

A Conceived Proposal for Endowment University Administration in Saudi Arabia in Light of American and Malaysian Universities Experience

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Study Objectives:

1. Knowing the reality of endowment university administration in Saudi Arabia (Sulaiman Al Rajhi University as a model).
2. Reaching the major factors (political, economic, cultural, social and geographic) affecting the emergence of endowment universities in the United States and Malaysia.
3. Figuring out how to manage endowment universities in the United States and Malaysia.
4. Identifying similarities and differences in the administration of endowment universities between the United States and Malaysia.
5. Building a conceived proposal for the administration of endowment universities in Saudi Arabia in light of American and Malaysian universities experience.

In order to achieve the objectives, the researcher used the comparative method, specifically Bereday's comparison method with its four steps: description, interpretation, corresponding (or interview) and comparison, using quality tools, which are: Interview, documents analysis and comparison tool.

The population and sample of the study consist of (4) educational leaders in Sulaiman Al Rajhi University, Saudi Arabia and (4) educational leaders in Al Madina International University, Malaysia. Regarding Harvard University, USA, the researcher was unable to reach out Harvard leaders, and alternatively he analyzed the documents he received from the vice president of Harvard Management Company (HMC) besides other documents.

The study results are as follows:

- The concept of Endowment university: It is a non-profit organization for higher education, with a legal personality, subject to the regulations of the Ministry of Education, has an independent administration, and mainly depends mainly for its financing on endowments and the returns of investments, studies and research, in addition to other

sources of funding used by universities.

- The theoretical framework of the study addresses the administration of endowment university (concept, types, importance, objectives, requirements, obstacles, systems associated with its management, organizational structure, sources of financing, and (current trends in managing investments of its endowments.), the reality of endowment university administration in Saudi Arabia (Sulaiman Al Rajhi University as a model), and international expertise in endowment university administration (Harvard University in the US and Al Madina International University in Malaysia).

- The administration of endowment university is based on three dimensions: administration, finance and investment, which are addressed in detail.

- Many studies confirm the importance of effective management of endowment university and innovative funding sources that goes with the latest international experiments and experiences, and contribute to achieve development requirements.

- Endowment is one of the most important funding resources to Harvard University and the basic funding resource to Sulaiman Al Rajhi University.

- Harvard University is known for its huge investments and effective management. The value of Harvard University's endowments is \$ 39.2 billion in fiscal year 2018, and that leads to expand in exposure of the Harvard company experience management among other comparative universities, which reflected on comparative study and proposed perception.

- The experience of Al Madina International University is innovative. It is represented in the university's low-fee student tuition (nonprofit), depending on self-financing and middle-class learning opportunities, and find low-fee scholarships for poor through projects that gives sustainable returns.

- Sulaiman Al Rajhi University is the first to be owned by an endowment firm in Saudi Arabia. It is owned by Al Rajhi Company for Education and Development (belonging to Awqaf Sulaiman Al-Rajhi). The university is one of the endowment expenses channel. Considering this, it is an endowment university knowing that student tuitions and scholarships represent only 14% of the University's operation expenses, and the rest, which is 86%, is paid by the endowment.

- The importance of preparing a social, economic and organizational environment for endowment university administration.

- The endowment expenses are subjected to the conditions of the endower, whether in Harvard University or Al Madina International University, emphasis that the

Western vision is agree with Islamic vision, legally and regulatory.

- Universities usually prefer unconditioned endowment as of Sulaiman AIRajhi university, or conditioned endowment on wide expenses, as of Harvard Endowment university, because it allows discretion more than conditioned on limited expenses.

- Investment management in universities has three types: a department in the university, an independent company supervised by the university, and a university that belongs to an endowment company or organization like Sulaiman Al Rajhi University. In his conceived proposal, the researcher adapted (the independent company) like Harvard University, because of the efficiency of its investment management, it is the most known, professional and independent endowment among American universities that are the most professional, and independent.

