitate the entrance of foreign suppliers into their educational systems by means of GATS*” (VERGER 2009: 234). Moreover, due to their strong position, domestic higher education institutions have the ability to bring pressure to bear on governments, so that they do not liberalize the sector in the framework of GATS and therefore avoid having to compete with foreign suppliers.

(2) *Those countries that provide more subsidies to the private sector acquire fewer commitments*. This relationship indicates that countries which heavily subsidize their domestic (private) sector are not ready or are not willing to apply the same rules on subsidies to foreign educational centers. The domestic private higher education sector, which is biased towards non-liberalization, is not willing to “share the cake” of state funding with foreign suppliers (VERGER 2009: 234).

The dimensions of quality and accreditation are also at the heart of the liberalization debate. Frameworks for licensing, accreditation, qualification recognition and quality assurance are important for all countries, whether they are importing or exporting education services. Developing countries have widely expressed concern about their capacity to have such institutional frameworks in place, in light of the push toward trade liberalization and increased cross border delivery of education (GREGOR 2002; KNIGHT 2002b: 217).

The identification of the trade barriers in higher education services is also fundamental, because the elimination of these barriers is the main task with GATS. While there are some trade barriers that are applicable to all sectors, there are other impediments that are specific to the education services sector. (Hidden) trade barriers, national policy and restrictions highly affect the flow of education services across borders. These trade barriers are significant as

they are seen by some as key elements of a public education system that need to be maintained, and by others as impediments to trade (KNIGHT 2002b: 217-218).

Table 11: *Trade Barriers Affecting Higher Education Services*

<b>Modes of supply</b>	<b>Trade barriers</b>
1. Cross border supply	<ul style="list-style-type: none"> <li>- Lack of opportunity to qualify as degree granting institution</li> <li>- Required to use local partners</li> <li>- Non-recognition of degrees obtained through distance mode</li> <li>- New barriers for use of Internet to deliver education services</li> </ul>
2. Consumption abroad	<ul style="list-style-type: none"> <li>- Visa requirements and costs</li> <li>- Recognition of prior qualifications from other countries</li> <li>- Quotas on numbers of international students</li> <li>- Restrictions on employment while studying</li> </ul>
3. Commercial presence	<ul style="list-style-type: none"> <li>- Insistence on a local partner</li> <li>- Insistence that the provider be accredited in the home country</li> <li>- Insistence on equal academic participation by foreign and local partner</li> <li>- Disapproval of franchise operations</li> <li>- Limitations of foreign direct investment by education providers</li> </ul>
4. Presence of natural persons	<ul style="list-style-type: none"> <li>- Visa and entry restrictions</li> <li>- Recognition of credentials</li> <li>- Difficulty obtaining authorization to enter and leave the country</li> <li>- Quotas on number of temporary staff</li> </ul>
Source: KNIGHT 2002b: 217-218	

Many of these trade barriers identified by KNIGHT (2002b: 217) affect current internationalization initiatives in the Arab world. In terms of commercial presence, the ‘high subsidization of local institutions’, ‘government monopolies’ and especially ‘the limit on direct investment by foreign education providers’ impact on the mobility of providers and programs. In terms of Mode 4, the ‘immigration requirements’ as well as ‘difficulty obtaining authorization to enter and leave the country’ related to the sponsorship system affect the mobility of scholars. In addition, there are several hidden trade barriers in terms of non-transparent regulation and licensing, cultural and political norms, as well as patronage and clientilism which constitute very effective trade barriers. Finally, it must be mentioned that many countries, although they did not made any formal commitments to trade in education services, or only to subsectors, are currently in the process of easing some of their generic trade barriers. This may include for example, visa and employment requirements to attract more international students (KNIGHT 2002b: 217).

## 5 External Factors and Controlling Elements and Their Impact at the National Level in the GCC

### 5.1 External Factors Affecting Higher Education in the GCC

GCC's targeted value "*march towards a knowledge-based economy*" is strongly affected by the external factors. Thereby the impact of the different external factors on the formation or change of the set point can show great discrepancies. In order to analyze the effects of the external factors on the national higher education systems of the GCC member states, the key disturbances need to be reviewed. On the basis of the system analysis (Figure 1 & 2) it is possible to identify the major external factors determining the recent higher education policy in the State of Qatar and the Sultanate of Oman.

#### 5.1.1 Demographic Challenge

The population growth of the past decades indicates that the current demographic bulge is a huge challenge for Oman's regime. In 1970, when Sultan Qaboos seized control, the Omani population count was about 650,000 inhabitants (BIRKS & SINCLAIRE 1980: 148). Two decades later, official sources estimate a total population of 1.5 million. Besides the natural increase due to high birth rate, Oman's demographic development is affected by international migration. Under the banner of the Omani Renaissance Sultan Qaboos promoted a liberal migration policy. In line with the economic growth on the basis of the oil revenues after 1973, Oman launched an ambitious campaign to establish a modern state – as opposed to the backward and isolated era during the reign of his father. Due to the lack of local know-how and a well-trained citizenry, Oman relied on the import of a foreign labor force, mainly from Arab countries and from the Indian subcontinent. As a result, the foreign labor communities grew until the mid 1990s to 535,000 workers (GONZALES et al. 2008: 157). In the year 2004, Oman recorded a population of approximately 2.4 million inhabitants, about 24 percent of the total population were non-nationals (GONZALES et al. 2008: 157). In 2010, Oman's total population was expected to be around 3.4 million – more than 850,000 of them are foreigners, whereby Indians form by far the largest expatriate community living in Oman (MoNE 2011: 10). Thus in the reign of Sultan Qaboos, Oman's population increased almost fivefold!

To assess the impact of the demographic development on the demand for higher education, it is useful to analyze the age structure: In 2009, 36 percent of the Omani nationals were below the age of 15 years – almost 51 percent were below the age of 19 years (MoNE 2010). As a consequence, the government has to take measures to keep pace with the increasing demand for university seats in the near future. Estimations assume that in 2020 the number of Omani

secondary school graduates seeking higher education opportunities will increase threefold in relation to the numbers of the early 1990s.

Table 12: *Demographic Development in Qatar and Oman: 1990-2010*

		<b>Qatar</b>	<b>Oman</b>
Annual Population Growth (% , 2009)		12.6	3.2
Domestic Population Growth (% , 2009)		1.62	2.7
Fertility ( <i>children born/woman</i> , 2009)		2.45	5.53
Population total	1990	422,384	1,457,064
	2000	616,719	2,533,389
	2010	1,631,728	3,418,085
Non-nationals (2010)		1,392,000	850.000
Non-nationals (% of total population)		85.3	24,9
Age structure	0-14 years	36.3	39.1
Nationals (% , 2009)	0-19 years	50.8	50.5
Sources: CIA World Factbook 2009; Qatar Statistical Authority (QSA) 2006-2010; Oman Ministry of National Economy (MoNE) 2007-2010; Author's estimation			

Qatar is a prototypical example for a foreign labor depending economy. Like Dubai or Abu Dhabi (UAE), Qatar has always relied on the import of a foreign workforce to handle the economic development since the oil boom of the early 1970s. In the mid 1980s, in the reign of Khalifa bin Thani, the total population count was less than 370,000 inhabitants, about two-third of the population were non-nationals (METZ 1994). When Hamad al Thani seized control from his father in 1995, the total population reached about 450,000 inhabitants (QSA 2010). Especially since Qatar's second economic boom, starting in 2001, the number of foreign workers has surged, causing a unique population growth. Between 2000 and 2010, the community of foreign workers grew from approximately 500,000 to almost 1.4 million (QSA 2010). Due to a moderate birth rate of 2.5 the domestic population grew comparatively slowly. According to a senior official of the Qatar Statistical Authorities the number of Qatari citizens reached about 240,000 people in 2010 (GHE-Q7). This means that the growth rate of the domestic population reached approximately 1.6 percent in 2009. In total, Qatari nationals form less than 15 percent of the total population. The major expatriate groups are Indian and Pakistani – both groups account for more inhabitants than Qatari citizens living in the country. The population age structure in Qatar is similar to Oman: More than 50 percent of the Qatari population is below the age of 19 years old (QSA 2010). Thus there is also an increasing demand for educational services in Qatar. As a consequence the ruling regime also needs to expand the admission capacities in the future to satisfy this increasing demand.

In summary, it can be stated that the demographic development is one of the most important external factors affecting the formation of the set point. Therefore, the population growth affects the ability of the state to (re)distribute rents among the society. The approved system of providing free health care, education and other duties, solely financed by the national oil revenues, is challenged, once the population, or in other words the number of rent seekers, grows too fast. Hence, the demographic development exerts high pressure on the ruling regimes to modify common policies which have been standards since in the 1970s.

As stated at the system analysis and displayed in the two subsystems (Figure 1 & 2) ‘*demand for higher education*’ and ‘*the knowledge-based economy*’, there is a close interrelation between the demographic challenge and the need to transform the economic model. The demographic bulge affects the transformation towards a knowledge-based economy. One of the major pillars of the World Bank’s knowledge economy paradigm is to increase the tertiary enrollment rate and to offer new employment opportunities for this growing population: This calls for an enormous amount of resources – in financial and logistic terms. The current demographics affect the provision of higher education, as governments have to expand the admission capacities of the local post-secondary education sector in a short time.

**Causality (1-1): Demographic growth**

- Oil rents per capita (may) decline
- Demand and costs for public services increase
- ➔ Challenges to sustain the welfare system, which ever legitimated the regimes

**Causality (1-2): Demographic growth**

- Growing number of SSGs and increasing demand for higher education
- ➔ Need to expand the admission capacities of the local higher education system

### 5.1.2 The Oil and Gas Industry: Backbone of the Economic Development

Since the early 1960s the energy sector has been the most contributing factor of the national economy in the Arab Gulf states. On the basis of the national oil revenues, GCC countries experienced a unique economic advancement. The availability and the amount of the petro rents have determined all public incentives and has been crucial in regard of the public services. Many scholars analyzed this economic development, which modified the socio-economic landscape of the Arabian petro states (FRIEDMAN 2003; SCHOLZ 1998; RITTER 1985). Despite several attempts to diversify the national economies in the past decades, oil revenues have remained the most important source of income – in terms of governmental revenues, as well as in terms of GDP – for the GCC regimes. The correlation between oil prices, economic growth and political stability is evident.

**Oman:** Oil, in a commercial quantity, was discovered between 1962 and 1964. In the late 1960s, oilfields exploitation started by Petrol Development Oman (PDO). In 1969, the production reached 327,000 barrels a day, which represented forty times the annual revenues of the Sultanate in the early 1960s (VALERI 2009: 70). Soon after Sultan Qaboos seized control in 1970, the state acquired a stake of previously foreign-owned PDO (METZ 1994). Thereby Oman took advantage of the oil crises of the 1970s, and raised its oil revenues by the factor of 15 in ten years (VALERI 2009: 70-72). Despite the nation’s relatively small oil production and the high related cost, the new oil rent allowed an economic take-off as it financed the Oman’s state-building process for the last forty years. Over this period, oil revenues have never represented less than 70 percent of the total governmental revenues. Accordingly, the oil revenues have been at the heart of Sultan Qaboos’ Renaissance policy: The oil rent *“has made it possible not only to set up the state as a symbolic framework of*

*reference for all, but also to build it up as the crux of development, by the redistribution system the state organized for all social and ethnic groups” (VALERI 2009: 73).*

In 2001, the Sultanate reached a maximum capacity in oil production of 961,000 barrels daily. Since then, the daily extraction has declined to 728,000 barrels in 2009 (BP 2009). Thus, Oman is a peak oil producer: Peak oil is the point in time when the maximum rate of petroleum extraction is reached, after which the rate of production enters a terminal decline. Besides the limited national oil and gas resources, the demographic development also affects Oman’s status as a petro economy: Due to the population growth and the declining oil production, the *oil production per capita*, as an indicator for the availability to redistribute rents, has declined since the mid-1990s. The ratio dropped from 0.39 barrels daily per inhabitant in 2001 to 0.21 barrels daily per inhabitant in 2008.

Table 13: *The Energy Sector in Qatar and Oman: 1990-2010*

		<b>Qatar</b>	<b>Oman</b>
Proven oil reserves ( <i>billion barrel</i> )	2009	27.3	5.6
Crude oil production ( <i>thousand barrels daily</i> )	1990	434	695
	2001	754	961
	2009	1378	728
Proved gas reserves ( <i>trillion cubic meters</i> )	2009	25.46	0.98
Natural gas production ( <i>million tons oil equivalent</i> )	2000	5.7	2.3
	2008	69.0	21.6
Oil production per capita (1) ( <i>barrels daily/population</i> )	2000	1.22	0.38
	2008	0.84	0.21
Oil production per capita (2) ( <i>barrels daily/domestic population</i> )	2000	3.96	0.46
	2008	5.74	0.25
Oil & gas revenue ( <i>% of government revenue</i> ) <sup>1, 2</sup>	2009	72	78
Sources: BP 2009, <sup>1</sup> Oman Ministry of National Economy 2010; <sup>2</sup> QSA 2010			

**Qatar:** The formation of Qatar as a modern state has always depended on the national energy sector. Oil revenues, especially after the first price rally in the early 1970s, were used to establish Qatar as the prototypical rentier economy. Within the past forty years, revenues from the export of oil and gas have represented, by far, the largest source of governmental revenue.

Throughout the past two decades, Qatar even became an important player on the international energy market. Although the national oil reserves are limited (in comparison to KSA or UAE), Qatar’s government has invested large amounts effectively to increase the production capacities of the oil sector since the late 1990s. Thus, despite Qatar’s high population growth, the oil production per capita (domestic population only) increased from 3.96 barrels in 2000 to 5.74 barrels per day in 2008. In addition, Qatar became a rising power in the international gas market. Especially since the mid 1990s, the country has invested large amounts in the exploration of its super giant North Field. Therewith Qatar became a strategic player in the international gas market and is today the leading exporter of Liquefied Natural Gas (LNG). Thanks to the high oil prices and the boom of LNG, Qatar has attained double-digits economic growth rates since 2002 (IMF 2010).

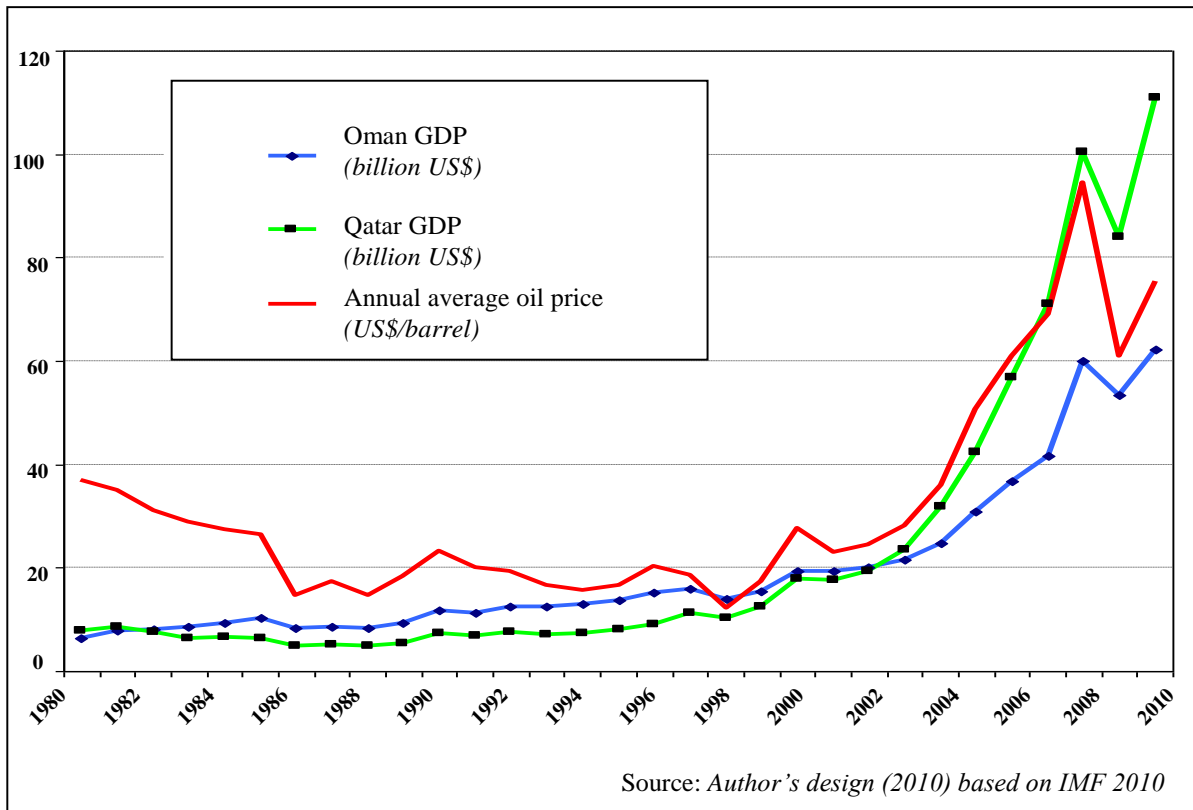


Figure 16: *Correlation between World Oil Prices and Economic Growth*

Figure 16 illustrates the correlation between the world crude oil prices (yearly average) and the economic development since 1980 – measured by the GDP based on purchasing-power-parity valuation of country GDP. In the years of high oil prices in the late 1970s and early 1980s, caused by geopolitical tensions in the region, particular the Iranian Revolution and the Iran-Iraq war, Oman and Qatar received large incomes from their energy sectors. After the oil price peaked in 1980, reaching over US\$ 37, the oil prices fell below US\$ 10 per barrel in 1986. There was an oil surplus on the world market, mainly caused by a declining demand in Western countries after the economic crises and due to overproduction. Especially when Saudi Arabia abandoned its swing producer role and increased the production to force the other OPEC members to cut back oil delivery rate at the agreed country quotas, oil prices crashed. The low oil prices caused an economic stagnation in Qatar and Oman, with the effect that Qatar's GDP per capita almost halved in the late 1980s (IMF 2010).

After years of slow economic development due to cheap oil, the economic turnaround began in 1998. Oil prices increased between January 1999 and September 2000 due to a strong world oil demand. In parallel to the oil price rally since 2002, Qatar's and Oman's economies have started to take-off (again). Especially Qatar's economy began to grow exponentially – in step with the world oil price. The total economic growth rates of both countries are impressive (IMF 2010): Since 1990, Qatar's GDP has grown from US\$ 7.4 billion to more than US\$ 110 billion in 2010. This means Qatar's economy grew by 1,500 percent! Within two decades, Oman's GDP increased from US\$ 23.2 billion in 1990 to US\$ 62.2 billion in 2010, this means a tripling of the economic output. These figures indicate that economic growth was ever and still is highly related to the development of the oil prices.

**Causality (2-1): Oil revenues**

- Main source of governmental income, being used to finance all public services
- Economic and political dependency

**Causality (2-2): Phases of declining oil revenues – status as peak oil producer**

- Challenge for the rentier state
- Need to tap new sources of income to meet the challenges of the post-oil era
- ➔ Need to transform the petro economy towards a knowledge-based economy

**5.1.3 GCC's Labor Market**

The changing requirements of the labor markets also affect the set point of the control system. Labor markets of the petro states at the Gulf are characterized firstly, by a high share of expatriate workers, predominantly working in the private sector, secondly, a strict segregation of the workforce, whereby the domestic workforce is exclusively employed in the secured and well-supported public sector, and finally, by a low employment rate of the domestic population, especially among females. Thus, the labor market reflects the rent-seeking structures of the society in the GCC member states. The entitlement to public employment for the national population was one of the basic pillars of the rentier state to redistribute the petro rents. In this way, the government supports its citizens. But nowadays, mainly due to the demographic pressure and the need to modernize these inefficient structures, GCC's unique labor market system is challenged. The saturated public sector is no longer able to offer employment opportunities to all locals. As a consequence governments cannot sustain the rent-seeking nature of the segregated employment system.

Beginning in the early 1990s, governments of the GCC have carefully tried to reform the labor market by implementing a nationalization policy. In order to create new employment opportunities for the domestic population, a quota system for expatriate workers was introduced in most sectors. In line with the recent approach to transform the economy towards a knowledge economy, the nationalization policy reached its limit. The gaps and deficits of the local education system – at school as well as at university level – hamper the reform of the labor market. GCC states need a better educated work force to reduce the dependencies of a rentier state and to establish a modern and competitive economy. The changing requirements of the national labor market are an essential to understand the ongoing attempt to modernize the national higher education system.

**Causality (3): Rent-seeking, segregated labor market**

- Need to modernize the existing employment model
- Sine qua non: highly trained population

**5.1.4 Legitimacy of the Ruling Family**

The ability of the ruling regimes to distribute rents among the society is one of the key elements of the political stability on the Arab Peninsula. The allocation economy serves de facto as an assurance of power. Due to the redistribution of oil income through social transfer



payments, subsidies, public employment and an absence of taxation, the rulers remain in power and legitimate their regime. According to FÜRTIG (2003: 202) *“the oil-rent financed social transfer payments of the government was ever an effective method to produce legitimacy”*. Equitably supplied by the ruling family, abandons a political participation. True to the motto *“no representation without taxation”*.

By controlling the oil rents, GCC’s ruling families create legitimacy and receive independence – internal towards its citizens as well as external. The autonomy, the social structures, as well as the wide range of power of the ruling family stabilize the regimes, and are one of major characteristics of the political model of the rentier states of the Gulf. Thus, as long as the petro states acquire and allocate enough rents, the regimes will be immune to the claim for democratization and political liberalization (PERTHES 2006: 294). In reverse, the rulers will need to consolidate their exercise of power in times of declining oil incomes. When regimes are no longer able to allocate enough rents, their legitimacy is at risk. In order to obtain approval in a post oil era, GCC rulers either have to reform the political system affording a political participation of its citizens, or, in addition, they have to transform the rentier state model in order to be prepared for this new era. Especially in the late 1980s and in the early 1990s, a period with declining oil revenues, the need to reform the outdated system of a pure rent-seeking economy was unavoidable.

Attempts to afford a political participation were implemented in most of the GCC states after the terrorist attacks of 9/11. However, the ruling families did not loose any power – they were not willing to share their political and economic power with its citizens (PERTHES 2006: 400). Good governance, according to their own definition, as well as economic and political stability intend to reduce the dependencies of the rent-seeking system. In order to sustain legitimacy without extending the participation of the society, the regimes will also have to transform some basic structures of the economic model: Modernizing the nation’s higher education system, transforming the labor market and enhancing the private sector intend to legitimate the power of the monarchies in future, beyond the petro rents.

**Causality (4):** Declining petro rents – ability to redistribute rents fades

→ Government fears to loose legitimacy

→ Need to produce new legitimacy through political and economic reforms

### 5.1.5 Cultural Norms and Values

Shifting cultural norms also affect the current higher education agenda. On the one hand, GCC societies are often presented as very conservative Muslim societies, implying a reactionary attitude of its citizens. On the other hand, the booming metropolises of Dubai, Abu Dhabi and Doha represent a new era of globalization, post-modernity and economic progress. Thus, the perception of the region varies strongly. This social conflict between modernity and preserving the cultural heritage characterizes the Arab Gulf nowadays.

A crucial factor affecting the demand for higher education is the increasing awareness for education within the society. Access to higher education pledges prestige, social recognition and wealth. Parents noticeably want their children, including their daughters, to enroll at

universities and colleges in order to get a highly paid job. This pressure from the parents and from the youth, forces the government to expand the limited admission capacities of higher education. As rent distributors, the regimes have to satisfy the demand of their subordinates in order not to lose legitimacy. The increasing awareness for higher education can be detected in almost all social classes of society – there is no stratification in this respect. Parents, who did not have the possibility to enroll at school or university, often illiterate themselves, want their children to have all opportunities for social and economic advancement – and higher education is the basic requirement. Consequently, the Gulf region, historically disadvantaged in terms of access to education, nowadays recognizes the relevance of a well-established educational system.

One of the major shifts in cultural habits can be discovered in the new role of the female population, especially regarding higher education. New role models for young women and a stepwise integration in the labor market characterized the last decades. While male students often enroll at Western universities, parents want their daughters to stay in the country – living and studying at home. Thus, the gender factor is crucial for the present development in higher education of the Gulf states. In addition to the growing awareness for higher education, the society actively demands modern and prestigious institutions. They want to obtain Western-styled educational programs and degrees. Although some domestic public higher education institutions enjoy a good reputation, importing knowledge and know-how seems to be the only possibility to satisfy the local demand for brands, also in higher education.

While education in a rentier state is supposed to be free for the domestic population, there is a rising commitment to fund higher education privately. The emergence of costly private higher education in all Gulf countries indicates that parents are nowadays willing to finance the education of their children, and hence, are no longer dependent on the government.

**Causality (5): Shifting cultural norms**

- Rising awareness/demand for higher education
- Pressure to modernize the higher education system

### 5.1.6 Geopolitics

The events of 9/11 and the War on Terror affected the higher education policy of all states of the Arabian Peninsula. Due to restrictive entry regulations and media reports about discrimination, and hostility against Muslims in the United States, Canada and Europe after the terror attacks, the number of Arabs and Muslims studying in Western countries decreased sharply (CHOW & LAUGHLIN 2010: 125-126). The Open Doors 2005 (IIE 2005) – an annual published report examining the enrollment of international students in the United States – indicates that student enrollments from the Gulf fell by almost 50 percent in post-9/11, from about 13,000 Gulf students in the United States in 2000/01 to less than 7,000 in 2004/05.

Since 2005 the student enrollments from the Middle East in Western countries have increased, topping the level from before 9/11 in 2009 (CHOW & LAUGHLIN 2010: 125). However, there are some new trends in transnational higher education of Arab students. Due to its geographic proximity and the shorter length of degree program, many GCC students prefer to study at

British universities, instead of enrolling in the United States. While there is a revival of studying abroad, the trend of investing in the domestic system of higher education in order to provide excellent institutions locally continued. Rising tension between the United States and the Middle East, especially after the invasion of Iraq, and the unstable economic environment throughout much of the region, are additional incentives for Arab and Muslim students to opt for safer and more affordable educational institutions closer to home. Many Arab students who had planned to come to Western countries for higher education are now enrolling at universities in the region (SEDGWICH 2004: 1). The wealth created by the oil boom enabled many governments in the Middle East to invest in domestic systems of higher education. According to SEDGWICH (2004: 1) a *“local provision, including the recent proliferation of private institutions in the region, has been key in retaining Arab and Muslim students, many of whom would prefer to stay at home within their own cultural milieu close to friends and family”*. Thus, by using their oil incomes, governments import foreign know-how and knowledge to emancipate themselves from the West and to establish their own, domestic knowledge base in the complex and challenging geopolitical environment of the 21st century.

**Causality (6):** Visa restriction and fear of harassment in Western countries after 9/11

- Declining enrollment of Arab student at Western universities
- ➔ Need to establish own capacities to offer Western-style education

### 5.1.7 Challenges of the Existing Higher Education System

Since the oil boom of the 1970s, governments of the Arab Gulf states have spend enormous amounts on education. Thanks to the availability of petro dollars and the import of teachers and scholars, predominantly from Egypt, Syria, Jordan and Palestine, GCC states expanded the general education system and established publicly financed national universities. From its inauguration in 1977 to the mid 1990s, Qatar University served as the country’s sole national institution of higher education. Sultan Qaboos University was established in Oman in 1986.

Although the achievements of the public education system that only began in the 1950s have been significant, there are many challenges facing the entire system. At university level, one of the problems of education is that degree programs focus too often on traditional subjects. Labor market linkages remain weak and gender differences become more and more pronounced. Moreover, the 2003 Arab Human Development Report criticized the outdated structures and curricula, the public monopoly, the lack of research capacities as well as a deficit of critical thinking/analytic skills and a lack of qualified teaching staff. As a consequence, many of those receiving an education are not being appropriately prepared for the technological era or the potential for international competition in the new millennium (GONZALES et al. 2008: 3-5). Globalization and technological changes have made human capital development increasingly important for a nation’s economic progress. While labor markets go beyond countries’ borders, calling for employees to have specific technology-based skills, *“recent studies found that those educated in the Arab region are ill prepared to enter the world of work in a global economy”* (GONZALES et al. 2008: 3).

OECD's PISA study emphasized that primary education in Arab states appears to be of poor quality and fails to provide for students' basic learning need (OECD 2008). For example, the project's study of English language found that, despite English being the language of instruction at school and university level in many GCC states, students in the region were not receiving the amount and type of English instruction needed to communicate effectively and to keep up with advances in information technology (OECD 2008). Given that human capital needs of countries change over time with the advent of new technology, improving the quality of education and expanding the access to higher education now constitutes one of the major challenge to the Gulf states in the 21st century (GONZALES et al. 2008: 3).

**Causality (7):** Deficits of the existing (higher) education system

➔ Capacity building through importing Western-style education to form a modern and competitive higher education landscape

### 5.1.8 Conclusion: External Factors

This analysis indicates that the formation of the set point is highly affected by the different values of the external factors. The most complex challenge faced by countries of the Arab Gulf today is the human capital development of the growing population. The 2003 Arab Human Development Report, with its call to build a knowledge society in response to economic globalization and technological change, spotlighted the deficits in education and workforce skills. While the key component of a knowledge society is the reliance on the intellectual capabilities of the workforce, rather than on material products or national resources (POWELL & SNELLMAN 2004: 215), GCC states are forced to modernize their national innovation system to meet the challenges of the globalized 21st century.

*“Progress in raising literacy and enrollment rates – especially at the primary level – has been considerable in recent decades, but education outcomes still continue to lag behind those of other regions of the world” (AHDR 2003: 40).*

## 5.2 Privatization as an Element of GCC's Higher Education Policies

While higher education had remained one of the most state-controlled sectors within the member states of the GCC, a paradigm shift has taken place since the 1990s. The field of education has been partially liberalized, which results in the emergence of private for-profit higher education institutions. In particular the mid-1990s economic crisis, which placed limits on the expansion of the public provision of higher education, gave an impetus for the economic liberalization and an endorsement of private higher education. Accordingly, the privatization agenda was used to facilitate educational reforms, to produce graduates that could transform the states from a misaligned oil producing economy, to an industrialized and modern knowledge-based economy (COFFMAN 2003: 17; SIVALINGHAM 2007: 1).

### 5.2.1 Governmental Strategies Relating to Private Higher Education

*According to which main objectives have countries of the GCC established liberalization commitments on higher education and privatized this sensitive sector since the 1990s?*

**Privatization of Higher Education Due to Expansion and Budget Constraints:** An important theme underlying the reform agenda in higher education is an avowed orientation to expansion and diversification, driven by the demands of a growing local population and to the needs of an increasingly competitive, technologically-sophisticated economy (JOHNSTONE 1998: 20). The policy shift to private higher education and to encourage the growth of private, profit-oriented institutions relates to the socio-economic background of the mid 1990s. Ideologically supported by the World Bank, governments of the GCC states launched a policy of economic liberalization, mainly as a consequence of the upcoming economic challenges. The authorities had to satisfy the growing demand for higher education, while simultaneously balancing the budget and redefining the role of the state in a globalized environment. The analysis of the external factors indicates that the public monopoly of providing free public services like education or healthcare, was one of the biggest challenges at the end of the 20th century. Due to declining oil revenues in the late 1980s, the ability of the governments to reallocate rents through providing jobs, free education and healthcare for all its citizens vanishes. Consequently, governments of the GCC were either no longer able or not willing, due to ideological reasons, to sustain the public monopoly on education. Following the ideals of political realism, governments began to cut back on investments and intensified the participation of the domestic private sector. Regimes of the Gulf states have come to see the authorization and expansion of private higher education institutions as the solution to their educational challenges. As a result, governments have encouraged and supported the establishment of private higher education institutions, to meet the demand for higher education that the public system could no longer meet (AL LAMKI 2006: 54; COFFMAN 2003: 17).

The growth of the number of secondary school graduates (SSG) in Oman is an archetypal example of the policy dilemma in the early 1990s. The population growth caused an enormous demand for higher education. A tripling of the number of SSG was expected in the period between 1995 until 2015. While between 1990 and 1998 the nation's oil revenues declined, Oman's government was no longer able to fill this investment gap for the necessary expansion of the public higher education system. Privatization was undertaken in order to accommodate the increasing demand for access to higher education unmatched by supply. In this regard, Oman's government solicited the participation of private shareholders to assume an active role in contributing towards the development of higher education (AL LAMKI 2006: 72).

In this context the gross public spending on higher education can be identified as a useful indicator to illustrate the interrelation between the need for rationalization on the one hand, and the need to expand the access to post-secondary education on the other. While all governments were committed to increase the tertiary enrollment rate of the domestic population within the next decades, the spending on higher education should not increase by

the same amount. Accordingly, the modification of the gross tertiary spending needs to be analyzed in the country specific control model, as defining and revealing indicator.

***Causality: Budget Constraints and Privatization of Higher Education***

*Predicted increase of the higher education demand until the year 2020, due to the demographic trend and the rising educational aspirations of parents and young national. Declining petro rents per capita challenged common policies of broad public spending.*

***Regularity***

*Equipped with the ideals of a marketization and a massification of higher education, those governments facing serious economic challenges will legalize private higher education in addition to the existing public institutions to satisfy the expected demand. Therefore, non-elite demand-absorbing institutions shall increase the admission capacities.*

**Quality and Efficiency:** Governments use the privatization of higher education as more than a simple solution to unmanageable student numbers. In addition “*they have also vaunted private higher education as a means of ensuring the quality of instruction and the relevance to market needs that have been missing from public universities*” (COFFMAN 2003: 17). Only few Gulf education officials would dispute the fact that their higher education institutions have been characterized by mediocre faculty, outdated teaching methods and curricula, and poor materials and facilities (COFFMAN 2003: 17).

The World Bank’s report *Lessons of Experience* (1994) identified severe quality problems resulting from overcrowding, from insufficient control over the quality or behavior of the teaching staff and faculty, or from inappropriate curricula, unrelated to the needs of the emerging economies (JOHNSTONE 1999: 2). Quality assessments indicate unequivocally that school and university graduates from GCC states lag far behind graduates in East Asia and other developing nations (OECD 2008).

As nationalization of the workforce has become a high priority in every GCC state, the fact that local graduates of public universities lack the required skills has become painfully obvious (COFFMAN 2003: 17). The prevailing notion was that private higher education institutions would compete with each other and would focus more on the needs of the private sector. In addition, they offer courses of study of international standard which might lead to better employment opportunities, both locally but also internationally. The principal delivery mechanism was to legalize privately owned colleges and universities, which could offer foreign programs in conjunction with credible higher education providers from such countries as the United Kingdom, the United States and Australia (CARROLL & PALERMO 2006: 3:).

***Causality: Modernization Aspects and Privatization of Higher Education***

*The emergence of private higher education intends to promote competition among these new providers as well among private and public higher education institutions. By adopting and importing primarily Western-style educational models, the system shall be modernized and upgraded. In order to meet the upcoming educational challenges, privatization is carried out instead of or along with a reform of the public higher education system.*

**Regularity**

*To meet the “demand for better education”, privatization is considered as an opportunity to diversify, modernize and promote competition within the sector, and therefore, to increase the academic standards of the entire post-secondary education system.*

**Private Sector Exerting Pressure on Liberalization Policy:** As budget constraints became apparent in the economic crises of the early 1990s, the status and the power of the private sector changed fundamentally. As a consequence of marketization, the state withdrew its activities from several sectors. Private entities were able to fill this gap. Accordingly, the early 1990s were a watershed for the private sector in the GCC states, as they were able to enter new lucrative markets – which were previously provided exclusively by public entities. This “awakening” of the private sector modified the political economy of the GCC states. While private enterprises always depended one-sided on public authorities, there was suddenly a rising interdependency between public and private entities. Governments need a capable domestic private sector in order to transform the states towards competitive knowledge economies. Simultaneously, the private sector was aware of its new and vital status, and claimed self-confidence for more participation and support.

The emergence of powerful private enterprises is a rather new development in the GCC states. The political economy of an authoritarian rentier state determined the “rules of the game” of the private sector. Patronage and clientelism, as well as tight bonds to the ruling family, characterize all private business activities and are indispensable. Gaining access to lucrative markets in real estate, automotives, tourism, energy or other vital sectors is often limited to the royal family, powerful and loyal tribes, and oligopoly structures.

While the ability of the government to redistribute the oil rents faded, the policy of liberalization offered new chances to integrate civil society and to produce new loyalties. Therefore, the privatization of former public services was a possibility to redistribute wealth among loyal allies or to integrate political opponents. This economic liberalization did not lead to a political liberalization or even democratization, as power and all networks remained under control of the ruling regime.

Due to the predicted demand and the positive externalities of providing these formally public services, many investors wanted to tap into these new lucrative markets. They exerted pressure on the government to allow private initiatives, also in higher education.

**Causality: Private Sector Claims a Commercialization of Higher Education**

*The role of the state as an omnipresent actor changed in the early 1990s: Private stakeholders demanded further access to lucrative sectors, including sensitive sectors like higher education.*

**Regularity**

*The nature of a country’s private sector determines the liberalization policy: Powerful and well-established domestic stakeholders will exert pressure on the government to open up new markets like education. In contrast, if the local private sector is weak, the government will not be able to liberalize vital sectors.*

**Downsizing the State's Regulatory:** The pressures of a globalized world, whose foundations are invariably liberal, have had an impact on the policy of GCC states and the opinions held by their citizens. Neoliberal slogans of deregulation, liberalization and globalization found their way into the governmental statements throughout the region. Governments take account for the new international environment, or the spirit of the age, as an external force for change (NONNEMAN 2008: 18-19). The regimes of the GCC believe that liberalizing their economies, promoting greater financial openness to the rest of the world and encouraging privatization will stimulate economic growth locally and addresses the demands of their growing population. Traditionally, governments in the region act as the primary employer under a highly centralized national economic plan. Governments distribute national wealth for political reasons through the use of a system of quotas and agencies. Taxes are low or non-existent in most Gulf states, making governments dependent on income from national industries, which they are therefore hesitant to privatize.

Today, the Gulf states are moving more and more away from their traditional role as decision-makers, investors, and producers of goods and services. The view of many governments in the region is that they should move into supervisory roles and encourage the private sector to participate in areas once reserved exclusively for the state. The main sectors which have been liberalized and deregulated to date include electrical power, banking, ports, airports, and telecommunications. Moreover, within the last decade, the private sector has been encouraged to invest and participate also in sensitive activities, in particular sectors such as healthcare, education and water supply. Privatization is an important step towards broader economic liberalization, as “*it enables average citizens to feel a personal connection to, and investment in the economy, rather than relying on the state to promote economic growth opportunities*” (Davies 2002: 2).

***Causality: Transforming the State-run Economy through Privatization***

*The participation of citizens is one of the indispensable conditions to transform the state-run petro economy into a market-driven knowledge economy. Downsizing government regulation by supporting private initiatives and investments, acts in accordance with the zeitgeist of a globalized environment.*

***Regularity***

*The economic background is decisive for the intensity and the range of the privatization policy. The more a country needs to consolidate financially, the more it will try to cut back its expenditure and responsibilities by promoting private investments and activities, even in sensitive sectors like education.*

## **5.2.2 Adjusting the Controlling Element: Models of Privatization**

In summary, it can be said that the commercialization and massification of higher education is a common solution to raise the policy dilemma of an increasing demand on the one hand, and declining public resources on the other. The shift towards encouraging the private sector to participate in the advancement of the higher education is in line with the overall economic vision of the rulers and in accordance with the zeitgeist of the early 1990s. While some



countries were forced to rationalize due to their economic embarrassment, a promotion of private higher education may also follow different rationales. A free-market philosophy, along with a progressive withdrawal of the state, should effect economic growth. Thus, transforming the state-run economies in favor of private initiatives exposes the ideals of an Anglophone market economy, in which the government should only set-up the legal framework.

The privatization of higher education may show a wide range of country-specific implementations. The spectrum of liberalization commitments ranges from a free-market policy to a regulated market environment with strict limitations on market access. By using the control system, the country-specific privatization policy in Qatar and Oman, as one of the major controlling elements, can be analyzed in the conclusion. Thus, it is possible to evaluate the status and the type of private higher education in order to suggest a new classification of higher education in the Gulf.

### **5.3 Factors Affecting the Internationalization of Higher Education in the GCC**

Based on the general analysis of the driving factors and rationales of internationalization on the country and institutional levels, some region-specific strategies of the cross-border provision of educational services need to be analyzed.

#### **5.3.1 Limitations on Cross-Border Mobility of Arab Students and Scholars: The Effects of 9/11, the War Against Terror, and the Invasion of Iraq**

For many decades prior to 9/11, higher education institutions in Western countries, primarily in the United States and the United Kingdom, attracted large numbers of Arab students (IIE 2009; CHOW & LAUGHLIN 2010: 125). While the quality and reputation of the domestic higher education institutions was low, many Arab students aimed at studying at prestigious and well-recognized universities in Western countries. By implementing a capacity building strategy, governments, especially of the oil rich Gulf states, wanted to meet the increasing demand for higher education. The authorities encouraged students to study abroad, often by providing generous scholarships. Until the early 1990s, the public sponsoring of foreign education seemed to be preferred, instead of establishing more domestic private universities. However, beginning in the 1990s, governments began to encourage foreign institutions to operate in their country in order to diversify and modernize the domestic higher education landscape.

The attacks of 9/11, as well as the War on Terror and the Invasion in Iraq, had a severe impact on higher education and substantially changed the scope of transnational education. In the aftermath of 9/11, governments clamped down hard on the visa process for students, making it difficult to study in the United States, but also in other Western countries. This led to sharp reductions in the numbers of students from the MENA region (IIE 2009). In addition, an increasing anti-Western attitude in Arab societies was accompanied with growing Islamic self-confidence and conservatism. Reports of Islam-phobic and Arab-phobic incidents in Western countries reinforced this alienation. As a result, many Arab and Muslim students no

longer felt welcome in Western countries and returned to their home countries. This return of many students challenged the authorities of the Gulf states. The scholarship policy, sending especially the high achieving students abroad, was an effective method and part of the capacity building strategy. The return of many students to local universities resulted in an overloaded national higher education system and revealed deficits in structure and quality.

With regard to transnational higher education, a paradigm shift took place after 9/11. As a result of the restricted geographical mobility of Arab students, Western universities had to provide their services locally. True to the motto *“if our students cannot go anymore to Western universities, these institutions have to come to us”*. Whilst there were increasing anti-Western attitudes in Arab societies, the preference towards Western-styled education among the youth and among the decision-makers remained high. In addition, GCC states identified the provision of cross-border education services as a strategic market niche. Due to the restrictive visa issuing policies in Western countries, some GCC states wanted to fill this gap by developing a regional cluster for higher education services. Therefore, the strategy relied on the commercial presence of foreign institutions, which should offer their Western programs locally – in a non-Western country, for non-Westerners, often even to non-national clients. Thus the GCC wants to become an educational hub within the Arab/Muslim World, to attract all those fee-paying and often talented students, who previously studied in the West before 9/11. This export strategy also benefited from the huge capital surplus for investments. Due to the withdrawal of a huge amount of capital from U.S. financial institutions and the increasing prices of oil since 2002, private as well as public funds in all GCC states have been well-equipped.

In summary it can be stated that the events of 9/11 and the global war on terror affected the strategies of cross-border higher education in the Arab world. In line with a capacity building strategy, governments of the GCC promoted student mobility, the commercial presence of foreign providers, as well as faculty mobility. As a consequence of the oil boom since 2002 and the effects of 9/11, several Gulf states have also launched an agenda to develop a regional cluster for higher education. By using the oil incomes, some regimes promoted a new internationalization strategy, shifting from capacity building to revenue generation.

### **5.3.2 Gender Aspect: Female Dominate Domestic Higher Education Agenda**

The aspiration of Arab students to enroll at a university abroad is very high. The scope of the Arab student mobility clearly indicates that the opportunity to study in a foreign country often depends on the gender. More than two-thirds of all Arab students studying outside the region are male. By contrast, the vast majority of students at domestic institutions, particularly in the GCC states, are female. Accordingly, there is a marked tendency to favor male students to participate in transnational education. Cultural values and norms of the conservative society are the dominant reasons for this gender gap in student mobility. Parents often do not want their children to study abroad, in general – this applies to females in particular. Accordingly, unlike their male contemporaries, females depend more on the offerings of the domestic post-secondary education sector. The gender gap in education is set to raise a huge challenge in the

future. Up to 70 percent of the domestic students in the GCC are female (SEC 2009) – and according to local estimation, this trend will continue (GSDP 2009). In addition, men in most GCC states have significantly fewer years of education than women, and their performance at school, as well as at university level, reveals a significant gap (GSDP 2009). Thus, there is a distinct male education deficit, while female desire the opportunities of education and higher education more. As there are social and cultural obstacles, which hinder high achieving female students to study abroad, high quality programs need to be offered locally. Therefore, an import of educational services from abroad is mandatory in order to build-up new capacities. In addition, access to higher education needs to be expanded. Due to the increasing demand for higher education among the female population, and due to gender quotas at some public institutions, females are often disadvantaged.

In summary, it can be stated that the gender factor affects the import strategies at the national level. Advised, for example, by the World Bank, local governments should invest more in the education of females and not waste the human capital and talent of women. In addition, new role models in politics, in the economy and society changed the role of women in the Gulf societies. Female students actively demand access to cross-border education and to the labor market, and want to overcome outdated structures. Only a capable higher education system, offering highly demanded and recognized international degrees, empowers women to play an active role in the future.

### **5.3.3 The Political Economy of Cross-border Higher Education Services (1): Import and Export Strategies at the National Level**

The analysis of the import and export strategies on the country level reveals that particular economic rationales determine the provision of transnational higher education in the region.

**Import Strategies: Expansion, Capacity Building and Mutual Understanding:** Capacity building is the driving force of the internationalization approach in the GCC states. Hence, cross-border higher education offers a new instrument to expand access to higher education. Due to the demographic challenge, internationalization intends to meet the increasing, and yet unmet demand, for post-secondary education. In addition, governments use the import of higher education to offer specific programs and courses for females. At the same time, an import of international programs and providers bridges the educational gap after 9/11. Due to their robust economy, GCC states have the means to import cross-border services in order to meet the demand of their citizens to obtain Western-styled degrees.

Apart from expansion, the enhancement of the nation's human capital is an important rationale. International reports are highly critical of the GCC's overall educational performance (UNDP 2003: 38-43). In order to meet the changing requirements of the labor market in a globalized environment, initiatives to improve and modernize the outdated structures of the national higher education landscape are mandatory. Input and the transfer of expertise from well-established institutions abroad may foster the nations' innovation framework. Spill-over, as a result of partnerships with western universities, should promote research, development and excellence.

Mutual understanding is still a key element of internationalization at a post-secondary education level. Academic cooperation intend to strengthen regional and international partnerships. Therefore, transnational education agreements increasingly became a political instrument. Many Arab students, predominantly from the economic and political elite, used to study in Western countries. These close bonds of decision makers to their former host countries affect the policy of today. Furthermore, an important criterion is the impact of geopolitical rationales. Many cooperation in higher education results from bilateral agreements. In summary, it can be stated that GCC countries lack local experience in higher education. In order to meet the ambitious development goals, a transfer of expertise and know-how from abroad is mandatory. Thus, the import strategy addresses the need to establish capable and competitive higher education structures locally.

*Capacity building for the knowledge economy: Satisfying the increasing local demand for cross-border education and improving the quality of entire innovation systems through cooperation with international repeatable institutions.*

**Export Strategies: Revenue Generation and Promoting Skilled Migration:** Within the past decades, one of the main focuses was put on economic and income-generating opportunities associated with the cross-border delivery of education. New models of arrangements or an increased recruitment of tuition-paying students are examples of a more commercial approach to internationalization. The fact that higher education became one of the subsectors within GATS indicates that the export of education and training programs is a potentially lucrative trade area. GCC states are showing increasingly interest in the potential for exporting education for economic benefit – “*they want a share of the pie*”. The development of new international and regional trade agreements are now providing new regulations that will help to decrease barriers to trade in an attempt to increase the commercial side of international cross-border trade in education. In the context of the knowledge economy, the dimension of higher education has become part of the political economy of the GCC states. Thus, internationalization is being used to establish a regional hub for higher education services in order to export these services in the future. GCC rulers identified cross-border education as a central pillar to transform the former rent-seeking economies towards modern knowledge economies. The formation of regional education hubs – both in relation to incoming students and to prospective faculty members who immigrate into the region – means greater competitiveness.

The main focus is to attract foreign fee-paying students within the Arab/Muslim World, and generate new sources of income. Western or Western-styled universities are crucial in the formation of this hub and are used as a marketing tool. Therefore, Gulf states want to use their strategic advantage within the region: (1) Capital surplus for investments within the region due to increasing prices of oil, as well as the withdraw of a huge amount of capital from the United States; (2) location in the heart of the Arab world; high standard of living and secured environment; (3) conservative Muslim environment; (4) close bonds to Western countries in terms of political, military and economic cooperation.

By establishing a regional education hub, GCC states face the competition of former regional education centers in Lebanon and Egypt, and with new emerging hubs in Asia, especially in Malaysia and Singapore. As a result, regionalism takes place in order to establish a capable education industry. Being the leading regional education hub, GCC states aim to attract wealthy and talented students from Egypt, the Levant, Iraq, but also from Iran, Pakistan and Africa. Arrangements with foreign institutions in collaborative or in non-collaborative provision should help to recruit foreign students. Thus, the formation of a local education industry is not based on homegrown institutions. Just the contrary, it is based solely on foreign institutions which offer international degrees locally. Therefore, GCC wants to become the leading hub in obtaining Western, or at least Western-styled diplomas.

Besides tapping into new markets and generating further sources of income, brain gain and the integration of the large expatriate communities are also rationales driving the internationalization of higher education in the region. Attracting high skilled people is one of the pillars of the transformation process towards a knowledge economy. A skilled migration enhances the competitiveness of the education system, as well as that of the entire economy.

*GCC states may use cross-border higher education in order to establish an export-oriented cluster for post-secondary education.*

#### **5.3.4 The Political Economy of Cross-border Higher Education Services (2): Import and Export Strategies at the Institutional Level**

**Import Strategies – Capacity Building and Revenue Generation:** As previously mentioned, there is an increasing demand for international educational concepts in the Arab world. Students prefer to obtain Western educational degrees instead of the locally designed programs. As a consequence, private institutions in particular need to promote an international profile in order to attract a sufficient number of students. An import of curricula, degree programs and faculty supplies this emerging demand and forms a suitable business model. Offering internationally recognized programs, either through collaborative or non-collaborative arrangements, noticeably becomes a competitive advantage and generates new sources of income. Besides merchandising effects of international arrangements, there are further economic rationales on the institutional level. In particular, the program mobility offers a new possibility to outsource educational services and to reduce initial and operating costs. Cross-border supply may reduce the costs of private institutions and it is possible to breakeven only a few years after foundation. In addition, importing international programs may bypass the required local licensing or accreditation. The approval of locally designed programs can take a long time – an import of well-established courses bypasses this process. Hence, in particular, private higher education institutions use cross-border services to reduce cost in order to work profitable. Owing to the lack of local expertise and program-development capacities, many private institutions rely on external foreign know-how.

**Export Strategies – Revenue Generation:** Economic benefits also affect the collaborative provision of higher educational services, such as the formation of branch campuses in the

GCC. Western institutions establish offshore entities to generate new incomes. Therefore, many institutions benefit from the high demand, lucrative investment opportunities through governmental subsidies or tax exemptions in their host country. Universities – especially in the Western countries – use their reputation to generate income by exporting academic programs under their branding in the global education market. In this way, the providing as well as the receiving institution benefits from an increasing cross-border mobility: It is a win-win situation. The provider exports its services and generates extra revenues, while the receiving institutions may attract more students through offering international programs. Furthermore, foreign branches may recruit students to enroll in postgraduate courses at the home campus which in turn generates extra funds.

In addition, there is an emerging trend and competition among higher education institutions to become a globalized university. Setting up international branches, tapping into new markets and opening up new sources of income acts in accordance with the “spirit of the age”. In particular, universities in the United States, the United Kingdom and Australia want to become global trade marks and position themselves on a worldwide market. Thus, universities try to monetize their prestige and reputation while serving a globalized educational marketplace. Governments in Western countries encourage their universities and providers to expand abroad and to join the global trade of educational services. Besides leading educational providers in Anglophone countries, newcomers, especially in Europe, such as Germany, France or the Scandinavian countries, developed ambitious cross-border strategies.

## **5.4 The Intensity of Liberalization Commitments on Higher Education in the GCC**

### **4.5.1 SWOT Analysis**

Based on a *SWOT analysis*, the complex dimension of the liberalization process on higher education will be illustrated. This methodology can be used to evaluate the **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats of a specific project or political initiative. The aim of the SWOT matrix is to identify the key internal and external factors affecting the strategy. In this manner, the internal factors address the *strengths* and *weaknesses* depending upon their impact on the country’s strategies, while the external factors stress macroeconomic matters.

External factors have a huge impact on the country’s intensity of liberalization commitments to higher education. As an instrument to attract foreign investment and expertise in higher education, commitments to GATS address the dimension of ‘expansion’ – ‘rationalization’ – ‘capacity building’. The emergence of foreign educational providers according to the trade liberalization offers an opportunity to transform the economy towards a knowledge-based economy. In addition, the aspiration to become a regional hub for higher education also affords liberalization commitments on higher education. The relevancy of trade in services, briefly shown in the case of Australia and USA, indicates that trade of education services has become a major economic factor. As GCC states aim to enter this lucrative market by

attracting foreign students and generating new incomes, GATS may be used to provoke this capacity building to become an exporter of educational services themselves in the future. In a combination of an increased demand for public higher education services and a limited financial capacity, governments may examine their priorities and launch new options for this service delivery. This may include the admission of a foreign provider – also profit-oriented one – to deliver specific higher education and training programs.

While the trade forum offers a range of new macroeconomic opportunities, a commitment to liberalization may also harbor some serious threats to the higher education systems. Authorities may lose the ability to control, regulate and stimulate the educational market, contrary to their overall strategy. Moreover, institutions offering poor quality may also enter the national market, providing degrees which do not meet the needs of the local economy. Furthermore, the emergence of foreign, profit-oriented provider may replace domestic institutions – causing conflicts with local investors and citizens. The analysis of the strengths and weaknesses of the internal factors indicates the complex dimension of liberalizing sensitive sectors like education. Like other emerging regions, GCC states failed to establish the legal framework for licensing, accreditation, qualification recognition and quality assurance according to the import and export of educational services until the late 1990s. In addition, domestic providers of higher education were not yet competitive on a worldwide education market. Furthermore, private higher education institutions in most of the GCC member countries have been heavily subsidized by the governments, which also hamper the new trade regime according to GATS.

One of the major strengths of the GCC states is their position as a lucrative niche-market. Due to the basic socio-economic conditions, and their political and economic stability, GCC states are a favored market within the Arab world for many providers of education services. Thus, commitments to GATS may even attract prestigious foreign institutions to invest in the local education sector. Based on the external and internal factors, the *SWOT matrix* can be established in the manner which will be subsequently discussed. The matrix opens up four dimensions on the intensity of liberalization commitments.

(1) *Objectives addressing Strengths and Opportunities – “using the opportunities (of GATS) and matching the local strengths”*: High intensity of liberalization commitments to higher education in order to attract foreign educational providers and to establish an educational cluster to export educational services.

(2) *Objectives addressing Weaknesses and Opportunities – “reducing internal weaknesses in order to make use of the opportunities”*: Establish comprehensive liberalization commitments in order to attract foreign providers, whereby limitations on market access are established in order to protect domestic suppliers and to prevent quality aspects.

(3) *Objectives addressing Strengths and Threats – “using domestic strengths in order to reduce the threats of GATS”*: Liberalization commitments under restrictive limitation to market access in order to sustain the public predominance in sensitive sector like education.

(4) *Objectives addressing Weaknesses and Threats – “defensive strategy”*: No liberalization commitments to education to prevent the sector from risks from the global trade regime.

<i>GATS and the GCC states – liberalization commitments on higher education?</i>			Internal factors	
			<ul style="list-style-type: none"> <li>- Lucrative market for foreign provider: High predicted demand</li> <li>- Public provision of higher education</li> <li>- Competitiveness of domestic provider on national education market</li> </ul>	<ul style="list-style-type: none"> <li>- Quality Assurance</li> <li>- Accreditation</li> <li>- Governmental regulation</li> <li>- Competitiveness of domestic provider on worldwide market</li> <li>- High subsidies for private higher education</li> </ul>
			Strengths	Weaknesses
External factors	<ul style="list-style-type: none"> <li>- Expansion and diversification</li> <li>- Rationalization</li> <li>- Knowledge economy</li> <li>- Meeting the <i>zeitgeist</i></li> <li>- Capacity building</li> <li>- Meeting labor market needs</li> <li>- Hub for education: export</li> </ul>	Opportunities	Comprehensive liberalization commitments on higher education in order to attract foreign provider of higher education services: <i>Free-market solution</i>	Commitments under limitations on market access for foreign providers. Reforms on the governance level address the upcoming challenges of the higher education sector
	<ul style="list-style-type: none"> <li>- Poor quality providers</li> <li>- Low prestige</li> <li>- Competition for domestic institutions/providers</li> <li>- Ability to control HE</li> <li>- Commodification of HE</li> <li>- Loosing national identity</li> </ul>	Threats	Liberalization commitments whereby restrictive limitations on market access for foreign providers are set-up in order to protect domestic providers	No liberalization commitments on higher education: Restrictive limitations on market access for foreign provider
Source: Author's design, 2010				

Figure 17: SWOT Matrix



## 6 Country Study Oman: Building a Domestic Knowledge Base in Oman: Higher Education to Meet the Challenges of an Upcoming Post-Oil Era

In July 2010, Oman celebrated the 40th year of the reign of Sultan Qaboos. The modern history of Oman is inextricably linked with the reign of Sultan Qaboos bin Said, who seized control from his father in July 1970. Sultan Qaboos established the framework of the modern Oman as he brought a long era of economic and political isolation and stagnation to an end. For an analysis of the higher education policy in the period from 1995 to 2010, it is also necessary to provide a brief history of the beginnings of education and higher education in Oman and to describe some important crossroads of Oman's political and economic development.

### 6.1 The Early Phase of Higher Education in Oman: 1970-1995

*"My people, I will proceed as quickly as possible to transform your life into a prosperous one with a bright future. Every one of you must play his part towards this goal. Our country in the past was famous and strong. If we work in unity and cooperation, we will regenerate that glorious past and we will take a respectable place in the world"* (Sultan Qaboos bin Said, July 1970).

#### 6.1.1 Oman's Crossroads: Political History and Economic Development

In contrast to other countries in the region, the Sultanate of Oman has enjoyed relative autonomy in its recent past. The latest colonial presence was the Portuguese in the 16th and 17th century. They were finally expelled by Sultan bin Saif Al Yarubi in 1650. In 1738, Persian attempts to take over the country failed, ushering in an era of prosperity. In 1804, Sayyid Said bin Sultan acceded to the throne and nurtured his country's economy and commercial activities (METZ 1994; SCHOLZ 1998: 148-151). While Zanzibar became Oman's second capital, diplomatic relations with Europe and the United States were established. During World War I, Oman's economy and trade links declined, and the country became relatively isolated, remaining so until 1970, when Sultan Qaboos bin Said seized control from his father Said Ibn Taimur. Sultan Qaboos focused on restoring control over the Dhofar region, which had been in rebellion against his father's oppressive rule. He used economic and military means, believing that poor economic conditions had supported the Dhofari rebellion. By 1975, Qaboos had succeeded in breaking the rebellion. From that time forward, the Sultan could turn to development issues and established modern governmental and

administrative institutions. Ministerial government and civil service were expanded, and a restricted participation in the political process was initiated with the establishment of the State Consultative Council in 1981 (METZ 1994). The process of state formation and the centralization of political power within the ruling family followed the pattern of other Gulf sheikhdoms. Oil revenues facilitated the transfer of some of the income from the state to society, creating a broader base. Pre-oil stratification of Omani society, in which the ruler depended on the tribal shaykhs to ensure popular support, has partially been superseded by the establishment of a social welfare state through which the government fosters a direct relationship between the state and the individual (METZ 1994; VALERI 2009: 72).

Oman's economic development from 1970 to 1995 can be divided into three phases: Firstly, there is Oman's "Renaissance", a period of rapid expansion between 1970 and 1986. Growing oil wealth made funds available for improvements in Oman's agriculture and fisheries industries, for the beginnings of industrialization, and for provision of a wide range of social services (RABI 2002). Secondly, a period of economic retrenchment and rationalization between 1986 and 1988, as a result of the 1985-88 oil price collapse, and thirdly, a period of stabilized growth from 1990 to 1995 (METZ 1994; FASANO & IQBAL 2003).

When Sultan Qaboos seized power he immediately initiated an economic development and modernization program. The *Renaissance* policy ended the country's long era of economic stagnation and political isolation. Priority was given to the expansion of the almost nonexistent infrastructure. In the early 1980s, substantial progress was made in developing a physical and social infrastructure, mainly in the form of roads, ports, airports, electricity-generating plants, desalination plants, schools, hospitals, and low-cost housing. By the mid-1980s, all regions of Oman were connected by a transportation system and a telecommunications network. Government revenues, derived almost exclusively from oil receipts, made this catch-up development possible. While in 1960, agriculture accounted for 75 percent of GDP, its share had fallen to less than three percent in 1991. In contrast, the industrial sector – including petroleum – accounted for only eight percent of GDP in 1960, increased to 59 percent by 1985. Manufacturing increased from only one to three percent and services from 18 percent to 38 percent in the same period (METZ 1994). As a result, Oman's economy was dominated by the petroleum sector together with the service sector. Aware of the vulnerability based on its dependence on its depletable fossil resources, Oman's government tried to diversify the economy by improving agriculture, expanding tourism, and constructing light industrial parks with the objective of exporting consumer goods to its Gulf Cooperation Council (GCC) partners (METZ 1994; SCHOLZ 1998: 69).

Although economic growth and structural change occurred rapidly during the reign of Sultan Qaboos, Oman still lagged behind some of its Gulf neighbors in these areas. This lag is partly the result of Oman's financial constraints, political instability (Dhofar rebellion in the first half of the 1970s), and most notably, its relatively late discovery of oil, in 1964, whose production started in 1967. In neighboring Arab countries oil was discovered in the late 1930s, and its exploitation began immediately after World War II (METZ 1994). Thus, Oman had to catch-up with its Gulf neighbors, and, moreover, it had fewer resources. In 1992, Oman's proven oil reserves were estimated at 4.6 billion barrels – low in comparison to the

reserves of other Gulf states. It was estimated that Oman's crude reserves would permit 17 years of output at the mid-1992 production rate of 725,000 bbl/day. Nonetheless, the standard of living was raised by increased government expenditures resulting from the commercial production and export of oil. By the latter half of the 1980s, Oman emerged as a middle-income country; before it was one of the poorest Arab states. Per capita income rose from US\$ 360 in 1970 to US\$ 3,140 in 1980 and finally to US\$ 7,000 in 1991 (METZ 1994; SCHOLZ 1998: 267; FASANO & IQBAL 2003).

### **6.1.2 Oman's Renaissance: Knowledge Production and Dissemination during Sultan Qaboos' Reign**

The modern educational system in the Sultanate of Oman has only a short history. It began in 1970 under the guidance of Sultan Qaboos bin Said. As in other Arab Gulf states, higher education has been treated as a public commodity because of the positive externalities associated with its provision. Since then, the education infrastructure, *"too large and costly for any organization other than the biggest one of all, the State"* (GELLNER 1983: 37) to take charge of has brought huge prestige to the ruler (VALERI 2009: 84). In the Sultanate of Oman the regime claimed to be the driving force in economic and social development. As a consequence, the state had a monopoly over the provision of higher education. In the first years of Oman's Renaissance the expansion of public higher education institutions was rather slow. When Qaboos came to power in 1970, an ambitious campaign to promote primary education was launched. Most efforts were placed on expanding primary and secondary schooling in order to absorb the growing masses of young people, to reverse low literacy and schooling levels, and to reduce urban-rural inequalities. The official figures stated 262 schools and institutions, comprising of 213 primary schools, 45 preparatory schools, three secondary schools and one teacher training institute by 1976 (MoI 2010) educating more than 65,000 pupils (VALERI 2009: 84), and for the first time offering educational opportunities for females. As a consequence of this catch-up process during the first period of Qaboos reign, a disproportionately large part of the public budget was spent on promoting primary schooling rather than on post-secondary education (COFFMAN 1996: 15; AL LAMKI 2006: 54). The efforts to strengthen the basic education were very successful, but produced numbers of secondary school graduates that far outstrip the nation's higher education capacities (COFFMAN 1996: 15). The subsequent great demand for higher education was provided mainly by overseas institutions of higher learning especially in the neighboring states, primarily in the United Arab Emirates (UAE), but also in Western countries (BEBLAWI 2009). The high cost of this *outsourced* overseas higher education was primarily financed by government scholarships, but also by private sources. Until the early 1980s, the governmental sponsoring to encourage Omanis to continue in overseas higher education predominated the setting up of domestic universities.

The early 1980s marked a watershed from a more traditional to a more modern Oman as the country established the pillars for its socio-economic renaissance. Well provided with windfall incomes from the export of oil, the state was now willing and capable to provide

(more) vital services to the domestic population in order to emphasize its status as the driving force of development. The rising demand for domestic higher educational opportunities affected the formation of a comprehensive post-secondary education strategy. Thus, the socio-economic challenges forced Oman's leadership to take measures to promote the sustainability of the country's economy and the employability of its people through a series of educational initiatives. On the premise that all Omani citizens have the right to education and that knowledge is the only vehicle for social advancement and progress, access to higher education has been expanded to all parts of the country (MoI 2009).

#### **6.1.2.1 Public Investment in Higher Education**

The late 1970s were marked by the first colleges offering primarily vocational and technical programs. These institutions were run by the government and focused mainly on the national priorities of healthcare and teacher training. An adequate supply of competent Omani teachers remained an ongoing problem for Oman's education system. Several teacher training institutes throughout the country started in 1977. In 1984, the institutes were replaced by intermediate training institutes (ALLEN 2000). The inauguration of Sultan Qaboos University (SQU) as a comprehensive state university located near Muscat in 1986 was a milestone in the process for higher education. Initially, SQU had five different colleges of medicine, engineering, agriculture, education and science. Besides SQU as the prestigious state university, seven Technical Industrial Colleges, six Colleges of education, fourteen Health Institutes and one Institute of Banking and Financial Sciences were established until 1990. Further colleges were founded in the late 1980s under the jurisdiction of the Royal Oman Police and the Royal Army. The formation of the public colleges reflects political and spatial objectives. The Colleges of Education were established in Rustaq, Sohar, Nizwa, Sur, Ibri, and Salalah. The Technical Industrial Colleges are located in Muscat, Salalah, Shinas, Nizwa, Al Musana'ah, and Ibra (MoI 2010). The public colleges should break down regional disparities catering post-secondary opportunities to all corners of the country.

The political framework of Oman's public higher education system is determined by the specific formation of the single institutions. The Ministry of Higher Education (MoHE), responsible for the Colleges of Education (later Colleges of Applied Sciences), was not established until 1994. Previously, the Ministry of Education's institutions were solely responsible for the education of teachers. A widely independent University Council was in charge of the Sultan Qaboos University. Due to the linkage to the labor market, the seven Technical Industrial Colleges (Colleges of Technology) came under the jurisdiction of the Ministry of Manpower. Consequently, the Ministry of Health was responsible for the Health Institutes. The College of Banking and Financial Studies (CBFS), located in Muscat, operated under the jurisdiction of the Central Bank of Oman. The Institute of Shariah Sciences operated under the authority of the Ministry of Awqaf and Religious Affairs (MoHE 2009).

All higher education institutions that were established between 1980 and 1995 are directly funded by the government. In parallel with the formation of SQU, several policy decisions were made in order to encourage Omani students to continue in higher education and

therefore, to stay in Oman. While quite appropriate for the period, several of these policies are the origin of issues that now shape and constrain government decision making today (CHAPMAN et al. 2009: 204-207):

- (1) The government determined that higher education should be free to Omani citizens. This was the standard in the region. Due to the high oil price in the early 1980s, financial resources were not a problem at that time, and the country could afford free education. In addition, the number of annual secondary school graduates was relatively small – ranging between 12,000 and 15,000 pupils in the 1980s. Moreover, all students who were admitted at SQU or at one of the other public institutions benefited from a generous financial package, covering accommodation, food and transportation amongst others. As the state university SQU should be a competitive alternative to those Omani students who had sufficient academic credentials to study abroad, primarily in the U.S. and the U.K..
- (2) Omani university graduates were assured of public sector employment upon graduating. This policy was the early precursor of the later implemented Omanization and was oriented to reduce Oman's dependence on expatriate workers. The employment guarantee was a win-win arrangement for both the students and the government: While increasing the attractiveness of continuing to higher education locally, the policy also served the needs to increase the number of Omanis working in governmental bureaucracy. The assurance of employment was seen as a guarantee by Omani students and, over time, it was widely regarded as an entitlement.
- (3) Admission to all public institutions was based on academic merits only – thus, the *thanawiya amma* determined access to higher education. A gender ratio of 50 percent was introduced to ensure gender parity. In the academic year 1990/91, about 1,000 students were admitted to SQU, reaching a total student population of 3,021 (SQU 2010). About 3,000 high school graduates were admitted at the other public post-secondary institutions, most of them at the Colleges of Education and the Technical Industrial Colleges.

The incentives in offering public post-secondary education opportunities were effective insofar, as SQU and the other publicly funded colleges grew rapidly. In 1990, the country already had more than 30 public higher education institutions. In addition to the cost-free public higher education system, the government introduced a program which awarded scholarships and grants for undergraduate and graduate studies abroad. These academic awards were offered to exceptional students and were based primarily on academic achievements. Special provisions were also made for students of low-income families (MoHE 2009).

Figure 18 recaps the distinctive features of the government-funded higher education system in the Sultanate of Oman: As with SQU, the full costs of higher education were paid by the government and graduates could expect public sector employment. In the mid-1990s, the projected decline in oil production and its implications on government spending became visible. The increased enrollment in public institutions was a major cost factor. As a consequence, the government could no longer fund these institutions at previous levels. In addition, the implicit employment guarantee for graduates was unsustainable.

In summary, it can be said that several educational incentives of the past had grown into entitlements which, in turn, were becoming liabilities for the future. The size of the public sector workforce increased until the late 1990s – but the growth was driven more by supply than by demand. The segregation of the labor market was reinforced to the disadvantage of productivity.

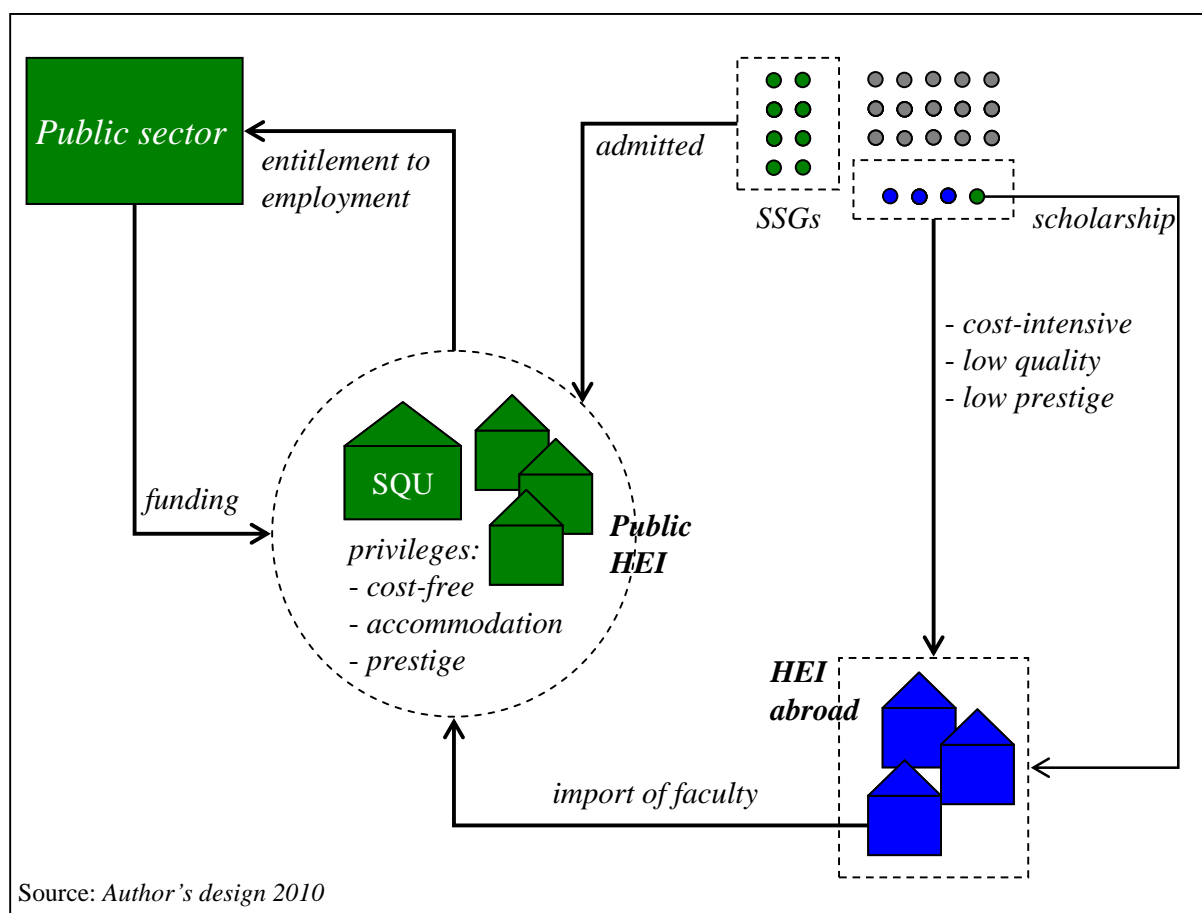


Figure 18: Oman's Publicly Funded Higher Education System in the late 1980s

The total number of secondary school graduates reached about 15,000 in the academic year 1990/91. Only about 25 percent of all these holders of a high school certificate were admitted at one of the higher education institutions. These figures indicate that admission to the public higher education in the early 1990s was selective and competitive. Only highly achieving SSGs gained access to the privileged higher education system in Oman. Due to this restrictive admission policy, many students had no higher education opportunity in Oman. Accordingly, despite the formation of a diverse public education system, there was still a large number of Omanis who had to study abroad. Several thousand Omani students attended universities abroad, primarily public universities in the UAE, which were free of charge for Omanis as GCC nationals. This student mobility illustrates the shortage of the local admission capacity. Many talented students from low income families were in a dilemma. They did not meet the admission standards of the public institutions, and, simultaneously, they could not afford the costly courses abroad. In addition, the public institutions in the UAE had a bad reputation, as these institutions offered primarily courses in social sciences and Islamic sciences.

Furthermore, graduates of foreign institutions were not entitled to work in Oman's lucrative public sector. As a result, the higher education policy excluded a large number of students who had no chance to earn university merits and, consequently, no real opportunity to obtain a public employment. Females in particular were disadvantaged as they could often not enroll abroad due to cultural reasons, and in addition, admission to SQU was regulated by the gender quota. This situation put pressure on the regime, as it caused dissatisfaction amongst the overlooked youth.

#### **6.1.2.2 The Control Model: Regulation of Oman's Higher Education System at the Initial Phase**

The systematic development of a modern, Western-styled higher education system constituted the targeted value of Oman's education policy in the early 1990s. Higher education became a vital part of the country's overall socio-economic agenda within Sultan Qaboos' Renaissance policy, as *Omani students should be able to continue to higher education and to do so locally*. The availability of funds, due to increasing oil rents of the 1970s and early 1980s, was the driving factors affecting the formation of a local higher education system.

