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Interaction of Energy Consumption Intensity and Good Governance on Economic Growth (Case Study: OPEC Member Countries)

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EXTENDED ABSTRACT

INTRODUCTION

People's access to energy resources and poverty reduction are considered prerequisites for achieving sustainable development goals. Therefore, efforts for sustainable economic growth and sustainable environmental quality have quickly become an important issue among governments, international institutions, and other people interested in sustainable development (Awodumi & Adwuyi, 2020). Also, the lack of proper governance in the economy, corruption, and inefficiency of the governments has created an energy crisis for countries with resources. But on the other hand, good governance requires involvement in local or national processes in order to correctly formulate the key social, economic, technological, environmental, and political policies and goals of a country or society and properly manage resources by including the institutional framework (Wang, Zhang, & Wang, 2018).

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METHODOLOGY

This research examines the impact of energy consumption intensity and good governance on economic growth using the dynamic panel data method for 12 OPEC member countries in the period 2002-2019. The hypotheses of the research can be considered as follows: 1- The intensity of energy consumption has a positive and significant effect on the economic growth of OPEC member countries. 2- The good governance index has a positive and significant effect on the economic growth of OPEC member countries. 3- The cross effects of energy consumption intensity and good governance on economic growth are positive and significant.

FINDINGS

The results show that there is a positive and significant relationship between the intensity of energy consumption and good governance on economic growth. The formation of gross fixed capital and urban population also have a positive and significant effect, and on the other hand, inflation and unemployment have a negative and significant effect on the economic growth of the studied countries. Also, the interactive effect of the intensity of energy consumption and good governance on economic growth has been positive and significant. In general, the results of the research indicate the impact of the intensity of energy consumption and good governance on economic growth.

CONCLUSION

It is a clear point that policymakers in the energy and natural resources economy sector in OPEC member countries should pay attention to creating highways to highlight the role of good governance in the economic system of their countries. Also, policies for creating employment at different levels of renewable energy should be of concern to these countries. Correct and optimal investment and attraction of useful and potential funds and their actualization are also the basis and necessities of these countries. In general, based on the introduced model and the obtained results, the following results can be deduced: effective and driving measures to consolidate the energy consumption management process (including the fossil and renewable sector) in the studied countries; Because definitely, managing the optimal energy consumption and having optimal plans and policies for it can lead to the

economic growth of more oil-rich countries. Strengthening the foundation of the governance of the studied countries is proposed as the second proposal. Definitely, based on the review of literature and theories as well as the results of the model presented in this research, paying attention to the matter of good governance and measures to increase and promote it, such as reducing corruption and excessive rents in most of the studied countries, can leave very clear results on the economic growth of these countries.

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