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RESEARCH ARTICLE

Compliance with Government Regulations and Board of Directors' Responsibilities in Saudi Arabia

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ABSTRACT

The study examined how compliance with government regulations affects the board of director's responsibilities in Saudi Arabia. The study employed a survey design with a total population of total of 19,964 employees of Alrajhi Bank in 570 branches in Saudi Arabia. The sample size of the study is 377 drawn through a simple random sampling technique. The structured survey questionnaires were distributed using the Whatsapp social media platform where only 345 questionnaires were returned properly filled. The questionnaire data were analysed using the STATA statistical tool. The finding revealed that compliance with government regulations is statistically significant with board of directors' responsibilities at $p<0.05$. Additionally, the finding demonstrated that government regulations significantly affect the board of directors' responsibilities at $p<0.05$. The study concluded that compliance with government regulations including government regulations is a significant predictor of board of directors' responsibilities in Saudi Arabia. The study highlighted some limitations and suggestions for future studies.

1. INTRODUCTION

Generally, all public companies are legally required to have a board of directors to represent the owners of the companies, otherwise called shareholders. Many private companies, including nonprofit organizations heavily rely on the guidance and supervision of a board of directors which serve as a critical pillar of organizational leadership and oversight. This is the practice in many countries of the world including Saudi Arabia. The board of directors includes the executive board, proves critical for corporate governance, guiding strategic decisions, fostering accountability, and shaping an organization's destiny. It comprises of experienced individuals who act as custodians of shareholders' interests and safeguards long-term success. Also, each board members bring diverse skills, knowledge, and expertise relevant to the organization's industry, which allows them to provide valuable insights and make informed decisions including ensuring compliance with government regulation (Tricker, 2015; Warner, 2022; Wire, 2024). On the contrary, (Roach, 2007a, 2008) argued that board members without compliance expertise should seek to enhance their knowledge and improve their skills by seeking educational opportunities that focus on the board's role in compliance and ethics programs. The board of directors is to ensure that the organization complies with regulations and innovate beyond basic compliance, that is to say, that the board of directors plays a pivotal role in shaping an organization's ability to comply with regulations and innovate beyond basic compliance. According to BoardCloud (2023), directors are responsible for ensuring that the company complies with all relevant laws and regulations and some of the compliances include staying in line with tax, employment, health and safety as well as environmental regulations and regulations. Also, directors are legally required to ensure that the company's operations are ethical and that it conducts its business in a responsible manner. All this points to the fact that the board of directors is collectively responsible for designing the company's compliance programs and ensuring that the organization complies with all necessary government regulations as stipulated. It is a significant role of the board to guide the organization's overall strategy and ensure its compliance capabilities align with this strategy. It involves establishing a strong tone at the top, emphasizing compliance as an intrinsic organizational value. The law makes clear that the board plays a pivotal role in compliance. Apart from that, the law equally requires that "the organization's governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program. The failure to meet these standards is likely a breach of the board member's responsibilities and its obligations (Mackenzie, 2007; Roach, 2008). Roach (2008) noted that when the board of directors embrace and fulfill their compliance responsibility, they are therefore contributing to building resilient, responsible, and successful organizations.

A.B Jánszky (2021); Griffith (2015); Baer (2009); Adams, Hermalin, and Weisbach (2010b) observed that the issue of compliance with government regulation as the responsibility of the board of directors appears to be very recent. They argued that until this time, not much was expected of a board of directors in the compliance and risk assessment spheres of corporate activity and responsibility. It was further noted that compliance with government regulation as function of the board of directors, appears to be existed in name but usually had a limited, rule-enforcing role and was likely to get no more attention from the board than the physical security of plants, warehouses and inventory. Besides that, it was further observed that board of directors demonstrates some levels of nonchalance towards compliance with government regulations such as ethical and legal standards which certainly contribute heavily to the upsurge in corruption in so many countries including Saudi Arabia and elsewhere (A.B Jánszky, 2021). Apart from that, (Team, 2022) asserted majority of business organizations understandably view compliance mandates as burdensome, time-consuming and, in some cases, costly chores. Thus, there is the tendency to think of them as a series of boxes; if you can check all of the boxes, then you can demonstrate that you comply with the letter of the law. Unfortunately, this is often the kind of thinking that leads to loopholes and exemptions.

