Policy Brief
May 2022

KEY FACTORS THAT WILL AFFECT THE FUTURE LABOUR MARKET OF PAKISTAN: A NUDGE

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INTRODUCTION

Emerging technologies the expansion of the gig economy, climate change, the COVID-19 pandemic, the shift toward remote working, and social and economic up and downs are transforming the labour market and the skills required for employment. Pakistan's labour market is also being affected by these factors and by economic growth, food security, inflation, and other factors.

This policy brief aims to provide a snapshot of the key factors that will affect the future labour market of Pakistan. It also provides a few recommendations for the government to nudge the labour force towards a better future. The brief is based on the Future Jobs Framework developed by the World Economic Forum (WEF). As per the framework, the future of work is shaped by six elements that will create and destroy jobs:

1. Climate change
2. Geopolitics
3. Technology
4. Demographics
5. Economic growth
6. Inequality

The elements of climate change and geopolitics are not included in the WEF framework but are important for Pakistan and are included in this brief.

NUDGING FACTORS

POOR EDUCATION QUALITY

Pakistan's education system is characterized by low literacy rates, low enrollment, and poor quality of education. Pakistan's education system is unequal, with the quality of education being better for those who can afford it.

Pakistan's estimated adult literacy rate is 62.3 percent, and the youth literacy rate is 74.8 percent. Pakistan's education system is characterized by low enrollment, with only 57 percent of children aged 5-16 years enrolled in school. The quality of education is also a concern. The Pakistan Economic Survey 2021-22 reports that only 2.6 percent of students in grade 5 can read a story in Urdu, and only 5.6 percent can read a story in English.

OUT-OF-SCHOOL CHILDREN

UNESCO estimated that 22.7 million children were out of school in Pakistan in 2020. The country has the second highest number of children in the world after Nigeria. Of these children, 5.7 million are of primary school age, 8 million are of lower secondary school age, and 9 million are of upper secondary school age.

Primary		Lower Secondary		Upper Secondary	
Female	Male	Female	Male	Female	Male
2.6 million	3.1 million	3.8 million	4.2 million	4.5 million	4.5 million

Source: Statistics Division, Government of Pakistan

The out-of-school rate (the share of children of school age who are not in school) is 26 percent for primary school, 43.7 percent for lower secondary school, and 44.1 percent for upper secondary school. The out-of-school rate is higher for girls than for boys. Research 2 is the reason for this difference.

Reasons for Out-of-School Children
Not Interested
Education Not Affordable
Other Reasons
Not Available
Not Allowed by Family
Not Allowed by Society
Not Safe
Not Allowed by Religion
Not Allowed by Tribe
Not Allowed by Cast
Not Allowed by Land Lord
Not Allowed by Employer
Not Allowed by Politicians
Not Allowed by Police
Not Allowed by Army
Not Allowed by Other Reasons
Not Allowed by Other Reasons
Not Allowed by Other Reasons