

Corporate Governance in Saudi Higher Education According to 2030 Saudi Vision

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Abstract

Due to current globalization trends and economic changes, countries are increasingly facing the task of diversifying resources in order to improve their economic status while improving sustainability. Saudi Arabia has been facing significant changes and challenges. As a result, the importance of improving the quality of higher education in Saudi Arabia became an urgent necessity. The author argues that the principles of higher education governance need to be applied to attain best results that support the Saudi 2030 transformational vision. This paper discusses corporate governance in general. Then, it presents the current governance systems of universities in Saudi Arabia. The final section discusses higher education governance in Saudi Arabia under the light of the Saudi 2030 Vision. This study aims to test the extent of the university of Jeddah employees' understanding of the main principles of governance. Key corporate governance principles applied in this study are the following: transparency, accountability, and effective participation. The study shows that employees' knowledge of the principles of higher education governance varies depending on the university's management system, which indicates that Saudi universities in general need to develop strong governance systems in order to achieve the goals of the Saudi 2030 transformational vision. The author offers several recommendations to help universities design improved governance systems.

Keywords: *governance, corporate governance, economic growth, transparency, higher education governance, Saudi 2030 Vision.*

Introduction

Research into public services in Islamic countries is a key part of the ecosystem of halal services (Kadirov, 2019; Kadirov, 2014). Higher education is the engine of economic revival. Human capital is the main source of power in organizations. Nowadays, Saudi Arabia is facing a number of economic challenges due to globalization, demographic trends and economic growth. The Kingdom of Saudi Arabia established its 2030 vision which stipulated that public sector organizations develop modern governance systems to advance management systems under the supervision of the Economic Affairs Council. This meant that Saudi universities had to build strong governance systems to help them achieve the goals of Saudi Arabia 2030 vision. This programme requires highly qualified people to build the nation's future.

Previous studies assumed that the application of governance in Arab countries lack efficiency due to traditional methods of teaching, unclear policies, poor interorganizational communication, and resistance to change. On the other hand, higher education in the Middle East is facing challenges such as bureaucratic systems, centralization in decision making, authoritative regulation, and poor participation of instructors/students in decision-making. Also, problems include the universities' resistance to change and absence of innovation (Shareef, 2007). Higher Education in Saudi Arabia is facing challenges as a result of the high demand for higher education, the population growth and geographical wide spread, the effectiveness of the partnership of higher education institutions with other organizations especially in the field of scientific research and technical improvements. Other challenges can be classified under the ability of higher education to cope with the fast global changes in technology and education that happen as a result of globalization. Moreover, the Saudi higher education is trying to advance the level of efficiency inside the universities and advance the level of the universities outcomes to meet the needs of the labor market. As a result, universities have to improve their regulations, and update their educational and training programs. The study discusses five of the main governance principles that need to be applied in the new Saudi universities governance system. These principles are: transparency, accountability, responsibility, effective participation and functional empowerment. This study measures the employees' ability to apply these principles in order to achieve effective corporate governance under the premises of the Saudi 2030 vision.

Problem Formulation

Universities in Saudi Arabia are trying to advance their plans and regulations in response to the Ministry of Education's strategic plans and goals. Saudi Arabia has announced its 2020 transformational plan and 2030 Saudi vision. Educational organizations play an important role in this transformational process. Universities are the engine of success. The outcome of universities are future citizens. However, there is a lack of research looking into the understanding and application of the educational governance in Saudi Arabia. The problem this study uncovers is that the employees of the University of Jeddah are not familiar with the principles of governance. The University of Jeddah is one of the new established universities. According to the university's website, the University of Jeddah pays attention to corporate governance in general. The university has a plan to apply corporate governance in its managerial system. The study describes the extent to which employees understand main corporate governance principles that need to be applied at the University of Jeddah.

Importance of the Current Study

According to the Saudi Ministry of Education, the new universities system requires the existing universities to diversify their funds to achieve independence. Universities have to realize the disciplined independence of the universities, to build their academic, financial and administrative regulations. In addition, applying the new universities system will achieve a reflection of the contents of 2030 vision in the administrative organization of universities including organizational structures, powers and performance indicators in the educational, research and administrative fields (MOE, 2020). University employees need to understand the major elements of higher education governance. This study explains higher education governance elements. Then, it presents how employees can apply the elements in their planning system. The study shows the extent of the employees understanding of higher education governance system in Jeddah University to help employees in achieving the new system goals.

