

U.A.E - A PROMISING TERMINUS IN HIGHER EDUCATION INVESTMENT



Original Research Article

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ABSTRACT

Globalization has played a massive role in the last 2 decades fostering business and foreign direct investment. Along with its striking presence in business and strategic management, the free trade and entry of investors have equally triggered development of international student mobility in the field of higher education by establishment of academic institutions in UAE. The mobility rise in global competition and rapid expansion of tertiary education capacity are expected to catalyze the growth of higher education investment opportunities in UAE.

With a rising prominence in many aspects of economic and cultural life; with high quality education as a natural complement to their globalization process, Higher Education investment per capita in UAE is likely to exceed anywhere else in the world. Private sector investment in global Higher Education can nurture the education system in developing countries through infusion of capital, latest teaching pedagogy and research thus creating a talent pool of young scholars who can contribute to their nation's development. Private capital into education has significant return of investment scope along with trimming the gap in education quality between developed and developing countries.

Considering the investment in Higher Education in UAE, the opportunities are immense for new entrants into the tertiary education sector. It is estimated that the total number of students graduating from high schools each year in the UAE is around 20,000. UAE has quite a large number universities and colleges. Sixty percent of Dubai based universities are inside the free zones and the universities that offer more than 400 programs. As per the latest statistics, it is estimated that around 75,000 students are enrolled in Higher Education Institutions (HEI) in Dubai and Abu Dhabi alone. If the numbers from other Emirates are computed then it is definitely soaring. The school enrolments growing at 10% every year and the growing attractiveness of UAE as destination for investors in the field of Higher Education promises UAE tremendous opportunities in future.

Internationally a trend to invest more in the Higher Education sector is seen as a measure to ensure the economies develop sustainably and healthy with the establishment of Higher Education sectors in alignment with the growth of economy. However, knowing the effect of Higher Education investment and how to evaluate higher education investment are not well researched. Based on the economic and Higher Education statistics, this study aims to assess the Higher Education investment efficiency of UAE and to establish a more comprehensive and practical model to evaluate the investment efficiency of Higher Education in UAE.

Keywords:

Education,
 Investment in Education,
 Higher Education

INTRODUCTION

Ayoub Kazim (2012), managing director of the Dubai International Academic City and Dubai Knowledge Village in his research based on Parthenon Group cited that 120,000 students are currently enrolled in the UAE higher education sector, with 78,000 registered in private institutions.

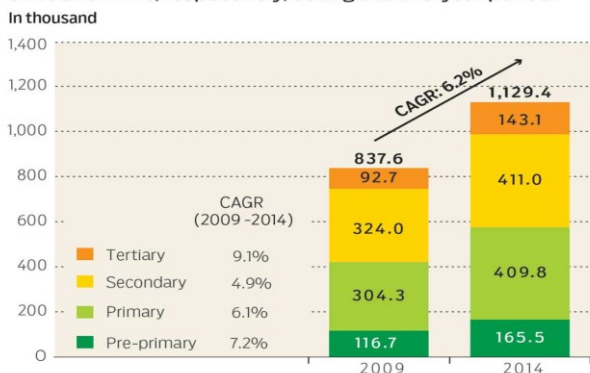
In the words of Anand Sudarshan, CEO of Manipal Global Education, the attraction of Dubai for higher education providers was policies of UAE government that were investor-friendly.

Further readings state that the total number of students in schools and universities in the UAE is anticipated to grow by 4.1% annually until 2020, promising UAE’s education sector one of the fastest growing in the region (GCC Education Industry Report, 2016).

The report published by Alpen Capita affirms the above statements stating that the highest number of international schools is in UAE and the report also showed a progressive chart revealing the steady growth in the GCC’s education sector.

Student enrolments in the UAE

More than 1.1 million students pursued education in the UAE in 2014, having increased at a compound annual growth rate (CAGR) of 6.2% from 2009. Enrolments at the tertiary and pre-primary levels grew faster at a CAGR of 9.1% and 7.2%, respectively, during the five-year period.



Source: Unesco

©Gulf News

All the above trends can be attributed to the Internationalization of Higher Education in UAE.

