

Foreign Direct Investment Impact on Employment, Education and Social Development in Balochistan

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Abstract

In this research, Balochistan, Pakistan—a region with serious developmental problems and untapped economic potential—was used as a study site to investigate the effects of foreign direct investment (FDI) on employment, social development, and education. The primary objective is to assess how foreign direct investment (FDI) affects different aspects of the province's growth. Using a mixed-methods approach, quantitative analysis and qualitative insights were used. Quantitative data on FDI inflows, job trends, and social and educational variables were collected during a ten-year period. Regression analysis is one of the statistical techniques used to examine the relationships between FDI and the three development elements. The findings indicate a strong positive correlation between employment and foreign direct investment (FDI) in Balochistan. The local population's unemployment and poverty rates have decreased as a consequence of foreign direct investment (FDI). This is especially evident in industries like mining, energy, and infrastructure, where FDI has been inflowing. Significant improvements in living circumstances, healthcare facilities, and infrastructure have resulted from FDI, which has also had a significant influence on social development. Balochistan's general quality of life has improved as a result of these advancements. Additionally, foreign direct investment has been essential to the advancement of education. Education institutions have benefited from investments, which have reduced the educational gap, increased accessibility, and given local youngsters the skills they need to compete in the global labour market. The research results emphasize how foreign direct investment (FDI) may significantly impact Balochistan by creating jobs, promoting social progress, and improving education. With a focus on recruiting and regulating FDI to optimize its advantages for local development, this has wider implications for policy design. To ensure that the local populace benefits fully from FDI-driven progress in Balochistan, it also

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advocates for a more equal and inclusive sharing of these advantages. All in all, the study advances knowledge on how foreign direct investment affects developing nations and offers guidance to decision-makers who want to use FDI for sustainable development.

Keywords: Education and Social Development, Impacts, FDI, Employment, Balochistan.

INTRODUCTION

1. Background of the Study

A free and effective global economic system depends on foreign direct investment (FDI), which involves continuous investment, management participation, joint venture creation, and knowledge transfer. FDI is a major engine of economic growth (Adriana, 2015). Borensztein et al. (1998) define foreign direct investment as the long-term ownership of a firm in another country by a resident company of that country that has significant managerial control over that business. The kind of investment in which a foreign investor holds ten percent or more of the voting power of a corporation in another nation provides statistical support for this relationship.

This relationship is statistically supported by the kind of investment in which a foreign investor has ten percent or more of the voting power of a foreign firm. According to Osinubi et al. (2012), foreign direct investment (FDI) is essential in developing economies to bridge the gaps in saving and investment since the governments of most of these countries don't seem to be able to collect enough money to meet their fundamental spending demands. Additional advantages encompass educational gains for students (Akram et al., 2021), contentment with learning (Abdelrady & Akram, 2022), mindsets (Ramzan et al., 2023), independent learning (Al-Adwan et al., 2022), scholarly pursuits (Khanam et al., 2022), motivation for learning (Ramzan et al., 2023) and fostering innovation. These benefits are provided by both externalities and the adoption of foreign technologies (Andleeb et al., 2022). These externalities manifest as new processes adopted by multinational corporations that need staff training and licensing.

Al Nasser (2010) claims that the book emphasizes how foreign direct investment (FDI) in developing nations transfers management resources, including money and credit capacity, sales strategies, managerial abilities, and technical know-how, from one nation to another. The industry in the host country benefits greatly from these resources because of their high productivity in the destination country.

Education is seen as a vital instrument for constructing a nation (Akram et al., 2023; Ramzan et al., 2023). Furthermore, it is commonly known that providing youth with the knowledge and abilities they need helps improve both national development and the economy as a whole (Ramzan et al., 2023). Thus, achieving 100% literacy is the main goal of educational policy (Akram, 2020; Akram & Yang, 2021). One important channel for transferring technology to underdeveloped countries is thought to be FDI. Theoretically, new technology obtained by corporations in host nations via foreign direct investment (FDI) is shared domestically through exchanges between foreign-invested and local enterprises (Borensztein et al., 1998). To acquire the skills required for these jobs, people in the host nations may choose to invest in their education. Furthermore, research has shown that students are able to predict the financial benefits of attending school with accuracy (Akram et al., 2020). Given this, one may argue that people would decide to go to school in response to the incentives provided by

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employment opportunities based on foreign direct investment.

Foreign direct investment (FDI), a significant factor in the global economy, propels the expansion and development of national economies all over the world. FDI is in a unique and attractive position in Pakistan, where it has the ability to have a major influence on the employment, social development, and education sectors of the nation. There has been a lot of focus and debate on the intricate relationship between foreign direct investment (FDI) and these crucial facets of a nation's growth among economists, politicians, and scholars.

It is impossible to overestimate the significance of foreign direct investment (FDI) in Pakistan. This South Asian country, which has a sizable and youthful populace, is working to improve the economic situation, lower unemployment, and enhance the standard of living for its people. FDI offers a chance to introduce new capital, knowledge, and technology into the community's economy, which may lead to increased prosperity, the creation of jobs, and higher living standards. But this phenomenon is not one-dimensional.

To maximize foreign direct investment (FDI), a detailed examination of the intricate web of factors influencing FDI's effects on employment, social development, and education in Pakistan is required. This analysis should take into account the wider economic, social, and political environment in which foreign direct investment functions, in addition to the opportunities and difficulties related to FDI. By doing this, we may gain a deeper comprehension of the subtleties of this connection and create educated policies that will allow FDI to act as a catalyst for beneficial development.

The energy crisis and joblessness in Pakistan are mitigated by foreign investment and the establishment of an energy transit corridor. FDI increases the level of knowledge by providing new technologies and greater resources. This increasing degree of expertise, which also raises the capital stock and transfers technology, intensifies the competitiveness between domestic and foreign enterprises. Host countries may be able to boost the amount of foreign direct investment (FDI) and improve the skill levels of their present businesses by drawing in additional multinational corporations (De and Ghosh, 2016).

Balochistan will become more strategically and economically significant as a result of the endeavor. It will also permit investment in Balochistan from both domestic and foreign sources. The socio-economic growth of the province will boost living standards and offer wealth to the people by creating more employment. Since terrorism, extremism, and the war on terror have already caused suffering in Balochistan, the CPEC is essential for the region. As was the situation in Balochistan, warlike conditions hinder regional development. (Bashir and others, 2022).

Several studies have demonstrated that an economy cannot expand and flourish if employment levels are not maintained. If economic agents are applied in a methodical and successful manner, they have the potential to improve living quality, raise earnings, and add more employment to the overall GDP. This improves employees' aptitude for learning and level of knowledge, which generates new market entrepreneurs and more job prospects on the road. The early harvest initiatives of CPEC established jobs that required skills that, regrettably, most domestic workers lacked. (Bashir & others, 2019).

This study is important because it discusses the obstacles to Balochistan's growth and provides information on how foreign direct investment (FDI) could support the province's social, economic, and educational advancement. It has the capacity to influence investment,

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empower local communities, and direct policy, all of which will eventually support inclusive and sustainable development.

2. Problem Statement

The CPEC, which would link over 60 Eurasian countries, is being marketed by China and Pakistan as a significant regional connectivity project. The western route will provide access to national markets for underdeveloped areas in southern KPK and Balochistan. The majority of Pakistan's impoverished regions could benefit from CPEC in the coming years, according to experts, who predict that it will provide employment and opportunities for small businesses. Pakistanis are starting to question the feasibility and legitimacy of this enormous economic project as a result of the CPEC projects' opacity and lack of information. It is concerning for the future of the Baloch people, in particular because of Chinese investment in Gwadar, Balochistan. Baloch asserts that the CPEC project offers little opportunity for them, especially in terms of employment. Out of the nine proposed Special Economic Zones (SEZs), one is being developed for Balochistan. The development plan for the SEZ is vague and lacking as the official CPEC website doesn't give much information on the SEZ's layout, the number of jobs it would produce, the number of jobs it will provide for residents and Baloch per sector, or the estimated construction time. (Ahmad and others, 2004).

According to estimates from the Applied Economic Research Centre and the International Labor Organization (ILO), the massive CPEC plan will generate 700,000 direct jobs and 400,000 employments in the nation between 2015 and 2030. Even more promising, over the next 15 years, CPEC is expected to produce nearly 800,000 jobs, according to data from the Planning Commission (Bashir & others, 2022).

Therefore, it is crucial to understand how foreign direct investment (FDI) affects employment, education, and social development for Balochstani citizens. This study will identify the chances and obstacles that stood in their way of finding employment, as well as how locals in Balochistan might take advantage of those opportunities. Historical data suggests that Balochistan's indigenous population was previously entirely disregarded and that their development received no consideration. The Baloch people asked many questions about this, but no one listened to them. The province of Baluchistan was home to a large chunk of the CPEC; however, the project's overall planning and execution ignored the needs of the country's citizens (Bashir, 2019).

