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Identifying the Factors that Affect the Financial Sustainability in Balochistan Province of Pakistan

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Abstract

This study defines the factors affecting the financial sustainability in province of Balochistan. This research also describes that the financial sustainability in Balochistan is influenced by multiple diverse macro and micro level factors those create barriers and obstacles for development of province. These factors include political instability, poor infrastructure, poor quality of education, poor governance practices, law & order situation and corruption. This research was conducted to find out the relationship between financial sustainability and the following variables. The sample size for conducted research was 105 respondents from Balochistan. Keeping in view the nature of relationship among the variables, correlation matrix and regression analysis, in addition to frequency analysis were used to analyze the findings. The survey questionnaire was designed on likert scale and responses were acquired through the stratified sampling method.

JEL Classification: O40, H54, I24, G12, D72, O16

Key words: Political Instability, Infrastructure, Quality of Education, Law and Order Situation, Corruption. Financial Sustainability

1. INTRODUCTION (RESEARCH PROPOSAL)

1.1 Background of the Study

This study is belonging to the role of Financial Stability in Balochistan in Pakistani society there are many root causes which influence Baluchistan's prospects for peace and stability rely on both internal and external factors, none of which seem to be under control. Financially Balochistan is backward province of Pakistan; Balochistan with heavy mineral potential is the largest (44% of Pakistan) Province of Pakistan bordering Afghanistan and Iran. Balochistan mingles the confluence of Central Asia, South Asia and Middle East. Balochistan has 770km sea-cost has the center of all geo economic activities. Unfortunately the hub off the region particularly has shown the huge level of international system. While the boarder-line from Balochistan to Afghanistan makes it strategically, economically and financially strong to import and export and contribution in a huge level of Pakistan and Afghanistan. Strategically Balochistan has a vital role in front of US to interested and export the military through Balochistan to Afghanistan and take high income from US but still Balochistan is facing a lot of financial crisis. The unemployment rate in Balochistan province is recorded at 33.4 per cent So, in Balochistan 90 per cent of the people whether literate or illiterate, are jobless, unemployment is leading people to a crisis many either commit suicide or sell their organs, take recourse to stealing and indulge in addiction.

1.2 Scope of the Study

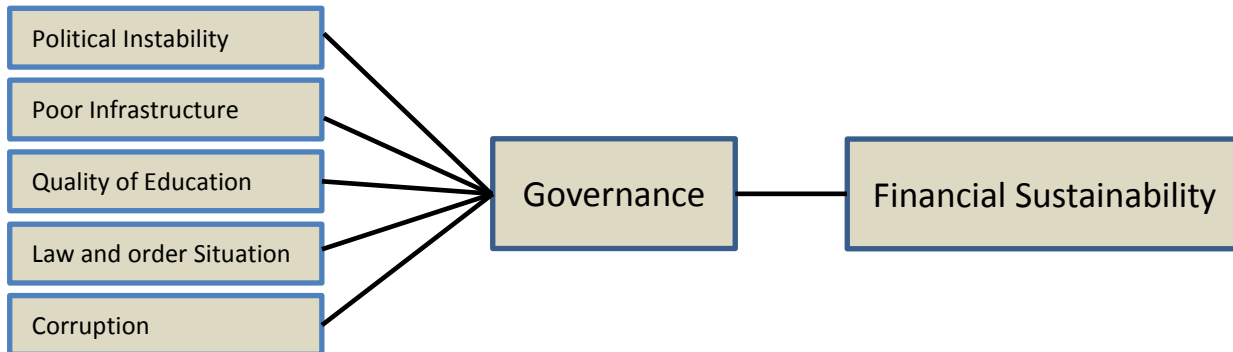
There are some gapes as described in justification. In this some question are arising like the answers to such questions are still being debated. Therefore this study needs to be carried out to examine the "financial Sustainability in Balochistan". For that purpose we use primary and secondary data it will shed more light on the problem of present study attempted this research will be helpful for the government of Balochistan, Government of Pakistan, for stakeholders, for foreigners for corporate sectors for other provinces of Pakistan.etc

1.3 Objectives of the Study

It is identified that the political instability, corruption, poor infrastructure, law and order situation, poor quality of education, Accountability and weak governance practices in several government institutions create a hurdles for sustainable development of Balochistan province in Pakistan.

