



# PAKISTAN EMPLOYMENT TRENDS 2008



**YO U T H**

**Ministry of Labour, Manpower & Overseas Pakistanis  
Labour Market Information and Analysis Unit  
Government of Pakistan**



# **PAKISTAN EMPLOYMENT TRENDS YOUTH**

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Labour Market Information and Analysis Unit  
Ministry of Labour, Manpower and Overseas Pakistanis  
Government of Pakistan

**ISLAMABAD**

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## Foreword

Pakistan, like many other developing countries, had no Labour Market Information System in place. Last year, the Ministry of Labour launched the project “Labour Market Information and Analysis (LMIA)” in the HRD Wing of the Labour and Manpower Division with the technical and financial assistance of the ILO and UNDP. The objective of the project is to collate data and information from various sources at both federal and provincial level, and establish a database containing an internationally adopted set of Key Indicators of the Labour Market. The database will be used to monitor employment trends, analyse labour market developments and decent work achievements so as to provide guidance to the policy-makers.

Decent work for all is a major focus of the United Nations Millennium Development Goals, and is especially important for young people. Young women and men are the most valuable asset for the future of Pakistan, but strategies and agendas are needed to develop their potential and to enhance their employability through education and training which meet labour market requirements.

*Pakistan Employment Trends for Youth* provides information and analysis focusing on young people. This third issue of *Pakistan Employment Trends*, which is the main dissemination tool of the Labour Market Information and Analysis Unit, presents a quantitative assessment of the realities of Pakistan’s youth labour market and identifies the challenges facing young people. The report is based on the latest Labour Force Survey (LFS) data 2006/2007. This has been possible through the special efforts of the Federal Bureau of Statistics (FBS) in finalizing the data quickly. The first issue of *Pakistan Employment Trends* was released in July 2007, followed by the second PET report with a strong focus on skills, published in January 2008. Both reports were based on the LFS data 2005/2006 and were well received by the various stakeholders and policy-makers.

The Labour and Manpower Division would like to express its appreciation to all institutions, and those involved in the collection and dissemination of labour market information. The publication of *Pakistan Employment Trends for Youth* would not have been possible without the labour market information and data produced by the Federal Bureau of Statistics, and the technical and financial support of the ILO and UNDP, in particular through the ILO Technical Advisor Ina Pietschmann, in developing the capacity of the Labour Market Information and Analysis Unit.

The Labour and Manpower Division looks forward to further national and international cooperation with a view to creating knowledge of labour markets and promoting decent employment for all. Future issues of *Pakistan Employment Trends* will continue to focus on areas of particular interest that are timely and relevant to the needs of the Government.

Malik Asif Hayat  
Secretary  
Islamabad

## Message from the ILO Director

It is a matter of great satisfaction to see the third in the series of Pakistan Employment Trends Reports and that too on an important subject of Youth. I would like to felicitate Mr. Asif Hayat Malik, Secretary Ministry of Labour and Manpower for his successful initiative of creating a Labour Market Information and Analysis Unit within his Ministry with the technical assistance of the ILO and UNDP.

The ILO's Decent Work Agenda has got wide recognition internationally as a potent means for poverty reduction. The recent introduction of a new MDG target calling for "full and productive employment and decent work for all" exemplifies this fact. 2005 world summit resolved to make Decent Work a central objective of our relevant national and international policies including poverty reduction strategies to achieve MDGs. The 2006 ECOSOC Ministerial Declaration requested the whole Multilateral system to mainstream Decent Work for All in policies and programmes. Similarly, the UN Chief Executive Board in April 2007 also fully endorsed ILO toolkit for mainstreaming employment and decent work in the activities of UN Agencies.

In order to monitor the achievement of decent work objectives in Pakistan the LMIA unit produced, in just one year, three high quality *Pakistan Employment Trends Reports* providing essential up-to-date labour market information. Labour market examination is an important resource for many labour market stakeholders, including Government policy makers, economists, donors, and international agencies, and serve as a valuable input to the formulation of pro-poor, employment and skill policies in the country.

Furthermore, the Pakistan Employment Trends reports will also play an important role in providing information to the One UN Programme in Pakistan. The current issue contains critical information concerning youth, which should be taken into account by all UN agencies under One UN Programme to develop and implement relevant activities for youth that will help Pakistan capitalize on the demographic dividend.

*Pakistan Employment Trends for Youth* is the last report of this series and identifies labour market challenges for one of the most vulnerable groups on Pakistan's labour market. The analyses are of particular importance which highlights the fact that failing to successfully integrate young people into the labour market will have broader consequences for the prosperity, security and development of Pakistan.

In the context of the Decent Work Country Program the ILO will continue to provide technical assistance to the Ministry of Labour to further develop the Labour Market Information and Analysis Unit as a key instrument in achieving decent employment outcomes in Pakistan. As we close this phase of the LMIA project, I would like to express my gratitude to UNDP for its generous financial support. I also thank Ministry of Labour, Federal Bureau of Statistics, Employers' Federation of Pakistan, Pakistan Workers' Federation, and others who have supported the LMIA project.

Donglin Li  
Director  
ILO Office for Pakistan

## Executive summary

Young women and men are Pakistan's greatest asset for the future. They bring energy, talent and creativity to the country and constitute the foundation for future development. But, youth in Pakistan also represents a group which faces severe challenges and disadvantages in the labour market. In recent years, unemployment, inactivity and difficult employment conditions have hit them hard. Many lack adequate earnings and productive work and carry a high risk of economic and social uncertainty.

This third issue of *Pakistan Employment Trends* will analyse 11 internationally accepted key indicators of the labour market, as well as indicators of skills and wages, for the period 2000-2007 and the age group 15 to 24 years. The focus on youth in the report offers more in-depth analyses of factors that explain worrying indicators, such as youth inactivity and the reasons for high inactivity rates in Pakistan. In addition, Chapter 4 of the report focuses on the school-to-work transition of youth to help pinpoint the specific challenges that young men and women face when entering the world of work. This analysis informs the development of the most appropriate policy mix to address youth issues in the country.

*Pakistan Employment Trends for Youth* is the first report focusing on labour market data disaggregated for the age group 15 to 24 years. The analysis will help to improve the accuracy and reliability of labour market analyses within a life-cycle perspective in the country.

Overall this first report on youth paints a mixed picture of decent and productive work in Pakistan. There is clear evidence that some improvements for young people in the labour market have been achieved, but the report also points out that substantial challenges remain. It is therefore important to maintain the momentum that has been created in recent years through high economic growth rates and favourable policies, with a view to reducing decent work deficits for youth and in particular redressing gender imbalances in the labour market.

Some key results of the report are:

1. Youth employment growth outpaced the population growth for young people in Pakistan until 2005/2006. However, youth employment decreased by 0.1 million in the most recent survey year (2006/2007), resulting in a reduction of the employment-to-population rate (from 42.0 in 2005/2006 to 40.9 per cent in 2006/2007). The youth labour force participation rate, after several years of increase, also decreased in the most recent survey year (by 1.7 percentage points).
2. Since 1999/2000 the youth unemployment rate almost halved, from 13.3 to 7.5 per cent in 2006/2007.
3. There are important labour market disparities at the provincial level. NWFP stands out with a low and declining labour force participation rate and employment-to-population rate, and a high unemployment rate (both for young males and females).
4. Gender gaps in the youth labour market have started to narrow since 1999/2000, but are still very large. Despite the fact that the female employment-to-population ratio has more than doubled since 1999/2000 (from 7.8 to 16.8 per cent) it remains with 16.8 per cent in 2006/2007, almost four times lower than the employment-to-population ratio for young men.

5. The trend in recent years towards higher labour force participation of women seems to stagnate at still very high levels of inactivity which, to a certain extent, can only be explained by increasing enrolment rates in education.
6. Vulnerable employment decreased by 1.8 percentage points between 1999/2000 and 2006/2007, reflecting a decrease for males of 5.3 points, but an increase for females of 11.9 points. Vulnerable employment for females is mainly the result of limited employment outside the traditional agricultural sector and manufacturing sector.
7. The proportion of young workers in the informal economy increased from 74.8 in 1999/2000 to 78.8 per cent in 2006/2007 and is more than 10 percentage points higher than the proportion of adults in the informal economy.
8. The share of young men working “excessive” hours (50 hours or more per week) increased from 44.6 in 1999/2000 to 45.6 per cent in 2006/2007.
9. The job-search period for young Pakistanis is long. In 2007 more than half of the unemployed (55.7 per cent) were searching for work for more than six months.
10. In 2006/07 more than half of the youth labour force (62.2 per cent) had either less than one year of education or just primary level, and only 2.7 per cent had a university degree.
11. Enrolment levels of youth have only slightly improved in recent years. Furthermore, there is a risk of young men leaving school before they have reached the intermediate level.
12. The current youth enrolment/attainment pattern causes concern for the state of skills of the labour force in the years to come.
13. There appear to be imbalances in the supply and demand at higher skills levels for youth.

The analysis in this report points out shortfalls in decent work objectives for young people in areas such as productive work, social security at work and equity and dignity at work. Important areas of policy concern are:

1. Policies are needed to address the educational and employability skills needs of young women and men.
2. Policies should also be developed to reduce vulnerable employment and ensure decent employment for young people who are working “excessive” hours, in particular in trade and transport, which are also sectors showing very high shares of vulnerable employment.
3. Gender policies are of vital importance in the labour market; it is important that the momentum in reducing gender gaps is maintained.

Future issues of the *Pakistan Employment Trends* will further expand the analysis of key labour market indicators. The school-to-work transition of Pakistan’s youth will be analysed in more depth using data from a pilot labour force survey currently being conducted in Faisalabad.

## List of acronyms

DSS	Demographic Sample Survey
DWCP	Decent Work Country Program
EMIS	Education Management Information System
EPR	Employment-to-population rate
FBS	Federal Bureau of Statistics
GDP	Gross domestic product
GTZ	German Agency for Technical Cooperation
HIES	Household Income and Expenditure Survey
HRD	Human resource development
ICLS	International Conference of Labour Statisticians
ICSE	International Classification by Status in Employment
ILC	International Labour Conference
ILO	International Labour Organization
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
KILM	Key Indicators of the Labour Market
LMIA	Labour Market Information and Analysis
LF	Labour Force
LFS	Labour Force Survey
LFPR	Labour Force Participation Rate
MDG	Millennium Development Goal
MLMOP	Ministry of Labour, Manpower and Overseas Pakistanis
MTDF	Medium Term Development Framework
NAVTEC	National Vocational and Technical Education Commission
NILAT	National Institute for Labour Administration and Training
NWFP	North West Frontier Province
OECD	Organisation for Economic Co-operation and Development
PIHS	Pakistan Integrated Household Survey
PRSP	Poverty Reduction Strategy Paper
PSLM	Pakistan Social and Living Standards Measurement Survey
SMEs	Small and medium enterprises
SNA	System of National Accounts
TEVC	Technical and Vocational Competence
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
YEN	Youth Employment Network

# 1 Introduction

## 1.1 Promoting decent employment for youth

A lack of decent employment at an early age often compromises a person's future employment prospects and frequently leads to unsuitable labour behaviour patterns that last a lifetime. An inability to find employment creates a sense of uncertainty, uselessness and idleness in young people. Therefore, the most obvious gains to achieve, in making the most of the productive potential of youth and ensuring the availability of decent employment opportunities for youth, are the personal gains to the youth themselves (ILO, 2006).<sup>1</sup>

In the Millennium Declaration adopted by the UN General Assembly in September 2000, Heads of State and Governments resolved to “develop and implement strategies that give young people elsewhere a real chance to find decent and productive work”.<sup>2</sup> It was this stimulus that led to the development of the Youth Employment Network (YEN), a partnership between the UN, ILO and the World Bank which aims to address the global challenge of youth employment. More recently, the UN Secretary General called upon Heads of State to put an end to the vicious circle of youth unemployment, noting that youth is our most valuable asset, our future.<sup>3</sup> The sentiment was further echoed by the Ministers and Heads of Delegations participating in the High-Level Segment of the 2006 Substantive Session of the Economic and Social Council (see ILO, 2006).

In Pakistan, the challenge of decent employment for youth is linked to the Decent Work Country Program (DWCP). The DWCP spells out a strategy and plan of action to promote the creation of decent work. A National Tripartite Forum on Employment and Skills was jointly organized by the Labour and Manpower Division of the Ministry of Labour, Manpower and Overseas Pakistanis (MLMOP) and the ILO in April 2006. It aimed to provide a platform to examine the employment and labour market challenges facing Pakistan, and to assist the Government, Employers' and Workers' representatives in the formulation and implementation of concrete decent work policies and programmes. One of the components of the Action Plan for Decent Employment Generation and Skills Development that is based on the Forum concerns the need for employment and labour market monitoring (Ghayur, 2006a). This report aims to address this need in the context of current Government policy framework and the DWCP, focusing on decent employment for youth.

The concept of decent work brings together multiple goals regarding rights at work, employment, social protection and social dialogue in an integrated manner. In the context of this report, it is useful to conceptualize decent work as consisting of six dimensions that can be summarized as follows (Anker et al., 2003, pp. 151-152):

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1 For the purpose of analysing the labour market position of young people, the term “youth” will be used in this report for those aged 15 to 24 years and the term “adult” refers to those aged 25 years and over.

2 UN General Assembly Resolution, A/RES/58/133

3 Secretary-General's address to the 4th European Union/Latin America and Caribbean Heads of State Summit, Vienna, 12 May 2006; [www.un.org/apps/sg/sgstats.asp?nid=2030](http://www.un.org/apps/sg/sgstats.asp?nid=2030).

- (i) First, *opportunities for work* refer to the need for all those who want to work to be able to find work, since decent work is obviously not possible without the work itself. The underlying concept of work is a broad one, encompassing all forms of economic activity, including self employment, unpaid family work and wage employment in the informal and formal sectors.
- (ii) Second, the idea of *work in conditions of freedom* underscores the fact that work should be freely chosen – i.e. not forced on individuals – and that certain forms of work are not acceptable in the twenty-first century. Specifically, this means that bonded labour, slave labour and the worst forms of child labour should be eliminated in accordance with applicable international Conventions. It also means that workers should be free to join workers’ organizations and be free from discrimination.
- (iii) Third, *productive work* is essential for workers to have acceptable livelihoods for themselves and their families, as well as to ensure sustainable development and the competitiveness of enterprises and countries.
- (iv) Fourth, the notion of *equity in work* represents workers’ need to enjoy fair and equitable treatment and opportunity at work. It encompasses absence of discrimination at work and in access to work, and the possibility of balancing work with family life.
- (v) Fifth, *security at work* is a reminder of the need to safeguard health, pensions and livelihoods, and to provide adequate financial and other protection in the event of sickness and other contingencies. It also recognizes workers’ need to limit the insecurity associated with the possibility of loss of work and livelihood.
- (vi) Sixth, *dignity at work* requires that workers be treated with respect at work, and be able to voice their concerns and participate in decision-making about their own working conditions. An essential aspect of this is workers’ freedom to represent their interests collectively.

These six dimensions of decent work can be promoted using a range of policies, programmes and activities, and can be focused on the labour market in general or on particular groups such as youth. Examples include public works programmes, legislation and regulations concerning labour utilization and working conditions, education policies and skills development programmes, social security legislation and support for social dialogue between workers, employers and the government. Furthermore, macroeconomic policies including fiscal, monetary and trade policies have important effects on labour markets and can be instrumental in achieving decent work objectives (Ministry of Labour, Manpower and Overseas Pakistanis, 2007a).

Which policies and programmes should be designed and developed at a particular time depends on the state of the labour market and the level of economic development, including the extent to which decent work is being generated or not. Labour markets are, however, dynamic and labour supply and demand is continuously changing in response to the economic and social environment, including the employment policy framework itself. Requirements of the world of work change in response to, for example, technological advances, industrialization, globalization, and changes in work organization. Important factors that determine shifts in labour supply are education and training policies and individual preferences.

The formulation of policies promoting decent work in changing labour markets, therefore, calls for up to date and timely Labour Market Information and Analysis (LMIA), and

monitoring of current labour market developments. Labour market monitoring requires the use of a set of indicators to build a picture or diagnosis of the labour market that is sufficiently comprehensive to inform policy processes such as formulation, implementation, monitoring and evaluation, and ideally covers all dimensions of decent work that were listed before (i-vi).

## **1.2 Structure of the report**

This issue of *Pakistan Employment Trends for Youth* comprises five chapters. The introductory Chapter 1 describes the rationale behind the report. Chapter 2 gives a brief update on general labour market trends in the country. Chapter 3 analyses a series of Key Indicators of the Labour Market (KILM) for youth. Using these indicators, it also monitors the employability of young people and the relation with skill development and education, crucial to improve and sustain productivity and income-earning opportunities at work, as well as to enhance the mobility of young people in the labour market. Chapter 4 addresses the school-to-work transition of young people, and identifies the main challenges they face in Pakistan. This chapter aims to inform the design of policies most suited to the specific situation of youth. Finally, Chapter 5 contains a series of recommendations aiming to better integrate LMIA and policy development.

## 2 General labour market developments

Pakistan's economy continued to perform impressively in 2006/2007 (see Table 1). This provides, in combination with the renewed employment policy framework in recent years, the basis for a move towards the better realization of decent work. To which extent this happened, and how improved labour market outcomes can be achieved in the future, will be briefly discussed in this chapter.

Information about the latest labour market trends is crucial to understanding the youth-specific labour market analysis in this report, embedded as it is in a broader labour market context. Building a comprehensive understanding of the labour market facilitates raising awareness regarding urgently needed investigations into enhancing the employability of youth through education, training and lifelong learning, and provides a foundation for targeted policy interventions.

**Table 1. Economic growth (%)**

Pakistan	1990s (annual avg. )	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007
GDP growth	4.6	3.9	2.0	3.1	4.7	7.5	9.0	6.6	7.0
Agriculture	4.4	6.1	-2.2	0.1	4.1	2.4	6.5	1.6	5.0
Manufacturing	4.8	1.5	9.3	4.5	6.9	14.0	15.5	10.0	8.4
Commodity producing sector	4.6	3.0	0.8	1.4	4.2	9.3	9.5	3.4	6.0
Services sector	4.6	4.8	3.1	4.8	5.2	5.8	8.5	9.6	8.0

Source: Finance Division, 2007, *Economic Survey 2006-07*.

**Table 2. Population and labour force (millions)**

Pakistan	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007	Change 1999/2000 to 2006/2007
<b>Total population</b>	136.0	145.8	148.7	155.4	158.2	+22.2
Urban	43.0	47.4	49.7	52.1	52.5	+9.5
Rural	93.0	98.4	99.0	103.3	105.7	+12.7
<b>Population 10+</b>	92.1	99.6	103.4	108.8	111.4	+19.3
Punjab	57.1	58.3	59.3	61.9	63.5	+6.4
Sindh	19.7	23.3	25.7	27.0	27.4	+7.7
NWFP	11.7	13.6	13.6	14.9	15.4	+3.7
Balochistan	3.6	4.3	4.8	5.0	5.0	+1.4
<b>Labour force 10+</b>	39.4	43.1	45.2	50.1	50.3	+10.9
Punjab	25.8	27.0	27.8	30.3	30.8	+5.0
Sindh	7.7	9.4	10.4	11.6	11.7	+4.0
NWFP	4.5	4.9	5.0	5.9	5.6	+1.1
Balochistan	1.4	1.7	1.9	2.3	2.2	+0.8

Source: FBS, various years, *Pakistan Labour Force Survey*

Most tables which were part of the first *Pakistan Employment Trends* (Ministry of Labour, Manpower and Overseas Pakistanis, 2007a) have been updated and can be found in the Annex.

Analysis of recent labour market trends is based on labour force survey data from 1999/2000 to 2006/2007.<sup>4</sup> The analysis indicates that further labour market improvements have been achieved in Pakistan, especially in dimensions of decent work such as employment opportunities and equity at work, but that challenges in the achievement of decent work remain very important.

Tables 1-3 show that labour force participation, employment and unemployment indicators have changed in line with higher economic growth rates in recent years. Since 1999/2000, the labour force participation rate increased by 2.4 percentage points, but remains with 45.2 per cent (population 10+) or 52.5 per cent (population 15+, see Annex Table A1) low if considered from a global perspective. Globally, the labour force participation was 65.7 per cent for the age group 15 years and above in 2006.

However, the most recent survey year (2006/2007) shows a slight decline in labour force participation (0.8 percentage points) for the population aged 10 years and above, which is due to a return of male participation rates to the levels measured between 1999/2000 and 2003/2004. The female participation rate has continued to rise since the beginning of the decade, with a very small increase of 0.2 percentage points in the most recent survey year. At the provincial level, male labour force participation fell in all four provinces in 2006/2007 compared to the previous year and quite sharply in North West Frontier Province (NWFP) by 4.2 percentage points and Balochistan by 2.7 points. Female labour force participation increased in three provinces, but also decreased sharply in NWFP. The latter province again shows the lowest participation rate of all four provinces.

Similar to the labour force participation rate, the employment-to-population ratio (EPR) in Pakistan is relatively low when compared to the rest of the world, although it has increased by 3.3 percentage points since 1999/2000 (Table 3 and Annex Table A2). Both the low labour force participation and low employment-to-population rates in the country are mainly the result of the limited role of women in the labour market. The male EPR in Pakistan for the age group 15 years and above is close to the average in South Asia in recent years, but the difference in the female EPR between Pakistan and South Asia is around 15 percentage points. In comparison with the East Asian female EPR, this gap is more than 50 percentage points for each of the years 2000, 2002, and 2004, and still more than 45 percentage points in 2006.

