

The Current State of Investment in Emerging Saudi Universities

Fadhel Mohammed Alamri

Associate Professor, Department of Educational Leadership and Policy, College of Education, Jouf University, Sakaka City, Saudi Arabia

ORCID: 212-228-212-228, Email: fmalamri@ju.edu.sa

HOW TO CITE: ABSTRACT:

Fadhel Mohammed Alamri (2026).
The Current State of Investment in
Emerging Saudi Universities.
International Journal of Special
Education, 41(25s), 212-228

The purpose of this study was to evaluate the current situation of investments in emerging Saudi universities and shed light on the critical issues that hinder investments in these universities. Unlike the older Saudi universities, which are largely located in major financial and economic centers, emerging universities are predominantly situated in smaller cities and rural and agricultural regions, which makes investment more challenging. A descriptive approach was utilized and data were gathered from a sample of 477 faculty members. The results revealed that the overall level of investment, the strategic clarity, and governance implementation were low; in addition, there was neither incentive system nor investment culture among the faculty members. The findings also indicated that challenges of investments were of moderate to relatively high level. The main issues encountered were limited capacity for establishing private sector partnerships, inadequate investment awareness, lack of specific skills, administrative burdens and lack of clear regulatory systems and autonomous decision-making power. Based on this study's findings, we can conclude that the Saudi universities are still at the early stages of development and are shifting towards increased investment and shifting away from reliance on government aid, highlighting the importance of improving governance mechanisms, institutional capacities, and regulatory assistance to promote sustainable investments in the universities.

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Keywords: University Investment; Emerging Universities; Saudi Universities; Investment Challenges.

1. Introduction

The importance of investing in universities has been gaining attention as a method of improving educational outcomes. Investment enables for building research capability, encouraging innovation and improving facilities. As diversified funding sources become the norm in higher education (HE) systems, universities are

now facing growing pressures to build their infrastructures and entrepreneurial ventures to adapt to HE system changes and stay ahead of new demands and requirements. In this context, however, investment becomes a major element to ensure financial sustainability and minimize reliance on public funding. Therefore, the strategic design of investment frameworks is a

prerequisite for universities to effectively carry out their basic functions, such as teaching, research, and serving society.

The link between education and investment has been a critical academic subjects decades, especially with the need for economists to understand the origins of economic growth other than physical resources. With its early contribution, Schultz (1961) highlighted the significance of investment in human capital as a basic type of capital formation and indicated that improvement in human skills is a substantial contributor to productivity and national development. This view was later developed by Becker (1962), who introduced Human Capital Theory which perceived education as an investment with a long-term payback for the individual and society. Modern research has expanded the definition of productivity and income to encompass—among others—concepts like innovation, cultural development, resilience, sustainable development, and others; and education thus becomes not only an investment instrument but also a strategic public asset (Ma, 2025).

Multiple research teams (e.g., Psacharopoulos & Patrinos, 2018) have stressed on the critical role of HE as a strategic investment instrument with strong individual and social returns as well as significant economic returns, as well as a significant driver of sustainable development under various economic settings. This view has since been developed to consider the benefits of investment in education not only in terms of economic returns, but also in terms of the acquisition of human capital, knowledge, skills, innovation potential and other capacities that can contribute to economic resilience (Abraham & Mallatt, 2022). In addition, recent evidence (e.g., Clark & Nielsen, 2026) affirmed that education has a positive causal effect on income – a positive indicator of the long-term benefits of education investment.

The benefits of investment return in HE are well-documented. There are many individual and social benefits of HE and investment return. Several studies (e.g., Yubiliano, 2020) have

demonstrated that university graduates earn significantly more than people with less education. Therefore, investment in HE should not be judged on a short-term basis but on a sustained policy basis. At the same time, the benefits of investing in HE can come with their own set of difficulties; one of these difficulties is taking risk of being vulnerable financially. U.S. students, for instance, commonly experience changes in their educational orientations and choices when trying to enroll in higher education institutions (HEIs), such as tuition costs, expected returns, time to earn a degree, and retention issues due to financial difficulty (Heckman & Letkiewicz, 2021). Overall, there is a strong connection between the effectiveness of HE investments and affordability, as well as between costs and expected benefits.

Within low-income countries, Higher Education is considered as a driver of economic development and the workforce, with a diverse funding stream and lifelong learning approaches. The potential returns to investment in HE in Bangladesh, for example, are higher than more affluent economies because of the productivity benefits and the possible increase of employment opportunities. The experiences of other high-tech economies (e.g., Taiwan and Singapore) also demonstrate that strategic investment in HE is an essential path to economic change and sustainable growth (Islam & Kundu, 2016).

