

**SOCIO-ECONOMIC DEVELOPMENT, DEMOGRAPHIC CHANGES AND TOTAL LABOR PRODUCTIVITY
IN PAKISTAN: A CO-INTEGRATIONAL AND DECOMPOSITION ANALYSIS**

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[dx.doi.org/10.18374/JABE-17-2.1](https://doi.org/10.18374/JABE-17-2.1)

ABSTRACT

The study has examined the relationship between the socio-economic and demographic changes with total labor productivity in Pakistan over the period of 1980 to 2013. Human development index, dependency ratio, domestic investment, foreign direct investment, globalization and inflation rate are the selected socio-economic and demographic variables. Augmented Dickey-Fuller (ADF) unit root test is used for examining the stationarity of the variables. Autoregressive distributed lag (ARDL) model is used for analyzing the co-integration among the variables of the model. Variance decomposition is used for examining the feedback impact of each pair of variables. The results show that human development index and domestic investment have positive and significant relationship with total labor productivity in Pakistan. The calculated results show that dependency ratio, foreign direct investment and globalization has a negative and significant relationship with total labor productivity in Pakistan. Inflation rate has a negative but insignificant relationship with total labor productivity in Pakistan. Feedback effects results show that socio-economic and demographic changes play an important role in determining total labor productivity of Pakistan. Based on the empirical results, it is suggested that socio-economic and demographic factors must be improved for targeted total labor productivity in Pakistan.

Keywords: *economic development, population density, environmental degradation*