Internationalization of Higher Education (HE)

Globalization has manifested its presence not in all areas of industrialization starting from international business and foreign direct investment (FDI) to increase in international student mobility in higher education. The mobility rise in global competition and rapid expansion of tertiary education capacity is expected to catalyze the growth of higher education investment opportunities in UAE.

Recent question that provoke thought and research included;

- What will the HE landscape look like next decade?
- What changes are in store for HE over the next 10 years?

(Chronicle Special Report 2026: The Decade Ahead, 2016)

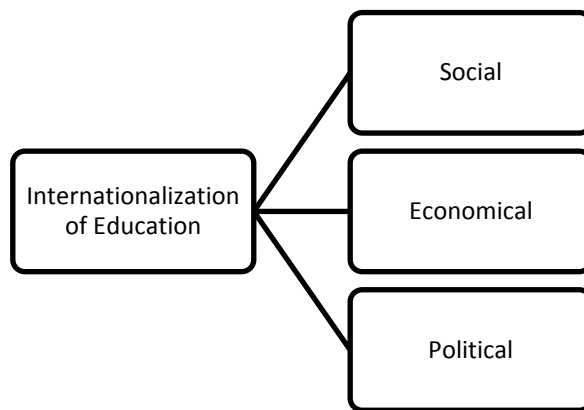
Studies suggest that the evolutionary shifts in three critical areas will have significant consequences on students and institutions as a whole. It is expected that,

- Students will be significantly more diverse and demand lower tuition costs.
- Faculty tenure policies will be re-examined as deep-seated Boomers retire.
- How colleges are preparing students to succeed in an evolving global economy

The question that the above changes put forward is how far our institutions are affected by these indicators? A better clarity will be provided in the study of the student mobility trends in UAE.

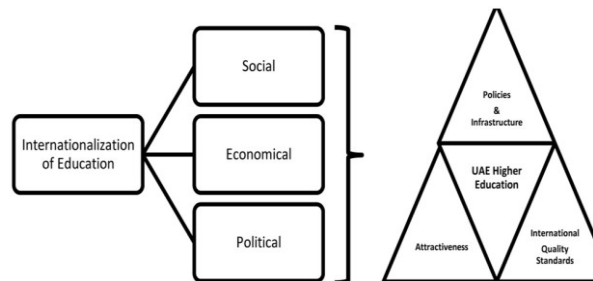
International student mobility

In 2015 research revealed Dubai as emerging education hub and international student mobility. The research findings discussed along with the literature, models to analyze the antecedents of international student mobility. The 3 category model of demand designed by Naidoo (2007) included Political, Social and Economic changes as the major drivers to increasing global knowledge economy. This model has been related to growth of UAE as a prominent player in education to portray the objective of the study.



3 category model, Naidoo (2007)

The changes in international students’ recruitment and engagement in research due to technological, political and demographic changes have eased international student mobility in UAE.



Implementation of 3 Category Model in Higher Education Sector of UAE

The technological advancements and liberalization in student recruitment norms have widened the opportunities leading to a significant growth of internationalization within universities thus making University Internationalization a strategic goal for many governments including UAE.

Student mobility in UAE and worldwide is expected to mature internationalization agendas that incorporate recruitment, research collaborations, and capacity-building.

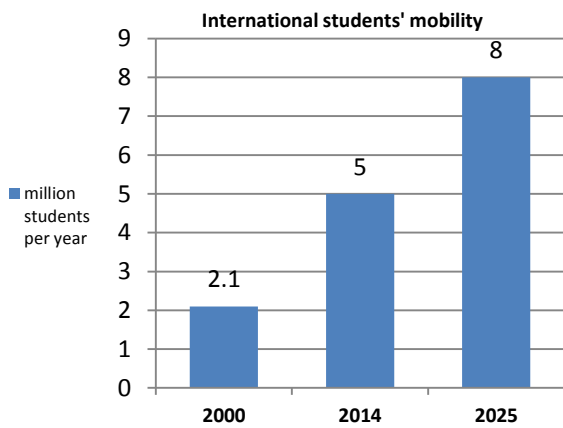
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The Oxford University 2015 Report on International Trends in Higher Education highlighted the most significant changes affecting international student recruitment and study abroad. International research collaborations and international expansion also have become an inevitable part of in development of off University campuses in addition to regular foreign university presence in UAE.