In addition, Oman had to close the gap to the neighboring states, which established their state universities already in the 1970s. Thus, regional competition, prestige, and legitimacy of the ruling regime also affected the higher education policy. In addition, changing requirements of the labor market, especially to nationalize the public sector in order to reduce the country's dependency of foreign work force, influenced the higher education agenda from 1970 to 1995. With the inauguration of Sultan Qaboos University in 1986, the country began to educate its elites locally. Influenced by Western educational standards, structures, and policies, Oman's government implemented a publicly funded model. Following the *zeitgeist*, higher education was widely seen as a public duty related to community development. Thus, there was a general commitment that only the state should fund and control the higher education sector as a strategic investment in the future.

In order to accomplish the targeted values, the government mainly used a *public investment policy* to regulate and control the national higher education system. Like most other countries in the region, Oman's higher education system is distinctly marked by its public initiatives to sustain a government monopoly in such a vital area as education. All higher education institutions operate under the jurisdiction of governmental authorities. As a consequence, higher education soon became a large part of the overall public spending. Whilst higher education was solely funded and regulated by the state, private and foreign investments, complementary to the public higher education system, were not allowed. Thus, the Omani government did not use the controlling element *privatization* to increase the admission capacities or to diversify the system in the initial phase. This changed later.

In terms of an internationalization of higher education (referring to KNIGHT's modes of supply [2006: 357]), a *presence of natural persons* and *consumption abroad* can be assessed but not in terms of a *commercial presence*. Like other GCC states, Oman relied on the import of experienced faculty to establish its higher education system (Figure 18).

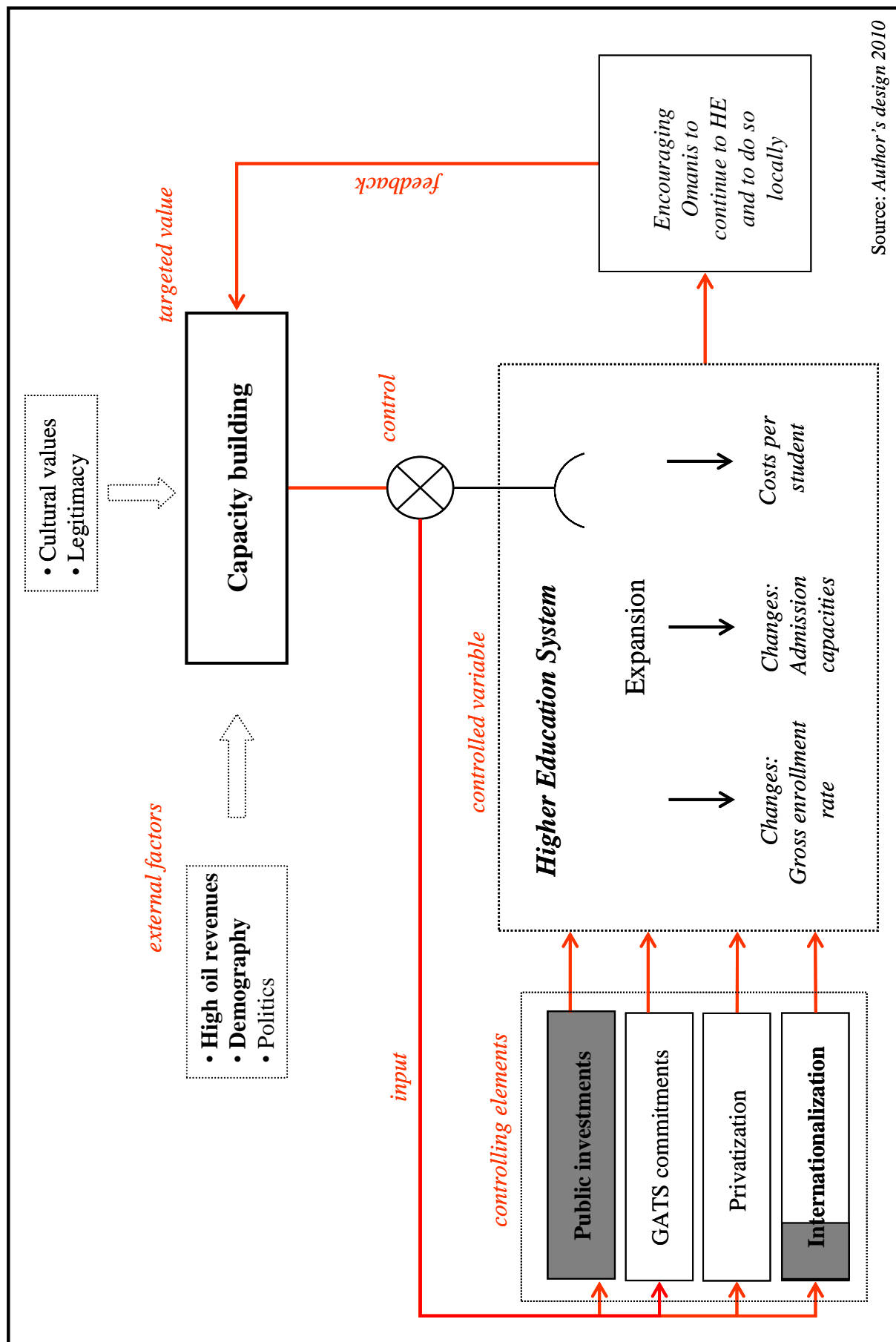


Figure 19: Oman's Higher Education Control Model until 1995



Lecturers from Arab countries and India were hired due to the lack of a local faculty with the required experience and qualification. Referring to the *consumption abroad*, the government promoted the mobility of students and issued scholarships to high achieving students to study abroad. The design of Oman's public higher education system was also affected by transnational educational concepts. Although SQU does not operate in cooperation with a foreign university, the model of the state university adopted Western academic and administrative concepts: The departments and degrees programs bear the hallmarks of the Anglo-American university model.

The effects of the higher education policy until the mid-1990s are quite impressive. Based on its oil revenues, Oman established a diverse publicly funded higher education system with more than thirty institutions offering various opportunities to males and females. The admission capacities of SQU and the public colleges expanded rapidly – reaching more than 3,500 places to study annually in the early 1990s. In addition, the range of academic programs was diversified. The number of available places at universities and the gross enrollment rate are the most important parameter of the controlled variable in the initial phase. All policies point to the creation of a broad range of higher education opportunities for Omani students. An important feature is that all public higher education opportunities are limited to Omani nationals. Foreign students were de facto excluded from higher education. Despite the efforts to increase the intake of students, the enrollment rate, as the major benchmark for policy-makers, declined and oscillated around 25 percent in the early 1990s. The expansion of the higher education system could not keep pace with the rapid demographic development! Faced with an estimated increase of SSGs between 2000 and 2015 and the raising awareness of education in general, Oman's regime was forced to diversify, expand and modernize the existing system – *in order not to miss the boat*.

## 6.2 Target Values: Promoting Higher Education to Set the Course for a Sustainable Future in a Post-Oil Era since 1995

*“The acquisition of knowledge is not a luxury, but a commitment and a contribution. It is a commitment to all the decent, enlightened values. At the same time, it constitutes a serious, untiring contribution to the building of this country and enables us to reinforce its achievements and realize short term and long term ambitions” (Sultan Qaboos, July, 1990).*

*“Soon our blessed Renaissance will enter a new phase of its successful process, which has been achieved in the past twenty-five years through persistence and effort, exemplified by achievements in which we can take the greatest pride. This phase will be full of the highest exceptions, but contain great challenges which will require from you unflagging determination, strong arms and clear minds. This phase will call for intensive work, effort and sacrifice to the country” (Sultan Qaboos bin Said, November, 1995).*

### 6.2.1 Oman's Vision 2020: Defining Oman's Socio-economic Transformation

In the early 1990s, Oman's ruling regime had to realize that a national economy, totally

depending on exporting oil, will not be economically viable on the long-run. The impact resulted from the oil prices which had again fallen. In response of the socio-economic challenges, Oman's leadership adopted a liberal development agenda in order to modernize and to diversify the national economy and to create much-needed jobs for the fast growing national population. The implementation of Oman's long-term development strategy 1995-2020 – Oman's so called *Vision 2020* – was the major testimony of the commitment to transform the economy and the society. The White Paper describes that within the decades to come *“Oman's economy must be transformed from one that is strongly dependent on a single, finite natural resource into a diversified economy that is based on sustainable wealth-creating activities. The transformation of the economy will be dependent on a national innovation system in which the education system must play a central role”* (MoNE 2007). This involved a national method of promoting an enterprise culture, on the provision of strategic assistance for enterprise development and expansion, and on targeted support for the commercial exploitation of knowledge. *Oman's Vision 2020* also envisages greater participation rates in the workforce. Its main target of doubling Oman's per capita income by 2020 implies a large (exponential) increase in high-productivity occupations. As a consequence, higher education must respond to Oman's strategic plans in key sectors as it is conducive to foreign investment and to increase the competitiveness of the national economy. Thereby higher education became the central gateway to the realization of Oman's future aspirations.

*“The future of Oman depends upon diversification of the economy, and this requires an innovative culture, an entrepreneurial spirit, and continuous strategic planning. In meeting this objective, education is to play a vital role. Higher education will help ensure that the Sultanate of Oman takes its place among the developed nations of the 21st century”* (MoNE 2007).

*Oman's Vision 2020* contains a clear commitment to establish and strengthen the World Bank's pillars of a knowledge-based economy as it describes the following basic dimensions (MoNE 2007):

1. Developing human resources and upgrading the skills of Omani nationals to keep abreast of technological process and to manage the dynamics of this progress in a highly efficient manner, facing the ever-changing domestic and global conditions.
2. Creating the conditions for a stable macro-economic climate with the aim of developing a private sector that is capable of making optimal use of the human and natural resources of the Sultanate.
3. Encouraging the establishment of an effective and competitive private sector and the consolidation of mechanism and institutions that will enhance joint government and private sector visions, strategies and policies.
4. Providing appropriate conditions for the realization of economic diversification and working toward the optimum utilization of the natural resources.

The official statements of Oman's leadership and the published reports indicate the close similarity of the development paradigm and the doctrines propagated by the World Bank. The Sultanate of Oman aims to re-position and adjust its national economy in order to take advantage of the newly emerging global trends. Henceforth success, economic growth, and development are directly linked to the production and dissemination of knowledge. Only well-equipped professionals and competent workers will gain comparative advantages in regional and global markets: *"It is obvious that, as the 21st century advances, countries without well-developed education systems may be in danger of becoming globally irrelevant"* (CFHEO 2005: 14). As a consequence, to attract foreign investment, governments need to be able to demonstrate that they can offer a workforce with appropriate skills. *"Our vision for education in the Sultanate stems from the commitment of our citizens to take Oman forward into the global world as a fully modern nation noted for its contribution to science and to the advancement of human civilization in the new era of knowledge. This will be achieved through a new approach to education that supports the nation's economic and social development, that is relevant, that meets international standards, and that ensures that all Omanis have the required skills and competencies for life and for the workforce; and that perpetuates life-long learning"* (CFHEO 2005: 14). As knowledge has become the new key driver in Oman's socio-economic development agenda, a redefinition of the value education has taken place: In terms of participation, dissemination, and provision of knowledge, education and higher education have been increasingly perceived economically.

### 6.2.2 The Role of Higher Education within Oman's Vision 2020

**Mass participation in higher education:** To achieve the transition to a knowledge-based economy, Oman has to establish a mass higher education system which is characterized by a high participation rate (50 to 60 percent) and a student population that is representative of the socio-economic distribution of the general population (CFHEO 2005: 14). Mass access to higher education is vital in creating new employment opportunities, as globalized economies rely on a well-trained cadre. In contrast, an elite system is defined by a low participation rate (less than 20 percent) and under-representation of students from poorer families. Within a system primarily serving mass participation there must be a good match between the learning outcomes of education programs and major social and economic objectives, including the socio-cultural aspirations of the nation and the skill requirements of its labor market (CFHEO 2005: 14). The main driver of a mass participation in higher education is Oman's labor market policy. The regime believes that university graduates from the public and the private sector will have better opportunities of finding employment in Oman and outside the country.

**Changing the role of government:** There is a clear commitment to strengthen the private sector as the key driver of economic growth. *"The prominence of the government role in the goods and services production fields limits the opportunities available for the private sector in these fields"* (MoNE 2007). Statements from senior officials and the Oman Vision 2020 indicate that Oman's leadership act according to the neoliberal paradigm: *"Till now, the government had a dominant role necessitated by the requirements of the previous stage*

*[during Oman's Renaissance]. In the future, the role of the government should be limit to strategic guidance of an economy that depends on a dynamic private sector"* (MoNE 2007). This involved governmental retraction from several production companies but also from its dominant role and status of the allocation of public goods and services. *Oman's Vision 2020* also emphasizes the leadership commitment to more *privateness* in higher education as well. The report further states that *"international experience demonstrates that if schools and higher education institutions are given full responsibility for their own administrative and academic affairs, they operate with more efficiency, flexibility and responsiveness and are better able to cater to the requirements of stakeholders"* (CFHEO 2005: 23-24). Consequently, a shift from publicness (publicly funded and publicly operated, cost-free) towards privateness (privately owned and privately operated, cost-recovery and autonomy) in higher education had taken place since the late 1990s.

**Sharing the costs of higher education:** As an investment in the future of the individual student, education is also likely to pay valuable dividends in better job opportunities and higher income. The Omani government believes that it is appropriate for a student, *"as a beneficiary of that investment, to make some contribution to the cost of his or her higher education"* (CFHEO 2005: 33-34). Mass participation in higher education generally involves a shift in the financial underpinning of the system whereby the share of costs for education is distributed among the students in terms of tuition fees. The commercial private sector benefits from a supply of graduates with adequate competencies for the workplace. This benefit is realized in terms of efficiency and greater economic return. Though a donor culture for education has not yet emerged in Oman, an awareness of the value of contributing to the development of Oman's systems of education is increasing. A greater understanding of the power, prestige and usefulness of individual or corporate endowments needs to be encouraged and promoted. For instance, incentives can be provided through corporate tax deductions and a commemoration of those who donate (MoNE 2007).

*The set point of the higher education system has changed over the past three decades: From an element within Oman's Renaissance to foster the economic development towards a pivotal pillar of the country's vision to become a knowledge-based economy. Massification of higher education and capacity building have become the key drivers of Oman's development strategy to set the course for an economy and a labor market in the upcoming post-oil era.*

In summary, it can be said that the concept of a knowledge-based economy, based on the neoliberal human capital theory, has entered Oman's political agenda since the early 1990s. Faced by low oil prices in the 1990s and Oman's status as peak oil producer, the government's main objective was to diversify the oil-dependent economy in order to establish a capable cluster of economic growth, which provides the required employment opportunities for Oman's youth. For this inevitable process, it is crucial to meet the high demand for higher education and to develop a highly skilled and competent national cadre. Therefore, the *massification* of higher education is a basic pillar in creating new employment opportunities

for the national population and thereby reducing the dependency towards the distribution of rents. Access to higher education is regarded as a pivotal element of the transition from the rent-seeking towards a modern, market-driven economy, based on new fundamentals such as knowledge and innovation.

### **6.3 External Factors – Imperatives of Change: Satisfying the Increasing Demand for Higher Education**

*What were the driving factors and the challenges in modernizing and changing the basic structures of Oman's higher education system in the mid of the 1990s?*

According to the *Oman Vision 2020*, at least 50 percent of the 18 to 24 year old age group should continue to post-secondary education by the year 2020. In meeting this target value, the country was faced with huge challenges in the mid-1990s: Firstly, the increasing number of SSGs demanding further access to tertiary education; secondly, the limited admission capacities and the high costs of public higher education; thirdly, declining oil revenues which were previously used to finance higher education; and finally, the need to raise the quality standards of the national innovation system.

#### **6.3.1 Demography**

*“The greatest challenge faced by the government in human resource development in the past decade was the widening gap between the increasing number of secondary school graduates and the limited number places to study available at local institutions of higher education”* (AL LAMKI 2006: 59).

An analysis of the age structure is helpful in assessing the impact of the demographic development on the demand for higher education. More than 35 percent of the Omani population is under the age of 15 years and 63 percent is below 25 years (MoNE 2010). Oman's statistical authorities report that the total population reached 2,867,428 inhabitants in 2008. The size of the non-Omani population reached 900,248 citizens. The composition of foreigners shows the impact of migration: 77 percent of the non-Omani population are males, 70 percent are between the age of 25 to 50 years.

The growth of secondary school graduates between 1990 and 2020 illustrates the enormous challenge for Oman's higher education system. In the academic year 1995, the total number of SSGs reached 17,163 students. By the year 2000, the number had more than doubled, reaching 34,510 youngsters finishing school and obtaining the right to continue to higher education. In 2010, the number of SSGs peaked to almost 54,000 students (MoNE 2009). This means a tripling of SSGs within the period of just 15 years! One of the specific features of Oman's demographic development is that the number of SSGs will decline after the year 2015 to about 50,000 school graduates annually. The demographic statistics show (Table 14), that with 276,816 Omanis, the cohort of the current 15-19 year-old Omanis is the largest age-group. The following age-groups are significantly smaller and the age-group of the current 5-9 year-old Omani has only 243,194 Omani pupils.

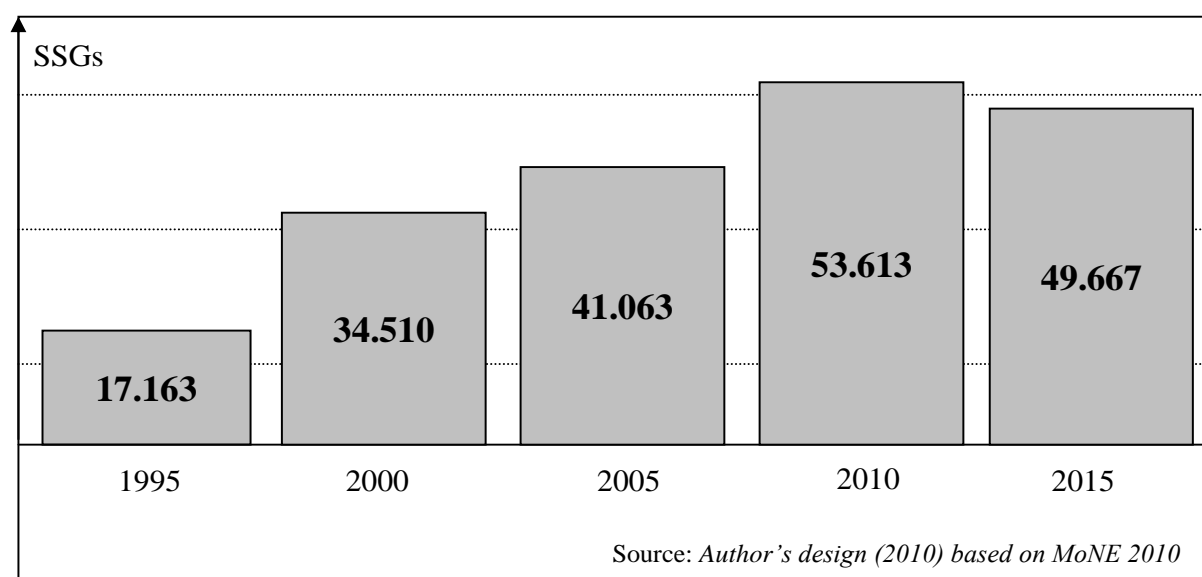


Figure 20: *Estimated Increase of Secondary School Graduates in Oman 1995-2015*

The challenge to meet the increasing demand for higher education becomes even bigger with respect to the ambitious goal of the government to raise the participation in higher education. As human capital becomes the gold standard of a globalized economy in the 21st century, in its Vision 2020, the Omani government committed to step up the tertiary enrollment rate to at least 50 percent of the 20-24 year-old age group by 2020. This means an increase of the annual admission capacity by a factor of seven – from about 3,500 in 1990 to more than 25,000 places to study in 2020. In other words, if the government fails to expand the access to higher education, the enrollment rate will decrease due to demographic development. This would counteract the intended transformation process toward a knowledge-based economy.

Table 14: *Age group, Omani Nationals 2008*

Age	male	female	Total	Age	male	female	Total
<b>0-4</b>	117,152	111,203	228,355	<b>45-49</b>	23,810	27,291	51,101
<b>5-9</b>	111,985	108,751	220,736	<b>50-54</b>	20,179	22,460	42,639
<b>10-14</b>	123,897	119,297	243,194	<b>55-59</b>	15,495	15,035	30,530
<b>15-19</b>	140,620	136,196	276,816	<b>60-64</b>	16,283	14,290	30,573
<b>20-24</b>	133,073	127,997	261,070	<b>65-69</b>	9,266	7,348	16,614
<b>25-29</b>	109,507	109,488	218,995	<b>70-74</b>	7,323	6,891	14,214
<b>30-34</b>	75,318	76,019	151,337	<b>75-79</b>	2,751	2,745	5,496
<b>35-39</b>	48,269	46,345	94,614	<b>80+</b>	2,993	3,536	6,529
<b>40-44</b>	36,199	38,168	74,367	<b>Total</b>	994,120	973,060	1,967,180

Sources: Ministry of National Economy 2009: 9

### 6.3.2 Capacity Building

Modernizing the innovation system to maintain pace with international higher education trends and standards. A know-how transfer from abroad and an adaption of global standards is mandatory to renew Oman's innovation framework in order to become competitive.

Higher education institutions have been characterized by a mediocre faculty, outdated teaching methods and curricula, and poor materials and facilities (UNDP 2003; COFFMAN 2003: 18). Quality assessments indicated unequivocally that secondary school and university graduates from GCC states lag far behind graduates in East Asia and other developing nations (SEC 2008; OECD 2008). Enhancing the nation's human capital became an important rationale for reforming the higher education system. In order to meet the changing requirements of the labor market in a globalized environment, initiatives to improve the (outdated) structures of the national higher education landscape were mandatory: *"A need to improve quality at all levels of education, as can be seen particularly from the unsatisfactory competency attainment of general education graduates, particularly in the Arabic and English languages as well as in ICT. There is a need for emphasis on independent learning and higher cognitive skills such as analytical thinking, problem solving and creativity, innovation and research skills"* (CFHEO 2005: 13).

Inputs and know-how transfer from well-established institutions abroad intend to foster the nation's innovation framework. Spill-over effects as a result from partnerships with Western universities intend to promote research, development and academic excellence. In an era of globalization and technological advancement coupled with economic integration and strategic alliances, Oman cannot afford to fall behind. In this respect, the government seriously considered the strategy of expansion and diversification of post-secondary education. Such a strategy was recommended by the World Bank experts in higher education and has been proven to be successful in a number of developing countries: *"Institutional diversification and differentiation can effectively tackle the problem of escalating demand in higher education"* (SALMI 2002: 27).

### 6.3.3 Rationalization

Reorganizing public finances: The higher education sector is being liberalized to shift costs from the public sector to society.

Faced with the need to increase the admission capacity of the higher education sector the Omani government needed a strategy to keep higher education costs within a limit while still encouraging system growth enforcing an expansion of the education system. There was a change in the model of a state-run economy, redistributing rents by providing jobs, free education, and healthcare for its citizens. This required a redefinition of the role of the state in a globalized era. Thus the pressures of a globalized world had an impact on Oman's policy as neoliberal slogans of deregulation and liberalization found their way into governmental statements. The Omani regime believed that liberalizing the economies, promoting greater financial openness to the rest of the world, and encouraging private investments would stimulate economic growth and addresses the growing demands of the young population (DAVIES 2002). Higher education in Oman has been ever financed through the sale of Oman's fossil resources, e.g. oil. The government has few meaningful alternative sources of income. Oman has been wise in its use of past oil revenues and has made substantial investments around the world that will help to continue financial support to higher education (CHAPMAN et

al. 2009). However, since the early 1990s, the costs of public higher education have accelerated due to enrollments far in excess of those ever imagined when SQU and the other institutions were founded. Oman does not have an extensive industrial or business sector outside of oil that can provide a meaningful tax base, and the country does not have a personal income tax. So there is no tradition of families paying taxes as a means of supporting local higher education institutions.

By legalizing private higher education, the government may address three issues: Firstly, private higher educational institutions can charge tuition, and recover at least a portion of the cost of education. Secondly, graduates of private institutions will not be entitled to public sector employment. However, they will benefit from the Omanization policy and strong employment protections once they are hired, but employment will not become an entitlement. Finally, higher education is decoupled from the incomes of Oman's non-sustainable fossil resources (CHAPMAN et al. 2009). This strategy has provided for enrollment growth in higher education, while avoiding the need for the government to change the popular policy of free public higher education. As a consequence, the government does not relinquish its significant role in higher education investment to the private sector, but rather, fosters and encourages a partnership with the private sector in developing and ensuring quality higher education, equity and access for all its citizens.

#### 6.3.4 Labor Market

Increasing the level of productivity of labor resources and creating employment opportunities for future generations.

According to the current Five Year Development Plans (MoNE 2006-2010 & 2011-2015) Oman has to create up to 30,000 jobs per annum to reduce growing unemployment effectively. Due to the demographic bulge, concerns about the structure of the labor market, low productivity, and increasing unemployment especially among the youth, affect the economic and education policy of Oman. The country's future depends on certain key private industry sectors. Oil and gas and related down-stream industries are of fundamental importance. Areas that might profitably be targeted for major employment growth include tourism, construction, manufacturing, and food production. Export trade, as well as logistics, should also become significant areas for increased employment. The ICT and financial services, although highly competitive in the Gulf region, are important sectors with a potential for success: *"It is important that the discipline mix of the student intake into higher education responds to the nation's strategic plans in key sectors and is conducive to foreign investment and increased competitiveness. Attention must be paid to the fact that science and technology form the basis of success in many key sectors"* (CFHEO 2005: 17).

The reluctance of Omanis to join certain professions and occupations has reduced their capacity to face future challenges, has affected their integration into the world economy, and at the same time, has hindered the substitution of expatriate labor. The challenge is to create employment opportunities for Omanis in public and private sectors and to equip them with



training and qualifications that conform to labor market requirements. This may be achieved by (1) creating employment opportunities for interested Omanis, and providing them with necessary training and qualifications, according to the labor market needs. This is needed to avoid unemployment among Omanis. (2) Substituting expatriate labor with highly qualified Omani labor, in order to shift the economy from a low value added to a high value added economy. Furthermore, to increase the participation of Omanis in the labor market in general, with particular focus on the participation of women. (3) Increasing the efficiency of the Omani labor market by narrowing differentials between public and private sectors (CHAPMAN et al. 2009; CFHEO 2005: 15-18)

In recent years the state launched several mega development projects, mainly in tourism, real estate and in the industrial sector to diversify the economy and to create new jobs. Despite these public initiatives, the government wants the private sector to become the main job engine. Thus, the government encourages young Omanis to work in the private sector and to take over jobs from expatriate workers. The objective is to achieve a greater participation rate in the workforce and to fight effectively against unemployment and against the segregated labor system. This all is based on a well-trained domestic work force. As a consequence, the promotion of all types of education, starting from basic education to enhance the level of literacy, up to higher education and life-long learning is essential to empower young Omani to take up employment in the large private sector, to replace foreign workers, and to create a capable labor market. A clearly defined national strategic plan was needed to cope with the challenge of an ever-increasing demand for higher education and the corresponding manpower needs of the national economy. In this regard, higher education policy needs to harness a higher education system that is closely linked to the market forces and is sensitive to specific needs of the national economy to avoid mistakes made by other nations resulting in under- and unemployment. Oman has committed itself to continue prioritizing higher education as an integral national agenda and has increased its investment in higher education.

## **6.4 Adjustment of the Controlling Elements: Oman's Shift to Privatization and Internationalization of Higher Education**

*"Mindful that it did not have the capacity or capability to develop and deliver sufficient higher education opportunities that meet the needs of a youthful and growing population"* (CARROLL & PALERMO 2006: 3), Oman legalized private higher education as a way to address the upcoming socio-economic challenges. The principal delivery mechanism was to establish privately owned colleges and universities, offering imported diploma and degree programs from credible international higher education providers (CARROLL & PALERMO 2006: 3).

### **6.4.1 The Policy of Economic Liberalization of Higher Education**

Mass access to higher education by promoting locally owned private higher education institutions through a generous package of financial benefits in order to increase the admission capacities in addition to the publicly funded higher education system.

As higher education has remained one of the most state-controlled sectors in the Sultanate, a radical paradigm shift took place in the mid-1990s. The privatization of higher education was enacted to meet the increasing demand for access to higher education that could no longer be matched by the existing public system (AL LAMKI 2006: 59). Thus Oman's privatization agenda aims to facilitate an educational reform to produce quality graduates that can transform the state from a misaligned oil producing economy to a modern knowledge-based economy. Accordingly, the 1990s were a watershed for the private sector in Oman. The private sector could enter new lucrative markets, which were previously provided exclusively by public entities. According to AL LAMKI (2006: 59), Oman's *"government solicited the participation of the private sector to take an active role in contributing towards the development of higher education in the country."*

In 1995, the government responded to the increasing demand for access to higher education by secondary school graduates *"by allowing the private sector to invest in higher education through the establishment of private colleges and fulfilling job markets needs in the Sultanate for a qualified and well trained cadre"* (ROYAL DECREE 18/94). Since then, private two-year colleges, offering degrees at a diploma level have started to mushroom in the country. Over the years, most of these formally two-year colleges turned to 4-year College offering degree programs at under- and even postgraduate levels. Introducing the status of private university colleges and universities expanded the range of private higher education institutions. The Ministry of Higher Education approved and sanctioned requests to confer various types of bachelor's and master's degrees.

To encourage the private sector to play a major role in the advancement of the higher education sector, a generous set of incentives was offered to those willing to operate private colleges and universities. Subsidies include among others the provisions of easy term loans and allocation of developed lands for the construction of educational institutes. Moreover, private institutions were exempted from most taxes for the first five years (ROYAL DECREE 42/99, 34/00, 67/00). The subsidization policy was necessary to attract private investments and to establish a formal cooperation between the government and the private sector. In order to reduce regional disparities, the government gave specific incentives for the formation of private universities in the different regions of the country: Beginning in 2001, private universities have received financial grants of up to RO 20 million (US\$ 55 million). The government is providing a grant of approximately RO 17 million (US\$ 47 million) to eligible new private universities for the purposes of quality improvement directly related to teaching, learning and research. This includes state-of-the-art instructional facilities and equipment. This is added to a grant of land, an initial matching capital grant of RO 3 million (US\$ 8 million) and certain tax exemptions. *"The terms of the grant are set at 50% of the paid capital of the private university. The grant offers a maximum, not exceeding RO 3 million [US\$ 8 million]. The grant shall be allocated to pay for the costs of the construction of buildings and other installations and equipment needed for the establishment of University. The grant shall not however, be allocated to pay current operating expenses"* (ROYAL DECREE 02/2002). Till 2011, five consortia have made use of the governmental funds to establish private universities in Sohar, Nizwa, Dhofar, and Muscat. Two private universities in Ibra and Al Buraimi will

start their operations in fall 2010; an additional private university in Muscat is also scheduled (GHE-O7; I.O7; AHEI-O23; AHEI-O12).

According to the Council for Higher Education, there are de facto no legal limitations on the number of licenses for private higher education institutions (HEI). *“Everybody in Oman is free to apply for a higher education license”* (GHE-O3). All investors who want to establish a private HEI have to pass through the same licensing procedures, determined by MoHE and the Council of Higher Education. However, by addressing the special needs of domestic investors, the government established strict limitations on issuing licenses to foreign providers in the private higher education sector. This includes the ownership of the private institutions where *“the majority of the shares must be held by Omani nationals”* (ROYAL DECREE 41/99).

With two exceptions, the government neither limits the number of private institutions nor dictates the offered programs or academic cooperation. Exceptions exist for private universities and private colleges operating in the Muscat Governorate. As mentioned above, private universities receive a special grant from the government. Consequently, the authorities want to have full control over this university sector. The licensing of private universities is restricted. Referring to the high number of private colleges operating in the Governorate of Muscat, MoHE declared that no further licenses will be issued to colleges operating in Muscat, except for those offering courses which are yet not provided by any other institution (GHE-O3). Thereby, the authorities try to control and regulate the formation of private colleges.

The diversification of the academic programs has been regarded as an important task in the last few years. Although the government does not restrict access to the licensing process, the final approval procedures are rather strict. The authorities demand high academic standards, a detailed feasibility study and a well-elaborated academic concept. However, interviews with senior officials of MoHE revealed that the number of applications for a college license outnumbers the granted licenses by many times (GHE-O3). As the approval process is not at all transparent, the political economy of the privatization of higher education will be addressed later.

An important feature of the private higher education policy in Oman is to enable investors to operate the institutions as profit-seeking enterprises. All private institutions have stockholders on record and most have shareholders who invest in the anticipation of a financial return. The government does not differentiate between profit and non-profit institutions, although it officially recommended that *“their main objective is not profit-making”* (ROYAL DECREE 41/99). According to the official guidelines published by MoHE, private institutions *“shall benefit to the society and to the national economy”* (ROYAL DECREE 41/99). The government justifies its financial benefits for all private institutions, especially for the private universities, on the premise that private institutions do not operate on a pure for-profit basis. This policy makes sense: A principal reason to establish a system of not-for-profit private HEIs (such as for example in the United States) is to encourage private philanthropy in support of higher education. Donors can receive tax breaks for their gifts. Oman does not have an individual income tax and corporate taxes are fixed at 12 percent, which is low by Western standards. Consequently, there is little need for tax advantages, hence little reason to establish a special

not-for-profit designation (CHAPMAN et al. 2009). Thus, only the profit-orientation and the public subsidization effected the rapid expansion of the private higher education sector in Oman. With a view of the entire ordinance on private higher education, the government treats the newly established private institutions like regular companies. All colleges and universities have to build several governing bodies and responsible boards – like other companies operating in Oman. An important feature of the privatization policy is that the government opened the higher education market for private initiatives and did not privatize existing public institutions: Public and tuition-based private institutions exist side-by-side, where the public ones still offer cost-free education for all admitted students.

The time-variant analysis reveals that Oman's authorities have modified the usage of the controlling element 'privatization of higher education' over the past few years:

In the first years after the privatization decree, private higher education was offered only in addition to the existing public sector. Private colleges were only allowed to award degrees at a diploma level. These two-year colleges had a distinct vocational approach – more related to training than to academic education. Due to the pressure from the institutions, students, and at least from the private sector, the profile and the scope of academic programs of private higher education were expanded: Today, all private institutions – except the Oman Tourism College – award degrees up to a bachelor's level; nine private institutions even have the ministerial approval to award master's degrees.

In 2001, the regional private university was introduced as a new type of private institution: The doubling of the number of SSGs between 2000 and 2010 and the regional imbalances – as most private colleges operate in Muscat – forced the government to launch a strategy to support the formation of regional institutions. Unlike private colleges, which are specialized and enroll in average less than 1,000 students, private universities intend to contribute to a well-balanced development in all regions by enrolling up to 10,000 students. The financial incentives should promote the formation of these new regional universities. As a result, existing private colleges were transformed into universities and some new ones were established. The additional funds to support private universities have been available since the oil price rally which began in 2002. Thus, the government uses the new incomes to promote the formation of private universities.

The government (as controller) uses a policy of privatization to establish a private higher education system in addition to the existing public system. The policy was affected by the huge demand for educational services, the limited financial resources of the government in the 1990s, and the liberal agenda to shift responsibilities, duties and costs from public to private entities.

Defining features of the application of privatization as a controlling element are (1) the public support of private institutions, (2) the status of private higher education as *mass-absorbing, profit-oriented* institutions and (3) the limitation on foreign ownership.

#### 6.4.2 Internationalization of Higher Education: Oman's Policy of Academic Affiliation Agreements

In conjunction with the privatization decree, the Omani government regulated the provision of cross-border higher education services. According to the official guidance for establishing private institutions, *“all private higher education institutions in the Sultanate are required to maintain academic affiliation to a reputable international institution”* to get the mandatory license (MoHE 2005). In this way, the internationalization of higher education – in terms of commercial presence of foreign providers – and the shift towards private higher education appeared simultaneously.

The legal statement reveals that an academic cooperation with foreign institutions is not facultative – every private university or college operating in Oman is legally bound to have a so called Academic Affiliation Agreement (AAA) with a credible international university (MoHE 2005). This commitment is a defining feature of Oman's private higher education policy and is the root cause of the appearance of cross-border educational services, referring to Mode 3.

The requirement to hold academic cooperation with foreign institutions reveals that the government tries to control and guide all private sector initiatives. In line with the affiliation policy, Oman's government actively promotes the commercial presence of foreign providers in the country, but primarily in terms of collaborative arrangements: *“Our higher education institutions need to build capacity so that they can manage their administrative and academic affairs efficiently and improve the quality of their curricula and programs”* (GHEI-O7). Although there are some formal requirements that must be included in an affiliation arrangement, there are no strict statutory provisions which define the mode or the scope of the cross-border services: Consequently, the intensity of academic cooperation, as well as the adapted models of cross-border services, varies from institution to institution. All investors, wishing to establish a private institution in Oman, need an agreement with a foreign university, where they have to describe (i) the type of the affiliation, (ii) the details of the accreditation, (iii) the role of the partner in the establishment of the new institution, (iv) the degrees to be offered, and (v) the suggested academic fees (MoHE 2008). An important rule is that the association and the credentials of the academic partner must be officially recognized in the Sultanate. Further governmental regulations include the provision of academic programs: All offered post-secondary diplomas and degrees must be licensed by the Ministry of Higher Education prior to the first intake of enrolled students: *“All programs offered within Oman, including those offered through external institutions, must meet the requirements specified in (...) the Oman Quality Framework”* (OAC 2008).

The main objective of the affiliation system is a know-how transfer in line with a capacity building strategy. Thus, the government's internationalization policy primarily addresses an import strategy. Both, private and public higher education institutions intend to use transnational higher education services to close the knowledge gap and to upgrade the quality standards of Oman's private post-secondary education system. *“The affiliated universities shall provide overall academic guidance, including in some instances, the provision of curriculum adapted to local circumstances, as well as quality assurance. Occasionally, both*

*academic and administrative personnel are provided to assist in the development of the university*” (Rawya Bint Saud Al Busaidi, Minister of Higher Education 2009).

The limitation on foreign ownership affects the provision of cross-border services. The provision of several types of non-collaborative arrangements is limited as all private institutions must be owned by a majority of Omani shareholders. As stated at the beginning, there are various models of cross-border services in which the foreign university has the majority shares at the partner institution abroad. By limiting the ownership of private higher education, the government regulates the provision of transnational educational services, such as, for example, an independently operated branch campus.

Besides the commercial presence under Oman’s specific regulation, there is an internationalization referring to KNIGHT’S Modes of Supply (2006: 357) in terms of Mode 1 *cross-border supply*: Virtual and distance learning concepts noticeably emerged on Oman’s higher education market. The mobility of students continued, referring to Mode 2 *consumption abroad*: The government still allocates scholarships for talented students to enroll in degree programs abroad – which are, for example, not offered in Oman. In addition, the government encourages students to study abroad (self-paying) and recognizes foreign degrees but only from predetermined universities. Referring to Mode 4 *presence of natural persons*, Oman’s public, as well as the private higher education institutions, still rely on the import of lecturers from abroad. Indians form the large majority of teaching staff at private institutions. A secondment and exchange of faculty and management is also part of many affiliation agreements.

The time-variant analysis shows that the government modified its internationalization policy over the past years:

- The commercial presence of foreign providers and the provision of curricula and other services were limited to private higher education institutions. Since 2003, the government has also introduced several modes of cross-border services – primarily through collaborative arrangements – at publicly funded colleges.
- Over the past five years, the government has eased some of the affiliation restrictions: While the policy should bridge the quality gap through offering international recognized programs at the initial phase of private higher education, several private institutions recently announced to suspend the affiliation agreement.

The government uses the controlling element internationalization of higher education in line with a capacity building strategy. Private higher education institutions in Oman are legally bound to have affiliations agreements with a credible foreign institution in order to bridge the lack of local experience and to ensure a high academic quality.

Defining feature of Oman’s internationalization strategy is the focus on a cross-border mobility of programs (as such a collaborative provision), while limiting the mobility of foreign educational providers. Thus, the internationalization agenda inhibits the formation of independently operating, foreign-owned branch campuses. All private institutions are homegrown, foreign universities only provide academic services.

### 6.4.3 Oman's Liberalization Commitment to GATS

Liberalization commitments according to GATS may affect the national higher education system. Proponents of GATS argue that a deregulated market will attract more foreign institutions to invest in the nations' higher education system, offering further access to post-secondary programs and allocating the infrastructure for education provision.

A brief register of Oman's GATS schedule of educational services is listed in Table 15. Oman is among a small group of countries which made full commitments to higher education services for Modes 1, 2 and 3 in market access, as well as in national treatment. Oman did not establish any sector-specific barriers – in terms of market access and on national treatment – on trade via *commercial presence* (Mode 3), which includes the establishment of branch campuses, franchises, twinning arrangements, et cetera. The same applies to Mode 1 *cross-border supply* and Mode 2 the *consumption abroad*. Mode 4, the *presence of natural persons*, is unbound. In general, commitments to the presence of natural persons are formulated as unbound, except for certain categories of people, such as executives, managers and specialists. Like almost all countries which made sector-specific commitments in educational services, Oman has made several restrictions on the horizontal section within its GATS schedule. In general, these commitments concern restrictions on subsidies, public assistance, acquisition of foreign exchange, payments and transfers abroad, restrictions on foreign investment, nationality or residency requirements, restrictions on acquisition of real estate, and restriction on types of legal entities in market access (WTO 2010). On a national level, horizontal commitments refer to restrictions on treatment of subsidiaries and on subsidies and tax incentives, acquisition of real estate, residency or nationality requirements, and restrictions on the establishment of branches or joint venture companies.

Table 15: *Oman's Liberalization Commitments on GATS*

	Limitation on market access	Limitations on national treatment
All sectors and sub-sectors included in this schedule	(3) Commercial presence in the form of a company incorporated in Oman, with foreign equity limited to: 49%	(3) Purchase of land and real estate is not permitted to foreign companies and individuals. Service suppliers will have the right to 50 year renewable leases for land and buildings necessary to engage in service activities.
<b>5. Educational Services</b> A. Secondary Education B. Higher Education C. Adult Education D. Other Education	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.
	(1) Cross-border supply; (2) Consumption abroad; (3) Commercial presence, (4) Presence of natural persons	
Source: WTO 2010		

Limitations on the horizontal section in Oman only refer to Mode 3) *commercial presence* and to Mode 4) *presence of natural persons*. Referring to Mode 3) Oman established a limitation on market access, whereas “*foreign interest is limited to 49 percent*”. As a result, the majority of at least 51 percent of a commercial presence must be held by Omanis. In this way the regulations are consistent with those of the privatization decree.

Limitations on national treatments cover the purchase of land, which is generally not permitted to foreigners. Through the limitation on the horizontal section, the government regulates and controls the private higher education market. Limitations on foreign ownership affect, for example, the provision of branch campuses in a non-collaborative arrangement. In this model, the providing university is often the owner or has at least significant shares of the branch campus. Thus, the formation of a branch campus in 100 percent foreign ownership is not possible. Simultaneously, the limitations do not affect the provision of educational services on the basis on a collaborative arrangement, such as franchising or validation services, whereas a foreign provider usually does not have shares in the partner university.

By establishing comprehensive commitments to GATS, the Omani government actively promotes trade in educational services – but primarily on the basis of collaborative arrangements. The analysis indicates that although there are no direct limitations on the provision of services related to higher education, there are several effective (hidden) trade barriers, which limit access to the higher education market. Besides the restrictions in terms of ownership, the lack of transparent governmental regulatory, e.g. the licensing and funding, affects a trade barrier.

Oman’s GATS policy is in line with the overall strategy to promote domestic, homegrown institutions – upon which the government may exert direct influence. In order to use the new opportunities of the trade regime, Oman made far-reaching liberalization commitments to higher education. At the same time, the government did not suspend the general restrictions on foreign ownership nor removed existing trade barriers or established educational free trade zones, which leverages national regulations. These policies limit the market access of foreign providers, which should act only as a service provider, not as active investors.

Oman uses GATS to promote transnational services on the basis of collaborative arrangements – but not directly as an opportunity to expand access to higher education. Foreign providers cannot enter Oman’s (subsidized) education market without a local partner. By the implementation in Oman, the GATS commitments are without effect.

#### 6.4.4 Public Investments in Higher Education

Besides the shift towards a policy of economic liberalization, the provision of publicly funded higher education has continued since the mid-1990s. In fact, the public higher education sector has been expanded and modernized within the last decade. Although being forced to rationalize, the government has even increased the funds of Sultan Qaboos University and of the other public institutions. SQU was planned as a national landmark, offering opportunities



for the most talented domestic students. Its faculties should sustain the status as a national elite university. Two additional colleges joined the university, the College of Law in 2006 and the College of Nursing, established in 2008. In addition, the number of postgraduate programs has been expanded since the mid-1990s. Today, SQU enrolls more than 900 students in 55 master's programs. Following the success of its master's programs and its related research programs, SQU also introduced several Doctorate programs in some of its colleges.

Whereas SQU forms the spearhead of the higher education system, the other public colleges intend to offer a wide range of tertiary opportunities for Omani students. The Colleges of Applied Sciences and the Colleges of Technology were reorganized in order to diversify Oman's post-secondary education landscape. Within the last decade, these public colleges changed their academic structures and offer further demand-oriented courses primarily related to business, engineering, and Computer science. In cooperation with a New Zealand Tertiary Education Consortium, the six former teacher training institutions were transformed towards Colleges of Applied Sciences, offering a range of academic programs that is more related to the needs of the labor market. The College of Technology replaced the Technical Institutes in 2001. The renaming went along with a reform of the academic and administrative structures to guarantee a better transfer to Oman's labor market. The colleges were established to provide technological education for post-secondary students leading to certificate and diploma level qualifications in the fields of business, information technology and engineering. The Higher College of Technology (HCT) in Muscat also offers a bachelor's qualification. New branches of the College of Technology were established in Shinas (2005) and in Ibri (2008) to balance regional disparities.

In addition to the public higher education opportunities in the country, the government expanded its scholarship program that awards scholarships and grants for undergraduate and graduate studies. These academic awards are offered to exceptional students and are based primarily on academic achievement.

Although the policy shift towards privatization modified the higher education landscape, public investments remained a pivotal pillar of the overall guidance in Oman's post-secondary education system. The government sustained a system of providing cost-free access to higher education to about 20 percent of the annual SSGs.

Defining features of the controlling element public investment policy are (1) the heavy expansion of the admission capacities of the public institutions, to keep pace with the growing numbers of SSGs, (2) the diversification of the range of academic programs at public institutions, ranging from diploma level to Ph.D. programs, (3) the adoption of cross-border and accreditation services related to a capacity building strategy.

#### **6.4.5 Cybernetics Control Model: Control Mechanism in Higher Education since 1995**

Based on the analysis of the set point and the specific application of the controlling elements being used to regulate the higher education system, it is possible to establish Oman's country-specific control model from 1995 to 2010.

Compared to the first control model which was used to analyze the higher education policy between 1970 and 1995, the shift towards private initiatives is a defining feature of Oman's new control system. Private higher education institutions have started to mushroom since the privatization decree in 1995. In 2010, 27 private institutions (Table 17) together with the existing 31 public higher education institution serve a total population of three million in Oman. This clearly indicates that an irreversible shift towards marketization and privateness in Oman's higher education system took place. The commercial presence of foreign providers is also a pivotal element of the current agenda. The range of international degree programs currently offered in Oman underlines the importance of this controlling element. Despite the shift towards private initiatives and the commitment to shift more responsibility to private shareholders, the role of the government in the provision of higher education services remains strong. The government subsidizes private higher education on a large scale and determines access for all shareholders. The public higher education system as well as the subsidization of private investment relies on the national oil revenues.

The adjustment of the controlling elements is related to the changing external factors, e.g. to the financial and economic development since the mid 1990s but also to political issues such as legitimacy of the ruling regime. The government in Oman has to take measures to react on the changing environment. The modification of the set point, in which higher education is perceived as a vital part of Oman's knowledge-based economy concept, is also important to understand the adjustment and the modification of the entire control system. More than in earlier times, post-secondary education is highly related to labor market issues and critical in establishing a competitive advantage to other emerging economies, regionally but also internationally.

An interesting aspect is the time-variant analysis of the regulation process. Like other oil exporting nations, Oman has profited tremendously from the oil price rally since 2003. This economic development caught the government off-guard: Whilst in the mid-1990s, experts forecasted Oman's economic turndown due to its very low oil reserves, the country suddenly generated an export surplus and showed high economic growth rates – whereas the growth rates were moderate in relation to Qatar or Abu Dhabi. During the 1990s, Oman's GDP per capita remained almost constant. The economic growth was absorbed by the demographic development. With the increase of the oil price in 1998/99, and in particular in 2003, the GDP per capital rose from less than US\$ 7,000 during the 1990s to almost US\$ 10,000 in 2004 and to US\$ 21,000 in 2008. From 2002 to 2008, Oman's national economy grew from US\$ 24 to US\$ 95 billion (MoNE 2010; IMF 2010). While the economic crises of the 1990s caused the policy shift towards more privateness, the economic boom since 2003 did not have a lasting effect on Oman's privatization policy. Well-equipped with fresh petro dollars, the government has continued its liberal economic policy by shifting more responsibility to private shareholders. Requests from parts of the society to use the new funds to establish a second comprehensive state university beyond SQU were not implemented by the government (GHE-07).

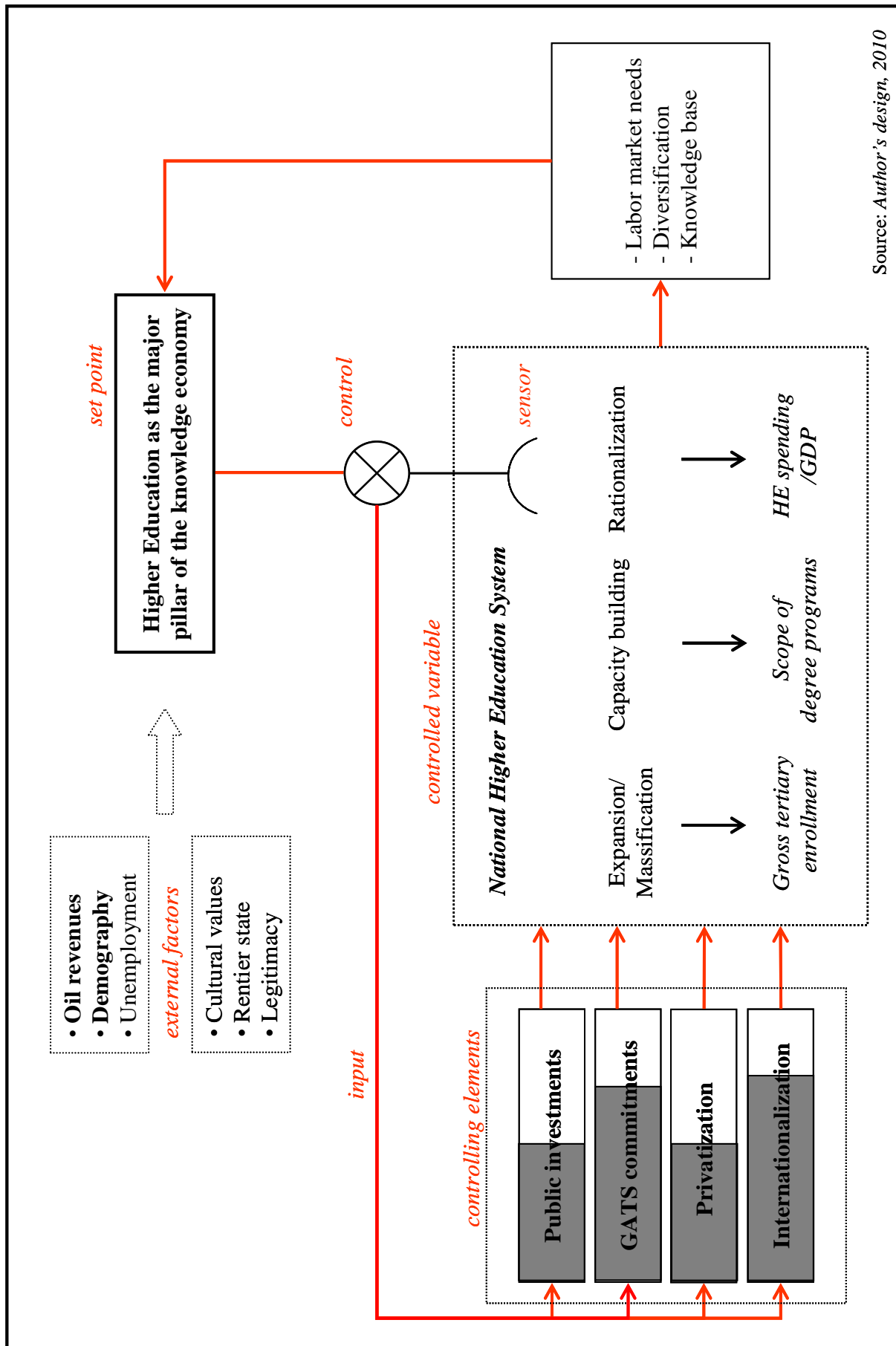


Figure 21: Oman's Higher Education Control Model since 1995

## 6.5 The Effects of Oman's Higher Education Policy since 1995

### 6.5.1 Massification of Higher Education: "The Need for More"

**The growth of a private, profit-oriented higher education industry:** Thanks to the specific policy of liberalization and the financial subsidization, private colleges and universities started mushrooming from 1995. In 2010, 24 private institutions offer programs in the range of undergraduate and postgraduate level in Oman (Table 16 & 17). Accordingly, from the government's point of view, the application of the controlling elements emphasizing the role of the private sector to expand the admission capacities of the national higher education system was very successful.

The relevance of the new private higher education sector can be analyzed in respect to the current enrollment figures (Table 16): The private education sector doubled its annual intake of SSGs from 5,223 in 2004/05 to 10,510 students in 2008/09. As a result, the private sector's share of the overall admission to higher education in Oman aggregated to 44 percent in 2009. Females form the majority of the admitted students at private institutions, although the gender rate declined from 59 percent in 2004/05 to 52 percent in 2008/09. In particular, the three private universities in Sohar, Nizwa, and Salalah contribute to the growth of private sector admission. More than one third of all students at private institutions enrolled in one of these private universities in 2009. The student population increased from 3,600 in 2004/05 to almost 12,000 students in 2008/09 (MoHE 2009). Thus, private universities conform to the spatial planning by offering local opportunities in the peripheral regions of the country. This is one of the main reasons why the Omani government supports private universities with a special grant.

Table 16: *Annual Intake at Public and Private Higher Education Institutions in Oman*

Intake SSGs	2004/05	2005/06	2006/07	2007/08	2008/09
SSGs	41,063	39,797	44,128	45,999	48,945
<i>Female ratio (%)</i>	<i>49.95</i>	<i>49.67</i>	<i>49.31</i>	<i>47.67</i>	<i>48.85</i>
Public HEIs	10,845	11,275	11,196	12,355	13,280
<i>Female ratio (%)</i>	<i>50.46</i>	<i>43.34</i>	<i>42.6</i>	<i>41.42</i>	<i>41.41</i>
<b>Private HEIs</b>	<b>5,223</b>	<b>6,098</b>	<b>7,492</b>	<b>8,246</b>	<b>10,510</b>
<i>Female ratio (%)</i>	<i>58.93</i>	<i>56.05</i>	<i>53.67</i>	<i>52.32</i>	<i>52.42</i>
Source: MoHE 2009					

As a consequence of the high admission rates of recent years, the total student population in private education peaked in 2008, reaching 33,521 students (Table 17). 57 percent of the students enrolling at private institutions are females. This growth is impressive, especially when the short span of only 15 years and the relatively high tuition costs of private higher education are taken into account. With regards to this rapid expansion, the status of private higher education within Oman's system has changed: Initially planned to offer opportunities only in addition to the public sector, the private higher education institutions soon became

almost equivalent to the public sector, at least in terms of admission capacities. This shift and relevancy is a very important feature in the understanding of the current process and a comparison of the development in the Sultanate with other countries in the region. The admission statistics reveal that private institutions were established primarily to absorb the mass of SSGs and to offer specific vocational programs in addition to the public sector – but not to cater for the niche of elite higher education.

**Mass access to higher education:** Table 16 shows also the annual intake of public higher education institutions in Oman in the years from 2004/05 to 2008/09. The admission capacity of the public institutions increased by 22 percent, reaching 13,280 students. This clearly indicates that besides the policy shift towards the private higher education, admission to the government-funded institutions was expanded, too. The combined admission capacity of both public and private higher education institutions, along with total scholarships and grants, increased from 16,068 to 23,790 university seats. This adds up to an impressive growth rate of 48 percent within five years! This growth has a direct impact on the enrollment rate. The number of SSGs increased by 19 percent, from 41,063 to almost 48,945 graduates with 51 percent males. While in 2004 about 39 percent of all SSG were admitted to higher education, the rate increased to almost 49 percent in 2009. This means that the admission capacities did not only keep pace with the demographic development, the capacities even outnumbered the growth of SSGs!

The gender ratio of the admitted students is another relevant feature. Opposing the admission ratio at private institutions male students are in majority at public institutions. In total, 59 percent of the students admitted to the privileged of the cost-free public higher education system are male. In particular, at the Colleges of Technology more than 70 percent of the students are male. The surplus of men in Oman's public higher education system is a distinctive feature, while in other GCC countries there is a significant high share of females at university level. For instance in Qatar, more than 70 percent of the student population are females.

The privatization policy and the increase of domestic university seats have also affected the mobility of Omani students. Due to the limited capacities of Oman's public higher education institutions, many students were forced to study abroad – particularly in the UAE. Despite the supply of domestic private colleges and universities, the number of Omani students enrolled in the neighboring or Western countries remained on a very high level (Table 21) since the late 1990s (MoNE 2009; DONN & AL MANTHRI 2009: 108).

The massification of higher education, measurable by the tertiary enrollment rate, ever was the most important benchmark for Oman's policymakers. New established private institutions absorbed the mass of young Omanis, which were formally not admitted to Oman's public higher education system. Mass access to the higher education system, covering all parts of society, is in line with the overall development agenda to increase the productivity and competitiveness of Oman's economy.

Table 17: *Private Higher Education Landscape: Foundation, Affiliation and Enrollment*

Private institutions	Year	Location	Academic affiliation	Enrollment 2008/2009		
				f	m	Σ
Majan University College	95/96	Muscat	University of Luton, U.K.	739	931	1670
MCBS	95/96	Muscat	University of Missouri-St. Louis, USA	452	354	806
Caledonian College	95/96	Muscat	Glasgow Caledonian University, U.K. and VIT University, India	521	1874	2395
Muscat College	97/98	Muscat	Scottish Qualifications Authority and University of Sterling, U.K.	450	550	1000
ICEM	97/98	Muscat	University of Central Lancashire, U.K.	218	849	1067
Al Zahra College for Women	99/00	Muscat	Al Ahlia University, Jordan	868	0	868
Mazoon College	99/00	Muscat	University of Missouri-Rolla, USA	914	68	982
Oman Medical College	01/02	Muscat	West Virginia University, USA	809	136	945
Sur University College	01/02	Sur	Bond University, Australia	345	277	622
Waljat College	01/02	Muscat	Birla Institute of Technology, India	818	877	1695
Oman Tourism College	01/02	Muscat	College of Tourism & Management, University of Krems, Austria	186	134	320
MECIT	02/03	Muscat	Coventry University, U.K.	1139	1228	2367
Buraimi University College	03/04	Buraimi	California State University-Northridge, USA	934	631	1565
Scientific College of Design	04/05	Muscat	Lebanese American University, Arab Community College, Jordan	604	92	696
OCMT	04/05	Barka	Al Yarmouk University, Jordan	328	340	668
Gulf College	04/05	Muscat	University of Staffordshire, University of Hull and Reading, U.K.	554	1231	1785
International Maritime College	05/06	Muscat	The Shipping and Transport College Group (STC), Netherlands	112	550	662
Bayan College	05/06	Muscat	Purdue University-Calumet, USA	117	66	183
Oman Dental College	05/06	Muscat	A.B. Shetty Memorial Institute of Dental Science, India	138	33	171
Sohar University	01/02	Sohar	University of Queensland, Australia	3146	1442	4588
Dhofar University	04/05	Salalah	American University of Beirut, Lebanon	1336	817	2153
Nizwa University	04/05	Nizwa	-	4161	1012	5173
GUtech	06/07	Muscat	University of Aachen, Germany	85	51	136
Arab Open University	07/08	Muscat	British Open University, U.K.	355	649	1004
Ash Sharqiyah University	10/11	Ibra	Oklahoma State University, USA	-	-	-
Muscat University	11/12	Muscat	Virginia Tech	-	-	-
Buraimi University	11/12	Buraimi	University of Applied Science Krems, Austria	-	-	-
Total private institutions (27)				19329	14192	33521

### **6.5.2 Public versus Private Higher Education Opportunities. Making Public Higher Education More Relevant to the Labor Market: Oman's Expanded Publicly Funded Higher Education Sector**

The application of the controlling elements indicates that, besides the shift towards private higher education, the Omani government has also reformed and expanded the public higher education sector since 1995. The effects and the dichotomy within the system, public versus private higher education, reveal some pivotal elements of Oman's current higher education agenda.

**Colleges of Applied Sciences:** Under the jurisdiction of MoHE, the six former Colleges of Education were transformed into Colleges of Applied Sciences (CAS). They are located in Sur, Sohar, Nizwa, Ibri, Rustaq and Salalah. In 2008, 7,856 male and female students were registered at these colleges (MoHE 2009). The move from teacher training to 'applied sciences' exacerbated the reduction of curricula options in Oman. Officially, the Colleges of Education were discontinued when the authorities realized that the Omanization of the teaching workforce approached a level of completion and that requirements for qualified teachers in schools would soon reach a saturation level. As a consequence, after a study of other options for the institutional development of the six colleges of education (DONN & AL MANTHRI 2009: 116-120) and a subsequent phase of consultations, the Council for Higher Education passed a proposal from MoHE to diversify the colleges to focus on practical education in "*core technologies and applied sciences of the global era*" (CAS 2010). In 2005/06, the CAS network started to offer new degree programs in a number of disciplines, directly linked to the diversification of Oman's economy. These are bachelor's degrees in international business administration (encompassing tourism and hospitality management), information technology, communication studies, and design. By 2010, only these new CAS courses remained, while education is no longer taught in these colleges. However, departments of education still exist at SQU and several private institutions (MoHE 2009).

The establishment of the CAS network in 2005/06 reveals the leadership's strategy "*to produce graduates more aligned to the needs of Omani business and industry*" (OAC 2010b). Each college in the CAS network has a particular discipline focus to develop *Centers of Excellence*. The Colleges of Applied Sciences are expected to play a key role in human resource development for Oman's accelerated economic diversification. However, many of the subjects of CAS courses can also be taken at SQU, at private institutions and by those Omani students studying abroad. Furthermore, they are the very courses, especially commerce and economics, which have a preponderance of male students (DONN & AL MANTHRI 2009: 116-120).

Oman's Ministry of Higher Education (MoHE), rather than the individual colleges in the CAS network, maintains an affiliation agreement with the New Zealand Tertiary Education Consortium (NZTEC) – a consortium of five New Zealand institutions and a social sector consultancy. The agreement between MoHE and NZTEC provides the colleges with advice for the curriculum, associated teaching and course implementation. MoHE determines organizational structures and responsibilities across all colleges, a centrally driven process for

the roll-out of the former academic programs, and centralized control over recruitment of staff and other key resource issues. The college's activities and the introduction of the new academic programs are also centrally controlled by MoHE. While the programs are almost fully implemented, the arrangements will be revised to a model which facilitates greater levels of autonomy, discretion and flexibility at the college level (OAC 2010b). After the initial stages of implementation, it was decided to expand the program repertoire of the CAS to include new fields related to Oman's rapidly expanding economy, beginning with engineering. Whereas NZTEC is currently supplying the curriculum for the four original degree programs, an agreement will be formalized for the provision of the new program by Aachen University of Applied Sciences (AUAC) in Germany. It is also planned to introduce German Language Studies. This is in line with the original concept for CAS which includes the study of foreign languages such as German and Mandarin. The implementation of a new degree program in engineering is currently underway at the Sohar College of Applied Sciences, where it is well placed in respect to the establishment of the multi-billion Rial industrial port project and the recent industrial and commercial development of the area. Sohar CAS was established as a center with a specialization in IT, thus fostering synergy and collaboration between IT and engineering. The new program director and the Consultant for the establishment of the program are from Aachen University of Applied Sciences. The latter is a former AUAC rector, and has the responsibility of supplying the curriculum and advises on all aspects of the development of the program, including physical facilities, instructional and learning resources and the recruitment and training of academic staff (CAS 2010). The example of the newly established Colleges of Applied Sciences clearly shows that cross-border services at the public colleges are also related to an import strategy and that the commercial presence of educational services is no longer limited to private institutions.

**The Higher College of Technology and the Colleges of Technology:** In 2008, a total of 6,844 male and female general education diploma graduates were admitted to training and educational courses at the Higher College of Technology (HCT) in Muscat and the six Colleges of Technology in Al Musana'ah, Nizwa, Ibra, Salalah, Shinas and Ibri – an 8.3 percent increase over the 2007 intake of 6,318 students. At the end of 2008, 21,295 students were registered at the country's network of Colleges of Technology with males accounting for 60 percent of the total (MoHE 2009).

The Higher College of Technology in Muscat is Oman's second largest higher education institution hosting nearly 7,300 students in 2010. It is one of seven colleges operating under the jurisdiction of the Ministry of Manpower. The HCT and the six Colleges of Technology before their renaming and upgrade in 2001, were known as Technical (Industrial) College, which were established in 1984 on the initiative by His Majesty Sultan Qaboos bin Said to *"educate the citizens of Oman by implementing high quality programs in various fields"* (HCT 2010). The regional Colleges of Technology have been in operation since 1993, the ones in Shinas and Ibri have followed in 2005 and 2008, respectively. HCT is the only college under the Ministry of Manpower that offers programs at a bachelor's degree level, while the other Colleges of Technology offer programs only up to a higher diploma level.



The programs of the Colleges of Technology comprise four levels beyond the foundation program. A student can study up to five semesters in the foundation program before going to the certificate level in a chosen specialization and then to the other three levels, namely diploma, higher diploma, and bachelor's of technology (only at HCT). All levels correspond to the first four levels of the post-secondary education described in Oman Qualification Framework (OQF). In HCT, proceeding from one level to another depends on the students' performance. The demands increase with the levels. *"This unique structure gives HCT an element of competitiveness in fulfilling Oman's demand for qualified and skilled human resources, thus, bridging the gap between achievement and aspirations"* (HCT 2010). It also allows students to leave the system after completing any level with a qualification enabling them to enter the job market. On-the-job-training (OJT) and practical training intend to prepare students from each level to enter Oman's labor market.

Apart from an English Language Center, each of the regional Colleges of Technology has academic departments in engineering, information technology, applied sciences and business (MoHE 2009). Both types of publicly funded colleges, the Colleges of Applied Sciences as well as the Colleges of Technology, are restricted to Omani nationals and are free of charge.

*Wide appeal:* The main task of the public higher education sector beyond SQU is to assist the Sultanate in gaining a comparative advantage in the global economy by producing graduates who are fit to meet the growing job market demands by supporting innovation and applied research. The idea is that students, equipped with certificates and degrees related to business, computer sciences, engineering, and English language, are able to fill the jobs in the private and in the public sector. They intend to become "flexexecutives" – professionals being flexible to enroll in white collar jobs in Oman and abroad.

**Sultan Qaboos University (SQU)** is by far the largest and most important public higher education institution in Oman. The university *"stands as the living embodiment of Sultan Qaboos' vision of a center of knowledge and expertise that would serve every section of the community"* (SQU 2010): *"SQU's impressive advances in scientific and academic fields have contributed to Oman's overall educational development and produced an admirably high standard of graduates"* (MoI 2009).

However, not content to rest upon its laurels, SQU took several initiatives, including hosting an international team of academics from North America, Europe, Asia, Australia and the Arabian Gulf, who were invited to rate SQU's progress and put forward some suggestions on maintaining year-on-year progress in the future. SQU constantly expands, develops, updates, and reviews its scientific and academic programs to ensure they are in tune with the needs of Omani society and global scholastic standards. SQU's vision, as stated in its latest strategic plan 2009-2013, is as follows: *"SQU aspires to become one of the three best universities in the region by the year 2013 and to achieve an international reputation that is a source of Omani pride"* (SQU 2010). However, the vision does not define what "best" means, but it implies a set of performance indicators, as yet unstated, that can be benchmarked regionally

and internationally. Indeed, SQU is intending to set and pursue specific targets and evaluate its standing as measured by leading international university ranking systems.

SQU's nine colleges include the Colleges of Arts and Social Sciences, Education, Commerce & Economics, Nursing, Law, Medicine & Health Sciences, Science, Agricultural & Marine Sciences, and Engineering. The College of Law became SQU's eighth college in the 2006/07 academic year. Two years later, it was joined by the College of Nursing as part of efforts to "Omanize" the nursing profession in collaboration with SQU's hospital. The Sultan Qaboos University Hospital, located next to the campus, is a teaching hospital. It has expanded to more than 538 beds and is managed by 1,780 employed staff. It is an educational and medical institution, serving for teaching medical students, providing undergraduates and postgraduate medical training, conducting research and providing tertiary medical care.

The core features of an internationally reputable university are on hand. The full-scale university now provides education to over 14,000 undergraduates, all of Omani nationality, and 972 graduate students (SQU 2010). The student intake in 2009/10 was 2,708. It has 66 bachelor's and 55 master's programs provided by nine colleges and a teaching hospital (Table 18). Most of the students enroll at the Colleges of Education, Arts & Sciences and Engineering. Following the success of its various master's degrees, SQU recently introduced several doctorate programs in its Colleges of Sciences, Engineering, Medicine, and Agriculture & Marine Sciences. Notwithstanding the strategic intention to gradually "Omanize" the staff, SQU has been successful at attracting renowned faculty – of which there are over a thousand – from all over the world.

Table 18: *Registered Students (undergraduate level), Academic Programs at SQU*

SQU's College (2009/2010)	Registered students (UG)	Bachelor's programs	Master's programs
Science	2,331	10	9
Arts & Social Science	2,173	9	6
Engineering	2,502	11	7
Commerce & Economics	2,012	8	1
Education	2,074	15	8
Medicine	893	1	7
Agriculture & Marine Sciences	1,258	10	8
Law	893	1	4
Nursing	289	1	-
Source: SQU 2010			

Currently, all SQU's colleges are preparing for international accreditation, mainly from U.S. accreditation bodies, to prove that SQU's programs are equivalent to other accredited programs of Western universities. The College of Engineering was the first of SQU's colleges to receive full accreditation from the U.S. Accreditation Board for Engineering and Technology (ABET) for all its 18 programs.

As the fourth clause in the charter of Sultan Qaboos University, internationalization is an issue that the university aims to strengthen in order to raise its profile and promote

international collaboration. SQU vigorously pursues collaboration with several international institutions to strengthen both teaching and research, and also to increase the experience of its staff and students. Much of this collaboration takes the form of international cooperation. Indeed, *“internationalization is a hallmark of all top universities today and is an essential strategy for any institution wishing to compete on the cutting edge of academia in a globalizing world”* (SQU 2010). As the vice-chancellor of SQU said, the university must become a leader in a knowledge generation (SQU 2010). That means a system of cooperation with renowned and highly ranked universities abroad (MoHE 2009). SQU hosts local and international conferences to enhance its reputation in academic research circles globally, to give direct access to academic and scientific expertise and to widen the range of opportunities for cooperation.

Admission to SQU is very competitive and limited to Oman’s best secondary school graduates. Less than five percent of all Omani SSGs were admitted to one of SQU’s colleges. Admission is still regulated by a 50 percent gender rate. As a consequence, admission requirements for female applicants are very competitive, as more females apply to SQU and, on average, Omani women have a higher GPA score (Grade Point Average) than males. Without the fixed proportion for men, local experts estimate that up to 80 percent of the student body would be female – as in most other public state universities at the Gulf (HAHN 2006: 31).

SQU’s first master’s programs were introduced in 1992 as the very first postgraduate program in Oman. As mentioned above, the postgraduate sector at SQU has been expanded since 1993. Today, eight colleges offer 55 programs at postgraduate level. The student enrollment since the early 1990s shows SQU’s new focus on postgraduate programs in addition to the existing bachelor’s degrees. Until the academic year 1998/99 the number of registered students in one of the master’s programs did not exceed 100 students. In the years that followed, along with the launch of new programs, the number of registered postgraduate students steadily increased. There were 330 master’s students in 2001/02, 501 students in 2003/04, 793 in 2006/07 and 972 master’s students in 2009/10. Since the introduction of master’s programs at SQU, males have been in majority, representing between 58 and 65 percent of the students in the range of postgraduate studies (SQU 2010). Despite the growth of master’s students, their share at SQU’s student body remains rather low – reaching only seven percent in 2009/10 (SQU 2010). However, it is obvious that SQU pays considerable attention to developing postgraduate programs to satisfy the urgent educational aspirations of the growing number of university graduates. In addition, postgraduate degrees intend to contribute to the strategic development of Oman and its need for highly qualified manpower.

SQU is the only research-oriented university in Oman. Between 2000 and 2008, several research centers were established to enhance SQU’s research capacities. These centers operate in close cooperation with governmental entities and the local industry. Currently, there are nine research centers with a focus on oil & gas, water, sensing & geographic information systems, earthquake, environment, biotechnology, communication, society, and humanities. The centers are often sponsored by leading companies – such as Shell, in the case of the Oil and Gas Research Center – or were established from Sultan Qaboos’ “personal” funds (AHEI-

O2). The formation of modern research capacities is one of the main tasks of the current university administration.

The trend in the growth of students at the undergraduate level, emphasizes the relevancy of SQU within Oman's higher education system (SQU 2010). Despite the establishment of private institutions and the expansion of the public college network, SQU almost tripled the number of students in the range of undergraduate studies. The student population increased from 4,834 students in 1995/96 to 10,059 in 2002/03 and finally to 14,176 students in 2009/10. 52 percent of the registered bachelor's students were males in 2010. As a consequence of the increasing admission capacities, the number of annual graduates has more than tripled since 1995: From 750 graduates in 1995 to 2,546 in 2009/10. Due to their lower dropout rate, female graduates have constituted the majority of the graduates since 1995. In 2009, 1,394 females and 1,152 males graduated with a bachelor's degree from one of SQU's colleges (SQU 2010). The accelerated growth of the number of students indicates the governmental incentives to increase the admission, particularly at SQU and at the public system in general.

