



**LABOUR MARKET
SITUATION AND SCHOOL-
TO-WORK TRANSITION IN
FAISALABAD**

**PAKISTAN EMPLOYMENT
TRENDS BRIEF 2009**

(SERIES NO. 6)

**Ministry of Labour & Manpower
Labour Market Information and Analysis Unit
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ISLAMABAD

Foreword

Employment and labour policies to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity should be based on up-to-date and timely Labour Market Information and Analysis. The Ministry of Labour and Manpower in collaboration with the International Labour Organization and the United Nations Development Programme therefore initiated the development of a *Labour Market Information and Analysis project*, which became operational in the second half of 2006. The LMIA project aims to provide up-to-date and timely Labour Market Information and Analysis that serves as an input into the formulation and monitoring of labour and employment policies.

This sixth issue of *Pakistan Employment Trends - a Brief on the labour market situation and school-to-work transition in Faisalabad* provides the first district level Labour Market Information Analysis for Pakistan. Further, it gives some information on the school-to-work transition of youth in the district. The geographically specific data will contribute to the overall LMIA network needed for tailored policy interventions. The LMIA network is currently being established under the LMIA project. The analysis of this report are based on a district level Labour Force Survey Pilot that has been initiated by the Ministry of Labour and Manpower in close collaboration with the Federal Bureau of Statistics (FBS) that also conducted the survey. The Pilot survey data proved to be very valuable for LMIA. Therefore, the Ministry and the FBS explore ways, how it can be duplicated it in other districts of the country in order to close labour market information gaps.

I am proud to say that this Pakistan Employment Trends Brief is a further step towards a comprehensive LMIA network in the country. By providing the first district level analysis to policy makers, researcher, ILO constituents and other stakeholders will be in a much better position to come up with tailored interventions needed for an important economic site like Faisalabad.

I would especially like to express my gratitude to the ILO Office for Pakistan, under the able leadership of Mr Donglin Li, for its consistent technical support and the UNDP for their financial assistance to the Labour Market Information and Analysis Unit. Without the commitment of these international partners it would have been a difficult task to come up with frequent *Pakistan Employment Trends* reports. The Ministry is also thankful to the Federal Bureau of Statistics for their cooperation in developing and conducting this first district level Labour Force Survey and to the Employers Federation of Pakistan (EFP) and Pakistan's Workers Federation (PWF) for supporting the initiative.

I also appreciate the efforts made by the ILO Technical Adviser, Mrs Ina Pietschmann, and the staff of the LMIA unit in the preparation of this first district level labour market brief.

Syed Nayyer Hasnain Haidar
Federal Secretary
Islamabad

September 2009

1. Introduction

A central part of people's lives is at work, and whether women and men have decent work has a significant impact on individual, family and community well-being. Labour market statistics are therefore a key part of official statistics produced in a country.

Policy makers in particular have a need for accurate and appropriate information to inform employment and labour policies, both for the population as a whole and for groups of particular concern, including women and young people. Timely, up-to-date and regular Labour Market Information and Analysis (LMIA) at federal, provincial and district levels is vital for government institutions and social partners.

1.1 Background

This brief provides the first district level labour market information for the district of Faisalabad focusing on the age group of 15 to 29 years old, the so-called young people,¹ and their school-to-work transition. This transition is of major concern since the transition process has a considerable impact on the economic development of the district. As highlighted in previous issues of *Pakistan Employment Trends*, young people are a particularly vulnerable labour market segment in the country in view of their 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 therefore relatively high. Long transition periods from school to decent work are an underutilisation of labour potential and wasteful from both an economic and social point of view.²

The challenge is to identify the characteristics of the school-to-work transition of young people, so that policy makers are better informed about young people's experiences in their search for decent work. Based on the analysis of the transition process, and the identification of obstacles, more effective youth policies and programs can be designed in Pakistan.

1.2 The need for district level LMIA in Pakistan

Pakistan's labour force survey (LFS) is considered to be a comprehensive and internationally comparable source of labour market information providing reliable annual data on economic activity and inactivity, employment status, sectoral distributions and conditions of employment including hours of work and earnings. Currently, the LFS provides reliable annual averages for the provinces of Sindh, Balochistan, Punjab and NWFP. The four provinces can be further subdivided into 109 districts.

At this stage the labour force survey sample is selected by a process of multistage stratified sampling to ensure uniform coverage of each province. However, not every district is represented in the sample, and the small sample size for those districts which are covered

1 For detailed definitions see Section 3.

2 Pakistan Employment Trends for Youth (Islamabad, Ministry of Labour & Manpower, May 2008, www.lmis.gov.pk).

would result in high sampling errors for district estimates. For these reasons, Pakistan's labour force survey does not provide satisfactory data for districts and other small geographical areas, nor was it designed to do this.

To inform district level employment and labour policies, including local youth employment policies, the LMIA unit in the Ministry of Labour and Manpower, in collaboration with the Federal Bureau of Statistics, initiated a pilot labour force survey that would generate representative data for the district of Faisalabad. Additionally, the survey includes a school-to-work transition module, covering a number of basic questions for the age group 10 to 29 years old. The activities are part of the Government's efforts to establish a well-functioning Labour Market Information and Analysis system in the country. An LMIA system consists of producers of data and analysis (statisticians, labour market analysts, etc.), but also includes institutional arrangements to feed information and analysis into policy processes. In Pakistan, an Advisory Panel has been established to bridge the gap between the analytical work and labour market stakeholders, including the social partners.

2. Pilot Labour Force Survey, Faisalabad 2007/2008

The Faisalabad pilot labour force survey was built on the existing national labour force survey, but included a set of specific questions on school-to-work transition for youth.

The school-to-work transition has rapidly gained the interest of policy makers worldwide, and has particular

relevance for Pakistan in view of the unfolding demographic transition.