Corporate Governance Concept

The explanation of concepts helps readers to understand the context of the study. The definitions contain common concepts related to corporate governance in general and university governance in specific. Governance can be defined in general as the establishment of policies and continuous monitoring of their proper implementation by the members of the governing body of an organization. Governance contains the required mechanisms to balance the power of the members and their primary duty of enhancing the viability and prosperity of the organization (BusinessDictionary.com, 2018). The purpose of governance is to articulate the common public interest and to realize its goals while determining the limits of authority in theory and in practice. Corporate governance has been suggested as one of the most important commerce terms of the 21st century. There are significant differences between the definitions of the corporate governance system based on cultural, economic, and other conditions of each country (Lock & Seele, 2016). The Organization for Economic Cooperation and Development, OECD (1999) original definition is that "corporate governance specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and other stakeholders, Corporate governance spells out the rules and procedures for making decisions on corporate affairs. It provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

The OECD - The Organization for Economic Cooperation and Development- main objective is to promote policies that improve the social and economic level of people around the world. The OECD wants to provide a forum in which governments may work together to solve shared problems that affect the economic, and environmental issues related to residents. Moreover, Corporate governance aims to set up an environment of confidence and trust over those who have competing and conflicting interests. The World Bank has defined corporate governance from two different perspectives. From the company's point of view, the relation between different stakeholders such as owners, management, employees, customers, investors, suppliers and communities. The other perspective to define corporate governance is that if corporate governance structure can be established, a nation's system of corporate governance can be viewed as an institutional matrix that figures out the relations between owners, boards and top managers, and determines the goals followed by the corporations (World Bank, 2002).

Literature Review

There are different studies that discussed corporate governance in general and higher educational governance in specific. Though there are many studies have been written about the Saudi universities governance, there are limited studies discussed higher education governance in Saudi Arabia according to Saudi 2030 vision. This section presents the previous studies then it will explain theories related to the corporate governance.

Dobbins, Knill & Vogtle (2011) provided an integrated framework for the analysis of higher education governance to allow more systematically trace the changes that European higher education systems are currently undergoing. The paper argued that, despite highly insightful previous analyses, there is a need for more specific empirically observable indicators of policy change and inertia. The paper offered systematic classification of empirical indicators of higher education governance. The paper described three historically entrenched and still highly relevant European models of higher education. Based on these models which reflect the tensions between the state, market and academia, researches developed three ideal-types that take internal university governance as well as the role of the state and external stakeholders into account. Abu Karem & Al Thwaini (2014) investigated the perception of faculty members in the colleges of education at the University of Hail (HU), and King Saud University (KSU) in Saudi Arabia toward the degree of implementing governance principles in their institutions. The study concluded that researchers recommended the following: applying democracy principles in colleges of education administration, emphasizing female faculty members' involvement in college administration, and universities in Saudi Arabia must be asked to apply governance requirements. Pavan (2016) answered three questions about the challenges posed within Saudi Arabian society by recent developments in the Kingdom's higher education policies, namely: Is the promotion of higher education in accordance with religious values and heritage in Saudi Arabia? How can the Saudi Arabian vision of higher education reconcile globalization with respect for traditions, culture and beliefs? How does the current rapid development of higher education in Saudi Arabia affect social change in the country? Pavan's paper makes the point that, although education per se is not seen as a threat to religious values and heritage, the advance of globalization is sparking a debate inside and outside Saudi Arabia on how to reconcile tradition and globalization within the framework of the Kingdom's vision and plans for its higher education system.

AlKaser (2018) aimed at clarifying the concept of governing universities and measuring its validity to develop universities. The study also aimed at showing the relationship between applying the inclusive quality criteria and the effect of administrative governance. To achieve these goals, the researcher used the descriptive methodology; the tool of the study is distributed to the study population of university teachers and academic leaders at private universities. The study proved that governing private universities in Riyadh is too high (4.16). thus, the study rejected the assumption which says that there is no relationship between the inclusive quality criteria and the administrative governance. In addition, the study proved that there is a medium relationship between the independent variable (software quality criteria) and the dependent variable (administrative governance). Al-muslat (2018) assumed that their study revealed the degree of practice of the principles of governance in the new established Saudi universities to come up with the difficulties facing these universities practice from the dean's point of view. The study used the descriptive method to achieve the objective of the study. The study found that there is no variable of statistic indication in regard to the degree of the practicing of the governance principles.

Alshammari (2018) identified the degree of the application of governance principles in private colleges in Riyadh from the viewpoint of their leadership and faculty members. And defined the obstacles of applying these principles and the suggestions to apply and develop them as well as the statistical differences according to the study developments. The study used the analytic descriptive approach. The subjects of the study are all the six private colleges in Riyadh with 180 leader and member. Moreover, the researcher conducted a questionnaire containing the initial data and three axes. The results indicated that the degree of applying the governance principles was intermediate. However, the most important obstacles were the unclear systems and policies of the colleges, the weakness of applying these policies by the employees. The results also showed that there are differences between the average of responses for the Study sample due to gender variable in favor of males with ten-year experience or more. The study recommended involving the colleges' staffs and the local society in the process of decision making. Al-Shammari (2018) identified the concept of university governance, the reality of applying its indicators in Saudi universities, and presented a set of proposals that support the adoption of these indicators. The study ended with an impact on these indicators in achieving the vision of the Kingdom 2030. The study used the descriptive method that was adopted by the analysis of the current higher education and universities system, as well as analysis of the vision of the Kingdom 2030, and its programs and objectives, in addition to the direct observation of the administrative reality applied in the universities, supported by the results of studies and research that were related to the subject of this study.

