Multifaceted Factors In Fluency Student Perceptions toward rapid inflation: A case Study of Lahore

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How to cite this article:

Abdul Manan (2023). Multifaceted Factors In Fluency Student Perceptions toward rapid inflation: A case Study of Lahore. *Social Sciences and Business Review*. 1(1). 50–74.

Abstract

This research investigates the multifaceted factors influencing student perceptions amid high rapid inflation in Lahore, Pakistan. As economic instability continues to affect the cost of living and education expenses, understanding how students perceive and navigate these challenges becomes imperative. The study delves into the socio-economic backgrounds of students, their financial coping mechanisms, and the impact of inflation on their educational experiences. By employing a mixed-methods approach, including surveys and interviews, the research aims to provide a comprehensive analysis of the intricate interplay between inflationary pressures and student perceptions. The findings will not only contribute to the existing literature on economic influences in education but also offer insights that can inform policymakers, educational institutions, and stakeholders in developing strategies to mitigate the adverse effects of high rapid inflation on student well-being and academic pursuits in Lahore

Introduction

1. Introduction

This study seeks to explain the factors contributing to rapid inflation in Pakistan. Assessing the relationship between the four factors i.e. foreign payments, bad governance, compromised security/ insecure conditions and political instability and rapid inflation is the central idea of this study. These factors have a considerable impact on rapid inflation. This chapter will give a complete overview to the study. Problem statement, research questions and objectives are also described in this chapter.

2. Background of the study

Rapid inflation can be influenced by various factors, and it's often a complex interplay of multiple elements. Acemoglu, D., & Robinson, J. A. (2012) found that Political instability often leads to a loss of confidence in the government's ability to manage the economy effectively. This loss of confidence can result in a decrease in foreign and domestic investments and may lead to capital flight. Uncertainty about future government policies, especially related to economic and monetary policies, can create an unpredictable business environment. This uncertainty may

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discourage investment and lead to a lack of long-term economic planning (Bloom, 2009). Political instability can contribute to corruption and mismanagement of economic resources. Corrupt practices can distort economic policies, lead to inefficient resource allocation, and result in economic imbalances (Mauro, 1995). Foreign payments and external economic factors can have a notable impact on rapid inflation. Obstfeld, M., & Rogoff, K. (1996) found that Persistent trade deficits, where a country imports more than it exports, can lead to increased foreign payments. This can put pressure on the domestic currency and contribute to inflationary pressures. A depreciation of the domestic currency in foreign exchange markets can increase the cost of imported goods and services, contributing to inflation (Krugman, 2009). Depletion of foreign exchange reserves, which are often used to stabilize the domestic currency, can lead to increased volatility in exchange rates and contribute to inflation (Jeanne,2011). Insecure conditions, such as political instability, conflict, and social unrest, can have a profound impact on economic stability, potentially leading to rapid inflation. Insecure conditions can deter foreign investors, leading to a decline in foreign direct investment. The reduction in investment can hamper economic growth and contribute to inflationary pressures (Bloomberg,2008). Duflo, E. (2011) suggest that Insecure conditions can lead to social unrest, strikes, and disruptions in the labour market. This can result in decreased labour productivity and increased production costs, contributing to inflation. Arteta, C., Eichengreen, B., & Wyplosz, C. (2003) found that insecure conditions can lead to a lack of confidence in the local currency, causing it to depreciate. A weakened currency can increase the cost of imported goods and services, contributing to inflation. Méon, P. G., & Weill, L. (2010) in their paper explore the relationship between corruption, economic efficiency, and development. It suggests that corruption may hinder economic efficiency and contribute to economic instability.

3. Problem Statement

Rapid inflation poses a significant threat to economic stability, and understanding its underlying causes is imperative for effective policymaking. This research addresses the complex interplay between various independent variables—foreign payments, bad governance, insecure conditions, and political instability—and their collective impact on the dependent variable, rapid inflation. As nations navigate the intricacies of the global economy, grapple with governance challenges, and contend with internal and external uncertainties, the need to comprehend the nuanced relationships shaping inflation becomes paramount.

Despite extensive literature on inflation determinants, there is a gap in research that comprehensively examines how foreign payments, bad governance, insecure conditions, and political instability jointly contribute to the acceleration of inflation. Existing studies often focus on individual factors in isolation, overlooking the interconnected dynamics that may amplify inflationary pressures. This research seeks to fill this void by adopting a holistic approach, investigating how these independent variables interact and influence the dependent variable of rapid inflation.

Foreign payments, encompassing trade balances, exchange rates, and debt dynamics, can exert substantial influence on a nation's economic health. Bad governance introduces inefficiencies, corruption, and fiscal indiscipline that may contribute to inflationary trends. Insecure conditions and political instability disrupt economic activities, potentially leading to supply chain disruptions, decreased investor confidence, and increased government spending on security, all of which can impact inflation rates.

Understanding the simultaneous influence of these variables is crucial for policymakers, economists, and stakeholders aiming to formulate effective strategies to mitigate the impact of rapid inflation. By elucidating the multifaceted relationships between foreign payments, bad

governance, insecure conditions, political instability, and inflation, this research aims to contribute valuable insights that can inform evidence-based policy decisions and enhance economic resilience in the face of global challenges.

Research Questions

The study aims to answer the following questions.

RQ1: Is there a relationship between political instability and rapid inflation?

RQ2: Is there a relationship between the foreign payments and rapid inflation?

RQ3: Is there a relationship between bad governance and rapid inflation?

RQ4: Is there a relationship between compromised security conditions and rapid inflation?

Research objectives

The specific objective of this study is as follow:

RO1: To examine the relationship between political instability and rapid inflation.

RO2: To examine the relationship between the foreign payments and rapid inflation.

RO3: To examine the relationship between bad governance and rapid inflation.
RO4: To examine the relationship between compromised security conditions and rapid inflation?

4. Significance of the study

This research carries substantial significance with far-reaching implications across various sectors. Policymakers stand to benefit from nuanced insights into the simultaneous impact of foreign payments, bad governance, insecure conditions, and political instability on inflation, enabling the formulation of targeted policies for economic stability. Furthermore, businesses and financial institutions operating globally can leverage the study's outcomes to develop robust risk mitigation strategies, fostering resilience against economic uncertainties. The research's potential to foster international cooperation is crucial in an interconnected global economy, encouraging collaborative efforts to address cross-border implications of governance and instability issues. Academically, the study fills a crucial gap by providing a holistic framework for analyzing complex relationships, laying the groundwork for future economic research and theoretical development.