SQU's mission is well-defined: While private and public higher education institutions – both operating in affiliation with foreign universities – absorb the mass of SSGs by providing demand-oriented, international recognized courses related to the labor market, SQU remains the only full-scale, research-oriented, elite institution in Oman. SQU's main task is to educate the country's future leaders. Equipped with high financial resources, SQU intends to recruit the most talented students and lecturers. The introduction of master's and Ph.D. programs and a comprehensive research orientation emphasizes SQU's leadership within the nation's post-secondary landscape. **Despite (or due to) the shift towards private higher education, SQU should maintain its status as Oman's elite university.**

### 6.5.3 Oman's Additional Private Higher Education Sector

The curriculum of the private higher education institutions reflects a particular vision for the labor market and its requirements in the coming decades. Courses in computer sciences, engineering, or business administration are available at most of the private colleges. In terms of academic programs, status and tuition fees, it is possible to distinguish four types within Oman's private higher education sector:

- 1) There are three large private universities – to some extent also Arab Open University – which operate more or less as a full-scale university. These private universities have several departments which offer a large set of undergraduate programs, primarily in arts & applied science, business administration & commerce, and engineering. Sohar University offers more than 20 degree programs ranging from diploma to bachelor's level in five faculties. Nizwa and Dhofar University have four and three departments respectively and offer programs in more than 20 majors. Ash Sharqiyah University and the University of Buraimi will start in fall 2010. Ash Sharqiyah University will offer degrees in business, engineering and applied sciences. The university also plans to establish programs in medicine and health sciences and

a college of graduate studies at a later stage. University of Buraimi plans to confer degrees in business, engineering and health sciences.

2) A second group is formed by the colleges and university colleges. These eleven private institutions offer degree programs related to business administration, computer science, engineering, and English language. Their main task is to educate a large number of students, research is of secondary importance. Most of these colleges are located in Muscat and were established between 1997 and 2004. It is important to note that this group of private colleges primarily offers programs which are also offered by the publicly funded institutions. These private colleges should absorb the mass of students and educate them as *flexexecutives*.

3) Apart from the focus on courses that are traditionally offered at private institutions, there is a growing diversity of specialized private higher educational institutions. The job-oriented programs, including port management, tourism, dentistry, and journalism, were established in recent years. Two of the colleges, the Oman Tourism College and the International Maritime College, were funded by governmental sources, but operate as private institutions and charge tuition fees. Bayan College and the Scientific College are also linked to the governmental regulation. Both colleges received a license to operate in Muscat in recent years as they offer non-traditional courses in graphic design, interior design and fine arts, and in journalism and public relations respectively. Presumably, the number of specialized colleges will grow in the future due to the government's specific regulation.

4) Last but not least, there are three private institutions of a separate type. The Oman Medical College and the Dental College offer both programs in health sciences. The German University of Technology (GUtech) is distinctly marked as it is comprehensively research orientated and offers several specialized degree programs that are directly linked to key areas of Oman's socio-economic development. Due to the particular affiliation agreement and the specialization, these three private higher educational institutions charge the highest tuition fees, ranging between US\$ 9,000 and US\$ 13,000 annually.

Table 19: *Academic Programs Offered at Private Higher Education in Oman*

<b>Institution</b>	<b>Academic programs</b>
Sohar University	Business, computer sciences, engineering, education
Dhofar University	Arts & applied science, business & commerce, engineering
Nizwa University	Arts & science, engineering, business, pharmacy & nursing
Ash Sharqiyah University*	Business, engineering, applied sciences
University of Buraimi*	Business, engineering, health sciences
Arab Open University	Business, English language & literature, computer sciences
Majan College	Business, computer sciences, English language
Caledonian College	Engineering, science
College of Business & Science	Business & economics, computer science
Muscat College	Computer science, business
Al-Zahra College	Business, computer sciences, English language, design
Mazoon College	Business, computer science, English language

Sur University College	Business & commerce, computer sciences
Waljat College	Computer science, electronics, business
MECIT	Information technologies, electronics, design
Al-Buraimi College	English Language, business, computer science
College of Manag. & Technology	Business, interior design, computer science
Gulf College	Business & commerce, computer science
International Maritime College	Marine engineering, port & transport management,
Oman Tourism College	Tourism & hospitality management
College of Engin.& Management	Fire safety engineering, engineering, facilities management
Bayan College	English literature & language, journalism, public relations
Scientific College of Design	Graphic design, interior design, fine arts
Oman Medical College	Medicine, pharmacology
Oman Dental College	Dental surgery
GUtech	Geosciences, tourism, urban planning & architecture
Source: <i>MoHE 2010</i> ; * will start its operations in Fall 2010	

The focus of private higher education on highly demanded academic programs is reflected by the number of students by subject and by gender: In 2008, more than 60 percent of the Omani students in private higher education enrolled in degree programs related to business administration, computer science, and engineering (MoHE 2009). In Table 20, the gender breakdown of students attending private universities and colleges becomes apparent: Males are significantly overrepresented in engineering (gender share 78%) and business administration (56%), whereas females outnumber male students across the board in education (82%), social sciences (88%), health science (88%) and languages (78%).

Table 20: *Distribution of Omani Students at Private Higher Education Institutions by Gender*

Specialization	Total	Females	Males
Foundation program	3,042	1,780	1,262
Health Sciences, Pharmacy	1,645	1,452	193
Engineering	4,021	878	3,143
Computer Science	6,744	3,621	3,123
Business Administration and Commerce	8,443	3,697	4,746
Education	2,297	1,876	421
Sciences	339	309	30
Architecture	696	382	314
Language	1,635	1,281	254
Society, Culture	3,119	2,726	393
Others	282	105	177
Total	32,263	18,207	14,056
Sources: <i>DONN &amp; MANTHRI 2009: 117; MoHE 2009; MoNE 2010</i>			

A comparison of the program offerings at the public and the private higher education system reveals a redundant academic structure. With the exception of SQU, as the national elite

university and some of the specialized private universities (type 4), all private and public higher education institutions have the mission to absorb the mass of Omani SSGs. As a consequence, more than 50 public and private institutions award degrees in a very narrow academic spectrum, all related to engineering, business administration, computer sciences, education or language. About 72 percent of all students at private higher education institutions in Oman enrolled in such degree programs in 2010.

The government prefers to educate Omanis in programs which either relates directly to the labor market or which enable them to work flexibly in a broad range of occupations. Degrees in business administration, engineering, English language and computer science should enable university graduates to take up a broad range of employment in Oman's private sector. The post-secondary education sector intends to be the steppingstone into the labor market.

#### **6.5.4 Capacity Building: The Scope of Academic Programs**

As previously mentioned, the specific adjustment of the controlling elements that was used to control the higher education system was in line with a capacity building strategy. The pivotal element of this strategy was the import and the adoption of international educational standards. As an outcome of the specific adjustment of the controlling elements, the commercial presence of foreign educational providers has become a distinctive factor of Oman's higher education landscape since 1995. A vast majority of degree programs, offered by private higher education institutions, are foreign and are awarded by overseas rather than Omani institutions. Nowadays, there are over 230 degree programs on offer in Oman, stemming from ten different countries. Most of the private institutions in Oman have affiliation agreements with Western universities. Notably, British and American institutions dominate the market of higher education services. Eight private institutions in Oman are affiliated to universities from the United Kingdom and seven to universities from the United States. Due to Oman's close linkage to India and the high number of expatriate workers in the country, there are three affiliations to Indian institutions. In addition, there are four agreements with Arab universities from Jordan and Lebanon (Table 17). Most of these cooperation are sealed by a comprehensive partnership agreement between the domestic and the foreign institution. *Chapter 6.7* will highlight the specific features of internationalization. By the specific cooperation agreements with international universities, particularly from Western countries, many Omani students have the opportunity to obtain internationally recognized degrees. These degrees intend to help Omani students to obtain employment locally or in one of the neighboring countries.

A major objective of Oman's higher education policy was to diversify the post-secondary education system by offering a wide range of internationally recognized degree programs locally. The policy to promote program mobility multiplied the number of international programs in Oman.

### **6.5.5 The Gender and Expatriate Factor**

Like in other GCC states, female students in Oman perform better at school and university level than their male counterparts. As university seats at Sultan Qaboos University are regulated by a gender quota (50 percent), female students hold the majority in the private education sector. About 52 percent of all admitted students in the private higher education sector were females in 2008/09 (Table 16). This fact is interesting, because all students – except those receiving a governmental scholarship – have to raise the high tuition fees. At the three regional universities in Nizwa, Sohar and Salalah in particular, female student constitute up to 80 percent of the total student body. A reason for the high share of female students at the regional universities is that women can enroll at the university while living at home. Many parents still do not want their daughters to study in Muscat, or even worse, abroad.

Moreover, female students are negatively affected in two ways: Firstly, although admission to public institutions is based on academic merit, male students benefit from the gender quota. As female students achieve higher results at school level, their admission standards at public institutions are much higher than those of their male counterparts. Or, to put it another way, if access to SQU were based on a gender-neutral admission policy, females would constitute by far the majority of the student body, as they outstrip their male age-mates. In addition, the Colleges of Technology in particular attract male students, as they offer technical degrees.

The public sector institutions, particularly SQU, remain the first-choice institutions for Omani students due to generous financial packages, reputation and job entitlement. Besides being underprivileged in terms of access to public higher education institutions, many females do not have the same opportunities to study abroad. Cultural and financial limitations exclude female students. As a consequence, the private higher education sector is often the only way to obtain academic qualifications for many females. Higher education is regarded as a central gateway for self-fulfillment. The ability to enroll at private, and often very costly, institutions depends on the ability and the willingness of the family to finance the high tuition fees. This implies a new dependency for females, as the state shifts costs and responsibility to society. With regard to the gender aspect, it can be said that the emerging private post-secondary education sector offers new opportunities for females. The enrollment figures indicate that many women seize this new opportunity. On the other hand, the government privileges males in terms of access to the public sector and scholarships. Therewith, the government has missed an opportunity to integrate and to tap the human capital of the high achieving female students. Often females are totally excluded from higher education, as their families are either not willing or not able to fund the high costs of private higher education. In effect, women – like students from low income families – do not have the free choice, as propagated by proponents of this market-driven education approach.

Besides the gender ratio, the percentage of foreign students is a key feature of private higher education. As the public higher education sector in the range of undergraduate courses is restricted to Omani students only, non-nationals SSGs – even high achievers – were excluded from higher education in Oman. With the introduction private higher education, for the first time non-Omani residents got an opportunity to continue to post-secondary education locally.



However, in the academic year 2008/09, only 1,458 non-Omani students enrolled at private institutions – accounting for less than five percent of all students (MoHE 2009). Most of these students are children of foreign workers and were born in Oman. The low ratio of foreign students is relevant, as it gives some indications of the intended strategy of higher education. In total, more than 800,000 expatriates lived in Oman in 2009, mostly from India (MoNE 2009). Due to the high tuition fees and concerns about the quality, many guest-workers, especially the Indian families, still prefer to send their children abroad for higher education. Hence, the formation of private institutions, offering opportunities also for the high number of expatriates, did not affect the behavior of non-Omani families. This issue is relevant because a large number of foreign schools – in particular, Indian, Pakistani and Western schools – have emerged in general education. These schools address exclusively the specific foreign communities and award certificates of the home country. Although there are some private colleges where Indian businessmen are among the founders or shareholders, there is no “Indian College” – addressing this large expatriate community in Oman in particular. The same applies to private colleges operating in affiliation with Indian universities. For example, the private Waljat Colleges of Applied Sciences has an affiliation agreement with the Indian Birla Institute of Technology. However, Indian students constitute only 20 percent of the entire student body.

Neither the government nor the institutions implement a strategy to attract large numbers of non-Omani students. Only a minority of non-nationals seizes the new opportunity of local higher education, they remain underrepresented in Oman’s innovation system.

#### **6.5.6 Rationalization: Cost-Recovery**

*“Without a system for cost sharing, the transition to mass higher education is likely to be unaffordable in Oman’s future post-oil economy”* (GHE-O7). The overall goal of the long-term strategy is to provide adequate, cost effective, and affordable funding of higher education in the period 2006-2020 and beyond, *“through the implementation of new approaches which will diversify funding sources and maximize return on investment”* (MoNE 2007). As a consequence, in terms of rationalization, the adjustment of the controlling elements is very important. As mentioned above, the government committed to expand the access to higher education while not being able to fund a mass higher education system. Only by shifting parts of the educational costs from the state to the society, Oman’s government was able to maintain system growth in addition to the public higher education sector. While the admission capacities and the tertiary enrollment rate have strongly increased since the privatization decree, public spending on higher education has also increased – but not at the same rate. Thus privatization and subsidization of higher education have been cost-effective policies. As the funding for higher education is highly fragmented, it is hardly possible to analyze the total expenditures. If the increasing number of students at private institutions and the scholarship policy covering parts of the tuition at private institutions is taken into account, the government currently provides support to approximately 16,500 newly admitted students

– which means that about 70 percent of all freshmen were funded by governmental sources in 2008/09. In total, one third of all secondary school graduates in 2008/09 benefited from public higher education funding. These figures include all students admitted to public institutions (13,280 students), 25 percent of the students admitted to private institutions (2,500) and about 300 annual scholarships for studies abroad. These figures clearly indicate that, despite the shift towards commercialization, the government increased its spending for higher education throughout the past years, for example, in the academic years 2000 to 2004, when less than 10,000 students were funded by governmental sources annually. However, the outsourcing of educational services enabled the government to increase the enrollment rate.

The subsidization of private higher education and the allocation of scholarships for large numbers of students from low income families were much more cost-effective than the formation of new public institutions.

### **6.5.7 Consumption Abroad: Oman's Student Mobility**

The reduction in the number of Omani students attending universities and colleges abroad was one of the main goals of the higher education policy. Oman wants to educate its children at home and does no longer want to rely on public offerings from neighboring countries. Officials emphasized that the government raised concerns about the quality and the benefit of the academic programs, in particular at the public institutions in the UAE (GHE-O7). Thus, private higher education institutions in Oman, which offer international programs, intend to replace the consumption abroad and prepare Omanis in an appropriate manner for the requirements of the domestic labor market. However, despite the massive expansion of Oman's higher education sector since the late 1990s, the official statistics indicate, that there has still been a trend to study abroad among young Omanis. In 2009, 13,871 Omani students studied in different specializations at various universities and institutions abroad (MoHE 2010; MoNE 2010). The official statistics distinguish three types of student mobility.

- (1) Students sponsored by a governmental scholarship: Five percent of Omani students abroad received a full or a partial scholarship in 2009. Almost one half of the publicly sponsored students studied in the United States or the United Kingdom. Most of these students enrolled in undergraduate programs related to business and commerce, law, applied sciences, and engineering. Two-thirds of the sponsored students were males. According to senior officials of the MoHE, the scholarship programs should enable talented students to enroll in outstanding degree programs currently not on offer in Oman (GHE-O1). Over the past years, students were encouraged to attend leading universities in Western countries.
- (2) More than two third of all Omani students studying abroad finance their study on their own or receive a grant from an organization in the private sector. The United Arab Emirates (UAE) is the favorite destination for many Omani youngsters. This is due to the fact that most universities in the UAE are just a few hours away and the sharing of culture and language makes the Omani students more comfortable at places like Dubai, Abu Dhabi, Sharjah and Al Ain. But principally, Omanis, as GCC nationals, can enroll for free at the public institutions in

the UAE, where their graduate in specializations like Islamic law, education and commerce and administrative sciences. 58 percent of all Omani students in the UAE enrolled in Islamic law and 22 percent in education. It is interesting to note that in 2009, two thirds (or 2,972) of all Omani students in the UAE are females – whereas their overall share in the student mobility is only 43 percent (MoHE 2009). In total 55 percent of all Omani female students studying abroad enrolled in a public institution in the UAE.

Besides the UAE, Egypt (1,704 or respectively 18%) and the countries with English as an official language such as the United Kingdom, the United States, Australia, New Zealand and Canada have always been among the top destinations (MoHE 2009). Meanwhile, India is also a common international destination for Omani students. About five percent enrolled at institutions in Western countries. Thus, there is a large gap between Arab and Western destinations, which is mainly due to cultural, financial and educational reasons. Omani who have to pay tuition fees on their own enroll primarily in Arab institutions. In general, it can be said that the scope of academic programs and the destinations for Omani students vary between those students studying at their own expense and those students who receive a sponsorship from the government.

(3) About 27 percent of the students studying abroad enrolled in postgraduate programs, most of them in Egypt (1,589 or 43%), in the United Kingdom (605 or 16%) and the UAE (468 or 12%). Most of these students enrolled in master's programs related to education, business administration or literature programs (MoHE 2009). The share of females in postgraduate programs abroad accounts for only 35 percent.

Table 21: *Omani Students Studying in Universities Abroad by Country and Gender*

2008/09	Female	Male	Total	UAE	Egypt	U.S.	U.K.
Sponsored through MoHE	276	433	709	14 (9)	9 (1)	101 (25)	212 (101)
Grants, Own Accounts, etc.	4,450	4,991	9,441	4,449 (2,972)	1,704 (321)	63 (43)	225 (63)
Higher Studies Abroad	1,297	2,424	3,721	468 (336)	1,589 (474)	56 (17)	605 (242)
Total	6,023	7,848	13,871	4,931 (3,317)	3,302 (796)	220 (85)	1,042 (406)

Source: MoHE 2009

With an increasing number of Omani students being inclined toward an overseas education, the Ministry of Higher Education is offering facilities and services to students who intend to go abroad to pursue higher studies over a long time. Students are advised to liaise with the MoHE external scholarships and qualifications department to obtain a list of higher education institutes that are recognized by the ministry so that they do not encounter any difficulties in finding a job after completing their graduation due to a non-recognized qualification. The ministry also encourages students to pursue their higher studies in countries such as Japan, Germany, Sweden, the Netherlands and Austria, as these countries account for a large number of renowned and internationally recognized universities. *“Wherever the students may go, we*

*encourage them to study at renowned and recognized universities so that they do not face problems with their qualifications when trying to find a job after graduation in Oman” (GHE-O1).*

To be well-prepared for the competitive domestic labor market, choosing the right field of study is as important as choosing the right institution. However, the statistics show that only a minority of students decided to enroll in science-related fields such as medicine, engineering and IT. In 2007/08, 6,668 Omanis enrolled in education, Islamic law or literature at a university abroad. In 2008/09, the number even increased to 7,356 students in these three disciplines (Table 22). As previously mentioned, Omanis can enroll costless at the public universities in the UAE programs – but the scope of academic programs and its relevancy for the Omani labor market is limited. The large number of Omanis enrolling in degree programs with only weak linkages to the Omani economy was a cause for concern for several years. The formation of private colleges and universities in Oman, offering labor market oriented programs, should reduce the number of Omanis at public institutions in the UAE. However, to avoid the high tuition fees at private institutions in Oman, a large number of students, and in particular females, are still forced to enroll at the “degree mills” in the UAE. Statistics have also shown that the Sultanate is not facing a real brain drain issue, when it comes to the return of Omani students who study abroad, most of them return to their country and seek a job or start their own company.

Table 22: *Omani Students Studying in Universities Abroad by Gender and Field of Study*

<b>2007/08</b>	<b>Total</b>	<b>Female</b>	<b>Male</b>
Medicine and Health Science	835	490	345
Pharmacology	126	88	38
Engineering	737	119	618
Science	354	178	176
Education	2,963	2,097	866
Computer	451	74	377
Literature	1,091	481	610
Law	742	120	622
Commerce & Administrative Sciences	1,121	307	814
Information & Journalism	97	47	50
Islamic Law	2,614	1,512	1,102
Other Subjects	385	100	285
<b>Total</b>	<b>11,516</b>	<b>5,613</b>	<b>5,902</b>
Source: MoHE 2009			

Despite the formation of private higher education institutions in Oman, the number of students seeking university places abroad has increased over the past years (MoNE 2010). The driving factors for this consumption abroad are the limited capacities of the cost-free public higher education system in Oman and the high tuition costs of private higher education. While most Omanis enroll in degree programs which are not directly related to the needs of the labor market, the consumption abroad still absorbs a large number of youths, who have no real opportunity to study locally.

### 6.5.8 Oman's New Higher Education Polity

In line with the privatization of higher education, a major reorganization of Oman's governance level took place from the mid-1990s onwards. To centralize the country's highly-diversified tertiary system, the so called *Council for Higher Education* was established in 1998. The Council is a new superior board to oversee and to regulate the entire public and private higher education system. The Council is composed of all ministers who are responsible for higher education, to “(...) formulate a public policy on higher education and scientific research (...) in line with the requirements of the country and the state's cultural, social, economic and scientific objectives” (ROYAL DECREE 65/1998).

The Ministry of Higher Education (MoHE) was established in 1994 (ROYAL DECREE 15/1994). All private universities and colleges as well as the restructured Colleges of Applied Sciences operate under the jurisdiction of MoHE. Among other responsibilities, the ministry “apply laws governing scholarships and educational grants”, “evaluate, assess and establish the equivalence of degrees awarded by universities, colleges, and other institutions” and intends to “encourage scientific research” in Oman (ROYAL DECREE 15/1994 & 36/2000). Under the umbrella of MoHE, the *Directorate General of Private Universities and Colleges* was established in 2000. The Directorate is the governing body for licensing and the supervision of all private institutions operating in Oman. Investors applying for a license are obliged to consult the authority. The set-up of a coordinating and regulating authority was mandatory to accommodate the new higher education structures. Being equipped with these new competences for public and private higher education, the Ministry of Higher Education turned into the new and powerful centrality within Oman's higher education system.

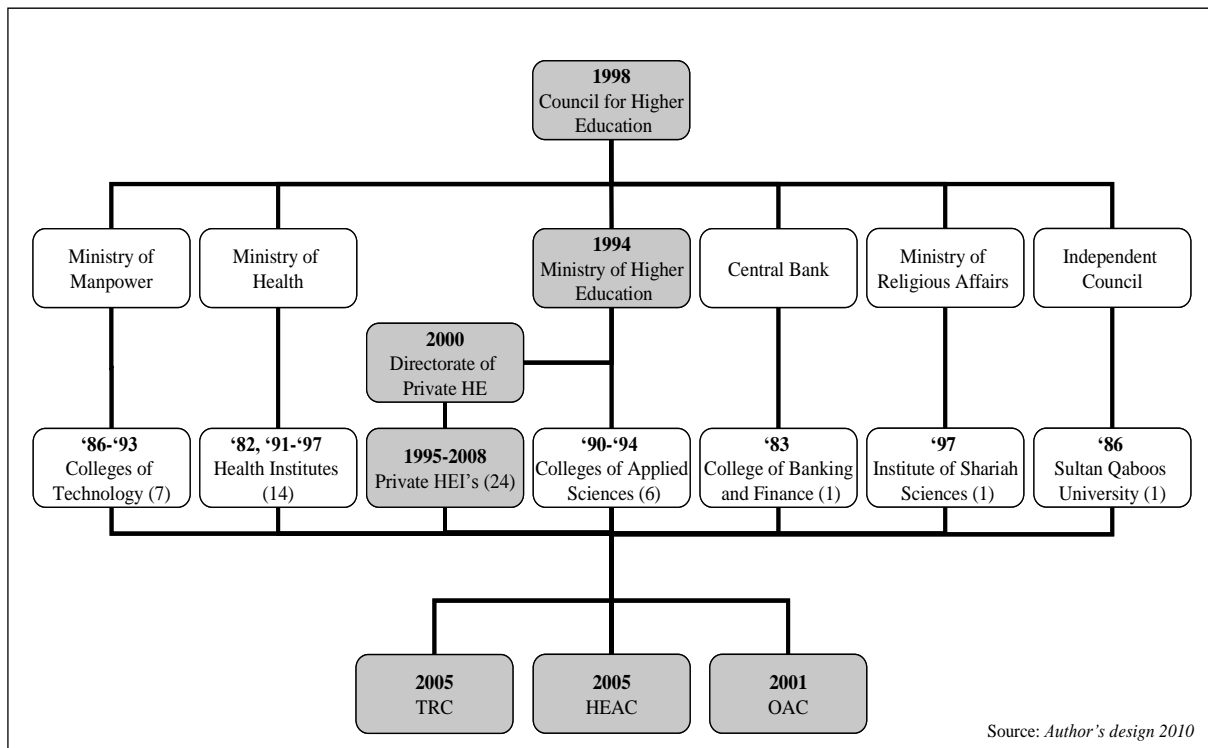


Figure 22: Oman's Higher Education Framework

Besides these new established authorities, further departments were established to regulate Oman's higher education framework. The *Oman Accreditation Council* (OAC) (ROYAL DECREE 74/2001) was founded in 2001, "*sending out a clear signal to the sector about the importance to be places on the quality of higher education*" (CARROLL et al 2009a: 18). At this point it is necessary to outline the system of program accreditation and recognition in Oman. Programs, such as post-secondary diplomas and degrees, must be licensed by MoHE prior to the first intake of enrollments, if they are admitted by the Oman Qualifications Framework (OQF). "*All programs offered within Oman, including those offered through external institutions, must meet the requirements specified in (...) the OQF*" (OAC 2008). Thus, OQF plays the decisive role in a new system of quality assurance as it sets the standards for academic awards for all categories of higher education institutions operating in the country. Accordingly, OAC has been established, inter alia, to accredit programs against academic standards once, at least, a first cohort of students has graduated (CARROLL et al. 2009b: 2). The vast majority of higher education academic programs offered by private higher education institutions in Oman are awarded by overseas institutions rather than by Omani institutions. The primary purpose of these affiliations is to access quality-assured programs suitable for import into Oman. These programs are not subject to accreditation by OAC, but to a process of recognition of their original accredited status. Appropriate transnational quality assurance systems then assure the maintenance of their quality (CARROLL et al. 2009b: 2). In addition to the program accreditation, all licensed higher education institutions, public as well as private, will undergo an institutional accreditation by OAC (OAC 2010a). In May 2010, OAC was replaced by the *Omani Authority for Academic Accreditation* and is now affiliated to the Council for Higher Education.

The *Higher Education Admission Centre* (HEAC) was established under the jurisdiction of MoHE and regulates the admission of students with a general certificate at all higher education institutions "*according to their wishes, obtained marks and to the admission terms specified by the aforementioned institutions*" (HEAC 2010). Besides its main assignment to regulate admissions, HEAC is responsible for the allocation of scholarships, particularly to private institutions. Due to the high tuition fees many families in Oman cannot afford sending their children to private institutions. As a consequence, the government introduced a scholarship program for social welfare and low income students – with a monthly income less than RO 400. The scholarships cover at least parts of the tuition fees and allocate a monthly stipend to social welfare students. In 2009, almost 25 percent of all students at private institutions received a full or partial scholarship from MoHE (HEAC 2010).

The *Research Council* (TRC) is part of Oman's overall strategy to foster the nation's research and development capacities. Academic research is widely seen as one of the major pillars of the transformation towards a knowledge-based economy. Just like many other governments in the region, Oman's regime committed to increase the overall research funds within the coming years. The Research Council formulates a strategy with a nationally integrated plan for research and monitors its development, identifies national research priorities, and supports individual research programs in accordance with national research priorities (TRC 2010).

### 6.5.9 Conclusion: Public Versus Private Higher Education in Oman

The policy to allow privately owned higher education institution principally changed Oman's tertiary landscape. The Omani government used the controlling elements privatization and internationalization to establish a specific framework which primarily focuses on the expansion of the local admission capacities. The adjustment of the controlling elements, e.g., the specific policy of privatization, promoted this rapid expansion. An interesting feature is that private, profit-oriented higher education institution benefit from public subsidies. The subsidization is due to the fact that the government wants to set economic incentives to develop the required capacities in higher education rapidly. Besides the financial support, the government also sustained the cost-intensive structures of the publicly funded system and even increased the admission capacities of SQU and the other public colleges. Hence, public and private institutions contributed both to the growth of higher education in Oman within the last two decades.

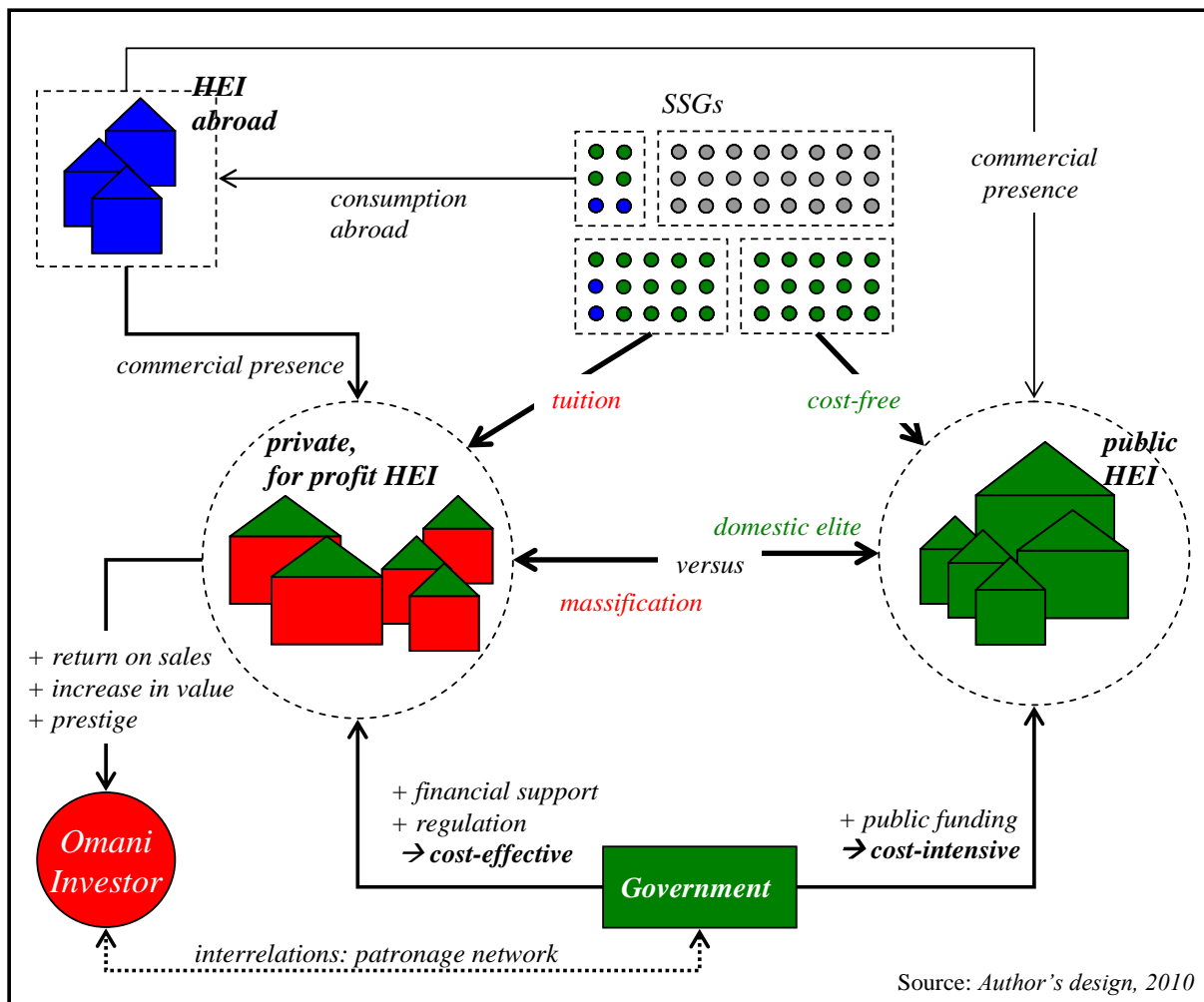


Figure 23: Public versus Private Higher Education

In terms of massification the policy approach was successful, as it enabled more Omani students to continue to higher education locally. The expansion proceeded so fast, that the strategic goal of Oman's government to reach an annual tertiary enrollment of 50 percent was already complied in 2010! Along with the privatization of higher education, Oman used the

commercial presence of foreign providers as a new element within its higher education system. Today, more than 230 international programs are on offer in Oman.

Figure 23 summarizes Oman's new higher education framework: With the formation of a tuition-based private higher education sector and the continuous development of the public education, Qaboos' regime started a balancing act: The public higher education sustains its proven system of providing cost-free and well-recognized courses for highly achieving Omani students. The admission capacities of all publicly funded institutions, as well as the range of degree programs, were increased within the past decades. The annual intake of the public higher education sector amounts to 20 percent of all SSGs in 2010. A new trend is the use of cross-border services, through commercial presence and international accreditation.

All students who are not admitted to the privileged public system have to bear the high costs of private higher education. Consequently, public institutions remain the institutions of first-choice in Oman. These institutions, in particular SQU, can select the academically strongest students from a large group of applicants. Students who are refused admission have either the option to pay the high tuition for a private higher education, apply for a governmental scholarship, study abroad, or at least enter the labor market without higher education. Non-Omanis who were previously excluded from higher education got an opportunity to continue to higher education in Oman. However, the number of foreign students at private institutions remains very low.

Thus the privatization of higher education caused segregation within Oman's higher education system: Public institutions, in particular SQU, keep their status as the national landmark institutions and address the domestic elite, whereas private, profit-oriented institutions primarily intend to absorb the mass of Oman's secondary school graduates. Investors of those private institutions take advantage of this situation and tap into a new lucrative market.

This new segregation, *public versus private institutions, elite versus mass-absorbing institutions*, became a pivotal element of Oman's privatized higher education landscape.

## 6.6 Insight into the Qaboos State: Liberalization of Higher Education in Favor of Oman's Elite

In order to reconstruct the specific policy of internationalization and privatization, it is important to investigate Oman's current higher education agenda policy. Which measures and policies affected the current boom of founding private, profit-oriented post-secondary education institutions in the Sultanate of Oman? Consequently, it is necessary to analyze the political economy of private higher education.

### 6.6.1 Rationales for Investing in Private Higher Education: Philanthropy versus Profit-Oriented

In order to assess the rationales for investing in private higher education in Oman, numerous interviews with founders and shareholders of private colleges and universities were conducted



during the fieldworks in 2009 and 2010. Most founders of private higher education institutions emphasized that their investment is not related to commercial and financial benefits. Many investors are successful businessmen and high ranking officials. They point out that their initiative in establishing a private higher education institution is philanthropically motivated: *“We want to tribute to the society and give something back to the country”, “enhance the human capital of our country” and “making a contribution for a capable and sustainable future of Oman”* (I-O2; I-O3; I-O4). Investors put great value upon the fact that they see the need to support Oman’s young generation and that citizens who have been successful in the past have an obligation to contribute to the socio-economic advancement of the country’s future (I-O3; I-O4). Furthermore, investors said that higher education offers an exceptional opportunity to support the process of economic development in their country. They pointed out that their engagement is in line with the vision of Sultan Qaboos’ strategy to set the courses for a knowledge-based economy and that *“the state is overburdened and cannot provide all services to its citizens”* (I-O4). All interviewed shareholders stressed that their personal investment is not related to profit-making: *“By the way, private higher education is definitely not the best opportunity to earn money and to make high profit”* (I-O4).

Investments in higher education are closely related to personal prestige and political influence, as it produces positive externalities. Private initiatives in education are well recognized in the Omani society and may affect the public image of a company or of a shareholder. In addition, investors in education may act statesmanlike, as they are part of a vital range of Oman’s economic and social advancement. It is also possible to identify some kind of group dynamic among prominent Omani businessmen and companies to be involved in the formation of private higher education institutions in Oman: With respect to the exclusive circle of Omani investors – which will be highlighted later – it seems that investments in higher education became a must-do for many of Oman’s upper-class.

In summary, it can be stated that the grandstanding of the founders and shareholders of private higher education institutions is neither unsurprising nor is it deeply exaggerated. But the analysis of the political economy of the emerging private sector will reveal that beside philanthropic and personal prestige, strong economic interests are the decisive factors for the current investment boom in private higher education in the Sultanate.

### **6.6.2 Private Higher Education Investments: Peanuts or Big Business?**

None of the private institutions in Oman publish or provide regular financial statements, except those quoted at the Muscat Security Market (MSM). All those listed companies must regularly issue financial reports. Currently, there are three open-traded higher education institutions operating in the Sultanate of Oman: *Majan University Colleges*, *Sohar University* and *Dhofar University*. Based on these three institutions, one can analyze the business model of profit-oriented higher education. Although these institutions are just a small sample, it is possible to infer and draw some general conclusions on the entire private higher education market in Oman.

*Majan University College* was established in 1996 as a joint stock company by a consortium of the Oman Chamber of Commerce and Industry, Gulf Air, and Oman & Emirates Investment Company. Within the past few years the ownership changed three times. At present, a Kuwait-based consortium holds the majority of the shares. The balance sheet of the fiscal year 2008 (MSM 2010) shows a total income of RO 3,189,799. Tuition fees are by far the largest source of income of the college, accounting for 86 percent of all incomes. The total expenses of RO 2,399,258 consist of salaries (47 percent), administration costs (42 percent), and other expenses, inter alia depreciation (10 percent). The balance between incomes and expenses of Majan College yields a net profit of RO 835,978 in 2008. The *return on sales* as ratio of profit and income reached 26.2 percent – a very high value in comparison to other investments. In the subsequent fiscal year 2009, the total income of the college declined by almost ten percent to RO 2,885,080. At almost constant expenses of RO 2,293,050, the profit dropped to RO 648,697. This affected the return on sales at “only” 22.5 percent – still a very high value. The 2010 financial statement shows an increase in the income to RO 3,010,421. Almost 90 percent of the tuition income was generated from undergraduate programs, and about RO 387,000 came from the three master’s programs offered at Majan. The college retrenched its expenditures to RO 2,277,728. As a consequence, the profit increased to RO 789,360, which means a return on sales of 26 percent. There was a similar financial development in the years 2002 and 2007. In 2002/2003, Majan College had a great increase in the tuition fee income, due to the growth of students in line with a change in its academic structure. Since then, the college has been able to realize an annual return on sales beyond 15 percent (MSM 2010).

Table 23: *Financial Statement Majan College: 2008-2010*

<b>Majan University College</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	RO	RO	RO
Tuition fee income	2,743,116	2,665,230	2,800,675
Other income	181,922	160,970	144,835
Investment income	264,761	58,880	64,911
<b>Total Income</b>	<b>3,189,799</b>	<b>2,885,080</b>	<b>3,010,421</b>
Salaries and employee related costs	1,139,006	1,113,747	1,181,762
Administrative expenses	1,015,470	784,664	803,143
Others	244,782	394,639	292,823
<b>Total expenses</b>	<b>2,399,258</b>	<b>2,293,050</b>	<b>2,277,728</b>
<b>Profit of the year</b>	<b>835,978</b>	<b>648,697</b>	<b>789,360</b>
<i>Return on sales (in %)</i>	<i>26.21</i>	<i>22.48</i>	<i>26.22</i>
Source: MSM 2010; 1 Rial Oman = 2,6008 U.S. Dollar (10/2010)			

Considering the turnover figures, it must be taken into account that Majan College was among the first private institutions in Oman. The college is well-established, with a steadily growing student number reaching more than 1,500 students in 2009. As a consequence, it is inappropriate to transfer the favorable financial situation of Majan directly to other private institutions operating as colleges or university colleges. However, the example of Majan College clearly shows that a private college in Oman is able to operate very profitably – as the

return of sales clearly indicates economic efficiency.

Since the foundation of *Sohar University* in 2001, an Omani consortium, the Oman Education and Training Investment SAOG Company, has held the majority of the shares. With 4,588 students, the University of Sohar is the largest private higher education institution in Oman – and the third largest institution behind Sultan Qaboos University and the Higher College of Technology.

In the fiscal year 2008 (MSM 2010) the university had incomes in the amount of RO 9,195,358 – of which 89 percent derived from tuition. The total expenses added up to RO 6,250,884. About 60 percent of the expenses affected salaries. The net profit of Sohar University reached RO 2,881,583 – this is a *return on sales* of 31.3 percent! In the fiscal year 2009, the incomes increased to RO 10,422,011 – mainly due to more students and their tuition fees. Simultaneously, the expenses, mainly for salaries and administration costs, increased to RO 8,502,391. As a result, the net profit as well as the profit margin decreased to RO 1,865,192, which is 17.9 percent.

Table 24: *Financial Statement Sohar University: 2008-2009*

<b>Sohar University</b>	<b>2008</b>	<b>2009</b>
	RO	RO
Tuition fee income	8,196,073	9,180,121
Other income	999,285	1,241,890
<b>Total income</b>	<b>9,195,358</b>	<b>10,422,011</b>
Salaries and related costs	3,793,890	5,009,882
Administrative expenses	1,974,065	2,849,352
Others	482,929	643,157
<b>Total expenses</b>	<b>6,250,884</b>	<b>8,502,391</b>
<b>Profit of the year</b>	<b>2,881,583</b>	<b>1,865,192</b>
<b>Return on sales (in %)</b>	<b>31.34</b>	<b>17.90</b>
Source: MSM 2010; 1 Rial Oman = 2,6008 U.S. Dollar (10/2010)		

Due to their market position, Majan College and Sohar University are not representative for the entire private institutions. As a consequence, one cannot conclude that every private institution in Oman operates in such a profitable manner. However, Majan College and Sohar University obviously show, that private higher education institutions in Oman may realize very high profits to the financial benefit of their shareholders.

*Dhofar University*, located in Salalah, was established in 2004 as the successor of a formally private college. The university is also owned by an Omani consortium. The financial statements of the private university reveals that not all private institutions realize high profits, and in addition, that the OR 20 million grant from the government may be crucial for private universities. The financial reports from 2007 to 2010 (MSM 2010) show that the tuition income did not cover the university's high expenses, mainly due to salary, administration and affiliation costs (see Table 25). While in 2007 and 2008 the university operated in the black, the university incurred losses of 1.18 and 1.15 million Omani Rial in 2009 and 2010. In particular the costs for salaries and related costs increased due to a rapid expansion of the

teaching body from 2.49 in 2007 to 4.03 million Omani Rial in 2010. At the same time, the tuition incomes grew only by 10.2 percent to 4.26 million Rial in 2010.

Thus the case of Dhofar University shows that private universities in Oman benefit tremendously from the special governmental grant, which accounts for four times the universities annual volume.

Table 25: *Financial Statement Dhofar University: 2007-2010*

<b>Dhofar University</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	RO	RO	RO	RO
Tuition Fee income	3,724,065	4,527,447	4,262,777	4,104,200
Other income	331,423	384,531	117,987	150,924
<b>Total income</b>	<b>4,055,488</b>	<b>4,911,978</b>	<b>4,380,764</b>	<b>4,255,124</b>
Salaries and related costs	2,485,706	3,037,999	3,739,267	4,030,775
Administrative expenses	708,442	932,956	999,487	851,066
Affiliation fees	484,785	529,844	484,413	180,216
Loss on sale of assets	82,732	113,605	-	1,730
Depreciation	199,038	268,132	328,517	342,142
<b>Total expenses</b>	<b>3,992,339</b>	<b>4,901,205</b>	<b>5,561,684</b>	<b>5,405,929</b>
<b>Profit/(loss) for the year</b>	<b>63,149</b>	<b>10,773</b>	<b>(1,180,920)</b>	<b>(1,150,805)</b>
Source: MSM 2010; 1 Rial Oman = 2,6008 U.S. Dollar (10/2010)				

Interviews with the management and with shareholders of private institutions show that it usually takes only three to five years to break even after foundation (I-O6). With respect to the realized high profits and a return of sales far beyond ten percent, profit maximization cannot be denied. While receiving public subsidies, investments in higher education are both profitable and secure. After the approval of the responsible authorities, building land and an interest-free loan for construction are allocated by the responsible authorities. After five years, the developed areal passes into the ownership of the shareholders of the private institution and increases the asset base. Due to this policy, new economic models have emerged in which the government-sponsored infrastructure is leased to the private institution by the registered owners. This common practice guarantees an additional annual rate of return between seven and nine percent (I-O6) to the sole profit of the registered shareholders.

Real estate prices also play a prominent role in Oman's private higher education market. Private colleges and universities often received building land for their new campuses on a prime site. Many of the new established campuses in the Governorate of Muscat are located near the airport in As Seeb, Bawshar, or Madinat As Sultan Qaboos. Thanks to escalating real estate prices in Muscat (at least between 2003 and 2008), the allocated land of the government promise a high increase in value in the future. Local experts pointed out that some of the new established campuses could be easily converted to hotel or hospital accommodation in case the business model of a higher education institution would fail. The value of the building land and the possibility to convert the usage of the location also promises high profit margins for the shareholders (I-O6).

The regional universities also benefit from the allocation of land. The University of Nizwa is

planned on a new 1,500,000 m<sup>2</sup> site to the south of Nizwa and plans to house a total of 20,000 students in six faculty colleges. With the support of the governmental grant, Sohar University has also embarked on an ambitious expansion of the existing campus. In both cases, shareholders can expect an accretion on the long term as the new building land is being developed on government's expenses.

In addition to the governmental support in terms of the provision of land and loans, the scholarship policy also affects the yield of private higher education institutions. As previously mentioned, almost 25 percent of all freshmen students at private colleges and universities, primarily from low-income families, received a governmental scholarship in 2008/09. The scholarship policy ensures that a large number of students is able to raise the high tuition fees at private institutions. The average annual tuition fee reaches about RO 2.500 annually – an amount which a middle class family in Oman, in general, cannot afford. The scholarship policy coupled with the high demand for higher education is one of the major reasons for the growth of enrollment at the private institutions. Thus, the success of the private higher education institutions in Oman throughout the preceding years is attributable to governmental incentives, such as the subsidization and the scholarship policy.

Besides the governmental support which affects the profitability, the distribution of expenses is an informative source when looking for a description of the private, profit-oriented higher education sector. Although different means must be measured differently, most private institutions try to reduce their operating cost in order to work cost-effectively. The profit-orientation of many newly established institutions can be disclosed by an analysis of the academic structures. The most common way to increase profit is to save expenses for the faculty while simultaneously charging high tuition. Many private institutions recruit a large portion of their faculty as part-time employees from the private sector. Indian lecturers, often with no academic experience, form large parts of the teaching staff at private institutions. In addition, most of the private institutions offer cost-efficient courses and degrees in computer science, business administration, engineering or English language. These programs require only low initial investments and lecturers are available from the private sector. Furthermore, the student to faculty ratio is often high (I-O6). Thus, the political economy of private higher education in Oman clearly shows a profit-orientation and a commercialization. Obviously, the specific privatization policy created a lucrative market niche. Even if private higher education in Oman is not a “big business”, it may become a very lucrative and profitable secondary business. After a short initial phase, private investments yield a secured profit together with positive externalities for the shareholders.

Figure 24 summarizes the political economy of private higher education. As a consequence of the great demand and the specific elements of the Omani privatization policy, e.g., subsidies, grants, construction land, the private higher education sector has become a secured and lucrative business. This is the main reason why there is such a high demand for licenses for private higher education in Oman. Hence, the pivotal question is: How do Oman's authorities regulate and control access to this lucrative market niche? Therefore, a shareholder analysis is used to identify the investors of private higher education and their interrelation to the regime of Sultan Qaboos.

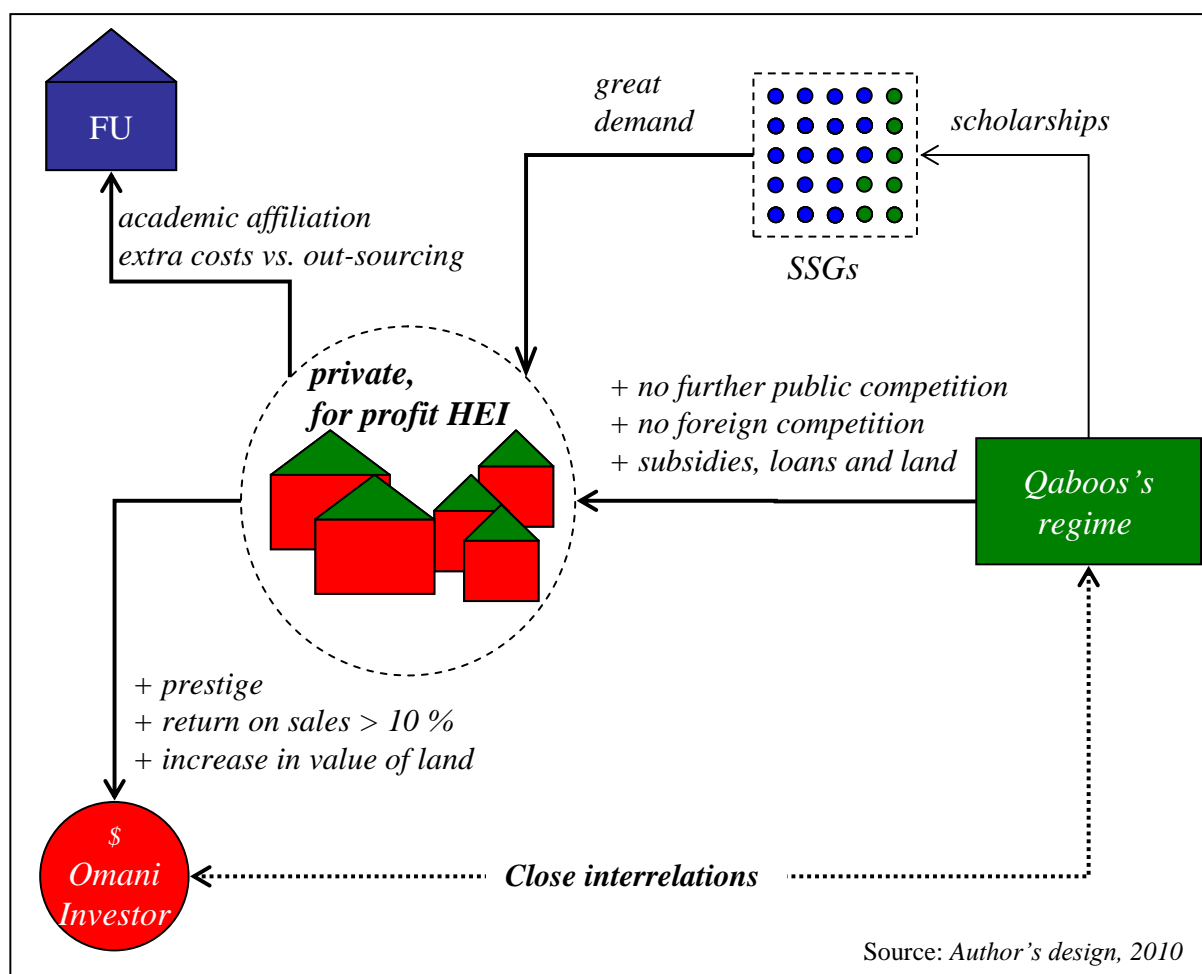


Figure 24: The Political Economy of Private Higher Education in Oman

### 6.6.3 Shareholder Analysis

The ability to (re)distribute rents among the society and among the country's elite to produce legitimacy was ever and still is one of the key elements of the wide political stability in Oman. Ever since the 1970s, Oman's oil income has been used to fund social transfer payments, subsidies and public employment. Despite the absence of taxation, the ruler had some financial scope that provided him with the means to remain in power and legitimate his regime. VALERI (2009: 102) describes how Sultan Qaboos used the distribution of the petro rents to create a modern welfare state. The rent distribution replaced the traditional *asabiyyat*, unified the country, and finally legitimized his reign. Furthermore, Sultan Qaboos integrated his political opponents as well as old allies in the new state model. Important merchant families gained access to lucrative positions and market niches. The old allies of the Sultan regained subsidies through the ownership of companies, winning public contracts and *"received the greater part of the rentier state's subsidies, so as to become rentiers de facto"* (VALERI 2009: 102). This strategy increased both the elites' dependence on the ruler and the stability of Sultan Qaboos' reign, because the economic survival of the trading families has become indissolubly linked with his political fate as a ruler. Quid pro quo, Sultan Qaboos could rely on his political and economic allies, as they were depending on the ruler in order not to lose their economic benefices.

VALERI (2009: 117) also analyzes the power consolidation with regard to economic benefits as well as the political participation of important merchant families. Through various strategies, Sultan Qaboos “*tried to win over both the whole population (by universal redistribution) and the politically most threatening social category (by individualized redistribution)*”. In terms of political and economic influence, a number of Omani merchant dynasties are among the most important groups whose economic wealth is predicated on the old and established links with the ruling family. These are members of families who settled in Muscat, the coastal region and the Dhofar regions. These families consolidated their power during the reign of Sultan Said Ibn Taimur and continued to amass fortunes after 1970, through monopolistic or quasi-monopolistic franchises. Together, they are the principal suppliers of goods to the government, local contractors, foreign firms and local consumers. Valuable distributorships for consumer and capital services are under their aegis. Close bonds between the trading families and Sultan Said Ibn Taimur also evolved into a mutually protective relationship with civil servants in the Qaboos Ibn Said government (METZ 1994). Included in this group are, for example, the Zawawis, whose roots are in Saudi Arabia. Qais bin ‘Abd Al Munim Al Zawawi, for example, was appointed Minister of State for Foreign Affairs in 1973 and held this position until 1982. Later, he served as Deputy Prime Minister for Finance and the Economy. Apart from his ministerial position, Qais bin Abd Al Munim became a prominent Muscat businessman. Educated in India, he was well connected in the Arab world. His brother, ‘Umar bin Abd Al Munim Al Zawawi, a Harvard-educated physician, is considered the second wealthiest man in Oman, next to the Sultan. ‘Umar was appointed as Personal Advisor to Sultan Qaboos in 1974 and also as the Special Adviser for External Liaison. Apart from being advisor to the regime, ‘Umar is President and CEO of Omar Zawawi Establishment (the Omzest Group), which comprises about seventy companies and joint ventures. The Omzest Group represents multinational companies, such as Daimler-Benz and Mitsui Engineering and Shipping Company, which was contracted to build the oil refinery near Muscat in the 1990s (METZ 1994; VALERI 2009: 101-119).

Another example of a merchant family drawn into the ministerial level is Said Ahmad Al Shanfari, the Minister of Petroleum and Minerals, whose family origins are Dhofari and who has held the portfolio since 1974. The Shanfari family is related to Qaboos Ibn Said’s mother and controls Shanfari and Partners, a contracting company involved in the setup of Oman’s infrastructure.

The obvious examples are found among Qaboos’s kin, including his mother’s brother Sheikh Mustahil Al Ma’ashani (one of the founders of Dhofar University), a former Minister of Labor and Social Affairs in the late 1980s. He has chaired the Muscat Overseas Business Group, which is active in agriculture, banking and real estate. His son Salim was Undersecretary in the Ministry of Higher Education at the end of the 1990s and also advisor at different governmental bodies.

Ahmad bin ‘Abd Al Nabi Makki also illustrates a similar advance by decision-making players into the economic sector. After serving as the Omani Ambassador to the United Nations in the 1970s and to the United States (1975-1978), he was appointed Minister of the Civil Service (1991-1995), whereupon he took up the position as Minister of National Economy.

In this circle is also Khimji Ramdas, head of the Khimji Ramdas Group, which holds international franchises ranging from consumer products and soft drinks to insurance and construction. The group is one of the main wholesaler and covers many other sectors, like building, computers and real estate. Other influential merchant dynasties include those of Muhsin Haidar Darwish, Sheikh ‘Amr bin Shuwain Al Husni, Hajj ‘Ali bin Sultan, Mohammad Zubair and Suhail Bahwan, chairman of the Bahwan Group (METZ 1994; VALERI 2009: 101-119).

While VALERI (2009: 101-119) describes the takeover of decision-making positions by members of the traditional economic elite since the 1970s, the analysis of the political economy of the newly established private higher education institutions shows a similar model. Many of the influencing Omani merchant dynasties from Muscat, Sur, Sohar, Salalah and Nizwa have been involved in the formation of private colleges since 1995.

Directly after the liberalization decree in 1995, three private colleges were established in Muscat:

- **Majan University College** was founded by the Oman Chamber of Commerce and Industry (OCCI), Gulf Air, and Oman & Emirates Investment Company. Most of the founders of the college were linked to the OCCI, prominent figures among the shareholder were *HE Sheikh Muhammed Al Rawas*, former chairman of the OCCI, *Mohammed Ali bin Abdul Amir Sultan*, director of W.J. Towell Group of Companies, *Dr. Mohammed bin Nasir bin Ali Al Hajri*, member of the State Council and *HE Salim bin Ali Nasser As Siyabi*, chairman Allied Business Corporation Oman.
- **Caledonian College of Engineering** is a subsidy of Galfar Group of Companies. Galfar is one of the largest, multi-disciplined engineering, contracting and construction companies in the Sultanate. The college was founded by the chairman of Galfar *Salim Saeed Hamad Al Fannah Al Araiimi* and by the Indian vice chairman of Galfar *Dr. P. Mohamed Ali*.
- **Modern College of Business and Sciences** has also an exposed circle of shareholders. The most prominent founders of the college are *HH Seyyid Shihab bin Tariq Al Said*, Rear Admiral (retd.) of the Royal Navy and advisor to the Sultan, *HE Sheikh Saif bin Hashel Al Maskari*, member of the State Council and former Undersecretary for Tourism at the Ministry of Commerce and Industry, *Muhamad bin Abdullah Al Riyami*, member of the State Council, and members of the Dhofar rooted family *Al Mahrouqi*. Seyyid Shihab bin Tariq Al Said serves as the chairman of the college.

The brief register of the founders of the first established private colleges clearly reveals the close linkage of political and economic power at the beginning of the privatization process. It seems that in particular Omani businessmen (supported by the OCCI) exerted pressure on the government to open up the education market for private initiatives in the early 1990s. Simultaneously, the Sultan could rely on his allies to establish private institutions, and, accordingly, to provide the urgently required admission capacities. In consequence, unlike in other GCC states, there was a well-established private sector for higher education in Oman,



which was able and willing to take over duties which were formerly monopolized by the state. Therefore, the new model was a win-win situation: The government benefited from the private initiatives, as they were able to expand the admission capacities to higher education and balanced the public budget – while chosen Omani businessmen, all related to Qaboos' regime, received a potentially lucrative investment opportunity.

#### 6.6.4 Profiteers of Oman's Privatization Agenda

As seen above, prominent Omani merchant dynasties were among the first to invest in private higher education. The analysis of the shareholder structure shows that many of the influencing families were actively involved in the formation of private, profit-oriented institutions. Below there is a brief abstract of well-known Omani merchant families engaged in private higher education institutions. Many members of the traditional economic elite also took over decision-making positions. As a result, there is close and indivisible relation between the old merchant elite and the new power holders in the Qaboos state. The participation in the decision-making process by historically predominant actors in the Omani economy has spread over more than two decades, *"it illustrates the Omani merchant elites' flair in converting their traditional activities to the new economic order, responding also to the opportunities the Sultan has given them"* (VALERI 2009: 112).

- **Al Araimi family** (from Ash Sharqiyah), Galfar Group of Companies, one of the largest construction companies in Oman: *Caledonian College of Engineering (established 1996)*, *Oman Medical College (2001)*: bid to establish *Muscat University (2011)*.
- **Al Mukhaini tribe** (from Ash Sharqiyah), Suhail Al Bahwan, chairman Suhail Bahwan Group, one of the largest holding companies: Suhail is considered as one of the richest men in Oman: *Oman Medical College (2001)*, *University of Nizwa (2004)*. Saad Bahwan (son of Suhail), chairman OTE group: bid to establish *Muscat University (2011)*. Mubarak Juman Bahwan, Chairman Mubarak Bahwan Group: *Sur University College (2001)*.
- Umar Ibn Abd Al Munim **Al Zawawi**, Special Advisor to the Sultan for External Affairs, Chairman Omzest Group, one of the leading holding companies: *Waljat College of Applied Science (2001)*.
- Mohammed bin Zubair **Al Hutti**, former Minister of Industry and Commerce 1979, Chairman Zubair Corporation, one of the most influencing companies: *International College of Engineering and Management (1997)*.
- Said bin Ahmad **Al Shanfari** (from Dhofar), former Minister of Petroleum and Minerals, Shanfari Group of Companies, large business conglomerate: *Dhofar University (2004)*.
- Mohammed Ali bin Abdul Amir **Sultan**, Director W.J. Towell Group of Companies, involved in more than 40 sectors: *Majan College (1996)*.
- Sheikh Saud bin Ali **Al Khalili** (Nizwa), Minister of Education in 1970, Al Taher Group of Companies, large business conglomerate: *GUtech (2006) (engagement terminated)*.

Besides this powerful group of Omani merchant families, high ranking officials and other

political decision-makers are among the founding members of private higher education institutions in the Sultanate: A brief register lists some of the prominent shareholders.

- Seyyid Shihab bin Tariq Al Said, Rear Admiral (retd.) of the Royal Navy and Advisor to the Sultan: *Modern College of Business and Science (1996)*.
- Sheikh Mustaeel bin Ahmad Al Mashani, former Minister Social Affairs and Labor and State Advisor: *Dhofar University (2004)*
- Sheikh Yusuf bin Alawi bin Abdullah Al Ibrahim, former Minister Responsible for Foreign Affairs: *Dhofar University (2004)*.
- Ahmad bin Abdullah Al Ghazi, former Minister for Land Affairs and Municipalities: *Muscat College (1997)*.
- HE Mohammed bin Ali Al Alawi, Minister of Legal Affairs: *Ash Sharqiyah University (2010)*.
- Ahmed bin Abdul Nabi Makki, Minister of National Economy: *International College of Engineering and Management (1997)*.
- Abdullah Al Salmi, Minister of Awqaf & Religious Affairs: *German University of Technology (2006)*.
- Sheikh Said bin Khamees Al Ka'abi, Wali of Al Khabourah: *University of Buraimi (2010)*.

The register shows that many founders of private higher education institutions are closely related to or part of Oman's ruling regime. Active or former ministers, member of the State Council and walis are among the shareholders of private colleges and universities. In addition, officers of the Royal Oman Police and the Royal Oman Army are often found among the shareholders of private higher education institutions.

The register of shareholders also shows the relevance of tribes and of religion. As previously mentioned, several leading families and tribes invested in higher education institutions – also to demonstrate the leadership and the relevancy of their family. The aspect of religion is a relevant but not a determining factor in the formation of private higher education institutions. The majority of Omanis are Ibadi Muslims, followers of Abd Allah Ibn Ibad. Approximately 25 percent are Sunni Muslims living primarily in Sur and the surrounding area and in Dhofar. They form the largest non-Ibadi group. The Shia minority live along the Al Batinah coast in the Muscat-Matrah region.

Several Omani investment funds and personal investors have shown financial interest in private educational institutions. The majority of the private colleges and universities are owned by a consortium of three to five shareholders, whereas only three institutions have a single shareholder. In general, it can be said that patronage and personal connections to the ruling regime are a determinative prerequisite in having access to investments in Oman's lucrative private higher education sector.

### ***6.6.5 The Tender to Open a Private Universities***

Since 2002, the Omani government has introduced a set of subsidies to promote the formation of a private university in each governorate of the country. The center piece of the policy was the provision of a RO 20 million grant, partly as start-up funding. As mentioned above, private universities should contribute to the spatial planning policy, expanding higher education facilities in all regions of Oman. After passing the decree to promote these private universities, three existing private colleges in Nizwa, Sohar, and Salalah were transformed from colleges into universities and were then entitled to receive the royal grant. The shareholder structure of these private universities in Nizwa and Dhofar indicates that the process was directed from the very top. Most founding members of both institutions are closely related to the regime. Shareholders serve(d) as ministers, state adviser, or member of the State Council.

In Dhofar, all leading local tribes were involved in setting up the private university. Several founders are among Qaboos's kin, including his mother's brother Sheikh Mustahil Al Ma'ashani, who serves as chairman of the university's Board of Trustees and his son Salim, who serves as chairman of the Executive Committee. Among others, HE Sheikh Yusuf bin Alawi bin Abdullah Al Ibrahim, former Minister Responsible for Foreign Affairs (1997); HE Sheikh Abdul Aziz bin Muhammad Al Rawas, former Minister of Information and Youth Affairs (1979); HE Sheikh Said bin Ahmad Al Shanfari, former Minister of Petroleum and Minerals; Abdul Hafidh bin Salim Al 'Ujayli, former Minister of Economy 1971; Sheikh Abdullah bin Ahmad Marhoun; and HE Abdul Alim bin Mustahel Rakhout, Secretary General for Military Affairs, serve as members in the Board of Trustees or are members of the university's Founding Committee. Suhail Al Bahwan, one of the most richest and powerful businessmen in Oman, also made a generous donation (GHE-O8).

In the case of Nizwa University, several important families from the Dakhiliyah region are among the board members: HH Saud bin Sulaiman bin Hamir Al Nabhani, Undersecretary of the Ministry of Transportation and Telecommunication; HE Salem bin Hamad Al Kimyani, Member of the State Council 2007 and Vice President of the Majlis Ash'shura; Abdullah bin Khasib Al Hadrami; Dr. Ahmad bin Khalfan bin Mohammed Al Rawahi, President of Nizwa University and Member of the State Council; Sheikh Ahmed bin Hamad Al Khalili, Grand Mufti of Oman; H.E. Sheikh Mohammed bin Abdullah Al Hinai, Minister of Justice.

The 2006 established German University of Technology (GUtech) is a further example of the special status of private universities within Oman's private higher education framework. The GUtech was founded by members of the Al Salmi and Al Khalili families. The noble branch of the Khalili family is heir to a prestigious lineage of Ibadi imams. Sheikh Saud bin Ali Al Khalili, one of the founding members of the GUtech, was one of the four members of the first cabinet appointed in 1970. He is the owner of the powerful Al Taher Group and was its founder in 1973. Due to undisclosed reasons, Sheikh Saud withdrew his interests at GUtech. Today, the Al Salmi family, with the Minister of Awqaf & Religious Affairs Abdullah Al Salmi, is the single shareholder of the university.

In the preceding years, the Omani government actively promoted the establishment of additional privately owned universities in the other regions of the country. Beginning in 2011, a private consortium will operate a private university in Ibra, in the Ash Sharqiyah region. To receive the potentially lucrative license and the related grant, a more or less informal tender took place (GHE-O7). An Omani consortium of local families was finally awarded the contract. Members of the Al Araithi family (Galfar), the Al Busaidi (branch of the royal family), Al Mahrouky, Al Harthy, Al Maskari and Al Ismaili are among the shareholders. Sheikh Abdulla bin Suleiman Al Harthy (CEO Ash Sharqiyah Investment Holding) is director in the University's Board of Directors. HE Sayyid Abdullah bin Hamad Al Busaidi is chairman of the State Audit Institution (SAI) and deputy chairman of the university. HE Mohammed bin Ali Al Alawi, Oman Minister of Legal Affairs currently serves as the chairman of Board of Trustees. The university, will commence operations in 2012 and will be affiliated to the Oklahoma State University (U.S.).

A similar tender took place to establish a private university in Al Buraimi. According to the Council for Higher Education, negotiations failed to transform the existing private college (owned by a local sheikh) into a university. A new consortium, under the leadership of Sheikh Said bin Khamees Al Ka'abi, the Wali of Al Khabourah, obtained the license. Starting in 2010, Buraimi University will offer programs in health sciences, engineering, business administration and will maintain affiliation agreements with the University of Vienna, the University of Applied Science Vienna, the Vienna University of Technology (all Austria), and Bradford University (UK).

The tender to establish a private university in Muscat is still pending. Three consortia applied for the license (1) the Oman Chamber of Commerce and Industry, (2) the OTE Group, owned by Saad Bahwan, who plans to establish a university in affiliation with Virginia Tech University, and (3) the shareholders of Oman Medical College and Caledonian College of Engineering, both related to Galfar Group of Companies, which intend to merge both institutions to a university. According to the Council of Higher Education, there is no official approval yet (GHE-O7). The competitive bidding for the license shows that the private higher education sector remains a lucrative market. Only close bonds to the ruling regime grants access to this lucrative market niche.

#### **6.6.6 Conclusion**

The shareholder analysis reveals a correlation between the licensing of private higher education institutions, and the political and economic elite of the country. Political decision-makers, merchant families, businessmen, tribal and family leaders and officers of the Royal Oman Police and Army compose the vast majority of the shareholders and founders. As a result, access to private higher education licenses is not deregulated – it is almost exclusively limited to a closed circle within Oman's society.

The deposit, which is mandatory to get a license from the government, is one of the instruments which regulate the investments in higher education. All investors have to make a high deposit. This excludes small-scale investors and privileges the strong ones. In addition,

the non-transparent licensing process favors the local political and economic elite. The shareholder analysis was used to describe the specific political economy of the privatization of higher education. It should be pointed out that the specific organization of power in Oman strongly affected the emergence of private higher education. Granting higher education licenses is closely related to political and economic issues. The process is neither public nor transparent. Offering post-secondary education is a lucrative and prestigious business and is occupied almost exclusively by a small elite – closely related to the Sultan Qaboos state. Furthermore, the process of privatization of higher education since the mid-1990s has indicated only weak linkages between economic and political liberalization. The new policy only addresses the economic interests of the domestic elite. As a consequence, the economic liberalization does not boost the chances of democratization or political liberalization in Oman.

#### ***Shareholder/founder of private HEI's in Oman***

- **Business:** Prominent Omani businessmen/companies
- **Political leader:** Former minister, member of the State Council, governors, members of the ruling family: Al Said/al Busaidi family,..
- **Military:** Officers of the Royal Army, Royal Police
- **Tribes:** Leading families and tribes



Figure 25: *Profiteers of Oman's Privatization Policy*

Although private higher education institutions may generate high profit margins, these investments form only a minor part of the overall business activity. In most cases, investments in private colleges are part of a financial and personnel rounding-up strategy to diversify the portfolio of an investor. In particular, concerning the leading business groups like Galfar, Omzest or Shanfari, it is obvious that the shares of private institutions only make a small part of the overall business activities. But these investments are often used to provide prestigious jobs for family members in management or administrative positions. As above-mentioned, positive externalities associated with the provision of higher education in addition to financial benefits are important rationales for the leading Omani businessmen to invest in the country's private higher education system.

*The political economy of private higher education is strongly related to the political and economic patronage network. The new higher education policy reflects the functionality of the Qaboos state.*

## 6.7 Oman's Internationalization Agenda: The Scope of Cross-border Services

### 6.7.1 Import and Export Strategies of Transnational Higher Education Services at a National Level

Based on OECD (2004: 232), KNIGHT (2006b: 364) and VINCENT-LANCRIN (2007: 52-61), it is possible to classify Oman's strategies related to the internationalization of higher education. The specific implementation of the academic affiliation system reveals that the government addresses an import strategy of cross-border higher services: Which were the driving factors and how did the government regulate the commercial presence of foreign institutions?

Table 26: *Oman's Import Strategies Related to Cross-border Services*

<i>Country-level</i>	<p style="text-align: center;"><b>Capacity Building</b></p> <p><b>Rationales</b></p> <ul style="list-style-type: none"> <li>- Lack of local know-how and expertise</li> <li>- Absence of local quality assurance mechanisms</li> <li>- Enhancing the higher education system due to spill-over effects coming from partnerships with foreign institutions</li> <li>- Specific (gender) demand for cross-border higher education</li> </ul> <p style="text-align: center;"><b>Mutual Understanding</b></p> <p><b>Rationales</b></p> <ul style="list-style-type: none"> <li>- Academic, political, bilateral relation</li> </ul>
<i>Institutional-level</i>	<p style="text-align: center;"><b>Capacity Building and Revenue Generation</b></p> <p><b>Rationales</b></p> <ul style="list-style-type: none"> <li>- Collaborative agreements are used to outsource cost-intensive services</li> <li>- Lack of local expertise and program-development capacities</li> <li>- Transnational education services are used as marketing instruments to attract students</li> </ul>
Sources: <i>Author's design based on OECD 2004: 232</i>	

The academic affiliation policy is related to a capacity building strategy (Table 26). Privately owned colleges and universities as well as public institutions intend to benefit from experienced foreign providers. The reasons for this cooperation policy relates to the short history of education and higher education in Oman. At the time of the privatization decree in 1995, SQU had operated for just one decade. As a consequence, SQU was not able to support and consult the newly established private institutions, as it itself relied on foreign expertise, which becomes visible in the import of faculty from abroad. In addition, there was limited local expertise in Oman to operate higher education institutions. Cooperation with a foreign provider through the specific academic affiliation system should also contribute to the systematic development of the national innovation system. The regime intends to build an efficient higher education system thanks to spill-over effects coming from partnerships with foreign institutions. The absence of an independent national quality assurance system was also one of the main rationales to launch an import strategy. Private institutions should offer international recognized academic programs suitable for the Omani context. The provision of

well-established curricula and academic programs from Western universities, or from institutions from India, Jordan or Lebanon takes the need for quality assurance and international recognition into account.

The gender factor is of secondary importance in the case of Oman, though it is one of driving factors of internationalization in the Arab world. As female students often do not have the opportunity to study abroad – mainly due to cultural reasons – many governments in the region promote the commercial presence of foreign institutions to offer international recognized degrees to females in particular. As there is only one private college exclusively for female students (*Al Zahra College*), Oman's higher education policy does not address female students, specifically. Sultan Qaboos University, designed as national elite university, offers high-ranked programs for high-achieving male and female students. Thus highly talented females, who cannot study at prestigious institutions in the United Kingdom or the United States, can still enroll at SQU. The government's point of view is that the merit-based admission policy at the public institutions and the scholarship programs for social-welfare students supersedes special offering for female students.

Besides the capacity building strategy in line with a transfer of knowledge, the dimension of mutual understanding is another driving factor of Oman's import strategy at a national level. There are two private institutions which directly result from a bilateral agreement.

The *Oman Tourism College* (OTC) was established after a state visit from the Austrian President in 2001. The college is affiliated to an Austrian consortium under the leadership of the College of Applied Sciences in Krems and the International College of Tourism and Management. The OTC intends to promote the development of Oman's tourism sector and offers a diploma degrees in several service sectors, all related to hospitality and tourism. The college is operated by Austrian management, but wholly owned by the Omani government. Even so, the college is treated as a private institution, as it is a listed company, whereby all shares are kept by the Omani government and withdrawn from trading. The colleges also charges tuition; however the fees at the Tourism College are less than OR 1,000 per year – the lowest fees of all private institutions in Oman.

The *International Maritime College* (IMC) also reveals the relevancy of mutual understanding and higher education at a national level. The college is related to the *Sohar Industrial Port*. The multibillion dollar project is a joint venture between the government of Oman and the Port of Rotterdam (The Netherlands). In line with this multi-billion dollar project, the International Maritime College was established in 2005. The IMC is operated by the Rotterdam based STC Group which holds 30 percent of the college's shares, a unique constellation for Oman's private higher education landscape. The remaining 70 percent of the shares are owned by the Omani government. While the college started its operations in Muscat, the college will move to Sohar and will be located within the new port areal. The IMC offers bachelor's programs and is one of the colleges with the highest tuition fees.

The example of the *German University of Technology* (GUtech) is another example for the political dimension of cooperation in the higher education sector. Many high ranking delegations from Germany visited the newly established private university in Muscat over the

past few years. As a consequence, the institution became a connecting link between Germany and the Sultanate, not only in terms of education, but also politically and economically. The same applies to other affiliation agreements. Local ambassadors or delegations regularly visit the affiliated institutions in Oman. Thereby, the internationalization of higher education is being used to promote bilateral agreements.



Dr. Rawya Al Busaidiyah, Minister of Higher Education, at the inauguration of GUtech's new campus in October 2010.

Angelika Storz-Chakarji, Ambassador of the Federal Republic of Germany to Oman, Professor Dr. Schmachtenberg, Rector of RWTH Aachen University, as well as Ambassadors of European countries and Japan attended the ceremony (ToO 2010b).

The specific type of internationalization indicates that the Omani government did not actively promote an export orientation of the new established private institutions. Branch campuses from Western universities are particularly suitable to attract large numbers of fee-paying international students. Homegrown institutions, operating in collaborative arrangements with international partner institutions, are not suitable to establish a competitive educational export industry which measurably contributes to the national economy – as seen, for example, in Australia, the United States or the United Kingdom. Only a few private colleges offering international degrees attract a larger number of non-Omani students, most of them are children of migrant workers, particularly from India. As a consequence, Oman did not yet join other member states of the GCC by developing an educational cluster to attract foreign fee-paying students. Oman's agenda primarily addresses the domestic demand-oriented supply.

