

ABSTRACT

This thesis is an attempt to find the linkage or the relationship between socioeconomic indicators and good governance by using variables GG is good governance, PR stands for political freedom it is an index based variable which shows the direction means higher the value of PR shows more freedom vice versa, GDP is showing Gross domestic product. RL is rule of law, it captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. POP is population it is used as proxy for human capital, REX is representing real exchange rate it is a good economic indicator of governance means higher the real exchange rate better is governance; CL is showing civil liberties in case of Pakistan. We have used two streams to find this dynamic linkage among these variables. We estimated model by using FMOLS in this context, the model we estimated among governance along with economic growth and different independent variables. We used time series data analysis and applied Fully modified ordinary least square, serial correlation LM test, autocorrelation and heteroscedasticity. is applied to find long results is the best estimator. According to the study, the FMOLS estimation results provide important new information about the long-term factors that influence good governance. It is paradoxical and shows the need for further in-depth contextual study that political risk or certainty is linked to governance outcomes, according to the positive and highly significant coefficient for political risk (PR). Over time, the rule of law has its own effect on good governance. It is suggested that larger populations lead to better governance outcomes by the substantial positive association between the population and good governance. A larger educated and skilled population can contribute to a more competent and efficient works and bureaucracy. Because the knowledge embodied into men and improvements brought by an improved men helps the country to move on the path of better governance. The presence of a diverse and knowledgeable workforce can improve public administration and the implementation of policies. On the other hand, there is also a positive relationship exist between the GDP and good governance, suggesting that higher GDP levels could be linked to boost governance. The results draw attention to the intricate interactions between these variables and emphasize how crucial it is to take into account both non-economic and economic aspects while attempting to comprehend long-term trends. To validate these findings, future research could concentrate on examining these correlations in various contexts or employing different methodological approaches.