Investor confidence, a cornerstone of economic health, stands to benefit from the research's comprehensive understanding of how multiple factors collectively impact inflation. The insights garnered can attract investments, enhance economic stability, and contribute to sustainable growth. Lastly, for nations aspiring to achieve long-term development goals, the study's findings offer valuable information for informed development planning. Governments and development agencies can prioritize areas requiring attention and intervention to pave the way for sustained economic growth. In essence, this research not only advances academic knowledge but also directly informs evidence-based decision-making, promoting economic resilience in the face of global uncertainties.

5. Literature Review

Inflation, as defined by Mishkin (2001), is the gradual increase in the average level of prices for goods and services within an economy. A rise in the overall price level results in a decrease in the purchasing power of each unit of money. In light of this, inflation also represents a decline in the actual value of money as the internal means of exchange and unit of account in the economy.

The inflation rate, which is the annualized percentage change in a broad price index over time—typically the Consumer Price Index—is a useful indicator of the level of prices. An economy might experience both good and negative consequences of inflation at the same time (Munyeka, 2014).

A persistent or continuous increase in the general price level or, conversely, a sustained or continuous decrease in the value of money are two definitions of inflation. There are a few aspects regarding this definition to be aware of. First, changes in the overall level of prices are referred to as inflation. It makes no mention of variations in one price in relation to another. Even in situations when prices are steady generally, these fluctuations are frequent. Secondly, the prices aren't for assets; they're for products and services. Third, the price level increase needs to be rather significant and last for more than a day, week, or month.

5.1. Political Instability

A universally accepted definition of political instability does not exist. Political scientists contend that political instability is a multifaceted phenomena, albeit there isn't yet agreement on how many components to include, according to Jong-A-Pin [2009]. When a nation's leadership changes but the nature of the political regime remains the same, instability within the political regime results. A country's political regime becomes unstable when it shifts from one form of government to another, such as from authoritarianism to democracy or vice versa.

Early studies on political instability (Rummel, 1963, 1966; Feierabend and Feierabend, 1966; Tanter, 1966) concentrated on violence driven by political reasons. Morrison and Stevenson [1971] offer an extensive analysis of this preliminary line of inquiry. "A condition in political systems in which the institutionalized patterns of authority break down, and the expected compliance to political authorities is replaced by political violence," is how they define political instability. But starting in the 1990s, studies have turned their attention to looking at political regime instability (see, for example, Alesina et al., 1996; JongA-Pin, 2009; Aisen and Veiga, 2013).

5.2. Foreign or international Payments

International payments refer to financial transactions that occur between entities in different countries. These transactions are crucial for global trade, investment, and financial stability. International payments can take various forms, including trade payments, foreign direct investment (FDI), portfolio investment, remittances, and foreign aid. Here's a discussion of the concept with references to key aspects:

5.2.1. Trade

Payments: The majority of international payments are associated with trade in goods and services. Businesses import goods and services from other countries, and they make payments in foreign currencies to suppliers. Exporters receive payments in their local currency or another currency negotiated in the trade agreement. Trade payments facilitate the exchange of goods and services across borders, driving economic growth and specialization (World Bank, 2021)

5.2.2. Foreign Direct Investment (FDI):

FDI involves investments made by companies or individuals in foreign countries to establish business operations or acquire stakes in foreign enterprises. FDI inflows and outflows involve significant international payments, including equity capital, reinvested earnings, and intra-company loans. FDI contributes to economic development by stimulating job creation, technology transfer, and infrastructure development (John, 1988).

5.2.3. Portfolio Investment: Portfolio

investment refers to the purchase of financial assets such as stocks, bonds, and derivatives in foreign markets. Investors diversify their portfolios by investing in different countries, currencies, and asset classes. Portfolio investment involves international payments for the purchase and sale of securities, as well as dividend and interest payments (Bodie, Zvi, Alex Kane, and Alan, 2009)

5.2.4. Remittances:

Remittances are personal transfers of money by foreign workers to their families or friends in their home countries. Workers send remittances through banks, money transfer operators, or informal channels. Remittances play a crucial role in poverty alleviation, household consumption, and investment in education and healthcare in developing countries (Dilip, 2005)

5.2.5. Foreign Aid: Foreign

aid involves financial assistance provided by governments, international organizations, and NGOs to support development projects, humanitarian relief, and capacity building in recipient countries. International payments for foreign aid encompass grants, concessional loans, and technical assistance (William, 2006)

In summary, international payments are essential for facilitating global economic interactions, investment flows, and development cooperation. Understanding the various forms and mechanisms of international payments is crucial for policymakers, businesses, and individuals involved in international trade, finance, and development.

5.3. Bad Governance

Bad governance refers to the inefficient, corrupt, or inequitable exercise of political, economic, and administrative authority by governments or institutions. It encompasses a range of practices and behaviors that undermine the rule of law, democratic principles, transparency, accountability, and public trust. Here's a description of bad governance with references to key aspects:

5.3.1. Corruption:

Corruption involves the misuse of public office for private gain, including bribery, embezzlement, nepotism, and favoritism. It distorts resource allocation, undermines economic efficiency, impedes development, and erodes public trust in government institutions (Transparency International, 2021)

5.3.2. Lack of Accountability:

Bad governance often involves a lack of accountability mechanisms whereby public officials and institutions are not held responsible for their actions, decisions, or performance. Absence of accountability leads to impunity, wastage of public resources, and undermines the effectiveness of governance systems (Guillermo, 1998)

5.3.3. Authoritarianism:

Authoritarian governance suppresses political opposition, restricts civil liberties, and concentrates power in the hands of a ruling elite or single party. Authoritarian regimes often disregard human rights, undermine the rule of law, and stifle civic participation, leading to social unrest and instability (Larry, 2015)

5.3.4. Inefficiency and Bureaucratic Red Tape:

Bad governance is characterized by bureaucratic inefficiencies, red tape, and administrative hurdles that hinder economic productivity, investment, and service delivery. Complex regulatory frameworks, lengthy procedures, and lack of transparency create barriers to business growth and discourage innovation (World Bank Group, 2020)

Exclusion and Inequality: Bad governance perpetuates social exclusion, marginalization, and inequality by favoring specific interest groups or elites at the expense of the broader population. Discriminatory policies, lack of access to basic services, and unequal distribution of resources exacerbate social tensions and undermine social cohesion (Stiglitz, 2013).

