INTERNATIONAL JOURNAL OF ECONOMICS AND FINANCE STUDIES
Vol: 16 **No:** 02 **Year:** 2024 **ISSN:** 1309-8055 (Online) (**pp.** 152-171) **Doi:** 10.34109/ijefs.202416208
Received: 11.07.2024 | **Accepted:** 15.10.2024 | **Published Online:** 20.10.2024

-RESEARCH ARTICLE-

PROMOTING ECONOMIC GROWTH AND ENTREPRENEURSHIP IN AL-KHARJ GOVERNORATE, KSA: A QUANTITATIVE ANALYSIS OF STIMULUS MEASURES AND INNOVATION INITIATIVES

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─Abstract─

Entrepreneurship education plays a pivotal role in fostering economic development by facilitating communal economic growth, and advancements in technology are essential for enhancing local manufacturing capabilities. Scholars argue that sustained economic growth—typically measured by Gross Domestic Product (GDP)—is crucial for maintaining a balance among social, environmental, and financial development over time. This study aims to assess the current economic conditions in the Al-Kharj governorate and identify the primary challenges hindering entrepreneurship and economic growth in the region, while also analysing the impact of various economic stimulus programs on local start-ups and enterprises. Employing a quantitative research approach, the study utilized purposive sampling to gather data through online questionnaires featuring Likert scales tailored to the research objectives. The analysis involved assessing the validity and reliability of the instruments, yielding a high reliability score (Cronbach's Alpha = 0.987), and employing Partial Least Squares

Citation (APA): Bindabel, W. A., Chinthapalli, U. R. (2024). Promoting Economic Growth and Entrepreneurship in Al-Kharj Governorate, KSA: A Quantitative Analysis of Stimulus Measures and Innovation Initiatives. *International Journal of Economics and Finance Studies*, 16(02), 152-171. doi: 10.34109/ijefs.202416208

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(PLS) path modelling, a method widely utilized in academic research, to analyse the data. The findings indicate a strong and statistically significant positive response to different economic stimulus programs and innovation initiatives in promoting economic growth in Al-Kharj governorate, Saudi Arabia. There is a notable positive correlation between these programs and entrepreneurial activity, suggesting that entrepreneurs in the Al-Kharj province recognize the importance of these interventions in advancing economic development. This report underscores the need for sustained efforts to promote innovative thinking and entrepreneurship as a means to achieve long-term economic development in Al-Kharj and beyond, providing empirical evidence for the efficacy of economic stimulus measures in fulfilling the objectives outlined in Saudi Vision 2030.

Keywords: Al-Kharj Governorate, Entrepreneurship, Economic Stimulus Measures, Economic Growth, Structural Equation Modelling

INTRODUCTION

Given the Kingdom's membership in the Organisation of the Petroleum Exporting Countries (OPEC), a decline in the value of oil shipments is anticipated, which will subsequently impact the government's overall budget (Halim et al., 2023). To shield the Saudi economy from financial threats, it is imperative to diversify the market, expand the manufacturing base, and increase revenues from non-oil sectors. Consequently, this process may lead to a higher relative income share for other industries. Since 1970, the Saudi economy has centred its diversification strategy in all growth plans (Al Naimi, 2022), however, none of these initiatives have achieved the desired level of success, necessitating careful examination. Should the nation's current macroeconomic strategies and conditions prove insufficiently supportive, prepared, and conducive to the diversification approach, economic factors and regulations may hinder its implementation (Karabag, 2019). One of the most prevalent barriers to sustainable and continuous economic expansion is unemployment, with rising rates affecting both individuals with academic qualifications and the general labour market. Authorities must actively promote entrepreneurship to maintain economic stability, recognising its advantages for both developed and developing nations (Sergi et al., 2019). The literature suggests that firms that utilise public funding to foster new knowledge should experience substantial economic growth (Surya et al., 2021). Therefore, it is essential to encourage young, talented individuals to pursue entrepreneurship in order to create jobs, stimulate economic transformation, and advance business development.

Entrepreneurship fosters economic growth through improved efficiency, job creation, and market revitalisation via the introduction of new products and enhanced manufacturing. Some scholars propose a broader definition of entrepreneurship that encompasses risk-taking, innovation, and proactive business decisions, beyond merely

starting new enterprises (Hameed & Irfan, 2019). Innovation serves as a catalyst for economic development, as it generates value from nothing. For innovations to translate into successful sustainable breakthroughs, they must address societal and environmental improvements. Sustainable businesses face challenges in achieving significant market shares and social impact while promoting new approaches to sustainability through economic initiatives. Growth programmes focused on enhancing efficiency in locally produced businesses will prioritise technology-driven local economic development (Kalaitzi & Chamberlain, 2020).

