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THE IMPACT OF PUBLIC GOVERNANCE ON ECONOMIC GROWTH: EVIDENCE FROM GULF COOPERATION COUNCIL COUNTRIES

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ABSTRACT. This study aims to examine how public governance impacts and affects economic growth in the Gulf Cooperation Council (GCC) which was established on 25th May 1981 and is active till to date, and whether public governance indicators significantly influence the economic growth of these countries. The study's sample includes the six GCC countries in the period of 1996-2019. The study model tests the effects of the independent variables of public governance which are the worldwide governance indicators on the dependent variables of economic growth which are the Gross Domestic Product (annual GDP growth in %), GDP per capita growth (annual in %) and GDP current US$) using a multiple regression model (the fixed effect approach). In this study, only four worldwide governance indicators were selected: the control of corruption, government effectiveness, regulatory quality, and the rule of law. Furthermore, this impact was examined using several control variables, including labor force, working capital, oil price, inflation rate, population, and Human Development Index. The data on dependent and independent variables was collected from the World Bank official website. It is found that the control of corruption and the rule of law have a positive, statistically insignificant impact on economic growth, moreover, government effectiveness and regulatory quality have positive, statistically significant impact on economic growth. The control variable's results concern the labor force, working capital, oil price, inflation rate, population and Human Development Index explained further in the study.

JEL Classification: D02, O17, P31

Keywords: public governance, economic growth, control of corruption, government effectiveness, regulatory quality, rule of law, gross domestic product, multiple regression model, fixed effect approach.

Introduction

The growth theory and model were developed by Romer (1986), Lucas (1988), Scully (1989), Barro (1991), Yavas (1998), and Abrams (1999) to investigate the size and the role of government in long- term economic growth. The theory indicates that long- term economic growth is positively or negatively affected by government policy, although it is considered endogenous. Recently, considerable attention has being paid to the relation between good governance and economic growth. Numerous studies and papers have been published on this subject; with researchers and scholars agreeing that the relationship between governance and economic growth is positive. However, it remains debatable whether good governance leads to economic growth, though international organizations like the United Nations, the International Monetary Fund (IMF), and the World Bank have argued that good governance leads to economic growth (Kaufmann &Kraay, 2002; Mehanna, Yazbeck, &Sarieddine, 2010; United Nations, 2000; Gharaibeh, 2021; Derbali, 2021, Palekhova, 2021). On the one hand, discussions and arguments on this matter have assisted in creating the conceptual background for determining the relationship between good governance and economic efficiency, effectiveness, and growth, while on the other hand, the focus has largely remained on the impact and framework of the relationship in one stage.Most of the literature has stated that governance indicators refer to the "governments activity and its relation to other activities in the society". Meanwhile, Anders (2009) defined good governance as the measures aimed at changing an ineffective political and institutional structure, an idea apparently shared by numerous other scholars. For instance, in a 2015 interview regarding the shape of good governance, Mark Robinson, the Global Director of Governance at the World Resources Institute (Washington, D.C.) reported the following: "The real test of good governance is when citizens feel secure and trust governments to conduct public affairs in the best interests of society as a whole rather than for the privileged few". However, the concept of governance and good governance remains generic in its contextual understanding. Most of the related studies have focused on how the principles of public governance impacted the economy in the terms of long term. There is no direct measurement test for how the principles of public governance influence economic growth, but the outcome measures can be tested using the economic indicators and the public governance indicators issued by the IMF and the World Bank.

The GCC countries have been selected as our sample of the study because they have " significant dependence on oil and because of the lack of diversification that threatens their economic sustainability (Ganguli, Subhadra.,2016; Rababah and Abuqauod, 2020; Khadash, and Washali, 2019). For this reason, the governments of these countries are paying more attention to the governance system while following their economic vision.

Research gap

This study the focuses on the GCC economy and economic growth, as well as the role of public governance in achieving economic growth. The GCC economy is mainly dependent on oil. However, many factors might affect the GCC"s economy and its growth. In this study, the focus would be on the impact of the public governance which is measured by worldwide governance indicators (WGI) on the GCC countries" economic growth. As a result, it is important to understand each factor and find its impact on the GCC"s economic growth. Recently, GCC countries have focused on public governance by forming a public governance committee in their public institutions and linking its performance and output to their economic visions. Assessing how each public governance indicator influences economic growth remains a debatable subject, as there has been no consensus on this matter in the literatures and previous studies. Public governance comprises a broad concept, and the conclusions of its studies are not unified (Beverlee B. Anderson, 2015). Moreover, assessing the impact of public governance on the economic growth of entire GCC countries remains unexamined.

The following research questions are important for the researcher to achieve the research objectives: What kind of relationship exists between public governance and economic growth in the GCC? How significant is the impact of public governance variables on GCC economic growth? How can public governance affect GCC economic growth in terms of direct or indirect factors? What other factors might affect GCC economic growth? Additionally, how significant is the impact of these factors on GCC economic growth?

Study contributions

Although numerous studies have been conducted on economic growth and on public governance, as represented by WGI, no direct empirical literature has assessed and evaluated the impact of public governance on economic growth in the GCC. Therefore, this study is important for investigating and analyzing the relationship between public governance and economic growth, which numerous scholars have argued features a strong relationship. In addition, this study illustrates the importance of public governance and the role to be played by sustainable economic growth adopted by the World Bank, especially in the GCC and with a specific focus on the public governance indicators that require improvement in order to improve economic growth. The study's results will benefit the policies makers, decision makers and top management in public institutions in GCC countries when reviewing their policies and decisions and in order to both maintain indicators that positively and significantly influence economic growth and to improve the indicators exerting a negative or insignificant impact on economic growth.

The study is divided into the following sections. After the above introduction, Section 1 discusses the current literature review for more understanding and hypotheses development. Section 2 presents the design, research methodology and descriptive statistics. Section 3 explains the empirical results and discussion of findings. Finally, Section 4 illustrates and discusses the study's conclusions, recommendations, limitations and future studies, and implications of the study.

1. Literature review and hypotheses' development

A society without a set of established policies is predestined to collapse, a domino effect assured to affect every fragment of the nation. According to a study by Maldonado, N. (2010), the World Bank‟s evolving concept of good governance and its influence on human rights, briefly traces the concept of governance over the past 20 years since its emergence. Until the 1980‟s, governance was nothing more than a theoretical concept. Following the World Bank's study introducing the term "good governance" and highlighting its necessity and significance, the first implementation of governance in 1989 reaped wholesome results, as it implemented institutional reform along with an enhanced public sector in the Sub-Saharan countries, delivering them from a deteriorating economy. In 1992, the World Bank published Governance and Development which defined governance as the " manner in which power is exercised for development by managing the social resources and economic of the country "(p.1). This definition introduced the world to the prominence of a governance role in advancing a nation. As the effects of good governance engulfed nations, the World Bank validated a definitive definition of governance as that which is " epitomized by predictable, open, and enlightened policymaking that is, transparent processes; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law ”. To date, these definitions have reflected the innate concept of governance, along with its connotation.

