

REALIZING THE FINANCIAL SUSTAINABILITY OF PRIVATE UNIVERSITIES IN SAUDI ARABIA-USING SEAM APPROACH

Hassan Haidar

Balamand University

(Lebanon)

University of Jean Moulin Lyon III

(France)

ABSTRACT:

The development of higher education is considered as one of the topical issues. In this context, the problem of financial sustainability and efficiency of higher education institutions is becoming urgent. The main purpose of this paper is to realize the financial sustainability of a private higher institution in Saudi Arabia through adopting the Socio-Economic Approach to Management (SEAM). The social economic intervention approach has been disseminated throughout European nations however there was a mounting demand for this method from a variety of Asian institutions (Savall,2003). The expected outcomes are expected to contribute to verifying the SEAM hypothesis and willingness to generate new knowledge and new generic intervention methodologies to assist JCC (Saudi College) developing a sustainable financial performance.

Keywords: Private higher education, financial sustainability, Authentic Leadership, hidden costs, efficiency

INTRODUCTION

Problem Statement

This research highlights the contribution of Social economic approach to management (SEAM) to the conventional management of the private higher education institutions in Jeddah, Saudi Arabia. A specific college (In the process to be converted into university) is selected for this purpose and SEAM approach will be used to identify thoroughly the strategic and financial- the social dysfunctions, to investigate the root causes and to transform all negative current issues into sustainable motivators which contribute to supporting the strategic and financial levels and contribute to achieving a sustainable organization. The JCC college is operating in the Saudi market since 2014 however it is still suffering from instable performance in term of optimization, efficiency and results which will impact its financial sustainability and survival specially with the inclination toward vision 2030 which necessitate recognizing changes and responding to the environmental changes to survive in addition to the fierce

rivalry in the private education industry. The college is still suffering from the improper alignment of entire strategic components comprising of vision, mission, objectives, policies, and related budgets. It is also characterized of weak HR department which suffers from a variety of dysfunction specially the indecorous recruitment and training functions. The absence of well-prepared job description has also contributed to conflict and mis-delegation of tasks specially with existing of boys' and girls' campuses aligned with the Saudi culture and Islamic environment with diversity of nationalities and backgrounds.

Research Objective

Objective: *'Realizing financial Sustainability of Private College in Saudi Arabia'*, however the sub-objectives are listed below:

- Achieving a FINANCIAL SUSTAINABILITY focusing on human and economic sides
- Detecting the root causes and analyze thoroughly to reduce/eliminate it in order to optimize the EFFICIENCY of the private-education college. (Explicative)
- Develop personnel and enhance their PRODUCTIVITY and well-being.
- Proceed devising an appropriate change management plans and action-plans to support its market posture. (Prescriptive)

This research will be aligned proportionally with identifying the root causes and dysfunctions that the Saudi college is witnessing and making a proper recommendation for changes in order to optimize its strategic and financial performance.

Objectives	Method	Services
<ul style="list-style-type: none"> - Realizing financial sustainability - Detecting the root causes - Prevention strategic plan weaknesses and performance measurement - Develop personnel and optimize the efficiency standing - Draft a change management plan 	<ul style="list-style-type: none"> - Diagnosis - Mirror effect - Hidden costs - PAP - PNAC 	<ul style="list-style-type: none"> - Training - Competency Grid - Piloting logbook - Reward plan - Strategic value add plan