Theories Related to Corporate Governance

There are few theories related to corporate governance. Governing roles are one of the least studied in the entire spectrum of argued industrial activities. Clarke (2004) assumed that corporate governance is analyzed around major theoretical frameworks. The most common are agency theories, stewardship theories, resource-dependence theories, and stakeholder theories. The selected theories are related to the higher education governance under the light of Saudi vision since the Saudi universities consider as public institutions.

Agency Theory

Agency theory considered as the dominant theoretical framework on researches of governance. The agency theory has been used by scholars in economics, accounting, political science and marketing. In relation to corporate governance, Agency theory is an economic approach to governance. It depends on the relationship between the shareholders or owners, who described as principles and the managers of the organizations who described as agents. Organizational control or corporate governance is described in the contract between the principal and agent but determined by financial remuneration (Eisenhardt, 1989). Agency theory is built on an economic model of man in which the principal and agent are interested in their own financial gain.

Stakeholder Theory

Stakeholder theory is built on the idea that the main purpose of business is shareholder profit. The theory introduces the concept which indicates that there is a broader institutional and external range of actors and interests to consider in regard to the obligations and performance of any organization. Each actor has a "stake" in the organizations. Stakeholder theory can be seen as more collaborative approach to business between the firm and employees, government, suppliers and the community (McAlister, Ferrell & Ferrell, 2003). Organizations

contain different stakeholders. The stakeholder's theory assumes that organizations should be managed with consideration of stakeholders.

Resource Dependency Theory

The resource dependency theory describes the relationship between the environment, the organization and other organizations. Conforth (2003) stated that organizations crucially depend on other organizations and actors for resources. The main assumption of resource dependency theory is that corporations must be linked with both the external environment and other organizations as they are dependent upon them for survival. Directors can set boards of other corporations for a range purposes which include the connection between the community and the organizations and to protect the corporation from any environmental threats. The theory contains two main roots which are: economic and sociological roots that have been concerned with the power distribution within an organization (Zahra & Pearce, 1989).

Stewardship Theory

Stewardship theories argue that the managers or executives of a company are stewards of the owners, and both groups share common goals (Davis, Schoorman, & Donaldson, 1997). Therefore, the board should not be too controlling, as agency theories would suggest. The board should play a supportive role by empowering executives and, in turn, increase the potential for higher performance (Hendry, 2002; Shen, 2003). Stewardship theories argue for relationships between board and executives that involve training, mentoring, and shared decision making (Shen, 2003; Sundaramurthy & Lewis, 2003).

Principles of Corporate Governance

The department of Education and training in Queensland government has identified six foundation principles of corporate governance framework as identified by the Australian Public Service Commission. These principles are: accountability which means offering convenient mechanisms to confirm the agency following to all applicable standards. The second principle is transparency and openness which indicates having clear roles, procedures and responsibilities to exercise power in decision making. The third principle is integrity which means to act ethically in regard to the interests of the agency. The fourth principle is stewardship to use every chance or opportunity to reinforce the value of public assets and institutions that have been resourced to achieve the aim of the organization. The last principle is leadership the government assumes that to achieve agency-wide commitment, leaders trusted to the agency's care. The fifth principle is efficiency that confirms the best usage of hip has to be one of the main principles (qed. 2018).

Transparency

Cambridge dictionary defines transparency as the characteristic of being easy to see through (Dictionary, 2018). Johnston (2006) said that transparency helps business to be conducted in such a way that all needed information is available to people and the presented information is understandable, taking privacy and security of information in consideration.

Accountability

Business dictionary defined accountability as the obligation of an organization to account for its activities accepting responsibility, disclosing the results in a transparent way. Accountability contains being responsible of money and other property. Johnston (2006) defined accountability as the procedure that ask directors and their followers to follow the standards and rules that has been applied, then indicate that the firm has followed the procedure and provided accepted results.

Effective participation

Cambridge dictionary identified the term participation as when a person take part or becoming involved in something. Maseko (2015) assumed that participation of shareholders in the direct and indirect control of the company has to be considered for good corporate governance practices. The writer claimed that shareholders have the rights to participate in main corporate governance decisions such as nominating, assigning and removing external auditors.

Functional Empowerment

Sadan (2004) has identified functional empowerment as community empowerment assuming that the community is responsible to create new economic, social and political values to the citizens. Community empowerment is the creation of access to social and economic resources. Many writers claimed that the empowerment of the professionals is an important factor in building successful plans (Guterman & Bargal, 1996).

