



FAISALABAD EMPLOYMENT TRENDS - YOUTH

APRIL, 2010

MINISTRY OF LABOUR AND MANPOWER
Labour Market Information and Analysis Unit
Government of Pakistan - Islamabad



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Foreword

Labour Market Information and Analysis Unit (LMIA) is working since 2006 with the collaboration of ILO and UNDP in the HRD Wing of Ministry of Labour & Manpower. This unit has produced up till now - five analytical reports on various issues prevailing in the domestic labour market. Moreover, the first ever brief analyzing the labour market situation and school to work transition in Faisalabad district has also been published by LMIA Unit. The Primary objective of LMIA Unit is to collect data and information from various sources at federal, provincial and district level and establish a comprehensive database that is aligned with international labour market standards. This database will be used for cross-sectional analysis to monitor Labour Market developments, and decent work achievements.

This report on Youth in Faisalabad is based on first ever labour force survey held in 2007/08 in the district. It is a report card on the characteristics of youth labour market based on internationally adopted Key Indicators of Labour Market (KILM). Additionally it compares the district youth labour profile with the corresponding national indicators for the year 2007/08. The special efforts made by the Federal Bureau of Statistics in finalizing the data on priority basis are highly acknowledged.

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The Labour and Manpower Ministry look forwards for further national and international cooperation with the aim of creating and promoting labour market information system especially at provincial and district level in the country. Furthermore, the upcoming publications of this Unit will continue to highlight the areas of particular interests that are timely and significantly important for the development of efficient Labour Market in Pakistan.

Tariq Iqbal Puri

Federal Secretary
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Table of Contents

Foreword	II
List of acronyms	V
Executive Summary	VI
1. Introduction	1
1.1 Promoting decent employment for youth	1
1.2 Why focus on youth?	3
2. General labour market development	5
2.1 Demographic situation and development in labour force participation of Youth	5
2.2 Youth employment	6
2.3 Youth employment by sector	6
2.4 Youth employment by status	7
2.5 Youth employment in the informal economy	8
2.6 Youth employment by hours of work	9
2.7 Youth Unemployment	11
2.8 Youth inactivity	11
3. State of youth skills in Pakistan	14
3.1 Definition and methods	14
3.2 Illiteracy	15
3.3 Educational attainment of youth	15
3.4 Youth enrolment	17
3.5 Formal and vocational training of youth labour force	18
3.6 Occupation of young people	20
3. Conclusion	22
References	23
Glossary of the terms used	25

List of Tables:

Table 1. Population and labour force	5
Table2. Youth labour force participation rate	5
Table 3. Youth employment-to-population ratio	6
Table 4. Employment by sector	7
Table 5. Status in employment	8
Table 6. Vulnerable employment by sector	8
Table 7. Youth employment in the informal economy as a share of total youth employment	9
Table8. Hours of work	10
Table 9. Share of employed working excessive hours by sector	10
Table 10. Youth Unemployment-rate	11
Table 11. Youth Inactivity	12
Table 12. Reasons for Inactivity	13
Table 13. Population and Illiteracy	15
Table 14. Educational attainment of the Labour force	17
Table 15. Youth Unemployment rate by education attainment and sex	17
Table 16. Enrolment of youth population, by educational attainment and sex	18
Table 17. Distribution of youth labour force with formal / vocational training by major occupational groups	19
Table 18. Distribution of the youth labour force with formal /vocational training by type of training	20
Table 19. Wage and salaried employment by major occupational groups	21
Table 20. Youth wage and salaried employment by aggregated major occupational groups	21
Box1. Faisalabad District	4

List of Acronyms

DWCP	Decent Work Country Program
EPR	Employment-to-population rate
FBS	Federal Bureau of Statistics
GDP	Gross domestic product
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
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
MTDF	Medium Term Development Framework
NAVTEC	National Vocational and Technical Education Commission
NWFP	North West Frontier Province
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
PSLM	Pakistan Social and Living Standards Measurement Survey
SMEs	Small and medium enterprises
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

Executive Summary

The demographic transition underway in the country yields a sizeable youth population to tap for investment in human capital for future economic development of the country. The youth age-bracket in life-cycle is the most productive and rewarding period as it brings energy, aptitude and ingenuity. If enhanced skill development and vocational training is matched with job opportunities than these innate qualities of youth can ensure “dividend” from the demographic transition. But Pakistan, like many developing countries is facing a number of labour market challenges such as unemployment, underemployment, mismatch of skills, inactivity and uncertainty of labour market.

This issue of Faisalabad Employment Trends (Youth) is a comparative analysis between Pakistan and district Faisalabad. The focus of this report is to profile the labour market characteristics of youth in Faisalabad as reflected in their demographics, employment in formal and informal economy, unemployment and inactivity. Key Indicators of Labour Market (KILM) accepted internationally is the analytical framework of this report card on youth in Faisalabad.

Education and skills plays an essential role in preparing individuals to successfully enter in the labour market. Timely and relevant skills strengthen the potential capabilities of youth; In order to serve as an information input into policy formulation, the state of youth skills in district Faisalabad is also analyzed through educational attainment, youth enrolment and formal and vocational training of youth.

In general this comparative analysis of youth portrays a mixed picture of decent and productive work in Faisalabad and identifies the challenges faced by them in the district labour market. It is therefore important for better utilization of youth labour force to revisit the situation of youth particularly the deficit in decent work and gender imbalances.

Key findings of this analysis are:

Youth labour force participation rate in district Faisalabad is 6.8 percentage points higher than at Pakistan level.

The share of youth employment in industry in district Faisalabad is 14.1 percentage points higher than the corresponding share for Pakistan.

