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SOCIAL AND ADMINISTRATIVE ISSUES IN THE FINANCIAL AID SYSTEM IN OMAN FROM THE HE MANAGEMENT PERSPECTIVE

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ABSTRACT

This study examines the strengths and drawbacks of the financial aid system in Omani higher education. The examination concentrates on the Ministry of Higher Education (MOHE) and the colleges and universities under its supervision, such as Sultan Qaboos University (SQU) and the German University of Technology (Gu-Tech). Findings reveal that the challenges faced by these institutions include their over-reliance on government funding, inefficiencies in resource allocation, and dependence on government-sponsored students. The research critiques the practices at SQU and Gu-Tech while suggesting that smaller colleges may offer more efficient financial aid solutions due to their ability to manage resources better. The study calls for gradually incorporating international best practices in Omani higher education while emphasizing the importance of addressing social attitudes and financial management. It also recommends diversifying funding sources and a more decentralized financial structure to ensure long-term sustainability in the sector. Overall, this research contributes to the ongoing dialogue on reforming the Omani higher education system and offers a foundation for future research.

KEYWORDS: Higher Education, Oman, Financial Aid System, College.

1. INTRODUCTION

The higher education system in Oman is relatively young and lacks a long-standing history. Scholars familiar with Oman's higher education development recognize the year 1970 as a pivotal year in the Sultanate's history. This year marked the beginning of Oman's renaissance, ushering in a new era of development across various sectors of the nation. Before 1970, higher education in Oman was considered a luxury, as the country was grappling with meeting basic needs. At that time, the Sultanate had only three schools, and higher education was largely reserved for the fortunate, wealthy families who could afford to send their children abroad. Despite these drawbacks, only a few Omanis consider higher education a priority. After 1970, debates arose about the feasibility of establishing universities in Oman. At that time, many economists argued that sending Omani students abroad was more cost-effective than building domestic institutions. However, Sultan Qaboos had a different vision for the country. This leader met with academics and students at Sultan Qaboos University in 2000 and emphasized its commitment to establishing higher education institutions tailored to the nation's growing needs.

However, it was not until the early 1980s that the first higher education institution was established in Oman. The Banking Institute of Oman, now known as the College of Banking and Financial Studies, was established in 1983 to address the human resource needs of the banking sector. In 1984, the Colleges of Teachers, now the Colleges of Applied Sciences, were founded to produce diploma-qualified teachers essential for educating the nation's growing population. Sultan Qaboos University (SQU), the country's first university, was inaugurated in 1986. This milestone was followed by the establishment of the Ministry of Higher Education in 1995 under Royal Decree 42/95. In 1983, the Banking Institute of Oman was founded, now known as the College of Banking and Financial Studies, to supply the banking sector with skilled professionals. The following year, the Colleges of Teachers (now the Colleges of Applied Sciences) were established to train diploma-level teachers for the rapidly developing nation (Education Council, 2022). The first full-fledged university, Sultan Qaboos University, was founded in 1986. In 1995, the Ministry of Higher Education was formed by Royal Decree 42/95. Since then, the number of higher education institutions has grown to over 46 colleges and universities. Initially, the higher education system primarily catered to Omani citizens. To attract students, the government

provided generous support, including monthly stipends, accommodation, transportation, and meals. In the 1980s, enrolling in a university was akin to enjoying five-star services. Students received fully furnished private accommodations, luxurious meals, and a monthly allowance equivalent to a professional salary. These perks motivated many Omanis to enrol in tertiary institutions established in the country. However, the cost of living has risen significantly over time, while the monthly allowance for students has remained largely unchanged. As the number of students has risen, the government has struggled to keep pace with financial demands and has relied on budget allocations to provide continuous support for students. The current study examines the challenges and limitations of Oman's financial aid system for higher education. This study argues that while the higher education system has played a crucial role in expanding access to education, it remains underdeveloped and requires significant improvements to meet the evolving needs of students and the nation. These issues need to be investigated and addressed to ensure that Oman's higher education system continues to serve as a cornerstone of national development.

1.1. Aim and Objectives

This study investigates the administrative and social challenges associated with financial aid in higher education from the perspective of higher education management. The research is structured to address the following objectives:

- To examine financial aid opportunities offered or facilitated by the Omani government, particularly through the Ministry of Higher Education.
- To analyse the financial aid systems at two of the top universities in Oman: Sultan Qaboos University (SQU), a public institution, and the German University of Technology (GUTech), a private university.
- To identify key administrative and social challenges faced by the financial aid system and determine key areas that require improvement to serve students and institutions better.
- To suggest solutions to address the identified problems and enhance the effectiveness of the financial aid system.

