

# **SIMULTANEOUS DETERMINATION OF ECONOMIC GROWTH, HUMAN CAPITAL INVESTMENT AND INSTITUTIONS IN PAKISTAN: ECONOMETRIC EVIDENCE**

by

<sup>1</sup>Amna Kausar

<sup>2</sup>Humera Sherazi

## **ABSTRACT**

*This research aimed to investigate the role of three key macro-economic variables i.e. investment in physical capital, human capital and institutions in explaining growth performance of Pakistan during 1980-2013, covering period of 33 years. The analysis aimed to pay special attention to the process of the accumulation of these variables and their interrelationships over the time period. This study uses 3SLS estimation technique to estimate the proposed simultaneous model. The present study concluded that quality of Education positively contribute towards human capital and economic growth. Furthermore human capital has positive and two way relation with quality of institutions. Policy prescription is suggested in the light of empirical findings. Key words: Eco Growth, Human Capital, Institution, Simultaneous Model.*

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## **Introduction**

To attain an advanced stage of growth and higher level of future income,

investment in human capital in terms of creating a more productive work force

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1-Author is Assistant Professor in Department of Economics, Lahore Garrison University E.mail: [amnakausar@lgu.edu.pk](mailto:amnakausar@lgu.edu.pk)

2-Author is Assistant Professors in Department of Economics, Lahore Garrison University

through investment in education (technical and non-technical) and health services are required. Furthermore, higher expenditure on health and education can benefit the poor by improving their living standards and their future prospects. A hypothetical prop up for the enclosure of the institutions is extensive as it with better shaped human capital exerts magnified impact on economic growth. North (1990) recognize impact of institutions strongly claimed that the country institutions and the developmental procedure they experience resolute the working of their economies. Good institutional system sanction the optimization of the reimbursement of asset, assisting the expansion of new proposal, given that judicial protection and solidity, keep away from the illegitimate, minimizing the cost of defending beside uneven performances, propagating laws that help the economy to run smoothly and convinced that these laws are act in accordance with it.

An oldest and important research in economics is to find determinants of economic growth. Common objective of every country is to attain persistent economic growth come with social development where human capital

formation is supposed as an indispensable element.

Mincer (1958), Schultz (1961) and Becker (1962) firstly explain the theory of human capital, which considered human capital, as physical capital and can be invested in it by resources of education, health and training as a result, output will raise and it will remarkably add to economic growth. Barrow (1991) found a positive relationship between real per capita GDP growth and human capital. It means higher economic growth is associated with higher human capital of countries, by keeping other things equal. It determines a state efficiency that is measured as an essential cause of economic growth in addition to extension of various quantitative learning. Best considered human capital is as a major foundation of an economic expansion (Todaro, 1985). In current years Pakistan's growth presentation is an enigma. Investment rate of Pakistan, instructive level, health quality and institutional quality are all near to the ground in comparison with other high growth developing countries. The economy of Pakistan is grown relatively fast yet she is unsuccessful to obtain the utmost reimbursement from human capital owing to low budget share to

social segment regardless of the enlarge expenditures of community since 2001, Govt. expenditure on health and education stayed low in fact expenses on health as a percentage of GDP even turned down from 0.60% of GDP in 2005 to 0.35% in year 2013. Education spending in Pakistan in 2005 is 2.54% and in 2013 it is 2% of the GDP which is relatively low. Pakistan education spending is very low in South Asia in conditions to human development index most recent grading of 2013, Pakistan graded at 146<sup>th</sup> position. After highlighting Pakistan social sector performance in context to South Asia, it is felt that Pakistan has not utilized its human capital potential. More research is required to find factors that can raise economic growth and provide sound production for better institutions and human capital equipped with skilled labor force.

Present literature shows optimistic and important influence of human capital, investment and institution on the economic growth of the country but it is also empirically proved that some time in less developed countries due to some other factors it has significant but negative relation to growth. The influential papers of Benhabib and Spiegel (1994), Islam (1995) and

Pritchett (2001) claimed a depressing role of human capital. The purpose of this study is to contribute to the existing literature through joint determination of health growth dynamics within the framework of simultaneous model in Pakistan and to recommend policy options in the light of empirical findings. This study differs from other studies as it uses simultaneous model consisting of four stochastic equations and 3SLS estimation technique.

## **Literature Review**

Theoretical and empirical literature is replete with number of studies that have investigated part of human capital formation in progression of economic growth and came up with diversifying findings depending on different methodologies, time span and cross sections is as follows.

Gregorio et al. (2009) focused not only on three types of variables physical capital, human capital and institutions but pay particular concentration towards addition and their interrelationships. Imran et al. (2012) investigate the affiliation amid human capital and economic growth through single equation model for Pakistan during (1973-2002).

Nabila et al. (2012) explored the relation of human capital in provisions of education and health for economic growth of Pakistan during (1974-2009).

Khan (2005) explore influence of human capital on economic growth in a panel of 72 developing nation's well as Pakistan during (1980-2002) his imperial analysis based on Cob Douglas production function augmented with quality of labor, level of output, capital input and quality of human capital. Ghulam et.al.,(2004), integrated the interdependence of trade openness, economic growth and human development in Asia by using 3SLS approach. They contribute that openness has strong positive influence on economic growth and human escalation. Human capital and FDI have strong activist effect on both economic growth and human development. It is also reviewed in literature that for the most part of the studies about human capital and economic growth, failed to find a significant relationship between years of schooling and changes in economic growth counting those by Bils and Klenow(2000), Pritchett (2001), Easterly and Levine (2001), and Temple (2001) after analyzing the relationship. Most of the studies rely on use of single equation to gauge influence of human capital on

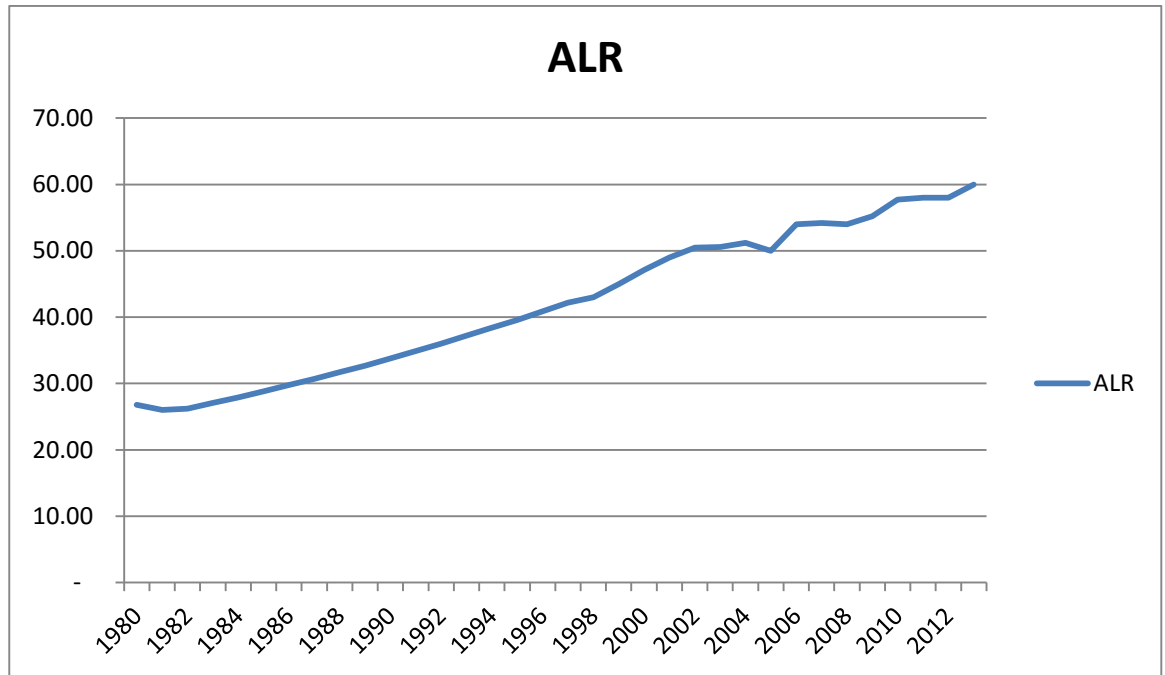
economic growth we have made efforts to develop simultaneous model in order to have deep understanding of bi-directional association between growth and human development which will be a contribution to existing literature.

### **Theoretical framework**

Pakistan formally recognized as Islamic Republic of Pakistan is a supreme state in South Asian state. Pakistan is 27<sup>th</sup> largest economy by obtaining power and 45<sup>th</sup> largest country in supreme dollars and second largest economy stands for 15 percent of South Asia's GDP. Even though the country is facing many problems like hasty population growth, low GDP, unemployment, energy crisis, law and order situation, terrorism and long-term divergence issue with India. Pakistan's economy face rapid growth in the period of Musharaf government in middle of 2000's and it was the period of restructuring and increased GDP by 3% which compact poverty by 10%. But the start of 2008 proved to be dormant towards economic growth. The GDP growth is 2.4 percent in economic Year 2011-12 as measure up to 3.8 percent in previous fiscal year. Government is dedicated to assign 7 percent of GDP to education and offer free common

primary education by 2015 according to the policy. In the 18th legal adjustment, all the provinces of Pakistan must develop the education sector. Now they are dedicated to put into practice National Education Policy by every mean.

**Figure 1(a) Adult Literacy Rate in Pakistan**



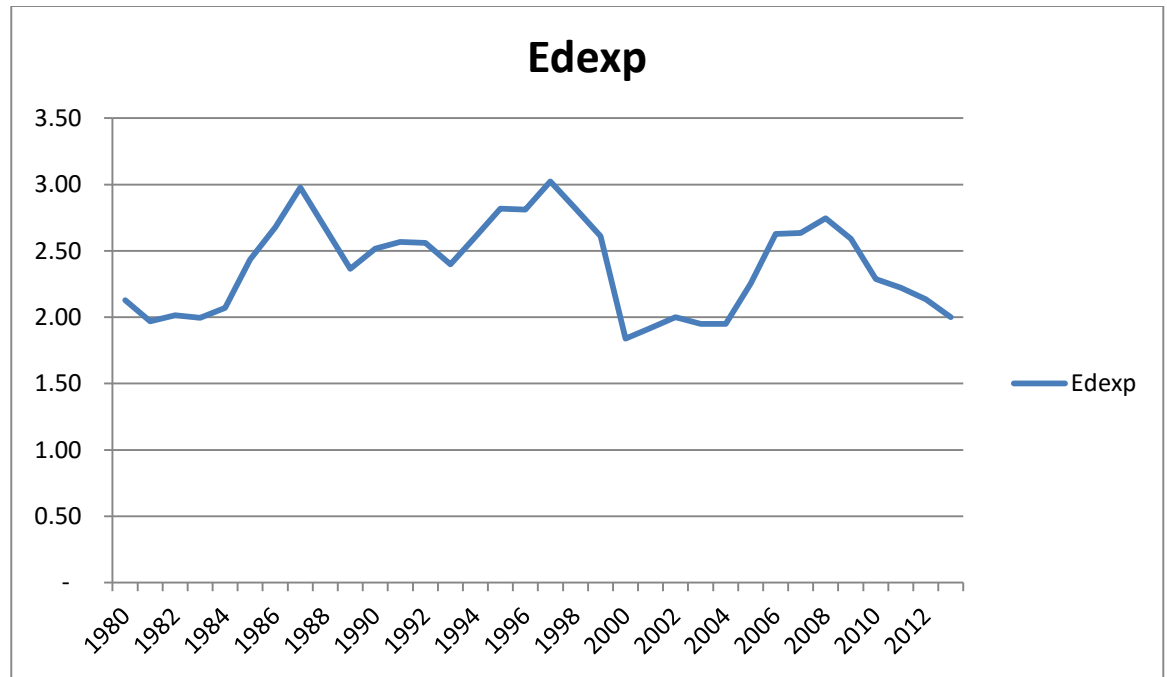
Note: Author's own contribution

Graph shows increasing trend in literacy rate for last 32 years. It increased almost 50% during last 30 years. Private sector is the major contributor. Despite of low percentage share of education sector government expenditures that increased in literacy rate is majorly contributed by

private sector and different national and international NGO's. As the above graph stated that Pakistan has increasing trend in Literacy but Government of Pakistan do not perform its duties properly as an amount shows allocating in budget to this important sector.

**Figure 1(b)**

**Education as a percentage of GDP**



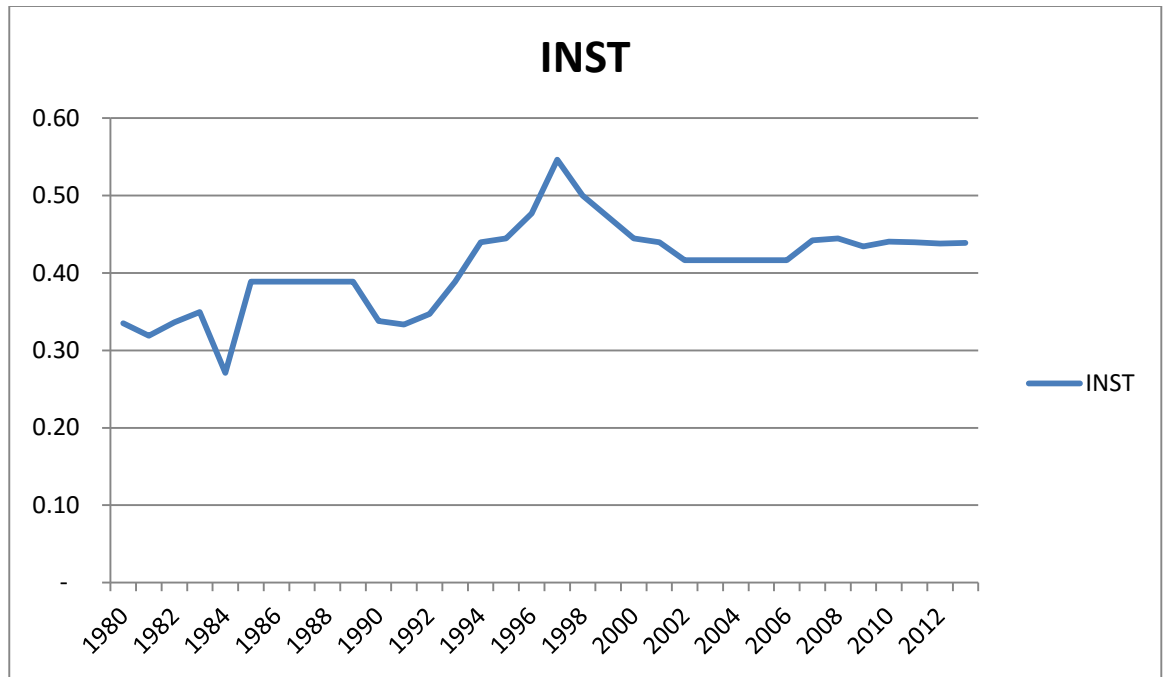
Note: Author's own contribution

Unfortunately the share of education sector in these 32 years lies between 2 to 3 percent of GDP. This is lowest in South Asia. In Pakistan Military day by day expenditure by the government goes outside 50 percent of combined government expenditure, decrease the comparative extent of public segment expansion payments, and giving only inadequate resources to state-funded education, health and infrastructure.

Outside equilibrium reduces drastically and foreign assets fell to hazardously low levels (World Bank, 2002). This graph shows institutional quality of Pakistan in different years and shows an increasing trend in Pakistan's institutional quality. As mentioned above institutional quality is measured by three variables corruption, law and order and bureaucracy quality. Graph shows stability of institutions after 2002.

**Figure 1(c)**

**Institutional Quality in Pakistan**



Note: Author's own contribution

Data shows that there is no improvement in the quality of institutions after the year 1996 due to political conditions influence of government on bureaucracy, continuous economic policies etc.

Any country cannot attain sustainable economic growth without investing in health and education when we want to improve the living standards of the people, their productivities in institutional sector investment in human issue by Government of Pakistan. The data of GDP was available in nominal form that was then deflated with GDP

capital is inevitable. Good institutions develop economic growth of a country.

**Data source:**

Before model specification it seems to be essential to state the source of this time series data from 1980-2014. The time series data was obtained from a statistical review published by the state bank of Pakistan, WDI (World development Indicator) and Pakistan Economic survey deflator to convert all the variables in real values.

## **Research Method**

Simultaneous equation models are best in case of two-way coordination among variables. However, in presence of simultaneity or endogeneity, basic technique of Ordinary Least Square cannot be used as it gives inconsistent parameters. Instead of this economists utilized different alternative techniques like Indirect Least Square (ILS), Two stage Least Square (2SLS), and Three Stage Least Square (3SLS). Because among all these techniques 3SLS provides best estimates by taking the relation among all equations within a system so this research will use this technique.

## **Econometric model:**

The equations of the current model for the research on Pakistan economy are as following:

REAL GDP = F1,(HUMAN CAPITAL, INVESTMENT, INSTITUTIONS, POPULATION).

HUMAN CAPITAL = F2 (REAL GDP, QUALITY OF HEALTH, QUALITY OF EDUCATION, INSTITUTIONS).

INSTITUTIONS = F3 (HUMAN CAPITAL, REAL GDP, DISTRIBUTION OF INCOME, INVESTMENT, TRADE OPPENNESS, REAL GDP)

INVESTMENT = F4 (INTEREST RATE, INSTITUTIONS REAL GDP, TRADE OPPENNESS)

In this system of equations, there are a total of 14 variables. There are four endogenous variable, namely, Real Gross Domestic Product (RGDP), Human capital measured by (ALR) ,Institution (INST) investment (GFC) current US \$ and 10 predetermined variables, viz., lag of dependent variable (RGDP(-1), total population (POP), lag of Human capital (ALR(-1), Health expenditure as a percentage of GDP (HEXPGDP), Education expenditure as percentage of GDP (EDEXP), lag of Institution(INST(-1), Gini Co-efficient (GINI), Trade openness (TOP), lag of Investment (INV(-1), Interest rate (INT).



This Model has four equations comprising of real GDP (Economic Growth) the Human Capital, institution and physical capital. The proposed technique is simultaneous equation model is to find out the inter relationship among the variables.

In the first equation real GDP is associated to the investment made during the period, the human capital and institutional infrastructure by the addition of investment we will check the association among the piece of income proposed to gross fixed capital formation and economic growth. The higher the fraction of income given to investment the greater the physical capital per worker and the output and greater will be the real GDP. So it is predictable that the co efficient of this variable will be positively and significantly related. The justification of including the investment in the model can be proved empirically, the renowned AK model details that the growth of the per capita income is a purpose of the contribution of investment in the GDP. Another proves of the enclosure of investment in development models can be seen in DeLong and Summers (1991) or in Temple (1998).

Second variable of the first equation is human capital. Lucas (1988) considers it the pillar of economy's growth. Distraction in the growth rate of countries is basically the difference of their human capital accumulation. Gradstein et al., (2005) also considers it an important variable. Aghion et al. state that due to the difference in human capital there is a difference in the countries capacity to innovate or adjust the new technologies. It is probable that the co-efficient of variable is also positive and considerable.

