

CHAPTER 2

DEVELOPMENT OF FINANCE, ACCOUNTING AND AUDITING

THE PROBLEMS FACING FINANCE IN THE ARAB COMMUNITY: ONLINE EDUCATION

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Abstract. The evidence based study investigating the financing procedures in the higher education institutions in the Arab communities works to identify the challenges and constraints to the education financing. On the other hand, the evidence based study investigates the possible solution to the challenges and constraints that hinder educational development in the Arab nations. The study comes up with recommendations that help the Arab and the developing nation improve their education systems through different strategies. In the current world there is a challenge due to the changes in technology that every nation is trying to adopt. The developed nations have successfully incorporated technology in their education systems, which has improved learning, especially during the current world COVID-19 pandemic. Online learning is safe and has played a significant role in curbing the spread of the virus. The Arab nations are also affected by the pandemic, which has resulted in changes in the education system resulting in increased dependence on technology. The Arab nations have a great income source since they produce the highest percentage of petroleum products in the world. However, these nations are associated with political instability and wars, which negatively influence education and technology. The key factors that influence the financing of education in the Arab world include brain drain, financial crises, increased wars and terrorism, deference between education outcomes and labour market, shortage of government resources, political instability and differences poor private sector participation, reliance on policy learning and poor technological advancements. The Arab nations, however, need to consider the challenges mentioned above and constraints to ensure that the financing and budgeting sector prioritizes education systems. Collaboration with other nation and joining world education treaties will ensure education among the Arab nations.

Keywords: Higher education institutions, the Arab world, Sources of income in the Arab nations, Education financing, constraints, higher education, online learning.

JEL Classification: F02, G29, I25

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Introduction. The higher education, secondary and primary education institutions offer the best education to improve literacy in a nation. Though every nation has a different education system, it is important to note that different styles ensure that the students effectively and efficiently acquire the education (Alkubaisi, 2020). Since the development of technology in education, many nations have adopted different teaching methods based on the country's available technology. The developed nations have higher levels of technology which has played a significant role in improving learning. On the other hand, the developing nations are struggling with the absorption of technological techniques to ensure that education levels are improved. The emergence

of the COVID-19 pandemic has shown how technology plays a significant role in learning (unsdg.un.org, 2020). As some of the nations indefinitely closed their institutions of physical learning, others changed from physical learning to online learning, which was highly supported by technology advancements.

Literature review. The Arab nations were not left behind since they were also highly influenced by the pandemic. They also employed different teaching and learning methods to ensure that they acquired the best form of education from their curriculum. The Arab nations play a significant role in developing the world economy since most of the nations are the biggest source of petroleum products. Therefore, these nations earn a lot of money. Regardless of the increased earnings from petroleum sales, these nations are highly influenced by war which negatively influences development (Eze, Chinedu-Eze, Okike, & Bello, 2020). As a result, technological development levels are low due to tension in the nations and mass destruction during wars. Education is, therefore, highly affected.

Technology plays a significant role in the line between social and economic changes. It creates a force that destroys human existence and links the human to machines. Virtual learning, for instance, ensures that there is not physical learning, and the students call to learn from different corners of the world through videos and online lectures. Students' examination is also achieved online, which reduces costs and helps nations reduce the increased spread of the world pandemic; COVID-19. Different factors are associated with the differences in education levels among the Arab nations with the European nations. This paper is based on analyze the factors that have influenced education financing in the Arab nations (Wu, Garza, & Guzman, 2017).

The paper is based on literature research and findings from other researchers from the same topic. The key factors that influence the financing of education in the Arab world include brain drain, financial crises, increased wars and terrorism, deference between education outcomes and labour market, shortage of government resources, political instability and differences, poor private sector participation, reliance on policy learning and poor technological advancements.

Aims. The aim of the article is to study the financing of education and online learning.

Methods. The research methodology involves the use of comparative analysis, general methods of analysis and synthesis, as well as other methods to achieve the goal of the article.

Results. Since the last 30 years, the Arab world has seen tremendous change and advancement in education after the nations worked towards liberation by taking education as a strategic investment. The demand for labour in the markets employment industry has increased growth in private, public and public-private institutions that offer advanced education. The growth is evident from 1953, when there were 13 public and private institutions that offered higher education (Eze, Chinedu-Eze, Okike, & Bello, 2020). Currently, there are over 750 higher learning institutions in the region. More developments are experienced as many are under construction and expected to be completed by 2050, forecasting the number to be above 1000 higher learning institutions. Regardless of the positive trends shown by the increased numbers of

higher learning institutions, there are underlying challenges that have resulted in the delays in construction, opening and delivery of the required education in the region. When comparing the education systems in the Arab nations with the developed nations and the nations in Europe, the education system in the Arab world is low and requires many changes and adjustments. Therefore, many challenges to education financing have resulted in delays and poor education systems in some regions (Wu, Garza, & Guzman, 2017). As a result, most students tend to seek higher education in the European nations and other developed regions to meet the world labour market criteria.