Corporate Governance Participants

The structure of ownership has important implication in regard to the corporate governance framework. Shareholders controls companies but in some instances ownership is controlled by state which allows higher level of governance challenges. Controlling shareholders have strong incentive to control the management of the firm with useful effects on the governance of the company (Oecd.org, 2018).

Stakeholders

Stakeholders are responsible of the firm decision making process. The stakeholders are the shareholders, directors, employees, suppliers creditors and other interested parties. Corporate governance is managing the way stakeholders communicate with each other to present corporate decisions. The main participants in the corporate governance are shareholders, directors and officers (Spencer, 2018). Harmanson defined the role of Stakeholder in corporate governance as to delegate authority to the board of directors, which in turn appoints a management team to control the organization to achieve agreed-upon goals within a framework of acceptable organizational behavior. Regulators, associations, and the legal environment influence the nature of acceptable organizational behavior.

Management

Management is the major driver of corporate governance. all organizational governance models recognize the central role of management as one of the drivers of organizational

governance. By setting the tone at the top (Treadway, 1987) and handling the day-to-day operations of the entity, management's influence on the quality of governance is significant. Management is responsible for monitoring organizational risks and implementing controls to mitigate such risks.

Shareholders

Shareholder or investor can force better corporate governance. Historically, individual shareholders, whether institutions or private persons, have had little chance of influencing the board or management given the fragmentation of ownership. Shareholders can ask questions at the annual general meeting, but they would need a majority of votes in order to pass a motion that was binding on management. Even institutional shareholders do not, in most countries, hold as much as 5 per cent of the ordinary shares of one company.

Internal Auditors

Bota & Rachisam (2013) claimed that regarding to the last changes in the international economy, the expectations from the internal auditor department in the organizations become higher. The strategic position of the organizations makes the internal audit function as a central point of interests for the manager, and shareholders. The role of internal audit is to achieve the global vision among the corporate governance system and its effectiveness.

External Auditors

External auditors' role in corporate governance and financial reporting is not only recommends means whereby a variety of internal issues can be addressed but also considers various ways in which the external auditor and audit committees contribute to the process of corporate governance. Problems related to asymmetric information, information disclosure, transparency between corporate managers and shareholders, and factors contributing to insider trading are covered as well as the various ways in which the external auditor and audit committees can contribute towards enhancing corporate governance structures and measures. the external auditor's expertise as appropriate for addressing agency problems whereby corporate managers, at the expense of shareholders, are compelled to act in their own interests, The Role of External Auditors in Corporate Governance is to draws attention to the audit committee's roles, presenting them as being both as a vital and complementary as corporate governance tools. It also highlights the importance of measures which need to be in place if the external auditor's contribution to corporate governance is to be maximized (Azham, Ojo, Heang, & Yusof, 2016).

Higher Education Governance in Saudi Arabia

The term governance has been popular in Saudi Arabia after the announcement of the Saudi 2030 Vision. The government sectors started to update their visions, missions, and plans to be aligned to the Saudi main vision. This chapter describes higher education governance in Saudi Arabia then it introduces the Saudi 2030 vision. On the other hand, the Ministry of Education is adapting flexible policy to promote excellence and innovation. The policy is trying to create mission differentiation between universities which as a result will provide high levels of autonomy to the system. Currently, the Ministry of Education has direct control over all universities. Saudi universities are in need to autonomy over their operation and

direction and over the way they allocate resources and promote high quality in educational process.

The positive contribution of tertiary education is increasingly recognized as not limited to middle-income and advanced countries, since it applies equally to low-income economies. Tertiary education can help countries become more globally competitive by developing a skilled, productive, and flexible labor force and by creating, applying, and spreading new ideas and technologies (Chattopadhyay, 2007). Higher education provides many purposes. It is the main factor in the knowledge economy. Higher education prepares young people to be specialized in majors that support the current market. All society's sectors have an important role in presenting quality in learning and educational opportunities. Learning opportunities are not limited to the school systems. All residents can join learning activities (Valdés-Cotera, Wang, & Lunardon, 2018). Providing qualified educational programs help in decreasing poverty, and inequality. On the other hand, providing formal and non-formal education help in increasing the level of qualified citizens and provide high awareness of health. The modern universities are not only a knowledge producing institutions however universities nurtured the major and emergent cultural models of society. Part of the universities importance is the participatory governance which means that universities can be partly credited. However, each university has its own vision, board of directors, and shareholders that by the end have to support the Saudi vision and supporting group of the established programs.

Human Capital

The value of human capital investment has been increased. Researchers argued that investment in human capital through government higher education expenditure leads to substantial positive externalities. The great public funding for education is urgent to increase the productivity of labor force. The cost of investing in human capital has been increasing to levels that its returns no longer outweigh the costs (Curs, Bhandari & Steiger, 2011).