Third variable of the equation is institutions. North (1990) institution determined the basic functioning of the economy. In this model it is proposed whether institution effect the growth of the country condition the benefit that investment in physical capital and human capital gives it is thought that the good institutional system allow the optimization of the benefit of investment facilitate the latest proposal by giving judicial protection and constancy, evading the unlawful stealing, minimizing the cost of defending against irregular practices. Spreading the law that is useful for the smooth running of the economy. More advance institutions

will mean greater investment in physical capital that will lead to increase in human capital and more growth so; coefficient of this variable is also expected positive and significant. Second equation explains human capital depends on real GDP, health quality, education quality and good institutions. Our basic aim is to explore whether human capital increases as GDP increases because all basics that formulate human capital rely on physical assets for example countries with more GDP can be dedicated more resources to education and health. So it must be positive and significant. With the introduction of education quality which is measured by pupil-teacher ratio have as an explanatory variable confirm as human capital is superior as the education system is well planned Aghion and Howitt (2005). With the inclusion of health quality that is considered as health expenditure as percentage of GDP verifies that better health increases the productivity. Bloom and Caning (2005) believed that the health is a form of human capital results increased economic growth. Health positively affects economic growth through human capital formation ( Nabila et. Al, 2012).

Finally institutional quality verifies that an organized institutional infrastructure increased the human capital by training equally the benefit produced by investment in this aspect and its appropriation The third equation explain institutional infrastructure by human capital, distribution of income (GINI Coefficient) investment made in the country and trade openness as a control variable. It is assumed that the coefficient of all these variables be positive and significant. The best element that shape the institution of a country is human capital because the highly educated and healthy people can best participate in public life for example respect for the law, the dishonesty, the fight adjacent to the illegitimate activities, the income allocation and the excellence of the ceremonial system and secondly the more even income distribution lead towards economic growth because uneven income distribution creates social evil in the society like corruption destabilization of the market and imposition of decision by some sectors etc. various article support this like Perotti (1996) explain the relationship between income division and institutional solidity, concluded the civilization with different classes always

remain unstable politically and communally which is responsible for low investment and low rate of growth. Higher level of investment also increase the level of institutions trade openness also strengthen the quality of institutions other economies affect our economy through trade. The last equation explicates investment in physical capital on the base of rate of interest human capital, institutions and trade openness as explanatory variable. The relationship of investment and interest rate is oldest Keynes in his book “Journal Theory of

Employment, interest and money” discussed it with negative coefficient. Alesina and Perotti (1996) linked between quality of institutional infrastructure and investment. If the economy is socially or politically stable then there will be large capital accumulation. Quality of institutions indirectly affect the economic growth through different variables one of them is investment human capital also increase the level of investment that is an Independent variable.

**Model Specification:**

$$\ln RGDP_{1T} = \alpha_0 + \alpha_1 \ln RGDP(-1) + \alpha_2 \ln ALR_T + \alpha_3 \ln INST_T + \alpha_4 \ln GFCCU_T + \alpha_5 \ln POP_T + \varepsilon_{1T}$$

.....(1)

$$\ln ALR_{2T} = \beta_0 + \beta_1 \ln ALR(-1) + \beta_2 \ln HEXPGDP_T + \beta_3 \ln EDEXP_T + \beta_4 \ln INST_T + \beta_5 \ln RGDP_T + \varepsilon_{2T}$$

... (2)

$$\ln INST_{3T} = \delta_0 + \delta_1 \ln INST(-1) + \delta_2 \ln GINI_T + \delta_3 \ln ALR_T + \delta_4 \ln GFCCU_T + \delta_5 \ln RGDP_T + \delta_6 \ln TOP_T + \varepsilon_{3T}$$

.....(3)

$$\ln GFCCU_{4T} = \gamma_0 + \gamma_1 \ln GFCCU(-1)_T + \gamma_2 \ln RGDP_T + \gamma_3 \ln INT_T + \gamma_4 \ln TOP_T + \gamma_5 \ln INST_T + \varepsilon_{4T}$$

.....(4)

Where,

ln= Natural logarithm

(-1)= lag value

ln RGDP = Real Gross domestic product in Current US \$.

ln ALR = Adult Literacy Rate 15 years and above.

Ln INST= Average of three ICRG variables (Corruption, Law and order and Bureaucracy quality).

Ln GFCCU = Gross fixed Capital Formation in Current US \$.

Ln HEXPGDP = health expenditure as percentage of GDP.

Ln EDEXP = Education Expenditure as percentage of GDP.

Ln GINI = Gini Coefficient

Ln INT = interest rate.

Ln TOP = Trade openness Imports + Exports/GDP

Ln POP = Population

All the F test of the model is greater than 5 so by using the rule of thumb it is concluded that the model is overall significant and we reject the null hypothesis of no simultaneity in favour of alternative hypothesis. Thus there is presence of a simultaneity problem. Note that all the equations are identified. They all satisfy the ORDER condition (the necessary condition) of identification. Indeed, each of the 4 equations is over-identified. They also satisfy the RANK condition (the necessary and sufficient condition) of identification. A System of 3SLS was used to observe the affiliation among human capital and economic growth in Pakistan. Since all the equations are over-identified, they can be suitably estimated by the following

estimators: Three-stage least squares (3SLS). The variables used and the results obtained are existing in table: The P values of the variables and there co efficient is reported. All results of t-ratios, p values,  $R^2$  and adjusted  $R^2$  are available in given table.

#### **Presentation of result:**

#### **Result Discussion of Equation 1**

In real GDP equation three out of five variables are statistical significant that is lagged of dependant variable, human capital, investment and institutions. All variables have positive impact on growth except human capital. The values of the co-coefficient are (0.403), (-1.44), (0.40), (0.20). First independent variable of the

equation is lagged of dependent variable. It shows that one percent change in lagged of dependent variable brings 40 percent change in economic growth of a country. The result indicates that last year real GDP significantly affect current years real GDP as a coefficient has T ratios of 3.92 which is significant at 5% level. Second dependent variable is human capital the results tell that its effect on economic growth is significant but the coefficient has negative sign. It shows that a percent increase in human capital decreases economic growth of a country by 1.4 percent. The adult literacy rate is used as proxy of human capital. Its coefficient is statistically significant having negative sign. It shows that there is considerable affiliation stuck between Human capital and growth. However the extent to which human capital effects Economic growth is very little. Many other studies related to growth empirically found that it is difficult to show a positive association of human capital on economic growth. There are many unresolved methodological issues to find a relation connecting human capital and economic growth, inclusion of skills into the capacity of human capital and identification of channels

through which effects of economic growth (Sianesi and Reenan, 2003). Development of the society depends on its human capital. In Pakistan the situation is very critical in spite of noteworthy growth rate the indicator of human capital is not suitable. Literacy rate, enrolment at school level health facilities etc. are all economic indicators shows almost very low condition of human development in Pakistan. This is due to the reason that in past decade Government of Pakistan gives attention to investment in physical capital by ignoring the human capital sectors so the low investment in human capital leads towards unemployment, poverty and illiteracy means low human capital development. The Research produced results similar to the findings of following studies as Samimi, (2012) explains that Human capital has an insignificant effect on the growth of Iran. Adeolu (2007) compare Nigeria with the sub Saharan African countries indicating that mean level of human capital for Nigeria is comparatively low.

Variable	Economic Growth		Human Capital		Institutions		Investments	
	Coefficient	P>Z	Coefficient	P>Z	Coefficient	P>Z	Coefficient	P>Z
LRGDP(-1)	0.4032	0.0002						
LALR(-1)			0.8852	0.0000				
LINST(-1)					0.2155	0.1681		
LGFCU(-1)							0.8686	.0001
LRGDP			-0.1244	0.0028	0.5807	0.0409	-0.4361	0.0036
LALR	-1.4441	0.0000			1.9355	0.0003		
LINST	0.2016	0.0520	-0.0237	0.5692			-0.4299	0.0067
LGFCU	0.4012	0.0000			-0.4947	0.0001		
LEDEXP			0.0719	0.0213				
LHEXPDP			-0.0003	0.9861				
GINI					-0.0003	0.948		

						5		
INT							-0.0087	0.1669
LTOP					0.0795	0.7540	0.7080	0.0848
LPOP	0.1949	- .5476						
Summary Measures								
R2	0.96		0.99		0.65		0.97	
Adjusted R2	0.95		0.99		0.57		0.97	
SE of regression	0.05		0.01		0.09		0.09	
Durban Watson	1.93		2.18		1.89		1.93	

Number of observations = 33

Bhinda et al, (1999) also prove the shortage of skilled worker so role of human capital is also very low in Africa. The negative coefficient of human capital may also be justified that the Adult literacy rate is not an appropriate proxy to measure human capital for Pakistan. Human capital is condemned at different time period from different point of view. One of the criticisms is that it is difficult to measure it through quality of education. Those who take investment resolution cannot calculate its probable rates of return. Another point of criticism is the problem of skilled education. Some observed growth studies have established

it difficult to demonstrate a best positive influence of human capital on economic growth projected by hypothetical models. Third dependent variable is institutions the result tells that its effect on economic growth is significant and positive. It shows that one percent increase in institutional quality brings 0.20 percent change in economic growth. Khan, (2005) report the similar results that by improving the quality of institutions Pakistan can move on to the way of economic development. Quality of countries institutions has a great importance to make it sure that increased human capital direct to raise economic growth. Fourth independent variable is investment. The result of this variable is also positive and significant. The results report that one percent increase in investment brings 0.40 percent boost in real GDP of a country. The result is similar to that the result of Sajid et al, (2012) where gross fixed capital formation describe positive and significant influence on LGDP. The result is also similar to the study of Khan, (2005) investment has largest effect on economic growth. Morfrad, (2012) finds positive association between investment and growth rate. Result showed direct impact of investment on real GDP.

Investment confirms positive and significant impacts on Income, i.e., greater investment direct to high rate of GDP. Sandarajan and Thakur (1980) demonstrate that higher rate of extensive capital guide to greater economic growth. These results indicate that Investment has positive and momentous effect on economic growth. Ghali and Alshamsi (1997) have reported that Investment and Growth vary in same direction whenever investment increases growth also increases. This is due to the fact that increased investment pushes up aggregate demand that increases national income, produce employment and employment brings improvement in the economy. Last variable is population that is used as a control variable in the model its effects on real GDP is insignificant and positive. Our results are similar to the Khilji (2011) population expansion and labour force contribution has positive impact on economic growth. Khan, (2005) reports that the relationship connecting growth and education show low relation other than among growth and investment or institutional quality. Summary statistics shows that the equation is well specified. The value of  $R^2$  is (0.96) and the value of adjusted  $R^2$



is (0.95) which is very high that satisfy the condition of goodness of fit.

### **Result Discussion of Equation 2**

First variable of the equation is lag of dependent variable. The result indicate that last year human capital significantly affect current year human capital as coefficient has T ratios of 22.29 which is significant at 5% level of significance, 1% increase in last year human capital brings 88% increase in current years human capital. Second variable of the equation is Real GDP. It shows that one percent change in real GDP decreases human capital of a country by 0.12 percent. This variable is significant having inverse relation with human capital. It depicts that due to low increase in real GDP annually Government of Pakistan is not spending enough amount from Budget on Education and health sectors. Third variable is Institutions that is negatively related with the human capital and its relation is also insignificant. Fourth variable of the equation is education expenditure as percentage of GDP which has positive and significant effect on human capital according to the theory one percent change in education expenditure brings seven percent change in human capital.

Khilji(2011) used this variable and report positive and significant effect of education expenditure. Zaheeret, al (2011) also proved positive and significant relationship between educations spending as percentage of GDP with real GDP. Statistics confirm that better education progress the competence and efficiency of Labor force and enhances the economic growth. Last variable of the equation is health expenses as proportion ot GDP. Health expenditure has no effect on economic growth. Our results are similar to the results of the Khilji (2011). This is due to the fact that like physical capital, health capital also depreciates over time but individuals can invest to improve their health status. Its negative impact on Real GDP may be revealed as a kind of resource efficiency related to the progress made in the health sector. The association between education and health has been revealed by numerous authors (Cutler and Lleras-Muney, 2006; Albert and Davia, 2007; Silles, 2009) usually exploring three channels: productive efficiency, allocation efficiency and time preference .Another significant and negative association to the expenses on health is discussed by (Abdel-Ghany& Foster, 1982). Khilji (2011) signify

impact of health and educational spending as proportion to GDP, and check its influence on economic growth. Study explore Education outflow, as percentage of GDP, positively related to economic growth while, health expenditures, as fraction of GDP have negatively related to economic growth of Pakistan. It is clear fact that Pakistan's health budget is minimum and insufficient to manage for key diseases and there for condensed labor efficiency. This may be the cause of low contribution of health expenditures as a percentage of GDP to economic growth of Pakistan. The summary statistics shows that the equation is also well specified. The value of  $R^2$  is (0.99) and the value of adjusted  $R^2$  is (0.99) which is very high that satisfy the condition of goodness of fit.

### **Result Discussion of Equation 3**

In a Third Equation dependence of Institution is checked on its Lagged values, Gini co efficient, Human Capital, Investment, Real GDP and Trade openness. Lag of dependent variable has positive and insignificant effect on Institution. LRGDP has important and positive influence on institutions result report that one percentage increase in

economic growth brings 58 percent change in institutional quality. Gini has insignificant and negative effect on institutions. LALR has positive and significant effect on institutions consequences shows that one percent change in human capital brings 1.94 percent change in the level of quality of institutions. An institutional vibrant effectiveness reveal that highly educated population needs more facilities and changes in institutions and allow growing them. The positive relationship between highly improved institutions sequentially formed better development results. Formal schooling developed Human capital, opposite to the widespread proof that ancestors, neighborhood peers, and health also put in to the progress of human capital. (Acemoğlu, Simon Johnson and James

Robinson) Educational feature are measured as a determinant of institutional quality. It is a variable associated to institutions vibrant competence. This variable is rarely measured in observed examination. As exclusion, the effort of Alesina and Perotti (1996), which authenticate the positive effect of education on institutional quality, must take into consideration. In addition, the text on

corruption, the education outcome has been eminent in mechanism as the work of Glaser and Sacks (2006) or Evans and Rauch (2000). Education might be an endogenous variable related to institutional quality. It is considered to be dependent on real GDP and institutional quality etc. It is estimated the probable figure and is significant also. In our study institutional quality is insignificant and has a negative indication obstinately. Lastly, education advance institutional quality. It establishes the advance aptitude and the vibrant competence of institutions. Investment has significant but negative impact on institutions. Results focused concentration towards institutional reforms as the solution to economic advancement so that additional boost in physical and human capital will produce encouraging shared return. Trade openness has insignificant but positive effect on institutions. For the growth of Institutions Trade openness do not play any significant role. Islam and Montenegro (2002) said that, when scheming for progress stage, openness influence some insignificant quality variables but not the whole. Rigobon and Rodrik (2004) get weak but positive relationship, linking trade openness to the rule of law, but this relationship turn

into negative in case of democratic system Rodrik et al. (2002) corroborate openness positively related to institutional quality, but their approximation do not manage developmental level. Openness has an inverse coefficient but a significant association with economic growth, although some preceding statistics similar to Asiedu (2001) account positive link of trade with economic growth. Result here reports a very minimum considerable affiliation mid trade and Real GDP of a country. The reason for this can be explained if we take into account the Import factor Pakistan's exports are normally comprised of low value added goods and Imports have always been in deficit each year from 1973 to 2013. Low foreign exchange earned through economic growth has to be used for Import payments. So the benefit that are incurred as foreign exchange earnings do not fully affect growth as more has to be spent on Imports payment. The summary statistics shows that the equation is well specified. The value of  $R^2$  is (0.65) and the value of adjusted  $R^2$  is (0.57) which seems good and satisfy the condition of goodness of fit.

#### **Result Discussion of Equation 4**

Last equation checked the relationship between Investment and lag of Investment Real GDP, INT rate, Trade openness and Institutions. Lag of dependent variable has significant and positive effect on Investment. 1% increase in last year's investment brings 86% increase in current year's investment. The coefficient has T ratios 16.02 which are significant at 5%. Study reports that real GDP has significant and negative effect on investment in Pakistan. This is because insufficient investment facilities in Pakistan and non-availability of financial institutions in rural areas. The population of Pakistan has larger income but lesser savings institutions in Pakistan. Government spend money on transaction they are non-productive for the economy. Significance shows its importance but negative sign tells that we are not getting benefits from it. Ramey and Ramey, (1995) find a statistical significant and a strong relationship between strength in real GDP and average rate of economic growth. Interest rate has insignificant and negative effect on investment. Our results are similar to the results of Khan and Khatak, (2008). In an analysis of

short term effect of budget deficit on macro-economic variables evidence from Pakistan (1960-2005). Interest rate as a policy instrument is not playing an efficient role in enhancing investment in Pakistan. This Research confirms that there is inverse relationship between Investment and Interest rate. Our findings are consistent with available literature on this issue. But in Pakistan many other factors are responsible to bring changes in Investment such as political instability, exchange rate depreciation, low income, low saving, lack of independent saving institution so only some investors generally invested and a small number of employment chances are there, to raise the investment share in GDP. Negative sign of interest rate shows that as interest rate amplify, this causes a decrease in investment and it negatively related to economic growth. Trade openness has significant and positive effect on Investment when growth rate increases income and savings of the people also increases, trade openness is a source for further investment. The results also preserves the study of Kormendi & Meguire (1985), Barro (1991), and Levine & Renalt (1992) according to them trade openness report significant negative, effect on the

economic growth. This result disagrees with our conjectural positive related hypothesis. By International openness Investment can be encouraged. It is linked with the vibrant competence of financial institutions. It generates further vibrant, complicated and challenging surroundings, which increase a more demand for highly productive things. Openness can help learning procedure and good performances simulation from other nation's knowledge However, there is no guarantee that gains from trade will be equally distributed between developing and developed countries. While the standard trade theories neglect the balance of payment implications of trade for developing countries, developing countries need to fully understand the effect of their pattern and terms of trade with the advanced economies (Thirlwall, 2000). Openness is also exerting a positive impact on TFP growth in Openness paves the way for different countries to learn the advanced technology from other countries which can then be adapted to be suitable for the local conditions. Openness thus encourages the spread of knowledge and facilitates the adoption of latest technological techniques, thereby accelerating the TFP growth. Institutional

quality is significant but negatively related to investment better institutions encourages investment but in Pakistan institutional quality do not play its role properly. Institutions are not properly organized. The summary statistics shows that the equation is well specified. The value of  $R^2$  is (0.97) and the value of adjusted  $R^2$  is (0.97) which is very high that satisfy the condition of goodness of fit.

### **Conclusion**

The current literature analyze the relationship among human capital, investment and institutions that is a difficult phenomenon by using a multi educational approach rather than single equation model for Pakistan by using time series data during the time of 1980-2013. The results are reliable with assumption over and above the precedent empirical research way on issue with reference to Pakistan. The proposed model draws four main conclusions having four equations. The proposed model draws four main conclusions having four equations. Firstly, that the changes in real GDP are maintaining a negative and statistical significant relationship with the growth of human capital. It developed statistically

significant and positive relationship between the institutional quality and investment. Secondly, human capital not only depends on real GDP but on the education system also. Public spending on education has a statistically major effect on human capital. Thirdly, that economic growth and human capital positively influence the quality of institutions. Lastly, higher investment increases the privileged trade liberalization and lower investment risk. The study proves evidently that human capital in Pakistan remains low during the selected time period the reason behind this was the low public investment in social sectors like education and health. The empirical findings support that increased investment and better institutions are a means to achieve advanced economic growth. The study has proved bi-directional relationship between investment and institutions. Higher level of education increase factors productivity, skills and developed attitudes. Pakistan may achieve higher growth rates by spending more on education to create a center of attention added to domestic and distant investment through trade liberalization and by improving the on the whole excellence of

the countries institutional structure and enter into the circle of sustained economic growth.

