

Globalisation, urbanisation and human development: Evidence from lower-middle income economies

ABSTRACT

Increasingly global and urban economies play an important role in generating wealth, attracting investment, and enhancing productivity gains and competitiveness. However, the linkage between globalisation, urbanisation and human quality of life in less developed countries have rarely been investigated. To address this gap, the study examines the impact of globalisation and urbanisation on human development in 33 lower middle-income economies over the period of 2000 to 2019. In this study, globalisation and urbanisation are proxied by foreign direct investment (FDI), trade, mobile cellular subscriptions, Internet users and urban population, whereas human development is measured by Human Development Index (HDI). Using the robust fixed effect panel data models, findings from the study revealed that increase in FDI, mobile cellular subscriptions, Internet users and urban population would enhance human development in the lower middle-income economies. Meanwhile, the insignificance of trade in influencing HDI implies that the ability of lower-middle income economies to benefit from trade could be limited due to various supply-side constraints and lack of complementary and supporting trade policies. It is recommended that future research looks into the impact of the labour dimension of globalisation (inflow and outflow of workers) on human development in economies of various development levels.