

Exploring Factors Affecting Economic Growth: A Case of GCC Countries

Majed Alharthi

Finance Department, College of Business, King Abdulaziz University, Rabigh, Saudi Arabia

Abstract

The objective of this study is to explore the factors affecting economic growth in Gulf Cooperation Council (GCC) countries from 1990-2022. Statistically, ordinary least square (OLS), fixed-effects model (FEM) and Generalized method of moments (GMM) regression. The sources of the data in this study are International Monetary Fund (IMF) and World Bank. The countries of GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arabs Emirates (UAE). It is important to report that the economies of GCC countries are highly depending on oil sector. Therefore, one of the main determinants of economic growth in this study is oil prices. In addition, foreign direct investments play a positive and significant role to support gross domestic production (GDP) in GCC region. By the contrary, unemployment rates, inflation and COVID- 19 pandemic impacted the economic growth in GCC countries negatively and significantly. The implications of this study help policymakers to take the right decisions and policies to increase the economic growth levels in GCC countries. Furthermore, this study supports Economists and Academics to conduct their research in the same filed.

Keyword: COVID- 19 pandemic, Economic growth, Gross domestic production, Gulf Cooperation Council, Oil prices