There is an important service provided by the universities to society in the care of human capital to support the development of the country at the social, economic and scientific level. In this endeavor, universities must ensure equal access to education for all, to those with special needs and to disadvantaged groups in society. Universities have a responsibility to ensure that their academic and research programs are not only subject to the requirements of the labor market. And encourage multidisciplinary approaches to link applied natural sciences to social sciences. The teaching staff should take into account the adoption of a multidisciplinary approach to teaching and the integration of natural, applied and social sciences so as not to lose knowledge of their context. Equally, universities must ensure that specialized courses include such things as the environment, social impact and ethical implications of scientific activity. Students need to be introduced to ethical concepts, social responsibility, awareness of global challenges, and encourage them to work locally and think globally. And encourage intercultural exchange programs among educational institutions in other countries, so that universities can help further promote the concept of multiculturalism and improve understanding skills of other cultures.

Social Responsibility

Saudi Universities in general have carried social responsibility as an important part in their missions. One of the important aspect for Saudi universities is the formulation of productive and responsible citizens and the promotion of broad participation in the civil society and the

development of skills and attitudes to achieve this, which is important in higher education. This is often known as the "third mission", which involves technology transfer, innovation, and continuing education. This aspect of higher education is an essential part of the University's commitment to the whole community and is equally important to the educational experience and experience of each student. Although this dimension of higher education is important, it is rarely mentioned in the curriculum.

Students make a huge wealth of valuable resources in helping the communities the University provides. In addition to the fact that students involved in community partnership can learn how to deal with social, political and cultural issues, this engagement reinforces the sense of civic responsibility and encourages greater sense of responsibility among graduates and makes them willing to improve the lifestyle of all segments of society. Universities in developed countries encourage their students to think about the service of the international community in developing countries at an increasing rate, and this type of participation fosters new types of multicultural cooperation and understanding.

Environmental Sustainability

By promoting sustainable development practices in each university, universities offering energy-saving measures and encouraging the use of renewable energy sources on campus. They can also reduce waste disposal and waste recycling. And thus can create an attractive, healthy and safe university environment for both faculty and students. Management that takes environmental sustainability into account is closely aligned with other responsible management policies. Universities therefore have to practice Islamic rules, justice, transparency and accountability most importantly, the full participation of students in these processes through which the university can teach its students important aspects of social responsibility.

Scientific Research

The nature of the scientific research is necessary in the production of knowledge to serve the community and improve the quality of life. In order to improve their position in the global rankings of universities, some universities have begun to close some sections with a modest research output and starting to attract highly skilled researchers from developed countries. However, scientific research is not necessarily the primary message of most universities. Some advanced research in medicine and genetics, for example, raises ethical issues and can have serious social implications. Universities have a responsibility to ensure that these issues are handled responsibly not only taking into account the local ethical environment but also its global profile.

Souza (2018) assumed that advanced technology and the intensification of competition have led to increased fraud and corruption, and if this is added to the desire for prestige and prestige, this in turn leads to manipulation of the results of scientific research as well as plagiarism in scientific papers and theses. Universities should take all steps to avoid the occurrence of such cases and inculcate in the hearts of faculty members and students the social consequences of fraud and fraud. With the overall decline in funding, scientific research is mostly funded by the private sector. There are cases where the private sector funded scientific research aimed only at promoting private reconciliation in the fields of pharmaceutical, agriculture and food products.

Economic Growth

The economic value of higher education has been discussed widely in economic theories. There are many characteristics that apply different emphases. The first characteristic presents higher education as a consumption of good, which see higher education as intrinsic value. Endogenous economic growth theory suggests that the investment in higher education will promote economic growth if financed through non-distortionary taxes by creating a labor force that is more productive and better able to create and absorb new technologies (Barro 1990, 2000; Barro and Sala-i-Martin 2004). Alternatively, a few researchers have found a positive relationship. Furthermore, micro-level studies consistently show a positive relation between higher education spending and local economic growth. One possible explanation is that the impact on growth will depend upon the region or state in which the investment is made. The visionary authors of the Faure Report (1972) assumed that to have a society who is capable and believing in lifelong learning, a major shift is necessary in term of current governance mechanisms and partnerships for education and learning. The main role of government is to assure the right to education to its residents. Education has to be available inside and outside the schools (Torres, Howard-Hamilton & Cooper, 2011). Allowing open learning systems will enable multi levels governance that support open decision-making, respect diversity and manage complexity

Applying Higher Education Governance Models on Saudi Universities

Abazov (2015) argued that Dobbins and Knill identified three models of Higher Education governance. The models are: the state-centered model, the university as a self-governing community of scholars and the market-oriented model. The classification will support this study to decide on the best models to Saudi university in general and Jeddah universities as a specific case of the study. The classification will be according to each university's mission, vision, objectives, policy and environment.

