
**THE ROLE OF THE PRIVATE SECTOR IN PROMOTING SUSTAINABLE
DEVELOPMENT IN KINGDOM OF SAUDI ARABIA, NAJRAN AS AN
"EXAMPLE"**

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ABSTRACT: *The present study aims to identify the avant-garde role of the private sector, and its significance in achieving the sustainable and comprehensive development in Najran Area, as an example for the local development in the Kingdom of Saudi Arabia. It also aimed at identifying the challenges that impede the complete fulfillment of the role in realizing the comprehensive development. The researcher utilized the historical, descriptive, and analytical method in this study. The questionnaire was relied upon as a main data collection instrument. The study population consisted of the private sector organizations in the area. The author distributed the questionnaire to (96) owners of these organizations, who were taken as the study sample, which was selected through a simple random manner. The results of the study indicated that the private sector in the area produces products that realize self-sufficiency of the area population. This sector further has an effective role in reducing unemployment, finding job opportunities for the Saudi citizen, increasing his income, and contributing to the realization of the social security in the area. Most importantly, the projects of this sector are mainly environment friendly. The study showed that the state contributes with large amounts to support the private sector in the area, but the finance provided by the financing institutions to the private sector is still low. The study concluded that the private sector in Najran area plays an important role in achieving the comprehensive, sustainable development, both economically and socially; and that it is an example that could be followed for the local development in the area.*

KEYWORDS: Private Sector, Sustainable Development, Najran

INTRODUCTION

The comprehensive, sustainable development is the main concern of all the countries, the developing and developed, equally. Private sector represents the best mechanism to solve the development problems, such as high unemployment rates, increased poverty levels, and low standards of living, in general. The private sector has a pivotal role in the movement and growth of the economics, because it is characterized by its speed, flexibility in coping with macroeconomics conditions and changes, such as, gross domestic product (GDP), consumption, labor, exports, in addition to its growing role in realizing the social justice and wealth distribution.

Participation of the private sector in the implementation of urgent, major economic projects enjoyed wide acceptance in the last decade. It also gained the support of different governments of both the developing and industrialized countries, because of the large advantages of such participation. This trend, in turn, also received the support of the private sector itself, because of the great financial benefits in areas such as infrastructure,

contracting, financing, services, and supplies. Otherwise, the private sector would not participate.

The experiences of the developing countries in the development area, led by the Asian Tigers China and India, demonstrated that the common factor behind this success lies in the ability of augmentation of the use of the human and material resources; the growing role of the private sector, and utilization of the international and regional changes. These countries could increase their international competitiveness in a manner that enabled them influence in and contribute to the world trade and international investments. These countries mainly relied upon an active and vital role of the private sector, in spite of the fact that some countries benefited the integration between both the public and private sectors. Many studies on the factors facilitating the development in these countries show that the success of the supporting policies of the private sector role has a wide effect on achieving these positive results.

Still, other studies indicated that the private sector is the "thing" that made the United States of America a "giant" state. It is this sector that made Japan the pioneer industrial state; and it is the sector that made Germany gain the prominent exporting position, and helped it in building its economy in the wake of the Second World War. Even, it is the sector that enabled smaller countries, such as South Korea, Thailand, Singapore and Hon Kong, compete and surpass giant states in exporting many commodities (Hameedeh, 2011).

Kingdom of Saudi Arabia, as other countries, placed great attention and spent relentless official and nonofficial efforts to the private sector role, to enable it perform its role in achieving and pushing forward the balanced, comprehensive and sustainable development in the different territories of the Kingdom. In this regard, Najran area is one of the areas in the Kingdom that enjoys prevalence of large number of private sector establishments. This study aims to highlight the role and contribution of this sector in achieving the sustainable development in the area.

METHODOLOGY

Study Problem

The study problem is summarized in the following questions:

- 1- Did the private sector in Najran area contribute to reduce the unemployment and poverty phenomenon in the community of the area?
- 2- Has the private section any role in solving the social problems in Najran area?
- 3- What are the challenges that obstacle the activation of the private sector role in achieving the development in Najran area?

Hypotheses

The study hypothesizes the following:

- 1- The private sector played an important role in achieving the economic development in the area.

- 2- The private sector contributed, to an appreciated extent, in achieving the social development in the area.
- 3- There are certain challenges that prevent the activation of the private sector's role fully in achieving development in the area.