In conclusion, bad governance undermines the principles of democracy, transparency, accountability, and social justice, resulting in economic stagnation, political instability, and social discontent. Addressing the root causes of bad governance requires comprehensive reforms aimed at strengthening institutions, promoting the rule of law, combating corruption, and fostering inclusive and participatory decision-making processes.

5.3.5. Compromised security or Insecure conditions

Compromised security or insecure conditions refer to situations where individuals, organizations, or systems are vulnerable to threats, attacks, or breaches that jeopardize their safety, privacy, integrity, or operations. These conditions can arise in various contexts, including cybersecurity, national security, personal safety, and public health. Here's a description of compromised security or insecure conditions with references to key aspects:

5.3.6. Cybersecurity Threats:

In the digital age, compromised security often pertains to cybersecurity threats such as malware, ransomware, phishing attacks, data breaches, and cyber espionage. Cyberattacks can target individuals, businesses, critical infrastructure, and government agencies, leading to financial losses, data theft, reputational damage, and disruption of services (Verizon, 2021)

5.3.7. National Security Concerns:

Compromised security also encompasses national security concerns related to terrorism, insurgency, espionage, border conflicts, and geopolitical tensions. Weaknesses in border control, intelligence gathering, and defense capabilities can undermine a nation's ability to deter external threats and protect its sovereignty (Buzan, Barry, Ole Wæver, and Jaap de Wilde, 1998)

5.3.8. Public Health Emergencies:

Insecure conditions may arise during public health emergencies such as pandemics, disease outbreaks, and bioterrorism incidents. Inadequate healthcare infrastructure, lack of preparedness, misinformation, and ineffective response strategies can exacerbate the spread of infectious diseases and endanger public health (WHO, 2005)

Social and Economic Instability: Compromised security can also manifest as social and economic instability resulting from factors such as poverty, inequality, political unrest, ethnic tensions, and environmental degradation. Social instability undermines social cohesion, hampers economic development, and increases the risk of conflict

6. Research Framework

Research framework is the base of any research plan, which is the set of assumptions, principles and steps that guide the design and implementation of a research study. The interrelated set of

concepts, which gives a course to the study, is known as theoretical framework (Almalki, 2016 and Creswell, 2014). Research framework demonstrates the independent and dependent variables. Here environmental impacts, economic impacts and social and cultural impacts are independent variables while local community is dependent variable of the research study.

6.1. Research Hypothesis

Based on the research questions and research objectives, following hypothesis is formulated:

H1: There is a significant relationship between political instability and Inflation.

H0: There is a no significant relationship between political instability and Inflation.

H2: There is a significant relationship between imbalance of foreign payments and Inflation.

H0: There is a no significant relationship between imbalance of foreign payments and Inflation.
H3: There is a significant relationship between bad governance and Inflation.

H0: There is a no significant relationship between bad governance and Inflation.
H4: There is a significant relationship between compromised security condition and Inflation.

H0: There is a no significant relationship between compromised security condition and Inflation

6.2. RESEARCH METHODOLOGY
6.2.1. Research design

A research design encompasses the systematic procedures involved in collecting, analyzing, interpreting, and reporting data in research studies (Creswell & Plano Clark, 2007, p.58). It serves as the overarching plan that connects the conceptual research problems with the relevant and attainable empirical research. In essence, the research design outlines how data will be gathered, the methods to be employed for data collection and analysis, and how these components will collectively address the research question (Grey, 2014).

According to Robson (2002), research design can be categorized into three forms: exploratory, descriptive, and explanatory. This classification is based on the purpose of the research, as each design serves a distinct end goal. For example, a descriptive study aims to present a comprehensive portrayal of a situation, person, or event and demonstrate the natural relationships between various elements (Blumberg, Cooper, and Schindler, 2005). However, descriptive studies do not delve into the underlying reasons for an event, making them more suitable for relatively new or unexplored research areas (Punch, 2005). Thus, in situations where ample descriptive information exists, alternative research designs such as explanatory or exploratory approaches are recommended.

According to Leedy (1997:195), research design can be defined as a study plan that establishes the overall structure for data collection. MacMillan and Schumacher (2001:166) describe it as a plan that encompasses the selection of subjects, research sites, and data collection procedures to address the research question(s). They emphasize that a robust research design aims to produce credible results. Durrheim (2004:29) views research design as a strategic framework that acts as a link between research questions and the practical implementation of the research strategy.

Schwardt (2007:195) defines research methodology as a theoretical framework that guides the process of inquiry. It involves the analysis of assumptions, principles, and procedures within a

specific approach to investigation. According to Schwardt (2007), Creswell and Tashakkori (2007), and Teddlie and Tashakkori (2007), methodologies elucidate and define the types of problems that are worthy of investigation. They determine what constitutes a researchable problem, formulate testable hypotheses, provide guidelines for framing a problem in a manner suitable for investigation using specific designs and procedures, and assist in the selection and development of appropriate data collection methods.

6.2.2. Quantitative research

According to Rule and John (2011:60), the primary objective of quantitative research is to obtain statements of objective facts, predictions, law-like findings, and generalizations in a controlled environment, such as a laboratory. Quantitative research is predominantly utilized in the natural sciences and is characterized by its established nature. The outcomes, theories, and findings in quantitative research are often referred to as laws. This approach aims to examine broad patterns across a population and employs numerical methods to determine the magnitude, amount, or size of phenomena (Myers, 2009:260; Rogers et al., 2011:271). Surveys and experiments are well-suited for collecting quantitative data and conducting statistical analyses, as they emphasize the quantifiable and measurable aspects of research (Oates, 2006:105, 131).

