

Distinctiveness

**The future of higher education
in Saudi Arabia**



Table of contents

03

Introduction

05

Higher education systems with autonomous universities

09

Considerations for university leaders in Saudi Arabia

10

Steps to developing autonomous universities

12

From strategic intent to operational reality

13

From theory to practice

14

Contacts



05



Introduction

The Ministry of Education (MoE) has set an ambitious and focused strategy for universities in Saudi Arabia. Aligned with Vision 2030, the objectives include extending the impact of the higher education sector, aligning graduate and post-graduate skills with the job market and producing globally recognized and impactful research. With the transformation of the higher education system, there will be a paradigm shift from current ways of working to an autonomous system.

Higher education systems around the world have grown into sizeable and complex organizations. Especially those that operate independently have absorbed a range of university activities, with diversified sources of income and significant budgets. Such organizations require effective governance, leadership, management, and strong financial sustainability. To move toward such a system, it is critical to shift the mindset from only delivery of education to being in the business of education. A system of autonomous universities also brings the need for a level of diversification and distinctiveness so that each university within that system assumes its role, and thus a redefined autonomous higher education pattern of provision is created.

Building an autonomous system for higher education has already been done by some countries, others are in the process of transformation. Driving forces of this transition have been the evolving nature of economies and labor markets, government policies, the impact of the fourth industrial revolution and digitization, creating productive, and innovative organizations that are in the business of education. In countries where such an education system was established, the universities became characterized by high levels of autonomy, competitive or incentivized government funding, and more market and demand-led offerings – both from the perspective of students and employers.

There are global lessons from the transition to university autonomy and how many universities are repositioning in a competitive marketplace. This paper aims to explore some of these trends and to illustrate our

thinking around the issues raised in the shift from supply to demand-led strategies, digital ways of working and the age of the learner as a customer. We will present a framework to help universities redefining who and what they will become **to rise to distinctiveness**.

The journey to an autonomous, self-reliant and a resilient higher education sector will not be without challenges. It will take considerable effort, flexibility and resilience by leadership at all levels within the ministry and the universities. If the objective is to achieve Vision 2030 and its ambitions for the education sector, we must turn policy and strategic intent into operational reality.

Universities in Saudi Arabia are at a crossroads. The new mandate to transform universities into autonomous organizations presents some challenges on one hand, but many opportunities on the other. Universities will now be given more possibilities to drive their own strategic intent around who and what they want to be known for, and drive their purpose forward within the academic ecosystem. In this newly created autonomous market, the Kingdom's universities must challenge what they currently do and develop a strategic intent to deliver this into an operational reality. This will lead them to become distinct and relevant places within the international higher education landscape.

Ziad Zakaria

Senior Director
KPMG Professional Services



Higher education systems with autonomous universities

Higher education systems with autonomous universities typically exhibit several key characteristics, illustrated below.

Greater government performance measurement in universities

Higher education systems with autonomous universities can be managed by governments by tying performance measurement directly to funding. This will drive policy adoption of the universities, and encourage more collective and individual research and the quality of learning offerings. Government policy is there to create a balanced mix of higher education routes to employment, including: undergraduate and post-graduate qualifications, apprenticeships and higher-level vocational qualification. This higher-level policy guidance provides choice for students and greater alignment with economic and employer needs. With a drive to optimizing university performance, establishing clear data availability allows for accessibility of individual university performance metrics. That includes research performance, graduate outcomes, student participation levels, student experience, student retention and progression, industry funding and innovation. Moreover, performance data and rankings between universities drive a more competitive system in which universities can become more innovative and focused on continuous improvement. This, in turn, can lead to higher domestic and international rankings.

Emphasis on economic and societal relevance, graduate outcomes and employability

In many higher education systems, the importance of graduate outcomes is emphasized. The focus is on career trajectories, especially early graduate employment, and mid-career transitions. This is when university performance can, in part, be determined by their economic relevance and the employment status of graduates. Such policy redirection will determine how governments shape the impact of future graduates and research agendas when appropriate government policy and funding are in place.

“

Performance data and rankings between universities drives a more competitive system in which universities become more innovative and focused on continuous improvement and transformation.