However, several private institutions stated that they intend to attract more foreign students in the future. Thereby, Oman may become a market niche for educational services within the Arabian Peninsula. Like in other educational center in the Gulf region, students in Oman have now the opportunity to obtain international (Western) degree – without being forced to leave the region. As previously mentioned, there are more than 230 international degrees programs on offer, sourced from Western and Arab countries. In contrast to most foreign universities operating in the United Arab Emirates, Bahrain or Qatar, the tuition fees and especially the costs of living are much lower in Oman. As a consequence, Oman's private higher education sector has some potential to become a part of the Gulf educational cluster. Private institutions and the Council of Higher Education stated that Oman might attract more students from East Africa (AHEI-O8; GHE-O7; GHE-O8) – a region which historically close bonds to Oman. Thus, like other countries in the region, Oman's government, as well as some private institutions, might implement an export-orientation in the near future to attract foreign fee-paying students in order to generate new source of income. Along with a shift towards export orientation, the adoption of new models of academic cooperation seems mandatory.



Table 27: *Oman's Export Strategies Related to Cross-border Services*

Country-level	<p style="text-align: center;"><b>Revenue Generation</b></p> <p><b>Rationales</b></p> <ul style="list-style-type: none"> <li>- Opportunity to integration of migrant workers: brain gain</li> <li>- Developing higher education as an export industry</li> </ul>
Institutional-level	<p style="text-align: center;"><b>Revenue Generation</b></p> <p><b>Rationales</b></p> <ul style="list-style-type: none"> <li>- Attracting foreign tuition fee paying student mainly from East Africa</li> </ul>
Sources: <i>Author's design based on OECD 2004: 232</i>	

### 6.7.2 Models of Internationalization in the Range of Undergraduate Programs

Capacity building and revenue generation are the main drivers of Oman's import strategy at an institutional level (see Table 26): Cross-border services are used to outsource costly educational services in order to reduce the initial and the operating costs of private higher education institutions. Furthermore, private institutions often use international cooperation as a marketing tool to attract talented and fee-paying students. In addition, private institutions in Oman often rely on cross-border services to bridge the lack of local expertise, know-how, and degree awarding capacities. Due to the specific limitation on foreign ownership and the focus on homegrown institutions rather than independently operating foreign institutions, there is a general tendency towards program mobility instead of provider mobility in Oman.

The analysis of Oman's academic affiliation in the range of undergraduate programs shows that the commercial presence of foreign provider is restricted to a collaborative provision. The academic services are delivered through a partnership arrangement between the foreign provider and the domestic investor. As there are no strict statutory provisions which define the mode of the cross-border service, the intensity of the cooperation varies from institution to institution. Based on the analysis of the affiliation agreements, it is possible to classify the most common modes of cooperation in the range of undergraduate programs into three categories (Figure 26).

**(1) Management contract:** This category is the most comprehensive type of a collaborative arrangement. The providing university designs and/or delivers the undergraduate curricula/programs, second and recruits lecturers, appoints the deans and second the senior management of the private institution. As a result, the provider is in charge of all academic and management affairs of the parent institutions. The essential difference to an offshore branch campus is the name and branding as well as the ownership structure. None of the private institutions in Oman operates under the branding of their foreign parent university. All private colleges and universities receive a customized label – which does usually not relate to the affiliated institutions. Furthermore, foreign universities hold no shares of their partner institution in Oman. All private institutions are wholly owned by domestic investors. Thus,

the foreign university acts primarily as a service provider which operates and manages the private institution abroad under a fixed contract.

Examples for institutions operating on a management contract in Oman are inter alia *Caledonian College of Engineering* (affiliated to Glasgow Caledonian University), *Waljat College* (Birla Institute of Technology), *Oman Medical College* (West Virginia University), *Dhofar University* (American University Beirut), and *German University of Technology* (RWTH Aachen).

The latter has probably the most comprehensive agreement of all private higher education institutions operating in Oman. The *German University of Technology* (GUtech) was established in 2006. The curricula of all GUtech's undergraduate programs are designed entirely by RWTH professors in Germany. The degree programs are tailor-made for the Omani context, addressing the needs of the labor market and the economy. None of GUtech's programs are offered the same way at the home campus in Aachen. In addition to the design of the academic programs, the RWTH Aachen recruits all faculties, inter alia by running job advertisement in German newspapers. The former president of the RWTH was appointed as rector of GUtech, the vice rector was also seconded from RWTH Aachen. An intensive faculty and student exchange and models of a flying faculty intend to ensure the high quality of teaching and research (AHEI-O1). In addition, all GUtech programs were awarded international accreditation status by the German-based Accreditation, Certification and Quality Assurance Institute (ACQUIN) in 2009. The German Academic Exchange Service (DAAD) is also evolved in the project as it establishes a Quality Management System. The brief analysis of this affiliation reveals that the intensity of this academic cooperation is very high – comparable to those of a branch campus in a non-collaborative arrangement.

**(2) Program delivering:** Due to the lack of local expertise in program and curricula design, many private institutions in Oman rely on the provision of academic services from abroad. The intention of this cooperation is that the program and the qualification award are provided by a foreign provider, while the teaching and support is done by the local institution. Thus, foreign institutions intend to assist in building the required capacities and quality standards. A suitable model of the program mobility is a franchise of the academic programs under license fees. A program franchising is “(...) the process by which a university authorizes the provision of the whole or part of its own approved programs by a partner organization. The university retains overall responsibility for the program's content, delivery, assessment, and quality assurance arrangements” (QAA 1999: 6). Distinct from the program franchising and a one-on-one implementation of the university's programs, there are some other program delivering mechanism in private higher education in Oman. For instance, a foreign institution delivers the curricula and degree programs, but the award is not offered as a franchise. Usually, a franchise is very cost-intensive, as the responsibility for the providing university is high. Academic services, without the label of a franchise, is both cost-effective for the Omani college and convenient for the foreign institutions, as the responsibility is lower.

There are also affiliation agreements in which the foreign provider and the Omani stakeholder develop the curricula and the degree programs in a joint cooperation. Besides the provision of

academic services, affiliations may include management support and a secondment of lectures and management. While comprehensive academic cooperation is often mandatory in the initial phase of the operation, the local stakeholder often takes over more responsibility after a few years. Hence, the foreign provider retreats from management affairs and delivers only the academic programs. Thus, the affiliation agreement is being used to deliver academic capacities in the long-term and bridge the initial phase through offering well-established programs from abroad. While the management and the lectures come from the Omani partner, the costs of a program delivering are usually lower than in the case of a management contract.

A program delivering is a cost-effective solution for many private higher education institutions. *“The import of programs is often much cheaper than the design of own programs”* (I-O6).

**(3) Validation/Articulation:** The comparability of degrees awarded by private institutions is a very important issue in Oman. As many students seek employment in other GCC countries, higher education programs need to meet the requirements for international acceptance. Validation is a popular cross-border educational service addressing this issue. Validation is the service *“(…) by which an awarding educational institution judges that a program developed and delivered by another institution (abroad) is of appropriate quality and standard to lead to its award”* (QAA 1999: 7). Thereby, the degrees are awarded by the mother university or jointly by both partnering institutions. In the beginning, the awarding institution receives a fixed license fee for the approval process and annual royalties afterwards, which generally depends on the number of students.

The analysis of the validation services carried out in Oman’s private higher education system shows that the fundamental principle of this type of provision is complied. However, the empiric findings indicate some specific features: One of the challenges for private institutions in Oman is the lack of local expertise in curricula development. Accordingly, private colleges and universities often do not design own programs, especially in the start-up phase. As the formal acceptance of degree programs and not the provision of curricula is the basis of a validation service, there is the question as to who delivers the programs to be validated. Often, validation services are accompanied by the different types of program delivering mechanism. Thus, private institutions obtain external academic services at a first stage, while afterwards, a validation agreement with (a) the same university supplying the curricula or (b) with an additional university are carried out. Validation agreements are less comprehensive than other types of collaborative provisions. A secondment of lectures or the appointment of the dean or the rector is usually not part of the affiliation agreement. The cooperation between the Omani institution and the foreign provider is minimal, which is often reduced to regular audits.

In some cases, a comprehensive program/curricula provision is replaced by a cost-effective validation agreement. As soon as the institution has gained enough experience to provide the academic affairs on its own, a cost-effective program provision is terminated in favor of a validation arrangement with the same partner university or with a new affiliation partner: For example, the *Middle East College of Information Technology* (MECIT) was affiliated to the

*Indian Manipal University*. The comprehensive agreement was used to build up the administrative and academic structures of the private college. In 2005, the MECIT signed a new affiliation agreement with *Coventry University* (UK) to validate all programs, formally received and developed in cooperation with Manipal University.

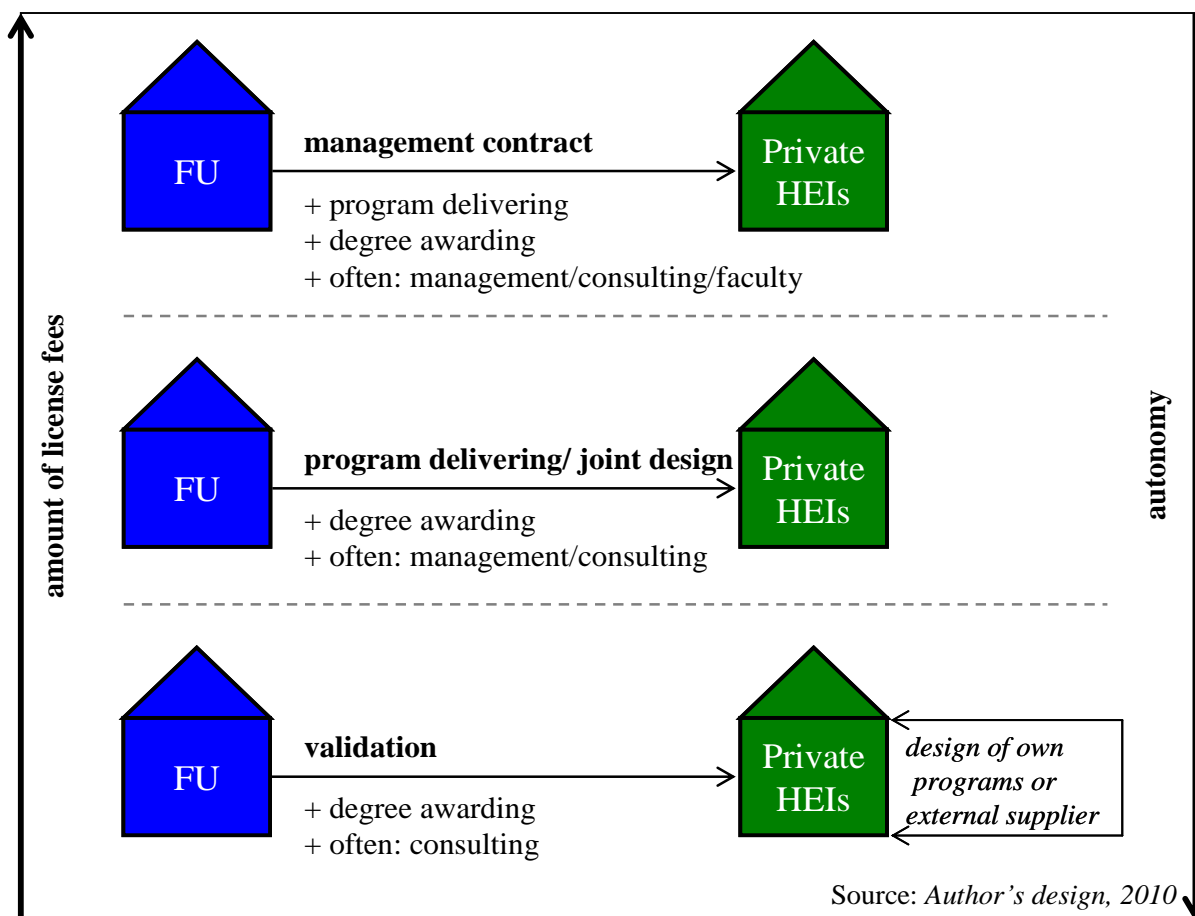


Figure 26: *Modes of Collaborative Arrangements between Foreign Universities (FU) and Private Higher Education Institutions (HEI) in Oman*

### 6.7.3 Import Strategies of Transnational Higher Education Services at an Institutional Level

While many students in Oman prefer obtaining an international educational degree instead of the locally designed programs, private institutions have to promote an international profile and international standards to attract students. The trend to receive Western-styled programs, without being forced to leave the country, is one of the main factors explaining the current boom in transnational higher education. Therewith the mobility of programs and providers (commercial presence) has replaced the student mobility to some extent. In general, the import of curricula, degree programs or faculty supplies this emerging demand and forms a suitable business model. Thus, offering international degree programs through collaborative arrangements noticeably becomes a competitive advantage and is part of the political economy of profit-oriented higher education institutions. However, the marketing effects of the affiliation agreements in Oman are still weak. Due to the high demand for post-secondary education, there is still weak competition among private institutions. Comparative advantages

by offering high quality programs are yet of secondary importance. Tuition costs often determine the student enrollment and not primary quality standards or the options of employability of graduates. This is one of the reasons why many private institutions are affiliated to internationally less renowned institutions – often second-rate in their domestic higher education system. Table 28 lists the foreign providers in the range of undergraduate level and names the type of ownership, the number of students, and the reputation. Without discussing the relevancy of international university classification carried out by Shanghai Jiao Tong University's or QS World University Rankings, it is obvious, that only RWTH Aachen and University of Queensland are international known and recognized institutions. Both institutions are listed in the mentioned international rankings and are leading institutions in their national higher education systems.

In the case of the British institutions which have seven affiliation agreements at the undergraduate level in Oman, it is evident that, especially the so called "Post-1992 universities", dominate the market. In 1993, thirty-five polytechnics were transformed into universities. Five private colleges in Oman are affiliated to one of these Post-1992 universities, none of these institutions is ranked among the top 50 universities in the UK – according to the Times ranking, conducted from the Times newspaper. Thus, none of the traditional, high-ranked, and international recognized British institutions provides undergraduate services in Oman. Six private institutions are affiliated to U.S. public state universities. These institutions usually have a large student body, but are ranked rather low within the U.S. higher education system. None of those institutions operating in Oman are among the top 100 national universities – according to U.S. News and Report University Ranking. There are even two institutions, Purdue University Calumet and University of Missouri-St. Louis, which are classified as Tier 2, which means that the institution is listed among the 25 percent with the lowest scoring in their category as a regional college or a regional/national university (U.S. News and Report University Ranking 2010).

British and American universities provide eleven out of the 23 academic affiliations in the range of undergraduate programs in Oman. All providing institutions are publicly funded; none of them is top-ranked in their national system. These institutions seem to benefit more from the reputation of their national educational system than from their own status. *"The affiliation with an American university enables our students to earn their bachelor's degree here in Oman in accordance with American educational practice"* (I-O3).

Six private institutions in Oman are affiliated to non-Western institutions. Within the Arab world, Jordan, Egypt and Lebanon are by far the leading educational hubs. The quality of the public and private institutions in those countries is widely accepted as the best in the region. As a consequence, it is obvious that those private institutions in Oman, which are affiliated with an Arab university, have an agreement with a Jordan or Lebanese one.

The American University of Beirut and the Lebanese American University are both leading universities in Lebanon. They were established in 1866 and 1924 respectively, and intend to be the private elite schools in Lebanon. Since Sultan Qaboos seized control, Oman and Jordan have held close economic and, in particular, military bonds. Security forces from Jordan have

made significant contributions to Oman's security structure in the late 1970s and 1980s. As a consequence, it is not surprising that Jordanian institutions are affiliated with Omani private institutions. In fact, both private colleges, affiliated with Jordanian institutions, are founded by members of the Royal Oman Police and Military. The publicly funded Al Yarmouk University, which enrolled more than 31,000 students in 2010, is one of the leading institutions in Jordan. Al Ahliyya Amman University was one of the first private institutions in Jordan and has a good reputation. Muttah University is a public institution and awards several master's programs in affiliation with Sohar University. The institution was formally exclusively limited to students from state security sectors.

Indian institutions affiliated to private institutions in Oman are both publicly and privately funded. The A.B. Shetty Memorial Institute of Dental Sciences is part of the Nitte University, a private Indian educational consortium. The public Birla University of Technology is ranked among the top 15 universities in India (INDIA TODAY 2010). Till 2005, a further Omani institution was affiliated with the Indian Manipal University. This private institution is also ranked among the top 15 universities in India (INDIA TODAY 2010).

These affiliation agreements with Indian, Jordan and Lebanese institutions demonstrate that leading universities from non-Western countries – often private institutions – launched an internationalization strategy to generate new sources of income. Furthermore, it is evident that two-thirds of the private institutions in Oman are affiliated with public institutions from abroad. The Australian Bond University is the only private Western university. The Western consortia, operating the Tourism College respectively the Maritime College are private, but cannot be classified as universities or colleges.

As mentioned above there are plans to establish new private universities in Oman. Ash Sharqiyah University will be affiliated to the public Oklahoma State University, which is ranked 132nd in the United States. In addition, there are plans to establish a branch of the Virginia Polytechnic Institute and State University (Virginia Tech), ranked 68th in 2010 (U.S. News and Report University Ranking 2010). Al Buraimi University maintains a set of academic affiliations to an Austrian consortium and to Bradford University (UK). Although the University of Vienna, the leading and most famous national university, is part of the Austrian consortia, the policy remains unchanged to establish affiliation with less renowned Western institutions. The future projects in Oman reveal that there are currently no plans to invite or to establish top schools and universities from Western countries besides SQU.

The status and the reputation of most of the foreign suppliers in their domestic education system indicate the status of private higher education in Oman. Private higher education institutions in Oman should absorb the mass of young Omanis and not to meet demands for research-oriented, elite education. In that case, the academic affiliation policy would need to address more leading foreign institutions, and not “new-comers” like the British Post-1992 University or some American state universities. However, there is a correlation between the affiliation and the tuition costs. Tuition is on average higher if the private institution is affiliated to a Western university rather than to a non-Western institutions. As a consequence, an affiliation agreement with a Western university might guarantee higher profits as the college or university can charge higher fees – as the main source of income.

Table 28: *Foreign Providers Operating in the Range of Undergraduate Services*

Affiliation (undergraduate level)	Status and reputation
RWTH Aachen University, Germany	Public; 33,000 students. Shanghai Jiao Tong world ranking: 101-151, national ranking: 15th
A.B. Shetty Memorial Institute of Dental Sciences, (Nitte University), India	Private education consortia
West Virginia University, USA	Public; 29,306 students; ranked 176th **
Glasgow Caledonian University, Scotland, UK	Public-Post-1992; 17,045 students; ranked 60th *
University of Central Lancashire, UK	Public-Post-1992; 34,863 students; ranked 78th *
University of Missouri-St. Louis, USA	Public; 16,548 students; classifies as Tier 2 **
University of Bedfordshire, UK	Public-Post-1992; 14,550 students; ranked: 71st*
University of Queensland, Australia	Public; 40,512 students; Shanghai Jiao Tong world ranking: 101-151, national ranking: 4th
American University of Beirut, Lebanon	Private; 7,776 students; top national
Lebanese American University, Lebanon	Private; 7,800 students; top national
University of Staffordshire, UK	Public-Post-1992; 15,190 students; ranked 74 *
University of Sterling, Scotland, UK	Public; 11,500 students; ranked 48th *
Purdue University Calumet, USA	Public; 10,133 students; classifies as Tier 2 **
Coventry University, UK	Public-Post-1992; 19,415 students; ranked 76th *
California State University - Northridge, USA	Public; 36,207 students; ranked 77th **
Bond University, Australia	Private; 4,000 students
Al Ahliyya Amman University, Jordan	Private; good reputation
Al Yarmouk University, Jordan	Public; 31,000 students; top national
Missouri University of Science & Technology	Public; 7,206 students; ranked 129th **
Birla University of Technology, India	Private; established in 1955; top national
Open University, UK	Public; 168,850 students; not listed in ranking
Institute of Tourism and Management, Austria	Private
Shipping and Transport College, Netherlands	Private
Oklahoma State University, USA	Public; 20,831 students; ranked 132nd **
Texas Technological University, USA	Public; 31,637 students; ranked 159th **
Virginia Tech, USA <sup>1</sup>	Public; 28,470 students; ranked 69th **
Bradford University, UK <sup>1</sup>	Public; 13,600 students; ranked 48 <sup>th</sup> *
University of Vienna, Austria <sup>1</sup>	Public; 85,000 students; Shanghai Jiao Tong world ranking: 151-200; national ranking: 1st
<sup>1</sup> Affiliation scheduled: one of the new private universities	
* The Times university rankings, listing 121 UK universities.	
** Tier 2 means that the institution is listed among the 25 percent with the lowest scoring	

With a few exceptions, private higher education institutions address primarily Omani students, none of the colleges and universities implemented an ambitious strategy to attract foreign students and to tap new lucrative markets. In opposite to institutions in other GCC states, private higher education institutions in Oman use cross-border services primarily in line with an import strategy. The focus on Omani students, or to some extent on non-Omani residents, is a specific feature of Oman's internationalization agenda. Consequently, an academic cooperation with an international university is often not used as a real marketing tool. In many cases, private institutions even do not mention their affiliated partner universities, or only refer to the affiliation partner by a small icon on their homepage or prospectus. Once the competition among the private institutions increases, the status and the

marketing effects of the affiliation might change in the future. As a result, more comprehensive cooperation with foreign institutions might emerge. On the other hand, as long as the tuition fees determine the access to an institution, it might try to reduce the intensity of an affiliation arrangement to save expenses and thus, offer a cost-efficient program to attract more students.

#### **6.7.4 The Political Economy of Internationalization: The Case of Majan University College and Dhofar University**

As the first private institution, Majan University College was established in 1995/96 in academic cooperation with Bolton Institute of Higher Education – which later merged to University of Bolton. The agreement between the Omani college and the Bolton Institute was initiated by a call for tenders by the Omani investors. Majan College made an agreement where Bolton Institute “(...) *assists the College in developing the pre-degree curriculum and subject to validation, accredits the College’s diploma as entitling entry to the Institute’s bachelor’s of business studies (BABS)*” (QAA 1999). Bolton’s relationship with the college extended beyond accreditation and franchising of specific programs to a commitment to give general academic advice and assistance to the college in achieving its aims. The first dean of the college, seconded from the Bolton Institute, was appointed in 1996. As a new dean took up appointment in 1997, Bolton Institute was also fully involved in the appointment process. The 1996 agreement envisaged that Majan College offered a one year certificate in business, which was an entry qualification to a one year foundation diploma in business, and this in turn would lead to enter the first year of the franchised bachelor’s degree delivered by Majan College. Bolton Institute agreed to franchise the first year of the bachelor’s program. The first year of the BABS delivered at the college was identical in structure and learning objectives to the first year at Bolton, but with some differences in the assessment tasks and the mode of teaching. Students who completed the franchised first year of the BABS could proceed to study the final two years at Bolton or sought to complete their studies at another UK institution (QAA 1999). Although Majan College established its own quality assurance systems, responsibility for the academic standards rested with the Bolton Institute. The institute participated in the examination board for the purpose of determining final results and with the intention of ensuring “*the comparability of standards between the college’s diploma and equivalent qualifications in the United Kingdom*” (QAA 1999). Jointly with the college, the Bolton Institute signed the award certificate for the diploma. The collaboration with Bolton lasted only a little more than a year. According to Majan officials, this was because the college wanted to be affiliated with a university and Bolton was not a university at the time, although it awarded bachelor’s degrees (AHEI-O8). Hence in 1998, Majan College terminated the collaboration with Bolton Institute and signed a new affiliation agreement – this time with the University of Luton – which later merged into the University of Bedfordshire. Since then, Majan College has expanded and diversified its academic structure by establishing two further faculties beyond the department of business studies: A faculty of information technology and English language. At the beginning, the new collaboration was



carried out through a franchise arrangement. All programs offered at Majan College led to an award of the University of Luton. The broadening of supply, offering a broad range of undergraduate courses, led to a formal upgrade, so that MoHE named Majan a University College. In 2002, the scope of academic affiliation changed again. Majan changed its status from *“a University of Bedfordshire ‘Associate College’ to an ‘Accredited College’, providing the institution with greater autonomy and reflecting the positive ongoing relationship between the two institutions”* (OAC 2009). As a result, the mode of affiliation changed from a franchise to a validation agreement: *“Majan College’s undergraduate programs and quality assurance systems are designed to comply with the University of Bedfordshire’s academic regulations and requirements. The University of Bedfordshire is the awarding body for those students who have successfully completed their program of study with Majan College”* (AHEI-O8). The shift to a validation service *“meant that the college had greater freedom in all academic aspects while the university validated and awarded the programs and implies that the university had confidence in our institutional systems and procedures”* (AHEI-O8).

A modification of academic services can also be noticed at Dhofar University (DU). The university began its operations in 2003 on the premises of the private National College for Science and Technology (established in 1998), which was affiliated with the Jordanian Yarmouk University. In 2003, an institutional affiliation with the American University of Beirut (AUB) replaced the former academic cooperation. Students were allowed to continue the Yarmouk University programs under the umbrella of the new established Dhofar University, which finally phased out in 2007. The AUB assisted Dhofar University in the development of its academic programs and the administrative affairs. AUB seconded senior staff to the positions of vice chancellor and all deans. Furthermore, AUB provided support in the recruitment of lectures and consultants, the design of systems and procedures and the monitoring of quality assurance (AHEI-O5). Recently, Dhofar University announced that the affiliation agreement with AUB will terminate in 2010: *“DU will have the human and physical resources, as well as academic programs, organizational structures, rules, and regulations that will allow it to thrive as an independent university dedicated to excellence in education”* (OAC 2010d). The intention was that AUB would be employed only as a service provider for targeted functions, for example, quality assurance. Senior seconded staff would either be employed directly by DU or would return to AUB (OAC 2010d).

An adjustment, or at least, a modification of the academic affiliation agreements, as seen in the case of Majan University College and Dhofar University, is exemplary for private higher education institutions in Oman. On the basis of the empirical analysis, it is possible to design a generalized model: Due to the lack of local capacities and related to economic reasons, many private institutions rely on an intensive cooperation-model with a foreign partner university in the initial phase. Comprehensive arrangements, inter alia through a program franchising or other modes of program/curricula provision, allow teaching and a degree awarding soon after foundation of the college. At that time, a cost-effective model, like a validation agreement, is often not possible. A secondment of lectures and administration from the partner university is important to operate the new institution and to establish capable

academic structures. After a transitional period of two to four years, the private institution often claims more academic and administrative responsibilities. When management and staff gained enough experience, the intensity of the academic cooperation is being reduced from a comprehensive provision of programs to a rather simple validation or recognition agreement. In some cases, the affiliated universities only consult the private institutions in Oman or are responsible for the quality assurance.

In the case of Majan University College, the institution grants responsibility of the formally franchised programs, adjusts these programs and from that time onwards, adopts these programs as its own. The University of Bedfordshire validates (its own) programs and judges that they are of appropriate quality. The intergradation to a validation service illustrates the status of academic affiliation. An import of entire degree programs and cooperation in management affairs at the initial phase, transfer to validation services after a short transitional period by adapting the programs. The case of Dhofar University shows that institutions even suspend the academic cooperation after they gained enough know-how. Accordingly, the main duty of the academic affiliation policy is capacity building and out-sourcing of costs – in doing so, more private higher education institutions might follow the example of Dhofar University by suspending the current affiliation system.

#### **6.7.5 Private Higher Education in the Range of Postgraduate Degrees**

Among the first private institutions in Oman, Majan University College introduced a part-time MBA (Master of Business Administration) in 2004. The MBA is awarded by the Business School of the University of Bedfordshire, which also awards Majan College's undergraduate degrees. All MBA modules are introduced by flying faculty lecturers in intensive instructions in Oman. Guided by the Business School the local academic partners inseminate the MBA at the weekends. All MBA assignments and examinations are graded by Business School's staff. Graduates *"receive solely a University of Bedfordshire MBA, the degree certificate does not bear the name of Majan"* (AHEI-O8). In 2007, Majan College also began to offer a master's program in TESOL (Teacher English to Speakers of Other Languages), awarded by the University of Leeds. The agreement with the University of Leeds is in line with Majan's plan to *"diversify the affiliations with older and higher ranked universities in particularly at master's level provision"* (AHEI-O8). However, the academic link between the two institutions is rather weak: Majan only serves as facilitator, while the program was entirely developed in the UK and is taught by flying faculty from the University of Leeds. Thus, Majan's role is limited to the provision of the facilities and the logistical support, the participation of Majan faculty in both the quality assurance and teaching activities is very low (OAC 2009). Due to the limited number of applications, it is disposed to accept that the cooperation with the University of Leeds will be canceled. Most recently, Majan College announced two more master's programs. A master's degree in computer sciences derives from the University of Bedfordshire and a master's degree in organizational leadership in cooperation with the University of Glasgow (AHEI-O8).

The Gulf College offers two postgraduate programs. While the college is affiliated with the

University of Staffordshire in the range of undergraduate programs, it has two additional affiliations to serve Oman's increasing postgraduate market. A master's in international security studies is fully taught and awarded by the University of Reading (UK). The two-year program is supplied in seminars on-location every two months. All lecturers come from the UK – but only one professor is seconded directly from the University of Reading. Gulf College also provides an MBA Executive for professionals in cooperation with the University of Hull. Teaching is also carried out in modules every eight weeks “*by experiences faculty from Europe*” (MDCI 2010). All students in Oman have a full student status of the University of Hull. Both master's programs at Gulf College are operated by MDCI (Management Development Centre International). MDCI is an educational service provider operating in Bahrain and Oman. MDCI serves as a mediator for UK-based institutions to offer postgraduate programs in the Middle East. The distance-taught program in the Gulf is adapted for local delivery by UK university lecturers, taking into account local work practices, study times and religious observance. In this case, Gulf College operates as a facilitator, allocating the infrastructure, and first and foremost recruiting students for both programs. In this particular case, even the provision of facilities is limited: Due to the inappropriate capacities of the college, all modules are taught in “*comfortable executive conference facilities of major hotels in Muscat*” (AHEI-O17). While the college will move to the final campus in 2012, there will be extra facilities for the postgraduate programs. The academic linkages between the college and both UK-based institutions are minimal. Lectures of Gulf College are not involved in teaching. However, the provision of two master's programs is a win-win situation for both parties: The providing universities merchandise its courses abroad through its office at Gulf College. Through the arrangement with the MDCI the amount of work and the financial risks are minimal. As the local facilitator, the Gulf College receives shares of the profit and generates extra funds.

The Middle East College of Information Technology offers an MBA IT in affiliation with Coventry University, which also provides the undergraduate courses. Teaching is carried out in modules by experiences staff from Coventry University. As oppose to the validating service in the range of undergraduate studies, the master's program is delivered by a flying faculty, fully under the jurisdiction of Coventry University (AHEI-O15).

Starting in 2010, Buraimi College will offer an MBA. The program originates from California State University Dominguez Hills, and not from the affiliation partner in undergraduate level, which is also a California State University, but from Northridge. The nature of this MBA program is hybrid, as it is carried out via online learning and via a flying faculty.

Waljat College of Applied Sciences (WCAS) offers two postgraduate degree programs, both in academic cooperation with the Indian Birla Institute of Technology (BIT), which also awards the undergraduate programs. An MBA is offered as full-time course and an Executive MBA as a part-time course. WCAS is committed to providing affordable education to local and expatriate students, and is one of three BIT International Centers located in the Gulf. Further centers are in Bahrain and Ras Al Khaimah (UAE). BIT provides curricula, teaching and assessment materials and seconds almost half of the teaching faculty (AHEI-O14).

The Caledonian College of Engineering (CCE) is affiliated with Glasgow Caledonian University. The academic cooperation is limited to the provision of undergraduate programs. Since 2005, there has been additional collaboration with the Indian Vellore Institute of Technology (VIT) to deliver a master's of science (MSc) in process engineering. The program is designed with *“innovative delivery by expert staff from VIT University”* (CCE 2010) and supported by Caledonian College. The MSc is delivered in a flexible full-time or part-time mode, studied completely in Oman, while the award is conferred by Vellore Institute of Technology University. In this model, Caledonian College has extensive responsibilities and autonomy for teaching, although staff is seconded from VIT in India.

Mazoon College offers a master's program in computer science. While the college has an academic affiliation in the range of undergraduate courses with the University of Missouri, the master's program runs in cooperation with the Indian Banasthali Vidyapith University.

Sohar University is affiliated with the Australian University of Queensland. In order to provide postgraduate courses, the university has an additional affiliation with Muttah University from Jordan. The cooperation includes the provision of a master's in educational administration and a master's in curriculum & methods of teaching. Both programs are taught by local staff in academic exchange with faculty members of Muttah University. Sohar University is currently considering offering additional master's degree in business administration and information technology.

Dhofar University is affiliated with the American University of Beirut (AUB). The cooperation includes the provision of a master's in education. The program is taught by local staff under support of experienced staff seconded from AUB.

The University of Nizwa, which has no formal affiliation with a foreign university, intends to introduce six master's programs in the near future. The College of Art & Science will offer master's degrees in education administration, in psychological counseling and in Arabic and literature. The College of Economics, Management and Information Systems will offer master's degrees in economics, information systems and business administration.

Beginning in the academic year 2010/11, GUtech will offer two master's of science (MSc) programs: An MSc in integrated urban planning and an MSc in petroleum geosciences. Like all undergraduate programs, the master's programs *“are tailor-made for the Gulf region and were designed by German professors from GUtech's mother-university RWTH Aachen University”* (Times of Oman, 21/06/2010). The MSc programs will be taught in part-time courses for three years.

The provision of postgraduate programs is a new market for private higher education institutions in Oman. In 2010, eleven private institutions offered 23 postgraduate degrees, serving about 700 students. Further postgraduate programs are already scheduled, as most private institutions want to offer the prestigious degrees which guarantee an extra source of income. About one half of the master's programs, especially the MBAs, are delivered as part-time courses, addressing professionals to enroll in postgraduate programs while working. A defining feature of the master's programs is the mode of internationalization. In contrast to

the provision of undergraduate services, postgraduate programs are often delivered as non-collaborative arrangements. Foreign universities offer the programs themselves via flying faculty. This means that faculty from the mother university teaches the courses by traveling to the host-countries on a regular basis. Local institutions serve as facilitators, allocating the required infrastructure and administration. Local staff is usually not involved in teaching and awarding of the degrees. In general, the facilitator receives a share in the profits – about 20-30 percent of the tuition incomes of the programs (AHEI-O17).

A notable feature is that the provision of postgraduate degrees is often excluded from the affiliation agreement in undergraduate level. The analysis showed that many private institutions have an additional affiliation agreement to offer degrees at a postgraduate level. All master's programs, provided in a collaborative arrangement, through a franchise or validation agreement, are in cooperation with non-Western institutions, in particular from India, Jordan and Lebanon. Thus the brief analysis clearly shows that the provision of educational services on the postgraduate level follows a different approach. Affiliation agreements with Western universities often do not include the provision of master's degrees: Whilst undergraduate programs are carried out through franchise or validation arrangements, postgraduate programs of Western institutions are only supplied by flying faculty, thus as a non-collaborative arrangement. Consequently, the delivered programs remain totally under the control of the foreign mother university. In a non-collaborative arrangement the profit margins for the local facilitator are rather small. Hence, academic affiliations which foreign (non-Western) institutions might emerge in the future to offer further postgraduate programs on the basis of a validation or franchise agreement. In general, it can be stated that the postgraduate market will grow in the near future. Due to the increasing number of university graduates – as a result of the government's massification policy – and a relatively high unemployment rate among these graduates, many students will seize the opportunity to enroll in one of these new postgraduate programs in Oman's private higher education system.

#### **6.7.6 The Costs of Transnational Education Services**

The analysis of the political economy of Oman's private higher education market showed that many private institutions operate in a profit-oriented manner. It is quite obvious that the intensity of the academic cooperation affects the cost of educational services. Thus, the affiliation costs of a comprehensive management contract exceed the costs of simple services, such as consultancy or quality assurance (Figure 26).

Similar to a break-even analysis, a detailed assessment of the exact cost of the academic provision is not doable, as not all institutions disclose their data. One might suppose that Western institutions demand higher license fees for the provision of academic services than, for example, institutions from Jordan or India. The transfer of the affiliation from the undergraduate to the graduate level is an indicator. The only possibility to assess the costs of the cross-border service is an analysis of the three joint stock company Majan University College, Sohar University and Dhofar University. Only these institutions classify the annual costs of the affiliation agreements:

*Majan University College* has a validation agreement with Bedfordshire University. In 2009, the college paid RO 240,209 as an annual license fee to Bedfordshire for the provision of the undergraduate programs (MSM 2010). While the tuition income in the undergraduate level reached almost RO 2.2 million, Majan had to pay an equivalent of eleven percent of the tuition income to Bedfordshire. Therefore, the license fees amount to the second largest element of expenditure of the college. For the provision of the MBA, Majan College had to pay almost 53 percent of the tuition fee income to the University of Bedfordshire and the University of Leeds, which deliver the MBA and the MA TESOL. The total income of the postgraduate programs was RO 387,709 in 2010, the expenses – primarily license fees – amount to RO 207,601 (MSM 2010). The postgraduate programs at Majan contribute to about 18 percent of the total fee income. It is interesting to note that the license fees for both master's programs almost reach the amount of the fees of the undergraduate programs; this indicates, that Majan College serves primarily as a facilitator for both postgraduate programs.

*Dhofar University* shows a similar picture. Tuition fee incomes of RO 4,411,143 are reduced by the license fees to the American University of Beirut in the amount of RO 529,714 (MSM 2010). Thus, an equivalent of twelve percent of the tuition fees is being paid as license fee.

According to the financial statements of *Sohar University* from 2004 to 2009 – affiliated to University of Queensland – the annual license fee ranged between RO 140,000 to about RO 220,000. In relation to the total income of the university of RO 10,422,011 (MSM 2010), the affiliation costs amount for only 1.6 percent in 2009. In the academic year 2008/09 more than 5,000 students enrolled at Sohar University, compared to 1,800 at Majan College and 2,500 at Dhofar University. Although the student number increased fourfold in this time span, the amount of license remained on a constant level (SOHAR UNIVERSITY 2009). The costs of the affiliation indicate that the academic arrangement in the case of Sohar University is not very intensive. The University of Queensland provides primarily institutional support through quality assurance and academic monitoring. The affiliation costs of Sohar University show that the amount of license fees is highly related to the intensity of educational services.

The analysis of these three private institutions clearly indicates that the costs of the affiliation agreements are crucial. In an intensive cooperation agreement, private colleges and universities have to spend about ten to twelve percent of their incomes as license fees to the academic partner abroad. As a consequence, it seems clear that private institutions try to reduce the affiliation costs. Often, the private institution limits the scope of cooperation – as seen, for example, through downgrading the intensity of the cooperation – from a franchise to a validation agreement. In the future, many private institutions might even try to suspend the mandatory system of academic affiliations – similar to the private universities in Nizwa and Dhofar. In 2009, the Majlis Al Shura also discussed an approach to suspend the foreign affiliation system (Times of Oman 30/03/2009). However, on request, Oman's Ministry of Higher Education stated that there yet are no plans to modify the existing affiliation model (GHE-O1; GHE-O7).

## 6.8 Side Effects of Oman's Higher Education Policy Shift

### 6.8.1 Higher Education and the Transition to the Labor Market

While the growth of private higher education in Oman has been a major national achievement, there are also concerns about the quality of the education provided by these institutions and the availability of career opportunities for its graduates. The transfer of the new mass of university students to regular employment upon graduation from private, profit-oriented institutions will be the real benchmark of Oman's education policy in the near future. At present, Omani higher education institutions annually already produce more graduates than there are new and replacement jobs available in the country. The oversupply is projected to worsen as tertiary participation rates increase (AL BARWANI et al. 2009). The key question is, where these graduates will find jobs and whether the graduates from private higher education institutions are positioned to compete for the available jobs. The Ministry of Higher Education, as well as the Council of Higher Education in Oman, announced the intent to measure the impact of private higher education on the labor market. *"The results of the graduate survey will help to determine how well the Sultanate's higher education programs are suited to current requirements of the labor market and allow the MoHE to provide private higher education institutions with feedbacks that will assist them in improving their academic programs"* (GHE-O1). Lacking employment chances of graduates would be a challenge for the privatization agenda, as it would intensify the segregation within the new higher education system and within the labor market.

Regarding the urgent labor market problems and the rising unemployment among university graduates in Oman, AL BARWANI et al. (2009) discussed the exportation of Omani labor force to the oil rich neighboring countries. While the number of university graduates already exceeds the number of jobs available in Oman, many graduates will need to find work outside of Oman, in the Gulf region and beyond. By some estimates, given projected growth in higher education enrollments, the higher education system will produce three new graduates for every new job available in Oman annually.

Employment in the international labor market, as well as in the GCC states, will be based on personal merit, performance and work ethic. However, the *Arab World Competitiveness Report* published by the World Economic Forum (WEF 2007) stated that these characteristics have not been strengths of Omani workers. While Oman ranked fourth in the overall competitiveness within the region, business leaders regarded the workers as having inadequate educational preparation and a poor work ethic (WEF 2007). If Omani workers are to be successful in the regional and even international labor market, they will need higher quality educational preparation before leaving Oman. Accordingly, there is a measurable interrelation between the provision of private higher education services and the employability of the graduates. If graduates find out that the quality of private higher education does not adequately prepare them to compete in the international labor market, it is likely that their discontent will lead to some pressure to improve the quality of their instruction. This could accentuate the tension private higher education institutions already experience between

ensuring investors receiving a return on their investment and investing those funds in raising instructional quality. Oman's strategy of encouraging students to acquire a higher education degree with the expectation that many will leave the country to find employment will only be successful if graduates have the knowledge and skills needed to compete effectively in an international labor market (AL BARWANI et al. 2009).

Emigration will play a major role in absorbing the new mass of university graduates. While some may question the wisdom of paying to educate students who are then likely to be unemployed or leave the country, the counter argument is that college graduates will have a greater chance of finding employment outside the country. The alternative would be to have a large number of unemployed secondary school graduates with little job mobility, a politically and economically unacceptable outcome (AL BARWANI et al. 2009).

Segregation within Oman's higher education can also be illustrated by the recognition and the status of the parallel private systems. The reputation of private institutions is weak among the academic faculty and students. It is a prevailing opinion that graduates of private institutions do not meet the requirements of the labor market, as the quality is low, especially in comparison to the publicly funded institutions (AL BARWANI et al. 2009). Thus, there is a dilemma and an area of conflict, as many students have to raise high tuition fees to enroll at private institutions, but simultaneously receive a certificate which is not highly regarded. This is one of the major points of criticism towards the policy of economic liberalization.

### **6.8.2 Pay More – Receive Less: The Dilemma of Profit-Oriented Higher Education**

As mentioned above, the liberalization of higher education was a win-win situation for the government and for private investors. Shareholders received a lucrative investment opportunity, while coevally the government was able to increase the annual admission capacities of the national post-secondary system. However, the shift towards private funding of higher education means, in effect, a move away from proven policies. Students from low-income families in particular are increasingly excluded from higher education: *“With respect to funding, there is concern whether the masses will have the financial means to cater for their education. This includes poor students, working class with low income, and many secondary school graduates in provinces with no tertiary level offerings. Ensuring access and equity requires a well thought out financial scheme that takes into consideration the less privileged and low-income students”* (AL LAMKI 2006: 65). Although the government provides a significant number of scholarships to social welfare students to attend private institutions, many pupils remain without any higher education chances as tuition fees are very high and the duration of study is very long mainly due to the foundation year. While students at private institutions, in contrast to their fellows at public institutions, have to fund higher education themselves, the quality and the reputation of their degrees is often not equal. Many private institutions try to reduce costs, and tuition fees are their main (and only) source of income. This cost pressure affects the quality of private education as fee-paying students often receive a poor quality higher education at high prices. This policy of introducing private,



profit-oriented institutions has turned higher education into a commodity, “*that can be bought or sold in the market*” (SMALL 2004). Indeed, private higher education is expensive. However, tuition levels are effectively capped by the ability of many students to pay. Table 29 shows the tuition rates of private universities and colleges in 2008. Most of the private higher education institution charge tuition fees between US\$ 4,600 and US\$ 7,500 per year (MoHE 2007). Four institutions even charge fees between US\$ 9,000 and US\$ 12,740 annually. With US\$ 2,000, the branch of the Arab Open University in Muscat is the cheapest private institutions, offering a variety of bachelor’s degrees. The Oman Tourism College, owned by the government, only offers certificates on the diploma level.

Table 29: *Tuition Costs at Private Higher Education Institutions in Oman: 2009*

University/College	Tuition (year/\$ )	International Affiliation (undergraduate level)
GUtech	12,740	RWTH Aachen University, Germany
Oman Dental College	10,335	A.B. Shetty Institute of Dental Sciences, India
International Maritime College	9,100	Shipping and Transport College, Netherlands
Oman Medical College	9,014	West Virginia University, USA
Caledonian College of Engineering	7,540	Glasgow Caledonian University, Scotland
College of Engine. & Management	7,150	University of Central Lancashire, UK
Nizwa University	7,020	-
College of Business & Science	7,020	University of Missouri-St. Louis, USA
Majan College	6,500	University of Bedfordshire, UK
Sohar University	6,240	University of Queensland, Australia
Dhofar University	5,850	American University of Beirut, Lebanon
Scientific College of Design	5,850	Lebanese American University, Lebanon
Gulf College	5,850	University of Staffordshire, UK
Muscat College	5,850	University of Sterling, UK
Al-Bayan College	5,460	Purdue University Calumet, USA
MECIT	5,200	Coventry University, UK
Al-Buraimi College	5,070	California State University-Northridge, USA
Al-Zahra College for Women	4,836	Al Ahlia Amman University, Jordan
Mazoon College	4,680	Missouri University of Science & Technology
Sur University College	4,680	Bond University, Australia
College of Management & Tech.	4,290	Al Yarmouk University, Jordan
Waljat Colleges	3,900	Birla University of Technology, India
Arab Open University	2,002	Open University, UK
Oman Tourism College	1,040	Institute of Tourism and Management, Austria
Source: MoHE 2010		

By way of comparison, the beginning salary of a recent graduate with a bachelor’s degree is about US\$ 18,000 annually, while the GDP per capita in Oman increased to US\$ 17,000 in 2009 (World Bank 2010). Families generally have many children (6-8 is still not uncommon). Consequently, many families could be faced with having several children in college at once. At an average income of US\$ 780 per month with multiple children in college, private higher education is largely unaffordable for many families (CHAPMAN et al. 2008b).

Students might be able to cope with high tuition if there were a way they could borrow future earnings to pay current college costs. However, the Council on Higher Education announced that they do not intend to establish a governmental student loan program. The recommendation to introduce a fair loan program was removed from the final version of the report in response to skepticism by the Ministry of National Economy regarding practical issues in managing the program (GHE-O7). However, several Omani banks announced the intention to offer private student loans (GHE-O1).

Students at private higher education institutions have to pay more, but receive less. Public employment upon graduation seems still to be limited to SQU graduates only.

### **6.8.3 Readiness of Students to Meet the Academic Standards of International Programs**

With some exception, private colleges and universities become the shelter for the mass of students, who were not admitted to Oman's privileged public system. In other words, private institutions often are a refuge for academically weak(er) students, while the most talented students can usually enroll at the costless public institutions or study abroad.

A cause of concern is also the readiness of Omani students to meet the academic standards of the delivered international programs. All institutions introduced a one or two years foundation program in order to prepare Omani SSGs for their courses. As a consequence, it can take up to five or six years to finish an undergraduate program at a private institution. Thus, the deficits of the general education system affect Oman's higher education system, in particular the private institutions, where often the weaker students (have to) enroll. The fact that mainly weaker student attend private institutions is a very important factor. Operating as profit-oriented institutions, there is de facto no rejection of unqualified students. Institutions accepted all students who are able to pay the high tuition, as they try to enroll as many students as possible. Skills and foreknowledge of the applicants are often of secondary importance. The only admission criteria is the secondary school certificate and their ability to finance the tuition fees (GHE-O8)

Consequently, the general higher education system affects the provision of cross-border educational services. As the history of modern education in Oman began in the 1970's with the rule of Sultan Qaboos, the country's schooling system is new and relied on foreign teachers. Although the Sultanate did not join international assessment to measure the quality of the school system – as recently Qatar or Kuwait – it must be assumed that the skills of Omani secondary school graduates do not reach Western standards by far. However, Oman implemented an internationalization strategy in higher education to import degree programs and curricula, primarily from Western universities. Consequently, there is a dilemma in several aspects.

Firstly, due to the low standards of Oman's basic education system, average students face difficulties in meeting the requirements of Western programs, which have an advance in education and higher education of several centuries.

Secondly, due to the segregation within Oman's higher education system, the weakest

students attend private institutions, where they have to enroll at these Western-styled programs. In addition, all programs are offered in English, the lingua franca in Oman's private higher education system.

Thirdly, the quality of teaching, as well as the entire infrastructure, suffers the cost pressure. Less experienced and less qualified lectures, a high ratio of lectures to students, a low quality of libraries and other resources are symptoms of a commodification. In addition, different educational conceptions and academic structures make it difficult for Omani students to meet the required standards.

In summary, it can be stated that there is often a miss-match between the intended international standards and the skills of the students at private higher education. As long as public institutions remain the institution of first-choice, mainly due to their reputation and their financial benefits, the status and the role of private higher education offering foreign awarded programs will raise several challenges. Foundation programs may only help to bridge the gap between the quality of general education and the skills of local students. As a consequence, the offered international programs are often adapted to the local context. Scholars confirm that the *"quality standards in Oman are not at all comparable with those at the home campus"* (AHEI-O1). Thus the realities of private higher education contrasts the intended quality efforts related to the regime's privatization and internationalization agenda.

In addition to the segregation of higher education and the effects of the provision of cross-border education, the status of the private institutions within society is a pivotal element. In Western countries, universities, their faculty and students are a central component of civil society. Higher education has always been the mainspring for innovation, progress and community development. In consideration of the brief time span since the formation of the private institutions in Oman, it is necessary to outline that most the colleges and universities focus on establishing a framework for teaching rather than for research and community development. It seems that most of the private institutions are not reinvesting the (high) profits to promote research or to strengthen the quality of teaching. Being driven more by the markets than by academics and committed to "absorb the masses", Oman's for-profit institution focus on vocational oriented programs linked directly to Oman's labor market rather than on academic excellence or research.

Acting primarily as *"non-elite, demand-absorbing"* institutions, private higher education can be seen as problematic for quality and finance with low cost, focusing often on such inexpensive programs as accounting, business, law, and cheaper professional training places (GEIGER 1991; LEVY 2007). By definition, *"demand-absorbing"* can be broadly referred to as *non-elite institutions* generally emerged to absorb demand that the public supply of higher education cannot or will no longer accommodate: Therefore, the private sector offers access for students who might not be qualified for public institutions or who cannot be accommodated by other universities because of overcrowding (LEVY 2007; ALTBACH 2009).

This is reflected in the composition of the faculty, which is often recruited from the private sector, as well as from the official statements visible in the internet and advertisement appearances: Private institutions promote their *"state of the art teaching infrastructure"* or

*“the close relation to the local labor market”* but place less emphasis on the efforts and strengths of research. However, there are also some private institutions which implemented ambitious research projects and generate research funds, either from the governmental research fund or from private and public companies.

In summary, it can be said that private higher education does not have to contribute actively to community development in Oman. From the government’s point of view, it seems that private institutions should act primarily as service providers, to offer further educational opportunities and supplying the “demand for more”. Private education should not transform the country or the society. This is one of the reasons why the government did not promote the formation of independent operating branch campuses, which may operate as a sort of Western ambassadors within their quasi extraterritorial entity with widespread autonomies. Although branch campuses are not exempted from the jurisdiction of local laws, they can defy governmental control to some extent. In contrast, localized, homegrown, private higher education institutions are easy to control and to regulate as the founder belongs to the regime and, therewith, follow the rules of the game of the Sultan Qaboos State.

## **7 Country Study Qatar: Education for a New Era. Knowledge Production in the Reign of Hamad Al Thani**

### **7.1 Status Quo: Economics, Politics and Higher Education in the State of Qatar until 1995**

There are only few other countries in the world where wealth and economic progress are so much linked to external rents like in the State of Qatar. The development of the world oil price can be used as an exact blueprint to trace the country's economic development phases (Figure 16 & 29). The oil and gas revenues moved Qatar from the rank of one of the world's poorest countries – well into the mid 20th century – to one with the highest per capita incomes worldwide in 2010. Since the 1960s, the country's oil industry has been the basis of the national economy, and today, fossil exports still account for the largest source of governmental income. This availability of external rents has determined Qatar's governmental policy in the more recent past. In order to describe public incentives and policies, such as the provision of public goods like education, it is indispensable to analyze Qatar's energy sector and its overall economic strategies, as it highly affects the entire political system.

#### **7.1.1 Qatar's Development Phases**

##### **7.1.1.1 Oil and Politics**

The oil exploitation in Qatar began in 1939 through Petroleum Development Qatar Ltd., which was a subsidiary of Iraq Petroleum Company (IPC) owned by Anglo-American oil companies. The commercial exploitation of Qatar's oil fields began after World War II by Qatar Petroleum Company (QPC), the successor of Petroleum Development Qatar. While QPC exploited the Dukhan field (see Figure 7), the new established Shell-Company Qatar (SCQ) received the first off-shore concessions (METZ 1994). The annual oil production continually increased from 0.7 million barrels in 1949 to 12.2 million barrels in 1960. In 1970, the annual oil production reached 132.4 million barrels, which were exclusively exported. The revenues from the oil export amounted to US\$ 251 million in 1970 (METZ 1994; SCHOLZ 1985).

The late 1960s and the early 1970s were characterized by far-reaching geopolitical events. In 1968, Great Britain announced its political disengagement from the Persian Gulf within three years. As a result Qatar became an independent, sovereign state on September 3, 1971. Just six months later, a political event changed the country and had far-reaching effects on the national economy and the oil industry, as well as on the political system. Supported by parts of the ruling Al Thani family, Khalifa bin Hamad Al Thani assumed power as Emir of Qatar

and replaced his cousin Ahmad Ibn Ali on February 22, 1972. The reasons for the transfer of power were not entirely clear. Khalifa bin Hamad reportedly stated that his assumption of power was intended “*to remove the elements that tried to hinder Qatar’s progress and modernization*” (NYROP 1984: 256).

SCHOLZ (1985: 170) described the coup d’état as the key event of Qatar’s economic opening. Khalifa immediately initialized and controlled the rapid catch-up development of the small country. He consistently tried to lead and to control the process of modernization caused by the oil boom and the concomitant influx of foreigners and foreign ideas while preserving traditional mores and values based on Islam. Khalifa had the tacit support of the Al Thani tribe and of Great Britain, and he had the political, financial, and military support of Saudi Arabia. Despite the economic opening of the country, the political system as an absolute monarchy was left unchanged (METZ 1994; SCHOLZ 1985: 170).

#### **7.1.1.2 Qatar’s Oil Rush: 1973-1995**

One of Khalifa’s first decisions of economic scope was the nationalization of Qatar’s oil sector. In 1973 the new Emir instigated the acquisition by purchasing shares of SCQ and QPC. By 1974, the state acquired 60 percent of the shares of both companies – the remaining 40 percent was obtained by a nationalization decree. With the acquisition Qatar was the first of the small Gulf states commanding 100 percent of its national oil resources (SCHOLZ 1985: 174). As sole shareholder of the national oil industry, Qatar tremendously profited from escalating oil prices of the 1973 oil crises. On October 16, 1973, ten days after the beginning of the *Yom Kippur War*, OPEC announced the decision to raise the posted price of oil by 70 percent to US\$ 5.11 per barrel. The OPEC embargo used oil as a weapon to influence the West’s support of Israel in the *Yom Kippur war*. The effects of this oil diplomacy were immediate, as the oil price peaked in 1974, reaching US\$ 12 per barrel.

The increasing oil price had a lasting effect on Qatar as an oil exporting nation: The oil revenues increased eightfold within the period from 1970 to 1975, reaching a total amount of US\$ 1.9 billion dollar in 1975 (SCHOLZ 1985: 170). At a stroke, Qatar and the other GCC states were blessed with high incomes. Under Khalifa’s leadership Qatar began to launch ambitious development programs to establish a modern bureaucracy and infrastructure. Qatar’s overall development strategy aimed at enhancing the value added by its energy sector with a view to industrial diversification. This strategy focused on the formation of export-oriented, energy-intensive industries: Qatar National Cement Company (1969), Qatar Steel Company (1978), Qatar Petrochemical Company (1981), and Qatar Fertilizer Company (1982) prove the ambitious plans to diversify the economy by reinvesting parts of the oil revenues. The regime also invested in the energy sector by increasing the oil production, and as a second pillar, by exploiting the huge gas deposits of Qatar’s giant North Field (METZ 1994; SCHOLZ 1985; BREWER 2006: 14-16).

Whilst the average annual oil price ranged between US\$ 12 and US\$ 15 from 1974 to 1978, geopolitical tensions in the Gulf, especially the Iranian Revolution and the Iran-Iraq War, caused a second oil peak in 1979. The oil price reached US\$ 38 in 1979 (measured in real

prices (2008), more than US\$ 110). Once again Qatar's government and economy benefited from this price rally: Qatar's oil revenues peaked in 1981, reaching an amount of US\$ 5.5 billion (SCHOLZ 1985: 170). With a GDP per capita of more than US\$ 34,000, Qatar became one of the richest countries worldwide.

Between 1981 and 1985, the average oil price oscillated between US\$ 27 and US\$ 33 per barrel. The temporary end of Qatar's economic boom began in 1986. Falling demand oil demand in Western countries and an OPEC overproduction caused a six year long decline in oil prices. In 1986, the average oil price dropped by more than 40 percent compared to the previous year from US\$ 26.5 per barrel in 1985 to US\$ 14.6 per barrel in 1986.

Figure 27 shows the dependence of Qatar's economy on the oil price. Qatar's GDP per capita fell in unison with the oil price from almost US\$ 34,000 in 1980 to US\$ 13,000 in 1988. In 1981, when oil prices peaked, Qatar's GDP reached US\$ 8.6 billion, whereas five years later, in 1986, the GDP amounted to only US\$ 4.9 billion. This implies a downturn of Qatar's economy by 43 percent within five years.

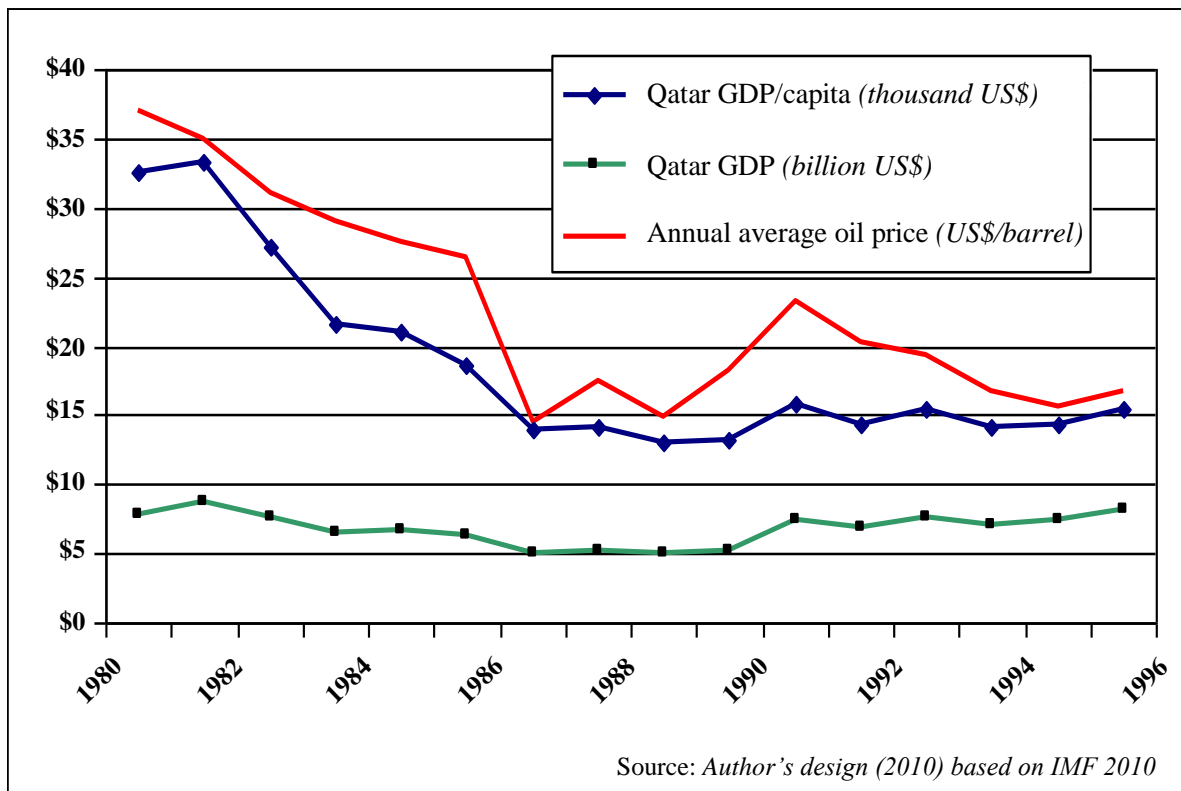


Figure 27: Correlation between Oil Price and GDP in Qatar: 1980-1996

As a consequence of the economic depression, Qatar's government cut spending plans to match the lower revenues. In addition, the resulting recessionary business climate caused many local companies to lay off expatriate staff (U.S. Department of State 2010). The surging oil prices between 1989 and 1991, did not affect a sustainable economic recovery: Although Qatar's GDP increased subsequently, the GDP per capita – as an indicator for the regime's ability to redistribute oil rents among society – did not longer reach the level of the late 1970s. Those periods of low oil prices, as seen in the years 1985 to 1989, and later in 1994, clearly

revealed Qatar's oil dependence, its economic vulnerability, and the lack of an efficient private non-oil sector. Consequently, it became apparent that Khalifa's regime missed the opportunity to invest in promising economic sectors. For example, the regime hesitated to invest with consistency in the huge gas deposits of the North Field. Although British Petroleum and Total were granted a concession to exploit the gas field in the early 1980, the government dreaded the required development costs, which SCHOLZ quantified to US\$ 5-20 in 1985 (1985: 174).

In addition to its economic dependence on oil exports, international studies and external observations estimated in the early 1990s, that, based on current production levels and proven reserves, Qatar oil reserves would only last for further 15 years – at most until the year 2015. Apparently, the regime did not provide enough investments to intensify the discovery of new oil fields. Thus, unlike the oil rich neighbors Abu Dhabi or Saudi Arabia, Qatar was suddenly among those states – like Bahrain or Dubai – with very limited oil reserves. As a consequence, the exploitation of the giant North Field and an economic diversification seemed to be the only opportunity, to generate new rents and therewith to ensure the political stability and the reign of the Al Thani dynasty.

#### **7.1.1.3 Qatar's Reliance on Natural Resources for National Wealth: 1973-1995**

Qatar can be characterized as a state in which the sale of oil, rather than the production capabilities of the domestic population, is the main generator of the state's wealth (GONZALES et al. 2008: 17; MOHAMMED 2003). Together with the lack of domestic taxation this means that wealth does not tend to circulate in the economy (GONZALES et al. 2008: 17; BEBLAWI & LUCIANI 1987). Qatar's strong reliance on fossil rather than human resources for the wealth of the country has had a major impact on the socio-political system, the diversification of the national economy, as well as on the national labor market. *"When oil was discovered in the Arab Gulf region, existing family rulers became the major recipients of the income. At the same time, the rulers spent large amounts of that income for socio-economic development projects. Before long, these Gulf states supported their citizenry through public-sector employment or social welfare, while relying on expatriates to fill any perceived shortages in the skilled and unskilled labor pools* (GONZALES et al. 2008: 17-18).

As a consequence, the oil boom of the early 1970s brought about a peak in population growth, as non-national workers flocked to new opportunities in Qatar (BREWER et al. 2006: 17). Manpower policy was a major concern for all GCC states but, more than any other oil producer in the region, Qatar was depending on foreign labor. By necessity, the government followed a rather liberal immigration policy, with the effect that beginning in the late 1960s, expatriates, mainly from Arab countries and Pakistan, outnumbered the domestic population (SCHOLZ 1985). In 1970, the Qatari government carried out a census that reported a population of 111,113 inhabitants, of whom 45,039 (40 percent) were identified as Qatari nationals (BREWER et al. 2006: 16-17). SCHOLZ (1998: 186) reports that in the early 1980s, the total population increased to about 300,000 people with three-fourths (230,000) non-Qatari citizens. This means that the population almost tripled during the first oil boom.



#### 7.1.1.4 Qatar's Era of De-Employment: Labor Market Policy until the 1990s

The employment of large numbers of foreigners was a structural imperative in Qatar, as the oil-related development depended on the import of foreign technologies requiring knowledge and skills alien to the local population. In contrast to Western countries, in which foreign workers have complemented the national workforce, usually by filling lower-status jobs, expatriates have become the primary, dominant labor force in most sectors of Qatar's private economy and in the government bureaucracy. *"The availability of imported skills at international competitive wages has been crucial to keeping the costs of production down"* (FASANO & IQBAL 2003: 5). Therewith, Qatar, like the other oil exporting Gulf states, became highly dependent on its large expatriate work force. More than 90 percent of private employment consisted of expatriate labor, as did more than one half of the public sector employment (World Bank & Qatar Planning Council 2005: 53).

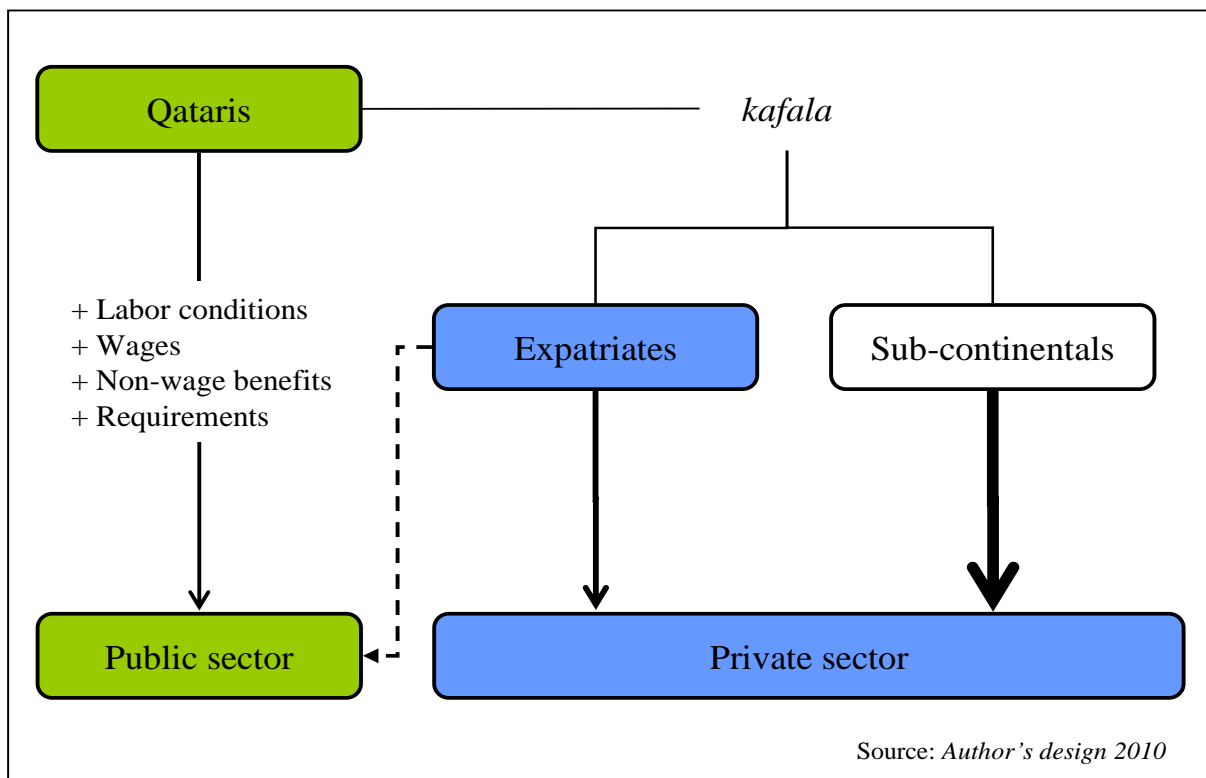


Figure 28: *Qatar's Separated Labor Market*

The labor market policy and especially the importance of the public sector as the single employer of the domestic population were ever related to Qatar's status as an oil rentier state. The provision of heavily subsidized and little meritocratic employment opportunities in the public bureaucracy for Qatari citizens was a common way to distribute rents among society and to generate social and political stability. Concerns referring to the low productivity mainly due to the working conditions and the lack of appropriate skills of employees were ranked second when it seemed necessary to produce legitimacy, while the country had financial resources in abundance. Furthermore, Qatar's labor market was distinctly marked by (i) a very low domestic labor force participation rate, (ii) the kafala or sponsorship system, and (iii) a high unemployment rate respectively under-employment among nationals.

The reign of Khalifa Al Thani can be described as an era of *de-employment*. From 1985 to 1995, the labor force participation rate of the working-age population (persons aged 15 to 64), as an indicator to measure the integration of the domestic population in the day-to-day world of employment, averaged to only 17.6 percent. This was the lowest rates among all GCC states (SCHOLZ 1998). One of the reasons for this low rate was the exclusion of women in Qatar's work arena. Women had only a few employment opportunities in sectors such as health care or education.

A reason for the low participation rate of Qatari men is the *kafala* system. All Gulf states have established a sponsorship system as the legal basis for residency and employment. Migrant workers only receive an entry visa and a residence permit if they are employed by GCC citizen or a GCC institution. Sponsorship requires the sponsor to assume full economic and legal responsibility for the employee during the contract period. This system implies that the worker can only work exclusively for the sponsor, and renders workers entirely dependent on their contract in order to remain in the country (BARRIA 2008). While the kafala system has been created to provide the central government with a means to regulate labor flows, it also offers a suitable business model for the domestic population: Many Qataris operate as sponsors, either directly for guest-workers or as shareholder of companies. All businesses are legally bound to have a domestic Qatari partner, who is majority owner. Thus, the domestic population benefits from social transfer, allocated directly by the government, inter alia through free services, employment, loans, etc. Moreover, Qataris are able to generate extra income through the kafala system. The sponsorship system, as additional rent, often replaces a regular employment of the male population. The availability of such unmerited rents affects the phenomena of under-employment. There is no real economic need to pursue a regular profession as long as the regime takes overall responsibility of the personal well-being of their citizenry.

Qatar's specific employment system had a clear political intent, as it helped the regime to convince the citizenry that their personal wealth is tied up with the existing political system (GAUSE 1994). On the other hand, the structural deficits of the system emerged particularly in the economic crises: The capacities of the public bureaucracy to offer employment opportunities for the growing mass of unqualified and unwilling youngsters were noticeably limited. In addition, the productivity of the public sector also declined – with negative effects on the entire economy. Hence, the economic stagnation of the late 1980s and mid 1990s revealed the limits to growth of Qatar's far reaching welfare system, and challenged the regime to introduce new development concepts to produce wealth and legitimacy.

Especially in terms of productivity and competitiveness, Qatar's regime missed the opportunity of the high oil prices to invest and modernize existing structures. Hence, the economic downturn after the oil price slump of the 1990s caught Qatar's leadership off guard and totally unprepared. Due to the low oil prices, the regime did not have the means to launch an economic stimulus plan or to enforce the required political and economic reforms. As a consequence, the regime was faced with huge challenges to maintain its comprehensive welfare system which was established from the perspective of excess oil reserves.

### 7.1.2 Human Resource Development in Qatar until 1995

Prior to the discovery of oil, there was no formal education system in Qatar. *“Some children memorized passages from the Qur’an and learned to read and write in a kuttab, an informal class taught in mosques or homes by literate men”* (BREWER et al. 2006: 20). Based on the custom of keeping women in an environment shut off from political, social and economic opportunities, education focused mainly on the male population. In 1949, a first somewhat modern school was opened which received funding from the ruling family. Subjects included Islamic religion, history, Arabic, math, geography and English. By 1954, there were four such schools, with a total of 560 male students and twenty-six teachers. In 1956, the first public school for girls opened. In the same year, a department of education was established on a governmental level. The budget for education increased to QR 25 million in 1960. Public schooling was free; students even received a monthly stipend (METZ 1994; SCHOLZ 1985; BREWER et al. 2006: 20-21).

#### 7.1.2.1 The Beginning of Higher Education in Qatar

Despite inequalities between the number of boys and the number of girls attending school during the 1950s, attendance was almost equal by gender in the late 1970s, with girls outperforming boys academically. Till 1972, Qatar expanded its education system to more than 22,000 students, which were supervised by 1,100 teachers at 88 schools (SCHOLZ 1985: 193). In 1975, 21,402 children attended primary school; by 1985 that number increased to 31,844. Students continued to be segregated by gender. In 1984, approximately ten percent of the governmental budget was spend on public education (METZ 2004). The state continued to cover education costs including school supplies, meals, and transportation. In 1988, there were 48,097 students in ninety-seven primary schools taught by 2,589 teachers and 22,178 students in seventy-eight secondary schools taught by 2,115 teachers. The education system consisted of six years of primary school, three years of intermediate school and three years of secondary school. Instruction throughout the system was in Arabic, but English was introduced in the last two years of primary school. In addition, many foreign communities established schools for their children. Although the government offered assistance, the schools were funded mainly through private sources (SCHOLZ 1985; BREWER et al. 2006: 21). Following Britain’s withdrawal from the Gulf in 1971, there were fresh priorities for the education systems in the newly independent state with his new Emir. Given the ongoing reliance on foreign aid and its associated complications, a much larger homegrown cadre of educated teachers and professionals was required. DAVIDSON (2008: 35) points out that on the macro level, the citizens needed to be rapidly trained to fill a wide range of administrative positions that were being created by the ongoing oil boom. If the aspiring nation would fail to train its citizens then almost all key positions in the bureaucracy would end up being occupied by expatriates. Accordingly, simultaneously with the political independence, higher education was identified as a building block for any future labor market nationalization process (DAVIDSON 2008: 35). Indeed, it was recognized that the former employment system of imposing quotas and other more punitive measures on companies employing too many

foreigners would eventually need to be replaced by an educational system that “*produced genuinely well-trained and competitive local employees*” (DAVIDSON 2008: 35).

### 7.2.1.2 Qatar University: The Country’s First Institutions of Higher Education

While Qatar made huge efforts to establish a basic education system and to increase the number of students being able to continue to higher education, there were no local opportunities to do so. All Qataris wishing to pursue higher degrees had to study abroad. In particular, Egypt, Saudi Arabia, and the United States became popular venues for Qatari students (QSA 2010). As Qatar’s first institutions of higher education a gender-separated teacher-training colleges for men and women was opened in 1973. This College of Education became the nucleus of the Qatar University (QU), which was officially inaugurated in 1977. Qatar University opened with four departments in the disciplines education, humanities & social sciences, science, and Shariah & Islamic studies. In 1980, the College of Engineering was established, but restricted to male students, followed by the Department of Administration & Economics in 1985. (QU 2010; STASZ et al. 2007: 12-13).

Higher education in Qatar was ever seen as a public duty, vital for the state building and the development of the community. Only the state could fund and control higher education, it was seen as a strategic investment in the future.