Higher education is highly accepted in the Arab world and plays a significant role in preparing the citizens to meet the demand in the labour market. Education in this section of the world has created a link between the outputs and the employment industry's skills. Increased education levels are a positive indication in the countries' development and the Gross Domestic Product (GDP) since there is enough skilled labour to work in the industries. Therefore, the production in such nations is increased. For instance, China and the United States are some of the nations that have capitalized on education to create enough skilled labour. The availabilities of learning modules for the students and the working has helped increased the employment required skills. Therefore, these nations have high levels of productivity. The U.S. and China are the biggest production rivals, resulting from the increased education levels. The Arab nations have highly depended on foreign labour in some sections due to limited and challenged educational financing systems.

Education Financing in the Arab Communities. The source of funding of any government project is based on the government's revenues and taxes from its projects and the public. The primary source of funding for Arab education is the government and public money. Ninety per cent of the higher education funding, for instance, is from government projects (Kirdar, 2020). In this case, the government subtract some amounts of funds from the national projects and subjects the funds to education; in cases where there is political instability, the percentage that the government subjects to education are limited. As a result, their development in the education industry is constrained. The rest of the funds (10 per cent) is catered for by the students' fees. In the Arab nations, there are few students as the population is low in these nations. Therefore, the number of students who manage to the universities and other post-secondary learning institutions is low. The government, therefore, tends to borrow and depend on the developed nations to finance education. Other than the fees and the government contribution to the education system in the Arab nations, foreign aids, scholarships, individual self payments, and NGOs' contributions have played a great role in supporting education.

Higher education in the Arab nations constitutes major institutions; the Universities comprise 65 per cent of the institutions. On the other hand, the number of private institutions has increased, which has improved the delivery of education in the region. However, the increase in public and private institutions has posed a challenge in the funding between the two sectors of education (Kirdar, 2020). Even though the government, in collaboration with the private sector, has tried balancing the conflict between the private and the public institutions in terms of financing, communication

between the two sectors is evident. However, the major issue is the amount of money generated by the private institutions and the public funding for the government institutions. The government sets taxation fee for the private sectors, which means that it is still taxing the private institution.

On the other hand, the institutions depend highly on the government project to ensure that they smoothly run in the Arab world. Therefore, there exist conflicts resulting in the closure of some of the private learning institutions. On the other hand, increased taxation has resulted in increased fees in the private sector to ensure that they offer the required quality of education.

Commercial and private organizations are the key contributions to higher education's private funding in the Arab areas (Badran, Baydoun, & Hillman, 2019). These sectors are not related to government budgeting and do not participate in any way towards government agencies' administration. As a result, they work towards identifying ties and links to the world donating bodies and the international non-governmental agencies for funding. These organizations, however, have limitations towards their educational funding. Some of the financing institutions aim at helping needy students. Therefore, the funds are subjected to a specific category in the institutions, and some donate to the institutions that offer advanced education to the people living with disabilities (Azmah & David Bond, 2019). As much as these organizations play a great role in finding education in the Arab nations, they are highly influenced by political instability. Private institutions are considered expensive and meant for rich people. Therefore, the private institutions may not get the funds from these NGOs since they aim at supporting the needy students in the public institutions of higher learning. The increased wars and political instability also restrict the non-government and the private sector from participating in the financing since learning takes longer than expected.

Key Sources of Funds for Higher Education. The Arab nations have wealthy since they are the greatest producers of petroleum products. However, four broad themes are considered the key financiers of higher education in the Arab region. Petroleum products top the sources of funding as they make the major exports from these nations. The gulf states ensure effective and efficient secondary education through stipends offered to the secondary school citizens within the region. Nations like Syria, Egypt, Yemen and Algeria do not take education as a priority. Therefore, they took the strategy of free primary, secondary education and higher education, which has attracted many students in the region (Azzi, 2018). However, the higher education finding becomes a challenge after the government keeps reducing the subsidized support. The third theme used in finding education in the Arab world is free general education for nations with limited resources like Lebanon, Jordan, and Palestine. Finally, the nations support the private institutions by ensuring that the government and privately funded license them. However, the private institutions are allowed to charge different fees compared to the public institutions, which has helped them raise funds from the students and individual contributions. The world tycoons and wealthy businesspeople have contributed to the institutions' funding through monetary and material support.

The Research Findings. Various constraints are limiting the efficiency of funding education in the Arab nations. Major variables have contributed to poor and ineffective higher education financing strategy in the Arab nations (Fardoun, Downing, & Mok, 2018). They include brain drain, the gap between the education outcome and the labour market, dependency on others and policy learning, financial crises, shortage of government resources, poor participation of the private sector, and civil society.