- The results of the study reveal a conceived proposal for the administration of endowment university in Saudi Arabia in light of the experience of American and Malaysian universities. The following are the main points of the conceived proposal:

First: Foundations of the conceived proposal:

1. The concept of endowment university:

It is a non-profit organization for higher education, with a legal personality, subject to the regulations of the Ministry of Education, has an independent administration, and mainly depends mainly for its financing on endowments and the returns of investments, studies and research, in addition to other sources of funding used by universities.

2. Global and local trends, including:

- Participation of individuals, private sector, and the non-profit sector in higher education.

- Funding universities through endowments, gifts, and their investments.

- Finding flexible options to reduce the governmental burden in education.

- The enormity of Harvard University endowments and their excellent development, administration and investment.

- The ability of Al Madina International University in Malaysia to shift to 100% self-financing within just seven years.

- Establishing Sulaiman Al Rajhi Company for Education and Development.

3. National policies and plans, including:

- 2030 Vision of Saudi Arabia

- 2020 National Transformation Program.

- Universities Law (1441 A.H.).

- Bylaws of private universities (1424 A.H.).
- The Law of the General Authority of Endowments (1437 A.H).
- 4. Local challenges, including:
 - The increase in the expenditure rate on education by 25% of the government budget.
 - Public universities rely financially on the government allocations only.
 - Private universities rely financially on high student fees.
 - Weak investment of endowments in educational fields.
 - The large number of high school graduates: exceeds 400.000 students.

Second- objectives of conceived proposal:

This conceived proposal has a set of objectives, including:

1. Activating the role of the private sector and the non-profit sector in finding supporting alternatives to government expenditure on universities.
2. Benefiting from the experience of Harvard University in Endowment management.
3. Application of innovative models at Al Madina International University in Malaysia in relying on self-financing.
4. Benefiting from the experience of Sulaiman AlRajhi University to develop Endowment university management.

Third- the conceived proposal mechanisms:

The mechanisms for achieving the goals of the conceived proposal are built on three areas:

First field: management: including:

- Building a strategy for the endowment university that achieves administrative and financial independence.
- Clarity of the university's endowment vision and mission to achieve self-financing.
- The financial strategy for Endowment university to be reflected in its targets.
- The diversity of specializations in Board of Trustees' members to include (academic, financial, investment, regulatory, and engineering aspects).
- Building regulations and organizational policies for all university endowment affairs.
- Designing the organizational structure of the endowment university to achieve administrative and financial independence.
- Endowment professional development for managers in universities and non-profit institutions.

- Second field: financing: including:
 - Diversifying the university's endowment funding sources: (endowments, investments, government support, student fees, cards (postponed student's loans), scholarships, donations, and commandments, rendering research and consulting services, investments on supporting services, public utility, and finally educational partnership and social.
 - The establishment of an endowment fund so that any institution or individual can support the university.
 - Spending wills and endowments according to initial endowers conditions.
 - Employing innovative marketing strategies applied by international endowment universities.
 - The third field: investment: including:
 - Establishing an administratively and financially independent investment company to invest the university endowment funds.
 - The inclusion of specialists in economics, investment and financial management in the company's board of directors.
 - The university administration supervises the performance of the investment company.
 - Diversifying investment fields for the investment company, such as bank investments (shares, bonds, investment funds..etc) and diversified investments such as: real state, trading, fracturing, agriculture, IT , educational and others.
- Fourth - requirements for implementing the conceived proposal, including:
 - Setting regulations and laws that support the application and management of the university's endowment philosophy.
 - Facilitating procedures by the related entities.
 - Defining the tasks and responsibilities of the person in charge of the university endowments.
 - Highlighting the educational, research and societal achievements of the international endowment universities.
 - The donors contribution in providing student scholarships for existing endowment universities.
 - Having a safe investment environment to develop and invest the endowment university funds.

Fifth - Obstacles to implementing the conceived proposal, including:

- The lack of a system related to university endowments and their investment.
- The novelty of the endowment experience in Saudi universities, reducing its benefits.
- The low level of support needed to establish and manage the endowment university.
- Failure to prove the ownership of the university endowments.
- The limitation of building regulations and organizational policies for the University endowment.
- Spending the endowment returns against the initial endower conditions