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EVOLUTION OF THE OMANI HIGHER EDUCATION SYSTEM AND ECONOMIC CHALLENGES 1970-2014

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EVOLUTION OF THE OMANI HIGHER EDUCATION SYSTEM AND
ECONOMIC CHALLENGES 1970-2014

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A Research Paper

Submitted in Partial Fulfillment of the Requirements for the

Master of Arts

Department of Economics

In the Graduate School

Southern Illinois University Carbondale

August 2015

RESEARCH PAPER APPROVAL
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Fulfillment of the Requirements
for the Degree of
Master of Arts
in the field of Economics

Approved by:

Dr. Scott D. Gilbert

Graduate School

Southern Illinois University Carbondale

07/07/2015

AN ABSTRACT OF THE RESEARCH PAPER OF

HAMOOD SALIM AL-SHOAIBI, for the MASTER OF ARTS degree in ECONOMICS, at
Southern Illinois University Carbondale.

TITLE: EVOLUTION OF THE OMANI HIGHER EDUCATION SYSTEM AND ECONOMIC
CHALLENGES 1970-2014

MAJOR PROFESSOR: Dr. Scott D. Gilbert

The Sultanate of Oman underwent a tremendous development in all its vitals sectors since 1970. The lag in Oman infrastructure development was mainly due to its very weak economic system. Prior to this date, there was no fundamental education system in Oman, not even dreaming about higher education. After His Majesty Qaboos bin Said took the lead of the country on 18th of November 1970, he started building the infrastructure of the country. He began by strengthening the country economy mainly utilizing the oil treasure in order to build and enhance the country's major systems like health, education, transportation and other vitals sectors. Throughout the past forty-five years, Oman had made a huge leap in the areas of economy, education, as well as higher education. This paper will discuss the development in those areas, while linking economy development to the education and higher education development throughout the above-mentioned period.

ACKNOWLEDGMENTS

I would like to express my gratitude to Dr. Scott D. Gilbert for his valuable guidance and supervision. His outstanding instructions and advice helped me finish this research paper. My dear wife and kids thanks for your kindness, empowerment, and patience. Thanks for accepting me during my good and bad times. Finally, Mom and Dad thanks a lot for your prayers and support.

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Introduction

The Sultanate of Oman underwent a tremendous economic development since the Sultan Qaboos Bin Said, the Sultan of Oman, took throne of the country in 1970. The Omani economy was mainly depending on trading agricultural products with some Asian and African countries such as India and Zanzibar. On the late 1950s, the British Petroleum Company (BP) started oil explorations in Oman, which led to the discovery of Oil in commercial quantities, yet optimally not utilized. Prior to 1970, Oman suffered from a weak infrastructure in all major areas including education, health, transportation, and economy. Oman did not have any educational institutions at all, except a small elementary school in Muscat, the capital city of the country. After 1970, the Omani government under the leadership of the Sultan Qaboos started building the economic system in order to lead the development in all its vital sectors. Today, Oman is mainly depending on oil, which has driven the vast tremendous infrastructure development in the past 45 years. This led to the development of the educational system in general, and the higher education in specific. The economic development had led to an increasing demand for highly educated human capital that can lead and foster the new Omani renaissance.

This paper will investigate the development of the Omani economy, and its impact on the development of the Omani higher education system. It will discuss the development in the period from 1970-2014, as it marked the start of the new Omani development era. I will review it in five sections. Each section will cover a period of ten years: 1970-1979, 1980-1989, 1990-1999, 2000-2009, and 2010-2014. In all of those sections, I will discuss the challenges faced by our economic system and relate it to the development of the higher education and its funding issues. I will base this chronological analysis on the available published literature in this field,

and some other governmental published data.

Background

Oman is the second largest country in terms of land area in the Arabian Peninsula, Asia. Bounded by the United Arab Emirates on the North, Saudi Arabia on the West, Yemen on the south, and the Indian Ocean on the East, Oman is considered the first country in the Middle East to see the sunrise. According to the Omani National Center of Statistics and Information website, the total area of Oman is around 309,500 square kilometers. The main language spoken in Oman is Arabic, and English is widely used as a second language. Oman's currency is the Omani Rial, which is equal to 2.5 US Dollars. Muscat is the capital city of the country as well as the Political and the Economic major city in Oman.