Brain Drain. Brain drain is the "migration" of highly skilled students to western university. The Arab nations are highly affected by the bright students' movement in the universities who go abroad to the western universities for further learning (Eze, Chinedu-Eze, Okike, & Bello, 2020). Due to the limited resources in their nations, these students apply for scholarships and seek higher learning in the developed nations. Most of the times, migration occurs from developing nations to the developed nations. When these students graduate from the westernized universities, they are offered job opportunities in these nations. There are optimal job opportunities, increased social status and quality education in western universities, which increase the number of students seeking scholarship from the Arab nations. These students can increase creativity and improve their homeland's well-being but are absorbed by the developed nations; some of these students end up changing their citizenship. Online education enables the students to also learn from their countries which helps the students who cannot migrate learn from their countries.

The gap between education outcomes and the labour market. The Arab nations have high rates of unemployment rates. The unemployment rate in the Arab world was 9.6 per cent in 2016. The rate has remained stagnant for years and reduced to 7.3 per cent in 2018. It means that more than 4 million people in these nations are seeking employment (Azmah & David Bond, 2019). When the people in these regions released an increased rate of unemployment, they work on lowly paying jobs, which has reduced the nations' productivity. There are many graduates in the Arab nations living below the level of poverty. As a result, there is no motivation to schooling, which has reduced the number of students in the universities. Therefore, the students' financial support in private and public institutions has reduced (Kirdar, 2020). When students and the community assume that secondary education serves no purpose, they tend to seek education in other nations and employment.

Policy learning and dependency on others. The Arab nations are characterized by increased dependence on other nations for financial support in the private sector and relevant education skills. The Arab nations highly depend on educational skills, including borrowed curriculum from the developed nations. They are, therefore, not able to easily adapt to the borrowed curriculum, which results in low-quality education (Alkubaisi, 2020). The Arab nations highly depend on imported knowledge and skills from the developed nations. The other nations have values, standards and cultures that are difficult to incorporate in the Arab nations. The transfer of the westernized culture in the Arab nations has failed the delivery of quality education.

Financial Crisis. Financial crisis negatively affecting government budgeting. The limited budgeting has limited the Arab nations from investing in technology that could help foster online learning. When the government is unable to meet its financial

obligations, there are chances of increased borrowing. The amount allocated for financing higher education and technology reduces, which results in low-quality education and limited chances to online learning. On the other hand, the higher institutions staff gets underpaid, resulting in strikes and absenteeism. The Arab community is associated with increased people who learn and increase their job-seeking ability to reduce the increased unemployment rates (Badran, Baydoun, & Hillman, 2019). However, the government, on the other hand, cannot financial the increased number of students due to the increased financial crisis.

Limited Government Financial Resources. The Arab nations are the biggest producers of crude petroleum. However, they are characterized by limited resources that could finance their education (Eze, Chinedu-Eze, Okike, & Bello, 2020). There are other government issues, including the importation of foods and the basic needs, which reduce the amount allocated for education purposes (Azzi, 2018). The majority of the Arab nations are located along with the world's biggest deserts; therefore, there is a limited supply of food and basic needs. The government lacks the resources that could be converted into cash to finance education. As a result, the budgeting is based on food and basic amenities. The nations, therefore, do not consider education a priority. As a result, there is also no need to capitalize on technology learning which fosters online learning. Physical learning is supported in such nations. Due to the increased spread of the COVID-19 virus, these institutions have closed indefinitely.

Participation of the Private sector and the Civil society. The private sector in the Arab world is still developing. Considering the number of private and public schools, most schools are owned by the government (Eze, Chinedu-Eze, Okike, & Bello, 2020). The private sector focuses on improving people's living standards, which reduces the focus on education. In some of the nations, the private sector works towards land reclamation to grow agricultural products. Therefore, there is little focus on education, reducing the amount of private sector budgeting on education. The situation is different in developing nations where private funding plays a significant role in financing education and other sectors (unsdg.un.org, 2020). The high standard of living in the developed nations enables the parents to pay for their children education, reducing the government burden on fees. The institutions are, therefore, not able to support online learning.

Conclusion. The role of the government in financing higher education in the Arab nations is critical. One of the strategies is ensuring political stability that will attract private investors, which will improve these nations' economy. It is also critical to increase and improve land reclamation strategies to increase agricultural production. Such strategies will reduce government spending on food and basic needs, improving the higher education allocations. It is also critical for the government to establish a higher education fund that will help the public and private sector's participation in financing higher education. The fund will help in the creation of capital contributions to support the public and private institutions. On the other hand, the establishment of a national private fund will play a significant role and encourage the private sector and the civil community. The government should come up with an education system that fits the Arab world. Such strategies will train the citizens for the available jobs, and the

rate of unemployment will be reduced. When there is increased support for higher education, the citizens can understand the need and easily employ the technology available to get every detail of the lecture. Supporting technological advancements in school, learning technology classes will increase the knowledge and skills required for the students to adapt to online learning.

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