



**RESEARCH PAPER**

**Inspecting the Effect of China-Pakistan Economic Corridor on  
Quality of Life: The Moderating Role of Economic Benefit**

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**ABSTRACT**

China-Pakistan Economic Corridor (CPEC) is serving as a promising project for the citizens of Pakistan. The basic purpose of this research is to explore the influence of CPEC infrastructural development on the local community of Baluchistan and northern areas of Pakistan. This project tends to improve the quality of life of common man with the help of economic boost-up. The survey approach was utilized to collect the data from 385 locals of targeted areas. In order to analyze data, structural equation modeling (AMOS) method was used. The findings of the current study showed that economic benefit moderates the relationship of quality of life and perceived positive impact in positive direction. It is evident from the responses of local population of Baluchistan and northern areas of Pakistan that CPEC will enhance their quality of life.

**Introduction**

Nations are guided by policies to achieve rational outcomes. A deliberate system of principles is also recognized as public policy can either strengthen or deteriorate an economy. A country's inclination for mega-projects depicts long term plan for prosperity. During the last four decades, sustainable growth and development in China has raised the country to top five economies of the world (Ahmed, Arshad, Mahmood, & Akhtar, 2017). In Asia, China has the highest population and great purchasing power parity. Proactive regimes foresee change so they make new plans and strategies to cope with the emerging environment. One-Belt-One-Road (OBOR) is serving as a proposal for development, projected by China. The aim of this initiative is to enhance collaboration and connectivity among Eurasian countries (S. Ali, 2015). OBOR is essentially divided into two significant parts; "land-based Silk Road Economic Belt (SREB) and Ocean-Going Maritime Silk Road (MSR)".

Regional stability is undoubtedly the need of hour in Southeast Asia. It is evident from different scholarly research efforts, theoretical and personal persuasions that rise of China is an issue of heated discussion (L. Ali, Mi, Shah, Rafiq, & Ibrar, 2016). The geopolitical and geo-economics spectrum associated with OBOR and CPEC is much wider. Two distinct phenomena of 'symbolism' in the perspective of history and 'realism' that emerges as a result of transformation from era of Mao Zeodon to Xi Jinping. Economic agenda of China is an effort to gain from surplus money. There is an overarching effect of Pak-China economic cooperation on the restoration of regional stability by appraising China's approach of broader geopolitics (Muzaffar, et.al. 2018 & Yaseen, et. al 2021).

China is working by leaps and bounds to gain a leading role in global politics. President Xi Jinping had barely one year into his workplace and he gave the idea of "Silk Road Economic Belt" in 2013. From that moment on, China conscientiously worked for the execution of the venture named as "One Belt One Road" (OBOR). After some time, the official name changed to "Belt and Road Initiative" (BRI). This venture is likewise authored as a task of century (Perlez & Bradsher, 2017). BRI is envisioned to link Europe, Asia and Africa with the help of various passages and harbors. BRI covers six corridors namely "China Central Asia-West Asia Corridor, China-Mongolia-Russia corridor, the new Eurasian Land Bridge corridor, the China Pakistan Economic Corridor (CPEC), China-Indo China Peninsula Corridor and the Bangladesh-China-Myanmar- India corridor". Overall BRI will connect almost 65 countries.

With the passage of time, this project will take over one third of global output (Iqbal, 2017). It is assessed that BRI will include 62% of the total populace and 40 percent of global trade. With the initiative of BRI, China has adopted an approach with neighboring and western countries. Leaving passive integration, China is now actively participating in shaping a new world order with the help of its far reaching and wide-ranging development approach, China and the OBOR countries will cooperate for common interest in geo-politics. In South Asia collective efforts are being made to overcome obstacles for weak economies and unstable political situations. For this purpose, the concept of economic corridors is gaining attention over the past few years. Planning of an economic corridor is becoming a foreign policy strategy for growth and development of a region.

Historically, it is evident that corridors of economic cooperation provide significant developmental change in societies. In 1951, economic community was established and in November 1993, it was renamed as European Community (EC). Furthermore in 2009, this community was reformed as European Union (EU) and it focuses on free transfer of goods, services, people and capital. In 1992, through Greater Mekong Sub Region Economic Cooperation program, exclusive economic zones were made to promote trade (Shrestha & Chongvilaiwan, 2013). For the purpose of regional cooperation economic corridor is an essential tool for connectivity. Both China and Pakistan have realized that the mutual cooperation between these two countries is very important to bring economic stability in these countries. China has shown keen

interest in promoting trade through the initiative of CPEC. Since 2013 strategic bonds between China and Pakistan have become stronger & stronger with the commencement of CPEC.