1.1 Literature Review

Universities are not only known for their educational function but also for their contribution to knowledge production, research, innovation and transformation of society. Their human resources, intellectual resources, and institutional expertise are the ones that enable investment in universities to be a part of the process of economic and social development rather than a mere option. Therefore, the investment in HE also has been part of countries' national economic development strategy (Seidl, 2023). The global changes in economy and technology have intensified these trends, leading to a new role for universities that extends beyond teaching and research to entrepreneurship,

innovation, and knowledge transfer. This transformation has driven the emergence of knowledge and technological capabilities as economic resources that strengthen the new economic function of universities and boost their contribution in innovation ecosystems (Thomran & Alshammari, 2023).

Comparative studies have also been conducted to confirm the shift in government funding towards multiple funding models in many countries due to the increasing demand for HE and financial constraints. In China, for instance, due to the changes in political and economic policies, government funding was restricted. This constraint has led to introducing tuition fees as early as in 1997 to promote financial sustainability and include the private sector (Danilo et al., 2019). It also reveals that HE investments pay off tremendously in economic and social returns, especially in developing societies, but that returns on these investments are context specific, and innovative funding systems and policy frameworks are needed to facilitate sustainable development. The same shift is observed in the United Kingdom, where the funding model for the HE system has changed from solely public to a combination of public and private funding. Some, however, restrict the power of this model because having endless regulations has the potential of delaying or stifling investment projects under the excuse of protecting company (Simon, 2018). In this funding landscape, students themselves have become key financial agents, not only as financial contributors through tuition fees, but also as active financial actors in funded research projects as well as contracting partnerships that increase the capacity of universities' investments (Rahul, 2018).

The fall of public support in other countries has put pressure on the finances, and thus on the opportunities of alternative investments. In Japan, for example, cuts to government funding increased the desire of higher levels of investment in HE, leading to the expansion of government funding for university education, research, and technological development. This change strengthened the rivalry among the institutions and accelerated the development of the HE

market (Futao, 2017). In addition, research demonstrated that barriers to commercialization of the research in Azerbaijan are complex and include different individual, organizational, cultural, and operational levels. The importance of university culture in generating investment opportunities is highlighted in these studies (Nejad et al., 2018).

The funding strategies used by entrepreneurial universities vary, from government funding to industry collaboration to donations, highlighting a shift towards financial innovation and external funding sources to bolster institutional resilience and sustainability over time (Al Maadeed & Yesuf, 2025). However, there are also policy and regulatory hurdles across a few sectors that limit investments via research commercialization. In the agriculture industry, for instance, specific investment and marketing research policies have been recognized as major constraints that create financial and bureaucratic barriers for commercialization and discourage investors. Overcoming these challenges entails coherent strategic planning coherent, streamlined regulatory approaches, and conducive policies that promote investment (Ansari et al., 2017).

Leadership and governance have a part to play in shaping investment and marketing. In Egypt, for example, Hasnain (2020) identified that weak academic leadership and unclear policies at institutional level might hinder the successful marketing of medical research and thus depend on individual faculty initiatives. Other factors included administrative bureaucracy as well as limited investment authority and facilitation mechanisms, which further reduced investment in research outputs. Conversely, Al Kharusi and Murthy (2017) in Oman suggested equity-based financing models were sustainable and would benefit academic achievements compared with debt-based financing models, which would ease the financial burden on HEIs.

The constant shift in the HE landscape and the challenge of the market continue to decrease financing of HE. The private markets fail to efficiently make investment in educational resources and that information asymmetry, credit

constraints and adverse selection limit the supply of funding for socially valuable investments in human capital. The results are a testament to the persistent need for government support and creative funding approaches for HE investments (Herbst & Hendren, 2024). Moreover, public capital, like in China, can be catalytic and leverages private capital via multi-tiered financial markets and venture capital channels, especially for the university-affiliated companies in high-risk and innovation-intensive industries (Fu et al., 2022).

Quality of human capital and the reputation of institutions also play an increasingly imperative role in current models of the university investment. Recent evidence indicated that universities perform better in research commonly have international academic talent, are more competitive in the academic market, can attract external funds, forge strategic cooperation, and maintain innovative investment activities (Harta & Rodgers, 2024). Emerging academic areas with high-quality research reputations draw to them early-stage investment, albeit that funding opportunities may diminish over time as investment markets grow and become more competitive (Esposito et al., 2024).