The State-Center Model

This model is related to public universities operated by the government to meet national goals. In this model universities are strictly supervised and controlled by the government or state and little autonomy is given to the universities (Dobbins et al., 2011). The government has strong influence on research contents and on resources allocation. The state-center model is characterized by high degree of hierarchy.

In regard to Saudi Higher education system, The Saudi Government control public higher education institutions. The Saudi universities are following a hierarchical structure of decision-making. The highest authority refers to the Council of Education. The Council of Education regulates the higher education system. The council dictates national higher education rules and regulations and controls the establishment of new higher education institutions and programs. The next level of governance is the Ministry of Higher Education. The Ministry follows the Council's decisions and rules. The Ministry of Education is responsible of the operation and quality of all Saudi universities. The University Council is responsible about running the university on a day-to-day basis (Al-Eisa and Smith, 2013).

Self-Rule Model

In this model, the university is not attaining external goals. The university follows the freedom of learning and research (Davidovitch & Iram, 2015). This type of governance does not need coordination between the university's strategy and political or industrial goals. King Abdullah University for Science and Technology (KAUST) consider as an example of self-rule model in Saudi Arabia. KAUST is the first an autonomous higher education institution in Saudi Arabia. The university is operated to support the development of a knowledge society in order to create a world-class premier university. The university is independent institute which has its own Board of Trustees. KAUST vision is to be a destination for scientific and technological education and research. The university is separate from the Ministry of Education governance which give KAUST opportunity to fulfill its goals.

The Market-Oriented Model

This model derived from the capitalist approach which claims that firms acquire high levels of efficiency in situation of competition and free market. Universities compete with each other for better financial resources and students. Managers of the universities present themselves as entrepreneurs. Another term of market-oriented model is entrepreneurial university model. This model uses the principles of private industry's management principles to be performance-based funding. The university in this model is recognized as a strategic resource and an investment. The role of government in this model is to provide competition and advance the transparency and quality assurance in academic institutions (Davidovitch & Iram, 2015). This model is used by majority of private universities and colleges in Saudi Arabia. These organizations provide distinguished majors that are highly needed in the Saudi market. For example, Batterjee Medical College for Science and Technology is one of the first private specialized in medical. The college desire to achieve excellence in medical education with international standards. The government doesn't plan the higher education of the private colleges however; the government increases the competition, quality assurance and transparency in institutions.

The Case of Jeddah University

The Royal Decree No. 42418 Dated 24 September 2013 was issued to approve the Higher Education Council's resolutions adopted at its 72. Session on: 14 April 2013, to establish the University of Jeddah. Jeddah University has a strong strategic plan. It has been established new programs to support achieving the Saudi 2030 vision. By applying good governance, the university is able to show its annual reports. At this time, The University is restructuring its strategic plan as mentioned in its own website. The University has made progress in formulating its first strategic plan under the National Transformation 2020 program and the 10th Development Plan to achieve the vision of Saudi Arabia 2030. It seeks to coordinate its resources and develop its capabilities with the external opportunities available in the medium and long term to achieve its objectives according to the vision of the Kingdom of Saudi Arabia Saudi. The university had to cope with the changes that positively or negatively affect its strategic plan, and to look into the future through in-depth studies, clear plans, mechanisms for implementation and strategic evaluation. In this spirit, and in order to achieve the University's goals and policies, it has become necessary to have an office to achieve Higher Education Governance as Applied in Jeddah University

Establishing plans that include activities of higher education governance assure best outcomes from the educational system of the university. The study suggests a framework to be applied in Jeddah University by applying system approach. According to Salam (2015) in educational industry, system approach means to do something systematically. The inputs are the objectives and objectified contents. Processes are the method of delivery of contents and outputs are the end-product of educational inputs and processes. The input, process and output has to be relevant and must have the right mix of objectives. In the recommended framework, the paper believes that if Jeddah University developed a higher educational governance framework as a systematic process, the University will have strong governance principles which offer sustainable results and assure achieving the Saudi 2030 vision. The framework has the Saudi2030 vision and programs as input that has to be understood and translated to applications in the process vase to achieve the government's transformational goals.

Figure 1: Suggested framework of higher education governance in the light of Saudi 2030 vision

Input	Process	Output
Saudi 2030 Vision and programs	Developing the university main vision and plans from the government vision	Responsibility
Vision, mission and strategic plans	Developing specific, and long term goals to achieve the vision	
Selection of participants	Developing criteria to select the board of directors, stakeholders, share holders. Defining roles and responsibility to each level and clarifying the current and future plans	Transparency Effective participation
Internal and external Audits	Providing annual reports about the university's financial and managerial progress	Transparency Accountability
Models of higher education governance	Adapting more than one model to achieve the diversity of outcomes	Functional Empowerment Fairness
Colleges and programs	Creating new majors that support the transformational vision Connecting the programs content to the Saudi 2030 vision	
Students	Setting admission requirements Offering training and developing sessions	

Research Method

This study used the descriptive method which chosen to evaluate the Understanding of higher education governance principles among University of Jeddah employees. Descriptive studies are observational studies. The descriptive method is often the first step into a new topic, event, or condition. Descriptive studies can be divided into two roles - those studies that emphasize features of a new condition and those which describe the health status of communities or populations. Descriptive studies can highlight associations between variables or between exposure and outcome variables, they cannot establish causality. In this section: research questions and hypothesis, sample and data collection.

