



Analyzing Corruption, Political Influence, Socioeconomic Conditions, and Living Standards in Pakistan

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ABSTRACT

The analysis examines the relationship between economic indicators and final household consumption expenditures (FHCE) in Pakistan from 1991-2023. Four variables were used: total population, corruption perception index, political stability, and absence of violence. The results show a positive association between the general population and FHCE in both the short and long terms. However, the corruption perception index reduces FHCE by 0.4430 units, with a negative short-term effect. Political stability has a moderate long-term effect. PSVA has a negative influence on FHCE. The model explains 85.60% variation in FHCE, suggesting population growth management, corruption control, and political stability policies.

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1. INTRODUCTION

In Pakistan, corruption presents a significant challenge that leads to issues like inflation, a fiscal deficit, and inadequate public infrastructure. While eradicating corruption is a challenging task, reducing it can mitigate its impact on local residents. Corruption in tax agencies contributes to low revenue and increased expenditure, leading to lower revenue and exorbitant spending. Poor medical and school infrastructure is also a major issue, with no excellent public hospitals or state-of-the-art facilities. Corruption also contributes to Pakistan's increasing wealth gap, with black money investments causing the poor to stay destitute and real estate prices to rise. To inhibit corruption, steps such as accountability campaigns and addressing the fear of the National Accountability Bureau (NAB) or Federal Investigation Agency (FIA) must be taken (Samo, 2020). Corruption impedes economic growth, reduces poverty, and undermines social stability. The United Nations Convention Against Corruption (UNCAC) was established in 2003 and defines corruption as bribery, embezzlement or cheating,

unlawful enrichment, and laundering of criminal proceeds. To improve development, we must remove corruption in the public sector. Since numerous studies have focused on public and commercial corruption, social scientists and economists are interested in it. This paper examines the relationships between key macroeconomic variables in Pakistan, with a focus on corruption, which has gained much attention in the 20th century (Myint, 2000; Sandholtz & Koetzle, 2000; Shabbir & Anwar, 2007). Every nation on Earth has recognized that the elimination of poverty must rank highly among the goals of economic progress. Improving the quality of life and total economic advancement of poor countries requires interlinking socioeconomic, demographic, and human development elements to pursue the objective of poverty elimination. Considering the issue of growing poverty in Pakistan, efforts have been made to examine the variables that contribute to this situation. Both the policy and empirical levels of prosperity have been extremely low in these areas (Ali Shah et al., 2020). Opportunistic and powerful corruption is a social trait that stems from power and greed. The term

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"quiet violence" encompasses a wide range of unethical practices, some of which are more serious than others. Considering Bangladesh and the Philippines about resilience requirements typically leads to the omission of social implications. Climate change, poverty reduction, disaster risk reduction, and resilience efforts should all begin with the elimination of corrupt practices to guarantee their effectiveness, sustainability, and dependability in the long run (Lewis, 2017). Pakistan, like many other developing countries, is grappling with the massive problem of corruption. Corruption accelerates income inequality and poverty levels, thereby weakening a country's macroeconomic performance and widening the wealth gap. Poverty in Pakistan and the role of corruption are the focus of this endeavor. According to the statistics, poverty in Pakistan is strongly and positively correlated with inflation and corruption. However, the correlation between the poverty rate and the number of people actively seeking employment is negative (Raza Bukhari et al., 2022).