Sustained partnership between HE and industry has proven to be an effective way of increasing investor confidence and generating entrepreneurial results. Partnerships involving patents, technologies, and collaborative research could play a vital role in creating university spin-offs and increasing the indirect financial self-sufficiency of the university, especially in emerging HEIs (Martínez-Ardila et al., 2023).

Also, it is unreasonable to equate greater government expenditures with better university performance. Total Factor Productivity (TFP) analysis of Chinese universities suggested that increased public funding did not necessarily translate into increased productivity, suggesting that the human, physical and organizational factors are more important than the amount of funding (Zhao et al., 2025). The results indicated that leadership quality, institutional governance, and human capital development contributed to

the productivity, highlighting the importance of investing in organizations and human capital rather than finances. The findings suggested that besides financial investment, organizational and human capital strategies are also critical in determining productivity, along with leadership quality, institutional governance, and human capital development.

At the national scale, research in Saudi Arabia has considered investment in universities as a cornerstone of the current development. The investment practices in Saudi universities were moderate in all domains including internationalization, attracting faculty and students, teaching, and research, which indicates that the potential of investment has recently been introduced, despite the growing attention of policymakers (Ababneh & Al-Anzi, 2023). Other findings revealed low levels of research investment due to central regulations, rigid administrative structures, low rewards, and the lack of external stakeholders' engagement as well as strong need for independent investment units and supportive infrastructure (Al-Mutairi, 2022). Further analyses highlighted the need to diversify the way universities invest in Saudi Arabia, the importance of the knowledge economy, internationalizing HE and matching academic courses with the requirements of the labor market (Ismail, 2022). There are several avenues for funding, such as expanding graduate programs, attracting international students, investment funds, research centers, and endowment councils (Al-Aloni, 2021). However, successful knowledge-based investment still depends on the ability to transfer the research results into a product market and redesign the university infrastructure to respond to the requirements of the knowledge economy (Murad, 2021). Other factors that can contribute to the success of investment practices include organizational and human capital development, the use of modern technologies, and systematic benchmarking (Al-Wadi'i, 2021). Nonetheless, there are still obstacles to investment outcomes in Saudi universities, including research partnerships challenges, research marketing challenges, regulatory ambiguity, and the lack of

institutional support (Al-Asiri, 2017; Al-Qabbari, 2018).

1.2 Research gap and Research Questions

Long-established Saudi universities have notably progressed in investment activities. Despite the challenges encountered, these institutions have continuously pursued their investment objectives through human capital, well-established research centers, budgets, and favorable geographic and urban contexts. For example, King Abdulaziz University operates Jeddah Valley, which focuses on investment in technology development and transfer (Jeddah Valley, 2023). Similarly, Dhahran Techno Valley at King Fahd University of Petroleum and Minerals specializes in innovation-based economic development (DTVC, 2023). Makkah Valley at Umm Al-Qura University focuses on the knowledge economy through partnerships with business and investment sectors (Makkah Valley, 2023). In the same vein, Taibah Valley at Taibah University concentrates on consultancy, training, business intelligence, and emerging technologies (Taibah Valley, 2023).

However, the mere existence of investment structures does not necessarily lead to effective investment practices. For instance, Al-Assiri (2017) examined the status of research marketing and its associated challenges at King Khalid University. The results revealed that the overall level of research marketing remained relatively modest, with a mean score of 2.51 out of 5.00. The study also identified a number of diverse factors that could hinder investments, such as the absence of a clear investment system, a shortage of specialized expertise, and the lack of essential investment requirements. This calls for effective investment-related mechanisms, such as suitable organizational structures, qualified human resources, and the use of modern technologies.

Regardless of the prior related university investment efforts, is it still questionable whether emerging universities in Saudi Arabia have the capacity to activate and maintain investment activities. The emerging universities are still almost entirely dependent on government funding and have

conditions that are vastly different from long-standing Saudi universities in terms of human resources, geographic location, financial capacity and maturity of their institutions. Such differences can hinder emerging universities' ability to build effective investment policies and to overcome the organizational restrictions that affect their investment results. Furthermore, very few studies have systematically investigated the current state of investment in newly established universities situated in predominantly agricultural regions, relatively distant from major economic centers, within the context of Saudi Arabia. Therefore, this study can fill such gap through identifying and analyzing the factors hindering emerging universities from pursuing effective investment and ultimately become financially independent from the government fund.

The purposes of this study were: (1) to understand the current state of investment in emerging universities in Saudi Arabia from the point of view of faculty members, and (2) to identify the challenges that hinder investment, by answering the following questions:

1. *What is the current state of investment in emerging Saudi universities from the perspective of faculty members?*
2. *What challenges constrain investment in emerging Saudi universities from the perspective of faculty members?*

2 Methodology

2.1 Design

The descriptive approach was used to answer the study questions in order to investigate the current state of investment of the emerging universities in Saudi Arabia and the factors that hinder the success of their investment activities, identify the main dimensions of these activities.