The district of Faisalabad has been selected for a pilot survey as it is a fairly urbanised district and exceptionally diversified in terms of economic activities, with a relatively equal sectoral employment distribution. Furthermore, Faisalabad contributes significantly to Pakistan's economy, well known for its pronounced industrial sector including textiles, jewellery, home furniture, and pharmaceuticals, accompanied by a continuously expanding service sector including a developed transport network with a number of newly built motorways.

2.1 Methodology of the Pilot

Survey objectives

The objectives of the survey were:

1. To provide labour force survey data that is representative for the district of Faisalabad.
2. To provide information on the school-to-work transition for youth (aged 15 to 29).

Sample frame and geographical coverage

The Faisalabad survey represents the entire district population. Based on a "quick count record" study the sample frame divided urban areas of Faisalabad into small and compact clusters called enumeration blocks. Each of the 1,530 blocks that were identified consist of an average of 200 to 250 households. Each enumeration block has been further stratified (sub-stratum) into low, middle and high income areas. Faisalabad's rural areas have been treated as independent stratum and consist of 820 villages. Both, urban enumeration blocks and rural

villages were considered as primary sampling units (PSUs), selected with the help of the “probability, proportional to size of stratum and sub-stratum” method. The final sample has been drawn based on the 188 identified PSU’s, out of which 116 are urban and 72 rural sample units.

All households in the primary sampling units have been treated as secondary sampling units (SSUs). A sample of 2,544 households, 1,392 urban and 1,152 rural households, has been selected to provide reliable estimates.

A specified number of households (12 from each urban and 16 from each rural PSU) have been selected with equal probability using the “systematic sampling technique with random start”. Data has been collected from 15th of August 2007 to 30th of June 2008 by using the direct interview method.

Questionnaire

The questionnaire was based on the current labour force survey questionnaire, augmented by a limited series of questions on the school-to-work transition in a separate module for the age group 15 to 29 years old. The module draws on the generic questionnaire developed by the ILO to monitor this transition.

The questions that are part of the regular labour force survey were usually answered by the head of the household. If the household included young people aged 15-29, they were interviewed individually on the school-to-work transition. In total 4,518 young people, of which 2,296 young men and 2,222 young women responded to the questions.

Following data collection, supervisors manually cleaned, edited and checked the questionnaires for consistency and completeness and, if necessary, referred back to the field. The subject

matter section in the FBS/Islamabad undertook additional editing.

All survey records were edited and corrected through a series of computer processing stages.

2.2 The labour market situation in Faisalabad

The school-to-work transition of youth in Faisalabad should be understood in the broader labour market context of the district. However, at this stage it is not possible to monitor the structural change of Faisalabad’s economy and labour market, as time series data are lacking. Nevertheless, some observations can be made based on a comparison between the district labour force survey and national and provincial information.

Unlike in other parts of the country, where the agricultural sector still provides the lion’s share of jobs,³ the sectoral employment distribution in Faisalabad in 2007/2008 shows relatively equal shares of employment in industry (32.7 per cent), services (33.0 per cent) and agriculture (34.2 per cent; see Table A1 for selected key labour market indicators for Pakistan, 1999/2000 to 2006/2007; Table A2 for selected indicators for Faisalabad in 2007/2008).

In line with the relatively minor importance of the agricultural sector, which is dominated by contributing family and own account work, a fairly high share of wage and salaried employment has emerged in Faisalabad (40.4 per cent). This exceeds the national average in 2006/2007 by 2.1 percentage points. The proportion of women in wage and salaried work is with 18.2 per cent less than a half of the share for men (46.4 per cent).

3 See the foregoing *Pakistan Employment Trends* reports for further information regarding Pakistan’s labour market performance between 1999/2000 and 2006/2007.

Accordingly, the overall share of vulnerable employment is at 58.2 per cent below the national average of 60.6 per cent. Disaggregated by sex, 82 women out of 100 were at risk of lacking decent work, whereas 52 men out of 100 were in the same situation. In other words, the gender gap in the share of vulnerable employment in total employment in Faisalabad, at around 30 percentage points, by far exceeds the already significant gap in Pakistan as a whole (around 13 percentage points in 2006/2007). The share of vulnerable employment for males is much lower in the district (Table A1 and A2).

A review of employment opportunities suggests an impressive performance of Faisalabad's labour market for both men and women. In 2007/2008 the labour force participation rate was at 56.5 per cent significantly higher than the rate for Pakistan, mainly due to the very high participation of men (84.7 per cent). But the female participation rate, at 27.3 per cent, is impressive as well, and underlines the fact that more and more women of working age are actively engaged in the labour market.

Similarly, employment-to-population ratios in Faisalabad are well above the national average in 2006/2007. However, the very high ratio for males, at 82.5 per cent, in combination with the share of vulnerable employment, suggests a large number of low quality jobs in the district. It appears that the ratio is driven up by the need, especially for men, to work to make a living. Female ratios were at 22.7 per cent virtually four times lower than male ratios during the survey year.

In Pakistan, the unemployment rate measured on the basis of the relaxed definition is the one most widely quoted.⁴

⁴ The standard definition that is used to measure the number of unemployed is those individuals without work,

Based on this definition, the rate in Faisalabad stood at 6.0 per cent in 2007/2008 which is well above the Pakistan's rate of 5.1 per cent in 2006/2007. This is mainly due to the high district labour force participation of young females. The female unemployment rate is at 17.0 per cent double the national rate for women (8.6 per cent in 2006/2007). It seems that women face considerable constraints in securing employment, and more so outside the traditional agricultural sector, which is relatively small in Faisalabad. Most females are likely to lack the education/skills to work in the industry and service sectors, even if they are available for work and are not held back by strong cultural barriers.

For men the unemployment rate is at 2.6 per cent much lower than elsewhere in Pakistan. However, as suggested earlier, the low rate seems mostly an indication of the need to accept any type of work, including low-paying jobs in the informal economy.