The importance of this research is highlighted by the persistent and multi-dimensional nature of the problems being confronted by Pakistan from corruption, political instability, and socioeconomic inequality. Various studies have noted that corruption erodes public confidence, misallocates resources, and disables the institutional capacity, all contributing to increasing poverty as well as constraining economic opportunities (Raza Bukhari et al., 2022; Shabbir & Anwar, 2007). In addition, political instability, which is typified by disruption of government, weak mechanisms of accountability, and incoherent policies, deters long-term investment and development (Batool & Sieg, 2012; Shakoor, 2022). As Lewis (2017) noted in his cross-country analysis, social impacts of corruption such as reduced resilience, inequality, and limited access to necessary services are often underestimated but crucial for sustainable development. Socioeconomic influences are predominantly disastrous in developing countries such as Pakistan, where mounting income inequality is escorted by corruption and failing public conveniences, such as health care, education, and housing (Guo & Wang, 2024; Mehdipناه, 2023). Chetwynd et al. (2004) have established that countries with high income inequality also have higher rates of corruption, leading to a vicious cycle of poverty and social exclusion. This study fills a critical gap in the literature by empirically assessing the effects of such institutional and structural weaknesses on household expenditure behavior and subjective well-being. The study proposal retains variables comparable to the Corruption Perception Index (CPI), Political Stability and Absence of Violence (PSAV), and population size, which together create a comprehensive framework for drawing conclusions about enhancing governance, combating corruption, and improving the socioeconomic prosperity of residents.

Civil war, political chaos, and military dictators are the history of Pakistan. It's always been an uncomfortable ride, and the situation never gets better; it keeps deteriorating and deteriorating. It can be contributed to by many factors: foreign interference, corruption, race and religious conflicts, economic difficulties, terrorism, extremism of ideas, and political differences. At times, the weakening of the military's firm grip on power is influenced by various factors, while at other times, religious and ethnic differences can lead to significant political upheavals. Economic crises such as high

unemployment, inflation, and debt threaten to destabilize the government. Pakistan is currently grappling with two significant issues: terrorism and extremism. These are major challenges to the political system and stability of the country. With so much going on, the government finds it challenging to maintain stability. When things are this unstable, basic services such as health and education take a big hit. People suffer, and the whole country ends up poorer. But it is not only Pakistan. Extremism and terrorism have a very global dimension; they thrive on political instability. We need to work toward democratic institution building, social and economic development, fighting corruption, and creating a society where everyone feels included for a safer and more prosperous nation. It is a challenging job, but there's no other way forward.

Studies on corruption in Pakistan have demonstrated how it affects poverty, income disparity, and economic performance. It has been shown to have an impact on inflation, unemployment, wealth inequality, spending, and tax creation (Ajaz & Ahmad, 2010; Myint, 2000; Raza Bukhari et al., 2022; Sandholtz & Koetzle, 2000; Shabbir & Anwar, 2007). Nonetheless, there are still unanswered questions regarding its interconnected impacts on long-term economic growth and social stability. Despite international discourse on these concerns, there is little research on the social effects of corruption, such as weakened democratic institutions, damaging public trust, and fostering political instability, particularly across Pakistan (Lewis, 2017). Underreporting the effectiveness of anti-corruption initiatives like the Federal Investigation Agency (FIA) and the National Accountability Bureau (NAB) in reducing poverty, existing studies mostly concentrate on the macroeconomic effects of corruption while ignoring governance, policy inefficiencies, and institutional flaws. Research on corruption's impact on critical public service areas like healthcare and education is limited, with a deteriorating infrastructure being a critical area of understudied research. Limited comparative analyses of Pakistan's corruption issues with developing nations like Bangladesh and the Philippines offer helpful information about best practices and policy recommendations. Longitudinal studies on corruption's long-term effects on Pakistan's economic resilience and sustainable development are limited, often presenting short-term correlations without examining causal mechanisms.

Filling in these research gaps would lead to a more comprehensive understanding of the widespread impacts of corruption on Pakistan's political, social, and economic landscape. By thoroughly examining how corruption exacerbates poverty and economic inequality, investigating inefficiencies in policy, and assessing anti-corruption tactics to suggest better governance frameworks, this study seeks to close these disparities.

2. LITERATURE REVIEW

Pakistan, like many other developing countries, grapples with the issue of corruption, which in any country worsens its macroeconomic performance through the increase in income inequality and poverty, increasing the gap between the rich and the poor. Guo & Wang (2024) uses provincial panel data to assess the impact of population demographic payout shifts on local consumption expenditures. The data reveals a

significant increase in per capita consumption expenditure due to improved local conditions and increased disposable income. Household consumption expenditure is a key indication of economic activity, even while population data reflects household spending trends and purchasing power. The population component is usually significant or vital in determining economic activity. According to Madudova & Corejova (2024), population size has consistently had a positive and considerable impact on quality of life and the growth of consumption.