Education and training in business is a key aspect of entrepreneurship (Rosado-Cubero et al., 2022). Community prosperity through entrepreneurial training positively impacts economic growth, necessitating technological innovation to enhance community productivity. The region's economy is notably influenced by global economic dynamics, especially for small and medium-sized enterprises (SMEs) (Sweidan & Elbargathi, 2022). There is a strong correlation between economic growth and political stability, indicating that capital infusion, stable governance, and economic balance positively affect a country's ability to attract foreign investment and support business expansion (Abid & Alotaibi, 2020; Kahouli et al., 2022). In the context of the region's economic development, fostering SMEs is essential for promoting efficiency and competitiveness in local, national, and global markets (AlArjani et al., 2021). This requires improved management, enhanced understanding, and skill development among staff, as the sustainability of an economic firm hinges on its ability to navigate its long-term planning environment and maintain competitiveness (Amran et al., 2020; Sarwar, 2022).

Economists argue that sustainable progress in society, the environment, and the economy must be harmonised to achieve significant economic development. Raggad, (2020) highlights that this balance reflects prosperity, societal well-being, and entrepreneurial capacity. Advanced economies typically exhibit low overall rates of business ownership but higher instances of opportunity-driven entrepreneurship, as noted by (Larroulet & Couyoumdjian, 2009). In contrast, less developed nations, while having a lower proportion of opportunity-driven entrepreneurship, show higher rates of overall entrepreneurial activity. This research aligns with the Kingdom of Saudi Arabia's Vision 2030, which aims to maximise economic performance by fully engaging its youth, who currently face high unemployment rates. Harnessing the potential of young men and women is crucial for transforming them into a significant economic force and achieving the nation's strategic goals. External factors such as market conditions, government regulations, and global economic trends can influence entrepreneurship and economic growth. An excessive reliance on external forces without fostering local autonomy may render the governorate vulnerable to economic shocks. This study aims to assess the current economic landscape of Al-Kharj governorate, identify key barriers to financial development and entrepreneurship, and

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analyse the impact of various economic stimulus measures on local businesses and start-ups.

THEORETICAL FRAMEWORK

Developing ideas, models, and frameworks constitutes a fundamental aspect of conceptual research. Meredith (1993) defines a concept as a collection of meanings or attributes associated with specific situations, objects, or events. While scholars have proposed various definitions of corporate entrepreneurship Zahra and Covin (1995), it has long been recognised as a viable strategy for establishing and sustaining a competitive advantage (Covin & Miles, 1999). Entrepreneurs must make decisions regarding the location of their ventures, often unconsciously gravitating towards areas near competitors' operations. The selection of a specific area, neighbourhood, or street corner is theoretically significant, as each location serves as an economic foothold for entering the competitive arena, with long-term implications for the success of new enterprises.

The geographical distribution of entrepreneurship is influenced by the physical arrangement of individuals, families, and businesses, which reduces transaction costs, particularly in logistics and mobility. Factors such as accessibility, convenience, and proximity to the target market significantly impact a company's customer base. Central place theory posits that a network of critical locations, each serving a nearby market, emerges from a balance between regional economies of scale and transportation costs, assuming equitable resource distribution and consumer preference for the nearest vendor within an optimal range (Fujita et al., 1999). Hotelling's perspective emphasises competition among businesses for locations that facilitate better access to markets and customers, rather than production sites. His argument rests on several simplifying assumptions, such as identical products, zero production costs, and consumer preference for proximity, making location decisions paramount for entrepreneurs (Hoover & Giarratani, 2020; Schoenberger, 2000). Additionally, the resource-based view asserts that firms possessing valuable, unique, and inimitable institutional assets enjoy a competitive advantage over their rivals.