In Saudi Arabia for example, the issue of compliance with governance regulation has become an issue of increasing interest and a major concern in Saudi Arabia, as evidenced by the recent proliferation of corporate governance rules and the increasingly active involvement of regulators to ensure that the applicable rules are being applied. However, it appears to be multifaceted, encompassing various aspects like Saudization, Taxation, and Iqama management-residency permit (Sharma, 2014). For example, Article 17 of the Saudi Company Law states that "A company shall maintain accounting records and supporting documents relating to its activities, contracts, and financial statements at the company's headquarters or at any other location designated by the company's manager or board of directors". It is on this basis that The Kingdom is stringent about compliance regulations for the purpose of ensuring a fair and thriving business environment for all. Businesses that adhere to these regulations contribute to the overall economic and social stability of the nation. Therefore, non-compliance with government regulations suggests that the board of directors is not effective in carrying out their responsibility while on the other hand, it is difficult for the board to effectively carry out their responsibility if the company failed to comply with government regulations. Despite this, it is very unclear that how compliance with governance regulations is related to board of director responsibility has been discussed particularly in the context of Saudi Arabia. However, Alnodel and Azid (2021) alleged that board of directors have not been effective on regulation compliance when they evaluated the board of directors' effectiveness on the impact of board of directors' characteristics on regulation compliance in Saudi Arabia suggesting a need for the study. Finally, Alnodel and Azid (2021); Al-Matari, Al-Swidi, and Fadzil (2012); Habbash (2016); Al-Janadi, Abdul Rahman, and Alazzani (2016); and Al-Bassam, Ntim, Opong, and Downs (2018) suggested that there is need for further investigation about compliance with government regulation in relation to the role of board of directors particularly in developing countries including Saudi Arabia.

Academically speaking, there is a limited paucity of literature in the area of compliance with government regulations and its relationship with board of directors' responsibilities even its terms of scope. For example, there are evidence of literature linking compliance with government regulations and other variables such as corporate governance, ethics e.g. (Academy, 2024; Jizi, Salama, Dixon, & Stratling, 2014; Jo & Harjoto, 2012; Roach, 2008; Said, Hj Zainuddin, & Haron, 2009; Team, 2022), yet academic researchers appear to be silent on how compliance with government regulation affects board of directors' responsibilities. Even in Saudi Arabia there appear to be no such study despite the study by Alnodel and Azid (2021); and Alfraih (2016) which mainly focused on the evaluation of the effectiveness of board of directors' effectiveness in ensuring regulation compliance. The present study attempts to fill the gap by investigating how compliance with government regulation affects board of directors' responsibilities among the organizations in Saudi Arabia.

LITERATURE REVIEW

Compliance with government regulation and Board of Directors' Responsibilities

One of the major responsibilities of the board of directors is to be ensuring the compliance with government regulations. The Board of Directors' role in ensuring compliance includes approving compliance policies and procedures, overseeing compliance programs, risk management, providing oversight and accountability and reporting to stakeholders. Regulatory compliance involves the process of keeping to laws, regulations, standards, and other rules set forth by governments and other regulatory bodies. It is a very vital aspect to be considered in doing business, as companies are required to follow certain laws and regulations to maintain their operations. For example, Alnodel and Azid (2021) study related the board of directors' characteristics to regulation compliance with the major objective of evaluating the effectiveness of board of directors' effectiveness in ensuring regulation compliance. A total of 728 years of observations were generated and analysed using the multiple regression analysis technique where it was found that factor such as power distance significantly affect the function and effectiveness of the board of directors in compliance with official regulations, suggesting a strong relationship between the board of directors and compliance with official regulations. Thus, the board of directors' characteristics significantly affects compliance with government regulation. Another study within the context of Saudi Arabia that examined compliance with regulation in is that of (Al-Matari et al., 2012; Alzeban, 2019; Zerban, Abdullah, & Abdullateef, 2017). The study conducted a case study of corporate governance and board responsibilities in one of the financial institutions in Saudi Arabia. They show that Saudi Arabian Monetary Agency (SAMA) regulation plays a significant role in highlighting the benefits of applying good corporate governance. This implies that compliance is capable of affecting board responsibilities in the financial institutions in Saudi Arabia. In 2014, OECD reported that an increased in board's efficiency in China Securities Regulatory Commission (CSRC) power. Andrew B Jánszky (2023); A.B Jánszky (2021); Griffith (2015) argued that there is a link between compliance with government regulations such as such as ethical and legal standards, however, board of directors do show some level of some levels of nonchalance towards compliance with government regulations such as ethical and legal standards which certainly contribute heavily to the upsurge in corruption in so many countries including. Academy (2024) linked compliance to corporate governance with the major objective of seeing the importance of good compliance and corporate governance. It argued that good and healthy organizations are rooted in good compliance and corporate governance. It further noted that compliance and corporate governance is about ensuring that business practices are in line with government mandates, which frequently necessitates consulting with outside specialists. Hence, regulatory compliance is part of corporate governance, and its main role is to direct efforts to ensure that employees and stakeholders do not violate the rules and regulations. Compliance protects the company from government interference. Finally, it is clear that corporate governance is essential to compliance because it ensures suitable culture, standards, and customer outcomes are delivered, and to regulators concerned with the practical and consistent delivery of regulatory objectives (Academy, 2024).