According to the National Center for Statistics and Information, the total population of Oman is 4,177,125 of which Omanis nationals account for 2,341,263 while the rest are expatriates working in the country in various occupations. According to the Omani Ministry of Information website, the D' Archy Exploration Company which is a subsidiary of the Anglo-Persian Oil Company started searching for oil in the 1920s by conducting a geographical survey which turned out to be unsuccessful. The World Wars interrupted the oil exploration in Oman, but it resumed at the beginning of the 1960s. In 1967, several oil wells started producing commercial quantities of oil from Yibal, Natih, and Fahud areas (Oman's Ministry of Information website). During this period, Oman was an isolated nation from the rest of the world, and it was totally living in darkness and underdevelopment in all vital areas.

On November 18th of 1970, the Sultan Qaboos Bin Said who is the son of the previous Sultan Said took power from his father. He promised the Omani people to start transforming the country into a prosperous one in the Gulf region. The country had few unpaved roads, one

elementary school in Muscat, no hospitals, under privileged population, and no signs of any kind of modern civilization at all. The country suffered migration of its elite, educated, and wealthy people to other parts of the world to work and attend schools. The major challenge facing the new Sultan was to establish a new government that will develop the economy, stop the brain drain, and build a modern infrastructure, basically, to start from zero!

The First Decade of the Omani Economy and Education

Development (1970-1979)

The Sultan Qaboos Bin Said started to build his country from the first day he stepped into power on 1970. His Majesty the Sultan delivered several speeches to his citizens asking them to participate to their full ability in the anticipated economic development in the country. He promised Omanis in his first speech to start building a modern Omani government as early as possible. The new Omani government will remove all unnecessary burdens that made Omanis suffer and leave their land to work abroad. In his speeches, His Majesty the Sultan always urged them to travel back and rejoin the new government institutions to participate in developing the new Oman.

First, the Sultan united all parts of Oman into a one united country and ended up an era of internal violence in the interior and south parts of Oman. The Omani Army Forces under the Sultan's command gained a full control of the country, which was a necessary step to start building the nation.

Second, the Sultan established a new government cabinet that will lead Oman's five-year strategic development plans in the country. The main focus of the new government was to build the Omani human resources and prepare them for the new challenges in the work market. By the

end of 1970, three new elementary schools opened in Muscat, the capital city, to serve the young Omani population. The total number of students in Oman was seven thousand elementary students only with no middle or high school level of education (Ministry of National Economy, 2000). Then, The Ministry of Education started building and opening new elementary, middle, and high schools in different parts of the country to increase the literacy rate that was one of the worst levels in the world in the 1970s.

The new Omani government fully subsidized a free access to the primary education system. Free education strategy increased the number of enrolment in all levels of education. The total number of elementary school students increased from seven thousands to over ninety-two thousands by the end of 1979 (Ministry of National Economy, 2000). The number of the middle and high schools students was very low during the 1970s. As the demand for the local labor force was increasing with the growth of the economy, most of the high schools graduates were joining the government administrative work force.

During the 1970s, Oman did not have any higher education institutions at all. The small number of the high school graduates who wanted to continue their higher education had to join universities and colleges in other parts of the world. Most of them flew to Egypt, Iraq, and Jordan to pursue their higher education. Few of them especially students of the wealthy Omani families made it to United Kingdom (UK) or the United States of America (USA) to join a university. Some of the higher education graduates returned to Oman, and they were appointed as top officials and leaders in the new government such as ministers or undersecretaries.

The government implemented the use of a five-year development strategic plans that are funded by the income generated by the exports of oil, which is still the main source of income in Oman until now. Unfortunately, mainly foreign labor, companies, and consultants drove the

socio-economic development that Oman enjoyed during the 1970s. The need to educate and train Omani nationals was a priority to replace the foreign work force. In addition, the government managed to build an excellent infrastructure by building a new roads system, providing purified water, delivering electricity to homes, establishing a modern health system, and creating a new social security benefits for the Omanis in need.