The institutional view of creativity is significant as it highlights the organisational and cultural factors that can either facilitate or hinder efforts to generate innovative approaches in politics and society. Hisrich (1992) emphasises that entrepreneurs must effectively manage their enterprises and fulfil their marketing roles. The fundamental principles of marketing apply to various independent ventures, including the execution of innovative methods, identification of new opportunities, distribution of goods, and meeting customer needs (Collinson & Shaw, 2001). Hallbäck and Gabrielsson (2013) argue that integrating entrepreneurial concepts into marketing at the operational level can lead to a venture capital marketing plan that continuously harnesses creativity and seizes opportunities to deliver unique value to customers. Researching the institutional

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context is crucial for understanding the dynamics of entrepreneurship, as it shapes the conditions that entrepreneurs and regulators must navigate (Kumar & Borbora, 2016).

Gómez-Haro et al. (2011) define the organisational context as comprising the legal framework, government regulations, societal principles, and collective knowledge that can either facilitate or hinder business activities. National and local government policies play a crucial role in supporting business growth through taxation, regulatory freedoms, and developmental funding (Smallbone et al., 2010). The legal environment significantly influences the external conditions for entrepreneurial activities and social integration (Smallbone & Welter, 2010). The rise of networking sites and digital platforms has greatly expanded opportunities for businesses, enabling entrepreneurs to recognise emerging prospects in a rapidly changing landscape. In contrast, returning entrepreneurs are increasingly turning to online shopping due to its significant advantages over traditional business models, including substantial economic potential and improved rural infrastructure.

Economic environmental factors play a crucial role in shaping patterns of entrepreneurial activity and overall economic growth. Understanding the fundamental conditions of entrepreneurship is essential to grasp the complexities involved in starting a business. These factors significantly impede individuals' willingness and capacity to promote their ventures, alongside affecting the availability of employment opportunities in other regions. Kuhlke et al. (2017) assert that the culture of entrepreneurship should serve as a catalyst for developing business skills within the creative sectors to facilitate meaningful contributions. According to economic models, successful business ownership is contingent upon a favourable financial environment. However, some studies propose the exposure theory of entrepreneurial activity, suggesting that engagement with new opportunities and ideas can stimulate business formation in the marketplace (Mahmood et al., 2016). The triple helix model emphasises the importance of fostering connections among government, industry, and academia, aiming to cultivate a knowledge-based economy. This model anticipates synergies where knowledge diffusion leads to innovations with potential financial returns. The continuous pursuit of creativity and innovation is reshaping the economic landscape, a phenomenon described as "creative destruction," where new advancements displace older, less innovative businesses. Consequently, various economic stimulus measures are believed to promote entrepreneurship and economic growth, leading us to propose the following hypothesis,

H1a: *Null Hypothesis (H0): There is no important connection between economic stimulus measures and the growth of the local economy in Alkharj Governorate.*
H1b: *Alternative Hypothesis (H1): Economic stimulus measures have a positive impression on the growth of the local economy in Alkharj Governorate.*
H2a: *Null Hypothesis (H0): Implementation of economic stimulus measures has no*

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effect on the economic growth of Alkharj Governorate.
H2b: *Alternate Hypothesis (H1): Implementation of economic stimulus measures has a positive effect on the economic growth of Alkharj Governorate*
H3a: *Null Hypothesis (H0): The level of entrepreneurial activity has no effect on the economic growth of Alkharj Governorate.*
H3b: *Alternate Hypothesis (H1): A higher level of entrepreneurial activity is associated with increased economic growth in Alkharj Governorate.*
H4a: *Null Hypothesis (H0): Innovation initiatives within the local economy have no impact on the economic growth of Alkharj Governorate.*
H4b: *Alternate Hypothesis (H1): Innovation initiatives within the local economy positively impact the economic growth of Alkharj Governorate.*
H5a: *Null Hypothesis (H0): Government policies and regulations have no effect on the economic growth of Alkharj Governorate.*
H5b: *Alternate Hypothesis (H1): Favorable government policies and regulations are positively correlated with the economic growth of Alkharj Governorate.*

LITERATURE REVIEW

Urbaniec and Żur (2021) explored the financial advantages and disadvantages of business model creativity by employing an interpretative approach that combines various techniques, including focus group discussions with industry specialists and in-depth interviews with executives involved in the development of business acceleration programmes. Their study examined the motivations driving businesses to engage with entrepreneurs in initiating such programmes. Similarly, Li et al. (2020) applied structural equation modelling to investigate the role of business incubators in fostering entrepreneurial activity, focusing on the supplementary resources they provide and the mediating effects of start-up firms and governmental regulations on entrepreneurial engagement. Furthermore, Xu and Li (2020) highlighted the significance of entrepreneurial leadership in Saudi Arabian enterprises for sustainable economic growth, noting that managers in Saudi Arabia aimed to enhance task efficiency and contextual performance through the strategic use of entrepreneurial leadership.