2.2 Population and Sample

The study population consisted of all faculty members (assistant professors and above) of Jouf University, Baha University, and Prince Sattam University. The total number of faculty members was 3,117 distributed among the three universities as: 934 faculty members at Jouf University, 1,049 faculty members at Baha University, and 1,143 faculty members at Prince Sattam University (University Affairs Council,

2025). A total of 477 faculty members, which is around 15.3% of the study population, were drawn as the study sample, and proportional

representation of the population characteristics was ensured. Demographic data for the study sample are presented in Table 1.

Table 1: Study Sample According to Variables (University – Academic Rank – Gender – Specialization)

Variables	Category	Jouf University	Baha University	Prince Sattam University
Academic Rank	14	10	29	29
	50	131	25	25
	73	28	117	117
Gender	63	140	103	103
	74	29	68	68
Specialization	44	48	62	62
	50	71	74	74
	43	50	35	35
Total Sample per University		137	169	171

2.3 Instrument

The questionnaire title was “*The current state of investment in emerging Saudi universities, and what challenges do they face from the Perspective of Faculty Members*”. The instrument was created to evaluate the current state of investments made in selected universities, and the challenges that are faced by the selected universities as perceived by faculty members. The questionnaire comprised the following two sections:

- **Demographic Characteristics of the Participants:** University, academic rank, gender, and specialization.
- **Dimensions of the Research Instrument:** comprising two main axes:
 - **Dimension 1:** 15 items assessing the current state of investment in emerging Saudi universities.
 - **Dimension 2:** 15 items assessing the Challenges facing investment in emerging Saudi universities.

2.3.1 Validity

Face Validity. The questionnaire was reviewed by a panel of expert reviewers. They were requested to evaluate the clarity, use of terms, and the extent to which the dimensions of the instrument captured the goals of the study. In light of these comments, the questionnaire was linguistically corrected to align with the study’s goals. This process led to the development of face valid and acceptable representation for the dimensions. In general, the correlation coefficients were high with the exception of Items 8 and 11, which had a correlation coefficient of about 0.29. These values were not out of the normal range and were statistically significant.

Construct Validity. It was assessed via Pearson correlation coefficients for each item with the total questionnaire score and found to be satisfactory (see Table 2).

Table 2: Item–Total Correlation Coefficients for the Questionnaire

Item	Correlation Coefficient	Item	Correlation Coefficient	Item	Correlation Coefficient
Item 1	0.376**	Item 11	0.290**	Item 21	0.359**
Item 2	0.459**	Item 12	0.341**	Item 22	0.391**
Item 3	0.431**	Item 13	0.318**	Item 23	0.423**
Item 4	0.372**	Item 14	0.306**	Item 24	0.439**
Item 5	0.397**	Item 15	0.286**	Item 25	0.436**
Item 6	0.323**	Item 16	0.301**	Item 26	0.436**
Item 7	0.325**	Item 17	0.383**	Item 27	0.543**
Item 8	0.292**	Item 18	0.391**	Item 28	0.488**
Item 9	0.332**	Item 19	0.424**	Item 29	0.428**
Item 10	0.309**	Item 20	0.346**	Item 30	0.456**
** Correlation at the 0.01 level					
* Correlation at the 0.05 level					

2.3.2 Reliability

The results showed that the reliability coefficients of the questionnaire domains were high (ranged from 0.846 to 0.873), reflecting a strong level of internal consistency among the questionnaire items (Table 3).

Table 3: Cronbach's Alpha Reliability Coefficients for the Questionnaire Domains

Questionnaire Domain	Cronbach's Alpha	Number of Items
The current state of investment in emerging Saudi universities	0.846	15
Challenges of investment in the universities	0.873	15

4.3.3 Scoring of the Instrument

The questionnaire consisted of 30 items measured using a five-point Likert scale to capture respondents' levels of agreement. The

response options were coded as follows: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), and Strongly Agree (5). The Weighted Mean scores were interpreted according to the following ranges: 4.20 – 5.00 (Very High level of

practice), 3.40 – 4.19 (High level of practice), 2.60 – 3.39 (Moderate level of practice), 1.80 – 2.59 (Low level of practice), and 1.00 – 1.79 (Very Low level of practice).

2.4 Data Analysis

The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistical methods, including means and standard deviations were employed to summarize faculty members' responses and

address the study questions. The findings were subsequently interpreted and discussed in relation to the study objectives and research questions.