Raza Bukhari et al. (2022) analyzed the impact of corruption on Pakistani poverty. Poverty and employment have a negative correlation. Initiatives aimed at reducing poverty frequently look into issues related to poverty that might have affected policy. According to the facts, factors that reduce poverty include the number of earners, physical assets, remittances, the age and education level of the head of the household, owning a house, spouse participation, and the number of earners. However, in Southern Punjab, factors like a high dependence ratio, mental disability, a sizable household size, and a primary sector profession increase the likelihood of poverty. Providing low-income families with access to education and employment opportunities would go a long way toward alleviating poverty in this area (Ali Shah et al., 2020). Shabbir & Anwar (2007) examine public sector corruption cross-sectionally. The study found that all economic indicators except income distribution negatively affect perceived corruption. Non-economic factors do not entirely account for corruption levels. Karstedt (2001) examined corruption, poverty, and inequality. 35 nations' research on corruption and wealth distribution reveals a link between poverty and corruption. The study's empirical results indicated that corruption and inflation in Pakistan positively impact poverty at a significant rate. Countries with big differences in income have high corruption, and vice versa. This study revealed a non-linear correlation between corruption and economic inequality. Corruption in a country encourages inequality in wealth creation. It leads to lower economic growth, lower investment, and increased poverty (Chetwynd et al., 2004). Lewis (2017), carried out a study on social impacts of corruption in China, Italy, Bangladesh, the Philippines, Nepal, and African countries. The study examined corruption's social and economic effects. The study found corruption in all economies, although its severity varied by country and community. Corruption has clear repercussions, as corrupt countries tend to reject scientific analysis and experience both resilience challenges and increased poverty. Corruption causes national income to drop and poverty to rise, according to the analysis. The survey found that certain developing nations are the most corrupt. This increases governance and commercial mismanagement and corruption. Corruption caused economic poverty and societal decline, the study found. Such behavior will lead to prejudice, displacement, and limited access to basic needs. Rahayu & Widodo (2012) investigated ASEAN corruption data from 2005 to 2009. The study used econometric methods to generalize moments and dynamic panel data from secondary data. The HDI was used to measure capacity poverty. The study found a one-way association between corruption and poverty, which indicates that corruption generates poverty, not vice versa. According to research, these countries should take substantial steps to combat corruption. We should carefully devise and implement anti-corruption policies to improve these countries'

macroeconomic conditions and address social needs like health and education. The study examines the combined effects of corruption, government effectiveness, and human development in Sub-Saharan Africa. It analyzes 2005–2018 data from 37 nations using the Generalized Method of Moment. Lagged human development index, government effectiveness, economic growth rate, and government health spending positively affect human development. Corruption and government effectiveness have little impact. The study suggests retraining and redirecting government staff, diversifying SSA economies, improving health sector funding, and monitoring public service operations to reduce corruption (Akinbode et al., 2020). According to Shakoore (2022), corruption and substandard institutions are the factors that mainly result in political unpredictability and stagnation in the economy in Pakistan. These factors mutually reinforce each other, creating a vicious cycle of underdevelopment and instability. According to Batool & Sieg (2012), political influence in Pakistan affects living standards via pre-election measures, including a decrease in unemployment inflation and a higher budget deficit and slower GDP growth, due to politically driven price controls, ineffective resource allocation, and employment initiatives. The political forces have also been one of the major factors that have negatively affected the quality of education in Pakistan, slowing down the development of youth. The lack of opportunities for skill development and economic growth greatly influences living standards (Akbar et al., 2021). Because of the relationship between political inclusivity, economic prosperity, and democratic governance, political rivalry has a beneficial impact on Pakistan's economic performance and raises living standards (Chaudhry & Mazhar, 2018). The political climate in Pakistan has gotten worse for the economic causes mentioned, including a slowdown in economic growth, a collapse in foreign exchange markets, inflation, external debt, rising rates of poverty, and income inequality (Belokrenitsky, 2022).