Team (2022); Bauwhede (2009); Aluchna and Kuszewski (2020); Saad (2010); and Lishenga and Mbaka (2015) found a strong correlation between corporate governance and compliance. It argued that it is the board of directors who restore lost faith of the customers when they improve governance and compliance policies that aimed at trying to regain the faith in their organization and subsidiaries, thereby making corporate governance and compliance inextricably related. These efforts constitute a response to risk management and it appears to make sense. It is very clear that in the recent times, businesses are working towards integrating and aligning their governance and compliance initiatives wherever possible to eliminate duplication, conflicts, wastefulness and gaps.

Also, (Services, 2024) claimed that effective corporate governance is related to compliance which is the responsibility of the board of directors which encompasses board relations, internal control system, risk management, compliance management and internal audit. It further pointed that there is a strong business case for corporate governance and regulatory compliance by the board of directors, suggesting that sound corporate governance practices can protect directors from potential personal liability for not ensuring compliance and protect the company from reputational harm. In today's world, new laws and regulations are introduced and their requirements challenge boards to greater levels of transparency, objectivity and professionalism. This therefore puts a burden on the board of directors for increased accountability and potential exposure to liability, meaning that directors need to ensure that corporate governance standards are adhered, and robust compliance management systems are in place. Similarly, Roach (2008); Roach (2007b) examined the board of directors' role in compliance and ethics with the major objective of proffering solution to compliance and ethics officers as well as board members, focusing on the growing body of external standards and benchmarks and practical actions that are a necessary adjunct to meeting the standards. It argued that board members without compliance expertise are also seeking to enhance their knowledge and improve their skills by seeking educational opportunities that focus on the board's role in compliance and ethics programs. A growing number of programs are available to board members that focus on helping the board understand its compliance and ethics oversight responsibilities. The board of the organization needs to be equipped with appropriate expertise so as to be able to execute its responsibilities. The board plays at least four important roles in the oversight of an effective compliance and ethics program which are helps set the scope of the compliance and ethics program, approves key policies and procedures and requires meaningful, substantive reporting on the organization's compliance and ethics activities. Shazilli, Hassan, Jalil, and Ambali (2022); found that decision-making processes and disclosure of information in annual reports or websites could show the delegation role of the board of directors when they studied the practice of board delegation of company limited by guarantee (CLBG) in Malaysia-decision making, regulatory compliance, and disclosure in a survey from CLBG of a correlation analysis of 20 CLBGs in Klang Valley and Selangor from the information in annual reports or websites that showed the delegation role of the Board of directors. The finding suggests that decision-making processes and disclosure of information affects board delegation practices which may include compliance with government regulations. Accordingly, Sulaiman et al. (2022); Alahmad, Al-Jumah, and Dierickx (2012); and Al-Twaijry, Brierley, and Gwilliam (2003) attempted to look into how institutional review board compliance affects national regulatory body using experience from Saudi Arabia. They studied all the proposals submitted to Qassim REC in 30 years during the period 2008 - 2017 a 30 items data collection form based on The National Committee of Bioethics Regulations. The finding proved that institutional review board compliance affects national regulatory through a descriptive approach. Héroux and Roussy (2020); Müller, Pemsel, and Shao (2015); and Geeraert (2019) study on Three cases of compliance with governance regulation using an organizational learning perspective adopted a semi-structured interviews with governance actors in three large organizations. Evidence from this study shows that compliance with specific governance practices, would benefit board members, top managers, and internal auditors in organizations around the world that are subject to considerable regulation. Wire (2024) Stiles and Taylor (2001); Adams, Hermalin, and Weisbach (2010a) attempted to describe the concept of the board of directors by looking at the overview, their roles including their responsibilities. Wire (2024); Van den Berghe and Levrau (2013); Cingula (2012) states that the board of directors are those executive boards which are critical for corporate governance, guiding strategic decisions, fostering accountability, and shaping an organization's destiny. It is also comprising of experienced individuals, the board acts as custodians of shareholders' interests and safeguards long-term success. Wire (2024) noted that the composition of the board of directors differs according to organization's size, legal requirements, and industry. Each member of the board committee has different roles that complement each other, meaning that the board of directors' role differs considerably according to organizational size and other factors. Other studies such as (Dicko & Khemakhem, 2015); Freeman (2007); Iriani, Nuswantara, Kartika, and Purwohandoko (2021); Burby, May, and Paterson (1998); Joseph (2023) also discuss importance of compliance with government regulations, however, they failed to relate compliance with government regulations to board of directors' responsibility unlike the present study attempts to do.