Hypothesis

Descriptive	Explicative	Prescriptive
Absence of a proper strategic and operational plan	Lacking strategic and operational plans yield irregular decisions, misaligned with mission, vision, and objectives.	Design apt and foreordained strategic plans aligned with action plans and budgets while enhancing the communication processes.
Low productivity of employees	Poorly constituted recruitment committee, hiring incompetency.	Create a competent recruitment team to boost the overall performance of the administrators and academic team.
Inadequate job descriptions for administrators and academicians	Uncoordinated implementation efforts among departments.	Review job descriptions to align with the vision and mission of the college.
Dysfunctional chain of command	Organizational hierarchy is unable to plan and execute actions.	Modifying the organization structure for smooth flow of authorities.
Presence of too many managers and tasks conflict	Absence of a single chain of command	Identify a competent management team to optimize the institution's performance of the college.
The dysfunctional performance appraisal process	Administrators and academicians face motivation and career development challenges.	Redesigning performance appraisals of administrators and academicians.
Misallocation of financial resources	Random decisions would yield misallocation of resources owing to deviation from the annual budget.	Use of participative budgeting to avert misallocation of resources.
The high turnover rate of administrators	Staff dissatisfied with performance appraisal and the salary scale.	Remunerate per academic qualifications, experience, and market trends.
The high turnover rate for academicians	The high turnover of valuable Saudi academic staff owing to job insecurity, improper skills, and career path development barriers.	Proper job description Proper training programs Implementing monetary and non-financial motivators
Weak vertical and horizontal communication	Poor communication influences the discharge of job descriptions.	Improve corporate governance and communication practices.
Increasing economic and globalization issues	Dwindling oil prices is affecting the institution's financial positioning and performance.	Aligning academic programs with the vision 2030. Adopting the blended educational system Adjust the fee structure based on the local and global changes.
Lack of training and development	The training department's efforts are feeble and randomly designed and delivered.	Proper design of training programs with innovative delivery based on practical case studies and simulations for administrators and academicians

LITERATURE REVIEW

Financial sustainability is the capacity to attain financial independence by developing and maintaining the balance between liabilities and assets to support an institution's purposes/mission for the future. According to Al Kharusi and Murphy (2017), the financial sustainability of private higher education universities is the inherent ability to identify and analyze hidden costs while diversifying non-income and income sources to ensure success in the short-and-long term. Private universities strive towards financial self-support through sustainable growth by keeping the finance and profitability policies unchanged or adapting to the prevailing economic environment (Filho et al., 2020; Ndlovu, 2020). As observed by Ulkhaq et al. (2016), financial sustainability requires the institutions to generate resources internally through education services while disentangling from subsidies and donations for their operational needs. Almagtome et al. (2019) found out that financial sustainability is the state of self-sufficiency built through financial accountability or administrative authority in ensuring legitimacy in resource forecasts and information, including resource utilization and income generation. Therefore, an entity's financial sustainability is the net financial capability and independence in creating resources for maintaining service delivery over time.

Determinants of Financial Sustainability

The contributing factors or determinants of financial sustainability in higher education institutions include authentic leadership, organizational culture, public relations, and investment portfolio. According to Aleixo et al. (2018), authentic leaders exude effectiveness in managing resources while generating income from the delivery of education services. Authentic leadership affects sustained performance by influencing the performance and well-being of the employees while foresting the development of authenticity and purpose among the followers. As noted by Bakar and Ismail (2019); Blanco-Portela et al. (2018), authentic leadership creates financial sustainability by helping the staff build workplace commitment and optimism, encouraging transparent/trusting relationships, and promoting positive and inclusive ethical culture. Authentic leadership drives strategic commitment that yields financial sustainability by ensuring authenticity in resource creation and utilization. In supporting this view in Filho et al. (2018) empirical study indicates that authentic leaders create self-awareness on financial performance, goals, and measures among the employees of a private university. Besides, organizational culture comprises the values, beliefs, and traditions of a private university in pursuing financial sustainability (Ulkhaq et al., 2016). According to Alshuwaikhat et al. (2016), private universities can achieve financial sustainability through organizational learning culture that creates shared meanings and compatible performance goals. However, its success depends on the leadership ability to cultivate teamwork capacity to support sustainable growth rate while building momentum for change as per the prevailing working conditions. Blanco-Portela et al. (2017) indicate that embedding financial sustainability into the organizational teamwork culture fosters commitment and performance expectations. Organizational culture results in stable financial performance and teamwork, assisting private universities in realizing sustainable growth. Besides, Alshuwaikhat et al. (2016); Ulkhaq et al.