In the most recent survey year the EPR dropped slightly, by 0.3 percentage points, which is, similar to the labour force participation rate, due to a lower male EPR. The female EPR increased marginally from 17.2 in 2005/2006 to 17.5 per cent in 2006/2007.

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<sup>4</sup> The Pakistan labour force survey is conducted on an annual basis from July to June of each year; the 2006-2007 survey was carried out from July 2006 to June 2007. The data analysed in this period are the most recent and were made available in January 2008

In Pakistan, the unemployment rate measured on the basis of the relaxed definition is the one most widely quoted.<sup>5</sup> In 2006/2007 it reached an historical low of 5.3 per cent, a 2.5 percentage point decline since 1999/2000, despite the increases in labour force participation since the beginning of the decade. Unemployment rates at the provincial level remain highest in the NWFP with 9.5 per cent in 2006/2007, and for women amount to not less than 24.3 per cent in this province (Annex Table A9).

During the last few years, women particularly benefited from overall labour market developments in the country. The female unemployment rate at 8.4 per cent in 2006/2007, the lowest in recent years, should be seen in combination with an increase in the female labour force participation rate of 5.4 percentage points since 2000. These positive developments are, to a large extent, due to an improvement of the labour market position of young women, which will be further explored in Section 3 of this report.

Pakistan's economy is undergoing structural change, as reflected in the increasing share of industry and the decreasing share of agriculture in total employment and in GDP (Table 3 and Annex Tables A4, A5 and A6). Contrary to the share of agriculture in GDP, which has been continuously declining since 1999/2000, the employment share in agriculture is increasing in recent years.

Available labour market indicators suggest that, despite gains in employment opportunities as reflected in labour force participation, and in employment and unemployment, this structural transformation is not yet benefiting the majority of workers who lack decent employment.

Work in the informal economy increased from 66 per cent of non-agricultural employment in 1999/2000 to 84 per cent in 2006/2007.<sup>6</sup> During the same period, wage and salaried employment increased by only 1.8 percentage points of the employed (10+), and the size of the status group of own-account workers decreased by more than seven percentage points (Annex Table A3).

The proportion of those working "excessive" hours has declined slightly since 1999/2000, but only because the proportion of females in total employment increased. The proportion of male workers working "excessive" hours has risen by one percentage point since 1999/2000 (Table 3 and Annex Tables A7 and A8).

In the most recent survey year the proportion of male workers working "excessive" hours declined slightly, by 0.5 percentage points. In the agricultural sector, the reduction in "excessive" hours of work since 1999/2000 continued into 2006/2007, but in trade it further increased to more than 70 per cent of all workers (Table 3).

Another indicator suggesting a lack of decent work for a large part of the employed is the proportion of working poor. The latest working poor estimates for Pakistan indicate that, in 2006, 79.1 per cent of Pakistan's working-age population (15+) were working, but still

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5 The standard definition that is used to measure the number of unemployed is those individuals without work, seeking work in a recent past period, and currently available for work. Labour market analysts often promote the measurement of unemployment according to the "relaxed definition", meaning relaxing the criterion of seeking work, in situations in which the application of this criterion is likely to underestimate the untapped human resources of a country

6 See *Pakistan Labour Force Survey 2006/07* (FBS, Islamabad, 2007) for the definition of the informal economy.

unable to lift themselves and their families above the poverty threshold of US\$2 per day.<sup>7</sup> This is nevertheless a decrease of more than five percentage points over the beginning of the decade, when this measure of working poverty stood at 84.5 per cent.

Despite recent gains in terms of employment and unemployment, the labour market indicators reviewed highlight the gender gap. Women continue to be underutilized in the economy and labour market as reflected in their overall participation, as well as the distributions in terms of economic sector and status groups. In line with the trend since 1999/2000, the proportion of women in the status group of employees decreased in the most recent survey year. Less than a quarter of all women are now in a salaried position, as compared to a third at the beginning of the decade (Annex Table A3).

As emphasized in the recently published second issue of *Pakistan Employment Trends*, focusing on skills, Pakistan's labour market demonstrates the need for a greater investment in education and training, and the country's competitiveness is hampered by poor human capital. Educational attainment and enrolment levels are still low in comparison to other countries in the region, even though there has been an increase since 1999/2000. Reforms are necessary in order to improve literacy and basic education. Education and training investments should be closely linked to economic and employment growth strategies and programmes. Responsibility for improving the state of skills should be shared between the government, the private sector, workers and parents (Ministry of Labour, Manpower and Overseas Pakistanis, 2007b).

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<sup>7</sup> Data are based on the ILO Working Poverty Model, October 2007 (see *Global Employment Trends*, ILO, Geneva, January 2008).

**Table 3. Selected key indicators of the labour market (%)**

10+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Labour force participation rate</b>						
Both sexes	42.8	43.3	43.7	46.0	45.2	+2.4
Males	70.4	70.3	70.6	72.0	70.1	-0.3
Females	13.7	14.4	15.9	18.9	19.1	+5.4
<b>Employment-to-population ratio</b>						
Both sexes	39.5	39.8	40.4	43.1	42.8	+3.3
Males	66.1	65.6	66.0	68.0	67.0	+0.9
Females	11.3	12.1	13.9	17.2	17.5	+6.2
<b>Unemployment rate</b>						
Both sexes	7.8	8.3	7.7	6.2	5.3	-2.5
Males	6.1	6.7	6.6	5.4	4.5	-1.6
Females	17.3	16.5	12.7	9.3	8.4	-8.9
<b>Share of industry in total employment</b>						
Both sexes	18.0	20.8	20.3	20.7	21.0	+3.0
Males	19.5	21.7	21.4	22.1	23.1	+3.6
Females	9.0	15.6	15.0	14.9	12.6	+3.6
<b>Share of agriculture in total employment</b>						
Both sexes	48.4	42.1	43.0	43.4	43.6	-4.8
Males	44.4	38.2	38.1	37.2	36.4	-8.0
Females	72.9	64.6	67.3	68.9	72.4	-0.5
<b>Share of trade in total employment</b>						
Both sexes	13.5	14.9	14.8	14.7	14.4	+0.9
Males	2.6	1.9	1.7	2.1	2.2	-0.4
Females	15.3	17.1	17.5	17.7	17.5	+2.2
<b>Share of wage and salaried employees in total employment</b>						
Both sexes	35.6	39.9	37.9	37.3	37.4	+1.8
Males	36.0	40.3	39.2	40.0	40.6	+4.6
Females	33.1	37.1	31.2	25.7	24.6	-8.5
<b>Share of the employed working 50 hours or more</b>						
Both sexes	41.3	40.2	42.2	40.1	39.1	-2.2
Males	45.9	44.8	48.3	47.4	46.9	+1.0
Females	13.0	13.5	11.9	9.5	7.7	-5.3
<b>Share of the employed in agriculture working 50 hours or more</b>						
Both sexes	40.3	36.9	36.6	31.2	27.8	-12.5
Males	47.7	43.5	45.8	41.5	38.4	-9.3
Females	12.9	14.0	11.1	8.2	6.4	-6.5
<b>Share of the employed in trade working 50 hours or more</b>						
Both sexes	63.7	62.1	68.8	67.6	69.5	+5.8
Males	64.5	62.8	69.7	68.5	70.8	+6.3
Females	35.3	25.7	21.9	38.2	29.9	-5.4

Source: FBS, various years, *Pakistan Labour Force Survey*

## 3 Labour market trends for youth

### 3.1 Introduction

Youth is a weak labour market segment in view of its limited experience. At the same time they tend to be highly motivated and capable of offering new ideas or insights and, as such, are important for economic development. Furthermore, they represent that part of the labour force which can be expected to remain economically active for a long period, and returns on investment in education and training are relatively high.

Therefore, underutilization of youth, as reflected in unemployment and underemployment, is wasteful from both an economic and social point of view. It is important that uncertainties are minimized and appropriate policies and programmes developed to prevent such underutilization.

#### Box 1 What is “youth”?

This report defines youth as the 15 to 24 age group as this is a widely accepted statistical convention.

Definitions of “youth” are based in part on the end use of the measurement. If one aims to measure, for example, the age span at which one is expected to enter the labour market then the statistical definition of 15 to 24 years may no longer be valid, given that today more and more young people postpone their entry into labour markets to well beyond the age of 25. Alternatively, if one were to aim for the broader characteristic-based classification of youth (as opposed to a simple age-based definition), then a more sociological viewpoint on what constitutes ‘youth’ is needed. For example, one might wish to define ‘youth’ as the transition stage from childhood to adulthood, in which case the age at which this transition begins will vary greatly between societies and indeed within the same society. From the perspective of a critical stage in the lifecycle, the relevant age could be as low as 10 years (e.g. street kids) to as high as mid to late 30s. The wider age span suggests that the process of obtaining a sustaining livelihood, if that is taken as the basic criteria for passage into the next life stage – adulthood – can take a long time, particularly in poor societies.

Source: Reproduction of Box 1 in *Global Employment Trends for Youth* (ILO, Geneva, 2006).

For the purpose of analysing the labour market position of young people, the term “youth” will be used in this report for those aged 15 to 24 years and the term “adult” for those aged 25 years and over (see Box 1).

There is a growing recognition of the need to address youth employment issues with some urgency. At the 2005 International Labour Conference discussion on youth employment, ILO constituents concluded that:

There are also too many young workers who do not have access to decent work. A significant number of youth are underemployed, unemployed, seeking employment or between jobs, or working unacceptably long hours under informal, intermittent and insecure work arrangements, without the possibility of personal and professional development; working below their potential in low-paid, low-skilled jobs without prospects for career advancement; trapped in involuntary part-time, temporary, casual or seasonal employment; and frequently under poor and precarious conditions in the informal economy, both in rural and urban areas.

### **3.2 Demographic trends and developments in labour force participation of youth**

As illustrated in Figure 1, the youth population is increasing and constituted 20 per cent of the total population and 35 per cent of the population aged 15 years and above in 2006/2007. This represents a two percentage point growth in this measure of the working age population compared to 1999/2000. More than 38 per cent of young men and women live in urban areas while 62 per cent live in rural areas. These levels are close to the national distribution of the rural–urban population. Since the beginning of the decade, large increases in the youth population have been accompanied by a significant increase in the youth labour force, from 10.0 million in 1999/2000 to 14.1 million in 2006/07, slightly less than the 14.4 million measured in the 2005/06 labour force survey.

#### **Box 2**

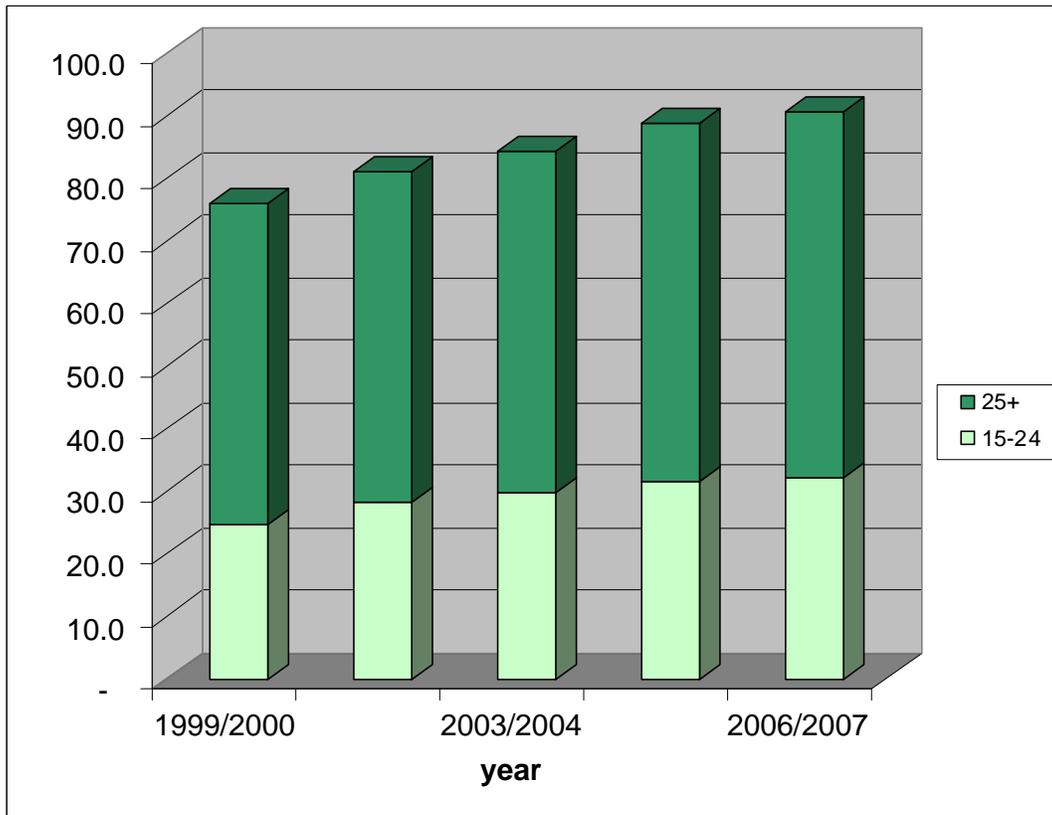
##### **Inequalities in the youth labour markets around the world**

Young people as a group are not homogenous; there are certain subgroups that, in addition to being young, face other disadvantages that make it even harder for them to find a decent job. The data needed to find out which subgroups suffer most are still mainly available only for OECD countries, but anecdotal evidence shows that the following trends observed in these countries are replicated in the developing world:

- In general, young women have even more difficulties finding work than young men. Often women do not even try to find a job but leave the labour market, discouraged, altogether. When they do find a job it is often lower paid and in the informal economy, in unprotected low-skill jobs.
- The unemployment rate tends to fall with age. The very young among the youth (aged 15 to 19) – typically those with the least education and certainly those with the least experience – have the greatest difficulties finding work, which makes it more difficult for them to gain the experience sought by the employers.
- Education can be a boon or a hindrance for some young people. Often, unemployment is higher among less educated young people. Higher education generally not only reduces the risk of unemployment, but also increases the chances of obtaining full-time employment with a long-term contract. In developing countries, however, where the supply of highly educated youth has outpaced the supply of (typically service sector) jobs to accommodate them, unemployment tends to increase among better educated young people. This is particularly true in the Middle East and North Africa. A logical consequence is often that the well-educated young people leave their countries resulting in a loss to the country of the investment placed in them and a brain drain.
- Almost every country for which data are available shows higher unemployment among ethnic minorities. This is not always the result of lower education levels, but of discrimination by employers in the labour markets.
- The poorer the parents the more likely it is that the children will be unemployed. Data for a few developed economies show this correlation.

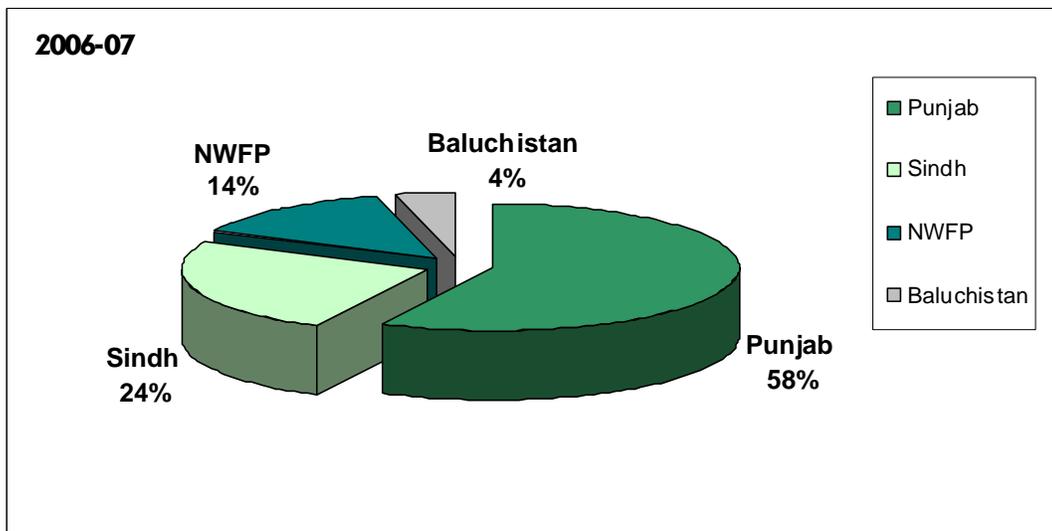
Source: Reproduction of Box 2.2 in *Global Employment Trends for Youth* (ILO, Geneva, 200

**Figure 1. Youth and adult populations (millions), 2000-2007**



Source: FBS, various years, *Pakistan Labour Force Survey*

**Figure 2. Provincial distribution of the youth population, 2006/2007**



Source: FBS, various years, *Pakistan Labour Force Survey*

A growing youth labour force can be an asset for Pakistan's labour market and society if it can be effectively utilized. However, as will be shown below, there is a risk that economic growth is not matched by a sufficient growth of decent employment opportunities for young people. In this scenario labour force growth may become problematic, and more so for young people who lack the social networks and know-how to market themselves as potential employees. Similar to the overall labour market, the youth labour market is far from homogeneous (see Box 2). Those left behind join the growing number who are forced to accept work in inferior conditions, or move into the informal economy.

The overall growth of the youth labour force is reflected in the share of the labour force in the working-age population – the youth labour force participation rate – which increased from 40.5 to 44.2 per cent during the period 1999/2000 to 2006/2007 (Tables 4 and 5). Young women particularly, are participating more and more in the labour market, and the female youth labour force participation rate increased from 10.2 in 1999/2000 to 18.4 per cent in 2006/2007.

However, labour force participation rates for young women continue to be lower than for young men, reflecting cultural traditions and the lack of opportunities for women to combine work and family duties. The gap between the participation of young men and women has decreased from 59.1 to 50.7 percentage points since 1999/2000, but remains far above the regional average gap in South Asia of 34.6 points in 2006.<sup>8</sup>

The most recent survey year, 2006/2007, registered a decline in the national labour force participation by 1.7 percentage points in comparison to 2005/2006, due to a small decrease in the participation rate of young women (0.2 percentage points) and a large one for young men (3.0 percentage points). At the provincial level, male participation declined in all provinces, but female participation increased in Sindh and Balochistan (Table 5).

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<sup>8</sup> See *Global Employment Trends* (Geneva, ILO, January 2008)  
<http://www.ilo.org/public/english/employment/strat/download/get08.pdf>.

**Table 4. Selected Key Indicators of the Labour Market for Youth (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Labour force participation rate</b>						
Both sexes	40.5	43.4	43.6	45.9	44.2	+3.7
Male	69.3	70.2	70.5	72.2	69.2	-0.2
Female	10.2	14.8	16.1	18.6	18.4	+8.2
<b>Employment to population ratio</b>						
Both sexes	35.1	37.6	38.5	42.0	40.9	+5.8
Male	61.6	61.8	62.7	66.1	64.2	+2.6
Female	7.2	11.8	13.7	16.8	16.8	+9.6
<b>Unemployment rate</b>						
Both sexes	13.3	13.4	11.7	8.6	7.5	-5.9
Male	11.1	12.0	11.0	8.4	7.1	-4.0
Female	29.3	20.5	14.9	9.6	8.9	-20.4
<b>Share of industry in total employment</b>						
Both sexes	24.1	27.7	26.6	26.8	26.7	+2.6
Male	24.8	28.0	27.1	27.5	28.5	+3.8
Female	18.0	25.7	24.5	23.8	19.2	+1.2
<b>Share of agriculture in total employment</b>						
Both sexes	44.2	38.8	40.7	41.0	41.5	-2.7
Male	42.5	36.0	36.4	36.4	35.4	-7.1
Female	59.4	54.3	60.9	59.7	65.3	+5.9
<b>Share of trade in total employment</b>						
Both sexes	14.4	15.0	15.4	14.6	14.5	+0.1
Male	15.6	17.4	18.4	17.7	17.7	+2.1
Female	2.9	1.4	1.1	1.6	1.8	-1.2
<b>Share of wage and salaried workers in total employment</b>						
Both sexes	39.6	44.0	40.6	40.3	41.6	+1.9
Male	39.5	44.3	42.0	43.0	44.8	+5.3
Female	40.8	42.4	33.8	29.3	28.7	-12.1
<b>Share of employed working 50 hours or more</b>						
Both sexes	41.7	38.5	40.2	38.6	37.9	-3.8
Male	44.6	42.8	46.0	45.7	45.6	+0.9
Female	15.0	14.1	13.4	9.6	7.5	-7.5
<b>Share of employed in agriculture working 50 hours or more</b>						
Both sexes	42.7	36.3	34.2	30.0	26.8	-15.9
Male	46.6	41.6	41.3	38.8	36.2	-10.4
Female	17.9	16.5	14.1	8.0	6.7	-11.2
<b>Share of employed in trade working 50 hours or more</b>						
Both sexes	60.4	56.9	63.9	64.1	64.8	+4.4
Male	60.8	57.2	64.1	64.2	65.6	+4.8
Female	40.1	34.1	44.8	56.7	33.4	-6.7

Source: FBS, various years, *Pakistan Labour Force Survey*

**Table 5. Youth labour force participation rate (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007(Percentage points)
<b>National</b>						
Both sexes	40.5	43.4	43.6	45.9	44.2	3.7
Male	69.3	70.2	70.5	72.2	69.2	-0.2
Female	10.2	14.8	16.1	18.6	18.4	8.2
<b>Urban</b>						
Both sexes	36.6	39.2	37.6	39.2	37.6	1.1
Male	60.3	63.3	62.5	64.3	62.8	2.5
Female	10.0	11.1	10.3	11.8	10.0	0.1
<b>Rural</b>						
Both sexes	42.8	45.9	47.3	49.9	48.2	5.5
Male	74.7	74.5	75.6	77.1	73.2	-1.5
Female	10.3	16.8	19.4	22.6	23.3	12.9
<b>Provincial-both sexes</b>						
Punjab	43.9	47.0	47.1	49.1	47.4	3.6
Sindh	33.8	39.0	39.7	42.8	42.3	8.5
NWFP	36.0	36.1	37.3	38.6	34.6	-1.5
Balochistan	37.0	41.7	39.6	47.4	44.9	7.8
<b>Provincial-male</b>						
Punjab	74.4	73.0	72.8	73.1	70.2	-4.2
Sindh	58.2	66.6	68.1	72.0	71.0	12.8
NWFP	63.5	64.4	66.6	67.9	61.8	-1.7
Balochistan	66.1	70.3	65.9	74.3	68.0	1.9
<b>Provincial-female</b>						
Punjab	11.4	20.1	21.6	25.0	25.0	13.6
Sindh	6.8	6.5	7.8	8.1	8.5	1.7
NWFP	10.5	7.0	9.2	12.1	8.9	-1.6
Balochistan	7.2	7.3	9.6	11.1	13.9	6.7

Source: FBS, various years, *Pakistan Labour Force Survey*

### **3.3 Trends in youth employment**

In 2006/2007 there were 13.1 million young women and men in employment, an increase of 4.4 million from 1999/2000. During the same period, the youth population grew by 7.3 million from 24.7 to 32.0 million. As reflected in the increasing employment-to-population rate, which is the share of youth who are employed in the youth population, it is evident that youth employment growth outpaced population growth, at least until 2005/2006 (see Table 6). However, youth employment decreased by 0.1 million in the most recent survey year, resulting in a reduction of the employment-to-population rate (from 42.0 per cent in 2005/2006 to 40.9 per cent in 2006/2007).