Objectives

This study aimed at identifying the avant-garde of the role assumed to the private sector, and its importance in achieving the comprehensive, sustainable development in Najran area, Kingdom of Saudi Arabia. It also aimed at identifying the challenges that impede the entire fulfillment of the role of the private sector in achieving the comprehensive developments.

Research Procedures

The researcher employed both the historical and descriptive, analytical methods to develop ideas and concepts that addressed the role of the private sector in achieving the development, in general, and in Najran area in particular. The researcher further suggested the suitable solutions to find out whether there are challenges facing the sector subject matter of this study in the concerned area. The researcher will rely on the scientific resources, references, books and research papers that dealt in this topic.

Instrument and Data Collection

The questionnaire is the instrument employed for data collection in this study. The researcher will use the sample method for collecting and analyzing the statistical information, and will provide complete and accurate information about the sample participants (sample size, characteristics, and method of selection).

Study Significance

The importance of this study lies in being a study that addressed the role of the private sector in Najran area, and its contribution degree to the achieving of the comprehensive and sustainable development in the area.

LITERATURE REVIEW

Many studies tackled the role of the private sector in development. Here below a summarized lists of these studies:

- Abduhamid & Abdulazia Ali (1997), conducted a study titled "Small and Medium-Sized Enterprises Funding", presented to the Symposium about the reality and prospective of financing in the Saudi economics.
- Al-Rumaih (2003) conducted a study titled "Trends of the Saudi University Graduates Youth toward Work in the Private Sector." Research and Economic Studies Management- Council of Saudi Chambers.

- Study of Mohammad Mahmoud Abdullah Yousef (2005), titled, "Financing Resources of the Municipal Investments in the Urban Planning, Traffic and Transportation, and the Development Extent of these Investments in Egypt."
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- Study of Yomn Mohammad Hafeth Al-Hamaqi (2008), titled "General Framework of the Supporting Policies of the Private Sector Role in the Development and Employment in the Arab World. Arab Labor Organization (A.L.O.), Rabat.
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Saudi Private Sector

Concept of the Private Sector

Saudi Ministry of Planning defines the private sector as "That part concerned with the economic activities that are not performed by the state. It included the profit corporations of commercial, industrial, agricultural or service activities, in addition to the private institutions that do not aim to realize profits, but perform economic services" (Al-Rumaih, 2003). However, the procedural definition of the private sector is all the projects, which ownership and capitals are owned by individuals or groups of shareholders; managed by the owners or by those they appoint and deputize on their behalves, without interferences of the state (Mohammad, 2011). Still, the well-known definition of the private sector in the Kingdom of Saudi Arabia was included in the study of Loolwa Al-Mutlaq (2008). She maintained that "The small private sector is the one with annual sales ranging between 100 thousand and 5 million SARs, and employs between 2 to 49 workers. On the other hand, the medium-sized sector is that of annual sales ranging between 5 and 50 million SARs, and employs between 50 to 200 workers" (Loolwa Al-Mutlaq, 2008).

Role of the Saudi Private Sector in Achieving the Development

Saudi Arabia has placed great importance to the development issues in all areas, so, as a whole, it will form the system of the comprehensive and sustainable development throughout all the territories of the nation. The state adopts the development concept as per different standards, such as the invested capital, and number of workers. The private sector achieved wide growth in this concern, which qualified and enabled it to contribute more effectively to the development process the country is witnessing, which, in turn, made the Kingdom at the lead of the list of the countries in the Arab World (General Statistics Authority, 2016). Kingdom of Saudi Arabia achieved, during the last period, realized remarkable growth in its various economical sectors, including commerce, industry, agriculture and services. This was attributed to the perfection of the ambitious developmental plans set up and implemented by the government during the last thirty years. These plans included developmental programs and policies for all the available domestic resources in these sectors. The Saudi private sector accounted for the largest portion of the directions of the consecutive development plans, which enabled it contribute with its effective role to the utilization and development of the domestic economics. By this, it aimed at increasing and diversifying the national income resources, and enlarging the economic base (Report of the Ministry of Commerce and Industry, 2009). This orientation yielded a remarkable growth in the private sector during the various development stages. In this concern, the contribution of this sector in the gross domestic product (GDP), at the current prices, grew to account for 38% in 1999 (Report of the General Statistics Authority, 2016).

