

**CHINA – PAK ECONOMIC CORRIDOR AND ITS IMPACT ON PAKISTAN’S  
SOCIO-ECONOMIC DEVELOPMENT WITH GEOPOLITICAL SITUATION  
IN KPK & BALUCHISTAN AS A MODERATOR**

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**ABSTRACT**

China - Pak Economic Corridor (C-PEC) is a megaproject of China in Pakistan. This study examines C-PEC’s potential impact on the wellbeing and prosperity of Pakistani general masses in terms of their socio-economic development and on the growth and emancipation of indigenous entrepreneurs of Pakistan. The study also takes into account the Geo-political situation of KPK and Baluchistan as a moderating factor in the success of C-PEC. The study tests a theoretical model in relation to C-PEC and its impact on above-stated dimensions by using sample data of general public of Pakistan, corporate personnel, local entrepreneurs, citizens of KPK and Baluchistan. The data obtained through online questionnaire was analysed by statistical tests of correlation and regression with a sample size of 126 individuals. The conclusions drawn are significant with high positive correlation of C-PEC with the growth and emancipation of indigenous entrepreneurs and socio-economic development of general public of Pakistan. The results confirm the role of moderating variable indicating that the success of C-PEC is contingent on the resolution of geo-political issues of KPK & Baluchistan each level and stage of execution of this mega initiative. The results reinforce the conviction that C – PEC is vital for Pakistan to flourish and emerge as a strong economic and geo-strategic partner in the region.. Areas of further research have been suggested in the study report.

**KEYWORDS**

China – Pak Economic Corridor (C-PEC), Indigenous Entrepreneurs, Socio-Economic Development, Geo-Political Situation

**INTRODUCTION**

The **China–Pak Economic Corridor (C-PEC)** is a megaproject / infrastructure for economic emancipation with the purpose to create economic / trade nexus between Gwadar Port in south-western expanse of Pakistan and China’s north-western self-governing state of Xinjiang, through a linkage of thoroughfares, railway-tracks and conduits for transportation of trade, especially energy resources including gas and oil. This megaproject of trade and industry passageway is crucial for Sino – Pak mutually beneficial relations and will have a track of almost 3,000 km developed from the city of Gwadar to the borders of Kasha. The estimated cost of the project, inclusive of construction cost is, to the tune of USD 46 billion, having anticipated completion time in

several years. The initiative of 21<sup>st</sup> Century's Silk-Route will be extended through C - PEC. This is the biggest overseas investment by China proclaimed yet, and the corridor is expected to be operational within three years and will be a game-changer in the whole of region.

C-PEC is of extraordinary importance, in terms of its route passing through one of the most dynamic geostrategic locations of South Asia. It will play an imperative role as a trade route between China, the Middle East and Europe through Pakistan with likelihood for creation of thousands of job opportunities and generation of revenues worth of billions of dollars for both countries. To make this dream really come true, certain apprehensions of some indigenous and global stakeholders need to be addressed for long-term sustainability of development objectives.

Pakistan is an emerging economy with myriad challenges at the domestic and regional fronts. Pakistan's exports are feeble amidst a global economic slowdown. There are delays in policy and product up-gradation, adaptation, and implementation coupled with difficulties in managing the economic sector and mainstreaming it with the global supply chain. Some of these dire challenges pertain to slow export promotion and trade imbalances. In order to develop lasting economic relations with Beijing, Islamabad would have to reinforce its policies to foster production-based structural transformation. Chinese assistance holds significant value in this case.

The current initiative of Beijing-Islamabad relations is a good sign for the coming geo-political and geo-economic expediencies that could beckon prosperity and economic cooperation. Both countries have an interest in creating an enabling security, political, and trade environment for the envisioned growth and sustainability of their economic and commercial relations. However, an environment of peace and stability, necessary for the success of C-PEC, will not happen in a vacuum, especially if other regional and extra-regional powers are not willing to provide space.

The economic corridor is being seen as the touchstone for the already initiated ventures and various other projects resulting from Pakistan-China cooperation. The new and predictable opportunities give birth to questions such as: Will the C-PEC be a game-changer for Pakistan's socio-economic development? Will it be a catalyst in creating job markets / opportunities for Pakistani citizens? Will China help Pakistan in building required capacity and skills in our workforce? Will China reap the maximum benefits out of this megaproject, leaving Pakistan in wretched conditions? Will our local entrepreneurs suffer due to the availability of Chinese products in abundance? Last but not the least; will the life-standards of Pakistan's masses be uplifted with the commencement of C-PEC?