Work in the informal economy in Faisalabad is with an employment share of 72.0 per cent widespread and just above the national estimate of 71.5 per cent for the year 2006/2007. It is interesting to notice that work in the informal economy is more important for women than for men. In 2007/2008, 84 out of 100 women who worked outside the agriculture sector were employed in informal economy, compared to 70 out of 100 men. (Table A1 and A2)

In summary, labour market indicators for Faisalabad suggest that,

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.

despite good employment opportunities and gains in gender equity in comparison with the rest of the country, a large part of Faisalabad's labour market has not yet achieved productive employment and decent work. The review also highlighted a well pronounced gender gap. Particularly women are underutilized in the district economy and labour market as reflected in their participation as well as the gender distribution in sector and status groups.

3. School-to work transition in Faisalabad

Internationally, 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.

The limited decent or quality opportunities in Faisalabad, combined with a fast growing youth labour force is problematic, especially for young people who lack skills, social networks and opportunities to market themselves as potential wage and salaried workers. They could be left behind, joining the group of people who are forced to accept work

under inferior conditions or to move into the informal economy.⁵

3.1 What does “transition” mean?

To monitor and analyze youth labour markets all over the world, the ILO developed an analytical framework. This school-to-work transition framework is used in Faisalabad, but what does it exactly mean?⁶ The time between the ages of 15 and 29 is the stage of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society.⁷ Often the transitions to adulthood and to the world of work take place at the same time, which makes it a difficult period for many young people. If the transition can be made easier by effective assistance to “start off” right while entering the labour market, it will positively affect young people's personalities and their professional careers.⁸ Further, it can determine a

5 See also *Pakistan Employment Trends - Achieving MDG target 1b – “full and productive employment and decent work for all”* (Islamabad, MOL, December 2008).

6 See the ILO Youth Employment Programme - <http://www.ilo.org/public/english/employment/yett/index.htm> - and its two main tools, the School-to-Work transition survey and the ILO: Know About Business Entrepreneurship Education Programme.

7 The analysis of the school-to-work transition in this brief focuses on the population 15-29 years old, defined as “young people”. This wider age span of youth (widely statistically accepted as age group 15-24) is more appropriate to monitor the entry into the labour market since today more and more young people postpone their entry into the labour market well beyond the age of 25.

8 Guarcello, L., Manacorda, M, Rosati, F., et al., 2005: “School-to-work transitions in sub-Saharan Africa: An overview”, UCW Working Paper (Understanding Children's

person's chance of escaping poverty and as such warrants special attention.

However, there is no uniform formula leading to decent work and adulthood. The challenge is to identify local constraints that hinder a smooth transition from school-to-work of young people, so that policy makers can be better informed and design youth employment policies, programs and action plans accordingly.

3.2 How to measure the transition to decent work?

The ILO analytical framework for the school-to-work transition seeks to quantify and describe the number of young people who could easily manage the move from school to decent and satisfying work that makes the most of their productive potential, as well as those facing difficulties in transiting successfully. Thereafter, the framework aims to determine the characteristic factors that influence the length and difficulty of the transition. For these purposes, the ILO developed "school-to-work transition surveys" (SWTS) for the population 15 to 29 years old, which are carried out in a number of countries.

Although the SWTS module used in Faisalabad falls short of a comprehensive survey, the analytical framework used is the same as in ILO's SWTS. The school-to-work transition module for the district of Faisalabad estimates: (1) the number of people who have completed their transition into decent work; (2) those who are still in transition – that is, either unemployed or employees in a job that is temporary or unsatisfactory; and (3) those who have not yet started their transition because they are still at

school or are outside the labour market with no intentions to work in the immediate future. For the youth who successfully completed their transition, the measured ease or difficulty of the process is based on their experience before entering their present job.

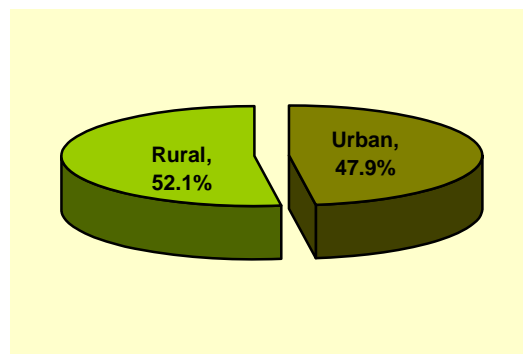
3.3 Preliminary results

The results of the Faisalabad school-to-work transition module highlight several key issues and help identifying common themes that are relevant not only in the district but also for national policy makers.

3.3.1 Economic activity of young men and women

As shown in Table 1, young men and women less than 30 years old represent a third of Faisalabad's total population of 6.5 million. The rural and urban distribution of the youth population is relatively balanced with a share of 52.1 per cent in rural and 47.9 per cent in urban areas (Figure 1). The 15 to 29 years old constitute almost a half (45 per cent) of Faisalabad's total working age population of around four million people. Further they embody nearly one million employed or unemployed of the district's 2.3 million strong labour force.

Figure 1. Distribution of the youth population (15-29) in Faisalabad (%)



Source: FBS, 2007/2008, *Pilot Labour Force Survey Faisalabad*

Work Project, Florence), 7 November; www.ucw-project.org/pdf/publications/youthSSA.pdf.

Table 1. Population and Labour Force (millions)