Quantitative research involves a systematic investigation of phenomena through the collection of numerical data and the application of statistical, mathematical, or computational techniques. The foundation of quantitative research lies within the positivism paradigm, which emphasizes approaches that incorporate statistical analysis. These approaches encompass various strategies, including inferential statistics, hypothesis testing, mathematical modeling, experimental and quasi-experimental designs, randomization, blinding, structured protocols, and questionnaires with predefined answer options (Lee, as cited in Slevitch, 2011).

Adedoyin (2020) describes quantitative research as an approach that investigates phenomena through the use of numerical data and employs statistical, analytical, or computing tools. This research method aligns with the positivist paradigm, which supports the utilization of statistical analysis and includes various techniques like inferential statistics, hypothesis testing, mathematical modeling, and surveys with a restricted set of predetermined response options (Adedoyin, 2020).

6.2.3. Qualitative research

Berg and Howard (2012) define qualitative research as a means to explore meanings, concepts, definitions, metaphors, symbols, and descriptions of phenomena. This definition highlights that qualitative research encompasses essential tools that can elicit recall, contributing to problem-solving processes. Qualitative research employs instruments such as observation, open-ended questions, in-depth interviews (audio or video), and field notes to gather data from participants within their natural settings. These data collection methods provide a comprehensive depiction of the research, specifically in relation to the individuals involved. The participant observation and focus group nature of qualitative research contribute to a deeper understanding of human behavior. As a result, the qualitative research approach yields rich data about real-life individuals and situations (De Vaus, 2014, p. 6; Leedy and Ormrod, 2014).

A qualitative research approach recognizes that human thoughts and behaviors are embedded within a social context, and it aims to comprehensively explore and understand a wide range of phenomena. This approach delves deeply into various aspects of human behavior, including interactions, thoughts, reasoning, composition, and norms. By conducting in-depth examinations of these phenomena, qualitative research seeks to gain a holistic understanding and appreciation of them. The close relationship between the researcher and the participants in this approach

facilitates active participant involvement in shaping the research process. Consequently, this approach allows for a significant understanding of experiences, as participants gain insights into their own selves and develop a unified understanding of their experiences (Sherman and Webb, 1990, p. 5; Lichtman, 2013, p. 4).

Qualitative research adopts a multimethod approach and embraces an interpretative and naturalistic perspective in its examination of the subject matter. It seeks to understand and interpret phenomena based on the meanings attributed to them by individuals. In this type of research, a wide range of empirical materials are utilized, including case studies, personal experiences, introspective accounts, life stories, interviews, observations, historical data, interactions, and visual representations. These diverse sources shed light on both ordinary and challenging moments, as well as the significance they hold in individuals' lives (Denzin and Lincoln, 2005:2).

Exploring the historical context reveals the absence of a comprehensive and concise definition that encompasses qualitative research. Many previous attempts to define this term fail to meet the criteria of a well-formed definition. A proper definition should be clear, free from circular reasoning, establish boundaries within its context, and ideally utilize terms that do not require further definition themselves (Hempel, 1966).

This study was conducted by using survey method in Lahore. The questionnaire was personally being administered the city. A period of 4 weeks was selected as a benchmark of differentiate between early and late response. The time period of 4 weeks assumed to be suitable for the participants to complete the questionnaire. Data collection through as self-administered questionnaire was used from the women of Lahore.

6.3. Population of the study

In research, selection of demonstrative sample from the population is major step. The population in research refers to the individuals or entities that are of interest to the researchers when it comes to generalizing the findings of the study. Alternatively, the population can be understood as the entire set of units (such as individuals, organizations, events, objects, or items) from which samples are chosen for measurement (Kindy, et al., 2016).

The population of interest in a study refers to the specific individuals, dyads, groups, organizations, or other entities that the researcher aims to understand and whose characteristics and findings can be generalized or transferred. This population serves as the primary focus of the research, establishing the scope and context of the study. By setting boundaries, the researcher can maintain a clear focus and avoid presenting generalized results that may not apply universally. Defining boundaries also enables the identification of subpopulations, such as the target population, sampling frame, and sample, ensuring consistency and alignment within the research (Salkind, 2010).

It is crucial for researchers to establish clear and precise boundaries when defining the population in the study. By doing so, they avoid leaving it to the reader's assumptions and prevent any potential misconceptions about the population being studied. Boundaries can vary depending on social, political, geographical, or theoretical factors, and it is important to acknowledge and account for these variations. Heterogeneous populations may require further identification and detailed description to ensure accurate representation. Providing a comprehensive description of the population of interest helps to contextualize the study and enables readers and practitioners to associate the research with the appropriate individuals or entities. Ultimately, a thorough understanding of the population contributes to increased knowledge and awareness among the population itself. (Porzsolt et al., 2019)

The boundaries for the population encompass various factors such as geography, race/ethnicity, age, gender, marital status, education, income, household composition, occupation, business sector, number of employees, school district, dyadic relationship type, and government-defined criteria (Sudman, 1976). These factors define the specific characteristics and attributes of the individuals or entities included in the population being studied. By considering these diverse dimensions, researchers can ensure a comprehensive representation of the population and tailor their research to capture the relevant variations and demographics within it. The current study's population includes people of Lahore.

6.4. Sample size

The sample size in research refers to the number of participants or observations included in a study. It is a critical consideration as it directly impacts the validity and generalizability of the research findings. The determination of an appropriate sample size depends on various factors, such as the research objectives, research design, statistical analysis, and the level of precision desired. (Prandner & Weichbold, 2019)

It is important to note that there is no fixed rule for determining the ideal sample size as it varies across different studies and disciplines. Researchers often use statistical calculations, such as power analysis or sample size estimation, to determine the optimal sample size based on factors such as effect size, desired level of confidence, and anticipated variability within the population. (Kölln et al., 2019).

The goal is to achieve a sample size that is large enough to provide meaningful and reliable results while considering practical constraints such as time, resources, and feasibility. A larger sample size generally increases the precision of the estimates and enhances the statistical power of the study, but it may not always be feasible or necessary, especially in qualitative research or exploratory studies. (Tabachnick & Fidell, 2018)

Krejcie and Morgan (1970) provide a widely referenced table that suggests sample sizes for various types of research studies. Their approach is specifically focused on determining sample sizes for studies with categorical variables, where the objective is to estimate proportions or percentages within a population. It is important to note that the Krejcie and Morgan table and formula are specific to certain types of studies and assumptions about the population. Different research designs and objectives may require different approaches to determine sample size. The following table shows the sample size table based in Krejcie and Morgan (1970). The sample size of current study was 384.