(2016) views public relations as an integral driver of financial sustainability since it creates a relationship with relevant stakeholders, including the public and media. In a similar opinion, Aleixo et al. (2018) understand that public relations determine the financial sustainability of a private university since it is cost-effective means of conveying the institutional message out, yielding prestige and exposure to clientele. However, private universities must invest in the media and publicity platforms for long-term benefits. Bakar and Ismail (2019) identify scholarship and research as the ideal public relations structures for a private university. Besides, an investment portfolio yields financial sustainability through the strategic implementation of resources-generating activities. According to Blanco-Portela et al. (2017), the management must make investment decisions that produce long-term financial success while generating sufficient resources to support operations. The different investments are income-generation projects that assist private universities in funding long-term programs while maximizing shareholders' wealth (Al Kharusi & Murphy, 2017). Thus, authentic leadership, organizational culture, public relations, and investment portfolio through strategic decisions determine financial sustainability goals.

Obstacles/Barriers to Financial Sustainability

Private universities face obstacles to achieving financial sustainability, such as uncontrollable costs, limited funding, overreliance on the state budget allocations, and unplanned staff costs. Uncontrollable costs such as utility bills, tax liability, transportation costs, medical costs, and housing expenses can negatively influence the financial sustainability of a private university by depleting retained earnings (Bakar & Ismail, 2019). The uncontrollable costs arise from ineffective management, affecting the institution's ability to invest in education services or provide additional services. Besides, Cernostana (2018) acknowledges that limited funding sources from external lenders may compromise the institution's ability to finance lucrative programs. Lost profitable opportunities reduce the opportunity to grow revenues or sustain a positive growth rate. As Alshuwaikhat et al. (2016) note, private universities miss out on investment opportunities owing to poor leadership and limited authority in setting tuition fees. Another barrier to financial sustainability is the overreliance on the budget allocations from the state/government (Filho et al., 2018). The institution may miss out on lucrative services owing to a lack of adequate funding from the state to support sustainable investment growth. Govindaraju et al. (2019) empirical findings indicate that private universities may not attain financial sustainability owing to increasing unplanned staff costs. Unintended staff costs arise from illegitimate staffing policy without considering the actual resources requirements. Therefore, uncontrollable costs, limited funding, overreliance on the state budget allocations, and unplanned staff costs hinder the ability of the private university to attain financial sustainability.

How to Attain Financial Sustainability

Private higher education institutions can attain financial sustainability by increasing internal income sources, lowering staffing costs, and adopting accountability functions to support resource requirements. According to Almagtome et al. (2019), private universities can become financially sustainable if they increase internal income sources by offering more courses and other

services. In the GCC, private universities can enhance income generation by availing international scholarship programs and online courses to increase income generation. Aleixo et al. (2018) view staffing cost reduction as an ideal strategy to lower operational expenses for private universities. The institutions in the GCC should avert excessive hiring of support or non-teaching staff to enhance earnings retention while keeping the wage bill low. Blanco-Portela et al. (2017) conclude that private universities should develop accountability functions to eliminate wastage of resources while addressing the lack of transparency in resources management. As noted by Lawita and Samsiah (2018), private higher education entities in GCC should adopt a legitimate accounting system delivering accuracy in financial forecasts while improving or preserving the quality and quantity of education services. Thus, additional income generation, eliminating unplanned staffing expenses, and developing accountability functions can assist private entities in becoming financially sustainable.