2. LITERATURE REVIEW

- Over the years, higher education has evolved from being a privilege reserved for the elite to becoming accessible to the masses. This shift has been driven by the growing global demand

for education and national goals aimed at promoting social justice and fostering economic growth (Johnstone, 2004a). However, as higher education has expanded, so too has the challenge of funding it, particularly in light of diminishing public resources (Chapman and Greenaway, 2003). Numerous studies have highlighted the positive correlation between education and economic development, with much emphasis on the importance of investing in human capital through both public and private funding (e.g., Bill and Klenow, 2000; Friedman, 2005; Patrinos, 2000; Temple, 2000). Becker (1975) argued that investments in human capital could lead to increased productivity, which in turn could boost salaries and overall economic output. According to Hall (2006), private investment in education could yield external benefits, such as healthier lifestyles, improved family savings, reduced crime rates, and greater social stability. These studies revealed that investment in higher education could enhance workers' productivity, foster technological adoption, and promote democratic participation.

- The Omani government has prioritized human capital investment since 1970. The country has allocated more than 7% of its total annual spending to education, which is relatively high by international standards (Issan, 2019). Today, Oman boasts 76 higher education institutions, the majority of which are government-owned, with only 28 private colleges and universities. The governance of these institutions is decentralized, with various entities overseeing different institutions. For example, Sultan Qaboos University operates independently, while the University of Technology and Applied Sciences comprises 17 colleges across the country. In addition, 12 colleges and medical institutions fall under the Ministry of Health; nine are owned by the Ministry of Defense, one by the Royal Omani Police, two by the Ministry of Commerce and Trade, one by the Ministry of Awqaf and Religious Affairs, and one by the National Bank of Oman. Nonetheless, these schools are regulated by the Ministry of Higher Education.
- Over the years, higher education enrolment has increased significantly. According to the Higher Education Admission Statistics for 2021/2022, out of 39,435 General Education

Diploma graduates, 28,941 (76.1%) were enrolled in higher education programs, either within Oman or outside the country, with their education fully funded by the government. The annual number of General Education Diploma graduates typically ranges between 35,000 and 40,000. Applicants who cannot secure a spot in government-funded programs often opt to enroll in private institutions but pay for their education. Others join the military, enter the job market, or start their businesses. Even though many Omanis cannot afford private education, the Omani government remains focused on subsidizing its education system.

- Higher education in Oman constitutes a major proportion of government funding, accounting for 90% of the sector's budget. Given that Oman's economy is heavily dependent on oil, contributing 78.6% of its total revenue (National Centre for Statistics and Information, 2017), fluctuations in global oil prices can have a profound impact on the country's economy. Consequently, the fluctuations in oil revenues can limit the availability of higher education opportunities for graduates each year. The ambitious policies and continuous efforts to improve the quality and efficiency of higher education in Oman have made it increasingly difficult for institutions to rely solely on government funding (Issan, 2019). This challenge is not unique to Oman, however. Governments worldwide are finding it increasingly difficult to subsidize mass higher education (Barr, 2005; Chapman, 1997; Johnstone, 2004a). This traditional model of low or free tuition has become unsustainable and is considered a regressive use of taxpayer resources.
- Scholars have provided insights into the benefits and drawbacks of a subsidized education system. For instance, Issan (2016) outlined the strengths and weaknesses of Oman's higher education governance system in her book. Among the strengths are a shift toward privatization to meet educational and labor market demands, the implementation of quality assurance and accreditation mechanisms through bodies like the Omani Academic Accreditation Authority, the involvement of private entities in financing education, efforts to diversify and develop higher education, a focus on efficient resource utilization to ensure quality and internal

efficiency, an emphasis on research, and the introduction of student loan programs.

- Despite these benefits, the system also faces significant challenges. These drawbacks include a limited number of public universities, a heavy reliance on government funding, and the increasing social demand for higher education. This system perpetuates the dependence on tuition fees as a primary income source, leading to underinvestment in facilities and financial resources. Besides, there is a lack of clear criteria for granting financial aid to private institutions. This system puts much emphasis on inputs rather than educational outcomes. This system often leads to weak administration and no financial autonomy in higher education institutions, as staff are not incentivized to improve efficiency and productivity. Oman needs to address these weaknesses to enhance its higher education system and ensure it remains a driver of national development and economic growth.