According to Rasheed et al. (2022), education, livestock, foreign remittances, and female housewives all positively and considerably impact the availability of food. Poverty has a detrimental and significant impact on the supply of food. Political unpredictability, a dearth of civilian leadership, and shoddy institutions are the causes of Pakistan's economic unrest (Fahmida & Ali Baloch, 2012). Based on empirical outcomes, it is highly recommended that reducing foreign debt, upholding the rule of law, adopting consistent economic policies, and establishing true democracy are among the ways to proceed. Health and well-being can easily go down the drain when housing isn't equal for everyone. Like, people living in these places often struggle financially because housing costs keep rising, you know? (Mehdipanah, 2023). Income also plays a big part in how involved someone is in their community and how healthy they are, especially for people with spinal cord injuries (SCI). Oña & Pacheco Barzallo (2022), in her study, points out that the wealth gap significantly affects long-term health problems. The study by Latt et al. (2019) looked at the public's perceptions of healthcare availability in a housing estate and investigated the connections between income levels, inclination towards traditional medicine, and selected healthcare providers. The study demonstrates how a person's financial situation affects a number of facets of life, such as their health and well-being. It

is also necessary to guarantee that everyone has access to high-quality healthcare and reasonably priced housing.

Zahia & Mohamed (2025) examine the link between economic growth, corruption, and poverty in seven MENA countries from 2003 to 2021. Results show growth is pro-poor, and corruption significantly reduces poverty alleviation rates, contributing to the ongoing debate. According to Ossai (2025), corruption in Nigeria prevents investment, lowers productivity, raises company costs, results in inefficient resource allocation, exacerbates poverty, and promotes inequality, all of which impede economic growth. Research by Okolie & Egbon (2025) on Nigeria's struggle against corruption shows that public administration plays a critical role; however, political meddling, a lack of institutional capacity, and coordination problems limit its effectiveness and highlight the need for additional reforms. Vhuthali & Saba (2024) examined the connection between poverty, income disparity, and corruption in South Africa. The results validated a long-term correlation between the factors of interest in this research. However, corruption has a major short-term impact on economic disparity.

3. RESEARCH METHODOLOGY

This study investigates the determinants of Quality of Life (QoL), proxied with final household consumption expenditure, using an empirical model that is based on observations collected from the World Development Indicators (WDI) for the period 1996 to 2023. The research framework considers the Corruption Perception Index (CPI), Political Stability and Absence of Violence (PSAV), and Socioeconomic Factors (SEF), including population, as significant explanatory variables determining QoL across countries. The information, placed in the form of time-series information, integrates annual observations for institutional quality (CPI), governance (PSAV), and socioeconomic indicators such as GDP per capita, unemployment rate, education level, and demographic indicators, all harmonized with WDI and other sources wherever necessary.

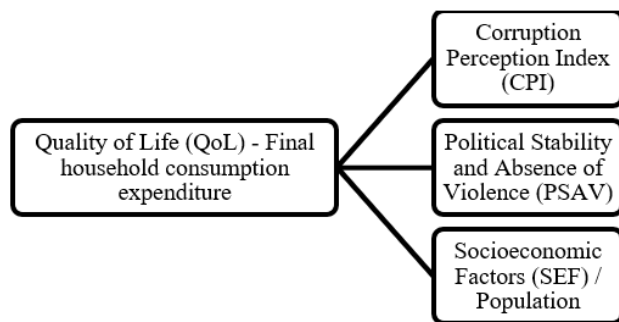


Fig. 1. Theoretical Framework

3.1 Econometric Model and Hypothesis

Quality of life index (QoL) measured through composite indicators like income level, education attainment, health status, household consumption expenditures, and subjective well-being. Corruption Perception Index (CPI) is the quantitative measure showing the perceived corruption levels in Pakistan. Political Stability and Absence of Violence (PSAV) is the quantitative measure of the frequency and severity of the cases of political violence in Pakistan. While