A comparison with South Asia shows that Pakistan has a relatively low youth employment-to-population rate, although the difference is small (42.0 per cent in 2005/2006, as compared to 42.6 per cent in South Asia, see Table 6). The employment-to-population ratio for young women of 16.8 per cent is almost four times lower than that for young men, despite the fact that the ratio for women has doubled since 1999/2000. Furthermore, the female employment-to-population ratio stagnated between 2005/2006 and 2006/2007, which is perhaps more surprising than the decline in the ratio for men, given the large gap between the two ratios.

The overall trend towards more employment opportunities for youth since 1999/2000 thus seems to have reversed in 2006/2007, and warrants investigation along with a more detailed analysis of youth employment and labour market challenges. A key question that will be asked later in this report is how the reversal in the rise of the youth employment-to-population rate is linked to other indicators, such as unemployment and enrolment in education.

**Table 6. Youth employment-to-population ratio (%)**

<b>Pakistan</b>	<b>1999/ 2000</b>	<b>2001/ 2002</b>	<b>2003/ 2004</b>	<b>2005/ 2006</b>	<b>2006/ 2007</b>	<b>Change 1999/2000 to 2006/2007 (Percentage points)</b>
<b>National</b>						
Both sexes	35.1	37.6	38.5	42.0	40.9	5.8
Males	61.6	61.8	62.7	66.1	64.2	2.6
Females	7.2	11.8	13.7	16.8	16.8	9.6
<b>Urban</b>						
Both sexes	32.6	32.9	31.9	34.6	33.7	1.0
Males	55.4	54.5	54.1	57.2	56.8	1.5
Females	6.9	7.7	7.7	9.9	8.3	1.4
<b>Rural</b>						
Both sexes	40.6	40.3	42.5	46.4	45.3	4.7
Males	72.0	66.3	68.3	71.7	68.9	-3.1
Females	8.3	14.0	17.2	20.8	21.7	13.4
<b>Provincial – both sexes</b>						
Punjab	40.3	40.7	42.0	44.9	43.7	3.5
Sindh	34.7	35.7	35.7	40.0	40.2	5.5
NWFP	31.2	28.5	30.8	33.0	30.3	-1.0
Balochistan	33.7	34.1	33.0	44.7	42.9	9.2
<b>Provincial - males</b>						
Punjab	69.8	64.3	64.9	66.5	64.7	-5.1
Sindh	59.7	61.6	62.4	67.6	67.8	8.1
NWFP	57.2	51.9	56.3	60.3	55.1	-2.1
Balochistan	62.4	59.0	56.3	70.1	66.0	3.7
<b>Provincial - females</b>						
Punjab	8.7	16.2	19.2	23.3	23.1	14.4
Sindh	6.1	5.3	5.8	7.2	7.7	1.6
NWFP	6.9	4.6	6.4	8.3	6.8	-0.1
Balochistan	4.1	4.2	6.5	10.2	12.0	7.9
<b>South Asia</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	43.3	43.1	42.5	42.6		
Males	59.3	58.5	57.8	57.6		
Females	26.1	26.4	26.0	26.3		
<b>East Asia</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	65.0	63.0	62.6	62.7		
Males	63.4	61.3	61.0	61.2		
Females	66.9	64.9	64.4	64.3		

Source: FBS, various years, *Pakistan Labour Force Survey*

### **3.3.1 Youth employment by sector**

As mentioned before, 4.4 million young women and men have been added to the employed since 1999/2000. Tables 7a and 7b show the relative and absolute shifts in youth employment by sector that accompanied overall employment creation during this period. In relative terms, agriculture accounts for the largest decline since the beginning of the decade (-2.7 percentage points), and represents 41.5 per cent of total youth employment in 2006/2007, down from 44.2 per cent in 1999/2000. During the same period, the transport sector declined by 0.5 percentage points.

The manufacturing, construction, finance and electricity sectors experienced strong growth in terms of shares in total employment. As shown in Table 7b, the manufacturing sector employed close to one million additional youth, and the construction sector close to 0.4 million during the period 1999/2000 to 2006/2007. Other sectors that were important for youth job creation were the trade sector (net employment creation of 0.6 million) and the agricultural sector (net employment creation of 1.6 million). Despite its small size, it is interesting to note that the financial sector has doubled its relative employment share since the beginning of the decade, and now accounts for 0.8 per cent of all youth employment. This sector has absorbed an additional 73,000 youth since 1999/2000.

The breakdown by aggregated sectors shows that economic growth mainly results in a shift from youth employment in agriculture to the industrial sector (Table 8 and Figure 3). The latter sector accounted for 26.7 per cent of youth employment in 2006/2007, up from 24.1 per cent in 1999/2000.

Considering the breakdown of employment by sex, it is clear that the structural change has a much stronger effect on young men than on young women. Employment generation for women still occurs predominantly in agriculture. Agricultural employment accounted for more than 65 per cent of overall female employment of young women in 2006/2007, an increase of almost six percentage points over 1999/2000. During the same period, the youth employment share for women in the service sector decreased by 7.1 percentage points.

**Table 7a. Structure of youth employment**

Pakistan (15-24)	1999/2000 (‘000)	1999/2000 Share (%)	2006/2007 (‘000)	2006/2007 Share (%)
Agriculture, forestry, hunting and fishing	3840.7	44.2	5425.1	41.5
Mining and quarrying	2.6	0.0	16.2	0.1
Manufacturing	1448.6	16.7	2425.0	18.5
Electricity, gas and water	12.3	0.1	30.6	0.2
Construction	628.5	7.2	1014.8	7.8
Wholesale and retail trade , restaurants and hotels	1246.7	14.4	1892.8	14.5
Transport, storage and communication	451.3	5.2	618.0	4.7
Financing, insurance, real estate and business services	34.2	0.4	107.4	0.8
Community, social and personal services	1023.0	11.8	1547.7	11.8
Undefined	n/a	n/a	4.1	0.0
Total	8687.9	100.0	13081.6	100.0

FBS, various years, *Pakistan Labour Force Survey*

**Table 7b. Sectoral shares in youth employment creation**

Pakistan (15-24)	Total employment creation 1999/2000 to 2006/2007 (‘000)	Share in employment creation 1999/2000 to 2006/2007 (%)
Agriculture, forestry, hunting and fishing	1584.4	36.1
Mining and quarrying	13.6	0.3
Manufacturing	976.4	22.2
Electricity, gas and water	18.3	0.4
Construction	386.3	8.8
Wholesale and retail trade , restaurants and hotels	646.1	14.7
Transport, storage and communication	166.7	3.8
Financing, insurance, real estate and business services	73.1	1.7
Community, social and personal services	524.7	11.9
Undefined	n/a	n/a
Total	4393.7	100.0

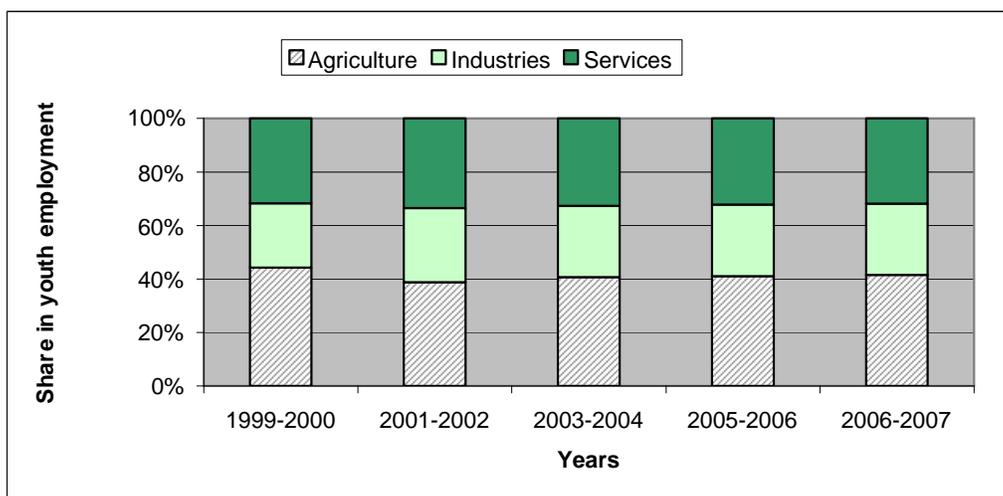
FBS, various years, *Pakistan Labour Force Survey*

**Table 8. Youth employment by sector (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Agriculture</b>						
Both sexes	44.2	38.8	40.7	41.0	41.5	-2.7
Males	42.5	36.0	36.4	36.4	35.4	-7.1
Females	59.4	54.3	60.9	59.7	65.3	+5.9
<b>Industries</b>						
Both sexes	24.1	27.7	26.6	26.8	26.7	+2.6
Males	24.8	28.0	27.1	27.5	28.5	+3.8
Females	18.0	25.7	24.5	23.8	19.2	+1.2
<b>Services</b>						
Both sexes	31.7	33.5	32.7	32.2	31.8	+0.1
Males	32.7	35.9	36.5	36.1	36.0	+3.3
Females	22.5	20.0	14.6	16.5	15.4	-7.1
<b>All Sectors</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*

**Figure 3. Youth employment by sector, 2000-2007**



Source: FBS, various years, *Pakistan Labour Force Survey*

### 3.3.2 Youth employment by status

In line with the International Classification by Status in Employment (ICSE, 1993), the indicator of status in employment distinguishes between three broad categories of the employed. These are: (a) wage and salaried workers (also known as employees); (b) self-employed workers; and (c) contributing family workers (also known as unpaid family workers). The self-employed group (b) is divided into three subcategories – self-employed workers with employees (employers), self-employed workers without employees (own-account workers) and members of producers' cooperatives.

The standard development discourse suggests that with economic growth, structural transformation with regard to both the economic and the employment structure will occur. In terms of the structure of employment, structural transformation entails a shift of employment away from agriculture to the industry and the services sectors, and a gradual phasing out of own-account work of the subsistence type. Wage and salaried work is expected to become more dominant, reflecting structural changes in production and consumption patterns. Together with employers, wage and salaried workers are often considered less vulnerable, and more likely to benefit from characteristics that are associated with decent work, than the status groups of own-account workers and contributing family workers.

In a recent paper, labour markets in Pakistan were analysed using this distinction between vulnerable employment (the sum of own-account workers and contributing family workers) and non-vulnerable employment (employers and wage and salaried workers). Based on data from 1999/2000 to 2005/2006, it was concluded that the standard development discourse holds true for men and, as expected, reduces vulnerable employment in the process. For women, however, recent industrialization resulted primarily in vulnerable employment.<sup>9</sup> The indicators in Table 3, summarizing the overall labour market, suggest that these trends have not changed in the most recent survey year (2006/2007).

The question that will be asked in this section is whether the same patterns can be found if the focus is upon youth, that is, can a reduction in vulnerable employment that coincides with the shift in employment away from the agricultural sector as highlighted in Section 2 be seen, and is this shift primarily benefiting young men? As shown in Table 9, wage and salaried work has been increasing since 1999/2000, from 39.6 to 41.6 per cent of all youth employment in 2006/2007. This increase is however smaller than the increase in the proportion of contributing family workers (+2.1 percentage points), and the largest decrease is measured in own-account work (-4.0 percentage points). That is to say, the shift in employment status is only partially in accordance with what could be expected in a rapidly growing developing economy.

The patterns become clearer if a breakdown of status in employment by sex is considered. Similar to developments in the labour market as a whole, it is mostly young men who benefit from the increase in wage and salaried employment. The male status group of wage

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<sup>9</sup> 'Assessing vulnerable employment: The role of status and sector indicators', Chapter 1B in *Key Indicators of the Labour Market* (Geneva, ILO, September 2007; [www.ilo.org/trends](http://www.ilo.org/trends)). The arguments supporting the distinction between vulnerable and non-vulnerable employment, as well as its limitations, can also be found in this paper.

and salaried workers increased by 5.3 percentage points, while the other status groups all decreased for men. For women, however, wage and salaried employment decreased strongly as a proportion of all female employment, by more than 12 percentage points, while contributing family work increased by no less than 16.5 percentage points.

Overall, vulnerable employment decreased by 1.8 percentage points between 1999/2000 and 2006/2007, reflecting a decrease for men of 5.3 points and an increase for women of 11.9 points. Table 10 suggests that the increase in vulnerable employment for women is mainly due to the limited employment of women outside the agricultural and manufacturing sectors. In sectors that are important for (female) employment creation outside agriculture and manufacturing, such as wholesales and retails trade, vulnerable employment shares for men and women are decreasing but female shares remain higher, while in certain sectors, such as community, social and personal services, the share of vulnerable employment for women is consistently lower than for men.<sup>10</sup>

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<sup>10</sup> Tables 9 and 13 show the sampling effects of the small numbers of young females outside of agriculture, and should therefore be interpreted with caution.

**Table 9. Status in employment for youth (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Wage &amp; salary workers</b>						
Both sexes	39.6	44.0	40.6	40.3	41.6	+1.9
Male	39.5	44.3	42.0	43.0	44.8	+5.3
Female	40.8	42.4	33.8	29.3	28.7	-12.1
<b>Self employed</b>						
Both sexes	20.6	19.3	19.0	18.3	16.7	-4.0
Male	21.4	20.8	20.5	19.9	18.5	-2.9
Female	13.6	10.8	11.7	11.5	9.3	-4.3
<b>Employers</b>						
Both sexes	0.1	0.1	0.3	0.2	0.2	+0.1
Male	0.1	0.1	0.3	0.2	0.2	+0.1
Female	0.0	0.4	0.0	0.1	0.2	+0.2
<b>Own-account workers</b>						
Both sexes	20.5	19.1	18.6	18.0	16.5	-4.0
Male	21.3	20.7	20.2	19.7	18.4	-2.9
Female	13.6	10.4	11.7	11.4	9.1	-4.5
<b>Contributing family workers</b>						
Both sexes	39.5	36.7	40.4	41.1	41.7	+2.1
Male	38.9	34.8	37.4	36.7	36.5	-2.3
Female	45.5	46.8	54.6	59.0	61.9	+16.5
<b>Vulnerable employment<sup>11</sup></b>						
Both sexes	60.0	55.8	59.0	59.1	58.2	-1.8
Male	60.2	55.5	57.6	56.4	54.9	-5.3
Female	59.1	57.2	66.3	70.4	71.0	+11.9
<b>Others</b>						
Both sexes	0.2	0.1	0.1	0.4	0.1	-0.1
Male	0.2	0.1	0.1	0.4	0.1	-0.1
Female	0.1	0.0	0.0	0.2	0.0	+0.0

FBS, various years, *Pakistan Labour Force Survey*

11 The status group of vulnerable employment is defined as the sum of own account workers and contributing family workers as share of total employment.

**Table 10. Share of vulnerable employment by sector (%)**

Pakistan (15-24)	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Agriculture</b>						
Both Sexes	85.4	85.5	88.6	89.5	89.3	+4.0
Male	87.0	88.4	91.4	89.7	89.7	+2.7
Female	74.6	74.6	80.7	88.9	88.5	+13.9
<b>Mining</b>						
Both Sexes	0.0	14.9	0.0	0.0	20.7	+20.7
Male	0.0	14.9	0.0	0.0	21.2	+21.2
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Manufacturing</b>						
Both Sexes	31.5	29.5	29.8	30.1	26.3	-5.2
Male	30.0	24.4	22.0	22.3	20.4	-9.5
Female	45.1	51.4	57.8	55.3	49.8	+4.7
<b>Electricity, Gas and Water</b>						
Both Sexes	0.0	0.0	11.6	5.8	0.0	0.0
Male	0.0	0.0	11.6	5.8	0.0	0.0
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Construction</b>						
Both Sexes	11.0	3.7	6.9	7.1	6.3	-4.7
Male	11.0	3.7	6.7	7.1	6.2	-4.8
Female	14.9	7.4	13.8	10.5	12.0	-2.9
<b>Wholesales and Retail Trade</b>						
Both Sexes	75.1	68.9	69.1	67.1	66.4	-8.7
Male	74.6	68.8	69.0	67.3	65.9	-8.7
Female	100.0	74.5	75.9	57.1	87.4	-12.6
<b>Transport and Communication</b>						
Both Sexes	31.2	37.9	41.3	38.9	43.9	+12.7
Male	31.6	37.8	41.4	39.1	44.1	+12.5
Female	0.0	40.5	36.1	29.9	34.2	+34.2
<b>Finance</b>						
Both Sexes	19.5	32.3	38.9	43.1	29.6	+10.0
Male	17.9	32.6	40.3	44.0	29.9	+12.0
Female	100.0	0.0	0.0	26.8	22.8	-77.2
<b>Community, social and personal services</b>						
Both Sexes	32.0	30.7	32.9	34.3	31.7	-0.3
Male	34.0	35.2	36.7	37.8	35.9	+1.9
Female	21.3	13.6	17.4	23.4	17.1	-4.1
<b>Other</b>						
Both Sexes	0.0	0.0	0.0	4.5	0.0	0.0
Male	0.0	0.0	0.0	4.5	0.0	0.0
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>All Sectors</b>						
Both sexes	60.0	55.8	59.1	59.1	58.1	-1.9
Males	60.1	55.5	57.5	56.4	54.9	-5.3
Females	59.1	57.3	66.2	70.4	71.1	+12.0

FBS, various years, *Pakistan Labour Force Survey*

### 3.3.3 Youth employment in the informal economy

The informal economy is an important part of the labour market, and plays a major role in employment, production and income generation for youth. The indicator of youth employment in the informal economy is employment as a percentage of total youth employment.

The latest labour force survey shows that the overwhelming majority of workers are engaged in the informal economy (Table 11).

**Table 11. Youth employment in the informal economy as a share of total youth employment (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Both sexes</b>						
15-24	74.8	71.9	78.0	79.9	78.8	+4.0
25+	61.4	60.5	65.8	69.0	68.4	+7.0
<b>Male</b>						
15-24	75.1	72.2	78.5	79.6	78.7	+3.7
25+	61.4	60.9	66.4	69.1	68.8	+7.4
<b>Female</b>						
15-24	71.0	69.8	74.0	81.8	79.0	+8.0
25+	61.3	55.2	59.1	67.4	64.5	+3.2

FBS, various years, *Pakistan Labour Force Survey*

The proportion of young workers in the informal economy, which excludes agriculture, increased from 74.8 in 1999/2000 to 78.8 per cent in 2006/2007, a level that is much higher than the proportion of adult employment in the informal economy (68.8 per cent), despite strong growth of the share of employment in the informal economy for adults.

### 3.3.4 Youth employment by hours of work

Levels and trends in hours of work are important indicators of decent work. This is perhaps even more so in the case of youth, as they have less experience in assessing working conditions, and may be tempted to accept substandard conditions of work in exchange for a job opportunity.

A “normal” or “full-time” working-week is thought of as 35-40 hours. More than 49 hours is often considered “excessive”, for reasons including the detrimental effects to physical and mental health, and the difficulties such hours entail in balancing work and family life. Excessive hours are also likely to signal inadequate hourly pay, in turn reflecting low productivity.