According to the Ministry of National Economy, public revenues and expenditures were increasing every year in the 1970s. For example, the Omani public revenues were 50.1 million Omani Rials (OR) in 1971 with total expenditures of 46 Million OR. In 1972, a total public revenue was 53 million OR with an increased total public expenditure that reached 71.7 million OR. In 1974, the total government revenues increased to 303.2 million O.R. with 349.2 million OR in total public expenditures. In 1979, the total revenues reached 692.2 million OR with total governmental expenditures of 650.4 million OR (Ministry of National Economy, 2000).

In 1972, the total government spending on education was 2,647 thousand OR. This represented 3.8 % of the total government spending on all sectors and around 1.7% of the Omani GDP (International Bank of Reconstruction and Development, 1974). This level of spending on education was sufficient in the early 1970s because of the very low number of students enrolled in the few elementary schools in Muscat. In 1975 total spending on education increased to over seven millions of OR as the number of the enrolled students was increasing every year. That represented about 1.8% of the total government expenditures on all public sectors (Ministry of National Economy, 2000).

According to the UNESCO mission to Oman in 1974, Oman had a total labor force of 300,000 Omanis. Most of them were farmers (72.2% of the labor force), fisheries (10%), government employees (6.7%), construction (4%), oil and financial services (3.3%), and other

services (3.3%) (UNESCO, 1974). There is a great increase for the educated and skilled labor as the Omani economy grows. In addition, the vast expansion in the education system requires a similar growth rate in the higher education institutions to meet the increasing demand for higher education by high school graduates.

Unfortunately, Oman was not able to finance building the first university in the country for several reasons during the 1970s. The increasing annual deficit, fluctuating oil production and price, weak infrastructure, uneducated human resources, and low high school graduates were some of the major reasons that did not encourage the government to open the first university in Oman. Faced with a constrained annual budget and low oil production, the Omani government was under a great pressure to build local higher education institutions due to the boom in the number of the high school graduates at the end of the 1970s. Oman realized that it would not be able to finance sending the increasing number of the high school graduates to study abroad. According to the Ministry of Education, there were only 58 high school graduates in 1976, while the number has increased to more than 27,000 graduates in 1999 (Ministry of Education, 2001). As the above numbers suggest, it was more efficient to the small numbers of the high school graduates to complete their high education studies abroad during the 1970s.

Despite all the fast development in the primary education sector, and the expansion of the new established schools in all parts of the country during the 1970s, Oman was still in a great need for opening new local higher education colleges. The need to expand the higher education sector in Oman requires many financial resources, and educated human resources. The country needs to diversify its economy and decrease its dependency on oil as it's main source of income in order to sustain a stable economic development of all sector including education. The Sultan Qaboos bin Said has ordered his government to work quickly to spread the services needed by his

people despite all of the financial challenges faced on a daily basis. In addition, the instability of the Arabian Gulf due to the eruption of different wars in the region made it clear that depending on oil as the main source of income is not a sound strategic choice.

The Second Decade of the Omani Economy and Education Development (1980-1989)

The Ministry of Education was directing both the primary education and the higher education during the 1970s. It had great responsibilities in establishing a new education system in Oman from the scratch, and spread the access to education to the whole population of the country wherever they lived in the Omani land. The main goal of the 1970s was to educate the public and make them able to write and read, and to send the top high school graduates on fully funded scholarships to continue their higher education studies abroad.

According to the Ministry of National Economy, public revenues and expenditures were fluctuating, but in an increasing pattern every year during the 1980s. For example, the Omani public revenues were 923.7 million OR in 1980 with total public expenditures of 959.8 Million OR incurring a deficit of more than 36 million OR. In 1981, the total public revenues increased to over 1,262 million OR with increased total public expenditures reaching more than 1,223 million OR with a surplus of more than 39 million OR. In 1983, the total government revenues decreased to 1175.4 million OR with 1412.9 million OR in total public expenditures. In 1985, the total revenues reached 1,572.9 million OR with total governmental expenditures of 1,928.4 million OR with a total deficit of 355.5 million OR. The total public revenues decreased in 1986 reaching 1,186.9 million OR with a total public expenditure of more than 1,886.8 million OR that continued to decrease after 1986 due to the drop in oil prices (Ministry of National Economy, 2000).