### **Policy Implications:**

The study suggests that attention must be paid towards institutional reforms as these reforms are keys to economic progress. It also suggests that spending should be focused on well-organized Institutions and investment in physical as well as in human capital in the appearance of education. Organization, capability as well as culture building is essential for institutionalization of man power excellence, which must be made by Government Education in elementary and secondary schools should be in a system that the students be taught all subjects hypothetically and practically Education Department should present a method based on which the students as human capitals, would be skillful in basic concepts of computer and they must be familiar with foreign languages, especially English, before university admission, Government should augment employment chances for the inhabitants so increase in population may be creative for economic growth and development of a country rather than obstruction in the way of growth (Asghar, Awan and

Rehman, 2012). Technology must be better so that the competence and skill may progress for the development of human capital for this investment is predictable on physical capital. Government of Pakistan should not transact the revenue but the amount must be invested on human capital and to increase institutional quality. Enrolment should increase at all levels of education and the education will bring changes in knowledge and skills it will improve quality of life and encourage democracy. If we draw a conclusion on these policy proposals it would be cleared that the policies must design an appropriate institutional framework that guarantees the human rights, political rights, political solidity and respect for the regulation and it will increase government effectiveness on the other side the enlargement of physical and human capital have to encourage these two are interlinked to the improvement of the economic growth and development of the country

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# ROLE OF TEACHER ATTIRE IN SHAPING STUDENT PERCEPTION

By

<sup>1</sup>Zainab Shafaat

<sup>2</sup>Samia Kalsoom

## Abstract

Clothing is a factor that contributes to wearer's personality. In educational organizations, faculty is always stressed to dress up professionally. In this research we analyzed the influence of teacher's attire on student perceptions about teachers. Professional attires for Pakistani females were explored and used in the experimental lectures conducted by guest lecturers. A total sample of 202 female students was recruited with the age range of 17 to 21. Our results revealed that CPA (Casual Professional Attire) can enhance student teacher communication, understanding of concepts, interest, and learning in class room setting. But for the cognitive learning of senior students and higher classes FPA (Formal Professional Attire) was found to be more suitable. These findings could be helpful in optimizing classroom communication between students and teachers. It is concluded that type of dress does influence the perception of instructors and servers as a nonverbal cue in the classroom environment.

Keywords: Teachers attire, student perception, impression management, professional attire

## Introduction

Desmond Morris reported in his research (1977) "It is impossible to wear clothes

one, about its wearer". Our clothes often communicate a sense of self-esteem, personality, general character and socioeconomic status. According to

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<sup>1</sup>Author is Lecturer of Home Economics at LGU Lahore. E. mail: [zainab.shafaat1@gmail.com](mailto:zainab.shafaat1@gmail.com)

<sup>2</sup>Author is Principal at Government College of Home Economics

Molloy four types of attributes i.e. credibility, likability, interpersonal attractiveness, and dominance are affected most by clothing. In impression management, credibility and likability were found to be most significant appearance dimensions of all. In teacher training sessions, teachers are most often recommended to wear formal attire all over the world. Previous studies show that attire being one of the most important non-verbal cues play a significant role in student teacher relationship. Nobel Prize winning author Isaac Bashevis Singer, he says that the clothes we wear hold an amazing power and influence (Adam, 2012). Communication consists of verbal and non-verbal messages. Non-verbal communication usually happens by transmitting wordless messages to the perceiver using the medium of silent language. (Hall,1959). Non-verbal communication comprises of silent signal i.e. gestures, posture, gait, tone, dressing style, attire, colours, accessories etc. Nonverbal cues are very important part of communication because they make verbal messages meaningful (Abdollahi, 2013). Cloths that are worn transmit non-verbal cues intentionally or unintentionally, which are interpreted consciously or unconsciously by the viewer (Morris, 1977). Around the world college teachers are expected to dress formally according to their role. The most commonly used types are: formal professional attire, casual professional attire and casual attire. Attire is an important impression management tool in our daily life situations (Molly, 1977). It plays a major role in the first impression formation between strangers. Strangers always make their first impression based on the appearance. Clothing also influences the decision making about a strangers level of success, sophistication, income, social status, education, trustworthiness, economic background, social importance and moral character. Leathers in 1992 specified three primary principles of attribution that influence impression formation: “(a) impression formers were influenced the most by cues that were the most obvious, (b) impression formers put more weight on negative cues than on positive cues, and (c) impression formers tend to make judgments based on the assumption that others are like them”. For a successful career employees are mostly advised to “dress for success”. (Haefner, 2008). Professional dress has a long-lasting impression, individuals form first impression about someone in first five minutes (Lorenz, 2008). Judgments of

others are so much a part of our societal experience that we tend to overlook their significance in the exploration of social behavior. In classroom perceptions of teachers there are 3 major themes: “(a) clothing does affect observer perceptions, especially "cool" perceptions such as wearer knowledge, preparation or poise, and competence; (b) clothing which enhances "cool" perceptions may decrease "warm" judgments such as sociability, likability, or enthusiasm; and (c) females appear to be more responsive to clothing cues than males”. (Morris, Stanley, & Drew, 1996). The style of teaching and body language can improve student-faculty contact, active learning, and cooperation among students (David, 2009). Informally dressed instructor commanded least respect from students and were rated approachable and flexible (Lukavsky, Butler & Harden, 1995). Educators are not only expected to impart knowledge in their classrooms but are expected to serve as a role model. Therefore, educators must pay attention to the substance of what they teach and also that how their image influences others (Scott, O’Neal, & Cheatham, 1994). Students placed casually dressed professors higher in terms of likeability and reported formally dressed professors to be more expert (Sebastian & Bristow, 2008). Students feel more comfortable when the professor is not dressed professionally, in asking questions and participating in class activities. While students appreciated professionally dressed instructors more and evaluated the course and the instructor highly if the instructor dresses more formally (Carr, Lavin, & Davies, 2009). Formally dressed instructors are perceived “knowledgeable, organized and well prepared, whereas casually dressed instructors are perceived friendly flexible and sympathetic” (Rollman, 1980). According to Joan, Cohen, Morris judgments of attributes related to teaching are much more influenced by how teachers behave than what they wear. While extroversion was most constantly affected by teacher’s attire, but those who dressed contrary to expectations are graded as bold (Gorham, 1999). Therefore a good teacher uses all possible ways to reinforce learning. Teacher’s attire should assist their role as facilitator rather impedes performance. Effect of differences in teacher’s attire on student perceptions was explored. The first objective of the research was to determine the formal professional and casual professional attire in Pakistani context. Secondly, the influence of

teacher's attire on student's perceptions of college teacher was studied. Third objective of the research was to understand the influence of teacher's attire on student perceptions of college teachers, depending on student's class and age. Lastly it was identified that whether differences in teacher attire, could influence perceptions of homophily, affective and cognitive learning of students. In the current scenario it is seen that professional attire is not well defined in our local colleges and institutions, therefore it is important to study the influence of attire and to give guidelines for suitable professional attire. In present research the appropriate professional attire was studied according to our local tradition, and guidelines are also specified. The findings of this study could be used to define dress codes in professional and educational organizations. Our research also contributes to the professional attire literature. This research is new as it strives to explore the professional attire in Pakistani context.

## **Methods**

Mixed study design was used. The quantitative intervention study design was followed by qualitative Interpretive

Phenomenological Analysis. A sample of 202 students with age range of 17-21 participated in this research. Students of BS program in a girl's college were selected because its multiple sections would provide for the experimental manipulation. Focus group was conducted to explore first objective of the research, conducted to analyze the important considerations for FPA and CPA for Pakistani female college teachers. Eight considerations were discussed both for FPA and CPA in the session, i.e. colors, shirt (material, print, style, length, fitting, Sleeve, and neckline), shalwar, head cover, hand bag (Size and Color), jewelry and footwear. And at the end of focus group session, participants were asked to select pictures of female dresses suitable for the teachers in both the categories of formal professional and casual professional attire from the local magazines. Thirty Students enrolled in the class but not involved in experimental lectures were requested to sort 36 pictures into three categories i.e. formal professional, casual professional and inappropriate teachers dress. Third category i.e. inappropriate teachers dress was used to recognize attire variables which are needed to be avoided in the preparation of dresses. After examining

the categories attire conditions used in experimental manipulation were separated into 2 categories: (Formal professional attire) FPA and (Casual Professional Attire) CPA. Top 3 pictures sorted in first two categories were used to prepare one FPA and one CPA. Both dresses consisted of shirt or kameez, shalwar, dupatta and accessories (bag, shoes, jewelry, and wrist watch). Perceptions of attire categories were tested before the experiment. Two guest speakers of late 20's, similar in height, appearance and qualification were selected for experimental lectures by non-probability purposive, expert sampling method. Lectures were delivered according to departmental outline, with care to minimize differences in presentational aspects such as eye contact, vocal expressiveness, movement around the classroom and other behaviors identified in previous research as immediacy cues. However, attire was manipulated across eight lectures, with two lectures delivered by each of the two guest lecturers in both attire conditions. This experiment was found to be affected by students knowing lecturers before experimental manipulation; therefore guest lecturers were hired in this experiment (Hoult, 1954). At the end of each lecture, students completed "lecture evaluation form". It was a structured survey questionnaire, previously used by Morris in his researches, 1996 initially developed by McCroskey, Jensen, & Valencia (1973), McCroskey, Hamilton, & Weiner, (1974), Rogers & Shoemaker, (1971). The questionnaire include five dimensions associated with source perception i.e. "competence (expert/inexpert, reliable/unreliable, qualified/unqualified); character (unselfish/selfish, kind/cruel, sympathetic/unsympathetic); sociability (sociable/ unsociable, cheerful/gloomy, good-natured/irritable); composure (poised/nervous, relaxed/tense, calm/anxious); and extroversion (aggressive/meeek, verbal/quiet, bold/timid)". Teacher immediacy questions were used to check differences across conditions in presentational aspects, measured with student answers to the Perceived Nonverbal Immediacy Scale proposed by (McCroskey, Richmond, Sallinen, Fayer, and Barraclough (1995). To record observations Likert type Scale was used ranging from 1 strongly disagree to 6 strongly agree. The items were "gestures while talking to class, looks at class while talking, smiles at the class while talking, moves around the

classroom while teaching, uses a variety of vocal expressions when talking to the class, uses a monotone/dull voice when talking to class, has a very tense body position, looks at the board or notes when talking to class, and frowns at the class while talking". The last four items are non-immediate behaviors.

Two homophily dimensions (McCroskey, Richmond, and Daly, 1975; McCroskey & Richmond, 1996) were also measured, i.e. "perceived similarity in attitude (behaves like me/doesn't behave like me, similar to me/different from me, like me/unlike me) and perceived similarity in background (culturally similar to/culturally different from me, from a social class similar to/different from mine, status like/different from mine)". Perceived learning was measured with "learning loss" items (Richmond, Gorham, & McCroskey, 1987; Richmond, Kearney, & Plax, 1987; Gorham, 1988). The learning loss items were, "how much do you think you will learn in this class? And how much do you think you could learn in this class if you had the ideal instructor? Actual learning was measured via student responses to six multiple choice questions over central concepts from the day's lecture". This method was used in line with the method used by

Morris, Gorham, Cohen, & Huffman (1996).

## **Results and Discussions**

Analysis of focus group data revealed a variety of themes. Main themes are: attributes reflected by the dress, colors, shirt, shalwar, head cover, footwear, bag and jewellery. Considerations were discussed keeping in mind the culture and tradition of Pakistan, roles, responsibilities and image of female lecturer, and social expectations of the society. First theme sheds light on characteristics of professional dress. Rest of the themes explains the contextual nature of professional attires. The analysis revealed following trends for FPA. It should be worn at formal events such as meetings, presentations, workshops, college events extra-curricular activities, competitions and convocation etc. Especially, events outside the premises of the institution, teachers represents their institution. Therefore teacher should be dressed in FPA. According to the opinions of the focus group FPA the dominant attributes of FPA were self-confidence, competence, professionalism. The colours should preferably be neutral, navy blue and maroon. As dark colors gives an

illusion of depth to the wearer. Pastel colors could also be worn in summer season. Suitable materials for shalwar kameez were cotton with chiffon dupattas. Prints should be soft and embroidered patterns should be delicate and decent. Too much embroidery should be avoided. Small all over patterns, checks and lines could also be used as print. Style of the shirt could be straight with small structural element e.g., pleats, darts, and patches. The decorative design element should strictly be added to strengthen the structural points. As neckline, hemlines, seams and darts provide the natural structural points for decoration. Decoration should also be in moderation. Decorative design elements should be in harmony and proportion to the whole garment. Shirt should be knee length and snug fit. Full sleeves were recommended for the FPA by majority of the participants. Chinese collar was ranked high for imparting authority to wearer. Straight trouser should be worn with the kameez, this analysis was according to the prevailing fashion. A teacher should wear dupatta as a head cover. Other forms of head cover could also be worn i.e. scarf, hijab or veil etc. Footwear is an important accessory, heels medium high, coat shoes and wedge

shaped are also preferable. Hand bag should be medium sized, suitable for carrying all the necessary items, practical for keeping necessary items and comfortable to carry at work. The colours of the bag should be according to the fashion but neutral colors are preferable. Jewellery is a part of our tradition but with FPA jewellery should be chosen with reserve stud earrings, a delicate ring in each hand and watch is considered good for formal wear. Jewellery should not be very heavy or bold.

CPA provides more flexibility and margin of personal expression to the wearer because they are worn on casual days at work. Therefore CPA could display an individual style of the wearer. It should reflect attribute which were: agreeable, friendly, cheerful and approachable. All type of colors could be used. The materials suitable for summer season is cotton shalwar kameez with lawn or chiffon dupatta's, for adding decorative expression to the dress patches of silk could also be used. As prints and embroidery are an important decorative design element in our local dresses, soft and decent prints were recommended to be used. The floral and geometric motives could be used as well. But too much embroidery should be avoided in both



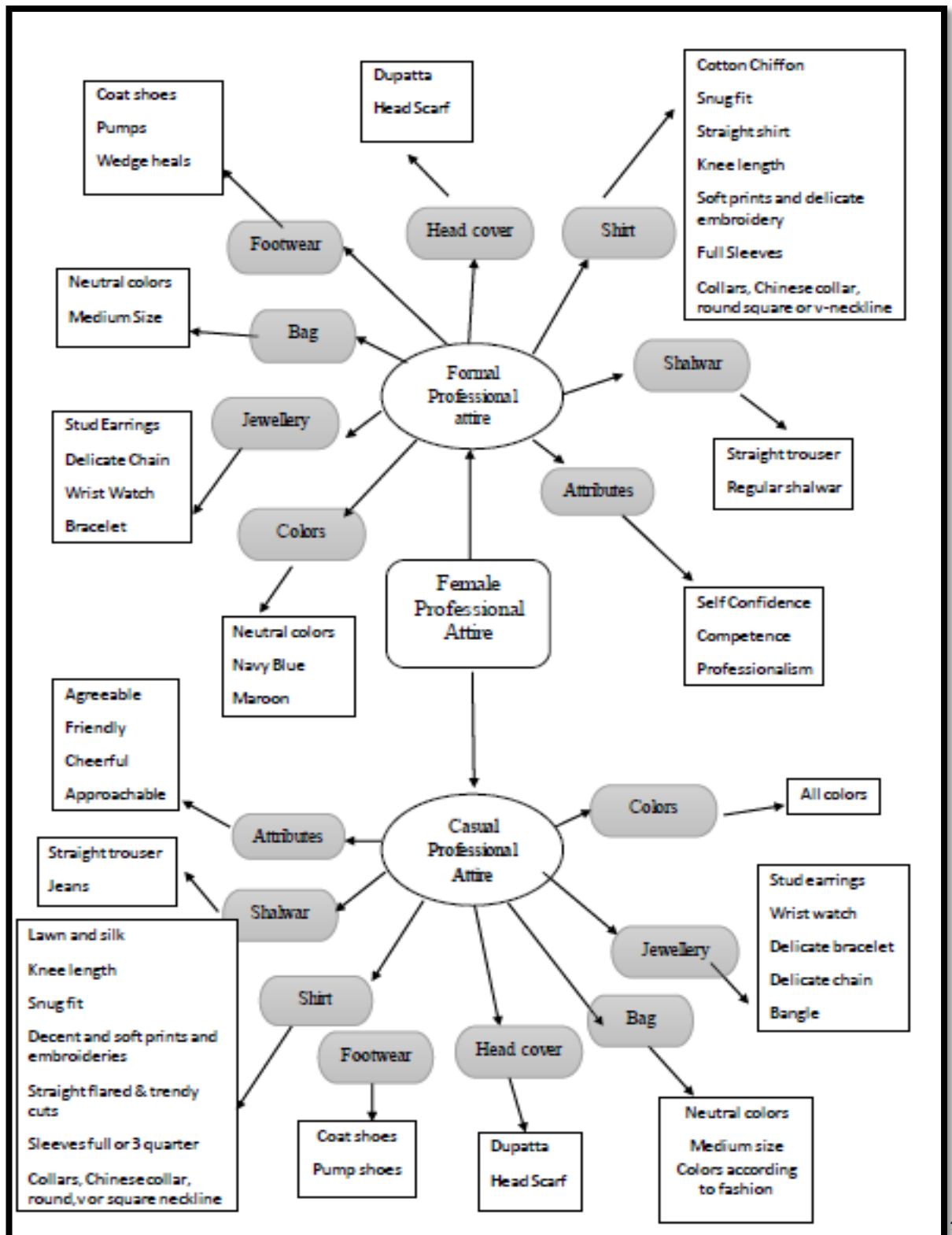
types of attire. The shirt style changes very often. The style of the shirts should be snug fit and straight, trendy and cuts according to the fashion could be used. Shirt should be knee length and modest. The sleeve of the shirts should be full or three quarter. As neck line is a structural design line of a garment therefore adding a decorative element to it could make the dress beautiful. For CPA Chinese collar, round and V neckline were recommended by most of the participants. Majority of the participants pointed out that straight trouser could favorably be worn with shirt. Head-cover is a part of our religion and culture therefore most of the participants voted that at least dupatta should be worn by a lecturers in particular and teachers in general. Preference of the footwear also changes with the season but pump shoes or sandals are more suitable. Bag is another important accessory for working women.

It should be medium sized, suitable for carrying all the necessary items, practical for keeping and finding things and comfortable to carry at work.