Research Question/Hypothesis

The study sought to answer the following research questions tested by hypotheses derived from the study's research questions. For the purpose of this study, the following question were addressed to test these variables: The tested principles are: transparency, accountability, effective participation and functional empowerment. RQ1. Do Jeddah university employees able to apply university governance since they know the governance principles? RQ2: What difficulties that universities are facing in applying governance? The hypotheses raised from the previous questions are: H1: There is positive relation between Employees of Jeddah University understanding to the principles of higher education governance the extent of its application. H2: The decreased number of difficulties in applying university governance consider as positive application to universities governance.

Results

The study included 97 employees from Jeddah University. The employees are either faculty members or administrative. According to this, Ninety-seven participants agreed to volunteer for this study. The sample was 83.5% female ($n = 81$) and 16.5% male ($n = 16$).

Table 1: Frequencies of Gender

	Frequency	Percent
Female	81	83.5
Male	16	16.5
Total	97	100.0

Table 2 shows that the sample employee status consisted of 67.0% faculty member ($n = 67$) and 33.0% administrative ($n = 22$) which indicates that the majority of the participant are Faculty members.

Data Collection

The data comes from surveys completed by $N = 97$ faculty member and administrative enrolled at University of Jeddah during the autumn semester. All Jeddah University employees work during this semester (2018) was invited to complete a questionnaire. The data was provided by online survey. Simple random was used for sampling method. The study used an electronic questionnaire. To approve the real participants, the researcher contacts the employees by mobile and email asking them to answer the questionnaire. Moreover; Jeddah university website is another resource for data collection. The website has been used to provide information related to the board of the university and the strategic plans of the university governance.

The questionnaire involving questions on socio-demographical characteristics (gender and employees' status) and furthermore, the employees were asked to state what they able to understand about applying university governance and what difficulties that university is facing in applying governance were used to collect the data. Respondents were provided a likert type options for each item with respondents being asked whether they thought Principle of transparency, Principle of accountability, the principle of effective participation, the principle of effective participation, Principle of functional empowerment and Difficulties in practicing the principles of governance should be from "disagree = 1" to "agree=5" should

made available with each scenario. The first factor: transparency consists of 10 items, the second factor: accountability consists of 7 items, the third factor: effective participation consists of 6 questions, the fourth factor: functional empowerment consists of 7 questions and the last factor: difficulties in practicing the principles of governance at the University of Jeddah consists of 11 questions. Responses for each of these questions were then summed to create an overall factor scores. With each response being receiving a value of 1 and 5, respectively, all factor scores for each respondent could range from a minimum score of 1 to a maximum score of 5. That is higher scores reflect greater positive transparency, accountability, effective participation and difficulties to universities governance. The study used Google forms to design the digital questionnaire. Then Microsoft Excel has been used to count and prepare the data to SPSS program to make statistical analysis. To attain the best result, descriptive statistics is used in case reports describe the experience of a single participant or a group of participants with a similar situation. These types of studies typically depict an observant situation identifying an unusual feature of cases or people history. They are useful to administrative studies.

Descriptive analysis

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data (Bickel & Lehmann, 2012). This section contains reliability test applying Cronbach’s alpha. Then the study used the correlation test Pearson Test after that T-test is applied by testing each principle with gender and testing each principle with employee statues to show honest relations.

Cronbach’s alpha is a measure used to assess the reliability, or internal consistency, of a set of scale or test items. In other words, the reliability of any given measurement refers to the extent to which it is a consistent measure of a concept, and Cronbach’s alpha is one way of measuring the strength of that consistency. In this study, five factors, have the value of cronbach’s alpha between .88 and 0.93 which means that the items were “good” and reliable.

Table 3: Result of Reliability Analysis

	N	Items	Cronbachs’ Alpha
Transparency	97	10	.93
Principle of accountability	97	7	.89
The principle of effective participation	97	6	.89
Principle of functional empowerment	97	7	.88
Difficulties in practicing the principles of governance	97	11	.88

In this section, each factor of the principles will be discussed moreover, the difficulties in practicing these principles will be shown. To attain the best results correlation analysis by using Pearson correlation coefficient test and t-test will be explained.