This situation is a wide change as compared with that during the early developments stages. For instance, in 1973, the contribution of the private sector in the gross domestic product (GDP) amounted for 10% only, which is a true reflection of the advance that the developmental planning programs gained in widening the Saudi economics base, and the role the private sector plays in achieving development (Saudi Forum, 2013). This trend is further corroborated by the emphasis of the Kingdom of Saudi Arabia government, which underpinned one of the strategic bases for the Seventh Development Plan (2000-2004) on the continuation of opening the gate wide to the private sector to practice many economic and social tasks (Abdulhamid and Abdulaziz, 2013). It also defined a pool of methods to achieve this policy, out of which moving forward to implement privatization, and other ways that assure the governmental trend to grant the private sector more roles in practicing the economical activities, whether in the area of financing, developing new economic sectors,

such as domestic tourism, mining and regions development. It also emphasized keeping up with the challenges of globalization through strengthening the abilities of the private sector to deal with the global developments. Taking these steps into consideration, the Saudi private sector is anticipated to enter a more advanced and developed stage during the forthcoming era (Raed & Bino, 2013). The Saudi private sector proved its ability and efficiency in realizing the urban development programs of the Kingdom, whether at the level of the economic and investment projects in the fields of producing, marketing and distributing the commodities and services, or at the local level in raising the productivity rates, increasing the gross domestic product, and improving the trade balance of the Kingdom (Nehad, 2013).

Even though, the concept of the municipal investment is still below the desired level and ambition the government sought to achieve. These municipalities carry out their major duties and responsibilities in preserving and maintaining, developing them, and achieving the future expansions, depending on their self-resources only. In this regard, there is a tremendous increase in the needs of the citizens of services in a manner that far exceeds the abilities of these municipalities in realizing these needs, through their budgets. This, in turn, required seeking for more abilities and alternatives that enable them maintain and keep their vital, effective roles in the building and urban development of the cities of the Kingdom; and provide a remarkable level of services to the nationals (Yomn, 2008). From this viewpoint, emerges the necessity and importance of activating the role of the Saudi private sector, and making use of its pioneer experiences in the field of creating investment and developmental projects, and providing the required services for the welfare of the citizen. This could be achieved by availing more investment chances before this vital sector to initiate urban and touristic projects of wide positive reflections on the distribution of the economic wealth and utilizing it appropriately (Fahd, 2015).

Private Sector in Najran

Najran region is one of the Kingdom's territories that enjoy a wide momentum of private sector establishments. This study targeted these establishments to outline the role and contribution of this sector in realizing the sustainable development in the region (The Economical Report, 2014). The researcher will carry out an analytical study of the case of many private sector corporations in Najran area, as one of the regional development indicators. The researcher will further evaluate the experience of the private sector and the achievement degree of the local sustainable development.

Procedures of the Field Study

The researcher described the procedures and method employed in implementing this study. The description includes the study population, sample,, way the instruments were prepared, verification of both the validity and reliability of the instrument, the statistical processing through which the data analysis was performed, obtaining the results, and definition of the employed methodology.

Population and Sample

The study population consisted of the private sector corporates in Najran area (owners and stakeholders). The sample was randomly selected from the study population (n=97) of the owners of the private sector corporates of different specializations, as well as other related parties. The questionnaires were distributed over the sample, and the returned were (80), out

of which (5) were excluded due to invalidity, bringing the total questionnaires valid for statistical analysis to (75), i.e. (76%) of the total distributed questionnaires.

Instrument

The researcher constructed the questionnaire as a main instrument for data collection.

Instrument Description

A letter was enclosed with the questionnaire copy to the interviewees, wherein the researcher enlightened them about the study subject, objective and purpose. The questionnaire consisted of two sections.

First Section: Sample Characteristics:

Second Section: Included the major study axes and comprised (15) items, five for each of the three hypotheses. The respondents were left free to define their responses about what each item describes, according to Likert five-point grading measure, with its five levels: *strongly agree, agree, neutral, disagree and strongly disagree*.

Testing the Validity and Reliability of the Instrument

Apparent Validity

To verify the apparent validity of the questionnaire and its fitness to the statements, in terms of coining and clarity, the researcher presented it to a number of qualified and specialized arbitrates of the same field of the study. The researcher carried out all the amendments they outlined.