Total 202 students participated in study, 102 students were exposed to CPA and 100 to FPA. The internal reliability of "Lecture Evaluation Form" was good i.e. 0.82, as reported by the previous researchers. No nonverbal immediacy variables produced significant frequencies and difference of opinion across dress conditions. Therefore we were assured that potential effects of unplanned variations in lecture delivery were controlled. Selected students perceptions of college teacher were found to be influenced by differences in attire. A body of literature associated with effects of dress on student perceptions suggests that "cool" perceptions (competence, composure) are affected most by dress, with more formal dress

**Figure No.1** developed by author. Frame Work of Pakistani Female Professional Attire, I.e. Formal Professional Attire and Casual Professional Attire

Author own contribution



**Figure 2.** Photograph taken by author, of FPA on the left and CPA on right taken before experimental lectures (Source: Adopted from internet)



giving most positive perceptions. And warm perceptions (sociability, character, extroversion) are positively affected by Casual professional attire. Our results of this study are in line with this pattern. Perceptions of instructor competence  $p < 0.01$  were highest in the formal professional attire condition (FPA) ( $M = 14.83$ ,  $SD = 1.57$ ), comparatively lower in the casual professional attire (CPA) ( $M = 14.17$ ,  $SD = 2.12$ ). Across the data perceptions of composure was found to be more positively related to the FPA than CPA ( $r = 0.27$ ,  $p < 0.01$ ). The cool perceptions of competence and composure ( $r = 0.44$ ,  $p < 0.0001$ ) was found to have a moderate positive relationship with each other, as both the perceptions are cool perceptions. The findings suggest

that for FPA composure and sociability ( $r = 0.28$ ,  $p < 0.05$ ) also have a positive relationship. Competence and composure are the components of credibility, therefore the teacher's in FPA were rated higher in credibility. The analysis of the students rating of warm perception i.e. character, sociability and extroversion in classes while teachers were wearing CPA was found to be positively related to each other. No significant differences of warm perceptions were found for CPA. Although, there is small increase in extroversion was found for teachers in CAP than FPA. Our research also satisfies the first principle of attribution of Leathers (1992) i.e. "impression formers are influenced the most by noticeable cues". Physical appearance,

together with dress, is a very noticeable college teachers differ depending on cue. Our findings also suggest that the student's class effect of attire on student perceptions of

Table 1.

*Difference of Opinion (T-Test) in source perception, immediacy, homophily, Affective learning and Actual Learning among Casual Professional Attire & Formal Professional Attire.*

		<u>C.P.A</u>		<u>F.P.A</u>		<i>T</i>	<i>P</i>
	<i>Sub groups</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
Source Perception	Competence	14.17	2.12	14.83	1.57	-2.50	0.013
	Character	10.69	1.38	10.73	1.23	-0.22	0.824
	Sociability	15.52	4.47	15.72	1.66	-0.42	0.677
	Composure	14.22	2.34	14.47	1.91	-0.82	0.413
	Extroversion	13.32	2.21	13.61	2.52	-0.86	0.389
Immediacy	Immediacy	38.99	6.61	38.75	1.46	0.299	0.766

The analysis of classes across types of attire reveals that, for teachers in CPA the perception of composure  $F(3,96)=6.008$ ,  $p=0.001$  and extroversion  $F(3,98)=7.39$ ,  $p=0.000$  increases as the student's class increases. Therefore senior classes highly rated the teachers in CPA for composure, extroversion and character. But surprisingly a negative relationship was found between class and actual learning score ( $r=-0.12$ ,  $p<0.000$ ) of the students, which means that for teachers in CPA, students scored lower in Actual learning questions as the class increases. Therefore students of senior classes highly rated the teachers in CPA for warm perception i.e. extroversion and character, cool perception which is

Table 2.

Difference of Opinion among source perception, Immediacy, Homophilly, Affective learning and Actual Learning in students from different classes (2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> years), taught by teachers in CPA

		<u>2<sup>nd</sup> year</u>		<u>3<sup>rd</sup> year</u>		<u>4<sup>th</sup> year</u>		<u>5<sup>th</sup> year</u>			
		M	SD	M	SD	M	SD	M	SD	F	P
	Competence	13.4	2.4	14.9	1.5	14.6	1.4	13.9	2.7	2.53	0.1
Source Perception	Character	10.0	2.0	10.9	1.1	10.7	1.1	11.1	0.9	3.07	0.3
	Sociability	15.3	8.8	15.0	1.8	15.5	1.5	16.2	1.6	0.34	0.8
	Composure	12.7	2.4	14.3	2.1	14.4	2.1	15.3	2.2	6.01	0.0
	Extroversion	11.8	2.3	13.2	2.1	13.7	1.9	14.4	1.9	7.32	0.0
Homophilly	Similarity 1	8.26	3.7	10.7	4.3	8.71	3.6	11.0	4.3	3.11	0.0
	Similarity 2	11.7	2.6	13.4	2.9	12.7	2.0	12.6	2.9	1.50	0.2
Learning 1		9.75	1.3	10.2	1.3	9.57	1.2	10.0	2.0	0.99	0.4
Learning 2		5.79	0.6	5.43	0.7	5.03	1.4	4.71	0.8	6.29	0.0

*Note.* Similarity 1= similarity in attitude, similarity 2= similarity in background, Learning 1=Affective Learning, and Learning 2= Actual Learning

composure. But the senior classes scored teachers in FPA as student's class lower in actual learning. Therefore we increases the perception of affective can say that CPA is a good dress or learning also increases ( $r=0.28$ ,  $p>0.05$ ). nonverbal cue for setting a favorable Therefore senior classes considered FPA environment, which will foster more effective nonverbal cue for expressiveness, communication and producing a better learning environment. interest in the classroom. For lectures of

Table 3

Difference of Opinion among source perception, Homophilly, Affective learning and Actual Learning in students from different classes (2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> years), taught by teachers in

FPA		<u>2<sup>nd</sup> year</u>		<u>3<sup>rd</sup> year</u>		<u>4<sup>th</sup> year</u>		<u>5<sup>th</sup> year</u>		<i>f</i>	<i>P</i>
		<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
Source Perception	Competence	14.7	1.4	15.4	1.6	14.9	1.7	14.6	1.6	0.9	0.4
	Character	10.5	1.7	10.6	1.7	11.2	0.9	10.5	1.7	2.5	0.1
	Sociability	15.7	1.4	15.7	1.7	16.4	1.4	16.3	1.8	2.9	0.0
	Composure	14.3	2.0	14.1	2.5	14.5	1.8	14.6	1.8	0.3	0.9
	Extroversion	12.3	3.0	15.0	2.2	13.5	2.4	13.8	2.3	3.2	0.0
Homophilly	Similarity 1	9.0	2.7	10.9	3.7	8.93	3.1	8.56	3.7	1.7	0.2
	Similarity 2	12.9	2.6	13.9	2.6	8.93	3.1	8.56	3.7	1.7	0.2
Learning 1		9.5	1.4	10.4	1.6	9.88	1.7	10.7	1.5	3.9	0.0
Learning 2		5.4	0.6	5.1	1.6	4.30	1.1	5.85	0.5	15	0.0

*Note.* Similarity 1= similarity in attitude, similarity 2= similarity in background, Learning 1=Affective Learning, and Learning 2= Actual Learning

Table 4.

Relationship between source perception, homophily, affective learning and actual learning, class and age of students among CPA.

	1	2	3	4	5	6	7	8	9	10	
Competence	1	.478**	.294**	.383**	.253*	.421**	.395**	.341**	.081	.068	.060
Character		1	.281**	.487**	.261**	.186	.161	.270**	.054	.249*	.094
Sociability			1	.349**	.271**	.004	.253*	.137	.037	.085	-.064
Composure				1	.519**	.338**	.527**	.237*	-.090	.378**	.300**
Extroversion					1	.101	.379**	.126	-.228*	.418**	.291**
Similarity 1						1	.391**	.125	-.058	.179	.140
Similarity 2							1	.439**	.026	.101	.136
Learning 1								1	.090	.017	-.011
Learning 2									1	-.40**	-.122
Class										1	.499**
Age											1

*Note.* \* $p < .05$ , \*\* $p < .01$ . Similarity 1= similarity in attitude, similarity 2= similarity in background, Learning 1=Affective Learning, and Learning 2= Actual Learning

Table 5.

Relationship between source perception, homophily, affective learning and actual Learning class and age of students among FPA

Competence	1	.154	.359**	.266**	.162	.224*	.298**	.220*	-.141	-.071	-.024
Character		1	.515**	.106	.131	.028	.160	.022	-.180	.013	-.210*
Sociability			1	.278**	.220*	.168	.122	.064	-.279**	-.093	-.133
Composure				1	.345**	.073	.047	.172	.053	.078	-.021
Extroversion					1	.093	-.033	.155	.071	.130	.139
Similarity 1						1	.405**	.062	-.254*	-.109	-.030
Similarity 2							1	.118	-.145	-.109	-.040
Learning 1								1	.206*	.281**	.183
Learning 2									1	.168	.255*
Class										1	.770**
Age											1

Note. \*p<.05, \*\*p<.01, Similarity 1= similarity in attitude, similarity 2= similarity in background, Learning 1=Affective Learning, and Learning 2= Actual Learning

The results show that FPA is more students perceived the teachers in suitable for target oriented learning in CPA higher in warm perception i.e. higher classes. It is concluded that CPA is extroversion (r=0.30, p>0.005) and found to be more suitable for learning in teachers in FPA lower in character (r=-0.21, p>0.05) as character is a warm influence the perceptions as well. Elder perception. The previous researches



support that warm perception are lower in FPA our findings second the literature Students perceived teachers in CPA more similar to them than teachers in FPA, and students of senior classes consider teachers in CPA more similar to them than junior students  $F(3,96)=3.11$ ,  $p=0.30$ . This effect was due to the fact that students in senior classes had more interaction with the teachers and they had a broader understanding. The student more frequently wears CPA as compared to FPA therefore they rated the teachers in CPA higher in terms of homophily. For effective communication it is important that similarities or homophily must be present between the participants (sender and the receiver), therefore the senior students also rated teachers in CPA higher in warm perceptions i.e. extrovert ( $F(3,98)=7.32$ ,  $p=0.000$ ) and composed ( $F(3,96)=7.32$ ,  $p=0.000$ ) as well as homophily. According to Leathers (1992), third principles of attribution that “impression formers tend to make judgments based on the assumption that others are like them”, was supported by our results. Our findings indicate that looking like students or blending in them could enhance perceived homophily of the instructor. As the idea of homophily is grounded on a basic interpersonal

communication principle: “The more source and receiver are similar (homophilous) the more communication improves and the more likely communication will be effective” (McCroskey & Richmond, 1979). In this research optimal homophily condition was found as the students rated teachers in CPA higher in terms of homophily, competence and composure. Students perceived the teachers in CPA more homophilous to them and they also rated them higher in terms of warm perception such as extroversion, sociability and character and a cool perception of composure. But students scored lower in actual learning for the teachers in CPA. Therefore it is concluded that CPA could be used to enhance the student teacher communication. According to the previous researches the compliance gaining was also successful in homophilous conditions. The differences in teacher attire influence affective and actual learning of students. The students rated the teachers in FPA higher than CPA in terms of perception of Affective learning and scored higher in actual learning. As discussed earlier the actual learning of the students was higher in the lectures of teachers in FPA as CPA was perceived more homophilous. The

students scored higher in actual learning as class of the students decrease for the teachers in CPAF (3, 98) = 6.29,  $p=0.001$ . Therefore our findings reflected the trend that CPA was more suitable for junior college classes. CPA was found to be more suitable for junior college classes. Whereas findings reflects a trend that FPA was more suitable for higher classes, as 5<sup>th</sup> year is the highest class included in the study scored highest for teachers in FPA and junior classes scored lower. For FPA there was a fairly strong relationship between affective learning and competence, which is a cool perception.

## **Conclusion**

Teachers should dress professionally when they are in a teacher's role. FPA creates more positive professional impression, which becomes evident in nonverbal communication, and the student approach toward the course content and class activities. Such an influence is reasonable. Our findings match with the general literature on attire perceptions. This indicates the positive impressions of formal professional dress. It was reasonable to consider regarding student perception that FPA was perceived by students as a sign that

teacher was serious and consider the lecture an important event where essential ideas and activities were discussed. Students would be more open and communicative by being attentive in the completion of class assignments if the teacher considers the lecture as an important activity. This type of student performance would lead to better affective and actual learning. We also suggest that CPA could be by junior class instructors. CPA improves communication, sociability and learning of students. As junior students feel more at ease with instructors in CPA as it reflects warm perceptions. CPA is an optimal homophily conditions for the junior classes. But FPA was found to be suitable choice for teaching senior students. Senior students' scores higher and gives better results in FPA. Optimal homophily conditions of senior students were found in FPA. Previous researches in line with this study have used Casual Attire in addition to the CPA and FPA. This reason owes to the extreme trends for cool perceptions and warm perceptions. In present research Casual Attire was not included due the limited time and resources. Our findings propose that homophily perceptions do contribute in impression formation of teachers in

college classes, but the teacher's attire is not the only attribute central to those perceptions. The limitations of this study include non-generalizability of results to male students. As experiment lectures were conducted in the girls college setting therefore its results could not be generalized in a different organizational setup as well. For a detailed understanding on this topic future research should be conducted with a different population including students of genders, school and university setting. Professional attire for corporate sector should also be investigated. As dress is a part of non-verbal communication. This phenomena should also be investigated be more aware of how it operates in specific channels. Learning and communication between students and teachers could be optimized by manipulating attire.

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# RELATIONSHIP OF GOAL ADJUSTMENT AND PSYCHOLOGICAL WELL-BEING AMONG WOMEN WITH VEIL AND UNVEIL

by

<sup>1</sup>Rabia Rashid

<sup>2</sup>Uzma Ilyas

## ***Abstract***

*The present research aimed to see the relationship of goal adjustment and psychological well-being in veiled and unveiled women. Correlation research design was employed on a sample of 240 women (n= 120 veiled women; n=120 unveiled women), which was collected through purposive sampling. The sample was collected from Lahore, Pakistan. The research instruments included Goal Adjustment Scale and Psychological Well-Being Scale. In this study descriptive statistics, t-test, correlation and hierarchal regression were used. The results of Pearson Correlation coefficient revealed a positive relationship between goal adjustment capacities and psychological well-being. t-test analysis revealed veiled women to be more psychological well than unveiled women. It was also revealed that positive relationship existed between the subscale of psychological well-being; self-acceptance and both goal disengagement and goal reengagement in veiled women. While negative relationship was found out between psychological well-being and goal disengagement in unveiled women. This study also revealed that goal adjustment capacities predict psychological well-being.*

*Key Word: Veiled Women, Un-Veiled Women Psychological Well-Being, Goal Disengagement*

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<sup>1</sup> Author is M.S Scholar of Department of Applied Psychology at LGU Lahore  
E.mail:[rabiarahid1292@gmail.com](mailto:rabiarahid1292@gmail.com)

<sup>2</sup>Author is Senior Lecturer of Department of Applied Psychology at LGU Lahore

## **Introduction**

“You’re unique like all other women” (Beauvoir, 1946). Veil is observed by Muslim women in all over the world. There are several different definitions and interpretations of veil that has been given by several authors. Badr (1946) defined veil as a piece of cloth that covered the face. The veil has been given different names in different countries and cultures, which are; hijab, niqab, burqa, chadar and purdah. In South Asia the term mostly used for veil is purdah (Kirmani, 2013) explained the meaning of purdah as not only a piece of cloth but is also a sign of modesty, privacy and a source of comfort for women. “When women veil her body in modest clothing, she is not hiding herself from men. On the contrary, she is revealing her dignity to them” (Evert, 2014). Veiling has also been considered an illegal act in different countries. In Germany, veil is banned for teachers and is likely to be banned for civil servants as well (Impey & Mara, 2011). Likewise, the government of Belgium has banned the covering of face and body for women in public places (Vrieling, 2011). In Turkey, veiling has

also been considered a symbol of backwardness and a barrier for achievement of secularization (Treacher & Shukrallah, 2001). According to Oloyede (2010) all cultures or societies have their own dress code that differentiates them from other cultures. According to Keddie (1990) veiling is not only practiced by Muslim women but is also a religious practice for many other religions like Christianity, Jewish religion and Hinduism. The present study was conducted to explore the goal adjustment capacities and psychological well-being among veiled and unveiled women. Goals are very important part of an individual life. The setting of goals gives people; a sense of direction in life (Austin & Vancouver, 1996; Emmons, 2003). The well-being of an individual reduces when he/she faces hurdles in achieving their goals. “Winners are not afraid of losing. But losers are. Failure is part of the process of success: people who avoid failure also avoid success” (Kiyosaki, 1947).

When someone fails to attain their goals then it may negatively affect their life, but it has also been suggested that when



the person faces challenges or failures in their life, it provides more chances for improvement and success (King & Hicks, 2007). Goal adjustment theory purposes that there are two types of goal adjustment; the first is called as disengagement in which people put no effort to achieve their goals, where as the one in which people put their efforts in alternative goals, is called as reengagement (Wrosch, Scheier, Miller, & de Pontel, 2007).

“Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful” (Schweitzer, 1940).

Friedli (2009) defined well-being as the state in which individuals know their own abilities and have the ability to cop their life stress and manage their work and goals of life. According to Ryff (1989) psychological well-being is the positive psychological functioning and experiences of the person. According to Shek (1992) psychological well-being is the mental health qualities in which the person has the ability to adjust to their environment and maintain relationships with themselves and others. There are two major theories of psychological well-being in which mental health is defined by two different approaches (Ryff,

Singer, & Love, 2004). The first approach is emotional well-being in which psychological well-being is defined as the omission of negative thoughts and the presence of satisfaction with life in the face of different challenges of life (Keyes & Magyar-Moe, 2002). Emotional well-being is developed from quality of life research. According to this theory, there are different factors that influence an individual’s sense of psychological well-being, which are satisfaction with life, the positive and negative experiences of life (Diener, Sue, Lucas, & Smith, 1999). According to Bradburn (1969) happiness is associated with the balance between positive and negative effects that an individual experience in life. The second approach states that mental health is improved by the absence of negative effects (Bierman, Fazio, & Milkie, 2006; García, Ramírez, & Jariego, 2002; Simon, 2002).

### **Rationale of the study:**

The topic was chosen to study the appropriate goal adjustment of women who observe veil and the women who do not and how they maintain their well-being along with their dress code. As it

has been established from the previously mentioned researches that for some practicing Muslims, veil is not just conforming to cultural dress code instead it is much more. It is not only a physical comfort but is a protective factor as well. When the individual feels comfortable and secure in them, then their goals become aligned and more integrated (Dobre, 2013). Veil has become one of the controversial issues these days. Heated debates have been going on the issue of veil. In west, after the 9/11 attack, majority of non-Muslim believe that observing abayah/jilab/jilbab or chadar is a sign of oppression and terrorism which stops the ladies, who observe them, from progressing in life. This research aimed to study exactly that concept in a Muslim country i.e Pakistan where external pressure is less for pardah observing girls, then how would they respond i.e. as to how they would progress in their lives by setting clear cut goals instead of being oppressed or backward because of it.

#### **Aims and objectives:**

The aims and objectives of the research are,

1. To examine the difference between goal adjustment capacities and psychological well-being among veiled and unveiled women.
2. To find the relationship between Goal adjustment capacities and psychological well-being.

#### **Literature Review**

The present research is conducted on the goal adjustment and psychological well-being among veiled and unveiled women. This chapter deals with the previous researches already done in the area of veiled and unveiled women and also in the area of goal adjustment and psychological well-being among women. Some of the researches mentioned here would highlight the evidence of the current research.

Husain and Aziz (2014) conducted a research on the levels of body esteem among veiled and unveiled women. The sample of this research included were 400 conveniently selected women from Khyber Pakhtunkhwa selected by convenient sampling. The age ranges of the respondents were in between 20-40. The results revealed a high difference in the levels of body esteem in women who observe veil and women who do not. The

women who observed veil were found to have higher concerns related to their body images than those women did not observe. The overall results of that study suggested that women wearing veil have higher levels of body esteem as compared to those who do not wear veils. Arshad, Basar, Zafar and Ahmad (2012) conducted a research on the culture of veil among university students in Pakistan. The sample was collected from the Islamia University of Bahawalpur in Lahore. The sample size of this research was 388 in which 202 veiled women were selected from urban areas and 186 veiled women from rural areas. The random sampling strategy was used in this research. The result of the study revealed that veil observing women cover themselves because of their culture and religion obligation. This study also revealed that in coeducation system, the veil observing culture did not affect the women's studies at higher level who observes veil it was important for them to cover themselves from men.