For wage and salaried persons, the gender differential of 33.3 percentage points (54.5-21.2 percent) in Faisalabad is much higher than the corresponding differential at the national level (19.4 percentage points). Moreover the share of vulnerable employment for women is 78.8 percent.

The share of youth in informal economy in district Faisalabad is 52.3 percent as compared to 46.6 percent at the national level. It is also 7 percentage points above adults share.

The proportion of young men working excessive hours in Faisalabad is 51 percent, where as 42.4 percent females are working less than 35 hours a week.

Youth unemployment rate for women in district Faisalabad is 26.3 percent in rural and 46 percent in urban areas.

Youth is less inactive in Faisalabad district as compared to their nation-wide counterparts.

Illiteracy rate in district Faisalabad is 28 percent which is 3.6 percentage points lower than at national level.

Female youth unemployment rate by educational attainment is high in all the educational categories in the district of Faisalabad.

The share of female graduates in Faisalabad at 6.1 percent is four times higher than male graduates and a percentage point higher than their counterparts at the national level.

Youth in district Faisalabad is in a relatively better position in terms of relevant skills because 19.2 percent of youth labour force possess formal/vocational training in computer course and 14.5 percent have training in garment making.

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 vulnerability, uselessness and idleness among young people. 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).

In the Millennium Declaration adopted by the 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”. It was this stimulus that led to the development of the Youth Employment Network. This is a partnership between the UN, ILO and the World Bank, which is the vehicle to address the global challenge of youth employment. These partners bring unique skills; the UN brings its political mandate to mobilise governments around this issue, the World Bank brings its macro-economic policies since a healthy economy creates the conditions for youth employment, and the ILO brings technical expertise on employment and the world of work. Since its inception the YEN has been strengthened through a series of UN General Assembly Resolutions.

Pakistan's Decent Work Country Program (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 organised by the Labour and Manpower Division of the Ministry of Labour, Manpower and Overseas Pakistanis (MLMOP) and the ILO in April 2006. The Forum aimed to provide a platform to examine the employment and labour market challenges facing Pakistan, and to assist the Government, and Employers' and Workers' representatives in the formulation and implementation of concrete decent work policies and programs. 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 the current government policy framework and the DWCP in the context of youth employment in Faisalabad.

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):

- (I) First, *opportunities for work* refers to the need for all persons who want work to be able to find work, since decent work is obviously not possible without 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.

¹ For analysis the position of young people, the term “youth” will be used in this report for those aged 15-24 years.

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

- (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 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 in 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 that they 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, programs and activities. Examples include public works programs, legislation and regulations concerning labour utilization and working conditions, education policies and skills development programs, 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 made instrumental in achieving decent work objectives. (Pakistan Employment Trends, etc. 2007)

Ministry of Youth Affairs Government of Pakistan in its National Youth Policy draft realizes the importance of youth in Pakistan's future and is willing to provide the means and environment to harness the growth potential of this valuable human resource. In the policy draft the ministry recommends skill development and vocational training, entrepreneurship, micro finance facility for self employment and internship programs to overcome the constraints and challenges faced by youth in entering the labour market and decent employment status.

Which policies and programs should be designed and developed at a particular time depends on the state of the labour market, 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 current labour market developments that constitute the basis for employment, human resource development (HRD) and labour policy formulation. 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 listed before.

1.2 Why focus on youth?

Youth unemployment and situations in which young people give up on the job search (“discouragement”) or work under inadequate conditions (“underemployment”) incur costs to the economy, to society and to the individual and their family. There is a proven link between youth unemployment and social exclusion. An inability to find employment creates a sense of vulnerability, uselessness and idleness among young people. Availability of decent work enhances the productive capabilities of youth since they are in a stage of life cycle where they have adequate time and energy to engage themselves for personal gains.

Pakistan is in a unique position to tap what is known as a demographic transition, i.e. a period when there is a favourable ratio of productive youth in relation to older workers. This 'window of opportunity' started somewhere in the mid 1990s, and Pakistan has lagged behind in converting it into a true “demographic dividend” over the past 15 years. There is a strong possibility of demographic waste, depending on how strongly the government and policy makers act in order to harness the youth bulge into a skilled and productive youth.

The second obvious gain in recapturing the potential of underutilized youth is an economic one. Idle youth is a costly group if they are not contributing to the economic welfare of the country. The loss of income among the younger generation translates into a lack of savings as well as a loss of aggregate demand. Some youth who are unable to earn their own income have to be financially supported by the family, leaving less for saving and investments at the household level. Therefore it is important to focus on youth as soon as possible and devise a youth oriented human resource development policy. Focal point of this policy may be the training and development of youth which eventually enlarges the future human capital of the country.

BOX 1 Faisalabad District:

Faisalabad district was originally set up as a canal colony in the late nineteenth century when farming spread to this part of the then united Punjab in British India. The city, in particular, began life as Lyallpur, named after its founder, the British lieutenant governor of the Punjab, Sir Charles James Lyall, in 1880. Hence, the design of the city centre was inspired by the Union Jack: eight roads radiated from a large clock tower and led to eight separate bazaars. This continues to be the city's most famous landmark. In 1977, the city was renamed Faisalabad after the late Saudi King, Shah Faisal, as a symbol of the strong bond between Pakistan and Saudi Arabia.