Zhou et al. (2022) investigated the role of structural change and technological innovation in driving India's economic growth. They identified a need to shift the focus of technological advancement from imitation to innovation, highlighting an inverse U-shaped relationship between economic growth and technological progress at the national level. Following the achievement of a critical tipping point, structural upgrading was found to be a catalyst for advancing India's economy. Similarly, Doh (2020) utilised time-sequential panel data collected over eight years (2007 to 2014) to empirically assess the relationship between social venture capital and local economic growth, while also conducting an exploratory study on the support extended by local and central governments to social enterprises. The study of (Kuhlke et al. (2017)

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examined the elements that encourage knowledge diffusion as a component of the innovation process, as well as entrepreneurship activity as a major factor in incorporating this information into the production process, utilizing a Schumpeterian technique to carry out the analysis. Doran et al. (2018) investigated whether various measures of business ownership could explain economic growth by employing 14 distinct entrepreneurial indicators. They also assessed the influence of business activities, aspirations, and mindsets on GDP per capita. Regression analysis was utilised to ascertain the extent to which these three distinct aspects of business ownership contributed to financial growth. Similarly, Al-Qudah et al. (2022) explored the types of relationships and potential effects that latent factors may have on equitable growth, using a sample of fifteen nations engaged in local socioeconomic collaboration. They employed two models—the bidirectional causality model and the structural equation model—to analyse these relationships.

Rusu et al. (2022) investigated the relationship between the financial advancement of 27 European Union countries and the success of their entrepreneurs over a twelve-year period. They utilised panel data regression models, considering gross domestic product per capita growth and the international efficiency score as dependent variables to describe economic growth, alongside a range of metrics assessing business success as independent variables. Similarly, Ordeñana et al. (2024) explored how innovative and rapidly growing enterprises contribute to a nation's financial stability. They evaluated various arrangements of metrics commonly referenced in entrepreneurship literature using data from the Global Entrepreneurship Monitor and developed a novel entrepreneurship metric that incorporates export volume, adoption of new technologies, and product innovation. In addition, the finding of Xavier et al. (2023) not only provide new insights into the varied effects of various types of entrepreneurships on economic growth, but also expand methodological discourse through an innovation-focused approach. These findings could help to inform more effective policymaking and promote entrepreneurship development methods, ultimately contributing to economic growth.

RESEARCH METHODOLOGY

This study employed a quantitative research methodology, which generates numerical data or data amenable to transformation into meaningful statistics to quantify the issue statement. This approach not only facilitates generalisation of findings from a broader sample population but also assesses perspectives, opinions, and other specified variables. To a lesser extent, the quantitative approach examines and evaluates aspects relevant to the study's objectives and issues. Purposive sampling was employed to collect data, ensuring the inclusion of participants who provided relevant and reliable information. This technique, also known as judgmental sampling, focused on gathering data from suitable individuals. Data collection involved distributing survey questions

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online, utilising a reputable and widely adopted scale. The entire scale was based on a five-point Likert scale, where 5 indicated "strongly agree" and 1 represented "strongly disagree."

The questionnaires were distributed online to approximately 300 participants selected through purposive and random sampling, yielding 250 complete responses (83.33%). The selected respondents, deemed suitable key informants due to their strong understanding of entrepreneurial operations, were expected to provide reliable survey responses (Zahra & Covin, 1995). The study assessed the reliability and validity of all scales using Cronbach's alpha, yielding a value of 0.987, indicating high reliability and validity. Structural equation modelling (SEM) and associated techniques are the most widely recognized methods in contemporary research (Li et al., 2020; Yuan et al., 2019), and path modelling was employed for data analysis in this study due to its prevalence in academic research (Hair et al., 2012).

RESULTS

Socio-Demographic Features

Table 1 summarizes the demographic characteristics of the 250 business entrepreneurs who participated in the study. The majority of respondents (79.6%) were aged between 26 and 45, indicating that the data is valid due to their entrepreneurial experience. Males comprised 69.6% of the sample, reflecting male predominance in Saudi Arabia.