Furthermore, theories such as Resource-Based View Theory (RBV) and Organization Control Theory support the argument in this study. For example, Penrose' theory of Resource-Based View of 1959 emphasizes on the capabilities of the firms towards gaining competitive advantage and achieving good performance. It argues that a firm possesses a collection of resources which may lead the firm to enhance its competitive advantage. It stresses on the internal resources of the firm in achieving competitive advantage so as to remain in business. Barney (1991) states that organizations or firms are a bundle of resources and routines that impact growth, which firms can leverage on to resources. Also, he resource-based model is very crucial in measuring how well the firms may or may not being doing well in the business place. One major capability of the organization interest to this study is the quality of the board of director a firm has. In other words, a very competent board of directors suggests strong resources to the organization. It is a capable and competent board of directors that have the ability to drive the organization into compliance with government regulations. A competent board of directors would undertake risk assessment spheres of corporate activity and responsibility for the purpose of ensuring compliance with government regulations. Although A.B Jánszky (2021) pointed out the board-level nonchalance towards compliance with ethical and legal standards that most often than not contribute heavily to the upsurge in corruption in so many countries, both in Latin America and elsewhere, however, a competent board would not be found wanting in such situation rather the board would strive to ensure that the organization complies with all regulations of the government because it is in complying with these regulations organization continued existence is guaranteed. (Subramaniam, Shamsudin, & F.M. and Ibrahim, 2011) state that superior organizations are known by the kind of resources they possess and these resources often translate to superior organizational performance, and their superior performance is found in their ability to comply with government regulations. Hence, resources are linked to superior performance and superior performance is associated with organization compliance with government regulations. Board directors are responsible for ensuring that the company complies with all relevant laws and regulations. That is, they are legally required to ensure that the company's operations are ethical and that it conducts its business in a responsible manner, and only a competent board which is seen as a resource to the organization ensures that such responsibility is well performed and executed. Just like the Resource-Based-View, organization control theory emphasizes on how one-party attempts to influence the behavior of another within a given system (Burkov, Goubko, Korgin, & Novikov, 2015). Organizational control is part of communicative activity that involves verbal and physical actions designed to overcome resistance and exercise authority over others. The board of directors can use or create an approach for understanding techniques that may help the organization meet its goals and objectives. In this case, the use of organizational control theory becomes very imperative. Organsational control theory can help the board of directors to decide which approach to employ in ensuring compliance with government regulations among the employees in the organization. It is the organizational control theory that would help the board to understand and approach the key to an organization's compliance with government regulations. Organsational control theory is important to the board for the purpose of setting a timetable and to monitor and evaluate the fundamental and elemental operations in assessing compliance with the government regulations. Finally, the board of directors can use organsational control theory to control the behaviours of people that is, the employees towards complying with the government regulations and by doing so, the boards' responsibility is well performed and executed. In view of the unfolding discussions, this study advances the conceptual model and consequently formulates the hypothesis below.