Survey reports provided by the OECD reveal the reason to the developments as,

- The role of governments in shaping campus international strategies and engagement overseas
- The role of technology in education worldwide and
- The use of higher education as a tool to achieve economic success and development.

USA and UK have been traditional destinations attracting students. They have been recently losing market share compared to Australia and Canada which has gained momentum in achieving the market share of student recruitment.



(Source: OECD, 2015)

USA still remains the most popular country for international students followed by UK, Germany, France and Australia. It is studied that in total 50% of all international students pursuing degrees in the above five countries are 53% Asian and 16.7% (sixth) Chinese.

The internationally mobile students remain to be mostly from Asia, China, India and South Korea leading as source of international students applying to international universities. Japan and Korea have high numbers of international students from neighboring countries mainly 81% of international students in Japan and 75% in Korea come from other East Asian countries.

At present India is the UK's second largest source of international postgraduates (after China). However, based on a recent British Council report the number of postgraduates in particular will form only 9% of the growth in international student numbers to 2024 of which 24,000 postgraduates are from India and 29,000 postgraduates from Nigeria.

Although student mobility slowly changes, political and demographic changes continue to shape government policies towards international students' recruitment.

UAE as growing player in student migration

After more than two decades of explosive growth in Higher Education sector, the oil-rich United Arab Emirates has become the largest host of international branch campuses globally, with over 40 international education providers by the end of 2016. However, the competition is intense in the UAE Higher Education market which has led to the supply of Higher Education providers exceeding the existing demand in the private sector.

Private academic institutions play a major role in providing higher education, with only three public universities and the remaining 75 are private Higher Education institutions. The milestone growth of Higher Education in UAE is worth taking note of as mentioned below;

- 1976:** First HE institute –University of Emirates
- 2000:** Highest percentage in the world of students attending Higher Education
- 2008:** National Authority for Scientific Research
- 2010:** National Qualification Authority
- 2016:** 78 recognized HEIs assessed by the CAA with 5 Governmental Universities

Abu Dhabi as a player in International Mobility Experience:

Abu Dhabi as the capital of UAE retains its host position by providing excellent opportunities for students from the UAE, GCC, and the Globe through having branch campuses of international leading universities such as:

- i. Paris-Sorbonne University Abu Dhabi
- ii. New York Institute of Technology
- iii. New York University Abu Dhabi
- iv. INSEAD - Abu Dhabi
- v. University of Strathclyde Business School

In addition to more than 20 Governmental and Private Universities and Colleges, also included is institutions with international collaboration such as Masdar Institute of Science and Technology -a Research-oriented university which is focuses on alternative energy, sustainability, and the environments. The Technology and Development Program at the Massachusetts Institute of Technology is providing scholarly assessment and advice to Masdar Institute.

Dubai Academic City – a strong contributor to economy through Student Mobility

Dubai has developed a special vision for contemporary education system which could empower new generation in the region with academic and scientific capabilities that would prepare them to face the 21st century work sites challenges.

As UAE moves towards knowledge economy, Dubai contributes to this effort through providing world class learning environment and support services through its two educational hubs namely Dubai Academic City and Knowledge The HE sector has witnessed a significant progress due to international wide collaboration with academic institutions in Dubai and its Western partners.

UAE, especially Dubai houses more than 26 HEIs campus branches of international leading universities with accredited degrees from the mother universities from 10 countries.

UAE is the most attractive destination for international students-Reasons

A recent study conducted in the UAE found that students preferred to study at a branch campus (Off University) in the UAE rather than at the home campus of a Western university .This preference is supported by an offering by UAE that promises the students with a blend of convenience and country-specific reasons. These reasons associated with the preference included;

- Avoiding financial expense, 'hassle' or effort by maintaining the status quo in the student's personal and working lives.
- Specific attractive features associated with living and studying in the UAE such as Personal safety and Religion
- Familiarity and comfort with the local culture and lifestyle
- Improved prospects in the local-regional labour market after graduation

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Student satisfaction at international branch campuses in the UAE- has generally found high levels of student satisfaction with institutions and programs alike. It is evident that a degree from a country with a respected Higher Education System would definitely open opportunities in the labour market in many of the countries where branch campuses operate.