Mens, and Scheier (2015) conducted a research on the benefits of goal adjustment capacities for well-being among women with breast cancer: potential mechanisms of action. The purpose of the research was to find out

the relationship between goal disengagement and goal reengagement capacities and well-being among women who had a problem of breast cancer. The sample of the research was based on 230 women in which 172 women with initial-stage and 58 women with late-stage of breast cancer. The results revealed that disengagement capacities did not predict any relationship with well-being. But reengagement capacities showed the relationship different aspects of well-being. The results showed that reengagement capacities were valuable for well-being. Wrosch, Scheier, Miller, Schulz and Carver (2003) conducted the study in 2003 on adaptive self-regulation of unattainable goals: goal disengagement, goal reengagement, and subjective well-being. In the research three studies were conducted to find out the relationship between goal disengagement, goal reengagement and subjective well-being. The first study was based on 115 undergraduates. The second study was based on 120 young and older adults. The third study was based on 45 parents of children with cancer and medically healthy children. All three studies revealed that goal disengagement, goal reengagement had effected on subjective well-being and

having high relationship between goal disengagement, goal reengagement and subjective well-being.

Eddington (2013) conducted the research on perfectionism, goal adjustment, and self-regulation: a short-term follow-up study of distress and coping. The sample of the research was 388 university students of psychology in which female students in large number. The results revealed that socially-prescribed perfectionism related with not so great optimism about the success of goal, and the relationship between socially-prescribed perfectionism and goal disengagement anticipated stress-related depression and maladaptive coping. Self-oriented perfectionism associated with greater optimism about the possibility of goal success and stronger emotional responses to goal success and failure, and self-oriented perfectionism related with goal reengagement to anticipate adaptive coping.

Miller, Scheier and Wrosch (2013) conducted the research on goal adjustment capacities, subjective well-being, and physical health. The results revealed that the goal disengagement capacities could reduce psychological distress and alleviate patterns of biological deregulation and physical

health problems if individuals experience unobtainable goals. Goal re-engagement capacities had shown strong relationship with positive signs of subjective well-being. Literature proves this somewhat that women observing veil are more satisfied with their body image and are more laid back in their lives than those who do not observe veil.

### **Hypothesis:**

1. There would be a significant difference on the scores of the psychological well-being and goal adjustment capacities among veiled and unveiled women.
2. Goal adjustment would be positively associated with the psychological well-being.
3. Goal adjustment capacities are likely to predict the Psychological well-being among veiled and unveiled women.

## **Method**

### **Research Design**

The research design used in this research is a correlational research design.

### **Sampling Strategy**

Non probability convenient sampling strategy was used in the present study.

### **Sample**

The sample of 240 females were collected from Lahore with the age ranging 18-40, in which 120 were veiled women and 120 were those who did not.

### **Inclusion/Exclusion Criterion**

- Women who covered their face and head were included (veiled women) and who did not cover their head and face were included (unveiled women).
- Females who had been wearing veil for five to ten years.

### **Operational Definition of Variables**

#### **Goal Adjustment**

The person's ability to adjust with the goals and have ability to detach from unachievable goals and other one ability to engage again with the different goals (Brandtstadter & Renner, 1990; Wrosch, Scheier, Carver, & Schulz, 2003).

#### **Psychological Well-being**

Ryff (1989) psychological well-being is the positive psychological functioning and the life experiences of the person.

### **Assessment Measures**

In this research goal adjustment scale, Ryff psychological well-being scale and demographic sheet were used for the data collection.

#### **Goal Adjustment Scale (GAS)**

The scale was developed by Michael F. Scheier. It consists of 10 items. This scale is designed to measure the two different dimensions namely, goal disengagement and goal reengagement. In this research, urdu version of goal adjustment scale was used which translated by Farooq and Kausar (2013). This scale had been good reliability and validity. The scores of the goal adjustment scale are calculated by summing the items of these two dimensions separately. The scale was 1-5 rating scale.

#### **Ryff's Psychological Well-being Scale**

This scale was developed by Ryff and Singer (1998) to measure dimensions of psychological well-being namely, self-acceptance, positive relations with others, autonomy, environmental mastery, purpose in life, and personal growth. This scale has good reliability and validity. The urdu translated version

of the scale was translated by Aslam and Kausar (2010). The scale has 54 items. Its scoring is calculated by summing the items of the subscales. The items on these scales are rated on six-point Likert scale.

### **Ethical Considerations**

In the order to conduct this study some ethical considerations were consulted which are represented below:

- The permission was taken from the authors of the English and Urdu versions of the scales.
- The consent was taken from the participants and they were informed about the nature of the research.
- The researcher told the participants that their data will remain confidential and will be used only for the aim of the research.

### **Procedure**

### **Results**

The current research was conducted to find out the difference on goal adjustment capacities and psychological well-being between veiled and unveiled women. In current study descriptive statistics and reliability was used to assess the psychometric properties of the

Before the data collection, the permission was taken from the authors of the scale and also from the authors of the translated tool, used in the study. The information like aim and objectives of the research were given to each participant and informed consent was taken from them and they were assured about the confidentiality. The demographic questionnaire, goal adjustment scale and Psychological Well-being were administered on the participants. First form consisted of 10 items and second form consisted of 54 items that they have filled. The responses of the respondents were entered into the SPSS for analysis. For the analysis of the results, Statistical Package for Social Science (SPSS) 20 version was used. In this study descriptive statistics, t-test, correlation and hierarchical regression were used.

Variables	Veil women		Unveil women		<i>T</i>	<i>P</i>	95% CI	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>			<i>LL</i>	<i>UL</i>
Goal disengagement	10.49	3.91	10.04	3.17	.97	.32	-0.45	1.35
Goal reengagement	19.40	6.43	18.41	4.36	1.39	.16	-0.40	2.39
t_PWB	223.99	23.00	214.33	21.45	3.66	.001	4.00	15.31
Positive relations	41.23	5.29	36.66	5.72	6.42	.00	3.17	5.97
Autonomy	37.93	4.33	36.75	4.75	2.00	.04	0.01	2.33
Personal growth	40.51	5.94	36.81	5.76	4.89	.00	2.21	5.18
Purpose in life	33.42	6.80	34.53	5.81	-1.36	.17	-2.72	0.49
Self-acceptance	34.78	7.14	34.58	6.52	.21	.82	-1.54	1.93
Environmental mastery	36.13	5.58	35.00	5.16	1.63	.10	-0.23	2.50

Measure	1	2	3	4	5	6	7	8	9
1. Goal disengagement	-		-.03	.00	-.07	.00	-.04	.06	-.12
		.68**							
2. Goal reengagement		-	.09	.04	.04	-.08	-.01	.28**	.04
	.48**								
3. PWB	-.18*	-.07	-				.78**	.64**	
				.67**	.49**	.60**			.67**
4. Positive relations	-.15	-.01	.73**	-	.10		.43**	.33**	
						.32**			.42**
5. Autonomy	-.11	-.12	.37**	.08	-		.34**	.16	.23**
						.27**			
6. Personal growth	-.02	-.07	.58**	.31**	.07	-	.50**	.09	.16
7. Purpose in life	-.08	-.01	.72**	.46**	.10		-	.33**	
						.36**			.38**
8. Self-acceptance	-.14	-.00	.71**	.49**	.12	.16	.42**	-	
									.41**
9. Environmental mastery	-.17	-.06	.64**	.34**	.16		.32**	.36**	-
						.27**			

Note: PWB = Psychological Well-Being \* $\rho < .05$ , \*\* $\rho < .01$ ,

**Table**

Relationship between goal adjustment and psychological well-being of veiled and unveiled women



Variables	t_PWB		Positive relations		Autonomy		Personal growth		Purpose in life		Self-acceptance		Environmental mastery	
	$\Delta R^2$	B	$\Delta R^2$	B	$\Delta R^2$	B	$\Delta R^2$	B	$\Delta R^2$	B	$\Delta R^2$	$\beta$	$\Delta R^2$	$\beta$
(Constant)														
Veiled and unveiled	.02	-.23***	.01	-.42***	.01	-.11	.00	-.28***	.00	.03	.05	-.01	.03	-.11
Age		.00		-.06		.10		.05		.01		-.03		-.06
Education level		-.01		.09		.00		-.10		.00		-.01		-.02
Monthly income		.14		.11		.02		.08		.13*		.13*		.04
Marital status		.00		.10		-.01		-.07		-.07		.03		.03
Family system		.00		.04		-.09		.02		-.00		.00		.03
Goal disengagemen		-.18*		-.12		-.12		.05		-.07		-.20*		-.24***

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t								
Goal reengagement	.13	.09	.04	-.10	.02	.29***	.15	
R	.29	.42	.21	.33	.18	.26	.22	
R <sup>2</sup>	.08	.17	.04	.11	.03	.07	.05	
F	.70* **	6.31***	1.39	3.74***	1.00	.20*	1.58	

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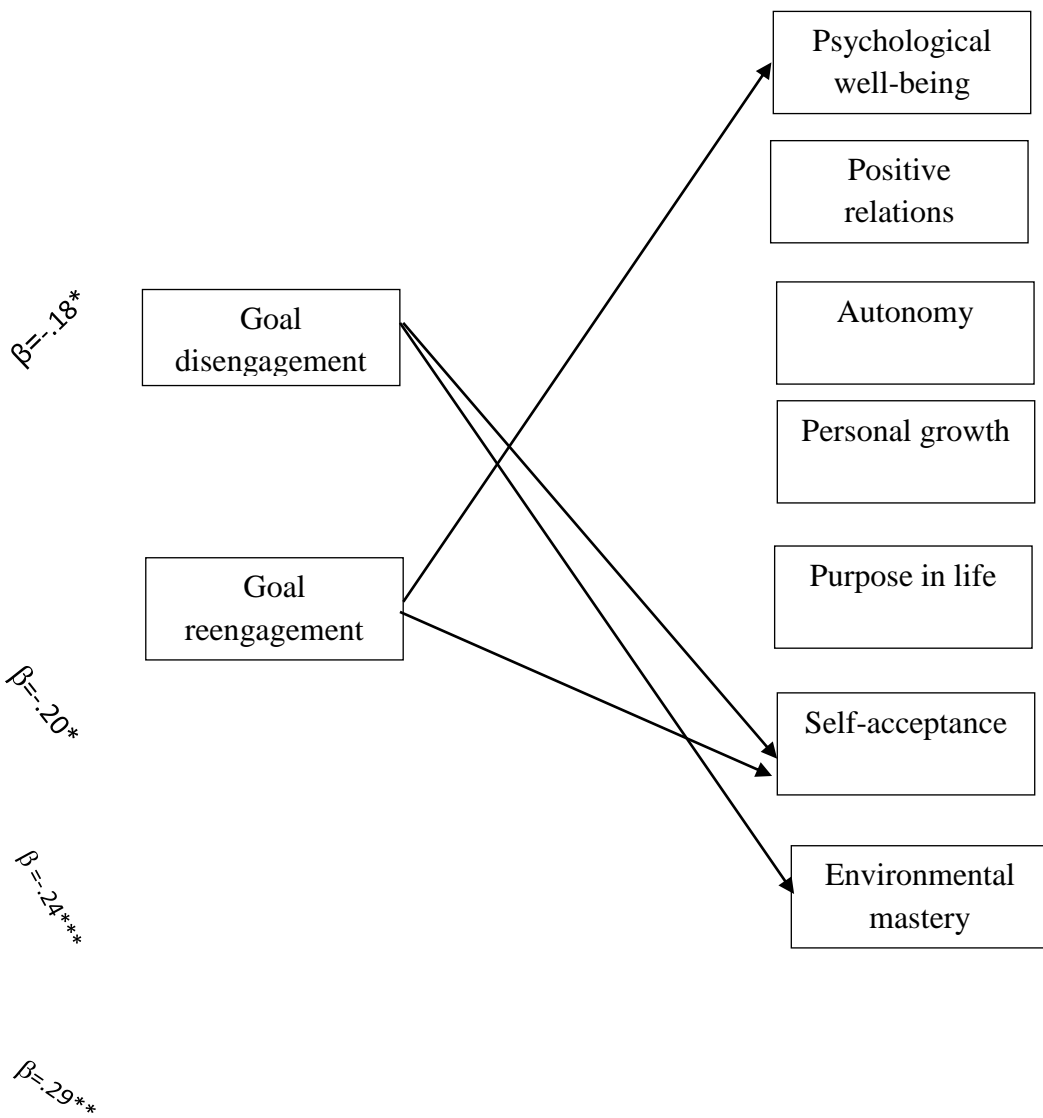
Table

*Hierarchical regression analysis of predictors for psychological well-being*

Note: PWB = Psychological Well-Being

Source: Author own contribution

**Figure 4.1.** Statistical Model for Prediction of Psychological Well-being



significant positive relationship was found between total psychological well-being, positive relationship, autonomy, and personal growth, purpose in life, self-acceptance and environmental mastery. According to table 4.3 hierarchal regressions showed that goal disengagement predicts psychological well-being, self-acceptance and environmental mastery. The results also showed that goal reengagement predicted self-acceptance. The aim of the present study was to explore the difference on goal adjustment and psychological well-being among veiled and unveiled women.

The first hypothesis of the present research suggested that there would be a significant difference on the scores of the psychological well-being and goal adjustment capacities among veiled and unveiled women. The results of the present study revealed significant differences in veiled women on psychological well-being as compared to unveil women. Husain and Aziz (2014) found significant difference in veiled women on body-esteem as compared to unveiled women. Srimathi and Kumar (2010) revealed that teachers had higher psychological well-being than those women who were worked in the different organizations.

The second hypothesis of present research suggested that goal adjustment would be

positively associated with the psychological well-being. The present study found that the inverse relationship between goal disengagement, and psychological well-being. Also found the positive relationship between goal disengagement, goal reengagement and psychological well-being. Wrosch, Scheier, Miller, Schulz and Carver (2003) found the relationship between goal disengagement, goal reengagement and psychological well-being.

The present study found that goal disengagement had effected on psychological well-being, and also on subsection of psychological well-being that self-acceptance and environmental mastery. The present study also found that goal reengagement had effected on self-acceptance that was a subsection of psychological well-being. Wrosch, Scheier, Miller, Schulz and Carver (2003) were found that goal disengagement and goal reengagement had effected on subjective well-being. Lam, Yeo, Suen, MingHo, Tsang, Soong, Yau, Wong, Sze, Alice, Kwong, Suen, Fong, Samuel and Fielding (2016) found that goal disengagement and goal reengagement had effected on psychological well-being.

## **Conclusion**

It is concluded that in the present research there is a significant difference between veil and unveil women on psychological well-

being. Results indicate that veiled women having high psychological well-being than unveiled women. This study also showed that goal adjustment capacities predict psychological well-being.

### **Limitations**

- In the present research the socioeconomic status scale had used at the beginning of the research but the participants did not respond.
- The time period for data collection was limited.
- The researcher faced difficulty to collect data from unveiled women.

### **Recommendations**

- The results of the current study provide opportunity and direction for further research.
- The data will also be collected from different classes of socioeconomic status and from different profession like doctors, teachers and students in the further research.
- The present research could be helping women identify healthy relationships and develop relationships that are perceived as supportive.

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# INNOVATION & TRANSFORMATION ADAPT OR DIE

<sup>1</sup>Sobia Irim

<sup>2</sup>Maham Hafeez

<sup>3</sup>Saira Kulsum

<sup>4</sup>Fareeha Zafer

## **ABSTRACT:**

*Creativity is the key foundation of innovation. Application of innovative thoughts is real evolution. Inventiveness is the competence to get forward with distinctive and unique ideas. Development without innovativeness doesn't exist. If the organization has no intent to adapt then its final resting place is wastebasket of business oblivion. Phenomenal success can be achieved by developing strategic readiness to adapt better than your competition. How organizations adjust to the developing pattern of innovation and advancement is outlined by this paper. Organizations must recognize the certainty of progress by treasuring development for its items or administrations and procedure of advancement. Adjusting and comprehension to advancement make awesome change in the temperate returns of an association. Most basic part higher administration is to make a convoluted uniformity among strength towards perceived advancements and new ones. Advancement can likewise make new target markets for a business. This paper surveys a few associations who have and who have not advanced to new condition and its results. Likewise in this paper is the part of development and change and effect on financial development therefore. Paper likewise addresses the flow behind advancement e.g. at the point when and how to enhance and employments of advancement in change.*

## **Keywords**

*Adaptable, Innovation, Transformation, Change Management, Economy return*

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<sup>1</sup> Author is Senior Lecture of Commerce at LGU Lahore. E.mail: [sobaiirum@lgu.edu.pk](mailto:sobaiirum@lgu.edu.pk)

<sup>2</sup> Author is M.S Scholar at NCB&E Lahore

<sup>3</sup> Author is M.S Scholar at NCB&E Lahore

<sup>4</sup> Author is Professor at NCB&E Lahore



## **INTRODUCTION:**

Innovation means change something new and improved that can be helpful for business growth and / or output of product of a process. Transformation of new ideas into commercial and other values is known as innovation. It is a critical ability for businesses e.g. designs, communication, construction, manufacturing, transportation, economics, sociology health care, engineering and project management and all other small businesses of all kind. Forward thinking companies inspire their higher management to be innovative and to uninterruptedly improve its products, services and process designs. In this info age of technological robustness in every field, all type of organizations must uninterruptedly innovate to develop and modify both its products and service and also the way they run business processes. Creation of new things depends upon perceptions that can generate novel ideas into necessary benefits. The speed of product's innovation and technological processes are generated through the exponentially growth, creating new step, ideas and rapidly changing sources of competitiveness. Organization must stay well-informed of and when thinkable, lead this diversity through both inner innovation and

outer development. The way organizations function, seeking new and improved ways of processes shapes of sister companies and structure from within to be more effective is known as innovation management. The current way of working of a company might be soundly good but they can always be improved. One can be more open approach to idea outside to the boundary of the companies. No company can stand still under the pressure of competitors and intense client's anticipation. Continuous cost reductions are dynamic to survive for which you must improve character and increase accessibility. All organizations need to change vitally and periodically to fulfill the needs of present day tough environment. Innovation is the key to development. It is critically essential for a progressive organization to alter the way it do its business and change its final services & products. Innovation management extends an extreme assistance to an organization to create an opportunity to introduce new magnitudes of productive ideas. Creative thinking is the healthiest foundation of innovation management. Change in business process and in services rendered or is the ultimate objective. Innovation is essential shouldn't be treated as a fantasy. Researchers have brought

forward the ranks of collaboration and network for technological innovation (Pisano & Tecca 1989) Kale & Little 2007, Okada & Levitte 2005, Viujamma 2007) 2007, Gertier. Ettlie & Bridges (1983) indicates that innovative attitude of an organization is judged by its technology policy which also reflects its obligation to innovation for which technology plays a vital role in the innovation process of that organization.