The most crucial factor in development projects is community engagement, which is essential for fostering project ownership, zeal, and sustainability. People's engagement in their own development is essential since human development and development in general are intertwined. Communities' participation has so benefited from a very high standing throughout the last thirty years (Bashir, 2019a). As stated by Barhi and Siraj (2019), the involvement of stakeholders allows them to share and have an impact on the management of development initiatives, decisions, and resources that impact them.

In order to solve its developmental challenges, Balochistan, Pakistan—a region rich in natural resources but beset by economic inequality, poor social infrastructure, and educational disparities—might benefit from foreign direct investment (FDI) (Ramzan et al., 2023). The intricate links between FDI and its effects on employment, social development, and education must be understood in order to fully realize the promise of FDI for Balochistan's growth. The

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factors of interest are listed in this issue statement, along with research gaps in this important field.

3. Significance / Justification of the Study

With an emphasis on job alternatives for Baloch people, this study attempts to uncover research gaps in Balochistan's development initiatives from the viewpoint of local populations. Given that CPEC projects are still in their infancy, it highlights the necessity for further comprehensive scholarly research. Host countries may be able to improve the caliber of their present businesses and boost the flow of foreign direct investment (FDI) by drawing in additional multinational corporations (De & Ghosh, 2016).

Scholars, investors, citizens, and leaders in Balochistani business may all benefit from this study. It suggests that effective strategies to attract foreign direct investment (FDI) may boost economic development, employment, and the effort to combat poverty. The results imply that in order to draw foreign direct investment (FDI) into sectors that assist communities and job seekers, governments should create pertinent and successful pro-investment policies. For Balochistani leaders, investors, citizens, and scholars, this study provides important new insights. It means that policies that are effective in attracting foreign direct investment (FDI) may boost economic development, employment, and the battle against poverty.

The study investigates how Balochistan's employment, economic growth, and poverty are affected by foreign direct investment (FDI). It looks at how FDI spillover effects might help local investors and lower unemployment through skill development and knowledge transfer. In order to assist those who are deprived of escaping poverty, the influence of FDI on these factors is examined using the empirical quantitative technique.

The study looks at how foreign direct investment (FDI) affects job prospects in Balochistan, a region with abundant natural resources but a developing economy. It seeks to comprehend the connection between FDI and employment, emphasizing local workforce integration, skill development, and job creation. The results may be used to create plans for luring and keeping in foreign capital, guaranteeing that the benefits of FDI are distributed fairly and promoting sustained economic growth in the area.

This research has important implications for academics and policymaking. In order to recruit and regulate foreign investments effectively, officials in Balochistan may make well-informed decisions by having a thorough understanding of the effects of FDI on employment, social development, and education. Additionally, it might highlight the possibility of more fair and inclusive development that benefits the community, lessening regional inequities and promoting sustainable development.

Additionally, by providing insights into the possible advantages and difficulties that other countries experiencing comparable developmental limits may face, this study advances our knowledge of how foreign direct investment (FDI) might spur development in undeveloped regions worldwide.

4. Objectives of the Study

Objective 1: to investigate how FDI affected Balochistan's employment, social development, and economic growth between 2005 and 2020.

Objective 2: To look at how FDI affects employment opportunities in Balochistan.

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Objective 3: To investigate the effects of FDI on education in Balochistan.

Objective 4: To look at how FDI affects Balochistan's socioeconomic development.

5. Literature Review

5.1. Theories on the Impact of FDI:

5.1.1. The Development and FDI Benevolent Model

Because it breaks the cycle of poverty by raising local savings and providing effective management, marketing, and manufacturing technology, foreign direct investment (FDI) is particularly advantageous to emerging nations (Cardoso & Dornbusch, 1989). The amount of capital flows and the elasticity of the capital demand both affect how quickly the national income is growing (Doces, 2010). Foreign direct investment (FDI) has the ability to boost economic development, productivity, and efficiency in developing nations by providing fresh resources and removing barriers. It may also change the manufacturing function and encourage growth in a market that is very competitive (Mickey and Fuller, 1979). The model makes the assumption that foreign exchange shortages and savings limits would constrain long-term macroeconomic growth, that rising labour demand will raise wages, and that falling foreign capital supply will lower returns.

5.1.2. The Malign Model of FDI and Development

The goals and roles of MNEs have been viewed with suspicion by people in developing nations. The MENS has been subjected to constant criticism throughout time. Early research revealed that foreign exchange has a negative impact on emerging nations' ability to expand (Singer,1950). Foreign companies had a detrimental effect on the domestic economy since they operated in industries with high entry barriers and increasing market concentration (Sial et al., 2010). In such cases, the foreign Finns reduced local savings and investment by demanding rent.

The multinational corporations drove the regional manufacturers out of business by substituting their products with imports. In a situation like this, foreign enterprises might not be able to bridge the gap between foreign exchange and domestic investment. Furthermore, the foreign Finns' repatriation of profits reduced the capital of the host country (Solow, 1956). Scholars are eager to conduct an empirical comparison of the effects of these two conceptualizations due to the ongoing discussion around the role of foreign direct investment (FOI) in developing states such as Pakistan. The justification provided shows how well the OLI paradigm accounts for the factors influencing FOI flows. This might also help with the creation of a theoretical framework that will help explain the variables influencing FDI in earlier research. By including more time-specific variables—like LPR—into the theoretical framework that defines FOI, the present research aims to expand the OLI paradigm. Additionally, taking into account the varying perspectives on the impacts of foreign direct investment (FDI) on developing countries, a theoretical framework for assessing the consequences of FDI in Pakistan may be constructed. This surely helps to fully understand the significance of foreign direct investment in Pakistan (Abdul, 2002).

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6. Foreign Direct Investment

The relationship between economic growth and foreign direct investment is of interest to experts worldwide (FDI). The study's conflicting results, however, emphasize the need for more investigation to ascertain the origins and consequences of these two elements (Martin & Plumper, 2003). The long-run equilibrium relationships between the variables were searched for in this study using the Granger causality test and the Johansen-Juselius multivariate co-integration test. The results indicate that between 1970 and 2009, foreign direct investment (FDI) contributed positively to Malaysia's economic development. (Falki,2009).

The results imply that real output will eventually grow in tandem with FDI. An examination of the variables influencing economic growth in Canada by Alam and Zubayer (2010) concluded that FDI is helpful but not important. They used annual data from 1976 to 2008 to develop his model using the Beach-Mackinnon method. This demonstrates that FDI has little impact on Canada's GDP growing. Nonetheless, Canada's main drivers of economic development are total factor productivity and domestic investment.

Panel regression was used by Shabbir and Mahmood (2010) to assess 30 Asian and African nations between 1990 and 2009. In both locations, they discovered a robust relationship between GDP growth and FDI. Only Africa demonstrated a one-way causal link; Asia, on the other hand, did not. The results highlight the need for greater study into the link between foreign direct investment (FDI) and economic development by showing that FDI stimulates economic growth.

The study found that FDI and GDP growth have a strong correlation in both Asia and Africa, with only Asia showing a one-way causal relationship and Africa showing none at all, suggesting that FDI promotes economic progress. This revelation was made through the study of aggregate data. Wu and Chiang (2008) found that ASEAN-4 economic success was positively correlated with FDI, openness, and gross fixed capital formation, with FDI being the most significant factor. Using the Granger Causality test, Zakaria and Fida (2009) assessed the causal relationship between FDI and GDP in Bangladesh, Pakistan, and India.

According to the research, FDI and GDP do not co-integrate over short and long time periods in Bangladesh or India, but they do in Pakistan. The lack of a clear relationship between GDP and foreign direct investment (FDI) in Bangladesh is attributed to excessive government tariffs, inappropriate trade liberalization, and political instability. In Hayakawa's (2012) study, the Autoregressive Distributive Lag approach and a modified Cobb Douglass production function were used to analyses the effects of exports and foreign direct investment (FDI) on Malaysia's economic development from 1980 to 2011. Both criteria showed a favourable correlation with long-term development.

According to research by Acemoglu et al. (2020), foreign direct investment (FDI) propels economic advancement in Singapore. According to Aykut et al. (2021) analyses of Pakistan and Malaysia's impacts on economic growth between 1980 and 2010, GDP growth in Malaysia stimulates foreign direct investment (FDI), but FDI has little influence on either country's economy or GDP.

It has been reported by Basu et al. (2003) that FDI had a stronger impact on China's GDP growth than it did on India's. A multitude of elements, such as infrastructure, market size, government assistance, and worker productivity, are driving China's economy. In the

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industrial sector, FDI and GDP are positively correlated; however, in the financial sector, there is no such association, and Malaysia's economic development deviates from FDI trends. China's economy is developing faster than other Asian nations, according to a Granger causality test conducted in 2004 by Banerjee et al. to compare China with South Asian nations (Busse & Groizard, 2008).

