

## Chapter 12

# The Moderating Role of Public Governance on the Relationship Between the Entrepreneurship and Economic Growth: Evidence From United Arab Emirates

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### **ABSTRACT**

*This study aims to investigate the role played by public governance in the relation between entrepreneurship and economic growth in the United Arab Emirates (henceforth UAE). To achieve its goals, the study used a time series that extends from (1996-2015), a span of 20 years. The study came up with the following results: there was a positive impact of entrepreneurship activities on the economic growth in UAE within the framework of the public governance. Based on the previous results, the study came up with a set of recommendations that focuses on supporting entrepreneurship activities that play a significant role in the economic growth.*

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## **INTRODUCTION**

The activity of entrepreneurship is vital to stimulant economic growth, through its environment. In the long run here is a strong relationship between job opportunities and entrepreneurship. Entrepreneurs not only offer new local job opportunities, but also achieve a fortune and new development. In fact, entrepreneurship is regarded as a critical mechanism to create new inventive ideas in the market, which powerfully correlate with economic growth. Hence, the role entrepreneurship plays in order to achieve economic progress is inevitable, considering the essential factor which lend a hand in acknowledging society's progress (Al-Sokari et al., 2014). Entrepreneurship is regarded as one of the basic pillars for economic development, as it increases prosperity of society by producing more commodities and services; and creates new job opportunities (Bourne, 2011, Yand & Li, 2011). As a result, many countries have tried to consolidate entrepreneurship activities, and as a result, look out for factors that facilitate the activities which improve, economic development/growth. (Méndez-Picazo et al., 2012).

This information and the findings of this chapter shed light on to the diversified economy of the Gulf Council states, and particularly the United Arab Emirates (UAE). The chapter also analyzes historically entrepreneurship activities in the UAE during a period of twenty years. The aims here is to search for contributing factors for economic growth; to aid the develop of the governmental policy-based solutions. Also, to build econometric models that explain the growth phenomenon, and their relationship with entrepreneurship in the UAE.

One of the fundamental goals of entrepreneurship in an economy is its contribution to economic growth. This is a nations long-term strategy aimed towards economic diversification for an innovative knowledge-based economy. Entrepreneurship is one of the sources of economic growth as it creates new job opportunities, and new markets (Sabella et al., 2014). The UAE realized the importance entrepreneurship earlier on, hence provided support for entrepreneurship education and small and medium enterprises. Such an initiative was pivotal in its vision 2021 strategy for becoming a nation whose economy is underpinned by knowledge and fruitful competition (Abonamah, Karayim, & Thomas, 2016). The government of the UAE is aware that small

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