Statistical Reliability

To verify the reliability of the questionnaire items, it was tested on an exploratory sample based on Cronbach Alpha method, and the results were as shown in Table (1). Chronbach Alpha coefficient showed an acceptable reliability degree for all the items. Thereby, the validity and reliability of the questionnaire were verified, providing full trust in its validity for all the data and scientific and practical materials of this study.

Table No. (1) Summary Chronbach Alpah Coefficients

Axes Items	Validity	Reliability
First	.793	.790
Second	.770	.877
Third	.729	.854
All Axes	.764	.874

Source: Prepared by the Researcher's Field Study (2017)

Statistical Methods

To achieve the objectives of the study and verify its hypotheses, the frequencies and percentages were used as statistical methods.

Sample Characteristics

- 1- Gender: the analysis showed that the highest frequencies were for the males (n=56, 74.7%). Meanwhile the female frequencies were 19 comprising only (25.3%). Nonetheless, this percentage indicates a relatively good participation of the Saudi woman in the private sector of the region.
- 2- Age: the highest frequencies (n=25) were in favor of the 25 to less than 35 years age group (i.e. 33.3%), indicative of an effective presence of the youth in the private sector of the region. This result also indicates the awareness of this age group to the importance of work. However, both of less than 25 years and 35 to 45 years age groups had 19 frequencies (i.e. 24%). They both represent groups fall within the youth category. Finally, the 45 and more years age group had 14 frequencies (i.e. 18.7%).
- 3- Academic Degree: the highest frequency came with the general secondary and below level group, with 32 frequencies (i.e. 42.7%), followed by the BA holders with 20 frequencies (i.e. 26.7%), intermediate diploma with 15 frequencies (i.e. 20%), and the higher diploma with 8 frequencies (i.e. 10.7%). It is worth pointing out that the MA Ph.D. and over holders did not have any frequencies. This result implies that the lower academic qualification owners are those who enter the private sector.

Data Analysis by the Different Sectors in the Regions

- 1- Type of the sector: the trade sector accounted for the highest frequency (n=31) i.e. 41.3%, followed by the services sector with 20 frequencies (26.7%), the industrial sector with 13 frequencies (17.3%), and finally, the agriculture sector with 11 frequencies (14.7%). These figures show the extent of diversity of the sectors in the area, which varies by type; and that the trade sector is the most prevalent, successful and effective sector in the region. Finally, they showed the sluggishness of the agriculture sector and inability to keep up with development, which may be ascribable to the rarity of water in the Kingdom, in general, and drought of the underground wells that are the basic source of irrigation.
- 2- Capital: the highest frequencies (n=30), i.e. 40% were for the capital of less than one million SAR, followed by the 1-5 million SAR group, with 19 frequencies (25.3%), 6-10 million SAR with 18 frequencies (24%), and finally, the least was the 10 and more million SAR group with 8 frequencies (10.7%). This result implies that most of the sectors in the area are of small nature. It also implies the weakness of the private sector capitals; a case that requires the inevitable attention, encouragement and material support to this vital sector.
- 3- Ownership Capacity: the individual ownership accounted for the highest frequencies (n=33), i.e. 44%; followed by the partnership with 24 frequencies (32%); and finally the family ownership with 18 frequencies (i.e. 24%). This result indicates the disparity of the ownership in the private sector in the region, with the individual ownership is the dominant character.

Analysis of the Questionnaire Axes Statements

Analysis of the first axis statements

Private sector's role in achieving the economic development in Najran area:

- 1- 56% of the respondents strongly agree that the services or products provided by the private sector generally represent actual need for the region population; 41.3% agree; one respondent was neutral and another one responded with disagree. Accordingly, the agreement on this item was 97.3%, assuring the validity and accuracy of the statement.
- 2- 69.3% of the respondents agree that their projects contribute to reducing the unemployment rates and poverty in the area through providing job opportunities; 13.3% strongly agree; 13.3% neutral; 2.7% disagree; and finally, 1.3% strongly disagree. As such, the agreement rate on this statement was 82.6%, indicating the assurance of the statement validity.
- 3- 32% of the respondents strongly agree that their projects clearly contribute to the increase of their monthly income; and 60.3% agree; 2.7% neutral. Accordingly, the agreement rate on this statement was 92.3%, a vivid assurance of its validity.
- 4- As for the statement providing that their projects contribute to the increase of their monthly expenses, 68% of the respondents agree; 30.7% strongly agree; and 1.3% disagree. In general, the agreement rate on this statement was 98.7%, indicative of accuracy and validity.
- 5- Finally, 64% of the respondents agree that their projects contribute to the realization of the Saudification (nationalization) project; 17.3% strongly agree; 10.7% neutral; 5.3% disagree; and 2.7% strongly disagree. These figures bring about the agreement rate up to 81.3%, a proof of its validity.