3. Results

3.1 Question One

What is the current state of investment in emerging Saudi universities from the perspective of faculty members?

Table 4: Means and Standard Deviations of Participants' Responses to the Items of Dimension One

Item	Mean	SD	Level of Agreement
The university has a clear plan for investing its available resources.	2.51	1.22	Low
The university seeks to develop its investments to achieve alternative income sources.	2.76	1.02	Moderate
The university has specialized departments or units dedicated to investment.	2.89	1.06	Moderate
There is diversity in the university's investment fields (real estate, technology, education, etc.).	2.76	1.24	Moderate
The university has partnerships with the private sector to generate investment returns.	2.79	1.30	Moderate
A portion of investment revenues is allocated to support scientific research.	2.78	1.22	Moderate
The university's infrastructure is suitable for investment and revenue generation.	2.67	1.18	Moderate
There are clear indicators to measure returns on university investments.	2.64	1.18	Moderate
The university applies governance principles in managing investments.	2.44	1.24	Low
University administration supports an investment culture among its members.	2.55	1.32	Low
Incentives exist to encourage academic departments to engage in investment projects.	2.58	1.26	Low
The university has a database for its current and future investments.	2.64	1.28	Moderate
Investment results are disclosed transparently.	2.66	1.22	Moderate
The university invests in entrepreneurship and innovation projects.	2.75	1.29	Moderate
Investment income is reflected in the quality of educational services provided.	2.65	1.30	Moderate
Overall mean of participants' responses	2.67	0.70	Moderate

The findings in the table revealed that investments in the emerging Saudi universities were at a moderate level ($M = 2.67$). These results indicate that the University investment systems are still in early stages and have not reached the targeted level of investment. The application of the principles of good governance is especially weak ($M = 2.44$), the investment plans are transparent ($M = 2.51$), and the investment culture and incentive structures are weak ($M = 2.55$ – 2.58). All of the above indicate that there are issues with the organizational climate that facilitate investment activities. However, a number of indicators showed early signs of relative improvement, such as the existence of specialized investment units ($M = 2.89$); partnerships with the private sector ($M = 2.79$); and diversification of investment domains ($M = 2.76$). The results overall indicate that there is a nascent process in place that needs to be

strengthened in terms of governance, organizational setup, and investment mechanism, to improve investment performance.

In addition, the results revealed that the current state of investment in emerging universities remained at a low to moderate level, reflecting limited institutional maturity in activating university investment systems. This situation is manifested in weak strategic clarity, underdeveloped governance mechanisms, the absence of effective incentive systems, and a fragile investment culture among university stakeholders.

3.2 Question Two

What challenges confront investment in emerging Saudi universities from the perspective of faculty members?

Table 5: Means and Standard Deviations of Participants' Responses to the Items of Dimension Two

Item	Mean	SD	Level of Agreement
Absence of regulations and policy governing university investment.	2.99	1.35	Moderate
Limited authority granted to university to manage its investments.	3.14	1.11	Moderate
Lack of specialized competencies in investment management within university.	3.21	1.11	Moderate
Weak investment culture among university employees.	3.39	1.19	Moderate
Insufficient institutional support to promote university investment.	3.35	1.36	Moderate
Limited investment opportunities in region where the university is.	3.33	1.28	Moderate
Difficulty in establishing partnerships with the private sector.	3.51	1.23	High
Existence of Administrative and bureaucratic obstacles.	3.34	1.23	Moderate
Weak technological infrastructure supporting investment projects.	3.30	1.24	Moderate
Absence of coordination between the relevant units regarding investment projects.	3.17	1.37	Moderate
Lack of specialized training programs in investment management.	3.09	1.33	Moderate
Complex procedures for approving investment projects.	3.20	1.36	Moderate
Lack of clarity in the ministry's strategic vision for investment.	3.19	1.25	Moderate
Absence of periodic evaluation of returns on current investments.	3.27	1.29	Moderate
Lack of future studies on investment in the university.	3.34	1.26	Moderate
Overall mean of participants' responses	3.25	0.78	Moderate

Based on table 5, the results indicated that the challenges encountering investment in emerging Saudi universities were rated at a moderate level ($M = 3.25$), meaning there are obstacles preventing the promotion of university investment. The findings show that the most significant challenge relates to the difficulty of establishing partnerships with the private sector ($M = 3.51$). Furthermore, the findings revealed that the current investment in the emerging universities was still at a low to moderate level, indicating a low maturity of the university investment system. This is expressed in the low level of strategic clarity, the lack of effective governance mechanisms, the lack of effective incentive systems, and a weak investment culture among the university stakeholders.