All respondents had completed at least high school education (36%), with some having undertaken professional business courses to enhance their entrepreneurial knowledge. Additionally, 42% of entrepreneurs in Al-Kharj, Saudi Arabia, reported 1 to 5 years of business experience, while 41.6% had 5 to 10 years. The businesses represented were evenly distributed across retail, hospitality, healthcare, services, and manufacturing, with some categorized as "other." Most entrepreneurs operated small or medium-sized enterprises with fewer than 250 employees, and technology use was prevalent among these businesses.

Table 1: Socio-Demographic Features of the Responded Business Entrepreneurs around Al-Kharj.

Demographic Factors		Frequency %	Variance	Skewness	Kurtosis
Age	18 to 25	10.8	0.657	.127	-.453
	26 to 35	44.0			
	36 to 45	35.6			
	Above 45	9.6			
Gender	Male	69.6	0.212	.857	-1.275
	Female	30.4			

(Cont…..)

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Demographic Factors		Frequency %	Variance	Skewness	Kurtosis
Education	High School	36.0	0.848	.827	-.065
	Bachelor's Degree	42.8			
	Professional Courses	9.2			
	Master's Degree	12.0			
Years of Experience in Business	11 to 15 Years	8.8	0.580	-.015	-.343
	6 to 10 Years				
	1 to 5 Years	41.6			
	< 1 Year	7.6			
Business Sector	Retail	13.6	2.767	-0.248	-1.095
	Hospitality	10.8			
	Healthcare	17.6			
	Services	19.6			
	Manufacturing	18.8			
	Others	19.6			
Business Size	Sole Proprietorship	12.0	0.741	0.081	-0.627
	Small (2 to 50 Employees)	40.4			
	Medium (51 to 250 Employees)	35.2			
	Large (>251 Employees)	12.4			
Technological Proficiency for Business	Basic	10.4	0.434	-0.497	-0.714
	Intermediate	45.2			
	Advanced	44.4			

Survey Responses and their Significance

Table 2 presents the mean scores of the sampled entrepreneurs for the questionnaire distributed across twelve different categories. Each category was assessed using a scoring system ranging from 1 to 5, where 5 indicates strong and effective responses, and 1 signifies weak responses. The data reveal that all factors received mean scores ranging from approximately 3.65 ± 0.88 to 3.84 ± 0.92, indicating that the sampled entrepreneurs generally agreed on the effectiveness of various innovative and economic stimulus measures in promoting economic growth and entrepreneurship in Al-Kharj province, Saudi Arabia.

The responses regarding all factors were statistically significant ($p < 0.001$). The relationship among the evaluated factors is illustrated in Table 3, which indicates a significant positive relationship across all factors. The correlation values ranged from 0.767 to 0.883, demonstrating a strong association among the factors.

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Table 2: Mean Scores and the Significance Test.

Factors	Mean	Std. Deviation	Std. Error Mean	t	Sig. (2-Tailed)
Location (Lo)	3.8432	.91908	.05813	66.116	.000
Competition (Co)	3.7984	.90443	.05720	66.404	.000
Target Market (TM)	3.7736	.88637	.05606	67.315	.000
Economic Factors (EF)	3.7544	.89119	.05636	66.610	.000
Online Presence (OP)	3.7728	.90986	.05754	65.563	.000
Government Regulations (GR)	3.7872	.89182	.05640	67.145	.000
Consumer Trends (CT)	3.8352	.92117	.05826	65.829	.000
Marketing and Advertising (MA)	3.7896	.90924	.05751	65.900	.000
Implementation of Economic Stimulus Measures (IESM)	3.7640	.89253	.05645	66.680	.000
Level of Entrepreneurial Activity (LEA)	3.7608	.91057	.05759	65.303	.000
Innovation Initiatives within the Economy (IILE)	3.6488	.88013	.05566	65.550	.000
Economic Growth in Al-KharjGovernorate (EGAG)	3.7000	.85611	.05415	68.334	.000

Table 3: Correlation Analysis

	Lo	Co	TM	EF	OP	GR	CT	MA	IESM	LEA	IILE	EGAG
Lo	1											
Co	.840**	1										
TM	.854**	.882**	1									
EF	.808**	.811**	.842**	1								
OP	.848**	.847**	.840**	.870**	1							
GR	.881**	.815**	.841**	.834**	.859**	1						
CT	.843**	.833**	.850**	.864**	.866**	.852**	1					
MA	.826**	.829**	.805**	.831**	.830**	.826**	.841**	1				
IESM	.809**	.823**	.834**	.819**	.851**	.818**	.855**	.883**	1			
LEA	.823**	.797**	.835**	.854**	.828**	.814**	.869**	.822**	.850**	1		
IILE	.739**	.753**	.790**	.826**	.790**	.776**	.781**	.774**	.785**	.783**	1	
EGAG	.803**	.820**	.810**	.767**	.792**	.783**	.758**	.771**	.775**	.772**	.772**	1