- To develop a sustainable financial system for Balochistan.
- To suggest a policy framework for the efficient functioning of the proposed financial system.
- To identify the fundamental reasons of the provisional financial sustainability and the lessons to be learnt from the financial sustainability in Balochistan specific objectives are covered.

1.4 Therefore Theoretical Framework



1.5 Hypothesis

H₁ = There is relationship between political instability and financial sustainability in Balochistan.

H₂ = There is relationship between quality of education and financial sustainability in Balochistan.

H₃ = There is relationship between law and order situation and financial sustainability in Balochistan

H₄ = There is relationship between Corruption and financial sustainability in Balochistan

H₅ = There is relationship between Governance and financial sustainability in Balochistan

1.6 Research methodology

The researcher examines that this study is Descriptive, Explanatory Statement and quantitative study by nature. The researcher collects primary data of this study through the Questionnaire. Questionnaire shall be distributed through non probabilistic sampling method in a likert scale form and interviews orally to the individuals who are the part of finance department of secretariat of Balochistan or the part of the current or the X-Government of Balochistan and also collect data through online by emailing. The Questionnaire shall be developed and conducted for working groups of secretariat of Balochistan, Students, Teachers, Politicians and the related department of government sectors. And the researcher collect the secondary data from different case studies on the same topic and also use secondary data from libraries, journals, thesis and electronic resources to justify the quality of this study. The data from the qualitative phase were used to assist with the development of the quantitative instrument this study also applies statistical analysis to controlled the Financial Sustainability in Balochistan. Descriptive statistics were derived to describe the various attitudes and practices with respect to the conduct of research.

1.7 Research Question

Q1. What were the most important causes that affect the “Financial sustainability” in Balochistan Province of Pakistan?

1.8 Statement of Problem

The financial Sustainability is significantly influenced by the multiple factors that creates barrier for development of Balochistan, the barrier which can create hurdles which are Political instability, poor Infrastructure, Poor Quality of education, Poor Governance Practices, Law and Order situation, and Corruption.

1.9 The Delimitation

As far as the extent of data accuracy of this study is concerned, it has some limitations, due to the province of Pakistan Balochistan has been neglected by human resource and focused by natural resources and seaports that's why these financial stability the Federal and Balochistan government is facing and the residence of Balochistan is always neglected from the Federal as well as from the Balochistan Government.

1.10 Deficiencies

This study has certain deficiencies some of the deficiencies can be seen as the searcher told you collect data from the finance departments and other departments which are focused in the researcher variables that all will be collected data from the Balochistan government sector organizations.

1.11 Limitations

The researcher said that this study has certain limitations because of less time and limited resources .The research study that some of these limitations can be seen as fruitful avenues for future researcher. For instant, researcher focuses the financial stability in Balochistan on some districts of Balochistan where majority of financial stability have been seen. This study means that researcher pays circumscribe concentration regarding interpretation assessments of Financial Stability in different districts of Balochistan where this study have different synopsis

2.0 CHAPTER-II: LITERATURE REVIEW

2.1 Political instability

The political condition of Balochistan is unstable the political organizations are weak to perform in a better way because the political parties are not properly planed and in a organized inside structure. The main problem of unstable of the political condition is that the party elections domestically. The aim and objectives of the party may loss the character. These parties represent the nation and make the coalition Government and run the system improperly which is very common in every Government to put their all energy to maintain the coalition set up and also it's a continuous pressure from the partner parties in Balochistan that's why the province is facing a huge level of financial and political sustainability in Balochistan. These types of trends polices affect the external and internal factors of the Government (Memon 2011).

In a seriously political stable province it's all institutions of the society acquire there shares and being a strongest part of a multi ethnic group of the society that obviously goes towered building a political parties body. Due to the atomized degree of political stability the modernization is growing of in province which takes lay (Irshad 2008).