Table 4: Descriptive Statistics for Factors

	N	M	SD	Median
Transparency	97	3.40	1.21	3.70
Principle of accountability	97	3.51	1.08	3.86
The principle of effective participation	97	3.41	1.23	3.67
Principle of functional empowerment	97	3.69	1.15	4.00
Difficulties in practicing the principles of governance	97	3.75	.89	4.00

Table 4 shows that the mean Transparency value is 3.40 and the standard deviation for this score is 1.20. The median scores observed on the transparency scale exceed 3.70 points. There were no missing scores for all scales. The Principle of accountability, the average point is 3.51 with 1.08 standard deviation. The principle of effective participation, the average point is 3.41 with 1.23 standard deviation. The Principle of functional empowerment, the average point is 3.69 with 1.15 standard deviation. And Difficulties in practicing the principles of governance, the average point is 3.75 with 0.89 standard deviation. According to this, the five factors are above average, indicating that Jeddah University has a medium to high level of transparency, accountability, effective participation and Functional empowerment. On the other hand, the result indicates that Difficulties in practicing the principles of governance has high level.

Correlation Analysis

In correlation analysis, we estimate a sample correlation coefficient, more specifically the Pearson Product Moment correlation coefficient. The sample correlation coefficient, denoted r , ranges between -1 and +1 and quantifies the direction and strength of the linear association between the two variables. The correlation between two variables can be positive (i.e., higher levels of one variable are associated with higher levels of the other) or negative (i.e., higher levels of one variable are associated with lower levels of the other). The sign of the correlation coefficient indicates the direction of the association. The magnitude of the correlation coefficient indicates the strength of the association.

Pearson correlation coefficient was computed to determine the relationship among applications to the educational governance data for 97 employees. The results indicate that 6 out of 10 correlations were statistically significant and were greater than $r(97) = +.70, p < .001$. When the result was examined the strength of the relationship between variables; there was a positive and strong correlation between; Transparency –accountability; Transparency and effective participation; Transparency – functional empowerment; accountability - effective participation; accountability- functional empowerment and effective participation - functional empowerment. These results show that there is a perception in the same direction between transparency and all principles. On the other hand, there is no correlation between Difficulties in practicing the principles of governance and other perceived factors ($p > .05$).

Conclusion and Further Research Directions

In this section, the results will be discussed and compared with other similar studies. Then the study will be concluded by the limitations and recommendation. As a result, the perceived principles factors were significantly different according to the gender of university employees. It is seen that women employees have more favorable effects on all principles factors. On the other hand, the perceived principles factors did not differ significantly from the occupational groups of the university employees. The extent of staff understanding to the higher education governance in Jeddah University is medium to high which is similar to the study conducted by Abu Kaream and AlThwaini (2014). The employees in this study have good knowledge about the regulations and policies of the universities. The university have high level of transparency with employees as seen in the results. In general female participants registered better understanding to the principles of higher education governance that applied in Jeddah University than male. The effective participation has the lowest level of agreeableness, majority of participants selected neutral. However; the question about innovation's participation has the highest score in the effective participation section. Which indicates that Jeddah University has activated the Saudi 2030 vision programs of improving human capital to increase innovation. However; the results were similar to the study of Al-Muslat (2018) in the order of the principle application and understanding. Functional Empowerment has the highest degrees of acceptance, then accountability, in third level comes the effective participation and transparency. The reasons behind this is that the university has been established in 2013 and majority of participant has joined the university currently. The same thing in regard to the difficulties that faces the university.

To conclude the Saudi universities, have to develop clear governance system to achieve the Saudi 2030 vision (Kadirov, 2018). This might require an in-deoth service thinking (Kadirov, 2020). The Saudi vision is depending on higher education to provide skillful human capital, high quality of scientific research and increasing the level of innovation. Applying higher education governance will provide transparent process and results; also it will help in fighting corruption and improve accountability and responsibility. By the end of this study the researcher provides some recommendations for future studies. As the field of higher education governance is important to Saudi universities. First: more studies on higher education governance has to be conducted in English language. Second, the future studies have to consider the factor of having more than one instrument. Doing such studies by questionnaire only is not enough to provide sufficient results. Third, future studies have to pay more attention to the application of governance in achieving the Saudi 2030 vision. The vision is concentrated on the transformational change that is depending on Saudi citizen so education has to be the resource of the change.

This paper discussed corporate governance by defining the related concepts, principles, theories and strategies. Then the paper concentrated on higher education governance in Saudi Arabia presenting the models of governance in higher education system and providing example for each model. The study main focus wa to link higher education governance to the Saudi Arabia 2030 vision assuming that higher education governance allows universities to attain best results from the educational process to provide the country with strong and skillful human capital which help in transforming Saudi Arabia from oil-based country to knowledge-based country. Regarding the case of the study, the researcher aimed to measure the extent of the employees of Jeddah university to the higher education governance principles. The results showed positive results in regard to the employees understanding to the principles of corporate governance. Moreover, the results showed medium to low difficulties that hindered Jeddah

University from applying governance which indicated that the hypothesis are acceptable and the application of higher education governance assure providing accountable system to serve the transformational vision of Saudi Arabia.

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