In 1980, the population of Oman increased to more than 914,000 people. The increase in

the population increased the demand for primary education, which was represented in opening more than 370 new schools in different parts of Oman. The total student enrollment had jumped to 92,000 students in the elementary schools, 14,000 students in intermediate schools, and more than 2000 students in the high schools with a total number of 108,300 students in all levels of education. In addition, more than 1800 students were pursuing their higher education abroad (Ministry of National Economy, 2000).

This explains the jump in the total government spending on education to 4% of the total government expenditure on all sectors, around 5.7% of the total public expenditure on 1983, and 6.9 % in 1989 (Al-hajri, M.N., 1997). The development in the educational system in the country has paid off by supplying the local labor market by a more skilled Omanis. The participation of Omanis in the total labor market of 171,300 employees has increased to 14.3 % in 1980 (Ministry of National Economy, 2000).

During the 1980s, the higher education system has developed very rapidly employing more than 483 teachers. It included several industrial technical colleges under the management of the Ministry of Vocational Training and Labor, the Institute of Banking and Financial Studies under the supervision of the Central Bank of Oman, the Colleges of Education under the supervision of the Ministry of Education, and several Health Institutes belonging to the Ministry of Health. The number of scholarships available for the high school graduates increased to 1,282 vacancies in 1980. In 1985, the number of scholarships reached 2,681 which was a record high for years to come (Ministry of Higher Education, 2001). All of the scholarships were administered and supervised by the Ministry of Education, and provided only to the crème of the top students graduating from high schools all over the country.

The Omani government had realized that it could not continue its ambitious scholarship

fund with the fluctuating oil revenues. His Majesty Sultan Qaboos bin Said announced in 1980 that the government is planning to open the first public university in Oman on 1986 to be one of the leading higher education institutes in the region. The university construction started on 1982. The government established a higher consultancy and a supervisory board to oversee all the development stages of the new university and it was called the Sultan Qaboos University (SQU). The board consisted of the top government officials as well as the top academic people from leading countries in the west.

SQU became a reality and opened its doors on 1986 under the auspices of His Majesty the Sultan Qaboos bin Said. On its first year, the university admitted 557 students in five colleges: Engineering, Sciences, Agriculture, Medicine, and the college of Education and Islamic Studies. The college of Arts was established later on 1987, and then the College of Commerce and Economics in 1993. The university employs its teachers from all around the world, as the major medium of instruction in almost all colleges is English (SQU website).

The opening of all of these higher education institutions under SQU offered a brief and an urgent solution for the rapid increase in the number of the high school graduates. Even though the university started with admitting 557 students in 1986, it admitted more than 2400 students in the 1990. SQU is one of the most prestigious universities in the Arab world, and contributes annually by adding highly skilled labor force to the Omani economy.

The Third Decade of the Omani Economy and Education

Development (1990-1999)

The development of the education system in the Sultanate of Oman continued to grow annually in terms of the number of the primary education schools as well as the expansion of the higher education system despite the annual budget deficits. According to the Ministry of

National Economy, the total deficit reached 283 million OR in 1991, 579 million OR in 1992, 518 millions OR in 1993, 375 millions OR in 1998, and more than 475 millions OR in 1999 (Ministry of National Economy, 2000).

In 1990, the population of Oman had increased to more than 1,320,000 people. The increase in the population increased the demand for primary education, which is represented the increase number of the schools which reached 779 schools in different parts of the country. The total student enrollment has increased to 258,000 students in the elementary schools, 72,000 students in intermediate schools, and more than 26,000 students in the high schools with a total number of 362,300 students in all levels of education. In addition, more than 6,600 students were pursuing their higher education in different parts of the world (Ministry of National Economy, 2000). The population of Oman is one of the rapidly growing in the world, and the expansion of the primary schools had produced a huge number of high school graduates that could not be accommodated by the number of scholarships awarded by the Ministry of Education as they are very costly. According to the 1993 population census carried out by the Omani government, the population growth rate is around 3.7 % annually. Furthermore, the census showed that more than 50 % of the total Omani population was 15 years of old or less. According to Dr. Al-hajri, these demographic characteristics suggest that there will continue to be an increased future demands for higher education opportunities as long as we keep developing the primary education system (Al-hajri, 2001).

