

Community Response to the Rising Cost of Living in the Current Regime - A Study of KPK Province, Pakistan

Muhammad Zeeshan Ahmad Khan, Shahzad Khan

City University of Science & I-T Peshawar, Pakistan
e-mail: xishan75@yahoo.com; Shahzadkhan.lecturer@gmail.com

Abstract

The aim of this study is to investigate the existence of the rising cost of living and to examine the responses of the community against this problem in KPK Pakistan. The rising cost of living dilemma is not faced by only one country. The study highlights the factors which enhance the rising cost of living in KPK. These factors are Income level, Price and population. The primary data were collected from the six districts of KPK Pakistan. The study targeted 150 respondents randomly for data collection. The six districts were Peshawar, Charsada, Mardan, Bannu, Noshehra and Kohat. Six hypotheses were developed which were tested under one tail t-test. Findings show that out of the six hypotheses, two null hypotheses were rejected and the rest of four were accepted. This result is due to the fact that the respondents did not agree with the statement of the fourth hypothesis which was established in the study. The four hypotheses were about migration, multiple jobs, job hopping and community members express their preferences over the basic items and over the luxurious items which were not accepted. The community members do not leave their home town, do not take any interest in multiple jobs, because they spend their time with their families, they do not take any interest in job hopping and they are undecided whether to give preference to the luxurious items or not due to the social status, as they consider these items as status symbols because they feel that these luxurious items become daily life practice.

Key Words: *community, inflation, impact, KPK Pakistan*

JEL Classification: *P46*

Introduction

The rising cost of living has been a well-known community dilemma around the world for the last 50 years (Church, 2011). The cost of living represents what Adam Smith believed to be a minimum wage equal to twice the value that would cost one working person to raise a family with two kids (Georedd, 2010). The rising cost of living reminiscent of many other countries is a test for the present Thai government's stability, particularly in the stir of political tumult in the Middle East and gigantic natural catastrophes throughout many countries of the world (Leeahtam, Treesraptanagul, 2011). Since 1950, the rising cost of living has had a massive impact on the developed countries' communities like America, Japan, Europe, Australia and New Zealand, and the community has been paying an enormous amount for a few basic goods (Bongaarts, 2004). The rising cost of living in the United States can vary depending on locality

and standard of living. Immense cities like Los Angeles, New York and Chicago are likely to have towering costs of goods and services (Castro, 2009).

The rising cost of living is the problem faced by the African and South Asian countries. In South Asia the factors which influence the living cost are similar to those in the west countries, such as inflation, income, social status, expenditure. The factors which are not influenced by the cost of living in the western world but have a vast impact on the Asian countries community like Pakistan, India, Bangladesh is the family size and social culture (Sothearith, Sovannarith, 2003). In Pakistan the cost of living has been accelerating since the partition but during the last two decades, the inflation rate accelerated in double digit. The inflation is the basic element which has an impressive impact on the rising cost of living (Khan, Schimmelpfennig, 2006).

The households are facing the problem of paying higher prices for necessary items – like shelter, food, clothes, electricity, gas water, and transport. Many households feel that prices are rising too fast (Church, 2011). The living cost of community is escalating because the prices of basic products are sky-scraping. Rising prices are equal to the inflation; rising prices would mean you have less buying power.

The rising cost of living means that there is a persistent raise in the general price level and in the rate at which the prices of goods are rising (Tahir.S, 2006). According to Qyyum (2011) the rising cost of living was recognized by the Consumer Price Index which determines the average price of customer goods and services purchased by households. The rising cost of living is connected with the rapidly emergent economy where the claim for goods and services is higher than the country's creation ability (Haq, Hussain, 2008). The central banks are the authority in the countries to control the inflation, through supply of money by rising or falling short term interest rates. For instance, the European Central Bank decides to keep yearly inflation rate below 2% to encourage price steadiness and appropriate growth (Massod, 2011).

The purpose of this study is to identify the community response against the rising cost of living in Khyber Pakhtunkhawa. This study aims to inspect the causes of the rising cost of living and the community's responses regarding this issue in Khyber Pakhtunkhawa. The rising cost of living problem has been faced by the Khyber Pakhtunkhawa community. The factors that influence the rising cost of living are the changes in Pakistan due to culture difference as compared to the other countries in the world (Iqbal, 1994). This study examines the response of the community and gives the solution for a better living standard.