Faisalabad is now a major industrial centre of the Punjab and is the textile capital of the country. It is also one of the major agricultural areas in the province of Punjab, known for its fertile land and high yield. The district houses some of the best orchards in the province that cover about 35,000 acres across Faisalabad. The main fruits grown here are falsa, mango, guava and various varieties of citrus. Because of the district's importance as a centre of agriculture, a higher education institution devoted exclusively to the study and development of agriculture has existed in Faisalabad for the last 100 years. This institution, the University of Agriculture, is now one of the few educational institutions in Pakistan devoted to the subject.

Faisalabad is the third largest district of Pakistan, and due to the rapid strides in industrialization, employment in the district is roughly split equally between agricultural, industrial and service activity. It is now called the "Manchester of Asia" for its widespread development of textile industry. This development has been made possible by the continued efforts of pioneering entrepreneurs as well as workers over a period of four decades. Before independence, there were only five industrial units in Faisalabad City (then Lyallpur). Now, there are dozens of textile mills with other subsidiary units. Roughly, there are 512 large Industrial units, out of which 328 are Textile units, 92 engineering units and 92 chemicals and food processing units. Other industries include hosiery, carpet and rugs, nawar and lace, printing and publishing and pharmaceutical products etc. There are also some 12,000 household industries, which include some 60,000 power loom factories.

2. General labour market developments

2.1 Demographic situation and labour force participation of youth

District Faisalabad comprises 1.4 million youth which is 21.5 percent of the total district population. Approximately 52 percent of young men and women live in rural areas and 48 percent live in urban areas of Faisalabad, a balanced spatial distribution of youth population.

The economically active population of Faisalabad's young men and women is 0.7 million out of which 0.51 millions are male and 0.19 millions are women. Faisalabad's labour force is deviating from the national distribution of the labour force by sex as the share of women, at 27 per cent in Faisalabad, is much higher than the national share at 20 per cent.

A comparison with Pakistan Labour force participation rate shows that Faisalabad has relatively high labour force participation at 50.5 percent (as compared with national labour force participation rate of 43.7 percent in 2007-08). Men have a relatively high rate of labour force participation with 72.7 percent whereas women have only 28 percent labour force participation rate in Faisalabad district.

Table 1: Population and labour force (millions)

Youth (15-24)	Pakistan	Faisalabad
Total Population		
Both sexes	161.0	6.5
Male	82.7	3.3
Female	78.2	3.2
Population 15-24		
Both sexes	32.9	1.4
Male	16.9	0.7
Female	16.0	0.7
Labour force 15-24		
Both sexes	14.4	0.7
Male	11.3	0.5
Female	3.1	0.2

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

Table 2. Youth labour force participation rate (%)

	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
LFPR	67.0	19.2	43.7	72.7	28.0	50.5
Urban	59.0	9.7	35.3	69.9	21.7	47.0
Rural	71.8	24.6	48.7	75.5	33.4	53.8

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

2.2 Youth employment

The employment to population ratio in Faisalabad district is 45.3 percent which indicates that Faisalabad has relatively greater opportunities to absorb young labour force as compared to national employment to population ratio of 40.3 percent. This employment to population ratio can be attributed to industrial base and fertile land in the district.

In spite of a better employment to population ratio in Faisalabad, the gender disparity of 49 percentage points in the ratio is slightly above the national disparity; indicating fewer opportunities for females or a mismatch between their demand and supply.

Moreover analysis reveals that in rural areas in district Faisalabad the youth employment-to-population rate is 8.9 percentage points higher than in urban area. This difference shows the strength of agriculture sector which provides low skill employment; therefore the overall opportunities for youth in Faisalabad in rural areas warrants investigation along with a more detail analysis of youth employment and labour market challenges.

Table 3. Youth employment -to-population ratio (%)

	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
EPR	62.3	17.1	40.3	69.6	20.6	45.3
Urban	53.6	7.8	31.6	67.0	11.7	40.7
Rural	67.5	22.6	45.5	72.2	28.2	49.6

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

2.3 Youth employment by sector

As mentioned earlier district Faisalabad is amongst those districts where industrial sector is dominant and Table 4 depicts the same picture where most of the employed youth are working in industries and constitutes 40.3 percent share of the total employment. The sectoral distribution of employed youth in the district is relatively balanced as compared to national sectoral distribution.

Considering the breakdown of employment by sex it is clear that labour market of Faisalabad is more favourable to young men than young women. Employment generation for women still occurs predominantly in agriculture as it accounts for more than 52 percent of overall female employment in 2007-08. A similar situation exists at the national level, where female employment in agriculture at 65.6 percent is even higher than in Faisalabad. It is encouraging to note that female youth share in industries in Faisalabad is about 1/3, 12 percentage points higher than national labour market.

Table 4. Employment by sector (%)						
	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Agriculture	36.5	65.6	42.5	24.0	52.6	30.5
Industry	27.8	20.2	26.2	42.6	32.2	40.3
Services	35.7	14.2	31.2	33.4	15.2	29.3
All sectors	100	100	100	100	100	100

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

2.4 Youth employment by status

By using international standards the indicator of status in employment distinguishes between four categories of the total employed. These are: (a) wage and salaried workers (also known as employees); (b) self-employed workers (including employers and own account workers as well as members of producers cooperatives); (c) contributing family workers (also known as unpaid family workers); and (d) the others who do not fit in one of the first three categories.

The indicator is closely linked to the employment by sector indicator (KILM 4). Along with high economic growth in Pakistan, there is a shift in overall employment from the agricultural to the industry and service sector, which is reflected in an increasing number of wage and salary workers and a decreasing number of contributing family workers who are widespread in the agricultural sector.

Following the economic textbook discourse, a shrinking number of own account workers or contributing family workers and a complementary rise in wage and salaried workers accompanies mostly the move from a low income situation with a large informal or rural sector to a higher income situation with high job growth.

