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Project Title

**The Impact of Applying Project Governance Dimensions on the
Overall Performance of Capital Projects: A Quantitative Study on a
Sample from the Saudi Government Sector**

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Academic Term

Chapter 1 : General Framework of the Study

1.1 Introduction

Saudi Arabia is going through a moment of change that has few parallels in its modern history. Vision 2030 is at the heart of this shift, and its goal is straightforward: build a less oil-dependent economy, with more sources of income and more opportunities for the local market. Capital projects sit at the centre of that plan. They are not side activities; they are the way most of the Vision's promises actually reach the ground. Recent figures from the Public Investment Fund put government capital spending at around SAR 64.9 billion, covering Vision-related programs, mega-projects and investment work in municipalities, health, education and infrastructure (Public Investment Fund, 2024). Numbers of that size raise an obvious question. Are these projects being managed in a way that turns the money into real results, on time and on budget? Or is too much of it lost along the way?

What we see in other countries is not very encouraging. Large public projects fail more often than people assume, and the reasons are rarely external shocks. In most cases the cause is something internal: a weak governance setup, no real accountability, gaps in risk management, or a culture where reports tell only half the story (KPMG, 2016). An Aon study went further and estimated that projects without a proper governance framework fail about 30% more often than projects that have one (Aon, 2014). Saudi Arabia is not insulated from these patterns. If anything, the size and number of public projects make the question of governance even sharper here.

So what is project governance, in plain terms? It is the framework that keeps a project on track—who decides, who answers for results, and how the project stays aligned with the wider strategy of the organization behind it (Sharma et al., 2009). Four pillars are usually named in the literature: governance structure, transparency, accountability, and risk management. Together they form the control system around the project. PMI puts it bluntly: organizations with mature governance hit their targets more often, control costs better, and produce more predictable results (PMI, 2017).

Performance, on the other hand, is no longer judged by the old "iron triangle" of time, cost and quality alone. That view is too narrow for projects of this scale. Today, a project is also judged by whether it actually delivers the benefits it promised, whether stakeholders are satisfied, and whether it leaves something durable behind (Zwikael & Smyrk, 2012). For Saudi capital projects—linked as they are to national development—this wider view is the only one that really makes sense.

Yet, even with all the international writing on project governance, Arabic-language and Saudi-focused research on the topic is still thin. Past studies do not always agree on which governance dimension matters most, and their methods and samples vary widely. The result is a gap. This study tries to narrow it. It looks at how the four governance dimensions affect the overall performance of capital projects inside Saudi government entities, using a hybrid model that borrows from PMI and ISO 21500 but stays grounded in the local environment—Vision 2030 programs, the National Transformation Program, and the regulations that shape day-to-day public-sector practice.

1.2 Statement of the Problem

Government capital projects in Saudi Arabia are not short of money. They are not short of political attention either. The problem lies elsewhere. Many of them still struggle to finish on time, stay inside their budget, or deliver the benefits they were sold on. A big part of this comes back to governance—or more precisely, to governance that is applied unevenly, dimension by dimension, instead of as a single working system. The cost is not just financial. Every overrun and every delay chips away at the credibility of public spending and slows down the Vision 2030 agenda.

The international picture lines up with this. KPMG (2016) surveyed major capital projects and found that 53% of them had been underperforming the year before. Only 31% landed within 10% of their budget, and only 25% met their original schedule. These are not edge cases. They are the norm in environments where governance is weak.

In Saudi Arabia the stakes are even higher because of the sheer scale involved. NEOM, the Red Sea Project, Qiddiya, Amaala—each runs into hundreds of billions of riyals on its own (Public Investment Fund, 2024). Money alone will not make them succeed. What will determine

the outcome is whether the governance around them is strong enough: clear decision-making, useful reporting, honest accountability, and risk work that happens before problems blow up, not after.

The real question, then, is not whether governance matters. Almost everyone agrees that it does. The question is how strongly each governance dimension—structure, transparency, accountability, risk management—actually moves the needle on overall performance in the Saudi public sector. That is what is still unclear. And in a setting where traditional bureaucracy and modern governance reforms sit side by side, the answer is unlikely to be the same as in the studies done in Europe or North America.

From this, the main research problem can be phrased as a single question:

What is the effect of applying the four project governance dimensions (governance structure, transparency, accountability, and risk management) on the overall performance of capital projects in the Saudi government sector?

Research Gaps

Theoretical Gaps

Even with all the work done on governance, the picture is not complete. Several gaps stand out:

- Most Arabic-language studies treat governance as a corporate-level topic. Project governance as a separate field, with its own rules, is rarely examined—especially inside the Saudi context.
- It is hard to find a single study that brings all four dimensions—structure, transparency, accountability, risk—together. Researchers tend to pick one or two and stop there.
- Models that connect project governance to a wider notion of performance—one that goes beyond time, cost and quality—are not well developed.
- There is no clear hybrid framework that mixes the international standards (PMI, ISO 21500) with the realities of Vision 2030 and the National Transformation Program.

Applied (Empirical) Gaps

- Field studies on what governance actually looks like inside Saudi government projects are few. Most of the empirical work was done in Western settings or in private-sector contexts that do not match the Saudi public environment.
- There is no widely used, locally validated tool to measure governance dimensions in this context. Without one, every researcher ends up reinventing the wheel.
- Few studies link real governance practice—not just stated policies—to the actual performance of capital projects on the ground.
- Almost no work examines how governance application and its effect on performance vary by experience, job level, or type of government entity.
- Practical, evidence-based recommendations that Saudi entities can actually use to improve their capital-project governance under Vision 2030 are still missing.