Different funding mechanisms

Governments around the world have looked to shift costs to student and graduates with the introduction of tuition fees with accompanying loan provision systems or scholarships. Graduates personally benefit from their higher education experiences, hence the case for asking them to contribute to the costs of this. This provides a direct demand-side stake from students and reduces the overall government cost of education. Demand-led systems, where students have an increased stake in their education and experience, have driven improvements in the overall student experience, enhanced academic curricula, increased industry relevant program design, transformed student support services and modernized internal university systems and processes. The journey to a demand-led system appears to be in progress but not fully realized. This approach often leads to incremental changes in strategies of universities, emphasizing a distinctive position, relevance, reputation and ranking.

“

Considering students as customers has created a mind shift around the student experience with the voice of the customer influencing what the university offers and how it is delivered. This moves universities to the business of education rather than just the delivery of learning and research which then becomes core business.

Competition for talent and academic mobility

Students and academics are highly mobile on national and international levels. They gravitate to where they perceive and expect quality higher education or where their expectations can be met otherwise. Similarly, academics seek to be employed by universities that are innovative and that provide a working environment conducive to rigorous, productive academic endeavor in terms of teaching and research. They also seek relative academic freedom. Autonomous universities can make choices and investments to attract target market students and academics that support areas of academic focus.

Student experience and expectations

Students are increasingly demanding around the student experience and quality of education. They are often debt-adverse, as they will be out of employment and there are costs associated with education. Within the context of autonomous universities, the student experience and the demands of future customers are central in developing an institutional strategy.

The KPMG publication [Student experience in the age of the customer](#) illustrates the student characteristics and behaviors in an evolving world.* Future cohorts of students will be reflective of the next generation of customers – students who will be more diverse and digitally-enabled, more discerning in choice of what, how and where they study. The publication the 5D model of student expectations, as per below.



Diverse

Students will be preparing and retraining for a much more diverse range of careers. **They will seek a broader array of qualifications, experiences, and services from universities.** Successful institutions will be those able to create personalization at scale across diverse and changing cohorts.



Digital

Students will increasingly demand access to education anywhere, anytime and on any device. They have found convenience in remote working and are likely to retain a fair proportion of continuing to do so in their post-pandemic work patterns. **Every institution's student population will demand a rich digital learning, engagement, and service platform.** The institutions that can deliver to this expectation will thrive.



Discerning

Learners will be better informed, more aware of employment prospects, more instrumental and more deliberate in their choices. They want their lifelong learning experiences to be seamless and will display loyalty only where the most recent experience with that institution has met their needs. **The institutions that can truly partner with the individual student to co-create an educational experience targeted at that student's values and desired outcomes will do best.**



Demanding

Students want more information to inform their educational and career choices, so they can know what to expect, and make informed judgments on their journey. **Students want to visualize the experiences they are likely to have at university and in their careers.** The institutions that seek to understand and serve students' preferences will gain significant competitive advantage and those that do not, may not survive.



Debt-averse

Students are becoming more instrumental in their choices and over time it will be much easier to make rational outcomes-based decisions about study. **Students are being more outcome/value driven where they expect added value and good returns on their investment.** Regardless of whether the student is passionate about the creative industries or data science, more of them will have a defined return on their investments, financial, time and effort in mind and will want certainty that the expected returns are achievable.

Coexistence of multiple universities in an autonomous system: distinctiveness

There are competing higher education institutions, offering similar academic portfolios of research and learning. Mature and autonomous higher education systems are increasingly characterized by institutional diversity whereby the system is clearly, and often nationally, segmented into different types of higher education institutions. Each of them has a clear and defined purpose and plays a different role, while within the system, universities and other institutions have sought to develop a reputation that distinguishes themselves within a competitive system.

Institutional distinctiveness exhibits several great benefits for education and for society at large. It can lead to greater success in student recruitment, graduate success in the employment market, better research and knowledge transfer, and industry relationships. In this model, emphasis is placed on a university's strengths, capitalizing on market, positional and academic distinctiveness. It presents a model in which universities can align with clearly defined external influences, like regional industry and economic needs, professional disciplines, and funding opportunities.