Table 5 compares the employment status of youth in Faisalabad with their counterparts at the national level. For both sexes the share of wage and salaried youth is significantly higher in Faisalabad, and the share of contributing family workers is lower in Faisalabad than at the national level. For women the lower share in wage and salaried category is offset by their higher share as employers and own account workers as compared at national level.

The distribution of vulnerable employment (defined as the sum of own account workers and contributing family workers) by sector is given in Table 6. The share of youth in vulnerable employment in agriculture in Faisalabad is less than at the national level. This is also true for both genders. This situation is reverse in manufacturing sector for both sexes, where female are more than twice (28.5 percent) likely to be in the vulnerable employment than their counterparts at the national level (12.3 percent). Female youth are also likely to be more vulnerable in wholesale and retail trade as their share (4.0 percent) is more than double the national share (1.6 percent).

Table 5. Status in employment (%)

Youth (15-24)	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Wage and Salaried Persons	42.4	28.5	39.5	54.5	21.2	47.0
Self employed	18.3	8.6	16.3	19.2	14.0	18.0
Employers	0.2	0.0	0.1	0.2	0.0	0.1
Own account workers	18.1	8.5	16.1	19.0	14.0	17.9
Contributing family workers	39.2	62.9	44.1	26.1	64.8	34.9
Vulnerable employment	57.5	71.5	60.4	45.3	78.8	52.8
Others	0.1	0.0	0.0	0.2	0.0	0.2

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

Table 6. Vulnerable employment by sector (%)

Employed (15-24)	Pakistan			Faisalabad		
	Males	Females	Both Sexes	Males	Females	Both Sexes
Agriculture	58	82.6	64	47.2	62.7	52.4
Mining	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	7.7	12.3	8.8	12.2	28.5	17.7
Electricity, Gas and Water	0.0	0.0	0.0	0.0	0.0	0.0
Construction	0.8	0.1	0.6	0.7	0.0	0.5
Wholesale and Retail Trade	21.8	1.6	16.8	23.4	4.0	16.9
Transport and Communication	4.4	0.2	3.3	6.8	0.0	4.5
Finance	0.7	0.0	0.5	0.2	0.0	0.1
Social Services	6.8	3.1	5.9	9.5	4.8	7.9
Undefined	0.0	0.0	0.0	0.0	0.0	0.0

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

2.5 Youth employment in the informal economy

Informal economy is an important part of the labour market and plays a major role in labour force absorption, production and income generation. The share of informal economy is relatively high in developing economies like Pakistan and this situation is held true in Faisalabad where the share of informal economy is relatively high due to its dominant industrial sector. The informal enterprises provide employment opportunities especially to young men and women because they lack experience. The indicator of youth employment in the informal economy is employment as a percentage of total youth employment.

Table 7 Indicates that more young men and women are working in informal economy than adults and this difference is highest in young women (i.e. 13.9 percentage points). Furthermore the share of females in informal economy of district Faisalabad is dominant when it is compared with national

informal economy;³ however these differences are only marginally higher than differences prevailing at the national level.

Both sexes	Pakistan	Faisalabad
15-24	46.6	52.3
25+	39.4	45.3
Male		
15-24	51.5	55.1
25+	45.2	49.5
Female		
15-24	27.6	42.8
25+	14.9	28.9

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

2.6 Youth employment by hours of works:

One important indicator of decent work measurement is hours of work. This indicator is more important in case of youth employment since they have less experience and often work excessive hours in order to retain jobs and gain experience.

A normal and full time working week is thought of as 35-49, whereas working more than 49 hours is often considered excessive, for reasons including detrimental effects on 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 8 shows that 36.2 percent young men and women are working excessive hours (more than 49 hour a week) in Pakistan and this pattern of excessive hours is similar in the district Faisalabad and approaches 41.2 percent. Young men working excessive hours are 51.0 percent in contrast to 7.6 percent young women working excessive hour in the Faisalabad. Flip side of working excessive hours by youth reflects energy, motivation and commitment to work that enhances productivity in the country, or it may reflect lack of alternate better paying and productive jobs. Policy makers need to ensure that compensation and reward are consistent with their long working hours.

Young women constitute 42.4 percent of employed females working less than 35 hours a week in Faisalabad . This situation is quit alarming in the sense that female participation in labour market is already very low at combined with the fact that almost half of them are working less than 35 hours a week.

Sectorally, large proportions of youth are working excessive hours in Finance, Transportation and Communication as well as Trade (Table 9). The share is specifically high in finance sector when compared with national figures. This high percentage in Finance and IT sector reflects the rapid

³ Share of females in informal economy is 71.7 percent for Pakistan and 84.4 percent for Faisalabad in 2007-08.

growth of Finance and IT sector in Pakistan and Faisalabad in the period 2001-07 transmitting into demand for young and educated labour force. Large proportion of youth working excessive hours particularly males, and rising trends in sectors such as Finance Transport and Communication are indicators that should be a cause for concern for policy makers. These indicators, in part, reflect work arrangements which allow for exploitation of labour in case of less remuneration, and are likely to jeopardize the health and development of young people.