### **Literature Review**

CPEC initiative was initially announced in May 2013. In April 2015, the President of China, Mr. Xi Jinping visited Pakistan and signed fifty-one agreements for implementation of CPEC. The other major projects under CPEC are energy production, communication structure and engineering sectors. The main goal of CPEC is to advance and upgrade the prosperity of individuals of the whole nation and also aims for long haul financial advancement and political dependability. CPEC has a broader framework with a variety of proposed projects. All projects work in phases with multidimensional resources (S. Ali, 2015). The projects of CPEC are divided into three main phases like early harvest programs, short term plan/phase and long term programs. Early harvest programs completed in 2018. Transient projects finished in 2020 and furthermore; long haul plans are to be finished in 2030.

During second phase, construction of cross border optical fiber cable system will be completed. This optical fiber cable system connects China and Pakistan with effective speed of communication (Wolf, 2016). There are various projects in the energy sector which were completed in 2020. Power plants producing power from coal, hydel, wind, solar and nuclear sources will be made. Projects for development of coal mining are also underway. Chinese companies, which share majority of work in energy sector, are "China's three Gorges Corporation and China Power International Development Limited".

The third phase of CPEC involves major up-gradation of Pakistan's railway system. Another hallmark project is the accomplishment of rail connection at the height of 4,693 meter at Khunjerab Pass (Makhdoom, Shah, & Sami, 2018). This rail lines network will be a wellspring of direct access for Chinese merchandise to harbors at Karachi & Gawadar. The re-building of 21 railway stations are also in the pipeline, 250 new passenger coaches are also to be provided for railway. It is estimated that approximately US\$ 5 billion will be the total investment in Pakistan rail line framework by the end of 2025. Fourth phase or long term plan involves construction of 682 kilometer long railway line which starts from Havalian City in Pakistan to the Khunjerab pass in China. This Khunjerab Railway line is an alternative route for KKH (Karakorum Highway). It is expected to be completed in 2030. It is estimated that approximately US\$12 billion will be required to complete the project, also a time span of more than five years is expected for completion of Khunjerab Railway Line, with the completion of this railway line, tradable goods can also be transported in a shorter period of time.

### **Special Economic Zones**

There are some parts in industrial areas of major cities in Pakistan which are dedicated to Special Economic Zones (SEZ). Development of industrial park is a new initiative as (SEZ) on the land of Pakistan Steel Mill at Port Qasim near Karachi. This industrial park will provide skills and techniques to train new workers in factories. Similarly, special economic zone at Mirpur will also serve to promote trade for economy of Pakistan (M. Z. U. Khan & Khan, 2019). Rashakai Economic Zone is located at M-1 near Nowshera city in KPK. It is for the first time that a project with such great volume and vision has started in this remote area of Rashakai. It will definitely benefit the common man. There are nine special economic zones to be established under CPEC.

### **Development of Infrastructure in CPEC**

CPEC impact to China is revealed by its deliberation as a feature of China's thirteenth five-year development strategy (Zhang & Shi, 2016). CPEC assignments will give China a reinforcement approach to go for energy supplies, similarly as one more course by which western China can coordinate trade. Pakistan will benefit on account of the up level of structure and show of a strong energy supply (M. Z. U. Khan & Khan, 2019). On 8 January 2017, Forbes declared that CPEC is important for the vision of China to constitute the guidelines of next era of globalization and assists in exports. Former Prime Minister of Pakistan, Mr. Shaukat Aziz additionally spoken in May 2016 that anticipated financial growth from CPEC ventures would carry alteration in security situation of Pakistan (Chen, Joseph, & Tariq, 2018; R. A. Khan, 2016). This factor has furthermore been alluded to by the World Bank as obstacle to upheld financial improvement in Pakistan.

China and Pakistan have been cooperating eagerly at all financial and imperative levels. Both the nations are as of now advancing endeavors for corresponding relationship and to fabricate their two-sided monetary relations. CPEC is one such venture which demonstrates milestone shift. CPEC is a multidimensional drive for expansion of energy, communication and seaport foundation to progress the monetary colleague among the states (Irshad, 2015). China is prepared to underwrite US\$46 billion in this passage. This plan joins Gwadar, a far-flung deep-seaport of Baluchistan region in Pakistan to Kashgar, the north western territory of Xinjiang in China with parkways, rail lines and pipelines. It connotes a model of collaboration, coordination and vital correspondence in areas of exchange and trade. Financial development can assist with balancing out Pakistan and strengthen its interior security conditions (Hussain & Hussain, 2017).