Kaufmann, D. Kraay, A. &Mastruzz, M. (2009) stated that the term “governance” has been used considerably in contemporary public administration. Numerous of theorists and researchers in the field have argued that the concept of governance guides administrators as administrative practices shift from the “ hollow state ” that is the bureaucratic state. Beyond this, it has also been stated that "governance alludes to the sidelong and between institutional relations in organization with regards to the decline of sovereignty, the diminishing significance of jurisdictional fringes and a general institutional discontinuity ". The conceptualization of the term does not, in any case, appear to have been reliable, and it has generated different definitions and implications, as demonstrated below. In 1997, the United Nations Development Program (UNDP) characterized governance as " the activity of monetary, political and administrative authority to deal with a nation's issues at all levels. It involves the systems, procedures and institutions, through which citizens and gatherings express their interests, practice their legitimate rights, meet their commitments and intervene their disparities ". In 1993, the World Bank characterized governance as the technique through which power is exercised in the administration of a nation's political, financial and social assets for development. As such, the World Bank has largely concentrated on stabilization and state changes that overwhelmingly centre on common administration conservation and privatization for a long stretch.As indicated by Hirst, Paul (2010), "Governance alludes to managing coordination and cognizance among a wide assortment of actors with various purposes and destinations ". Such on-screen characters may incorporate political performing artists and foundations, intrigue gatherings, common society, and non-legislative and transnational organizations. This definition demonstrates that, while the government of a conventional state needs to adapt to inside and outside difficulties from the above on-screen characters, a portion of the government‟s current capacities might already include assuming control over a portion of similar gatherings.Munshi, Surendra (2004), meanwhile offered broader meaning of the term, affirming that " governance can be, for the most part characterised as the methods by which an action or gathering of exercises is controlled or coordinated, with the end goal that it conveys an adequate scope of results as indicated by some established standard ". Canada's Institute of Governance (2002) offered another general definition, affirming that " Governance is the procedure whereby social orders or associations settles on essential choices, decide whom they include and how they render account ".As indicated by the World Bank, great governance involves sound open -area administration (proficiency, viability and economy), accountability, trade and free stream of data (straightforwardness), and a legitimate structure for advancement (equity, regard for human rights and liberties) (World Bank, 1993). Appearing in concurrence with the World Bank, the Overseas Development Administration of the United Kingdom of Great Britain and Northern Ireland (now the Department for International Development), characterized great governance by concentrating on four noteworthy components in particular: authenticity (a government should have the assent of the administered), accountability (guaranteeing straightforwardness, being liable for activities and media opportunity), capability (viable policymaking, usage, and administration conveyance), and respect for law and the security of human rights (Kaufmann, D. Kraay, A. &Mastruzz, M., 2010; Ramaano, 2021; Elali, 2021; Seyadi and Elali, 2021).

According to Graham, J. Amos, B. &Plumptre T. (2003), great governance " signifies a participative way of administering that capacities in a capable, responsible and straightforward way in view of the standards of effectiveness, authenticity and consensus with the end goal of advancing the privileges of individual natives and the general population intrigue, therefore demonstrating the activity of political will for guaranteeing the material welfare of society and feasible improvement with social equity ". A more concise meaning of good governance was offered by Plumptre, who propounded that it " implies making a powerful political structure helpful for private monetary activity: stable administrations, the rule of law, productive state organization adjusted to the parts that governments can really perform and a solid common society autonomous of the state". The concept and idea of governance is not something new; numerous people have developed different views regarding the concept of governance, but they express commonality in that this involves the interaction between institutions and the society. A number of researchers have also developed varying ideas regarding the idea of governance. According to John Healey and Mark Robinson (1994). “It signifies a high level of organizational effectiveness related to formulating the policy and the policies actually pursued, especially in conduct of economic policy and contributions to growth, stability and popular welfare”. According to the World Bank, the concept of governance comprises the implementation of rule of law, participation in public affairs, transparency, and accountability. Another scholar Wohlmuth, K. (2014) described the concept of governance as an umbrella defining an approach to comparative politics. To him, there should be a change in the rule of games to ensure that each and every one partakes in the activities governing its nation in order to put in place a better future for the society towards productivity. According to Akpan, G and Effiiong, E (2012), governance is not management, but the distribution of the legitimate authority to influence and enact policies and decisions. A nation‟s hierarchy of power thus consists of three democratic governance economic policies: who has the power, who is in charge of that power, and who is responsible for implementing power.

1.1. Good governance principles

Numerous scholars have established good governess as a mandatory prerequisite for a nation to flourish based on the fact that since its implementation, good governance has not proven otherwise. Former secretary general of the United Nations, Kofi Annan, reflected this growing consensus when he stated that, “Good governance is perhaps the single most important factor in eradicating poverty and promoting development”. The rate of success associated with good governance allowing it to achieve favorable economic and social caliber relies directly on adherence to a set of principles. Unlike other authoritative bodies, good governance is bounded by principles rather than rules. The definition and figure of these rules remains debatable, but through evident covenant, there are six set principles. A policy brief published in 2003 titled “ Principles for Good Governance in the 21st Century” stated that the United States Developmental Program (UNDP) “ Governance and Sustainable Human Development, 1997” has established a set of rules that are universally recognized. Accountability represents one of the keystones to good governance. Decision makers in government, the private sector, and civil society organizations are accountable to the public, as well as to institutional stakeholders. Akpan, G. E., &Effiong, E. L. (2012) expanded the concept of accountability to involves two distinct stages: answerability and enforcement. Answerability concerns the obligation of the government, its offices, and its agencies to provide information about their decisions and activities to legitimize them to the public. Anders, G. (2009) explained that enforcement suggests that the general society or the organization in charge of responsibility can endorse the culpable party or cure the contravening behavior. Openness and transparency enable stakeholders confidence in the decision-making and management processes, and centrally defines the legislature‟s processes, mediums, and responsibility regarding how it imparts information to its citizens. The process of government openness and transparent behavior provides a window for citizen safety. Bevan, D., Collier, P. and Gunning, J. (1999) described this as one of the few weapons the citizenry has to protect itself from the effective and the degenerate.Integrity guarantees clear dealing and fulfillment in light of honesty, benevolence, objectivity, and ensuring high standards of probity and appropriateness in the conduct of a plan‟s undertakings and leadership. Integrity is crucial for the legitimacy and sustainability of a democratic political framework. It relies upon citizen‟s positive perception of the government making the wisest decisions, while reasonableness means acting in a responsible fashion and looking for general population intrigue.The rule of law comprises an important principle of good governance. This states that all citizens, public and private institutions, and the state are accountable to the rule of law. Good governance ensures equality of law for everyone and total fairness in its implementation. As such, good governance ensures the protection of human rights, especially for the minorities. An important principle of good governance concerns the implementation of effective and efficient leadership in a nation in order to manage its resources and revenue. Clarirepargeot further explained that the principle of effectiveness relates to an organization‟s collective skills and expertise to meet its purpose (Collier, P., 2007; Al kurdi, 2021; Al Sahaf, M. and Al Tahoo, 2021; Sisaye, 2021).The principle of participation implies that there should be total and equal participation of the citizens, both men and women, in the decision- making. The effectiveness and quality of a nation‟s policy depends on the involvement of all stakeholders in the decision making. Participation constitutes informing, counseling, inclusion, and partnership. A definite set of principles have yet to be established considering the overlapping, synonyms, contradictory, and controversial conditions. The practicality of many of these principles is based on the situation at hand. Regardless of these complexities, the adherence of these principles, along with their proper execution, forms the pedestal upon which good governance is positioned (Collier, P. and David, D., 2010; Al Romaihi, 2021).