Between 1981 and 2010, Saqib et al. (2006) study indicates that Pakistan's economic growth has seen both positive and negative impacts from foreign direct investment (FDI) (2004). Olusanya (2013) looked at this effect as well. GDP and FDI inflow were examined between 1970 and 2010 using the Granger causality test; a substantial correlation was found in the first period and none in the second. There was a Granger causation relationship between GDP growth and FDI inflows throughout the investigation. Dutta (2005) examines the impact of foreign direct investment (FDI) on the growth of the Nigerian economy from 1980 to 2009 using a vector error correction model and the Johansen Co-integration Approach. According to research conducted by the Pakistani government, FDI has the potential to greatly accelerate economic growth, especially in Tunisia. This is true even though Nigeria's manufacturing, oil, mining, and agriculture sectors all make relatively little contributions to the country's economic growth. This demonstrates the telecom industry's long-term significance in promoting economic expansion.

6.1.1. FDI's Effect on Employment:

The quantitative impacts of FDI on employment are the main subject of this research study. It draws attention to the possibilities of investing directly or indirectly in local enterprises and establishing new employment through overseas subsidiaries. (UNCTAD, 2014). Greenfield investments have the most influence on the development of new direct jobs, whereas mergers and acquisitions usually have a minimal short-term impact (Hall, 1994). Jobs can also be indirectly created through suppliers, distributors, and forward and backward linkages. When foreign businesses source domestically, the demand for upstream industries may increase, which might increase employment (Bashir and Zafar, 2017).

International businesses can increase local businesses' productivity and create jobs. While purchasing firms can save jobs, medium-term restructuring and better efficiency can lead to an increase in employment. However, employment losses might result from protected activities or newly acquired enterprises being reorganized (Hoover, 2004).

Additionally, as multinational enterprises often hold intangible assets exclusive to their businesses that boost productivity, it could happen when labour is employed more effectively. Because of this relocation, the affiliates' lower labour requirements have a detrimental effect on employment (Im et al., 2003). Owing to these reasons, past research has shown that FDI may have a favourable or unfavorable impact on employment; nonetheless, most studies focusing on developing countries have found advantages. A rise in FDI would result in a greater requirement for labour since, in developing countries, local and foreign capital cannot be sufficiently replaced for one another (Kane & O'Grady, 2007). Aaron claims that in developing countries, foreign direct investment (FDI) generated 41.6 million employments indirectly and over 26 million jobs directly in 1997. (1999). It was more than a 1.6 multiplication impact.

The Larsson et al. (2001) research examines the relationship between underemployment and

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capital accumulation as a function of foreign direct investment (FDI) using a two-sector dual economy model. It comes to the conclusion that FDI in businesses focused on exports reduces underemployment. Research by Levin, Lin, and Chu found no evidence of a correlation between foreign direct investment (FDI) and employment in China, India, or Pakistan between 1985 and 2008. They suggest introducing more job-creation initiatives. According to Liu et al. (2009), foreign direct investment (FDI) did not significantly increase employment or wages in China.

Furthermore, it may happen when labour is used more effectively since multinational enterprises often own intangible assets that are exclusive to their businesses and boost productivity. The affiliates' decreased labour demands as a result of this shift have a negative effect on employment (Im et al., 2003). Due to these factors, prior research has shown that FDI may have a positive or negative effect on employment; nonetheless, the majority of studies that concentrate on developing nations have found benefits. Since local and foreign capital in developing nations cannot be properly substituted by one another, there would be an increase in demand for labour in response to an increase in foreign direct investment (FDI) (Kane & O'Grady, 2007). According to Aaron (1999), foreign direct investment (FDI) in developing nations produced 41.6 million indirect jobs and around 26 million direct jobs in 1997. This multiplication effect was more than 1.6.

Previous research has examined the relationship between manufacturing foreign direct investment and employment in Sub-Saharan Africa; however, no study has examined the data by industry sector or by subgroup within an industrial sector. Labour-intensive businesses probably provide the bulk of new jobs, but there may be auxiliary employment advantages as well due to spillover effects and forward and backward connections. This research examines the connection between manufacturing FDI and employment in SSA countries in an effort to close these gaps in the literature.

6.2. FDI, Human Capital Enhancement, and Development

Over the last 20 years, the share of cash allocated to developing countries for public education has grown. International comparisons, however, "show no association between public expenditure on education... and performance" when national income levels are taken into account. The fact that different spending levels will account for different distributional and quality results is one reason for this. In most countries, once labour and physical capital are taken into consideration, an uneven distribution of education usually has a negative impact on per capita income (Siraj et al., 2021).

Although earlier research has examined the link between employment and manufacturing foreign direct investment in Sub-Saharan Africa, no study has examined the relationship by industry sector or by group within an industry sector. Most new jobs are probably produced by labor-intensive businesses, but there may be ancillary employment advantages as well due to spillover effects and forward and backward connections. This research examines the connection between employment and manufacturing FDI in SSA countries in an effort to close these gaps in the literature.

Because low- to medium-skilled technology sectors have benefited from the bulk of FDI inflows, MNCs are less likely to need to invest in human resources. The large technology disparity, whether real or imagined, has hindered local workers' capacity to learn, even in

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high-tech organizations.

According to Ramírez (2000a), the option to seek employment with international firms and the matter of skill levels—specifically, the interplay and dynamics between these two issues—were the two most significant shifts in Malaysia's situation. As in all commercial and industrial processes, the relationships are complex. First, a significant increase in skill levels is required. More methodical collection of data on these subjects would enable the formulation of stronger findings and reliable policy recommendations. The data collected by national and international governments is sometimes too aggregated to allow for the critical differentiation of different forms of foreign direct investment (FDI), the origins and outcomes of investments in the development of human capital, and other relevant variables. Actually, gathering data with that specific goal in mind would undoubtedly be required to fully investigate the causative mechanisms at work. The Ministry of Science, Technology, and Environment's Director of Knowledge Transfer claims that there isn't any monitoring going on right now about the investment activity being pushed in terms of environmental protection, supply chain development, or knowledge transfer.

6.3. China-Pakistan Economic Corridor (CPEC)

The One-Belt-One-Road (OBOR) initiative, a significant investment project intended at promoting prosperity and connectivity across the region, was presented by Chinese President Xi Jinping in 2013. Mainland China and the Eurasian republics will be connected by a belt and road network that revitalizes the historic Silk Road center of religious, cultural, and commercial activity. The West is keeping a careful eye on China's pursuit of strategic development. According to the Chinese government, the One Belt One Road (OBOR) initiative aims to promote prosperity and cooperation in the area (Bashir et al., 2019).

In addition to housing 75% of the world's people, 3/4 of its energy resources, and the bulk of its physical assets, Eurasia contributes 60% of the global GDP. Given that it is home to two of the world's top three most industrialized and rich countries, Eurasia is an important chessboard in the continuing struggle for global dominion.

The first 46 billion US dollars of China's multibillion-dollar China-Pakistan Economic Corridor (CPEC) investment in Pakistan went toward economic projects. By constructing a core corridor from Kashgar, China, to Gwadar Port, the China-Pakistan Economic Corridor (CPEC) project connects significant regional economic hubs. Its primary subjects are energy, networks, and information technology. (A physician named Siraj Bashir and colleagues, 2022). Trading with nations like Japan, South Korea, the Philippines, Vietnam, and India does not need the usage of the Strait of Malacca or the Pacific or Indian Oceans, according to China's projected Central Pacific Economic Corridor (CPEC). The suggested route cuts China's travel time to its target markets in Eurasia by 85% by using Gwadar as the "central component" (Basir, 2019a).

Regardless of Baluchistan's claims on the port's importance, some sources claim that China would get 91% of the port's income during the following 40 years. At the most recent joint committee meeting on the China-Pakistan Economic Corridor, this information was delivered (CPEC). Though it makes up 9% of the country, it's unclear how much really reaches Balochistan, the resource-rich but impoverished and thinly inhabited area of Pakistan (Buledi, 2017).

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6.4. CPEC and Balochistan

The China-Pakistan Economic Corridor (CPEC), according to China and Pakistan, would "change the game" in terms of connectivity and prosperity in the area. It will provide new opportunities for growth and development in a variety of domains, including as energy, business, commerce, culture, information technology, education, language, and road and rail infrastructure. It will link more than sixty nations in the Eurasian region (Bashir et al., 2019). The China-Pakistan Economic Corridor (CPEC), as defined by China and Pakistan, aims to prevent territorial disputes in the area while fostering economic cooperation and prosperity for the local populace (Khan et al., 2022).

Experts and thinkers in Pakistan claim that the western route will link underdeveloped Balochistan and southern KPK to the country's markets, meaning that the China-Pakistan Economic Corridor (CPEC) would undoubtedly be profitable in the years to come. Having access to work chances and small business prospects will help most people living in the least developed parts of the nation. [Bashir and others, 2022]. It is very unethical to hide whether or not it is a result of neo-colonization. Specialists and advocates for human rights. Concerned about their future in Balochistan, Baloch people, in particular, are upset over Chinese investment in Gwadar. The Baloch are worried about their future in light of Chinese investment in Gwadar (Bashir et al., 2020).