In UAE, degree programs are strictly governed by the Ministry of Higher Education and scientific Research (MOHESR) with regular quality checks conducted through the Commission for Academic Accreditation (CAA) ensuring quality and standards of education is offered to students from both expatriate and national students aspiring to start or progress careers in industries.

UAE opens gates for international students-An economic perspective

The UAE, in line with its leaders’ economic diversification plan towards the post-oil era, has taken significant steps in developing more skilled professionals to fill in the current skills gap in the domestic job market.

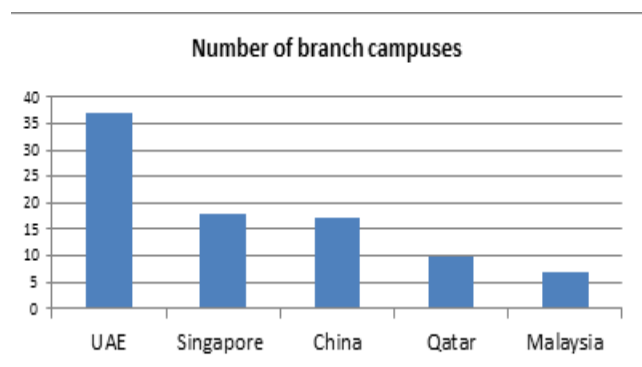
The presence of licensed private higher educational (HE) institutes has grown dramatically over the years, from none before 1990 to more than 78 in 2016 in addition to the governmental HE institutions. These institutions are essential to further enhancing the capabilities of the growing number of young nationals and expatriates alike studying in the country.

As the UAE economy further expands its services sector, which includes tourism, finance, communications and technology, among others, it will require more highly qualified human resources in order to generate jobs and maintain global competitiveness.

With the increasing population and fluctuations in oil income, higher education becomes necessary in addressing unemployment and as the nation transitions to a knowledge-based economy, knowledge production or intellectual capital can only be achieved through continuing education.

The development of culture, innovation, technology, medical sciences, music, and arts require degrees that invest in higher learning, in order to create economic value in the future. The UAE has one of the highest literacy rates in the world, with adult illiteracy reportedly at below one per cent.

Despite the challenges and multiple levels of strategic objectives to be achieved through the Vision 2021, UAE and Dubai in particular with 27 branch campuses, has been regarded as “an exemplary model” among the world’s education hubs, according to Knight (Gulf News, 2012). Although the UAE’s education hubs are less than a decade old, UAE is home to 37 branch campuses – which is of no doubt the highest number among 200 worldwide Higher Education providers.



What supports UAE achieve this heavy expectation from student migrants? Well, every question well researched has definite answers. Few examples of how UAE encourages student mobility include:

- Extensive and state of the art facility campuses in Abu offering degrees of leading universities world wide
- Dubai through its educational hubs of Academic City and Knowledge village specializing is providing the best of service and support to student migrants with ample choices of degree specializations promising opportunities to meet employer requirements.
- ASEAN have established a ‘Common Space of Higher Education’ to encourage cross-border student mobility and academic integration across Southeast Asia which has supported student recruitment in UAE.
- Europe’s successful development of the Bologna Process and European Higher Education Area, a credit transfer protocol is already underway which would in future open up more student mobility and international university integrations.
- SEAN International Mobility for Students’ and ‘Passage to ASEAN’, including 59 universities across seven countries
- The alternate programs providing virtual tours and study tour opportunities for students across the ASEAN region.
- Foreign universities have already provided more than 30,000 student placements in the Arab Gulf states and in Singapore it is expected that branch campuses will provide much of the new capacity to achieve the country’s target of 150,000 international students by 2015.

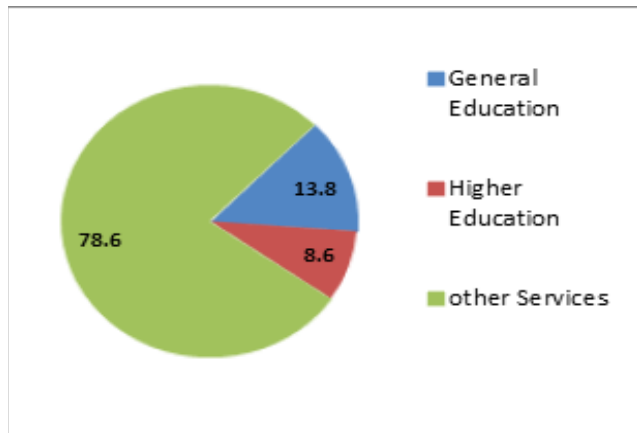
Government strategies-Education as the backbone to nation’s success

The visionaries of UAE have always believed quality starts from the roots and education is one such effort that promises the growth of the nation. It is worth noting that from the very first step in the country’s development process, UAE has paid great attention to youth and their role in building the future.