1.2. World wide governance indicators

Accountability and transparency

According to Agustin Carstens (2005), transparency ensures that information is available to measure the performance of government misuse of power, which helps to ensure accountability. This points out to the fact that if there is proper accountability and transparency it will lead to social instability and create poor environment for economic growth. Good governance is accountable for its activities and ensures transparency in order to avoid corruption and benefit the population. According to the statistics, countries that practice effective transparency and accountability achieve better economic growth. For example, Botswana‟ only source of revenue comes from the production and extraction of diamond. The government of Botswanan has implemented proper handling and production of diamond attracting many investors due to the low tax rate, and for the past 20 years, Botswana economy has boomed as a result, with its per capita income increasing to $3500. Therefore, good governance that is transparent and accountable appears to foster economic growth. Weaver, C. (2010) further reported that a lack of accountability leads to greed for money, which Agustin Carstens (2005) supported his view by adding that a lack of proper transparency and accountability leads reduced investors and a decrease in donor funding due to a lack of trust and confidence.

The rule of law

The rule of law is considered the key element enhancing a nation’s economic growth. As a backbone of economic growth, at the oxford union on 17 July 2014, David Doyle cited key points related to the importance of rule of law in economic development following the ideas of professor Kenneth Dam, who, in 2006 said that "the protection and the enforcement of contract could contribute to the economic growth". Good public governance ensures that laws are put in place and are made available and open to the citizens in order to ensure that clarity of the laws to reaches everyone this to say, there should be no secret laws. As a result, this helps to improve nation's economic growth. (Burgess, M., 1992; Hamdan et al., 2019). When the rule of law is implemented and treated equally, and no room is given for individual position and status in society, this ensures stability in the nation. According to Burgess, M. (1992), when a country possesses rule of law, this will lead to a stability that undoubtedly encourages and promotes investment from internal and external investors to establish their businesses, as they feel protected with the judiciary implementation of laws that ensures total fairness (Awad et al., 2021). Therefore, good public governance will enforce economic growth due to the fact that investors and business, both internal and international are motivated by the effective implementation of rule of law in a given country. Syed Sohaib Zubair and Mukaram Ali Khan, (2014) also conducted research exploring the relationship between WGI indicators and economic growth (GDP) in Pakistan. Moreover, studies have generally attempted to identify which of the WGI indicators contribute most towards economic growth. Regardless, the research has overall identified rule of law as an important element for development.

Control of corruption

Corruption has been considered one of the main leading constraints for the economic growth of numerous nations. Good public governance will implement effective measures to control corruption and forester the nation's economic growth. Kaufmann, D. Kraay, A. &Mastruzz, M., (2009). Indicated that corruption reduces investment and hinders economic growth. For good governance to improve a nation's economic growth, it has to create possible measures where the citizens partake in the government to identify priorities in the country. Therefore, Graham, J. Amos, B. and Plumptre T. (2003) commented that states with better redistribution of wealth enjoy longer periods of economic development, while states affected by high corruption rates suffer from poor economies and experience unfair treatment and lack of equality.

A study conducted by Zhang Zhuo & Almalki Sultan Musaad O& Bashir Muhammad & Sher Khan results (2020) Stated that control of corruption has positive and significant effect on economic growth in developed countries which indicate that increase in control of corruption implies increase in the developed countries' economy. All in all, measures for fighting against corruption leads to good governance and better economic development.

Regulatory quality

Kaufmann, Daniel in Kraay, Aart (2002) mentioned a state's economic development through good governance is contributed to by the improvement of a quality regulatory system which creates an efficient and effective incentive for both the public and private sectors. The average citizen benefits from good regulatory policies that aid in reducing corruption, as this opens paths for more entrepreneurship and increases the quality of public services. Good governance also keeps companies and industries alive through the subsidies provided by the state. Therefore, from the viewpoints of Ram, R. and H. Zhang (2002), regimes that promote rather than reduce economic growth represent a substantial aspect of good governance. As a result, the increase in productivity of a nation is strongly connected to the quality of good governance. Mauro, P, (1995) supported the fact that the quality of good governance positively affects income. Nevertheless, the total increase and expansion of most international businesses in most countries results from good regulatory systems that lead to greater economic growth, typically attributed to good public governance.

Government effectiveness

Good governance will increase a nation's economic growth if the nation's government can control its resources effectively, as this will ensure there is no waste of materials, while mismanagement of government revenue by individuals will decrease economic growth. When there is good governance it will leads to effective and efficient growth of a nation. (Xu, B., 2009). Yapatake Kossele Thales Pacific, Abeid Ahmed Ramadhan and Ngaba Mbai-Akem Gabriella Magalie (2017) assess the impact of control of corruption on the economic growth of Botswana for the period of 1996- 2014. They found a positive significant relationship between government effectiveness and GDP. Rehmat Ullan Awan, Tahseen Akhtar, Shazia Rahim, Falak Sher and Ahmed Cheema, (2018) examined the association among governance, corruption and economic growth in five SAARC countries: Bangladesh, India, Nepal, Pakistan and Sri-Lanka using panel data for the period 1996-2014. Panel regression was conducted using fixed effects method and the results showed that economic growth is positively and significantly affected by government effectiveness. Moreover, Md. Rabiul Islam, Mark McGillivray, (2020) found that better administrative governance may reduce inequality and enhance growth. Another study was conducted by Ibukun James Olaoye1*, Opeyemi Eyitayo Ayinde1, Oluwafemi Olajide Ajewole1 and Luke Oloruntoba Adebisi1,2, (2020) examined the effect of research and development(R&D) and government effectiveness on GDP in selected African countries. The study results that both R&D and governance are important factors in predicting economic growth in Africa, and that good governance can sufficiently drive sustainable economic growth and development in Africa.

In contrast, Alexander Maune, (2017) conducted a study assessing the influence of sound corporate governance on economic growth in Zimbabwe. He employed a multiple linear regression model to examine the relationship by collecting and using secondary data for the period of 1968 -2015. He found government effectiveness has negative relationship exerting a statistically insignificant influence on the GDP of Zimbabwe, which is inconsistent with the norm. however, the result might be acceptable in the case of Zimbabwe, as it is considered a developing country.

Equality and inclusiveness

Good public governance promotes economic growth through gender equality in the nation and everyone's total participation in the nation's economic growth. Good economic growth occurs when there is no discrimination in the implementation of the rule of law, equal and fair treatment. (Xu, B., 2009; Al Sahaf & Al Tahoo, 2021; Elbardan & Abd Elgawad, 2020).