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size.   *S* is sample size.

Source: Krejcie & Morgan, 1970

The targeted population of the current study is 14000000. Therefore, the sample size for the current study is 384.

6.5. Unit of analysis

The unit of analysis refers to the specific individual or entity that is the focus of description or measurement in a study (Salkind, 2010). It is the primary unit on which the variables of interest are examined and analyzed.

To be more precise, the unit of analysis pertains to the specific entity that is the subject of description and analysis based on the collected data. It represents the central focus of the data in relation to addressing the research problem and establishes the scope of what is examined or disregarded within the study (Ritella et al., 2020).

Recognizing and precisely defining the unit of analysis is of utmost significance. It is widely acknowledged as the fundamental component in any research endeavor, as the entire study revolves around the unit of analysis (Khan, 2014, p. 228). Moreover, it serves as the cornerstone for the development of concepts, empirical measurements, observational frameworks, and data analysis techniques (Neuman, 2013, p. 69). The significance of clearly understanding and defining the unit of analysis cannot be emphasized enough. In the present study people of Lahore (Individual) are unit of analysis.

6.5.1. Data analysis strategy

Data analysis of the study was done by using "statistical package of social science (SPSS)" was describe the descriptive analysis to find the general understanding of respondents. SPSS was used for data summarizing, making presentation in tabular form and also measure the frequency of outcomes.

SPSS is capable of analyzing a wide range of data types from diverse sources. It is commonly used to analyze data obtained from surveys, customer databases of organizations, Google Analytics, scientific research findings, and server log files. SPSS is designed to handle and analyze various forms of structured data, and it supports multiple data formats, including

spreadsheets, plain text files, and relational databases such as SQL, SATA, and SAS.

With SPSS, users can perform data analysis for descriptive statistics, bivariate statistics, numerical outcome predictions, and group identification predictions. The software also offers features for data transformation, graphing, and direct marketing purposes. Its versatility enables users to explore and analyze data effectively while providing tools for visualization, data manipulation, and predictive modeling.

SPSS, which stands for Statistical Package for the Social Sciences, is a software program widely utilized by researchers across different fields to conduct quantitative analysis of intricate data. This introductory workshop on SPSS offers an overview of its environment, covers fundamental data preparation and management techniques, explores descriptive statistics, and introduces common statistical analyses such as t-tests, ANOVA, correlation, and regression. Participants will engage in hands-on activities using example data to gain a solid understanding of these foundational concepts. This workshop serves as an excellent starting point for individuals who are new to SPSS, enabling them to effectively utilize this powerful analytical tool.

6.6. Results and Findings

6.6.1. Cronbach Alpha

Developed by Lee Cronbach in 1951, Cronbach Alpha is a numerical indicator that is frequently used in psychometrics to evaluate the degree to which a set of questions or items on a test or survey consistently measure the same construct. A higher score indicates a group of them that is more dependable and internally consistent. This coefficient runs from zero to one.

Reliability and validity

Table 4.1

Items	Cronbach's Alpha
RI	.898
PI	.899
FP	.898
BG	.899
CS	.898

6.6.2. Response rate

The data was collected from the people of Lahore through online survey questionnaire. 384 questionnaires were shared among the people of Lahore.

Questionnaire Details

Table 4.2

Number of Responses collected	384

Response rate ratio	100%
Number of incomplete Responses	18
The response rate of partially filled responses	3%
Number of final usable responses	366
The Response rate of valid responses	98%

Missing Values

6.6.3. Descriptive statics

In this phase, the researcher imports the gathered data into SPSS software for analysis. It involves applying methods to outline and understand key characteristics of the dataset. These methods include calculating indicators of central tendency like the median, mode, and mean, and measures of dispersion such as variance, range, and standard deviation. Graphical visuals like histograms and box plots also aid data interpretation and understanding. (Source: IBM Corp, 2019).

Statistics		Gender	Age	Education	Income	Family Income
N	Valid	366	366	366	366	366
	Missing	0	0	0	0	0
Mean		1.62	2.41	2.70	2.48	1.96
Median		2.00	2.00	3.00	2.00	2.00

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Gender	366	1	3	1.62	.523
Age	366	1	4	2.41	.675
Education	366	1	4	2.70	.660
Income	366	1	4	2.48	.833
Family Income	366	1	3	1.96	.734

RIP	366	1.0	4.8	3.119	.6608
PI	366	1.2	5.0	3.281	.6676
FP	366	1.0	5.0	3.233	.7038
BG	366	1.0	5.0	3.325	.6617
CS	366	1.000000000000000	5.000000000000000	3.172131147540984	.740965193763944
Valid N (list wise)	366				

Respondent Profile

Demography	Indicator	Frequency	Percentage
Gender	Male	145	39.6%
	Female	214	58.5%
	Others	07	1.9%
Age	18-22	16	4.4%
	22-26	208	56.8%
	26-30	119	32.5%
	Above 30	23	6.3%
Education	Under graduations	07	10.4%
	Graduated	130	42.9%
	Masters	195	35.0%
	Masters or above	34	11.7%

Gender

Table 4.5

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	145	39.6	39.6	39.6
	2	214	58.5	58.5	98.1
	3	7	1.9	1.9	100.0
	Total	366	100.0	100.0	