### **OBJECTIVES OF THE STUDY**

This study aims to find out answers to the above questions by analyzing statistically the impact of C-PEC on various strata of Pakistani citizens and on different domains of commerce and industry of Pakistan. The objectives of the study are to identify explicitly the following aspects:

- General perception / attitude of Pakistani people regarding challenges and possible benefits of C-PEC for Pakistan's socio-economic development.
- The extent to which C-PEC will be helpful in promoting indigenous / local entrepreneurs of Pakistan.
- The potential of geo-political situation of KAPOK & Baluchistan to affect C-PEC adversely if not properly handled.

### **RESEARCH QUESTIONS**

The research questions were structured to check relationship of independent variable (IV) with the dependent variables (DVs). One issue pertained to checking of the strength of relationship of IV with the DVs given the likelihood of the MV to affect C-PEC at various levels during the execution of the project. Following questions were formulated for testing of various hypotheses in the study:

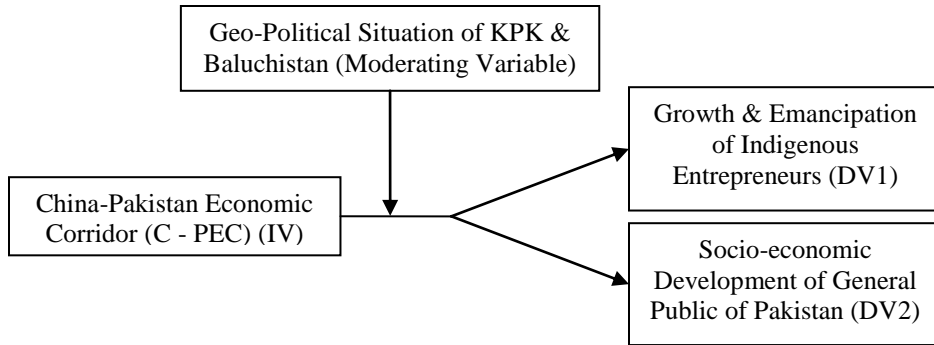
- What will be the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan?
- What will be the impact of C-PEC on the socio-economic development of general public of Pakistan?
- How will geo-political situation of KAPOK and Baluchistan moderate the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan?
- How will geo-political situation of KAPOK and Baluchistan moderate the impact of C-PEC on socio-economic development of general public of Pakistan?

### **SIGNIFICANCE OF THE STUDY**

In depth study of the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs and on the prosperity & socio-economic development of general public of Pakistan constitutes the rationale of the present research. In addition, the relevance of geo-political situation in KPK and Baluchistan provinces to the success of C-PEC is also an important part of the study. Geo-strategically, Pakistan is the only country which gives China an easy and safe route for its trade with central Asian, gulf and European countries. Pakistan is not merely expanding its defense cooperation, it is also nurturing its economic co-operation with China and consequently endeavoring to relocate itself as a significant trade partner in the region. The results of the study are thus of great value for the national strategic planners, policy formulators, development practitioners and researchers.

### **THEORETICAL / CONCEPTUAL FRAMEWORK**

Based on the above-cited theory and extensive literature review, the following conceptual framework is developed for the study:



## HYPOTHESES

It can be assumed that C-PEC has a direct and positive impact on growth and emancipation of indigenous entrepreneurs of Pakistan and on the socio-economic development of general masses of Pakistan in terms of their better life and prosperity. Furthermore, the geo-political situation of KPK & Baluchistan can potentially impede the prospects of C-PEC. The proper handling and amicable solution of all thorny issues of these two provinces provide a key to save the mega project from all adverse effects. It is hypothesized that:

- H<sub>1</sub>:** C-PEC has a positive impact on growth and emancipation of indigenous entrepreneurs of Pakistan.
- H<sub>2</sub>:** C-PEC has a positive impact on socio-economic development of Pakistan's general public.
- H<sub>3</sub>:** Geo-political situation of KPK & Baluchistan moderates the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan.
- H<sub>4</sub>:** Geo-political situation of KPK & Baluchistan moderates the impact of C-PEC on socio-economic development of Pakistan's general public.