Table8: Hours of work (%)						
Employed (15-24)	Pakistan			Faisalabad		
	Males	Females	Both Sexes	Males	Females	Both Sexes
Hours worked						
Less than 20 hours	1.6	11.2	3.6	2.1	13.6	4.7
29-29 hours	3.3	22.4	7.3	3.5	24.3	8.2
30-34 hours	2.2	6.6	3.1	1.8	4.5	2.4
35-39 hours	9.9	27.6	13.6	5.5	12.9	7.2
40-44 hours	14.2	15.6	14.5	10.7	26.6	14.3
45-49 hours	24.9	7.6	21.3	24.9	8.2	21.2
50-59 hours	20.4	5.4	17.3	16.5	6.3	14.2
Greater than 59 hours	23.0	3.0	18.9	34.5	1.3	27.0
Undefined	0.4	0.5	0.4	0.5	2.3	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

Table 9: Share of employed working excessive hours by sector (%)						
Employed (15-24)	Pakistan			Faisalabad		
	Males	Females	Both Sexes	Males	Females	Both Sexes
Agriculture	33.7	7.1	25.2	48.4	9.2	33.1
Mining	53.4	0.0	51.2	0.0	0.0	0.0
Manufacturing	44.5	9.7	36.7	50.2	5.9	40.9
Electricity, Gas and Water	20.7	0.0	19.4	0.0	0.0	0.0
Construction	21.6	24.8	21.6	19.1	30.5	19.5
Wholesale and Retail Trade	63.5	32.1	62.8	62.4	0.0	59.2
Transport and Communication	68.8	50.3	68.6	65.7	0.0	65.7
Finance	45.8	0.0	43.8	69.7	100	75.3
Social Services	47.4	8.7	38.5	57.1	4.3	42.7
Undefined	17.1	0.0	17.1	0.0	0.0	0.0

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

2.7 Youth Unemployment:

Looking at the internationally accepted ILO Key Indicators of the Labour Market, the only indicator relating specifically to youth remains KILM 9 on youth unemployment. The KILM indicators preceded the MDGs; and this indicator has in practice been replaced by the four new employment indicators under MDG 1B, three of which may be broken down by age. Nevertheless youth unemployment is of course important and analysis shows that this is certainly true in Faisalabad.

The standard definition that is used to measure the number of unemployed persons 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 undercount the untapped human resources of a country. In Pakistan, the unemployment rate measured on the basis of the relaxed definition is the one most widely quoted.

Examination of Table 10 shows that unemployment rate for young women is 26.3 percent in district Faisalabad whereas the same is 4.3 for young men. Differences in youth unemployment rate between sexes are particularly high in urban areas of Faisalabad where young women have an unemployment rate of 46 percent where as for young men it is only 4.2 percent. Unemployment in rural areas is relatively lower than urban areas of Faisalabad.

Youth unemployment for young women in Faisalabad indicates that out of every 100 young women available for work 26 are unemployed; hence one should also consider the consequences of youth unemployment in particular if it is chronic in nature. Youth unemployment has major psychological impacts on young people and can lead to marginalization, social exclusion, frustration and low self-esteem – characteristics that can, over time, lead into behaviour that imposes a significant burden on society.

Table 10: Youth Unemployment -rate (%)						
	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Unemployment rate	7.0	10.5	0.0	4.3	26.3	10.3
Urban	9.1	20.3	10.6	4.2	46.0	13.3
Rural	5.9	8.3	6.5	4.4	15.5	7.9

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

2.8 Youth inactivity:

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

There are a variety of reasons why young people do not participate in the labour force; such girls and boys might be occupied in looking after other family members, they might be sick or disabled or attending school or universities; may simply not want to work; or their cultural-driven beliefs keep them out of the labour force. Some of them are also discouraged believing that undertaking job search would be a futile effort. They do not seek work because they have insufficient education or skills to get a job, may think that no suitable work is locally available or simply they did not know how to look for work. Another reason is the lack of government employment services in the district and private sector initiatives dealing with recruitment services. A discouraged youth – a young person who is unemployed for a long period of time – is vulnerable to facing a difficult process of reintegrating into the labour force and is in danger of feeling useless and of becoming alienated from society. For Pakistan's economy, the presence of discouraged workers represents a waste of human resources and productive potential.

Inactivity rates for men are very low as compared to young women in district Faisalabad and table 11 indicates that inactivity rate for young women is 72 percent and for young man it is 27.3 percent. If we compare the situation of district Faisalabad with national labour market, inactivity rates are relatively low. Table 12 indicates that 63 percent of young women are engaged in housekeeping where as 34.2 percent young women are students. In the case of young men 90.7 percent of young men are busy in acquiring education. Therefore the issue for concern is that policy maker should devise policies which provide opportunities for young women to participate in labour market simultaneously with the household activities.

Table 11. Youth Inactivity (%)						
	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
National	33	80.8	56.3	27.3	72	49.5
Urban	41	90.3	64.7	30.1	78.3	53
Rural	28.2	75.4	51.3	24.5	66.6	46.2

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

Table 12. Reasons for Inactivity (%)		
Youth (15-24)	Pakistan	Faisalabad
Both sexes		
Student	46.7	49.9
House Keeping	50.4	45.9
Retired	0.0	0.0
Agricultural land	0.1	0.1
Too young to work	0.3	0.3
Too old to work	0.0	0.0
Handicapped	1.1	2.6
Other	1.4	1.4
Male		
Student	90.7	90.7
House Keeping	2.5	1.5
Retired	0.0	0.0
Agricultural land	0.4	0.0
Too young to work	0.6	0.0
Too old to work	0.0	0.0
Handicapped	2.4	5.3
Other	3.3	2.4
Female		
Student	27.7	34.2
House Keeping	71.0	63.0
Retired	0.0	0.0
Agricultural land	0.0	0.1
Too young to work	0.2	0.4
Too old to work	0.0	0.0
Handicapped	0.6	1.5
Other	0.5	1.0

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

3. State of youth skills in Pakistan

Education plays the key role in the development of young people's human capital and their subsequent ability to participate in the labour market. The following chapter will, with the use of LMIA, monitor the linkages between youth skills and labour market development and helps to understand the supply and demand for skills and to inform skills development policies and hence facilitates their successful labour market integration.