The total government spending on education continued to grow. It reached 7.2 % of the total government expenditure on all sectors, around 7.5% of the total public expenditure in 1991, 7.7 % in 1993, (Al-hajri, M.N., 1997), and 9.2 % in 1999 (Ministry of National Economy, 2000, p. 33). Fortunately, the development in the educational system in the country has paid off by

supplying the local labor market by a more skilled Omanis. The participation of Omanis in the total labor market of 171,300 employees has increased to 25.5 % in 1999 (Ministry of National Economy, 2000).

During the 1990s, the higher education system has developed very rapidly employing more than 8,717 teachers by 1999 (Ministry of Higher Education, 2001). The number of scholarships available for the high school graduates decreased to 704 scholarships in 1990 and to 587 scholarships in 1995. In 1999, the number of the available scholarships was only 554 (Ministry of Higher Education, 2001). This decrease was due to the expansion in the local higher education institutions in the country.

The Sultan of Oman issued a Royal Decree on September 1998 in which he established the Higher Education Council led by the Minister of the Royal Court, a high ranked official as the president of the new council. The council consisted of all the ministers whom their ministries supervise any of the higher education institutions in the country. For example, Ministers of Health, Social Affairs, Labor and Vocational Training, Higher Education, Education, and the President of the SQU are members of the council (Al-hajri, 2001).

The main objectives of the Higher Education Council were to set up the strategic higher education plans for the country and to draw clear policies for the scientific research in all the higher education institutions in Oman. In addition, it is responsible for regulating all admission policies in the SQU and the rest of the higher education units. It reviews and develops all laws and regulations governing and solving all issues faced by students, administrative staff, and academic instructors. It, also, recommends solutions to any issues referred to it by His Majesty the Sultan. Finally, it prepares and prints an annual report, which then will be sent to the Council of Ministries led by His Majesty (Al-hajri, 2001). Those objectives aim to improve the quality of

the higher education system in Oman. The development of the Higher Education Council represented a hallmark in the era of the higher education development of this decade.

The Fourth Decade of the Omani Economy and Education Development (2000-2009)

In the twenty-first century, The Sultanate of Oman realized that the blooming population of the country would increase the demand for more schools in all levels of education. In addition, the Omani economy is in need for more specialized labor who are majoring in computer science, business, medicine, dentistry, and engineering. The Omani government introduced the 2020 Vision Plan, which estimates a deficit in the supply of skilled labor in the market by 2020 of more than 14% (Al-hajri, 2001).

According to the education indicators collected by the Omani National Center for Statistics and Information: there were 993 public schools in 2000, 1010 public schools in 2001, 1022 schools in 2003, 1046 schools in 2005, 1053 schools in 2005. The number of students was increasing yearly as well. In 2000, the total number of all students in public schools was 555,000 student. It jumped to 576,000 student in 2003, 568,000 student in 2005, and 563,000 student in 2006 (Center for National Statistics and Information, 2013).

The Education Colleges were providing the Omani job market with the largest number of all higher education graduates. For example, the total number of public school teachers was 26,000 teachers in 2000. It increased to 30,000 teachers in 2002, 35,000 teachers in 2004, and 40,000 teachers in 2006.

During the 2000s, the higher education system in Oman was still not able to absorb all of the high school graduates because of the blooming population, as well as the fact that no new government university was opened after SQU. However, The Omani government gave new approvals for the private sector to open new private universities in different parts of the country.