Conceptual Framework

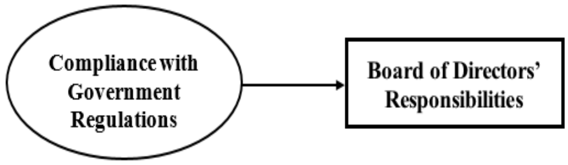

Figure 1.2: Conceptual model of the research

$H0_1$: There is no significant relationship between compliance with government regulations and board of directors' responsibilities among the organisations in Saudi Arabia.

$H0_2$: There is no significant relationship between government rules and regulations and board of directors' responsibilities among the organisations in Saudi Arabia.

METHODS

This study employed the cross-sectional survey research design which makes use of survey questionnaire. The population of the study covered all the employees of Alrajhi Bank in Saudi Arabia. In all there are a total of 19,964 employees of Alrajhi Bank in 570 branches in Saudi Arabia. The sample size for this study is 377 as obtained using Krejcie (1970) formula. The structured survey questionnaire was designed using Google form (the google form gives the study the opportunity to reach out to all the employees of Alrajhi Bank who participated in the study from the 570 branches), however, only 345 questionnaires were returned properly filled. The variable-compliance with government regulations is operationalised using the proxies; adherence, conformity, compliance, meeting, following and yielding to the rules and regulations of the regulatory bodies while the board of directors' responsibilities is represented as the establishment of compensation structures, the hiring and setting compensation for executive leadership, performance of fiduciary duty, establishment of policies and procedures, selection and appointment of the executive leadership etc. all variables are measured using the 5 likert-scale of, 1- Strongly Disagree, 2- Disagree, 3- Undecided, 4- Agree, 5- Strongly Agree. The generated data would be analysed using both the SPSS and STATA statistical tools. The STATA was used to test the hypothesis through regression analysis technique.

Data Analysis Results

This analysis was conducted to summarise the demographic profile of the respondents such as gender, age, marital status and their years of experience.

Descriptive analysis result

The information of gender of the respondents revealed that 220 (63.8%) of the respondents are males while the rest 125 (36.2%) of them are females suggesting there are more working men than working females. Also, for age distribution of the respondents, it shows that 68(19.7%) of the respondents are less than 30 years of age, 57 (16.5%) of the respondents are between 30-35 years old, another 57 (16.5%) of the respondents fall within the age bracket 36-40 years old while the remaining 163 (47.2%) of the respondents fall within the age bracket of 41 years and above, suggesting the employees are within the strong working age limit which is good for better performance. The marital status of the respondents revealed that 156 (45.2%) of the respondents are singles while the remaining 189 (54.8%) of the respondents are married, indicating there are more married people than unmarried and this shows a high level of responsible people. Finally, the years of experience revealed that 103 (299%) of the respondents have 1-5 years of experience, 97 (28.1%) of the respondents have 6-10 years, 75 (21.7%) of them have 11-15 years, 46 (13.3%) of them have 16-20 years of experience while the rest 24 (7%) of the respondents have 21 years of experience and above, showing that the respondents possess some levels of good experiences.

Table 4.1: Demographic Information of the Respondents (N=265)

Variables	Sample composition	Frequency (N)	Percentage (%)
Gender:	Male	220	63.8
	Female	125	36.2
	Total	345	100.0
Age	Less than 30 years	68	19.7
	30-35 years	57	16.5
	36-40 years	57	16.5
	41 years and above	163	47.2
	Total	**345**	**100.0**
Marital Status	Single	156	45.2
	Married	189	54.8

	Total	**345**	**100.0**
Years Of Experience	1-5 years	103	29.9
	6-10 years	97	28.1
	11-15 years	75	21.7
	16-20 years	46	13.3
	21 years and above	24	7.0
	Total	**345**	**100.0**

Source: Field Survey, 2024.