socioeconomic factors (SEF) measured by total population (TP). Through employing a multiple regression analysis, study confirms the relation between corruption, political stability and absence of violence, and quality of life while holding other relevant covariates in control. The model equation is depicted as follows:

$$\begin{aligned} \text{Quality of Life (FHCE)} &= \beta_0 + \beta_1(\text{CPI}) + \beta_2(\text{PSAV}) \\ &+ \beta_3(\text{SEF}) + \varepsilon \end{aligned} \quad (1)$$

Where

QoL = Final household consumption expenditure (FHCE)

CPI = Corruption perception index

PSAV = Political Stability and Absence of Violence

SEF = Total Population (TP)

Based on the above established model and framework, the following hypotheses need to be estimated.

- H_0 : There is a negative and significant impact of CPI on FHCE.
- H_0 : There is a positive and significant impact of PSAV on FHCE.
- H_0 : Socioeconomic factor (population) has a positive and significant impact on FHCE.

4. RESULTS AND DISCUSSIONS

The unit-root test results indicate that the Corruption Perception Index (CPI), Final Household Consumption Expenditure (FHCE), and Political Stability and Absence of Violence (PSAV) variables are non-stationary at level (I(0)), as their ADF test p-values exceed the conventional 0.05 (5%) significance threshold. However, these variables become stationary after first differencing (I(1)), as their p-values drop below 0.05 (5%), which confirms the presence of a unit root that requires differencing to achieve stationarity. On the other hand, the Total Population (TP) variable shows stationarity at the level since its ADF p-value is less than 0.05 (5%), i.e., no difference is needed. These integration outcomes are in accord with traditional time series behavior for macroeconomic data, in that variables can commonly have stochastic trends that need differencing in order to make sense econometrically (Dickey & Fuller, 1981; Said & Dickey, 1984). These results suggest that analytical frameworks must be able to support mixed integration orders, using techniques such as the Autoregressive Distributed Lag (ARDL) bounds test procedure, which can handle mixtures of I(0) and I(1) variables (Pesaran et al., 2001). Treatment of stationarity is essential to prevent spurious regression issues and establish valid, reliable inference (Enders, 2014). In general, these findings are consistent with econometric practice in standard unit root testing and time-series data analysis (Banerjee et al., 1993; Harris & Sollis, 2003).

Table 1. Unit Root Results

Variable	ADF	
	I(0)	I(1)
Corruption perception index (CPI)	0.4035	0.0000
Final Household Consumption Expenditure (FHCE)	0.0898	0.0003
Political Stability and Absence of Violence (PSAV)	0.4439	0.0278
Total Population (TP)	0.0271	-

Table 2. Johansen Cointegration and Lag-Length Results

Johansen Cointegration Results		
Test Name	Cointegration Eqs.	Level of Significance
Trace Test	4 cointegration equations	5%
Max-eigen value test	4 cointegration equations	5%
Lag-Length Criteria		
Maximum Lag-length criteria	2	AIC(-23.39), SC(-21.63)

Evidence from the Johansen cointegration test indicates there are four cointegrating relationships at a significance level of 5%, as supported by both the Trace test and the Maximum Eigenvalue test. This reveals that among the variables under consideration that are integrated, there are four long-run equilibrium relationships that are stable, which implies that these variables do trend together even in the long run, although they differ in the short run. The lag-length test criteria settled at a maximum of two lags for the model based on the Akaike Information Criterion (AIC = -23.39) and the Schwarz Criterion (SC = -21.63), indicating that the use of two lags effectively identifies the dynamic relationships without overfitting. The results justify the use of a Vector Error Correction Model (VECM) to capture short-run adjustments and long-run equilibria between the variables at the same time. The coincidence of the Trace and Max-eigenvalue tests for cointegrating vectors confirms the stability of the model specification and is consistent with conventional econometric theory of the behavior of integrated time series and their common stochastic trends. The general analysis confirms strong and multiple cointegrating relationships within the system and provides a strong basis for further dynamic modelling and inference.