The table shows the genders of the respondents. The result shows that 39.6 % were females while 58.5 % of respondents were males.
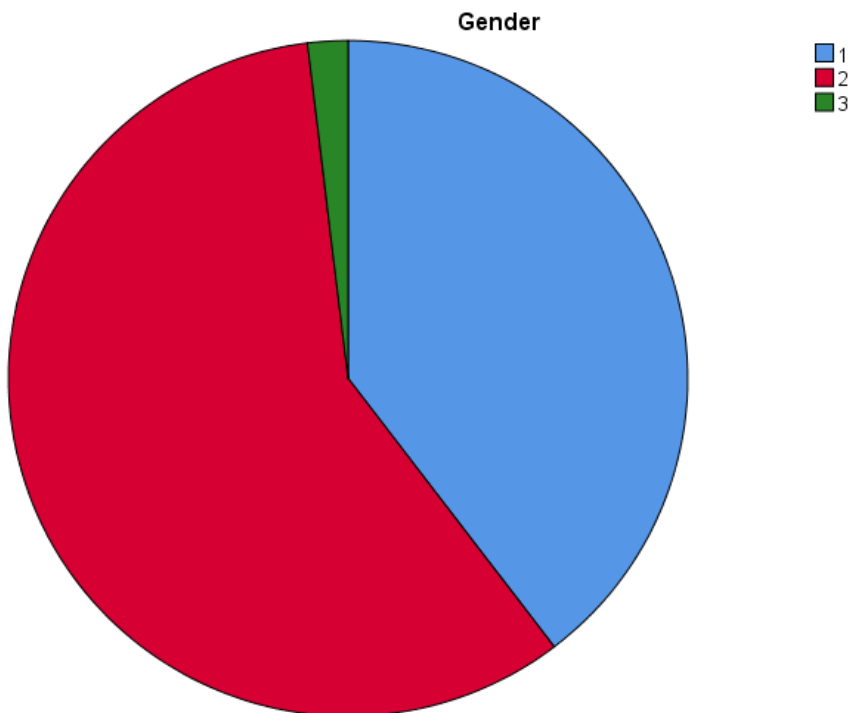

Figure 4.1

Age

Table 4.6

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	16	4.4	4.4	4.4
	2	208	56.8	56.8	61.2
	3	119	32.5	32.5	93.7
	4	23	6.3	6.3	100.0
	Total	366	100.0	100.0	

The table shows the age of the respondents. The results show that 4.4 % of respondents were 18-22 years old, 56.8 % of respondents were 22-26 years old, 6.3 % of Respondents were 26-30 years old, and 6.3% of respondents were above 30. The total frequency of respondents is 366.
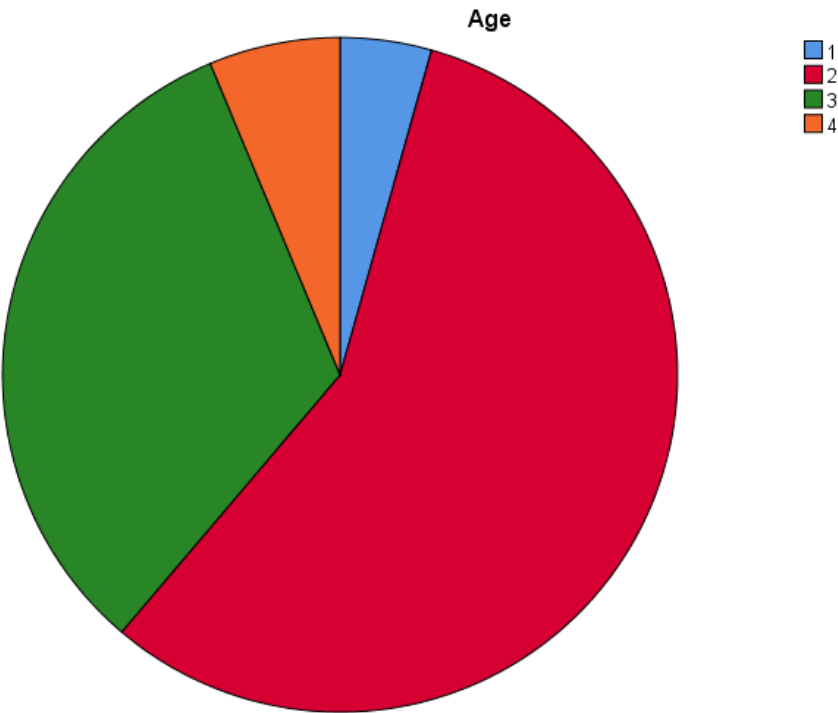
Figure 4.2

Education

Table 4.7

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	1.9	1.9	1.9
	2	130	35.5	35.5	37.4
	3	195	53.3	53.3	90.7
	4	34	9.3	9.3	100.0
	Total	366	100.0	100.0	

The above tables show the education of participants. The results show 1.9 % are doing a Bachelor's, 35.5 % are graduated , 53.3 % are Masters, and 9.3 % are above masters from Lahore.

Income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	38	10.4	10.4	10.4
	2	157	42.9	42.9	53.3
	3	128	35.0	35.0	88.3
	4	43	11.7	11.7	100.0
	Total	366	100.0	100.0	
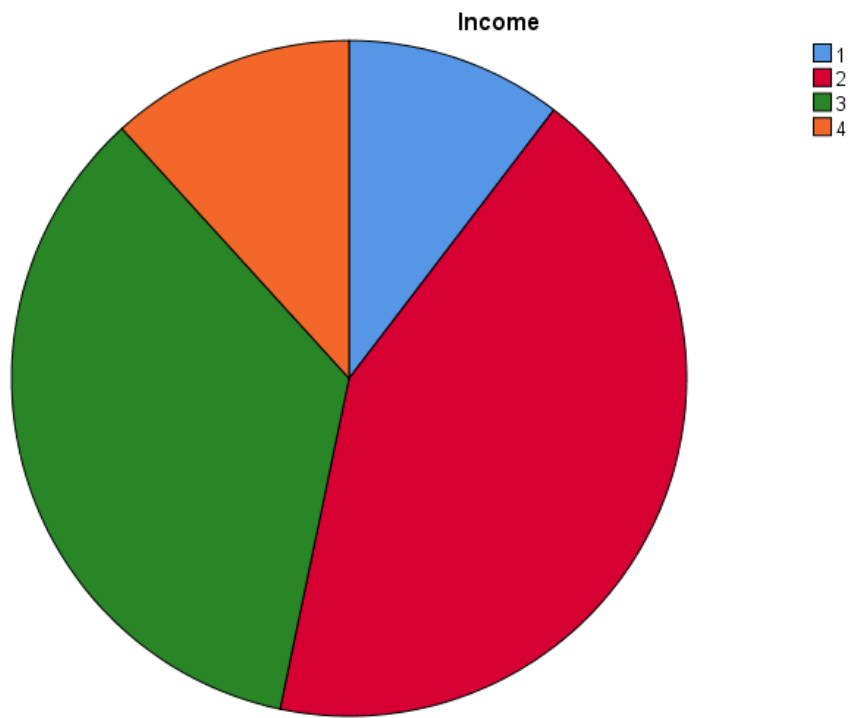
Income