6.5. CPEC and job opportunities:

There is a substantial amount of study in this field, much of it devoted to quantifying estimates of job generation. These approximations vary according to the project, the location, the workforce, the country's infrastructure, etc. In light of this, we will discuss estimations and forecasts from research pertaining to countries whose economies and growth rates are comparable to Pakistan's.

The employment implications of the project—direct, indirect, and induced—are used to evaluate its potential to create jobs. Markets for inputs and outputs provide direct employment, whilst the project's primary operations create indirect jobs. Project phase and skill level are used to classify jobs (Schwartz et al., 2009).

The direct employment generated by CPEC projects, which are separated into two phases: operations and maintenance (O&M) and construction, installation, and manufacturing (CIM), is the subject of this research. Both stages have distinct HRD needs and employment possibilities; the CIM job's length is governed by the sort and capacity of the plant, while the O&M job's duration is impacted by the facility's lifespan. The employment rate in O&M grows dramatically with added capacity. Every year, CIM phases produce more jobs than other phases.

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for the local populace (Khan et al., 2022). Even if creating jobs is not the primary objective, these investments have a big influence on employment due to induced effects, with HRD being a major contributor to the economy. According to Bashir et al. (2020), 2,850 MW of hydropower is anticipated to be produced by CPEC's hydropower plants, producing opportunities for technicians, reservoir management experts, and engineers with backgrounds in electrical, civil, and industrial engineering. For top and intermediate-level employment, the majority of HEIs provide degree and certificate programmes. Navigant Consulting USA predicts 5.10 employment per MW, whereas the ILO reports direct jobs per MW. 11.66 per/MW of jobs will be produced during construction and operation, according to a proposal by the Private Power and Infrastructure Board, the Gilgit-Baltistan Government, and the Azad Jammu and Kashmir Hydro Electric Board (Saad et al., 2019).

CPEC is now employing 300 MW at the Quaid-a-Azam Solar Park in Punjab's Bahawalpur. For every MW added, the manufacture of PV modules creates 3-7 direct employment and 12-20 indirect jobs, for a total of 20,000 indirect jobs and 7000 direct jobs. The plant may provide seven jobs per MW and O&M employment, comparable to coal and hydropower facilities, according to the 2008 EWEA assessment (Abbas et al., 2019). The Global Wind Energy Council estimates that 14 people are employed globally for every MW in a given year, as opposed to 0.33 per MW every plant year. Wave energy projects would provide the same number of O&M jobs as coal and hydropower facilities, requiring ten workers for every MW of wave energy (Fakhar & Mezhar, 2017).

The estimated cost of early harvest coal projects, which comprise several CPEC energy projects, is \$5.8 billion. The total number of jobs in input transportation, mining, and operation and maintenance for these plants is 0.18 per MW. For future forecasts, the Ultra Mega Power Project (UMPP) is regarded as a trustworthy source (Muhammad et al., 2016).

6.6. Gwadar Port and City

With its hub in Gwadar, Pakistan, the Belt and Road project seeks to shorten travel times while fostering geoeconomic cooperation and regional connectivity. The initiative aims to establish a strong partnership with Iran via the Gwadar and Chabahar ports, fostering regional connectivity and economic cooperation (Rashida & Nadia, 2016).

There are twelve projects totaling \$800 million in the Gwadar Projects. The Gwadar East-Bay Expressway and the New Gwadar International Airport, both of which are projected to be done by 2018, are the projects with the most prepared shares. But a lot of initiatives won't start until after 2018 (Rashida & Nadia, 2016a).

Popular tourist destination Gwadar is drawing investment from the business sector because it has the potential to create millions of employments. Currently, 1,100 specialized individuals, including pilots, engineers, and quality control officials, are employed by the Gwadar Free Zone. An estimated 0.1 million personnel in construction-related fields are needed for projects; however, this figure may vary during peak hours. Investment is drawn to Gwadar due to its potential as a tourism destination (Rafi & Khan, 2016).

6.7. Industry Collaboration

As part of the CPEC initiative, which aims to develop Special Economic Zones in all four regions of Pakistan, the Pakistani government has declared the establishment of nine such

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zones. Among the skilled workers needed in these industries are prime mover operators, general managers, safety engineers, maintenance engineers, electrical engineers, and HVAC engineers. The zones are intended to increase the nation's industrial sector's productivity and competitiveness, among other things.

Nine Special Economic Zones (SEZs) totaling 9,400 acres are intended to include 70% industrial zones, 30% housing and staff amenities, and other uses. Approximately one million jobs are anticipated to be created by the zones, with industrial workers holding the remainder of the positions and industrial park development accounting for 20% of the total employment (Esteban, 2016).

6.8. RESEARCH METHODOLOGY

6.8.1. Research Design

In this study, quantitative and exploratory research methods were used. The quantitative research approach makes sense for a variety of reasons. To begin with, this approach often seeks to address questions like "what" and "how" in relation to a project. The flexible application of many approaches or data sources to the topic of investigation is made possible by the quantitative research methodology. Due to its unstructured nature, several methods of data collecting and analysis are possible. The reason for using the exploratory research technique is because this would be the first study of its kind carried out in Balochistan.

6.8.2. Data Collection & Variables of Study

We will gather secondary data for this research project. Secondary data gleaned from peer-reviewed academic research, books, policy papers, media items, government documents, websites, magazines, and archives. It is impossible to assess the reliability of secondary sources across various secondary data-gathering sources. As a result, the research placed a greater emphasis on scholarly books, journals, and articles than on sources from the popular media. Because peer-reviewed papers make authorship easier to prove, this research makes use of Pakistani yearly time series data on social development, employment, economic growth, and FDI. The major data sources for this research, which was conducted between 2000 and 2015, were the Internet and the Government of Pakistan Database, which is kept up to date by the Bureau of Statistics. The CPEC project's beginnings led to the selection of this chronology. Other sources of information included the UNCTAD database, the IMF, the Bank of Pakistan, and the UNCTAD World Investment Reports (UWIR).

The Internet and the Government of Pakistan Database, which is kept up to date by the Bureau of Statistics, served as the major sources of data for this study, which took place between 2000 and 2015. The CPEC project's start date led to the selection of this time frame. Additional information sources included the UNCTAD database, the Bank of Pakistan, the IMF, and the World Investment Reports from UNCTAD (UWIR).

6.8.3. Methodology Framework

The goal of the ARDL technique, according to Duasa (2007), is to provide short- and long-run answers for small sample numbers concurrently. ARDL allows you to change the variable integration order. ARDL functions effectively in the model for an independent variable that is I (0), I (1), or mutually cointegrated (Frimpong & Oteng 2006). It does not function properly,

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however, if an independent variable has an I (2). A single-equation framework called the autoregressive distributed lag model was created to examine dynamic relationships with time series data.

$$Y_t = \beta_0 + \beta_1 Y_{t-1} + \beta_2 Y_{t-2} + \dots + \beta_p Y_{t-p} + \delta_1 X_{t-1} + \delta_2 X_{t-2} + \dots + \delta_q X_{t-q} + u_t$$

where the value of Y at time t is represented by the dependent variable, Y_t . It calls a constant parameter. The error is the unaccounted-for part (gap) between the actual data and the fitted line of the regression equation. The coefficient of Y_{t-1} , or Y_{t-1} , represents the first delayed value of Y.

6.8.4. Data

This study examines the impact of foreign direct investment (FDI) on employment, education, and socioeconomic advancement in Balochistan using time series data spanning the years 2000–2015. The dependent variable in this dataset was the foreign direct investment (FDI) from the CPEC projects. The Autoregressive Distributed Lag (ARDL) model is utilized for data analysis since it is often thought of as a good stand-in for investigating the connection between FDI and job possibilities in Balochistan.

Dynamic Assessment: By including the lag values of the independent and dependent variables, the ARDL model facilitates dynamic analysis. Since there may be a delay between FDI inflows and the realization of job benefits, this information is essential to understand when researching FDI's influence on employment. For example, when new enterprises are founded, it may take some time for FDI to result in the creation and growth of new jobs.

Impacts in the Short and Long Runs: ARDL models have the capacity to distinguish between impacts in the two-time frames. While short-term impacts may indicate irregular fluctuations in the context of FDI and employment, long-run effects may demonstrate the long-term influence of FDI on job prospects. This distinction has significance for policymakers who want to create effective policies.

Endogeneity: FDI and employment are probably endogenous, which means they might have an impact on one another at the same time. By taking into account the lagged values of variables, ARDL models are prepared to manage endogeneity and lessen the effects of simultaneity bias.

Data Availability: The employment and FDI data in many empirical research are often non-stationary, which means they show patterns or seasonality. Without the requirement for differencing or transformations, ARDL models may provide reliable findings on non-stationary time series data.