Out of 200 million individuals in Pakistan, 60% are younger than 30 years. Majority of the people is jobless and stressed over their future. The CPEC project has produced a large number of new opportunities in the developmental sector positions in development, transportation and exchange areas. Extraordinary financial zones have likewise drawn in many open positions. Many individuals will likewise obtain work in security of CPEC also. So CPEC will give a lift to the economy of Pakistan.

Advent of CPEC has given rise to some theories. Social exchange theory is also in accordance with the theme behind of CPEC.

### Overarching Theory

Social exchange theory contemplates the social conduct in the collaboration of two parties. The theory likewise carries out money saving advantage examination to decide dangers and advantages. Social exchange theory sees trade as a social conduct that might result both in financial and social results. Moreover, the theory is related to economic relationships in such a way that when each party has products that the other party esteem. The proponents of this school of thought argue that if the expenses of the relationship are higher than the rewards, this could prompt issues. For instance great deal of exertion and cash is placed in a relationship that isn't responded.

The present study is based on theoretical model of CPEC developments towards quality of life of individuals through mechanism of perceived impact (positive & negative) and with boundary condition of perceived economic benefit.

### Theoretical Framework

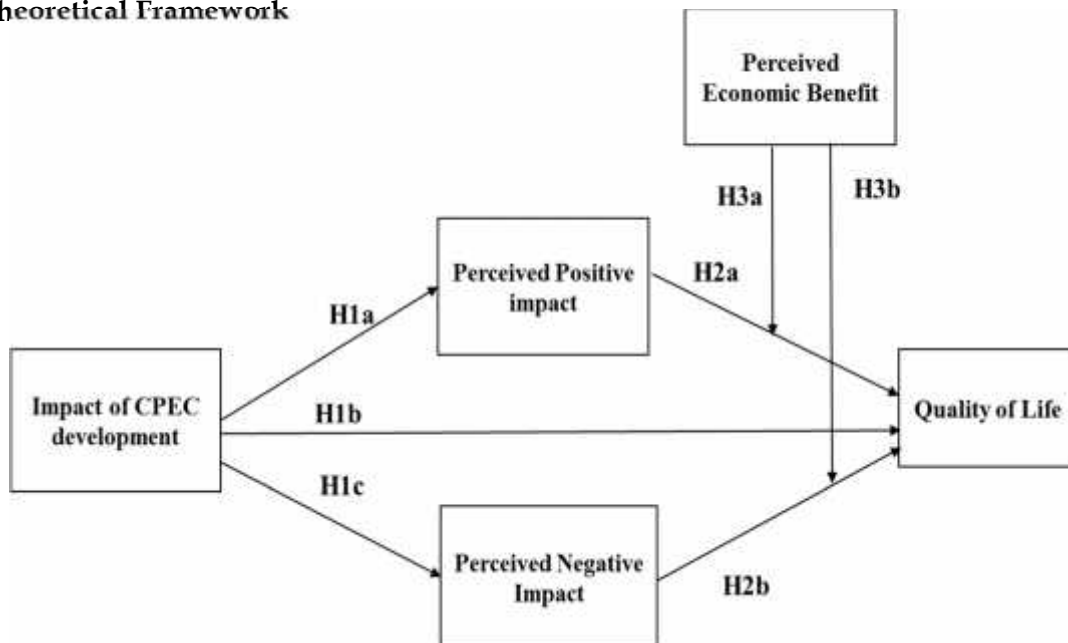


Figure 1: Research Model

### Hypothesis

#### CPEC Infrastructure Development, Perceived Impact, Quality of Life

H1a: CPEC infrastructure development is positively related to positive perceived impact of CPEC.

H1b: CPEC infrastructure development is positively related to negative perceived impact of CPEC.

H1c: CPEC infrastructure development is positively related to quality life of local community.

### **Perceived Impact, Quality Life**

H2a: Perceived positive impact is positively related to quality life.

H2b: Perceived negative impact is negatively related to quality life.

### **Moderating role of Perceived Economic Benefit**

H3a: Perceived economic benefit positively moderates the relation between perceived positive impact and local community quality life.

H3b: Perceived economic benefit positively moderates the relation between perceived negative impact and local community quality life.

## **Material and Methods**

### **Research Design**

The model of research of this investigation was dissected by utilizing a few tools and scales taken from previous studies. The material of all survey items have been altered for study purposes. Researchers measured the instruments using the 5-point Likert scale (Pitafi, Kanwal, Ali, Khan, & Ameen, 2018). The mode of research comprises of several constructs which included quality of life, positive perceived impact, negative perceived impact, perceived impact of CPEC infrastructure development and perceived economic benefit.