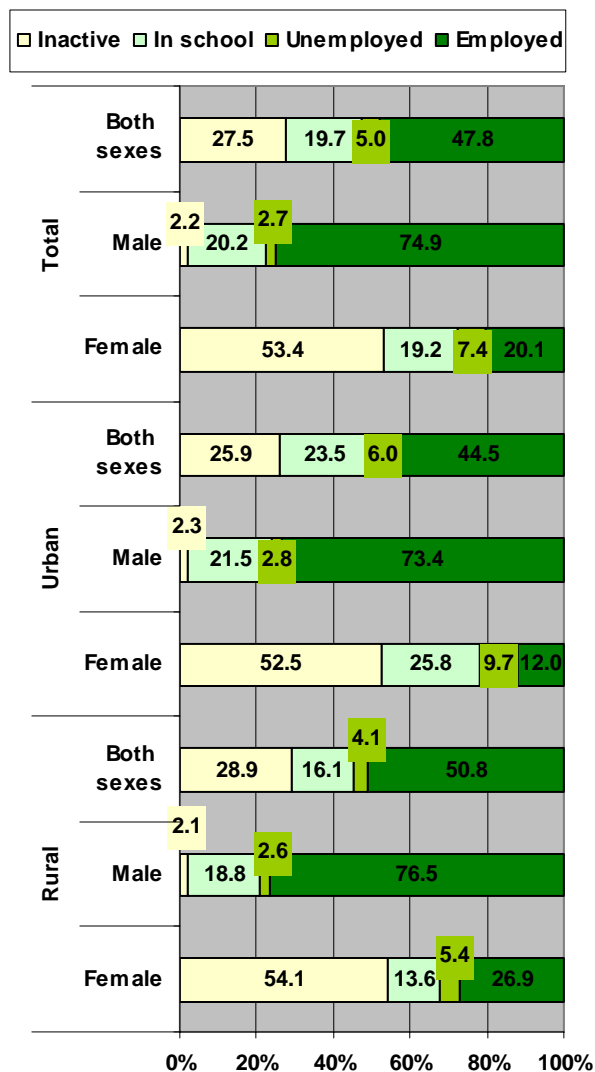
	Both sexes	Males	Females
15-29			
Total population	6.5	3.3	3.2
Urban	2.9	1.5	1.4
Rural	3.6	1.8	1.8
Population 15+	4.0	2.0	2.0
Urban	1.9	1.0	0.9
Rural	2.2	1.1	1.1
Population 15-29	1.8	0.9	0.9
Urban	0.9	0.5	0.4
Rural	1.0	0.5	0.5
Labour force 15+	2.3	1.7	0.5
Urban	1.0	0.8	0.2
Rural	1.3	0.9	0.4
Labour force 15-29	1.0	0.7	0.3
Urban	0.4	0.4	0.1
Rural	0.5	0.4	0.2

Source: FBS, 2007/2008, *Pilot Labour Force Survey Faisalabad*

Faisalabad's youth seem to move quickly into employment rather than to continue their studies. In 2007/2008, 47.8 per cent of 15 to 29 years old were working whereas not more than one out of five was at school (19.7 per cent). The high employment-to-population rate for young men, at 74.9 per cent, suggests pressure on males to take on employment at an early age. Young men in Faisalabad are likely to take every job they can get in order to support their families (Figure 2).

Young women are mainly economically inactive (53.4 per cent) and not in school. This might be the result of limited labour market opportunities in combination with social pressures to take up domestic duties and care for children. It seems that in Faisalabad female economic participation is not yet an accepted part of culture.

Figure 2. Distribution of youth by current activity status (%)



Source: FBS, 2007/2008, *Pilot Labour Force Survey Faisalabad*

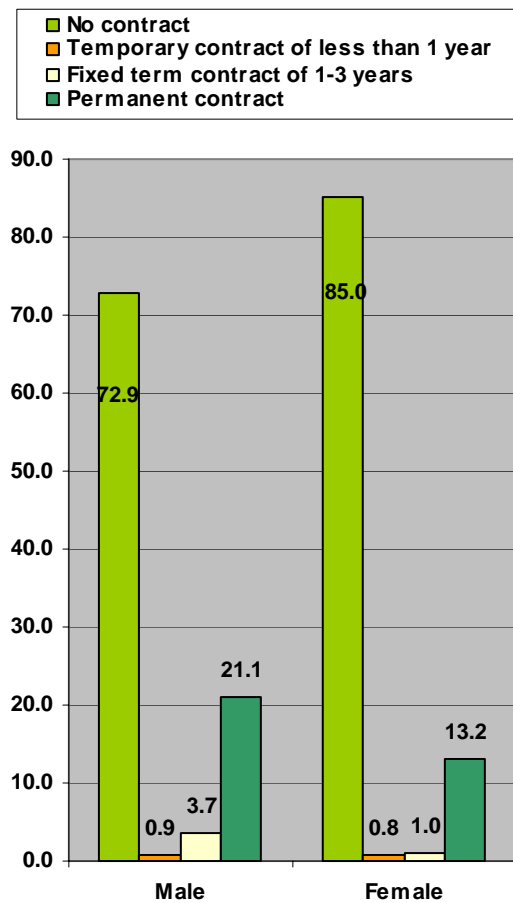
The share of the unemployed in the youth population is noticeably higher for females (7.4 per cent) than for males (5.0 per cent).⁹ In addition, these shares are

⁹ 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

higher in urban areas (6.0 per cent) than in rural areas (4.1 per cent) of the district, particularly for young females. Almost 10 out of 100 urban women were unemployed, whereas just 5 out of 100 rural women were available for work. The figures reflect well the lack of employment opportunities for women outside the agricultural sector.

3.3.2 The quality of the transition

Figure 3. Distribution of employed youth by type of contract (%)