The Sohar University in the North Eastern part of Oman was opened in 2001. The University of Dhofar was opened in 2004 in Salalah city in the southern part of Oman. In addition, in 2004 The Nizwa University was opened in Interior region. The Government granted free lands and 40 million OR to each of the private universities to support them in building their new campuses, and to help them hire the best academic staff from other countries. Moreover, SQU expanded by attaching the College of Law in 2006 and the College of Nursing as well in 2008 (SQU website).

The Omani government spent 217,700 million OR on education in 2000. The total number of expenditures continued to increase rapidly every fiscal year thereafter. In 2001, the total governmental expenditure in education raised to 228.5 million OR, 303.9 million in 2004, 360.6 OR in 2005, more than 406 million OR in 2006, 528.6 million in 2008, and 578.1 million OR in 2009 (Center for National Statistics and Information, 2013).

The total government spending on education continued to grow as well. It reached 8.7 % of the total government expenditure on all sectors, around 9.6% of the total public expenditure on 2003, 9.4 % in 2005, and 9% in 2006, 8.8% in 2007, 7.7% in 2008, and 8.5% in 2009 (Center for National Statistics and Information, 2013).

The Ongoing Period of the Omani Economy and Education Development (2010-2014)

During this period, the oil prices dropped dramatically in the past years to half what it used to be in 2010, at around 55-65 USD. This decrease in oil prices exerted a great pressure on the Omani government to cut its governmental expenditures and start searching seriously for new sources of revenues. One of the affected areas by the proposed cuts was the development of the education system. Besides reducing expenditures, the Sultan Qaboos bin Said is leading a strong campaign against corruption, especially in the government sector.

According to the statistics published by the Omani National Center for Statistics and

Information, there were 1040 public schools in 2010, the number did not change in 2011, while it increased to 1043 schools in 2012, and decreased to 1042 schools in 2013. I could not find a clear explanation for this statistics. In 2010, the total number of students enrolled in all public schools was 523,000 student. It decreased to 517,000 student in 2011, 515,000 student in 2012, and 517,000 student in 2013.

The Scientific and Technical Colleges were providing the Omani job market with the largest number of all higher education graduates. Furthermore, the total number of public school teachers was 45,000 teachers in 2010. It increased to 52,000 teachers in 2011, 53,000 teachers in 2012, and 55,000 teachers in 2013 (Center for National Statistics and Information, 2013).

During this era, the higher education system in Oman was still not able to absorb the increasing number of the high school graduates. The Sultan of Oman gave the green light for his government to proceed with the plans to open the second government supported university in the country. The new university will be called the University of Oman and is supposed to be built in Muscat. This university will focus its programs entirely on scientific based programs like medicine, science, and engineering. The construction process is expected start in the coming years once the Higher Executive Committee approves the future vision and strategic goals of the new institution.

The Omani government spent around 669.5 million OR on education in 2010. The total number of expenditures continued to increase every fiscal year. In 2011, the total governmental expenditure on education hit 737.3 million OR, 866.2 million in 2012, 920.1 million OR in 2013. The total government spending on education as a percentage of the total government expenditure continued to grow as well. It reached 9 % of the total government expenditure on all sectors in 2010, decreased to 7.4% of the total public expenditure on 2011, 6.8 % in 2012, and 6.9% in

2013 (Center for National Statistics and Information, 2013).

Conclusion

Oman, as a developing country, had made a great leap in the area of education and higher education development in the past four decades. However, the challenges facing the economic system due to diminishing oil reserves are posing a threat especially to the higher education system. This is because the scholarships are costly and the current local higher institutions are not sufficient in meeting the growing young population needs. Moreover, the available local higher institutions are mainly public and funded by the Omani government. As we presented the chronological development of the country in economy, education and higher education, we can see that there is an urgent need for strategies to both enhance the country economy as well as continue support the available governmental educational institutions. Such strategies may include diversity in the economic revenues for the country and stop relying merely on oil exports. Oman already has started this strategy but still not succeed. Other strategies to support the education and higher education system include improving the diversity of the available specializations and majors in those institutions in order to decrease the demand for the scholarships. Moreover, encouraging the private sector to participate aggressively in higher education is needed. The country investment in education, especially higher education is an investment in the economy as it improves the human capita and vice versa.

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