### **Measures**

The scale, quality of life was based on seven items, the scale was taken from the study of (Kanwal, Chong, & Pitafi, 2019). The scale measures the progress of life quality of the local public through the growth of CPEC. Perceived positive impact was measured through 3 items (Carmichael, Peppard Jr, & Boudreau, 1996). To assess the size of the positive impacts of CPEC projects, respondents were inquired to respond to the advantages of the region in implementing CPEC projects. Later, perceived negative impact was measured through 4 items developed by researchers (Carmichael et al., 1996). In order to assess the scale of the negative effects of CPEC projects, respondents were enquired to respond to the difficulties of the region posed by the implementation of CPEC (Pitafi et al., 2018). Finally, perceived economic benefit was measured through 5 items adopted from the study of (Pitafi et al., 2018).

## Data Collection Procedure

To accomplish the target of this investigation, researchers utilized the survey method to gather statistics from Pakistan. A survey approach has been applied in this analysis since previous researchers recommend a survey method for social science studies. The aim of the research was on the local Pakistani population residing in the Baluchistan and northern areas of Pakistan. Researchers concentrated on these areas due to Gwadar port of CPEC, which is a part of the Baluchistan province of Pakistan and the northern regions of Pakistan are gateways to China and Pakistan. CPEC projects are already under way in both the Pakistani areas. The authors first developed the questionnaire by utilizing the methods of previous researches and adjusted the content according to the specific aim of this research. Next, the authors requested particular professors from the school of management to make critical reviews and suggestions. After modification, authors conducted the pilot study and results was found satisfactory, final data set did not contain the pilot study samples.

Using purposive sampling, researchers circulated the 500 questionnaire among the local population of target areas. We got 450 filled out questionnaire within three weeks. Some questionnaire was eliminated after evaluating the questionnaire because it was filled in incorrectly or incompletely. Therefore, the final data set consisted of 385 valid responses, in which 63.4% were male and 56.6 were female. The particulars of samples are exposed in Table 1.

**Table 1**  
Demographic Sheet

| <b>Factors</b>                  | <b>N</b> | <b>Percentage</b> |
|---------------------------------|----------|-------------------|
| <b>Gender</b>                   |          |                   |
| Male                            | 218      | 63.4              |
| Female                          | 167      | 56.6              |
| <b>Age</b>                      |          |                   |
| 21-30 years old                 | 187      | 48.6              |
| 31-40 years old                 | 175      | 45.5              |
| 41-50 years old                 | 23       | 6.0               |
| <b>Education of Respondents</b> |          |                   |
| Under Graduate                  | 55       | 14.3              |
| Bachelor                        | 199      | 51.7              |
| Master                          | 131      | 34.0              |
| <b>Type of Occupation</b>       |          |                   |
| Government Job                  | 82       | 21.3              |
| Student                         | 106      | 27.5              |
| Business Man                    | 46       | 11.9              |
| Self-Employment                 | 151      | 39.2              |

## Results and Discussion

The results and analysis of the study are provided in the subsequent sections.

### Reliability and Validity

Reliability and validity of entire scale was measured using numerous tests of statistics which included “factor loading, Cronbach's alpha (CA), Composite reliability (CR), and Average Variance Extracted (AVE)” as specified in *Table 2*. Researchers (Fornell & Larcker, 1981) recommended that factor loading of all item must be greater than 0.6. The results specified that loading of all items was greater than 0.6. Additionally, scholars also recommended the minimum values of CA, CR, which should be greater than 0.70 (Hinkin, 1998). The outcomes of *Table 2* showed that all variables have CA and CR values greater than 0.70. (Bagozzi, Yi, & Phillips, 1991) recommended the minimum value of AVE superior than 0.50, the outcomes of *Table 2* exposed that all the variables had an AVE value greater than 0.50. Therefore, findings confirmed that the model of research has adequate level of convergent validity and reliability.