1.3. Good governance and economic growth

Another article, sought to shed light on five main issues regarded as the new foundations for growth in Africa based on the concept of good governance. According to the author, these new foundations or elements to achieve economic development in Africa include the following: good governance and African development, African institutions‟ position on good governance, good governance and international development assistance, good governance and public administration, and good governance and economic policy reform. (African Development Bank

1995). To begin with, Green, W. H. (2008), identified a strong relationship between the concept of good governance and economic development in African countries. According to an assessment by the African Development Bank (ADB) the concept's significance for African development is relevant to the need to create the basic extra- economic conditions essential for the growth of African economies. In this paper, the author, identified three types or levels of governance and micro governance in order to understand the relation of good governance to growth. As stated by the author, the issue of "good governance" is particularly significant for African development because poor development management, institutional instabilities, and internal political problems and shocks disturb domestic and foreign investment. The second new foundation for growth in Africa concerns the African institutions‟ position on good governance. As stated by the author, the concept of good governance was not imposed on Africa to improve the donors‟ position or to make aid more effective. Rather, he stated that the concept is implicit in most of the early published documents and the declarations passed by the (OAU, ECA, and ADB). The Khartoum Declaration offers a prominent example proving that the issue of good governance comprises a complete strategy adopted by African countries. In addition, the author stressed that, since the end of the 1980s, many institutions in Africa have concentrated their work and discussions on the criteria for a more developmental state which offers more services considered to be vital requirements for developing market forces. Most of these documents and declarations were relevant to the task of finding new methods for growth that can be achieved and maintained in Africa.

The third foundation for growth in Africa, according to the researcher, involves good governance in relation to international development assistance. He pointed out this foundation's importance for understanding international donors‟ different positions in this regard, as they have considerably effect on the development process in Africa. He also observed that most of the donors‟ projects and programs primarily relate to conceptions of good governance (Awwad and Zidan, 2021; Aminova and Marchi, 2021; Alqooti, 2020; Al Hawaj and Buallay, 2021; Hamdan, 2019). The fourth new foundation for development in Africa comprises good governance and public administration. The researcher highlighted that central public administration systems were not matched by effective local systems, which is considered a retarding factor for Africa's development. He also indicated that market reform policies, privatization policies, and measures to create solid economic policy could not be dealt with properly. He pointed out that good governance means that the reforms of public administration should become a fundamental aspect of more comprehensive governance planning and programs. The final foundation mentioned by the researcher is good governance in relation to economic policy reform. The author pointed out that economic policy reform is affected by four elements: the quality of the system of public administration, the effective coordination of institutions, the mechanisms that strengthen policy credibility, and the revival of development planning and visions. He clarified that these factors offer the means for promoting growth in Africa. All in all, in this paper, the researcher argued that resuscitation and stability of growth in Africa are now based on new foundations, which have become increasingly relevant with the failures of programs due to over- dependency on aid from others (Aminova et al., 2020; Harraf et al., 2020; Alareeni and Hamdan, 2020). These new foundations for growth in Africa instead relate to a governance program that emphasizes the necessity of own programming as based on African institutions and policies. According to Smith, B. (2007), an econometric researcher pointed out the relationship between good governance and economic growth is tested in the sense of "market- enhancing governance". However, according to Ram, R. and H. Zhang (2002), in order to achieve long- term economic growth, there should be a change in institutional, political, economic, and social reforms (Digdowiseiso and Sugiyanto, 2021). However, the relationship between public governance and economic growth can be implementation and proven under effective and good accountability, effective and efficiency, equitable and inclusive, transparency and evaluation, and it is important for investors to create a productive interaction between the state and the general population.

A nation's economic growth describes a high rate of productivity and an increase in the economy's ability to produce more goods and services. Moreover, an economic growth of a nation measured in terms of its gross national product or the gross domestic product. A good governance of a nation results in a strong economic performance, and for a particular nation to effectively achieve its economic growth, the government has to explore the factors that can either reduce or increases the economic growth of a county. Since the denouement of the 1980s the issue of good governance has ruled the world wide discussion about improvement and global aid to Africa. More importantly, this talk is continuing even today. Currently, this concerns how to enhance African governance systems, and what the international community can do to advance good governance, and in this manner generally improve conditions in Africa.(Akpan, G. E., &Effiong, E. L., 2012).While the literature has demonstrated a considerable agreement regarding corruption's negative effect on economic development, Karl keeps on arguing that the corruption's impact on development is setting particular and related to components such as, for example, the state or country's legal and institutional framework, quality of governance, and political regime. He presumed that as some highly regulated states of Africa lack effective government institutions and governance systems, corruption can compensate for red tape and institutional weaknesses and "grease the wheels" of the economy. However, not only does corruption influence economic improvement as far as economic productivity and development, but it also influences the distribution of resources among the population, enhancing income inequalities, undermining the effectiveness of social welfare programs and ultimately resulting in lower levels of human development. As such, this may undermine long-term sustainable development, economic development, and equality (Barratt N, 1989; Alazemi and Al Omari, 2020; Alremaidhi et al., 2020). Court, J., Hyden, G. and Mease, K. (2012), found that, despite more than 40 years of political autonomy, Africa's goal and expectations largely remain unfulfilled today. The administration question has turned into a repeating issue in the discussion of the African projects. Smith, B. (2007), further demonstrated that the governing class has been the target of criticism, condemnation, and disdain in the view of pervasive and persistent socioeconomic and political crises. He further stated that the economic domain has been characterized by "huge external debt overhang, net capital flight, disinvestments, collapse of social infrastructure, food crisis and insecurity, over-devalued national currency, pervasive poverty, and unpopular, repressive and alienating economic policies". As mentioned previously the idea of "Governance" is not new. It has been around in both political and scholarly talk for quite some time, alluding in a nonexclusive sense to the assignment of running an administration or some other proper element, for instance, a country. More recently, it has gained particular importance in the literature on Africa's development as a result, among other things, of the World Bank (1989) distinguishing the crisis on the continent as one of governance. In particular, the Bank refers to such phenomena as the extensive personalization of power, the adjuration of fundamental human rights, widespread corruption, and the pervasiveness of unelected and unaccountable government.

Green,W.H. (2008), stated that the imperative political and economic agenda (IPEA) for Africa in 1994 emphasized not only political changes, but also economic and social changes at national and regional levels. In regarding the political agenda, good governance related to more than democracy, respecting human rights, and suppression of corruption. The economic agenda focuses on a conversion of economic structures, a more dynamic role for export sectors, and the necessity of newly designed reconciliation programs. The basic presumption of IPEA is that Africa is today, and will remain in the future, very much on its own, and therefore, it has to start a new regional program using its own capacities and resources. Finally, the study of Jamile and Diab, (2021) aims to study the contribution of governance quality on the heterogeneity in happiness levels across MENA countries while controlling for demographic and socioeconomic variables. The paper applies panel random-effects regression analysis on three samples: full sample, rich and poor subsamples, using data from twenty MENA countries over eleven years. The empirical results for the full sample conclude that better technical quality of governance increases happiness in the region. Furthermore, findings suggest that political stability and absence of violence matter for people's happiness only in rich countries. Whereas, control of corruption is positively associated with happiness level in the full sample and poor subsample. Across all three samples, voice and accountability have no impact on happiness.