The analyses are based on the Pakistan labour force survey, which is a good source to generate basic labour market information for youth skills development mainly from the supply side. To reflect also the skill demand in the Pakistan, especially for youth, establishment based data on occupation, wages and earnings of young people would be necessary as well as economic sector level skills assessments.

Considering this situation, it is difficult to assess young women's and men's skill needs in sufficient depth, and to accurately gauge the extent to which the demand for their skills is met. The dearth of information also hampers evidence based skills policy making and the reform process of TVET reforms that have started. Yet, based on information from labour force surveys and other sources of information a number of trends can be analyzed that are important in the context of skills development policies and reforms.

3.1 Definition and methods

Skills, knowledge and abilities embodied in a person are also called 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 carry out 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.

3.2 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. Literacy is understood as a structural necessity and a social practice. Similarly, where literacy used to be viewed only as an individual skill, it is nowadays seen in the context of broader educational and socio-economic interventions. The task can be seen less as eradicating illiteracy and more as creating increasingly literate environments and learning societies to help finding decent work. While recognizing this, illiteracy of young men and women in Pakistan is even more important for further labour market developments and needs urgent investigation.

Table 13 shows that about one third of the total population of district Faisalabad is illiterate. Rural illiteracy is an issue of concern since out of 0.4 millions illiterate people 0.3 millions belong to rural area of Faisalabad. Illiteracy rate is higher in young women than young men although if compared with national illiteracy rate this gender gap of illiteracy is relatively thin in the district of Faisalabad.

Table 13: Population and Illiteracy (millions, %)		
Youth (15-24)	Pakistan	Faisalabad
Illiterate Population (million)	10.4	0.4
Urban	2.1	0.1
Rural	8.3	0.3
Males	3.8	0.2
Females	6.6	0.2
Illiteracy rate (%)	31.6	28.0
Urban	17.5	18.7
Rural	39.9	36.6
Males	22.6	25.6
Females	41.2	30.4

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

3.3 Educational attainment of youth

The educational attainment of young people in Pakistan indicates the capacity of the country to achieve important social and economic goals gives insights of the broad skill structure of the youth labour force and indicates inequalities in the distribution of education resources. Further it highlights the need to promote further investments in youth education. But educational attainment levels alone do not measure skills. It is the quality of skills attained in a formal education and training system that is important and can impact economic growth. Unfortunately, the labour force survey does not provide quantitative data on the quality of education. Analyses on levels of educational

attainment therefore remain the best available indicators of the skill supply to date.

There are complementarities between what is commonly viewed as “education” and “training”, and one is the ability to acquire skills more efficiently. The higher the level of education of a person it is more likely that he or she can further improve their employability by acquiring additional skills through training.

In Faisalabad the average educational attainment of the youth labour force is very low. In 2007-08 more than half of the youth labour force (62.5 per cent) had either less than one year or just primary education, and just 2.7 per cent had attained a university degree.

However in several educational levels young woman at district Faisalabad fare better than their counterparts at the national level. In tertiary education female outpace the male youth labour force. This shows that young men generally leave the educational system earlier to enter the labour market.

To get further insight of the skill supply of young man and women it is also necessary to analyse the educational attainment of the unemployed youth as they represent vast potential available to help to meet the demand of skills on the labour market. 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.

Further it can be noticed that young unemployed women are much more disadvantaged in the labour market than young men. Although they have the same training than men their unemployment rates are far higher in almost all educational attainment levels. Table 15 indicates that the situation of district Faisalabad is different from national labour market because 47.4 percent of youth labour force is unemployed after graduating with a degree. Knowing the educational structure of the unemployed youth gives further insight into the skill mismatch. The high unemployment rates for highly educated young men and women (i.e. 36.3 and 53.8 percent for young men and women at degree level) indicate the lack of sufficient professional and high level technical jobs in the Faisalabad although it is one of the developed industrial cities in Pakistan.

Once again it is clear that young unemployed women are much more disadvantaged in labour market than young men. 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 highest within the education group “matric but below intermediate” where 7.0 percent of the unemployed young men are found in comparison with 58.1 percent of the young women

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. This situation was highlighted in youth employment by status and sector. It is therefore necessary to identify those barriers which may prevent young women from obtaining employment in the national as well as district labour market of Faisalabad.

Table 14: Educational attainment of the Labour force (absolute)

Youth (15-24)	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Less than one year of education	32.0	60.3	38.1	32.5	44.0	35.6
Pre primary education	3.3	1.9	3.0	4.8	3.7	4.5
Primary but below middle	23.0	14.2	21.1	23.2	20.2	22.4
Middle but below matric	17.8	5.8	15.3	19.3	5.9	15.6
Matric but below intermediate	15.9	8.5	14.3	15.2	14.8	15.1
Intermediate but below degree	5.2	4.3	5.0	3.7	5.3	4.1
Degree	2.6	5.1	3.1	1.3	6.1	2.7
All education levels	100.0	100.0	100.0	100.0	100.0	100.0

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

Table 15. Youth Unemployment rate by education attainment and sex (%)

Youth (15-24)	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Less than one year of education	4.1	4.8	4.3	2.2	10.3	4.9
Pre primary education	6.1	6.6	6.1	5.9	0.0	4.5
Primary but below middle	6.1	15.4	7.4	1.4	30.4	8.6
Middle but below matric	7.1	13.0	7.6	4.8	30.4	7.4
Matric but below intermediate	10.9	29.3	13.2	7.0	58.1	20.7
Intermediate but below degree	13.2	23.3	15.0	12.7	37.4	21.4
Degree	13.7	21.0	16.2	36.3	53.8	47.4
All education levels	7.0	10.5	7.7	4.3	26.3	10.3

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

3.4 Youth enrolment:

One of the key indicators to measure the degree of participation in education programmes and to monitor the skill developments are enrolment rates. It is well documented that Pakistan's enrolment rates have slightly improved over the last couple of years. And this is cause for concern for the state of skills in the labour force in the years to come.

