CHAPTER SIX

CONCLUSIONS
Conclusions

Lack of Linkage between the labour Market and the Universities

1- It is heartening to note that the number of the students in the universities in Jordan has been increasing by leaps and bounds, but it is depressing to observe that, at the same time, the unemployment of the educated persons also has been rising and there is no coordination between the labour market requirements and the skilled supply of persons provided by the universities.

2- This is because no information and incentive system has been evolved in the universities to provide the linkage and keep the students and the administrators and high-ranking policy-makers continuously informed about the requirements of the labour market and the incentives to do so.

Financial Crisis in Public Universities.

3- Yarmouk University and other Public Universities in Jordan have been suffering from allocative inefficiency, distributive inequality and severe financial crisis. This financial crisis is becoming deeper and deeper with the passage of time and is likely to affect adversely the quality of education if the financial management system is not changed basically. Financial crisis has been taking a heavy toll of the goals of the universities and has been sapping their vitality to face new emerging challenges that have been cropping up in this fast changing economic and social scenario.
(a) In the context of increasing social demand for university education, the cost-structure of the universities has been swelling due to inflation and other related reasons and the Government donations are shrinking while individual universities' share in Government tax revenue has been declining due to increase in the number of universities among which a fixed portion of tax revenue is to be distributed according to a predetermined distribution formula. This is also due to prevalent recession in the economy which implies less total tax revenue to be distributed among universities. Costs have gone up, but tuition fees have not kept pace with the rising prices due to inflation.

(b) Self-revenues (including tuition fees) as the percentage of total revenue (minus deficits) of the public universities and as the percentage of the recurrent expenditures of these universities has been going down.

5- Another noteworthy and startling feature of the public universities finance is that about 60-80 per cent of the total revenue of the universities is consumed by the salaries of the academic and the non-academic staff only. So, for capital budgeting, and for other expenditures, a very small portion of revenue remains to be spent which deprives the students and the teachers of the needed academic facilities in terms of laboratories, computer devices, books and periodicals in the libraries, research programmes and
construction of buildings. This has also led to the swelling deficits in the budgets of the public universities.

**Salaries of the Non-Academic Staff - A Great Burden.**

6- It is here also worth observing that the strength of the non-academic staff has proliferated many times. Growth rate of the enrollment of the students and that of the non-academic staff have been much higher in comparison with that of the academic staff. So every year, the number of the non-academic staff members has been increasing without any limit though functionally a smaller number of them is required. This puts a very undue burden on university finances every month, because at the end of every month and the beginning of the new month, salaries to all the employees (non-academic and academic) have to be paid first.

**Imperfect Managerial System**

7- Most of these deficiencies have cropped up due to the wrong administrative structure and imperfect financial management system in the universities in Jordan. If they are improved, many of these problems will lose their biting edge. More autonomy for the universities, less governmental interference, decentralization of power and clear demarkation of power, duties and responsibilities at various levels of administration are the need of the day.

**Financial Crisis Assuming Ominous Proportions**

8- Financial crisis in public universities in Jordan has assumed such ominous proportions that if the structure of financial management in these universities does not take a U-turn, quality of education and
other higher goals of the public universities and also their finances will suffer a great setback.

- Traditional Budget System at Fault

9- At present, the line-item budget system i.e the traditional system for budget preparation is adopted in the public universities wherein certain percentages are added to the past figures of the different items in order to arrive at the new estimated figures for the present budget. No scientific approach is here adopted. Also in the accounting system a cash basis is adopted which gives a false picture of revenues and expenditures and does not distinguish between recurrent and capital expenditure. But now as there is a severe resource crunch being experienced by public universities, they are gradually realizing that there is something basically wrong with their financial management system and budget system.

- Use of Modern Financial Techniques-Necessary

10- At present, the authorities in the public universities are not using any modern financial management techniques which may show to them the points of their weaknesses and deficiencies in financial management so that they may rectify their mistakes and remove the loopholes earlier and thus they can be saved from suddenly being surrounded by unsurmountable financial difficulties. For this, the techniques of ratio analysis, growth indices, regression analysis can be used.
Budget Not Used as A Controlling Device

11- At present, budget is not used as a control device to monitor and control the financial operations and other related activities in the universities continuously throughout the year. So there is no control on undue expenditure and there is no search for fresh revenues.

Prospective Planning - Necessary.

12- Planning and control are missing in the present financial management system in the public universities in Jordan. There should be planning for 5 or 10 years and the budget every year should emerge as the part of this prospective planning. Forecasting has got a great role to play and we have to plan in the present for the future ahead. Also there should be continuous monitoring and control of the financial operations throughout the year.

Planning, Programming and Budgeting System should be Adopted.

13- In order to capture the deficiencies and the loopholes in the financial operations and to rectify them in time, the modern techniques of ratio-analysis, regression analysis, fund flow analysis and growth indices can be used as we have already observed. For Planning, Monitoring and Control of the financial activities, the PPBS i.e. planning programming and Budgeting system should be utilized in place of the traditional Line-Item budget system. Unless this is done and many-pronged efforts (of economising expenditure and finding new sources of revenue) are undertaken to meet the financial crisis, there is no hope for the bright future of the public universities in Jordan.