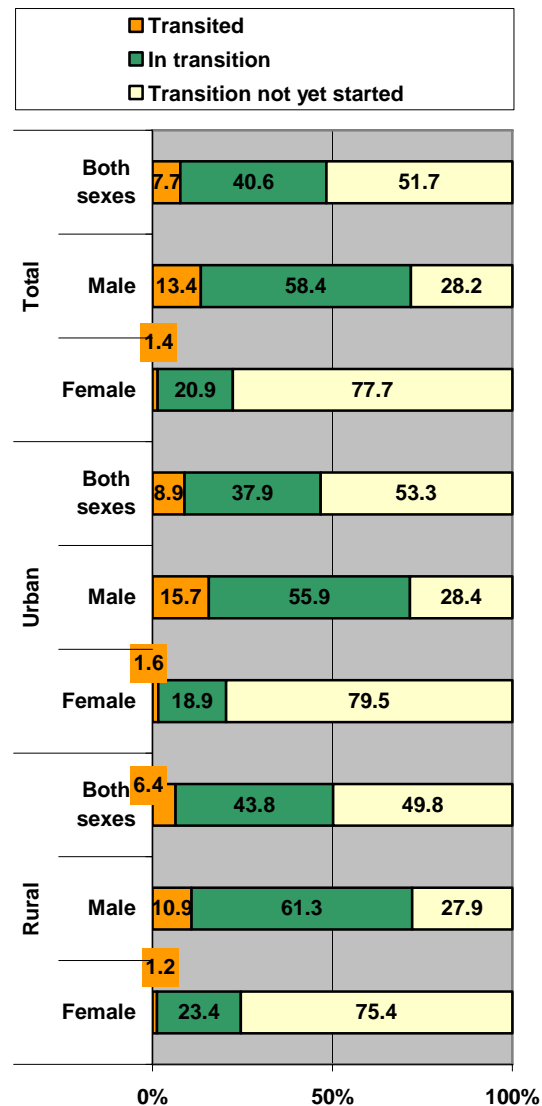


Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

which the application of this criterion is likely to underestimate the untapped human resources of a country

Figure 3 shows that only around one in five employed young males have a permanent job (21.1 per cent). The overwhelming majority of young workers interviewed were without contract. This is especially true for young women. If a permanent contract is taken as a proxy for decent employment, 87 out of 100 young women were lacking decent employment, compared to 79 young men.

Figure 4. Distribution of young people aged 15-29, by stage of transition (%)



Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

Comparing the shares by transition stage shows a similar picture (see Figure 4). Although more than half of the young population that was surveyed were working, only about 8 per cent of them could be said to have completed their transition to decent work. The remaining part of the youth population had either not started their transition (51.7 per cent) because they were still studying and/or otherwise inactive with no immediate intention to work, or were still in transition (40.6 per cent). As mentioned before, transition means that youth are in vulnerable, temporary employment situations or unemployed.

Disaggregated by geographical area and sex the distribution of young people by stage of transition reveals again major disparities. Particularly young rural men face difficulties in finding decent work. Just 10.9 per cent of men aged 15 to 29 year were able to finish their transition compared with 15.7 per cent of young men in urban areas. The majority of young males in Faisalabad can be found in the transition period from school to work (61.3 per cent in rural and 55.9 per cent in urban areas, see Figure 4).

Albeit proportions of females in transition are comparatively small (23.4 per cent in rural and 18.9 per cent in urban areas), this does not mean that they are better off than men. Young men have at least reached the transition stage, whereas the majority of women have not even started their transition (and may well never start).

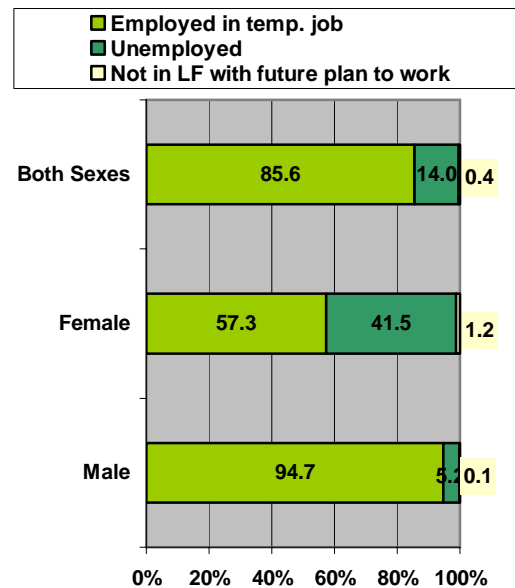
In urban areas the proportion of young women who have not started the transition is higher than for rural women, because more urban women are attending school (Figure 2 and Figure 4).

Alarming are the very low proportions of young women in Faisalabad

who were able to successfully finish their transition from school to a permanent job (1.2 per cent in rural and 1.6 per cent in urban areas). Looking at the activities of the interviewed young people who are in their transition period, one can see that most of them (85.6 per cent) were in temporary jobs. Just 14.0 per cent of them were unemployed (Figure 5).

Disaggregation by sex demonstrates that for women unemployment accounts for an important part of those in transition (41.5 per cent). Only 5.2 per cent of young men were unemployed at this transition stage. They seem to take up any job available to help their families make a living, even though the job might not be decent and productive (Figure 5).

Figure 5. Distribution of young people (15-29) in transition, by current activity status (%)



Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

It is interesting to see what young unemployed people identified as main obstacles to finding work. Almost half of

the young unemployed men and women in Faisalabad cite reasons related to education and skills as the main obstacle preventing them from securing decent work (48.7 per cent, see Table 2). Another important barrier is the non-availability of jobs (29.9 per cent). This is especially true for 32.4 per cent of young unemployed women. The fact, that young people in Faisalabad blame external factors that are “beyond their control” for their unemployment is an important finding. Such statements reflect the frustration over marginalization and social exclusion which can, over time, lead to behavior that places a significant burden on society.¹⁰

Table 2. Main obstacles to find decent work identified by unemployed youth (%)

15-29	Both sexes	Males	Females
No education	8.2	9.8	7.6
Not relevant education	15.3	13.7	15.9
Not relevant vocational	10.6	12.1	10.1
No suitable training skill	12.7	6.5	14.9
Mismatch between education and job	2.1	1.9	2.2
No work experience	2.2	4.1	1.5
Not enough jobs available	29.9	22.9	32.4
Considered too young	0.5	1.9	0.0
Being male or female	5.3	0.0	7.3
Discrimination	0.4	0.0	0.6
Low wages available	3.2	5.1	2.5
Poor working conditions	1.0	3.9	0.0
Other	8.5	18.1	5.1

Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

The reasons for inactivity for young people are very different for young men and women in Faisalabad. Table 3 shows a surprising high share of young men who were inactive because they attended education or training (90.5 percent). Unsurprisingly, for young women personal and family responsibilities are the cited as the key factors hampering labour force participation (67.1 per cent). (Table 3)

Table 3. Distribution of youth outside the labour force by reason for inactivity (%)