Case study

The **City of Birmingham (UK)** has four universities within a three-mile geographical range who co-exist and flourish within a competitive market-driven system. They have each developed distinctive and separate missions and focus.

University of Birmingham, part of Russell Group Research, is the largest of the four, a comprehensive university with a strong international research and ranking position, based on a wide range of subjects from medical and life sciences, engineering, social sciences, and science. It draws students and academics internationally and seeks to generate revenue from a wide range of government and commercial sources.

Aston University is half the size of the university of Birmingham but 'punches above its weight' in research rankings in a more limited range of disciplines, particularly in engineering, computing and its renowned business school. It excels in its industry partnerships, applied research and knowledge transfer, and industrial/professional placements soon after graduation. It attracts mainly UK-based students while it strives for more international students.

Birmingham City University is second in size, focused on professional and practice-based disciplines, primarily for students from the city region. It produces graduates for most of the city's professions and has significant local and regional employer engagement and has a reputation as serving the City of Birmingham with employment-ready graduates who tend post-graduation to stay and contribute to the regional economy.

University College Birmingham is a market-focused university with a higher education and further education portfolio. It delivers programs mainly in hospitality, leisure and tourism programs of study and has a national and international reputation as a center of excellence. It has significant employer engagement and in many areas employer support in the delivery of programs. It provides market-ready graduates with high levels of employability skills.

While the four universities compete in some areas, overall, they complement each other because of their distinctive strategies. There is a clear mission purpose for each resulting in growth, effectiveness and market clarity. Collaboration in areas of common interest ensures to have an academic ecosystem that makes it more than the sum of the parts for the four universities and the regional economy.

It is evident that many universities in autonomous systems continually have to adapt and transform to meet external and internal operating challenges. These challenges are further exacerbated by reducing government funding, the evolving requirements of the digitalizing workplace and the impact of digital disruption on the operations of the university.

*<https://home.kpmg/au/en/home/insights/2021/03/student-experience-in-the-age-of-the-customer.html>



Considerations for university leaders in Saudi Arabia

Presidents and Vice Chancellors leading universities in Saudi Arabia have a once in a career opportunity to influence and shape the future pattern of provision of higher education within the Kingdom.

The external operating environment in Saudi Arabia has changed. Vision 2030 speaks to the wealth that grows from the ambition of the Saudi people and the potential of a younger generation. The success of the vision will, in part, be determined by the engagement and commitment of Saudi universities and their contribution to knowledge creation and innovation.

The new Universities Bylaw, approved by Royal Decree No. (M/27), which was passed in December 2019, creates the case for change for universities in Saudi Arabia. The new bylaw allows universities to enjoy disciplined autonomy in framing their academic, financial, and administrative regulations. Universities can now formulate their specializations and programs

in accordance with the development needs and job opportunities in the regions that come under their jurisdiction. All this shall be in line with the general policies approved by the cabinet through the University Affairs Council.

University leaders have an opportunity to redefine and reshape the future reputation and position of their universities within a global and regional ecosystem. However, this freedom of exploration comes with risks, such as slow adoption of transformation while other universities claim market position, areas of focus and growth. As an autonomous university, the risk of making significant financial decisions and expenditures comes with a limited governmental safety net. In a competing international landscape, doing nothing will however not be a viable option.

Embracing this changing operating environment will require a paradigm shift from centrally funded delivery of education to universities being in the business of education. Continuing to operate as normal with incremental changes may not be enough to make the repositioning required to lead rather than respond to market changes. Having first-mover advantage will secure a brighter future than being a market follower.

“

University leaders have an opportunity to redefine and reshape the future reputation and position of their universities within a global and regional ecosystem.

Steps to developing autonomous universities

While universities in Saudi Arabia have begun the journey toward building autonomous universities, there is still much to be done. **It will be critical for the MoE to set the foundations, operating guidance and operating conditions for universities.** Conversely, universities themselves should take a proactive position in self-determining their future position within the country and global higher education ecosystems.

To support this journey and to present our thinking, we have constructed a framework to draw together some of the critical success factor in a university's evolution and success toward building an autonomous higher education ecosystem. This framework consists of six interrelated design principals build around a 6R framework.