Table 3. Final Empirical Results

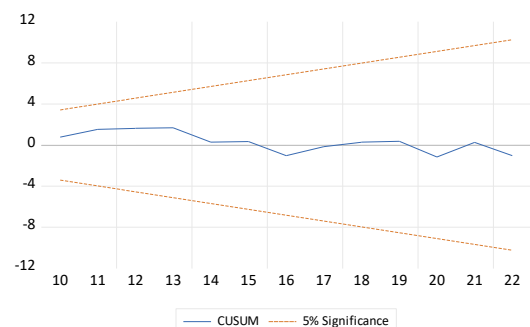
Variable	Short-Run Coefficient	Long-Run Coefficient
C	-12.95242**	-10.61322**
Total Population (TP)	3.342475**	2.738827**
Corruption perception index (CPI)	-0.443092*	-0.002574
Political Stability and Absence of Violence (PSAV)	-0.285204	-0.096410
F-Bounds Test		
Test Statistic	Value	
F-statistic	9.454747*	
Error Correction Term		
CointEq(-1)	-1.2204**	
R ² = 0.8560, Adj. R ² = 0.7967	Durbin-Watson = 2.58	
Serial Correlation Results		
Breusch – Godfrey Test	Prob. Chi-square 0.055	
Heteroskedasticity Test		
Breusch-Pagan-Godfrey	Prob. Chi-square 0.584	
**** represent 5% while *** represent 10% level of significance		
Dependent Variable: Final Household Consumption Expenditure (FHCE)		

The results from the Vector Error Correction Model (VECM) estimate reveal important short-run and long-run dynamics affecting Final Household Consumption Expenditure (FHCE). The constant terms (C) are significantly negative in both short-run (-12.95242) and long-run (-10.61322) models, serving as intercept adjustments. Total

Population (TP) shows a strong and statistically significant positive effect on FHCE, with coefficients of 3.342475 in the short run and 2.738827 in the long run, indicating that increases in population correspond to higher household consumption both immediately and over time. The Corruption Perception Index (CPI) exhibits a significant negative short-run impact (-0.443092), while its long-run coefficient is negative but not statistically significant (-0.002574), suggesting that higher perception of corruption adversely affects household consumption in the short term, but this effect diminishes over time. Political Stability and Absence of Violence (PSAV) coefficients are negative but not statistically significant in both periods, indicating no strong effect on consumption. The F-Bounds Test produces a significant F-statistic value of 9.454747, supporting the presence of a cointegrating (long-run equilibrium) relationship among the variables. The Error Correction Term (CointEq(-1)) is negative and highly significant (-1.2204), confirming the system's tendency to correct deviations from long-run equilibrium at a relatively rapid speed after short-run shocks. The model explains a substantial portion of variance in household consumption, with R² = 0.8560 and adjusted R² = 0.7967, and diagnostic checks support model adequacy as indicated by the Durbin-Watson statistic of 2.58 (implying no autocorrelation), and non-significant Breusch-Godfrey (p=0.055) and Breusch-Pagan-Godfrey tests (p=0.584) that suggest absence of serial correlation and heteroskedasticity, respectively.

These findings align with existing literature, which similarly reports total population as a key driver of household consumption expenditure (Bonsu & Muzindutsi, 2017; Mishra et al., 2015). The short-run adverse effect of corruption on consumption repeats Canning & Pedroni (2008), who note that corruption can introduce economic uncertainty and reduce consumer confidence. The strong error correction term suggests swift reversion to equilibrium consistent with studies on household consumption dynamics (Mishra et al., 2015; Monirul Alam et al., 2018). The insignificance of political stability aligns with mixed findings in previous research, reflecting possible contextual variations in governance impact on consumption behavior.