Co-integration Analysis: Co-integration analysis is another feature of ARDL models that aids in figuring out if FDI and employment have an equilibrium connection over the long term. This is particularly crucial for understanding how long-term employment impacts may be sustained.

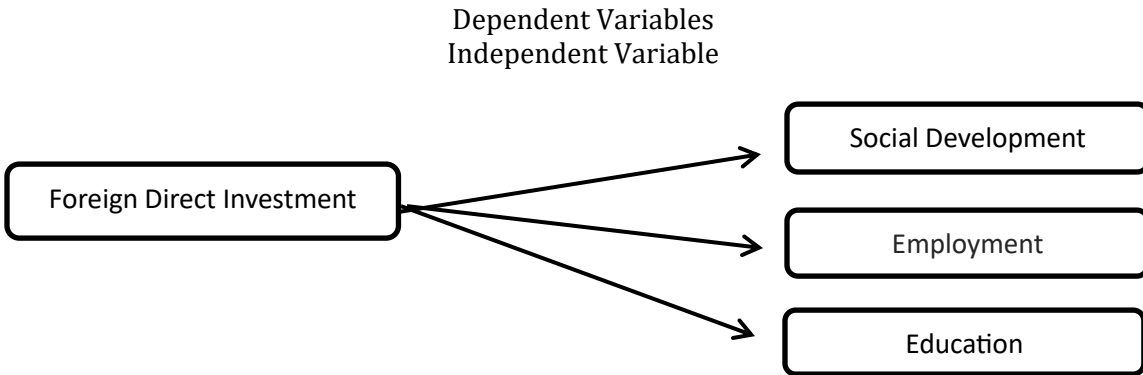
Policy Implications: Short- and long-term effects of policy changes or shocks on FDI and employment may be evaluated using ARDL models. For politicians looking to make well-informed choices to support economic growth and job creation, this information is crucial.

The ARDL model is an appropriate choice for researching the relationship between FDI and employment opportunities in Balochistan because it can capture dynamics, account for endogeneity, and provide insights into both short- and long-term implications. It offers a solid

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framework that makes it easier for academics and decision-makers to comprehend how FDI influences employment trends in this specific context. The independent variable's selection was supported by the following:

Dependent and Independent Variables



6.8.5. Independent variable (Foreign Direct Investment)

An organization or other foreign entity directly invests in another country’s business or entity. The investment is made by a foreign entity. Indirect investments, such as portfolio flows, in which foreign companies buy stocks listed on a nation’s trading exchange, are quite different from foreign direct investment (FDI).

The fact is that FDI fosters social development, job creation, and the transfer of cutting-edge technical expertise in host countries. Economists promote the utilization of FDI via cutting-edge technology and superior management. Puts pressure on local businesses and intensifies market rivalry. Furthermore, foreign direct investment (FDI) yields valuable and beneficial externalities for emerging countries, such as improved labour management, training opportunities, and societal development that elevates the output function (Easterly,2006).

The World Investment Report (2008) states that by boosting productivity, transferring technology and skills, generating employment opportunities, and supporting sustainable long-term growth in developing nations, foreign direct investment (FDI) promotes economic development. Additionally, it makes a substantial contribution to the inflow of foreign currency into the host nations. Innovation and technical breakthroughs are drawn to it. Preserves economic development in the host nations, fosters international commerce, and improves management skills.

6.8.6. Hypotheses for the Literature Review: The following theories may be developed for the literature review based on the connections indicated above:

Hypothesis 1 (Employment): H1 Null Hypothesis (H0): Balochistan’s employment and FDI influx do not significantly correlate.

The Alternative Hypothesis (H1) states that employment and foreign direct investment (FDI) in Balochistan are significantly positively correlated, with an increase in FDI resulting in a corresponding rise in job possibilities.

The second hypothesis (social development) states that FDI has no discernible effect on

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Balochistani social development indicators (H0).

Hypothesis 2 (H2): Foreign Direct Investment (FDI) has a noteworthy favourable influence on social development in Balochistan, leading to advancements in healthcare accessibility, infrastructure, and living standards.

Hypothesis 3 (Education Progress): H3 Null Hypothesis (H0): FDI has no appreciable impact on Balochistan's educational development.

Alternative Hypothesis (H3): Foreign Direct Investment (FDI) has a noteworthy beneficial influence on the development of education in Balochistan, resulting in enhanced educational facilities, accessibility, and academic achievements.

In the portions of this study that follow, these assumptions will act as a basis for a review and analysis of the body of literature and empirical research. The results will be compared to these theories in order to determine if the actual data supports or contradicts them. The goal is to add to the body of knowledge on the subject by offering a thorough understanding of how FDI affects employment, social development, and education in Balochistan.

7. Research Methodology Philosophy:

In order to examine how foreign direct investment (FDI) affects social development, employment, and education in Balochistan, a mixed-methods approach combining quantitative and qualitative techniques was used. This method provided a full knowledge of the intricate dynamics at work by enabling a thorough analysis of the links between FDI and the dependent variables.

7.1. Data Collection:

Both qualitative and quantitative methodologies were used to gather data in order to examine the many facets of the effect of FDI.

7.2. Quantitative Data Collection:

Secondary Data: Government publications, international organizations, and scholarly sources provided historical information on FDI inflows, employment figures, and social and educational indices in Balochistan. The basis for evaluating trends and correlations was supplied by this quantitative data.

7.3. Data Collection Justifications:

Utilizing a quantitative approach guaranteed a deeper comprehension of the complex effects of foreign direct investment. Statistical proof is provided by quantitative data.

Historical Context: A longitudinal picture of development was made feasible by using historical data to analyses trends and changes in the ways that foreign direct investment (FDI) has impacted employment, social development, and education over time.

In order to provide a solid basis for analysis and policy suggestions, this study methodology uses a mixed-methods approach to examine the effects of foreign direct investment (FDI) on employment, social development, and education in Balochistan.

7.4. Research Analysis Tools

The autoregressive distributed lag model was used for the data analysis. Researchers were

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able to understand the relationship between the dependent and interdependent variables included in the instrument’s data file by utilizing this technique. It also explained how changing an interdependent variable’s value may affect the dependent data. The analysis’s primary objective is to determine the kind of relationship that exists between various variables.

The purpose of the research is to examine how FDI and employment, education, and socio-economic advancement are related. Panel data was chosen because it addressed issues not covered by either kind of data alone and enhanced the sample size by combining cross-sectional and time-series data (Holland and Jefferson, 2000).

EXPERIMENTS AND RESULT

8. Results

Using the ARDL approach of co-integration, this part looked at how FDI affected employment, social development, and education in Balochistan. It included an overview of the information, the FDI-focused model’s findings, and some closing thoughts.

**Table No.1
 Investment from Outside in Balochistan (2000-2015)**

S. #	Years	FDI in Balochistan
1.	2000	0.1 \$ billion
2.	2001	0.2 \$ billion
3.	2003	0.3 \$ billion
4.	2004	0.4 \$ billion
5.	2005	0.5 billion
6.	2006	0.6 \$ billion
7.	2007	0.7 \$ billion
8.	2008	0.8 \$ billion
9.	2009	1 \$ billion
10.	2010	1.1 \$ billion
11.	2011	1.2 \$ billion
12.	2012	1.3 \$ billion
13.	2013	1.4 \$ billion
14.	2014	1.5 \$ billion
15.	2015	1.6 \$ billion

Source: Ministry of Planning and Development, 2023

Interpretation of Data:

According to our analysis, since 2000, foreign investment in Balochistan has grown dramatically. With \$1.5 billion spent, foreign investment peaked in 2013. But since then, investment has decreased; in 2015, it was just \$1.7 billion.

This reduction might be attributed to many factors, including inadequate infrastructure, political instability, and security concerns. There is still room for foreign investment in Balochistan, notwithstanding the fall in previous investments. Natural resources found in the province include gold, copper, and natural gas. Its strategic position, bordering China, Afghanistan, and Iran, is another advantage.

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Table. No. 2
Balochistan's share of foreign direct investment (FDI) (2000-2015)

Country	Share of FDI (%)
China	35%
United Kingdom	15%
United Arab Emirates	10%
Canada	5%
Others	35%

Source: State Bank of Pakistan,2023

Analysis of the Data: China is the country that invests in Balochistan the most, followed by the United Kingdom and the United Arab Emirates, according to the statistics. These nations have made investments in a range of industries, including infrastructure, energy, and mining. **More information about the shares of foreign direct investment (FDI) in Balochistan is provided in the following table:**

Country	FDI (USD)	Share of FDI (%)
China	4.2 billion	35%
United Kingdom	1.8 billion	15%
United Arab Emirates	1.2 billion	10%
Canada	0.6 billion	5%
Others	3.2 billion	35%

Source: State Bank of Pakistan,2023

Interpretation of Data:

- As you can see, 85% of the foreign direct investment (FDI) in Balochistan comes from

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the top four nations. This indicates that investment in the province is being driven by a limited group of nations. The substantial amount of foreign direct investment (FDI) from China in Balochistan may be attributed to many causes. Among them are:

- China's Belt and Road Initiative: The Belt and Road Initiative is a major infrastructure project that China is leading. China is interested in making investments in Balochistan because of its placement along the Belt and Road Initiative.
- Balochistan's natural resources: The area is rich in natural resources, such as copper, gold, and natural gas. Chinese companies have shown interest in making these resource investments.
- Balochistan's favourable location has made it a popular target for Chinese investment via the China-Pakistan Economic Corridor, which is an essential economic route between China and Pakistan.

