

**Relationship between ease of doing business and
GDP: Mediating role of social progress**

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Research Completion Certificate

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Declaration

I Faiza Shahid ID # 15003203003 Session 2015-2016, hereby certify that this thesis is being submitted in partial fulfillment of the requirements for the MS degree in Applied Statistics.

This thesis is my original work, and the data material presented herein has not been used for the acquisition of any other degree from any institution.

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DEDICATION

I dedicate this study to Allah Almighty, Who is my actual strength, source of wisdom and knowledge and enabled me to complete this program. I dedicate this study to Hazrat Muhammad PBUH who is actual reason of my existence. I also dedicate this work to Dr.Seyed Ibne Ali Jaffari for his endless support and for the encouragement from his side. Thanks to the Teachers of Quantitative department of University of Management and Technology for sharing their knowledge and experiences with me. Thanks to all of you.

Faiza Shahid

Abstract

Business is of immense importance for the life of a country. Economy of whole country depends on its business. Each Govt. is introducing new policies and programs to increase business in country as well as to make easiest to do business for investors. Many factors are considered for doing business in any country such as its market, currency rate of country, demand of product or service in country, costs, inflation rate, climate and culture etc. Culture of Muslim and Non-Muslim countries is very different due to many factors such as finance system of Muslim countries, consumption pattern of different things, concept of interest, social culture, religious holiday, weekend days, economic role of women, joint family system and sharia etc. In this paper, we identified the difference in Mean of Ease of Doing Business in Muslim and Non-Muslim countries by using the ANOVA models. Moreover we not only described the effect of Gross Domestic Product on Ease of Doing Business but we also considered the social and environmental factors too while considering the relation of business and GDP. Moreover we extended our study by showing the path by Which GDP effect EODB. We used the measure of Social Progress index for social and environmental factors and we checked the mediation effect of Social Progress Index in relation of Ease of Doing Business and Gross Domestic Product. We used the bias corrected mediation technique for testing indirect effect.

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1 Introduction

1.1 Background

Business is of immense importance for the life of a country. Economy of whole country depends on its business. Govt. of each country is trying to create more opportunities and prospects for business men to do business in its country. Each Govt. is introducing new policies and programs to increase business in country as well as to make easiest to do business for investors. The World Bank is yearly presenting “Ease of Doing Business Index,” since 2003. In this report, countries are ranked on the base of Distance to Frontier which is a measure which shows the distance of economy of each country from the Frontier. Frontier symbolizes the best performance of a country across all economies on each of the indicators in sample of Doing Business. Distance to Frontier is a scale of 0 to 100 where 0 represent the lowest performance and 100 represent the best performance. Each country is in race of getting higher rank in the ease of Doing Business index(Doing Business report, The World Bank, 2015).