Literature Review

The literature shows that the cost of living is affected by various factors, such as: inflation, income, size of family, migration, and better job opportunities. First, the inflation impact. The cost of living is affected by the inflation, as the inflation is nothing more than a sharp upward movement in the price level (R.P Cent 1996). Born (1996) said that "Too much money is chasing too few goods". The sharp increase in goods and services prices over the past couple of years has raised serious concerns about the food and nutrition situation of the poor people in developing countries, about inflation, and in some countries about civil disturbances. Real prices are still below their mid-1970s peak, but they have reached their highest point since that time. Both developing and developed country governments have roles to play in bringing prices under control and in helping poor people (Braun, 2008).

In Pakistan (Khan *et al*, 2006) the inflation has been relatively low for quite a long time; the inflation rate accelerated in Pakistan in the late 2003 after the 1998-99 crises and it was reduced to below 5 percent by 2000 and remained stable through 2003. Rigid monetary policy and fiscal consolidation appears to have jointly contributed to this low inflation environment.

The underdeveloped countries have single digit inflation rate indicates that these countries are on the road to emerge as developed countries. China, India, Brazil, Turkey, Russia and Bangladesh are the underdeveloped countries that have a single digit inflation rate which shows that they are moving towards becoming developed countries. It means the government have a stable monetary policy, there are not massive differences in the balances of payments and that the government has a sufficient reserve. In these countries there is political stability and equally opportunity available to every citizen of the country for employment. The value of underdeveloped countries currencies has risen gradually. Pakistan, Egypt, and Venezuela are underdeveloped countries as well, but they have a double digit inflation rate, which suggests the economy situation is reversed as compared to the above mentioned underdeveloped countries. (Masood, 2011)

Secondly, the income influences the cost of living because when the prices of consumer goods are rising the community is not able to buy because the income does not allow him to buy (Pochet, 1997). The income has an impressive impact on the rising cost of living. In the USA people have a very high level of income, the living cost is much better than the east countries that is why people from all over the world desire to move into this country because of the very high salaries as well as the plenty job opportunities. The community of the USA has a well income source as compared to the Asian countries. The USA is the richest and most dominant nation in the world. At present, it ranks 1st in terms of economy and quality of life. The current GDP of the nation is over 13 trillion Euros with a per capita GDP of over 44,000 Euros (Castro, 2009). Haworth and Rasmussen in their study (1973) said that the uniform salary package is not a useful tool to decrease the cost of living.

The income level in USA has declined during the last three years due to the recession. According to DeNavas, Proctor, Smith (2011) household income was \$49,445 in 2010, 2.3 percent turn down from 2009. In 2007 when the recession hit the US economy, the real income declined 6.4 percent and the 7.1 percent income level was on top in 1999. Family and nonfamily household's income level decreased between 2009 and 2010. The income level of family households decreased by 1.2 percent to \$61,544 on average and the income of nonfamily households decreased by 3.9 percent to \$29,730. According to Africa Development Bank (2009) the income levels in Africa Seychelles has the maximum per capita income \$ 8,180 in 2005. In Egypt, per capital income was \$ 1,260. The income level of other Africans countries was between \$ 5,000 and \$ 6,000. South Africa and Tunisia had per capita income levels of \$4,700 and \$ 2,800, during the same period.

In Asian countries like Chain, the per capita income of that person who runs households in 1995 was \$735, but rose 24% in 2006. The middle class householder's pre-capital income that is spent on necessary items rose from \$1,300 to \$2,400 (Dyck,Hansakul, Saxen; 2009).

The individual leads his life according to the price. The income is always affected by the price and whenever the price of consumer goods is rising the individual checks his income to see whether it allows him to buy the particular product. In America, according to Castro (2009), the prices of food items, clothing accessories are affordable due to the vast variety in food and clothing. The consumer has the option to shift from one product to another and the Chains products give them more space to the consumer. The housing cost is very high due to migration of the people in this part of the world.

The high food prices compel the poor and middle class families to change the food consumption pattern, even the poor families shift to a less balance diet which is injurious for their health. According to Braun (2008) the families spend 50 to 60 percent of their income on the food items in the US. In the US, the living cost of one person is \$1each day, if there is an increase of 50% in the food prices, the living cost per person will be \$1.50, and if there are five members in your family, the current budget of \$5 is not sufficient to fulfil the requirements of the family. The growing cost of energy is not included in this and the future domestic budget.

According to Demeke, Pangrazio, Maetz (2009) the prices of rice, vegetables, and oil were increased from January to May 2008. The citizens of those countries which have a low income per capital are highly dependent on import. The high import bills and high food prices have become big challenges for the country, specifically for those countries which have limited foreign exchange and high food uncertainty.