Other major issues are lack of investment culture among university staff, inadequate institutional support, shortages of investment opportunities in the surrounding area and administrative and bureaucratic restrictions. All these results suggest human, organizational, and institutional weaknesses that need to be addressed through greater institutional autonomy, better organizational climate, effective cooperation and strong management of investments to achieve sustainable growth.

4. Discussion

The findings also indicate that the challenges in the university investment arena vary between "moderate" to "relatively high", especially from the human and organizational perspective, particularly in terms of forming partnerships with the private sector. Furthermore, there was no clear policy or regulation, and limited powers were given to universities in controlling their investment. This explains the gaps in legislations and regulations, which can restrict the effective activation of university investment systems.

As for the first question, the results align with Seidl (2023), who states that investment in HE is not only financial but also through the provision of high-quality institutional management, long-term planning and regulation at a higher level to foster knowledge-based investment. Based on the organizational and administrative issues found in

the present study, it is possible to suggest that the emerging Saudi universities are still in their early stages and have limited capacities, which are not yet capable of obtaining returns on investments over the long-term. The results also corroborate Simon's (2018) United Kingdom study, which focused on the criticality of centralized bureaucratic controls as one of the most important obstacles to investment at the university. The similarity indicates that although there are differences between the two systems, administrative complexity is still a challenge to boost university investment and improve competitiveness.

The results at item level showed the existence of institutional investment initiatives: investment units were established and limited private sector partnerships were set up; however, these initiatives are at a preparatory stage at an early stage. This is corroborated by Futao (2017) who concluded that such financial empowerment initiatives are a first step towards financial maturity when there is a reduction in government funding and a strengthening of strategic partnerships between the government and the private sector. Also, the lack of governance and the transparency on the investment results show the need to improve risk management and create clear performance measures. The result aligns with Nejad et al. (2018), who found a strong correlation between poor institutional management and universities' ability to commercialize their research products.

The findings showed that a key problem is the lack of investment planning and institutional governance. Items with the lowest mean scores were: having investment plans and implementing governance. This indicates a weak organizational structures for systematic investment planning. This discovery aligns with Al-Masoudi (2025) which confirmed the lack of clear governance mechanisms, such as regulatory guidelines, transparency mechanisms, and periodic review mechanisms, which is a big hurdle in attracting investors and gaining investment efficiency. Therefore, creating integrated frameworks of governance and drafting sound strategic investment plan seem to be necessary pre-

conditions for improving transparency, accountability, and effectiveness of investment decisions.

Regardless of the aforementioned issues, there are some signs that there is an existing structure available for investment. Products concerned with the presence of investment departments or private-sector partnerships scored relatively higher means, thus indicating beginning institutional efforts to create investment structures and diversify funding sources. The results align with Al-Suhaimi (2024), who noted that although the challenges of the procedures and organizations are still present and affecting the full implementation of IUS, the Saudi universities leadership has started to consider university investment as a strategic solution to achieve sustainable development and to diversify incomes. This indicates that the state of the investment in Saudi universities is developing, and it shows the early stages of development and can be enhanced through the improvement of investment policies and systems.

By contrast, the findings revealed a clear lack of the investment culture and incentives at universities. Given the low mean scores, items focused on supporting an investment culture among the university's employees, and incentives for academic departments to pursue investment projects, were given low mean scores. This result was confirmed by Al-Masoudi's (2025) results, who found that the lack of effective incentives and clear regulations negatively affects the motivation of both universities and researchers to invest. Therefore, it is critical to adopt and create motivating policies, awareness programs, financial and non-financial incentives, training and capacity strengthening of academic and administrative staffs to increase the investment orientation of the institutions.

The results also showed that there was a lack of transparency and information systems concerning investment. The availability of clear measures of investment returns, databases of investments and transparent disclosure of investment outcomes were rated as moderate or less. This indicates "red flags" about financial

governance and information system weaknesses, which can compromise the ability of partners and investors to trust the information being provided. The lack of any regulations requiring universities to release periodic reports and tangible results of their investments create low transparency and limits the scope for new investments (Al-Masoudi, 2025). It is essential, therefore, to build in-depth information systems and make regular assessments of performance (with transparency of disclosure) to improve the level of oversight and institutional trust.

When it comes to the link between investment, educational service quality and innovation projects, the average scores on the questions related to the reflection of investment returns on educational service quality and investment in entrepreneurship and innovation projects were moderate. This means that the link between investment activities and academic results is still weak and not well institutionalized. In the context of sustainable development and generating diversified income streams and academic productivity, the "investment-oriented university" (IOU) model is an effective approach if implemented with the backing of a robust institutional framework and governance system (Banaamah, 2025). Thus, the policies of Saudi universities should be synchronized with its research and innovation policies in order to achieve material and knowledge-based returns that would lead to educational quality and research output.