RESEARCH FIELD

The research is based on the GCC context in general and Saudi Arabia in specific in order to conduct an intervention which is focused on the private education field and it is unfolded in two phases: the initial phase for learning and implementing tools and methods, and the second phase of dissemination throughout the college. Since established in 2015, JCC has sought to open new horizons to be added to Saudi educational skyline relying on contemporary academic curricula that foster leadership and entrepreneurship. By providing Engineering, Design, Artificial Intelligence, Cybersecurity and Business Administration Programs, JCC has become a pioneer in higher education realm utilizing the latest global approaches and technologies. Thus, the college aims to prepare and graduate generations qualified for integration into labor market, holding leadership positions in their fields and to be able to start their own businesses allowing them to make an impact in line with the ambitious Vision 2030 of the Kingdom. In order to achieve sustainability, JCC needs to consider authentic leadership which will affect sustained performance today and tomorrow without compromising its sustainability. The sustainability edge is also related to making a difference in the college by assisting all personnel levels to find meaning at work, build optimism and commitment among followers, encourage transparent relationships that build trust, and promote inclusive and positive ethical climates. The search for financial sustainability cannot be devoid of authentic leadership ideals, since without such leaders in place institutions will operate but will neglect the long-term performance and the continuity of the institution and its employees. Additionally, the practice of organizational culture is highly relevant to financial sustainability which embraces “fostering commitment, clarifying expectations, building momentum for change, and instilling teamwork capacity for change. The results also show that organizational culture and sustainable growth rate impact financial sustainability. Hence, organizational culture does play an important role in promoting financial sustainability.

To sum up ,the research will be mainly focused on the private higher education industry in the kingdom of Saudi Arabia where SEAM approach will

be used in order to detect all dysfunctions that tackle the achievement of financial sustainability of JCC in term of prospected issues relevant to working conditions (lack of flexibility due to existing technology ,lack of college evaluation system, lack of correct job description, low productivity through cost/benefit analysis, bad reward system, forced overtime and toxic work conditions in some departments),work organization (Bureaucratic processes),CCC(lack of top down communication due to rotation ,bad interdepartmental communication ,and leaders are not coordinating),time management(Supervisors performing other people tasks, lack of meeting organization),strategy implementation(different departments don't share common goals, no long term strategic plans for production growth ,and training deficiency (no flexibility in job abilities ,induction training deficient).

RESEARCH METHODOLOGY

As a research method, the socio-economic intervention will be considered for proceeding with the engineering change actions perspective and to execute all relevant strategies. This method involves four main strategies starting with diagnosis of the current dysfunctions and evaluation of hidden cost, drafting, and developing of innovative corporate solutions, then proceed with structured execution and evaluation through three main performance indicators (qualitative, quantitative, and financial performance).

It proceeds with taking the organization with generic contingency and individuality of the business and it also provides a cognitive interactivity correlated with knowledge and consultancy for proper solutions for the present dysfunctions. The contradictory inter-subjectivity also sheds the light on diversified beliefs and perceptions. Savall (2010) mentions that this approach is also inking to the positivistic case which use an interpretive case-study and investigate the events occurred in a specific situation which add the impact of innovative and experimental components for solid research.

The Socio-Economic Approach to Management (SEAM) is useful for exploring the fiscal sustainability of private universities in Saudi Arabia. Private universities must maintain fiscal sustainability to remain operational in the long run by accessing, growing, and retaining sufficient finances to service financial obligations and resources requirement (Singh & Ramdeo, 2020). Private universities also must obtain capital to respond to the growing demand for students' learning needs for sustainable production processes. This approach also focuses on promoting organizational change, operational efficiency, and yielding sustainable performance by underlining causes of dysfunctions in an institution (Cappelletti et al., 2018; Singh & Ramdeo, 2020). It is fitting and suitable for investigating the fiscal sustainability issue because it identifies the relevant socio-economic factors, hidden costs, and dysfunctions-financial consequences.

First, the SEAM approach is beneficial since it highlights the socio-economic aspect of an organization. It would help to determine the management practices that private universities in Saudi Arabia adopt to create value using both the finance (economic) and people (socio) perspectives (Boje, 2019; Ivakhnenkov & Heorhiadi, 2018). It also contributes to emphasizing the indispensable interplay between the economic factor and people's side.