Analysis of the second Axis

Role of the private sector in realizing the social development in Najran area:

- 1- 53.3% of the respondents agree that their projects led to the improvement of their social status, through increasing their income and ability to provide most of their needs. However, 46.7% strongly agree, which brought about the agreement rate on the statement to 100%, a full assurance of its validity.
- 2- 60% of the respondents agree that their projects contribute in providing social services in the area; 34.7% strongly agree; and 5.3% neutral. In general, the agreement rate was 94.7%, emphasizing the validity of the statement.
- 3- 49.3% of the respondents agree that their projects contribute to achieving the social security in the area; 22.7% strongly agree; 20% neutral; and 8% disagree. As such, the agreement rate on this statement was 72%, a rate that is reasonably acceptable in favor of the validity of the statement.
- 4- 61.3% of the respondents agree that their projects contribute to providing certain human aids to the region community; 26.7% strongly agree; 10.7% neutral; and 10.3% disagree. Accordingly the agreement rate on this statement was 88%, assuring its validity.
- 5- 54.7% of the respondents agree that their projects are environment friendly. In other words, do not cause any harm to the human in the area. 37% of the respondents

strongly agree; 6.7% neutral; and 1.35 disagree. As a result, the agreement rate amounted 92%, which assures the validity of the statement.

Analysis of the third Axis

Challenges facing the private sector and impede achieving the sustainable development in the area:

- 1- 62.7% of the respondents agree that the work environment in Najran area is incentive and encouraging for establishing and developing projects that fall within the private sector category. Moreover, 30.7% of the respondents strongly agree; 4% neutral; and 2.7% disagree. Therefore, the agreement rate on this statement was 93.4%, emphasizing its validity.
- 2- 40% of the respondents agree that the governmental authorities of the concern in the area private sector provide many services and support. For instance, material, technical, training and consultation support, among other types of support. In addition, 17% of the respondents strongly agree; 20% disagree; 16% neutral; and 6.2% strongly disagree. As a result, the agreement rate on this statement was 57%, which also means its validity; in spite of the slight weakness in the support and assistance provided by these authorities in the area.
- 3- 48% of the respondents agree that the financing institutions in the area provide them sufficient finance with facilitated conditions, simple and easy procedures. On the other hand, 10.7% strongly agree; 26.7% disagree; 2.7% strongly disagree; and 12% are neutral; bringing about the total agreement rate on this statement to 58.7%, which assures its validity. Here it is worth noticing that there are relatively high rates of the disagreement and neutral responses, and hesitation, which reflect the weak interest of the financing institutions of the area, through providing the necessary and sufficient finance to the private sector.
- 4- 40% of the respondents agree on the ease of owning a parcel of land to establish the project on it; 21.3% strongly agree; 8% neutral; 20% disagree; only 10.7% strongly disagree. Therefore, the agreement rate on this statement is 61.3%, which assures the ease in owning the lands.
- 5- 48% of the sample participants agree that the investment service centers in the area facilitated to them the procedures; 12% strongly agree; 22.7% disagree; 2.7% strongly disagree; and 14.7% neutral. This brought about the agreement rate of this statement to 60%, assuring its validity. The researcher imputes the weakness of this result to that the center is only recently introduced to the area, and the projects included in this study are relatively old.

Hypotheses Test

Test of the first Hypothesis

Table No. (2) Rates of the Analysis of the Sample Participants' Responses about the First Hypothesis.