2.2 Infrastructure

The performance of the Government towards the development of infrastructure of Balochistan is crucial. A special helpful strategic is too much mandatory to develop the social and economic well of the society, through an efficient and continually effective management is needed to develop the nation accordingly in Balochistan. The continually development in Balochistan may be increased with the basic need of infrastructure of Balochistan. The method of development in Balochistan can be grow with the development of infrastructure, it includes agriculture subdivision and the directly relation to the standard of the people living in Balochistan, therefore the huge changes in economically socially and physical structurally by making buildup the Government sector organization.

To remove these hurdles to invest a huge investment for the basic infrastructure development of Balochistan. The other hand the role of the public in the development of the province is highly uncountable. Giving equal rights basic infrastructure, services of the public in for the development of their areas. Making the infrastructure mandatory for economic development of Balochistan. The private sector organization encouraged to invest in various parts of economic development activities after the development of proper infrastructure in the province. Because of the establishments of Government sector is often used interchangeably (Jan 2013).

2.3 Poor Quality of education

If we talk about the educational system in Balochistan then it is heart rendering to give tongue to that it more backward than other provinces of Islamic Republic of Pakistan. As everyone knows that the province of Balochistan

called golden true sparrow and as everyone recognizes that the province of Balochistan called golden sparrow, and it contains mineral resources in the shape of marble, coal, oil, gold, copper, natural gas and a 750 km long coastal built (Faiza 2012).

Along with other appalling issues, education in Balochistan has always been intentionally neglected by the federal and provincial marionette regimes. According to UNO report launched in 2008, there are 55% educational institutions in Punjab, in Sindh 46%, in Khyber Pakthunkua 34% and just 5% in deprived Balochistan. The government requirements to take some quick and sensible stepladder to resolve the problem of education in the province then the province will be financially sustainable (Baloch 2012).

2.4 Law and Order situation

State of society where vast bulk of population respects the rule of law, and where the law enforcement agencies detect Laws that limit their powerfulness. Maintaining law and order situations implies firm dealing with occurrences of theft, violence, and disturbance of peace, and rapid enforcement of penalties imposed under criminal law. The ongoing ferment in Balochistan is not only affectation a momentous defense threat to overall security situation in of Balochistan. But also prove to be a main obstruction to commence super development projects in Balochistan. The largest causal factor to the reject in going to places of interest in the province mean while lack of self-confidence remains. In Quetta, once a vibrant visitor option, the past six years of revolution have meant Quetta today finds its tourism industry failing. Not only has the quantity of outlanders visiting little London but flush domestic tourists, enthusiastic to observer Quetta and Ziarat white Christmas, are now a rare sight here in Balochistan law and order situation remains unchanged and chances of any improvement look bleak. The unremitting incidents of target killing, bomb blasts, gas pipeline explosions, kidnapping for ransom and other incidents are taking their toll on the mindset of the Baloch people (Irshad 2013).

The authorities has pushed up financial resources to handle the law & order Through better policing however the overall structural and system failings are such which may not yield definitive consequences so easily The budgetary outlays have increased by over 30% since 2009- 10, from Rs.5.8 billion to Rs billion in 2012-13. According to a recent report by the Balochistan Home Department, 1,493 people have been killed and 3,313 injured in 1,718 incidents of target killings and sectarian attacks in Balochistan from 2007 to February 15, 2012 The largest component part of Pakistan area wise & the most underdeveloped region Pakistan. The grievance of Baloch blood brothers have to be addressed Their missing blood brothers & sisters have to be produced immediately Their right over their resources has to be acknowledge along with absolute abandonment of military adult males from the Baloch districts But that reminders on an independent & free magistrates, which will protect the poor including the Baloch blood brothers & sisters (Syed 2009).

2.5 Corruption

Corruption could be a broad term covering a large varies of misuse of entrusted funds and power for personal gain: stealing, fraud, nepotism, abuse of power etc. A corrupt act is usually - however not essentially - illegal. In handling corruption you may typically face a grey zones and dilemmas (Karim 2013).