### **CHANGE MANAGEMENT:**

Change Management spins around the techniques to advance groups, people, and finish associations utilizing strategies to arrange and to re-coordinate the utilization of its hold, business prepare, stores distributions, or different methods of operation. Change administration is the procedure of consistent renovating an association's way, structure, and abilities to meet the regularly changing requests of external and inward clients. Change is an always persevering component of various leveled life, both at an operational and fundamental level. In this way, there should be without a doubt as for the hugeness to any relationship of its ability to recognize where it ought to be later on, and how to manage the movements required arriving. Along these lines, various leveled change can't be secluded from legitimate framework, or a different way (Rieley and Clarkson, 2001). Due to the

essentialness of definitive change, its organization is transforming into an outstandingly required managerial fitness (Senior, 2002). Graetz (2000: 550) goes like proposing 'Against a foundation of extending globalization, deregulation, the speedy pace of mechanical advancement, a creating learning hand, and move social and measurement designs, few would discuss that the fundamental undertaking for organization today is the expert of various leveled change.' Since the necessity for change routinely is offbeat, it tends to be open, unpredictable, uncommonly designated and every now and again initiated by a situation of definitive crisis (Burnes, 2004; De Wit and Meyer, 2005; Luecke, 2003; Nelson, 2003). In spite of the way that the productive organization of advance is recognized as a need with a particular ultimate objective to survive and win in today's extremely engaged and unendingly propelling condition.

### **Three Levels of Change Management**

#### **Individual Change Management**

While it is the trademark mental and physiological reaction of individuals to contradict transform, we are completely flexible. Right when supported through conditions of conformity, we can be greatly adaptable and successful. Individual trade/grouping organization requires

perceiving how people experience change and what they need to change adequately. It moreover requires grasping what will help people make a brand viable move: what messages do people need to hear when and from whom, when the perfect time to demonstrate to some individual another ability, generally accepted methods to explorer vehicle people to show new practices, and what takes off upgrades "stick" in some person's audit.

### **Enterprise Change Management Capability**

Ambitiousness modify course is a metal al focus competency that gives centered division and the ability to effectively conform to the frequently advancing world. A wander changedirection limit infers effective change organization is embedded into your affiliation's parts, structures, operation, endeavors and specialist capacities. The last result of an attempt change organization capacity is that individuals getting a handle on change more quickly and enough, and affiliations can respond quickly to business focus changes, getting a handle on key exercises.

### **"Organizational/Initiative Change Management:**

While change occurs at someone review, it is regularly unthinkable for a venture group to

oversee change on a man by-individual premise. Hierarchical or activity change administration furnishes us with the means and moves to make at the venture level to bolster the hundreds or thousands of people who are affected by a project. Organizational change administration includes first distinguishing the gatherings and individuals who should change as the aftereffect of the venture, and in what ways they should change. Authoritative change administration then includes making a redid get ready for guaranteeing representatives get the mindfulness, initiative, honing, and preparing they require with a specific end goal to change effectively. Driving fruitful individual moves ought to be the focal centering of the regular activity in hierarchical change administration." Receive new innovation all the more rapidly and with less profitability affect. This capacity does not occur by possibility, in any case, and requires a vital way to deal with insert change administration over an association."

### **INNOVATION:**

#### **Definition:**

Innovation can be defined as "The path toward deciphering an idea or development into a tolerable or organization that makes regard or for which customers will pay or "To be known as an advancement, an idea must be reproduced at a thrifty cost and ought to satisfy

a specific need. Progression incorporates proficient utilization of data, inventive vitality and action in deciding more unmistakable or particular qualities from resources, and joins all systems by which new considerations are delivered and changed over into supportive

things. In business, improvement every now and again comes to fruition when considerations are associated by the association remembering the true objective to moreover satisfy the requests and yearnings of the customers".

Source: Adopted from Internet



## TRANSFORMATION:

### Definition:

In a legitimate setting a technique of incredibly silly and colossal change that eastern half of the globe a relationship in another course and returns it to a wholly soul level of viability. Not at all like "revers" (which signs (in little stride up) progress on a comparable plane) change infers a key change of character and for all intents and purposes no similarity with the past circumstances setup or structure."

### Clarification:

Change infers a quick and sensational modification in the cast and nature of something, a colossal change with the last stage result having little just the same as the first state. Change is the advancement of the venturing from a present story to an alternate and better country. Like advancement, changes create an enhanced condition of things however we can likewise quantify the adventure as a result of the procedure." The trip of change is a substantial procedure. Structure or building hinders for future

achievement regardless of the possibility that a venture fizzles or takes an alternate shape. Change can be found in a center framework substitution, amid which existing abilities are moved and moved into a superior state through enhanced innovation and procedures." Transformation is identified with things gradually improving after some time and occurs over a timeframe". "On the off chance that you need your business to survive, you have to advance. On the off chance that you need your business to have a shot of flourishing, you require change". Surely, either advancement or change is no certification of achievement; however the absence of both more likely than not prompts to fate. Change is the way toward beginning and consummation a worldview and includes goal. Consider the development of the light (which denoted the finish of gas lights). Inside an organization it implies the entire reclassifying of its center incentivized offer. Change is an inside imperative change in your reasoning of why you take generally activities. It will probably be lasting as change has a major nature. "The ability to bring about transformational adjustment—like venturing from humble to awesome execution, diminishing expenses, or dealing with an emergency is a fundamental source to accomplish focused edge. New sort of progress has emerged and it is the most

transcendent and complex sort occurring in associations today known as change. In a legitimate setting a technique of especially ludicrous and gigantic change that eastern half of the globe a relationship in another course and returns it to a wholly soul level of viability. Not at all like "revers" (which signs (in little stride up) progress on a comparative plane) change suggests a basic change of character and for all intents and purposes no similarity with the past circumstances setup or structure."

**Clarification:**

Change suggests a fast and emotional adjustment in the cast and nature of something, a tremendous change with the last stage result having little in a similar manner as the first state. Change is the development of the traveling from a present story to an alternate and better country. Like development, changes create an enhanced condition of things however we can likewise gauge the voyage as a result of the procedure." The trip of change is a substantial procedure. Structure or building obstructs for future achievement regardless of the possibility that a venture comes up short or takes an alternate shape. Change can be found in a center framework substitution, amid which existing abilities are moved and moved into a superior state through enhanced innovation and procedures.

“Transformation is identified with things gradually improving after some time and occurs over a timeframe”. “On the off chance that you need your business to survive, you have to improve. On the off chance that you need your business to have a possibility of flourishing, you require change”. Unquestionably, either advancement or change is no certification of achievement, however the absence of both probably prompts to fate. Change is the way toward beginning and consummation a worldview and includes goal. Consider the creation of the light (which denoted the finish of gas lights). Inside an organization it implies the entire rethinking of its center incentivized offer. Change is an inside indispensable change in your reasoning of why you take generally activities. It will probably be lasting as change has a major nature. "The ability to bring about transformational alteration—like venturing from humble to awesome execution, lessening costs, or dealing with an emergency is a principle source to accomplish focused edge. New sort of progress has emerged and it is the most dominating and complex sort occurring in associations today known as change.

## **IMPORTANCE OF INNOVATION AND TRANSFORMATION IN BUSINESS**

Inventiveness test as one with advancement. Likewise, there is no improvement without

creativity. While imaginativeness is the ability to convey new and exceptional thought, headway is the execution of that creativity - that is the exhibition of another idea, game plan, process, or thing”. “Imaginativeness improves the path toward dealing with various issues. It doesn't have any kind of effect in the event that we're taking a gander at working up another philosophy or an inventive way to stay before the oppositeness. Innovative basic thought gives that engaged edge that any association is attempting to achieve". "Innovative musings and inventive technique can start from wherever from your associates, customers, target clusters specialists. They can bring you fresh perspectives and contemplations, so exhibit to them that you're tuning in and open to their feedback. That is the reason it is basic an open exchange of contemplations to be maintained and engaged by the association."

### **Adjusting to Black Swan Events:**

Dark Swans are irregular and capricious occasions that can't be foreseen and oblige us to discover better glide slope for reacting and adjusting to them, and their effect, when they happen.

So being creative includes being willing and skillful in adjusting and in knowing how to think in an unexpected way. Knowing both

how to think scientifically and horizontally and additionally knowing how to think at the basic, innovative and cooperative levels. To see and take care of issues and to react to Black Swan Events and outside emergencies in various approaches to change them into imaginative thoughts and creative arrangements that someone regard and love.

### **Flowing with advances in technology:**

The advance of digitization has permitted a high degree by which the web of things has been made sharing of data between computerized contraptions, extending from families and warming frameworks for automobiles industry. Arrange and the ensuing social event of data making completely new arrangements of activity and new wage streams, both for new entering organizations and built up associations that effect existing capitals in limits, helpful new ways. Moreover it is changing the standards of rivalry as associations can now battle as a component of entire organic frameworks." The expanding accessibility and openness to insignificant exertion web based preparing is permitting and

improving about everybody with a desire for learning, try after data to wind up especially masters in their own particular fields." Innovative associations' visionaries and new organizations are expanding by through the bunch of things, consistently related mobile phones. Mostly by the advancement of programming outline applications went for enhancing the way of people's minds and lives everywhere."

### **Cycle of transformation:**

Cycle of change must be incorporated into the association and typified at each level. Go past these means as a one-time agenda, and make the nonstop quest for flawlessness your objective. The hardest part is beginning. When representatives perceive how their commitment can have any kind of effect, and administration starts to see the constructive outcome on the organization's main concern, an intense energy will give great change. With every cycle of this five-stage prepare, your association will get to be distinctly more advantageous and more steady.

Source: Adopted from Internet



**Innovation leads to transformation:**

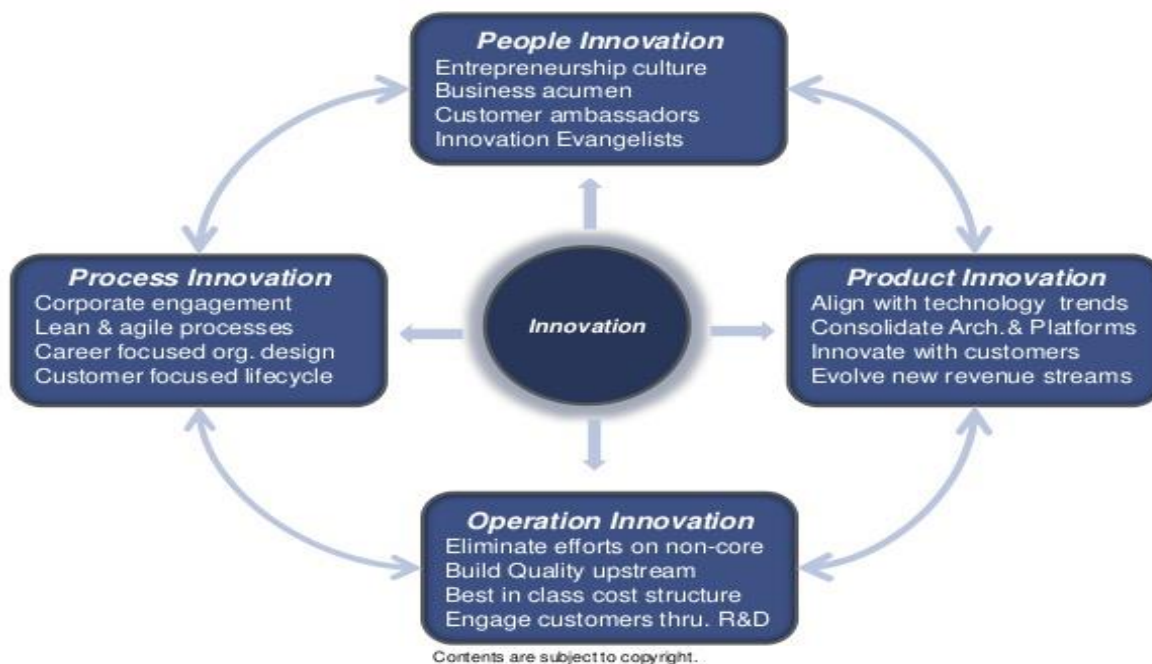
As new advances change the business scenario, organizations progressively need to adjust or get left behind. We've as of now witnessed this in different ventures. The Internet has generally stifled print daily papers, video rental stores, and book shops, supplanting them with online news coverage,

Netflix, and Amazon. What's more, now, the rate at which new advancements develop is aggressive to the point that brands practically need to react continuously to remain in front of the opposition.



Source: Adopted from Internet

## INNOVATION LEADS TRANSFORMATION



### Examples of innovation lead to transform:

Organizations like AirBnB and Uber have been accepting a considerable measure of media consideration of late as a result of how they have influenced inns and cab drivers. You can likewise observe foaming change not too far off for assembling because of 3D printing propels, medicinal services therefore of

enhanced convenient gadgets, and numerous others .

"Advancement is changing the business scene, and in addition the focal method for work itself." Organizations are seeing moving examples in work."It was the standard; it is at present unprecedented to see specialists stay at a lone association for quite a while before leaving."

Source: Adopted from Internet



Change or kick the bucket, and to Achieve this result one needs to have some great course. Awkwardly, more circumstances regularly than expected organizations neglect to create adjusting abilities. Shopper wants today, a considerable measure of pretty much nothing and medium associations imagine that its testing to keep up their market position. Associations that have gotten a handle on change and will offer creative things are more

productive in making prominent brands. At that point, associations that don't put their benefits in creative things or organizations will undoubtedly miss the mark. Affiliation don't for the most part have an assurance; they ought to alter or fail miserably," RSM Professor Henk Volberda told the social affair of individuals,

Source: Adopted from Internet

**Examples: Kodak, Motorola, Dell, Microsoft, Sony, Sears**



At the fourth arrival of the RSM Erasmus Business Series, Prof. Volberda tried the 100 part to research why they should reconsider their arrangements of activity and how that would impact execution." "In light wellspring of his wide research into how and when leader can assortment an affiliation's arrangement of activity, which was similarly circulated in his book Reinventing bypaly; how business firms enhance their outline of regular process instrument,, Prof. Volberda revealed the managerial standards and controls for building arrangement of activity headway, and the fitting change bearings and organization parts for plan of activity advancement." "Prof. Volberda concentrated on that is hard to change an arrangement of activity. "Many

firms fall into the arrangement of activity trap, for example refining timetables and concentrating on existing progressions. They keep placing assets into existing progressions and endeavor to make a perfect fit with business condition,"

**Results:**

Effect of imaginative thoughts and advancement can be found as expanded business productivity and nearness of scholarly human asset, better social, in requested items, systematical and viable process. Subsequently an expanded aggressiveness higher business development and raised yield and higher hierarchical engagement. Key lever of progress is business change and development.

## CONCLUSION:

Innovation is major indicator of change. This is very critical for survival for any kind of business. For development of any kind of business change is the basic element. Change is the strategy of beginning and closure a quintessence and conclusion. Absolutely, either development or change is no certification of accomplishment, yet the absence of more likely than not private data to fate. AirBnB, Uber, Kodak, Motorola, Dell, Microsoft, Sony and Sears are incorporating the change and innovations in their all kinds of processes and are getting more benefits. Innovation and change is important consideration for the organizations of modern age.

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# CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC): BENEFITS AND IMPLICATIONS

By

<sup>1</sup>Tayyaba Syed

<sup>2</sup>Maj ( R) Nazir Hussain Shah

<sup>3</sup>Syed Waqas Haider Bukhari

<sup>4</sup>Nasir Abbas

## ***Abstract***

*China-Pakistan Economic Corridor (CPEC) is a by-product of China's One Belt One Road (OBOR) initiative, its impact on Pakistan's economy as well as regional prosperity; unification and integration are very obvious. Pakistan's physiography placed her at the junction of South Asia, West Asia, Central Asia and Western China. She is seated in a region which is strategically significant for world trade. Pakistan provides the shortest route to China towards Middle Eastern and the European countries and plays a vital role in transit economy. Wise policy decision in the light of recommendations of think tanks and academic would evaluate Pakistan to overcome the challenges and exploit the opportunities. Pakistan's proximity to Central Asia which has the potential to become hub of economic activities, pipelines and corridor as well as cross cultural interactions places it in a unique position. After commissioning of Gawadar port, the shipping cost is going to be reduced and delivery timing will be cut short. There are certain gray areas which needs more focus and detailed elaboration like transfer of technology under CPEC and jobs quota. Benefits and Implications are also highlighted in this article.*

Key Words: CPEC, Pakistan, China, Benefits

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<sup>1</sup>Author is Lecturer of Department of Management Sciences, Virtual University of Pakistan (Islamabad Campus) E. mail: tayyaba.syed@vu.edu.pk

<sup>2</sup>Author is Assistant Professor of I R Department at LGU

<sup>3</sup>Author is Assistant Professor of I R Department at LGU

<sup>4</sup> Author is M. Phil Scholar at LGU Lahore

## **Introduction**

Asia is emerging as the centre of extreme importance in the world's economy with China's rise as a big economic power on the globe. China is peace loving nation which believe in spreading peace and harmony throughout the world. China has an extraordinary history of above 5000 years of continuously growing. China has hugely contributed towards the improvement and betterment of human beings. China's practical thoughtfulness for maintaining good diplomatic relations with its neighbors through developmental projects clarifies its harmonious approach to the whole world and this whole concept is China's strong strategic plan. The concept of harmonious world sprouts or originates from China's old culture and represents the China's cultural wish and practical step of "advocating peace", "acting in good faith and developing friendship with neighbors", and "living in harmony with all others far and near". The Chinese Vision in the light of its policy if implemented in true letter and spirit would bring certain dividend in the core of its policy planning which is based on National progress and peaceful development. It is quite evident that Chinese despite external aggressions and invasions. Never been

hostile and have never been showed dominance and personal vengeance and indicate attitude towards their neighbor's. Self-help, survival and autonomy are major character of national priorities of China. It is also obvious that China's peaceful growth is beneficial for human beings of this region and also for the progress of the globe through great cooperation. The concept of harmonious relations is the cornerstone of Chinese foreign policy and diplomatic relations President XI Jinping stated that "To realize Chinese Dream, we must adhere to peaceful development. We will unswervingly follow the road of peaceful development, unswervingly pursue the mutually beneficial and win-win strategy of opening up. We are not just committed to China's own development; we are equally serious about fulfilling our responsibilities and making contributions to the rest of the world. Our development will not only benefit the Chinese people, but also the rest of the world"(Ren Xiaosi , 2013).