4.3 Validation and Reliability of Research Instruments

The study employed content validity technique to validate the research instruments. For this purpose, the research instruments were submitted to the project supervisor who used his expertise to evaluate the instruments before they were distributed. After that the Construct validity was conducted using the principal component factor analysis technique. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy 0.6 and above is used to judge items to be valid as suggested by E. O.-I. Lucky (2018); E. O. I. Lucky and Yusoff (2015) and Subramaniam et al. (2011). As depicted in table 4.9, the KMO values clearly show that instruments are valid. The KMO values for the variables are as follows, compliance with government regulations (.865) and board of director's responsibilities (.847).

Also, the reliability of the instruments were determined using the internal consistency measures through the Cronbach alpha coefficient values of 0.6 and above as Subramaniam et al. (2011); and E. O.-I. Lucky (2018). As depicted in table 4.2, the Cronbach alpha coefficient values clearly show that instruments are reliable. The Cronbach alpha coefficient values for the variables are as follows, compliance with government regulations (.847) and board of director's responsibilities (.754).

Table 4.2: Validation and Reliability of Research Instruments

Variables	KMO	Cronbach alpha
Compliance with Government Regulations	.847	.865
Board oF Directors Responsibilities	.764	.847

Source: Compilation from SPSS output

Test of Hypotheses

STATA statistical analytical tool version 13 was used for the data analysis while regression analysis technique in particular was employed to establish the relationship between the independent and dependent variables under investigation in this study.

$H0_1$: There is no significant relationship between compliance with government regulations and board of directors' responsibilities among the organisations in Saudi Arabia. The result revealed that compliance with government regulations is statistically significant (t: 15.40; p-value 0.000) and demonstrates a positive relationship with board of directors' responsibilities which is in conformity with the economic apriori expectation of a positive impact of compliance with government regulations on board of directors' responsibilities at a coefficient of 0.5708135. The probability (0.000) is positive; R-squared (0.4088) is positive while the Adjusted R-squared (0.4071) is also positive. It is equally demonstrated that the independent variable- compliance with government regulations explained 40.9% variance in the dependent variable-board of directors' responsibilities. The model as demonstrated in the table appears statistically significant, suggesting the model is significantly fit.

Table 4.2: Relationship between compliance with government regulations and board of directors' responsibilities

Source	SS	df	MS
Model	29.3822309	1	29.3822309
Residual	42.4912869	343	.123881303
Total	71.8735178	344	.208934645

Number of obs	=	345
F(1, 343)	=	237.18
Prob > F	=	0.0000
R-squared	=	0.4088
Adj R-squared	=	0.4071
Root MSE	=	.35197

BoardoFDirectorsResponsibilities	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
CompliancewithGovernmentRegulati	.5708135	.0370642	15.40	0.000	.4979118	.6437153
_cons	1.868694	.1618322	11.55	0.000	1.550385	2.187002

$H0_2$: There is no significant relationship between government rules and regulations and board of directors' responsibilities among the organisations in Saudi Arabia.

The result revealed that government regulations are statistically significant to (t: 13.25; p-value 0.0000) and demonstrates a positive relationship with board of directors' responsibilities which is in conformity with the economic apriori expectation of a positive impact of government regulations on board of directors' responsibilities at a coefficient of 0.6228204. The probability (0.000) is positive; R-squared (0.3384) is positive while the Adjusted R-squared (0.3365) is also positive It shows that the independent variable- government regulations explained 33.65% variance in the dependent variable-board of directors' responsibilities. The model as demonstrated in the table appears statistically significant, suggesting the model is significantly fit.

Table 4.3: Relationship between government rules and regulations and board of directors' responsibilities

Source	SS	df	MS
Model	24.3224899	1	24.3224899
Residual	47.5510279	343	.138632734
Total	71.8735178	344	.208934645

Number of obs	=	345
F(1, 343)	=	175.45
Prob > F	=	0.0000
R-squared	=	0.3384
Adj R-squared	=	0.3365
Root MSE	=	.37233

BoardoFDirectorsRes~s	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
GovernmentRegulations	.6228204	.047021	13.25	0.000	.5303346	.7153062
_cons	2.175014	.1649645	13.18	0.000	1.850545	2.499484