**. Correlation is Important at the 0.01 Level (2-Tailed).

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Impact of Economic Stimulus Measures on Economic Growth

Economic factors, online presence, location, and competition all show statistically significant relationships with economic growth, as reflected in their t-values (2.00, 2.08, 2.56, and 3.79, all significant at $p < 0.05$) (Table 4). Economic factors, online presence, and location exhibit positive coefficients (0.16, 0.16, and 0.189, respectively), indicating that enhancements in these areas are linked to increased economic growth. Conversely, consumer trends show a negative coefficient (-0.152, $p = 0.047$), suggesting a slight dampening effect on growth. Overall, these findings support the alternative hypothesis (H1), demonstrating that economic stimulus measures positively influence local economic growth in the Al-Kharj governorate. The non-significant coefficient for marketing/advertising (0.06, $p = 0.418$) indicates it may have minimal impact on economic development in this context.

Table 4: Regression Table I.

			Estimate	S.E.	C.R.	P
Economic Growth in Al-Kharj Governorate	<---	Target Market	0.16	0.08	2.01	***
	<---	Economic Factors	-0.08	0.078	-2	***
	<---	Online Presence	0.16	0.077	2.08	***
	<---	Consumer Trends	-0.152	0.077	-1.986	0.047
	<---	Marketing and Advertising	0.06	0.074	0.81	0.418
	<---	Location	0.189	0.074	2.562	0.01
	<---	Competition	0.276	0.073	3.791	***

Implementation of Economic Stimulus Measures and the Respective Growth

The coefficient estimate for the implementation of economic stimulus measures is 0.08, with a standard error of 0.078 (Table 5). The critical ratio (C.R.) is 1.03, corresponding to a p-value of 0.302. Since the p-value (0.302) exceeds the conventional significance level of 0.05, the null hypothesis (H0), which posits that the implementation of economic stimulus measures has no effect on the economic growth of Al-Kharj Governorate, cannot be rejected. This indicates that the proposed economic stimulus initiatives by the government have not significantly enhanced economic growth; however, there is a positive correlation suggesting some degree of improvement.

Table 5: Regression Table II.

			Estimate	S.E.	C.R.	P
Economic Growth in Al-Kharj Governorate	<---	Implementation of Economic Stimulus Measures	0.08	0.078	1.03	0.302

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Level of Entrepreneurial Activity on Economic Growth

The coefficient estimate for the degree of entrepreneurial activity is 0.24, accompanied by a standard error of 0.071 (Table 6). A significant association is observed, indicated by a critical ratio (C.R.) of 3.43 and a corresponding p-value of less than 0.001 (***). Based on these findings, we reject the null hypothesis (H0), which posits that the degree of entrepreneurship in the Al-Kharj Governorate has no impact on the region's economic growth. Instead, we find support for the alternative hypothesis (H1), suggesting a positive correlation between increased entrepreneurial activity and regional economic growth. Specifically, the positive coefficient (0.24) implies that for every unit increase in entrepreneurial activity, economic growth in Al-Kharj Governorate tends to increase by 0.24 units.

Table 6: Regression Table III

			Estimate	S.E.	C.R.	P
Economic Growth in Al-KharjGovernorate	<---	Level of Entrepreneurial Activity	0.24	0.071	3.43	***

Innovation Initiatives on Economic Growth

The constant estimate for innovative projects is 0.228, with a standard error of 0.059 (Table 7). A significant statistical relationship is indicated by a critical ratio (C.R.) of 3.865 and a corresponding p-value of less than 0.001 (***). Based on these results, we reject the null hypothesis (H0), which asserts that innovation activities in the Al-Kharj Governorate do not influence economic growth. Conversely, the findings provide strong support for the alternative hypothesis (H1), which posits that innovation activities positively impact the region's economic growth.

Table 7: Regression Table IV.