Qatar University is a prototypical state-sponsored university of the Gulf (Figure 29). The regime of Khalifa Al Thani adopted the regional trend, and made use of the nation’s oil wealth to establish a public monopoly on higher education. The state covered tuition and most other expenses for citizens who were accepted. Moreover, all Qatari graduates were entitled to obtain a position in the public sector. The government also enabled the large community of non-Qatari students to enroll at the new university – which already formed almost one half of all secondary school graduates in the late 1970s (QSA 2010). However, non-Qatari students had to pay tuition fees (QU 2010). Despite being forced to pay tuition, this availability of local higher education opportunities for the non-Qatari population is an important feature of Qatar’s post-secondary education landscape.

Like other higher education institutions in the Gulf, which were established in the first years after the independence, Qatar University relied on the import of experienced lecturers from abroad. Especially lecturers from Jordan, Egypt, Palestine and other Arab countries were recruited to bridge the knowledge gap: The required mobility of faculty (referred to as *presence of natural persons*) related to a capacity building and import strategy. The creation of the academic structures of Qatar University also used international expertise: QU adopted a four-year undergraduate system of American universities and awarded bachelor’s degrees. In terms of student mobility (*consumption abroad*) the government introduced a scholarship system which enables Qatari students to study abroad. Due to the limited range of locally offered academic programs, e.g. the absence of health sciences, postgraduate and doctorate programs, the government encouraged its citizens to acquire higher education abroad. The

promotion of this consumption abroad through governmental scholarships also relates to a capacity building strategy to educate Qatar's youth.

Although Qatar University adopted an American academic model, the design and the status of the new university is in dissociation to the Western. Following the gender segregated structure of the teacher colleges, QU was divided into two adjacent sections, one for male and one for female students. Both campuses have their own lecture halls, laboratories, and libraries. The gender segregation was a manifestation of the political and social background of the regime. At the same time it enabled female students in particular to continue in higher education locally, as the gender separated campus assuaged the conservative milieu. The design, the size, as well as the high costs of the new prestige object, which was planned as landmark project, illustrate the ambitious goals of the (oil) booming country and its leadership. The investment for university expansion was considerable, and the constructed facilities were very impressive. The increase in the number of university students in Qatar during the first decade after the independence was startling. As seen in the case of Oman, it was exclusively the result of the commitment of the state to provide free higher education services.

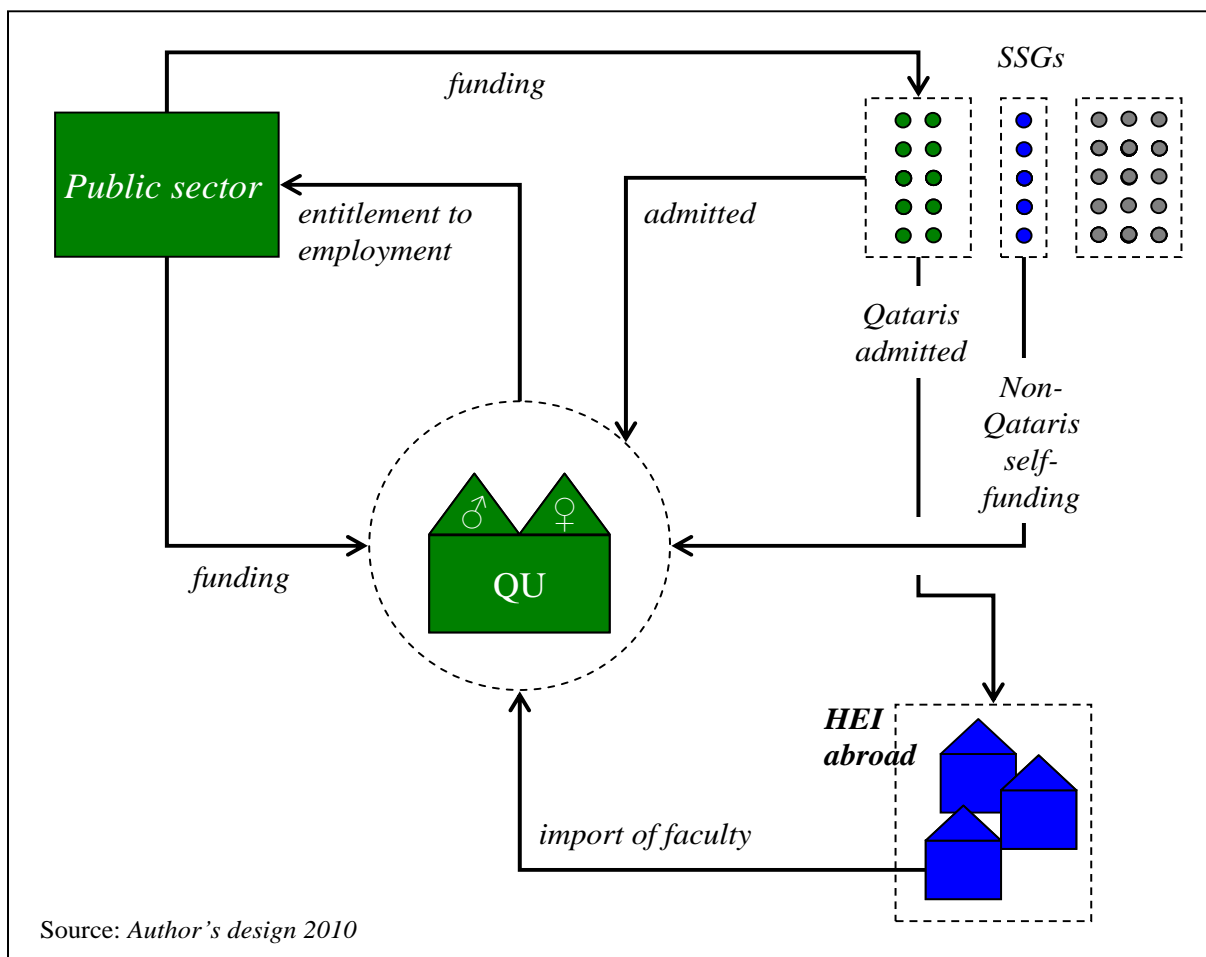


Figure 29: Qatar's Higher Education System Until 1995

For the regimes the political effects of the increasing availability of higher education are so-so. Just as the local state universities are generating educated citizens who can replace expatriate workforce in private as well as in public sectors, they are also producing an

expanded, generally more literate and politically aware elite (GAUSE 1994). However, there is the clear commitment of all governments in the region to publicly funded education programs. The provision of educational opportunities is always cited by government officials as among the most important benefits provided by the regimes to their people (GAUSE 1994).

### 7.1.2.3 Higher Education Enrollment of Qatari Students

Figure 30 shows the growth of students in Qatar in the period from 1975 to 1995. Partly due to a large share of Qatari men studied abroad, women have outnumbered male students since the inauguration of Qatar University (QU). In 1977 about 1,000 students were admitted at QU. At the same time, almost the same amount of Qatari students attended universities abroad. In the following years, the gender gap at QU has become wider: In 1980, more than 1,700 females were matriculated in comparison to 940 males. Contemporaneously to the increasing number of students at QU, the number of Qataris studying abroad also advanced, reaching a total of about 1,300 students in 1980.

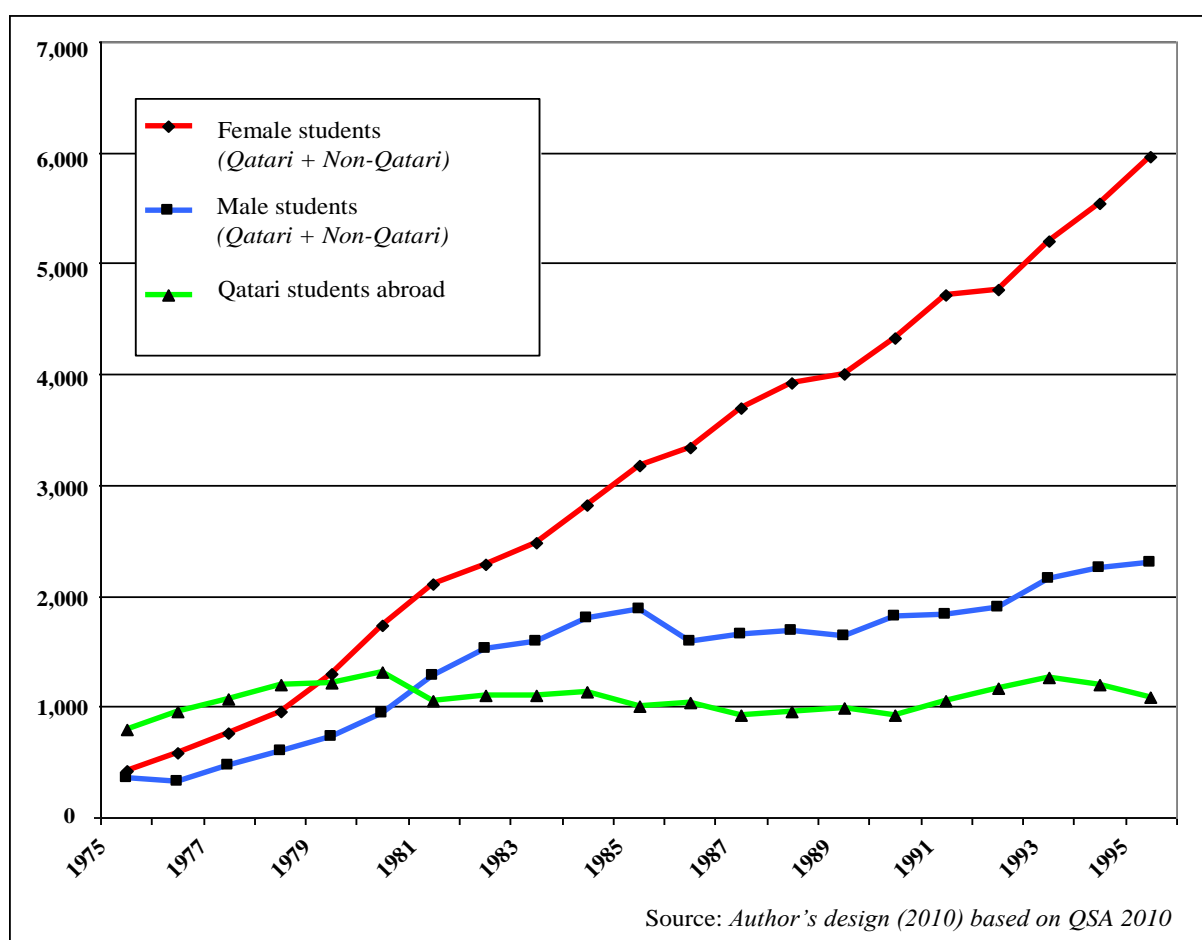


Figure 30: *Higher Education Enrollment of Qatari Students: 1975-1995*

In the period from 1983 to 1992, the student population at Qatar University almost doubled. The steady increase is mainly due to the mass of female students. The total student number escalated from about 3,800 in 1982/83 to 6,873 students in 1992. About 25 to 30 percent of all students at QU were non-Qataris citizens (QU 2010). The number of Qataris studying abroad

remained on a high level of about one thousand students. About 250 Qataris – more than two-thirds of them males – annually began to study abroad mainly in the United States, the United Kingdom, and Egypt (GSDP 2009; SEC 2009; GHE-Q3).

Based on historical census data (QSA 2010), it is possible to estimate the tertiary enrollment rates. In the academic year 1980, about 170 Qatari females and 105 Qatari male were admitted at QU. In addition, about 145 males and 80 females continued to higher education abroad, this adds up to 500 Qataris. In relation to the relevant age group of the 19-year old Qataris, which amount to 2,300 pupils, the enrollment rate of the Qatari population reached about twenty-one percent. In the late 1980s the enrollment rate of Qataris increased to almost thirty percent: 200 male and 410 female Qataris were admitted to QU. Moreover, about 200 students began to study abroad. Finally, in 1994, QU admitted 265 Qatari male students and 920 Qatari female students. In addition, 250 Qatari students began to study abroad (QSA 2010). Consequently, the tertiary enrollment of Qatari females reached more than fifty percent, while the rate of males only reached about thirty percent. This means that a large majority of Qataris who finished secondary school embraced the opportunity to continue to higher education at Qatar University or abroad upon graduating. A defining feature is the segregation of the nationalities: The enrollment rate of non-Qataris reached less than ten percent until the mid 1990s.

One of the reasons for the steady increase of the number of university students is the growth of secondary school graduates. The completion of this three-year school level is the basic requirement to continue to higher education. The census data shows that the secondary school enrollment increased from 33 percent in the early 1980s to almost 65 percent in 1994. While the enrollment rate of females increased from 44 to 78 percent, the rate of males increased from 31 to 60 percent. In fact, these figures indicate that there was a clear male educational deficit, measurable in the years of education. Assuming that every year of education increases productivity by ten percent, the Qatari men's schooling and university deficit of 1.5 years reduces the contribution of male workers to the real economy by estimated 15 percent – which is in fact not an insignificant amount (World Bank & Qatar Planning Council 2005: 75).

From the 1980s, the Qatari government became concerned about the quality of the national education system. Leaders began to recognize that the welfare payments, cultural traditions, and poor education system were jointly contributing to a weak work ethic among Qataris (CORDESMAN 1997). The lack of a strong work ethic made the nationalization of the labor market even more challenging. Due to the high wages prevailing in the public sector, the Qatarization of the workforce, especially in the private sector, was an ever difficult task (AMUZEGAR 2001). Furthermore, it appears that Qatar University has been developed with little anticipation of the fast growing oil economy and the needs of the labor market. In 1989, only two percent of all degrees and certificates awarded to Qataris were earned in engineering. This are only 17 new engineers, all of them males since females were excluded from these degree programs. Most Qatari university students graduated in education (45% of all females), humanities (20% of all Qatari graduates in 1988/89) and Shariah & Islamic sciences (15% of all Qatari graduates in 1988/89) (World Bank & Qatar Planning Council 2005: 74; QSA 2009). Several studies recommended improvements to this system. A

UNESCO study in 1990 pinpointed several of areas for improvements in schooling and at university level (Stasz et al. 2007: 28).

### **7.1.3 The Control Model: Regulation at the Initial Phase of Qatar's Higher Education System**

On the basis of the nation's oil wealth, Khalifa Al Thani transformed Qatar into one of the richest nations worldwide. In his 23-year-long reign, which ended abruptly in 1995, he established the fundamentals of a modern state and began to diversify the economy. His main achievement was the nationalization of the oil industry, which serves as the economic basis of Qatar. His citizens benefited from the rentier economy which guaranteed wealth through its distribution and welfare system.

The main target (as the set point within the control system) was to set up the framework for a modern, independent state. Thereby higher education was widely seen as an imperative necessity. Post-secondary education has become an important part of the overall state building process since Qatar's independence (Figure 31). Due to the lack of local know-how, the government wanted to encourage more Qataris to continue to higher education, and to do so locally. One of the main reasons why the government actively invested in the formation of a homegrown higher education system was to replace foreign workers in the public sector and therewith to reduce the state's dependence from external pressure. Moreover, like other ruling monarchs in the Gulf, Khalifa Al Thani used higher education as a status symbol to demonstrate internal and external leadership. Education and higher education were recognized as main duties of a modern state – a task in which the government should not rely on any third party or fifth column: It was treated as a national obligation.

The application of the controlling elements for the higher education system is similar to those being used in Oman within the period until 1995: Qatar's leadership used a *public investment policy* and to some extent an *internationalization* to set up the national higher education framework. Thus, Qatar's higher education is distinctly marked by its public initiatives, conspicuous by a public monopoly as the publicly funded Qatar University remained the only higher education institution in the country. As a consequence, higher education is regulated and controlled exclusively by the state. Private and foreign investments, additional to the public system, to serve "*the need for more or different*" educational services (according to MEI 2002: 51) were not allowed. An internationalization of higher education can only be assessed in terms of *presence of natural persons* and *consumption abroad*, but not in terms of a *commercial presence* of foreign providers: Qatar relied on the import of experienced lectures to establish its higher education system. Lecturers from Arab countries were recruited due to the lack of local experienced and qualified faculties. The student mobility, referring to consumption abroad, was ever an important tool of the government to encourage the youth to continue to higher education. The government offered scholarships to all students admitted at foreign universities. One of the effects of this policy was a disproportional large number of Qataris studying abroad.



Apart from the high share of students studying abroad, the specific education policy affected a considerable increase in the total enrollment numbers of Qatari students: Using the nation's oil revenues, Khalifa's regime established a publicly funded higher education system offering opportunities for all qualified male and female students. The admission capacities of Qatar University were expanded – reaching more than 1,500 university seats in the early 1990s. Furthermore, the range of academic programs at QU was diversified – although QU did not become a full-scale university – as for example medical science or postgraduate degrees were missing. In general, it can be stated that admission to Qatar's higher education system was neither competitive nor very selective – Qatari secondary school graduates were de facto entitled to get a university seat. As a result, the admission capacities could keep pace with the rapid demographic development – although some critics argue that the faculty-student ratio worsened due to the increasing number of students. Especially the mid-1980s, economic crises affected Qatar University's – as the government retrenched expenses.

The economic turndown in the late 1980s and the early 1990s reveals a different complexion on Qatar's government: Although the regime set the course for the modern state after its independence, Khalifa Al Thani tapped into the resource course. His regime missed the opportunity to diversify the economy and to establish new pillars of economic growth and development, and in so doing, reduce the dependency on oil.

As mentioned above, estimations had assumed that Qatar's oil resources would run out by the year 2015. Thus, the economic crises and the decline of affluence during the 1980s and 1990s were only a preview of what was to come in the future. Faced by these new challenges, powerful factions within the Al Thani family feared “*missing the boat*” (GHE-Q8). Unlike Bahrain or Dubai, Qatar did not actively invest in the modernization of the state nor launched economic reforms to set the course for a post-oil era. Instead, the regime relied on the wealth of bygone days. In particular, the clique surrounding Hamad Al Thani, the son of Khalifa and Crown Prince since 1977, as well as his cousin Hamad bin Jassim Al Thani, claimed a new policy approach under the banner of economic liberalization, modernization and political independence from Qatar's powerful neighboring states such as Saudi Arabia and Abu Dhabi. Referring to a more market-driven approach, Hamad Al Thani claimed a redefinition of the role of the state in order to promote more private initiatives: *Qatar should use its oil incomes more efficiently in order to be prepared for the upcoming socio-economic challenges: The rent-seeking economy is not a successful economic model for the 21st century.*

Thus Qatar would need to prepare its citizens, its economy and its bureaucracy for the changing requirements of the upcoming globalized era. Knowledge and innovation became the buzzword of Qatar's emerging political elite. This new elite believed that Khalifa as Emir would be neither capable nor willing to transform Qatar from such a rent-seeking towards a modern, knowledge-based economy: Noticeably his regime was criticized for its backwardness, as it missed vital investment in key industries and human capital, and for its close alliance with Saudi Arabia and Abu Dhabi.

In summary, it can be said that the lack of economic diversification and the deficits of human capital formation affected the coup d'état in Qatar: In June 26, 1995, Hamad bin Khalifa Al Thani, took over the positions as the Emir from his father in a bloodless coup.

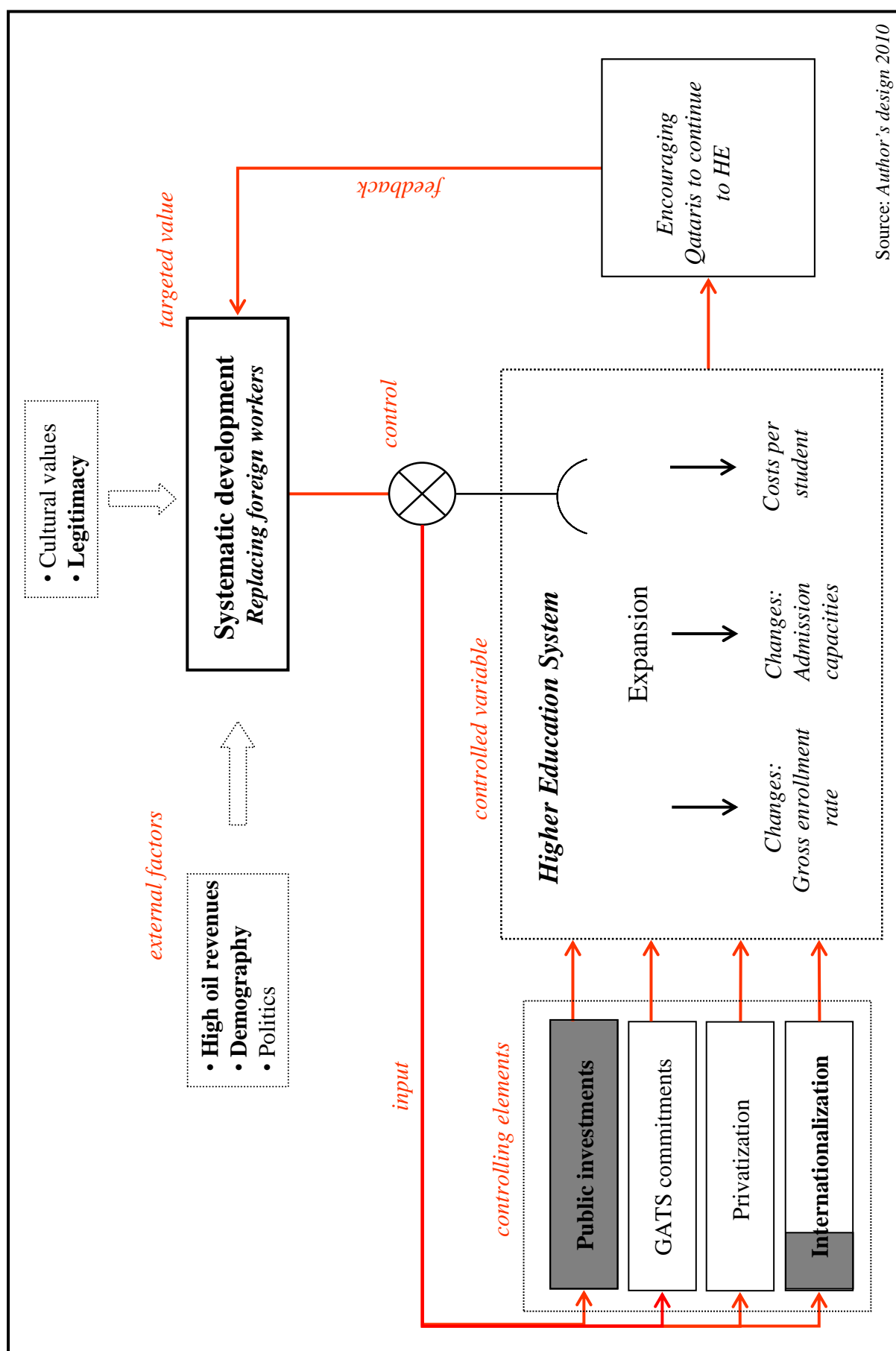


Figure 31: Qatar's Higher Education Control Model: 1972-1995

## 7.2 Qatar's Reinvention since 1995: Turning Qatar into a Knowledge-based Economy

History repeating itself: Just like his father, who appropriated power from his uncle in 1972 to guide the country after the independence, Hamad Al Thani seized power to “*remove the elements that tried to hinder Qatar's progress and modernization*” (METZ 1994) and to guide Qatar among the most advanced nations of the 21st century (HERB 2009). “*Qatar's chosen development path entails a transition from uncontrolled development relying on low-productivity, low-skilled and low-paid expatriate workers, to a diversified post-carbon economy relying on a high productivity, highly-skilled and highly-educated labor force*” (QNV 2008: 24).

Alerted by the country's vulnerability during the economic downturns in the 1980s and early 1990s, Hamad Al Thani committed to modernize the country. In contrast to his father, he considered it indispensable to set the courses for a sustainable economic future. Soon after Hamad seized control, a new economic policy was introduced. By following the guidelines of a liberal policy approach – along the lines proposed by World Bank and Western governments – Qatar introduced new economic guidelines: (i) Stepping up of efforts to expand the gas and oil industry, (ii) diversifying the economy and developing new industries, such as tourism, trade, real estate and finance, (iii) expanding private sector activities and strengthen private entrepreneurship, (iv) increasing the employment opportunities for Qataris, and (v) redefining the role of the state (QNV 2008: 25-28). While Khalifa Al Thani was reproached for not using the fossil revenues effectively in the past, the new regime committed to use Qatar's natural assets more effectively – as a catalyst for the economic, political and social transition.

*“Qatar's future economic success will increasingly depend on the ability of the Qatari people to deal with a new international order that is knowledge-based and extremely competitive. Qatar's economy shall be characterized by innovation, entrepreneurship, excellence in education, a world-class infrastructural backbone, the efficient delivery of public services and transparent and accountable government” (QNV 2008: 29).*

### 7.2.1 Economic and Political Relief: Converting Qatar's Bountiful Natural Assets into Financial Wealth

The change of government in 1995 caused political tensions in the Gulf. As Qatar was living in the long shadow of Saudi Arabia and Abu Dhabi – as close allies of Khalifa Al Thani – both states wanted to prevent Qatar from asserting own ambitions. Hence, the new regime in Doha was put under pressure and threatened, particularly by these two nations, which were used to exert influence on the small peninsula (KAMRAVA 2009; METZ 1994; HERB 2009). Due to these rising tensions and a failed counter coup – likely supported by Saudi Arabia – Hamad soon began to build a new security network. In 1996, the Al Udeid Air Base was built at the cost of more than US\$ one billion (TURSE 2010). As the nation did not have an air force at the time, Qatar wanted the U.S. military to base its aircrafts there. Although the U.S. redeployed larger parts of the troops several years later, the military cooperation indicated that Hamad

needed a new protecting power – and wanted the United States to do so. GAUSS describes this geopolitical turn. The United States as the new patron and protector at the Gulf allowed Qatar “*a bit of room to maneuver within the Saudi orbit*” (2010: 9).

While Hamad’s foreign policy was determined by building new alliances to preserve political independence, his economic policy mainly focused on the exploitation of Qatar’s huge gas deposit. The government’s energy policy had the twin arm strategy of replenishing proven reserves within currently producing fields and exploring additional new oil reserves. Apart from the investments in the oil industry, the new regime wanted to become a pioneer and global player on the worldwide gas market. Qatar’s North Gas Field, discovered in 1971, is the world’s largest non-associated gas field, with proven reserves estimated at over 910 trillion cubic feet, which is equivalent to about 160 billion barrels of oil (QP 2010). Thus, the small peninsula is rich in gas – Hamad Al Thani was the one who finally began to exploit this resource as the new and main source of national income. While Qatar’s formally budgeted surplus turned into deficits during the economic crises of the early 1990s, the new government had to borrow money from international capital markets (NONNEMANN 2010). Qatar did not have the financial resources itself to invest in the North Field exploitation, the country relied on foreign bonds. From then on Qatar Petroleum initiated and developed two major gas projects with foreign shareholders for the purpose of utilizing the North Field gas for export in form of Liquefied Natural Gas (LNG). These projects are QatarGas and RasGas. Both companies operate in joint venture with leading international energy companies such as Exxon Mobile, Total, Conoco Phillips, Shell, Marubeni and Mitsui (QP 2010).

### **7.2.2 Phases of Qatar’s Economic Development**

RITTER (1985) and SCHOLZ (1998: 204) described the different historic development stages of Qatar, from the pre-colonial phase until the mid-1990s, which are each defined by distinct events. Figure 32 extends the model of RITTER, adding the current development stage. The year 1939 marked a first critical point by the discovery of oil during the colonial period. Concession levies, a small amount of remittances, as well as the British protection, stabilized the socio-economic system on a low level. Whilst alien companies exploited the oil resources after World War II, economic stagnation and only a small amount of growth of wealth determined this period. RITTER (1985) argued that only the crude oil deposit prevented Qatar from developing closer bonds to Saudi Arabia or the UAE. After the independence in 1971, Qatar left its economic stagnation. Khalifa Al Thani nationalized the oil economy and the state had random access to the revenues. Due to escalating oil prices in 1973, Qatar had an accelerated development. RITTER emphasized that the years following independence are crucial in understanding Qatar’s present economic agenda. Like other states in the region, Qatar promoted industrialization on the basis of its oil economy with the main focus on its petrochemical industries. Other countries in turn, for example Kuwait, decided to slow down the process of industrialization in order to strategically invest the oil surplus abroad. Although Qatar reached its highest development stage and a massive improvement of living conditions under the reign of Khalifa Al Thani, the country reached the next crossroad in 1995. In

particular, the young generation disagreed with the old establishment which stuck to an economic development purely on the basis of the oil- and heavy industry, while other GCC countries – particularly Bahrain and Dubai – already launched ambitious programs to diversify the economy in accordance with the requirements of a noticeably globalized market environment. Those groups of modernizers within the ruling family also aimed at making use of the new opportunities of a globalized era to reach development standards comparable to those of the most advanced economies. Due to its oil dependence and economic vulnerability, the new leadership wanted to transform Qatar into a knowledge-based economy.

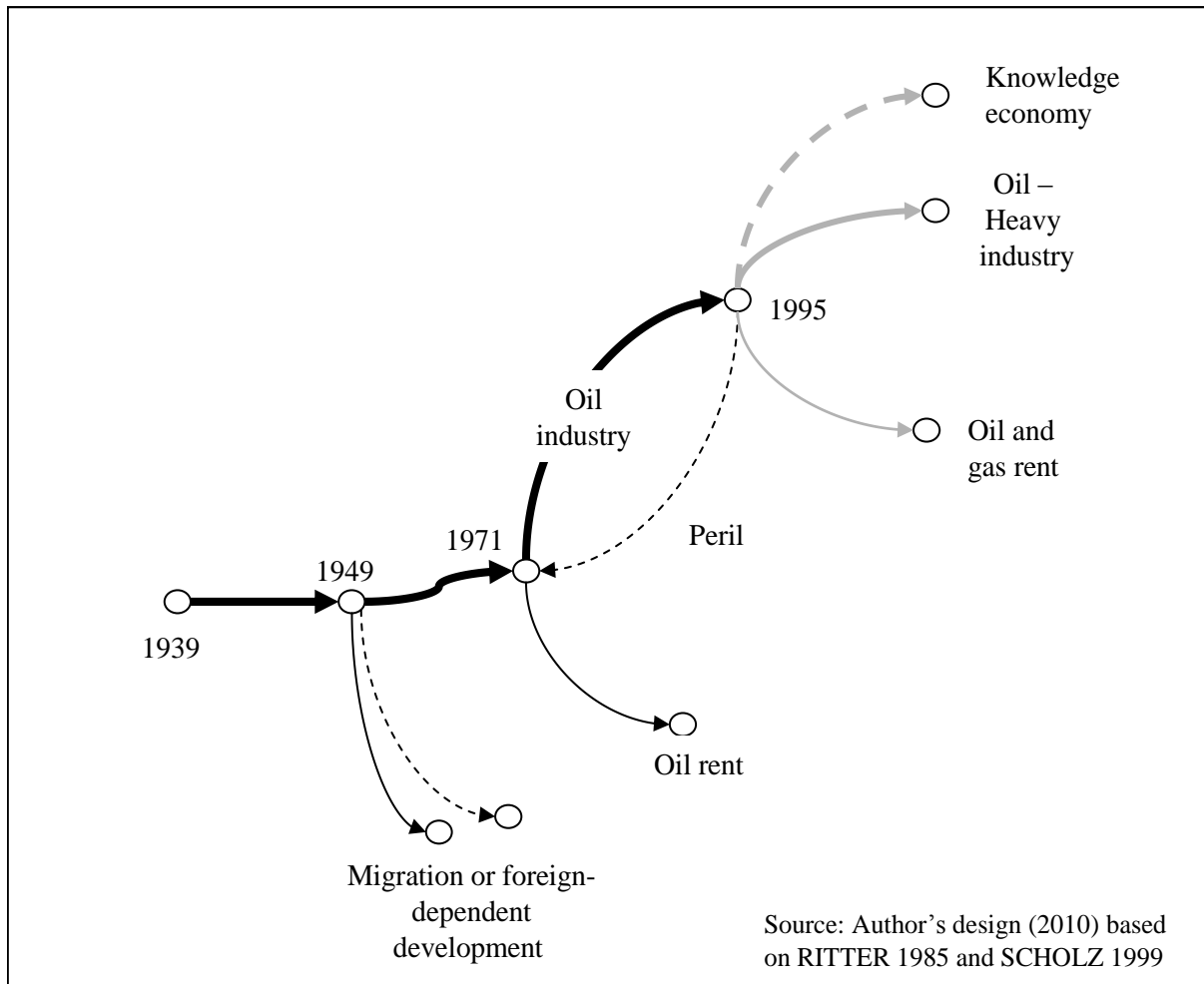


Figure 32: *Qatar's Development Phases*

### 7.2.3 Qatar's Knowledge Economy Campaign

Guided by international organizations, primarily the World Bank, Qatar launched an ambitious campaign to develop the pillars of a modern knowledge economy. The direction that path will take has been set out in the Qatar National Vision 2030 (QNV), the policy document launched in 2008 as the broad social and economic plan for the future of Qatar. The central objective is to transform Qatar into a country capable of sustaining its own development and providing for a high standard of living for Qataris for generations to come (QNV 2008: 25). Acknowledging that there will come a day when the country's vast reserves of oil and gas will run out, the QNV says that Qatar's economic future will increasingly

depend on the ability of the Qatari people to deal with a globalized economy that is knowledge-based and extremely competitive. To win that competition, the government has recognized the need to develop an advanced education system and to boost the effective participation of Qataris in the labor force (QNV 2008: 25).

QNV is intended to contribute to the transformation of Qatar's economy by building indigenous innovation capabilities and knowledge assets. The central task is to articulate a strategy which leads to (i) a diversified economy that gradually reduces its dependence on hydrocarbon industries, (ii) enhances the role of the private sector and increases its competitiveness, and (iii) promotes intellectual capabilities of the population, which lead to a capable domestic work force (GSDP 2008). Thus a capable and competitive education system is mandatory to transform the formally rent-seeking oil economy towards a modern knowledge-based economy – in which personal merit and not patronage determines wealth and success. Only a well-trained and motivated workforce will be able to support the country's transformation process (QNV 2008: 22). In addition, the diversification aims to generate economic growth in the non-oil sectors to break the negative effects of the oil dependency, and, increases the employment opportunities of the national population.

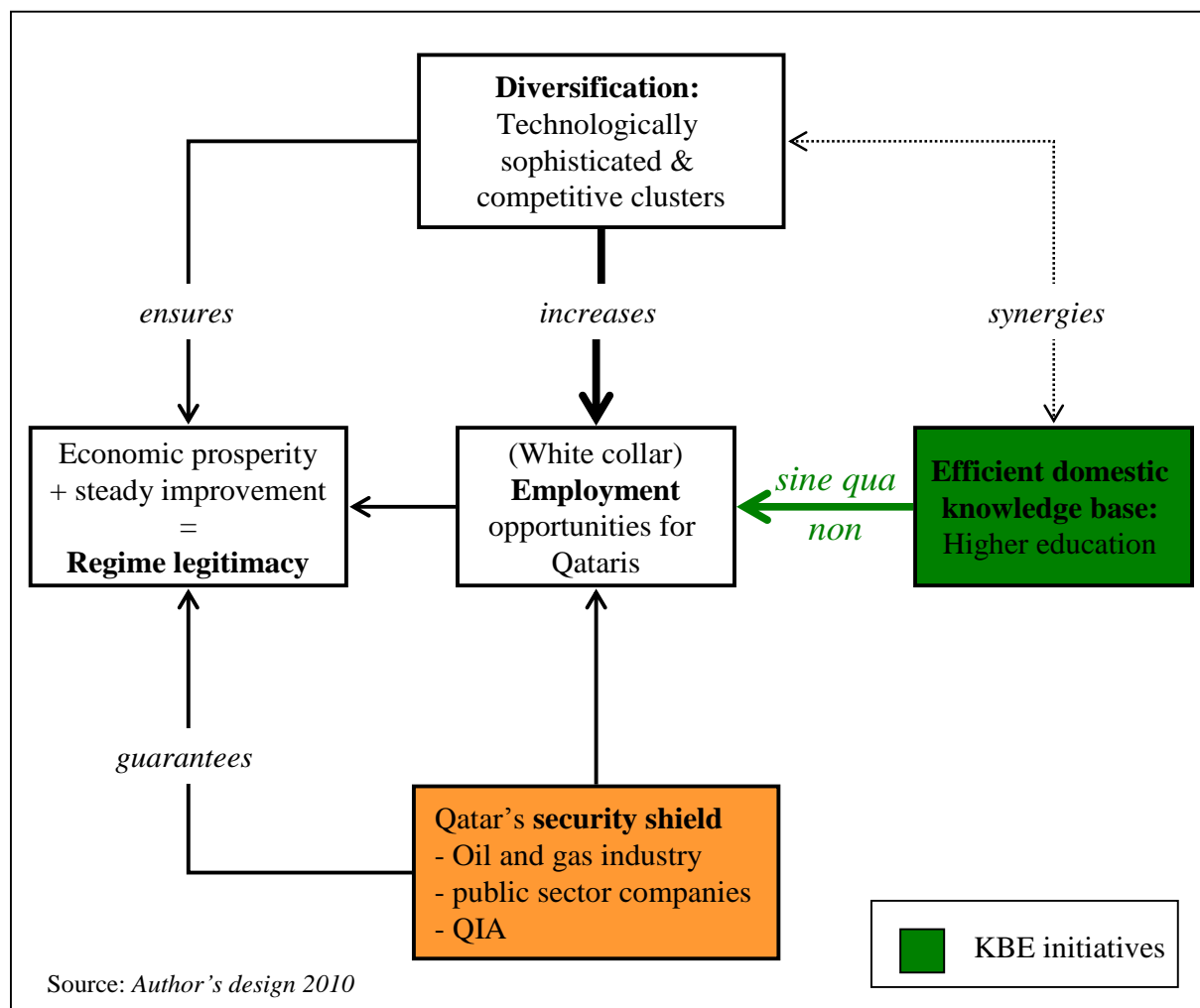


Figure 33: *Employment Opportunities, Diversification and Higher Education*

In particular, Qatar's real estate and the transport & tourism sector are among the new economic areas of non-oil economic development. One of the first real estate projects was the development of Doha's Dafna area. Till the year 2015, it is intended to erect more than 200 multilevel skyscrapers here. In addition, dozens of large-scale private and public funded real estate projects (The Pearl, Lusail Economic City, Barwa City, etc.) intend to modernize the urban impression of Doha and demonstrate the start into new globalized era.

The tourism sector is strongly related to the current real estate boom in Doha. Following regional role models, Qatar aims to become a leading tourist destination, especially in the niche of event and congress tourism and within the luxury segment (GHE-Q8). Therefore, the government invested in the physical infrastructure to expand the hospitality industry. In addition, Qatar also invested in its national carrier, Qatar Airways. The airline was established in the early 1990s by members of the ruling family. In 1997, it was re-launched under a new management team. Nowadays the government holds a 50% stake of Qatar Airways; the rest is held by private investors. Since 1997 the airline has been undergoing a major expansion and is one of the fastest growing airlines worldwide. In addition to the large scale investments, mostly driven by public authorities, Qatar's diversification agenda aims to encourage private incentives and to attract large scale foreign investments (QNV 2008: 26).

#### **7.2.4 Empowering Future Generations to Become Knowledge Workers**

Qatar's employment system was ever characterized by strict segregation: Public versus private and domestic versus expatriate employment. The major challenge of the new regime was to enable the domestic population to replace alien workers on the long-term in order to terminate the era of de-employment and to reduce the effects of the dependency on foreign labor. The nationalization of the labor market was the main policy tool to increase the labor force participation rate. While on a large, Qatar's economic development agenda will ever depend on a large and cheap alien work force, Qatarization – as the major labor market policy which defines the share of Qatari workers in each sector – should increase the number of domestic workers in key areas of the economy (white collar jobs), within the private and the public sector – while the mass of blue collar jobs will be staffed with foreign labor forces (Figure 34). As a consequence, Qataris should increasingly take up employment in prestigious and responsible occupations such as legislators, officials, managers and professionals, whereas the low-skilled workers from Asia work as clerks, service workers, craft workers, and in elementary occupations (World Bank & Planning Council 2005: 103)

The national population should be employed in areas corresponding to their social status. Accordingly, Qatar should focus on developing an economy that emphasizes technology and capital-intensive businesses, rather than industries that are reliant on manual work.

One of the urgent needs for this so called *Quality Qatarization* is to prepare the domestic population appropriately for these jobs. As a consequence, Qatar has to close the knowledge gap towards the most advanced economies. Hence, excellent education and higher education institutions became crucial factors in developing a sustainable economic future. Qatar will

depend on well-trained and well-educated knowledge workers, which staff the executive positions of a diversified economy.

Qatar's National Vision 2030 seizes on the human development formation and education as the key elements: *"Qatar aims to build a modern world-class educational system that provides students with a first-rate education, comparable to that offered anywhere in the world. The higher education system needs to provide citizens with excellent training and opportunities to develop to their full potential, preparing them for success in a changing world with increasingly complex technical requirement"* (QNV 2008: 13). The diction of Qatar's educational vision reveals Qatar's leadership focus on "world-class" and "first-rate" education opportunities.

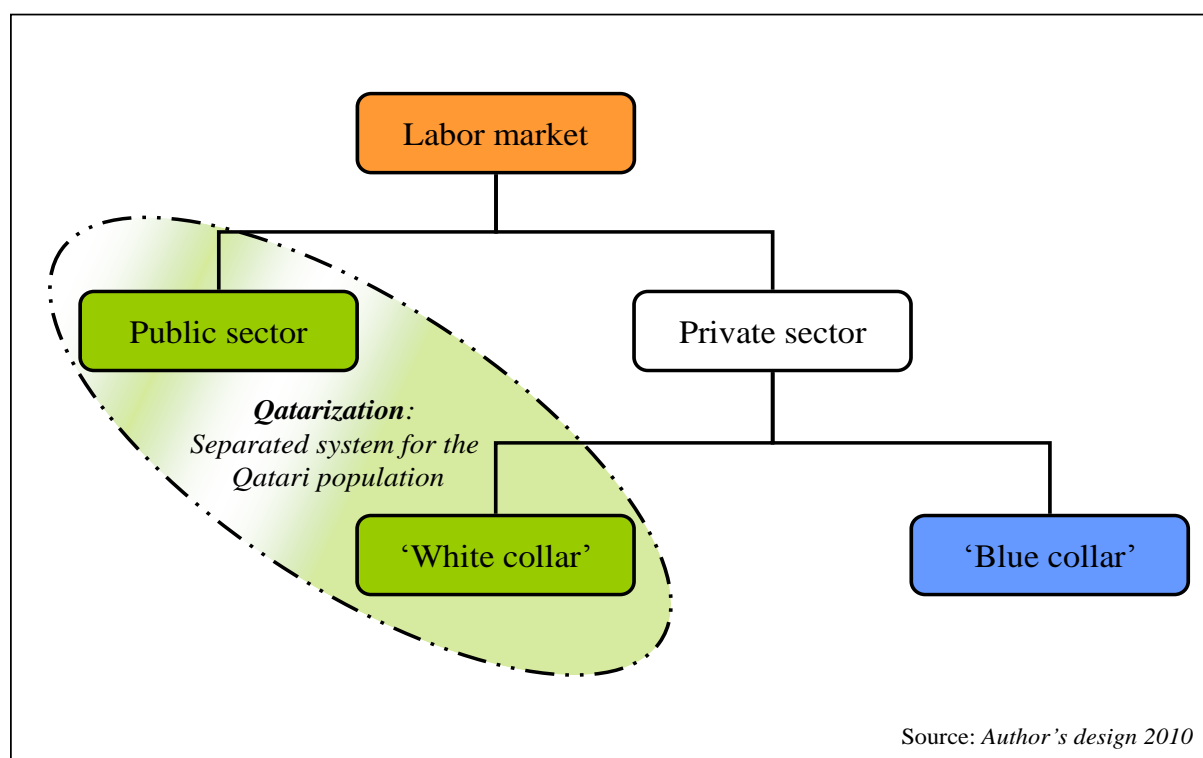


Figure 34: *Qatar's Future Labor Market: Quality Qatarization*

### 7.3 External Factors – The Imperative of Change: Diversifying Qatar's Higher Education Landscape

The diversification of Qatar's post-secondary education landscape is one of the driving factors of the current incentives of the ruling regime. Qatar University was the only institution offering higher education opportunities. However, it is very difficult to assess the status and the relevancy of QU within Qatar's socio-economic framework. The biographies of many of today's political and economic leaders tell that most of them studied in Europe, the United States, or Egypt instead of attending Qatar University. In particular, the sons of Hamad Al Thani attended the military academies in Sandhurst (U.K.) and St. Cyr (France). Three daughters of the Emir enrolled in the United States, where they received diplomas from Duke University and Saratoga University (GHE-Q1). While the royal family used to study abroad,



also many powerful businessmen attended Western universities. This exemplifies that Qatar University was not regarded as the national cadre training unit – as long as most political and economic leaders preferred to study abroad. Henceforth, there is a specific demand for higher education services, which Qatar University, as the only higher education institutions, could not provide in the past. Thus, a diversity of local educational opportunities, tailor-made for Qataris youth, intend to encourage more students to continue to higher education locally.

### 7.3.1 Demography: Expansion of the Domestic Higher Education System

Compared with other states in the region, Qatar has had a higher-than-average tertiary enrollment rate among the domestic population since the late 1980s. For instance, more than 50 percent of the female secondary school graduates (with reference to Qataris) continued to higher education (QSA 2010). While the admission capacities of Qatar University were sufficient to serve the small domestic population – in 2000, the relevant cohort of 19-year-old Qataris was less than 3,000 pupils – the estimated increase of students and the raising awareness of higher education required some adjustments. Till 2010, the age group of the 19-year-old Qataris would increase to almost 5,000 pupils and until 2020, the relevant Qatari cohort would even grow to 5,900 pupils (QSA 2010). This demographic trend imposed the need to either expand the admission capacities of Qatar University or to establish additional post-secondary institutions in the country. The need to diversify the local post-secondary education is also connected with the trend of demand.

There is a demand for *more, different and better* local higher education opportunities in order to serve the changing educational needs and aspirations of the increasing population.

The effects of labor migration also affected the higher education policy. Since the 1980s, non-Qatari pupils have constituted the majority in all levels of the education system. Hence, there was an increasing demand by those, often highly achieving foreign pupils, to attend post-secondary institutions in Qatar. As mentioned above, non-Qatari students only form a minority of the student population at QU, although they often outperform their Qatari peers at school level (World Bank & Planning Council 2005: 75). With respect to the social status of migrants, it must be stated that Qatar is not an open society. Foreigners, e.g., all non-Qataris, are de facto second-class citizens. Even if guest-workers spend their whole life in Qatar, they have only limited rights and do not benefit from social welfare and public employment. Moreover, many foreign communities are isolated and excluded as the government is skeptical of their political ambitions. While Qatari nationals only form a minority of the total population, authorities try to limit power of the outnumbered expatriates. There are several migration and labor market policies, most prominent the Qatarization but also laws, country specific regulations and last but not least the sponsorship which exclude foreigners from decision making and political participation. Qatar is not, and will not, become an open society in which the privileges of the domestic population are diminished. “*Migrants should only stay temporarily in Qatar – the government does not want them to become permanent residents*” (GHE-Q6).

### 7.3.2 Gender Factor: Involving the Male Population – Additional Opportunities for Women to Study in Qatar

The foundation of *different* higher education institutions, in addition to Qatar University, relates to a strategy which aims at increasing the tertiary participation rate and the knowledge-base especially of the male population. Since the opening of Qatar University there has been a significant male deficit, measurable in the gender ratio. Qatar's sons did not accept the university, as they either preferred to study abroad or transferred directly to the rent-based labor market without any further post-secondary qualifications. This education gap between males and females is a major characteristic of Qatar's society. Females outperform their male classmates at all levels of education, not only in terms of enrollment, but also in terms of grades. Therefore, a political approach with a focus solely on elite higher education would not take the needs of many young boys into account, as they lack in terms of grades, skills, and motivation (World Bank & Qatar Planning Council 2005: 73). It was necessary to diversify the education infrastructure to involve the less-aspiring and weaker students – who do not meet the academic standards of foreign universities or Qatar University.

*“Obtaining an U.S. degrees, without studying in the United States” (GHE-Q3):* Vocational-oriented programs to encourage more of the rent-seeking males to continue on higher education – importing elite universities to enable particularly high achieving females to overcome (escape) their limited mobility.

One of the major topics of the new regime was to empower women to enroll in higher education, to enter into the world of work, and finally to reach self-fulfillment. Many Qatari females do not have the opportunity to travel overseas for higher education or to mix casually with men. Parents want their daughters to remain in Qatar. Hence, their geographic mobility is often limited. The attacks of 9/11, the War on Terror and the War in Iraq enforced this immobility. The gender ratio at Qatar University, as well as at the secondary school level, clearly reveals that Qatari women are keen to aspire to great heights. More than 85 percent of the Qatari females in the relevant age-group finish secondary school and receive the qualification to enter university (QSA 2010). Many of them would have the academic skills to enroll at prestigious Western institutions – but due to the mobility limitations they do not. The increasing number of female students puts pressure on the conservative environments to provide more local university places. With a shift towards coeducational institution of higher learning, Qatar's leadership set a visible sign to modify ingrained habits and norms. Moreover, it offers new opportunities for women's equality in the world of work. As a consequence, there is a need for *better* academic programs locally, especially for high achieving and aspiring young women with restricted mobility. Thus, there is a focus on excellence rather than on a vocational or technical education related to this gender issue.

Like their male counterparts, many females prefer to gain a degree from a prestigious Western university, instead of enrolling at Qatar University. In particular, Sheikha Mozah Bint Nasser Al Missned, the wife of the Emir, soon became a strong advocate of women's education in Qatar. Today, female students are very much aware of their new opportunities and the support

they receive from Sheikha Mozah. She became a role model for a generation of young and confident women. As a matter of fact, the gender factor plays a crucial role in the question of the expansion and diversification of Qatar's higher education sector.

### **7.3.3 Capacity Building: Import and Export Strategies of Higher Education Services in Qatar**

In the 1990s, Qatar's weak innovation system and poor domestic knowledge base with only one higher education institution was an obstacle to any economic development. To keep pace with the transformation towards a knowledge-based economy, a transfer of expertise from abroad was necessary. Foreign knowledge was used by sending talented students abroad, supported by a generous scholarship policy of the authorities. For a sustainable effect on the entire economy, it seemed mandatory to import well-established educational concepts in addition. Senior officials of the Qatar Foundation refer to the aphorism "*a rising tide lifts all boats*" (GHE-Q1). The general idea is that the entire innovation system will benefit from lighthouse projects with foreign universities. The commercial presence of "*educational champions*" (GHE-Q1) may positively affect other institutions and in addition promote Qatar's research and development capacities. As part of Qatar's knowledge campaign, the regime initiated ambitious plans to develop a national research cluster. But the academic structures of Qatar University were not suitable to implement this comprehensive concept. An import of knowledge bridges this gap on the short term, as homegrown institutions have time to grow gradually. In addition, a presence of top universities on the door-step may motivate and encourage more Qatari students to proceed to higher education. These institutions could increase the society's awareness of education, knowledge and research, as higher education is associated with prestige and honor.

Branch campus of prestigious foreign institutions operating in Doha can be used as a road map to a new era in which knowledge attracts and motivates the youth (GHE-Q1).

Export strategy: There are many countries which are developing an educational sector for new sources of income. Apart from leading Western education hubs like Australia, the United States, and the United Kingdom, some other states have implemented an export-oriented internationalization strategy. In particular, Denmark and the Netherlands are examples for countries with a high share of foreign, tuition paying students. Former educational hubs within the Middle Eastern region were Lebanon and Egypt, in particular. Many Qataris used to enroll in undergraduate courses in Cairo – e.g. Prime Minister Hamad bin Jassim Al Thani. In the late 1990s, Gulf states realized the potential of an export-oriented education industry. Dubai, in particular, has launched an ambitious strategy to become a leading educational hub which aims at attracting a significant share of the regional and global student mobility. In Qatar, the export-orientation of higher education is primarily related to a brain gain strategy. Due to the limited indigenous population, Qatar will ever depend on a large foreign work force – in the low-wage sector and in the professional sector. The Quality Qatarization will not supply the economy's entire labor demand in the future (GSDP 2009). To encounter the

estimated skilled worker shortage for the booming national economy, Qatar tries to attract highly achieving youngsters from abroad by offering a place to study. Thus, skilled migration and higher education refers to the labor market policy as Qatar aims to become a “*magnet for talented people*” (GHE-Q1) within the region.

#### **7.3.4 Politics: Higher Education as Visible Sign of Qatar’s Modernization Agenda**

The reign of Hamad Al Thani is characterized by the commitment to transform the country economically and socially, focusing on diversification of the economy and of the labor market and breaking up entrenched habits. Redefining the role of the state will prepare the society for the upcoming challenges. Elements of the societal transformation also included a gentle shift towards a political liberalization. The Emir began a democratization process by introducing a certain measure of participation in government, through the establishment of an elected municipal council and a permanent constitution. Changes at human rights including the promotion of women’s rights, freedom of expression, and cultivation dialogue with several international organizations were launched. Although the plenitude of power of the ruling regime was not cut back significantly, the new Emir, unlike his father, integrates new political elements, as he realized the signs of the new era.

Higher education was ever a key to societal transformation. Universities educate the future the country’s leaders and may serve as laboratory for Qatar’s future. Coeducational institutions and international collaboration may change the students more than other political incentives. Coeducation is an especially important component to incorporate women in everyday life. Students are affected by foreign institutions which confer their liberal philosophy. Cooperation with international recognized higher education institutions may also change the appreciation of Qatar. While the country was ever considered as a *nouveau riche*, whose wealth is based on fossil resources, a promotion of education and research might also affect Qatar’s external image positively.

### **7.4 Adjustment of the Controlling Elements: Qatar’s Higher Education Policy since 1995**

Soon after Hamad Al Thani seized control, a major policy strategic shift was implemented: Mindful of the fact that that Qatar’s socio-economic future will depend more on human rather than on fossil resources, the government launched an ambitious higher education campaign. More Qatari citizens should be encouraged to continue to post-secondary education locally and abroad. The principal delivery mechanism was to diversify the national innovation framework by establishing satellite campuses of foreign universities in Doha.

#### **7.4.1 Qatar’s March towards More Privateness of Higher Education**

Limited impact of privately owned, profit-oriented post-secondary institutions: Qatar’s policy of establishing privately operated, publicly funded institutions of higher education in cooperation with Western universities in addition to Qatar University.

Prior to 1995, higher education was one of the most state-controlled sectors in Qatar. Although the regime of Hamad Al Thani introduced several market-driven incentives, a radical shift to introduce a comprehensive privatization policy did not take place. However, a march towards privateness in higher education (according to JOHNSTONE 1999: 2) also took place in Qatar. However the policy of providing free higher education services to all Qatari citizens remained.

The conditions and the status of private institutions bear the hallmarks of Qatar's specific educational agenda. Inspired by the ideals and philosophy of American private research universities, Qatar's higher education system was diversified by a number of international branch campuses. These non-profit branches of Canadian, British, French and U.S. universities are all privately operated – but receive their entire funding from governmental or quasi-governmental sources in Qatar. The foundation of these *privately operated, publicly funded institutions* neither relates to an economic liberalization policy nor a tendering. Due to the specific funding model, these private institutions relate more to public investments than to a privatization policy. However, as the international branch campuses in Qatar operate as private institutions, and have the main features of private institutions in terms of ownership, cost-recovery, and autonomy they are a construct of Qatar's move towards *privateness* in higher education.

Apart from the specific type of higher education institutions, Qatar's leadership also enabled truly private incentives in post-secondary education – although on a very limited scale. The Institutional Standards Office (ISO) is the governing body to grant licenses for the operation of private institutions. This body operates under jurisdiction of the Supreme Education Council's Higher Education Institute (SEC/HEI). The ISO is "*responsible for ensuring quality of the higher education institutions and granting licenses for the educational institutions based on the policies and procedures set by the HEI*" (SEC 2010). The ISO provides licenses and accreditation to private institutions operating in Qatar, based on internal and external assessments (SEC 2010). The office also has to ensure that all private higher education institutions abide by the quality criteria and standards approved by SEC.

While the ISO published a booklet which provides information related to private higher education, there are no accessible statements or laws which define Qatar's privatization policy on higher education. This information politics is distinctive for the status and the relevancy of privately funded higher education in Qatar. It demonstrates that the private sector was not encouraged to assume an active role in the advancement of the higher education sector. As a consequence, the government does not actively support the formation of private institutions – except those directly under their control. Thus, unlike in Oman, there are no financial incentives for private investments in higher education, nor an allocation of land or tax exemptions.

The scholarship policy typifies the official dealings towards private higher education. The government funds all Qatari students at the local higher education institutions (covers tuition, etc.), and even allocates scholarships for all Qatari students studying abroad. But students, regardless of whether nationals or non-nationals, enrolling at *Stenden University Qatar* – the only institutions, which is fully privately funded and does not result from a governmental

initiative – **cannot** apply for any of the numerous public scholarships. Thus, this scholarship policy limits profit-oriented higher education within Qatar and also abroad. Governmental scholarships for student abroad are limited to 675 international universities, and only include *traditional, non-profit* universities (SEC 2010).

Qatar's authorities did not develop a large homegrown private higher education sector in addition to the public initiatives. In contrast, the government only wants foreign institutions on the basis of a non-collaborative arrangement to operate in the country, either publicly funded or privately funded. All programs offered at those privately funded institutions need to be fully accredited by the home country. Hence, the specific privatization policy in Qatar goes along with a comprehensive internationalization approach, as the government limits the number of private providers and guarantees that only programs of the university's home country are offered in Qatar. In this way several cost-effective models of collaborative arrangements are not allowed.

According to a senior officer of the ISO, there are no legal limitations on the number of licenses for private higher education institutions. He reported that to this day, three private higher education licenses have been issued. However, so far only the Stenden University was established by a Qatari businessman as a truly privately funded institution. The ISO officials stated that further licenses were issued to a Qatari businesswoman, another to a consortium connected to a French university (GHE-Q5).

The time-variant analysis shows that the ruling regime modified the application of the controlling element *privatization* over the past years. The policy of publicly sponsored, privately operated institutions emerged in 1998, starting with Virginia Commonwealth. In 2000, the only privately financed Stenden University was established. The private college operates on a profit-oriented model. Since then, no further privately funded, profit-oriented institution has been established. Since 2001/02 the government has focused exclusively on the establishment of public-sponsored branch campuses of foreign universities, instead of shifting power to truly private incentives. In so doing, the large scale of public investments affects the initiatives of private shareholders as the market is saturated.

Qatar's ruling family (as the controller of the system) promoted the establishment of private institutions and a gently shift towards *privateness* in higher education without truly privatizing the sector. The government maintains its quasi monopoly, as it controls and regulates the higher education sector and does not shift real power or responsibilities to private initiatives. The reason that lay behind this *pseudo privatization* is the specific internationalization strategy to attract *Western, non-profit, elite universities*. In addition, the financial resources of Qatar enabled the government to maintain the public primacy.

Qatar's pseudo privatization is unique: Defining features of the application of privatization as a controlling element are (1) the status as *publicly sponsored, privately operated* institutions, (2) the status of private higher education as *elite, not-profit* institutions and (3) the limited relevancy of private, profit-oriented, mass-absorbing incentives in higher education.

#### 7.4.2 Internationalization of Higher Education in Qatar: “Western-Styled Education Is Not Enough”

Qatar’s ruling family did not just want to copy approved educational concepts from Western institutions. Leading universities should offer their programs themselves in Doha. The leadership is convinced that only agreements on a non-collaborative provision will serve the educational needs and the requirements of Qatar’s economy and its citizens.

As mentioned before, the impetus of internationalization of higher education is related to Qatar’s unique privatization model. As a consequence, the application of the controlling elements *privatization* and *internationalization* (in terms of a commercial presence) depend on each other and appeared simultaneously. In order to assess the application of the controlling element internationalization, it is necessary to keep in mind the distinction between the privately operated, but publicly funded institutions and the private institution, operating without any governmental funds.

All private higher education institutions in Qatar have in common that they operate as branch campuses. Hence, Qatar’s internationalization policy addresses provider mobility on the basis of a non-collaborative provision of educational services. Defining features of Qatar’s branch campuses are (i) that all operate under the branding/name of the mother university, (ii) they have a faculty in Doha which is recruited through or seconded from the parent campus, and (iii) the branches have to offer the same degree programs as the parent campus. Thus, the formal conditions of a non-collaborative branch campus, whereas the main university expands itself and does not only provides its name are complied. The analysis of Qatar’s internationalization model will show that the publicly funded branch campus forms a new type of cross-border mobility. In particular, the legal limitations on foreign ownership affect the provision of academic services across national borders. As all private institutions must be owned by a majority of Qatari shareholders, the government limits the provision of a branch campus in terms of ‘*Model A - wholly funded by the institution*’ (OBHE 2010). Foreign institutions need a domestic partner to establish an offshore entity as a joint venture. In the case of the publicly funded branches, issues of ownership are suspended – these institutions act to some extent outside Qatar’s legal framework, there is a sort of *Lex Education City*.

Qatar’s internationalization policy primarily addresses an import strategy, and has only some features of an export strategy. Those hand-picked branch campuses, funded by the government and by the quasi-governmental Qatar Foundation, should diversify, expand, and upgrade Qatar’s post-secondary system. All offered programs are in line with the leadership’s approach to import leading institutions. Thereby capacity building and mutual understanding are the driving forces. The foreign institutions intend to vault Qatar’s education and research system forward – among those countries with the best education system. Henceforth, the U.S. system of privately funded, non-profit, elite universities served as a role-model.

An export orientation in terms of a revenue generation strategy did not take place. Unlike regional competitors, Qatar does not try to attract large numbers of fee-paying students to establish an educational industry. Generating dividends by foreign students is ranked second. However, in terms of an export orientation the government launched a brain gain strategy to

become a magnet for outstanding students. In addition, foreign students are required to fill up the university seats (as long as the number of qualified Qatari students is limited), and also to prove the concept of Qatar's education policy to establish a multinational entity – for the best scholars and faculty. Furthermore, Qatar's economy depends on professionals and experts from abroad. The new education policy captures the needs of the booming labor market by empowering the domestic population to take up employment and at the same time by attracting foreign students who intend to work in Qatar upon graduation.

In the case of the privately funded institution, an import strategy can be assessed at a national level as well as at an institutional level: All private institutions operating in Qatar need an academic cooperation with a foreign provider. The formation of homegrown institutions, offering own, internationally non-recognized and non-accredited programs is not allowed. The licensing procedures of the ISO reveal this approach. *“If private higher education is offered, it has to be international recognized”* (GHE-Q5). Therefore, internationalization serves as a sort of quality assurance, as the foreign university is liable for its offered programs. Apart from the commercial presence of foreign providers, there is a focus on the internationalization of higher education in terms of *consumption abroad*. A prevalent policy of Qatar's leadership ever was to empower local students to enroll at universities abroad. Despite the new focus to import branch campuses, consumption abroad is still an equitable mode of Qatar's higher education strategy. Scholarship programs help Qatari students to enroll at foreign institutions. Therefore, the government does not differentiate between students attending a branch campus in Doha or a university abroad. Thus, the commercial presence of foreign providers in Qatar did not replace or supersede the consumption abroad. Referring to Mode (4) *presence of natural persons*, Qatar's higher education system still relies on the movement of academic staff. The secondment of experienced faculty from the main campus is a characteristic of Qatar's internationalization agenda. Therefore, the government suspends the official migration policy for all lecturers of the sponsored branch campuses. This exemption clause does not apply to the faculty of the privately funded Stenden University! Moreover, internationalization also found its way into the policy of the public university. In 2003, Qatar University has begun to seek international accreditation for its academic programs and departments. The accreditation intends to confirm QU's status as an elite institution offering international recognized programs.

Qatar uses the controlling element internationalization of higher education in line with a capacity building strategy. Hand-picked higher education institutions are invited to operate a branch campus in Doha. These branches intend to deliver their exceptional programs which made them educational leaders in their home country. The knowledge transfer intends to bridge the lack of local expertise, and should guarantee an exponential growth of the domestic knowledge base, all according to the principles of a knowledge economy.

Defining features of the application of the internationalization strategy is the focus of cross-border mobility of providers (as such non-collaborative provisions), the unique funding system of the government, and the consumption abroad by providing scholarships. Higher education should become truly global, in terms of institutions, faculty, and students.



### 7.4.3 Qatar's Liberalization Commitment on GATS

As shown in the theoretical framework, liberalization commitments according to GATS may affect the national higher education system. The trade regime argues that only a free and deregulated market will attract large scale foreign investments. As seen in the application of the controlling elements privatization and internationalization, Qatar's authorities aimed to maintain its status as the mainspring of almost all educational initiatives in the past. Henceforth, the description of Qatar's schedule of education services is very concise: The government did not establish any sector specific commitments to the provision of higher education services related to GATS, as Qatar's schedule leaves the entire education sector aside. The horizontal section of the schedule indicates that, similar to other GCC countries, Qatar has several general limitations on market access and national treatment in terms of Mode 3 *Commercial presence* and Mode 4 *Presence of natural persons*. This comprises of foreign ownership and the partnership agreement with Qatari shareholder. In terms of national treatment, it limits the purchase of land. The proposals on technology transfer as well as on research and development programs are in accordance with the capacity building strategy.

Table 30: *Qatar's Liberalization Commitment on GATS*

	Limitation on market access	Limitations on national treatment
All sectors and sub-sectors included in this schedule	<p>(3) Foreign commercial presence should be either through a Qatari agent working in the same field of services or related to it. Or through a partnership with the capital of a Qatari company. Foreign commercial presence may be required to provide certain benefits in the form of technology transfer, research and development programs, technical or marketing assistance and educational or training of local manpower.</p> <p>(4) Unbound, except for measures concerning the temporary stay of natural persons falling within the category of managers, technicians or specialists.</p>	<p>(3) Acquisition of land or real estate by foreign natural persons or foreign juridical persons is not allowed. Foreigners can acquire land for economic activities on long lease (50 years) particularly for industrial use.</p> <p>(4) Unbound, except for measures concerning the categories of natural persons referred to in the market access column. Housing and social programs and some aspects of free health care are limited to Qatari citizens.</p>
	<i>(3) Commercial presence, (4) Presence of natural persons</i>	
Source: WTO 2010		

In light of Qatar's GATS policy, it needs to be stated that similar to a many other Arab governments, Qatar does not see benefits in making a full commitment to GATS, including in the higher education field, particularly as related to cross-border providers, consumption abroad, commercial presence and presence of natural persons. However, all these modes of supply, applicable under GATS, are being adopted on bilateral agreements.

Qatar's government threatens to loose control over higher education through deregulation, foreign dominance and exploitation of national systems. Furthermore, the shift towards

commodification and for-profit is not in line with Qatar's policy of treating higher education as a public good. The country's financial scope and an import rather than an export strategy also affects this policy. While Qatar did not make any commitments on trade liberalization, there are additionally several hidden trade barriers which affect the market entrance of educational providers: The licensing procedures are not transparent, the migration laws and ownership regulations also hamper a free trade of educational services.

Qatar's GATS policy is in line with the overall strategy to develop a domestic higher education sector: The government and not foreign and private incentives, is the mainspring of the higher education policy.

Independently operating branch campuses or profit-seeking institutions, offering degrees which might not be in line with the leadership's doctrine of excellence, are not allowed to operate in Qatar.

#### 7.4.4 Public Investments in Higher Education

*"Education shall be a significant foundation for the progress of the society. The State shall promote education"* (Constitution of Qatar, Article 25)

Due to Qatar's specific higher education policy it is difficult to make a precise distinction between private and public initiatives. As mentioned above, all international branch campuses are funded through governmental or quasi-governmental sources. On the assumption that public higher education is distinctly marked as it is cost-free for nationals, the branch campuses in Doha relate even more to a public higher education policy. All admitted Qatari students, regardless whether studying abroad or in Doha, can apply for a scholarship, covering tuition fees and other expenses. So the current strategy relates to an investment policy of the state.

Despite the shift towards privately operated branch campuses, the provision of publicly funded and publicly operated higher education has continued since the mid-1990s. Qatar University, the only state university, has been expanded and modernized. From 2003 to 2008, the university implemented a major reform to raise the quality standards and to close the gap toward the new branch campuses. Therefore, QU's funds were increased and new academic programs ranging from diploma up to postgraduate level were launched. Whereas the international branch campuses operate coeducational, Qatar University retained its status as gender segregated institution. Therefore, the university has an important assignment in offer opportunities to those groups within Qatar's society which refuse to send their children to a coed institution. In addition, the government wants Qatar University to remain a flagship within the country's higher education system – despite the competition with the prestigious international universities of Education City.

The fact that Qatar did not use a policy of privatization to shift costs to society can be analyzed in the public spending on higher education. As all branch campuses are funded through governmental sources, the public spending on higher education and research has escalated since 1995. Qatar's expenditure on higher education per capita has been unique.

The shift to establish international branch campuses in addition to Qatar University changed Qatar's higher education landscape. However, the public sector remains the driving force of the post-secondary education sector. Through its scholarship policy the government sustained its proven system of providing cost-free access to higher education for all citizens, regardless whether students enroll locally or abroad.

Higher education is not only the right of every citizen – every student should have the best available higher education opportunity – “*no matter what the costs*” (GHE-Q1). Defining features of the public investment policy are (1) the public funding of the international branch campuses, (2) the diversification and modernization of the programs at Qatar University, and (3) governmental scholarships for all Qatar students.

#### **7.4.5 Qatar's Control Model: Control Mechanism in Qatar's Higher Education System since 1995**

The defining feature of Qatar's control system is the policy of diversifying the national higher education landscape by importing foreign expertise on the basis of non-collaborative arrangements. Here, the government of Qatar and the governmental-backed Qatar Foundation play a key role, as they invite and sponsor traditional universities from Western countries to operate branch campuses in Doha. As a consequence, the *internationalization* of higher education is based on a public incentive and also integrates elements of a privatization, as all branches operate as private entities, but on a non-profit model. Privatization in terms of encouraging private, profit-oriented investments in higher education took only place to a very limited extent. The formation of the only privately funded post-secondary institution in the country dates back to the turn of the millennium. The application of the controlling element *privatization* reveals that liberalization and deregulation are not in line with Qatar's overall higher education strategy. The market opportunity for privately funded higher education is very limited. There are no subsidies for private investment. The specific higher education policy also reveals the impact of the external factors. The country has benefited from the oil price rally since 2002. These windfall incomes enabled the ruling regime to expand its specific internationalization policy, to increase the funds of the public Qatar University, and to be immune to the need to liberalize higher education and shift power and responsibility to private incentives. The coexistence of the publicly funded Qatar University and the new established branch campuses indicates some social conventions: There is still a high demand for traditional, gender-segregated education. Qatar's regime has to submit to society's will.

Figure 35 illustrates the application within Qatar's control model. As distinct from the control model describing the policies until 1995, it is obvious that the controlling element internationalization modified the higher education landscape. In order to *empower the domestic population to become knowledge workers* (as refers to the set point) in a globalized and competitive economy, the commercial presence of foreign universities broke the monopoly of Qatar University and diversified the higher education landscape. Therefore, internationalization relates more to public investment rather than to a market-driven policy. However, the ruling regime began to move towards *privateness* in its higher education policy.

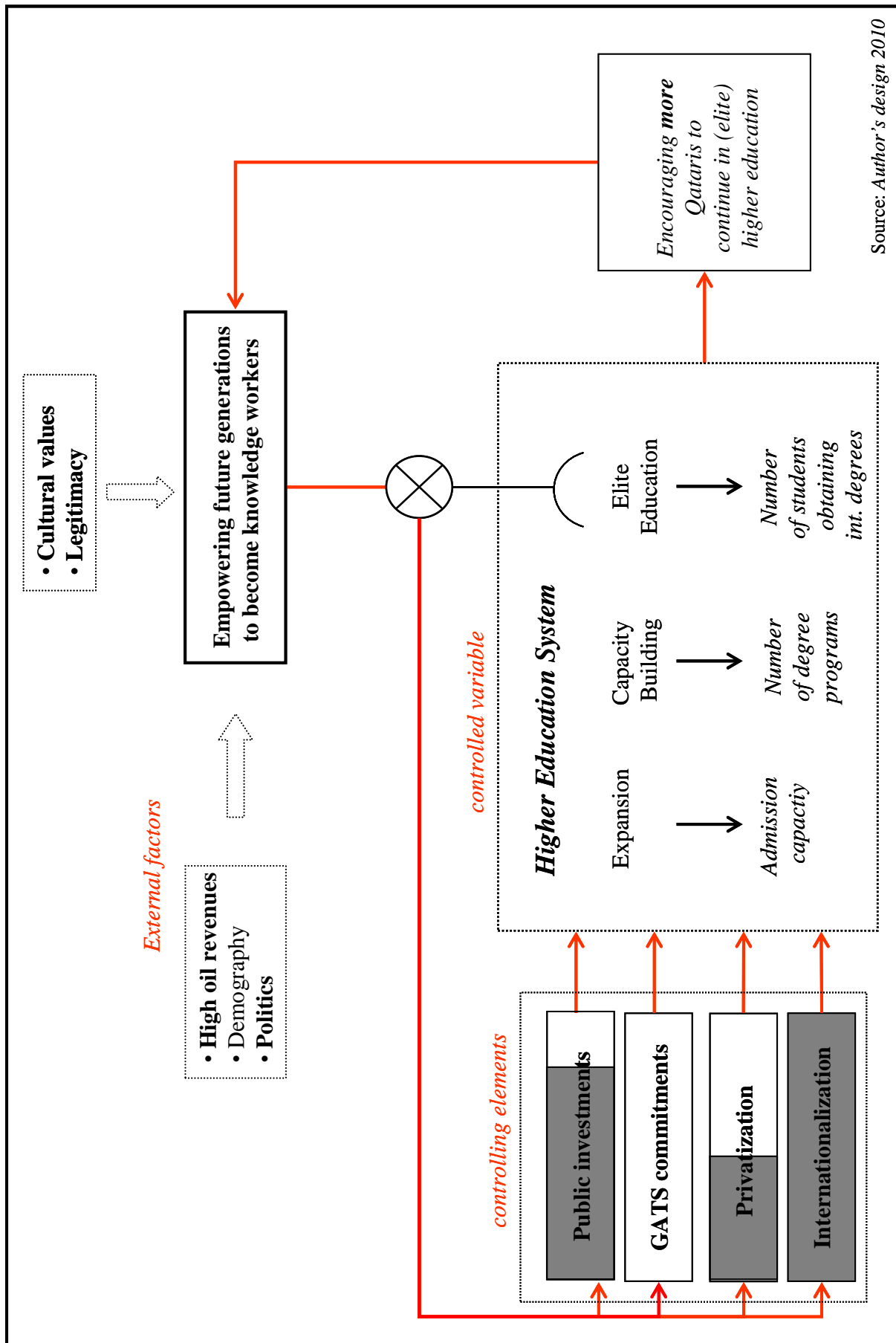


Figure 35: Qatar's Higher Education Control Model since 1995

## 7.5 The Effects of Qatar's Higher Education Policy

Qatar's specific higher education policy effected (1) an increasing tertiary enrollment rate among the national population, (2) an increasing number of Qatari students receiving internationally awarded degrees, (3) international attention and a positive image of Qatar as a booming and modern economy, and finally a (4) boost in the country's research and development capacities.

### 7.5.1 Diversification and Expansion of Qatar's Higher Education Landscape: "Demand for More and Different Higher Education"

The new higher education policy since 1995 has modified Qatar's formally monopolized and centralized post-secondary education system. Under the direction of the governmental-backed Qatar Foundation, foreign universities were invited to operate branch campuses in Qatar's educational landmark project, the so called *Education City* (EC). This education zone – located at the outskirts of Doha – aims at satisfying the youth's and the economy's needs for *more, different and better* higher education services.