Overall, these results determine that emerging Saudi universities are still in the process of developing and improving their investment capabilities. Although there is a lot of basic content, it is not implemented effectively because of strategic weaknesses and the lack of governance and transparency. Therefore, an investment culture should be built up at the university level. The new university structure has been validated by contemporary studies in Saudi Arabia that grant universities more financial and administrative autonomy, foster diversification of funding sources, and enable effective investment practices that are both sustainable and effective. To achieve these benefits, there is a need to

cultivate organizational structures, enhance administrative capabilities, and establish principles of governance that facilitate sustainable and effective investment practices (Al-Masoudi, 2025). Efforts by the managers are needed that align the governance frameworks, regulations, corporate culture, and strategic integration with the private sector to achieve tangible investment results, which are reflected in these findings. Results also support the theoretical approach adopted in this study, which considers investment in HE as a human capital investment reflecting cumulative economic, social, and innovative returns rather than financial returns (Abraham & Mallatt, 2022; Psacharopoulos & Patrinos, 2018). Additionally, the findings support previous research, which demonstrated that the value of investing in education takes time to materialize and that the extent to which this value is realized is linked to the university's capacity to convert the available resources into sustainable investment results, as required by governance models that are able to ensure efficient allocation of resources and sustainable value creation (Clark & Nielsen, 2026).

Regarding the second question, the results were similar to Al-Mutairi (2022), who found that the lack of specialized administrative units in investment management and centralized regulations, laws, and policies are major challenges. These constraints highlight the significance of an organizational and functional structure for supporting investment. The results are also similar to that of Ansari et al. (2017), who found bureaucracy and inflexible policies as major impediments to investment in the university, and Hasnain (2020), who emphasized that the lack of strategic leadership vision and organizational clarity is a key barrier to the commercialization and investment of medical research. Administrative and bureaucratic delays, interdepartmental coordination problems, and project approval processes were some of the items that show structural problems of managing university investments in this present study. Likewise, Al-Mutairi (2022) reported that the lack of flexibility in the regulations, the problems with

external contracting, and the poor communication between universities and the private sector are the main limitations in investment in research. It is, therefore, critical to establish clear governance frameworks and procedural mechanisms for the simplification of processes in order to address these challenges. Conversely, Alharbi (2025) concluded that investing in university facilities can be a good financing alternative to HE. However, the lack of clear accounting systems can be damaging. The result emphasizes the need for building comprehensive organizational systems, minimizing the bureaucracy, and improving internal coordination. Therefore, improving administrative systems with enhanced internal and external communication and more flexible policies are essential in overcoming the barriers.

The results also indicate a lack of training and qualification programs in investment management and investment culture. This is consistent with Nejad et al. (2018) who found that cultural constraint was the most important determinant of investment opportunities at universities. Moreover, the administrative coordination and procedural bureaucracy issues identified may reinforce the need for greater efficiency in governance and organizational flexibility, which is also noted in Simon's (2018) recommendation to improve administrative coordination as a factor that would facilitate university investment.

The challenges are not limited to human and organizational challenges which directly impact the universities' ability to create effective partnerships with the private sector. The identified obstacles in this study that were cited as the highest rated include the lack of: (1) forming partnerships with the private sector, (2) providing incentives within the private sector, and developing specialized competencies. This underscores the importance of the human dimension in understanding the investment underperformance. Al-Mutairi (2022) noted that increasing research investment will need to involve raising awareness within academic circle leaders and staff, and offering special training and qualification programs. Likewise, the adoption of

transparent accounting and financing systems can foster internal and external trust and establish sustainable partnerships (Alharbi, 2025). Investment in human capital (through training), the promotion of an internal investment culture, and the development of the organizational structures, therefore, are a strategic investment avenue in dealing with existing challenges and in making the university level investment more mature and efficient.

On a regional basis, the results identifies few investment opportunities in the region where the selected universities are situated, which may be attributed to the lower level of economic activity in the region than other major urban areas. This restriction narrows opportunities for strategic partnerships with the private sector, as well as narrows the university's opportunities to receive foreign investment and expand useful collaboration with neighboring economic sectors. These findings align with current research that focuses on the importance of the knowledge economy, the surrounding infrastructure that facilitates innovation, and the level of interaction between universities, industry and other community stakeholders on which the investments of universities depend on. The problem of funding sources and investors access is highlighted in the case of universities in semi-rural areas (Thumran & Al-Shammari, 2023).