## METHODOLOGY

This is a quantitative and cross-sectional research and the purpose of the study is to explore the general perception / attitudes of Pakistani citizens about the megaproject of C-PEC and its impact on socio-economic development of Pakistan. The target population consists of people belonging to all spheres of life including households, employees of corporate sector, self-employed, students of universities and residents of KPK and Baluchistan provinces. Individuals are the units of analysis for the present study. Non-probability convenience sampling technique was used to collect the data. Data was collected through a structured questionnaire floated online, followed by phone calls and personal visits. Two hundred (200) questionnaires were floated and one hundred twenty six (126) were received back from the respondents in complete form. The response rate, thus, was 63%.

Two dependent variables (DV1 & DV2), one independent variable (IV) and one moderating variable (MV) were measured on 0 – 5 point ratio scale (0 “No Agreement” and 5 “Complete Agreement”). Software used to analyze data was SPSS (version 20.0).

Correlation and Simple Regression tests were applied to measure the relationship between the variables under study. Cronbach Alpha test was run to determine the internal consistency and reliability of the questionnaire. The content and face validity of the questionnaire were assessed by the experts of the relevant areas.

## DATA ANALYSES AND RESULTS

### Reliability Statistics:

Table 1 summarizes and portrays the internal consistency / reliability statistics of items of questionnaire. Independent variable (C-PEC) had four items; moderating variable, 5 items and dependent variables had 4 items each. The reliability of the items was assessed separately, analyzing the consistency within the items of each variable. Reliability evaluation through Alpha Reliability of IV (China – Pak Economic Corridor) was 0.798 for 4 items, showing a consistency within 4 items of the IV. The Alpha Reliability of MV was 0.686 for 5 items, showing no element of inconsistency among the items. Two DVs consisting of 4 items each were evaluated through Cronbach Alpha Reliability Test and it was revealed that consistency within the items of DV1 was slightly weak i.e. 0.405 whereas DV2 had 0.874 Alpha Reliability, showing consistency of items as quite good.

**Table 1**  
**Reliability Statistics**

Variables	Cronbach Alpha ( $\alpha$ )	No. of Items
China – Pak Economic Corridor (C-PEC)	0.798	4
Geo-political Situation of KPK & Baluchistan	0.686	5
Growth & Emancipation of Indigenous Entrepreneurs	0.405	4
Socio-economic Development of General Public of Pakistan	0.874	4

## CORRELATION ANALYSIS

Table 2 reveals the statistical significance of the relationship between the independent variable i.e. China – Pak Economic Corridor (C-PEC) with the growth and emancipation of indigenous entrepreneurs of Pakistan as DV1 and with the socio-economic development of the general public of Pakistan as DV2. Geo-political issues of KPK & Baluchistan are also related with C-PEC and with the growth and emancipation of indigenous entrepreneurs and socio-economic development of Pakistan's general masses. In the table, relationship between C-PEC (IV) and growth & emancipation of indigenous entrepreneur (DV1) is positive and statistically significant at significance level of  $p = 0.01$ . The relationship between C-PEC (IV) and socio-economic development of Pakistan's general public (DV2) is also positive and significant at level of  $p = 0.01$ . Another dimension of this research is the study of moderation imposed by geo-political situation in KPK & Baluchistan (MV) on the relationship between C-PEC and growth and emancipation of indigenous entrepreneurs of Pakistan on one side and between C-PEC and socio-economic economic development of Pakistan's general masses on the other. As indicated in the table, the relationship of geo-political situation in KPK &

Baluchistan (MV) is positive and statistically significant with both the DVs at the significance level of  $p = 0.00$ . This means that the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs and on the socio-economic development of Pakistan's general public is tremendous but it is conditional to an effective mechanism which needs to be put in place to address the concerns of all stake holders of these two provinces.