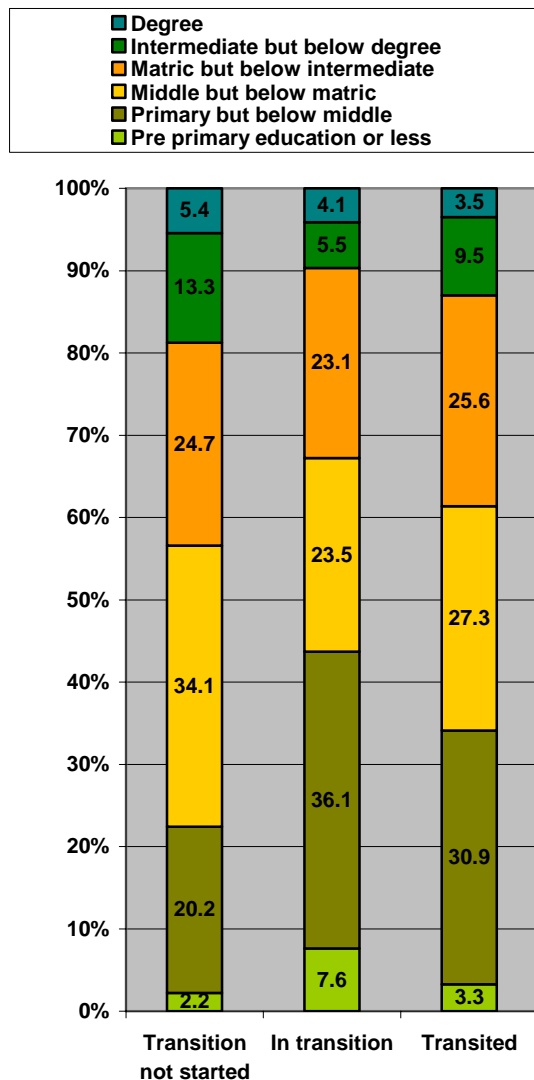
15-29	Both sexes	Males	Females
Personal or family responsibilities.	52.3	2.5	67.1
Attending education or training	42.5	90.5	28.2
Could not find suitable work	0.3	0.0	0.4
Handicapped	2.3	5.2	1.5
Do not know where is work	0.1	0.0	0.1
Not yet started to seek work	0.6	0.0	0.8
No reason given	1.0	0.5	1.1
Other	0.9	1.3	0.9

Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

Analysis of the educational level of the population by stage of transition shows a mixed picture. Young people who have not yet started the transition are relatively well educated, while the same is true for those who have transited in comparison with those in transition (Figure 6). The large proportion of transited workers with low educational achievement may reflect shortage in supply of better educated workers as well as the demand for production labour in Faisalabad.

10 International Labour Office (ILO), 2006. Global Employment Trends for Youth, ILO, Geneva

Figure 6. Educational attainment of respondents by stage of transition (%)



Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

Some youth experience an easy transition, in terms of time they take to find a job and the difficulties they face in the process. Others may experience longer periods of searching and more severe problems in finding regular employment. To account for these differences, the ILO has developed a classification scheme to measure the transition experience of young

people. It distinguishes three categories: “easy,” “difficult” and “middling.”

An *easy* transition is classified as one in which, before obtaining the current career/regular job, the young person underwent either:

- a direct transition,
- a spell of temporary employment of less than one year with no spell of unemployment or
- a spell of unemployment of less than three months (with or without spells of temporary employment).

The transition is *difficult* if before obtaining the current career/regular job, the young person underwent either:

- a spell of unemployment of one year or over (with or without spells of temporary employment) or
- a spell of temporary employment of two years or more with no spell of unemployment.

A *middling* transition is classified as one in which, before obtaining the current career/regular job, the young person underwent either:

- a spell of temporary employment of between one and two years with no spell of unemployment
- a spell of unemployment of between three months and one year (with or without spells of temporary employment¹¹)

Based on the ILO criteria, among those young people in Faisalabad who transited, the majority did not have an easy transition (71.2 per cent), and faced difficulties finding the first permanent or career job. The proportion of “middling transition” was lowest at 12.5 per cent.

The distribution of the transited youth by ease of transition (Table 4) demonstrates major discrepancies between

11 International Labour Office (ILO), 2005, School-to-work transition surveys (SWTS) –Basic concepts, ILO, Geneva

young men and women. Among women, the proportion with an easy transition was almost double that of men. This raises the question why young women who transitioned had less trouble in finding a permanent job.

Table 4. Transitioned youth by ease of transition (%)

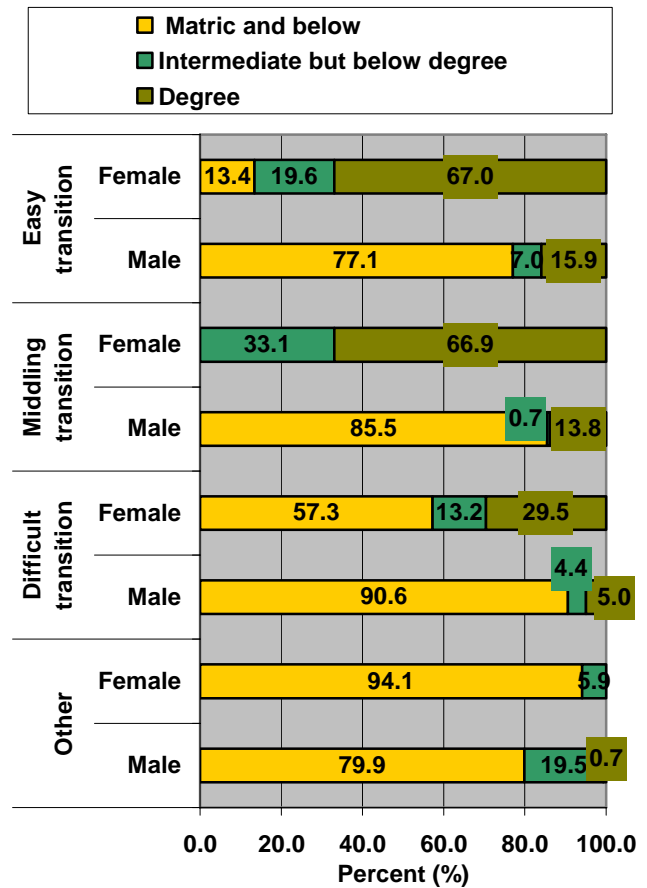
15-29	Both sexes	Males	Females
Easy transition	28.7	26.9	48.1
Middling transition	12.5	12.2	16.2
Difficult transition	44.3	46.7	19.6
Others*	14.4	14.3	16.0

Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

*The group of others includes all transitioned young people who left the labour force during their transition period: a.) to attend training or b) were engaged in home duties (including child care). After entering the labour market again they transitioned directly without any spell of unemployment or temporary employment.