The factors which increase the food prices and other consumer items, food consumption expansion, bad weather, low investment, high oil price, low production activates and transport cost, under cultivation, weak dollar, and speculative activities and trade policies also reason for high prices [Demeke *et al* ,2009]

According to Saif (2008), in the Arab countries the food prices skyrocketed in 2007 because most of the food products were imported from other countries. In the short run they have no option as to control this situation. Oil producing countries can control the inflation in the food price because they have massive revenue, non-oil producing Arab countries do not have any plans to control this situation yet. Therefore, these countries' citizens are living below and just at the poverty line.

The price should be controlled through trade oriented, customer oriented, and producer oriented strategies (Demeke *et al*, 2009). The agricultural sector should be developed through investment and market accessibility, by training and educating farmers. Rural citizens should be provided basic facilities to prevent migration and expand rural agricultural sector. The energy sector should be developed in order to reduce the cost of energy through different techniques such as by generating energy through wind turbines. More investors in the food market should be brought in the Arab countries (Saif, 2008).

Wasti (2011) states that in Pakistan the per capital income was of \$1051 in 2011, which represents an increase of 0.4% as compared to 2010. But that increase is not sufficient due to the sky scraping prices. According to the Federal Bureau of Statistics the inflation rate is 13.9%. The rising cost of living has increased more sharply in the last five years because the price levels of the commodity are skyrocketing in Pakistan (Economic survey 2010-11).

Third, the cost of living is also affected by the population /family size. When the family size is rapidly increasing, the demand of the family will increase; if one person supports the family it is difficult for him to fulfil the requirement of the family as the living cost increases rapidly, the rapid growth in the population also increases the prices due to the high demand for goods and services (Bongaarts, 2004). Cebula and Richard (1980) said that the rising cost of living and the population are in a positive relationship. Whenever the population increases, the price level of the commodity increases as well. Asian middle class families represent the fastest emergent population cluster in the world. In 2000 the middle class families' population of Asian countries represented 1.4% of the global population and 2.1% of the global income, and if it increases in 2030, it would represent 8.9% of the global population and 7.7% of the global income (Dyck *et al*, 2009). Family growth is much faster in developing countries than the family growth in developed countries.

The Government of Pakistan announced that four members in the family represent an admirable achievement for the family and it is sound for the country because the employed can support the family easily and the government can provide the opportunities to his race (Bongaarts, 2004). The dynamic increase in the Asian families' size leads to the dynamic increase in the consumption of the families because every member of the family requires basic necessary items that most of the families are not able to provide. For instance, Pakistan, Indian, Bangladesh, Sri Lanka are countries in which the families size is bigger than their income size (Dyck, *et al* 2009).

According to the World Bank and IMF (2005), the new generation of Asian countries like Pakistan, and India are changing their life style as they know the income sources are limited so

family planning is recommended because in a country like Pakistan the economic situation is not very well so we should limit our family for our bright future. Ashford (2009) said that the population size of the country can be reduced through unintentional pregnancies, family planning, and diminution of the birth rate by providing better and technical education to women and job opportunities to increase the income level of the family and delay pregnancies.

The responses of community against the rising cost of living, and the community fulfils their requirements through different channels like migrating from one city to another, do more than one job, search for better job opportunities (Felipe, 2009). The rise in the cost of living encourages the migration; migration within the countries and from one country to another country occurs due to the rising cost of living within the country. Individuals and families migrate to the area where they can find lots of opportunities to meet their obligations (Ahmad, Gulzar, 2007). Castro (2009) states that people immigrate to USA due to the better economy and political stability of the country. There is rising living cost but there are lots of opportunities for the immigrants as compared to the USA. China is the major provider of migrated labour; due to this reason now in China there is storage of labour. Chinese policy makers have stopped the flow of migration to the other countries especially in the case of the farmers who mainly migrate to the other countries for the better living standard. There is a decline in the production of the agriculture sector of China (Brauw, Taylor, Rozelle, 2001).

Migration within the country means that rural citizens migrate to urban areas, which leads to worse effects, such as the extra burden on the cities which craft problems for the locals like the increase in the prices of the communities, house rent, building the gap between the income level of the urban and rural households, and political turmoil (Yang, 1999). Sometimes migration is not engendered by the rising cost of living. In China migration occurs due to their preeminent future because in some rural areas the health, children education, basic food items, electricity and many more are not well developed, they are not available for the rural citizens, so they migrate to the urban area or to the other countries (Yang, Salehi, Kats, Yau, Ashley, 2006).

The process of migration does not represent the decision of one individual; this is the decision of a whole family, that one person or the entire family migrate to another region because the whole family are facing the rising cost of living. They migrate for a longer or a shorter period of time to earn more and more money so that the rest of their family members should spend a better life and save money for future and meet their obligations against the rising cost of living (Brauw *et al*, 2001).