1.3 Significance of the Study

1.3.1 Scientific (Academic) Significance

On the academic side, this study tries to add value in four ways. The first is filling a clear gap. Project governance has been studied a lot in the West, but very little of that work focuses on the Saudi or Arab setting. Most local writing still treats governance at the corporate level rather than at the project level. By looking at government capital projects directly, this study adds material to a field that needs it.

The second contribution is a kind of bridge between two worlds. On one side, the international standards (PMI, ISO 21500). On the other, the Saudi administrative system, with its own rules, its own culture, and its own programs (Vision 2030, the National Transformation Program). Bringing the two together produces a hybrid framework that is more useful locally than either source alone.

Third, the study lays some groundwork for future research. If a reliable measurement tool can be built for the Saudi context, other researchers can use it later—maybe for comparative work between entities, maybe for tracking governance changes over time.

And fourth, there is the theoretical side. Testing the four governance dimensions inside a developing-economy public sector is not the same as testing them inside a Western company. The results either confirm what the literature says or push back against it. Both outcomes are useful.

1.3.2 Practical Significance

On the practical side, the value of the study is more direct. Decision-makers in government bodies and in investment vehicles like the Public Investment Fund can use the findings to know which governance dimensions actually move performance—and which ones are mostly noise. That helps them spend reform money where it counts.

Second, the work feeds into one of Vision 2030's quieter but more important goals: spending public money more efficiently. The Fiscal Sustainability Program already aims at this. Strong project governance is one of the practical ways to get there.

Third, the National Transformation Program is built around speeding up infrastructure delivery and pushing excellence in government performance (National Transformation Program,

2024). Recommendations from this study line up with those goals, not as theory, but as specific suggestions that can be applied.

Fourth, on the cultural level, the study helps spread the language of governance among project managers in the public sector. Many of them know the international best practice exists, but few have seen it adapted to local conditions. This work is one step in that direction.

Fifth, by giving weight to transparency and accountability, the study supports the work of audit and oversight bodies in Saudi Arabia. Their job becomes easier when the projects they look at already have the right governance pieces in place.

1.4 Objectives of the Study

Main Objective

To examine how applying the four project governance dimensions—governance structure, transparency, accountability, and risk management—affects the overall performance of capital projects in a sample of Saudi government entities.

Sub-Objectives

- Review the theoretical and applied literature on project governance and overall performance, and pin down the specific knowledge gaps the study tries to close.
- Build a conceptual model showing the expected links between the governance dimensions (independent variables) and overall project performance (dependent variable).
- Develop a reliable, valid questionnaire suited to the Saudi context for measuring governance dimensions and overall performance.
- Diagnose how strongly the four governance dimensions are actually applied in the capital projects under study, as seen by the participants.
- Assess the current overall performance of those projects, again from the participants' perspective.
- Test the statistical hypotheses on how each governance dimension affects overall performance.
- Check whether responses differ significantly by experience, job level, or type of government entity.

- Offer practical, evidence-based recommendations that Saudi public bodies can use to improve the governance of their capital projects.

1.5 Research Questions

Main Question

What is the effect of applying the four project governance dimensions (governance structure, transparency, accountability, and risk management) on the overall performance of capital projects in a sample of Saudi government entities?

Sub-Questions

- To what extent are the four governance dimensions actually applied in the capital projects under study, as perceived by the participants?
- What is the current level of overall project performance, as perceived by the participants?
- Is there a statistically significant correlation between governance application and overall performance?
- Which governance dimension has the strongest perceived effect on overall performance?
- Do participants' assessments differ significantly by years of project management experience?
- Do they differ significantly by job level?
- Do they differ significantly by type of government entity?

1.6 Research Hypotheses

Main Hypothesis

H0: There is no statistically significant effect, at ($\alpha \leq 0.05$), of applying the four project governance dimensions on the overall performance of capital projects in the Saudi government sector.

Sub-Hypotheses

- H1: At ($\alpha \leq 0.05$), governance structure has no statistically significant effect on overall project performance.

- H2: At ($\alpha \leq 0.05$), transparency has no statistically significant effect on overall project performance.
- H3: At ($\alpha \leq 0.05$), accountability has no statistically significant effect on overall project performance.
- H4: At ($\alpha \leq 0.05$), risk management has no statistically significant effect on overall project performance.

1.7 Operational Definitions of Key Terms

Project Governance. Following ISO 21500:2021, this is the organizational framework—plus the processes and structures behind it—that directs, controls and monitors the project so it actually delivers its goals while taking stakeholders into account. In this study, the term covers the policies, systems and practices applied to a Saudi government capital project to keep decisions disciplined, information honest, responsibilities clear, and risks under control.

Governance Structure. The first dimension. It is the formal setup that decides where authority sits, where responsibility ends, and how the leadership bodies—the Project Steering Committee, the Executive Sponsor, the Chief Projects Officer—relate to one another (Müller, 2009).

Transparency. The second dimension. It is about how available, clear and accurate project information is—financials, progress, risks, decisions—and whether stakeholders see it in time to act on it (Bovens, 2007).

Accountability. The third dimension. It is the institutional system that ties clear responsibilities to measurable performance, based on well-defined roles, written expectations and a fair distribution of authority (Kwna, 2025).

Risk Management. The fourth dimension. It is the structured process for spotting risks, weighing their effect on the project, and putting responses in place early rather than late (ISO 31000:2018).

Overall Project Performance. In this study, the term refers to a wider assessment of project success—wider than time, cost and quality—that also takes in strategic benefits, stakeholder satisfaction, overall quality, and how sustainable the result is in the long run.

Capital Projects. Large investments in fixed assets—infrastructure, facilities, equipment—with long service lives and clear strategic weight for the body running them. In this study, the focus is

on those projects executed or supervised by Saudi government bodies, including infrastructure, public facilities, and the developmental mega-projects tied to Vision 2030.

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