## **Pak-China Economic Nexus**

The history of relations between Pakistan and China dates back to 1950. China and Pakistan, the relationship between them is managed in a very productive and

eloquent. Despite the uncertainty about some issues, especially during the first half of the 1950s and 1970s relations were affected, but not completely damaged. The two helped each other in crucial moments. Pakistan opened its airspace for Chinese airlines to facilitate their communication with the rest of the world and PIA has an important role in this regard. Pakistan also called for China's accession to the United Nations system and as permanent member of the United Nations Security Council. In addition, Pakistan has facilitated Henry Kissinger's visit to China, which laid the foundation for President Nixon's visit in 1972. In return, China supported Pakistan in the need and helped Pakistan to build its army and especially Heavy Mechanical Complex at Taxila in 1968.( Javaid, U. and Jahangir, A. (2015). During the US sanctions in 1980, 1990 and 2000, China helped Pakistan in all areas. The United States of America left Pakistan after Afghan war and thus Pakistan faced many economic problems which were solved by the assistance of China. At that time, China came to help Pakistan. In 1990s, the United States alleged Pakistan for the transfer of nuclear program and China came for a rescue. China has resisted this pressure and has continued to help

Pakistan. China and Pakistan enhanced communication links and increase co-operation in economic sides upgraded the Karakoram highway linking China's Xinjiang Uygur autonomous regions with northern areas of Pakistan. China's Pakistan co-operation reached its economic high point when Chinese president Xi Jinping signed 51 Memorandum of Understanding (MOU) alongside the proposal of China-Pakistan economic corridor (CPEC) and infrastructural investments projects at Gawadar (Mishra 2015). It is quite obvious that Pakistan-China strategic military relationship are going to be strong and are marked "higher than the mountains, deeper than the oceans, stronger than steel, dearer than eye-side, sweeter than honey and so on"(The Economist, May 12, 2011). However with the passage of time the global politics has forced China to amend its policy and she has titled her trade policy towards India. The Sino-Indian trade has improved and is predicted to move the US \$20 billion mark quickly. Growing financial members of the family have brought about a exchange on a few key factors in Chinese coverage. China has changed her stance on the issue of Kashmir and used the words the issue should be



resolved through peaceful negotiations between two countries instead of "resolutions of the United Nations" and "self-determination", it's miles idea that this\_trouble is solved positions through peaceful negotiations. (*Political Science Quarterly*, Vol. 111, No. 2 (Summer, 1996), pp. 323-47). Bilateral support for deterrence, China changed, during the Kargil conflict in 1999, and it refused to help Pakistan. Having noticed these changes, especially after Chinese Prime Minister Zhu Rongji's visit to Pakistan in May 2001. In 2004, bilateral trade crossed the USA \$ 3000 million mark in April 2005 and both countries had been considering a loose change agreement. In 2006, it turned into released at the start of the harvest program to stimulate bilateral exchange, under which China will make bigger zero tariffs on 767 items, even as Pakistan may be compliant with the expansion of centers to 464 objects. (*Political Science Quarterly*, Vol. 111, No. 2 (Summer, 1996), pp. 323-47). Over the years, the two countries have developed a strong bond of trust. Trust is always a key element in a strong relationship. Gwadar port will be an economic hub in recent era. Both governments worked on the concept

for a long time (nearly two decades). Both countries have tried to move slowly and smoothly the process of implementation of the final phase. Joint slowdown in 2003, after a visit by President Musharraf, is the first document describing the future cooperation of the two plans. Later, he was to sign a free trade agreement in 2006, which helped boost trade. Trade reached to the tune of \$1 million in 1998 to the tune of \$15.15 million in 2015. In addition, the two governments plan to increase the volume of bilateral trade to 18 billion by 2018. Former President Asif Ali Zardari was also very active towards the development to CPEC. The current government to maintain momentum actively with the Chinese government is functioning. (VANDEWALLE, L. (2015)

### **The Concept of One Belt and One Road (OBOR)**

The concept of One Belt One Road (OBOR) has got significance importance internationally. The One Belt One Road initiative covers several countries of the regions with a total economic volume of US\$ 21 trillion and a total population of 4.4 billion, 29 percent and 63 percent respectively of the World's total (Liping, Xia. 2015).



It is revealed through reliable sources that this plan will fetch economic growth, regional cooperation, which will create political harmony among the beneficiaries. This will be a game changer. The plant involves more than 60 countries, representing a third of the World's total economy and more than half of the global population. (A brilliant plan One Belt, One Road, 2015: CLSA). It is a vision with world-changing possible effects, an unfolding plan that would merge much of Europe, the Middle East, Oceania, Asia, and Africa much more closely together through a patchwork of free trade zones, new infrastructure, and diplomacy.

(Catanza, Joseph. Qi, Ren. Jia, Chen. & Shan, Bu. (2015, July 3) The "One Belt One Road" Project consists of three routes, Southern, Central and Northern corridor. The Southern Corridor begins at Guangzhou, which is the third largest city in south central China. This street hyperlinks the western components of China and links Kashgar with Kunjarab, Pakistan - the factor where China want to connect to the port of Gwadar at the Arabian Sea as this is the most appropriate alternative and shortest path for China. Ran, Shahbaz & Mufti, Fareeha.2015) One component of this corridor stretches upwards to Europe. This is the longest

route but it may be an option if Pakistan were to fail to meet deadlines for the completion of the road network to become one of the beneficiaries of the New Silk Road Economic Belt. The 1/3 option in China is the Northern hall emerging from Beijing, and linking it to European cities even as passing thru Russia.

### **Beginning of China-Pakistan Economic Corridor (CPEC)**

To begin of financial corridor may be connected in 1960's when government of Pakistan centered on the improvement of Gwadar port for the motive of shipping. It was an attempt to increase Balochistan for financial advantages and functions as a local crossroad for the movement of maritime activities. At began the mission became now not the primary focus because of Geo-strategic situation. Afterward in 2006, Pakistan's president General Perviz Musharraf visited China and modernized the concept of Gwadar Port for trade purpose. However, because of Musharraf tussle with judiciary and political unrest in Pakistan, the undertaking confronted deadlock. In May 2013, Chinese Prime-Minister LI Keqiang gave the strategic vision of corridor. The project was restarted with the support of

Pakistan President Asif Ali Zardari and Prime Minister Nawaz Sharif. Pakistan's public, media and think tanks gave positive response for this and also thanked China for the heavy investment in Pakistan. CPEC would serve multiple communication and infrastructure purposes in the region. China has emphasized that the projects are win-win for all in the region and would be a game changer where everyone will be benefited as it is an essential component of the wider OBOR strategy. Gwadar port is going to be a meeting pot of different cultures and civilizations very soon. (Shannon Tiezzi, China, 2014)

### **Components of CPEC Vision**

To advantage Pakistan from President Xi Jinping's strategic vision of "One Belt and One Road" special mega projects for Pakistan had been expected with call of "China-Pakistan monetary hall, with a purpose to function catalyst for Pakistan monetary development". The proposed Economic Corridor stretches about 3000 KMs from Kashgar in Xinjiang Province to Gwadar in Baluchistan Province of Pakistan. "US\$ 45.6 billion were proposed for the project which is predicted to be completed via 2030". In 2014, Beijing declared the investment of \$45.6 billion on

CEPC on different energy and infrastructure related projects. The breakdown of the investment as following:-

1. Energy related investment \$ 11.8 billion
2. Infrastructure related projects \$33.8 billion
3. Improvement of Port \$622 million
4. In CPEC \$15.5 billion were invested for solar, wind and hydro strength projects. via this funding China help Pakistan through including 10,400 MW of strength for the upgrading of countrywide grid to overcome strength crises. (Mughal, Kashif. Energy Sector Projects under CPEC. 2016) There are three major parts of CPEC those are as following:-

### **Karakoram Sector**

Gilgit-Baltistan is very important for both Pakistan and China. It is interlinked with Tajikistan, Afghanistan, India, Tibet and Xinjiang. This crucial Geo-strategic area multiplied the importance of region for CPEC. This chain of avenue that allows Pakistan to hyperlink with China via Karakoram highway (KKH) can be capable of make Pakistan to reach without

difficulty to “Gilgit-Baltistan, and Xinjiang and also aids to protect political and strategic pastimes of Pakistan. The systems are maintained and upgraded through Frontier Works corporation (FWO), China’s manufacturing and construction Corps (p.c.) and telecom businesses like Huawei, Zong, ZTE and Pakistan’s unique Communications organization (SCO), provide continuous insurance to Gilgit-Baltistan along with essential cities alongside the KKH, which improves connectivity and surveillance competencies. The up-gradation plan will convert KKH into a 90-ft extensive specific manner for a threefold increase within the existing capacity. One main tunnel called “Friendship Tunnel” will bypass beneath the infamous Khunjerab skip, which is also known as China’s Khyber pass will offer all climate get admission to revolutionize inter-local journey and freight carriage. Further, a 1,100 km long rail-link” between Pakistan’s capital Islamabad and Kashgar will also be laid, which will lessen the distance to seventeen hours. In addition to this, oil and gas pipelines (OGP) will also run across the corridor connecting the existing fuel-lanes of China and Central Asia to refineries on Pakistani ports, and

the Middle East. Laying down fiber optics communication system is also a part of this project which will be commenced in the second phase.

### **Gwadar Sector**

KKH and the ports of Pakistan are the hubs to make sure China's lengthy-time period monetary sustainability. The port of Gwadar is the entry point for China to get admission to Arabian Sea and to exert and make bigger its geopolitical have an effect on at the region. China also plans to enhance the retention capability of the port of Gwadar to one hundred, heaps deadweight (dwt) dry items and Two hundred, tons of oil tankers. The improvement and activation of the port of Gwadar has strategic significance to Pakistan and China. Especially for China, the space from the port of Gwadar to the western vicinity of the Xinjiang about 3000 km, that is a good deal much less than the sea direction that passes through the Strait of Malacca, so that exchange by means of CPEC among China, Africa and center East could be substantially facilitated. (Chowdhury, D. Roy, 2013). The oil might be at once pumped through the proposed pipeline from the Middle East instantly to China. "Specifically oil from the center East might be offloaded at

Gwadar, that is placed simply outdoor the mouth of the Persian Gulf, and transported to China through the Baluchistan province in Pakistan. This kind of link might massively cut the 12,000-kilometre route that Mideast oil supplies must now take to attain Chinese ports".(Waki, Satoshi. Pakistan is Set to Build Economic Corridor, *Asia.com*, 6 December 2014) For Pakistan, the improvement of the port of Gwadar will serve the opportunity to emerge Pakistan as an economic hub, which additionally gives a strategic alternative link with mainland Pakistan, China, Afghanistan, and significant Asia. The development and expansion of the port of Gwadar will enable them to operate a commercial port with oil, storage facilities, and construction of Gwadar International Airport in 2017.

### **Gawadar Port from a Military Prospective**

Gawadar Port can be strategically used to watch eastern rival India's nautical occupation in the region. (Azeemi, 2007). The port will enable China to have a strategic footing on Indian Ocean and Arabian Sea. Moreover, Chinese engagement in proximate port e.g. Chittagong in Bangladesh, Hambantota in

Sri Lanka and Sitve in Myanmar is viewed by some Indian political analyst as reflective of a wider encirclement policy on part of Chinese.

The Gawadar port will provide Pakistan an alternate maritime base remote from Indian frontier that is crucial for the very existence of a country. It's geo-strategic location in the Arabian sea could facilitate electronic surveillance to monitor navel activities in the entire Arabian sea and Indian Ocean. In fact, Gawadar port lies diametrically within the domain of Mackinder's Rim land concept which was used during the Great Game. During the time Gawadar remained military powers main focus in the Indian Ocean. In history, warm water of Gawadar attracted Greeks, Arabs, Portuguese, Persians, Russians and British. (Kalim, 2016)

### **Mainland Pakistan Networks**

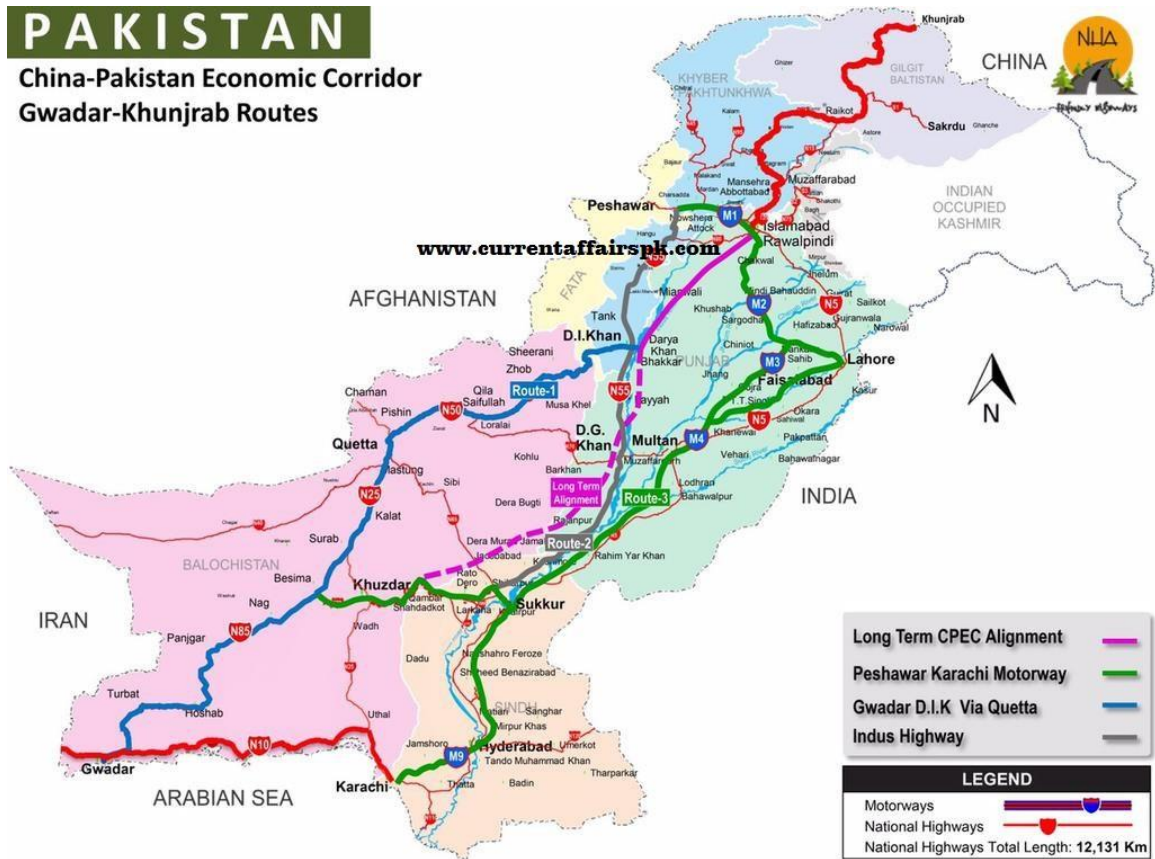
Pakistan has already begun working on the 4-lane road in the Northwest of the country. Fenced highway is starting 60 km from Hazara in Khyber Pakhtunkhwa. It's going to cost \$297m. It will take two years to complete. The Gawadr-Kashghar avenue initially deliberate for Bisima, Khuzdar, Kalat and Quetta in Zhob, D. I. Khan, Hassanabdal in the direction of Kashghar

(Western route), has been modified to Bisima Ratodero and Punjab (Eastern Route) which bypassed the Baluchi and Pakhtun areas. The primary part of the Khyber Pakhtunkhwa, in which the venture changed into alleged to undergo, is not covered inside the eastern route. Under the new plan, at Havelian, of the road hall turns east and connects with Lahore-Islamabad dual carriageway, and the entire manner towards Punjab. From there, it is connected to a toll road corridor between Lahore and Karachi if you want to lead in the direction of Gwadar. The officials on the planning commission stated that the development of infrastructure in the KPK and Baluchistan will take years and it become consequently vital to use the existing infrastructure. This has been executed to deal with the issues of China regarding the security state of affairs in Baluchistan and KP. These days, the Pakhtunkhwa Khyber meeting unanimously adopted a resolution opposing any exchange inside the Western course which brought he consideration of a third plan that still presents a passage through Baluchistan and KP covers one of the economically underdeveloped parts of the country Pakistan Railways, in cooperation with Chinese agencies and the

established order of the Gwadar-Khunjrab railway line at an estimated cost of greater than US \$ 2.3 billion.

Source: Adopted from Internet

**Figure No. 1.2 Routes of CPEC**



Source: National Highway Authority, Pakistan (2016).

Pakistan Intermodal limited (IPL) may be the primary personal rail operator in Pakistan, to facilitate cost green and powerful delivery between Pak - China economic hall through the established intermodal network for the duration of Pakistan.

**Institutional & Financing Mechanism and ‘Early Harvest’ Projects**

After the established order of the joint coordination among China and Pakistan, it was formally set up in the making plans department inside the Ministry of making plans and improvement in Pakistan Secretariat of the Pakistan-China financial corridor to



oversee the making plans and implementation of tasks under monetary hall. up to now there were four meetings of the Joint Cooperation Committee, the closing of which changed into held in Beijing on March 25 2015.(Press Information Department, Government of Pakistan, 2015) Both sides agreed to paintings on numerous connectivity initiatives in the course of the meetings of the Joint Coordinating Committee, which changed into held in January and February 2014. To begin with, Kashgar, Xinjiang, Khunjerab, Islamabad, Lahore, Multan, Sukkur, Karachi and Gwadar it has been decided on as hub towns. It was determined that "CPEC master Plan" can be prepared via July 2015. More recently it has been decided among both the countries that that the project would overall pursue "1 +4" structure of cooperation with the economic corridor project at the center and the port of Gwadar, energy, infrastructure and industrial cooperation [as] the four key areas.( Prime Minister's Office, Government of Pakistan. 2015)

### **Financing Mechanism**

China might be the whole financier of the CPEC undertaking. China has devoted US\$ 45.6 billion for diverse infrastructures and electricity projects that

are predicted to be completed within the next six years.( Reuters., 2014) Of this amount, US\$ 10 billion will be allocated as commercial loans,( Houreld, Katharine. 2015) while the remnants will be available through non-reimbursable assistance and the export credit process, etc., will be supported by the China Development Bank, Industrial and Chinese Commercial Bank Limited (ICBC), Export/Import Bank of China, and other financial institutions. The major Chinese companies to invest in the energy sector in Pakistan include China Three Gorges Corp and the China Power International Limited.( Ministry of Finance, Government of Pakistan 2014)

### **Early Harvest' Projects**

China and Pakistan also reached to consensus to launch few early harvest projects and five guiding principles were also determined in accordance to the prioritization of the projects under early harvest projects and these are:

- i. Connection from both sides
- ii. Importance of economic and social impacts
- iii. Develop project
- iv. Moderate economic benefits and
- v. Complete in-time



Based on the above principles, as part of the China and Pakistan Economic Corridor, a number of projects have been approved valued at US\$ 28 billion for various regions provinces of Pakistan during Chinese President Xi's visit to Pakistan in April 2015 (Ministry of Planning & Development and Reform, Government of Pakistan. 2014).

These approved projects are:

- “Coal based power projects at Port Qasim (Karachi, Sindh), Gadani and Hubco (Baluchistan), and Sahiwal and Sheikhpura( both in Punjab)
- Zonergy 900 MW solar project (the world’s largest solar energy power plant) at Bahawalpur, Punjab)
- A wind power plant at Jhimpir (Sindh)
- Karot Hydropower Project (Punjab)
- Sukhi Kinari hydropower project (Mansehra District, Khyber-Pakhtunkhwa)
- An Industrial Park in Faisalabad (Punjab)
- Up-gradation of the Karakoram Highway (Phase-II), Karachi-Lahore plus Peshawar (ML1) Railway track, Orange Line

(Lahore Metro Project) and the Sukkur-Multan section of the Karachi-Multan-Lahore Motorway (KLM) project, etc.