**Table2**  
**Confirmatory Factor Analysis**

| Construct                  | Items | Loading | CA          | CR          | AVE         |
|----------------------------|-------|---------|-------------|-------------|-------------|
| Impact of CPEC development | 5     | 0.737   | <b>0.86</b> | <b>0.87</b> | <b>0.55</b> |
|                            |       | 0.654   |             |             |             |
|                            |       | 0.747   |             |             |             |
|                            |       | 0.767   |             |             |             |
|                            |       | 0.804   |             |             |             |
| Perceived Positive Impact  | 3     | 0.891   | <b>0.87</b> | <b>0.87</b> | <b>0.68</b> |
|                            |       | 0.763   |             |             |             |
|                            |       | 0.808   |             |             |             |
| Perceived Negative Impact  | 4     | 0.819   | <b>0.86</b> | <b>0.87</b> | <b>0.64</b> |
|                            |       | 0.612   |             |             |             |
|                            |       | 0.907   |             |             |             |
|                            |       | 0.832   |             |             |             |
| Perceived Economic Benefit | 5     | 0.738   | <b>0.90</b> | <b>0.90</b> | <b>0.65</b> |
|                            |       | 0.873   |             |             |             |
|                            |       | 0.866   |             |             |             |
|                            |       | 0.794   |             |             |             |
|                            |       | 0.761   |             |             |             |
| Quality of Life            | 7     | 0.826   | <b>0.91</b> | <b>0.91</b> | <b>0.58</b> |
|                            |       | 0.787   |             |             |             |
|                            |       | 0.861   |             |             |             |
|                            |       | 0.806   |             |             |             |
|                            |       | 0.724   |             |             |             |
|                            |       | 0.694   |             |             |             |



0.623

"Note: CA = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted; MSV = maximum shared variance; AVE = average variance extracted; ASV = average shared variance; discriminant validity = AVE > MSV"

Researchers also determined the mean, standard deviation, and matrix of correlation for all the constructs. Authors used two separate approaches to observe discriminant validity. First, we employed the method suggested by researchers (Fornell & Larcker, 1981). Conferring to this technique, the square root of AVE of all the constructs was compared with inter-correlation of all the variables. The results of Table 3 showed that square root of AVE of all the variables were greater than inter-correlation of each construct, which shows the good discriminant validity of the study. The Table 3 findings showed that all co-relation values are less than 0.85, indicating the adequate level of discriminant validity of the study (Podsakoff, MacKenzie, & Podsakoff, 2012).

**Table 3**  
Means, Standard Deviation, and Correlations

| Variable                      | M    | SD   | 1           | 2           | 3           | 4           | 5           | 6       | 7       | 8     | 9  |
|-------------------------------|------|------|-------------|-------------|-------------|-------------|-------------|---------|---------|-------|----|
| 1. Impact of CPEC development | 4.02 | 0.62 | <b>0.74</b> |             |             |             |             |         |         |       |    |
| 2. Perceived Positive Impact  | 3.70 | 1.03 | 0.30**      | <b>0.82</b> |             |             |             |         |         |       |    |
| 3. Perceived Negative Impact  | 3.16 | 0.95 | -0.03       | -0.18**     | <b>0.80</b> |             |             |         |         |       |    |
| 4. Perceived Economic Benefit | 3.24 | 0.82 | 0.29**      | 0.53**      | -0.25**     | <b>0.80</b> |             |         |         |       |    |
| 5. Quality of Life            | 3.62 | 0.74 | 0.30**      | 0.43**      | -0.34**     | 0.49**      | <b>0.76</b> |         |         |       |    |
| 6. Occupation                 | NA   | NA   | -0.00       | -0.17**     | 0.08        | -0.13**     | -0.23**     | NA      |         |       |    |
| 7. Education                  | NA   | NA   | -0.08       | 0.04        | -0.07       | 0.09        | 0.13**      | -0.50** | NA      |       |    |
| 8. Age                        | NA   | NA   | -0.01       | -0.15**     | 0.11**      | -0.10*      | -0.18**     | 0.66**  | -0.36** | NA    |    |
| 9. Gender                     | NA   | NA   | -0.05       | 0.14        | -0.02       | 0.07        | 0.14**      | -0.06   | -0.08   | -0.08 | NA |

We also analyzed the possibility of multicollinearity within the data set, together with the validity and reliability of the research model. According to (Cohen & Cohen, 2005), Variance inflation factor (VIF) values of all the constructs in the data should not be greater than 10. Results have shown that all variables with VIF values are less than 10, which demonstrate that multicollinearity is not a significant issue in current work. We collected the data of this study by using a single source at the same time. We measured Common Method Variance (CMV) in the current study by different methods. First, the authors used the Common Latent Factor (CLF) method to assess the potential CMV problem in the data set (Podsakoff et al., 2012).

Accordingly, authors initially deliberated the regression values of all the variables without CLF. As a consequence, we initially estimated the regression values for all factors without CLF. Next, a joint element was used in the study model and researchers evaluated the research model. The results of both analysis methods

indicated that the difference in regression values did not exceed 0.2. Secondly, Herman Single Factor was adopted on all the constructs of all items, due to which, five factors were produced with enlighten value greater than 1.0, accounting for of 73.62%. The first factor indicated only 33.01%, which is less than 50%. Thus all results suggest the non-existence of CMV in the data set. Using the recommendations of previous researchers, we have tracked a two-step methodology to the interpretation of the theoretical model. Before evaluating the hypothesis, a confirmatory factor analysis (CFA) was calculated by using AMOS program 21.0 with a maximum likelihood estimate method for all variables to evaluate the model match values (Hair, Hollingsworth, Randolph, & Chong, 2017). The findings show that the values of measurement model fit (CFI = 0.90, TLI = 0.90, IFI = 0.90, NFI = 0.86, GFI = 0.88, REMSA = 0.08, CMIN/DF = 3.51) were within range and adequate as indicated in *Table 4*.

