

The Impact of Good Governance on Inclusive Growth in Selected Countries

*Esmael Safarzadeh**

*Neda Mozaffaripour***

DOI: 10.22096/esp.2022.141516.1446

Received Date: 26/11/2020 - Accepted Date: 28/02/2021

Abstract

Inclusive growth has been the focus of much attention in many countries due to Low economic growth and widespread inequalities. Inclusive growth is a development concept that focuses on the process of achieving growth. It is created by opportunities and people's participation in the growth process. Given that the government can take appropriate measures to provide a way for more inclusive growth, there is a close relationship between inclusive growth and government quality. In this regard, this study aims to investigate the relationship between good governance and inclusive growth. For this purpose, the panel data method has been used for two selected groups of middle and high per capita income countries in the period 2010-2018. At first, the multidimensional index of inclusive growth has been measured for two selected groups and it was observed that the average inclusive growth index for high-income countries is higher than for middle-income countries. Estimation results show that in both groups of countries, the good governance index and labor force participation have a positive and significant effect on the inclusive growth index. The consumer price index has a negative effect on the inclusive growth index. It is recommended that middle-income countries pay special attention to institutional reforms to provide the appropriate for people to participate in economic opportunities and achieve inclusive growth.

Keywords: Inclusive Growth; Good Governance; Institution; Government.

JEL Classification: O43, C23.

* Assistant Professor, Department of Economics, Alzahra University, Tehran, Iran.

Email: e.safarzadeh@alzahra.ac.ir

** PhD student of Economic, Department of Economics, Alzahra University, Tehran, Iran.

Email: n.mozaffaripour@student.alzahra.ac.ir



Bibliography

- Abdenmour, Faouz, and Othman Alwagdani. "Education and inclusive growth in Saudi Arabia", *International journal of economics, commerce and management* 5, (2017): 352-366.
- Acemoglu, Daron. *Introduction to modern economic growth*. (Perinceton: Perinceton University Press, 2009).
- Ali, Ifzal, and Hyun H. Son. "Defining and measuring inclusive growth: application to the Philippines", *ERD Working Paper Series, ECONOMICS AND RESEARCH DEPARTMENT*, no. 98 (January 2007): 1-34.
- Anand, Rahul, Saurabh Mishra, and Shanaka J. Peiris. "Inclusive growth: Measurement and determinants", *International Monetary Fund Working Paper, Asia Pacific Department*, no. 13-135 (January 2013): 1-26.
- Asian Development Bank. *Framework of Inclusive Growth Indicators: Key Indicators for Asia and the Pacific 2011*. Special Supplement, 6 ADB Avenue, Mandaluyong City- 1550 Metro Manila, Philippines, 2011. 1-57.
- Avellaneda, S. D. "Good governance, institutions and development: beyond the conventional wisdom", *British Journal of Political Science* 40, (2010): 195-224.
- Biswas, Arindam. "Insight on the evolution and distinction of inclusive growth", *Development in Practice* 26, Published by Taylor & Francis (Routledge) (May 2016): 503-516.
- Chou, Bill, and Ahmed Shafiqul Huque. "Does public participation matter? Inclusive growth in East Asia", *Asian Journal of Political Science* 24, Published by Taylor & Francis (Routledge) (April 2016): 163-181.
- DFID. *Growth: building jobs and prosperity in developing countries*, London: Department for International Development, 2008. 1-25.
- Doumbia, Djeneba. "The quest for pro-poor and inclusive growth: the role of governance", *Applied Economics* 51, (October 2019): 1762-1783.
- Eurasian economic commission. *Inclusive growth of the Eurasian economic union states: assessments and opportunities*, United Nations Conference on Trade and Development- published in partnership with Interstate Bank, (2019): 1-67.
- Haan, Arjan de, and Sukhadeo Thorat. "Inclusive growth: More than safety nets", *International Development Research Centre, Ottawa, SIG Working Paper* (September 2013): 1-16.
- Habito, Cielito F. "Patterns of inclusive growth in developing Asia: Insights from an enhanced growth-poverty elasticity analysis", *ADB Working Paper Series*, Asian Development Bank Institute, no. 145 (January 2009): 1-55.
- Ianchovichina, Elena, and Susanna Londstorm Gable. "What is inclusive growth?", *Commodity prices and inclusive growth in low-income countries, International Monetary Fund*, Washington, D.C (2012): 147-160.
- Javed, Yasser, Ihtsham Ul Haq Padda, and Waqar Akram. "An analysis of inclusive growth for South Asia", *Journal of Education & Social Sciences* 6, (March 2018): 110-122.