The so noted as democratic government permissible the egotistical ministers for corruption, what they may. Commit injustice the utmost quantity may they favoritism what might they do? Take bribe the utmost quantity they may. Kill the poor public what they may do? It suggests that, the corrupt government closed all doors of life completely in Balochistan. A report written by international crises cluster analysis the structure and functioning of Pakistan's civil services and forms. It identifies essential flaws in addition as measures to create it accountable and able to offer profit based totally public services. Military rule has left hopeless and inefficient forms that were merely wish to ensure regime survival. Law insecure tenure, salaries, obsolete responsibility mechanism and political interference has spawned wide unfold corruption and impurity. If the failings of unreformed forms do not appear to be urgently addressed, the govt. Risks losing public support and trust on the institutions. The final public perception is that the country's twenty four million civil servants unit of measurement wide trigger-happy and corrupt whereas official procedures unit of measurement cumbersome and consumptive. The civil services falling commonplace impact for the most part the country's poor widening social and economic divisions between the privileged and underdeveloped with voters. The government's ability to substantiate law and order, in addition to produce services like education and health in profit based totally progressing to be necessary and helpful. (Jan 2012).

2.6 Good Governance Practices

A report written by international crises cluster analysis the structure and functioning of Pakistan’s civil services and forms. It identifies essential flaws in addition as measures to create it accountable and able to offer profit based totally public services. Military rule has left hopeless and inefficient forms that were merely wish to ensure regime survival. Law insecure tenure, salaries, obsolete responsibility mechanism and political interference has spawned wide unfold corruption and impurity. If the failings of unreformed forms do not appear to be urgently addressed, the govt. risks losing public support and trust on the institutions. The final public perception is that the country’s twenty four million civil servants unit of measurement wide trigger-happy and corrupt whereas official procedures unit of measurement cumbersome and consumptive. The civil services falling commonplace impact for the most part the country’s poor widening social and economic divisions between the privileged and underdeveloped with voters. The government’s ability to substantiate law and order, in addition to produce services like education and health in profit based totally ar progressing to be necessary and helpful (Baloch 2012).

The Government of Balochistan and a wider section of the society now generally agree that Baluchistan’s problems have become overly complex due to long neglect as well as multi - dimensional aspects impinging on the political and security environment in the province. Despite all odds, the key to restoring political stability and security preponderantly lies in greater democratization of the governance process. This in implies the need to encourage greater internal democratization processes for a genuine people participation in the decision making. In addition, the media and the civil society would be required to play a vigorous role for creating greater awareness for more robust accountability. One of the encouraging signs during both the 1990s and since 2002 periods of democratic rule in Pakistan has been the formation of coalition governments and in the case of Balochistan these have incorporated almost the entire political spectrum in the province. This can be seen as indicative of the existence of a broad political consensus in the province, which may now be encouraged to be widened by creating space for the nationalist parties (BCDS 2013).

3. RESEARCH METHODOLOGY

The researcher discovers the factors of concern build up equipped explanation of those variables and following that gather the important data from study subject of the follow a line of investigation. The researcher collects data thorough the Questioner in likert scale which is primary source of data collection method the researcher was used. The study is qualitative in nature. The researcher collected 105 respondent responses on this study in likert scale farm. The investigation area that the study was examined that was the Balochistan organization that was selected the researcher collect data from that area. The Investigator usually involved in the association among the self-determining and needy variables of a study. In study which is most important dependent variable is Financial Sustainability in Balochistan. In contrast, independent variable is Political instability, Infrastructure, Quality of education, Good Governance Practices, Law and Order Situation, Corruption.

4. RESULTS AND FINDINGS

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .310 ^a | .096 | .051 | .57441 | .096 | 2.106 | 5 | 99 | .071 | 1.845 |

- a. Predictors: (Constant), Corruption, Political Instability, Infra Structure, Quality Of Education, Law & Order Sit.
 b. Dependent Variable: Fin. Sustainability

Table shows that the R square is 0.310 which indicates that about 9.6% of the variation on the dependent variable is explained by the predictor variable which is moderately good. **Adjusted R Squared** Measures the proportion of the variance in the dependent variable Financial Sustainability that was clarified with deviations in the independent variables. In this example, the “**Adjusted R-Square**” shows that 51% of the variance was explained. From the table : 4 we see that Adjusted R^2 is 0.051, indicating that 51% of the changes in the Financial Sustainability can be explained by the changes in the independent variables ,Political instability, Infrastructure, Poor Quality of education, Good Governance Practices, Law and Order situation and Corruption.