The decision to migrate is mostly influenced by the income level and the economic situation of the family and of the country. When there is rising cost of living, a single income earner is not sufficient to meet the needs of the family so the individual or the whole family migrate for a better living standard and they fight with the rising cost of living (Kennan, Walker, 2003). The origin of mankind migration is the most significant factor to improve the economy and the life of people in the country and outside the country. The people move to that region where there is privileged real income and controlled cost of living and fight with the rising cost of living through their respectable incomes (Ozgen, Nijkamp, Poot, 2009). Ahmad and Gulzar say that if the government makes the policy so that the minimum income level is the same for all people in the country and the people migrate to those cities where the cost of living is low and the value of income is high, it means that the cost of living decreases, while migration increases.

In the USA most community members do multiple jobs due to the high cost of living and the low income level. The individuals involved in performing multiple jobs are young bachelors and newly married couples, the teenagers do part time jobs with their education (Castro, 2009). Ostrosky (1983) said that in the USA the householders are not proficient if they do a single job that is why in the USA the householders mostly do multiple jobs because the cost of living is so high. In American middle class families, once the children become adults they bear their own expenses due to the rise in the cost of living. In Asian countries, during the last three decades,

the multiple job trend has increased daily, because the Asian countries are facing the same dilemma which was faced by the western countries, that is the rising cost of living (Henderson, Vernon, Shalizi, Zmarak, Anthony, 2001).

In Pakistan the price of basic commodity is on the increase despite the steady level of the salary, therefore the community members are looking for those channels that would help them meet their needs. Taking on multiple jobs is the best option to increase the income level and meet the demand of the products price (Husain, Rashid, 2006). The most significant reason for doing multiple jobs is the pay or salary level, salary is the only weapon in the fight with the rising cost of living. When your weapon is empty or insufficient bullets in the weapon you cannot fight with your enemy. So in the fight against the rising cost of living you must possess a high income level and the community members do multiple jobs in order to achieve better life standards (Rehman, 2009).

The community members have another opportunity to show resistance against the rising cost of living, namely the job hopping (Lee, Geraanart, Weller, Trevor, 2008). Rehman (2009) stated that job hopping means that the employees change their job for no reason just for fun. Most jobs hopping occurs due to fewer opportunities in the current job, so the employee turns to that job where they have better future opportunities and where their future is secure (Romero, Cruthirds, 2009). The practice of job hopping is faced by every organization, and even though the organization pays incentives to the employees on different occasions like rewards on the attendance and bonuses, the practice of job hopping is not eliminated because these features are so common with other organisations that they cannot persuade the employees to stay with them (Miller, Hom, G-Mejia, 2001).

Job hopping is initiated when the employee feels that the current income level is not sufficient to overcome the rising cost of living, therefore he searches for other job opportunities to survive in the rising cost trend (Rynes, Gerhart Parks, 2004).

Research Hypotheses

The following hypotheses are set to be evaluated:

H1: The cost of living rises during the last three years

H2: The monthly expenses rise during the last three years

H3: The community members migrate to another city due to the rise in the cost of living.

H4: The community members do multiple jobs due to the rise in the cost of living.

H5: The community members do job hopping due to the rise in the cost of living.

H6: The community members give preferences to the basic commodity items on luxurious items due to the rise in the cost of living.

Research Methodology

The sample includes 150 respondents for the comprehensive questionnaire from six districts of Khyber Pakhtunkhwa. The criteria for selection involved the respondents' responsibility to run their families and to be job holder. The randomly selected 150 respondents included government clerks, doctors, businessmen, journalists, professors, bankers, and shopkeepers. The respondents belong to the different community of six districts of Khyber Pakhtunkhwa namely: Peshawar, Charsada, Mardan, Bannu, Nowshera, and Kohat.

Research Instruments

The research instrument of the study is structured into two parts. The first part of the instrument is based on the demographic characteristics of the respondents. While the second part of the instrument asking respondents about the rising cost of living on a Lickert scale from strongly disagree 1 up to strongly agree 5. The questions regard the rising cost of living which has increased in the last couple of years and the level of their expenditures on different routine products like house rent, educational fees, and utility bills etc. Certain questions focus on the extent to which people prefer basic needs over luxury items and if they accept a part time job in response to the source of income in the case of the rising living cost.