1.4. Performance in the world governance indicators

According to Greene, W. H. (2015), good governance represents an alarming topic in discussions presently, as the inherent need for good governance is universal. Two important advancements clarify the rising worry over governance and its role in advancement since the late 1980s. One is the development of a new stream of financial matters known as the new institutional economics. This stresses unoriginal and fair establishment for security property, rights, and contracts, that empower the augmentation of market, exchange, investment, and innovation. The second advancement concerns an expanding worry that the effectiveness of development assistance depends not just on the idea of the pursued approaches, but rather in addition to the nature of government. The WGI forum uses variables largely collected from the World Bank. The indicators primarily build on 30 opinions and perception-based surveys of numerous governance measures from investment consulting firms, non-governmental organizations, think tanks, and so on. Six WGI indicators are categorized under three criteria focused on evaluating the outcome of governance procedures. The first concerns the process by which governments are selected, monitored, and replaced. Voice and Accountability is one of the two indicators responsible for the first criteria, defined as "capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media". Political stability and absence of violence represent the next indicator, measured by the possibility of any illegal means or terrorism disrupting the government. (Kagundu, 2016; Mokadem and Muwafak, 2020; Salman and Laouisset, 2020; Hasan and Hassan, 2021). These criteria measure the government‟s capacity to effectively formulate and implement sound policies. This is measured by two indicators: government effectiveness and regulatory quality. Government effectiveness is defined as "capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies". Regulatory quality involves capturing the government's capability with regards to improving public and private sectors through rigorous policies and regulations. The final criteria involve the respect of citizens and the state regarding the institutions that govern economic and social interactions among them. Rule of law describes the indicator that capturers the awareness and acceptance of rules and regulations of the society, law enforcement and its affiliated members. Kaufmann, Daniel in Kraay, Aart (2002) stated that control of corruption is the last of the six indicators and has been universally defined as a measurement of "the degree, to which the practices of public power is for private gain, including both small and grand forms of corruption, and the possession of the state by elites and private interests".(Mauro, P, 2005).To conclude, the indicators highlighted above remain so difficult to be measure the quality of life, but in as much the worldwide indicators such as control of corruption, political stability, accountability, and transparency have played a considerable role promoting and implementing good governance and increasing the economic growth of many countries. In 2005-2012, the database of an international organization was assessed primarily using data analysis. The results of this analysis were positively related to the human development index (HDI) and the government. A negative relationship was identified between the GDP and control of corruption. Therefore, corruption and some of the indicators have been criticized by certain scholars due to the fact that corruption cannot be measured in as much as the economic growth of some countries growing while others are not based on the low level of corruption control. The worldwide governance indicators are thus too imprecise to provide a clear comparison of governance over time or across nations. Despite the criticisms of these indicators, however, they have change and improved the economic growth of many nations, with the participation of minorities in implementing the rule of law and the new political stability of some nations having attracted numerous investors and forester economic growth (Wohlmuth, K., 2014; Hamdan et al., 2019; Hamdan, 2020; Al-Qudah et al., 2021; Nasrallah and El Khoury, 2021).

1.5. Hypotheses' development

Various researchers have been interested in examining the impact of public governance on economic growth, but their findings have varied. This research paper aims to explore the impact of public governance on one dependent variable, namely, economic growth. Therefore, the hypotheses are formulated according to the public governance indicators as follows:
H_{01}: Control of corruption has no significant impact on economic growth in the GCC.
H_{02}: Government effectiveness has no significant impact on economic growth in the GCC.
H_{03}: Regulatory quality has no significant impact on economic growth in the GCC.
H_{04}: Rule of law has no significant impact on economic growth in the GCC

2. Research methodology

The study employs the descriptive research design based on numerical data for the WGIs as a measurement of public governance and GDP as a measurement of economic growth from the World Bank database for the period of 1996-2019. Subsequently, this research is considered descriptive in nature, as it is mainly describing focal hypotheses such as the impact of public governance on economic growth. It also applies a correlational design, as one of its objectives was to determine the significant relationship between public governance and economic growth in the GCC (Jassim et al., 2020; Razzaque et al., 2020)

2.1. Data source and resources

In this study, secondary data for the period of 1996-2019 was gathered from the World Bank database. Worldwide Governance and World Development indicators.

2.2. Independent variables: Governance indicators

The independent variables used in the study are the WGIs issued by the World Bank's long-standing research program and used as public governance measures. Six WGIs have been used intensively in several studies: Government effectiveness, Control of corruption, Regulatory quality, Rule of law, Voice and accountability, and Political stability" (Alexander Maune, 2017). Note that voice and accountability, and political stability were excluded in this study.

2.3. Dependent variable: Economic growth

The main objective of this study is to evaluate the impact of public governance on economic growth in the GCC, for which economic growth is considered the dependent variable. The Gross Domestic Product (GDP) is used as a tool to measure a country's economic growth. This measure has been used in most research papers (DullaMulok, RozileeAsid, Mori Kogid and Jaratin Lily,2011), and has been found to be representative for measuring economic growth (TajudeenEgbetunde, 2012); (Brzáková, Kristýna; Kraft, Jiří, 2017).The economic indicators are based on the country's performance over a period of 22 years. All data sources have been collected through the World Bank official website. The main indicators employed in the analysis process include Gross domestic product (current US $) Gross domestic product % growth, Gross domestic product per capita % growth.

2.4. Control variables

This study measures how public governance affects economic growth in the GCC. Economic growth is expected to be influenced not only by public governance indicators namely, the WGIs, but also by other variables which are called control variables in this study. In order to reduce the random error, the researcher selected some control variables that are most likely to influence economic growth in the GCC: labor force, the country's working capital, oil price, inflation rate (Hamdan and Hamdan, 2020a&b; Upreti, Parash,2015; Alnoaimi and Mazzuchi, 2021), population, and HDI.