Overall, the results substantiate a robust long-term equilibrium relationship where population growth drives consumption increases, while governance-related variables have more nuanced short-term effects. The model diagnostics affirm the reliability of these insights for policy formulation aimed at enhancing household consumption through demographic considerations and anti-corruption measures.

**Fig. 2.** CUSUM Test

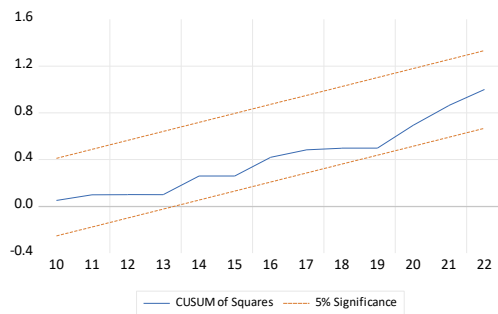


Fig. 3. CUSUM Square Test

4.1 Discussion

The empirical findings of this study confirm that corruption, political instability, and adverse socioeconomic conditions significantly impact living standards in Pakistan, supporting the theoretical expectations and aligning with a broad body of global and regional literature. Specifically, the study finds a negative and statistically significant relationship between corruption levels and household consumption, which aligns with the work of Shabbir & Anwar (2007), who showed that systemic corruption reduces access to public services and discourages productive investments, especially in low-income communities.

Consistent with Chetwynd et al. (2004) and Guo & Wang (2024), this research demonstrates that higher corruption levels correspond with lower quality of life, driven by unequal resource distribution, elite capture, and weakened institutional responsiveness. These significances are likewise rebounded in Raza Bukhari et al. (2022), who pragmatic that corruption in Pakistan distracts reserves from indispensable services such as education, healthcare, and infrastructure, excessively affecting downgraded populations.

The study's conclusions also strengthen the impression that political instability significantly destabilizes living standards, steady with the observations of Batool & Sieg (2012), who underlined how frequent political turnover, civil unrest, and poor governance in Pakistan stifle long-term policy execution and economic planning. Similarly, Shakoor (2022) starts that political destruction of legitimacy and ineffective public institutions restrict the government's capacity to deliver impartial amenities, a trend also existing in this research.

Further, the research points out that total population and urban absorption increase the understanding of poor governance on living standards, mirroring the assertion of Mehdipanah (2023) that hasty urbanization without unambiguous governance leads to housing disasters, inadequate sanitation, and social inequality. This is specifically appropriate for Pakistan's foremost cities, where governance catastrophes become more perceptible under population burden.

In contrast to some prior examinees that undervalued the collaborative effects of political and corruption variables, this study joins in multiple institutional and structural indicators, constructing a more nuanced understanding of how macro-level governance catastrophes affect micro-level household well-being. For illustration, however Lewis (2017) highlighted the wide-ranging effects of corruption on institutional trust, this study goes further to link these dynamics openly with household consumption and living standards using CPI and PSAV indices.

Inclusive, the conclusions contribute to a mounting harmony that anti-corruption improvements, political accountability, and targeted socioeconomic policies are serious to enlightening living standards, predominantly in emerging economies with weak institutional frameworks. The consequences underline the rank of augmenting governance quality, cumulative public sector transparency, and consolidation legal frameworks to report both the indications and origins of inequality and inertia.

5. CONCLUSIONS

The findings of this study are thus useful in detailing the dynamics that influence final household consumption expenditures about population, perception of corruption, and political stability for Pakistan. Such a finding is of importance to policymakers primarily because it spells out how demographic factors and governance aspects outline household spending over time.