- UAE has been exerting the best effort to develop education and provide an integrated infrastructure than could utilize its potentials of citizens in the economic developments to enhance the Country’s cultural position.
- UAE was ranked 12th and 13th based on the parameters of equality of higher and primary education in the 2015-2016 Global competitiveness report. Which stated that the quality of education is reflected in the existence of renowned schools and colleges in the country
- The faster growth in UAE has been triggered due to the expansion of primary and tertiary education, facilitated by the growth of private schools and the government’s focus on HE
- As far as HE is concerned, Dubai has become the most sought education destination accommodating thousands of overseas students each year.
- At school levels textbooks are now electronic making a step toward e-learning prominence in future. Schools infrastructure is made ready for Smart and e-learning as UAE believes cannot achieve our development goals without proper education.
- UAE’s Ministry of Education has also developed a ten-year strategy (2010-2020) aimed at improving student outcomes and school life, providing access to affordable and high-quality education.
- Smart education has also been implemented through the digital education initiative. The Mohammad Bin Rashid Initiative for Smart Learning project is set to introduce smart classes across all schools to facilitate a modern learning environment by providing tablets and high-speed 4G networks by 2017. Within two years of its implementation, the program is said to have covered 800 classrooms across 146 schools.

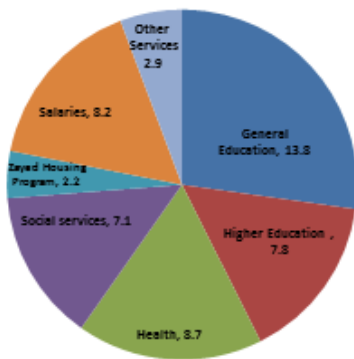
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However, though the growth has been soaring high, UAE government also has a major role to play in further growth of the education sector .The GCC Education Industry reports show that despite a budget cut due to falling oil prices, the UAE education sector received the highest allocation of the 2016 budget. This is due to the fact that in UAE, education is FIRST priority in the Government Strategies. The distribution of the development, social benefits in the Federal budget 2017 are:



UAE Budget Allocation 2017

The aim of this budget has been to develop and uplift the level of social services provided to educational institutions and international education providers through ample focus devoted to all sectors in education arena starting from salaries to health and allied services to the Higher Education providers in UAE.



Competitiveness towards Quality

Since 1990s the UAE’s HE sector has witnessed remarkable growth, guided by the state’s policy commitment, and fewer restrictions being imposed on foreign universities opening branches in the UAE. This situation has led to substantial growth in the supply of HE opportunities for the Emirati and expatriate population which has in-turn supported and facilitated the economic growth in UAE.

The UAE, in line with its leaders’ economic diversification plan towards the post-oil era, has taken significant steps in developing more skilled professionals to fill in the current skills gap in the domestic job market. UAE government strategies include a range of international experiences for students. This is supported by the faith that Higher Education becomes a fundamental pillar of national economy.

UAE as a thriving national towards global leadership highly regards education as a key pillar in achieving UAE Vision 2021.This strategy is pumped with the Federal Budget allotting AED 248 billion this year for education from 2017 to 2021.