**Table 12. Hours of work for youth (%)**

Pakistan (15-24)	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Less than 20 hours</b>						
Both sexes	2.3	3.3	3.4	4.1	3.5	+1.2
Males	1.6	2.1	1.9	2.1	1.7	0.0
Females	8.3	9.6	10.4	12.3	10.8	+2.6
<b>20-29 hours</b>						
Both sexes	5.7	6.2	6.5	7.4	7.5	+1.8
Males	4.2	3.5	3.5	3.7	3.3	-0.8
Females	19.5	21.0	20.6	22.5	24.1	+4.6
<b>30-34 hours</b>						
Both sexes	4.4	4.0	4.7	3.9	4.4	0.0
Males	3.4	3.1	3.3	3.0	3.0	-0.4
Females	13.0	9.3	11.3	7.9	9.9	-3.1
<b>35-39 hours</b>						
Both sexes	9.1	10.3	9.6	11.5	11.9	+2.7
Males	7.9	8.8	8.0	8.7	9.1	+1.1
Females	19.8	18.9	17.3	22.9	22.9	+3.1
<b>40-44 hours</b>						
Both sexes	13.3	15.1	12.7	13.0	12.8	-0.5
Males	13.3	14.6	12.3	12.4	12.3	-1.0
Females	13.9	18.3	14.5	15.7	14.8	+1.0
<b>45-49 hours</b>						
Both sexes	23.3	22.5	22.8	21.1	21.9	-1.4
Males	24.7	24.9	24.9	24.1	24.9	+0.2
Females	10.5	8.7	12.5	8.8	10.0	-0.6
<b>50-59 hours</b>						
Both sexes	21.5	20.2	21.2	18.3	17.8	-3.8
Males	22.8	21.9	23.7	21.2	21.1	-1.7
Females	10.2	11.1	9.3	6.2	4.6	-5.6
<b>60 hours and more</b>						
Both sexes	20.3	18.3	19.2	20.6	20.3	0.0
Males	22.1	21.0	22.4	24.8	24.7	+2.6
Females	4.9	3.1	4.1	3.6	3.0	-1.9
<b>All hours</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

FBS, various years, *Pakistan Labour Force Survey*

Table 12 shows that the number of hours worked by youth is on a downward trend (see also Table 4). For all youth together, the proportion of them working in the 35-39 hours bracket shows the strongest increase between 1999/2000 and 2006/2007, while the longer hour brackets show a decrease, or are stable. However, there is again an important difference between men and women, as hours of work for men tend to increase, especially in the 60 hours or more bracket. Women tend to work shorter hours, and the increase occurs especially in the 20-29 hours per week bracket.

The 2006/2007 labour force survey shows that almost 38 per cent of young workers work “excessive” hours (more than 49 hours a week, see Table 4), with a very large difference between young men and women. Only 7.5 per cent of the latter group is working “excessive” hours, and this proportion has decreased by 7.5 percentage points since 1999/2000. For male youth the proportion working “excessive” hours is around 45 per cent, and has been fairly stable since the beginning of the decade.

As shown in Table 13, economic sectors characterized by relatively high proportions of workers working “excessive” hours are trade (64.8 per cent) and transport (71.1 per cent). In both sectors these high proportions are on a rising trend, and the proportion of young workers in transport working “excessive” hours rose by more than fifteen percentage points since 1999/2000.

Both the large proportion of youth working “excessive” hours, affecting in particular young men, and the rising trend in sectors such as trade and transport, are indicators that should be a cause for concern among policy-makers. These indicators, in part, reflect work arrangements which allow for exploitation of labour, and are likely to jeopardize the health and development of young people.

**Table 13. Share of youth working “excessive” hours by sector (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (Percentage points)
<b>Agriculture</b>						
Both Sexes	42.7	36.3	34.2	30.0	26.8	-15.9
Males	46.6	41.6	41.3	38.8	36.2	-10.4
Females	17.9	16.5	14.1	8.0	6.7	-11.2
<b>Mining</b>						
Both Sexes	22.8	15.2	11.4	74.1	42.7	+19.9
Males	22.8	15.2	11.4	77.6	43.7	+20.9
Females	0.0	0.0	0.0	0.0	0.0	0.0
<b>Manufacturing</b>						
Both Sexes	33.6	32.3	36.3	35.4	39.0	+5.4
Males	36.3	37.5	43.1	43.6	47.1	+10.8
Females	9.9	10.0	12.0	9.1	7.1	-2.8
<b>Electricity</b>						
Both Sexes	17.2	44.0	9.3	16.9	8.1	-9.1
Males	19.9	44.0	9.3	17.1	8.1	-11.9
Females	0.0	0.0	0.0	0.0	0.0	0.0
<b>Construction</b>						
Both Sexes	15.1	17.4	23.1	22.7	23.6	+8.5
Males	14.8	17.2	23.4	22.8	23.5	+8.6
Females	37.0	38.0	0.0	18.6	29.9	-7.0
<b>Trade</b>						
Both Sexes	60.4	56.9	63.9	64.1	64.8	+4.4
Males	60.8	57.2	64.1	64.2	65.6	+4.8
Females	40.1	34.1	44.8	56.7	33.4	-6.7
<b>Transport</b>						
Both Sexes	56.0	62.7	63.7	67.2	71.1	+15.1
Males	55.9	63.4	63.5	67.6	71.1	+15.2
Females	63.7	22.3	100.0	50.7	67.7	+4.0
<b>Finance</b>						
Both Sexes	14.0	17.1	44.4	41.3	51.2	+37.3
Males	14.2	16.4	42.5	42.8	53.1	+38.9
Females	0.0	100.0	100.0	16.2	16.7	+16.7
<b>Services</b>						
Both Sexes	37.5	35.9	37.7	39.0	37.5	+0.1
Males	43.9	42.8	44.8	48.1	46.6	+2.7
Females	4.1	10.2	9.0	10.0	5.9	+1.8
<b>Others</b>						
Both Sexes	0.0	0.0	34.6	29.8	45.8	+45.8
Males	0.0	0.0	34.6	29.8	45.8	+45.8
Females	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>						
Both Sexes	41.7	38.5	40.2	38.6	37.9	-3.8
Males	44.6	42.8	46.0	45.7	45.5	+0.9
Females	15.0	14.1	13.4	9.6	7.5	-7.5

FBS, various years, *Pakistan Labour Force Survey*

### **3.4 Youth unemployment**

Youth unemployment indicates how well labour markets function with regard to providing jobs for young people who are willing and available for work. The measure of youth unemployment can be presented in four different ways: (a) youth unemployment rate; (b) ratio of youth unemployment rate to adult unemployment rate; (c) youth unemployment as a proportion of total unemployment; and (d) youth unemployment as a proportion of the youth population. A joint analysis of all measures can shed light on the main characteristics of youth unemployment in Pakistan.

The standard definition that is used to measure the number of unemployed in general takes all individuals without work, seeking work in a recent past period and currently available for work. Given that this strict definition is likely to undercount the untapped human resources of a country, it is often discussed to measure unemployment following a “relaxed definition” whereby all people without work and available for work are counted. In Pakistan, the unemployment rate measured on the basis of the relaxed definition is the one most widely quoted and the one used in this analysis.

Examination of Table 14 shows a large decrease in the youth unemployment rate in the country. Since 1999/2000, youth unemployment almost halved from 13.3 to 7.5 per cent in 2006/2007. The observed decrease was especially high for young women with a drop of 20.4 percentage points. Youth unemployment rates are lower in Pakistan than in South Asia and slightly higher than in East Asia.

Youth unemployment rates at the provincial level show large variations. They range from 4.3 per cent in Balochistan to 12.5 per cent in NWFP. In all provinces, the youth unemployment rate decreased between 1999/2000 and 2006/2007. The decreases ranged from 13.2 percentage points in Balochistan to 0.3 percentage point in Sindh. In all cases the decrease was driven by significant reductions in female youth unemployment. At the national level the number of young unemployed women declined 28.5 per cent from 360,500 to 257,700 between 1999/2000 and 2006/2007. The decline of 34 per cent in Balochistan warrants further investigation.

Overall, the youth unemployment rate is higher for young women (8.9 per cent) than for young men (7.1 per cent). Differences in the youth unemployment rates between the sexes are particularly high in urban areas where, in 2006/2007, young women had an unemployment rate of 17.4 per cent, whereas young men only had 9.5 per cent (Table 14). Youth unemployment rates are much lower in rural than urban areas.

All four measures of youth unemployment indicate that the difference between the unemployment situation of adults and that of youth converged from the beginning of the decade (Table 15). Nevertheless, when compared to adults, youth still face a more challenging situation. The unemployment rate for adults in 2006/2007 was 4.1 per cent compared to a youth unemployment rate of 7.5 per cent (see Figure 4). Consequently, the ratio of youth unemployment rate to adult unemployment rate was 1.8, slightly higher than in the previous survey year. It is interesting to see that this ratio was much higher for men (2.4) than for women (1.0), the latter indicating that the risk of being unemployed is just as high for young women as it is for adult women. Out of 100 unemployed in Pakistan almost 40 are young people. This proportion has also decreased considerably over time. The

indicator of youth unemployment as a proportion of the youth population was rather low at 3.3 per cent in 2006/2007, which is partly the result of the low labour force participation of young people, especially women.

Even though youth unemployment has decreased considerably since 1999/2000, it is still important to consider its consequences, in particular when chronic. Youth unemployment has a major psychological impact on young people and can lead to marginalization, social exclusion, frustration and low self-esteem – characteristics that can, over time, lead to behaviour that places a significant burden on society. In light of this, the fact that 22.5 per cent of those who are actually available for work do not actively look for it, is worrying (Table 16). For women, the majority of those available for work do not even look for it (51.2 per cent). In contrast, the majority of unemployed men available for work do look for it (87.5 per cent), and only 12.5 per cent do not.

**Table 14. Youth unemployment rate (%)**

PAKISTAN	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>National</b>						
Both Sexes	13.3	13.4	11.7	8.6	7.5	-5.9
Male	11.1	12.0	11.0	8.4	7.1	-4.0
Female	29.3	20.5	14.9	9.6	8.9	-20.4
<b>Urban</b>						
Both sexes	16.8	16.1	15.0	11.8	10.5	-6.3
Male	14.0	13.9	13.4	11.1	9.5	-4.5
Female	35.8	30.2	25.5	15.7	17.4	-18.4
<b>Rural</b>						
Both Sexes	11.7	12.1	10.1	7.2	6.1	-5.6
Male	9.7	11.0	9.7	7.0	5.8	-3.9
Female	25.9	17.0	11.6	7.8	6.8	-19.2
<b>Provincial-Both Sexes</b>						
Punjab	14.2	13.4	10.9	8.5	7.7	-6.4
Sindh	5.3	8.3	10.0	6.5	5.0	-0.3
NWFP	19.2	20.8	17.4	14.5	12.5	-6.8
Balochistan	17.5	18.2	16.7	5.8	4.3	-13.2
<b>Provincial-Male</b>						
Punjab	12.1	11.9	10.9	9.1	7.9	-4.2
Sindh	3.9	7.5	8.4	6.1	4.5	+0.6
NWFP	15.7	19.5	15.5	11.2	10.8	-4.9
Balochistan	14.3	16.0	14.7	5.6	2.9	-11.4
<b>Provincial-Female</b>						
Punjab	28.8	19.2	11.2	6.8	7.4	-21.4
Sindh	18.2	18.2	25.8	11.0	9.3	-8.9
NWFP	39.0	33.5	30.5	31.4	23.3	-15.7
Balochistan	47.9	42.9	32.2	7.7	13.9	-34.0
<b>South Asia (15-24)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both Sexes	10.7	10.5	10.5	9.7		
Male	10.2	10.3	10.3	9.6		
Female	11.8	11.0	10.9	9.7		
<b>East Asia (15-24)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both Sexes	7.9	7.7	7.4	7.0		
Male	9.2	8.9	8.5	8.1		
Female	6.6	6.4	6.2	5.9		

Source: FBS, various years, *Pakistan Labour Force Survey* and ILO Global Employment Trends Model, October 2007 (see *Global Employment Trends*, ILO, Geneva, January 2008).

### Box 3

#### Why are youth unemployment rates higher than adult unemployment rates?

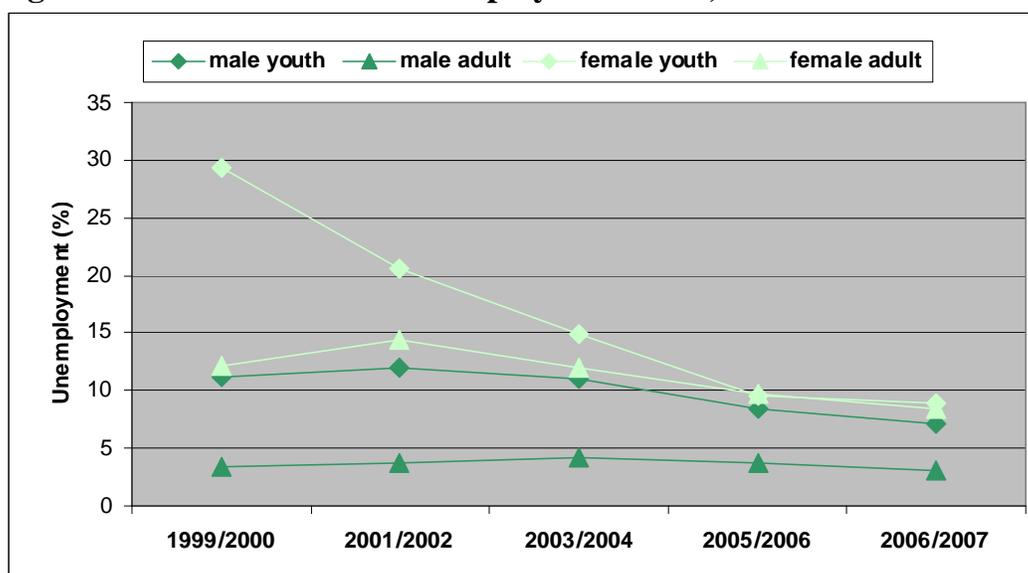
The data shown in the table confirm that youth unemployment rates are far higher than adult unemployment rates, leading to the important question: why are youth unemployment rates so much higher than adult rates? There are many likely explanations:

- *The last-in, first-out explanation.* Youth are more vulnerable than adults in difficult economic times. They are likely to have less work experience than adults. Assuming that employers seek employees with past experience (and as discussed in Section 5, this is the case), a youth who is entering the labour force for the first time will be at a disadvantage and have a harder time finding employment vis-à-vis an adult with a longer history of work experience. In times of surplus labour competing for a limited amount of jobs, the youth will be the “last in”. Similarly, because a young worker is likely to have less tenure than an adult worker, less company funds invested in them for training purposes and to have a temporary contract, it will be considered cheaper to let the younger worker go in times of economic downturns. Thus, young workers will be the “first out”.
- *The lack of job search expertise explanation.* A young person often lacks both labour market information and job search experience. In many developing countries, it is only through informal placement methods – typically through family and friends – that a young person finds work. Beyond the word of mouth approach through families and friends, they simply might not know how and where to look for work. Adults, on the other hand, might have the possibility of finding future work through references from previous employers or colleagues and are more likely to know the “right” people.
- *The “shopping around” explanation.* Another possibility is that youth might take longer to “shop around” for the right job, meaning they might wait longer to find work that suits their requirements. This, however, implies that a support structure, such as the family, exists to economically support them while they search for work. In low-income countries, this support structure does not exist for the majority of young people and as a result, a young person simply cannot afford to be unemployed and is likely to take whatever work becomes available, regardless of working conditions or whether or not the job fits their education or skills-base.
- *The lack of mobility explanation.* Young people just starting out in the labour force are unlikely to have the financial resources to re-locate, nationally or internationally, in pursuit of work. Because many will continue to depend on household incomes, their job search threshold will be limited to the nearby vicinity of the family home.
- *The measurement explanation.* As discussed in section 4 of this report, inactivity among young people is increasing. Conversely, the youth labour force, and thus the denominator of the youth unemployment rate calculation, is shrinking in many parts of the world as more young people are enrolled in education or staying in the education system for longer periods of time or dropping out of the labour force as discouraged workers. This means that if from year X to year Y, the youth labour force in year Y is less than that of year X (and assuming the absolute total of unemployed youth remained constant), the youth unemployment rate (as number of youth unemployed/youth labour force) will be higher in year Y than in year X. There has not been a similar shrinkage of the adult labour force, which means that the gap between the youth and the adult unemployment rates would grow.

The explanations given above – and there are likely to be even more – are a mixture of demand-side causes (“last in-first out” particularly) and supply-side causes (“shopping around”, etc.). None of the explanations is likely to explain in full the difference between youth and adult unemployment rates. What is most likely is that the different factors work together – and do not underestimate the influence of the shrinking youth labour force on the measurement – to result in the proportion of unemployed youth in the youth labour force being significantly higher than the proportion of unemployed adults in the adult labour force.

Source: Reproduction of Box 2.1 in: *Global Employment Trends for Youth*, Geneva, October 2006

**Figure 4. Youth and adult unemployment rates, 2000-2007**



Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 15. Different measures of youth unemployment (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Unemployment rate - both sexes</b>						
(a) 15-24	13.3	13.4	11.7	8.6	7.5	-5.8
(b) 25+	4.9	5.5	5.5	5.0	4.1	-0.8
<b>Unemployment rate - males</b>						
(a) 15-24	11.1	12.0	11.0	8.4	7.1	-4.0
(b) 25+	3.4	3.8	4.2	3.8	3.0	-0.4
<b>Unemployment rate - females</b>						
(a) 15-24	29.3	20.5	14.9	9.6	8.9	-20.4
(b) 25+	12.2	14.5	12.0	9.7	8.5	-3.7
<b>(1) Ratio youth unemployment rate to adult unemployment rate [(a)/(b)]</b>						
Both sexes	2.7	2.5	2.1	1.7	1.8	-0.9
Males	2.0	3.1	2.6	2.2	2.4	+0.4
Females	1.9	1.4	1.2	1.0	1.0	-0.9
<b>(2) Youth unemployment as a proportion of total unemployment</b>						
Both sexes	49.9	51.1	48.0	43.6	39.5	-10.4
Males	55.9	56.9	53.0	49.2	44.2	-11.7
Females	38.6	39.3	36.5	31.1	29.5	-9.1
<b>(3) Youth unemployment as a proportion of the youth population</b>						
Both sexes	5.4	8.4	5.1	4.0	3.3	-2.1
Males	7.7	5.8	7.7	6.1	4.9	-2.8
Females	3.0	3.0	2.4	1.8	1.6	-1.4

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 16. Distribution of the unemployed youth available for work (%)**

PAKISTAN (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Job seekers</b>						
Both sexes	79.5	77.8	79.5	77.4	77.5	-2.0
Male	90.2	85.9	87.2	86.0	87.5	-2.7
Female	44.9	49.2	50.7	51.1	48.8	+3.9
<b>Not seeking a job</b>						
Both sexes	20.5	22.2	20.5	22.6	22.5	+2.0
Male	9.8	14.1	12.8	14.0	12.5	+2.7
Female	55.1	50.8	49.3	48.9	51.2	-3.9

Source: FBS, various years, *Pakistan Labour Force Survey*.

### 3.4.1 Duration of job search

For a sensitive design of policy interventions, aiming to improve the availability of decent and productive employment opportunities for young people, it is also necessary to look at the duration of their job search. Long job-search periods might indicate gaps between the supply and demand of labour in the country. This mismatch could be the result of young unemployed people simply not having the skills or work experience required for certain jobs. However, it could also be the result of young people's expectations not being met by the jobs offered to them. The latter type of mismatch has a higher likelihood of being found among the more educated young people who often come from a more affluent background and can afford to be unemployed.

Table 17 illustrates the long job-search periods for young unemployed Pakistanis actively looking for work. In 2007 more than half (55.7 per cent) of them, sought work for seven months or more. The number of young people seeking for more than a year even increased from 37.5 to 40.1 per cent during 2000 and 2007. It is worrying that almost half of the women looking for a job have to search for more than a year. This is 34.8 percentage points more than in 1999/2000. Obviously, the majority of young people, and especially young women, have severe difficulties to face when entering the world of work.

**Table 17. Duration of job search of the unemployed youth (%)**

PAKISTAN (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Less than a month</b>						
Both sexes	15.2	12.1	10.1	10.5	10.2	-5.0
Male	16.4	13.3	9.8	10.8	10.7	-5.6
Female	6.0	1.5	11.9	8.7	7.2	+1.2
<b>1 to 2 months</b>						
Both sexes	11.7	25.5	20.2	17.0	16.8	+5.1
Male	11.5	27.1	20.9	16.9	17.4	+6.0
Female	13.5	11.4	14.7	17.5	13.8	+0.3
<b>3 to 6 months</b>						
Both sexes	19.6	22.9	22.5	20.3	17.3	-2.3
Male	18.4	22.2	23.4	19.6	18.2	-0.2
Female	29.2	29.0	16.0	23.4	12.7	-16.6
<b>7 to 12 months</b>						
Both sexes	16.1	14.4	16.8	16.8	15.6	-0.5
Male	13.5	13.9	15.6	16.4	15.4	+1.9
Female	36.3	19.2	25.7	18.5	16.5	-19.7
<b>More than a year</b>						
Both sexes	37.5	25.0	30.4	35.6	40.1	+2.7
Male	40.3	23.5	30.2	36.3	38.3	-2.1
Female	15.1	39.0	31.7	32.0	49.8	+34.8

Source: FBS, various years, *Pakistan Labour Force Survey*.