a) Total Population (TP) and FHCE

The fact that TP has had a positive and significant influence on FHCE both in the short and long term suggests that population growth is among the main consumers of household consumption. It supports conventional economic theory, as an increase in population implies an increase in demand for goods and services, which subsequently raises household consumption. This implies that the short-run impact is higher than in the long run (3.34 units versus 2.73 units), suggesting that in the near term, the population growth will lead to changes in consumption where the urgency of household demand increases more sharply, while in the long run, the effect stabilizes due to economic adjustment in response to demographic shocks. This finding points out the importance of policies targeting population management and household well-being for the stimulation of sustainable consumption growth. Our estimated results may be alike numbers of prior studies such as Guo & Wang (2024), Madudova & Corejova (2024), and Raza Bukhari et al. (2022).

b) Corruption Perception Index (CPI) and FHCE

This impact is negative and significant for the Corruption Perception Index on FHCE in the short run. Again, this tells us how adverse corruption is to household consumption since a higher CPI may mean a higher perceived level of corruption, thus this decrease in household consumption by 0.4430 units for each unit rise. This could be due to several factors: corruption destroys trust in public institutions, leads to uncertainty, and reduces consumer confidence—all bad things for spending behavior. Households may react short-term by saving more or reducing discretionary expenses as they feel that corruption may precipitate economic instability. However, the effect of CPI dwindles to insignificance over longer time periods, thus showing that the adverse effects of corruption may vanish with time as households and firms adjust to such persistent and chronic levels of corruption or adapt to them. Corruption, though important as an issue in the short term, is insignificant in the long run, where economic growth and household consumption can become stable even in such environments with chronic corruption if the other factors operating, such as reform in the economic policy, are considered. Numerous studies such as Akinbode et al. (2020), Shakoor (2022), Batool & Sieg (2012), Akbar et al. (2021),

Chaudhry & Mazhar (2018), Belokrenitsky (2022), Lewis (2017), Shabbir & Anwar (2007), and Karstedt (2001) confirm our results.

c) *Political Stability and Absence of Violence (PSAV) and FHCE*

The Political Stability and Absence of Violence (PSAV) had negative yet insignificant impacts on FHCE in the short and long run. This implies that while political stability brings about overall significant economic growth and development, there is a possibility that the PSI can fail to affect the household consumption pattern directly in this model. Perhaps the reason for this finding is the fact that just as political stability may lead to a conducive macroenvironment for growth, income, inflation, and credit access have higher explanatory power over household spending choices at a microlevel and on a daily basis. This variable may also be too wide-ranging, capturing all factors that play a role in influencing consumer behavior. In such a context, the choice of short-term economic conditions, inflation, and job security may come before concern for the broad political issues that become crucial in determining consumption behavior. This would mean that although political stability is essential in influencing consumption, specific economic policies that have an effect on household income and purchasing power can most significantly shape the consumption pattern of a particular group of people.

A number of key metrics assure the robustness of the overall model. The F-statistic corresponds to the statistical significance with the model's appropriateness toward explaining the FHCE changes. It reveals that with an R^2 of 85.60%, a significant proportion of the FHCE variability is explained by independent variables explaining the model's aptness for explanations. The value of Durbin-Watson is within the acceptable range, and no sign of autocorrelation exists; diagnostics checks confirmed there is no sign of serial correlation and heteroskedasticity problems. Therefore, the result indicates that the model is reliable, and the outcomes can be trusted for both short-term and long-term analysis.

Political stability (PSAV) may be insignificant due to sector-specific variances, measurement problems, robust institutional resilience, and potential obscured influence by governance or economic factors. Further research should examine sectoral variations, indirect effects, and long-term implications to better understand PSAV's involvement.

5.1 Further Study

In order to expand on the knowledge this study has given, more research ought to monitor changes in quality of life over time and evaluate the long-term effects of interventions, conduct longitudinal studies (studies over time). To enable comparison analysis, include other regions of Pakistan in the research's geographic scope. Consider different elements such as sectoral household consumption analysis, by incorporation of innovative economic factors, geographic differences, technological advancements, behavioural economic perspectives, policy interventions, and role of public services. These areas require further research that would continue to tease apart the subtle dynamics between economic indicators and household consumption to better understand how economic and political factors influence consumption patterns in terms of context and time.

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