2.5. Study model

To measure the impact of the public governance which is considered the independent variable in this study and measured by using the WGIs on economic growth which is considered the dependent variable and measured by the annual GDP growth in %, GDP (Current US $ and GDP per capita growth (annual in %). This study estimates the following linear regression model:

$$GDP_{i,t} = \beta_0 + \beta_1 CC_{i,t} + \beta_2 GE_{i,t} + \beta_3 RQ_{i,t} + \beta_4 RL_{i,t} + \beta_5 I_{i,t} + \beta_6 WC_{i,t} + \beta_7 HDI_{i,t} \\ + \beta_8 OIL_{i,t} + \beta_9 Population_{i,t} + \beta_{10} LaborForce_{i,t} + \varepsilon_{i,t}$$

Where: $GDP_{i,t}$ is a continuous variable, the dependent variable, and is the measure of the Country's economic development and growth for country(i) in year(t).β0 is the constant. β1..10 is the slope of the independent and control variables. $CC_{i,t}$ is the control of corruption percentile rank for country (i) in year (t). $Ge_{i,t}$ is the government effectiveness percentile rank for country (i) in year (t). Rqi,t is the regulatory quality percentile rank for country(i) in year (t). Rli,t is the rule of law percentile rank for country (i) in year (t).$I_{i,t}$ is control variable, is the inflation rate: the annualized percentage change in general price index, which Is usually the consumer price index, over time in country(i) in year (t). $WC_{i,t}$ is control variable, is the working capital: the difference between current assets and current liabilities for country (i) in year (t). $HDI_{i,t}$ is control variable, is the human development index for country (i) in year (t).Oil I,t is control variable, is the oil price in country (i) in year (t). $Population_{i,t}$ is control variable, population is the whole number of people in country (i) in year (t). Labor $Force_{i,t}$ is control variable, labor force is the number of people who are employed and the unemployed who are looking for work for country (i) in year (t). $E_{i,t}$ is the random error.

3. Empirical results and discussion of findings

3.1. Descriptive analysis

Table 1 illustrates the descriptive statistics for the dependent variable of economic growth for the GCC, which is measured by GDP, as previous studies have demonstrated this to be a representative indicator of economic growth (Alba Kruja, 2013). The main data collected is the GDP growth (annual%), defined by the World Bank as the annual percentage growth rate of GDP at market prices based on constant local currency and the GDP per capita growth (annual%). according to the United Nations Statistics Division, GDP per capita is defined as a representative of average standard of living for the people in a state or country. A positive percentage change in annual real GDP per capita can be interpreted a rise in the average standard of living for the people in the state. It is calculated by dividing GDP at constant prices by the population of a country. The mean value of the Bahrain GDP growth (annual %) is 4.357%, and the mean of BHR GDP per capita growth (annual %) is -0.164%. In Saudi Arabia the GDP growth (annual%) is 3.024%, while the GDP per capita is 0.482%. There is a fluctuation of the KSA GDP which is occurs due to the fluctuation in oil price. In order to achieve economic growth, KSA has focused on income resource diversification and provided a greater role to the private sector in the Saudi economy. The United Arab Emirates (UAE) features a mean GDP growth (annual %) of 4.113% and the GDP per capita equals -1.549%, which is considered low because of the drop in GDP per capita in 2007 and 2009, which indicating an economic recession. Kuwait presents a mean GDP growth (annual%) of 3.287%. Oman’s GDP growth (annual %) varies, with mean of 3.171% and a GDP per capita % growth mean of -0.292 %. Its hydrocarbon sector possesses a level of independency. In recent years, Oman’s government has focused on developing trade, industry and tourism as a way of developing its economy, because oil and gas will run out in the future. Qatar is the highest among the six GCCs in term of GDP growth (annual %), 9.524%, and GDP per capita growth (annual %), more than 6.960 %. Qatar depends mainly on hydrocarbon resources. The construction sector has also witnessed a boom, because the government increasing spending on infrastructure, and changing investment laws to allow foreigners full ownership in some parts of the country.

The following table 2 summarizes the descriptive statistics of the independent variable (public governance), which is represented by the WGIs. Table 2 illustrates the descriptive statistics for the independent variables in this study namely, public governance, which is measured according to the World Bank by the worldwide governance indicators (WGIs). Although there remains no clear definition for governance, in 1992, the World Bank defined this as "the manner in which power is exercised in the management of a country‟s economic and social resources for development". Kaufmann, D. and M. Mastruzzi (2005) offered a more detailed definition of governance "as the traditions and institutions that permit the exercise of authority in a country. It includes how governments are established, monitored and replaced; the ability of the government to set and implement sound policies; and the respect of citizens and the condition of the institutions that govern economic and social interactions among them".

Table 1. GDP in GCC 1996-2019

Country	GDP growth (annual%)	GDP per capita growth (annual%)
Bahrain	4.357	-0.164
Saudi Arabia (KSA)	3.024	0.482
United Arab Emirates	4.113	-1.549
Kuwait	3.287	-0.801
Oman	3.171	-0.292
Qatar	9.524	6.960

Source: The World Bank official website

Table 2. Public Governance in GCC 1996-2019

Country	Governance			
	Control of Corruption	Government Effectiveness	Regulatory Quality	Rule of Law
Bahrain	63.599	68.586	72.899	65.134
Saudi Arabia (KSA)	56.856	53.749	53.269	57.087
United Arab Emirates	79.128	81.766	73.456	69.153
Kuwait	62.942	55.625	56.928	64.465
Oman	68.692	64.312	66.578	65.866
Qatar	77.236	73.324	67.051	70.699

Source: The World Bank official website

The statistics illustrate that the UAE features the highest governance rate at approximately 79%. Qatar presents the second highest rate at 72.48%. Bahrain possesses a 70% governance rate and Oman approximately 66%. Kuwait governance rate equals 56.58%, and in the last, the KSA demonstrates only 49.77%. Control of corruption (CC) can be defined as " the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, and possession of the state by elites and private interests ". (Daniel Kaufmann Aart Kraay Massimo Mastruzzi,2010). The country that scored the highest rate is the UAE with 79.128%, followed by Qatar 77.236%, and Oman with 68.692%. Bahrain 63.599% and Kuwait 62.942%, and the lowest rate was scored by the KSA at 56.856%. One way to explain corruption is the extent of transparency and democracy within the countries. Table 2 demonstrates that the GCC adopted certain policies and procedures to improve their corruption- control indicator, by establishing the parliament responsible for setting laws, rules, and regulations, as well as a National Audit Office responsible ensuring that the governmental organizations comply with the laws, rules, and regulation that in the end preserve the public wealth. The second indicator is the Government Effectiveness (GE) which "captures perceptions of the quality of public services, the quality of the civil service and the extent to which it is independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to those policies ".The UAE presents the largest GE score which at more than 81%, then followed by Qatar with 73.324% and Bahrain with 68.586% after which is Oman with 64.312% and finally Kuwait scoring approximately 55.625%, and the KSA presenting roughly 53.749%. The GCC attempted to adopt certain policies to encourage government effectiveness, such as in 2008 when Bahrain and Qatar launched their 2030 economic vision. Similarly, in 2016 the KSA announced its 2030economic vision. In 2010, both Kuwait and the UAE launched their 2035 and 2021 visions, respectively. In 1995, Oman set its 2020 economic vision. In order to achieve the said vision, all the governmental organizations were asked to increase their effectiveness, which subsequently improve the citizen's standard of living.73.46 and a maximum value greater than 78% because the Bahraini government facilities the procedure and requirements for trading and investment for citizens and foreigners. The UAE scored a high percentage as well, with a mean value of 73.456%. Oman and Qatar share an approximate percentage of 67%. Finally, at the end of the ranking Kuwait and the KSA scored around 53.269%.