DISCUSSION OF FINDINGS

The major objective of this study is to examine how compliance with government regulations affects the board of directors' responsibilities in Saudi Arabia. It also further related government regulations to board of directors' responsibilities in Saudi Arabia. For this purpose, hypotheses were tested using regression analysis technique through the STATA statistical analytical tool. The overall finding revealed that compliance with government regulations significantly affects the board of director's responsibilities in Saudi Arabia at p<0.05, meaning that compliance with government regulations impact on how the board of directors discharge their responsibilities. The finding suggests that compliance with government regulations did significantly impact board of director's responsibilities in Saudi Arabia, meaning that compliance with government regulations have a strong positive effect on board of director's responsibilities. It implies that when an organization complies with the government regulations, then the board of directors is deemed to be effective in discharging their responsibilities. Thus, the finding draws a positive and significant link between compliance with government regulations and board of director's responsibilities within the present research context. Alnodel and Azid (2021) found that board of directors' effectiveness in discharging their duties depend on how they comply with the government regulations. It shows that compliance with government regulations implies that the board of directors ensures that their company is well-managed, financially sound, and socially responsible. In line with (Roach, 2007a), the findings demonstrated that a competent board carried out its responsibilities by setting the right tone and aligning incentives, which would greatly increase the odds that the compliance and ethics program is effective and make the job of the compliance and ethics professional much easier, suggesting that an engaged board ensures that the orgnaisation avoid ethical collapse by ensuring that the organization comply with government regulations. Also, the finding showed that board's responsibilities of overseeing the integration and automation of compliance risk management activities, enhancing the organization's agility, sustainability, resiliency and effectiveness are function of how well the organization is able to comply with the government rules and regulations. Another way to the board can show that it is up to its responsibilities as identified in this study is by ensuring that the organization complies with the relevant industry rules and regulations and avoids any sanctions that could impact the business adversely. Thus, the board's responsibility is a key in maintaining the company's reputation and integrity and can also help protect it from threats such as fraud and financial crime. Although the government regulations may appear complex, confusing, and even counterintuitive, but compliance and ethics programs are indispensable in ensuring that the board is meeting up with its responsibilities. Thus, the board should promote compliance by insisting on relevant, regular, and substantive reporting to the board about the organization's compliance and ethics activities.

The finding further proved that one way to demonstrate that the board is effective and competent in carrying out their responsibilities is through compliance with relevant government rules and regulations. The government expects that the organization's governing authority should be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program. This is because failure to meet these standards is likely a breach of the board member's responsibility which may lead to the board being sanctioned or the closure of the business. Drawing a link from the RBV, the study also established that a competent board is resources to the organization because a competent board would ensure that the organization complies with the relevant rules and regulations by all means and this would make the organization to avoid sanctions and financial penalties for non-compliance with certain laws and regulations. The good knowledge equally drawn from this finding obtained in this study is that there is strong correlation between compliance with government regulations and a competent board of directors.

5.2 CONCLUSION

The study related compliance with government regulations to board of directors' responsibilities within the banking organizations in Saudi Arabia. From the findings obtained, the study concluded that compliance with government regulations is indispensable in the discharging of board of directors' responsibilities, meaning that compliance with government regulations significantly affects board of director's responsibilities. Hence, compliance with government regulations is a significant predictor of the board of directors' responsibilities.

Secondly, the study concluded that government regulations such as staying in line with tax, employment, health and safety as well as environmental regulations significantly predict board of directors' responsibilities, meaning that board of directors' responsibilities are effective when they comply with the relevant government regulations.

5.3 Limitations and suggestion for future studies

This study examined how compliance with government regulations affects board of director's responsibilities in Saudi Arabia. One major limitation of this study could be the use of quantitative approach rather than the use of qualitative approach; it is believed that qualitative approach gives room for more insight about the issue being investigated. Another limitation of the study is the reluctance in completing the questionnaires by the respondents. On this note, this study therefore recommends the use of qualitative approach such as face-to-face interview for more insight on how compliance with government regulation affects the board of director's responsibilities. Also, future studies should explore other sectors of the economy such as education, manufacturing and production in their attempt to relate compliance with government regulations with board of director's responsibilities.

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