**Table 2**  
**Correlation Matrix**

		<b>C-PEC</b>	<b>Growth &amp; Emancipation of indigenous entrepreneurs</b>	<b>Socio-economic development of general public of Pakistan</b>	<b>Geo-political situation of KPK &amp; Baluchistan</b>
<b>C-PEC</b>	Pearson Correlation	1			
<b>Growth &amp; Emancipation of Indigenous Entrepreneurs</b>	Pearson Correlation	.586**	1		
<b>Socio-Economic Development of General Public of Pakistan</b>	Pearson Correlation	.739**	.675**	1	
<b>Geo-political Situation of KPK &amp; Baluchistan</b>	Pearson Correlation	.631**	.505**	.646**	1

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

### **REGRESSION ANALYSIS**

Regression tests were carried-out to measure the variations in the growth and emancipation of indigenous entrepreneurs of Pakistan (DV1) and the in the socio-economic development of Pakistani general masses (DV2) as explained by the variation in the progress of C-PEC (IV). Moderating role of geo-political situation of KPK & Baluchistan (MV) in relationship between C-PEC and the two dependent variables was also measured. Regression results of each variable are analysed and interpreted as follows:

As shown in table 3, the value of R (co-efficient of correlation) = 0.586 which means that C-PEC and growth & emancipation of indigenous entrepreneurs of Pakistan are highly and positively related to each other. R square = 0.343 indicates that the contribution of C-PEC to the growth and emancipation of Pakistan's indigenous entrepreneurs is up to 34%. The remaining 66% variation is unexplained.

**Table 3**  
**C-PEC versus Emancipation of Indigenous Entrepreneurs of Pakistan**

Model Summary <sup>b</sup>							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.586 <sup>a</sup>	0.343	0.338	0.41231	0.343	64.844	0

a. Predictors: (Constant), Mean IV

b. Dependent Variable 1: Mean DV1

ANOVA test establishes the fitness of the regression model with  $F = 64.844$  which is significant at level of  $p = 0.000$ . This shows that the model fits very well for the prediction of growth and emancipation of indigenous entrepreneurs of Pakistan based on the successful implementation of C-PEC project. In other words, the successful execution of C-PEC acts as a significant predictor of the growth and emancipation of indigenous entrepreneur of Pakistan with other factors remaining as constant.

**Table 3.1**

**ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.024	1	11.024	64.844	.000 <sup>b</sup>
	Residual	21.08	124	0.17		
	Total	32.104	125			

a. Dependent Variable 1: Mean DV1

b. Predictors: (Constant), Mean IV

The results of table 3.2 confirm the above conclusion. In this table, the effect of C-PEC on growth and emancipation of indigenous entrepreneurs of Pakistan is studied by regressing the dependent variable on the independent variable. The results of this simple regression analysis show that there is a positive and significant relationship between C-PEC and the growth & emancipation of indigenous entrepreneurs of Pakistan. It was hypothesized that C-PEC has a positive relationship with the emancipation and growth of indigenous entrepreneurs of Pakistan (H1). The relevant regression coefficient has turned out to be positive and statistically significant. It shows that *ceteris paribus*, C-PEC impacts the growth and emancipation of indigenous entrepreneurs of Pakistan in a big way. Thus, H1 is established.

**Table 3.2**  
**Coefficients**

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.54	0.158		16.102	0
	Mean_IV	0.349	0.043	0.586	8.053	0

a. Dependent Variable 1: Mean DV1

Table 4 shows the value of  $R = 0.739$  which means that C-PEC and socio-economic development of Pakistan are highly and positively related to each other.  $R$  square = 0.547 shows that the contribution of C-PEC in explaining the variation in the prosperity and wellbeing of Pakistan's general public is up to 55%. The remaining 45% variation is unexplained.

**Table 4**  
**C-PEC versus Socio-Economic Development of Pakistan's General Public**

<b>Model Summary<sup>b</sup></b>							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.739 <sup>a</sup>	0.547	0.543	0.65194	0.547	149.539	0

a. Predictors: (Constant), Mean IV

b. Dependent Variable 2: Mean DV2

ANOVA test establishes the fitness of this regression model with  $F = 149.539$  which is significant at significance level of  $p = 0.000$ . This shows that the model fits well for the prediction of the dependent variable. In other words, the success of C-PEC is a significant predictor of socio-economic development of Pakistan's general public while other factors remain the same.

**Table 4.1**  
**ANOVA**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.557	1	63.557	149.539	.000 <sup>b</sup>
	Residual	52.703	124	0.425		
	Total	116.26	125			

a. Dependent Variable 2: Mean DV2

b. Predictors: (Constant), Mean IV



In table 4.2, the effect of C-PEC on socio-economic development of Pakistan's general public is studied. C-PEC shows a significant relationship with the socio-economic development of Pakistan's general public. It was hypothesized that C-PEC has a positive and significant impact on prosperity and wellbeing of Pakistan's general public (H2). Its regression coefficient has turned out to be positive and statistically significant. It can, therefore, be said that *ceteris paribus*, C-PEC, on its successful completion, will impact the socio-economic development of Pakistan's general public greatly. The results establish the validity of H2.