3. METHODOLOGY

This study aims to investigate the administrative and social issues related to financial aid in higher education (HE) in Oman. The research is guided by this central question: What are the issues concerning financial aid in the HE system in Oman? This question is further broken down into three sub-questions: (i) What does the government offer in financial aid opportunities? (ii) What is the current best scenario for financial aid in Oman? (iii) What are the effects of the financial assistance system on students and universities? Both primary and secondary data were utilized in this study. Primary data was collected through personal interviews, while secondary data was gathered from scholarly journals, official reports, documents, and other relevant sources. Furthermore, the study employed one-on-one, semi-structured interviews with officials responsible for managing financial aid at the Ministry of Higher Education (MOHE), Sultan Qaboos University (SQU), and the German University of Technology (GuTech). These interviews were structured to provide a deeper understanding of the financial aid system, its implementation, and the challenges faced by these institutions. Furthermore, the study was conducted in three key locations: (i) the Ministry of Higher Education (MOHE), (ii) Sultan Qaboos University (SQU), and (iii) German University of Technology (GuTech). These public and private higher

institutions were chosen to provide a comprehensive perspective on financial aid.

4. FINDINGS

4.1. Overview of Financial Aid Opportunities in Oman

Research analysis reveals that the Omani government has made significant efforts to support students through various financial aid programs. In the academic year 2021/2022, the government-funded tuition fees for 10,876 scholarships at private colleges and universities within Oman, as well as 417 scholarships for students studying abroad. These initiatives, combined with government-funded programs, have enabled 71% of secondary school graduates to enrol in higher education. The government also provided a monthly allowance to social welfare students studying in private universities. According to the Ministry of Social Development, these students came from low-income families. Government colleges and universities offer their students housing, meals, transportation, and monthly stipends. The Ministry of Higher Education (MOHE) also provided annual airline tickets for students traveling between the north and south of Oman. All social welfare students were guaranteed enrolment in higher education, regardless of their academic performance. Furthermore, 638 diploma scholarships were offered to students from low-income families. During the COVID-19 pandemic, the government issued high-level instructions to the Ministers' Council to mitigate the financial impact on families affected by sudden job losses. Students from these families were also allowed to transfer to colleges closer to their homes at any time during the academic year, and restrictions related to course failures were relaxed. As Albattashi. G stated, "In short, we are instructed to give those students special treatment."

4.2. The Best Scenario of Financial Aid in Omani Universities

This study examined two leading institutions to understand the best-case scenario for financial aid in Oman. These institutions include Sultan Qaboos University (SQU), a public university, and the German University of Technology (GuTech), a private university.

4.3. Sultan Qaboos University (SQU)

Located in Muscat, SQU is Oman's premier public university, established in 1986. The institution admits only the highest-achieving high school

graduates and provides many financial benefits for students. For instance, students at SQU are not required to pay tuition fees. Female students from other provinces are provided with on-campus accommodation, while male students previously received a monthly stipend of 120 OMR to cover off-campus housing. However, since the 2022-2023 academic year, SQU has provided housing for male students near the campus, eliminating the need for the stipend. Furthermore, all students at SQU enjoy three free meals daily, including beverages, coffee, and tea. Daily transportation within Muscat is provided for students living off-campus. Apart from that, students and faculty have access to free medical treatment at SQU Hospital, as well as sports facilities and fitness programs. Social welfare students and those from low-income families can apply for a limited monthly allowance, which is often characterized by a long waiting list. SQU also offers a work-study program, allowing students to work part-time on campus for a set number of hours per week. However, the extensive services and financial aid SQU provided have significantly strained its budget. To address this constraint, the university has implemented cost-cutting measures, such as reducing monthly stipends, restricting stipends to male students from other provinces, and replacing stipends with direct accommodation payments (Alyaqoubi, Amal, Student Affairs Staff, SQU 2022).

4.4. German University of Technology (GuTech)

GuTech is a private university known for its merit-based admissions and competitive programs. Each year, the university provides 100 full-tuition scholarships funded by the Ministry of Higher Education. Although GuTech intends to offer more scholarships, the university has opted to limit the number to maintain academic quality. Self-financed students at GuTech are required to pay tuition and accommodation fees. However, social welfare students and those from low-income families can apply for a 20% reduction in accommodation fees by submitting the necessary documentation. GuTech also offers two types of grants for self-financed students: a 100% tuition fee waiver, awarded to one student per specialization, and a 50% tuition fee reduction for a limited number of students. Students who fail to pay their tuition fees may apply for discounts or fee waivers through a committee. The committee reviews each student's discount application and selects successful applicants based on their current circumstances.