### 3.4.2 Previous status of employment of unemployed youth

To obtain further insight into youth unemployment, the previous employment status of young people currently unemployed can be analysed, in order to identify those status groups most vulnerable to unemployment. This will not, however, reveal the reasons for their unemployment: if they left the job voluntarily, were released by employers for economic reasons (lack of demand, etc.) or due to non-performance issues, but it does provide evidence regarding the security of jobs.

Table 18 clearly shows that the majority of the unemployed youth was working as wage and salaried workers before losing their jobs. Of course, these figures only reflect relative changes in the distribution, which are impacted heavily upon by the overall employment shares of these status groups. Still, for whatever reason young people become unemployed, and from whatever status group they come, there is a strong need to safeguard their health, pensions, and livelihoods and to provide adequate financial and social protections in the event of job loss.

**Table 18. Distribution of the (previously employed) unemployed youth by previous status of employment (%)**

Pakistan	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Wage and salaried workers</b>						
Both sexes	73.5	73.9	78.4	83.5	78.5	+5.0
Male	70.4	73.3	87.1	84.8	79.8	+9.5
Female	94.2	79.9	34.7	76.5	67.1	-27.1
<b>Employers</b>						
Both sexes	0.0	0.0	0.0	0.0	0.0	0.0
Male	0.0	0.0	0.0	0.0	0.0	0.0
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Own-account workers</b>						
Both sexes	14.8	11.3	5.7	7.9	11.8	-3.0
Male	16.2	11.1	4.2	6.7	11.4	-4.8
Female	5.8	12.8	13.6	14.0	15.0	+9.2
<b>Contributing family workers</b>						
Both sexes	11.7	14.8	15.8	8.6	9.7	-2.0
Male	13.5	15.6	8.8	8.4	8.8	-4.7
Female	0.0	7.2	51.8	9.4	17.9	+17.9
<b>All status groups</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Male	100.0	100.0	100.0	100.0	100.0	
Female	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*. First job seekers are not included in these statistics.

### 3.5 Youth inactivity

According to the international standards for classification of the economically active population, young people who are neither employed nor unemployed (the sum of which equals the labour force) comprise the residual group of those who are not in the labour force, or, equivalently (currently) economically inactive.<sup>12</sup> Pakistan's labour force survey refers to this standard definition, but due to the fact that people who are not actively seeking work are defined as unemployed (see Chapter 3.4) and, therefore, are part of the economically active population, the "relaxed" inactivity rate given in the labour force survey is slightly lower than that calculated by "strict" international standards.

There are a variety of reasons why young people do not participate in the labour force: they may be occupied in looking after other family members; they may be sick or disabled; they may be attending schools or universities; they may simply not want to work; or, their cultural-driven beliefs may keep them out of the labour force. Some of them may also be discouraged, believing that undertaking a job search would be futile. They do not seek work because they have, or at least think they have, insufficient education or skills, no

12 Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th International Conference of Labour Statisticians, Geneva, October 1982; [www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf](http://www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf).

13 ILO, *Global Employment Trends for Youth*, (Geneva, ILO, October 2006, p. 31)

suitable work is locally available or, simply do not know how to look for work.<sup>13</sup> The latter is often the result of a lack of government employment services or private sector initiatives for recruitment services. A discouraged youth – just as a young person who is unemployed for a long period of time – is vulnerable to facing a difficult process of reintegration into the labour force and is in danger of feeling useless and of becoming alienated from society. For every economy, the presence of discouraged workers represents another waste of human resources and productive potential.

As shown in Table 19, Pakistan's youth inactivity decreased by 3.7 percentage points during the last decade and was 55.8 per cent in 2006/2007. This means that over half of the young population is not active in the labour market. The situation improved over time, especially for young women. Their inactivity rate dropped from 89.8 in 1999/2000 to 81.6 per cent in 2006/07. However, with around 80 out of 100 young women inactive in the labour market, this proportion remains very high. In addition, the trend reversed between 2005/2006 and 2006/2007, when inactivity rates for young women increased again after years of decreases. This trend should be carefully observed in the future. Inactivity may, in part, be explained by higher participation of women in education (see below), which is a positive development as it may translate into better job opportunities for these women.

Inactivity rates for men are very low compared to women and have not changed over time. This is, to a certain extent, positive in that it shows men do not face the same difficulties as women in participating in the labour market. But, at the same time, it reflects the lack of better alternatives in Pakistan. Low inactivity rates connote that many young men do not have the option of staying at school or university due to a lack of educational infrastructure or high education costs (relative to the family income). In addition, opportunity costs of education are very high, meaning that it does not always pay to stay at school. Finally, young men in Pakistan are very likely to take any job they can get in order to maintain at least a subsistence level of support for their families. Especially for young men, labour force participation is necessary to survive and too often not a matter of choice.

Rural inactivity is lower than urban inactivity, both for young men and women. It is interesting to note that the biggest decrease in inactivity was observed among young women in rural areas. There the inactivity rate decreased by 12.9 percentage points between 1999/2000 and 2006/2007. At the same time, inactivity for young women in urban areas stagnated at the incredibly high rate of 90 per cent. One explanation for this phenomenon could be that, especially in the poorer rural areas, women need to work to contribute to family income. They mainly work as contributing family workers in the agricultural sector, as mentioned in Chapter 3.3.2. In urban areas more people are enrolled in the educational system, especially women, and are, therefore, not part of the labour force.

There are considerable differences in levels, as well as trends, of inactivity between the provinces. Male rates range from 29 per cent in Sindh up to 38.2 per cent in NWFP. Female rates range from 75.0 per cent in Punjab up to 91.5 per cent in Sindh. The biggest change over time was observed for young women in Punjab. Since the beginning of the century their inactivity rate decreased by 13.6 percentage points. However, young men in Sindh also saw an impressive decrease of their inactivity rate by 12.8 percentage points during the same period.

Examining, in detail, the reasons for inactivity (Table 20), leads to interesting results. The vast majority of young men (89.7 per cent) are inactive because they are students. Changes over time were marginal for most groups. The only exception was the increase in the share of inactive women, who were inactive because they were students, paralleled by a decrease in the share of women, who were inactive as a result of their housekeeping duties. In 1999/2000, out of 100 young women 19.7 were inactive because they were students and almost 80 were inactive because they were engaged in housekeeping activities. In 2006/2007 this ratio was 25 students and 73.9 housekeepers.

**Table 19. Youth inactivity (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>National</b>						
Both sexes	59.5	56.6	56.4	54.1	55.8	-3.7
Male	30.7	29.8	29.5	27.8	30.8	+0.2
Female	89.8	85.2	83.9	81.4	81.6	-8.2
<b>Urban</b>						
Both sexes	63.4	60.8	62.4	60.8	62.4	-1.1
Male	39.7	36.7	37.5	35.7	37.2	-2.5
Female	90.0	88.9	89.7	88.2	90.0	-0.1
<b>Rural</b>						
Both sexes	57.2	54.1	52.7	50.1	51.8	-5.5
Male	25.3	25.5	24.4	22.9	26.8	+1.5
Female	89.7	83.2	80.6	77.4	76.7	-12.9
<b>Provincial-both sexes</b>						
Punjab	56.1	53.0	52.9	50.9	52.6	-3.6
Sindh	66.2	61.0	60.3	57.2	57.7	-8.5
NWFP	64.0	63.9	62.7	61.4	65.4	+1.5
Balochistan	63.0	58.3	60.4	52.6	55.1	-7.8
<b>Provincial-male</b>						
Punjab	25.6	27.0	27.2	26.9	29.8	+4.2
Sindh	41.8	33.4	31.9	28.0	29.0	-12.8
NWFP	36.5	35.6	33.4	32.1	38.2	+1.7
Balochistan	33.9	29.7	34.1	25.7	32.0	-1.9
<b>Provincial-female</b>						
Punjab	88.6	79.9	78.4	75.0	75.0	-13.6
Sindh	93.2	93.5	92.2	91.9	91.5	-1.7
NWFP	89.5	93.0	90.8	87.9	91.1	+1.6
Balochistan	92.8	92.7	90.4	88.9	86.1	-6.7

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 20. Distribution of the inactive youth population by reason of Inactivity (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Student and not willing to work</b>						
Both sexes	38.5	38.3	40.0	40.2	43.2	+4.6
Male	90.9	90.8	89.1	88.4	89.7	-1.2
Female	19.7	18.7	22.3	23.2	25.0	+5.2
<b>Housekeeping and not willing to work</b>						
Both sexes	59.0	59.2	56.7	57.0	53.9	-5.1
Male	2.2	2.7	2.2	3.9	2.9	+0.7
Female	79.4	80.3	76.3	75.8	73.9	-5.5
<b>Retired and not willing to work</b>						
Both sexes	0.0	0.0	0.0	0.0	0.0	0.0
Male	0.0	0.0	0.0	0.0	0.0	0.0
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Agricultural landlord/property owner and not willing to work</b>						
Both sexes	0.3	0.2	0.1	0.2	0.2	-0.1
Male	0.5	0.8	0.5	0.5	0.7	+0.2
Female	0.2	0.0	0.0	0.0	0.0	-0.2
<b>Too young to work</b>						
Both sexes	0.1	0.2	0.1	0.3	0.3	+0.2
Male	0.4	0.6	0.3	0.8	0.6	+0.2
Female	0.0	0.1	0.1	0.1	0.1	+0.1
<b>Too old to work</b>						
Both sexes	0.0	0.1	0.0	0.0	0.0	0.0
Male	0.2	0.1	0.1	0.0	0.0	-0.1
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Unable to work/handicapped</b>						
Both sexes	1.3	1.3	1.4	1.1	1.1	-0.2
Male	3.5	3.2	3.5	2.7	2.5	-1.0
Female	0.5	0.5	0.6	0.5	0.5	0.0
<b>Other</b>						
Both sexes	0.8	0.7	1.6	1.2	1.4	+0.6
Male	2.5	1.8	4.3	3.7	3.6	+1.1
Female	0.2	0.3	0.6	0.4	0.5	+0.3
<b>All</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Male	100.0	100.0	100.0	100.0	100.0	
Female	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

### **3.6 State of youth skills in Pakistan**

Education plays a key role in the development of young people's human capital and their subsequent ability to participate successfully in the labour market. To know more about the linkages between youth skills and labour market development the supply of, as well as the demand for skills, needs to be investigated. This important information could then contribute to sensitive skills development policies and, hence, facilitate the successful labour market integration of young people.

The skills supply-side analyses in this report are based on the Pakistan labour force survey, a good source to generate basic labour market information for youth skills development.

#### **Box 4**

##### **What is human capital? Definition and methods**

Skills, knowledge and abilities embodied in a person are their human capital. The use of the human capital concept in the economics literature has largely been confined to the role of human capital in determining wages in the labour market and, more generally, to its contribution to productivity and economic growth.

The modeling of human capital in a more rigorous framework was pioneered by the studies of Mincer (1958), Schultz (1961) and Becker (1964), which formalized the analysis of demand for education by individuals and their subsequent supply of skills in the labour market. The key premise in this literature is that education is an investment, which leads to higher wages, reflecting the increased levels of productivity resulting from human capital accumulation. These private returns to education are incentives for families to invest in their children's education, while the social benefits of education (impact on economic output) provide a rationale for public investment in the formal education sector. Social returns to education can be higher than the private returns when externalities arise due to technological progress or other social benefits that are generated, such as lower crime and better health (Krueger and Lindahl 2001).

Education is, however, not just about improving wages since it also goes to the heart of development. As stated by Nobel Laureate Amartya Sen in his capabilities approach, the importance of human capital is far greater than the neo-classical conceptualization, which restricts the value to its instrumental role in increasing productivity, earnings and output. Sen's concept of "human capabilities" is broader and recognizes that the acquirement of skills and knowledge has other direct benefits for the well-being and freedom of individuals (Sen 2000). In particular, being educated is necessary for people to live the lives they value. Education also provides an individual with the capacity to participate in a knowledge-based society, where it is, for instance, now necessary to be literate to find decent employment.

#### **3.6.1 Illiteracy**

Basic literacy skills are needed in a modern world to build and sustain livelihoods, to participate in society, and are a stimulus for further learning. Whereas, literacy used to be viewed only as an individual skill, it is nowadays seen in the context of broader educational and socio-economic interventions. Illiteracy of young men and women in Pakistan hinders their successful search for decent work and thereby the development of their own capabilities, but also of the capabilities of the society as a whole.

Table 21 shows that still a third of the youth population, a total of 10.4 million, is illiterate.<sup>14</sup> This is even more than in 1999/2000. The most distressing aspect that emerges is the state of education among young women. Their illiteracy rate is almost twice as high as that of young men. When compared to 1999/2000, female youth illiteracy rates improved by 8.3 percentage points until 2006/07, placing young women in a much better position than adult women. Illiteracy rates are much higher for young people in rural areas (41.1 per cent of the rural youth population) than in urban areas (18.2 per cent of the urban youth population). There are 8.2 million young illiterate people living in rural areas compared to 2.2 million in urban areas.

**Table 21. Youth illiteracy (millions, %)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007
<b>Illiterate Population (million)</b>	9.4	10.4	10.6	10.9	10.4	+1.0
Urban	1.8	2.2	2.3	2.3	2.2	+0.4
Rural	7.7	8.2	8.3	8.6	8.2	+0.5
<b>Illiterate Population (million)</b>	9.4	10.4	10.6	10.9	10.4	+1.0
Male	3.3	3.7	3.8	4.0	3.7	+0.4
Female	6.1	6.7	6.8	6.9	6.7	+0.6
<b>Illiteracy rate (%)</b>	38.2	36.9	35.5	34.8	32.5	-5.7
Urban	19.8	21.5	20.0	19.5	18.2	-1.6
Rural	48.4	46.0	45.0	43.9	41.1	-7.3
<b>Illiteracy rate (%)</b>	38.2	36.9	35.5	34.8	32.5	-5.7
Male	26.2	25.1	25.2	25.1	22.8	-3.4
Female	50.8	49.5	46.1	44.8	42.5	-8.3

Source: FBS, various years, *Pakistan Labour Force Survey*.

### 3.6.2 Educational attainment of youth

The educational attainment of young people indicates the capacity of the country to achieve important social and economic goals, gives insights to the broad skills structure of the youth labour force and indicates inequalities in the distribution of education. However, educational attainment levels alone do not measure skills. It is the quality of skills attained in an education and training system that is important and will impact on economic growth. Unfortunately, the labour force survey does not provide qualitative data on education. Analyses of levels of educational attainment therefore remain the best available indicators for the supply of skills to date.

In Pakistan, the average educational attainment of the youth labour force is very low. In 2006/07 more than half of the youth labour force (62.2 per cent) had either less than one year or just primary education, and just 2.7 per cent had attained a university degree.

.14 Illiteracy here is measured based on the national concept whereby the youth illiteracy rate gives the number of those aged 15 to 24 years who could not read and write in any language with understanding. This concept excludes all those with no formal education from the illiterate. The international concept of illiteracy also defines those with no formal education as illiterate. Those numbers are represented in the group "less than one year of education" (See Tables 22-25).

However, since 2000 slight improvements in educational attainment could be observed at almost all levels, and mainly in primary education (Table 22).

Furthermore, there are serious discrepancies between the educational attainment of young men and women. In 2006/2007, 1.6 million of the total female youth labour force of 2.9 million had less than one year of education, which is more than half. For men it was 3.3 million: less than one third of the total male youth labour force in the same year. There was only one education level “with degree” where women showed a higher share than men. However, given that only 2.7 per cent of the youth labour force have a degree, this does not really mean much. The conclusion that can be drawn is that young men leave the educational system earlier to enter the labour market (Table 22).

Knowing the educational structure of the unemployed youth gives further insight into the skills mismatch. The high unemployment rates for highly educated young women and men indicate the lack of sufficient professional and high level technical jobs in the country. At the same time, it has to be taken into account that young people with high educational levels often come from a wealthier background which means that they can afford to wait for the “right” job.

Once again, it becomes clear that young unemployed women are much more disadvantaged in the labour market than young men, even though the gaps have narrowed over time. Although they have the same educational background as their male counterparts, young women face unemployment rates which are far higher in the majority of educational attainment levels. The difference is the highest within the education group “matric but below intermediate” where 9.9 percent of the unemployed young men are found in comparison with 23.5 per cent of young women (Table 23).

In addition, as could be expected given the high overall inactivity rates for young women, their inactivity rates are much higher regardless of their education (Table 24). For example, more than 90 women with an educational attainment level of “middle but below matric” are active in labour markets, in comparison to around 50 men. Inactivity rates for women are almost equally high for “matric but below intermediate” and “intermediate but below degree”. There are several explanations for this. One explanation, as already reflected in the analysis regarding the youth employment by status and sector, points to labour market segregation by gender. This hypothesis is confirmed by other research (e.g. Nasir, 2005). Whatever other reasons might explain the differences, it again becomes clear that several barriers may be preventing young women from obtaining employment in jobs for which they are qualified (PET 2, 2007).

**Table 22. Educational attainment of the youth labour force (%)**

Labour Force (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Less than one year of education</b>						
Both sexes	36.8	36.1	36.6	35.6	35.0	-1.8
Males	33.7	32.8	31.9	30.9	29.6	-4.0
Females	59.1	52.8	57.5	54.3	55.9	-3.3
<b>Pre primary education</b>						
Both sexes	5.0	6.0	6.7	6.4	5.6	+0.6
Males	5.5	6.5	7.4	7.0	6.1	+0.6
Females	1.4	3.8	3.3	3.8	3.7	+2.3
<b>Primary but below middle</b>						
Both sexes	20.7	20.3	19.4	21.0	21.6	+0.9
Males	22.1	21.5	21.0	22.4	23.4	+1.3
Females	11.1	13.8	12.5	15.3	14.7	+3.6
<b>Middle but below matric</b>						
Both sexes	16.5	15.9	15.3	15.6	15.6	-0.9
Males	17.6	17.6	17.3	17.8	17.9	+0.2
Females	8.3	7.4	6.8	6.7	6.9	-1.5
<b>Matric but below intermediate</b>						
Both sexes	14.4	14.6	14.9	14.5	14.6	+0.2
Males	15.1	15.3	15.8	15.6	15.9	+0.9
Females	10.0	11.0	10.9	10.2	9.4	-0.6
<b>Intermediate but below degree</b>						
Both sexes	4.6	4.7	4.5	4.3	4.8	+0.2
Males	4.5	4.3	4.5	4.1	5.0	+0.5
Females	5.7	7.0	4.4	4.7	4.3	-1.4
<b>Degree</b>						
Both sexes	1.9	2.3	2.6	2.7	2.7	+0.8
Males	1.6	1.9	2.2	2.1	2.1	+0.5
Females	4.4	4.3	4.6	5.0	5.2	+0.9
<b>All education levels</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 23. Youth unemployment rate by educational attainment and sex (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Less than one year of education</b>						
Both sexes	9.8	9.5	6.6	5.4	4.3	-5.5
Males	6.9	7.4	5.8	5.0	4.2	-2.7
Females	21.5	15.9	8.7	6.2	4.4	-17.1
<b>Pre primary education</b>						
Both sexes	8.8	12.3	10.8	8.5	6.2	-2.6
Males	8.1	12.0	11.0	8.2	6.4	-1.7
Females	29.8	14.9	9.7	10.7	4.8	-24.9
<b>Primary but below middle</b>						
Both sexes	12.8	11.9	9.8	9.0	6.5	-6.3
Males	10.6	11.0	8.8	8.6	5.8	-4.8
Females	44.3	19.0	17.1	10.8	10.5	-33.9
<b>Middle but below matric</b>						
Both sexes	16.7	15.5	14.8	7.9	8.7	-8.1
Males	15.0	14.8	14.3	7.8	8.4	-6.7
Females	42.6	23.9	20.6	10.0	11.5	-31.1
<b>Matric but below intermediate</b>						
Both sexes	17.9	18.3	18.1	13.3	11.7	-6.2
Males	15.3	16.1	16.5	12.7	9.9	-5.4
Females	45.1	34.2	28.1	16.7	23.5	-21.6
<b>Intermediate but below degree</b>						
Both sexes	16.7	23.5	21.2	16.0	15.1	-1.6
Males	13.9	20.7	19.3	14.4	14.1	+0.2
Females	33.1	32.3	29.9	21.6	19.9	-13.2
<b>Degree</b>						
Both sexes	27.4	25.6	27.6	17.2	16.5	-10.9
Males	26.3	25.2	23.4	17.8	16.5	-9.7
Females	30.2	26.6	36.8	16.1	16.4	-13.8
<b>All education levels</b>						
Both sexes	13.3	13.4	11.7	8.6	7.5	-5.9
Males	11.1	12.0	11.0	8.4	7.1	-4.0
Females	29.3	20.5	14.9	9.6	8.9	-20.4

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 24. Youth inactivity rate by educational attainment level (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage point)
<b>Less than one year</b>						
Both sexes	59.7	56.9	54.1	51.5	51.2	-8.5
Male	5.3	5.6	7.0	5.8	6.0	+0.7
Female	87.9	84.1	79.7	77.0	75.5	-12.5
<b>Pre primary</b>						
Both sexes	38.4	31.3	35.2	29.3	30.6	-7.9
Male	3.5	3.0	3.0	3.6	4.0	+0.5
Female	94.7	80.6	84.9	76.1	75.0	-19.7
<b>Primary but below middle</b>						
Both sexes	48.2	46.2	48.6	45.1	46.7	-1.5
Male	18.2	18.6	20.5	19.0	20.8	+2.6
Female	91.7	85.4	85.9	81.1	82.4	-9.3
<b>Middle but below matric</b>						
Both sexes	64.8	63.3	63.3	61.8	64.7	0.0
Male	49.4	48.7	46.4	45.3	49.4	-0.1
Female	93.7	91.7	92.0	91.0	91.3	-2.4
<b>Matric but below Intermediate</b>						
Both sexes	63.9	61.2	61.1	59.3	61.9	-2.0
Male	46.0	44.1	42.9	38.2	41.5	-4.6
Female	92.1	87.8	87.3	86.9	88.5	-3.6
<b>Intermediate but below degree</b>						
Both sexes	70.0	65.9	70.4	70.2	70.3	+0.2
Male	56.3	55.9	54.9	56.1	55.1	-1.2
Female	89.2	79.9	88.5	86.0	88.2	-1.0
<b>Degree</b>						
Both sexes	60.5	54.4	59.3	58.2	59.6	-0.9
Male	46.5	37.0	42.2	39.6	41.2	-5.3
Female	76.4	72.1	75.2	72.7	72.8	-3.6

Source: FBS, various years, *Pakistan Labour Force Survey*.