Family Income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	106	29.0	29.0	29.0
	2	169	46.2	46.2	75.1
	3	91	24.9	24.9	100.0
	Total	366	100.0	100.0	

FamilyIncome
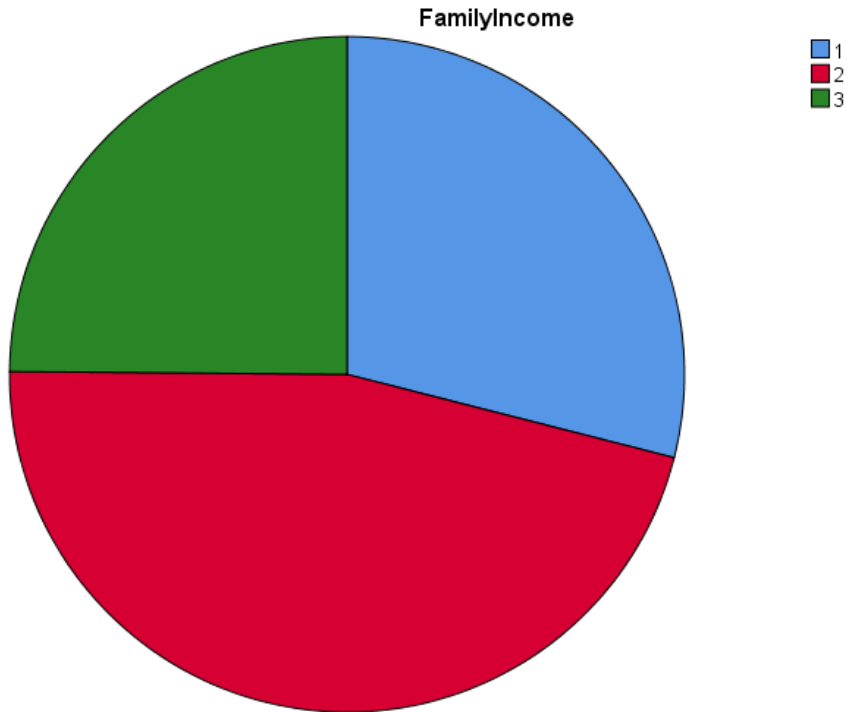
6.7. Regression

The researcher uses linear regression analysis to predict the relationship between two or more variables. Based on the data of variables, a line is modeled to predict the relationship. Simple Regression: one independent variable with one dependent variable. Multiple Regression: Two or more Independent variables with one dependent variable.

There are four values to interpret in linear regression.

R-Square: ''the value explains the variation in the dependent variable, because of independent variables in a model. E.g. R=0.55 means 53% variation.''

F-stat: ''It predicts the model fitness of regression (level of significant importance).''

Beta: '' β value shows that with one unit change in the independent variable, the β unit will change in the dependent variable.''

T-stat: ''The T-statics used in a T-test to determine if you should support or reject the null hypothesis. If the values are significant, you accept the alternative hypothesis or reject the null hypothesis.

6.8. Modal Summary

Table 4.8

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674[a]	.454	.448	.4911
a. Predictors: (Constant), CS, PI, BG, FP				

As indicated in the above table, the R-square value is 0. 454, which shows that IV foreign payments, bad governance, compromised security/ insecure conditions and political instability causes 45.4 % variation in DV i.e. Political instability.

6.9. ANOVA

Table 4.9

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.324	4	18.081	74.983	.000[b]
	Residual	87.050	361	.241		
	Total	159.374	365			
a. Dependent Variable: RIP						
b. Predictors: (Constant), CS, PI, BG, FP						

The table 4.9 indicates the result of ANOVA. The P-value is 0.000, that is smaller than 0.05, proving a statistically significant relationship between the IV, i.e. foreign payments, bad governance, compromised security/ insecure conditions and political instability and DV i.e. Rapid Inflation.

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Coefficient

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.487	.158		3.088	.002
	PI	.264	.047	.267	5.632	.000
	FP	.131	.048	.139	2.734	.007

	BG	.163	.049	.163	3.313	.001
	CS	.253	.044	.284	5.819	.000
a. Dependent Variable: RIP						

The table 4.10 shows the results of the coefficients. As shown, that the first beta value is .267

, which means if one unit change occurs in political instability then it will bring out .267 -unit change in Rapid Inflation. The second beta value is .139, which means if one unit change occurs in foreign payments then it will bring out .139-unit change in Rapid Inflation. The third beta value is .163 which means if one unit change occurs in bad governance then it will bring out .163-unit change in Rapid Inflation. The fourth beta value is. 284 which means if one unit change occurs in compromised security then it will bring out .284-unit change in Rapid Inflation, Furthermore, the beta values are positives, showing a positive relationship between DV (Rapid Inflation) and IV (PI, FP, BG, CS).

Hypothesis Test

H_1: It has been hypothesized in the study that political instability has a significant impact on Rapid Inflation (β = .267, t=5.632, Sig=0.000).

H_2: The results (β = .139, t= 2.734, Sig- 0.07) indicate that a significant relationship exists between foreign payments and Rapid Inflation.

H_3: It has been hypothesized in the study that has a significant impact of bad governance on Rapid Inflation (β = .163, t=3.313, Sig=0.01).
H_3: It has been hypothesized in the study that has a significant impact of compromised security on   Rapid Inflation (β = .284, t=5.819, Sig=0.000).

6.10. Conclusion

Our analysis underscores the intricate interplay between rapid inflation and various socio-economic and political factors. Foreign payments, governance quality, security conditions, and political stability collectively shape the inflationary dynamics of an economy, influencing consumer behavior, investor sentiment, and policy outcomes. The hypotheses developed in the second chapter were validated through the analysis of chapter 4.

H_1: It has been hypothesized in the study that political instability has a significant impact on Rapid Inflation (β = .267, t=5.632, Sig=0.000).

H_2: The results (β = .139, t= 2.734, Sig- 0.07) indicate that a significant relationship exists between foreign payments and Rapid Inflation.