			Estimate	S.E.	C.R.	P
Economic Growth in Al-KharjGovernorate	<---	Innovation Initiatives Within the Economy	0.228	0.059	3.865	***

Government Regulations on Economic Growth

The coefficient estimate for government restrictions is 0.1, with a standard error of 0.075 (Table 8). The association is not statistically significant at the conventional level of 0.05, as evidenced by a critical ratio (C.R.) of 1.33 and a corresponding p-value of 0.183. Consequently, we cannot reject the null hypothesis (H0), which posits that laws and regulations do not affect economic growth in the Al-Kharj Governorate. This suggests that the government policies and regulations evaluated in this study are not significantly correlated with regional economic growth. Although the positive

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coefficient (0.1) indicates a potential positive association, the lack of statistical significance implies that the implementation of economic stimulus measures may have a more substantial impact on driving economic growth in the Al-Kharj Governorate.

Table 8: Regression Table V.

			Estimate	S.E.	C.R.	P
Economic Growth in Al-KharjGovernorate	<---	Government Regulations	0.1	0.075	1.33	0.183

Structural Equation Modelling

Figure 1 illustrates the SEM that represents the relationships between economic growth in the Al-Kharj Governorate and various influencing factors. The model delineates both the direct and indirect effects of these factors on economic growth (EGAG), with path coefficients reflecting the strength of these relationships.

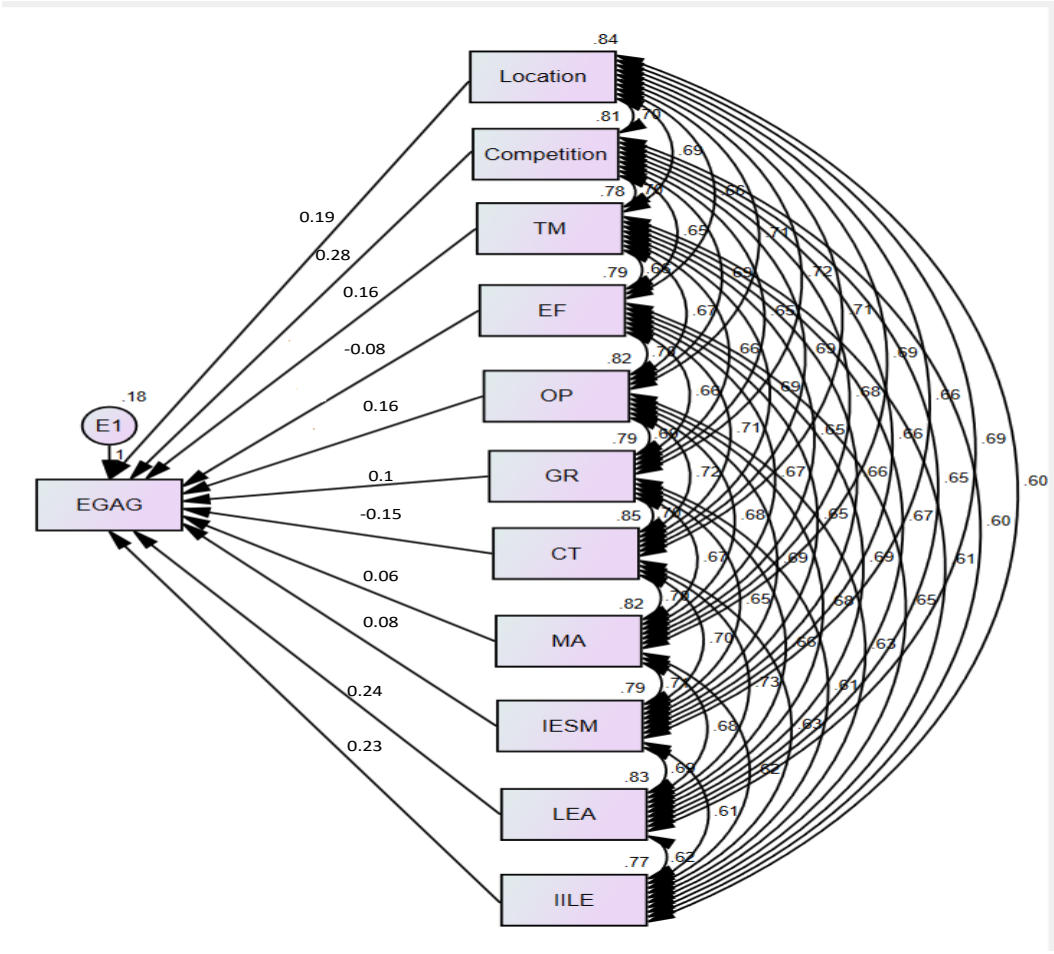

Figure 1: Pathway Schematic Diagram of the Assessed Factors and their Relationships.