4.1 Implications

The study brought together the results of the theoretical, institutional and policy elements. The findings theoretically help with understanding the fact that emerging universities are not financially autonomous. This confirms the multidimensionality of the university investment process which has been discussed, relating to governance mechanisms, organizational culture, human capital, and administrative limitations. Failure to have any of these elements will complicate the investment process.

The results showed the need for integrated and strategically managed systems to emerge at the institutional level in Saudi universities. The governance weaknesses and failures identified in governance structures, planning mechanisms,

incentive systems and in the culture of investment demonstrate the need for clear investment plans, formal governance structures, transparency on performance indicators and real human capital development through targeted training. This is necessary to make effective investment sustainable and to build long-term partnerships with private sector.

In terms of policy, the outcomes suggest that the autonomy of the new university system is still limited by the ambiguities regulation and procedures. Thus, policymakers are encouraged to use a differentiated approach considering the developmental phase and the regional context of the universities, increase delegated powers and simplify investment processes. Overall, the results reveal that Saudi universities are going through a transition phase that demands a massive reform towards making university investment and institutional transformation process, instead of a short-term financial strategy.

4.2 Limitations

The results should be interpreted keeping in mind some methodological limitations. First, the study focused on emerging Saudi universities (17) and only three of them were sampled. This may limit generalizability of results to the investment environment of all new universities. Second, the study encountered difficulties in obtaining investment reports or accessing detailed data on the outcomes of university investments. This difficulty stems from the confidentiality policies adopted by some universities regarding financial data and records. Third, the study relied on a questionnaire as its primary data collection tool, and it was specifically designed for this research. While this approach is appropriate within the context of the study, it may limit the comparability of the results with those of studies that employed different research methods.

Regardless of critical findings, there are several methodological limitations in interpreting the results of this study. The study was restricted to emerging Saudi Universities in the Northern region of the Kingdom, and this may restrict the generalizability results to emerging universities in other regions of the Kingdom.

Furthermore, it was difficult to access detailed information on university Investment. The limitation is mostly because some universities haven't started any formal collaboration with the private sector, so there are no reports or evidence from surveys. Further, institutional confidentiality procedures regarding financial and strategic information may have limited data availability as well.

Lastly, the data collection method was using only a researcher-made questionnaire which was designed according to the study's objectives. This instrument was used to answer the research questions, but its use alone might restrict the direct comparability with previous research using different methodologies or measurement instruments.

5. Conclusion

The purposes of this study were to examine the current state of investment in emerging Saudi universities and to identify the key encountered challenges. The results indicate that the level of investment in these universities remains low to moderate, meaning limited clarity of investment strategies, weaknesses in governance implementation, lack of incentives, and that the culture of investment in universities is weak despite initial efforts. The results further reveal that investment-related challenges range from moderate to high in severity, with the most prominent obstacles including difficulties in establishing long-term partnerships, low levels of investment awareness, shortages of specialized expertise, administrative bureaucracy, and the absence of independent regulations and decision-making authority.

This study thus offers a clear and systematic overview of the current state of the investment environment in emerging universities and the obstacles encountering the implementation of investment. It also provides further empirical studies to deepen the understanding of the reality of investment in HEIs, highlight good investment practices, and effective ways to overcome current barriers and reach sustainable investment outcomes.

5.1 Recommendations and Suggestions

Recommendations: Based on the results of this study, the following recommendations are proposed:

- Emphasizing the clarity of investment policies to ensure that investment objectives, mechanisms, and models are clearly and consistently defined.
- Designing programs that meet the specific needs of all academic group within the same institution.
- Building a supportive institutional environment capable of overcoming investment-related challenges, while leveraging successful institutional experiences.
- Providing systems for the periodic monitoring and evaluation of investment projects, addressing identified challenges and supporting decision-making.

Suggestions for Future Research: The study proposes the following directions for future research:

- Comparative studies examining the differences in investment practices between emerging and established universities.
- Comparative analyses of investment realities and challenges across different emerging universities.
- Studies investigating cultural, social, and economic factors influencing university investment.
- Studies focusing on the suitability of academic and research environments for achieving investment objectives.
- Administrative and organizational studies analyzing managerial and structural barriers to effective investment in emerging universities.

6. Author Declaration

The author confirms that this research is original, has not been previously published, and is not

currently under consideration for publication elsewhere. Ethical approval for the study was obtained from the author's university prior to the commencement of the research. The author further declares that there are no financial

interests that could have influenced the research or be perceived as a potential conflict of interest.

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