**Table 4.2**  
**Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.077	0.249		0.309	0.758
	Mean_IV	0.839	0.069	0.739	12.229	0

a. Dependent Variable 2: Mean DV2

Table 5 examines the moderating effect of geo-political situation of KPK and Baluchistan on the relationship between C-PEC and the emancipation and development of indigenous entrepreneurs of Pakistan. R (co-efficient of multiple correlation) = 0.611 of Model 1 shows that the joint effect of C-PEC and geo-political situation of KAPOK & Baluchistan on the growth and emancipation of indigenous entrepreneurs of Pakistan is enormous. This coefficient is statistically significant. In other words, timely start of C-PEC initiative, coupled with resolution of geo-political issues of KAPOK and Baluchistan will be a step forward to achieve the required impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan. R square = 0.374 indicates that C-PEC and geo-political position of KAPOK and Baluchistan as two factors explain the variation in the growth and emancipation of indigenous entrepreneurs of Pakistan to the extent of 37% whereas the remaining 63% variation is unexplained.

Model 2 in table 5 unfolds the value of R (co-efficient of multiple correlation)= 0.638 which gives the joint effect of C-PEC, geo-political situation of KAPOK & Baluchistan and their interaction on the growth and emancipation of indigenous entrepreneurs of Pakistan. This value is also statistically significant. This implies that C-PEC, supported by an effective and result-oriented mechanism of resolving all geo-political issues of KAPOK and Baluchistan at all levels and stages of the execution of the mega project, will be able to exert its real impact on the growth and emancipation of indigenous entrepreneurs of Pakistan. R square = 0.407 reflects that the interaction C-PEC and geo-political situation of KAPOK & Baluchistan enhances the percentage of variance explained in the dependant variable up to 41% as compared with 37% when there is no interaction. This clearly shows that proper start of C-PEC, coupled with timely addressing of geo-political issues of KAPOK and Baluchistan, will play a crucial role in creating the desired impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan.

**Table 5**  
**Moderating Variable**

Model Summary <sup>c</sup>							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.611 <sup>a</sup>	0.374	0.364	0.40425	0.374	36.724	0
2	.638 <sup>b</sup>	0.407	0.392	0.39506	0.033	6.792	0.01

a. Predictors: (Constant), Mean IV, Mean MV

b. Predictors: (Constant), Mean IV, Mean MV, CPEC\_GEOPOL

c. Dependent Variable 1: Mean DV1

ANOVA test establishes the fitness of the regression Model 1 with  $F = 36.724$  and at significance level of  $p = 0.000$ . This shows that the model fits well for the prediction of dependent variable based on the independent and the moderating variables. In other words, if the C-PEC mega projects starts in time and takes off properly, and the geo-political issues of KPK & Baluchistan are addressed seriously, these two factors may serve as significant predictors of the growth and emancipation of indigenous entrepreneurs of Pakistan, with other things remaining as constant.

ANOVA test also establishes the fitness of the regression Model 2 with  $F = 27.899$ , significant at the level  $p = 0.000$ . This shows that the model is fit for the prediction of dependent variable, based on independent variable, moderating variable and interaction of independent & moderating variables. More specifically, although proper execution of C-PEC and the timely action for addressing geo-political issues of KPK & Baluchistan are significant predictors of DV in their own way, their interaction can add more value to C-PEC's success for its desired impact on the growth and emancipation of indigenous entrepreneurs of Pakistan. Put differently, if the C-PEC has to be a real game changer for the growth and emancipation of indigenous entrepreneurs of Pakistan, solution of geo-political issues of KPK and Baluchistan to the entire satisfaction of all stake holders at all levels and stages of the execution of C-PEC is an essential pre-requisite.