Statement	M	SD	Chi Squared	Degrees of Probability
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No.			Value	Freedom	Value
1	4.52	0.601	70.440	3	0.00
2	4.29	0.510	118.933	4	0/00
3	4.28	0.534	24.240	2	0.00
4	3.91	0.701	50.240	2	0.00
5	3.88	0.854	95.467	4	0.00

Source: Prepared by the Researcher from the Questionnaire Date (2017)

Table (2) illustrates that the mean of all the statements is higher than the hypothetical mean (i.e. 3), which indicates that the responses of the sample participants about these statements are moving in the positive direction; in other words, their agreement on the statements. The standard deviation of these statements was over than (0.5), which further indicates the consistency of the sample responses. The probability value of all the statements was less than (0.05) significance level, which indicates the existence of statistically significant differences; in other words, the sample responses are not biased in favor of a certain response. In conclusion, these results confirm the validity of the first hypothesis providing, "The private sector played an important role in achieving the economic development in the area."

Test of the second Hypothesis

Table (3) Rates of the Analysis of the Sample Participants' Responses about the Second Hypothesis

Statement No.	M	SD	Chi Squared Value	Degrees of Freedom	Probability Value
1	4.47	0.502	0.333	3	0.00
2	4.29	0.564	33.860	4	0/00
3	4.27	0.704	27.347	2	0.00
4	3.12	0.644	62.653	2	0.00
5	3.87	0.859	57.853	4	0.00

Source: Prepared by the Researcher from the Questionnaire Date (2017)

Table (3) above illustrates that the mean of all the statements is higher than the hypothetical mean (i.e. 3), which indicates that the responses of the sample participants about these statements are moving in the positive direction; in other words, their agreement on the statements. The standard deviation of these statements was over than (0.5), which further indicates the consistency of the sample responses. The probability value of all the statements was less than (0.05) significance level, which indicates the existence of statistically significant differences; in other words, the sample responses are not biased in favor of a certain response. In conclusion, these results confirm the validity of the first hypothesis providing, "The private sector made a valued contribution to the realization of the social development in the area."

Test of the third hypothesis

Table (4) Rates of the Analysis of the Sample Participants' Responses about the Third Hypothesis

Statement No.	M	SD	Chi Squared Value	Degrees of Freedom	Probability Value
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1	4.21	0.643	71.720	3	0.00
2	3.44	1.056	22.533	4	0/00
3	3.41	1.187	48.000	4	0.00
4	3.37	1.75	23.733	4	0.00
5	3.09	1.316	44.400	4	0.00

Source: Prepared by the Researcher from the Questionnaire Date (2017)

Table (4) illustrates that the mean of all the statements is higher than the hypothetical mean (i.e. 3), which indicates that the responses of the sample participants about these statements are moving in the positive direction; in other words, their agreement on the statements. The standard deviation of these statements was over than (0.5), which further indicates the consistency of the sample responses. The probability value of all the statements was less than (0.05) significance level, which indicates the existence of statistically significant differences; in other words, the sample responses are not biased in favor of a certain response. In conclusion, these results confirm the validity of the first hypothesis providing, "There are certain challenges that impede the activation of the full private sector role in achieving the sustainable development in the area."

RESULTS

As indicated before, the results of this study showed that the private sector in the area provides the self-sufficiency for the population. Furthermore, it reduces the unemployment rates, avails job opportunities for the Saudi citizens, increases their income, and contributes to the realization of the social security in the area. The results also showed that the majority of these projects are environment friendly; and that the state contributes, to a large extent, to support the private sector in the area; yet, the finance provided by the financing institutions to the private sector in the area is generally weak. The study attracted the attention to the shortage of the technical support, training and consultations provided by to this sector, because of the recentness and rarity of the consultancy centers, and the old age of the establishments covered by this study in the sector.

CONCLUSION

The study concluded that the private sector in Najran region plays an important role in achieving the comprehensive, sustainable development, both economically and socially. It is an example worth to be followed for the local development in other areas. Contrary to the NGOs in the sector, the government support is much higher than that of these financing institutions; and that the view of these institutions to the development role in the private sector is still traditional, revolving around obtaining a sufficient rate of profits, only.

RECOMMENDATIONS

The study recommends providing technical support; training and consultations to this sector, to enable it fulfil the role entrusted to it. The study further recommended attempting to recruit sufficient financing from the national financing institutions to the private sector in the area,

and change their traditional view into a positive one, to enable this sector effectively contribute to laying the foundations of a comprehensive and sustainable development.

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