## **i. Youth enrolment**

Another key indicator used to measure the degree of participation in education programmes, and to monitor skills development, are gross enrolment rates. In this report they are defined as the total enrolment of youth expressed as a percentage of the youth population for a given enrolment level. Gross enrolment rates show general levels of participation in education. When analysing Table 25, it can be seen that enrolment rates in the pre-primary level remain at zero as young women and men aged 15 to 24 years, because of their age, are not enrolled in kindergartens or nurseries.

When looking at all levels it can be seen that Pakistan's enrolment rates per educational attainment level have only slightly improved over the last couple of years. In the level "middle but below intermediate" the enrolment rate has even gone down during the last year. At the "degree" level the enrolment rate is very low at 1.0 per cent. Both the slow increase in enrolment rates, as well as the very low share in the highest educational level, is a cause for concern for the state of skills in the labour force in the coming years.

Also, gender gaps in youth enrolment remain relatively high, especially in primary and secondary education. Key factors in this are cultural values and norms which make it difficult to access education, as well as the availability and quality of schools, specifically for girls.<sup>15</sup> The distance to a school may not be the most critical factor for boys, but for girls, and especially those in rural areas, the fact that there are so few girls' schools nearby is often the reason for their non-literate status.<sup>16</sup>

Overall, 25.6 per cent of young people in the age group 15 to 24 years are enrolled. Out of 100 young men 30 are enrolled in comparison with only 21 out of 100 young women. From the 30 men, one is enrolled at the level "degree" 4.5 at the level "intermediate but below degree", 7.9 at the level "matric but below intermediate", 12.5 at "middle but below matric" and 4.0 at "primary but below middle". For women the 21 are distributed as follows: 0.9 at "degree", 3.6 at "intermediate but below degree", 5.8 at "matric but below intermediate", 7.9 at "middle but below matric" and 2.6 at "primary but below middle". The fact that at the lower levels of education the female shares are already lower than those of men indicates that a lower share of women actually continue to higher educational levels.

Pakistan faces a double challenge: increase enrolment and close the gender gap. To increase enrolment levels and provide better and more inclusive education, school and university systems must, among others, invest in training more teachers and improving facilities. Nevertheless, without increasing the engagement of families and communities to eliminate the gender bias, the limited chances for girls will persist.

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15 See Government of Pakistan, Ministry of Education, 2002, <http://www.moe.gov.pk/factsnfigures.htm> and Pakistan National Education Census 2005, <http://www.statpak.gov.pk/depts/fbs/publications/nec2005/nec2005>.

16 World Bank, 2002, Poverty Assessment: Poverty in Pakistan: Vulnerabilities, Social Gaps and Rural Dynamics.

**Table 25. Enrolment of the youth population, by educational attainment group and sex (%)**

Pakistan (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>Less than one year of education</b>						
Both sexes	0.0	0.0	0.0	0.0	0.1	+0.1
Male	0.0	0.0	0.0	0.0	0.1	+0.1
Female	0.0	0.0	0.0	0.0	0.1	+0.1
<b>Pre primary</b>						
Both sexes	0.0	0.0	0.0	0.0	0.0	+0.0
Male	0.0	0.0	0.0	0.0	0.0	+0.0
Female	0.0	0.0	0.0	0.0	0.0	+0.0
<b>Primary but below Middle</b>						
Both sexes	2.7	2.5	3.0	3.1	3.3	+0.7
Male	3.1	3.1	3.7	3.7	4.0	+0.9
Female	2.2	1.9	2.4	2.4	2.6	+0.4
<b>Middle but below matric</b>						
Both sexes	9.7	9.3	9.0	9.4	10.2	+0.5
Male	12.3	12.0	11.1	11.6	12.5	+0.2
Female	7.0	6.5	6.9	7.2	7.9	+0.9
<b>Matric but below intermediate</b>						
Both sexes	7.2	6.8	7.1	6.5	6.8	-0.3
Male	8.9	8.5	8.4	7.4	7.9	-1.1
Female	5.3	5.0	5.7	5.7	5.8	+0.5
<b>Intermediate but below degree</b>						
Both sexes	3.5	3.0	3.5	3.7	4.0	+0.5
Male	4.0	3.8	3.9	4.2	4.5	+0.5
Female	3.0	2.2	3.1	3.2	3.6	+0.6
<b>Degree</b>						
Both sexes	0.8	0.7	1.0	1.1	1.0	+0.2
Male	1.0	0.8	1.2	1.1	1.0	+0.0
Female	0.5	0.6	0.9	1.1	0.9	+0.4
<b>Total</b>						
Both Sexes	23.8	22.4	23.7	23.8	25.6	+1.8
Male	29.4	28.2	28.4	27.9	30.0	+0.7
Female	18.0	16.2	19.0	19.5	20.9	+2.9

Source: FBS, various years, *Pakistan Labour Force Survey*.

## **ii. Formal vocational training of the youth labour force**

Improving basic education for young people is a key component of skills development in Pakistan, but another important factor is the improvement of skills in the existing youth labour force. Changes in technology, the emergence of global markets for products and services, international competition, the emphasis on attracting foreign direct investment, new forms of business organization and production, and new environmental changes have created a demand for new diversified, sector relevant skills and knowledge in the existing labour market. Continuously upgrading the skills of the existing youth labour force through vocational and on-the-job training is vital in order to meet this demand. Unfortunately, the labour force survey provides only limited information regarding the skills demand in Pakistan. However, it is sufficient to reflect existing labour market imbalances, especially those effecting young people.

In 2004, technical and vocational education and training (TVET) for sustainable development was one of the cornerstones of discussion during the UNESCO international experts meeting on "Learning for Work, Citizenship and Sustainability", hosted in Bonn, Germany. It was contended that since education is considered the key to effective development strategies, TVET must be the master card to alleviate poverty, promote peace, conserve the environment, improve the quality of life for all and help achieve sustainable development. With this, TVET has to reorient its agenda for action so as to continually provide scientific and technical skills in relevant and responsive programmes, and consequentially develop a new generation of human resources.

As a result of this internationally accepted change in opinion on the role of TVET, Pakistan undertook a wide array of actions to improve formal vocational training in the country. This was a particular challenge given the low education and skills level of the existing labour force. Monitoring the success of the measures taken is absolutely essential. Latest analyses based on LMIA showed a decreasing number of young women and men in the labour force with formal vocational training. This indicates an urgent demand for further improvement in the quantity, as well as the quality, of formal vocational training.

Table 26 shows that the youth labour force declined or remained unchanged in 33 out of a total of 43 provided training types. The highest decrease of 25,000 was recorded in garment making followed by a 21,000 decline in young people with formal vocational training in masonry. More recently, a huge decline in computer courses can be seen: last year the number of young people participating dropped from 69,200 to 7,400 although it had improved by 7,400 over the last decade. Other significant increases can be seen in carpentry and driving courses.

The total number of the youth labour force with formal vocational training by major occupational group (Table 27) demonstrates a similar trend. The most significant reduction in formal/educational training courses of 84,200 was found among young women and men within crafts.

**Table 26. Distribution of the youth labour force with formal/vocational training by type of training (thousands)**

Type of Training (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (thousands)
Draftsman	1.8	2.5	6.2	4.8	0.5	-1.3
Civil Engineering Technology	3.9	13.8	2.4	4.9	1.2	-2.7
Electrical Engineering Technology	4.4	4.8	11.1	5.4	6.7	+2.3
Mechanical Engineering Technology	1.9	4.8	6.5	5.4	2.2	+0.3
Laboratory Technician	1.4	1.9	3.8	0.0	4.9	+3.5
Metallurgy Mining Technology	2.6	0.0	0.0	0.0	0.0	-2.6
Auto & Farm Machinery	10.5	0.6	5.3	0.5	5.3	-5.3
Foundry Technology	0.0	0.0	0.0	0.0	0.3	+0.3
X-Ray Technician	0.0	0.0	0.7	0.0	0.0	0.0
Diploma in Design	0.0	0.0	0.0	2.7	1.0	+1.0
Diploma in Arts	3.2	0.0	0.0	0.0	0.0	-3.2
Architect Technology	1.6	0.0	0.0	0.0	0.1	-1.4
Textile Technology	4.4	0.0	0.0	2.2	2.4	-2.0
Garment Making	31.3	22.1	57.3	10.3	5.6	<b>-25.8</b>
Leather Work	1.2	0.0	1.2	0.0	0.0	-1.2
Wood Work	1.1	2.0	1.0	0.6	0.0	-1.1
Refrigeration and Air Conditioning.	0.0	5.8	9.3	5.6	2.3	+2.3
Diploma in Radio & T.V.	6.1	5.3	5.3	2.2	0.0	-6.1
Electricians	19.0	12.6	37.0	17.1	10.5	-8.5
Dispenser Course	5.5	1.0	8.5	3.0	4.2	-1.3
Polishing and Soldering	1.5	0.0	0.0	0.0	0.0	-1.5
Interior Decoration	0.0	0.0	0.0	0.0	0.0	0.0
Typing & Shorthand Course	6.0	3.8	3.0	1.7	0.0	-6.0
Cooking course	0.0	1.2	0.0	0.0	0.8	+0.8
Turner Course	10.6	0.0	0.2	0.0	0.6	-9.9
General Nursing Course	0.9	1.0	4.6	5.3	5.3	+4.4
Welding Course	3.7	8.1	11.9	4.4	2.5	-1.2
Midwifery Course	3.5	5.4	0.0	0.5	0.6	-2.9
L.H.V. Course	2.5	0.0	0.0	0.3	1.5	-1.0
Embroidery and Knitting Course	27.3	14.9	64.3	18.2	22.0	-5.3
Silma Tilla	1.1	0.0	0.0	1.8	0.5	-0.6
Flower Making Course	2.1	0.0	0.0	0.0	0.9	-1.3
Plumbing and Pipe Fitting	7.3	3.2	2.3	0.0	0.6	-6.7
Weaving Course	2.4	6.2	9.0	1.0	0.3	-2.1
Pattern Making Course	0.0	1.4	0.0	0.0	0.0	0.0
Live Stock and Poultry Farming Course	0.0	0.0	0.0	0.0	0.0	0.0
Course	3.5	16.8	16.6	0.0	2.2	-1.3
Carpentry	21.3	18.4	17.9	1.6	3.8	-17.4
Auto Mech. Course	19.8	15.8	46.2	3.6	12.3	-7.5
Driving Course	12.5	1.3	3.2	11.8	0.4	-12.1
Mason	73.6	38.6	83.6	0.0	52.4	<b>-21.2</b>
Computer Course	0.0	27.6	49.7	<b>69.2</b>	<b>7.4</b>	+7.4
Others	0.0	0.0	0.0	25.0	0.0	0.0
<b>Total</b>	<b>299.5</b>	<b>240.9</b>	<b>468.0</b>	<b>209.3</b>	<b>161.4</b>	<b>-138.1</b>

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 27. Distribution of the youth labour force with formal/vocational training<sup>17</sup> by major occupational groups (thousands)**

Occupations (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (thousands)
Legislators	23.0	16.4	41.2	18.0	14.0	-9.1
Professionals	6.4	6.4	5.0	6.7	2.4	-4.1
Technicians	21.7	40.4	35.3	45.6	32.1	+10.5
Clerk	7.7	2.2	17.3	10.0	4.9	-2.8
Service	12.2	4.4	11.9	9.2	6.6	-5.6
Agriculture	24.7	16.5	35.9	12.3	14.0	-10.7
Craft	129.4	75.3	202.1	47.3	45.2	-84.2
Plant	17.5	17.5	27.0	17.3	13.3	-4.3
Elementary Occupations	7.8	11.8	8.6	4.6	2.0	-5.8
Unclassified	49.1	50.2	83.5	38.3	27.2	-22.0
<b>Total</b>	<b>299.5</b>	<b>240.9</b>	<b>468.0</b>	<b>209.3</b>	<b>161.4</b>	<b>-138.1</b>

Source: FBS, various years, *Pakistan Labour Force Survey*.

The large increase, of 10,500, of the youth labour force in training courses for the technicians occupational group during the last decade, is positive. This clearly shows that young highly skilled workers are more likely to improve their skills through training, thus proving even more the importance of skills improvement in Pakistan.

### **3.7 Occupations of young people**

That young men and women face difficulties in finding wage and salaried employment, despite their higher skills levels in comparison with adult workers, has already been mentioned. These difficulties are also reflected in Table 28, which shows that the number of young professionals working as wage and salaried workers decreased by 16 per cent between 1999/2000 and 2006/2007. However, the largest increase of 1.5 million occurred among young skilled agriculture and fishery workers. This is mainly because of a 1.1 million increase of female wage and salaried workers for this occupational group. For young men the highest increase of 817,000 wage and salaried workers can be found in elementary occupations.

<sup>17</sup> Formal vocational training in this report is defined as any form of training where technical or trade knowledge can be acquired or developed. This training is given at a technical training centre or at the place of work to provide skills in all branches of economic activity

**Table 28. Wage and salaried employment by major occupational groups (thousands)**

Occupations	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (thousands)
<b>(1) Legislators, senior officials and managers</b>						
Both sexes	834.2	988.6	1,110.7	1,311.1	1,257.2	+423.0
Male	813.4	970.9	1,093.8	1,279.3	1,222.8	+409.4
Female	20.8	17.8	16.9	31.8	34.4	+13.5
<b>(2) Professionals</b>						
Both sexes	100.3	83.0	93.7	103.7	84.4	-15.9
Male	81.2	55.8	65.1	82.3	70.9	-10.3
Female	19.1	27.2	28.6	21.3	13.5	-5.6
<b>(3) Technicians and associate professionals</b>						
Both sexes	263.7	382.7	371.0	500.7	479.0	+215.4
Male	163.8	184.8	190.3	234.6	238.9	+75.0
Female	99.8	197.9	180.7	266.2	240.2	+140.4
<b>(4) Clerks</b>						
Both sexes	72.2	94.0	111.4	106.2	107.5	+35.3
Male	68.2	88.0	106.1	96.4	99.7	+31.6
Female	4.0	6.0	5.3	9.9	7.8	+3.7
<b>(5) Service workers and shop and market workers</b>						
Both sexes	537.8	792.0	801.2	858.5	943.3	+405.5
Male	537.2	771.7	785.1	826.5	918.6	+381.4
Female	0.6	20.4	16.1	32.0	24.6	+24.1
<b>(6) Skilled agriculture and fishery workers</b>						
Both sexes	3,273.2	3,370.0	4,013.8	4,813.1	4,809.1	+1,536.0
Male	2,886.4	2,794.0	3,111.8	3,485.9	3,339.3	+452.9
Female	386.8	576.0	902.0	1,327.2	1,469.9	+1,083.1
<b>(7) Craft and related trade workers</b>						
Both sexes	1,890.3	2,499.9	2,487.6	2,811.9	2,662.0	+771.7
Male	1,742.7	2,098.0	2,021.1	2,208.5	2,155.3	+412.5
Female	147.5	401.9	466.5	603.5	506.8	+359.2
<b>(8) Plant and machine operators and assemblers</b>						
Both sexes	264.7	313.3	358.8	464.0	467.5	+202.8
Male	256.1	305.4	354.0	456.0	461.4	+205.3
Female	8.6	7.9	4.8	8.0	6.1	-2.5
<b>(9) Elementary occupations</b>						
Both sexes	1,451.6	2,053.9	2,123.5	2,226.8	2,268.2	+816.7
Male	1,268.8	1,710.4	1,728.2	1,931.5	1,933.1	+664.2
Female	182.7	343.5	395.4	295.3	335.2	+152.4
<b>All major occupational groups</b>						
Both sexes	8,687.9	10,577.5	11,471.7	13,198.0	13,081.6	+4,393.7
Male	7,817.9	8,978.9	9,455.5	10,602.9	10,442.5	+2,624.6
Female	870.0	1,598.6	2,016.2	2,595.1	2,639.1	+1,769.1

Source: FBS, various years, *Pakistan Labour Force Survey*.

By dividing major occupational groups for wage and salaried workers into three rough aggregates, “highly skilled” (major groups 1-3), “skilled” (major groups 4-8) and “unskilled” (major group 9) occupations, it can be seen that there is an alarming trend among young wage and salaried workers (Table 29). Their distribution, according to occupational group, has shown very little change over time. There have only been slight shifts from skilled occupational groups toward unskilled occupational groups, which increased by 0.6 percentage points during the last decade. This contrasts with the general trend in Pakistan where highly skilled occupations increased in accordance with shifts in employment from agriculture to industry and service sectors, which was highlighted in the first and second issues of *Pakistan Employment Trends*.

There can be a number of reasons for this trend. Young people leave the educational system far too early to earn an income sufficient to support their families (see Section 3.6). Since they leave school early, they do not have the skills to work in highly skilled occupations and are not pursuing further education during their time off work. Also, the labour market and/or employers and families do not seem to be ready for a growing number of young skilled women entering the workforce.

**Table 29. Youth wage and salaried employment by aggregated major occupational groups (%)**

Employed (15-24)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>Highly skilled (major groups 1-3)</b>						
Both sexes	13.8	13.7	13.7	14.5	13.9	+0.1
Male	13.5	13.5	14.3	15.1	14.7	+1.1
Female	16.1	15.2	11.2	12.3	10.9	-5.2
<b>Skilled (major groups 4-8)</b>						
Both sexes	69.5	66.8	67.8	68.6	68.7	-0.8
Male	70.2	67.5	67.5	66.7	66.8	-3.4
Female	62.9	63.3	69.2	76.3	76.4	+13.4
<b>Unskilled (major group 9)</b>						
Both sexes	16.7	19.4	18.5	16.9	17.3	+0.6
Male	16.2	19.0	18.3	18.2	18.5	+2.3
Female	21.0	21.5	19.6	11.4	12.7	-8.3
<b>All</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Male	100.0	100.0	100.0	100.0	100.0	
Female	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

### 3.8 Wages

For most young workers, wages (the income they receive from paid employment), represents their total income for living. Information on occupational workers’ wages is a valuable economic indicator for planners, policy-makers, employers and workers themselves to monitor labour market trends across major groups of occupations in different economic sectors. Occupational wage structure and differentials in Pakistan – as in all

market economies – should reflect differences in levels of skill, education, training, qualifications, and the amount and type of effort in different kinds of work, as well as relative supply and demand conditions for the occupations of young people.

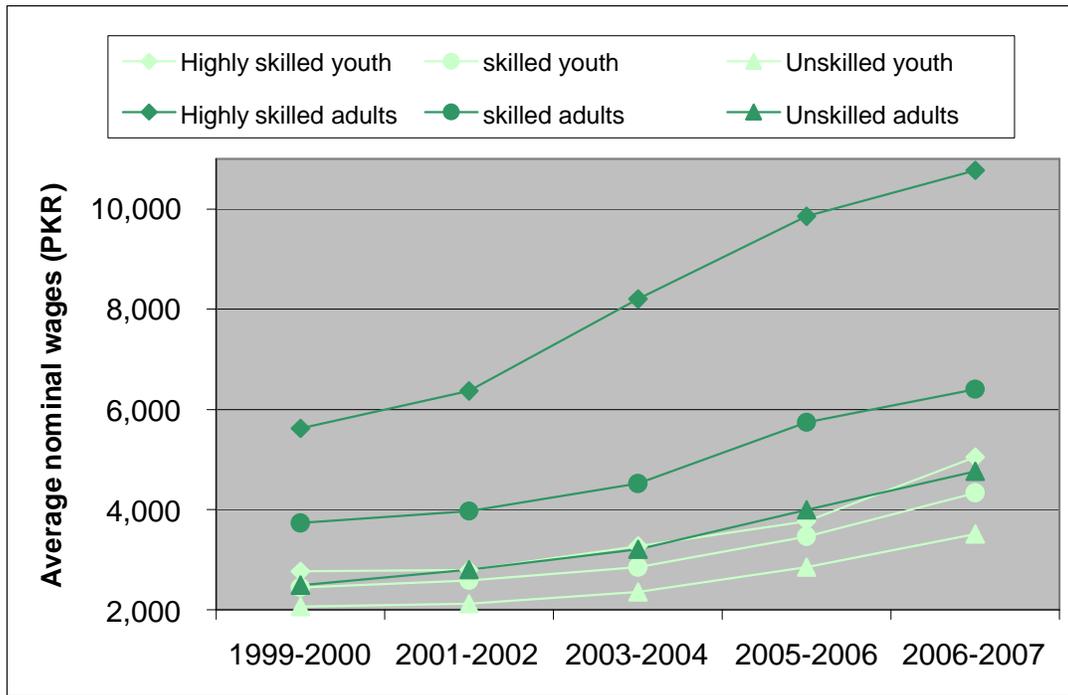
National labour force survey data only provides wage information for the status group of employees. This puts considerable limitations on wage analysis. Moreover, wages are nominal rather than real and, therefore, have not been adjusted for inflation.