**Table 5.1**  
**ANOVA**

ANOVA <sup>a</sup>						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.003	2	6.001	36.724	.000 <sup>b</sup>
	Residual	20.101	123	0.163		
	Total	32.104	125			
2	Regression	13.063	3	4.354	27.899	.000 <sup>c</sup>
	Residual	19.041	122	0.156		
	Total	32.104	125			

a. Dependent Variable 1: Mean DV1

b. Predictors: (Constant), Mean MV, Mean IV

c. Predictors: (Constant), Mean MV, Mean IV, CPEC\_GEOPOL

In table 5.2, the partial effects of C-PEC and Geo-political situation of KPK and Baluchistan on growth and emancipation of indigenous entrepreneurs of Pakistan have been examined (Model 1). Both the IV and the MV are significant in their impact on DV after controlling for each other. In Model 2 of table 5.2, effect of interaction of IV & MV is analyzed on DV1. The analysis shows that interaction of IV & MV is positive and statistically significant. These results confirm the element of moderation in this case and are in agreement with the conclusion drawn above. The interpretation of these results is that in order for the C-PEC to be successful in achieving a tangible effect on the growth & emancipation of indigenous entrepreneurs in the country, solution of geo-political issues of KPK & Baluchistan at each level and stage of its operation is necessary. It was hypothesized that Geo-political situation of KPK and Baluchistan moderate the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs of Pakistan. The results of table 5.2 fully establish H<sub>3</sub>. The regression coefficients of IV and MV as separate independent variables are negative in table 5.2, which is due to the multicollinearity, common in statistical moderation. We, therefore, would not interpret these coefficients.

**Table 5.2**  
**Coefficients**

<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>T</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	2.241	0.197		11.37	0
	Mean_IV	0.265	0.055	0.444	4.83	0
	Mean_MV	0.175	0.072	0.225	2.448	0.016
2	(Constant)	3.767	0.616		6.113	0
	Mean_IV	-0.181	0.179	-0.304	-1.011	0.314
	Mean_MV	-0.296	0.194	-0.38	-1.526	0.13
	CPEC_GEOPOL	0.133	0.051	1.237	2.606	0.01

a. Dependent Variable 1: Mean DV1

Table 6 examines the moderating effect of geo-political situation of KAPOK and Baluchistan on the relationship between C-PEC and socio-economic development of Pakistani general masses. The value of R (co-efficient of multiple correlation) = 0.755 in Model 1 gives the joint effect of C-PEC and Geo-political situation of KAPOK & Baluchistan on socio-economic development of general public of Pakistan which is highly significant. This means that initiative of C-PEC, in combination with the resolution of geo-political issues of KAPOK and Baluchistan has, has a great impact on the socio-economic development of Pakistan's general public. R = 0.600 means that the contribution of C-PEC and Geo-political situation of KAPOK and Baluchistan in explaining variation in the socio-economic development of Pakistan's general public is up to 60%. The remaining 40% variation is unexplained.

The value of R (co-efficient of multiple correlation) = 0.857 in Model 2 gives the joint effect of C-PEC, Geo-political situation of KPK & Baluchistan & interaction of these two variables on socio-economic development of Pakistan's general public. R square = 0.735 indicates that the interaction of C-PEC as IV and Geo-political situation of KPK & Baluchistan as MV enhances the predictive power of these two variables and enables them to explain the variation in the dependent variable, that is, socio-economic development of Pakistan's general public, to the extent of 74% as against 60% without interaction. Technically, it means that the variation in the prosperity and socio-economic development of Pakistani general masses is explained to the extent of 74% if the element of interaction of IV and MV is entered in the estimation model and IV and MV are not just taken as two separate independent variables. Explained differently, although C-PEC and proper handling of geo-political issues of KPK and Baluchistan impact the socio-economic development of Pakistan's general masses significantly, the continuity in the solution of issues at all levels and stages of C-PEC's operation is more rewarding in order for the C-PEC to be a real game changer in terms of its impact on socio-economic development of Pakistan's general public.

**Table 6**  
**Moderating Variable**

Model Summary <sup>c</sup>							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.775 <sup>a</sup>	0.6	0.594	0.6148	0.6	92.292	0
2	.857 <sup>b</sup>	0.735	0.729	0.50233	0.135	62.247	0

a. Predictors: (Constant), Mean MV, Mean IV

b. Predictors: (Constant), Mean MV, Mean IV, CPEC\_GEOPOL

c. Dependent Variable 2: Mean DV2

ANOVA test establishes the fitness of the regression Model 1 with  $F = 92.292$  and at significance level of  $p = 0.000$ . This shows that the model fits very well for the prediction of dependent variable based on independent variable and the moderating variable as two separate independent variables. In other words, if the C-PEC mega projects takes off well, and the geo-political issues of KPK & Baluchistan are addressed amicably, these two factors may serve as significant predictors of the socio-economic development of general public of Pakistan.