Reimagined strategy

An autonomous university is responsible for creating its own future as an evolved and independently operating university that is in the business of higher education delivery and research. This will require a comprehensive update to strategy of the universities. Such strategic redirection will include to ask questions around university's purpose, position and distinction. Collaboration with other institutions (universities, private sector and other providers) or indeed mergers. **It is important to consider that the reputation and brand status of the university are impacted by the student experience, research impact, academic portfolio, and key stakeholder perceptions.** The new strategy will also require consideration to the speed of transformation, how to phase the implementation of key components – human, physical and technological – and how progression and achievements will be measured. This strategy must be known, understood, and accepted across all stakeholder levels of the university so that its implementation and the journey are understood. Therefore, the strategy should be incremental and adaptive in nature, setting a direction of travel that brings about the rise of a distinctive academic or research offering.



Reimagined academic portfolio and the student experience

Autonomous universities need a distinctive reputation as foundation to their institutional, subject-matter reach – both at the regional and international level. In all cases, the necessity to develop a strong student experience and reputation should be aligned to the distinctive vision and strategy of the university and should be based upon a high-quality student experience that is built around a distinctive academic portfolio and graduate outcomes that lead to graduate level sustainable employment. Unlike previous generations, the student experience and the acquired graduates' skills must be fit-for-purpose in a digitalized world. **The student experience and employability outcomes must be developed strategically, presenting a distinctive proposition that shows why and how the university is different.** This is critical in repositioning the university and is an essential part of developing brand and reputational development.



Rejuvenated and new academic programs

Rejuvenated academic programs will need to have strong industry relationships, internships/industry placements and real live course projects. Indeed, the academic portfolio of courses cannot be business as usual. **Future success requires consistent reimaging of the course portfolio, relevant to the university's new defined vision and strategy.** The assessment of the portfolio will require decisions over what fields of study they will focus on, what is relevant to the needs of the current and future economy, what should they invest in, and – as important – what should they stop doing. There will need to be a blended approach to student learning that integrates digital blended, immersive, online, professional practice based, in-corporate job, and industry elements of teaching and learning that is fit for purpose for different learning style and needs. The KPMG publication **Future of learning: Blended learning?** considers the digital revolution around digital blended learning as the basic entry point for students.* Moreover, a new dynamic in teaching and learning should be considered, one that takes into account next steps in knowledge transfer and adaptive learning beyond traditional lectures, seminars and workshops.



Refreshed and strengthened institutional governance

Universities with clearly defined strategies and distinctive focus will require strong and accountable leadership, external and internal governance. As part of that change, the role of the governing bodies, the Lay Council or Board of universities should shift to become independent and act in a manner similar to a board of a private organization, whose role is in guiding strategy development, overseeing the implementation, and measuring the financial sustainability of the university. They should hold the executive leadership team accountable for the delivery of the strategy and set key performance indicators to measure student retention, financial stability, research impact and relevance. They need to be fully committed to their governance role and bring a variety of skills and experience that bridge the academic and commercial world. This shift in role may require a change in perceived status and renumeration of the university board members. **Executive leadership teams, Presidents, Vice Chancellors and Deans need to be more than academic leaders and need to be commercially aware, entrepreneurial, strategic in mindset, international in outlook,** change managers, and where needed visionary. They will need to actively engage with their students, staff, stakeholders, and wider society to help shape and drive the university's distinct ambitions. Moreover, they need to be business-like in making resources available and planning and short- and long-term investment decisions. Integration of differing mindsets will avoid group-think and present a new dynamic. However, this will not be without its challenges and therefore continual leadership development of executives may be required.



Realigning and redesigning the university operating model

With a new or amended vision and strategy, there is a need to realign the university to support the delivery of its identified core business and defined strategy. Many universities have generated historical layers of organizational structures, policies and procedures that are no longer fit-for-purpose and present barriers rather than enabling effective systems that will reduce costs and provide funding to the core business of the academic portfolio. **The construction of the operating and academic delivery model should start with a digital-first mindset.** It should make full use of digital opportunities such as machine learning and artificial intelligence to be integrated alongside traditional ways of working. This should create a digital and human centered workforce that brings the best of both with technology replacing manual and system-based activities, releasing the workforce to concentrate on high value integration with its customers and stakeholders. This goes beyond typical HR and finance systems and integrates student experience approaches through systems that interface between the student and the university. It is important to state that digital first should not just be limited to back office functions but also in the way academic delivery and teaching and learning takes place.