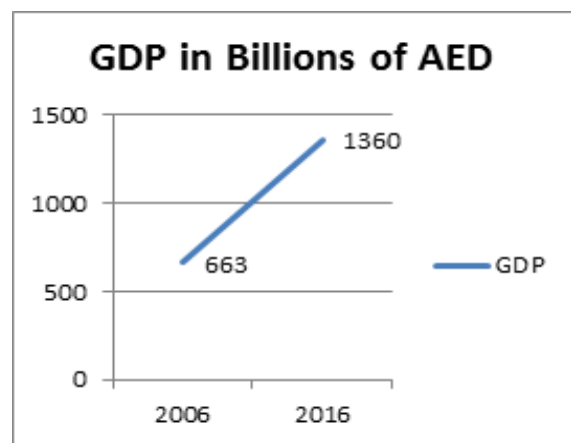
Further to facilitate the accomplishment of the Vision 2021, the following reforms have been also kept under consideration,

- Changes in UAE visa regulations have led to attraction of international students to study in the UAE.
- International branch campuses are expanding in the UAE from diversified providers (more 10 countries from the Globe)
- Establishment of many quality and regulatory bodies to maintain quality higher education so far based on international standards.
- Commission for Academic Accreditation at the Ministry of Education : Universities outside the free
- Knowledge Human Development Authority (KHDA): Universities in the Dubai free zones (Academic City and Knowledge Village) are assessed using its University Quality Assurance International Board (UQAIB) Standards.
- Each emirate oversees its own free zone institutions.
- Education hubs ought to be looking at knowledge production in addition to teaching as the next step in their evolution. The attraction of Dubai for higher education providers was policies that were investor-friendly.
- The government strategies in providing economic, social, and political stability environment have made international campus branches a viable option in the UAE.
- The focus of the UAE government on offering the advanced general infrastructure for all sectors in general and HE in particular including the legalizations for foreign universities to open their campus branches in the UAE.
- These legal policies and modern infrastructure provided an excellent environment that attracts large number of investors to choose the UAE led to a sustainable growth in the supply.
- Success in attracting large numbers of international students particularly at postgraduate level, can also demonstrate a university’s world-class reputation, which will in turn attract even more international students in the future.

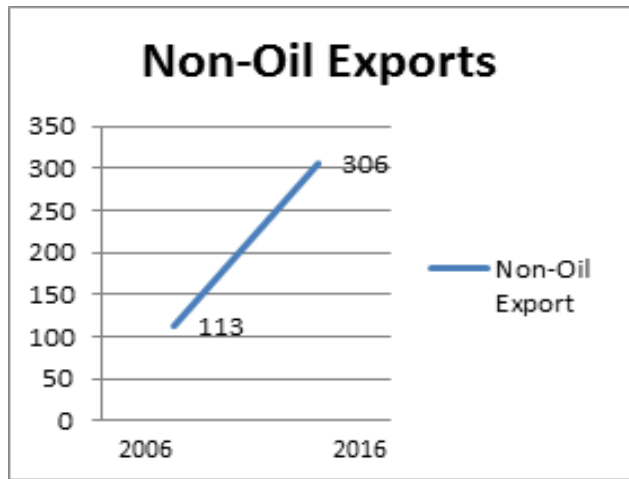
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Growth trend in UAE

The GCC education sector is projected to reach 15 million in 2020.The GDP growth rate has been on rising in UAE for the Non-oil sectors which evidently includes Education as well. The following charts show the trends of UAE for 2006 to 2016 which marks as a decade of transformation in UAE.



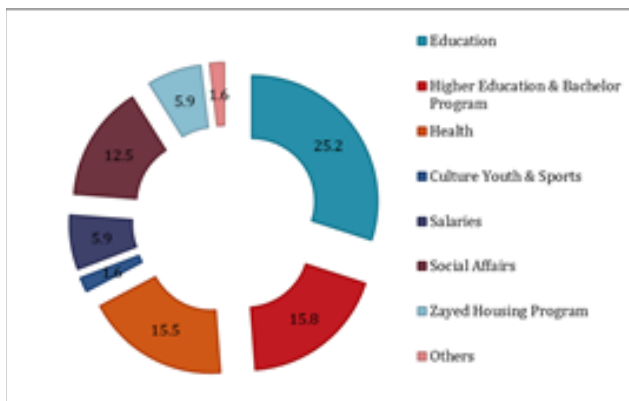
GDP growth in UAE



GDP growth in UAE

This growth trend represents investment in the education sector. The salary of teachers in UAE is one of the highest in the world. According to the World Bank recent report, it is the second after Germany.

Further the investment in Higher Education by the government is sure to pay back in rise of quality in education and economy.