- Karimi, M., M. Heydarian, and M. Durbash. "Investigating the Relationship and Impact of Good Governance Indicators on Economic Growth in Iran; With vector error correction approach", *Journal of Economic & Developmental Sociology* 6, no. 1 (Spring and Summer 2017): 127-155. [In Persian]
- Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi. "The Worldwide Governance Indicators: Methodology and Analytical Issues", *World Bank Policy Research Working Paper*, (CUP) no. 5430 (January 2010): 1-29.
- Khan, A., Khan, G., Safdar, S., Munir, S., and Andleeb, Z. "Measurement and determinants of inclusive growth: A case study of Pakistan (1990-2012)", *The Pakistan Development Review*, (2016): 455-466.
- Komijani, Akbar, and parvaneh Salatin. "The Effect of Good Governance on Economic Growth in Selected OPEC and OECD Countries", *Quarterly Journal of Economical Modeling* 2, no. 2 (Winter 2008): 1-24. [In Persian]
- M. Oyinlola, A. A. Adedeji, M. Bolarinwa, and Nafisat O. Olabisi. "Governance, domestic resource mobilization, and inclusive growth in sub-Saharan Africa", *Economic Analysis and Policy* 65, Online ISSN: 0313-5926 (November 2020): 68-88.
- Maleki Hassanvand, Behzad, M. Jafari, S. Fatahi, and H. Ghafari. "Mechanism of Effectiveness of Good Governance and Government Spending on Economic Growth", *Quarterly Journal of Economic Growth and Development Research* 9, no. 34 (2019): 99-114. [In Persian]
- McKinley, Terry. "Inclusive growth criteria and indicators: An inclusive growth index for diagnosis of country progress", *ADB Sustainable Development Working Paper Series*, no. 14 (July 2010): 1-36.
- Meyer, Daniel Francois, and Natanya Meyer. "Assessment of Inclusive Growth performance: A comparative analysis of the BRICS countries", *Acta Universitatis Danubius. (Economica)* 15, (2019): 191-207.
- Mirjalili, S. H., A. M. Cheraghlou, and O. Safari. "Inclusive growth in Iran's provinces (2004-2015)". *International journal of business and development studies* 9, (2017): 5-27.
- Ndoricimpa, A. "Threshold effects of inflation on economic growth in Africa: Evidence from a dynamic panel threshold regression approach", *African Development Bank Group, Working Paper* 249, (2017).
- North, D. C. *Institutions, institutional change and economic performance*. (Cambridge: Cambridge university press, 1990).
- Rauniyar, Ganesh, and Ravi Kanbur. "Inclusive growth and inclusive development: a review and synthesis of Asian Development Bank literature", *Asian Development Bank Occasional Paper*, no. 8 (November 2009): 1-15.
- Romer, D. *Advanced Macroeconomics*. 4th Edition, (New York: McGraw-Hill Irwin, 2012).
- Sabir, S. and Qamar, M. "Fiscal policy, institutions and inclusive growth: evidence from the developing Asian countries", *International Journal of Social Economics* 46, (2019): 822-837.
- Simonis, Udo E. "Defining good governance-the conceptual competition is on", *WZB Discussion Paper*, no. P 2004-005, Berlin, Germany (July 2004): 1-12.

- Snowdon, B., and Vane, H. R. *Modern macroeconomics: its origins, development and current state*. (Massachusetts: Edward Elgar Publishing, 2005).
- Vellala, Paramasivan SIVASOORIYAN, M.K. Madala, and Utpal Chattopadhyay. "The Development of Composite Index for Inclusive Economic Growth: An Indian Perspective", *Journal of Economic & Management Perspectives* 10, (January 2016): 454-471.
- Zayandehrudi, M., M. khosroabadi, and A. shakibaei. "The Effects of Good Governance Indicators on Income Distribution Using Panel Data (Case Study: Selected South-Western Asian Countries)", *The Economic Research* 17, no. 28 (Fall 2017): 25-52. [In Persian]
- Zhuang, J., and Ali, I. "Poverty, Inequality, and inclusive growth in Asia", *Poverty, Inequality, and Inclusive Growth: Measurement, Policy Issues, and Country Studies*, (April 2010): 1-32.
- Zhuang, Juzhong. "Inclusive growth toward a harmonious society in the People's Republic of China: policy implications", *Asian Development Review* 25 , Asian Development Bank (December 2008): 22-33.