International students can also benefit from a 20% discount on tuition fees. After graduation,

students can apply for a three-month internship at the university, where they earn a daily income based on the number of hours worked. This internship can be extended for another three months, depending on the student's performance and the university's needs. Ministry-sponsored students who fail twice typically lose their scholarships. Nonetheless, they can apply for reduced fees through a special committee that evaluates cases individually. After graduation, students can apply for a three-month internship with a daily income based on working hours. This internship can be extended for another three months, depending on need and performance. However, the university cannot afford to offer more extensive financial support to students (Albulushi, Kamla, Student Support Service Manager, GU-Tech).

4.5. Adverse Effects of the Financial Aid Systems on Private Colleges and Universities in Oman

The financial aid system for private colleges and universities in Oman has led to a number of adverse effects, both for the institutions and for the Ministry of Higher Education (MOHE). While colleges are guaranteed a certain number of Ministry-sponsored students each year, this financial security has caused some institutions to lose their incentive to recruit students or improve their programs actively. As a result, marketing efforts have been reduced or poorly executed, and some colleges have neglected to enhance the quality of their programs, even though they have government-mandated accreditation from the Omani Academic Accreditation Authority. When some institutions struggled to meet these accreditation requirements, they were prevented from enrolling new students until they passed. This move led to the closure of programs and job losses for teachers.

The financial pressure to minimize costs has also caused some universities to hire underqualified lecturers, particularly from developing countries. This poor recruitment has impacted the quality of education in the country. Moreover, while the MOHE's experiment with flexible scholarships allowed students to choose their universities, it negatively impacted less popular institutions, especially those offering subpar programs or those located in poor locations. These universities resorted to offering stipends, free meals, and interest-free loans to attract students. However, such offers led to concerns about unsustainable financial practices.

Furthermore, the financial aid system has had significant repercussions for the Ministry and other sponsors. When students drop out or stop attending without officially withdrawing, the

Ministry continues to pay tuition fees based on enrolment. This practice has wasted the institution's limited financial resources, and the misalignment between actual student enrolment and Ministry data results in inefficiencies and makes it difficult for the Ministry to meet its targets for the number of graduates. The rigid financial system, controlled by the Ministry of Finance, prevents the Ministry from reallocating unused funds to other students. This policy further exacerbates the issue. The system also allows low-achieving students who fail to complete their degrees to continue to receive support despite repeated chances for remediation. This unnecessary support further strains resources, especially when students choose disciplines, they are ill-equipped for, such as engineering and other STEM courses.

While the free education system has been beneficial to a significant number of students, it has fostered a culture of entitlement. In such a system, students from low-income families consider education a right and continue to demand allowances from the government, even after policies have changed. In some cases, students from wealthy backgrounds still legally qualify for financial aid, exposing systemic inconsistencies. Furthermore, the higher education system allows students to leave college at any point if a better opportunity arises or simply to avoid completing their studies. After all, the Ministry will pay their tuition fees. For some students, higher education has turned into a financial strategy, with students attending schools with the main to collect government allowances rather than pursuing a genuine education. This trend has been especially noticeable at the University of Technology and Applied Sciences, where some students aim for the minimum academic performance needed to retain their allowances. Similarly, some students have exploited the Ministry's partial grant programs, which aim to ease the burden of tuition fees, have been exploited. Such students, including those studying abroad, intentionally fail to make payments because they know that the Ministry will step in to cover the costs.

The social repercussions are also evident in the reduced interest in postgraduate education. Omani citizens are increasingly reluctant to pursue master's or PhD programs at their own expense. They prefer to wait for sponsorships from their employers or the Ministry. This practice has led to a dramatic shortage of postgraduates in the country. According to the National Centre for Statistics and Information, in 2017, only 1.5% of graduates obtained a master's degree, and a mere 0.002% earned a PhD. The financial crisis in Oman has led to a reduction in

postgraduate scholarships, and this situation has worsened, and the mindset that education should always be free continues to dominate. Moreover, the public's expectations have shifted from gratitude to frustration, with citizens increasingly demanding that the government solve all their problems. This entitlement mentality has become a major social challenge, as citizens expect to receive benefits rather than contribute to the country's growth and development.