### Hypothesis Testing

The structural equation modeling (AMOS) technique was utilized to analyze the quality of life of local public with the growth of CPEC. The outcomes of structural model confirmed that all the values are within the desired range (CFI = 0.92, TLI = 0.90, IFI = 0.92, NFI = 0.86, GFI = 0.88, REMSA = 0.08, CMIN/DF = 3.51) (Hair et al., 2017) as shown in *Table 4*. The findings of *Table 5* indicated that the effect of CPEC infrastructure development is positively related with perceived positive impact (B=0.43, t = 6.02, p<0.001), quality of life (B = 0.22, t = 3.65, p < 0.001), and has insignificant relationship with perceived negative impact (B = -0.02, t = -0.24, p>0.05), therefore supporting hypothesis 1a and hypothesis 1c, and rejecting hypothesis 1b. Further, results suggested that the perceived positive impact has significant effect on quality of life (B=0.15, t = 4.93, p<0.001) and perceived negative impact has negative effect on quality of life (B= -0.20, t = -6.03, p<0.001) as indicated in *Table 5*.

**Table 4**  
**Comparison Measure Model and Structural Model**

| Model | Absolute fit measures |      |       | Incremental fit measures |      | Parsimonious fit measures |      |      |
|-------|-----------------------|------|-------|--------------------------|------|---------------------------|------|------|
|       | X <sup>2</sup> /DF    | SRMR | RMSEA | NFI                      | GFI  | CFI                       | IFI  | TLI  |
| MM    | 3.51                  | 0.08 | 0.08  | 0.86                     | 0.85 | 0.90                      | 0.90 | 0.90 |
| SEM   | 3.51                  | 0.08 | 0.08  | 0.89                     | 0.88 | 0.92                      | 0.92 | 0.90 |

**Table 5**  
**Hypothesis Testing**

| Paths  | Standard Coefficient | t-value | Result        |
|--|----------------------|---------|---------------|
| Impact of CPEC development to Quality of Life    | 0.22                 | 3.65*** | Supported     |
| Impact of CPEC development to Perceived Positive | 0.43*                | 6.02**  | Supported     |
| Impact of CPEC development to Perceived Negative | -0.02                | -0.24   | Not Supported |
| Impact of Perceived Positive to Quality of Life  | 0.15                 | 4.93**  | Supported     |

|   |        |         |           |
|---|--------|---------|-----------|
| Impact of Perceived Negative to Quality of Life | 0.20** | -6.03** | Supported |
|---|--------|---------|-----------|