H_3: It has been hypothesized in the study that has a significant impact of bad governance on Rapid Inflation (β = .163, t=3.313, Sig=0.01).
H_3: It has been hypothesized in the study that has a significant impact of compromised security on   Rapid Inflation (β = .284, t=5.819, Sig=0.000).

Our analysis, conducted using SPSS, revealed a significant relationship between rapid inflation and the independent variables under consideration. Let's delve into the implications of each factor:

6.10.1. Foreign Payments:

Foreign payments encompass transactions involving international trade, foreign investment, and debt servicing. A surge in foreign payments can strain a country's foreign exchange reserves, potentially leading to currency depreciation and inflationary pressures. Additionally, high levels of foreign debt can exacerbate inflationary trends by increasing the money supply and triggering currency devaluation.

6.10.2. Governance Quality:

Governance quality, characterized by transparency, accountability, and efficiency of public institutions, plays a pivotal role in economic stability. Weak governance structures are often associated with corruption, mismanagement of resources, and ineffective policymaking, all of which can contribute to inflationary pressures. Furthermore, inadequate regulatory frameworks may fail to address market distortions and prevent monopolistic practices, further fueling inflation.

6.10.3. Security Conditions:

Compromised security conditions, including civil unrest, armed conflict, and terrorism, pose significant challenges to economic stability. Insecurity disrupts supply chains, deters investment, and undermines consumer confidence, leading to supply shortages and price volatility. Moreover, heightened security risks may necessitate increased government spending on defense and law enforcement, diverting resources away from productive sectors and exacerbating inflationary pressures.

6.10.4. Political Stability:

Political stability is essential for fostering investor confidence, maintaining macroeconomic stability, and promoting sustainable economic growth. However, political instability, characterized by frequent leadership changes, social unrest, and institutional instability, can erode investor confidence, disrupt policy continuity, and hinder long-term investment planning. Uncertainty surrounding political transitions and policy direction can amplify market volatility and contribute to inflationary expectations.

6.11. Recommendations:

6.11.1. Enhancing Governance and Transparency:

Governments should prioritize efforts to improve governance structures, enhance transparency, and combat corruption. Strengthening institutional capacity, implementing robust regulatory frameworks, and promoting accountability are essential steps towards fostering a conducive business environment and mitigating inflationary pressures.

6.11.2. Addressing Security Challenges:

Addressing security challenges requires a comprehensive approach encompassing conflict resolution, counterterrorism measures, and socioeconomic development initiatives. Governments should invest in security infrastructure, strengthen law enforcement agencies, and foster regional cooperation to mitigate security risks and promote economic stability.

6.11.3. Promoting Political Stability:

Political stability hinges on inclusive governance, respect for the rule of law, and effective democratic institutions. Stakeholders across the political spectrum must prioritize dialogue, consensus-building, and compromise to uphold political stability and safeguard investor confidence. Additionally, electoral reforms and institutional safeguards can help mitigate

political uncertainty and promote policy continuity.

6.11.4. Diversifying Foreign Payments and Managing Debt:

Diversifying foreign payments and managing external debt responsibly are critical for safeguarding macroeconomic stability. Governments should prioritize export diversification, attract foreign direct investment, and explore alternative financing mechanisms to reduce reliance on volatile external financing sources. Additionally, prudent debt management practices, including debt restructuring and refinancing, can help alleviate debt burdens and mitigate inflationary risks.

6.11.5. Strengthening Economic Resilience and Adaptive Capacity:

Building economic resilience requires proactive measures to address structural vulnerabilities, enhance productivity, and promote inclusive growth. Governments should invest in education, healthcare, and infrastructure development to enhance human capital, foster innovation, and create employment opportunities. Furthermore, promoting financial inclusion, supporting small and medium enterprises, and diversifying the economy can enhance adaptive capacity and mitigate the adverse effects of external shocks.

In conclusion, addressing the multifaceted drivers of rapid inflation requires a coordinated and holistic approach encompassing governance reforms, security enhancements, political stability, and economic resilience. By prioritizing good governance, fostering security cooperation, promoting political stability, and pursuing sustainable development strategies, policymakers can mitigate inflationary pressures, promote economic stability, and pave the way for inclusive and sustainable growth.

6.12. Future recommendation

6.12.1. Governance Reforms:

Prioritize and implement comprehensive governance reforms to enhance transparency, accountability, and efficiency in economic policies and resource allocation.Strengthen institutions responsible for economic management to ensure effective oversight and regulatory measures.

6.12.2. Security Enhancements:

Invest in security measures to create a stable and secure environment for economic activities.Collaborate with international partners to address security concerns and foster a climate conducive to foreign investment

6.12.3. Political Stability:

Promote political stability through inclusive political processes and dialogue. Establish mechanisms to address political uncertainty and reduce the impact of political instability on economic planning.

6.12.4. Economic Resilience:

Diversify the economy to reduce dependency on specific sectors, making it more resilient to external shocks.

Develop and implement policies that support sustainable economic growth and address structural issues contributing to inflation.

6.12.5. Capacity Building:

Invest in the capacity-building of government institutions, ensuring they have the skills and resources to effectively manage economic policies.

Provide training programs for policymakers to stay abreast of evolving economic challenges and opportunities.

6.12.6. International Collaboration:

Collaborate with international organizations and neighboring countries to share best practices and coordinate efforts to address common economic challenges.

Seek assistance in capacity building and knowledge transfer from organizations with expertise in economic stabilization.

Sustainable Development Strategies:

Adopt and implement sustainable development strategies that prioritize long-term economic and environmental considerations.

Integrate social and environmental factors into economic policies to ensure a balanced and inclusive approach to development.

6.12.7. Public Awareness and Education:

Promote public awareness about the consequences of inflation and the importance of economic stability.

Conduct educational campaigns to enhance financial literacy and empower citizens to make informed economic decisions.

6.12.8. Monitoring and Evaluation:

Establish robust monitoring and evaluation mechanisms to assess the impact of implemented policies on inflation and economic stability.

Regularly review and adjust strategies based on real-time data and changing economic conditions.

6.12.9. Adaptive Policy Framework:

Develop an adaptive policy framework that can respond swiftly to emerging economic challenges and uncertainties.

Foster a culture of continuous improvement and flexibility in economic policies to navigate evolving global and domestic economic landscapes.

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