Revenue diversification

The government is often still the key source of funding for universities, both for student participation and for research. **However, as a self-sustaining autonomous organization with responsibility over its own financial success, the university will need to consider alternative sources of revenue.** Indeed, during the time of transformation and renewal, there will be additional financial strains and investment required and therefore alternative revenue sources will be critical to maintaining financial health. These sources could be generated from increasing overseas students, consulting services, philanthropy, and joint ventures with industry. However, these basic and core alternative revenue sources will have to explore future and new funding sources sought.

Six interrelated design principals are prerequisites toward building an autonomous higher education ecosystem.

A reimagined strategy that takes into consideration the university's purpose, position and distinction must be built around a distinctive academic portfolio and graduate outcomes. The translation of autonomy from an abstract concept to operational practice depends on strong and accountable institutional leaders who can confidently navigate this transformation toward a unique identity, an academic reputation, a financial sustainability and a high-quality student experience.

*<https://home.kpmg/sa/en/home/insights/2021/04/future-of-learning-blended-learning.html>

From strategic intent to operational reality

Delivering transformation and building an autonomous university

The previous sections illustrates what could be done, however the implementation will require a significant shift in mindset at all levels of the university. The implementation of the new strategy and operational model will require a detailed transformation roadmap and communication strategy. The evolution from the delivery of learning to the business of education will also require staff to be prepared to work differently. New ways of working and the integration of technology will require new roles to be created. It is inevitable that change creates unrest within the workforce and that some roles may change or no longer be required. The latter would then require support from the university in seeking alternative employment. This level of realignment is a significant activity and financial outlay for the university and will be a critical

“

The transition and implementation of the new strategy and operational model will require a detailed transformation strategy and roadmap along with a communication strategy to be designed and implemented.

component from turning the strategic intent into operational reality. This may require the university to consider creating a transformation office, working with the university leadership and with the responsibility for the realignment and redesign of the university.



From theory to practice



The MoE in Saudi Arabia has envisioned a radical change in higher education system by granting disciplined autonomy to universities in framing their academic, financial, and administrative regulations. To leverage all the benefits and opportunities that come from an autonomous model, universities need to be ready for this radical change as they will be held accountable for policy adoption, future distinctive position and financial resilience. It is acknowledged that universities will be at differing points of the

“

Higher education institutions in Saudi Arabia need to prepare, develop and implement strategies for change so that they are ready to lead this radical transformation process.

journey towards autonomy and therefore some of the questions raised will have been considered and acted upon. However, higher education institutions in the country need to prepare, develop and implement strategies for change so that they are ready to lead this radical transformation process. University leaders should consider what part of the journey they want to implement toward being distinctive.

As part of that, they need to ensure that the new vision for their university is aligned with the nation's economic and social priorities. Then, a strategic framework, defining the core strategic themes, broken down into institutional goals, objectives, and key performance indicators should be set up. The next step is to redevelop university operating model to become digitally-enabled, streamlining structures, processes, policies, and procedures – a sustainable funding mechanism is one where universities have a financially sustainable operating model to fund world-class teaching and research.

The future is in the hands of those leaders who take this opportunity to shape a new era of higher education provision in Saudi Arabia.

Contact



Ismail Alani
Head of Government and Public Sector
KPMG Professional Services
E: ialani@kpmg.com



Ziad Zakaria
Senior Director
KPMG Professional Services
E: ziadzakaria@kpmg.com

Authors



Kenneth Sargison
Education Subject Matter Expert



Professor Cliff Allan
Former Vice-Chancellor at
Birmingham City University



Lina Reslan
Education Subject Matter Expert



Joud Hudhud
Associate Manager, Advisory

Contributors

Peter Bannink, Marketing & Thought Leadership Lead

Elham Elbarghouty, Director, Advisory

Mohammad Ali Wajeh, Associate Director, Advisory

kpmg.com/sa



Disclaimer

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Professional Services, a Saudi Closed Joint Stock Company and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.