Results and Analysis

The responses of the respondents are obtained through a questionnaire which is distributed among the selected 150 respondents. The questionnaire carries 19 questions and within these 19 questions the hypotheses are included in the form of a question. The questionnaire gathers the responses of the respondents and the data is analysed with statistical tools such as mean, standard deviation, and variance. The statistical tools are calculated through SPSS 19 edition software Excel 2007. T one tail-test is used for the acceptance and rejection of the hypothesis, the “t” statistical value is calculated through mean standard deviation and μ . If the calculated “t” statistical value is higher than +1.645 then the hypothesis is accepted and when it is lower than -1.645 the hypothesis is rejected.

Table-1 is computed with Microsoft Excel 2007 edition. The data in the table is gathered from the questionnaire. The table consists in items like Gender, Age, Income range, Save, Saving range, and Expenses range; the other parts of table are the respondents’ data and the responses in the form of percentages.

Table 1. Demographic of the study

Items	Respondents Data	Percentage	Items	Respondents Data	Percentage
Gender			Save		
Male	137	91%	Yes	99	66%
Female	13	9%	No	51	34%
Marital status			Saving		
Married	90	60%	less than 3000	34	23%
Un married	60	40%	3000 - 6000	30	20%
Age			6000 - 9000	30	20%
20 - 30	64	43%	9000 - 12000	39	26%
30 - 40	43	29%	12000 - 15000	17	11%
40 - 50	30	20%	15000 - 18000	0	
50 - 60	13	9%	18000 - 21000	0	
60 - 70	0		Expenses		
Income			1000 - 5000	9	6%
Less than 7000	9	6%	5000 - 10000	17	11%
7000 - 14000	13	9%	10000 - 15000	9	6%
14000 - 21000	26	17%	15000 - 20000	9	6%
21000 - 28000	34	23%	20000 - 25000	64	43%
28000 - 35000	13	9%	25000 - More	43	29%
35000 - 42000	17	11%			
42000 - More than	39	26%			

Source: Data computation

This table shows the response of *Khyber Pakhtunkhwa* community about their yearly activities related to the consumption of the income. Previously in the methodology 150 respondents are mentioned, to know the responses of community for research of Rising Cost of Living in the *Khyber Pakhtunkhwa* in the Current Regime, this table shows the response.

In table, 91% are males and 9% are females, in which 60% are married and 40% are unmarried respondents. In the age range section the 43% of respondents belongs to the age group of 20-30 which is the highest partition in the age group. The income section is the most important as it shows how much one respondent earns each month. 26% of the respondents are able to earn more than 42000Rs per month which is the highest level in the income section. 23% of the respondents earn between 21000—28000Rs per month, which represents the second highest in the income section. The income of 6% of respondents is lower than 7000 per month, which shows the poorer middle class families earning. The other income range groups belong to the lower middle class, middle class, upper middle class, and high upper class. The 9% income earned in the month by lower middle class, the 17% income earned by the middle class families, 23% and 9% income are earned by the upper middle class. The 11% and 26% income are earned by the high upper class saving section in table.

66% of respondents state that they save money for their future and 34% of the respondents say they do not or keep their savings secret. The savings section is further divided into savings range. This research study shows that those respondents who said that they did not save money for the future tick different options in the savings range which means that they do save some money for future. The research examines those respondents which belong to the high upper class and upper middle class whose income level is high or earned more income in the month like more than 42000Rs; they marked on the high saving range like 9000 - 12000 and 12000 - 15000Rs. These both ranges have the highest response of the respondents, 9000 - 12000Rs range have 26% respondents who save money for future which represents the highest percentage of response of the respondents, and 12000 --- 15000 range have 11% respondents who save money for their future benefits. The savings range lower than 3000 has 23% responses of the respondents, which shows that the community have a very scarce income level to save money and they are facing hand to mouth situations; these are mostly the cases of the poorer middle class and the lower middle class families. The other saving ranges have a similar number of responses from the respondents, namely 20%; this response belongs to the middle class and upper middle class families.

The expenses section of the table shows the respondent's behaviour towards their expenses of the community. The research shows the respondents utilization behaviour: the respondents spend 60% of their income on the food items. This research also shows that those respondents having a high income level also have a high level in terms of their expenses. In expenses range 20000 --- 25000Rs represents the range of 43% of the respondents, the highest range in the expenses range section. The high upper class in the society does not include lot of people so in the research the respondents of that class are not so much selected, therefore the response of that class regarding their expenses is low, that is 29% against the expenses range of more than 25000Rs, which means the number of respondents of that class is low.

Table 2 was computed through SPSS 19 edition and Microsoft Excel 2007. The SPSS computed hypotheses data and originated the result of 150 respondents. The SPSS evaluates Mean, Standard Deviation, and Variance of each hypothesis data, which further helps us to find out the t-statistical value.