Additionally, the approach helps to ascertain the strategies that the private universities use to develop human potential to enrich the profit/returns from their educational programs' offerings. It is because developing human competencies helps an organization to have personnel paying attention to the institution's well-being and value-adding activities (Goffnett, Lepisto, & Hayes, 2016). For the selected Saudi college, the SEAM method would assist to explore the enablers and barriers towards developing human potential initiatives to help private universities create fiscal sustainability by growing returns from investments. It also identifies management practices that private universities use to plan and implement strategic goals that yield more value from their trained personnel (Buono, Savall, Cappelletti, 2018). Therefore, the SEAM approach establishes the socio-economic elements for developing fiscal sustainability by private universities.

Second, the SEAM approach is advantageous since it helps analyzing the hidden costs that yield undesirable influence on fiscal sustainability. Hidden expenses in the organization can cause inefficiency and losses (Conbere & Heorhiadi, 2016). The SEAM approach would identify the various hidden cost that influence fiscal sustainability, including wasted time, lost investment opportunities, and missed income (Heorhiadi & Hartl, 2017). It also determines the efficacy and inefficiency of costing models that private universities use for costing the operational overheads (Alshuwaikhat, Adenle, & Saghir, 2016).

The model would reflect the strategic moves that private universities adopt in alleviating hidden costs and organizational dysfunctions in attaining fiscal sustainability in the long-term. Thus, SEAM provides a theoretical framework for discovering hidden expenses that affect fiscal sustainability in Saudi Arabian private universities.

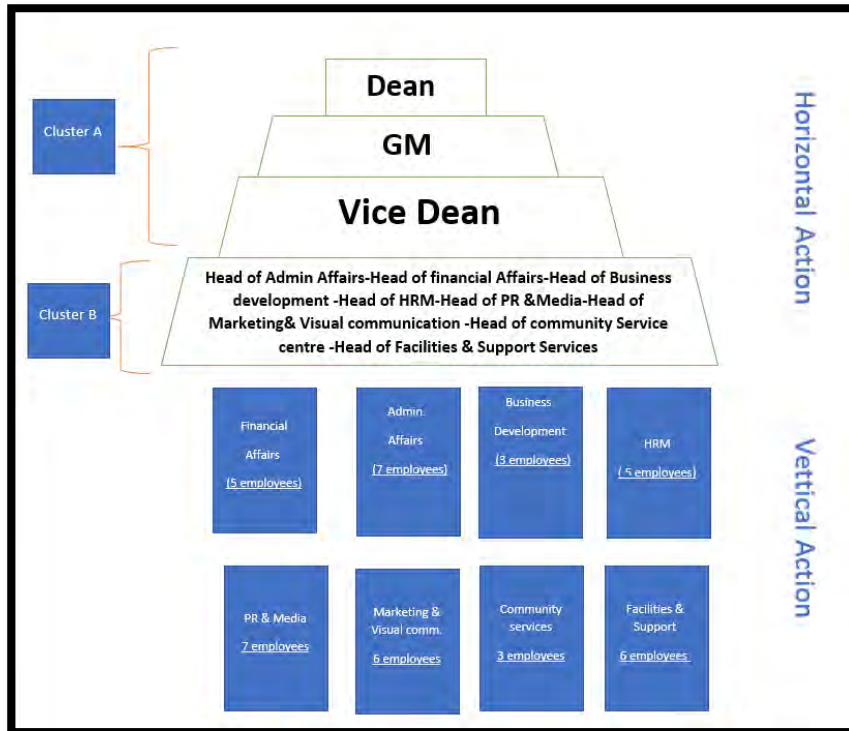
Finally, the SEAM technique helps to evaluate how dysfunctions-financial consequences create fiscal sustainability issues at private universities. The dysfunctions consequences likely to affect financial sustainability include undesirable working conditions, low productivity, absenteeism, and staff turnover. The dysfunctions cause consequences such as non-creation of earnings, over-wages, and time wastage (Boje & Hillon, 2017; Boje & Sanchez, 2019). SEAM approach offers the ideal lenses to scrutinize how private universities avert dysfunctions-financial consequences through appropriate management tools, including strategic action plans, competency grid, and time management tools (Ortenblad, Putnam, & Trehan, 2016; Sanders & Jamieson, 2017). Therefore, SEAM highlights specific dysfunctions-financial outcomes affecting the fiscal sustainability of an entity.