Education City hosts branch campuses of Virginia Commonwealth (VCU-Q: 1998), Cornell (WCMC-Q: 2001), Texas A&M (TAMU-Q: 2003), Carnegie Mellon (CMU-Q: 2004), Georgetown (SFS-Q: 2005), and Northwestern (NWU-Q: 2008). In addition, a homegrown institution, the Qatar Faculty of Islamic Science (QFIS), was established in 2007. A characteristic feature of the Education City branch campuses is that only well-chosen disciplines of the main campuses are offered in Doha. Currently, there are 14 undergraduate programs in supply: Medical sciences (WCMC-Q), graphic design (VCU-Q), engineering (TAMU-Q), business and computer sciences (CMU-Q), foreign services (SFS-Q), journalism (NWU-Q) and Islamic sciences (QFIS).

The idea of Education City is to provide final degrees from foreign universities directly in Doha. Thus, students have the opportunity to obtain degrees from foreign institutions without being forced to leave the country. This serves the needs of all students whose geographical mobility is limited – in particular females. Being regarded as elite universities, the admission capacities of all Education City institutions are limited and highly selective. In terms of the admission standards and the tuition fees, the branch campuses declared that they all follow the same policy as their parent campus in the United States. Consequently, these institutions can only fill a market niche within the higher education system for exceptional students: Education City does not aim at absorbing the mass of students in Qatar!

Since its opening in 1998, the annual intake of students at one of EC's branches has increased steadily. In fall 2010, 413 freshmen enrolled at one of the seven institutions, most of them at the Engineering School of TAMU-Q. 45 percent of the new admitted students are Qataris, almost two thirds of them are women. Most of the foreign students entering Education City are children of professionals working in Qatar. In total, there are 845 foreign students representing 83 nationalities at EC (QF 2009). The number of foreign students moving to Doha for the limited purpose to enroll at one of the branches is very low. The enrollment figures reveal the local and regional catchment area. Although the admission at EC is

officially based on academic merits only, a hidden quota ensures that about one half of the students are Qatari nationals. (GHE-Q1) To enable more Qataris to enroll at the EC's branches, the so called Academic Bridge Program (ABP) was established: ABP prepares students in English, math and sciences. In 2010 more than 350 students, most of them Qataris, enrolled at the preparation program.

While the Education City institutions intend to bridge the gap of elite education in Qatar, the ruling regime also tries to preserve Qatar University's status as one of the leading university in the region. A major reform was launched in 2003 to modernize and update the academic structures. One of the effects of the reform was the implementation of a foundation program, comparable to the EC's ABP. In 2010, QU admitted 2,376 students, 59 percent of those students were Qataris. Thus, QU remains by far the largest local post-secondary education institution. The gender ratio indicates that primarily females applied at QU. Qatari males form only 13 percent of the new admitted students in 2010 (QU 2010). With a view of the overall student enrollment, it conveys that the student numbers at QU are increasing: 8,600 students enrolled in 2010, in contrast to only 7,000 students in 2007. But the new foundation program distorts the statistics. Almost 3,000 students enrolled in the preparation program. Accordingly, the number of students enrolled in the single departments remained more or less on the level of 2007 – and therefore significantly lower than in the late 1990s. With the introduction of new programs, a focus on postgraduate programs, the formation of a comprehensive research strategy and equipped with new government funds, QU aims to offer an academic, research-oriented education – like those new Education City institutions. An important feature is the preservation of the gender segregation to meet the requirements of the conservative circles.

Table 31: *Annual Intake of Students in Qatar: 2010*

Annual intake of students 2010	Total	Qataris			Non-Qataris
		f	m	Total	
ABP	350	170	138	308	42
VCU-Q	61	33	4	37	24
WCMC-Q	50	7	4	11	39
TAMU-Q	123	38	41	79	44
CMU-Q	85	17	10	27	58
SFS-Q	54	11	5	16	38
NWU-Q	40	11	4	15	25
EC total	763	287	206	493	270
EC without APB	413	117	68	185	228
CCQ	304	184	120	304	0
CNA-Q	550	130	260	390	160
UC-Q	23	8	1	9	14
Qatar University	2,376	1,087	305	1,392	984
Stenden University	130	28	24	52	78
Students abroad	493	139	300	493	n.a.
Sources: <i>Qatari newspaper 2009-2010; Qatar Foundation 2009; Qatar Planning Council 2009-2010; QSA 2009-2010; QU 2010; own estimations</i>					

Apart from the shift towards elite education, several new institutions were established to

diversify the scope of academic programs. Those institutions offering a more vocationally-oriented education are not funded by the Qatar Foundation, rather than by the Amiri Diwan.

In 2001, the College of the North Atlantic (CNA-Q) was established. It is a branch campus of a Canadian college, which offers two- and three-year programs on a certificate and diploma level. It has a specific model, in which most students are employed through a local company during the years of study. The companies also cover tuition fees and pay a monthly salary. Due to this model, CNA-Q soon became the second largest post-secondary education institution, as it attracted primarily male Qatari students. In 2010, 550 students were admitted to CNA-Q, 71 percent of which are Qataris and two thirds thereof males. The total enrollment reached 1,850 students. Hence, four times more Qatari males were admitted to the more vocational system of CNA-Q than to the research-oriented education offered at Education City. The number of registered male students almost reaches the level of Qatar University. Thus, CNA-Q serves the *need for more and different* educational services, especially to meet the demands of the male population who prefer to study over a short period, while being employed and earning one's own money.

The Community College Qatar (CCQ), established in 2010, also diversified the higher education landscape by offering additional opportunities for all those students who do not meet the admission requirements of the elite institutions in Qatar. The CCQ aims to prepare students either directly for the labor market or to enable them to continue at one of the branch campuses or at Qatar University upon graduating. 300 Qataris students were admitted in the first batch in fall 2010.

The only privately funded Stenden University, which describes itself as a college of applied sciences, accepted 130 students in 2010. The institution which offers three undergraduate programs related to business and tourism studies, reached an overall enrollment of 450 students, of which about 42 percent are Qataris.

In summary, it can be stated that Qatar's specific higher education policy increased the admission capacities of the national system. In addition to the existing capacities of QU, the Education City together with scholarship programs to study abroad expanded the number of university seats for high-achieving and talented students. In view of the enrollment rate of the domestic population, a trend towards massification can be analyzed. Almost all Qatari females who finish secondary school continue to higher education afterwards. With the internationalization agenda, many females have now the opportunity to do so locally at elite universities. The tertiary enrollment rate of Qatari females reached more than 75 percent of the relevant 19-24 year old age group, 82 percent of them (1,521) enrolled in one of EC's elite institutions, Qatar University or abroad. In contrast, the enrollment number as well as the type of education of their "brothers" varies. Only about 50 percent of all Qatari male SSGs continued to tertiary education in 2010. Two thirds of them enrolled in one of the academic programs, while one third obtained a vocational-oriented education at CNA-Q. Referring to the estimated growth of SSGs and the demand for higher education, it is important to note that none of the post-secondary institutions reached its capacity limits.

The enrollment figures also reveal that the policy is driven by the demand of Qatari citizens

rather than to serve the non-Qatari population or to attract masses of foreign, fee-paying students. Non-Qatari residents primarily enroll at QU, where they form one third of the student body. A significant share of foreign students (20%) also enrolls at CNA-Q, where tuition fees are often covered by a sponsor. In general, the tertiary enrollment rate of non-Qatari SSGs reached about 20 percent. One of the reasons for the relatively low enrollment rate of non-Qataris is the high tuition at all post-secondary institutions. As a consequence, there is a measurable enrollment gap between Qataris and non-Qataris, attributable solely to nationality. Recall that more non-Qatari pupils attend secondary education, where they often outperform their Qatari classmates. Neither QU, CNA-Q, nor any of the Education City institutions attracts large numbers of foreign, non-resident students.

### **7.5.2 Capacity Building: “Demand for Better Higher Education”**

The adjustment of the internationalization policy reveals Qatar’s “excellence strategy”: Not just any foreign provider should offer some franchised or validated programs in Qatar – the ruling regime wanted to attract worldwide leading universities to operate in Doha. As mentioned above, Qatar’s government and Qatar Foundation were successful in importing foreign institutions. The six U.S. universities operating in the Education City are all recognized as research-oriented elite institutions. With Cornell, Carnegie Mellon, Northwestern and Georgetown University leading the way, Qatar’s innovation system moved from the periphery to the center of a globalized educational landscape. The essence of Qatar’s internationalization agenda is not only the commercial presence, but also the award of the original degree – thanks to the non-collaborative provision – and the focus on research and development. In other words, Qatar used its oil funds to buy into the U.S. educational league of academic excellence and social elitism. Apart from the top-ranked U.S. institutions, Qatar recently signed an agreement with HEC Paris, one of the most prominent European Business Schools – to offer a MBA in Doha. In 2010, University College London established a branch in Doha in cooperation with QF to offer postgraduate programs in museum studies.

The scholarship program also reveals the educational vision of the leadership. Every Qatari student who is admitted at a recognized university abroad (determined by SEC), receives a generous financial package covering tuition fees, travel costs and accommodation. The regime wants to encourage its citizens to enroll at top universities locally and abroad. From Qatar’s leadership’s point of view, this dual internationalization strategy was successful: Establishing branch campuses locally and sending students abroad. More than one half of all Qatari students receive a Western degree – most of them from prestigious institutions. In particular, females seize the opportunity to enroll in international programs and to close the gender gap caused by their limited geographical mobility. These degrees intend to witness the academic excellence of Qataris and emphasize the educational approach of the country to “*create future leaders*” and to “*unlock human capital*” (QF 2010). The focus on elite education also reveals the strategy to empower Qatari graduates to employment corresponding to their social status. These recognized degrees will enable Qataris to replace and take over employment from Western professionals in the future.



### 7.5.3 Recent Adjustments of the Controlling Elements

In view of several incentives, it is possible to extract the specific adjustment of the controlling elements that were used to regulate Qatar's higher education.

*Evolution of the specific model of internationalization:* The agreement to establish the first foreign institution in Doha, the Shaqab College of Design Arts, reveals the evolution of the Education City. The college (as predecessor of VCU-Q) was operated by Virginia Commonwealth University's School of the Arts, whose faculty members designed the curricula. While the college operated under a management contract, it did not share the name of the main campus. The offered programs were not identical to those at the parent institution in the United States. Shortly after QF started negotiations with other foreign institutions to operate a branch in Doha's Education City, in particular with Cornell, the sponsorship model on a non-collaborative arrangement was implemented.

*The shift towards postgraduate programs:* Within the past years, the controlling element internationalization was modified. With the exception of Weill Cornell's medical program, all branch campuses of Education City focused solely on undergraduate programs to serve the urgent demand. Since 2005, this policy has changed. All EC institutions announced that they intend to offer postgraduate programs in addition to the existing bachelor's degrees. As a consequence, the branch campuses at Education City want to focus more on research in future times – thereby master's programs are essential to recruit high achieving scholars and students.

Qatar Foundation also changed its focus from under- to postgraduate studies: QFIS, which was established in 2007, only offers three postgraduate programs and does not have undergraduate students. In addition, QF signed an agreement with HEC Paris to offer an MBA for professionals. In October 2010, QF concluded a partnership agreement with the University College London (UCL) to offer master's degrees in museum studies, conservation and archaeology at Education City in Doha. This new priority towards postgraduate program also affected Qatar University, which launched several master's programs in the course of its reform project (QF 2010).

*Empowering more Qataris to join elite education:* One of the key elements of Education City is that the U.S. branch campuses transfer their high academic standards to Qatar. The main problem is that only few Qatari students have the required skills and previously acquired knowledge to enroll in these elite programs. While the pool of Qatari applicants is already limited (due to Qatar's small national population), the results of international student assessments also reveals the deficits of Qatar's general education system (OECD 2008). As a consequence, the branches were not able to admit a large number of Qatari students. To increase the number, Qatar Foundation was forced to introduce the ABP in order to bridge the gaps of the local education system. Furthermore, the new Community College should prepare Qataris to enroll in outstanding degree programs at the Education City or abroad.

*Shift towards homegrown institutions:* The cross-border mobility of foreign providers is the core of Qatar's recent higher education reform. However, in the past years a shift to promote homegrown institutions has taken place. The reform of Qatar University in 2003 and the

formation of QFIS, indicate that there is a trend to promote domestic institutions, rather than to rely exclusively on foreign concepts. Therefore, the authorities respond to some critics of the Westernization of Qatar's educational system. There are influential groups who want to preserve gender segregation in particular, and who do not want that QU becomes a second-rate institution (GHE-Q8). Qatar's leadership points the way to maintain QU as a leading state university by increasing the financial resources and by introducing new academic programs.

*Diversifying international cooperation:* QF's Education City reveals the focus on North American higher education models. All six branch campuses come from the United States. In addition, two Canadian institutions – College of the North Atlantic and University of Calgary – offer their academic programs in Doha. The regional focus on North America is also reflected in the mobility of students. Most Qataris used to study in the U.S. rather than in Europe until well into the 1990s. While the mobility of students changed after 9/11 in favor of European countries (SEC/HEI 2009), the academic cooperation with foreign institutions was also diversified in the past. HEC Paris and UCL are the first European institutions to operate a publicly funded branch campus in Doha. As QF is currently in negotiations to establish further Business Schools and a Law Schools (both at a postgraduate level), more European institutions might join Education City in the near future (GHE-Q1).

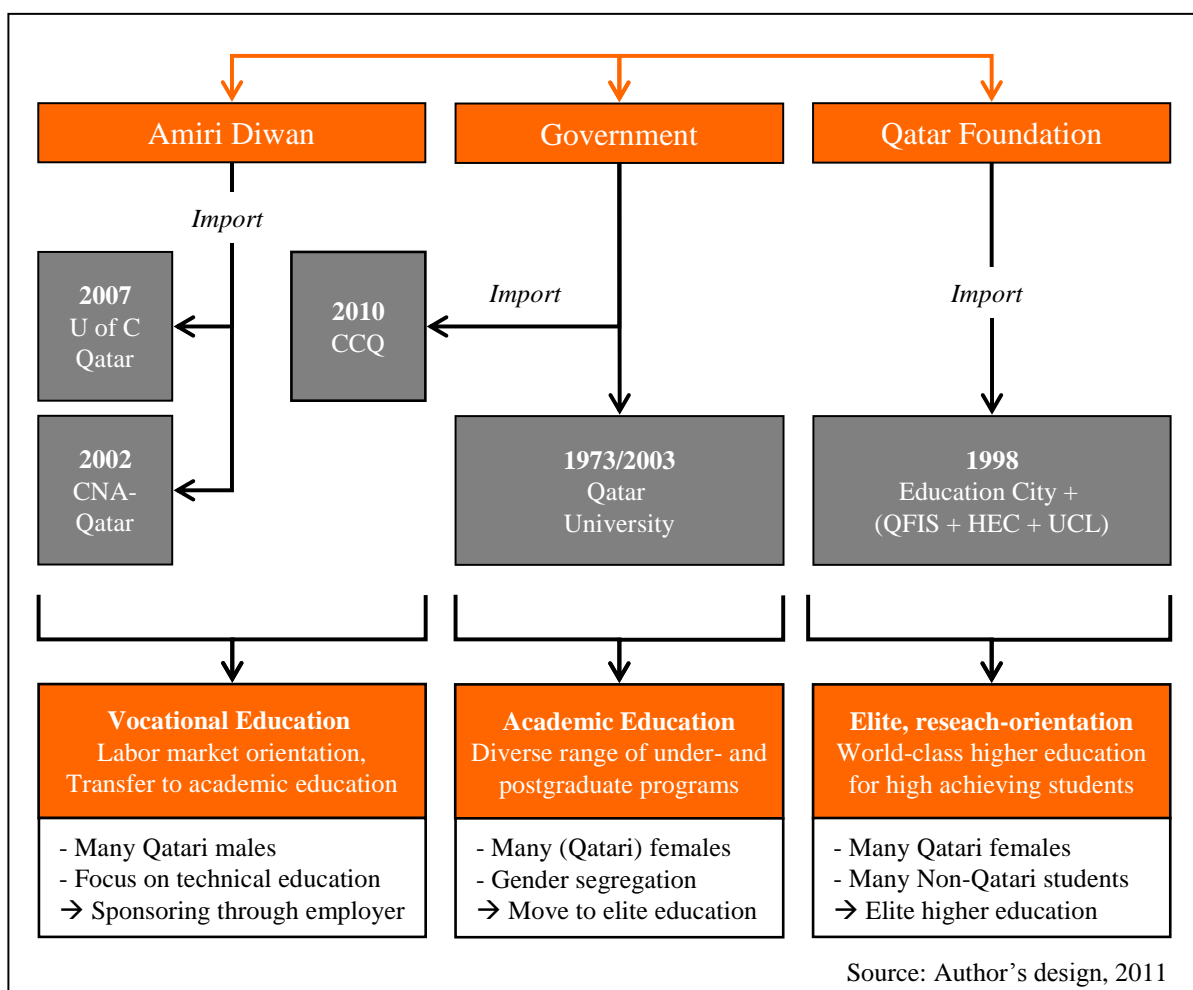


Figure 36: *Effects of Qatar's Higher Education Policy*

## 7.6 Qatar Foundation: Unlocking Qatar's Human Capital

The Qatar Foundation for Education, Science and Community Development (QF) was founded in 1995 by decree of His Highness Sheikh Hamad bin Khalifa Al Thani, Emir of the State of Qatar. QF describes oneself as an “*independent, private, not-profit organization committed to the development of Qatar*” (QF 2009: 3):

**Mission:** Preparing the people of Qatar (and the region) to meet the challenges of an ever-changing world and to make Qatar a leader in innovative education and research.

**Vision:** Transform Qatar into a knowledge-based society in order to guide the country into a “*sustainable future that will benefit not just Qatar, but the world*”.

**Philosophy:** QF supports centers of excellence, which develop people's abilities through investments in human capital, innovative technology, state-of-the-art facilities and partnerships with elite organizations.

The mission and the specific status of Qatar Foundation as the driving force of the country's modernization agenda reflect some political and economic constellations within the small country. The formation of QF was one of the first incentives of Hamad Al Thani when he seized control in 1995. According to the officially propagated founding myth of QF, it was the Emir himself who initially funded the new organization from his privy purse. True to the leadership's motto “*converting Qatar's natural wealth into human capital*” (QF 2009: 4), he decided that all revenues of an oil field directly supply the future funding of QF. In fact, all financial and political decisions of Qatar Foundation are non-transparent. The entire organization is veiled in secrecy. It acts like a black box and it is very difficult to look behind the curtain.

### 7.6.1 Rationales for Establishing Qatar Foundation: Bypassing the Hindering Bureaucracy

When Hamad Al Thani seized control, he was supported by large fractions within the ruling Al Thani family. Although his new regime consolidates its power soon after the takeover, there were also some spheres which were either suspected to be disloyal or not willing to join in Hamads' modernization agenda. In particular, parts of the bureaucracy and some ministries intend to be more loyal to the former regime. Furthermore, the structures within the administration and bureaucratic body were outdated, conservative, and ineffective. The new regime was afraid that the old political establishment may slow down or even prevent the zealous reform plans and initiatives of Hamad Al Thani and his wife Sheikha Mozah. As a consequence, the concept of Qatar Foundation, thinly disguised as a private organization, was invented to bypass the bureaucracy in order to implement the vision of the new regime quickly, and above all, unaltered. Well-equipped with the Emir's mandate, QF could act independent in all its financial and political decisions. Bypassing the bureaucratically levels remains an important rationale, even today. The public sector is still inflated and often paralyzed through its strict hierarchy. Patronage and clientilism determine the administration.

Reforms at ministerial level to integrate these bodies in the current reform process would be an arduous and time-consuming task. Thus, the concept of QF – as an entity outside the regular political system has proved to be successful and is an attribute of Hamad's regime. In addition, QF gives the Emir's wife, Sheikha Mozah, the opportunity to disseminate and develop her own ideas. This is an important factor in understanding the purpose of the organization.

Qatar Foundation is a tightly organized entity. Since the mid-1990s, Sheikha Mozah Bint Nasser Al Missned has served as its chairperson. She is the widely known symbol of the Qatar Foundation, as she not only represents the organization within Qatar, but also (or principally) externally. She serves in numerous positions of QF's committees. The Emir himself is not a member of the board of directors, but *"he is a strong supporter of QF's agenda"* (GHE-Q1). In fact, Qatar Foundation is something like an executive toy of the Emir and his wife, as they can develop and convert their visions of a modern Qatar. QF is inextricably linked to the ruling regime. Apart from the Emir and his busy wife, QF has become the headquarter and reservoir of the nation's modernizers. Among this (closed) circle of modernizers are Dr. Saif Ali Al Hajari, vice chairperson of QF, who was involved in launching several initiatives, such as the Qatar Philharmonic Orchestra and the Green Project. He is vice chairman of the Qatar Leadership Academy and Chairman of the National Sports and Environment Committee. Abdullah bin Hussein Al Kubaisi is executive director of the office of Her Highness Sheikha Mozah. He also served as chairman of the Qatar Science & Technology Park until 2007. Most recently, Dr. Abdulla bin Ali Al Thani was appointed as president of the Education City University. He served several years as QF's vice president for education and is the QF representative on the Joint Advisory Boards of WCMC-Q, TAMU-Q and STS-Q. Professor Sheikha Al Misnad, President of Qatar University since 2003, is also a member of QF's Board of Directors. Yousef Hussain Kamal is Qatar's Minister of Economy and Finance. He is a governor of the International Monetary Fund and the World Bank, governor of the Islamic Development Bank and secretary-general of the Supreme Council on Economic Affairs and Investment.

Apart from this brief list, which is by far not a complete list of important Qataris within the administration of the QF, there are also several prominent non-Qatari members within QF's governing bodies: In 2007, Mohammed Fathy Saoud was appointed as new president of Qatar Foundation, where he has been a board member since 2003. He also serves as chairman of the Sidra Medical and Research Center and is one of the QF representatives on the Joint Advisory Boards of WCMC-Q, TAMU-Q, CMU-Q and UC-Q. The American scholar Dr. Charles Young, a former chancellor of UCLA and president of the University of Florida, served as president of Qatar Foundation from 2003 to 2006. Dr. Ahmed Zewail currently serves as a member on QF's Board of Directors. He was awarded the 1999 Nobel Prize in Chemistry. Most recently he was appointed to the President's Council of Advisors on Science and Technology by U.S. President Obama, and was named the First United States Science Envoy to the Middle East. Dr. Ahmed Zaki Yamani is also a member of QF's Board of Directors. He was Saudi Arabia's Minister of Petroleum and Mineral Resources until 1986, while also serving as minister for the Organization of Petroleum Exporting Countries (OPEC).

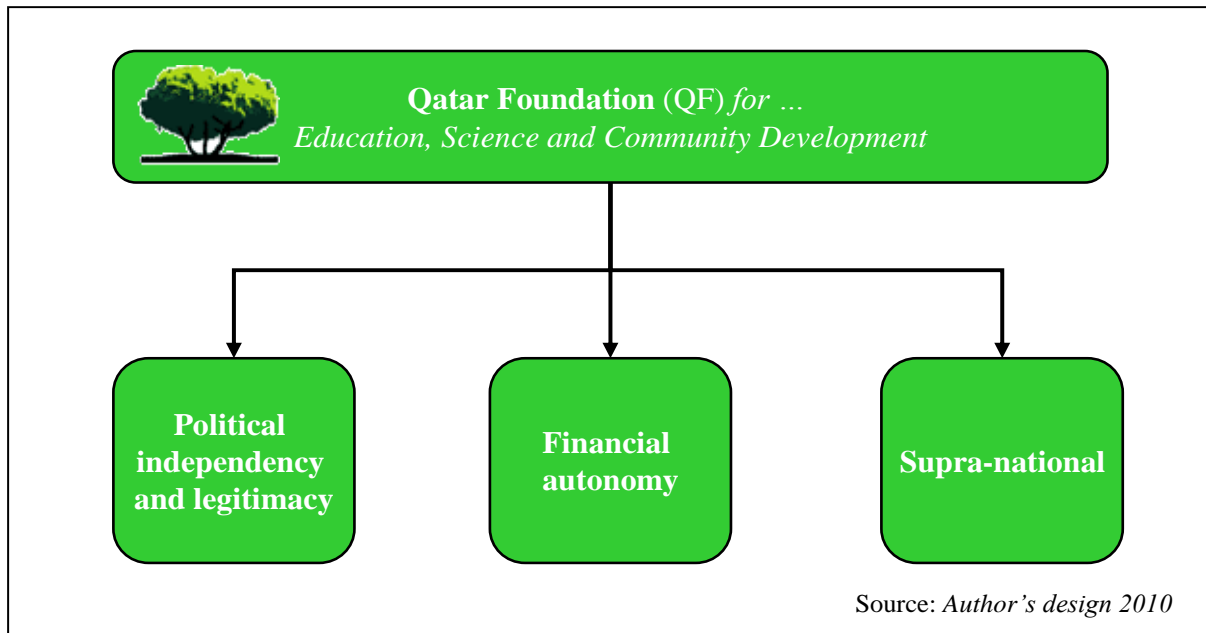


Figure 37: *Qatar Foundation's Autonomy*

The mandate of the Emir guarantees political independency and legitimacy. QF is charged with the mission to transform Qatar's innovation system. As a consequence, the organization soon became the driving force in all fields related to education and research and replaced and superseded the ministerial level to some degree. The private, non-profit status of Qatar Foundation and its funding structures leads to great political independence. Huge financial resources enable QF to vigorously implement their reform agenda quickly and to expand its activities and incentives on a number of fields. This financial autonomy affects political independence, as QF does not directly depend on any other governmental source. One of the main tasks is to become a reservoir of modernizers within Qatar: Its supranational identity intends to strengthen the effectiveness in obtaining acceptance in the long run. The political and financial autonomy as well as the steady support through the Emir are the key elements in realizing large projects like Education City or Sidra Medical and Research Center.

It is important to reconsider the specific characteristics of Qatar's political system. Despite a smooth political liberalization, Qatar remains an absolute monarchy. A clear separation between private and public resources is often impossible. In fact, all financial resources of QF are derived from the energy sector. Whether QF has its own funds (from assets) is, so far, unknown. Thus, although QF acts somehow outside governmental responsibility, the organization remains a vital part of the political system and is committed to the reason of the state.

Qatar Foundation is not a state within the state. It is just a vehicle of the regime to transform the country quickly, unbureaucratically and efficiently.

### 7.6.2 The Mission of Qatar Foundation

*The agenda of the organization is dominated by the triad of Education, Science and Research and Community Development:*

**Education:** QF's mandate is to promote and enhance educational opportunities from the kindergarten to postgraduate level. The flagship project and most prominent initiative is Education City. At the heart of Education City are seven institutions, which are the branch campuses of prestigious international institutions that are delivering some of their most renowned programs. The presence of these world-class programs intends to *"inspire young learners to strive for higher academic achievement"* (QF 2009: 5). Further institutions at Education City are the Qatar Academy, the Qatar Leadership Academy and The Learning Centers.

**Science and Research:** Qatar's economic transformation depends on a capable research cluster. QF wants to encourage the pursuit of new knowledge, to conduct scientific research, and to develop new technologies (QF 2010). The development of this research environment is led by QF's Research Division, which is working hand in hand with international partners to build Qatar's innovation and technology capacities, and to uncover *"solutions to national challenges in health, climate change, clean energy and other fields"* (QF 2009: 12). Each of EC's universities has a research element. The SIDRA Medical and Research Center will be a research facility, as well as a clinical care provider and a medical training institution. The commercialization of new knowledge and research is central to Qatar's plans. This is being championed by Qatar Science and Technology Park (QSTP) which provides support programs to enable research and business ventures to materialize in the marketplace. The Qatar National Research Fund (QNRF) assesses research proposals from all over the world that will advance human knowledge and will be of use to Qatar. All research clusters are located next to Education City, the proximity should generate synergies.

**Community Development:** The education and scientific research elements are long-term investments that should grow to fruition for years and generations. QF's community development section aims to *"enhance lives by identifying and meeting immediate needs and opportunities and by addressing factors that impede human development"* (QF 2010). Initiatives are directed towards social groups that require help in coping with their living conditions, such as the Social Development Center and the Qatar Diabetes Association. Often QF's initiatives have a very broad appeal. For example, Al Shaqab engenders pride in Qatari's special relationship with the horse, providing a *"social anchor during a time of rapid social change"* (QF 2010). Reach Out To Asia relates to QF's commitment to create educational opportunities for underprivileged communities across the Asian continent. The cultural heritage of Qatar and the region is nurtured by the Cultural Development Center, while Al Jazeera Children's Channel offers an educational entertainment to children across the Arab world and beyond. The Doha Debates are a discussion program that highlights political and social issues of the Middle East (QF 2010).

Although Qatar Foundation operates as an independent entity, there are close relations to public entities and to the private sector. As part of Qatar's new political establishment, it is often impossible to distinguish between the de jure private QF and public entities. State-owned companies, such as QP, Qtel and RasGas are often related to QF's incentives.

Moreover, there is an intensive cooperation in QSTP or the National Convention Center. Public and private companies also sponsor many students of the Education City branches. QF describes its role as linkage between the single entities to establish synergies.

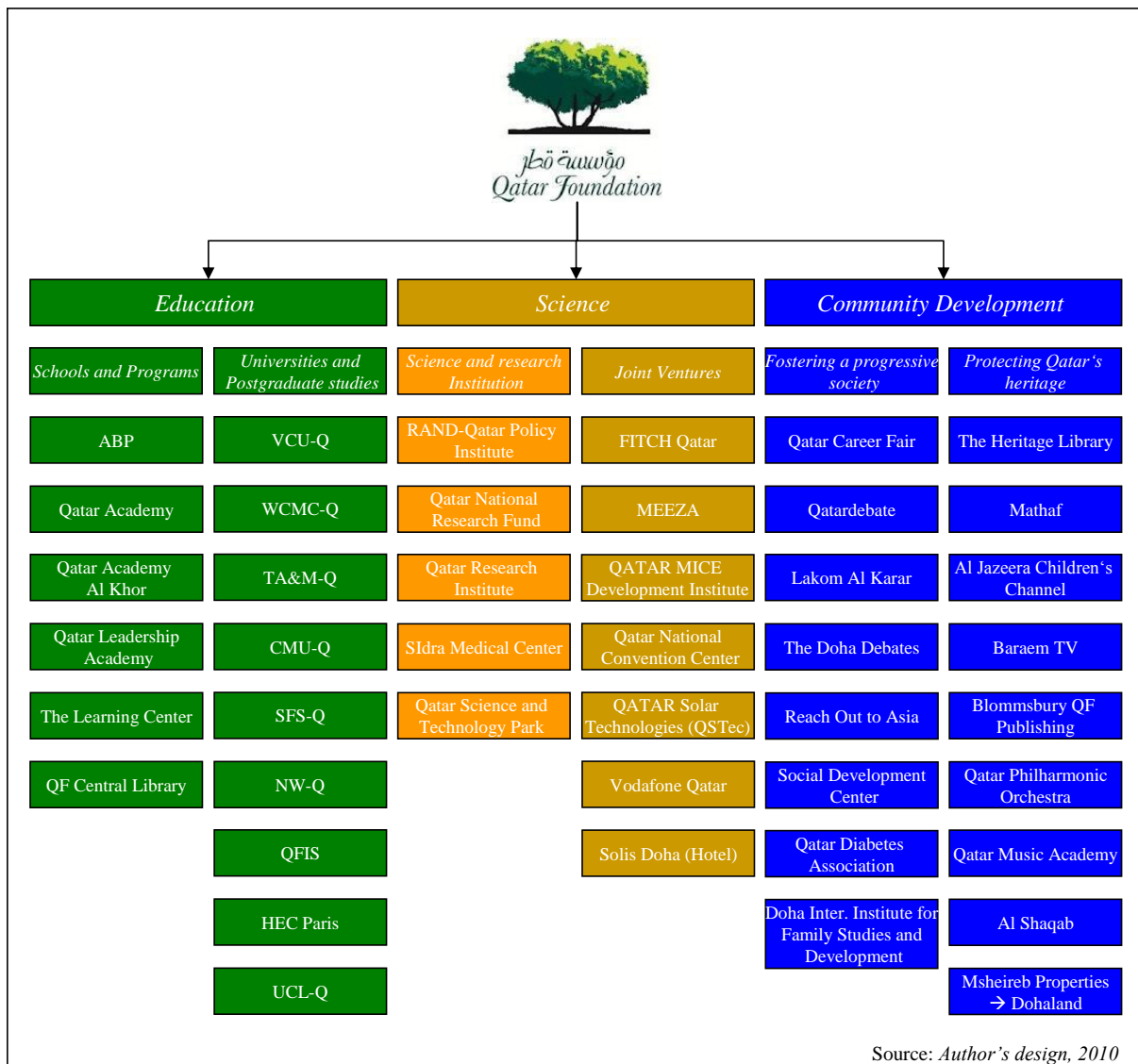


Figure 38: *Qatar Foundation's Main Activities*

### 7.6.3 Qatar Foundation's Higher Education Network

Since its formation, Qatar Foundation has become the driving force of the nation's higher education system. Evidently, all institutions of Education City operate in cooperation with QF. The foundation funds all branches, provides the infrastructure and appoints the members of the Joint Advisory Board. While Education City is the flagship of Qatar Foundation, there are also close bonds to other branches campus operating in Qatar: Dr. Saoud, the president of QF, serves as chairman of the Joint Oversight Board of the University of Calgary-Qatar. He is also related to the College of the North Atlantic-Qatar, where he is a member of the Joint Oversight Board Executive Committee. Sheikha Hind Bint Hamad Al Thani, the daughter of the Emir and Sheikha Mozah, serves as the chairperson of the CNA-Q. She is the Director the

Amir's Office at the Amiri Diwan. One may assume that Sheikha Hind is also related to QF, although she has no apparent positions within the organization.

Officially the Community College Qatar (CCQ) is under jurisdiction of the Supreme Education Council. As both vocationally oriented Canadian colleges, the concept of the community college is “*not adequate*” for the prestigious Education City (AHEI-Q12). However, the CCQ project is closely linked to QF's Education City as it intends to prepare students to attend the U.S. branches. The composition of the college's Steering Committee unveils the close linkage to QF: Abdulla Al Thani (President of Education City University), Ahmed Hasnah (Vice President for higher education, QF), Chuck Thorpe (Dean CMU-Q), Miles Lovelace (ABP, QF), Mohamed Al Mannai (Director, HEI/SEC).

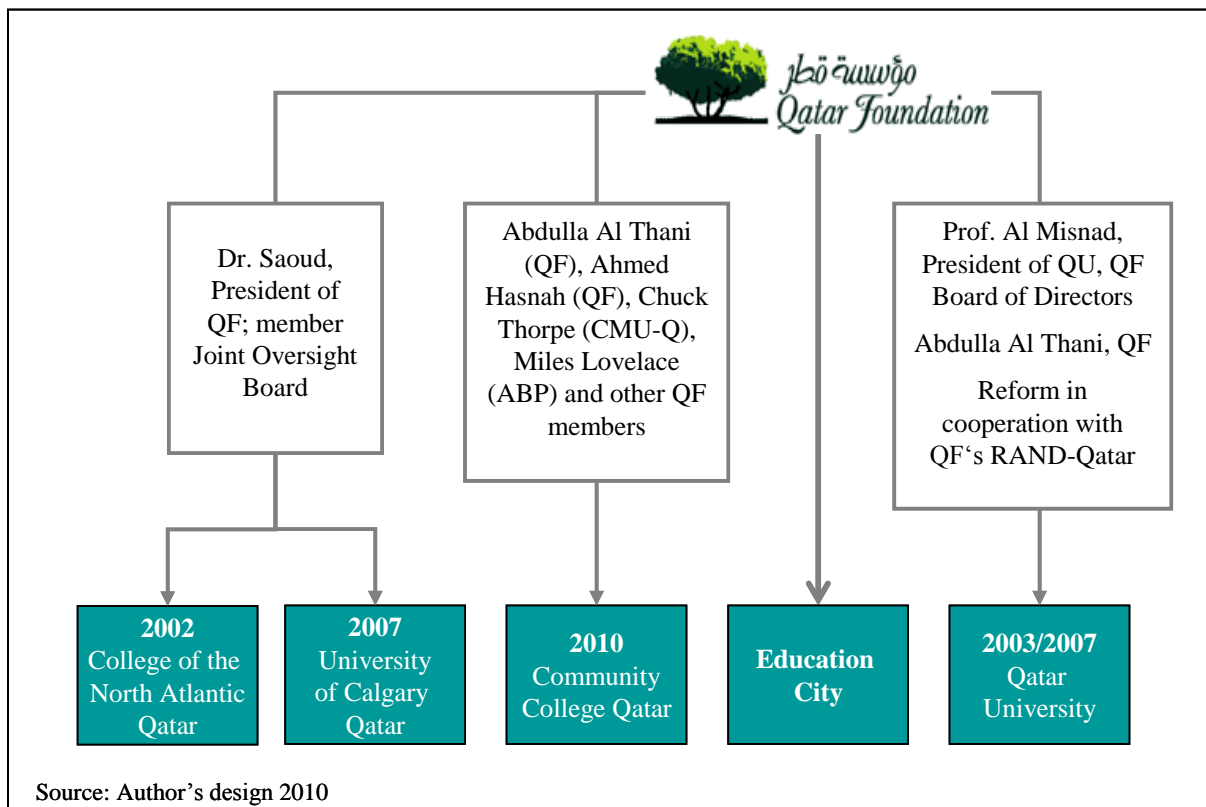


Figure 39: *Qatar Foundation's Higher Education Network*

Qatar Foundation and Qatar University are related through professor Al Misnad. In the course of QU's reform, which began in 2003, professor Al Misnad has been appointed as new President of Qatar University. At the same time, she is a long-term member of QF's Board of Directors. The reform was a joint project of QU and RAND-Qatar Policy Institute. RAND-Qatar is a Joint Venture between the RAND Corporation and Qatar Foundation. Thus, the reform was mainly influenced by a QF partner institute. In addition, Abdulla Al Thani (President of Education City University) serves as a board member at QU, while the Heir Apparent Sheikh Tamim bin Hamad Al Thani is the chairperson of Qatar University.

In 2009, the Supreme Education Council (SEC) merged with the Ministry of Education and Higher Education. The SEC was established in 2002 as the main education policymaking body, setting broad policies and short- and long-term goals for the new system. The main task



of the SEC was to implement Qatar's education reform K-12. The reform was designed by the RAND-Qatar Policy Institute. The Heir Apparent Tamim bin Hamad Al Thani chairs the SEC, with his mother, Sheikha Mozah, as vice chair.

The concentration of a small group of persons within Qatar's higher education landscape is not surprising, as Qatar is indeed a small country and most of the aforementioned persons are related to the ruling family or at least to the ruling elite. However, the list of persons shows that Qatar Foundation, acting de jure as a private organization, dominates Qatar's higher education agenda, as it is equipped with a broad and influencing network and is supported by the regime.

#### 7.6.4 Sponsorship: Qatar's Specific Model of Internationalization

*"Qatar Foundation's Education City shall offer Qatari, Middle Eastern and foreign-national students something they cannot otherwise obtain locally – an American diploma from an American university, without having to travel to America. Institutions at Education City are not American-style, or drawn from or inspired by universities in the United States – they are U.S. universities" (GHE-Q9).*

The above quoted statement of a senior official of Qatar Foundation reveals the direction of Qatar's internationalization agenda. The aspiration is not just to copy a Western higher education system, but rather to import and adopt the world-leading concepts of post-secondary education. Qatari students shall have the opportunity to obtain a degree directly from high-ranked Western universities operating in Qatar. This is particularly directed towards students who do not have the possibility to leave the country. In addition, the model goes along with the strategy to attract high achieving foreign students and to establish a cluster for world-class higher education.

##### 7.6.4.1 Commercial Presence as the Leitmotif of Qatar's Higher Education Agenda

Qatar's initial situation to implement an internationalization agenda was relatively unfavorable in the mid-1990s. Unlike large emerging economies in South-East Asia, Qatar was a small, desolate country with an indigenous population of less than 180,000 citizens. Accordingly, Qatar was not, per se, a lucrative market for foreign providers of education. Moreover, continuous political tensions in Qatar and the Middle East adversely affect the globalized higher education market. Furthermore, Qatar, like other GCC states, had the reputation of being a parvenu. The hereditary Gulf monarchies were considered as *nouveau riche*, without any educational culture *"thinking they can buy everything with their petrodollars"* (GHE-Q1). The economic depression in the 1990s also raised concern regarding the future of the small states of the Arabian Peninsula. Consequently, no foreign university, especially none of the top university from the United States or Europe, would have established a branch campus of their own accord in Doha. Qatar's leadership was well aware that only financial backings and a unique educational concept might attract distinguished institutions.

The concept of Qatar's leadership to convert well-established Western universities to the local system followed a simple schema. Firstly, there are economic incentives coupled with a commitment of the Qatari shareholder that the branch will operate on a non-profit basis and that all incurred expenses of the commercial presence will be covered. Secondly, a warranty is given that the branch campus will operate totally independent in all its academic decisions. Thirdly, Qatar Foundation, labeled as private, charitable organization and not the government of Qatar signed most of the agreements with the foreign universities. And finally, Qatar used its diplomatic channels and networks to promote the vision of the Education City.

#### **7.6.4.2 Incentives to Establish a Branch Campus in Doha**

Right from the beginning, QF's internationalization agenda did not aim to import a full-scale university. As Qatar University covers a broad range of academic programs, the internationalization approach intends to address specific disciplines which are elementary for Qatar's future needs: *"To create the best new educational opportunities, we only draw on the expertise of those who define excellence within their discipline"* (GHE-Q5). Thus, bringing together the top schools within their disciplines under the umbrella of Education City is one of the key objectives of QF's higher education strategy.

The modus operandi follows a fixed schema (Figure 40): Beginning in the late 1990s, Qatar Foundation defined several educational disciplines, which should be covered by the Education City institutions: Health science, as it was not covered by Qatar University; engineering and petroleum science, as the backbone of Qatar's economy; business studies, journalism, and law. In the aforementioned fields, a worldwide search began for the best institutions to offer their degree programs and to enhance Qatar's research capacities. It is a specific feature of the internationalization process that Qatar Foundation identifies and finally invites the partner institutions. Foreign institutions cannot enter Education City on an individual initiative.

By using the example of Northwestern University in Qatar, it is possible to describe QF's selection process of the EC's branch campuses. The major criterion in identifying the right partner university to operate in Education City is the academic ranking of both, the university and the demanded faculty/school. Further criteria include the language of instruction, the reputation (e.g. famous alumni), and the institution's status within the national higher education system. In addition, the readiness of the universities to expand abroad is important. QF officials stated that many European universities either refused to establish a branch campus as they did not develop an own internationalization agenda nor were they not able to award the required four-year bachelor's degrees (GHE-Q1). Last but not least, political networks are relevant. Many Qataris, now working in executive positions, have studied in the United States or in the United Kingdom. Many of them still have close bonds to their alma mater (AHEI-Q12).

QF's set of criteria favors in particular American universities, as these institutions are highly ranked (13 of the top 20 universities worldwide are American, according to U.S. News and Report 2010), the language of instruction is English, and there are close economic, political, and military bonds between both governments. In addition, the popularity of American higher

education in Arab society was at an all-time high in the mid 1990s (GHE-Q1). American-style education was widely accepted as being the best form of higher education. Consequently, it did not come as a complete surprise that all six branch campuses operating in Qatar's Education City are American institutions, although QF's officials confirmed that there were also negotiations with European universities (GHE-Q1).

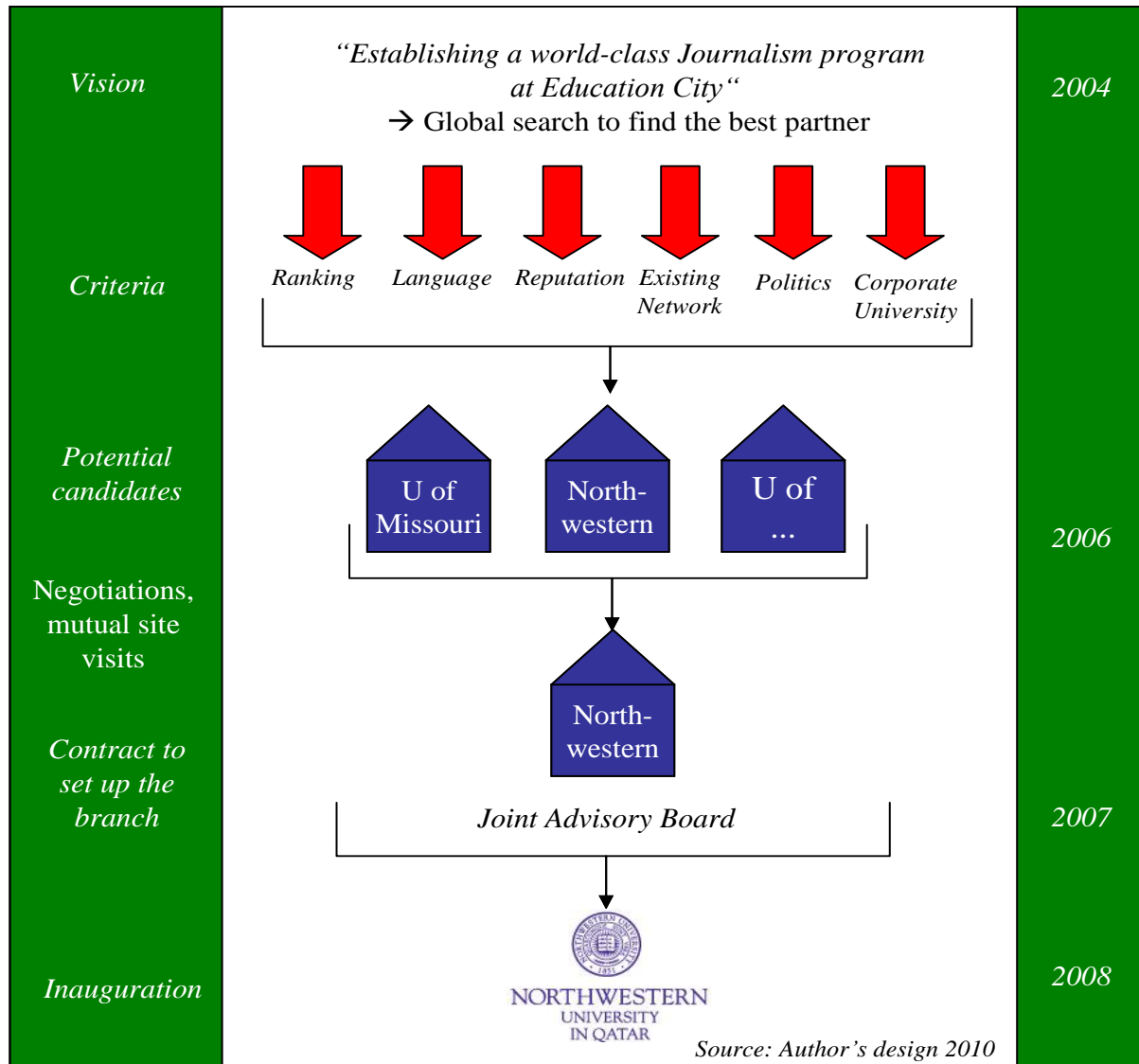


Figure 40: Journey to QF's Education City

Northwestern University's Medill School of Journalism meets QF's requirements and criteria. The private research university was founded in 1851 and is a member of the prestigious Association of American Universities. In 2010, the U.S. News and Reports ranked Northwestern University 12th in the U.S. and 32nd worldwide. The Shanghai Jiao Tong University's Index lists Northwestern University 29th worldwide. The Medill School of Journalism ranks third in the United States, right behind the University of Missouri's and Columbia University's Schools of Journalism (U.S. News and Reports 2010). Northwestern's School of Communication is also high ranked within its discipline. In 2006, three remaining U.S. institutions were in negotiations with QF to establish a branch in Doha to offer their

undergraduate programs in Journalism and Communication (WES 2006): Northwestern University, University of Missouri and a third unknown U.S. institution. Finally, in 2007, QF confirmed a contract with Northwestern's Medill School and the branch was inaugurated in 2008.

The selection of the other branches operating the Doha followed a similar schedule. In the case of Texas A&M, the political and economic bonds to Texas and to the former U.S. President Bush (senior) may have affected the cooperation. The most recently announced agreement between Qatar Foundation and HEC Paris reveals the close political bonds between Qatar and France within the past years. In summary, it can be stated that the university's ranking and readiness, as well as diplomacy and economic bonds, seem to be the driving factors for the formation of a commercial presence of foreign universities in Qatar.

#### **7.6.4.3 The Sponsorship Agreement**

The agreement between the Qatari shareholder and the foreign universities to establish an overseas branch is unique (Figure 41). As mentioned above, all institutions are explicitly invited to operate a branch – there is no individual initiative of a foreign provider to join QF's Education City. The tender is always the same. Qatar promotes provider mobility on a non-collaborative arrangement. The branch intends to operate as a spin-off of the main campus's faculty. The core of the agreement is that Qatar Foundation claims that the foreign institution has to offer exactly the degree programs of the main campus. Students at the EC's branch campus should receive the same degree as their counterparts at the main campus. There is no notation either students enroll in New York, Pittsburgh, or Doha. All offered programs have to follow the same curricula and have the same academic standards. Admission standards, tuition fees, et cetera, are all adopted from the main campus. In addition to this full academic transfer, the main campus seconds and employs the entire faculty of the branch, which is permanently appointed and located in Doha. The university also appoints a dean of the branch in Doha. The cash flow of the branch campus reveals that the branch is inextricably linked with the main campus. Qatar Foundation advances the branch's estimated annual budget to the main university. Then the branch charges expenses against that advance to cover all incurred expenses. If the expenses of the branch were to exceed the estimated budget, QF will refund the additional costs, in cases where the costs are justifiable. Surpluses have to be refunded to Qatar Foundation (GHE-Q1).

In summary, it can be stated that Qatar Foundation guarantees to cover all costs of the university's branch campus, including salaries, equipment et cetera. As a result, there are no direct financial risks for the foreign university. Although some experts stated that there were some indirect financial risk in terms of communications cost, transportation cost, or inefficiencies resulting from international work (AHEI-Q4).

The financial schema reveals that the branch campuses in Education City operate on a non-for-basis. Tuition incomes cover only a small fraction of the overall budget. Thus, unlike other overseas institutions, these branches in Qatar “*will never (have to) work profitable or break-even*” (GHE-Q1, GHE-Q8). Consequently, QF has to guarantee that the branch campus

will be financially well provided – equivalent to the main campus. The student-to-faculty ratio is similar to that of the main campus; the equipment and the infrastructure are state-of-the-art. In addition, QF mobilizes research grants through its subsidiary QNRF and allocates scholarships for talented students. Senior officials of QF emphasize the huge financial interest: “*It would have been much cheaper to send all Qatari students first-class to those institutions directly in the U.S., but we want those world-class institutions here in Qatar – no matter what the costs*” (GHE-Q1).

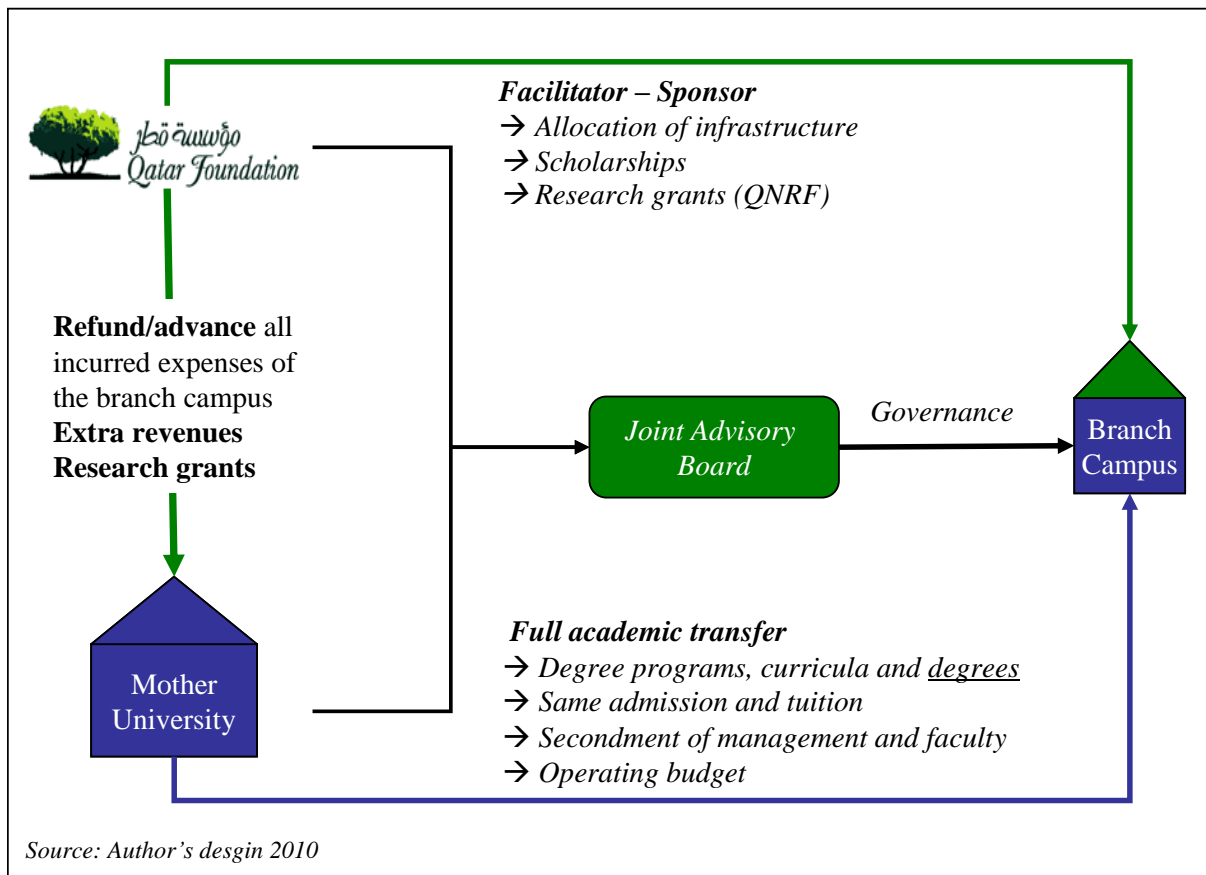


Figure 41: Public Sponsorship as a New Mode of Internationalization of Higher Education

Newspaper articles reported that QF has committed to allocate an overall budget of US\$ 750 million for Cornell's Medical College for the 10-year period of contract. This amount does not include the construction costs of the buildings. Recently published financial reports indicate that the total operating budget allocated by QF will exceed even these amounts (WCMC 2010). Although the medical program is an exception, as these programs are always very costly, one might assume that Carnegie Mellon and Texas A&M have similar operating budgets. For example the annual operating budget of TAMU-Q increased to US\$ 63 million in 2008, and will probably reach US\$ 80 million in 2010 (TAMU-Q 2009). Referring to those figures, one might assume that Qatar Foundation has spent more than three billion dollar for EC's operating budgets since 1998. The costs for buildings of the branch campuses at Education City may likely exceed two billion dollars.

This financial commitment is QF's real “secret of success” and the driving force of the

internationalization agenda. The new state-of-the-art buildings of Texas A&M, Cornell and Carnegie Mellon, all designed by renowned international architects, became a trademark of Education City. These buildings are provided for the period of contract – while the ownership remains at Qatar Foundation. While QF limits the financial risks for the main university to operate the branch, there are, in addition, some further economic incentives to attract eminent universities: Although QF and the foreign institutions always remain silent about the financial details, one might assume that Qatar Foundation offers some extra revenue for the chosen universities. Similar to the institutions having a contract with the government of Qatar to operate a branch campus (Community College Qatar, College of the North Atlantic-Qatar and University of Calgary-Qatar), Education City institutions may also receive a management fee, depending on the budget or the salaries of the faculty. One-off payments or bonuses are not unlikely. Most certainly, several universities received an endowed chair, often named after the Emir or his wife Sheikha Mozah.

Last but not least, the mother university has access to QNRF's bulging research funds. Texas A&M, for example, received more than US\$ 35 million research grants from QNRF in 2009. This includes scholars from the branch in Doha but also scholars in the United States. The access to external funding is a sort of "backdoor" financing, and thus, an important feature of Qatar's internationalization agenda. In addition, the presence in Doha enables those universities to establish a collaboration with local companies and with governmental bodies. All branch campuses have concluded comprehensive research agreements, either with leading companies in the energy sector, the banking sector, or in the health care sector. Thus, there is a large market for corporate research. This illustrates that economic and financial interests are important rationales to operate a branch in Qatar. Although the branch itself operates non-profit-oriented, the main campus receives indirect revenues. Fundraising and research cooperation are crucial for all these institutions.

*"None of these institutions would operate in Qatar, if the leadership would not have made a financial offer which they could not refuse" (AHEI-Q4).*

Although the branch campuses in Qatar are entirely funded by public sources of the host country, either by Qatar Foundation or the government, they remain de jure private institutions. The Qatari shareholders only sponsor the university's presence, but *"Cornell in Qatar remains Cornell"* (AHEI-Q1). Due to the specific funding model it is difficult to classify this type of provider mobility. It is not a joint venture, as the branch campus operates in ownership of the mother university. However, QF is represented in a Joint Advisory Board. Thus, the model describes a new category of provider mobility, referred to as "public sponsorship" from here on. This mode of a branch campus differs from the definitions suggested by the Observatory on Borderless Higher Education (OBHE). Recent publications of WITTE (2010) and VERBIK (2006) describe the Education City branch as a type where only the "facilities are provided", and link the development in Qatar to the branch campuses in the UAE. In fact, the public sponsorship in Qatar goes far beyond this category, as all branches receive funding from external (governmental) sources which cover all operating costs.

Furthermore, the non-profit status distinguishes QF's Education City from other branch campuses in the region. There are no financial interests from any third-parties. As a consequence, it is necessary to consider the public sponsorship as a new type of an international branch campus. Similar types can only be seen in Abu Dhabi (Paris-Sorbonne University Abu Dhabi and New York University Abu Dhabi) and to some extent in Saudi Arabia's King Abdullah University of Science and Technology (KAUST). The concept of an economic free-zone to attract foreign institutions, as it was implemented in Dubai, is also not applicable to Qatar's internationalization agenda.

While the concept of an economic free-zone does not apply to Qatar's Education City in terms of funding, the terminus can be used to describe the branch campus's status and embedding within Qatar. The geographical location of the Education City complex in the North-West of Doha shows that these institutions are not at the center of the city and the society – to some extent it acts as an ivory tower – not coupled with the normal society. In fact, the institutions are relatively separated behind security checks in a gated compound. The entire Education City can be seen like a state within the state. The 2,400 acres of the Education City is a private areal – where Qatar's rules, norms and laws are temporarily suspended. Foreign scholars working at the sponsored branch campus have a unique status, as they are not subject of the restrictive visa and sponsorship regulations. Their status is to some extent comparable to a diplomatist – and educational diplomatist.

This concept of the Education City was one of the conditions in attracting the prestigious U.S. institutions. Academic leaders such as Cornell, Georgetown or Northwestern, which explain their fame on their autonomy and academic freedom, only join such a project when the shareholder guarantees that there are no financial interests of any third party and that they can act totally independently (AHEI-Q2; AHEI-Q3; AHEI-Q5). Simultaneously, QF wants the branch campus to operate exactly like the main campus in the United States. They do not want to have a Doha-version of Cornell, the traditions and the culture of the liberal U.S. university should be imported too. As a consequence of this autonomy, the branch is independent in the admission policy: *"If an applicant, whose name is Al Thani [member of the ruling family] does not meet the required admission, we will not admit him!"* (AHEI-Q4). The same autonomy can be seen in the provision of the academic programs and the curricula. None of the institutions changed the curricula even if the courses address religious or political issues. There is a commitment that there are no red lines or limits. The institution is responsible for the selection and appointment of faculty. Faculties are assured that they will not have any problems due to their religious belief, sexual orientation, or nationality (AHEI-Q4).

### **7.6.5 Commercial Presence versus International Student Mobility**

Every Qatari student who meets the admission requirements of one the local institutions or of a recognized universities abroad receives full financial support from the government. Besides the import of foreign universities to establish commercial presences in Doha, the government still encourages its citizens to study abroad. Thus, the branch campus should not replace or supersede the consumption abroad – on the contrary, the student mobility is still an integral

part of Qatar's internationalization agenda. Scholarships are an important vehicle for developing skills because they can be targeted to meet particular economic or social needs.

While Qataris can enroll for free at the public Qatar University, all students have to pay tuition at the private branches operating in the country. The governmental scholarship policy surpasses the status of the private institutions, by funding the costs of higher education, both locally and abroad. As a result, the government does not shift any costs to society: There is a commitment to provide free education for all citizens. This policy turns the private branch campuses of the Education City into de facto public institutions – at least from a Qatari student's point of view.

### **7.6.5.1 Scholarship System and Study Abroad Programs**

The Supreme Education Council's Higher Education Institute (SEC/HEI) was established in 2005 to *"help students make educational and career choices based on their interests, abilities, and values, as well as the needs of the Qatari labor market"* (SEC/HEI 2009). One of the institute's primary roles is managing the national scholarship system. It administers scholarships, identifies top universities, degree programs and short-term professional development courses in Qatar and around the world for HEI scholarship applicants, and determines the targeted specialties for scholarship recipients.

Today, there are five different scholarships programs offered by the SEC/HEI. Applicants to the scholarship programs must be Qatari citizens, have a pre-determined minimum score on a relevant English language test (for some universities), meet certain criteria regarding past academic performance, and agree to work in an area of importance to Qatar upon graduation for a time equal to the length of the scholarship. The programs cover scholar stipend, tuition fees, health insurance, as well as allowances for spouse, children, books, computer, and other expenses. Those studying abroad also receive travel expenses and allowances for clothing and relocation (SEC/HEI 2008).

(a) The *Amiri Scholarship* is awarded only to exceptional students with significant academic achievements which have *"the potential to become national leaders"* (HEC/SEC 2010) and who have been accepted into one of 50 top institutions worldwide (as determined by the ISO). The universities are selected according to the respective rankings. There is no predetermined number of scholarships available, as they are awarded to everyone who qualifies.

(b) The *National Scholarship* is intended for students who have the potential to *"become future business and professional leaders"* (SEC/HEI 2010) in targeted fields in Qatar and have been accepted into one of 675 approved universities in Qatar or abroad. As with the Amiri Scholarship, everyone who qualifies receives a scholarship.

(c) The *Employee Scholarship* is offered in partnership with public and private employers in Qatar to enable high-potential employees to pursue additional education and advanced training at approved universities in areas of critical importance to Qatar.

(d) The *Diploma Scholarship* is available to students seeking technical and specialized diplomas that are in demand in Qatar's labor market, such as nursing or aviation. These scholarships are currently available for the College of the North Atlantic.



(e) *Pre-College Grant* supports students who need additional academic preparation prior to beginning their post-secondary studies. It is available for programs such as the ABP and is offered to students with the expectation that they will be accepted into an approved university. In 2009, the SEC also announced the Hamad bin Khalifa and the Tamim bin Hamad Grants Programs, which will be offered to high achieving students which attend one of 30 selected universities worldwide (see Table 32): Applicants to the grants programs must be Qatari citizens and must obtain an acceptance of a university on the list. After graduation, the scholarship recipient must work in the service of the state for a period equal to the scholarship period. The bonus varies, depending on the grade and the type of study, from QR 20,000 to QR 250,000.

Table 32: *Emir and the Heir Apparent Grant Program*

#	<b>“Hamad bin Khalifa Al Thani” Scholarship: University</b>		
1	Harvard University	6	California Institute of Technology
2	Stanford University	7	Columbia University
3	University of California, Berkeley	8	Princeton University
4	University of Cambridge (U.K.)	9	University of Chicago
5	Massachusetts Institute of Technology	10	University of Oxford (U.K.)
#	<b>“Tamim bin Hamad” Scholarship: University</b>		
1	Yale University	11	University of Michigan, Ann Arbor
2	Cornell University	12	Kyoto University (Japan)
3	University of California, Los Angeles	13	Imperial College London (U.K.)
4	University of California, San Diego	14	University of Toronto (Canada)
5	University of Pennsylvania	15	University College London (U.K.)
6	University of Washington, Seattle	16	University of Illinois, Ur. Champaign
7	University of Wisconsin, Madison	17	ETH Zürich (Switzerland)
8	University of California, San Francisco	18	Washington University, St. Louis
9	Johns Hopkins University	19	Northwestern University
10	Tokyo University (Japan)	20	New York University
Source: SEC/HEI 2010			

The selection of the universities within the Emir’s grant program but also the 675 approved universities of the national scholarship program reveals the reliance and impact of international university rankings. The selection reflects the rankings of the Shanghai Jiao Tong University’s Academic Ranking of World Universities (SJTU 2009). This new grant schema also indicates the aspiration of Qatar’s leadership to encourage more Qataris to enroll at the best universities worldwide. The focus on the elite and top institutions is characteristic for Qatar’s educational vision.

Table 33 shows the numbers of students enrolled in the SEC/HEI scholarship programs. In the academic year 2008/09, 705 Qataris received a scholarship to study locally, either at one of the Education City institutions or at the College of North Atlantic. Students enrolling at the private Stenden University cannot apply for a scholarship. One third of all HEI scholarships

(246) were issued to students at the Academic Bridge Program. 70 Qatari students received a scholarship to attend the College of the North Atlantic. 389 scholarships were issued to students enrolling at the Education City institutions. The ratio of 4:1 between male and female scholars reflects the student body at the Education City.

Table 33: *Recipients of a SEC Scholarship*

	Male	Female	Total
HEI Scholarship Qatar (2009)	172	533	705
Academic Bridge Program	66	180	246
CNA-Q	30	40	70
Education City	76	313	389
HEI Scholarship Abroad (2009)	300	193	493
United Kingdom	132	128	260
United States	71	22	93
France	34	8	42
Source: SEC/HEI 2009			

In addition to the scholarships covering the costs to attend the branch campuses in Qatar, the SEC also provides scholarships to continue on higher education abroad. As mentioned above, every Qatari who has been accepted by a registered university (more than 675 universities worldwide) receives a scholarship. 493 Qataris began to study abroad in 2009: 49 attended Ph.D. programs, 34 master's programs and 360 enrolled in undergraduate courses. Most of the students enrolled in business, engineering and health sciences (SEC/HEI 2009).

An interesting feature is that, since the breakdown of Arab student mobility after 9/11, the United Kingdom has replaced the United States as preferred study location of Qatari students. Today many parents want their children to study nearby and “*it only takes six hours to get to London – thus it is easier to visit our children*” (GHE-Q4). In addition, Qatari students often face problems in attending U.S. schools. They often do not meet the entry requirements and have to enroll in preparatory programs, which causes extra time and costs. There seem to be fewer problems in the U.K. (GHE-Q4), which caused the current boom. The distribution of Qatari students abroad reveals the status of the United Kingdom as the top destination: 42 percent enrolled in an institution located in the U.K., while 20 percent studied in the United States. Females in particular study in the U.K., while males often study in the United States, in Egypt or in France. The mobility of Qatari students clearly shows some interesting trends:

- (i) While more than two thirds of all domestic students studying in Qatar are female, the gender ratio of Qataris studying abroad shows a surplus of men. However, almost 40 percent (193) of all Qataris who began to study abroad in 2009 were female. Therefore, the share of females has increased since 2000 (SEC/HEI 2009).
- (ii) The huge investments in Qatar's higher education sector did not reduce the number of Qataris studying abroad. The number of Qataris who enrolled at a university abroad even increased during the last decade (SEC/HEI 2009). Thus, the additional post-secondary education opportunities in Qatar did not replace the student mobility.

- (iii) Europe, and in particular the United Kingdom, became the leading destination for Qatari students. But France, Germany and Ireland also have significant shares (SEC/HEI 2009). Only a few Qataris students attended universities in the Gulf. The relevance of former educational hubs like Jordan, Egypt or Lebanon dwindled.
- (iv) The design of Qatar's scholarship programs is strongly linked to the regime's strategy to promote academic excellence. Qataris can only apply for scholarships when they enroll at well-known and high ranked institutions abroad.

The scholarship list only includes the "national champions" of the countries. For example, in both, Germany and France, 33 institutions are recognized by the scholarship program. There are nine recognized institutions in Italy, only four in Spain. Students seeking a more vocational education at, for example, a college of applied science, cannot apply for a governmental scholarship (SEC 2010; GHE-Q4).

The SEC is not the only agency which allocates scholarships. The Qatar Foundation also provides scholarships for "Children of Qatari Women". All students who have Qatari mothers and are accepted into an Education City institution can apply for one of these scholarships. QF also administers the Hamad bin Khalifa Financial Aid Program for students enrolled at an Education City institution. This program addresses the needs of students who qualify but do not have the financial means, and/or children of expatriates who have been living in Qatar for a long time or have provided special services to the country. Funding is provided in exchange for either a period of postgraduate paid employment at an organization in Qatar (as designated by QF) or reimbursement to the Foundation of the full amount of financial aid received. This program covers tuition and may also cover boarding fees, health, and other expenses (QF 2007). The design of the scholarship programs for non-Qatari students helps to attract students for the EC institutions. Due to the limited number of Qataris who meet the admission requirements, the institutions rely on a high share of foreign students to "fill the seats". The scholarships are also related to a brain-gain strategy as Qatar wants to become a hub for the most talented students from the region and use the human capital of those future leaders. The design of the scholarship and the stipulation to work in Qatar upon graduation reveals the linkage to the labor market.

#### **7.6.5.2 Value of Study Abroad Program**

The new scholarship schema was designed in cooperation with the RAND-Qatar Policy Institute. Several key stakeholders and employees were interviewed to learn their perceptions of the advantages and disadvantages associated with study abroad programs and with the overall post-secondary study in Qatar (AUGUSTINE & KROP 2008: 3). Employers saw a role both for strengthening and expanding post-secondary options in Qatar and for continuing to send students abroad for higher education. The most cited benefit for sending students out of the country was the broadening effect it has on them both intellectually and culturally (Stasz et al. 2007: 75). Students are exposed to new ideas and ways of doing things. The standards of foreign institutions are high, and students will learn to be more independent. Interviewees saw Qatar as a developing country in many ways, and viewed the attitudes and professional skills

of Qataris as needing to rise to international standards. Studying abroad would help students develop the needed attitudes and skills. Even though studying abroad is more expensive than studying locally, the long-term value to students and to Qatari society from the experiences and perspectives that students gain would be beyond the financial costs incurred. A common theme among employers was that the important issue in deciding the value of sending students abroad is not cost-effectiveness or quantity of graduates but, rather the quality of graduates (Stasz et al. 2007: 75-76; GHE-Q4).

Employers also thought there was an important role for Education City in the training of Qatari students, as it provides new opportunities for high-quality post-secondary education for the most talented students. In addition, there are societal benefits as Education City represents a change in attitude toward the importance of education. Moreover, many interviewees discussed the unique role of Qatar University in maintaining Qatari culture and values. For example, the Education City university branches provide education in a coed environment, and many Qataris believe it is important to maintain some university options that permit study in a single-gender environment. In summary, the employers expressed a wide range of opinions about higher education in Qatar and abroad. Each of these has advantages, and each has a role in educating different types of students and providing different types of cultural experiences. In the cases of study abroad and in Education City, there are societal benefits of education that are an important element of helping Qatar adapt to an increasingly global society while maintaining its important cultural values and characteristics (AUGUSTINE & KROP 2008).

## 7.7 Commercial Presence of Foreign Providers in Qatar

### 7.7.1 The Education City Project: “A Rising Tide Lifts All Boats”

*“Qatar Foundation’s Education City shall offer students something they cannot obtain locally, otherwise – an American diploma from an American university, without having to travel to America” (AHEI-Q2).*

#### 7.7.1.1 Virginia Commonwealth, Cornell and Texas A&M University

**The Branch of Virginia Commonwealth in Qatar:** As part of the initiative to diversify Qatar’s educational opportunities, Qatar Foundation first chose Virginia Commonwealth University’s (VCU) School of the Arts to develop a design college in Qatar. The Shaqab College of Design Arts (SCODA) resulted from QF’s search for the right university to establish an extension of a highly respected school of arts found in the West. VCU’s School of the Arts was selected after a comprehensive review and analytical comparison of different design programs offered by universities from the United States and Europe. The memorandum of understanding followed more than a year of discussions between VCU and Qatar Foundation. VCU’s School of the Arts was chosen due to its high national ranking as one of the leading arts and design schools in the United States (GHE-Q1).

Qatar Foundation was the leader of the project by incurring all expenses to operate the Shaqab College of Design Arts. The role of VCU School of the Arts faculty members was to consult the Shaqab College in designing a “*cutting-edge curriculum*” (QF 2008). The offered programs were nearly identical to those at the parent institution in Virginia: The four-year college awarded undergraduate degrees in fashion design, graphic design and interior design. Related courses were offered in ceramics, drawing, photography, art history, jewelry, fabric, and the business aspects of the design professions. The mission of VCU was to “*develop new university programs that provide the latest research, training and tools to the young people of Qatar, while also introducing them to new cultures*” said Dr. Wijdan Shami Basit, head of the Shaqab College Board of Governors (VCU 2010). At the beginning there were about 20 VCU faculty members, including full- and part-time instructors. VCU recruited visiting professors for the Arts School while their full-time faculty members were on leave to Shaqab College for a year. Furthermore, lecturers affiliated with VCU’s College of Humanities and Sciences assisted in teaching general education courses in the program.

The first class of students was admitted in 1998: 33 female students, most of them Qataris, enrolled at the new college. The case of the Shaqab College, with a focus on an art and design programs exclusively for female students, is distinctive as it gave direction to all further educational programs offered at Doha’s Education City: Qatar’s females came first in Qatar’s Education City! With the formation of Shaqab College in 1998 and with its transformation to the VCU-Q branch in 2002, QF’s Education City set a new educational trend in the region. This specific kind of American degree was unique in the Gulf region before QF attracted these foreign institutions. The programs at VCU-Qatar have the same admission standards and nearly identical curricula as at the main campus. VCU has full academic control over hiring faculty and staff, the curriculum, and the treatment of students to ensure nondiscrimination in race, religion, or gender.

In the academic year 2002/03 there were 27 faculty and staff members at the Qatar campus, 20 of whom were seconded from the VCU main campus in Richmond. The EC campus boasts with a 10-1 ratio of students to faculty after an enrollment of 115 students. In 2007 VCU-Q’s policy to admit “females only” was modified: Since then, male students were allowed to apply for admission. However, the share of males remained low. In 2010, 17 male students and 199 females were enrolled on design courses at VCU-Qatar. This figure comprises 61 new starters, 37 of whom are Qataris. For the 2009 academic year, VCU-Q launched two further programs: A bachelor’s of fine arts degree in painting and print and a master’s of fine arts in design studies. The VCU master’s is the first such degree to be offered in the region. It is a two-year program for full-time students or a three-year, part-time program. Five students enrolled for this first master’s degree, six in the second batch in 2010.

Being a public university in the United States, VCU-Q operates under the approval and authorization of the State Council of Higher Education for Virginia, the Virginia General Assembly, and the Southern Association of Colleges and Schools’ Commission on Colleges. Hence the Virginia State Council had to approve to open a campus in Doha with the authority to grant degrees. The branch campus was the first university with approved degree programs in Doha and the first accredited American campus in the Gulf region.