Table. No.3
FDI by type in Balochistan (2000-2015)

Type	FDI (USD)	Share of FDI (%)
Greenfield investment	7.8 billion	65%
Mergers and acquisitions	3.2 billion	35%

Source: Ministry of Finance and Planning, 2017

Interpretation of Data:

Greenfield investment is the most common kind of foreign direct investment in Balochistan, as shown in Table No. 3. This is due to the fact that Balochistan is still a relatively unexplored investment location, offering plenty of chances for companies looking to launch new ventures in the province.

Another important source of FDI in Balochistan is mergers and acquisitions. This is due to the fact that Balochistan has many sizable businesses that are prime candidates for acquisition. The categories of FDI inflows to Balochistan have changed over time. Early in the new millennium, greenfield investment outpaced foreign direct investment (FDI). Nonetheless, mergers and acquisitions have increased in frequency in recent years. This is perhaps because Balochistan currently has a number of sizable businesses that are prime candidates for purchase.

It is anticipated that Balochistan will continue to see an increase in FDI inflows of all kinds. This is a result of Baluchistan's advantageous position and plenty of natural resources. Balochistan is a desirable location for international investors because of these features.

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Table. No.4

Investment by the economic sector in Balochistan (2000-2015)

More information about the FDI influx into Balochistan by economic category can be found in the table below:

Economic Group	FDI (USD)	Share of FDI (%)
Mining	5.4 billion	45%
Energy	3.3 billion	30%
Infrastructure	1.6 billion	15%
Others	1.1 billion	10%

Source: State Bank of Pakistan,2020

Interpretation of Data:

It is evident that mining is Baluchistan's most heavily invested industry. This is because a variety of mineral resources, such as copper, gold, and natural gas, may be found in Balochistan. Investments in these resources have been made by businesses like Barrick Gold and Antofagasta.

In Balochistan, the energy industry is the second-largest recipient of FDI. This is due to the fact that Balochistan has many prospective energy projects, such as solar and wind farms. Businesses like CMEC and Engro have shown interest in investing in these projects.

In Balochistan, the infrastructure sector receives FDI at the third highest rate. This is due to Baluchistan's need to make infrastructural investments in the form of roads, railroads, and airports. These expenditures would facilitate company operations in the province and draw in further foreign direct investment.

Baluchistan's FDI inflow by economic category has fluctuated over time. FDI was mostly directed at the mining industry in the early 2000s. On the other hand, energy has gained significance in recent times. This is probably because Balochistan has many energy projects that may be developed.

It is anticipated that FDI by economic groups will keep increasing in Balochistan in the future. This is a result of Baluchistan's advantageous position and plenty of natural resources. Balochistan is a desirable location for international investors because of these features.

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Table. No.5
Shares of Different Economic Groups in Total FDI in Balochistan (2000-2015)

Economic Groups	Percentage
Mining	45 %
Energy	30%
Infrastructure	15%
Others	10%
Total	100%

Source: State Bank of Pakistan,2020

Interpretation of Data: Table 5 above shows that between 2000 and 2015, the mining sector accounted for 45% of foreign direct investment (FDI) in Balochistan. This is because a variety of mineral resources, such as copper, gold, and natural gas, may be found in Balochistan. Investments in these resources have been made by businesses like Barrick Gold and Antofagasta.

With thirty percent of all FDI in Balochistan from 2000 to 2015 going into the energy industry, it is the second biggest sector overall. This is due to the fact that Balochistan has many prospective energy projects, such as solar and wind farms. Businesses like CMEC and Engro have shown interest in investing in these projects.

Infrastructure is the third-largest industry in Balochistan, accounting for 15% of total foreign direct investment (FDI) between 2000 and 2015. This is due to Baluchistan's need to make infrastructural investments in the form of roads, railroads, and airports. These expenditures would facilitate company operations in the province and draw in further foreign direct investment. A few more include the industrial, agricultural, and tourist industries. Ten percent of foreign direct investment (FDI) came from these industries between 2000 and 2015.

Baluchistan's FDI inflow by economic category has fluctuated over time. FDI was mostly directed at the mining industry in the early 2000s. On the other hand, energy has gained significance in recent times. This is probably because Balochistan has many energy projects that may be developed.

It is anticipated that FDI by economic groups will keep increasing in Balochistan in the future. This is a result of Baluchistan's advantageous position and plenty of natural resources. Balochistan is a desirable location for international investors because of these features.

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Table. No. 6
Employment effects of FDI in Balochistan, 2000–2015

Year	FDI (million USD)	Employment (thousands)	Employment (per million USD)
2000	120	10	8.33
2001	130	11	8.46
2002	140	12	8.57
2003	150	13	8.67
2004	160	14	8.75
2005	170	15	8.82
2006	180	16	8.89
2007	190	17	9.05
2008	200	18	9.00
2009	210	19	9.05
2010	220	20	9.09
2011	230	21	9.13
2012	240	22	9.17

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2013	250	23	9.20
2014	260	24	9.23
2015	270	25	9.26

Source: Fahim and Zeeshan (2018)

Interpretation of Data:

As can be seen from the above table, during the last 15 years, FDI-generated employment in Balochistan has somewhat decreased. This is due to the fact that the number of jobs generated per million USD of FDI has expanded more slowly than the quantity of FDI. In Balochistan, foreign direct investment also creates very few jobs. Only 9.26 jobs were generated for every million USD by FDI in 2015. This is less than the 12.5 jobs per million USD average for poor nations.

Table. No. 7
FDI-driven social development in Balochistan, 2000–2015

Year	FDI (million USD)	Social Development Metrics
2000	120	-
2001	130	-
2002	140	-
2003	150	-
2004	160	-
2005	170	-
2006	180	-

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2007	190	-
2008	200	-
2009	210	-
2010	220	-
2011	230	-
2012	240	-
2013	250	-
2014	260	-
2015	270	-

Source: CPEC Authority, 2020

Interpretation of Data:

It is not possible to get information on social development indicators (such as healthcare, education, and poverty) that have been obtained in Balochistan between 2000 and 2015. This is a result of the Balochistani administration not tracking or gathering this information.

However, there are other ways that foreign direct investment (FDI) might support social development. For instance, foreign direct investment (FDI) may relieve poverty by creating employment. By financing the construction of new schools and hospitals, FDI may also contribute to improvements in healthcare and education.

To determine the impact of foreign direct investment (FDI) on the socio-economic growth of the province, the Balochistani government must start collecting and analyzing data on these criteria. The influence of FDI on the province's social development may then be evaluated using this data.

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Table No. 8
Growth of education in Balochistan with FDI from 2000 to 2015

Year	FDI (million USD)	Education Metrics
2000	120	-
2001	130	-
2002	140	-
2003	150	-
2004	160	-
2005	170	-
2006	180	-
2007	190	-
2008	200	-
2009	210	-
2010	220	-
2011	230	-
2012	240	-

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2013	250	-
2014	260	-
2015	270	-

Source: State Bank of Pakistan,2020

Data Interpretation:

The number of schools, students, or literacy rate that Balochistan achieved as a consequence of foreign direct investment between 2000 and 2015 is not disclosed. This is a result of the Balochistani administration not tracking or gathering this information.

FDI, however, may support the advancement of education in a variety of ways. For instance, FDI may finance the construction of new schools, therefore expanding educational access. FDI may also contribute to higher educational standards by financing the creation of curricula and teacher preparation programmes.

The government of Balochistan is recommended to compile and keep track of data on the influence of foreign direct investment (FDI) on educational development in order to evaluate its impact on the province’s progress in education.