- Development of Gwadar International Airport
- Establishment of Havelain dry port of Pakistan Railways (Khyber Pakhtunkhwa)
- Gwadar port East Bay Expressway Project
- Gwadar-Nawabshah LNG Terminal and Pipeline Project (Baluchistan - Sindh)
- Laying of optic fiber between the two countries
- Establishment of China-Pakistan Joint Cotton Bio-Tech Laboratory
- Establishment of National University of Modern Languages (NUML) International Centre of education (NICE), Islamabad, etc’.( Prime Minister’s Office, Government of Pakistan, 2015)

A more designated analysis of the accepted and proposed/authorized sanctioned initiatives (in early harvest initiatives and long-time period tasks) below CPEC reveals that most energy tasks (US \$ 33.8 billion) and

connectivity/infrastructure (US \$ 11,800 million) are following the China's overseas funding tendencies around the world. An evaluation of the foreign investment sector in China among 2005 and 2013 shows that energy is at the pinnacle of the listing of sectors for creation and investment (power plants), investment in metals is on the following, while shipping is the second one in terms of production (roads, railways and ports). Scissors, M. Derek. 2013) As Pakistan is experiencing a severe energy crisis with critical infrastructure deficit, these investments also contribute to Pakistan Energy shortages that have paralyzed its economy, in order to meet the common needs of both countries (Kugelman, Michael., 2013).

### **Implications/Imperatives for Pakistan**

The proposed economic corridor can be a boon to Pakistan's economic development. Pakistan has experienced a sharp decline in foreign direct investment in recent years, from US \$5.4 billion in 2007-8 to US \$1.6 billion in 2013-14(Board of Investment, Government of Pakistan, 2015) and severe energy crisis is also hampered the performance of the industrial sector.( Ahmad, Najid. M.Farhat Hayat, Naqvi Hamad and Muhammad Luqman., 2011) The proposed pipeline from Iran to

Gwadar and Kashgar during Pakistan will play a pivotal position in the relief of the strength disaster in Pakistan. Positioned at the crossroads of most important consumer and deliver markets of the primary Asia China, and Center East, it's miles expected that the proposed hall will revive the economic prosperity of Pakistan by generating earnings through large transit and tariff sales. With the supply of China's economic assistance infrastructure development, Pakistan may be converted into a regional center for transit power corridor and the alternate hub. These kinds of elements will have a tremendous effect on Pakistan's industrial and agricultural boom and general financial improvement.

### **Imperatives/Implications for China**

For China, the financial corridor is proposed to be very useful in its quest of starting up coverage and improvement of its western regions because of their geographical proximity. With the procedure of regional economic integration, CPEC and may contribute to the development of cooperation and nearer members of the family between the China and West South, and crucial Asia. Ministry of Foreign Affairs, People's Republic of China., 2013) Seeing that maximum of China's oil imports undergo the Straits of

Malacca that is liable to geopolitical uncertainties and piracy for Gwadar to China, the Karakoram offer an opportunity for the availability of Middle East oil to the western and principal provinces of China specifically through a pipeline from Gwadar to China.

### **CPEC's Security**

China improvement financial institution has regulated a flow of funding plan for setting up a bilateral fee and agreement mechanism. Military leadership Ex COAS General Retired Raheel Sharif had ensured a complete flagged protection plan that shall be proving safety to all on developing projects of CPEC wherein new army chief going to induct one special security division and 10 FC personnel of para-military has already been put under army command. The present COAS General Qamar Bajwa vows to meet CPEC project security challenges, (Dawn, March 12, 2007). He made these remarks during a visit to the newly raised Special Security Division (SSD) to Chinese personnel and projects throughout the country. The SS Division has strength of 15000 men including civil armed forces wings. The division has been raised at a cost of over Rs 5 Billion. It comes to one percent of the

total cost of CPEC projects for the running expenditure of the SSD to provide security for the corridor, project sites and Chinese national in the country. This special force will be deployed in accordance with article 147 and 245 of the 1973 constitution and under the Anti-terrorism act 1997.

Provision of protection to CPEC is very important and need of the hour and a time-honored mechanism of protection can be designed to offer security to Chinese people and their business. China has proved as a financial companion to Pakistan. Strategic economic partnership may be executed by Pakistan-China friendship. Different international frontiers from 2014 have begun investing in Pakistan in terms of FDI than china. China has made maximum FDI in Pakistan. CPEC at one hand is an possibilities for Pakistan however at the contrary, it's an emerging challenge for us that how we are able to address all the problems and situations.

### **CPEC's impact on Economy of Pakistan**

President Xi at some stage in his go to the outlet of some of the projects with high Minister Nawaz Sharif expressed the critical economic importance of CPEC which will promote economic growth and improvement. In line with the evaluation

BMA Capital control limited of CPEC at the country wide economy, the CPEC's total funding changed into breakdown in categories, nearby, Chinese language and investment.

**Table indicating Estimation of Local Component in CPEC**

Estimation of Local Component		Investment (USDbn)	Domestic Share	Domestic Share (USDbn)
Energy		33.8		
Coal	7560 MW	8.8	20%	1.8
Wind	200 MW	0.5	20%	0.1
Hydel	1590 MW	4.2	50%	2.1
Solar	1000 MW	1.7	0%	-
Second phase	6445 MW	9.5	20%	1.9
Mining expenditure		9.0	50%	4.5
Road		5.9	80%	4.7
Rail		3.7	50%	1.8
Mass Transit in Lahore		1.6	50%	0.8
Gawadar Port		0.7	50%	0.3
China Pak Fiber Optics		0.0	0%	-
<b>Total</b>		<b>45.7</b>		<b>18.1</b>

Source: BMA Research

Most people of those investments attention on the installation of more than 15,000 megawatts of electricity flowers, and 74% of cutting-edge ability. Of this parent, it is planned to feature 10,400 megawatts of power for economic yr. 18, which is equal to forty six% of contemporary capability. The crowning glory of all electricity plants initiatives to produce electricity will be expanded via 15,000 megawatts by means of 90%, although last the unprofitable capacities of existing ones. The readability in the realization of these tasks, the energy protection and the resultant electricity ends in a snowball impact on the investment sports of the private area. common personal funding in GDP of 9.6% over the past 5 years, in comparison with 12.7% over the last five years, personal zone credit in GDP fell to 12.6% (-08 in June:

28.2%), whilst the ADR banking region fell to 52% (December 8: 83%).

### Direct Impact on Energy Generation and Economy

“According to the report, progressive impact of the growth of GDP has been analyzed, it is estimated that CPEC will increase the GDP growth rate by 1.5 percent over the next three years”. (Ramay, Shakeel Ahmad, 2016) “In addition; it also

helps to optimize the investment due to the positive environment, economic opportunities, infrastructure improvements, stable economy and power generation as required. Private investment will add 0.5 percent of the country's GDP. The cumulative effect of the investment is 02% during 2016 to 2018. It is expected that the growth rate during this period will be greater than 6% per year.” (Naseem, Azfer. (2015)

**Table No. 3.2 Impact on Energy Generation** (Naseem 2015)

Impact on Electricity Generation	
Total Capacity Additions under Chinese Investment (MW)	16,845
Current Capacity (MW)	22,812
% Increase	74%
Incremental Generation at 70% Utilization (GWh)	103,294
Current Generation (GWh)	96,122
Less: Generation on Inefficient plants (GWh)	16,737
Potential generation after completion of projects (GWh)	182,678
% increase	90%

Source: BMA Research

The BMA Capital analyzed the 45 years statistics which found out that to yield the one unit of growth, Pakistan need to invest 3.6 unit incremental growths i.e. an Incremental Capital Output Ratio (ICOR) of three.6x. CPEC will convey Chinese language funding of us \$46bn investment if you want to growth GDP via five.3pp

and upload 1.5pp to annual gross domestic product increase is probable to Pakistan within the medium time period primarily based at the three.6x ICOR. Assuming that this will result in the mobilization of USD15bn (1/3 of Chinese investment) in extra investments within the personal sector so one can result in the boom in

increase potential could attain 2.0pp all through the duration. If these degrees endured funding and boom potential in

Pakistan may want to rise above 6.0%, assuming that the GDP growth price last yr (four.1%) as a base.

**Table Impact on Growth Potential**

Impact on GDP growth Potential		
GDP - FY15	USDbn	287
Total Investment Size	USDbn	46
Total Investment Size	% of GDP	16%
Time Period	Years	3
Annual Addition to Inv/GDP ratio	% of GDP	5.3%
Addition GDP Growth Potential (ICOR = 3.6x)	"	1.5%
Incremental Private Sector Investment	"	1.8%
Addition GDP Growth Potential (ICOR = 3.6x)	"	0.5%
<b>Total Increase in GDP Growth Potential</b>	<b>Percentage Points</b>	<b>2.0%</b>

Source: BMA Research

Aside from the importance of CPEC in Pakistan, there's every other dimension. It additionally has a non-public for China and its future position as a superpower of worldwide significance. China is regional connectivity as a vital and the first step up globally. President Xi said in his address to the foreign Affairs Committee of the ecu Union at a assembly of the Communist celebration in 2014 to present buddies a concern in our diplomacy on all fronts. Every other part of the policy is to build relationships with aid-rich countries and

developing nations, which includes strength-rich international locations. It'll make a contribution to China's logo as a partner in development and alliance without overlap. (Godement, Francois., 2014). A visit of Chinese language President Xi to Saudi Arabia and Egypt is any other step to bolster the fringe of a pal, alongside the traces of protection in overseas policy. China has chosen to invest 55 billion inside the Middle East, a loan for the development of industry and infrastructure for roads and strength

exploration. Mr. Shi was present at the opening of a joint oil refinery in Saudi Arabia. The two countries agreed to work within the framework of the "global strategic partnership". However, it was the most important statement of Mr. Shi in Egypt, said: "We are not setting up proxies or building a sphere of influence in the region".(News ABC, Chinese President Xi Jinping tours Middle East, inks deals worth billions in bid for influence. (2016). This is precisely in keeping with China to promote the policy of constructive engagement. These investments will be within the area to bolster exchange members of the family and Chinese language merchandise will be in splendid call for. By way of in short discussing the above trends, it might be smooth to recognize the significance of CPEC. Method for CPEC is corticosteroids, as is the case in the confluence belt roads and the naval belt point. This is precisely in keeping with China to sell the policy of optimistic engagement. Those investments can be within the region to bolster exchange members of the family and Chinese merchandise may be in first rate demand. Thru in brief discussing the above traits, it might be clean to recognize the significance of CPEC. Approach for CPEC

is corticosteroids, as is the case inside the confluence belt roads and the naval belt point. (*The Wall Street Journal*, (2015) It will be an opportunity for China to establish and strengthen its position in The Indian Ocean. It will also help to ensure the Middle East and Africa energy path, which is crucial for the future of development in China. Energy path also significantly shorten.(Bhattacharjee, D. China Pakistan Economic Corridor. SSRN Electronic Journal. (2015) it will additionally be clean and less expensive for China to have get right of entry to markets inside the center East and North Africa area and beyond. It suggests the evaluation of information and figures that CPEC is important for each international location. Pakistan needs to overcome socio-economic troubles and power, and improvement. China desires to amplify its perimeter of affect, fortify its international presence and ensure the future delivery of energy and industrial uncooked materials to the roads. However, it's far essential to word here that the idea was evolved with the aid of China as part of a "international trend for 2001" policy. Pakistan is one of the beneficiaries of the Chinese language dream. It's miles applicable that Pakistan is continually targeted on the development of

the U.S. in preference to losing time on small problems. It need to now not be a possibility to divert regionalism from the improvement of any fascinated celebration software program, federal authorities.

### **CPEC Benefits for Pakistan**

After the crowning glory of CPEC, Pakistan would be able to get financial, industrial and geo-strategic benefits. This will further enhance the vital role of Pakistan in the region. In the recent visit between two heads of states they have focused and determined to cope with poverty, unemployment and inequalities in the country. Both the countries are expanding their bilateral collaboration economically although the construction of CPEC is a milestone and new sources of potentials energy between their respective their national development strategy which may help the two countries to translate their multifaceted economic cooperation and attain mutual benefits through win-win outcomes. The construction of this corridor has give the position to Pakistan being the economic pivot for the whole region and this paradigm shift is creating worries for the enemies of Pakistan outside the country They have put their best to block their project and especially RAW has opened linked to disrupt this project.

Ambassador of China to Pakistan Sun Weidong while talking about CPEC said that the setting of energy transport, infrastructure and industrial projects would usher benefits and some benefits which Pakistan is likely to get after the completion of this mega project are given in the succeeding paragraphs.

### **Overcoming Energy Crises**

Energy is described as life line of economy of any country. Due to rapid increase in population and industrial demand there have been severe energy crises in Pakistan and load-shedding have become a permanent feature in Pakistan and the major power supply controlling agency like WAPDA and KESE have miserable failed to tackle this problem. CPEC is the ideal project which will get rid this energy crises and energy availability will revive the existing sick industrial units and the textile units. They will produce full production and thus they would be able to add two percent of GDP growth.

### **Infrastructure Improvement**

The commissioning of infrastructure will link Asia, Europe, and Africa slowly and gradually and receive heavy investment. .No trade barrier will be levied. Thus it will bring a



sound business environment within this region and with the trading countries.

CPEC route might be utilized for the creation of economic and industrial free zones for which a sparkling economic zone running group could be created fast after the approaching visit to link all of the four provinces, AJK, Fata and Gilgit-Baltistan to amplify advantages of the initiative across the country.

### **Geopolitical Challenges**

Pakistan faces numerous challenges wherein the bigger undertaking is interference folks in this region. One must now not overlook the gasoline pipeline deal from Iran through Pakistan to India because it became blocked the construction of this pipeline via US. Even after having nuclear deal with Iran US isn't happy at the improvement and commissioning Pars gas area pipeline to Pakistan border and then onward to Gawadar. After signing civil nuclear deal with India US it is not budging in the direction of India. The concept of building mega projects thru Baluchistan is not new. Within the ninety's an in advance American project, wherein the oil and gasoline might have been

transported by using a pipeline from the oil-wealthy valuable Asian Republics (vehicles), thru Afghanistan and Pakistani Baluchistan become dropped due to the safety problems. It shows the pivotal function of Baluchistan inside the standard economy and the countrywide interest of Pakistan as times have modified, and Pakistan is trying to enhance the lot of its largest province.

PM Nawaz Sharif's with the intent of reinvigorating the economy undertook a series of measures to improve Pakistan's economic prospects like lowering barriers to foreign investment to boost the economy and turning this region into a Asian tiger. Pakistan aims to advance from being a lower middle income nation to an upper middle income nation by 2025. He's definitely making efforts to make peace with India. The Kashmir difficulty was being stagnant in view that 1947 has induced the 2 associates of a couple of wars inside the ultimate century. Both the nations have realized that this isn't the way to prosperity and antique dispute need to be resolved. Whilst the politicians ought to restriction the extremists in both India and Pakistan, as maximum of the populace is familiar with that the popularity quo in

Kashmir is suitable, and change throughout the border is within the hobbies of each facets. No one wants a battle that would carry the area to the nuclear brink. Notwithstanding the reality India's traditional forces are advanced to Pakistan, in retaliation Pakistan might don't have any preference but to use its nuclear arsenal and nobody needs that for the location and the arena. No longer only because of its nearby implications however also due to its environmental issues' will a nuclear change reason to the planet. Consequently, the skeptics must pursue a peace-making course within the region or even provide assist to Pakistan's efforts to enhance its infrastructure. An economically stable Pakistan perhaps will make contributions to dilute the effect of the Taliban at the Afghan border, gratify the grievances of the Baloch and enable each Pakistan and India to start a multi-billion change with each other. Western and American's absolute fixation on Iran is counterproductive, and a rich Pakistan and, consequently, CPEC is in anyone's hobby.

### **Fears and Doubts of Gilgit-Baltistan People**

Previous to establishing of Karakorum motorway the residents of GB use to travel un ponies and mules for transportation

cause. To place themselves heat they used to make overcoats. Now things have surprisingly progressed and that they had top delivery machine and warm apparel. But citizens within the suburb of Khunjab bypass have a few fears that their surroundings and other panoramic view would be spoiled through the induction of CPEC in that location. They also have the concern that in addition they have the polluted atmosphere and their stay style could be disturbed. They're also worrying shares in phrases of coins.

The citizens additionally showed situation that enterprise class of capital will plunder their wood products which are the scenic splendor in their location. They also have certain doubts that their minerals might be taken away by way of the Chinese language on throw away charges which seemingly seems as absurd.

### **Strategically important Baluchistan & Militancy**

Baluchistan's herbal resources need to be tapped, as an instance, it has the arena's 5th-largest reserves of gold and copper, this is containing the Tethyan belt of a curve of copper and gold and reserves. This serpentine belt stretches from Hungary in Europe to Indonesia within the some distance East across Eurasia however

is an awful lot without problems to be had in Baluchistan. The low-stage insurgency in Pakistani Baluchistan has been present inside the province because independence. There were, at least, five huge spikes in violence which have taken place over the equal length with the present day beginning in 2006 due to the killing of Akbar Bugatti in a navy operation and persevering with until today up to a point. Even as the Baluch is Sunni Muslims, one-fifths of them inhabit the Sistan, a southeastern province of ordinarily Shi'a Iran. In reality, at the start of the Seventies, the Shah of Iran collectively with Pakistan had performed a marketing campaign in opposition to the Baluch in Pakistan, fearing the wave of Baluch nationalism. On the grounds that then Iran has carried out many of the leaders of a nationalist motion, Jundallah at the Iranian aspect of the border with Pakistan.

### **Recommendations**

1. All political parties should make commitment and determination for the full support for the implementation of CPEC. The government should put the provinces into confidence and to offer them appropriate and proportionate shares and devise

crystal clear mechanism for its automatic delivery. There are political and security challenges in Pakistan so the government must ensure to provide security to the overseas employees running on extraordinary tasks.

2. The authorities ought to expedite the mission because it will convey greater job opportunities for Bolshies who are jobless and are being misused or mistreated by using the vested interested human beings. The delay inside the assignment might promote terrorism and militancy.
3. Transparency must be ensured for smooth functioning and equal distribution of dividends.
4. The corporations who will initiate CPEC projects will need to understand the local culture. Norms and rules and to develop a common language among China, Pakistan and Central Asian Republic. This step will prove greater economic integration.
5. We have to fill the gap lacking people to people contact and cultural acquaintance between two nations.

## **Conclusion**

Having a superb engagement, Pakistan can have the ability to assume the part of a balanced between the two international locations. Lengthy haul success of CPEC is impractical without strengthening the Afghanistan. Inward solidness and oceanic protection are important for execution and supportability of CPEC. Obligation of political initiative of both countries and extra massive open aid is positive smarter; in any case, it need to be supplemented with vital authoritative limits and continuation on preparations. Financially, Future monitory view point, satisfactory subsidizing game plans of CPEC, positive effect of vitality undertakings, presence of bolster framework and a dynamic private division look good for usage of CPEC. Anyways, insurance of neighborhood industry, association of assets for transmission strains and the best responsibility retirement system would be crucial for long haul accomplishment of CPEC. As China and Pakistan gradually expanding their cooperation towards CPEC and Chinese corporations are investing in Pakistan. Different cultural practices and ways of thinking could cause misunderstanding and this could negatively affect CPEC project. For these

corporations to be successful, they will need to understand local culture, norms and rules and to develop a common language. We have to fill this gap lacking people to people contact and cultural acutance between two nations and CARs countries. Inefficiency of state establishments like Railways, inadequate transmission strains, nonappearance of review of imperative course and unbelievable courses of occasions of a few obligations can stability the long haul advantages of CPEC. Ecologically, worries diagnosed with herbal debasement have to be tended to for maintainability vitality ventures. Legitimate; Provision of a lawful structure and reinforcing of legal framework are vital for Chinese ventures and business well-disposed environment. China also helps to counter India sway in the region and Pakistan is provided with a much needed base to start her economic progress.

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