**The Branch of Cornell University in Qatar:** While the agreement with VCU to operate a branch campus marked the beginning of Qatar's internationalization concept, the foundation of the Weill Cornell Medical College at Qatar (WCMC-Q) marked the breakthrough of the flagship project. It caused a sensation when Cornell University, a member of the time-honored American Ivy League, committed to establish a branch of its well-known Medical School in Doha's Education City. This immediately changed the international perception of the project. The presence of such an educational "heavyweight" raised the status of Education City to a respectable project (GHE-Q1): Many local experts confirmed that during the late 1990s, QF had unsuccessfully tried to attract other leading American private research universities. Thus, the long-term obligation with Cornell marks a watershed, as it from that time forth, enabled QF to attract further exceptional institutions to operate branches in Doha.

The branch of Cornell's medical college offers its medical education leading to a Cornell University M.D. degree. The education is based on the same admission standards and curriculum as the New York campus of the college (WCMC 2002). The six-year program of study comprises the two-year pre-medical program followed by the four-year medical program. Through the specific model of cooperation, "*WCMC-Q truly extends Cornell's standards, quality, and mission into the world*" said Dr. Gotto, Dean of WCMC at the inauguration ceremony in 2001: "*The institution will have the same standards central to Cornell's heritage (...), it will contribute in a direct way to the aspirations and needs of the people of Qatar*" (WCMC 2002).

The college was pleased with the number of applications to the pre-medical program. In 2002, WCMC-Q received 101 applications, interviewed 55 applicants, and finally registered 25 students. The majority of them enrolled as freshmen. Fourteen students of the first class were Qatari nationals. The number of students has grown steadily since the introduction, from 25 students in 2002 to 262 in 2009. The WCMC-Q student body is quite heterogeneous, representing more than 36 countries from five continents. About thirty percent of the students are Qataris. The medical class is limited to 50 students. Since the opening, the vast majority (70 percent) of the college's students have been females. WCMC-Q was the first medical college in Qatar, and at the same time and most important, it was a pioneer of coeducation at the university level.

Tuition fees are the same as those at WCMC in New York. For the academic year 2010/11, the amount has been set at US\$ 45,545 (WCMC-Q 2010). The pre-medical students in Qatar take the same courses as Cornell students in Ithaca who are attending the medical school there. Upon completion of the pre-medical program, the students will take the Medical College Admissions Test (MCAT) and apply for the medical program. The initial faculty was comprised of ten professors appointed by Cornell's academic departments. Eight of them had previously taught at Cornell University. While all pre-medical faculty members hold appointments with Cornell University, all medical faculty members are with academic departments at Weill Cornell Medical College (WCMC 2002).

In 2004, an affiliation agreement with the Hamad Medical Corporation (HMC) was signed. WCMC-Q's medical students will begin their clinical education in primary health centers and hospitals of the HMC from an early stage. Furthermore, QF plans to construct a 412-bed

Specialty Teaching Hospital close to the Medical College in Education City. The *Sidra Medical and Research Center*, set to open in 2012, will have state-of-the-art clinical programs focused on women's and children's conditions, and academic and research programs directed by WCMC-Q faculty. Sidra will be funded by a US\$ 7.9 billion endowment from QF. This is the largest endowment of a medical and research center anywhere in the world (QF 2010).

Qatar Foundation's funds to operate the WCMC-Q increased from US\$ 10.3 million in 2001 to more than US\$ 80 million in 2009 (CORNELL UNIVERSITY 2010). This increase covers the administrative and support costs for the college. Consistent with the agreement, the surplus between funding and costs will be returned to Qatar Foundation. In 2009, the external funding through Qatar Foundation amounts to 2.5 percent of Cornell University's total revenues (CORNELL UNIVERSITY 2010). Since the opening of WCMC-Q, Qatar Foundation has transferred almost a US\$ 500 million to Cornell University to operate the college (WCMC-Q 2010). These costs do not include infrastructure, such as the buildings or labs. Moreover, as the other foreign university operating in Qatar, Cornell has access to the country's national research fund (Q NRF). Research grants are available for the faculty at WCMC-Q as well as at the main campus in Ithaca and New York (Medical College and School of Medical Sciences).

The accreditation and recognition of the degree is crucial in order to obtain a license to practice medicine: As WCMC-Q is an extension of Weill Cornell Medical College in New York and follows the same medical educational program, graduates receive the Cornell University M.D. degree. But there is a difference whether a student receives his certificates from an institution inside or outside of the geographic boundaries of the United States: Cornell University is accredited by the Middle States Association of Schools and Colleges. The campus in Doha is listed as an Additional Location and thus, covered by this accreditation. Weill Cornell Medical College, located in New York, is accredited by the Liaison Committee on Medical Education (LCME) and is listed in International Medical Education Directory (IMED). One of the major objectives of the Doha branch is an accreditation directly by the LCME – as the first school outside the United States and Canada. The Sidra project is an important part of this ambitious goal, although the chances of obtaining such an accreditation outside the U.S. and Canada are rather small (GHE-Q1).

Students and graduates of the WCMC-Q are eligible to take the United States Medical Licensing Examination (USMLE) through the Educational Commission for Foreign Medical Graduates (ECFMG), which allows graduates to obtain a license to practice medicine in the United States. The USMLE is the only examination system for students and graduates of both U.S. and foreign medical colleges who seek medical licensure. International Medical Graduates (IMGs) are required to undergo a separate licensing examination. Anyone who graduates from a medical school whose location is outside of the geographic boundaries of the United States is considered an IMG. Cornell is the first American university to step outside of these geographic boundaries by establishing a medical program and by awarding its M.D. degree. Hence WCMC-Q students will be the only IMGs with U.S. medical degrees.

The political dimension: As a private institution, Cornell University did not need the approval of the State Council for Higher Education to operate a branch campus in Qatar. An interesting

feature of the agreement between Qatar Foundation and Cornell University is the close linkage of leading politicians and consultancies who finalized the understanding. For example, the former U.S. Secretary of State James Baker is known as a friend of the Emir of Qatar and Sheikha Mozah. Baker attended the inauguration of WCMC-Q and stated: *“Shared experiences and shared values in education can be a strong basis for improved understanding and even peace among nations. As such, this partnership [between QF and Cornell] is an important diplomatic initiative in the Middle East”* (WCMC-Q 2010). Thus, the branch of WCMC-Q reveals the importance and the close linkages of diplomacy and politics.

**Texas A&M at Qatar: “Whatever you need, we will get for you”.** As third member in QF’s Education City, Texas A&M University (TAMU) joined Virginia Commonwealth University and Weill Cornell Medical College by entering into a 10-year agreement to bring engineering education and research to Qatar in 2002. The President of Texas A&M University stated that *“this is an extraordinary opportunity for Texas A&M to expand its international presence and to provide educational and research opportunities for our faculty and students (...). It will foster greater understanding among future leaders in the Middle East and the United States”* (TAMU 2010). Texas A&M committed to operate a branch campus to offer undergraduate programs in petroleum, chemical, electrical and mechanical engineering. The curriculum offered in Qatar is identical to that offered at TAMU’s main campus in College Station, Texas. As a visible sign of a successful graduation all graduates of Texas A&M in Qatar (TAMU-Q) receive the Aggie Ring – the trademark of Texas A&M to demonstrate the affiliation as an alumni of the university. QF will provide funding for the campus, including support for the facilities, academic programs and research centers. As a Texas state school, TAMU could not spend any state money to operate its overseas branch in Doha on its own financial risks. Only the funding model of Qatar Foundation *“taking care of everything enabled the foundation of such a branch: QF made it possible for us to even think about establishing a campus here in the Middle East”* (AHEI-Q2).

Founded in 1876, Texas A&M is the first public institution of higher education established in Texas with a strong mission of research, teaching, and service. Texas A&M University is part of the Association of American Universities, an organization of leading research universities in the U.S. and Canada devoted to maintaining a strong system of academic research and education. Its Dwight Look College of Engineering is among the leading schools within the United States, apparent in the ranking of the American Society for Engineering Education or the high spending on research, where TAMU ranks third after MIT (Boston) and GeorgiaTech. As one of the outstanding research universities in the United States, Texas A&M has a long history of international involvement. Texas A&M’s engineering department is widely considered among the best in the U.S., and its petroleum engineering program is ranked number one in the nation (AHEI-Q2). The development of research capacities will be a key component of the Qatar campus. Two interdisciplinary research centers have been established to address production and utilization of natural resources and environmental sustainability. The strategy is to develop an intensive partnership with industry in Qatar for collaborative research. Consequently, the engineering programs should help to build Qatar as



the center of excellence in education and research in the region.

The political dimension of the TAMU-Q campus is of interest, too. Qatar has always had close linkages to Texas's energy industry. Furthermore, there is a close friendship between the ruling Al Thani family and the (former) U.S. leadership: On the inauguration ceremony of the new TAMU-Q building in 2007, former U.S. President George Bush (senior), whose presidential library is on the Texas A&M campus, said: *"This will be a great partnership between two entities in which I have long-standing and special relationships, Texas A&M University and the Qatar Foundation, and more specifically my good friends who are most responsible for the Qatar Foundation, His Highness Sheikh Hamad bin Khalifa Al Thani and Her Highness Sheikha Mozah Bint Nasser Al Missned. I know first hand of the dedication and can-do attitude that personifies Texas A&M, and I am well aware of the educational vision that Her Highness is bringing to fruition for the great benefit of the citizens of Qatar and which will have a highly positive impact on the entire region. Texas A&M and Qatar come to this partnership with two shared interests – commitment to high-quality education and a keen interest in enhancement of energy-related endeavors – and I am confident they will magnificently complement each other to the distinct benefit of their constituencies and to society at large"* (TAMU-Q 2008).



*"As a proud Aggie and member of the Texas A&M family, and as (...) a friend of Qatar, this is indeed a day for celebration. Today, we celebrate the ties of humanity that know no geographical boundary. Today, we celebrate a commitment to educational excellence and scholarly achievement that transcends culture. Today (...) we celebrate a partnership between two great peoples – and two great institutions – that will foster greater opportunity, prosperity, and indeed hope for the Qatari people, and for the peoples throughout the Gulf region. "Speaking as an American, speaking as a friend of Qatar who respects your traditions as well as your progress, let me express my sincere hope that the students who pass through these hallways understand both the blessings and the responsibilities that come with your knowledge. It is the essence of enlightenment that each of us has a contribution to make to mankind – to overcome the obstacles to progress, and to advance the human condition"* (George H.W. Bush, TAMU-Q 2007).

The accreditation of the engineering programs is of high priority: In 2007, TAMU-Q received accreditation from the Southern Association of Colleges and Schools (SACS) for all bachelor's of science programs. Following this SACS accreditation, the branch initiated to seek accreditation from Accreditation Board for Engineering and Technology (ABET). ABET is the premier accreditation authority for institutions offering degree programs in applied science, computing, engineering and technology. ABET accredits engineering programs in the United States to assure that those programs meet the highest quality standards. In 2009, the Engineering Accreditation Commission of ABET finally conferred accreditation on all four of

TAMU-Q's engineering programs: An ABET accreditation is described as the gold standard in engineering education (AHEI-Q2). The accreditation means that an academic program meets quality standards set by academic and professional leaders in the disciplines. *"Texas A&M was invited because of its reputation for having one of the world's best engineering programs. An independent ABET accreditation is a good indication that the University has successfully replicated its renowned degree programs in Qatar"* (TAMU-Q 2009).



*The Emir Hamad Al Thani and his wife Sheikha Mozah next to George Bush (senior) and his wife Barbara at the inauguration of the new TAMU-Q building in 2007. Qatar's Prime Minister Hamad bin Jassim Al Thani (on the left of Bush), Qatar's former Minister of Energy and Petroleum Abdullah Al Attiyah (next to Barbara Bush), and Sheikha Hind (daughter of the Emir) also attended the ceremony.*

**Sponsorships:** TAMU-Q has close ties to companies operating in Qatar. Beside research cooperation with oil and gas related industries, many students are sponsored by local companies, covering their academic and living costs and receiving a monthly stipend. Over the course of four years, a sponsoring company can "invest" up to QR 500,000 (US\$ 137,000) in a student's education. After graduation the sponsored students will work for the company for some time, refunding the money invested in their education. In the 2008/09 academic year, TAMU-Q had 180 students sponsored by companies, government agencies and non-profit organizations. Qatar Petroleum sponsored 89 students and 72 Qatari students received a scholarship from SEC/HEI. Qatar Foundation's scholarships supported 12 students, and RasGas, Exxon Mobile and Dolphin Energy sponsored each seven students. Like the branches of WCMC-Q and VCU, TAMU-Q charges the same tuition fees as the main campus. Non-sponsored, self-paying students have to pay QR 72,100 (US\$ 20,000) annually, sponsored students have to pay twice as much.

Since its opening, Texas A&M at Qatar has become the largest institution in Education City. In the first batch in 2003, 29 students were admitted, while 61 applied for a university seat. 23 of those were Qataris, 14 males and 15 females. In the following years, the numbers of freshmen students and of applications increased steadily. In fall of 2010, 123 students were admitted. At the same time, the number of applications increased to more than 1,200.

Accordingly, TAMU-Q had an admission rate of ten percent in 2010, and thus only one of ten applicants was finally admitted. This is one of the lowest rates of admission of all EC's branches and is comparable to those of the main campus in the United States.

Table 34: *Enrollment Figures TAMU-Q*

	2003	2004	2005	2006	2007	2008	2009	2010
Admitted students	29	60	63	55	98	111	120	123
Applications received	61	204	400	392	572	677	1040	1,200
Rate: Admitted/applied	0.48	0.29	0.16	0.14	0.17	0.17	0.12	0.1
Qatari (in %)	79	58	60	42	53	41	n.a.	52
Males (in %)	49	63	67	64	65	58	n.a.	n.a.
Sources: TAMU-Q 2006, 2007, 2008								

However, it is necessary to keep in mind that the complete admission process of elite universities in the United States cannot be transferred to a small state such as Qatar. The pool of applicants is much smaller, so that the statistics are distorted to some extent. The mean SAT (Scholastic Assessment Test) score in Maths of all admitted TAMU-Q students reached 615 (on a scale ranging from 200 to 800 points), and 536 of those freshmen students attending a foundation year before enrolling in the regular bachelor's program (TAMU-Q 2009). At the main campus at College Station, applicants applying to the Dwight Look College of Engineering are required to meet a minimum math score of 550 on the SAT. The average SAT score of admitted students at Ivy League schools in Maths ranges from 670 to 770. The entrance exam average of TAMU's engineering school was 664 in 2009 (TAMU-Q 2010).

Despite some concerns, the low admission rate serves as an indicator for the quality and the high demand of the degrees offered at TAMU-Q. Besides the selective admission, the relatively high share of Qataris and the high percentage of male students is an important indicator of the enrollment figures. Due to the relevancy of the engineering programs for Qatar's booming oil and gas industries, many Qatari students enroll at TAMU-Q. Future plans include a moderate increase of the annual admission capacities as well as the introduction of postgraduate programs to meet the needs of increasing numbers of graduates. Already in 2006, TAMU-Q announced to offer master's programs in addition to the four undergraduate programs. However, it took several years to receive the final approval of QF to launch the master's programs. From 2011 master's degree programs will be offered in chemical, electrical, mechanical, and petroleum streams of engineering (TAMU-Q 2009). The degree programs in Qatar will basically be the same as those offered at College Station, with particular emphasis on the needs of the Gulf region.

Besides the purpose to qualify the future employees of Qatar's oil and gas industry, TAMU-Q's engineering faculty intend to strengthen the local research capacities. There are many research collaborations with local and internationally operating energy companies. Most recently, TAMU-Q announced agreements with Total, BP, QP, and RasGas. Moreover, TAMU-Q, as well as the main campus, received large funds from Qatar's National Research Fund (QNRF). Researchers from TAMU were named recipients of more than US\$ 27 million

in funding for 28 new research projects in the 2009 cycle of QNRF's National Research Program Priorities (NPRP), 19 of which were awarded to projects in engineering, seven in natural sciences, one in medical sciences and one in social sciences (TAMU-Q 2009). The university had 30 percent of the winning projects and received 32 percent of total funds awarded in NPRP's grant cycle. In addition, researchers from TAMU-Q and the university's main campus earned more than US\$ 12 million for 20 research projects in the 2007 cycle. After the formal start of the 28 new NPRP research grants, the total research funding at TAMU-Q will exceed US\$ 45 million (TAMU-Q 2010; QNRF 2010). The opportunity of faculty members of the branch and of the main campus to acquire research funds from QNRF and from Qatar's booming oil industry is regarded as an important criterion in Qatar's internationalization process.

#### **7.7.1.2 Carnegie Mellon, Georgetown and Northwestern University**

**Carnegie Mellon University in Qatar:** *"For the first time in its history, Carnegie Mellon University's orientation activities for first-year students extended across an ocean and seven time zones. While 1,394 students moved into their residence halls and began classes in Pittsburgh, 44 of their peers were doing the same thing at Carnegie Mellon in Qatar"* (CMU 2004). The press release on the occasion of the intake of freshmen students in 2004 indicates that CMU's new branch in Doha is recognized as a part of the main university. There is no formal distinction between students in Doha or in Pittsburgh: *"Our Doha campus is not like Carnegie Mellon – it is Carnegie Mellon, with the same courses, same degrees and same values. When you graduate from here, you do so with a Carnegie Mellon degree in your hand"* (AHEI-Q1).

In February 2004, Carnegie Mellon University announced that the university has entered into an agreement with the Qatar Foundation to offer its undergraduate programs in computer science and business administration (through its David A. Tepper School of Business) at a branch campus in Education City. In 2007, an undergraduate degree in information systems was added to the program offerings. All CMU-Q's programs are fully accredited by the Middle States Commission on Higher Education and the Association to Advance Collegiate Schools of Business (CMU-Q 2009).

Education City became home of CMU's second branch campus. Carnegie Mellon's first branch campus is in Silicon Valley, California, where master's programs in information technology are offered. In 2006, CMU also established a branch campus in Adelaide, Australia, where the university offers two master's degrees to serve the Asia-Pacific region. In addition, Carnegie Mellon's Information Networking Institute offers graduate programs in Greece, Korea, South Africa, England, Germany, Singapore and Switzerland. Carnegie Mellon also has formal educational partnerships in Taiwan, India, Brazil and Mexico, as well as distance-learning arrangements and traditional graduate and undergraduate student exchange programs with the United Kingdom, the Netherlands, and additional countries. *"The education development in Qatar presents us with an extraordinary opportunity to make contributions to the region and to the world that are important and lasting. This initiative will*

*also advance significantly our strategic priority of internationalizing Carnegie Mellon*", CMU University President Cohon (CMU 2004). One of the reasons to invite Carnegie Mellon was the university's reputation as one of the U.S. best institutions programs in business administration, information technology and computer science. The Tepper School of Business and the School of Computer Science are among the best in the United States, according to many sources, including U.S. News & World Report and Business Week magazines and the Financial Times newspaper (The U.S. News and World Report 2010).

Since its opening, CMU-Q has become very successful in increasing the student population, mobilizing research funds and developing partnership agreements with local industries. In 2004, 44 freshmen students were admitted to CMU-Q, two-thirds of them were female, and by majority Qatari nationals. In 2005, the intake increased to 48 students. Female candidates continued to be in the majority, with 17 enrolled in the business program and 13 in computer science. The third class of incoming business administration and computer science students welcomed 38 students, bringing the total enrollment to 124 students. For the first time, male (21) outnumbered female freshmen in 2006. The fifth class to join CMU-Q is made up of 38 women and 47 men. Twenty-eight students are Qatari nationals, with the remaining 57 students representing 20 different nationalities. The class of 2013 (2009-2013) comprises 52 women and 40 men. Thirty-one students are Qatari nationals, with the remaining 61 students representing 25 different nationalities. Forty-three students have enrolled in business administration, 29 in computer science, and 20 in information systems. CMU-Q's latest batch of students includes 42 women and 43 men in the class of 2010, where 27 students are Qatari nationals, with the remaining 58 students representing 25 different nationalities. Forty-three students of the new students plan to study business administration, 21 intend to enroll in computer science and 21 in information systems. The 85 new students bring the total undergraduate student body to 305. Officials of the CMU-Q stress the challenging and selective admission policy of the Doha branch. Almost 1,100 students applied for one of the three undergraduate programs, while only 85 were admitted. Consequently, the admission rate is just eight percent. Applications from Qatari nationals accounted for 35 percent of the overall application pool. Tuition fees are similar to those of the main campus in Pittsburgh: For the academic year 2010/11, the tuition was QR 151,475 or US\$ 41,500.

Prior to the agreement to establish a branch campus of Carnegie Mellon in 2003, QF entered into intensive negotiations with the University of North Carolina at Chapel Hill to operate an undergraduate branch campus in Qatar. The university's Business School offers one of the highest ranked undergraduates programs in the United States (The U.S. News and World Report 2010). According to QF officials, the negotiations were terminated because of financial disagreements. The two sides could not agree on compensation packages for professors. QF officials also mentioned that post 9/11 worries have contributed to the plan's demise as well. The proposal intended to establish a campus of UNC's Kenan-Flagler Business School in Doha, to award the bachelor's of science in business administration (WENR 2002). After the decision to terminate the negotiations with the University of North Carolina, Qatar Foundation announced its intention to contact alternative academic partners. But it took almost two years until the final agreement with CMU was announced in 2003.



**Georgetown University’s Branch in Qatar: “We build world leaders”:** As the fifth major U.S. research university to come to QF’s Education City, Sheikha Mozah Bint Nasser Al Missned welcomed Georgetown University’s Edmund A. Walsh School of Foreign Service (SFS-Q) in August 2005. Students who enroll at SFS-Q follow an interdisciplinary four year liberal arts curriculum that focuses on international affairs, which also covers a wide range of disciplines including government, history, economics, philosophy, theology, and literature. After completing a two-year multidisciplinary core curriculum, students enter into one of three majors offered in international politics, culture and politics, and international economics.

Georgetown University is the oldest privately funded Catholic and Jesuit University in America, established in 1789 by Archbishop John Carroll. Since its foundation, Georgetown University has been open to students from all nations and faiths. The vision of the founder continues to be realized today in a distinctive educational institution, *“a University rooted in the Catholic faith and Jesuit tradition, committed to spiritual inquiry, engaged in the public sphere, and invigorated by religious and cultural pluralism”* (Georgetown 2006). Officials of the STS-Q mentioned that QF invited Georgetown University to operate a branch campus in Qatar for the first time in 2000 (AHEI-Q4). At that time, the university rejected the offer. However, Qatar Foundation was persistent and asked again two years later – and then the officials agreed. Several reasons affected this change of mind, namely the reputation of the Education City since the presence of Cornell and the other U.S. universities, the strategy of Georgetown to become a global university and to launch an internationalization strategy, and Georgetown’s financial crises in 2001/02, which made the university’s internationalization agenda difficult to operate a branch on one’s own initiative.



*left: SFS-Q graduation ceremony in 2010 (SFS-Q 2010). right: Sheikha Mozah is awarded an honorary degree by Georgetown University President DeGioia in 2008 (www.flickr.com)*

Fundraising is a sensitive issue for many of the American institutions going abroad. The universities have always assured their faculties that local budgets will not be cut down in order to support programs abroad. Officials of Georgetown said that the university couldn’t have advocated the program if it would have cost any university money, but profit-making was not a driving force to operate in Doha (AHEI-Q4).

Since the first batch of students entered STS-Q, the branch has shown a moderate increase of

new admitted students: Starting with 25 students in 2005 to 54 students in 2010, of whom 33 are women and 21 men. Sixteen are Qatari nationals, with the remaining 38 students representing 20 different nationalities. The number of applications at STS-Q is rather low. In 2008, 178 students applied, 45 were admitted. The overall admission rate is about 25 percent, those of Qatari students is higher due to the low number of applications. Tuition fees are the same as at the home campus in Washington, reaching US\$ 40,000 in 2010/11.

Parallel to the transfer of Georgetown's academic degrees, the Center for International and Regional Studies (CIRS) was established as a premier research institute directed to the academic study of regional and international issues. CIRS is located at the STS-Q and governed by members of QF, Georgetown and international universities. CIRS hosts international conferences and supports research activities in the broader Middle East.

**Northwestern University in Qatar:** In 2008, 39 students began their studies at Northwestern University in Qatar, the latest partner of Qatar Foundation. Northwestern is a private research university, founded in 1851 in Illinois. The university is ranked 12th in the U.S. News & World Report Ranking in 2010. The Medill School for Journalism has been top seeded in the U.S. for several years. Students can enroll in the two undergraduate programs offered by Northwestern University in Qatar: A journalism program is offered by Northwestern's Medill School of Journalism. It prepares students for careers in print, broadcast and online news media. Northwestern's School of Communication offers a major in media industries and technologies, preparing students for management and roles in communication and media industries. Both programs are based on the curricula offered at Northwestern's campus in Illinois. Admission requirements to the programs are the same as at the parent institution, and the degree awarded upon graduating is identical to that obtained at the home campus. Officials of Northwestern University emphasized that it is essential to keep the high standards of the main campus. *"We won't do anything that negatively affects the quality of our programs, our reputation, or our ranking. Only the funding model of QF ensures that we can provide these outstanding programs here in Doha"* (AHEI-Q5).

More than 125 students from more than a dozen countries applied for admission to NU-Q's initial class. The members of the entering class included nine males and 30 females. Seventeen enrolled in the journalism program and 22 in the communication program. About one half of the students were Qatari nationals. Most students attended secondary school in Qatar, but entering students were also educated in North America, South America, Europe, and Asia. The class of 2009 included 36 students – 19 in the communication program and 17 in journalism. Applications in 2009 increased by 72 percent for the initial class. The tuition for the 2011/12 academic year was US\$ 41,192.

The opening of a university offering degrees in journalism is in line with Qatar's media strategy. Soon after Hamad Al Thani seized control in 1995, the broadcasting company Al Jazeera was established. In addition, several newspapers and magazines have been established in Doha. Hence, there is a need to train Qatari citizens in the broad field of media sciences. The presence of Northwestern University's Medill School of Journalism intends to produce synergy effects with the local media companies.

The case of Northwestern University shows that not only academic programs are transferred to Qatar. The branch also transfers students' activities and traditional ceremonies. Students in Doha should learn about the Alma Mater, traditional rite, and conventional practice of Northwestern's main campus: For example, freshmen were given the chance to paint miniature versions of the Rock, one of Northwestern's best-known traditions. This tradition involves placing a huge chunk of stone in a plaza on the Evanston campus and then painting it with slogans. The adoption of these traditions seems to be essential to prove that the branch in Doha is really an extension of the mother campus and that students enrolling in Qatar are now equal members of the broader university fraternity.

Neither one of the universities in Education City nor Qatar Foundation provide information about the financial modalities of the branch campuses: The common message is that the branch in Doha is not a profit-oriented expansion of the main campus. Despite several indicators that the EC institutions receive an additional management fee and an endowment, the case of Northwestern University in Qatar shows that QF also supports the chosen partner universities through endowed professorships. Most recently, Northwestern University announced that QF will provide funding support for three endowed professorships at the main campus in Evanston, Illinois. The new professorships will be named after the Emir of Qatar. The three Northwestern University professorships – in the areas of journalism, communication, and Middle East studies – *“reflect the vision of QF to partner with institutions of academic excellence, such as Northwestern University, to build a knowledge-based society in Qatar and unlock human potential”* (NW 2010). A professor from Northwestern University's Evanston campus, who is currently teaching at the campus in Qatar, is the recipient of one of the professorships – he has been named the Sheikh Hamad bin Khalifa Al Thani Professor in Communication (NW 2010).

Northwestern's branch campus unveils QF's schema to select the specific institutions. According to a newspaper article published in May 2006, three American journalism schools were competing for the contract with Qatar Foundation to establish a Journalism School in Doha's Education City. The University of Missouri's School of Journalism was one of those institutions vying for an invitation to operate a campus. Missouri, U.S.'s oldest and high-ranked journalism school should join the existing five U.S. campuses at Education City: *“The Qatari campus would be a full-fledged branch of the University of Missouri, with Columbia [main campus] maintaining control of admission standards, tuition rates, curriculum and graduation requirements”* (WES 2006). The report indicates that QF acts today from a position of strength. While in the late 1990s some universities denied QF's offer to operate a branch campus, the establishment of a branch was soon in demand. Prestigious institutions apply for access to Qatar's unique Education City. However, the most prestigious institutions, such as Yale, Harvard or Princeton have resist QF's offer to operate a branch in Doha so far.

#### **7.7.1.3 Qatar Faculty of Islamic Studies (QFIS): EC's First Homegrown Institution**

When the Faculty of Islamic Studies (QFIS) was established in 2007, it was unique within Qatar Foundation's educational projects. Its location is distinct from the other campuses as it



is the first homegrown institution of Education City. QFIS offers diverse programs including two diplomas in Islamic studies and finance and master's programs in the fields of public policy in Islam, Islamic finance, and Islamic studies, with a specialization in contemporary fiqh. QFIS plans to offer three additional master's programs, in Islamic studies, with a specialization in religion and contemporary thought in contemporary Muslim societies, and in Islamic urban planning and architecture (QFIS 2010). QFIS also offers some executive training programs in Islamic finance for the financial industry in co-operation with the Saudi Arabian Islamic Development Bank (QFIS 2010).

QFIS operates under the jurisdiction of QF and has the mission to *"ensure the sustainability of important aspects of the country's culture by illuminating Islam's contemporary role"* (QFIS 2010). The faculty was established to achieve intellectual plurality that emphasizes the richness and diversity of Islamic heritage. It organized several seminars on finance and other aspects of Islamic studies in an attempt to contribute to the development of Muslim societies and communities and to efficiently meet the challenges and demands of the era. The foundation of QFIS is a visible sign of QF's leadership in claiming responsibility for the academia in the country. The main intention is not only to modernize the higher education system, but also to transform the society, and to establish QF as the opinion leader and agenda setter.

Currently, six research centers operate under the umbrella of QFIS: The first and most prominent is the Al Qaradawi Center for Research in Moderate Thought, named after the Islamic scholar Sheikh Yousuf Al Qaradawi, the President of the International Association of Muslim Scholars, who lives in Doha.

QFIS also cooperates with foreign universities and institutions. Most recently, Oxford University has created a new chair in Contemporary Islamic Studies with a contribution by QFIS. The endowment of the His Highness Hamad bin Khalifa Al Thani Chair in Contemporary Islamic Studies at Oxford University will include a program of activities and includes an exchange of faculty. The announcement of collaboration between QF and Oxford University coincided with a visit to the Education City campus by British Prime Minister, Gordon Brown in 2009: *"I welcome the increasingly close educational and research links between top British universities and Qatar Foundation. These announcements form exciting new strands to our shared pursuit of technological and academic excellence. I congratulate Qatar Foundation, (...) and Oxford University"* (QFIS 2010). Tariq Ramadan, Research Fellow (General) at Oxford's St. Antony's College, has been appointed by the His Highness Hamad bin Khalifa Al Thani Chair in Contemporary Islamic Studies in September 2009 (QFIS 2009). Moreover, the QFIS's research activities include cooperation with Al Azhar University (Egypt), HEC (France), Judicial and Training Institute (Korea), Lee Kuan Yew School of Public Policy (Singapore) and the Islamic Financial Services Board (Malaysia) (QF 2007).

In the 2009/10 academic year, QFIS received more than 700 applications from prospective students of 44 different nationalities. In order to attract foreign as well as domestic students, a separate scholarship program was established. QFIS offered 25 scholarships to international students for the 2010/11 academic year: A total of 10 scholarships are offered by Sheikh

Hamad bin Khalifa Al Thani, five of which are for a master's degree in Islamic finance, and five for a general diploma in Islamic studies. Ten scholarships are offered by Sheikha Mozah Bint Nasser Al Missned, five for a master's degree in public policy in Islam and five for a master's degree in Islamic studies. Finally, the Sheikh Youssef Al Qaradawi scholarships offer funding for five students to study for a master's degree in Islamic studies, with a specialization in contemporary fiqh. In 2010, twenty six students completed their master's degree in Islamic studies – none of them were Qataris.

#### **7.7.1.4 HEC Paris and University College London: Education City's First European Partner Institutions**

Ranked among Europe's best business schools, HEC Paris (École des Hautes Études Commerciales) announced to join QF's Education City in 2010. HEC Paris will become QF's first European institution. HEC Paris will offer a broad range of *"world-class executive education programs for mid-career and senior executives"* (HEC 2010), including the Executive MBA (EMBA), short certificate programs and corporate-specific training executive education programs. HEC will extend the range of Education City's graduate degree course as it will also be the first campus to offer continuing education programs for experienced professionals. Like the branch campuses of Education City, HEC meets the requirements of QF's scouts: HEC is ranked as the best business school in Europe and number two worldwide in executive education by the Financial Times. The agreement of HEC to operate in Qatar echoed in international media and newspapers.

Although HEC Paris is officially a part of QF's Education City, the agreement with the French institutions marks the beginning of a new phase: HEC is the first member of the Qatar Foundation's Management, Education and Research Center (QF-MERC), which intends to be home to other elite management institutions and business schools to *"transform Qatar into a center of excellence offering high-quality management education"* (QF 2010). Furthermore, the agreement is not solely funded by Qatar Foundation. The French energy company Total is also involved in the new educational deal. This engagement demonstrates *"Total's commitment to education and to building the future of Qatar's knowledge-based economy"* (QF 2010). HEC Paris will become Total's preferred regional educational hub for executives. Moreover, Qatar Petroleum contributed to the design of the programs in an effort to promote the Quality Qatarization of its workforce (QF 2010).

The branch of HEC is different from other institutions in Doha as it will only offer part-times courses and will not be located on the Education City campus, but in Doha's new business district in the West Bay. HEC Paris's executive MBA program in Doha will cost about US\$ 74,000 for a year and a half (QF 2010).

Similar to the American branches of the Education City, HEC will have a Doha-based, full-time faculty which will be involved in both teaching and business-related research. By adding senior management education to its high-quality educational and research initiatives, *"QF-MERC will spearhead the country's transformation into a knowledge-based society and its aim to become the region's management hub"* (QF 2010). HEC Paris' programs intend to

*“help develop the competencies required by executives in Qatar and the region to ensure their businesses remain competitive in a rapidly evolving business environment”* (QF 2010).

The agreement to establish the first European institution in Qatar demonstrates the strength of the relationship between France and Qatar within the past few years. The HEC branch is a result of numerous state visits of the French President Sarkozy in Qatar. The Ambassador to France in Qatar comments that *“HEC Paris in Qatar is a tangible sign of the deepening ties between France and Qatar. France clearly has much to offer to Qatar, not only through economic collaboration, but also through education and training”* (QF 2010).

The presence of HEC Paris, offering its Executive MBA, is in line with the overall strategy of Qatar’s leadership to diversify the range of academic programs, especially in the field of professional training. At the same time, there is a commitment to diversify the scope of academic partner institutions operating in Qatar. With its special focus on professional training, HEC fills a gap. For many years, Qatari delegations, especially from public companies, attended European Business Schools during summer to enroll in certificate programs or corporate-specific training executive programs. Hence, the local presence of one of these business schools is a logic consequence to meet the demand in Qatar and, moreover, in the Gulf.

The concept of QF-MERC is in line with the well-established branches of Education City. The major difference is that the EC branch campuses primarily address undergraduate students whereas HEC will be the first of QF’s education fleet to offer professional training. Therefore, HEC is related to Qatar’s booming economy more than integrated in the country’s education framework. The location in the heart of Doha’s new business district and the spatial proximity to the potential clients demonstrates the aspirations of the new institution.

**HEC versus INSEAD:** In 2006 QF rescind an agreement with the prestigious French business school INSEAD (Institut Européen d’Administration des Affaires) to offer an executive MBA program, after the school apparently breached the conditions of exclusivity contained within a Memorandum of Understanding (MoU) by also committing to establishing a campus in the United Arab Emirates. INSEAD Business School and the Abu Dhabi Education Council have signed a MoU which outlines plans for the establishment of an INSEAD campus in the Emirati capital (Khaleej Times, May 6, 2006). The French school would have been the first non-American institution to establish a presence at Qatar’s Education City. As the negotiations with INSEAD were terminated in 2006, QF announced to continue discussions with a number of other European institutions to operate a business school (Gulf News, May 11 2006). QF’s withdrawal due to the UAE incentives can be seen as a sign of growing competition between the two Gulf countries. In particular, QF claims exclusive agreements from its partner institutions.

### **University College London in Qatar**

In October 2010, Sheikha Mozah Bint Nasser Al Missned signed a partnership between Qatar Foundation, University College London (UCL) and Qatar Museums Authority (QMA). As one of the leading research universities in the United Kingdom, UCL will join the hand-selected international universities at Education City by offering its *“top programs to the*

*region's youth, unlocking their potential to become future leaders of a post-carbon economy"* (QF 2010). UCL will offer its master's degrees in the areas of museum studies, conservation and archaeology. UCL Qatar will also provide professional training courses beginning in Spring 2011 for the staff of Qatar Museums Authority, *"enabling Qatar to become a regional center of excellence in museum practices at all levels"* (QF 2010). The two-year master's programs in museums and conservation practice and in Arab and Islamic archaeology will start in 2012. The target is to have 145 local and international students matriculating on campus within the next five years.

Like other states in the region (with Abu Dhabi leading the way), Qatar has an ambitious growth strategy in the museum sector. Since the late 1990s, Qatar's government has supplied large amounts to the Qatar Museums Authority (QMA), which is chaired by Sheikha Mayassa bin Hamad Al Thani (a daughter of the Emir and Sheikha Mozah). The Museum of Islamic Art, the National Museum of Qatar and the Mathaf Museum of Modern Art will provide graduates from UCL Qatar with long term job and research opportunities. The partnership agreement between QF and UCL was signed at the Royal Society by His Excellency Dr. Abdulla Al Thani, Vice President for Education of Qatar Foundation, and Professor Malcolm Grant, UCL provost (QF 2010). Dr. Al-Thani said *"University College London has consistently been ranked among the world's greatest universities, and its achievements in the fields of Archaeology and Museum Studies have been particularly striking. I know UCL will add greatly to the intellectual and cultural life of Qatar. It is a significant milestone in the history of Qatar Foundation that a British university is to establish a campus at Education City"* (QF 2010).

The agreement with University College London in the field of museum studies and archaeology reveals QF's strategy to diversify the academic cooperation with European institutions. According to a senior QF official, it was merely a matter of time, when Qatar Foundation would conclude an agreement with one of the leading British universities (GHE-Q1). This newest academic agreement also shows the trend of QF's educational vision. In cooperation with an external partner (Qatar Museum Authority in the case of UCL, Total and Qatar Petroleum in the case of HEC), an academic champion was recruited to enlarge the field of professional and postgraduate studies in order to enrich Qatar's post-secondary landscape. Thus, unlike the U.S. branches, UCL-Qatar does not provide undergraduate programs. Instead it will focus on research. In addition to the master's programs, UCL will offer executive education, such as professional curatorial qualifications (UCL 2010).

External know-how and expertise was mandatory to develop Qatar's museum sector. In addition the agreement was actively supported by the British government which is strongly committed to strengthening relations with Qatar. U.K.'s Minister of State for Universities and Science, David Willetts comments the agreement: *"We have ambitious plans to expand existing cooperation across the board: in education, culture, defense and security, trade and investment, and foreign policy co-operation. This new and exciting partnership between Qatar Foundation, Qatar Museums Authority and UCL is an excellent example of the sort of collaboration the UK wants to see more of"* (UCL 2010). As seen in other educational

projects in Qatar, the case of UCL-Qatar shows that Qatar as well as Western governments purposefully use educational agreements to intensify and to promote close economic and political bonds.

#### **7.7.1.5 Academic Bridge Program: “Bridging” the Education Gap**

Since 2001, Qatar Foundation’s Academic Bridge Program (ABP) has provided a crucial transitional step between secondary school and university. The mission of the ABP is to provide schools graduates with the academic and personal skills needed for success in English-language university programs in QF’s Education City. The ABP seeks to bridge the gap between local and regional high schools, which, too often, tend to emphasize rote learning strategies, and universities, where students are expected to seek their own answers to complex problems (GHE-Q3). Many local experts emphasize that such an academic bridging program is the only opportunity to lift local secondary school graduates to the level of Western universities. The results of the international students assessments, such as PISA, TIMSS, or PIRLS, showed that many Qatari students are not able to meet the high admission standards immediately (GHE-Q5). As Qatar Foundation does not interfere in the branch campuses admission policy, the only possibility to increase the number of Qataris at Education City is to offer additional preparatory classes. A negative consequence is the long duration of study. Through the one or two year ABP program, a regular length of study in Qatar exceeds those offered at the home campus and discourages many students (especially males) to join the EC. Therefore, the inadequacy of the basic school education significantly affects the U.S. branches, both in the average length of study and in the enthusiasm, and subsequently, the success of the students.

In 2010, 350 students from 17 countries were admitted to ABP, 88 percent of whom were Qataris. ABP officials stated that more than 600 students applied in 2010. The increase of enrollment clearly shows that almost all Qataris students from secondary schools need a remedial program for the rigor of a Western curriculum. Furthermore, more male Qataris joined the ABP within the past few years, either to enroll at one of the EC branches or to continue in higher education abroad. According to official statements of the ABP, many of the students who have completed the ABP in previous years succeeded to enroll at one of the six EC universities or studied abroad. Among the subjects included in the curriculum are English, science, math, computers and multi-media. Male and female students attend classes together. Tuition fees were QR 47,500 for Qatari students and QR 57,500 for non-Qataris.

#### **7.7.1.6 The Hamad bin Khalifa University: Unifying Higher Education Under One Umbrella**

*“Now we are trying to create synergy between the different schools on campus, so it will offer more of what a large university would offer”* (Dr. Abdulla Al Thani, Qatar Foundation 2010).

In 2010, Qatar Foundation announced that it has formed a new university entity, named after the Emir Sheikh Hamad bin Khalifa Al Thani which will unite all of QF’s higher educational activities. Dr. Abdulla bin Ali Al Thani, QF’s Vice President of Education has been appointed

as inaugural President of the new entity. The *Hamad bin Khalifa University* will include the branches of the six U.S. universities that are delivering a selected range of undergraduate and graduate programs, the Qatar Faculty of Islamic Studies, which offers diploma and master's programs, UCL and HEC Paris to provide executive management training.

Sheikha Mozah Bint Nasser Al Missned spoke of the need to focus on collaborative and complementary activities in order to draw maximum benefit from the combined skills and experience: *"The time has come to commence the execution of an advanced phase of this important national project, since all the elements which will ensure its success are now in place"*. The newly appointed inaugural president added: *"We now have at Education City a collection of top academic centers, pursuing their separate missions of learning and teaching, research, and community service. Over the past decade they have made a considerable impact upon our society. However, much more can be accomplished by operating as an integrated, multi-disciplinary institution. I shall be seeking new ways to deploy the resources at our disposal for the benefit of the many stakeholders of Qatar Foundation while, of course, preserving the distinct identity of each of our members. In so doing, we shall deliver high-quality higher educational programs with a focus on research"* (QF 2010).

The main rationales for integrating the single branches under the umbrella of *Hamad bin Khalifa University* are the need for more transitions and permeability between the institutions and to generate synergies in teaching and research. For several years, QF has come to an agreement with the branches to allow a cross-registration of students. This permits registered students to attend courses at other branches. In addition, QF wants to develop a *"vivid and colored student community"* (QF 2010) across the borders of the single institutions. The completion of the communal facilities, the jointly conducted graduation and welcoming ceremony indicate the approach to take measures against the sterile and artificial appearance. Despite the formal integration of the branch campuses under the umbrella of the new university, all institutions will preserve their academic and financial independence. None of the institutions have announced the modification on their website – even QF has not yet modified its homepage. Thus, the foundation of *Hamad bin Khalifa University* is more of a marketing instrument than a fundamental shift in QF's education policy.

## **7.7.2 Diversifying Qatar's Post-secondary Education Landscape: A Vocational-oriented Approach**

### **7.7.2.1 Community College of Qatar**

In 2010, Qatar's Minister of Education and Higher Education, Saad bin Ibrahim Al Mahmoud, and officials of the Houston Community College (HCC), signed a US\$ 45 million, five-year contract that will see Houston Community College to develop and institute a fully operational Community College of Qatar (CCQ). HCC will receive *"slightly less than 10 percent"* of the US\$ 45 million operating budget covered by the contract which would be US\$ 4.5 million over the five-year term (KEVER 2010). Houston Community College was chosen from among eight U.S. community colleges to develop a custom curriculum and run the college. CCQ will not operate under the umbrella of Qatar Foundation's Education City. The

institution is part of the Supreme Education Council's (SEC) *Education for a New Era* initiative (SEC 2010).

The introduction of a U.S.-style community college relates to the low enrollment rates at the prestigious branch campuses operating at the Education City. Due to the high admission standards of the four-year institutions, a large number of high school graduates, particularly Qatari men, have failed the admission: "*CCQ intends to create new opportunities for students in Qatar as they have choices to further their studies in the prestigious local universities or abroad after completing a 2-year degree*" (AHEI-Q12). The college will implement a unique model, to serve the specific educational needs of Qatar (AHEI-Q12): While American community colleges usually take people who have lost their jobs or who are training for new jobs, the Community College Qatar will primarily serve high school graduates and similarly aged students to prepare them for future enrollment at regular 4-year institutions (MOLTZ 2010).

There are differences between the Qatar Community College and the regular universities in terms of duration of study and the type of degrees granted. The CCQ will offer co-educational two-year programs leading to the associate's degree. The college will start with the university transfer degree and associate in applied sciences in the fields of business, management, construction management, finance, communications and media. In addition, CCQ will also grant training certificates in some fields with a high demand in the labor market. The degrees will offer the liberal arts and sciences programs that qualify students after earning the associate degree either to transfer to a university to continue their bachelor's programs inside and outside Qatar, or to directly enter the workforce. Articulation agreements between the community college and universities will provide the opportunity to transfer credits earned for the associate's degree toward their bachelor's degrees. CCQ will be seeking the same accreditation that is being held by HCC and that is being asked for by Qatar University – the Southern Association of Colleges and Schools (SACS). With accredited associate's in arts and associate's in sciences degree curriculum, articulated to local and national university curricula, students will graduate from CCQ and will be able to transfer to universities as a third year student (SEC 2010).

The college will accept all students as new students including those who have failed at other universities. Flexible admissions requirements will help students who did not have the chance to continue their studies due to their secondary school average. Enrollment is free for Qatari citizens; non-Qatari costs will include tuition and fees. It is expected that the college will enroll 300 students for the first year, with the goal of having 1,500 students within five years (SEC 2010).

HCC will initially provide qualified staff and faculty while CCQ is being developed. Both institutions will cooperate to create the operating procedures, student policies and hiring practices for the community college. The partners intend to develop a curriculum designed specifically for Qatari students. Students attending CCQ will have a dual enrollment in HCC for associate's in arts, sciences and applied sciences degrees. Students who complete the program in Qatar will be considered graduates of HCC (MOLTZ 2010).

### 7.7.2.2 College of the North Atlantic Qatar: New Educational Opportunities for Qatar's "Rent-Seeking" Boys

As the first Canadian institution, the College of the North Atlantic (CNA) established a branch campus in Doha in September 2002. The agreement between the State of Qatar and CNA was a result of a competitive bid: The government of Qatar wanted to diversify its post-secondary education system by creating a vocationally-oriented college, which meets the urgent educational needs of the national labor market. According to Qatar's leadership, *"many national vocational education strategies, mainly those from Canada, USA, Britain and Australian, were reviewed in order to find the best concept for Qatar's urgent educational and training needs"* (AHEI-Q7). Finally, the public College of the North Atlantic, based in Newfoundland and Labrador, won the tender and was invited by the government of Qatar to operate the country's first technical educational institution. The mandate to establish the CNA-Q was issued by the Emir. Since the opening of the college, the head of the Amiri Diwan has chaired the institutions. Today, Sheikha Hind, the daughter of the Emir, chairs CNA-Q's Joint Oversight Board.

The mandate of CNA-Q is to provide further post-secondary education opportunities, especially to those students who do not meet the admission standards to enroll at Education City, Qatar University or to study abroad. In addition, CNA-Q intends to diversify and strengthen the vocational education and training opportunities for Qatar's private and public companies. Thus, the foundation of CNA-Q closely relates to the needs of Qatar's labor market as it provides technical education to support the Qatarization policy. In line with the economic priorities of Qatar's economic development, CNA-Q offers various diplomas and certificates in its six departments in engineering, technology, information technology, business studies, health sciences, and security.

*"Why should I go to a university for five or six years when I can earn good money immediately after school?"* (AHEI-Q13).

The ambitions to continue in higher education are rather weak, in particular, among the generation of young male Qataris. It is crucial to offer other opportunities to those (male) students, who are not willing or not able to enroll at a traditional university. The CNA-Q fills this educational gap. In contrast to the higher education institutions offering a four-year bachelor's degree (plus one or two year foundation program), students at the CNA-Q can enroll in two- or three-year programs, leading to a degree at a diploma or certificate level. In addition to the short(er) length of study, CNA-Q offers a very attractive sponsorship system. 75 percent of all students have a local sponsor. After finishing secondary school, (Qatari) students can be hired by one of the local companies and then enroll at CNA-Q with full sponsorship by their employer. The employer does not only pay the tuition fees, sponsored students also receive a monthly salary. Thus the students are employees' directly after finishing school and earn their own money while studying. This dual system of employment and study is much more appealing to young male Qataris than enrolling in one of the local universities – lasting up to six years – without the possibility of earning extra money.



Therefore, the sponsorship system is the root cause of the exponential growth of the number of students within the past ten years. In the academic year 2009/10 almost 2,000 full-time students enrolled in CNA-Q. Thereby, the college keeps its position as second-largest post-secondary institution in Qatar, just behind Qatar University. The relevancy of CNA-Q for male students is enormous. More than 60 percent of all students are male – quite an exception in Qatar's female dominated education system! In addition to the regular full-time students, more than 2,000 students have enrolled in part-time and corporate training since its opening. Among the corporate partner of CNA-Q are companies like Qtel, Qatar Petroleum, Q-Chem, Qatar National Bank and Qatar's Armed Forces.



*CNA's new campus in the Western outskirts of Doha. (www.globalcampus.org)*

The constitution of CNA-Q's Joint Advisory Board and the sponsorship structure underlines the importance of the local industry. Officials of Hamad Medical Corporation (HMC) and Qatar Petroleum (QP) are board members at CNA-Q. Those two companies are also the major sponsors of CNA-Q students: QP sponsored 106 out of the total number of 335 graduates of the academic year 2009/10. HMC sponsored 46 graduates, most of them in the health sciences department. Those Qatari students who were not sponsored by a company received a scholarship from the SEC/HEI scholarship department. In total, 196 of the 335 graduates in 2009 were sponsored. As 194 graduates were Qataris, it can be estimated that the vast majority of the sponsored graduates were Qataris. Non-sponsored students have to pay QR 20,000 (US\$ 5,500) annually, while the tuition fees for sponsored students amounts to QR 30,000 (US\$ 8,300) per year (CNA-Q 2010).

### **7.7.2.3 The Model of Internationalization: Agreement with the State of Qatar**

In contrast to institutions of the Education City, the agreement of CNA to operate the college is with the State of Qatar and not with Qatar Foundation. The 10-years management contract started in September 2001 and will last until August 2012. The mother campus does not bear any financial risk of the commercial presence as Qatar's government allocates the infrastructure and advances all incurred expenses of the branch.

The repeating elements of Qatar's internationalization policy are the initiatives to set-up a branch campus and the funding of the commercial presence. As mentioned above, the

government of Qatar invited the College of the North Atlantic to operate a branch campus in Doha. Like the EC institutions all of CNA-Q's funding comes from external sources. Qatar's government allocates the required infrastructure and mobilizes the funding. All management and academic affairs remain under the responsibility of CNA. This includes all employment contracts that are issued by the main institution. An important element of the agreement is that the main campus seconds and recruits the staff and faculty. All members of staff have the status as main campus employees, with the exception that the contracts are limited to three years, with the option of an extension (AHEI-Q7).

The agreement binds CNA to offer exactly the same programs and courses as the main campus. This specific provision should guarantee a high quality and comparability of the offered programs. In addition, the branch operates under the label of CNA and adopts its quality assurance system. The exit conditions (for students to drop classes and studies) are the same as in Canada, as are the curricula and standards. To meet the local needs, CNA-Q developed a flexible study schema: As nearly all students need a basic preparatory in English, math and science, the college established a foundation department, which has no equivalent in Canada. Students attend these programs as long as they need to meet the required standards. Today, the foundation department is the largest department, with almost half of all faculty members working there. *"Only the intensive preparation program ensures that everybody who wants to enroll at the college can do so"* (AHEI-Q7). Dr. Jorch, the former President of CNA-Q, clarified that the *"foundation program is absolutely essential for almost all students to keep the standards and raises many difficulties to manage the academic processes"* (AHEI-Q7). Contrary to ABP at Education City, CNA's Foundation Department is an integrated part of the college, as all students who enroll in the foundation are already registered students. A specific feature of the campus in Doha is the option to transfer to other post-secondary programs after graduation, locally or abroad. In 2009, CNA-Q signed an articulation agreement with the University of Leeds that will allow students of CNA-Q's engineering program to continue their studies in the United Kingdom (CNA 2009).

Table 35 indicates that the contract to operate a branch campus in Doha was driven by economic rationales. CNA receives an annual management fee of ten percent of the salaries of the faculty. Moreover, the college generates extra funds through the corporate training and continuing education programs.

Table 35: *Net Proceeds CNA-Q: 2006-2009*

Results of Operations (in US\$)*	2006	2007	2008	2009
Gross Proceeds	2,358,873	5,081,811	6,480,034	8,932,627
Management Costs	270,753	790,273	10,45,258	2,681,260
Net Proceeds	<b>2,090,126</b>	<b>4,293,545</b>	<b>5,436,784</b>	<b>6,253,376</b>
Source: CNA Annual Report 2007-2009; * converted from CAN Dollar (10/2010)				

According to the published financial data (CNA 2006-2009), the net proceeds of the Doha branch increased from US\$ 2.1 million in 2006 to almost US\$ 6.3 million in 2009. About one

third of the net proceeds (US\$ 1.98 million) in 2009 came from the Corporate Training and Continuing Education Department. In 2010, the number of faculty members, recruited mainly from Canada, reached more than 600. The net proceeds indicate that the commercial presence through the management contract is a very profitable business for the college. The revenues of branch formed more than six percent of the total budget of the college in 2009 (CNA 2009).

#### 7.7.2.4 University of Calgary

In 2007, Qatar's investment in nurse education has brought the University of Calgary from Alberta to Doha to deliver its nursing education. The agreement with the government of Qatar provides the creation of a branch campus called University of Calgary-Qatar (UC-Q) offering a bachelor's in nursing. The annual intake is expected to go up to 100 students and will offer both a master's degree and eventually a doctorate program. *"The University of Calgary is excited to be playing a lead role in delivering world-class health care in Qatar. It is an opportunity to broaden our international exposure while assisting the Qatari government in its efforts to redefine health care in Qatar and the Gulf region"* (UC 2007). In a newspaper statement, the newly appointed Dean of CU-Q adds: *"By bringing together Canadian expertise with the generous resources provided by the State of Qatar, we can create a learning environment second to none – and one that does justice to the extraordinary visionary leadership of the Emir HH Sheikh Hamad bin Khalifa Al Thani and HH Sheikha Mozah bin Nasser Al Missned"* (UC 2007).

The establishment of the branch campus is in line with Qatar's ambitions to become a leading hub for health services. Hamad Medical Corporation (HMC) and Sidra Medical and Research Center are the spearhead of Qatar's investments in health care. For this purpose, a well-trained (national) workforce is mandatory, whereas at present, only six percent of all nurses in HMC are Qataris. Expectedly, HMC has close bonds to the established branch campus as they sponsor most of the students. Moreover, officials of HMC are among the members of the Joint Oversight Board. Furthermore, UC-Q's new campus will be located in Hamad Medical City.

The realization of UC-Q followed a similar schema as the formation of CNA-Q. A committee of Qatari specialist, including the president of Qatar Foundation and the nursing director of HMC, visited several Canadian universities and finally invited the University of Calgary to operate a branch in Qatar. Although Dr. Saoud, the president of QF, serves as the chairman of UC-Q's Joint Oversight Board, the institutions does not operate under jurisdiction of Qatar Foundation. As the branch of the College of the North Atlantic, UC-Q receives its funds from the Amiri Diwan. The mode of agreement is also the same as those of CNA-Q. The government allocates the infrastructure (as initial campus UC-Q uses the old facilities of CNA-Q at Rayyan) and covers all expenses: *"Our University is totally indemnified from any financial obligations to this program and totally indemnified from any financial losses"* (AHEI-Q6). The agreement includes a full academic transfer. All faculty members come from Canada and admission standards, the curricula, as well as the degrees are exactly the same. *"Students at the Doha, Qatar campus receive the same, internationally recognized degree as those in Calgary"* (UC 2010). In addition, the university receives a management fee based on

its faculty. However, in contrast to CNA-Q, the UC branch has only about 25 persons seconded from Calgary. Thus, the revenues for the main campus do not reach the amount of its Canadian fellow. Both Canadian branch campuses have in common that they operate on a non-profit basis. Although both institutions raise high tuition fees which are often covered by sponsors, these revenues do not cover the total expenditures of the branches. The ratio of faculty to students is very low, the infrastructure, labs and buildings are state-of-the-art.

The status as non-profit institution is also a pivotal element of these branches. Although the branch itself does not operate profit-oriented (the income from tuition does not cover by far the expenses), the providers themselves offer their courses abroad mainly due to financial reasons. The net proceeds on the basis of the management fees clearly indicate that a branch campus in Qatar is a profit-oriented expansion of the mother university related to fundraising. Once Qatar invited the University of Calgary to operate a branch in Doha in 2004, the institution set the course for a comprehensive internationalization strategy. A new president was appointed at that time. He wanted to promote the international profile and transform the University of Calgary into a “*globalized university*” (AHEI-Q6). Thus, the tender of Qatar’s leadership to establish a branch in Doha came at the right time.

The case of UC-Q also reveals the internal policy behind such an academic expansion. The Faculty of Nursing is one of 15 faculties at the main university in Calgary. Originally, the branch campus in Doha was an integral part of this faculty. Thus, there was only one dean responsible for the faculty in Calgary and in Doha. In 2009, the Faculty of Nursing was spilt into separated faculties. Now UC-Q operates as an independent faculty of the main university. The appointment of deans, professors and faculties for the branch is centralized within the UC’s governance.

### **7.7.3 Privately Funded Higher Education: Stenden University Qatar**

The Stenden University Qatar (former CHN University Qatar) was founded in 2000 as the first privately funded post-secondary institution in Qatar. It is a joint venture between the Qatari Al Faisal Holding Company and the Dutch-based Christelijke Hogeschool Nederland (CHN). It was Sheikh Faisal, the founder and chairman of the eponymous holding, who had the initiative to establish the institution. He wanted to promote private higher education with the main focus on hospitality management and tourism. The Qatari shareholder contacted CHN and invited it to operate the branch (AHEI-Q8). CHN was among the first Dutch institutions with an international focus, as it already operated branch campuses in Indonesia, Thailand, and South Africa.

The vision of Sheikh Faisal Al Thani to establish an institution which offers specific education opportunities in the area of tourism and facility management relates to Qatar’s ambitious investment programs in tourism. Like many other governments in the region, Qatar’s leadership launched a multi-billion dollar investment program to “*catapult Qatar onto the world tourism map*” (AHEI-Q8). While Qatar attracted about 300,000 tourists in 2000, the government’s master plan foresaw the number of tourists hitting the one million mark by 2010. According to this plan, specialists in the management of tourism & hospitality sector

will be needed. “In his [Sheikh Faisal Al Thani] believe it was not only building a new airport, new hotels or tourist attractions but also to have well-trained staff to operate these facilities and leaders in the sector to help it move forward” (CHN 2007). The Al Faisal Holding itself strongly invested in Qatar’s tourism and real estate sector. The holding owns and operates several hotels, shopping malls and compounds. In line with the Qatarization of the workforce there is an increasing demand for well-trained specialists.

Since 2001, the institution has offered bachelor’s degrees in international hospitality management and international tourism in Qatar. In 2008, Stenden University Qatar added a bachelor’s degree in international business and management studies (IBMS). Preparatory classes (comparable to EC’s ABP) offer a transition to all students who do not meet the entry requirements.

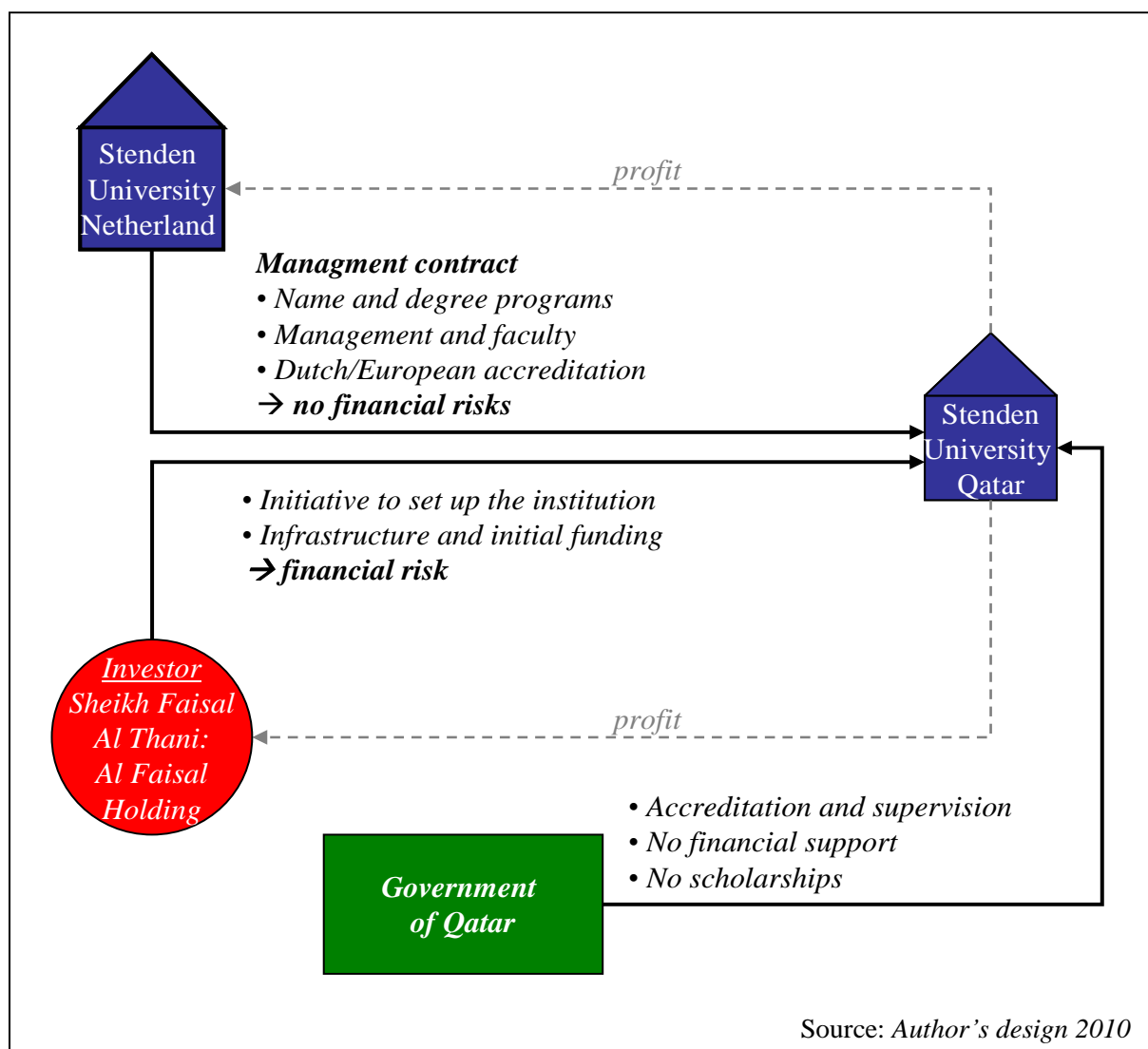


Figure 42: Stenden University Qatar

The branch campus operates profit-oriented. Tuition fees are the main source of income: All students, Qataris as well as non-Qataris, have to pay QR 16,000 (US\$ 5,000) per semester in the preparatory courses as well as in the bachelor’s programs. According to officials of Stenden University, the financial situation is excellent, as the university doubled the budgeted

profit over the first four months in 2008 with a net return on sales estimated to be 40% at the end of the year (AHEI-Q8). Within the past decade, Stenden University has a steady growth of the number of student enrollments. In the academic year 2008/09, the total student population reached almost 550. About 40 percent of them were Qataris. The ratio of male to female students was balanced (Stenden University 2009).

As mentioned above, the institution was established as joint venture: The Qatari shareholder is the majority owner, holding 51 percent, while Stenden University holds 49 percent. The constitution of the Joint Venture Board and the Advisory Board of Stenden University Qatar Board also reflects the specific focus of the institution: Sheikh Faisal Al Thani serves as chairman of the university. The Advisory Board represents numerous members of Qatar's private economy, e.g. representatives of HSBC Qatar, Qatar's Tourism and Exhibitions Authority, Rotana Doha Qatar, Grand Hyatt Doha, Shangri-La Doha Qatar (all hotels) and Qatar Shell. Dr. Al Naimi a former professor of chemistry at Qatar University and president of Qatar University from 1994 to 1999 served as founding president of CHN-Qatar University from 2000 till 2005.

Stenden University Qatar operates under a management contract between the Qatari shareholder and the Dutch consortium. The management and faculty are seconded from Stenden University. All academic programs are awarded from the mother university. All those programs are recognized by the Dutch government in accordance with the Dutch law. All programs culminating in bachelor's degrees are accredited by a Dutch accreditation agency. Thus, Stenden University Qatar is also an example of provider mobility.

The institution moved into a campus next to the headquarters of Al Faisal Holding. Due to the growth of the student population, Sheikh Faisal directed to establish a new campus in the North-Western part of Doha (AHEI-Q8). In addition to the allocation of the required infrastructure, the Al Faisal Holding takes the financial risk of the joint venture and has provided the initial funding for the branch. For its services Stenden University receives a management fee as well as profit-sharing (Figure 42). The role of Qatar's government is limited to accreditation and supervision of the private institution. All programs offered at Stenden University Qatar were approved by SEC. The government neither provides any direct financial support nor does it allocate scholarships for students. Representatives of Stenden University Qatar also mentioned that the requirements to launch additional degree programs are very strict and hinder the institution to offer a broader range of academic programs (AHEI-Q8).

**The Qatari Shareholder:** The Al Faisal Holding was established in 1964 by Sheikh Faisal bin Qassim Al Thani. The formally automobile spare parts business *Gettco* has grown into a big local player with a large number of diverse consumers involved in real estate, commercial, and industrial activities. The activities are carried out by over 30 companies operating under the umbrella of the Al Faisal Holding. With more than 5,000 employees and its multi-million dollar turnover, the holding is one of the biggest private companies in Qatar. The Holding operates the Doha City Center, the formally largest shopping mall in the Middle East, and owns more than a dozen of four and five star hotels in Doha. Sheikh Faisal serves as chairman

and CEO of the mother holding, and also chairs several of the independent subsidiaries. Through his numerous business activities, Sheikh Faisal is one of the most prominent and important businessmen in Qatar. He currently serves as chairman of the Qatari Businessmen Association and as member of the Board of Regents of Qatar University. In summary, it can be stated that the Al Faisal Holding is one of the most powerful and interconnected companies in Qatar. As a member of the ruling family, Sheikh Faisal is part of the political and economic establishment. Jointly with other powerful merchant families, he dominates Qatar's real estate, trading and service sector.

**Stenden Hogeschool** is a private educational conglomerate in the Dutch part of Frisia. The institution arose from the fusion of Hogeschool Drenthe and the Christelijke Hogeschool Nederland (CHN). Stenden refers to itself as a university of applied sciences. The binary system applies to higher education in the Netherlands: *Hogescholen* (colleges) and "universiteiten" (universities). Both types of institutes qualify as higher educational institutes and the students of both types of institutes graduate as Bachelors or Masters in their applicable fields. "Hogescholen" are vocational institutions with a focus on professional education rather than scientific research. As such they are not allowed to be called universities in the Dutch language, as they do not confer doctorates or are not allowed to appoint professors. The bachelor's degrees awarded by the hogeschool are not equivalent to those awarded by the universities in the Netherlands. A bachelor's degree from a "hogeschool" requires an extra bridge year or pre-master year to be allowed into a master's program, because college degrees are not tutored in research fields. In 2010, Stenden Hogeschool accommodates more than 11,000 students worldwide and provides employment for over 1,000 people. The main campus of the Stenden University is in Leeuwarden, but it also operates establishments in other Dutch towns. Stenden operates overseas campuses in Qatar, South-Africa, Thailand, Germany, and Indonesia.

#### 7.7.4 Reforming Qatar University

As part of the overall effort to improve the country's educational range, Qatar's government has imposed major reforms at Qatar University, the nation's first and only public higher education institution. The Emir considered QU's traditional mode of operation as inappropriate and insufficient to meet the challenges of the future (MOINI et al. 2009: 13-18). As a consequence, RAND-Qatar, a joint venture of the American RAND corporation and Qatar Foundation, was engaged to assist Qatar University in a reform of its major administrative and academic structures, policies, and practices (MOINI et al. 2009: 3).

##### 7.7.4.1 Need for Reform

Although there are many job opportunities for Qataris, the labor market will become more and more competitive. Without the right skills, Qatari students will not be in the jobs or the businesses in which they would like to be. As the national university, QU has to ensure that local students can compete in the labor market, and that students have the right skills, qualifications, and work-ethics that prepare them for a successful career and personal life (QU

2007; MOINI et al. 2009: 13-18). As a consequence, the government decided in 2003 that Qatar University has to implement a major reform.

One of the main challenges is the readiness of students for university studies. As a part of the reform project, a preparatory program was established to help students to meet this challenge. Student who are not ready in terms of language, computer skills or math, will undergo a period of preparation. The reform also reached QU's governance level. Prof. Sheikha Bint Abdulla Al Misnad was appointed as new president. She is a board member of Qatar Foundation and relates to Qatar's "circle of modernizers" with close bonds to the ruling elite. In its first years, many observers regarded Qatar University as one of the better universities in the Middle East. QU was well-equipped with financial resources and had many experienced lecturers from abroad. However, before the reform was launched, the university's performance had been deteriorating for several year in a number of activities (MOINI et al. 2009: 15-18):

- The average period required by students to complete degree programs was increasing, and the amount of students who graduated with very poor grades was growing.
- Between 1993 and 2003 the size of the faculty remained roughly constant, while the number of students increased. The ratio of students per faculty member increased from 16:1 in 1993 to 20:1 in 2003.
- Qualitative indicators of student engagement also showed problems, particularly among male students. These students were seldom seen on campus outside of class hours.
- The quality of the faculty was also declining: The number of lecturers increased, while the number of full professors decreased. The number of research papers published by QU faculty had fallen significantly.
- The university was widely regarded as administratively overstaffed. In 1993, it had two administrators for each faculty member. By 2003, the ratio was three to one.
- QU was also facing financial difficulties. Before the reform, QU's funding did not kept pace with rising numbers of students. In the mid-1990s, government allocations for most purposes were severely constrained because oil prices were weak and the government was strongly investing in developing offshore gas fields. But even as resources had become more plentiful, allocations to QU have remained constrained. Some observers claimed this as reflection of the fact that the authorities lacked confidence in the university to utilize additional resources effectively.
- QU failed to meet the needs of the larger Qatari society. Employers reported that few graduates meet required standards of employment.

The major focus of the QU reform was to promote high quality education, dedicated to scientific research: Qatar University aims to serve *"principally average and above-average students and should develop strategies to give diligent students every possible opportunity for academic success"* (QU 2009). While supporting the reform project, RAND points out: *"QU could not and should not try to be all things to all students. It is not a vocational school"*



(MOINI et al. 2009: 32). Although QU should offer foundation programs to strengthen the preparation of diligent students, *“the university should be under no obligation or expectation to serve students who are not qualified for serious university-level studies”*. Other institutions in the country, such as CNA-Q or the Community College, should pursue the worthwhile goals of providing post-secondary training to students who are not prepared for or who do not want rigorous academic education. The purpose and the goal of the reform is obvious: QU as the national state university intends to promote elite- and not mass-absorbing higher education. Hence, the reform project addresses (i) international accreditation to raise the quality standards and recognition, (ii) a focus on postgraduate programs, (iii) enhancing the research capacities, and (iv) integrating elements of modern management practices.

#### **7.7.4.2 Enrollment, Faculty and Accreditation**

The university provides separate campuses for men and for women, and all classes and extracurricular activities have been gender-segregated. This separation of male and female undergraduate students has not been changed by the reform and will remain. Qatar’s leadership wants QU to offer gender-segregated education in order to meet the requirements of large parts of the traditional society, which refuses to send their children to coeducational institutions of the Education City. The gender-segregation can be seen as trademark of QU.

Along with the reform project since 2003, the enrollment numbers have changed significantly. The annual intake of students decreased, measurable in the total number of students, dropping to 7,000 students in 2007. This means that despite the demographic development and the limited additional post-secondary education opportunities in Qatar, the size of QU’s student population fell below the level of the early 1990s! Since the academic year 2007/08, the annual intake of students has increased. The enrollment reached almost 8,800 students in 2010. In particular, the number of Qatari females and foreign students has increased since 2007. Whereas the number of Qatari students enrolling in one of QU’s colleges has increased from 4,916 in 2007 to 5,604 in 2009/10, with a ratio of 17% males, the number of non-Qatari students has even increased from 2,091 to almost 3,200 (QU 2010). Noticeably, QU became attractive for foreign students, which nowadays account for 35 percent of the total student body.

One of the effects of the reform project is the formation of a foundation program, similar to EC’s ABP: While in 2000, only one percent of all students enrolled in a preparatory year (in engineering), QU’s leadership extended the program to all students who do not meet the requirements in math, English language and sciences. The number of students enrolled in the foundation program has increased to 3,010 students in 2009/10. This means that 35 percent of all QU students were enrolled in the foundation department.

The admission statistics of the academic year 2009/10 underline the current booming of Qatar University: 3,687 SSGs applied for a university seat, 2,376 of them finally enrolled. The admission rate reached 64 percent. The admission rate of Qataris was higher than those of non-Qataris: 67 percent of all applied Qataris finally enrolled, while only 61 percent of the non-Qataris were admitted. The ratio between male and females students remains a

characteristic feature: Only 235 (17 percent) of the new admitted Qataris students were males. This is approximately ten percent of all freshmen in 2009. The share of males among the foreign students is 37 percent (or 364 students). This means that the reform project failed to increase the number of male students in particular. In line with the reform, the number of faculty members increased to 612 in the year 2009. Accordingly, the ratio of students per faculty member decreased – from a 20:1 ratio in 2003 to 14:1 in 2009 (MOINI et al. 2009: 12).