Table 2. Descriptive Statistics

	N	Mean		Std. Deviation	Variance	t
	Statistic	Statistic	Std. Error	Statistic	Statistic	
H1	150	4.01	0.057	1.277	0.486	1.660744
H2	150	4.41	0.093	1.141	1.301	1.780727
H3	150	2.64	0.07	0.856	0.733	-0.86467
H4	150	2.56	0.072	0.881	0.775	-0.84522
H5	150	2.3	0.088	1.075	1.155	-0.4907
H6	150	4.36	0.05	0.606	0.368	-0.5905
Valid N (listwise)	150					

Source: Data computation

The Microsoft Excel 2007 is used to calculate t-statistical values for each hypothesis. The T-one tail test is applied on each hypothesis which determines the t-statistical value, as mentioned earlier that mean, standard deviation, and variance are used to find out the “t” values. The “t” values are calculated through this equation $t = \frac{m - \mu}{S.D}$ for each hypotheses. The table – 2 provides the basis for the following table’s calculation. The following tables consist of $H_0 = \mu$ and $\mu=3$, number of hypothesis like H_1 , mean, standard deviation and total number of respondents which is 150. Microsoft Excel 2007 is used for the calculation of t-statistical values for each of the following table through this equation:

$$t = \frac{m - \mu}{S.D} \tag{1}$$

For H1:

H_0 : The cost of living has not been raised during the last three years

H_1 : The cost of living has been raised during the last three years

Table 3. Student t Distribution

H_0 :	$\mu=3$
H_1 :	$\mu>3$
Mean	4.01
Std. Dev.	1.277
N	150
t-Statistic	1.660744
Level of sig.	0.05
Tabulated t	+1.645

Source: Data computation

The first hypothesis as stated above is the agreement that the cost of living has risen during the last three years, the result is shown in table-3 our null hypothesis is $\mu=3$ which clarifies the neutrality of the statement and “ μ ” place for the population mean, but our alternative hypothesis $\mu>3$ shows that the respondents approach is towards agreement for the statement where our estimated mean is 4.01, Standard Deviation is 1.277, number of observation is 150, and standard t-statistics is +1.660744 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics +1.660744 is more than tabulated value of t which is +1.645 under the 0.05 level of significance following one-tailed testing. Therefore we accept H_1 that the cost of living has risen during the last three years.

For H2

H_0 : The monthly expenses have not increased during the last three years.

H_2 : The monthly expenses have increased during the last three years

Table 4. Student t Distribution

H_0 :	$\mu=3$
H_2 :	$\mu>3$
Mean	4.41
Std. Dev.	1.414
N	150
t-Statistic	+1.780727
Level of sig.	0.05
Tabulated t	+1.645

Source: Data computation

The second hypothesis as mentioned above is the agreement of the monthly expenses rise during the last three years. The result is shown in table-4; our null hypothesis is $\mu=3$ which clarifies the neutrality of statement and “ μ ” set for the population mean but our swap hypothesis $\mu>3$ shows that the respondents approach is towards agreement for the statement where our estimated mean is 4.41, Standard Deviation is 1.414, number of observation is 150, and standard t-statistics is +1.780727 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics +1.780727 is more than tabulated value of t which is +1.645 under the 0.05 level of significance following one-tailed testing. Therefore we accept H_2 that the monthly expenses have increased during the last three years.

The first two hypotheses H_1 and H_2 are accepted, which indicates that the community is facing this trend of the rising cost of living, so the acceptance is encouraging for the research.

For H3

H_0 : The community members do not do job hopping due to high living cost.

H_3 : The community members do job hopping due to high living cost.

Table 5. Student t Distribution

H_0 :	$\mu=3$
H_3 :	$\mu<3$
Mean	2.64
Std. Dev.	0.856
N	150
t-Statistic	-0.86467
Level of sig.	0.05
Tabulated t	-1.645

Source: Data computation

The third hypothesis declared above is the agreement of job hopping due to Rising Living Cost. The result in table-5 shows that our null hypothesis is $\mu=3$ which explains the neutrality of the statement and “ μ ” place for the population mean but our switch hypothesis $\mu<3$ shows that the respondents’ approach is towards agreement for the statement where our estimated mean is 2.64, Standard Deviation is 0.856, number of observation is 150, and standard t-statistics is -0.86467 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics -0.86467 is less than tabulated value of t which is -1.645 under the 0.05 level of significance following one-tailed testing. Therefore we accept H_0 that is community members do not do job hopping due to Rising Living Cost.