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DISCUSSION

The findings of this study indicate a significant positive impact of various economic stimulus measures and innovation initiatives on the economic growth of the Al-Kharj Governorate in Saudi Arabia. These results reveal a strong correlation between these measures and entrepreneurial activities, suggesting that the sampled entrepreneurs in Al-Kharj are cognizant of the role such policies play in stimulating economic activities. Additionally, the study highlights a receptiveness to entrepreneurship, evidenced by the influx of new businesses. These results align with prior research conducted by (Li et al., 2020; Saripah et al., 2020). The emergence of new businesses contributes to the economy by transforming ideas into viable products, enhancing market flexibility, and creating value within the business ecosystem. Furthermore, the findings suggest a positive effect of governmental regulations on the emergence and development of entrepreneurship, consistent with the conclusions of (Hechavarría & Ingram, 2019).

Government regulation refers to actions taken by authorities to expand the existing legislation that governs investment, execution, and support requirements for businesses (Sousa et al., 2017). These regulations aim to cultivate an environment conducive to entrepreneurship by promoting entrepreneurial practices. Previous research indicates that the primary objective of government policies related to entrepreneurial activities is to stimulate the growth of entrepreneurship by creating a supportive atmosphere for entrepreneurs. Consequently, governments continue to endorse the establishment of various management, sponsorship, and support programmes. This support is particularly crucial in developing nations, where government backing for entrepreneurship can significantly enhance sustainable development and foster optimism (Saberi & Hamdan, 2019; Yoon et al., 2018). The current study underscores the importance of developing effective strategies to foster sustainable growth. Identifying key metrics that directly impact the environment can be instrumental in this process (Al-Qudah et al., 2022). Wong et al. (2005) assert that only entrepreneurship with significant growth potential can substantially influence economic development. Furthermore, Seitzhanov et al. (2020) note that most innovation entrepreneurship initiatives are currently focused on effective market participants, thereby laying the groundwork for the technological advancement of established industries and enhancing the business and scientific competencies of innovators. These findings align with our study, which identifies various economic factors as critical determinants of promoting economic growth.

The strategic location of business enterprises is particularly significant for economic growth due to its impact on accessibility, visibility, and proximity. Valliere and Peterson (2009) argue that innovation-driven entrepreneurship is a key catalyst for economic development, with nations that cultivate such entrepreneurship likely to achieve superior economic performance. Additionally, understanding and addressing the needs

and preferences of the local target market is essential, alongside consideration of economic factors such as inflation, unemployment rates, and consumer purchasing power, which can influence buying behaviour. This study provides empirical support for the effectiveness of economic stimulus measures in advancing the objectives outlined in Saudi Vision 2030, highlighting the necessity for ongoing efforts to promote entrepreneurship and innovation for sustainable economic development in Al-Kharj and beyond.

CONCLUSION

Promoting innovation and entrepreneurship is essential for the growth of various industries; however, it can lead to market saturation that hampers the success of new ventures. This study examined the impact of economic stimulus measures and innovation initiatives on economic growth and entrepreneurship in Al-Kharj Governorate, aligning with Saudi Arabia's Vision 2030. Data from 250 local entrepreneurs revealed that economic stimulus measures positively influence growth, particularly through factors such as economic conditions and location advantages, although there was no significant effect at conventional levels of significance. Additionally, entrepreneurship directly correlates with economic productivity, underscoring the need for a supportive environment. Strong evidence also indicated that innovation initiatives positively affect economic development, necessitating increased government investment in research. Conversely, no significant impact of efficiency reforms on growth rates was found, suggesting the need for regulatory improvements. These findings provide a basis for informed policy-making aimed at enhancing entrepreneurship and economic growth, with recommendations to support new ventures, encourage innovation, and refine regulations to foster a conducive business environment in Al-Kharj.

ACKNOWLEDGEMENTS

This project was supported by Dean Scientific Research at Prince Sattam bin Abdulaziz University under the research project number 2024/01/25081.

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Vol: 16 **No:** 02 **Year:** 2024 **ISSN:** 1309-8055 (Online) (**pp.** 152-171) **Doi:** 10.34109/ijefs.202416208

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