Budgetary Allocation for HE (%)

The GCC education sector is projected to reach 15 million in 2020. However, challenges facing governments in the GCC include:

- The shortage of teachers in the region is the second highest in the world due to an overall scarcity of teachers globally coupled with a low pool of nationals inclined towards pursuing teaching as a profession in the GCC. The opening of new institutions in the region is likely to worsen the situation if the shortage continues.
- In the current global investment climate, private education providers find it challenging to receive sufficient funding for projects. Although banks actively provide loans to players in the education sector, they are limited to entities with a credible track record.
- As several new schools are opening and under development in the region, competition among the private players is increasing. This is also leading to an oversupply in the education market, especially in Dubai, thereby intensifying competition and impacting profitability of newer players.
- The government-imposed restriction or limitation on the fee hike is another challenge faced by the private players. With no or little increase in fees, which is not proportional to the rise in costs, private schools are unable to spend on upgrading their infrastructure and resources.

- Rather than enrolling at institutes within the region, students in the GCC now prefer to pursue education abroad, either through self-funding or with external support. Another factor driving the outflow of students is the rising cost of education in the GCC.
- The GCC education system is yet to align itself with the needs of the globalized industry. As a result of the skill gap, the member nations face a high rate of unemployment among the youth.

To review education sector’s role in country’s efforts towards sustainable & comprehensive growth, the contribution of the education sector in supporting the progress of the country, with focus on the most important initiatives to be one of the leading regional and international educational centers need to be effectively handled to produce results.

How to combat the challenges-vision of UAE

UAE’s growth is a realization of the vision and mission it follows with active research to improve quality and to advance the prosperity of the nation in the field of Higher Education. UAE vision aims it to be ‘*an exceptional system of higher education, based on innovation, academic excellence and scientific research*’ which is clearly implemented by the mission to ‘*Create an environment for higher education that leads scientific research and development, adds value to the knowledge-based economy and ensures its institutions meet the highest standards of competitiveness and quality, in line with the UAE’s National Agenda.*’

The guidelines followed by the Government to develop research and strengthen Higher Education sector includes;

- 1) Ensure access to excellent Higher education, both public and private, for all nationals and residents in the UAE
- 2) Promote leadership by educational institutions in the areas of R&D, creativity, innovation and competitiveness
- 3) Ensure the sustainability of a quality control system based on learning outcomes and academic integrity
- 4) Strengthen partnerships with industry, and enhance compatibility between educational outcomes and labor market needs
- 5) Promote a culture of continuous learning and provide smart learning opportunities
- 6) Strengthen community service and social responsibility
- 7) Make optimal use of financial resources and the complementary role between public and private education sectors
- 8) Enhance international co-operation and create an attractive learning environment for international students.

The above directions and effective leadership by the rulers of UAE have successfully embarked the journey of the nation to be the most Promising Terminus in Higher Education Investment.

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CONCLUSION

UAE vision 2021 aims to make the UAE among the best countries in the world by the Golden Jubilee of the Union. In order to translate the Vision into reality, its pillars have been mapped into six national priorities which represent the key focus sectors of government action in the coming years. These national priorities include, Cohesive Society and Preserved Identity.

- a) Safe Public and Fair Judiciary
- b) Competitive Knowledge Economy
- c) First-Rate Education System
- d) World-Class Healthcare
- e) Sustainable Environment and Infrastructure
- f) National Key Performance Indicators

To further these priority segments UAE is actively engaged in Innovation and Entrepreneurship Management which has taken a deep presence within the higher Education Sector by implementation of courses relevant to Innovation Management and Entrepreneurship in the Mid-College and Bachelor's Level. The program is strengthened with the support of University of Stanford which has supported in research and development of a curriculum that could comprehensively aide the inculcation of innovation resulting in better quality results in the areas of economic progress and diverse portfolio management.

“The UAE has come a long way in the Higher Education and Scientific Research field in the light of the dynamic changes witnessed by this sector in the recent years to become a fundamental pillar of the national economy. The sector has further fueled the overall social and economic development to contribute in enhancing the country's position as a leading global destination for science and education. The education sector has a special priority in the UAE as it is an integral part in the process of transition to an economy that is based on knowledge and innovation. Moreover, it is driven by a number of ambitious initiatives and policies that reflect the approach of excellence, leadership and innovation adopted by the country's visionary leadership.”

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