Rule of law (RL)"captures perceptions of the extent to which agents have confidence in and comply with the rules of society, and particularly the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Qatar has the highest mean of RL at 70.699%, while the KSA has the lowest mean RL at 57.087%. The UAE scored more than 69.153%. Oman, Bahrain, and Kuwait scored around 65%.

3.2. Testing of the hypotheses

The study data is considered panel data, as it collected for a time series (1996-2019) and it is cross-sectional (six countries). Hence, the multiple regression model/fixed- effect approach is used, with the GCC result illustrated in Table 3.

Table 3. Regression results

Variables	**β**	***t*-test**	***p*-value**
constant	1.547	4.864	0.000
Independent variables: WGI			
Control of Corruption	0.605	0.115	0.354
Government Effectiveness	1.475	2.885	0.021
Regulatory Quality	1.987	3.214	0.010
Rule of Law	0.888	1.045	0.214
Control variables			
Oil	1.541	3.013	0.019
Inflation	-0.779	-0.705	0.654
Working Capital	0.464	1.875	0.121
Population	0.990	1.055	0.257
Labor Force	2.875	3.376	0.000
Human Development Index	0.816	1.865	0.087
F-test		3.899	
p-value (F-test)		0.000	
R		0.378	
R^2		0.150	

Source: Authors' calculation

As mentioned previously in this study, the GCC shares common economic, social, and cultural characteristic among its countries. Moreover, the governor system (public administration) and public institutions are quite similar. Therefore, the statistical data of the GCC as whole was combined into one sample. As presented in Table 2, both the P-value for the constant 0.000 and the P-value (F-test) 0.000 were less than 0.05, which means that the study model is fit and acceptable. As such, the study hypotheses can be concluded and accepted. The R is 37.8%, representing the percentage of correlation between the dependent variable and the independent and control variables. The effect of the public governance variables (independent variables) and the control variables on the economic growth variables of the GCC (dependent variable), R-squared equals 15%, presenting the degree of changes in the dependent variable caused by the independent and control variables. The study hypotheses are tested according to each WGI‟s impact on the GDP and is studied as follows:

Testing the first hypothesis: Control of Corruption Impact

The first study hypothesis aims to test the impact of control of corruption which is considered a public governance indicator, on the GCC‟s economic growth, measured by the GDP. The null form of this hypothesis is as follows:

H_{01}: There is no significant impact of control of corruption on the economic growth in the GCC.

As shown in Table 3, the relationship between the control of corruption and economic growth is positive; however, this relationship is insignificant, as the *p*-value is greater than 5% (p-value 0.354>0.05). As a result, the alternative hypothesis would be rejected. This means that the control of corruption has no significant impact on the economic growth in the GCC. The probable reasons for the positive relationship between control of corruption and economic growth might be that the GCC countries are considered beginners in the public governance field and have only recently paid attention to the public governance concept. Some countries have taken positive steps towards implementing governance, such as Bahrain, where the public governance manual was adopted and issued in 2013 by Prime Minister HH. Shiakh Khalifa bin Salman AL-Khalifa. However, the real implementation among the public institutions occurred in 2016. Indeed, a number of GCC countries have established official oversight institutions to combat corruption or malpractice at the national level, such as the Audit Court in the UAE, the National Anti-Corruption Committee in Saudi Arabia, the General Authority for Integrity (Nazaha) in Kuwait, and the National Audit Office in Bahrain, explaining the insignificant impact of control of corruption on economic growth in the GCC.The concluded result is consistent with Beverlee B. Anderson, (2015), which investigated the relationships of different types of corruption "irregular payments and bribes, organized crime, the diversion of public funds, and favouritism in decisions of government officials " and selected economic measures (GDP, GDP Growth, FDI, and Capital formation among others) that appear to contribute to a country‟s sustainable economic development for 179 countries. This study found no statistically significant relationships between GDP growth and any of the selected dimensions of corruption. Another study conducted by YapatakeKossele Thales Pacific, Abeid Ahmed Ramadhan &NgabaMbai-Akem Gabriella Magalie ,(2017), examined the impact of control of corruption on economic growth of Botswana and finding that control of corruption is not significant, but has a positive relationship with economic growth. Another study conducted by (Tomola M. Obamuyi and Saheed O. Olayiwola, 2019) to find out the impact of corruption on economic growth in India and Nigeria determined that corruption impeded growth in both India and Nigeria and negatively affects growth through investment in human capital. Furthermore, one finding in that study supports a result of this current study, namely that corruption positively affects economic growth when the measures of human capital, political instability and capital formation are included interchangeably and combined together in the estimation of growth for India.

Testing the second hypothesis: Government Effectiveness Impact

The second study hypothesis concerns how government effectiveness considered a public governance indicator affects the GCC‟s economic growth measured by the GDP. The null form of this hypothesis is expressed as follows:

H_{02}: There is no significant impact of government effectiveness on the economic growth in the GCC.

The statistical results in Table 3 show that government effectiveness has positive significant impact in the GCC‟s economic growth with a p-value of 0.021 which is less than 5% (p-value 0.021<0.05). There for, the alternative hypothesis is accepted, and the null hypothesis rejected, meaning government effectiveness significantly influences economic growth. The GCC countries have taken some steps towards implementing effective government. One reason for the positive significant impact on government effectiveness might be their economic vision. Each country represented in the government has established an economic vision and is working towards achieving that vision by incorporating public institutions. Furthermore, each single public institution has established their own strategy and objectives in order to achieve that economic vision. Moreover, the establishment of the parliament council has increased government effectiveness in those countries. Another reason could be the simplicity and flexibility of the procedure facilitating for foreign investment in the GCC countries, thus resulting in economic growth.

Testing the third hypothesis: Regulatory Quality Impact

The third study hypothesis aims to test the impact of regulatory quality considered as public governance indicator, on the GCC‟s economic growth measured by the GDP. The null form of this hypothesis is as follows:

H_{03}: There is no significant impact of regulatory quality on the economic growth in the GCC.

Table 3 illustrates that the regulatory quality t-test is positive and the *p*-value of is 0.010 (p-value 0.010<0.05), which remains less than 0.05. Therefore, regulatory quality exerts positive, significant impact on economic growth in the GCC. Thus, the alternative hypothesis is accepted and the null hypothesis rejected. This result is probably due to the continuous efforts by the countries‟ governments to develop and implement policies, rules and procedures to achieve economic growth. Several governmental reforms have been conducted to aid the development of the private sector, and thereby, foster economic growth. Another study conducted by Itumeleng Pleasure Mongale and Tshepo Shumani Masipa, (2019) concluded that regulatory quality possesses a positive relationship with economic growth in South Africa, which is consistent with our result. Furthermore, still more research (Ioana BELEIU, Zenovia Cristiana POP, Diana Larisa ȚÂMPU, 2015) found a positive correlation of medium intensity between regulatory quality and GDP in Romania.Afolabi, Joseph Olarewaju, (2019) determined that regulatory quality was indirectly related to short-run development in West Africa countries. However, in the long run regulatory quality directly related to development in West African countries with the largest impact among the six WGIs.