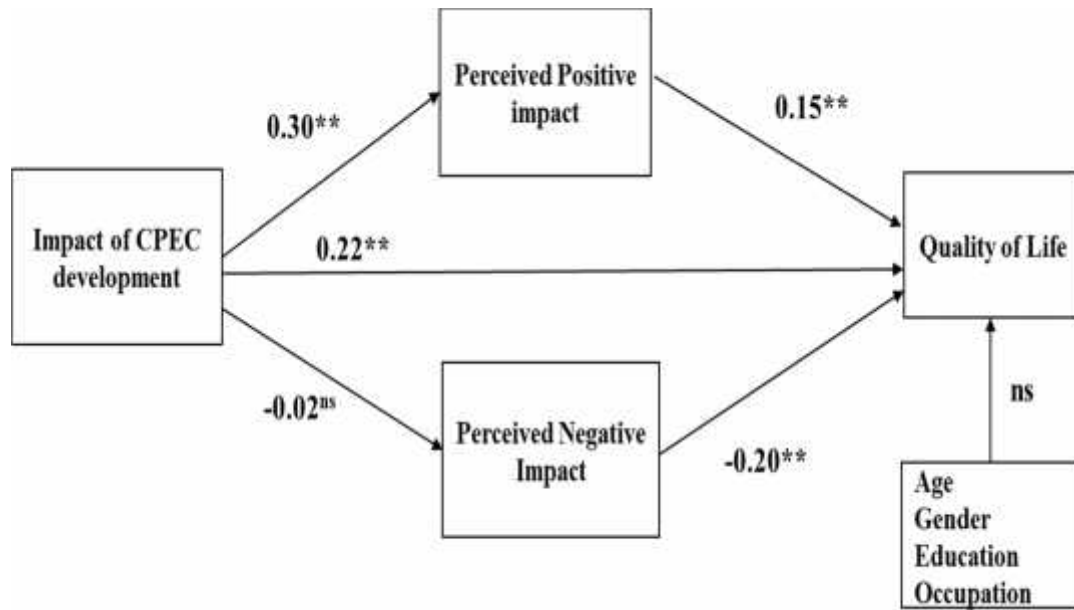


Figure 2: Structural Model Diagram

### Testing of Moderator

In behavioral sciences, the analysis of moderation contains the usage of linear multiple regression analysis or casual modeling. To measure the outcome of a moderating variable in multiple regression analyses, regressing random variable Y on X, an extra term is supplemented to the model. To analyze the moderation effect of perceived economic benefit, authors used the PROCESS-macro tool suggested by (Hair et al., 2017). To assess the moderating influence of economic benefit with the association of perceived impact and quality of life, model 1 of PROCESS macro was used.

Findings of *Table 6* indicated that economic benefit positively moderates the relationship between perceived positive impact and quality of life with ( $B=0.43$ ,  $t = 7.55$ ,  $p<0.001$ ). The findings also indicated that economic benefit positively moderates the negative relationship between perceived negative impact and quality of life with ( $B=0.44$ ,  $t = 10.20$ ,  $p<0.001$ ).

To further understand the moderation effect of economic benefit, we employed the graphical procedure as recommended by (Aiken, West, & Reno, 1991). *The Figure 3 and 4* indicated that economic benefit strengthens the association between perceived impact and quality of life.

All the details regarding moderation analysis are provided in *Table 6* below.

**Table 6**  
**Moderation Analysis**

|                                       | B     | SE   | T       | R <sup>2</sup> |
|---------------------------------------|-------|------|---------|----------------|
| Outcome: Quality of Life              |       |      |         | 0.34           |
| Constant:                             | -0.03 | 0.03 | -0.87   |                |
| Perceived Positive Impact             | 0.22  | 0.05 | 4.03**  |                |
| Perceived Economic Benefit            | 0.43  | 0.05 | 7.55**  |                |
| Perceived Positive Impact * Perceived | 0.16  | 0.04 | 3.58**  |                |
| Occupation                            | -0.05 | 0.04 | 0.31    |                |
| Education                             | 0.01  | 0.04 | 0.29    |                |
| Age                                   | -0.04 | 0.05 | -0.86   |                |
| Gender                                | 0.07  | 0.03 | 2.23    |                |
| Outcome: Quality of Life              |       |      |         | 0.35           |
| Constant:                             | -0.02 | 0.03 | -0.08   |                |
| Perceived Negative Impact             | -0.18 | 0.05 | -3.39** |                |
| Perceived Economic Benefit            | 0.44  | 0.04 | 10.20** |                |
| Perceived Negative Impact * Perceived | -0.18 | 0.06 | -2.63** |                |
| Occupation                            | -0.09 | 0.05 | -1.86   |                |
| Education                             | -0.01 | 0.04 | -0.35   |                |
| Age                                   | -0.03 | 0.05 | -0.62   |                |
| Gender                                | 0.08  | 0.03 | 2.76    |                |

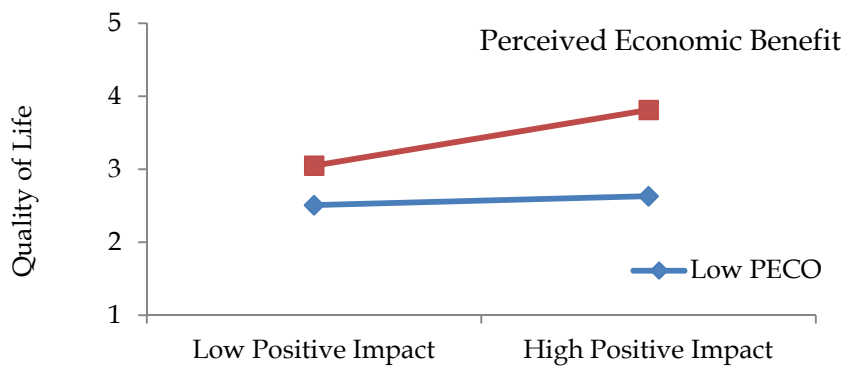


Figure 3: Moderating role of Perceived Economic Benefit with the relationship between Positive Impact and Quality of Life