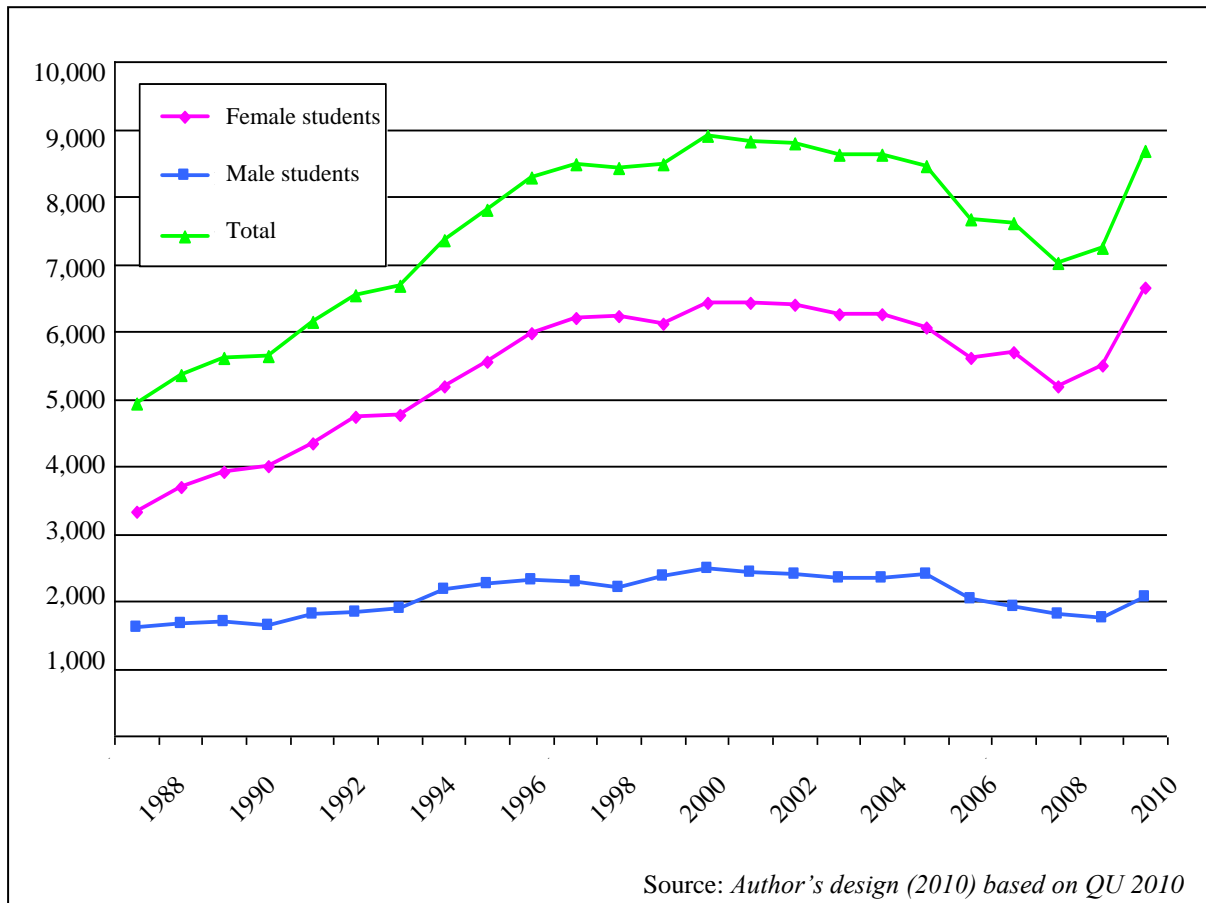


Figure 43: *Student Enrollment at Qatar University: 1986-2009*

The introduction of the foundation program was an important element of the reform project, the diversification of the academic programs, especially the postgraduate programs, is the second pillar of reform agenda. In 2005, the College of Business and Economics began to offer a master of business administration (MBA) to students of any gender. The College of Education offers two master's programs with the specialization in educational leadership and special education. In 2009, 66 males and only 50 females enrolled in the MBA program – the majority of males is remarkable. 6 male and 34 female students attended the master's programs offered by the College of Education. These figures indicate that postgraduate students are only the minority (less than two percent) of all students at QU. One of the direct outcomes of the reform is the College of Engineering's master's in computing. This postgraduate degree began in 2009. Starting in fall 2010, the college launched two additional master's programs: A master's of urban planning & design and a master's of engineering management (QU 2010).

*“I think this disparity [to the Education City institutions] has been diminishing rapidly since all the programs at QU are going through international accreditation. So the standard will be the same. The skills acquired will be the same” (QU President Prof. Sheikha Al Misnad 2008).*

Accreditation: Qatar University describes itself as an *“internationally recognized university with strong ties to other institutions of higher education”* (QU 2010). The university is a member in several regional and international associations, including the Union of Arab Universities, the League of Islamic Universities, and the International Association of Universities. One of the pivotal elements of the reform project was to enhance competitiveness by seeking international accreditation: Since 2005, most of QU’s colleges and departments have received applicable accreditation in their fields (QU 2010).

The biomedical sciences program was the first College of Arts & Sciences (CAS) program to achieve full accreditation. It was the very first program ever to be accredited by the National Accrediting Agency for Clinical Laboratory Sciences outside the United States. CAS’s chemistry program has been awarded full accreditation from the Canadian Society for Chemistry. Further CAS programs are currently inquiring accreditation: The program in mass communication by the Accrediting Council on Education in Journalism and Mass Communication, the statistics program by the Royal Statistical Society, and the food and nutrition program by the American Dietetic Association.

The College of Business & Economics has accomplished full accreditation for its undergraduate and graduate programs by the Association to Advance Collegiate Schools of Business (AACSB) in 2009. AACSB is a global accrediting body for business schools. Many public business schools in the Gulf are accredited by AACSB.

QU’s College of Engineering has received the ABET (Accreditation Board for Engineering and Technology) ‘Substantial Equivalency’ accreditation in 2005 for four of its programs. ABET evaluates programs outside the U.S to check if they are fundamentally equivalent to accredited programs in the United States.

QU’s College of Pharmacy has been awarded the status of provisional accreditation by the Canadian Council for Accreditation of Pharmacy Programs (CCAPP). The college is the first international program to be awarded an accreditation by CCAPP.

The College of Education currently undergoes an accreditation of CQAIE (Center of Quality Assurance in International Education). The College of Law will inquire accreditation by ABA (American Bar Association) for its undergraduate law program in 2011. The Foundation Program’s English department was awarded full five-year accreditation by the Commission on English Language Program Accreditation (CEA) in April 2010 (QU 2009, 2010).

In summary, it can be stated that the reform intends to close QU’s gap towards the new established Education City branches. Raising concerns about the shift of attention, political patronage and the financial resources towards the Qatar Foundation affected the reform. QU should not become a second-rate institution. In particular, QU’s declining budget prior to the reform indicates the focus of Qatar’s leadership towards the international branch campuses.

While QF spent billions of dollars in attracting the U.S. universities, QU funding continues to dwindle (although at a high level). The main goal of QU's supporters was to establish the university on a comparative level as the prestigious branch campuses operating in Doha. Graduates of QU should have the same opportunities as those of EC. Consequently, there is a new focus on research and academic excellence in order to compete with the new branches. The reform project also shows that there is still a commitment to promote homegrown institutions and to not only rely solely on imported foreign institutions. The fact that the Heir Apparent, H.H. Sheikh Tamim bin Hamad Al Thani, serves as the chairperson of Qatar University's Board of Regents and that the Emir and his wife regularly visit the institutions shows that QU remains the country's state university and will not fall into oblivion.

QU was established as public state university to educate the leadership. Despite the commercial presence and the competition of credible foreign providers, Qatar's government intends to maintain QU's leading status within the new higher education system.

## 7.8 Side Effects of Qatar's Higher Education Policy

### 7.8.1 Importing Education Not Workers. Excluding Non-Qatari Residents: "Work here – but don't live here"

A particular feature of the current higher education policy is that it primarily addresses Qatari citizens. It offers no further (affordable) opportunities to the large communities of non-Qatari residents. In fact, higher education has become an instrument to exclude the underprivileged non-Qatari population and to control the integration of the migrant workers.

In general, it is possible to distinguish three major groups within Qatar's society: (1) Qatari citizens; (2) expatriates – the foreign upper- and middle class, including professionals and experts mainly from Western countries; and (3) sub-continentals – the "bulk" of low-skilled and low-wage workers mainly from India, Pakistan, Indonesia, Philippines, and other Asian countries. The group of Qataris comprise between 230,000 and 260,000 citizens. Hence, about 15 percent of the total population of 1.63 million inhabitants are Qatari nationals (GHE-Q7). The number of expatriates ranges between 60,000 and 80,000 people. Consequently, the remainder, about 1.3 million people, are from the so called unpropertied-class (SCHOLZ 2001: 26).

(1) *Qatari nationals* benefit from a full range of higher education incentives. With the exception of the private Stenden University, the government covers all costs for higher education in Qatar and abroad. Studying at Qatar University is generally cost-free for Qatari nationals. Tuition fees of the local branch campuses or universities abroad are also covered by governmental scholarship programs for all Qatari students. Thus, higher education remains free for the national population as it is defined as a public duty.

(2) *Education for (Western) expatriates*: There are several international schools operating in Doha. The British, American, and French schools serve the needs of the large Western

communities. The presence of international schools is necessary to attract Western experts and professionals. Whilst Qatar University was the only higher education institution, most expatriates send their children to study abroad. The share of Western students at QU was ever low (QU 2010). The commercial presence of Western universities since the late 1990s has offered an opportunity for the expatriate community to send their children to the Education City. While these institutions offer the same degrees as the home campuses, the conditions for access are not as strict as in the United States. Thus, children of expatriates have the opportunity to enroll at an U.S. elite university – a chance they might not have in the United States, as the admission standards are not really comparable.

This upper class of expats is able (and willing) to finance higher education, as they are often used to paying for higher education, as it is common in their home countries. In addition, children of expats may qualify for a scholarship program of Qatar Foundation or receive funding from a sponsor, who covers the high tuition. Otherwise, parents have to raise the tuition fees ranging between US\$ 13,000 (Stenden University and Qatar University) and US\$ 45,000 (Education City), annually. Thus, the branch campuses in Doha have become a kind of soft location factor. Senior managers or diplomats may send their children to an Education City institution, where they can study at Cornell, Georgetown et cetera. It must be assumed that that about 20 percent of the Education City students are children of Doha-based expats.

(3) *Education opportunities for the unpropertied-class:* As mentioned above, Qatar's population is distinctly marked by the effects of international labor migration. More than 1.3 million foreigners form the bulk of the unpropertied class. A major characteristic of the Gulf migration is the gender ratio. Less than 15 percent of the foreign workers are female. Within the large foreign community, it is possible to distinguish two sub classes:

(a) About 850,000 foreign workers have only short-term working contracts. They are employed in elementary occupations especially in the construction, manufacturing, and trade sector. Females work almost exclusively in domestic services. Those workers are never accompanied by their spouses or their children – they proverbially live on the margins of society. This large group of mostly Indians, Pakistanis and Filipinos, which constitute more than 60 percent of the total population, is excluded in everyday life. The ruling regime tries to keep this group outside the society and the every-day-life.

(b) Besides those migrants on a short-term contract, there are about 350,000 to 400,000 non-Qataris residents, mainly from Arab and Asian countries, who often live in Qatar for several years. This group differs from the “precarity”, as Qatar often became their main place of residence. Accordingly, they are accompanied by their family; their children attend foreign community or regular schools in Doha. Most of these foreigners are employed in the private sector, but a significant portion also works as accountants, teachers or clerks in public administration. In comparison with the group of Western expats, the salaries of this class are much lower. However, this group is the backbone of Qatar's bureaucracy and private sector.

This second group of foreigners is very important in terms of political stability. The Asian communities in particular are networked and supported by their home governments. They

aliment their own schools from kindergarten to secondary education and have their own community centers. While the Indian or Pakistani communities outnumber the domestic population, the Qatari government has always taken measures to control and regulate migration and integration of foreign labor. Several policies aim to restrict the power of the foreign communities. Education and higher education is no exception. While the government permits foreign communities to operate their own schools for their children, the government does not encourage non-Qatari secondary school graduates (SSG) to continue in higher education locally. While in the academic year 2008/09, about 53 percent of all SSGs were non-Qataris (QSA 2009), only a small portion of those students enrolled in a local higher education institution. As a consequence, the government does not try to use the human resources of the children of the local guest-workers, although several reports, e.g. from the World Bank (2006) or the OECD (2007) emphasize, that foreign students received higher grades and had more educational experience than their Qatari counterparts.

The government excludes the children of guest-workers from higher education due to political reasons. An average non-Qatari family is not able to raise the high tuition fees of any of the international branch campuses. Even the *moderate* tuition at Qatar University or Stenden University exceeds the means of any Jordan or Mauritanian teacher or accountant working in Doha. Hence, for the majority of the migrants living in Qatar, higher education is simply unaffordable. As scholarships are only available for a small number of highly skilled foreign students, many non-Qatari SSGs are forced to leave the country to enroll at a post-secondary institution. The control of the non-Qatari population is one of the driving forces of the specific higher education policy. Qatar's economy relies on the bulk of foreign labor, but the government does not want those migrants to become citizens. Qatar is not an open society. Integration of non-Qatari citizens has no priority. Therefore, private or public mass-absorbing institutions offering "budget-priced" higher education opportunities addressing especially the non-Qatari population are not in line with the overall migration policy of Qatar's current regime. Once children of guest-workers decide to study abroad, the government may easily prevent their return to Qatar – a country in which many of them were born and grew up.

Higher education became a policy tool to control and regulate migration as it hampers the integration of many foreign youngsters living in Qatar.

### 7.8.2 Brain Gain versus Revenue Generation

Although the institutions of QF's Education City are marketed internationally, there is no direct revenue generation strategy. Qatar's higher education agenda does not aim to establish an export-oriented education industry as seen in other Gulf states. As mentioned above, the main focus of the ruling regime is to offer world-class opportunities to domestic students and, to some extent, to attract a small pool of high achieving students from abroad.

While the branch campuses offer the same academic standards as the home campuses, the number of available university seats is very limited. In total, the annual admission capacities of all undergraduate programs of the Education City do not exceed 700 places. In addition, the

amount of foreign students at the EC's branches is restricted. There is an (informal) agreement that one half of all students at Education City should be Qataris. The limited capacities at Education City indicate that Qatar does not intend to attract large numbers of foreign students. To create a hub for educational services, the admission capacities of the branch campuses would need to increase to several thousand places annually.

One of Qatar Foundation's most common slogans is the "*vision of creating a New Córdoba*". The Andalusian city is a synonym for an Arabian Renaissance. After the Muslim occupation in the eight century, Córdoba became one of the most advanced cities in the world as well as a great cultural, political, financial and economic center. Muslim, Jews and Christians coexist peacefully. Due to its technological and academic achievements, Córdoba became a symbol for the superiority of Islam. Today, Qatar aims to become a "New Córdoba", by focusing on knowledge and by attracting the brightest students and scholars from the region. Although today's knowledge is based on the import of international education concepts, the slogan is quite effective.

The strategic focus on quality and research rather than on establishing an export cluster can be seen in its scholarship policy. In general, Qatar's scholarship policy reveals an approach to recruit talented students from abroad, who in turn have to work in Qatar upon graduating in order to repay the costs. However, due to the limited admission capacities of the Education City, the new established branches have barely any impact on Qatar's labor market – at least the institutions will not cover the shortage of skilled labor. Thus, despite its new universities, Qatar continues to depend on skilled migration.

### 7.8.3 Advertisement/Branding

The analysis of Qatar's higher education policy since 1995 clearly reveals that cooperation on the university level have been used as an instrument to create a positive national image as a modern state, to attract international attention and to enhance mutual understanding.

*Education and Research as a platform to create a positive national image:* After Hamad Al Thani seized control, his reign was challenged by the old allies of his father. Especially, the bilateral relations to Saudi Arabia, Abu Dhabi, and Bahrain were fraught with tension. In addition, the small Emirate was a blank spot on the geopolitical map. To *put Qatar on the global map* and to stand out against other countries in the region, Qatar's new regime tried to develop a new national image. International sport events, such as the Asian Games in 2006, the bid for the Olympic Games in 2016 and the World Cup in 2022, and dozens of events in athletics, tennis, motorsports or horse riding drew attention on the small country. Moreover, Qatar sponsored several sporting events and engage the services of several famous sportsman, especially famous football players, as un-official ambassadors. The sports activities should create a positive image and increase the mainstream fame, regionally and, especially, internationally. Thus, these sports incentives became a major part of Qatar's branding activities and are highly connected to foreign affairs. Qatar also tried to attain distinction by a diplomatic offensive. In 2001, Doha hosted the World Trade Organization Ministerial Conference. The Doha Development Round is the current trade-negotiation round of the

WTO. In addition, the Emir Hamad bin Khalifa Al Thani and the Prime Minister Hamad bin Jassim Al Thani were actively engaged in several mediations. Starting in 2008, Qatar began to mediate in Lebanon, Eritrea, Sudan and Palestine. Qatar also maintains relations with Israel, Iran, Hezbollah, and Hamas. Furthermore, the country remains a close ally of the United States. The diplomatic incentives and its intermediary role of the Emir draw international attention on Qatar.



The fact that the institutions of Qatar Foundation's Education City became a flagship of the small peninsula can be seen for instance at the bidding presentation for the World Cup 2022. The state-of-the-art infrastructure of Cornell's campus at Education City and scholars of the branch adorn the presentation and serve as ambassadors of Qatar (WCMC 2010).

The "Education City Stadium" and the "Qatar University Stadium" are one of the new World Cup stadiums. The naming also reveals the strategy to link the positive effects of education and research with other political themes and to present Qatar as a modern and sophisticated state to a broad audience. Thus higher education, in particular the institutions of the Education City became a national symbol and a trademark of Qatar.



*Left: The Emir, Hamad Al Thani and his wife Sheikha Mozah receive the FIFA World Cup Trophy as Qatar was awarded to host the World Cup in 2022 (FIFA 2010). Right: "Education City Stadium" (www.whyqatar2022.com)*

Along with sport events and diplomacy, Qatar's leadership also use higher education and, in particular, the commercial presence of foreign institutions, to create a positive image of the



country. The formation of the Education City campus and the agreements with leading U.S. universities are components of this strategy. The international media reports frequently from the zealous vision of Qatar's leadership, and published glossy prints of the state-of-the-art infrastructure of the international branch campuses. For instance, many leading magazines and newspaper in Germany reported at large from Doha's incentives and presented Sheikha Mozah as the new face of the Arabian Gulf. The tenor of the international media was mostly positive.

In summary, it can be stated that Qatar successfully attracted attention through its glamorous education projects. The cooperation with the U.S. universities was essential for Qatar's marketing strategies. The side benefits of Qatar's internationalization strategy are important to understand the economic sustainability of such projects. Qatar is willing to spend billions of dollars to educate a few youngsters, as it produces a positive national image. One may say that the Education City relates even more to a national merchandising strategy than to the country's knowledge campaign.

There were several other incentives within the past years to turn the spotlight on Qatar. The expansion of Qatar Airways, charity and multi-billion dollar investment through the Qatar Investment Authority round up the country's global promotion strategy. The internationalization strategy and the presence of foreign campuses also relates to this marketing strategy, which became necessary in positioning itself after 1995. These effects are important in understanding the unique models of transnational higher education.

An important feature of Qatar's self-staging is the focus on global brands and trademarks. The country is only satisfied with the best companies and events. In particular the portfolio of Qatar's Investment Authority, which holds multi-billion dollars in global companies such as Volkswagen, Barclays and Credit Suisse and properties in London, shows this brand affinity: The same affinity can be seen in sports. Qatar Foundation announced to sponsors FC Barcelona's football team with annual US\$ 30 million as a shirt sponsor. There are no real economic reasons for this engagement, in fact QF as a private, non-profit organization has no products to be sold on a international market place. However, FC Barcelona, as the world's best and most popular football club seems to be the right partner for Qatar's marketing strategy – true to Qatar's national identity. The cooperation with educational leaders such as Cornell, HEC, Georgetown, UCL and Northwestern also relate to Qatar's brand affinity.

#### **7.8.4 Higher Education to Enhance Mutual Understanding**

The large number of Qataris studying in the United States or Europe has ever been used to promote mutual understanding. The specific cooperation of Qatar's Education City and the commercial presence of foreign universities in Doha also reveal the strategy of Qatar's leadership to enhance bilateral agreements. The formation of the U.S. branch campuses indicates that Qatar aimed to move closer to the United States. Economic and military links should be expanded. The cooperation with Cornell, Texas A&M and Georgetown in particular indicate that higher education and diplomacy are linked. Former U.S. President Bush (senior)

attended the inauguration of TAMU-Q in 2003. Several U.S. ministers have visited Qatar Foundation in the past few years. Most recently, Bill Gates (founder of Microsoft) visited Carnegie Mellon in Qatar. The formation of a dependence of HEC Paris also shows the close linkage between higher education and Qatar's foreign policy. The French government currently pursues an ambitious strategy to gain influence in the region. A military base in Abu Dhabi reveals this regional focus. In addition, French President Sarkozy visited Qatar several times between 2007 and 2010. The Emir, who was trained at Sandhurst, is deemed to be Francophile. One of his sons, Joan graduated at the French elite military school Saint-Cyr in 2007. There were rumors in the newspaper that Qatar plans to establish a branch of Saint-Cyr. The cooperation with the French HEC-Paris shows that Qatar is currently trying to diversify its academic partners. Besides the two Canadian institutions operating under jurisdiction of the government, the authorities want more European institutions to operate in Doha in the future (GHE-Q1).

The importance of the Education City project can also be analyzed by the protocols of several state visits. The international branches are often used as an advertisement for Qatar. Many foreign delegations visited the campus and its affiliations. Last but not least, the soft power of Qatar's higher education agenda may also have a defensive purpose. There were several statements that the U.S. might withdraw from Al Udeid. Thereby, Qatar would lose its immediate military U.S. protection. As one of the smallest, but richest countries in the Middle East, Qatar always fears to lose its sovereignty. While some factions within Saudi Arabia treat Qatar as a *defecting province*, Qatar is always devoted to maintaining a good network. The presence of prestigious institutions and a large number of international faculties, which are often linked to the local governments, may give shelter to some extent. Images of a destroyed Cornell campus in Doha or injured faculty members of Georgetown would be shocking and would guarantee the awareness of the global public. Although these scenarios and motivations are secondary, they round up Qatar's internationalization strategy.

### **7.8.5 The Limits of Replicating Educational Philosophies**

It has been recognized that regional high schools do not properly equip students for the type of educational experience necessary for American elite universities. Henceforth, many of the new branch campuses in the Qatar intend to face several challenges. For instance, most students have to complete a year-long remedial program designed to prepare students for the rigor of the Western curriculum. Institutions must lower their admission standards or design a freshman and sophomore curriculum that enable students, by their junior year, to express themselves, think critically, and be independent learners. As Middle East universities are keen to replicate U.S. programs and offer equivalent and accredited degree programs, a radical change of admission criteria for incoming students will pose severe problems (MILLS 2008). Deficits in high school curricula may not be the greatest problem confronting university admission. As English is the mode of instruction at all new campuses and in the various degree programs, competency in English is indispensable. Reports indicate that many aspiring students do not have TOEFL scores that meet the entry level requirements at U.S. institutions.

While this can be remedied over time and by additional course work, English language programs are not the programs that are attracting U.S. universities to the region.

Recruitment of qualified students is not the only issue confronting universities in the region. Faculty recruitment is also a major problem. One might assume that a key element of the American educational experience centers on the participation of U.S. faculty members. Virtually all of the American-styled institutions emerging in the Middle East have difficulties in attracting U.S. faculty for prolonged stays in the region (MILLS 2008; LEWIN 2008). Despite the competitive salaries, tax benefits, and housing arrangements relatively few U.S. faculty members are making their way to the region. Often, only inexperienced faculty members at the beginning of their academic career or, in turn, professors just before being conferred emeritus status decide to move to the new branch campuses. The top performer and the most aspiring academics, whose main focus is on research, do not want to enroll at an overseas branch campus. They are afraid that they cannot compete with the scholars at the mother campus. *"You don't get the full range of faculty here,"* said a professor in his 19th year at Carnegie Mellon and his second of a three-year contract to teach in Qatar. *"You get a lot of people at the end of their careers. It is not good for young faculty with mortgages and young kids and tenure hopes. Coming to Qatar, where you don't have graduate students and research grants, does you no good for getting tenure"* (LEWIN 2008).

The concept of internationalization through setting up branch campuses abroad is controversial among the top universities in the United States (Princeton, Harvard, Yale) as well as in Britain (Oxford and Cambridge): Shirley Marie Tilghman, President of Princeton University said: *"Princeton is not likely to establish a campus abroad in the near future for one primary reason. There is no asset that is of more value to us than the Princeton name. A degree from Princeton University has a particular meaning in the world today, and until we are absolutely persuaded that we could replicate the Princeton educational experience on another site, we are not inclined to lend our name to a degree"* (TILGHMAN 2007). *"It has taken us 261 years to create the ethos that makes Princeton so successful, and we do not underestimate the challenge of replicating it elsewhere in a few short years"* (TILGHMAN 2007).

In 2009, negotiations failed between Yale University and officials in Abu Dhabi who aimed to persuade Yale's art, music, architecture, and drama schools to form a partnership with an arts institute in Abu Dhabi. Negotiations broke down over the question of degrees being awarded to students of the arts institute (RUPP 2009: 19). *"From the beginning, we [Yale] were clear that degree programs were not what we were talking about. We were exploring exciting plans for programs that would be value-added for cultural development. But in the end, they wanted degrees. And at this point in time, we just don't think we could mount a faculty of the same quality we have here, or attract students of the same caliber"* (RUPP 2009: 19-20). Similar statements can be found from officials from U.K.'s top schools and from leading experts of transnational higher education. PHILIP ALTBACH, director of the Center for International Higher Education at Boston College writes that, *"branch campuses may be the 'flavor of the month', but the pitfalls, with resulting damage to academic reputations, financial losses and*

*poor service to students, loom as significant prospects”* (ALTBACH 2010: 3). *“For a branch campus to provide an education equivalent to the form offered at the home university, the student body must largely match the one at home in terms of selectivity and quality”* (ALTBACH 2010: 3). ROSA BECKER, a senior researcher at the Observatory on Borderless Higher Education, writes that the market is becoming more competitive and that recent closures *“reaffirm the need for institutions to undertake careful market research before deciding to create a campus abroad”* (BECKER 2010: 2). Despite Qatar’s financial incentives, many top universities do not want to establish branches abroad. Those universities, which explain their prestige on their history and their singularity, do not want to export their services – not yet.

## 8 Conclusions

The two countries investigated in this thesis, the State of Qatar and the Sultanate of Oman, are facing a number of socio-economic challenges, which to a large extent, reflect the range of issues affecting countries throughout the Arab world. Both countries are at different stages of implementing reforms and political initiatives to address the current challenges in higher education, and in a wider setting, in socio-economic developments. The motivations for the adjustments and policies in the range of higher education are often similar. However the countries' specific approaches can be differentiated. This chapter provides a synthesis of the findings of the two country-specific control models on the implemented initiatives.

The specific adjustments of the controlling elements indicates, that the regimes of Qatar and Oman both applied a policy to establish privately operated higher education institutions which award foreign rather than local designed degrees. At the same time, the proven policy of providing cost-free opportunities for (some parts of) the domestic population in a public higher education system was maintained. The overall shift towards more privateness and thereby a transition from a formally public monopoly on higher education, which has been a characteristic of both countries since the late 1970s, towards a diversified national post-secondary education infrastructure is one of the sole common features.

However, the country-specific analysis shows that the policies to reform, diversify and modernize the existing higher education vary significantly. A fundamental distinction can be assessed in terms of (i) the models of internationalization of higher education, (ii) the status of private higher education within the higher education framework, and (iii) the mission of private colleges and universities.

The causes that lie behind these different higher education strategies result primarily from the varying socio-economic and political background of both countries – as such external factors. Qatar and Oman share common characteristics, such as the high population growth of the domestic population, a high ratio of foreign labor, the status as a peak-oil producer (whereas Qatar has huge gas deposits), the dependency on oil and gas as the main source of export and government revenue, and the absolute claim to power of a family dynasty. However, there are several socio-economic constellations which draw a sharp distinction. In particular, demographic challenges coupled with the financial limitations due to declining oil revenues and a tared political system forced the Omani leadership under Sultan Qaboos to pursue other educational paradigms than Qatar's leadership. On the contrary, Qatar's ruling regime could always rely on high rents. The modernization policy introduced by Hamad Al Thani in 1995, which affected the entire economy and not only the higher education system, was only possible due to the availability of the country's large oil and gas revenues. Even in the challenging 1990s economic crises, Qatar's GDP per capita – not to mention the GDP per

Qatari resident – surpassed the Omani one at least by a factor of two. In consequence, Oman never had the financial option to implement such a cost-intensive education policy like Qatar. Considering the huge costs of Qatar's higher education policy, it is obvious that only a country with such a financial scope is able to raise such amounts of money to educate only a small group of youngsters. The huge investment, which aggregates to approximately one million dollar per each Education City graduate, will not bring a full return. Qatar's higher education policy does not purchase at the market price!

Considering Qatar first, the sponsorship of foreign institutions based on 10-year contracts shows that the country's leadership on the one hand accepts high costs in order to generate exponential growth (as recommended by the Arab Human Development Report 2003) at an elite level. On the other hand, it shows that the government does not intend to establish a higher education landscape which would operate sustainably over generations. A comparison of Qatar's higher education policy to the U.S. private elite universities is somewhat misleading. The traditional U.S. institutions (for instance the Ivy League universities), are all well-provided with an endowment fund. They operate in a non-profit-oriented manner and have a top-priority on excellence in teaching and research. At the same time, these institutions are able to finance themselves by donations, research funds, tuition and investments. These institutions have always been able to increase their financial endowment, as they use their funds productively – although the current financial crises revealed some limits of this business model. The entire funding model of Qatar Foundation follows a different approach. A branch campus in Doha will never operate profitably on its own. It can only exist because of the comprehensive agreement with the Qatari shareholders advancing all expenses. Thus, there is a huge difference if either private sponsors afford an endowment capital, on which the institutions advance all future costs, or if a public sponsor advances all operating costs to the university. One might suggest, that institutions which only operate on invitation of a third party – such as Qatar Foundation – and which earn money by offering these degree programs abroad, will only operate in this country as long as the sponsor is willing and able to pay for these services. Thus, Education City seems to be more a temporary project to fulfill the educational aspirations of the oil-rich state in the recent past towards the near future.

By contrast, Oman's leadership seems willing to use the remaining oil funds to invest systematically in the expansion and modernization of its higher education system. The development is primarily driven by demographic needs, and is directed towards the present and near future labor market. Consequently, the government prefers the foundation of homegrown institutions, owned by Omani shareholders. Thereby, Sultan Qaboos took advantage of Oman's socio-economic situation and invites large and influencing families to invest in higher education. The participation of the political and economic elite in the private higher education is also a distinctive feature between Oman's and Qatar's higher education policy. While in Qatar, only a closed circle of modernizers, mainly Qatar Foundation and parts of the ruling family, leads the higher education policy, Oman's policy ever tried to integrate larger parts of the society. In doing so, Qaboos relied on the economic elite, as opposed to his peer in Qatar.

## 8.1 Quo Vadis? Adjustments of the Controlling Elements in Qatar and Oman Due to Changing External Factors?

The time variant analysis of the higher education control model (from the early 1970s to 1995 and from 1995 to 2010) revealed, that there were several key events which affected the release of the target values (as refers to the set point) and consequently the adjustment of the controlling elements. Political events in particular affected the higher education strategy in both countries in the long-term.

### 8.1.1 Quo Vadis? Higher Education in Qatar

In the case of Qatar, political issues had an impact on the post-secondary education strategy and on the models of internationalization and privatization being used to modify the higher education sector. The key event, which had a lasting effect on Qatar's entire education and innovation system, was the seizure of power through Hamad Al Thani in 1995. Since then, the new ruling clique, under the guidance of the new Emir and his wife Sheikha Mozah, has begun to follow new ideals, focusing on establishing a world-class system of education and higher education: Co-education, research-orientation and an adoption of Western educational standards have become the new trademark of Qatar's education policy since the mid-1990s change of government. Deeming higher education as one of the basic requirements of Qatar's socio-economic future, the leadership continuously increased the educational funds, despite several financial constraints during the 1990s recession. In fact, education, higher education and innovation were considered necessary to face the problems of this economic crisis. On account of these economic challenges, investments in education were regarded to be worthwhile, as they introduce a new, independent development agenda.

The financial and economic boom since 2003 has caught Qatar's leadership more or less off guard. The windfalls, due to the high oil and gas prices, enabled the government to adhere to its ambitious higher education policy. However, the new financial scope did not have a measurable effect on the specific agenda: Qatar's costly policy of importing foreign institutions already began in 1997, with the negotiations with Virginia Commonwealth University. The agreements with Cornell, Georgetown, Texas A&M, Carnegie Mellon, College of the North Atlantic started or were completed prior to Qatar's third oil boom, which began in 2003. Thus, the first negotiations with Western institutions to operate a branch campus (under Qatar's specific sponsorship agreement) began during, one might even say because of, the economic crises.

While the dynamic economic development of the past seven years did not directly affect the adjustment of the controlling elements, it changed the set point (target value) to some extent. Along with the economic boom since 2003, the number of foreign workers in Qatar has more than doubled, from about 550,000 in 2004 to almost 1.4 million non-Qatari residents in 2010 (QSA 2010). Consequently, the necessity to enable Qataris to assert themselves on the labor market and, in particular, to create employment niches for the domestic population is becoming more and more important. Whilst Qatar's leadership does not want to repeat mistakes of previous policies which separated the labor market artificially, the regime tries to

adopt a more competitive, performance-linked labor market policy. Young Qataris should be able to replace alien workers, because they are equally or even better educated and motivated. As a consequence, the need for quality education became the *leitmotif* of Qatari policy makers during the last years. Empowering (more) Qataris to take up employments in the public and private sector according to their social status will remain the main task of Qatar's higher education policy in the future. Cost-free access to higher education, either through scholarships or through publicly funded institutions, will also remain standard in Qatar. The foundation of further post-secondary institutions will also continue. Qatar has the financial means and the political ambition to expand its local higher education system. Plans to establish a leading hub for business studies in Qatar Foundation's Management, Education and Research Center (QF-MERC) and further plans to expand the academic offerings at the newly renamed *Hamad bin Khalifa University* provide evidence for this strategy.

The discourse with the increasing number of non-Qatari residents will also become one of the greater challenges of the government in the future. As previously mentioned, several policies and initiatives are aimed at controlling the social coexistence of Qataris and non-Qataris. Labor market policies, rent-distribution and participation in decision-making were solely addressing the Qatari population. Education and higher education were no exception! While the share of non-Qatari residents increases, policy makers in Qatar will have to discuss and eventually reevaluate the pursued track, not only in terms of access to higher education but also in terms of ownership rights and the right of co-determination. Thus, in the upcoming years Qatar's regime will have to decide, either to maintain the current system of excluding large parts of the non-Qatari youth, of whom many grew up and attended schools in Qatar, or to integrate more non-Qatari students in the higher education system and to "open the society".

In fact, the existing higher education system is not able to absorb large numbers of these non-Qatari secondary school graduates. Consequently, if the ruling regime decides to offer more higher education opportunities for the non-Qatari population, there will be a need to establish new colleges or universities, which charge moderate tuition fees, which the targeted group can afford. However, it is very difficult to assess the future policy for the large non-Qatari population. Some GCC governments came to like long-term residents, as they adapted to local habits and the local situation in general, they often are Muslims and still they are the backbone of the public and private sector. Thus, there is a political intent to integrate these groups. On the other hand, closed societies, in which the national population is in the majority, intend to be cautious in expanding the rights of the outsiders.

Whilst the demographic development and the stratification of Qatar's society ever were important factors of the country's higher education policy, the dimension of geopolitics did not have a lasting effect on Qatar's higher education policy. The import of foreign institutions began years before the attacks of 9/11, the Iraq Invasion or the War on Terror. To some extent, Qatar's higher education policy accommodates geopolitical events, in terms of student mobility and in terms of mutual understanding.

While Qatar's specific higher education policy seems to be quite uncoupled from economic



and geopolitical developments, different scenarios can be asserted in the case of a change of government. There are rumors about the state of health of the Emir Hamad Al Thani. It is expected that the Heir Apparent, Sheikh Tamim bin Hamad Al Thani – the second-born son of Hamad al Thani and Sheikha Mozah – will be enthroned within the next few years. Sheikh Tamim currently serves in several bodies related to Qatar's higher education policy. Among others, he chairs the Supreme Education Council and Qatar University. One might suspect that he will proceed with the development path of his father – economically, politically and educationally. On the other hand, there are also repeating messages about factions within the ruling family which claim a policy change. Some conservative milieus do not support the modernization agenda of Hamad Al Thani and his wife. In terms of education, in particular coeducation at the branch campuses and the displacement of traditional values and the Americanization through the adoption of Western curricula standards raised some criticism. In the case of a coup d'état, one might assume that several liberal initiatives, which are directly linked to the ruling regime, will be modified. Conservative groups would place more efforts on expanding Qatar University as a homegrown state university to educate the domestic elite in a gender segregated environment. Thus, a change of government might have a significant impact and might lead to a modification of the current strategies and models of internationalization of higher education.

Due to the country's large oil and gas deposits, Qatar will have the financial scope to continue its initiated higher education agenda. Even in the case of an unexpected economic turndown, Qatar has several contingency plans to reduce financial spending and to implement some cost recovery mechanisms. Within the upcoming years, Qatar might try to increase the competitiveness of Qatar University (QU), as the homegrown institution. A simple means were the introduction of further postgraduate and doctoral programs. The reform project also includes the promotion of the research capacities of the state university. Thereby, QU has to close the gap to other state universities in the region, which already introduced several postgraduate programs, such as Sultan Qaboos University, but also several universities in Saudi Arabia. In terms of transnational higher education, further undergraduate programs might join the Education City. However, a main focus of Education City will be placed on expanding postgraduate programs in Qatar. Following the example of HEC and UCL, more schools in business, law, and sciences might emerge. A closer cooperation with local or international companies to supply the specific demand is very likely. To strengthen the research and development sector, Qatar also might establish some research centers, related to the future economic priorities, such as energy, health care, urban planning, biomedical chemistry, pharmaceutical biotechnology and transportation (GHE-Q5). Publicly financed research centers, as are found for example in Germany, such as the Max Planck Society for the Advancement of Science or the Helmholtz Association of German Research Centers, might be a role model for Qatar.

A different scenario is *trial and error*: Several experts pointed out that Qatar often starts large scale initiatives, invests huge amounts of money, but at the same time adopts measures to evaluate if the programs are successful (GHE-Q6). In the case of Qatar's higher education

project, a similar scenario, as seen in several economic incentives, might occur in the future. If the leadership is not content with the outcomes of the *controlled variable* – in terms of enrollment numbers, international recognition or spill-over effects – other development strategies or priorities might be launched to increase the productivity of the labor force, to diversify the economy and to attract international attention.

The same applies to the attention being paid to higher education in general. Often, it seems that “*Qatar’s leadership is only interested in some incentives as long as they are in construction*” (GHE-Q7). As soon as the planning is done, the rulers lose interest and turn towards other tasks. Thus, as soon as glamorous projects like the Education City are palling, “*projects and incentives might disappear as fast as they emerged*” (GHE-Q7). Although there are yet no indications of such a scenario in the case of Education City, there are several critical comments from Qataris discussion partner who question the economic reasonableness of the multi-billion dollar project. In particular the low enrollment figures of Qataris and the high costs raised some critics (GHE-Q7).

To sum up, one could say that Qatar, under the leadership of Hamad Al Thani, used the alteration of the country’s higher education and innovation system as a blueprint of Qatar’s socio-economic future. The Emir wants to set the course for a modern and merit-based society – at eye level not only with Abu Dhabi and Dubai, but also with the most advanced economies in Europe, North America and South-East Asia.

### **8.1.2 Quo Vadis? Higher Education in the Sultanate of Oman**

As in the case of Qatar, several political issues, and especially socio-economic developments, had an impact on the Oman’s post-secondary education strategy, as well as on the models of internationalization and privatization of higher education. The key event, which finally had a lasting effect on Oman’s privatization policy, was the economic crises of the mid-1990s, coupled with the rapid demographic development and declining oil deposits. These socio-economic challenges forced the Omani regime, under the leadership of Sultan Qaboos bin Said, to adjust common policies of higher education. A labor market oriented higher education policy became a vital part of the country’s process to master the transition from a rent-seeking and oil-dependent economy towards a (more) knowledge-based economy. The establishment of a higher education system, which is able to absorb the masses of young Omanis, became the *leitmotif* of the agenda. The tertiary enrollment rate became the benchmark for Oman’s higher education policy. The goal was to expand post-secondary education opportunities to at least 50 percent of the annual secondary school graduates – a formidable challenge in consideration of the demographic development!

While Qatar’s government invested large amounts in its higher education despite the economic crises, Oman was forced to shift higher educational costs to society. Consequently, the leadership introduced a schema to establish private, homegrown institutions of higher education. A governmental subsidization of these colleges and universities, which were allowed to operate in a profit-oriented manner, was in fact much cheaper than setting-up additional publicly funded institutions.

The new private higher education system takes Oman's specific political and economic constellation into account. Powerful families and merchant families were chosen to establish the much-needed higher education institutions. As a consequence, Sultan Qaboos was able to redistribute power among loyal groups. The patronage which came along with the privatization of higher education, conducted to a boom of private higher education. In particular, the subsidization, e.g. the governmental land and the grants for private institutions, were great financial incentives for private investments. As a consequence, 19 private colleges, mostly located in Muscat, and eight private universities were established in the past years. As seen in the country study, all private colleges were founded by Omani shareholders and conduct an academic affiliation agreement with international institutions to provide academic services and to deliver the curricula. In view of this dynamic development at the private sector in addition to the expansion of the publicly financed higher education sector, the admission capacities of Oman's post-secondary education sector increased almost exponentially. As a consequence, the overall target of policy makers, to realize a system of mass access to higher education was already achieved in the academic year 2009/10.

While Sultan Qaboos was the determining figure of Oman's past development, one might guess which development will be launched to control and regulate the higher education sector in the future. In fact, considering the rapid growth of private and public institutions, one might assume that the demand for higher education services – especially in the range of undergraduate level – is almost satisfied. Especially in the past years the private universities in Nizwa, Sohar and Salalah grew very fast. Furthermore, the branch of the Arab Open University (AOB) located in Muscat, which offers its degree programs very cost-effectively, will add to the admission capacities.

The growth of admission capacities at the private universities is mainly at the expense of the smaller private colleges. In addition, private universities in Al Buraimi and Ash Sharqiyah began to admit their first batch of students. One might assume that these two institutions, in addition to the new private university in Muscat, will also affect the private colleges. All private universities intend to enroll a student population between 5,000 to 12,000 students – large campus projects, financially supported by the government underline this ambition. While the private universities are politically and economically backed, due to their close bonds to the ruling regime, one might assume that many private colleges will face serious economic problems in the near future, as they will not be able to attract enough students. Such a scenario will also be a threat for the quality of higher education, once private institutions are forced to reduce costs when the student number declines. As a consequence, it is very likely that some of the smaller private colleges, with a student body of less than 1,000 students, will either merge to reduce costs or even disappear. The political system seems to prefer a formation of private universities instead of a large number of small, private colleges. While the undergraduate level of Oman's higher education system is almost saturated, private colleges might have to focus more on postgraduate programs and vocational oriented courses to find a market niche.

In summary, it can be stated that the shift towards private higher education modified Oman's higher education landscape fundamentally. In retrospect, it is obvious that the small private

colleges paved the way for the larger private universities, which seem to replace the colleges in the long-term. In consideration of the demographic development and the declining number of SSGs starting in 2015, Oman's higher education system, in particular the private ones, will remain dynamic in the future. But unlike the growth of private institutions since 1995, one might assume that the number of private institutions will probably decline.

### **8.1.3 GCC's Aspiration to Become a Leading Hub in Transnational Higher Education**

Within the past two decades no other region in the world focused more on transnational educational concepts and on the move towards privateness in higher education than the states of the Gulf Cooperation Council. One of the rationales that lay behind the strategy to purchase international educational services and to establish privately owned colleges and universities was an export-orientation. Attracting fee-paying students across the region was propagated all over the GCC. Once again, the Emirate of Dubai advanced the process to develop an internationally leading cluster for educational services by establishing the *Dubai International Academic City* and *Dubai Knowledge Village*. With Dubai leading the way, many GCC states developed ambitious internationalization strategies, visible in the mushrooming branch campuses and cooperation all over the region.

However, the case studies of Qatar and the Sultanate of Oman reveal that not all GCC states, which put emphasis on transnational higher education, followed Dubai as a role-model. An export-orientation to attract large numbers of international fee-paying students can neither be assessed in Qatar nor in Oman. Thus, unlike Dubai, both countries intend to offer higher education opportunities primarily for the domestic population. Consequently, the ownership of the branch campuses and the modes of internationalization between Qatar and Oman on the one side and Dubai on the other side, differ.

The UAE, in particular Dubai, has been able to attract more branch campuses than any other country worldwide (BECKER 2010: 4). While Abu Dhabi's oil wealth allowed the country to set useful funding and support "packages", Dubai relied on financial incentives – such as tax-free trade zones – for foreign institutions that establish a local campus and featured its status as booming hub of a globalized era. Foreign institutions should feel that they miss an opportunity once they would not invest in Dubai's emerging economy. Dubai International Academic City, for instance, offers foreign branch campuses 100 percent foreign ownership, a 100 percent tax exemption, and finally, a 100 percent repatriation of profits (BECKER 2010: 4). However, the economic crises, which hit the emirate to its core, unveiled not only Dubai's economic and financial imbalance, but also the failure of some of the educational showcase projects. Several international universities, which have set up bases in Dubai, are struggling to attract students as this debt-ridden emirate's finances continue to deteriorate. Among those institutions facing serious problems are two prominent U.S. universities, Michigan State University and the Rochester Institute of Technology, which announced the cancellation of their programs. Due to the economic crisis, a 13-60 percent decline in admissions was recognized in 2010 (MILLS 2009). In addition, many expatriates, who formally intend to enroll at a branch of a Western institution, decided to study at one of the cheaper Indian satellite

branches instead of attending the costly U.S. or European universities (MILLS 2009).

The struggling of Dubai's higher education vision indicates that the global education agenda of the GCC is not safeguarded against fluctuations. In particular, the trade of higher education services in terms of Mode 3, commercial presence, involves several risks. When foreign institutions establish overseas branch campuses on own accounts (as a foreign direct investment), or at least with a local investor, they have to take high financial risks. Aspirations to attract thousands of international students, like institutions in UK, Europe, Australia or the U.S. do, seem not to have come to pass. Consequently, one might assume that particularly in the oil rich GCC states, the model of branch campus, totally funded or sponsored by external sources, will become the most favored one.

As seen in the case of Qatar but also in Abu Dhabi's higher education projects, export orientation makes way for an import orientation, attracting fee-paying students is being replaced increasingly by a brain gain strategy.

Thus, higher education in the GCC will address and focus more on domestic students in the future. Oman's higher education ever focused on the domestic students. Consequently, the modes of internationalization differed from other states in the region. Oman's privatization process is more linked, for example, to Jordan's higher education landscape (MARZAWI 2010). However, none of the GCC states, neither Dubai, Qatar nor Bahrain will straightway emerge as an equal competitor for well-established Western educational hubs. Although there were several incentives to establish a world-class university in the region, on the basis of the huge financial resources, the region is still lacking favorable governance (including academic autonomy) and a concentration of talent (SALMI 2009).

## 8.2 Classification of the Higher Education Systems

### 8.2.1 Status of Private Higher Education: Elite versus Demand-absorbing Higher Education Institutions

The classification shows that private higher education in Qatar has primarily the mission to serve the local (and the regional) "*demand for better and different*" than offered previously in Qatar's higher education system. In particular, the institutions of Qatar Foundation's Education City address exclusively high-achieving Qatari and non-Qatari students. Only the College of the North Atlantic (CNA-Q) and the privately funded Stenden University serve the country's "*demand for different and more*" higher education. However, CNA-Q's focus is to offer a specific type of vocational-oriented post-secondary education especially for male Qataris. As a consequence, it only partially fulfills the characteristics of a demand-absorbing institution and serves more the demand for a different educational approach. Qatar University's mission (QU) lies in between both types of education. It offers an academic-oriented education, but contrasting the Education City institutions, its mission is not specifically an elitist. The specific mission of Qatar's higher education policy can also be seen in the specific type of student mobility programs. Qataris should attend primarily foreign elite

schools. As a consequence, a focus on elite, or at least semi-elite higher education is the rule rather than the exception in Qatar's present higher education policy.

The status and the mission of higher education in the Sultanate of Oman is a very different one. The vast majority of private colleges and universities should primarily absorb the mass of young Omani school graduates. Thus, private higher education and also most of the publicly financed colleges serves the "*demand for more*". Oman's niche of elite, research-oriented higher education is served almost exclusively by SQU, and to some extent, by the privately funded GUtech. The publicly financed student mobility programs, which allocated only a limited number of scholarships annually, also try to promote an academic, research-oriented education. In contrast, the vast majority of Omani students studying abroad at their own expense enroll at demand-absorbing institutions, primarily at public universities in the United Arab Emirates.

Table 36: *Classification According to the Status of Private Higher Education in Qatar and Oman: Elite versus Demand-absorbing*

<i>Status</i>	<b>Elite</b> <i>"academic, research-oriented education"</i>	<b>Semi-elite</b> <i>"academic education"</i>	<b>Demand-absorbing</b> <i>"flexexecutives – labor market orientation"</i>
<i>Qatar</i>	Education City, HEC, parts of QU, student mobility programs	Qatar University, UC-Q, CCQ	CNA-Q, Stenden University
<i>Oman</i>	SQU, student mobility programs, GUtech	College of Financial and Banking Studies (public), some private institutions	Vast majority of private and public institutions, student mobility (self-financed)

The classification according to the status of private higher education in Qatar and Oman can be linked to the ownership and mission, respectively, to the degree of cost-recovery. The vast majority of the private, profit-oriented institutions operate as demand-absorbing institutions. Or the other way round, elite higher education institutions operate in general non-profit. It is obvious, that institutions with a mission for academic excellence and a focus on research cannot work in a profit-oriented manner. In general, these institutions have the distinction of a low ratio of faculty to students, and offer cost-intensive teaching and research programs.

Whilst Qatar's leadership focus primarily on expanding the elite, research-oriented higher education sector, models for foreign, private, not-profit-operation were necessary. Whilst private philanthropy (and tax exemption) are missing, only the state, or in the case of Qatar, a governmental-backed organization like Qatar Foundation, could serve the mission of the government's higher education strategy.

In contrast, the regime in Oman intends to increase the enrollment rate to higher education. But unlike Qatar, the public higher education system, and above-all Sultan Qaboos University, should educate the domestic elite. As a consequence of this political pattern, the status and the mission of private higher education in Qatar and Oman varies, so as the adjustment of the controlling elements being used to modify the higher education system.

### 8.2.2 Classification According to Ownership and Mission of Higher Education

The classification according to the ownership structure and the mission of higher education institutions reveals the varying intention of the political leadership of both countries. Qatar University remains the only government-owned and government-operated post-secondary institutions. The only private, profit-oriented institution operating in Qatar is Stenden University. All branch campuses, operating in a sponsorship agreement with public authorities or Qatar Foundation, have a unique ownership structure. The Qatari shareholder allocates the infrastructure, e.g. buildings and labs. As a consequence, all those branches relate to an area, which lies between the private and public sector. The Education City institutions, as well as the College of the North Atlantic and the University of Calgary, act as private, not-profit institutions in Qatar. Their mission is mainly to respond to students' and the leaderships' interests. However, all foreign institutions operating in Qatar not-profit-oriented, receiving a sort of allowance from the Qatari shareholders. Thus, although the branch itself operates in a non-profit orientated manner, the main reason to establish a branch in Doha mainly relate to an income revenue strategy. In contrast to the mixed ownership and mission of the branch campuses, Stenden University, as a private, for-profit institution is committed to the interests of students, but also its clients (hotel & tourism companies), and its owners (Al Faisal Holding).

Table 37: *Classification According to the Ownership and Mission of Higher Education in Qatar and Oman*

<i>Ownership</i>	Government-owned	Public corporation or constitutional entity	Private, non-profit	Private, for-profit; operated like business
<i>Mission</i>	Public mission as determined by the state	Mission both avowedly public and private	Mission is mainly to respond to students' interests	Mission serves interests of students, clients, and owners
<i>Qatar</i>	Qatar University, CCQ, infrastructure EC, CNA-Q, UC-Q,		(EC, CNA-Q, UC-Q, CCQ)	Stenden University
<i>Oman</i>	SQU, public colleges	College of Financial and Banking Studies, OTC, IMC	GUtech	Vast majority private colleges and universities

Oman's higher education system is distinctly marked by the dichotomy of publicly financed institutions on the hand and privately owned and privately operated colleges and universities on the other. The vast majority of the private institutions, which have been established since the privatization decree in 1995, operate in a profit-oriented manner and are primarily committed to the interest of their owners. These institutions operate like normal businesses. Almost 40 percent of Omani students attend such profit-oriented institutions. In contrast,

more than half of all students in Oman still enroll at publicly financed higher education institutions, whose mission is still determined by the state. Despite the move towards privatization, there have been no initiatives to privatize public institutions. While the majority of Oman's post-secondary institutions are either owned by public or by private sources, there are a few institutions which operate in between these two areas. For instance, there are two privately operated institutions which are owned by the government. The mission of the Tourism College (OTC) and the Maritime College (IMC) is both avowedly public and private. The College of Banking and Financial Affairs, which is owned by the Oman Central Bank also relates to this category. Furthermore, there are also examples for private, non-profit institutions. For instance, the German University of Technology (GUtech), entirely owned by private shareholders, operates in a non-profit oriented manner as it offers a very comprehensive academic education. However, thanks to the governmental subsidization, even institutions such as GUtech might draw profits on the long-term.

While the dichotomy in Oman's higher education system (public versus private, for-profit) is a defining characteristic, the public subsidization of those private, for-profit institutions is also very revealing. In opposite to Qatar, the Omani government actively supports the formation of privately owned, homegrown institutions. The main strategy of this policy is the expansion of the admission capacities. In fact, the public subsidization increases the accountability and enables the government to affect the formation of private institutions. By contrast, Qatar's ruling regime wants to sustain public ownership in higher education. As a consequence, they "outsource" the management and the operation to private and foreign providers, while the state sponsors the new branch campuses. The main focus is to attract foreign universities to operate a branch campus in Doha.

### **8.2.3 Classification According to Cost-Recovery Strategies**

All Qatari students study free of charge, except those attending the private Stenden University or a not recognized university abroad (as determined by SEC/HEI). Either there is no tuition for Qatari students – as such at Qatar University or the Community College Qatar – or public entities allocate scholarships for all admitted Qataris, locally and abroad. Related to a brain gain strategy, high-achieving non-Qatari students can also apply for public assistance. Non-Qataris can apply for a scholarship, which covers tuition at the private or public institutions in Qatar. These scholarships bind these students to work in Qatar upon graduation to refund the tuition. With the exception of the exceptional students, "normal" non-Qatari students have to fund their higher education services by themselves. Thus, there is a full, or at least, a partial cost recovery at Qatar University and the international branch campuses, which operate in a sponsorship agreement with the government. The profit-oriented Stenden University is also dependent on the income from tuition fees. Thus, in terms of cost-recovery, there is a clear distinction between Qatari and non-Qatari students. As a consequence, only five percent of all Qatari students, but about 85 percent of the non-Qatari students, attend higher education institutions at their own expense. Due to its scholarship policy, higher education remains de facto cost-free for Qataris – as the specific policy does not differentiate between public and



private nor between institutions in Qatar or abroad – as long as institutions are recognized by the SEC/HEI. The policy of providing free higher education to all citizens is an important feature of Qatar’s post-secondary education landscape.

While Qatar’s government does not have to share the costs of the higher education with the domestic users, Oman’s privatization agenda follows different principles. Oman’s government is convinced that a cost-recovery at private higher education institutions is a suitable model to increase the admission capacities. As a consequence, all private colleges and universities depend on tuition fees as their main source of income. Nevertheless, the government sustained a parallel system of providing cost-free higher education services to all students at the public higher education system. In order to support students from social welfare and low income families, the government allocates a large number of scholarships which cover parts of or the entire tuition fees at private higher education institutions. Non-Omani students, who are not allowed to enroll at the cost-free public post-secondary education system, are also not able to apply for governmental scholarships. Thus, Oman’s march towards privateness of higher education is reflected in the cost-recovery of higher education. In general, it can be stated, that especially the talented students are admitted to the privileged public system, while about one third of all Omani students have to fund for higher education at their own expense in Oman or abroad.

Table 38: *Classification According to Cost-recovery Mechanism in Qatar and Oman: Public versus Private Funding*

<i>Public sources →</i>	<i>Cost-recovery</i>		<i>← Private (“user”)</i>
Cost-free higher education	Mainly public, but some tuition or cost sharing	Mainly private, but some public assistance	All privately funded, tuition-dependent
Qataris: QU, student mobility programs; EC, CNA-Q, UC-Q, CCQ	EC: High-achieving non-Qataris; Sponsorship (work upon graduation)	non-Qataris: QU	Stenden University non-Qataris: EC, CNA-Q, UC-Q
Public institutions, high-achieving Omanis to attend private institutions	Student mobility programs, scholarships to attend private institutions	Scholarships programs covering parts of tuition at private institutions	All private higher education institutions; Omanis studying abroad

The classification according to cost-recovery at higher education also reveals a strong distinction between Qatar’s and Oman’s adjustment of the controlling elements. While Qatar sustains a system of free-higher education for its national population, Oman integrates several cost-recovery patterns at private institutions. However, Oman also sustains a privileged, cost-free system at the publicly financed institutions. Both countries have in common that they distinguish between nationals and non-nationals. The latter have to pay for higher education at their own expense. Only a few non-Qatari students receive a scholarship to attend one of the international branch campuses.

### **8.2.4 Typology of Models of Internationalization**

The different status between elite on the one hand and demand-absorbing higher education institutions on the other, can also be assessed in the type and mode of internationalization. Qatar's leadership adopted a policy of attracting foreign institutions to operate on the basis of non-collaborative arrangements. Contracts to operate a branch campus in Doha were entirely concluded with top-ranked Western universities. International university rankings are the benchmark of Qatar's higher education policy. These branch campuses operate *de facto* as spin-off of the Western institutions. Consequently, Qatar's sponsorship policy imported not only well-established educational concept from Western universities: It is the university itself which delivers its degree programs and its research infrastructure. This specific mode of internationalization should afford a rapid catch-up development of Qatar's innovation system. While the formation of branch campus bridges the time gap, it also vaults Qatar from the educational periphery to a top destination of higher education. Prestigious institutions like Cornell, Georgetown, Carnegie Mellon and HEC Paris are globally recognized and known trademarks. Qatar intends to make use of both, the educational experience and the reputation. In general, it can be stated, that a non-collaborative provider mobility to attract famous partners, is not Qatar's only recipe for success in higher education. Similar procedures can be seen in the range of basic education (Qatar imports private schools from Western countries: e.g. Qatar's Outstanding School Initiative) but also in the economy (hotel and tourism) and sports marketing. To put it into a different context, Qatar is keen on possessing international trademarks – as they stand for success, sustainability and international recognition.

The affiliation agreements of Oman's private higher education institutions and also the cooperation of the public Colleges of Applied Sciences reveal that the Sultanate uses internationalization of higher education in a different context. Oman aims to transfer know-how and make use of foreign expertise on the basis of collaborative arrangements. Consequently, a program mobility to provide assistance for private, homegrown institutions is the key elements of Oman's internationalization strategy. International recognition and prestige are of lesser importance. Landmark projects like Qatar's Education City, to offer world-class institutions locally for small elite, do not meet the requirements of Oman's economy and labor market. The dichotomy between independent, foreign branch campuses, as seen in Qatar, and the formation of a private, homegrown higher education sector, in the case of Oman, is a very distinctive feature of both higher education systems. The type of internationalization and the status as homegrown institutions is directly linked to the demand-absorbing status and reflects the political system of Oman.

## **8.3 GCC's Move towards Private Higher Education**

### **8.3.1 The State of Higher Education in the GCC**

The country studies describe the modification of higher education within the last decades. From the beginning of the countries higher education policy in the late 1970s until the mid 1990s, an exclusively public higher education sector was distinctive, not only in Qatar and

Oman, but in all GCC states and in most of the Arab world. In addition to the foundation of public state universities, providing cost-free access to all domestic school graduates, governments in both countries supported students to attend universities abroad. Defining features of the public monopoly were the relatively high costs per students, the import of faculty and the focus on under- rather than on postgraduate programs.

Qatar University, the single higher education institution in the country, offered a gender-separated education. Many Qataris enrolled in Arab countries (Jordan, Egypt and Lebanon) or in Western Countries (primarily in the United States and the United Kingdom). SQU, Oman's state university, was ever a co-educational institution of higher education, whose admission was very selective. Due to the limited capacities, a large share of Omani SSGs was forced to enroll at foreign universities at their own expense. Many Omanis attended public institutions in the United Arab Emirates.

Table 39: *Qatar's and Oman's Move towards Private Higher Education*

An (almost) exclusively public higher education sector	A primarily public education sector and a strategically growing private sector	An (almost) coeval private and public higher education sector	A primarily private higher education sector
<b>Qatar</b> (till 1995) <i>QU, student mobility programs</i>	<b>Qatar</b> (1995-2004) <i>QU, student mobility program versus EC, CNA-Q, Stenden</i>	<b>Qatar</b> (since 2005) <i>QU, student mobility program versus EC, CNA-Q, UC-Q, CCQ, Stenden</i>	
<b>Oman</b> (till 1995) <i>SQU, public colleges, student mobility programs versus private student mobility</i>	<b>Oman</b> (1995-2000) <i>SQU, public colleges, student mobility programs versus private two-year colleges; private student mobility</i>	<b>Oman</b> (since 2001) <i>SQU, public colleges, student mobility programs versus private colleges &amp; universities; private student mobility</i>	

The year 1995 marks a turning point in both higher education systems. As mentioned in Oman's country study, Sultan Qaboos' regime introduces a decree to allow the foundation of privately funded and privately operated higher education institution in addition to the existing public system. In the first years after the privatization decree, this strategically private post-secondary sector was limited to two-year colleges. At the same time, Hamad Al Thani, the new Emir of Qatar, started several initiatives to strengthen the domestic higher education sector. But it lasted until 1998, when the first privately operated and QF sponsored branch campus began to operate in Qatar. In 2001, the first truly private institution, the Stenden University was founded. Despite the undeniable shift towards private higher education in addition to the existing public sector, the relevancy and the impact of these new institutions remained weak in Qatar. The majority of Qatari students still enrolled at Qatar University.

The decree to allow private institutions on the level of a university in 2001 changed the status of private higher education in Oman. The private higher education sector turned from “strategically growing” to “almost equivalent” to the publicly financed sector. Since 2002, the annual admission capacities of private institutions have grown rapidly. In 2009/10, private institutions admitted almost half of all freshmen students and offer more than 230 international degree programs on under- and postgraduate level. Despite the shift towards private, fee requiring institutions, the Omani government also expanded the public offerings. If the government would not have increased the admission capacities of the public institutions, the private sector would have outpaced the public sector in terms of admission capacities.

At least since 2005, Qatar’s “private” higher education sector has become almost equivalent to the offering of Qatar University. As discussed in the country study, it is very difficult to distinguish between private and public institutions in Qatar, as all institutions (except Stenden University) receive funding from the government or from Qatar Foundation. However, in terms of admission numbers, the new higher education opportunities of Education City, CNA-Q, UC-Q, and student mobility programs (SEC/HEI) almost reach the level of Qatar University. This means that the branch campuses and the scholarship program became pivotal elements of Qatar’s higher education landscape and not just only niches within the education system.

Both countries transformed their higher education system by shifting power and responsibility to private entities. The analysis showed that the privately operated sector has become almost equivalent in terms of admission to the former publicly financed institutions. However, it seems that both countries will not transform their national higher education sector into “primarily private higher education system” – as seen for example in Dubai. Although there might be some measures to integrate several cost-recovery schemas in the state-universities (as discussed in Oman, GHE-O7).

The expert interviews, both with political decision-makers and with university administrators, reveal the different level and status of private higher education. While the leadership in Oman insists on a liberal, demand-oriented approach to treat higher education as a commodity, Qatar’s leaderships leave profit-orientation out. The desk research and the analysis of official statements also show the distinctive strategy in terms of private higher education. Oman’s leadership argues that individual students and their parents, *“should invest in their education by making a contribution to the cost of his or her higher education”* (GHE-O7). Thus, the prevalent opinion is that all students should have access to higher education, but they must be willing to invest in their personal future. According to the liberal principles of the World Bank and others multinational organizations, Oman’s government *“cannot do everything for everybody, the state has to shift responsibility to the individual”* (GHE-O7). Only highly achieving students and to some extent deprived students from social welfare families should benefit from cost-free publicly financed higher education, in the classical sense of a merit-based and a caring approach. As seen from the perspective Oman’s leadership, the policy to divide the higher education landscape into a cost-free public and a high-cost private sector *“is just and reasonable”* (GHE-O7) as long as it based on academic merit only. This philosophy

was always used to defend the decision to establish private universities and colleges instead of founding several new publicly financed institutions. The shift to share costs and responsibilities with society in Oman is very important, as the possibilities of participation are still very limited in Oman's political system. The political liberalization without a widening of political liberalization is evident.

In Qatar's closed political system, the government sustains its absolute claim to power. In contrast to Oman's policy, Qatar's higher education system does not shift any costs or any responsibility to private shareholders or society. It is still the state which is in charge of all vital duties – Hamad Al Thani does not intend to modify this proven system of political power. However, neoliberal slogans also found their way into Qatar's political economy. But this agenda does not include a withdrawal of the state, but rather a promotion of liberal development concepts related to the human capital theory. Thus, the philosophies of a globalized, liberal economy were adopted by both regimes, but in the end they were implemented totally different.

### **8.3.2 Globalization of Higher Education in the Arabian Gulf: Harmonization or Fragmentation?**

It is an undeniable fact that the global education paradigms entered the higher education landscape of the Arab Gulf states in the mid-1990s. Advised by multinational institutions, Qatar and Oman promoted a comprehensive reform of their domestic higher education system as a part of the World Bank's knowledge economy campaign. The leading paradigm is that economic growth and global competitiveness are increasingly driven by knowledge and that universities play a key role in that context. The theory is that rapid advances in science and technology across a wide range of areas provide great potential for countries to accelerate and improve their economic development. Higher education institutions, in particular research-oriented top universities, can play a vital role in their local and regional economies (SALMI 2009: 2).

The 1998/99 World Development Report *Knowledge for Development* (World Bank 1999) proposed an analytical framework emphasizing the complementary role of four key strategic dimensions to guide countries in this economic transition: An appropriate economic and institutional regime, a strong human capital base, a dynamic information infrastructure, and an efficient national innovation system (World Bank, 1999). Higher education is central to all four pillars of this framework, but its role is particularly crucial in support of building a strong human capital base and contributing to an efficient national innovation system. Only higher education enables countries to establish a globally competitive economy by “*developing a skilled, productive, and flexible labor force and by creating, applying, and spreading new ideas and technologies*” (SALMI 2009: 2).

The World Bank's latest policy report on the contribution of higher education to sustainable economic development, *Constructing Knowledge Societies* (World Bank 2002) emphasizes that in particular, high-performing tertiary education systems encompassing a wide range of institutional models, produce the variety of skilled workers and employees sought by the labor

market. Furthermore, universities and research institutes, rather than firms, drive scientific advances in vital growth sectors, for example, bio- or nanotechnology (SALMI 2009: 2). Within the higher education system, research universities play a critical role in training the professionals, high-level specialists, scientists, and researchers needed by the economy and in generating new knowledge in support of national innovation systems (World Bank 2007: 27). As a consequence, *“an increasingly pressing priority of many governments is to make sure that their top universities are actually operating at the cutting edge of intellectual and scientific development”* (SALMI 2009: 3). Salmi adds that the terms “top university”, “flagship university” or “world-class university” have become a catch phrase, not simply for improving the quality of learning and research in higher education, but also, and more importantly, for developing the capacity to compete in the global higher education market through the acquisition, adaptation, and creation of advanced knowledge (SALMI 2009). On the basis of international experience, SALMI (2009) showed that three basic strategies can be followed to establish world-class universities:

- (i) Governments upgrade a small number of existing universities that have the potential of academic excelling (picking winners).
- (ii) Governments encourage a number of existing institutions to merge and transform into a new university that would achieve the type of synergies corresponding to a world-class institution (hybrid formula).
- (iii) Governments could start new world-class universities from scratch (clean-slate approach).

As a consequence, higher education, and specifically a focus on top university, entered the political agenda, not only in the GCC and the Arab world, but also as worldwide phenomena. On a global scale, the Arab world is in good company with other emerging regions, such as South-East Asia, Eastern Europe or Latin America. DE WIT (2005), ALTBACH (1999-2004), MEI (2002) and others analyzed the global environment for higher education, encompassing not only the traditional student exchanges and scholarly sojourns, but also new issues as cross-border investments and market-type competition among institutions.

The country-specific control model, which is based on the empirical findings, showed the relevance of the different types of cross-border higher education, which affected the tertiary systems. It could be shown that the internationalization of higher education and the move towards privatization did not touch the Arab world at random only; the region has become a center of these new globalized phenomena since the mid-1990s.

In consideration of the specific higher education policy of the recent decades in Qatar and Oman, one might assume that, in particular, the availability of oil/gas funds and the political system had a lasting impact on the agenda. The State of Qatar, generously endowed by nature, uses its oil funds to establish international branch campuses. Whilst money is not an issue, Qatar’s leadership adopted a *“clean-slate approach”* (SALMI 2009). The realization of glamorous projects from scratch is a typical feature of the reign of Hamad Al Thani. A similar approach can be seen in the World Cup Bid 2022 or in the urban development plans of Doha. Qatar is always on the move, does not want to miss any trends – time is of the essence. In

retrospect, Qatar's leadership seems to follow the agenda of the World Economic Forum (WEF) by establishing a host of the *Fertile Gulf* (WEF 2007). International investment, a liberal economic policy and a focus on research and education intend to become unique characteristics of the small Peninsula within the Persian Gulf.

While Qatar prioritized the foundation of international branch campuses to reach its economic and educational goals, the Sultanate of Oman followed a very different political agenda. To satisfy not only the urgent demand of the growing number of secondary school graduates, but also to distribute power and loyalty, the regime of Sultan Qaboos established a socio-economic framework, which focuses primarily of an expansion of the domestic higher education system. The niche of top university is served by SQU – all other institutions intend to serve the large mass of Omani youngsters. As suggested, patronage and clientilism has attended this agenda since its legal implementation. However, this perfectly balanced political system, which has been a defining for the Qaboos State since the 1970, is today the fundament of the dynamic development of higher education. While other states in the region, with Qatar, Dubai and Abu Dhabi leading the way, promote flagship projects, Oman relies on a rather sober and demand-oriented approach. Oman does not have the financial means or the political ambitions to follow its oil rich neighbors. Nonetheless, many of Oman's neighbor states will wonder once Sultan Qaboos University and not their own institutions will appear among the best institutions of higher education in the region. Despite several socio-economic challenges, Oman's agenda might meet the education realities better than other GCC states. There is still a huge gap between the educational aspiration of the ruling regimes and the realities of the existing education system! Time will tell.





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## Directory of Interviewees

Code	Position	Affiliation
AHEI-Q1	Dean/Rector	Private Higher Education Institution, Qatar 2009
AHEI-Q2	Dean/Rector	Private Higher Education Institution, Qatar 2009
AHEI-Q3	Dean/Rector	Private Higher Education Institution Qatar 2009
AHEI-Q4	Director	Private Higher Education Institution, Qatar 2009
AHEI-Q5	Dean/Rector	Private Higher Education Institution Qatar 2009
AHEI-Q6	Dean/Rector	Private Higher Education Institution, Qatar 2009
AHEI-Q7	President	Private Higher Education Institution, Qatar 2010
AHEI-Q8	President	Private Higher Education Institution, Qatar 2010
AHEI-Q10	External Affairs	Public Higher Education Institution, Qatar 2009
AHEI-Q11	Advisor	Private Higher Education Institution, Qatar 2010
AHEI-Q12	Chairman	Public Higher Education Institution, Qatar 2009
AHEI-Q13	Student	CNA-Q, Qatar 2009
AHEI-O1	Vice-Rector	Private Higher Education Institution, Oman 2009/2010
AHEI-O2	Assistant Dean	Public Higher Education Institution, Oman 2009
AHEI-O3	External Affairs	Public Higher Education Institution, Oman 2009
AHEI-O4	Director	Private Higher Education Institution, Oman 2009
AHEI-O5	Dean	Private Higher Education Institution, Oman 2009
AHEI-O6	Dean	Private Higher Education Institution, Oman 2009
AHEI-O7	Dean	Private Higher Education Institution, Oman 2009
AHEI-O8	Dean	Private Higher Education Institution, Oman 2009
AHEI-O9	Dean	Private Higher Education Institution, Oman 2009
AHEI-O10	Former Dean	Private Higher Education Institution, Oman 2009
AHEI-O11	Dean	Private Higher Education Institution, Oman 2009
AHEI-O12	Dean	Private Higher Education Institution, Oman 2009
AHEI-O13	Assistant Dean	Private Higher Education Institution, Oman 2009
AHEI-O14	Dean	Private Higher Education Institution, Oman 2009
AHEI-O15	Assistant Dean	Private Higher Education Institution, Oman 2009
AHEI-O16	Assistant Dean	Private Higher Education Institution, Oman 2009
AHEI-O17	Dean	Private Higher Education Institution, Oman 2009
AHEI-O18	Assistant Dean	Private Higher Education Institution, Oman 2009
AHEI-O19	Manager	Private Higher Education Institution, Oman 2009
AHEI-O20	Dean	Private Higher Education Institution, Oman 2009
AHEI-O21	Manager	Private Higher Education Institution, Oman 2009
AHEI-O22	Dean	Private Higher Education Institution, Oman 2009

AHEI-O23	Dean/Principal	Private Higher Education Institution, Oman 2009
I-Q1	Shareholder	Investor, Qatar 2009
I-O1	Agent	Investor, Oman 2009
I-O2	Shareholder	Investor, Oman 2009
I-O3	Shareholder	Investor, Oman 2009, 2010
I-O4	Shareholder	Investor, Oman 2009
I-O5	Shareholder	Investor, Oman 2009, 2010
I-O6	Consultant	Consultancy Muscat, Oman 2010
I-O7	Shareholder	Investor, Oman 2010
GHE-Q1	Director	QF, Qatar 2009, 2010
GHE-Q2	Director	QSTP, Qatar 2008
GHE-Q3	Experts	SEC/HEI, Qatar 2008, 2009
GHE-Q4	Director	SEC/HEI, Qatar 2009
GHE-Q5	Experts	SEC, Qatar 2009
GHE-Q6	Director	Qatar Planning Council, Economic Affairs, Qatar 2008
GHE-Q7	Experts	Qatar Planning Council, Social Affairs, Qatar 2010
GHE-Q8	Director	RAND, Qatar 2009
GHE-Q9	Advisor	Amiri Diwan, Qatar 2009, 2010
GHE-O1	Advisor to the Minister	MoHE, Oman 2009, 2010
GHE-O2	Director	OAC, Oman 2009
GHE-O3	Director	Directorate General of Private HE, Oman 2009, 2010
GHE-O4	Consultant	OAC, Oman 2009, 2010
GHE-O5	Director	HEAC, Oman 2009
GHE-O6	Expert	The Research Council, Oman 2009
GHE-O7	Secretary-General	Council on Higher Education, Oman 2010
GHE-O8	Advisor to the Minister	MoHE, Oman 2010