One factor that is important in this context is the level of educational attainment, as the proportion of degree holders is high among those with an easy or middling transition. On the other hand, among those with a difficult transition educational attainment is relatively low for both males and females (Figure 7). It seems that for those who manage to find a regular job, the ease or difficulty of transition is associated with their educational attainment.

Figure 7. Transitioned youth by ease of transition (%)



Source: FBS, 2007/2008, Pilot Labour Force Survey Faisalabad

4. Summary and conclusions

The Faisalabad brief aims to provide a starting point for more comprehensive and in-depth analysis of decent employment at the district level, in particular focusing on youth.

Faisalabad's fertile land and its rich cotton production made the area famous for its textile industry and an expanding service sector. It marked the district as an important hub for Pakistan's economy. The district offers a lively labour market and people from all over the

country migrate to the region in hope for work.¹²

However, the assessment of available labour market indicators for Faisalabad suggests that, despite good employment opportunities and gains in gender equity in comparison with the rest of the country, the majority of workers in the district may well fall short of having decent and productive work. Labour market indicators also show a large gender gap. Women are underutilized in the district economy and labour market as reflected in inequalities in participation, sectoral and status in employment patterns.

The extent to which the district can benefit from the demographic dividend depends on the ability of the economy to absorb and productively employ young people. However, for young people it is difficult to secure decent and productive employment, and the analysis of the school-to-work transition in Faisalabad suggests that the youth potential for the district economy has not yet been fully realized. Young people face enormous challenges in their search for decent work.

Some key findings of the school-to-work transition analysis are:

- ✓ Faisalabad's youth seem to move quickly into employment rather than to continue their studies. In 2007/2008, 47.8 per cent of 15 to 29 years old were working whereas 19.7 per cent were at school.
- ✓ Although more than half of the young population surveyed were working, only about 8 per cent of them could be said to have completed their transition to decent work.

- ✓ Alarming are the very low proportions of young women in Faisalabad who were able to successfully finish their transition from school to a permanent job (1.2 per cent in rural and 1.6 per cent in urban areas).
- ✓ The majority of youth in transition (85.6 per cent) were in temporary jobs. Just 14.0 per cent of them were unemployed.
- ✓ Two important barriers for unemployed youth in their search for decent work are education/skills (46.8 per cent) and the non-availability of jobs (29.9 per cent).
- ✓ Among those who found a regular job, almost double as many women (48.1 per cent) as men (26.9 per cent) could be classified as youths with an easy transition.

The findings suggest that it is important to facilitate the school-to-work transition for young people in Faisalabad. Important policy areas are economic strategies that create sufficient labour demand, as well as policies that improve chances of young people in labour markets. Education and skills are an important policy area, and there is a need for more research in possible mismatches between the supply and demand for skills. Gender policies are of vital importance in the district labour market with a view to reducing large gender gaps.

Future issues of the *Pakistan Employment Trends* will focus on female employment trends in the country.

¹²

See: <http://www.faisalabad.gov.pk/>

Annex

Table A1. Selected key indicators of the labour market, Pakistan (%)

Pakistan (15+)	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	Change 1999/2000 to 2006/2007 (percentage points)
Labour force participation rate						
Both sexes	50.4	50.5	50.7	53.0	52.5	2.1
Males	83.2	82.7	82.7	84.0	83.1	-0.1
Females	16.3	16.2	18.0	21.1	21.3	5.0
Employment-to-population ratio						
Both sexes	46.8	46.5	47.0	49.7	49.8	3.0
Males	78.6	77.6	77.6	79.6	79.6	1.0
Females	13.7	13.6	15.6	19.0	19.4	5.7
Unemployment rate						
Both sexes	7.2	7.8	7.4	6.1	5.1	-2.1
Males	5.5	6.2	6.2	5.2	4.2	-1.3
Females	15.8	16.4	12.9	9.6	8.6	-7.1
Share of industry in total employment						
Both sexes	18.2	21.0	20.6	21.2	21.4	3.2
Males	19.8	22.0	21.7	22.7	23.5	3.7
Females	8.4	14.8	14.9	15.1	12.6	4.1
Share of agriculture in total employment						
Both sexes	47.8	41.1	41.8	41.6	42.0	-5.8
Males	43.4	37.2	37.0	35.6	35.0	-8.4
Females	73.7	64.5	66.6	67.7	71.4	-2.3
Share of services in total employment						
Both sexes	34.0	38.0	37.6	37.1	36.6	2.5
Males	36.8	40.8	41.3	41.8	41.5	4.7
Females	17.8	20.7	18.4	17.3	16.0	-1.8
Share of wage and salaried employees in total employment						
Both sexes	35.9	40.4	38.5	38.4	38.3	2.4
Males	36.4	40.9	39.8	41.2	41.5	5.1
Females	33.1	37.1	31.5	26.6	25.1	-8.1
Share of own account workers in total employment						
Both sexes	43.6	39.9	38.6	36.5	36.0	-7.6
Males	48.0	43.7	42.9	41.3	41.1	-6.9
Females	16.8	16.5	17.0	15.9	14.3	-2.6
Share of employment in the informal economy						
Both sexes	65.0	63.8	69.4	72.3	71.5	6.5
Males	65.0	64.1	69.9	72.2	71.6	6.6
Females	63.9	60.8	64.5	73.0	69.9	5.9
Share of vulnerable employment in total employment						
Both sexes	63.1	58.7	60.6	60.4	60.6	-2.5
Males	62.5	58.1	59.0	57.5	57.3	-5.2
Females	66.7	62.6	68.4	73.0	74.6	7.9
Share of the employed working 50 hours or more						
Both sexes	41.6	40.7	42.7	41.0	40.0	-1.6
Males	46.4	45.2	48.9	48.3	47.8	1.4
Females	12.8	13.4	11.6	9.4	7.7	-5.1

Source: FBS, Various years, Pakistan Labour Force Survey.