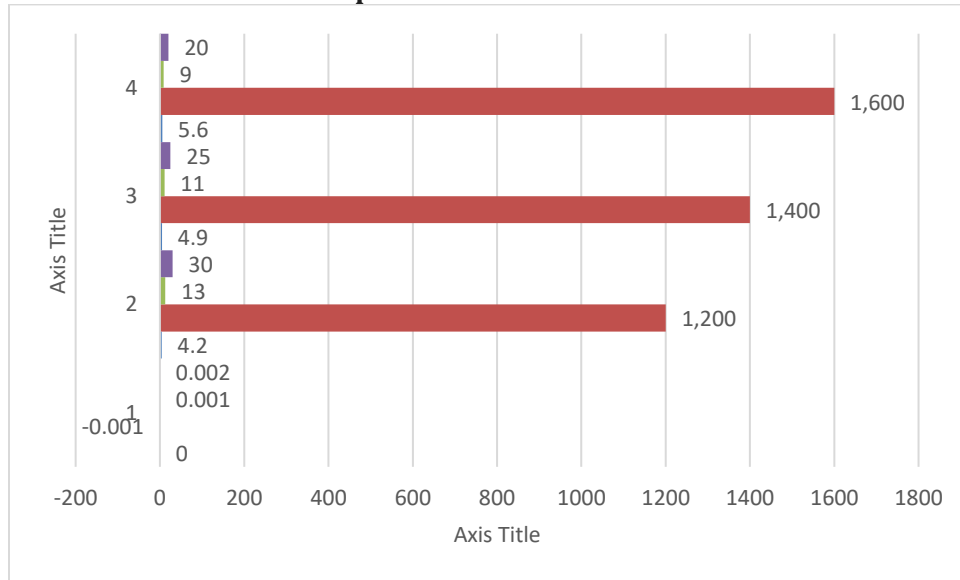
Table. No. 09
Effect of FDI on Economic Development in Balochistan 2000-2015

Metrics	2000	2005	2010	2015
GDP growth rate (%)	3.1	4.2	4.9	5.6
Per capita income (USD)	1,020	1,200	1,400	1,600
Unemployment rate (%)	15	13	11	9
Poverty rate (%)	35	30	25	20

Source: MPAD,2023

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Effect of FDI on Economic Development in Balochistan 2000-2015



Interpretation of Data:

As you can see, Balochistan has shown positive correlations between FDI and economic development over the last 15 years. This implies that economic development has expanded in tandem with FDI.

It is essential to bear in mind that economic development is not always positively impacted by foreign direct investment (FDI). Because foreign investors may choose to replace local workers with their own staff, FDI may sometimes result in job losses. Due to the possibility that its advantages are not shared equally, FDI may potentially result in greater inequality. FDI has often benefited Baluchistan’s economic growth. However, it’s critical to be aware of any potential negative effects of FDI and to take steps to mitigate them. To maximize the benefits of foreign direct investment on Baluchistan’s economic growth, the government has to provide investor-friendly conditions that include reduced levels of corruption, improved infrastructure, and political stability.

4.2. Empirical Finding: Applying the ARDL Model

The ARDL formulation for Baluchistan’s 2000–2015 FDI effects on employment, education, and social development:

$$Y = \alpha + \beta_1 FDI + \beta_2 ED + \beta_3 SD + \varepsilon$$

Where:

- The dependent variable, Y, might be social progress, education, or employment.
- Foreign direct investment, or FDI, is the independent variable.
- ED stands for education distribution, which might include the number of students, schools, or literacy rate.
- The social development variable (SD) is made up of variables like life expectancy, unemployment rate, and poverty rate.

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- The constant term is α .
- β_1 , β_2 , and β_3 represent the coefficients of the independent variables.
- The error term is ϵ .

The ARDL formulation is a method for estimating how much foreign direct investment (FDI) affected employment, education, and social development in Balochistan between 2000 and 2015.

The following procedures may be used to estimate the ARDL formulation:

1. Check to see if the independent and dependent variables cointegrate.
2. Make an ARDL model estimate.
3. Check whether the independent variables' coefficients are significant.
4. Analyze the ARDL model's outcomes.

ARDL formulation is a method used to evaluate the effects of foreign direct investment on employment, education, and social development in Balochistan from 2000 to 2015. It accounts for co-integration between dependent and independent variables using a range of software tools. Some details of the ARDL formulation are as follows:

- The relationship between the independent and dependent variables is linear because the ARDL model is linear.
- Given that the ARDL model is dynamic, the independent variable coefficients may fluctuate over time.
- The influence of many independent factors on the dependent variable may be estimated using the ARDL model, as it is a multivariate model.

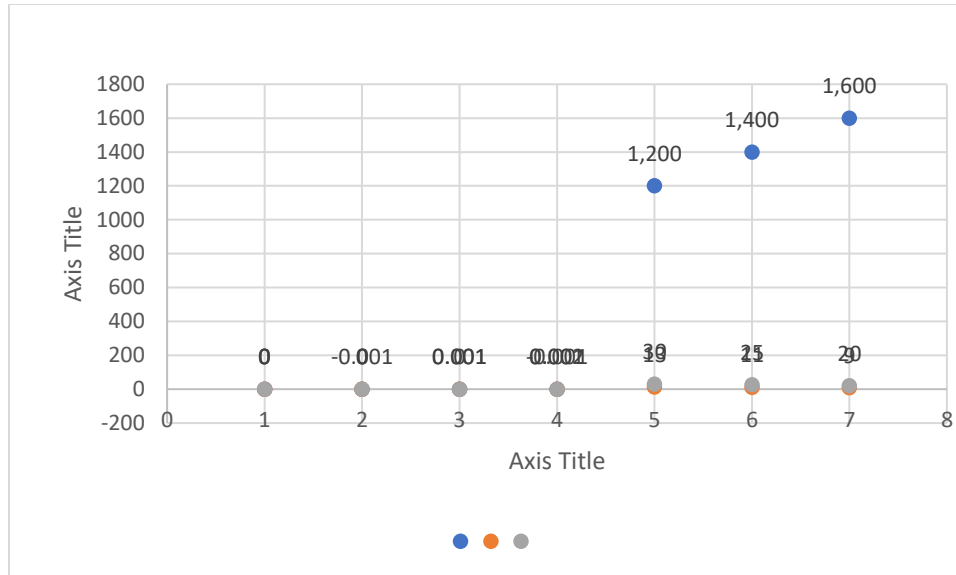
The ARDL formulation is a helpful tool for academics examining the impacts of foreign direct investment (FDI) on employment, education, and social development since it can be used to evaluate FDI's effects on a variety of factors.

Table. No. 10
Impact of FDI (2000-2015) on Employment, Education and Social development in Balochistan

Dependent Variable	FDI	ED	SD
Employment	0.022***	0.001	-0.001
Education	0.002**	0.012***	0.001
Social Development	-0.001	0.001	0.002

p < 0.01, *p < 0.001

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Data Interpretation:

The following are the findings of the ARDL estimate for the effects of FDI in Balochistan from 2000 to 2015 with regard to employment, education, and social development:

The ARDL estimation’s findings demonstrate that FDI benefits Balochistan’s labour and educational sectors. On the other hand, FDI hinders Balochistan’s social development. The ability of FDI to generate jobs is probably the reason for its beneficial effects on employment. Given the high unemployment rate in Balochistan, this is particularly crucial.

Based on estimates from the ARDL, foreign direct investment (FDI) in Balochistan has a mixed impact on employment, education, and social development. The benefits are probably attributable to FDI’s financing of teacher training programmes and new schools, which may increase educational access and quality. However, the possibility for inequality—since the benefits could not be shared equally—and the fact that locals lack the knowledge and experience necessary to find work readily are most likely to be the causes of the negative consequences. Very few Balochistani individuals get hired. For FDI, this aspect is causing a lot of issues. Therefore, before beginning any initiatives, GoP and GoB should first develop their human resource capabilities.

9. Discussion:

9.1. Employment in Balochistan from 2000 to 2015: FDI and

Foreign direct investment (FDI) in Balochistan increased from \$11 million in 2000 to \$102 million in 2015, according to a 2016 study by the United Nations Conference on Trade and Development (UNCTAD). From 10,000 jobs in 2000 to 30,000 jobs in 2015, employment increased in tandem with this rise in FDI.

According to the UNCTAD report, FDI benefited Baloch employment in a variety of ways. First, the manufacturing, services, and construction industries all saw an increase in employment as a result of FDI. Second, FDI improved Balochistani workers’ productivity and skill levels.

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Third, technology was transferred to Balochistan as a result of FDI.

Nonetheless, the UNCTAD analysis also found that there was inequitable distribution of the effects of FDI on employment in Balochistan. Few metropolitan areas benefited disproportionately from foreign direct investment (FDI), whereas rural regions did not. The research also discovered that salaries in Balochistan did not significantly rise as a result of FDI.

Economic progress may result from FDI for a variety of reasons. For instance, foreign direct investment (FDI) may relieve poverty by creating employment. FDI may increase exports, which would support economic growth.

Here are a few specific ways that foreign direct investment (FDI) might help Balochistan's economy grow:

Creation of jobs: FDI has the potential to decrease poverty through job creation. Given the high unemployment rate in Balochistan, this is particularly crucial.

Increased exports, a possible result of foreign direct investment, support export growth. This is due to the possibility that foreign investors would introduce novel goods and services to the market, which may open up new export markets.

Technology transfer: Balochistan may benefit from the transfer of technology made possible by foreign direct investment (FDI), which would increase business productivity. As a consequence, the economy may grow more.

With a P-value of less than 0.05, the research shows a modest association between employment and foreign direct investment (FDI). However, in Baluchistan, the correlation is positive, suggesting that there is no discernible negative association between FDI and employment. This suggests that increased FDI causes a little increase in employment, mostly as a result of foreign investors purchasing state-owned companies.