Std Error of Estimate

Std error of the estimate measures the dispersion of the dependent variables estimate around its mean. Std. Error of the Estimate is .57441) Compare this to the mean of the “Predicted” values of the dependent variable. If the Std. Error is more than 10%of the mean, it is high.

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|-------|---------------------------|
| 1 | Regression | 3.475 | 5 | .695 | 2.106 | .071 ^a .5 less |
| | Residual | 32.665 | 99 | .330 | | |
| | Total | 36.140 | 104 | | | |

a. Predictors: (Constant), Corruption, Political Instability, Infra Structure, Quality Of Education, Law & Order Sit.

b. Dependent Variable: Fin. Sustainability

Table shows that **Financial Sustainability=Function** Predictors: Political instability, Infrastructure, Poor Quality of education, Governance Practices, Law and Order situation and Corruption.

Significance of the Model

As our study has sig=.071 means that our model shows that significance at 90% significant level.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
|-------|-----------------------|-----------------------------|------------|---------------------------|-------|------|--------------|---------|-------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (Constant) | 2.804 | .441 | | 6.360 | .000 | | | | | |
| | Political Instability | -.046 | .067 | -.072 | -.683 | .496 | .009 | -.068 | -.065 | .813 | 1.230 |
| | Infra Structure | .112 | .096 | .126 | 1.168 | .246 | .193 | .117 | .112 | .790 | 1.266 |
| | Quality Of Edu. | .120 | .096 | .143 | 1.243 | .217 | .229 | .124 | .119 | .688 | 1.454 |
| | Law & Order Sit. | .052 | .083 | .073 | .630 | .530 | .211 | .063 | .060 | .675 | 1.482 |
| | Corruption | .094 | .092 | .113 | 1.022 | .310 | .216 | .102 | .098 | .751 | 1.331 |

a. Dependent Variable: Fin. Sustainability in Balochistan

the table shows that the Several Eigen value are close to 0, that indicating that the predictors (Political instability, Infrastructure, Poor Quality of education, Good Governance Practices, Law and Order situation and Corruption. are greatly inter-correlated and that small changes in the data values may lead to large changes in the estimates of the coefficients of study.

| | Minimum | Maximum | Mean | Std. Deviation | N |
|----------------------|----------|---------|--------|----------------|-----|
| Predicted Value | 3.4903 | 4.4167 | 4.0405 | .18280 | 105 |
| Residual | -1.51765 | 1.24858 | .00000 | .56044 | 105 |
| Std. Predicted Value | -3.010 | 2.058 | .000 | 1.000 | 105 |
| Std. Residual | -2.642 | 2.174 | .000 | .976 | 105 |

a. Dependent Variable: Fin. Sustainability

5.0 CONCLUSION AND RECOMMENDATION

The entire result of the analysis shows that the factors which are effecting the development of Balochistan as financially and economically. These factors are Quality of education, Infrastructure, Law and Order situation, Corruption and Governance that have significant effect towards the development of Balochistan and the study shows that the factor which is not affecting the financial sustainability and Development of Balochistan that is Political instability. At the $\alpha=0.05$ level of consequence, there exists enough evidence to conclude that the slope of the population regression line is not zero and, hence, that law and order situation has significant impact on sustainability in Balochistan. This research study is to examine the factors that affecting the financial sustainability in Balochistan the results of this research study have revealed that the factors of Quality of Education have a significant impact on Development of Balochistan. In spite of that this study has concluded valuable information to the Balochistan Government. Government of Balochistan should try to Govern and Implement better rules and regulations according to law towards the achievements of strategic goals and object for the betterment of Balochistan because it's have direct effect on financial sustainability and development of Balochistan. The law and order situation should be the main factors of Government to control it and to provide the security to the public because it's a direct effect on the Development of Balochistan.

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