Table A2. Selected key indicators of the labour market, Faisalabad, 2007/2008 (%)

	Both sexes	Male	Female
Labour force participation rate			
15+	56.5	84.7	27.3
15-29	53.6	78.9	27.8
Employment to population ratio			
15+	53.1	82.5	22.7
15-29	48.6	76.2	20.4
Unemployment rate			
15+	6.0	2.6	17.0
15-29	9.4	3.4	26.6
Share of industry in total employment			
15+	32.7	35.8	21.4
15-29	40.8	43.6	30.2
Share of agriculture in total employment			
15+	34.2	27.2	60.5
15-29	29.0	23.0	51.8
Share of services in total employment			
15+	33.0	37.0	18.1
15-29	30.2	33.4	18.0
Share of wage and salaried workers in total employment			
15+	40.4	46.4	18.2
15-29	47.5	54.3	21.4
Share of own account workers in total employment			
15+	34.9	39.3	18.4
15-29	20.4	21.7	15.7
Share of vulnerable employment in total employment			
15+	58.2	51.9	81.7
15-29	52.0	45.0	78.6
Share of employment in the Informal economy			
15+	72.0	70.2	84.4
15-29	73.0	70.7	87.5
Share of employed working 50 hours or more			
15+	40.6	49.4	7.9
15-29	40.8	49.4	7.7
Share of employed in agriculture working 50 hours or more			
15+	36.5	52.7	9.0
15-29	34.2	48.9	9.4
Share of employed in trade working 50 hours or more			
15+	56.8	60.7	2.4
15-29	59.4	62.6	0.0

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A3. Educational attainment of young population in Faisalabad, 2007/2008 (%)

15-29	Both sexes	Male	Female
Less than one year of education	28.2	25.3	31.2
Pre primary education	3.1	3.7	2.4
Primary but below middle	19.3	19.9	18.6
Middle but below matric	20.4	23.3	17.6
Matric but below intermediate	17.4	17.4	17.4
Intermediate but below degree	7.3	7.1	7.5
Degree	4.3	3.3	5.4

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A4. Distribution of young people in Faisalabad by current activity status, 2007/2008 (%)

15-29	Employed	Unemployed	In school	Inactive
Both sexes				
District	47.8	3.3	6.6	4.8
Urban	44.5	6.0	23.5	25.9
Rural	50.8	4.1	16.1	28.9
Male				
District	74.9	2.2	8.2	0.5
Urban	73.4	2.8	21.5	2.3
Rural	76.5	2.6	18.8	2.1
Female				
District	20.1	4.1	5.4	7.8
Urban	12.0	9.7	25.8	52.5
Rural	26.9	5.4	13.6	54.1

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A5. Distribution of young people in Faisalabad by stage of transition, 2007/2008 (%)

15-29	Transited	In transition	Transition not started
Both sexes			
District	7.7	40.6	51.7
Urban	8.9	37.9	53.3
Rural	6.4	43.8	49.8
Male			
District	13.4	58.4	28.2
Urban	15.7	55.9	28.4
Rural	10.9	61.3	27.9
Female			
District	1.4	20.9	77.7
Urban	1.6	18.9	79.5
Rural	1.2	23.4	75.4

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A6. Educational attainment of young people in Faisalabad by stage of transition, 2007/2008 (%)

15-29	Transited	In transition	Transition not started
Less than one year of education	0.0	0.3	0.2
Pre primary education	3.1	6.9	2.2
Primary but below middle	27.4	34.1	21.1
Middle but below matric	21.8	24.6	32.3
Matric but below intermediate	27.8	21.9	25.5
Intermediate but below degree	7.8	6.9	13.1
Degree	12.0	5.3	5.7
All levels of education	100.0	100.0	100.0

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A7. Reasons of inactivity identified by the young people not in education in Faisalabad, 2007/2008 (%)

15-29	Both sexes	Males	Female
Personal/family responsibilities	87.6	18.0	90.5
Education or training	4.0	21.0	3.3
could not find suitable work	0.5	0.0	0.5
Unable to work/handicapped	4.0	50.1	2.0
Do not know how/where to seek the work	0.1	0.0	0.1
Not yet started to seek work	1.0	0.0	1.0
No reason given	1.4	2.4	1.4
Other	1.4	8.5	1.1

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.

Table A8. Main obstacles to find decent work identified by the young unemployed in Faisalabad, 2007/2008 (%)

15-29	Both sexes	Males	Female
1. No education	8.2	9.8	7.6
2. Not relevant education	15.3	13.7	15.9
3. Not relevant vocational	10.6	12.1	10.1
4. No suitable training skill	12.7	6.5	14.9
5. Mismatch between education and job	2.1	1.9	2.2
6. No work experience	2.2	4.1	1.5
7. Not enough jobs available	29.9	22.9	32.4
8. Considered too young	0.5	1.9	0.0
9. Being male / female	5.3	0.0	7.3
10. Discrimination	0.4	0.0	0.6
11. Low wages available	3.2	5.1	2.5
12. Poor working conditions	1.0	3.9	0.0
13. Other	8.5	18.1	5.1
total	100.0	100.0	100.0

Source: FBS, 2007/2008 Pilot Labour Force Survey Faisalabad.