For H4

H₀: The community members do not prefer luxurious items, but the basic commodity items due to high living cost

H₄: The community members prefer luxurious items, and not basic commodity items due to high living cost

Table 6. Student t Distribution

H ₀ :	$\mu=3$
H ₄ :	$\mu<3$
Mean	2.56
Std. Dev.	0.881
N	150
t-Statistic	-0.84522
Level of sig.	0.05
Tabulated t	-1.645

Source: Data computation

The fourth hypothesis stated above is the agreement that community prefers basic commodity items over the luxurious items due to the Rising Living Cost. The result in table-6 shows our null hypothesis is $\mu=3$ which clarifies the neutrality of the statement and “ μ ” place for the population mean, but our switch hypothesis $\mu<3$ shows that the respondents’ approach is towards agreement for the statement where our estimated mean is 2.56, Standard Deviation is 0.881, number of observation is 150, and standard t-statistics is -0.84522 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics -0.84522 is less than tabulated value of t which is -1.645 under the 0.05 level of significance following one-tailed testing. Therefore, we accept H₀ that community members do not prefer basic commodity items over luxurious items due to the Rising Living Cost.

For H5

H₀: The community members do not migrate to another city due to high living cost.

H₅: The community members migrate to another city due to high living cost.

Table 7. Student t Distribution

H ₀ :	$\mu=3$
H ₅ :	$\mu<3$
Mean	2.3
Std. Dev.	1.075
N	150
t-Statistic	-0.4907
Level of sig.	0.05
Tabulated t	-1.645

Source: Data computation

The fifth hypothesis as mentioned above is the agreement of migration due to the Rising Living Cost. The results in table-7 show our null hypothesis $\mu=3$ which indicates the neutrality of the statement and “ μ ” represents the population mean, but our alternate hypothesis $\mu<3$ indicates that the respondents’ attitude is towards agreement for the statement where our estimated mean is 2.30, Standard Deviation is 1.075, number of observation is 150, and standard t-statistics is -0.490 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics -0.0490 is less than tabulated value of t which is -

1.645 under the 0.05 level of significance following one-tailed testing. Therefore we accept H_0 that is community members do not migrate to another city due to Rising Living Cost.

For H_6

H_0 : The community members do not perform multiple jobs due to high living cost.

H_6 : The community members do multiple jobs due to high living cost

Table 8. Student t Distribution

H_0 :	$\mu=3$
H_6 :	$\mu<3$
Mean	4.36
Std. Dev	0.606
N	150
t-Statistic	-0.5905
Level of sig.	0.05
Tabulated t	-1.645

Source: Data computation

The sixth hypothesis stated above is the accord of multiple jobs due to Rising Living Cost. The outcome in table-8 shows that our null hypothesis is $\mu=3$ which indicates the neutrality of the statement and “ μ ” which stands for the population mean but our swap hypothesis $\mu<3$ shows that the respondents’ mind-set is towards agreement for the statement where our estimated mean is 4.36, Standard Deviation is 0.606, number of observation is 150, and standard t-statistics is -0.5905 following traditional t-test with the estimator = estimated mean – population mean/ Standard deviation. Hence our t-statistics -0.5905 is less than tabulated value of t which is -1.645 under the 0.05 level of significance following one-tailed testing. Therefore we acknowledge H_0 that is community members do not perform multiple jobs due to Rising Living Cost.

Findings

The findings of Community Response to Rising Cost of Living in the Khyber Pakhtunkhwa in the Current Regime show that the community is facing the rising cost of living in the Khyber Pakhtunkhwa as similarly the other parts of the Pakistan and the world. The conclusion of the study is drawn on the basis of the computation and analysis which indicate that the cost of living has been rising in the Khyber Pakhtunkhwa during the last four to five years.

The study first selected a sample of 150 respondents from six districts of Khyber Pakhtunkhwa, the respondents belong to the different classes of the community. All the 150 respondents are the job holders related to the different profession. Secondly the questionnaire is prepared in order to obtain opinions about the rising cost of living in Khyber Pakhtunkhwa from the selected respondents. In the questionnaire, six research hypotheses are placed in the shape of questions regarding the rising cost of living and the response of the respondents against the rising cost of living. The *six research hypotheses* are the following:

- The cost of living rise during the last three years;
- The monthly expenses rise during the last three years;
- The community members migrate to another city due to rise in the cost of living;
- The community members do multiple jobs due to rise in the cost of living;
- The community members do job hopping due to rise in the cost of living;
- The community members give preferences to the basic commodity items on luxuriously items due to the rise in the cost of living.