ANOVA test also establishes the fitness of the regression Model 2 with  $F = 112.915$  and at significance level of  $p = 0.000$ . This validates model's fitness for the prediction of dependent variable based on independent variable, moderating variable and their interaction. In other words, although C-PEC and Geo-political situation of KPK & Baluchistan are significant predictors of socio-economic development of Pakistan's general public in their own way, their interaction will lead to C-PEC's enhanced role and more success in achieving the desired results.

**Table 6.1**  
**ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.769	2	34.884	92.292	.000 <sup>b</sup>
	Residual	46.491	123	0.378		
	Total	116.26	125			
2	Regression	85.476	3	28.492	112.915	.000 <sup>c</sup>
	Residual	30.784	122	0.252		
	Total	116.26	125			

a. Dependent Variable 2: Mean DV2

b. Predictors: (Constant), Mean MV, Mean IV

c. Predictors: (Constant), Mean MV, Mean IV, CPEC\_GEOPOL

In Model 1 of table 6.2, the partial effects of independent variable-- C-PEC, and the moderating variable--Geo-political situation of KPK & Baluchistan on dependent variable-- Socio-economic development of Pakistan's general public are examined. Both of these variables are significant in their impact on dependent variable after controlling for each other.

In Model 2 of table 6.2, effect of interaction of IV and MV on dependent variable is analyzed which is statistically significant. The moderating effect of MV on DV through its interaction with IV is thus evident. It was hypothesized that geo-political situation of KPK and Baluchistan moderates the impact of C-PEC on socio-economic development of Pakistan's general public (H4). As per this hypothesis, if the geo-political issues of KPK and Baluchistan are addressed amicably, and that is done at each stage and level of C-PEC' execution, it will enhance C-PEC's role to achieve the goal of socio-economic development of Pakistan's general public in real terms. This hypothesis is well established in the light of results of table 6.2.

**Table 6.2**  
**Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.676	0.3		-2.256	0.026
	Mean_IV	0.626	0.083	0.552	7.507	0
	Mean_MV	0.441	0.109	0.298	4.054	0
2	(Constant)	5.195	0.783		6.631	0
	Mean_IV	-1.091	0.228	-0.962	-4.785	0
	Mean_MV	-1.371	0.246	-0.926	-5.567	0
	CPEC_GEOPOL	0.514	0.065	2.502	7.89	0

a. Dependent Variable 2: Mean DV2

## CONCLUSIONS AND FINDINGS

The present study attempts to contribute new knowledge to the existing literature on China – Pak Economic Corridor (C-PEC) by conducting a quantitative analysis of the impact of C-PEC on the growth and emancipation of indigenous entrepreneurs and on the wellbeing and socio-economic development of Pakistan's general public. The study also explores the extent to which the C-PEC's success is contingent on the resolution of geo-political issues of KPK & Baluchistan in a timely and effective manner. The study consists of in-depth literature review, empirical evidences and detailed analysis of secondary and primary data collected through online survey. The findings of the study are helpful for policy makers in both China and Pakistan for developing strategies to make this mega initiative a real success. We are confident that if C-PEC is steered well, it will provide China and Pakistan with a tremendous opportunity to flourish and emerge as two strong economic partners in the region. Improvement in Pakistan- China commercial cooperation, a consequence of C-PEC, will lead to a stronger mutually beneficial relationship for both the countries and their people. To conclude, the perception and attitude of Pakistani people towards C-PEC is positive and they strongly believe that this mega project will bring prosperity and uplifting of Pakistan's general public in general and the growth and emancipation of indigenous entrepreneurs in particular.. The results of this research endorse all hypotheses set in the research to test their authenticity with regard to facts stated and the direction at the desired level of statistical significance.

The future research needs to cover areas such as international relations, geo-strategic aspects and environmental concerns in order to establish their relationships with the success of C-PEC. One can hope that once the missing studies are undertaken and executed with full professional dedication and competence, it will not only enrich the existing literature on the subject but will also practically help researchers, practitioners, technical experts, development sector personnel and government officials to adopt the strategy of informed decision making and for effective policy formulation in the relevant areas.

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