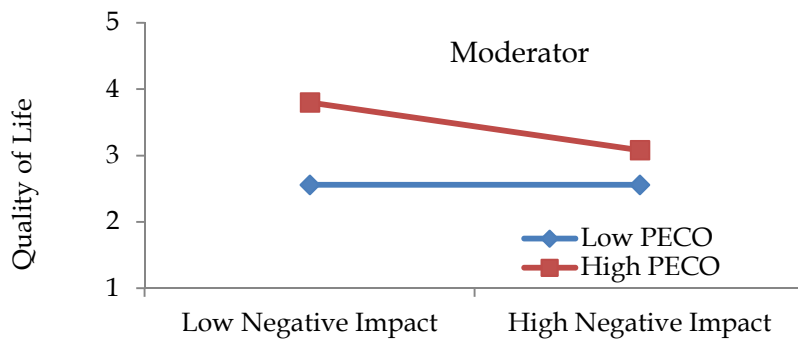


Figure 4: Moderating role of Perceived Economic Benefit with the relationship between Negative Impact and Quality of Life

## Discussion

The aim of current study was to dissect the positive and adverse consequence of CPEC framework improvement on the personal satisfaction of nearby inhabitants. Authors used primary data from local Pakistani community and analyzed the research model. The discoveries of current examination show that the vast majority of the hypotheses are upheld by current informational index. Specifically, findings indicated that CPEC infrastructure growth has noteworthy outcome on positive impact, and quality of life which validated our hypothesis H1a and H1b. These findings are also related with previous studies (Kanwal, Pitafi, Rasheed, Pitafi, & Iqbal, 2020). It has been found that highway and conveyance infrastructure development under the framework of CPEC is positively connected with the local community quality of life through education and employment opportunities. CPEC project also consists of several education projects which will advance the life quality of local community. However, the CPEC infrastructure growth has insignificant outcome on perceived negative impact, hypothesis H1c is rejected by current study. There are some reasons of this rejected hypothesis, first, CPEC has several advantages, may be local community did not consider the negative effect of CPEC. Second, the Pakistani local community is facing several problems and they hope that CPEC development may resolve their problems. Third, local media and government authorities only highlight the positive effect of CPEC development.

Additionally, perceived positive impact has positive outcome on life quality of local community, supports H2a. Perceived negative impact has negative effect on quality of life, which supports H2b, which are related to previous studies (Alam, Li, & Baig, 2019). Authors also hypothesized that perceived economic benefit moderates the relationship between perceived impact and quality of life. The findings indicated that perceived economic benefit significantly moderates the relationship between perceived impact and life quality, supports H2a and H3b and these results are also related with the findings of (Kanwal et al., 2020).

## Conclusion

The results of this study can serve as a significant piece of work that sheds light on the perception of local Pakistani residents about CPEC. The majority of the proposed hypotheses supported by the current dataset show the positive attitude of the native public to the growth of CPEC in Pakistan. Specifically, outcomes validated that local public exhibit overall positive attitude with the growth of CPEC. CPEC infrastructural development is positively related with quality of life and perceived positive impact. Perceived economic benefit moderate the relationship between perceived impact and quality of life of local community.

## Recommendations

Current research results may serve as a significant observation that sheds light on the quality of life of local communities in the sense of CPEC development projects that have not been discussed in previous literature to better understand the authors. First, the authors examined the influence of CPEC growth on the life quality of local communities by considering both the positive and negative impact of CPEC development. Previously, scholars explored the support and assertiveness of the native public regarding tourism development using tourism impact (Andereck & Nyaupane, 2011; McGehee, Andereck, & Vogt, 2002).

Second, the findings of this research also include recommendations to CPEC policy makers and other government officials to shed light on their strategies, preparation and execution relevant to CPEC development in the region. The results showed that the development of infrastructure was strongly related to the standard of life in local population. Such findings suggested that local officials should build local infrastructure, plan cultural activities and even preserve those historic sites. Policy makers can serve local people in a variety of positions in various CPEC programs, which can support the local population economically. The outcomes have also exposed the negative impact of CPEC, hence it is suggested that local authorities should also develop alternative routes, parking spaces, wide roads, overhead bridges and underpasses that are beneficial in minimizing the negative viewpoint of local communities.

Third, the findings refer to the social exchange theory as a reference to its functional implementation, because the positive attitude of the community is linked to further benefits relative to costs. The findings support this argument and affirm that the positive attitude of the local Pakistani population is related to the CPEC. The overall effectiveness of every mega scheme is focused on local public support and on a positive attitude. Scholars stress the enhancement of the living conditions of local communities across the CPEC developmental process, dependent on preparation, effective execution and continuing evaluation and reassessment (Kang & Lee, 2018).

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