Figure 5 shows huge wage differences between youth and adult employees. Some wage difference by age is to be expected given that wages tend to increase over a person's working life. The highest differences can be found in the occupational group of highly skilled workers. It can be seen that highly skilled young people earned less than half of highly skilled adults in 2006/2007; therefore young skilled workers get almost the same wage as unskilled adults. Since 2000, real wages steadily increased in Pakistan, but increases have been much lower for young people than for adults.

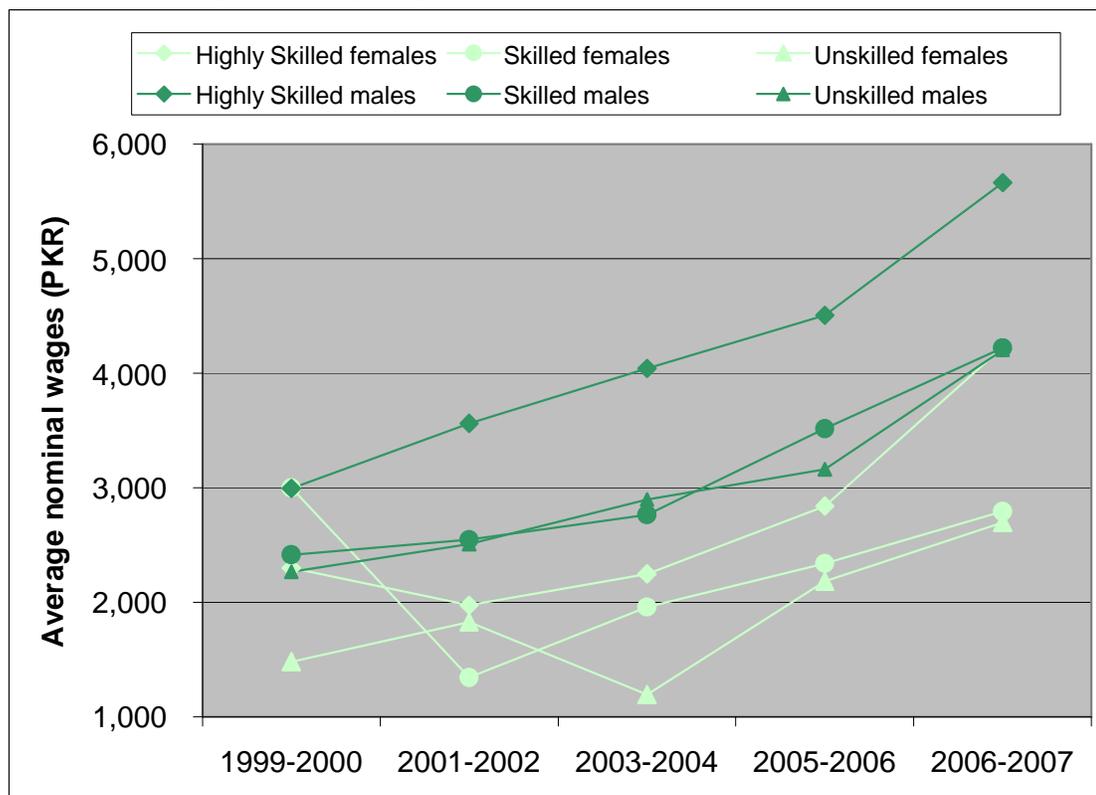
Again there could be many reasons for the wage discrepancies mentioned above. One might be that the labour market does not provide enough jobs for young highly skilled men and women so that they need to work in occupations below their level of education for low wages, in order to make a living.

Wage discrepancies can also be found when analysing average nominal wages for young women and men (Figure 6). In 2006/2007 young women generally earned at least one third less than their male counterparts. For young skilled women average wages have declined since 2000, while the wages for skilled men increased. It should be noted that gender wage differentials are not synonymous with gender wage discrimination. In addition to “nominal” discriminatory factors, other factors affecting the gender wage gap include those related to human capital and productivity, work experience, health and location of enterprise, as well as differences in wage payment systems.

**Figure 5. Wages of youth and adult employees by aggregated major occupational groups**



**Figure 6. Wages of youth employees by aggregated major occupational groups and sex**



## 4 School-to-work transition

Over the past few decades, educational requirements for employment increased and new skills have become important all over the world. New communication technologies, including the World Wide Web, have changed the way people learn and work. At the same time, a huge decent work deficit continues to exist, particularly among young women and men.

The transition from school to work, and from youth to adulthood, is today a more prolonged, complex, and difficult process in Pakistan than in the rest of the world. It often takes longer and does not necessarily lead to finding a satisfying or decent job. This process continues to be one of the most significant within a person's development, impacting on their temporary and future economic and social well-being. At the same time, whether the process works well or not, it has a considerable impact on the development of the country.

As has been seen in Pakistan for the highly skilled young people, the transition often ends in them taking a job beneath their skills level or expectations, or ending up inactive because they have given up hope of finding what they are looking for. A large share of the unskilled youth ends up working as contributing family workers or in the informal sector. In both cases, the unsuccessful transition process leads to a waste of potential.

What are the characteristics of the transition process and why does it so often lead to young people not finding jobs where they are needed and satisfied at the same time? This will be investigated in this chapter.

#### **Box 5**

##### **What is school-to-work transition analysis and how can it be done?**

Analysing the transition from school to work can serve many purposes, the two most important of which are the following: 1) How many young women and men who managed the transition successfully found decent and satisfying employment and how many have difficulties in the transition from school to decent work? 2) What are the characterizing factors that influence the length and difficulty of the transition?

To find answers to these questions, the ILO developed “School-to-work transition surveys” which are carried out in a number of countries. At the present time there is no such survey fully in place in Pakistan, although pilot activities have started to collect more information on this transition.

As an alternative, the LMIA project decided on a different approach to address the school-to-work transition, given the importance of such information for policy-making. It was decided that the best way to do this without a survey would be to attempt to adapt and apply the ILO’s stages of transition concepts to data generated from existing surveys. Therefore, the analytical framework to address the school-to-work transition for this report estimates: (1) the number of people who have completed their transition into decent work; (2) those who are still in transition; and (3) those who have not yet started.

## **4.1 Preliminary results**

Identifying young men and women who have not yet started their transition was relatively easy: these were all young people still at school or outside the labour market. The group of young people, who successfully transitioned into the labour markets, was more difficult to identify without information regarding the stability of employment and fulfilment. As a proxy, young people outside of vulnerable employment were considered as having successfully transitioned into labour markets. Those remaining were considered as “in transition”.

Interpreting the results, it can be seen that an increasing share of young people who managed to finish their transition found employment as wage and salaried workers or as employers. Since 2000, this proportion of the total youth population of 31.5 million grew from 13.8 to 16.8 per cent. (Figure 7). But, with less than one fifth of the total youth population outside of potentially decent work this proportion continues to be very low. The rest of the youth population had either not started their transition (55.8 per cent) because they were still studying, or were otherwise inactive, or were in transition (27.5 per cent) as they were in vulnerable work situations or unemployed.

It seems that young men, in particular, have difficulties in finding appropriate work: 40.8 per cent of them were “in transition” in 2007, down from 45.2 per cent in 2000. As already mentioned in Chapter 3.6.2, men still leave the educational system earlier than women in order to search for work. Since, they often do not have the required skills needed in the

labour market due to shifts in employment from the agricultural sector into service and industry, it is even more difficult for them to find decent employment.

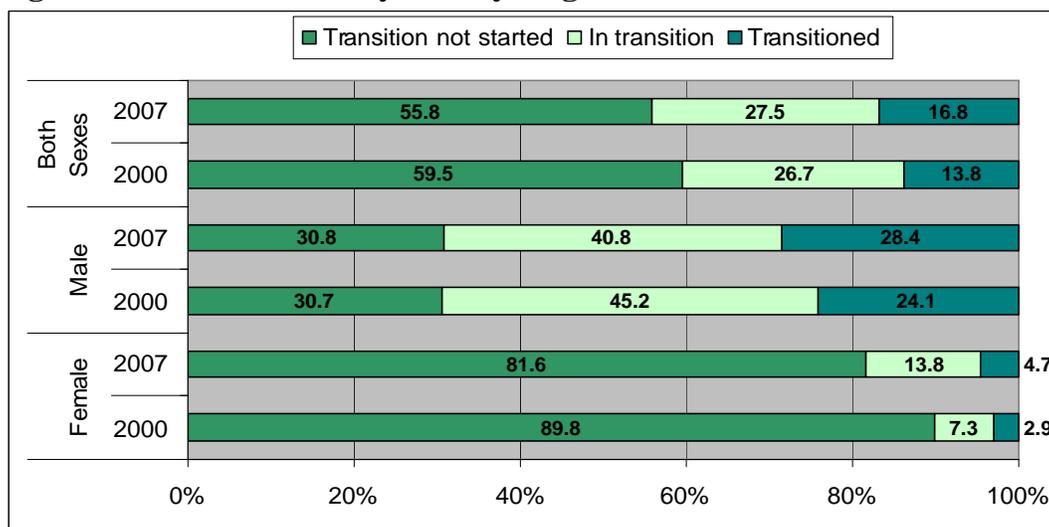
Even though the proportion of young women “in transition” is comparatively small (13.7 per cent), it does not mean that they are in a better situation than men. At least men are “in transition”, whereas the majority of women have not even started (and most likely will never start) their transition. The proportion of young women whose transition had not yet started decreased over time from 89.8 to 81.6 during the last decade, but stayed above 8 out of ten women outside of the transition process. The number of young women in transition increased significantly from 7.3 per cent in 2000 to 13.8 percent in 2007, but again continues to have worrying levels. Only 4.7 per cent of them actually transitioned successfully in 2007, 1.8 percentage points more than 2000.

Furthermore, when looking at the distribution of young women by their current activity status, it can be seen that they are mainly inactive (and not in education), reflecting the large number of them who stay at home rather than attend school or work. This is either the result of a very slack labour market for youth, which makes the opportunity cost of leaving the housework or childcare to seek work far too high, and/or because the participation of women is not a widely accepted part of the culture (Figure 8).

On examining the employment status of youth by educational level in Table 30, it is youth with low educational attainment levels who are more likely to have completed their school-to-work transition and to have found work in wage and salaried employment or as employers. In 2006/2007, more than two-thirds of all young wage and salaried workers had no more than eight years of formal education or, in other words, had finished at most the “middle but intermediate” level. Only 4.1 per cent of all young wage and salaried workers had a university degree in 2006/2007 and 33.6 per cent of young wage and salaried workers had less than one year of education. The results are likely to reflect a higher demand for labour requiring less education compared to higher skilled, professional work, typically in services. It seems that the demand for highly educated labour is not always keeping pace with the supply in Pakistan.

Further analyses concerning a potential mismatch between the supply and demand of skills are impossible using only labour force data. More appropriate and additional analyses will follow based on a pilot labour force survey being conducted in Faisalabad. The results will be part of a separate brief on school-to-work transition later this year.

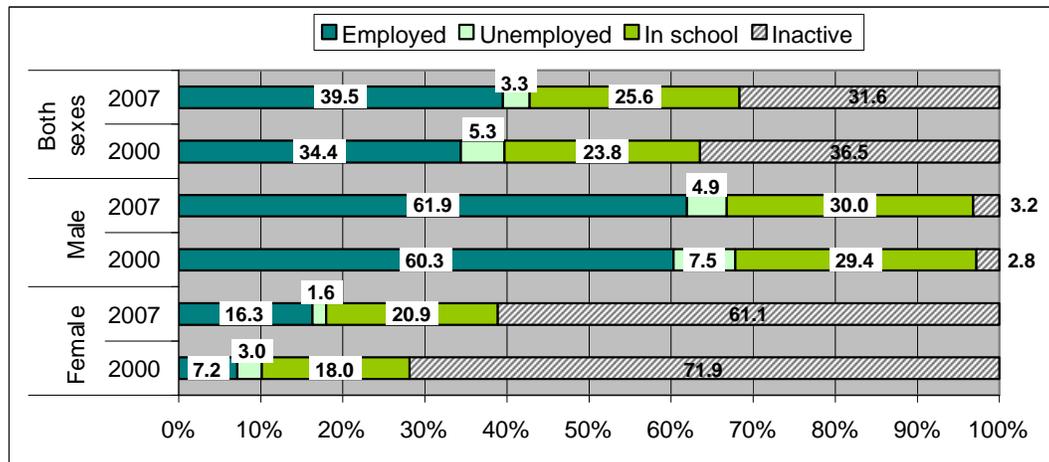
**Figure 7. Distribution of youth by stage of transition and sex**



Source: FBS, various years, *Pakistan Labour Force Survey*.

Note: youth who have “transitioned” include those who are working either in a job as wage and salaried workers or employers. Youth “in transition” include young people who are either unemployed or work as own account or contributing family workers. “Transition not started” includes young people who have not yet started their transition into the labour market either because they remain in school or outside the labour market with no plans to work in the future.

**Figure 8. Distribution of youth by current activity status and sex**



Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table 30. Status of employment by educational attainment level (%),  
2006/2007**

<b>Pakistan</b>	<b>Employers</b>	<b>Own account workers</b>	<b>Contributing family workers</b>	<b>Wage and salaried workers</b>
<b>Less than one year of education</b>				
Both Sexes	5.0	26.3	42.9	33.6
Males	6.0	42.0	31.8	32.2
Females	0.0	24.4	68.9	42.1
<b>Pre- primary education</b>				
Both Sexes	2.4	6.0	5.1	6.1
Males	2.9	6.0	5.8	6.5
Females	0.0	6.4	3.5	3.9
<b>Primary but below middle</b>				
Both Sexes	17.9	24.2	21.4	21.5
Males	21.6	24.7	24.5	22.7
Females	0.0	19.8	13.9	13.8
<b>Middle but below matric</b>				
Both Sexes	30.9	18.4	14.8	14.8
Males	31.0	19.2	18.3	16.4
Females	30.5	11.7	6.7	4.9
<b>Metric but below intermediate</b>				
Both Sexes	10.7	17.8	11.5	14.8
Males	10.2	19.1	14.1	15.1
Females	13.4	8.1	5.4	13.2
<b>Intermediaiate but below degree</b>				
Both Sexes	22.9	5.4	3.2	5.2
Males	19.8	7.3	4.1	4.7
Females	37.9	5.2	1.1	8.1
<b>Degree</b>				
Both Sexes	10.1	1.9	1.1	4.1
Males	8.5	1.5	1.3	2.5
Females	18.2	4.7	0.5	13.9
<b>Total</b>				
Both Sexes	100.0	100.0	100.0	100.0
Males	100.0	100.0	100.0	100.0
Females	100.0	100.0	100.0	100.0

Source: FBS, various years, *Pakistan Labour Force Survey*.

## 5 Concluding observations

### 5.1 Conclusions on decent employment for youth

Creation of decent work opportunities for young people should become an important priority in Pakistan. The challenge is for the Government, employers' organizations, trade unions, international development partners and civil society bodies to tap into this vast productive potential. Investment in job creation and education to enhance increased employability for young men and women can result in high returns during the decades to come. In this regard, the Youth Employment Network could make a valuable contribution to supporting the development and implementation of strategies in Pakistan that give young people a real chance to find decent and productive work.

Attaining and maintaining decent employment, work that offers a worker a good income, security, flexibility, protection and a voice at work, is a major concern for young people in Pakistan. The importance of starting off right is perhaps even more important for young people since it is the initial transition to the labour force that is a significant determinant of the future economic (and social) well-being of the individual and, if taken collectively, in determining the level of development in Pakistan. Without the proper foothold to start out in the labour market, young people are less able to make choices that will improve their own job prospects and those of their future dependants, thus perpetuating the cycle of insufficient education, low productivity employment and poverty, from one generation to the next.

This report has revealed a number of worrying trends in the youth labour market in Pakistan, which require the immediate attention of policy-makers in order to capitalize on the demographic dividend. Appropriate cross-ministerial policies should be developed that support youth, for example, regarding entrepreneurship, as the current labour market falls short in creating sufficient wage and salaried jobs or non-vulnerable employment.

Some key results are:

- Youth employment growth outpaced the population growth for young people in Pakistan until 2005/2006. However, youth employment decreased by 0.1 million in the most recent survey year (2006/2007), resulting in a reduction of the employment-to-population rate (from 42.0 in 2005/2006 to 40.9 per cent in 2006/2007). The youth labour force participation rate, after several years of increase, also decreased in the most recent survey year (by 1.7 percentage points).
- Since 1999/2000 the youth unemployment rate almost halved, from 13.3 to 7.5 per cent in 2006/2007.
- There are important labour market disparities at the provincial level. NWFP stands out with a low and declining labour force participation rate and employment-to-population rate, and a high unemployment rate (both for young males and females).
- Gender gaps in the youth labour market have started to narrow since 1999/2000, but are still very large. Despite the fact that the female employment-to-population ratio has more than doubled since 1999/2000 (from 7.8 to 16.8 per cent) it remains with 16.8 per cent in 2006/2007, almost four times lower than the employment-to-population ratio for young men.

- The trend in recent years towards higher labour force participation of women seems to stagnate at still very high levels of inactivity which, to a certain extent, can only be explained by increasing enrolment rates in education.
- Vulnerable employment decreased by 1.8 percentage points between 1999/2000 and 2006/2007, reflecting a decrease for males of 5.3 points, but an increase for females of 11.9 points. Vulnerable employment for females is mainly the result of limited employment outside the traditional agricultural sector and manufacturing sector.
- The proportion of young workers in the informal economy increased from 74.8 in 1999/2000 to 78.8 per cent in 2006/2007 and is more than 10 percentage points higher than the proportion of adults in the informal economy.
- The share of young men working “excessive” hours (50 hours or more per week) increased from 44.6 in 1999/2000 to 45.6 per cent in 2006/2007.
- The job-search period for young Pakistanis is long. In 2007 more than half of the unemployed (55.7 per cent) were searching for work for more than six months.
- In 2006/07 more than half of the youth labour force (62.2 per cent) had either less than one year of education or just primary level, and only 2.7 per cent had a university degree.
- Enrolment levels of youth have only slightly improved in recent years. Furthermore, there is a risk of young men leaving school before they have reached the intermediate level.
- The current youth enrolment/attainment pattern causes concern for the state of skills of the labour force in the years to come.
- There appear to be imbalances in the supply and demand at higher skills levels for youth.

If taken together, these findings point out that recent gains in employment opportunities for youth are not being sustained, or are not resulting in a successful transition to decent work. This is particularly severe for young women, who increasingly show willingness to participate in labour markets, but often are relegated to vulnerable positions.

## ***5.2 Improving Labour Market Information and Analysis***

Labour market monitoring requires reliable and timely data as well as analytical tools to build a picture or diagnosis of the labour market that is sufficiently comprehensive to inform policy processes, and ideally cover all dimensions of decent work. Pakistan’s labour market information is not fully meeting all these requirements. Improvements can be made in: (1) institutional coordination; (2) data collection and analytical capacity; and (3) labour market monitoring tools.

### **(1) Institutional coordination:**

This could be improved through a wider use of modern communication technology, as well as upgrading of computer/statistical skills in the Federal Bureau of Statistics (FBS) at the federal, provincial and district level, as well as in the Ministry of Labour. Communication technology and improved skills would help enhance coordination and ensure a better flow of up to date and timely data necessary for analysis.

(2) Data collection and analytical capacity:

There is scope for upgrading of skills starting from enumeration, data entry, data processing and final analysis and dissemination.

(3) Labour market monitoring tools:

Pakistan's labour force survey has proved to be an excellent tool for monitoring labour markets, but could be better utilized and possibly modified to cover areas of high policy relevance. The last includes the school-to-work transition, but also skills issues.

### **5.3 LMIA Outlook**

Until now, three major issues of *Pakistan Employment Trends* have been produced during the first project phase which ended in April 2008. These reports have identified trends, both positive and negative, in the Pakistani labour market with a view to informing decent work and other Government policies. The reports have also proved to be a valuable source of information for Government agencies, employers, workers, UN agencies, other international and national development organizations, aid agencies, resident embassies, academia and other stakeholders and people concerned with the labour market in Pakistan.

Building on the outputs of the first phase, proposals have been developed to start a second phase of activities to address future LMIA challenges during the period 2008-2012. The second phase of the project will continue to focus on key labour market indicators as a tool to monitor labour market developments and inform policy development, as well as focusing on particular topics. A major focus of the second phase will be on skills development in Pakistan, an area that has become increasingly important in the current employment policy framework. Apart from analysing existing data, as reflected in the second issue of *Pakistan Employment Trends*, this work will draw on new data collection and surveys.