The first hypothesis is that during the last three years the cost of living has risen; the respondents' data was computed and analysed, and the "t one tail test" was also applied. The first hypothesis (table-3) provides evidence through calculation that there is a rise in the cost of living during the last three years and the respondents agree to this statement. The literature about the rising cost of living is agreed with the computation of the hypothesis, that there is rising cost of living in the Khyber Pakhtunkhwa.

The second hypothesis was confirmed through the computation and analysis of the respondent's data, and the application of the "t one tail test". The second hypothesis (table-4) provides an encouraging result that there is rise in the monthly expenses during the last three years of respondents. The respondents are concurring with the statement. There is positive relationship between the literature and the computation and analysis of the respondent's data. That everywhere in the world and other part of the Pakistan the monthly expenses and the cost of living are on the increase.

The third hypothesis, that community members do job hopping due to the rise in the cost of living was approached through calculation and analysis and the application of the 't one tail test' on the respondents data. The research accepts the null hypothesis because the respondents do not agree with the hypothesis statement mentioned above. The null hypothesis stated that, community member do not do job hopping due to the rising cost of living. The results of the third hypothesis are shown in table-5. The literature about the job hopping differs from the output of the analysis and the computation. It is claimed that the rising cost of living resulted into job hopping because the householder cannot afford to remain in that job where he has fewer opportunities to have his salary and the other benefits increased, so he starts job hopping. But in contrast, this research, through the computation and analysis of respondents' data, differs from the literature. The difference occurs due to the change in the rational approach, because in our country there are few job opportunities because of the economic situation and over and under employment.

The fourth hypothesis is that the community members give preference to basic commodity items over luxurious items due to the rise in the cost of living. The result is shown in table-6 above. Therefore we accept H_0 . The H_4 and literature on community members' preferences are the same but when the computation is done on the respondent's data, the null hypothesis is accepted namely, that the community members do not prefer basic commodity items to luxurious items due to the rise in the cost of living. The idea is that the luxurious items have become part of their daily routine without which they cannot survive, and another reason is that the respondents or any individual can sacrifice the basic commodity but cannot sacrifice the use or consumption of the luxurious items because they have become a social status symbol.

The fifth hypothesis stated that community members migrate to another city due to the rise in the cost of living; the literature about the community migration is suggested that migration is occurring on the basis of the rising cost of living (Brauw, Taylor, Rozelle, 2001). In this research the respondents disagree with the fifth hypothesis statement, because the society members of Khyber Pakhtunkhwa prefer to live with their families due to family or society norms. They can survive in the limited income but cannot migrate with the whole family or any family individual. They prefer to live in the home town and within town they search for those ways to increase their income level to fight with rising cost of living. The computation of the fifth hypothesis is shown in the above table-7. The null hypothesis is approved that community members do not migrate to another city due to the rising cost of living.

The sixth hypothesis stated that community members do multiple jobs due to the rise in the cost of living. Through computation and analysis of respondent's data the above statement is rejected and the null hypothesis is accepted. The result of the hypothesis is shown in the analysis chapter in table-8. So we accept H_0 that community members do not perform multiple jobs due to the Rising Living Cost. The null hypothesis is accepted because the community members of our

Khyber Pakhtunkhwa society are not willing to perform multiple jobs, they spend their time with their family and friends as compared to the western countries where they prefer to do multiple jobs or take on part time jobs.

Conclusion and Discussion

As the cost of living is increasing day by day, the community of Khyber Pakhtunkhwa is responding greatly to it. The rising cost of living occurs when the income level is low and price level is higher than the income level, and in the case of Khyber Pakhtunkhwa the cost of the commodities has been rousing during the last five years. This research determines that the community of Khyber Pakhtunkhwa is facing the rising cost of living along with the whole world. But on the other side of the picture the responses or attitude of the community against the rising cost of living are different from the other communities in the other parts of the country as well as from the world. This study identifies the community stance against the rising cost of living and this will grant aid to the policy makers, individuals and householders for a better policy making and with a view to having better living standard. This study proved that the community members do not migrate to another city due to the rise in the cost of living. They do not go for multiple jobs and job hopping due to the rise in the cost of living. The community members do not prefer the basic commodity items over the luxurious items. But in reality, the community members prefer to do multiple jobs and wait for the opportunity to get a better job to overcome the rising cost of living in Khyber Pakhtunkhwa. The community members also give preference to the basic commodity items rather than giving preference to the luxurious items because it is difficult to cope with the rising costs. In the light of this research, the government can also devise their policies so that they can provide better job opportunities to the community members and build constructive business environment for those individuals who are related to the business sectors.

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