The adopted Horivert process architecture is based on the double horizontal and vertical actions to confirm the optimal articulation and link between socio-economic intervention and business strategies and assists in exposing and resolving all relevant dysfunctions of strategic nature which is already connected to daily operations. The Horivert includes all training of all clusters and then choose in-depth economic innovation actions to be performed and executed.

To sum up, the SEAM approach is suitable for researching the fiscal sustainability of private universities in Saudi Arabia. It helps to identify germane socio-economic factors that drive an entity's fiscal sustainability. It also unearths

the management of hidden costs that derail financial sustainability. Finally, the SEAM technique underscores the effect of dysfunctions-financial consequences in achieving desired fiscal sustainability among private universities across Saudi Arabia.

The Work in Progress



The horizontal diagnosis has been completed through meeting the respondents in order to list all potential dysfunctions expressed by different levels of management. Each member of the management has been interviewed during one-hour session and documented through fieldnote quotes. These fieldnote quotes have been analyzed in order to point out the dysfunctions and then simultaneously categorize them into the 6 themes, then sub-themes and then key ideas (SEAM software will be used).

The field quotes will be presented to the entire group of interviewees in each cluster, and these presentations will be deemed as a purpose for displaying the dysfunctions (Mirror effect will be conducted on third week of June).

		March 21	April 21	May 21	June 21
Steering committee		1	2	3	4
Horivert. Diagnosis	Cluster A	Interview			Mirror effect
	Cluster B		Interview		Mirror effect
Project Horivert.					1
Training sessions					
	Cluster A	TM		CG	
	Cluster B	TM		CG	

According to the plan, once the mirror effect is completed in June, then an expert opinion will be conducted to express the major dysfunctions in addition to the unvoiced comments in the form of key ideas. The expert opinion will be forwarded for each cluster to highlight the profound-ed dysfunctions that necessitate the analysis in depth.

This phase ends with the expert opinion which is considered as the chief platform for the horizontal project which will be conducted at the end of June to develop the horizontal socio-economic performance improvement project.

The expected horizontal project endeavors are:

- Improvement actions to reduce dysfunctions
- Project will be developed under the responsibility of JCC manager (Project leader)
- Supporting groups: Core group (Define the major objectives and constraints), plenary group, task group
- Pivotal ideas will be generated based on 3 dysfunctions baskets (Root causes of dysfunctions)
- The last issue is selected solution proposal (IESAP) which will be subjected under a variety of breakdowns

Timeline of the Intervention

Task	Start date	End date
Research methods course	Nov-20	Nov-20
DBA proposal	Jan-21	Jan-21
SEAM methods and techniques course	Jan-21	Feb-21
Modification of DBA proposal	Feb-21	Mar-21
Writing of literature review	Apr-21	May-21
Research methodology & Design	Jun-21	Jun-21
Conducting Qualitative research tools	Jul-21	Aug-21
Practices of Quali-metrics principles	Aug-21	Sep-21
DBA writing and amendments	Sep-21	Nov-21
Organization engagement +Analysis +Interviews	Nov-21	Dec-21
DBA thesis writing and adjustments	Jan-22	Mar-22
Strategic management scanning and implementation	Apr-22	Jun-22
DBA writing and preparation	Jun-22	Sep-22
Advanced intervention in SEAM approach	Oct-22	Nov-22
DBA writing and preparation	Dec-22	Jan-23
Publishing techniques courses	Jan-23	Jan-23
DBA thesis writing and preparation	Feb-23	Feb-23
Final version of thesis	Feb-23	Mar-23
Publications	Mar-23	Jun-23

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