

THE IMPACT OF ECONOMIC AUSTERITY ON THE COST CUTTING STRATEGIES IN THE HIGHER EDUCATION SECTOR

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Abstract

A subject of much debate, austerity; its essence, history, and reality. In this day and age, the reality of austerity has been sprung upon us and left economies, nations and their rulers in a state of suspense. Although, it is not a novelty; it rendered some economies clueless as to how to conquer it. Austerity might as well be a test of a solid economy and a wise nation. Dating all the way back to WWII to this very moment, strong economies from east to west of the globe have faced this ordeal. The never ending mayhem between countries has raged an uproar causing serious cutbacks in the current world economy.

In economic terms, ‘austerity’ is usually used to describe the measures taken by a government during a period of adverse economic conditions, to reduce its budget deficit using a combination of spending cuts or tax rises’ (Financial Times undated). Mark Blyth has described austerity as ‘a form of voluntary deflation’. It is crucial to look at it from the higher education angle, because the transformation of higher education being implemented under the rubric of austerity indicates that austerity is not in the first instance about cutting spending. The evidence of past austerity projects demonstrates that cuts are a means rather than the primary objective, which is social engineering. However, as Stefan Collini argued at the time of the reforms, higher fees are a symptom rather than the disease. Far more fundamental is the transformation of higher education into a “lightly regulated market” and, above all, the hierarchies that this will generate.

In this humble research, instead of reinventing the wheel, we traveled through time to take a look back into how renowned nations worldwide have dealt with the harsh conditions of austerity and determine what were the keys that lead them out of the abyss of its dungeons; surviving onward from stability to prosperity. We are linking our findings to go hand in hand with the vision of the kingdom of Saudi Arabia for 2030; making the higher education sector and its operations our focal point. We believe that the higher education sector acts as the roots from which our economy will bloom. Even in a time of fiscal austerity, education is more than just an expense, Arne Duncan. For the deeper the foundations, the stronger the fortress.

Rather than limiting resources and raising taxes, there are far more efficient countermeasures that will generate a spark igniting our economy. We uncovered some unconventional strategies that are far more efficient in reviving the economy of a nation without alarming it. We hope that our work has shed some light on effective cost cutting strategies that will play a role in the implementations of the vision of our kingdom.

Although much remains to be done, our work generates valuable findings in the field of economy. Despite our best efforts to sum all the cost cutting strategies developed to brush off the effects of austerity, there are countless measures to be taken depending on the unpredictable variables of the economy; that even financial experts have struggled in vain to establish tactics to overcome their negative setbacks to the booming of their economy. We came across numerous valuable strategies that we could not include in our research due to political obstacles and their implementation is restricted within a very controlled setting that rendered them inapplicable in our case scenario. Due to the scarcity of resources and the ever-shifting reality; we believe that we have not done the higher education sector justice by the limited countermeasures that we found, for it is a noble field; worthy of empirical scrutiny.

So the message of this paper is to continue seeking ways to expand revenue to higher education, but to remember as well the limitations, complexities, and unintended consequences of cost cutting, and to maintain higher education as a priority, requiring a continued commitment of public attention and government support.

Keywords: Austerity, Economic Conditions, Deflation & Countermeasures.