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## Annex 1. Tables

**Table A1. Labour force participation rate (KILM 1, %)**

Pakistan	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
<b>National - both sexes</b>						
10+	42.8	43.3	43.7	46.0	45.2	+2.4
15+	50.4	50.5	50.7	53.0	52.5	+2.1
<b>National – males</b>						
10+	70.4	70.3	70.6	72.0	70.1	-0.3
15+	83.2	82.7	82.7	84.0	83.1	-0.1
<b>National – females</b>						
10+	13.7	14.4	15.9	18.9	19.1	+5.4
15+	16.3	16.2	18	21.1	21.3	+5.0
<b>Urban (10+)</b>						
Both sexes	38.1	39.9	39.2	40.7	39.8	+1.7
Males	65	66.9	67.1	68.7	67.7	+2.7
Females	8.8	10	9.4	10.6	9.6	+0.8
<b>Rural (10+)</b>						
Both sexes	45.1	45.2	46.2	48.9	48.1	+3.0
Males	73.1	72.2	72.6	73.8	71.5	-1.6
Females	16.1	16.8	19.5	23.4	24.1	+8.0
<b>Provincial - both sexes (10+)</b>						
Punjab	45.1	46.3	47	48.9	48.5	+3.4
Sindh	39.1	40.5	40.5	42.9	42.7	+3.6
NWFP	38.7	36.4	37.2	39.7	36.3	-2.4
Balochistan	39.2	40.2	40	45.2	43.6	+4.4
<b>Provincial - males (10+)</b>						
Punjab	72.7	71.6	71.8	72.6	71.3	-1.4
Sindh	67	70.4	70.8	72.7	71.2	+4.2
NWFP	65.4	65.2	65.7	68	63.8	-1.6
Balochistan	69	68	68.1	71.5	68.8	-0.2
<b>Provincial - females (10+)</b>						
Punjab	16.8	19.9	21.8	24.9	25.4	+8.6
Sindh	6.9	6.1	6.6	9.1	10.4	+3.5
NWFP	12.1	7.2	10.2	13.0	9.7	-2.4
Balochistan	5.1	6.0	7.6	12.6	13.0	+7.9
<b>South Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	60.4	60.3	60.0	59.8		
Males	83.3	82.7	82.0	81.5		
Females	36.1	36.5	36.1	36.1		
<b>East Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	76.9	76.0	75.2	74.6		
Males	83.6	82.7	82.0	81.5		
Females	69.9	68.9	68.1	67.4		

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A2. Employment-to-population ratio (KILM 2, %)**

Pakistan	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>National - both sexes</b>						
10+	39.5	39.8	40.4	43.2	42.8	+3.3
15+	46.8	46.5	47.0	49.7	49.8	+3.0
<b>National – males</b>						
10+	66.1	65.6	66.0	68.1	67.0	+0.9
15+	78.6	77.6	77.6	79.6	79.6	+1.0
<b>National – females</b>						
10+	11.3	12.1	13.9	17.2	17.5	+6.2
15+	13.7	13.6	15.6	19.0	19.4	+5.7
<b>Urban (10+)</b>						
Both sexes	34.4	36.0	35.4	37.5	37.1	+2.7
Males	60.2	61.7	61.5	63.9	63.9	+3.7
Females	6.2	7.6	7.6	8.9	8.2	+2.0
<b>Rural (10+)</b>						
Both sexes	42.0	41.8	43.1	46.3	45.8	+3.8
Males	69.1	67.8	68.5	70.4	68.7	-0.4
Females	13.8	14.4	17.3	21.6	22.4	+8.6
<b>Provincial - both sexes (10+)</b>						
Punjab	41.3	42.4	43.5	46.0	45.9	+4.6
Sindh	37.8	38.4	38.1	41.0	41.2	+3.4
NWFP	34.1	31.6	32.4	35.0	32.9	-1.2
Balochistan	36.4	37.1	36.7	43.8	42.5	+6.1
<b>Provincial - males (10+)</b>						
Punjab	67.6	66.6	67.0	68.4	67.7	+0.1
Sindh	65.5	67.6	67.4	69.8	69.3	+3.8
NWFP	60.0	58.0	59.0	62.5	59.2	-0.8
Balochistan	65.6	64.2	63.8	69.6	67.7	+2.1
<b>Provincial – females (10+)</b>						
Punjab	14.2	17.1	19.7	23.2	23.7	+9.5
Sindh	6.0	4.9	5.3	8.4	9.5	+3.5
NWFP	8.3	4.9	7.2	9.2	7.4	-0.9
Balochistan	2.9	3.8	5.5	11.8	11.8	+8.9
<b>South Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	57.6	57.3	56.7	56.7		
Males	79.6	78.8	78.4	78.2		
Females	34.2	34.4	33.8	34.0		
<b>East Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	73.9	73.1	72.6	72.1		
Males	79.9	79.2	78.7	78.4		
Females	67.6	66.8	66.1	65.5		

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A3. Status in employment (KILM 3, %)**

Employed 10+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>Employees</b>						
Both sexes	35.6	39.9	37.9	37.3	37.4	+1.8
Males	36.0	40.3	39.2	40.1	40.6	+4.6
Females	33.1	37.1	31.2	25.7	24.6	-8.5
<b>Employers</b>						
Both sexes	0.8	0.8	0.9	0.9	0.8	0.0
Males	0.9	0.9	1.0	1.1	1.0	+0.1
Females	0.1	0.3	0.1	0.1	0.1	0.0
<b>Own-account workers</b>						
Both sexes	42.2	38.5	37.1	35.0	34.5	-7.7
Males	46.4	42.4	41.4	39.8	39.8	-6.6
Females	16.6	15.7	15.9	15.0	13.4	-3.2
<b>Contributing family workers</b>						
Both sexes	21.4	20.8	24.2	26.9	27.2	+5.8
Males	16.7	16.4	18.3	19.1	18.6	+1.9
Females	50.1	46.9	52.8	59.2	61.9	+11.8
<b>All status groups</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A4. Employment by division and sex (%)**

Pakistan (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>Agriculture</b>						
Both Sexes	48.4	42.1	43.1	43.4	43.6	-4.8
Male	44.4	38.2	38.1	37.2	36.4	-8.0
Female	72.9	64.6	67.3	68.8	72.4	-0.5
<b>Mining</b>						
Both Sexes	0.1	0.1	0.1	0.1	0.1	0.0
Male	0.1	0.1	0.1	0.1	0.1	+0.1
Female	0.0	0.0	0.0	0.0	0.0	0.0
<b>Manufacturing</b>						
Both Sexes	11.5	13.8	13.7	13.8	13.5	+2.1
Male	12.0	13.6	13.5	13.7	13.9	+1.9
Female	8.4	15.2	14.7	14.5	12.0	+3.6
<b>Electricity, Gas and Water</b>						
Both Sexes	0.7	0.8	0.7	0.7	0.8	+0.1
Male	0.8	0.9	0.8	0.8	0.9	+0.1
Female	0.1	0.1	0.1	0.0	0.1	0.0
<b>Construction</b>						
Both Sexes	5.8	6.1	5.8	6.1	6.6	+0.8
Male	6.6	7.0	7.0	7.5	8.1	+1.4
Female	0.5	0.3	0.3	0.4	0.6	+0.1
<b>Wholesales and Retail Trade</b>						
Both Sexes	13.5	14.9	14.8	14.7	14.4	+0.9
Male	15.3	17.1	17.5	17.7	17.5	2.2
Female	2.6	1.9	1.7	2.1	2.2	-0.3
<b>Transport and Communication</b>						
Both Sexes	5.0	5.9	5.7	5.7	5.4	+0.4
Male	5.8	6.9	6.9	7.1	6.7	+0.9
Female	0.2	0.4	0.1	0.3	0.2	0.0
<b>Finance</b>						
Both Sexes	0.8	0.9	1.1	1.1	1.1	+0.3
Male	0.9	1.0	1.3	1.3	1.4	+0.5
Female	0.2	0.1	0.1	0.2	0.1	0.0
<b>Social Services</b>						
Both Sexes	14.2	15.5	15.0	14.4	14.4	+0.2
Male	14.0	15.2	14.9	14.5	14.9	+0.9
Female	15.1	17.5	15.8	13.6	12.4	-2.7
<b>Other</b>						
Both Sexes	0.0	0.0	0.1	0.0	0.1	+0.1
Male	0.0	0.0	0.1	0.1	0.1	+0.1
Female	0.0	0.0	0.0	0.0	0.0	0.0

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A5. Employment by sector (KILM 4, %)**

Employed (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>Agriculture</b>						
Both sexes	48.4	42.1	43.0	43.4	43.6	-4.8
Males	44.4	38.2	38.1	37.2	36.4	-8.0
Females	72.9	64.6	67.3	68.9	72.4	-0.5
<b>Industry</b>						
Both sexes	18.0	20.8	20.3	20.7	21.0	+3.0
Males	19.5	21.7	21.4	22.1	23.1	+3.6
Females	9.0	15.6	15.0	14.9	12.6	+3.6
<b>Services</b>						
Both sexes	33.5	37.1	36.6	35.9	35.4	+1.9
Males	36.1	40.1	40.5	40.6	40.5	+4.4
Females	18.1	19.8	17.6	16.2	15.0	-3.1
<b>All sectors</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A6. Structure of the economy and employment (%)**

Employed (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999- 2000 to 2006- 2007 (percentage points)
<b>Agriculture, forestry, hunting and fishing</b>						
Share in the economy	25.9	24.1	22.9	21.3	20.9	-5.0
Share in employment	48.4	42.1	43.0	43.4	43.6	-4.8
<b>Mining and quarrying</b>						
Share in the economy	2.3	2.4	2.6	2.6	2.6	+0.3
Share in employment	0.1	0.1	0.1	0.1	0.1	+0.01
<b>Manufacturing</b>						
Share in the economy	14.7	15.9	17.3	18.9	19.1	+4.4
Share in employment	11.5	13.8	13.7	13.8	13.5	+2.0
<b>Electricity, gas and water</b>						
Share in the economy	3.9	3.0	3.7	2.3	1.8	-2.1
Share in employment	0.7	0.8	0.7	0.7	0.8	+0.05
<b>Construction</b>						
Share in the economy	2.5	2.4	2.0	2.1	2.3	-0.2
Share in employment	5.8	6.1	5.8	6.1	6.6	+0.8
<b>Wholesale and retail trade, restaurants and hotels</b>						
Share in the economy	17.5	17.8	18.2	19.1	19.1	+1.6
Share in employment	13.5	14.9	14.8	14.7	14.4	+0.9
<b>Transport, storage and communication</b>						
Share in the economy	11.3	11.4	10.9	10.4	10.3	-1.0
Share in employment	5.0	5.9	5.7	5.7	5.4	+0.4
<b>Financing, insurance, real estate and business services</b>						
Share in the economy	3.7	3.5	3.4	5.0	5.6	+1.9
Share in employment	0.8	0.9	1.1	1.1	1.1	+0.3
<b>Community, social and personal services</b>						
Share in employment	14.2	15.5	15.0	14.4	14.4	+0.2
<b>Ownership of dwellings</b>						0.0
Share in the economy	3.1	3.2	3.0	2.8	2.7	-0.4
<b>Public administration and defence</b>						
Share in the economy	6.2	6.4	6.3	6.0	6.0	-0.2
<b>Other services</b>						
Share in the economy	9.0	9.8	9.7	9.5	9.6	+0.6
<b>All activities</b>						
Share in the economy	100.0	100.0	100.0	100.0	100.0	
Share in employment	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A7. Hours of work (KILM 6)**

Employed (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>Less than 20 hours</b>						
Both sexes	2.3	2.8	2.6	3.9	3.1	+0.8
Males	1.4	1.7	1.4	2.0	1.5	+0.1
Females	7.4	9.3	8.7	11.6	9.3	+1.9
<b>20-29 hours</b>						
Both sexes	6.6	6.3	6.6	7.5	7.5	+0.9
Males	3.8	3.8	3.3	3.8	3.3	-0.5
Females	23.5	20.7	22.9	22.8	24.4	+0.9
<b>30-34 hours</b>						
Both sexes	4.9	4.4	4.9	4.1	4.4	-0.5
Males	3.9	3.4	3.2	3.0	3.1	-0.8
Females	11	10.2	13.2	8.3	9.5	-1.5
<b>35-39 hours</b>						
Both sexes	10.0	10.0	10.0	11.9	12.7	+2.7
Males	8.5	8.6	8.3	9.0	9.6	+1.1
Females	19.2	18.4	17.9	24.2	24.9	+5.7
<b>40-44 hours</b>						
Both sexes	14.7	15.6	13.4	13.4	13.5	-1.2
Males	14.4	15.1	13.0	12.9	13.1	-1.3
Females	16.5	18.4	15.8	15.3	15.0	-1.5
<b>45-49 hours</b>						
Both sexes	20.2	20.7	20.3	19.2	19.8	-0.4
Males	22.0	22.6	22.5	21.9	22.4	+0.4
Females	9.2	9.4	9.6	8.3	9.2	0.0
<b>50-59 hours</b>						
Both sexes	20.2	20.6	20.9	17.7	17.3	-2.9
Males	22.1	22.5	23.4	20.4	20.4	-1.7
Females	8.5	9.7	8.4	6.3	4.9	-3.6
<b>Greater than 59</b>						
Both sexes	21.1	19.6	21.3	22.4	21.8	+0.7
Males	23.8	22.3	24.9	27.0	26.5	+2.7
Females	4.5	3.8	3.5	3.2	2.9	-1.6
<b>All hours</b>						
Both sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A8. Share of the employed working “excessive” hours  
by sector (%)**

Employed (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999- 2000 to 2006- 2007 (percentage points)
Agriculture, forestry, hunting and fishing	40.5	37	36.8	31.2	27.8	-12.7
Mining and quarrying	22.1	28.2	19.0	64.3	42.9	+20.8
Manufacturing	38	37.2	41.1	39.5	42.0	+4.0
Electricity, gas and water	12.4	19.4	18.6	18.3	16.0	+3.6
Construction	20.2	20.4	23.6	26	27.7	+7.5
Wholesale and retail trade, restaurants and hotels	64.0	62.4	69.2	67.6	69.5	+5.5
Transport, storage and communication	61.0	62.6	63.1	68.4	67.9	+6.9
Financing, insurance, real estate and business services	22.2	20.3	39.9	42.4	45.3	+23.1
Community, social and personal services	29.3	31.8	32.4	34.6	33.6	+4.3
All sectors	41.3	40.2	42.2	40.1	39.1	-2.2

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A9. Unemployment rate (KILM 8, %)**

Pakistan (10+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999-2000 to 2006-2007 (percentage points)
<b>National - both sexes</b>						
10+	7.8	8.3	7.7	6.2	5.3	-2.5
15+	7.2	7.8	7.4	6.1	5.1	-2.1
<b>National - males</b>						
10+	6.1	6.7	6.6	5.4	4.5	-1.6
15+	5.5	6.2	6.2	5.2	4.2	-1.3
<b>National - females</b>						
10+	17.3	16.5	12.7	9.3	8.4	-8.9
15+	15.8	16.4	12.9	9.6	8.6	-7.2
<b>Urban (10+)</b>						
Both sexes	9.9	9.8	9.7	8	6.7	-3.2
Males	7.5	7.9	8.4	6.9	5.6	-1.9
Females	29.6	24.2	19.8	15.7	14.5	-15.1
<b>Rural (10+)</b>						
Both sexes	6.9	7.6	6.7	5.4	4.7	-2.2
Males	5.4	6.1	5.6	4.6	3.9	-1.5
Females	14	14.1	10.9	7.7	7.1	-6.9
<b>Provincial - both sexes(10+)</b>						
Punjab	8.5	8.5	7.4	6	5.5	-3.0
Sindh	3.2	5.1	6	4.4	3.4	+0.2
NWFP	12	13.1	12.9	11.8	9.5	-2.5
Balochistan	7.1	7.8	8.2	3.2	2.6	-4.5
<b>Provincial - males (10+)</b>						
Punjab	7.0	7.0	6.7	5.7	5.0	-2.0
Sindh	2.2	4.0	4.8	4.0	2.7	+0.5
NWFP	8.4	11.0	10.1	8.2	7.2	-1.2
Balochistan	4.9	5.6	6.3	2.7	1.5	-3.4
<b>Provincial - females (10+)</b>						
Punjab	15.3	14.4	9.6	6.9	6.8	-8.5
Sindh	13.7	19.8	19.6	8.2	8.7	-5.0
NWFP	31.4	32.1	29.4	29.6	24.3	-7.1
Balochistan	42.2	37.4	27.7	6.5	9.6	-32.6
<b>South Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	4.5	4.6	4.8			
Males	4.3	4.3	4.5			
Females	5.0	5.1	5.2			
<b>East Asia (15+)</b>	<b>2000</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>		
Both sexes	3.9	3.8	3.6			
Males	4.5	4.4	4.2			
Females	3.1	3.1	2.9			

Source: FBS, various years, *Pakistan Labour Force Survey*.

**Table A10. Non-enrolment rate of the population aged 5-14 years(%)**

Pakistan (5-14)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999- 2000 to 2006- 2007 (percentage points)
Both sexes	41.3	40.1	37.6	36.7	32.5	-8.8
Males	33.3	33.4	31.2	30.9	27.1	-6.2
Females	50.1	47.6	44.7	43.1	38.6	-11.5

## Annex 2. Glossary of labour market terms

Labour market statistics and the indicators generated from the statistics can cause a great deal of confusion and, therefore, misinterpretation. The following glossary of labour market concepts should serve to clarify much of the terminology used in this report:

**Currently active population:** the best known measure of the economically active population, also known as the “labour force” (see definition below).

**Discouraged worker:** a person who is without work and available for work, but did not seek work (and therefore could not be classified as “unemployed”) because they felt that no work would be available to them. According to the standard classification system, the discouraged worker is counted among the inactive, although many analysts would like to see the number of discouraged workers added to the unemployed to give a broader measure of the unutilized supply of labour. “Discouraged” implies a sense of “giving up”, meaning the discouraged worker has simply given up any hope of finding work for reasons such as they feel they lack the proper qualifications, they do not know where or how to look for work, or they feel that no suitable work is available. The discouraged worker, therefore, could be said to be “involuntarily” inactive.

**Economically active population:** all those who supplied labour for the production of goods and services in a specified reference period; in other words, all those who undertook economic activity (also known as “market activities”), as defined by the 1993 UN System of National Accounts (SNA),<sup>1</sup> during the measured time frame.

**Employed:** a person who performed some work – for at least one hour during the specified reference period – for a wage or salary (paid employment) or for profit or family gain (self-employment). A person is also considered employed if they have a job, but were temporarily not at work during the reference period.

**Employment:** a measure of the total number of employed persons.

**Employment-to-population ratio:** the number of employed persons as a percentage of the working-age population. This indicator measures the proportion of the population who could be working (the working-age population) who *are* working, and as such provides some information on the efficacy of the economy to create jobs.

**Inactive:** a person who is neither employed nor unemployed, or, equivalently, is not in the labour force.

**Inactivity rate:** the sum of all inactive persons as a percentage of the working-age population. As an inverse to the labour force participation rate, the inactivity rate serves as a measure of the relative size of the population who do *not* supply labour for the production of goods and services.

**Job:** a paid position of regular employment. According to the standard definition, therefore, only the wage and salaried workers could have a “job”. Common usage, however, has extended the concept to encompass any work-related task, which means that any employed person, whether a paid employee or self-employed, could qualify as “with a job”.

**Labour force:**<sup>2</sup> the sum of all persons above a specified age (the nationally defined “working age”) who were either employed or unemployed over a specified short reference period; the labour force is the best known measure of the economically active population, and is also known as the “currently active population”. The labour force (employment + unemployment) + the economically inactive population = total working-age population of a country.

**Labour force participation rate:** the sum of persons in the labour force as a percentage of the working-age population. The indicator serves as a measure of the relative size of the labour supply available for the production of goods and services.

**Labour market:** the virtual (non-tangible) arena where workers compete for jobs and employers compete for workers. Analysts use labour market information, including statistics such as the employment-to-population ratio, the unemployment rate, etc., to make assessments of how well the labour market functions and how and/or why the supply of labour and the demand for labour do not meet at perfect equilibrium.

**Unemployed:** a person who, during the specified short reference period, was (a) without work, (b) currently available for work, and (c) seeking work. A person is also considered unemployed if they are not currently working, but have made arrangements to take up paid or self-employment at a date subsequent to the reference period.

**Unemployment:** a measure of the total number of unemployed persons.

**Unemployment rate:** unemployment as a percentage of the total labour force (employment + unemployment). The indicator is widely used as a measure of unutilized labour supply.

**Work:** as a verb, a general term meaning to engage in “economic activity”, or, equivalently, to supply labour as input in the production of goods and services; as a noun, “work” has come to be used interchangeably with “job” and “employment” – for example, a person who supplies labour might say they “have work” or “have a job” or even “have employment”.

**Working:** an informal synonym for “employed”.

<sup>1</sup> See the website <http://unstats.un.org/unsd/sna1993/introduction.asp> for additional information on the SNA and guidelines for determining economic activity.

<sup>2</sup> The international standard that serves to guide statisticians in the definition of the economically active population and its categories is the Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th International Conference of Labour Statisticians, October 1982; [www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf](http://www.ilo.org/public/english/bureau/stat/download/res/ecacpop.pdf)