5. RECOMMENDATIONS

The current study offers invaluable recommendations to address the current challenges facing the Omani higher education model. Considering the current financial challenges facing Oman, including the rising unemployment rate and the increasing number of workers laid off, the Omani government needs to take proactive measures to provide better support for vulnerable populations and improve financial management. One key recommendation is to include unemployed individuals, particularly those who have no income or face significant financial burdens such as loans or debts. This effort is particularly important as unemployment can lead to higher crime rates and severe social and emotional stress for affected families. What's more, the Oman authorities need to reevaluate the country's labor law to allow students to work part-time while continuing their studies. Currently, students are unable to adjust their course loads or change their study plans to accommodate part-time employment. Given the lack of job opportunities, many students are forced to leave their education when offered employment, even when they wish to complete their degrees. The labor law should be amended to enable students to balance work and education. This amendment will prevent them from losing valuable opportunities. To ensure students remain committed to their education, this study recommends that students be mandated to sign a contract with the Ministry of Higher Education or the sponsor. The contract should stipulate that they are not to leave their studies before graduation, lest they repay their tuition fees. However, this contract should only be enforced once the labour law is amended to allow students to work while studying.

Another pressing issue facing the country's education system is the lack of a unified definition of "low-income families" across different government ministries. The vague nature of this term causes confusion and inefficiencies in processing applications for financial aid. For example, the

Ministry of Higher Education considers families earning 600 OMR or less low-income, while other ministries set the threshold at 800 OMR. To streamline this process, a clear, unified definition of low-income families should be established across all government entities. Furthermore, there should be improved methods of validating financial aid applications to ensure fair treatment for all applicants. Currently, Omanis can easily manipulate the system by providing false documentation, such as salary letters that show significant deductions, while hiding other sources of income. Implementing more effective verification processes will help ensure that aid is directed to those needing it. As Oman moves toward the gradual privatization of higher education, the government must consider the social impact of such changes. While policies and frameworks for privatization are being developed, there is a need to raise public awareness about the evolving landscape of higher education, shift societal mindsets, and foster a culture of gratitude and proactivity. These efforts should align with the government's long-term plans for privatizing education, ensuring that citizens are prepared for the transition. Finally, the most critical recommendation is to reform Oman's higher education financial system. This reform includes decentralizing management and finance and seeking new sources of income and investment. Dr. Salha Issan's 2016 proposal to diversify income sources in higher education should be seriously considered by the Ministers' Council. These alternative revenue streams should be explored to help the government ensure the sustainability and growth of its higher education sector.

6. LIMITATIONS

This exploratory research has a few limitations. The current study assumes that the best financial aid systems are found at Sultan Qaboos University (SQU) and the German University of Technology (Gu-Tech). However, this assumption may not be entirely accurate for two key reasons. Firstly, while SQU and Gu-Tech attract top achievers with their strong academic systems and excellent facilities, these factors do not necessarily translate into superior financial aid systems. Smaller colleges and universities in Oman may be able to offer more

efficient financial aid opportunities due to their ability to manage fewer students, better resource allocation, and more effective student information management systems. Secondly, the research did not explore military-based colleges in Oman, which operate independently under the Ministry of Defence and the Royal Omani Police. These institutions provide academic training for future military personnel, with students receiving a monthly salary that increases after graduation. The financial aid structure in these colleges may differ significantly from the systems found in civilian institutions. Therefore, future research should focus on the financial aid system in military colleges or other specialized training institutions to obtain more valuable insights. Furthermore, this research fails to provide clear criteria for sampling colleges based on their financial performance or student affairs effectiveness. Future studies should address this limitation. Another limitation of this study is its focus on the perspective of the Ministry of Higher Education (MOHE) and the colleges it oversees, without considering the primary stakeholders, the students. Future research should include the views of students or their families to provide a more balanced and complete understanding of the financial aid system.

7. CONCLUSION

The Omani government has made significant efforts to ensure that most students from disadvantaged backgrounds have access to free higher education. However, the country's financial aid system is currently heavily reliant on government spending, which is not sustainable in the long term. Oman's public and private higher institutions cannot continue depending solely on governmental allocations. They need to seek alternatives to provide affordable education to students while becoming efficient and profitable at the same time. More importantly, the country needs to gradually incorporate best practices from international education systems while addressing these issues at a macro level. These steps are vital to make Oman's higher education system sustainable, affordable, efficient, and worthwhile.

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