Testing the fourth hypothesis: Rule of Law Impact

The fourth study hypothesis concerns how rule of law, considered a public governance indicator, affects the GCC‟s economic growth, measured by the GDP. The null form of this hypothesis is expressed as follows:

H_{04}: There is no significant impact of rule of law on the economic growth in the GCC.

In Table 3, the statistical results demonstrate a positive relationship between the rule of law and economic growth. However, this relationship is not significant, as the *p*-value is greater than 5% (p-value 0.214>0.05), which means that there is no significant impact of rule of law on economic growth in the GCC. The UAE has surpassed world-wide law-makers in countries such as Italy, Greece, and others. Thus, a universal certificate has been granted because of the high level of rule of law, achieved only by the availability of specific criteria such as the absence of corruption, open government, the guarantee of fundamental rights, the implementation of internationally recognized regulations, and the achievement of civil and criminal justice. Bahrain's constitution, released in 2002, and Qatar's constitution released in 2004, both emphasize the importance of rule of law and include a reform program. Oman, on the other hand established an effective, humane, and efficient criminal justice system positively influences on sustainable economic and social development. These offer examples of applying the rule of law in the GCC in order to achieve continuous development. However, the awareness of rule of law in the GCC was considered in the beginning, and that might be the reason for the insignificant impact on economic growth. A previous study (Ioana BELEIU, Zenovia Cristiana POP, Diana Larisa ȚÂMPU, 2015) identified a positive correlation of medium intensity between rule of law and economic growth in Romania. Confidence in laws, rules of society, and public institutions determines the increase in GDP. Furthermore, other researchers (Itumeleng Pleasure Mongale and Tshepo Shumani Masipa, 2019) concluded that regulatory quality possesses a positive relationship with economic growth in West African countries. In contrast, another study conducted by Syed Sohaib Zuhair and Mukaram Ali Khan, (2014) found a negative relationship between rule of law and economic growth in Pakistan.

Conclusion, recommendations, limitation and implementation

Conclusion

The main objective of this study was to examine the impact of the public governance on the economic growth in the GCC. As the GCC economy depends heavily on oil and lacks economic diversifications, the government's role and the formulation and implementation of sound policies are crucial for maintaining sustainable economic growth. Using the growth theory and model to investigate the role and size of government in long-term economic growth indicated that long- term economic growth could be positively or negatively affected by government policy. Four indicators of WGIs were selected to examine their impact on GCC economic growth. Numerous studies have examined the impact of public governance on economic growth (e.g. Burgess, M.,1992; Syed Sohaib Zubair and Mukaram Ali Khan,2014; Kaufmann, D. Kraay, A. &Mastruzz, M., 2009; Rehmat Ullan Awan, Tahseen Akhtar, Shazia Rahim, Falak Sher and Ahmed RAZAaza Cheema,2018; Alexander Maune, 2017; Itumeleng Pleasure Mongale and Tshepo Shumani Masipa, 2019; Afolabi, Joseph Olarewaju,2019). These studies have demonstrated varying amounts of consensus and contradiction in their findings depending on their scope and sample.The study sample consists of all six GCC countries: Bahrain, Saudi Arabia, United Arab emirates, Kuwait, Oman, and Qatar.Cross-sectional data was collected for numerous variables in this study by accessing various websites, such as the World Bank official website, and it covers 24 years from 1996 to 2019 (panel data).A multiple regression model/ fixed effect approach was employed to examine the relationship and significance of the independent variables of selected public governance indicators for GCC economic growth , along with the selected control variables. After conducting various validity data tests and accepting the study model, the findings can be summarized as follow:

Control of corruption was found to exert a positive, but not statistically significant impact on the GCC countries‟ economic growth. This is likely because GCC countries have recently paid attention to the public governance concept. Some countries have also taken positive steps towards implementing governance, such as adopting and implementing the public governance manual. Furthermore, GCC countries have established official oversight institutions to combat corruption or malpractice at the national level. Government effectiveness was found to have a positive, statistically significant impact on economic growth in the GCC. These countries feature highly effective governments continuously engaging in developing and implementing sound policies that significantly affect economic development and growth. Regulatory quality was found to have a positive and statistically significant impact on economic growth in the GCC. Numerous rules, regulations, and flexible requirement have been developed by GCC governments to facilitate engagement in entrepreneurship and the private sectors as well as encourage investment, and therefore, the private sectors will grow, as will the country's economy. Rule of law was found to have a positive, but statistically not significant impact on economic growth in the GCC. GCC countries feature a relatively high level of rule of law, achieved through the availability of specific criteria, such as open government, the guarantee of fundamental rights, implementation of internationally recognized regulations, and the achievement of civil and criminal justice. In this study, however, was not considered significant for economic growth.

Recommendations

Based on the study results, the government represented by the public institutions should attend more to the following public governance indicators: Control of corruption was found to exert an insignificant, positive impact on economic growth. However, policy makers and top managements in the public sectors should ensure the implementation of the deterrent laws upon those engaged in a corruption case or fraud in order to eliminate or minimize corruption, which would increase the significance of control of corruption indictors on economic growth.
Policy makers and top managements must regularly review the laws, rules, regulations, and policies to ensure justice and peace for citizens and to protect property rights in order for rule of law indicators t achieve significant positive impact on economic growth. Policy makers and top managements should increase the employees‟ awareness about public governance and its importance to the economic growth. Moreover, GCC countries should find and adopt ways for income resources diversification to avoid the highly dependent on oil in achieving economic growth.

Study limitations and future studies

Despite having taken all precautions, such as testing the validity of data and the fitness of the model, the results still could be misleading, as economic financial crises occurred within the study time frame of 1996-2019. Because of the size of the observation for each country, the data analysis could not be conducted for each country independently. Furthermore, this study only examines the impact of four governance indicators, with two indicators having been excluded from the study. Furthermore, the study has been conducted on the GCC countries, for that reason the findings of this study cannot be generalized to other countries or communities.

Future studies are suggested to examine the impact of the public governance and economic growth in the GCC. This study did not examine the impact of two worldwide governance indicators: political stability and voice and accountabilities indicators on the economic growth of the GCC countries and as a result, future studies could examine the impact of those variables on the GCC countries‟ economic growth. Another study might explore how crises affect the economic growth in GCC countries. Furthermore, future studies could be conducted in the same field to examine the impact of the public governance on the economic development, using different measure such as the Gross National Product per capita. Due to the size of observations, the study could not examine the impact and relationship between the variables for each GCC country. Thereby, future studies might investigate this.

Finally, this study could be conducted for all Arab world countries, as they possess the same economical nature, which depends heavily on petroleum and natural gas.

Study implementation

Public governance is considered a new concept in the GCC. These countries have made tremendous efforts in the process of devising reforms, facing corruption, continuously reviewing policies, and encouraging engagement in private sectors and entrepreneurship. However, the results of this study would benefit the policy makers, decision makers, and top managements in reviewing their policies and decisions in order to retain those indicators achieving good results and attend more to those factors achieving less satisfactory results in order to improve the economic growth in the GCC.

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