When looking at all levels it is seen that Faisalabad's enrolment rate per educational attainment is relatively lower as compared with the national enrolment rate per educational attainment level. Highest enrolment rate can be seen in the category "Matric but below intermediate".

Overall 25.7 percent of young people in the age group 15 to 24 years are enrolled. Data depicts that out of 100 young men 26 are enrolled where as out of 100 young women 25 are enrolled for getting education. This indicates relatively more gender parity in Faisalabad than in overall Pakistan. The issue is to further improve the enrolment rates in 15-24 age brackets and improve skill levels of those who drop out before completing matriculation.

Table 16. Enrolment of youth population, by educational attainment and sex (%)

Youth (15-24)	Pakistan			Faisalabad		
	M	F	Both Sexes	M	F	Both Sexes
Less than one year of education	0.0	0.0	0.0	0.0	0.0	0.0
Pre primary education	0.0	0.0	0.0	0.0	0.0	0.0
Primary but below middle	0.0	0.0	0.0	0.0	0.0	0.0
Middle but below matric	4.7	2.9	3.8	2.7	2.2	2.4
Matric but below intermediate	13.3	8.4	10.9	10.8	10.1	10.5
Intermediate but below degree	8.9	6.5	7.7	7.0	6.6	6.8
Degree	5.9	4.9	5.4	5.8	6.2	6.0
All education levels	32.8	22.8	27.9	26.3	25	25.7

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

3.5 Formal and vocational training of youth labour force

Improving the basic education for young people is the key component of skill development in Pakistan, but another important factor is the improvement of existing skills of youth labour force. Globalization, change in technology and specialization dictate existing labour force either to improve their skills or be forced out by stiff international competition. At macro level one way to improve the skills of labour force is through vocational and on- job- training.

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

Acting in this spirit, TVET also changed their focus in Pakistan and a wide array of actions have been undertaken by the government to improve the formal/vocational training in the country partly with a view to substitute for extremely low education and skill level of the existing labour force. LMIA is a necessary input for monitoring the envisaged reforms of the TVET system and its links to the labour market. Latest analyses reflect urgent demand for improvement in formal/vocational training especially for youth as reflected in the decreasing number of young women and men in the labour force with formal/vocational training.

Table 17 shows that 65 percent young men and women possessing formal/ vocational training are in the occupation of Craft and Related trades Workers in Pakistan where as in Faisalabad this percentage share increases to 78.9 percent. According to the Pakistan Standard Classification of Occupation Craft and Related trades Workers apply their specific knowledge in the different fields such as textile, set machine tools, maintain and repair machinery and handicraft goods. Such type of work is carried out by hand or by hand powered tools such as looms in case of textile. Higher

percentage of formally trained youth associated in Craft and related trades reflect predominance of textile sector in Faisalabad economy. National LFS 2007-08 portray the similar trends where 858 thousand young men and women are attached to Craft and Related trades Workers and 102 thousand youth are attached with the occupation of Plant and machine operators and assemblers. Unfortunately, inspite of industrial base of Faisalabad the share of Technical and associate professional with formal/vocational training is less than 50 percent of the national level. This gap indicates the potential for formal/vocational training in this category.

Table 18 shows the distribution of youth labour force with formal vocational training by type of training. Compared to shares at the national level, the share of youth acquiring vocational training in Welding, Plumbing and Pipe Fitting, Carpentry and Computer courses is relatively higher in Faisalabad. Interestingly, youth in the district are not interested in acquiring formal training in Weaving, although it may continue to be in high demand in the textile sector of the district. Higher percentage of youth in computer courses in Faisalabad will close the skill gap required for latest textile technology dependent on computer based operating system.

Table 17: Distribution of youth labour force with formal / vocational training by major occupational groups %

Employed (15-24)	Pakistan	Faisalabad
Legislators, senior officials and managers	2.9	1.2
Professionals	0.8	0.6
Technician and associate professionals	4.9	2.0
Clerks	1.1	0.4
Service workers and shop and market sales workers	3.3	2.6
Skilled agricultural and fishery workers	5.0	3.1
Craft and related trades workers	65.0	78.9
Plant and machine operators and assemblers	7.7	9.1
Elementary occupations	2.5	2.0
Unclassified	6.9	0.0
All major occupational groups	100.0	100.0

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

Table 18. Distribution of the youth labour force with formal /vocational training by type of training ⁴

Youth (15-24)	Pakistan	Faisalabad
Garment Making	12.3	14.5
Leather Work	2.1	0.3
Wood Work	1.6	2.6
Electricians	5.2	4.4
Turner Course	2.4	1.9
Welding Course	2.2	4.7
Embroidery & Knitting Course	20.2	0.5
Plumbing and Pipe Fitting	0.7	9.8
Weaving Course	2.1	0.0
Carpentry	1.9	4.2
Auto Mech. Course	5.9	9.2
Driving Course	11.2	3.1
Mason	4.5	3.6
Computer Course	5.8	19.2
Others	22.1	21.9

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

3.6 Occupation of young people

For most young labourers, wages, the income they receive from paid employment, represent their total income from work. Information on 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 reflect differences in levels of skill, education, training, qualifications, and amount and type of effort in different types of work, as well as, relative supply and demand conditions for the occupations of young people. To some extent such analyses can be undertaken by using national labour force survey data, which only provides information for the status group of employees.

