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# **Issues and Barriers in Economic Development**

## **(The Pyramids of Development)**

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### **Abstract**

The research study is to determine the barriers within overall economic development which differentiate the issues and problems in economic growth procedure. Pakistan is a well-sustainable economy in current world. This research investigated the factor affecting issues which are unrealistic and uncertain. The most common are financial issues, negative human resource policies, micro inflation and corruption in public and private projects.

**Keywords: Economic Development, Barriers of Economic Performance**

### **Introduction**

The economic growth is a long-term process in any country and there are several factors play central role among macroeconomic policy makers. The main objective of this literature is eliminate the barriers occurs in development function of economy. In today's rapid world where globalization is matter for every sustainable business, therefore these factors like, macro inflation, corruption and negative human resource policies are becomes huge anchor between economic developments. Those developing countries are engaging to tackling micro inflation as possible as that determines to sustain the growth and increase the income distribution in economy. By increase in aggregate demand, inflation is known to be demand-pull inflation. Consequently, cost push inflation is supposed by supply shocks in vice versa. These barriers are explaining cause and effect situation for economic development. Despite the negative human resource policy, public sector corruption is mainly focused by policy makers and unscrupulous economic performance. Particularly, government indicators have focused and expedited the

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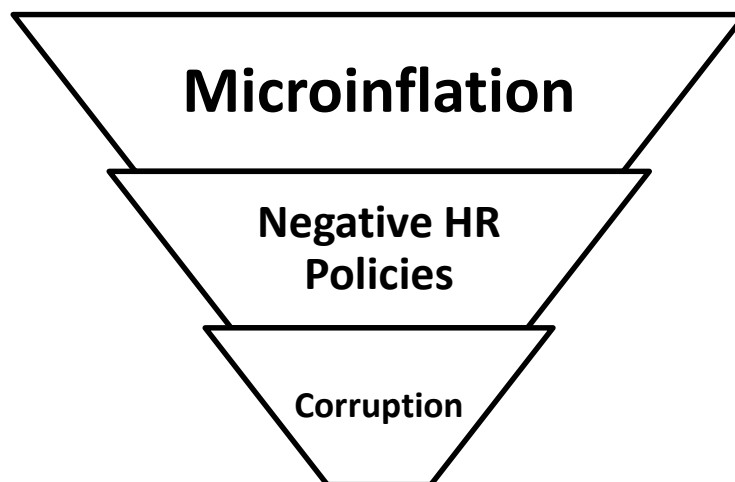
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relationship between economic output and corruption parts. HR policies are designed to accommodate right man for right post. In the meanwhile, at the government sector, the hiring process does not conduct merit bases accordingly. Due to corrupt people the chain of allocation of resources are diverted to corruption. The social cost of corruption is measured by not to count briberies. It is, therefore measured by loss of output of misallocation of resources, inefficiencies of working performance, and distortions of incentive provided to employees are caused by corruption. The distribution income is affected by inflicted welfare costs. The pyramid is defining the real barriers of economic growth. There is further literature that directly related to theoretical aspects of mention barriers of economic growth.

### **The Pyramid of Economic Barriers**

*Figure 1 Created by Author (Aasim Mashkoor)*



### **Literature Review**

The research study is to investigated that bribery creates corruption which control the business regulations and its implementation through public officials or any who are directly connected with government indicators. Bribery or unlike payments are which paid in the provision of administrative services. The initiations of well systematic policies to prevent from corruptions and remove barriers of invoking solutions of development projects followed by this definition defined by Ovais Ahmed, 2016 that:

*“The financial development is accounted a fundamentals of financial forecasting methods are to be assess, evaluate, and clarify the public or private sector projects which leads to eradicating the corruption systematically and creates powerful financial sound economy.”<sup>3</sup>*

There is further literature which investigated by (Mauro, 1996; Dreher & Thomas, 2005; Pellegrini & Reyer, 2004) The transmission channels are effected by corruption on investment which is also tested frequently. Consequently, for the economic changes in growth that empirically suggested statistical negative impact of corruption on investment. Hence, it is therefore, researcher analyzed quantitative conclusion which resulted significant occurrence. In another study explained that corruption is not by chance happening, it is depend upon size of the project of predictability whether is decentralized or centralized than former predictable. (Campos, Donald, & Sanjay, 1999)

The persistent poverty is leading to reduce the rate of economic growth due to certain factors such as corruptions. In economic view, an inequality is increased by rapid declination of social programs and by deficient targeting growth rate. Corruption tends to decrease education opportunities. The poor is extorted from bribes tend to be a big amount of percentage against of incomes. Due to this act, they confront corrupt officials and high frequency charged by higher level of bribes. (Gupta, Hamid, & Rosa, 1998) Besides, it is focused in study that poorer individuals who has burden and less possibilities of doing work is imposed by corruption and compelled to fulfill their jobs by any means. The quality of result orient government sector where performance availability reduced by bribes are not significantly occurrences. Low income earners are willing to reduce burden of possibilities through bribes.

The definition of corruption is adopted in this literature review denotes that corruption violates government rules and function which implemented by law or circumventing prescribe rules. By theoretically, it is resulted that economic performance is violated by outreach of government rules/ or Procedures are meant to be affirmative consequence on economic outcomes which deliberately decline the economic growth and potentially increase in inflation. (Leff, 1964) The inflation is one of the factor which plays in central role in economic growth. The rate of inflation is as upturns explained by various researchers in their literature. The study is evaluated the long-

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<sup>3</sup> Ovais Ahmed presented a new definition of financial development in his book: The Economic Development Planning: Most innovative solution of most orthodox solutions, Germany, 2016, (Mashkooor & Ahmed, 2016)

run relationship between inflation and growth that depends upon the state of economic development. However, it is stated that high growth without upturns in inflation would be possible when potential output will be growing with demand. (Frederick & Charles, 1964) (Gokal & S, 2004) They reviewed the different theories of economic development and consent on the inflation and growth relationship. Their relationship results evaluated the weak negative correlation happen between growth and inflation. In the meanwhile, the significant bearing is changed by output gap.

The issues of economic growth and inflation have no persistent evidence to show the relationship among these variables. These variables are up to a certain level of inflation occur which vary the demand of growth. In this literature (Bruno & W, 1995) addressed that issues of discrete high micro inflation is decreases growth sharply and creates crisis in economy. There is temporal negative relationship between inflation and growth. It also resulted that due to high peak inflation, there is no permanent damage happen to economic growth.

## **Conclusion**

The conclusive points are mention in this study is to measure the barriers between economic development and economic growth. These variables are reflected by micro inflation, negative HR policies and practices in government sector and Corruption, which is highly essential and extreme matter in any economy. The theory of economic development has designed to measure the all aspects of economic performance that whether what are the negative factors that affecting on preventing the growth of development. Consequently, the results access the theoretical hurdle approach of economic development. The pyramid is designed to explain the barriers/ problems of decline in economic growth. firstly, the micro inflation which is highly and peak level of disgrace the performance of economic performance, secondly, negative Human resource policies implement wrongly which effects on functions of government recruitment process of competent man power who are unable to handle the positions. Thirdly, corruption is an extreme and violating bud that damages the government rules and procedures.

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