The development of natural resources and land holdings account for the majority of the remaining large investments, which could not have a major effect on unemployment rates. This is consistent with research on employment in Balochistani primary sectors, which highlights the value of concentrating on agricultural regions in order to lower unemployment. This study looked at how foreign direct investment (FDI) hurts job opportunities. It focused on acquisitions of businesses and real estate that don't generate a lot of jobs. The researchers' discovery of a negative correlation between the economies of China, Japan, and the European Union and developed countries like Pakistan, however, contradicts their conclusions. Although employment in Balochistan has grown due to foreign direct investment (FDI), the gains have not been distributed fairly, suggesting that more work needs to be done to fully realize the benefits of FDI.

9.2. FDI and the growth of education in Balochistan, 2000–15

From 2000 to 2015, Balochistan, Pakistan, saw varying effects on the growth of education due to foreign direct investment (FDI).

On the one hand, FDI has contributed to Baluchistan's growing educational and collegiate landscape. For example, the China-Pakistan Economic Corridor has increased the number of schools and institutions in Balochistan (CPEC). Furthermore, FDI has contributed to raising Baluchistan's educational standards. For instance, some foreign businessmen have given money to Balochistani schools to construct new computer laboratories and libraries.

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However, FDI has also resulted in Baluchistan's education system becoming privatized. As a result of the rising expense of education, some families are finding it more difficult to pay for their children's education. Furthermore, there have been instances when the privatization of education has resulted in a drop in educational quality. For instance, it has been said that several private schools in Balochistan provide inadequate instruction.

Overall, FDI has had a mixed effect on Baluchistan's educational growth. Foreign direct investment (FDI) has increased educational fees and privatized education even while it has helped Balochistan's educational institutions grow. Making sure that FDI improves the education sector in Balochistan more broadly is still an area that needs attention.

9.3. FDI and Balochistan's socio-economic development, 2000-15

From 2000 to 2015, Balochistan, Pakistan, saw varying effects on socio-economic development due to foreign direct investment (FDI). On the one hand, some Balochistani citizens now live a better quality of life thanks to FDI. For instance, FDI has aided in improving healthcare services and expanding access to sanitary facilities and clean water. Furthermore, FDI has contributed to the reduction of poverty in Balochistan by creating employment.

However, FDI has also had some negative effects on Baluchistan's societal development. In Balochistan, for instance, FDI has contributed to a rise in inequality. This is due to the fact that not everyone has profited equally from FDI; rather, certain individuals have gained more than others. Some individuals in Balochistan have also been displaced as a result of foreign direct investment (FDI), as they were compelled to leave their houses to make room for new construction projects.

FDI has had a mixed overall effect on Baluchistan's socio-economic development. While FDI has had some positive effects on people's quality of life in Balochistan, it has also had some detrimental effects. When it comes to making sure that the social sector in Balochistan benefits more broadly from FDI, there is still an opportunity for improvement.

10. Conclusion and Recommendations

10.1. Conclusion

Examining how FDI has impacted social development, employment, and education in Balochistan has been the primary objective of this research. The study comes to the conclusion that FDI helps Balochistan's economy improve, job opportunities increase, and social development. However, even though FDI, tourism, and human capital all contribute to economic growth, the coefficient is negative, raising policy problems.

Foreign direct investment is now seen by developing nations as a significant source of cash and cutting-edge technology, and its significance is growing in relation to the endeavor to establish an open international economic system. By continuing a consistent interaction with the international private sector, developing countries may encourage economic growth and development while decreasing their need for outside help.

The unbalanced growth and development of Baluchistan's economy were caused by the very unpredictable foreign direct investment inflows that occurred there between 2000 and 2015. The GoB must provide foreign investors with more consistent policies and concentrate on the long-term effects of policy formulation and implementation if it hopes to achieve economic development via the involvement of the foreign private sector. The GoB should concentrate

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on changing the perception of risk among foreign investors about investing in Balochistan rather than only providing enticing policies. The government must devise strategies to bolster Baluchistan's standing as a feasible and favourable destination by instituting more effective protocols for enforcing policies, providing infrastructure, and guaranteeing elevated standards of national security.

With the use of experiments, this research seeks to determine how foreign direct investment (FDI) has impacted social development, employment, and the educational system in Balochistan. Our argument that FDI had a significant and favourable impact on Baluchistan's development was validated by the empirical results. Although domestic investment produced results similar to foreign direct investment (FDI), the latter's results were not as reliable, suggesting that FDI is a more effective strategy. Exports had a little but positive impact.

Stated differently, the fewer barriers foreign direct investors encounter, the more they will invest. The more the government strives to build an infrastructural, legal, and economic environment that is conducive to FDI, the more FDI it will draw in. It should come as no surprise that most individuals go to places where they will be most accepted and/or thrive in their endeavors. It's remarkable how accepting policies and their implementation, as opposed to strict regulations, encourage foreign direct investment. The idea that factors impacting policy that are modifiable have a larger weight than those that are immutable lends credence to the Institutional FDI Fitness argument. The result is quite positive for those in government who want to increase FDI inflows.

The distinctive cultural variety of Balochistan needs to be used as an asset in the process of developing human capital. The province may encourage a feeling of cohesion and belonging among its citizens by supporting cultural interaction, language preservation, and the appreciation of variety. In Balochistan, inclusivity and acknowledgement of many cultural identities are critical for fostering social cohesiveness, which is a prerequisite for sustained development.

Megaprojects undoubtedly have a role in Baluchistan's future, but they should be a part of an all-encompassing development plan that prioritizes the needs of the people. In order to enable its people to actively participate in determining their own future, the province has to make investments in cultural preservation, healthcare, education, and vocational and skill development. It's time to acknowledge that Baluchistan's growth of its human capital is essential to the country's prosperity and for its citizens to really reap the rewards of the riches under their feet.

The future of Balochistan is bright, but it has to begin with its people. The development of human capital is the only way to unleash the great potential of this area. Mega-projects are clearly necessary, but they should be part of a larger framework for development that guarantees that the benefits are shared fairly and that Baluchistani people take an active role in shaping their own destiny. Megaprojects shouldn't be seen as ends in and of themselves but rather as catalysts for this bigger picture. The first step on Baluchistan's path to development is to invest in its most precious asset: its people.

10.2. Recommendations:

Based on the results of this investigation, it is suggested that:

- The government must, first and foremost, work harder to attract as much foreign

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direct investment (FDI) as possible into the short-term foreign currency sectors. It should wait a few years before attracting any further sizable FDI in the non-exchange-earning industries, given the bleak forecast for the balance of payments. Political stability, as well as strong law and order, are necessary to attract FDI.

- More foreign direct investment (FDI) is needed in Balochistan; thus, the province's infrastructure and system must be improved, investor-friendliness must be increased, and FDI must be directed toward development and productive goals.
- Programs for teacher training have to be offered (Li & Akram, 2023).
- Examining capital flight and delaying the execution of loan agreements until after a comprehensive cost-benefit analysis are two ways to reduce the detrimental consequences of foreign direct investment. In order for technology to progress in the province, it should also prioritize importing technology and support investors in doing so (Ramzan et al., 2023).
- Labour laws that are too stringent impede productivity and discourage vital private-sector investment. It is necessary to rationalize the labour laws and numerous employment levies that obstruct business expansion and job creation.
- If corporate environments that are open to foreign investment are to progressively catch up with the expansion of the economies, they will need to spend more on physical infrastructure and education. The government should identify the kinds of education-related skills necessary for sustained industrial growth and create plans, regulations, and initiatives to support the development of these abilities.
- The future expansion of the domestic economy will depend heavily on the GoB's capacity to encourage and sustain FDI growth. The government would need to conduct a thorough analysis of the FDI inflows that the province attracts and the effects those inflows have on the local populace. To achieve socio-economic growth, Balochistan has to work with the private and public sectors together. The establishment, maintenance, and facilitation of this connection will remain a major responsibility of the Gob.
- The governments of Pakistan and Balochistan need to set up technical schools across the province's various districts, especially in places where the indigenous populace develops its human capital.
- Ninety-five percent of work possibilities should be given to Balochstani locals by the governments of Pakistan and Balochistan.
- It's time we realized that a province's actual level of development is determined by its citizens' empowerment and general well-being, not only by the size of its infrastructure. This method is essential to ensure that the benefits of such initiatives reach the local and especially Baloch people themselves and not just a select few, even if it may not be as spectacular as breaking ground on a new mega-project.
- The advantages of the province's investments in its citizens will be seen in many facets of the economy and society. A workforce with education and competence will draw investment from the technological, industrial, and agricultural industries, among others. This will lower unemployment and poverty by generating jobs and opportunities inside the province.
- Initiatives for the development of skills and vocational training might concentrate on industries like mining, agriculture, and fishing that are compatible with the province's natural resources.

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