That young men and women face difficulties while trying to find wage and salaried employment or decent work, although they are often better skilled than adult workers, was already mentioned in the foregoing chapters. In the previous analysis it is evident that craft and related trade is the preferred occupation of youth and gender based analysis of such occupations reveal that more than 185 thousand young men and 45.5 thousand young women are attached with this occupation category.

Table 19 compares the wage and salaried employment by major occupational groups between Pakistan and Faisalabad. It shows that 57.3 percent of female (of this category) are employed in agriculture in Pakistan and in Faisalabad their share in the agriculture sector is lower by 8.6

⁴ Selected categories of vocational training are displayed in Table 19 amongst 42 categories, remaining are included in others.

percentage points (48.7). Wage and salaried employment in Crafts and related trade is higher in Faisalabad than in Pakistan for males and females. The share of Faisalabad is also less in elementary occupation as compared to Pakistan, an outcome of relatively better educational and income levels. By dividing major occupational groups for wage and salaried workers into three rough aggregates, such as highly skilled (major group 1-3), skilled (major group 4-8) and unskilled (major group 9), it can be seen that in the table highly skilled youth at district Faisalabad are approximately in the same proportion (i.e. 13.2 percent) as at the national level (i.e. 14.4 percent). In the skilled category the participation of youth is greater than national level where as the young women out paced young men (i.e. 81.8 percent: 73.1 percent). Majority of youth labour force are in “skilled” category e.g. out of 100 young men and women 75 are in the skilled category.

There are a number of reasons for this distribution. Young people leave the educational system far too early to supplement family income. Since they leave school too early, they do not have the skills to work in highly skilled occupations in view of the fact that they do not have sufficient education to be eligible in the category of highly skilled occupations.

Table 19 Wage and salaried employment by major occupational groups (%)

Employed (15-24)	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Occupational groups						
Legislators	12.3	1.3	10.1	11.4	2.9	9.5
Professionals	0.6	0.9	0.6	0.5	1.7	0.8
Technician	2.4	8.5	3.7	1.9	6.9	3.0
Clerks	0.9	0.3	0.8	0.4	0.4	0.4
Service	7.7	1.0	6.3	8.1	0.6	6.4
Agriculture	33.2	57.3	38.2	21.7	48.7	27.8
Craft	21.3	19.9	21.0	37.8	31.8	36.5
Plant operators	4.1	0.2	3.3	5.1	0.3	4.0
Elementary occupations	17.3	10.7	16.0	13.1	6.8	11.7
All major occupational groups	100.0	100.0	100.0	100.0	100.0	100.0

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

Table 20: Youth wage and salaried employment by aggregated major occupational groups

Employed (15-24)	Pakistan			Faisalabad		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Highly skilled (major groups 1-3)	15.4	10.6	14.4	13.7	11.4	13.2
Skilled (major groups 4-8)	67.3	78.6	69.6	73.1	81.8	75.1
Unskilled (major group 9)	17.3	10.7	16.0	13.1	6.8	11.7
All	100.0	100.0	100.0	100.0	100.0	100.0

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

4. Conclusion

The main objective of this report is to analyze the labour situation of youth at district level and different dimensions of decent work in Faisalabad. In Faisalabad the situation of Youth is relatively better as compared to national level indicators such as labour force participation rate, employment to population ratio, wage and salaried employment, are higher.

In spite of better indicators the fundamental problem of district Faisalabad is lack of systematic Labour and manpower planning, in order to link supply and demand of human resources. Labour supply can be mapped with the help of a Labour Market Information and Analysis system at district level. LMIA systems provide a link between growth potential and employment potential, and help achieving a full utilization of the potential in the labour market. LMIA systems also help addressing the needs of vulnerable groups, including youth.

Analyses of Labour Market Indicators help to identify common trends in the supply characteristics of youth labour market. These can be effective input into designing a policy for reaping demographic dividend by policy makers. Following supply characteristics of Youth labour market in Faisalabad are relatively weak and poor. These require immediate attention of policy makers to capitalize from demographic transition as well improve labour market integration and decent work goals.

1. The proportion of young workers in the informal part of the economy is 52.3 percent in 2007-2008.
2. A large proportion of young people work excessive hours as compared with adults.
3. Unemployment among young women is relatively high compared with young men in Faisalabad. Particularly unemployment rate in urban area of the district is 46 percent during 2007-2008
4. The inactivity rate of young women is 72 percent where as for young men it is 27 percent in 2007-2008.
5. Forty four percent of the young female labour force in Faisalabad has educational attainment with less than one year of education.
6. Nearly 50 percent of the young men and women remain unemployed after graduation.

Education and relevant skills remains the main determinants of efficient labour market outcomes but in Faisalabad remarkable gender differential of 8.5 percent exists in wage and salaried employment in the occupational category of Legislators, senior official and manager; although the share of females is 0.4 percent higher than their male counterparts at the graduation level.

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Glossary of the terms used

Decent work: Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity

Employed: a person who performed some work – for at least one hour during the specified reference period – for wage or salary (paid employment) or for profit or family gain (self-employment). A person is also considered employed if s/he has a job but was 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: 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 s/he is not currently working but has 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 s/he “has work” or “has a job” or even “has employment”.

Working: an informal synonym for “employed”.

