

# Employment and skills

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Technological advancement is one of the most transformative drivers of the world of work globally. Contemporarily, such transformations are at a fast track in the developed world, but Pakistan is no exception to such transformations.

Sooner or later, we have to face such transformations and the consequences thereof. But the question is: are we envisioning it in a better way to avoid its damaging effects on the already precarious employment situation of Pakistan?

Illuminating on the effects of technological transformations, these transformations happen to reduce disproportionately the demand for low-skilled workers, while raising the demand for those with high-order cognitive and digital skills. Automation technologies may induce productivity and reinstatement effects, but the displacement effect may replace workers who were previously performing automated tasks. So the net effect of automation technologies on employment is ambiguous, depending on whether the displacement effect of automation exceeds its productivity and reinstatement effects and vice versa.

Considering the net effects at this stage is important in the sense that Covid-19 related closures have further expedited the pace of technological/digital transformations. As a result, digital labour platforms are increasing, even in Pakistan, with digital advancements. Likewise, the previously lost jobs due to the Covid-19 crisis are almost restored and economic activities have already gained momentum.

But for many people, the job they used to do has not come back due to automation. For instance, according to the Federal Bureau of Statistics (FBS) about 55.74 million (35 percent of the working-age population) were working before the onset of the Covid-19 crisis in Pakistan. Due to pandemic-related closures, the employed workforce dropped to 35.04 million (a decline of nearly 13 percent). But after economic recovery, only 52.56 million (33 percent) of the population reported working.

More than three million jobs are either permanently wiped out or reallocated due to the pandemic. Going forward, Pakistan also faces an additional challenge of the youth bulge; about 59 percent of our population is in the age group of 15-59 years, whereas 27 percent is between 15 and 29 years. According to the World Bank, Pakistan has the ninth largest labour force in the world and adds about three million to it every year.

In this scenario, the future of work will be more volatile, and the job market will remain under pressure to accommodate new entrants or inactive and displaced workers. It is thus time to re-orient and plan our skills and employment policies to cope with these challenges.

The challenges outlined suggest several implications for skills and employment policies. First, the focus should be on managing workers' job transition to new jobs, especially the low-skilled who may need the training to reskill. According to the European Union, workers at risk of automation could find similar or better work with adequate training.

In addition, the skills investments for younger workers must be forecasted in light of automation trends, ensuring that young workers have the new skills that must match and be demanded in the labour market. For this, resilient educational systems should be in place to foresee and adapt to meet the fast-evolving demand for skills to prevent both skills shortages and mismatches. Skills development pathways should be inclusive to target women, rural and older workers.

Low-wage workers are the most vulnerable to shifts as friction points for such workers are more burdensome than others, so inclusive and forward-looking reskilling and workforce development programmes, tailored to the individual needs of the low-wage workers.

Second, curricula must be aligned with the skills demanded – big data analytics and cyber security, etc. For this purpose, the Technical and Vocational Education and Training (TVET) system must be well coordinated to capture and reflect on innovations occurring in the labor market.

Finally, higher and professional education standards along with the TVET systems vary significantly in terms of resources and quality. Our TVET system is less developed, which is under-funded, reflecting the low quality of TVET provision. As a result, the TVET system is unable to attract qualified staff and students. In addition, the students and parents perceive TVET as an inferior option to formal higher education. Given this, the government must ensure cooperation, advocacy, and investment in the up-grading of the TVET system to enhance its quality assurance standards to close the digital skills gap with skills development to achieve lifelong employability.

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