



Reaping Economic Benefits from Unemployment among White Collar Professionals in Pakistan

Mahnor Shakeel¹, Salwa Jadoon², Nazia Bashir³

^{1,2} Department of Management Sciences, COMSATS University Islamabad, Abbottabad Campus

³ Department of Humanities, COMSATS University Islamabad, Abbottabad Campus

* Corresponding author: mahnoorshakeel@outlook.com

Abstract

Since 1960 world has witnessed a change in the composition of population where developed countries have face aging working population and on the other hand developing countries like Pakistan has been blessed with young working population that has shown the way of potential development in every field .It has been further complemented by the fact that world has entered into "human age" where the driver of development is believed to be the talented individuals rather than capital. The purpose of this paper is to highlight the way Pakistan can adopt to cash the unemployment among its white collar professionals to gain economic benefit on the part of Pakistan as well as to the individuals themselves. The study reaches to the conclusion that skill mobility can provide the means for Pakistan to integrate into the world and generate capital for its development.

Keywords: Economy, Unemployment, White Collar Professionals, Pakistan

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INTRODUCTION

Unemployment is a state when the people intent to do work but cannot find any. This category does not count those who voluntarily do not want to do work like full time students, retired people and children. Unemployment is often used as an indication of the health of the economy of any nation .The relation of unemployment and Pakistan is very old .Since Pakistan came into being it has always found itself in the lap of unemployment. Sometimes this relationship was more intense and few times the relationship between them has been cold. As the unemployment rate in Pakistan has not always been the same, it has seen continuous variations over time, as in the year 1987, during the month of December the unemployment rate was measured as the lowest in the history of Pakistan as 3.1% and it holds this record till today. Similarly the rate of unemployment has been highest as 7.8% in 2002, though this can be attributed to a number of reasons. One of them being the economic activity measured in terms of GDP. The inverse relation between GDP and unemployment can be stated by Okuns law according to whom "for every 3% decrease in GDP the unemployment is increased by 1%". The economic activity in our region has been greatly affected by internal and external factors including political and domestic issues .The short fall of power , and energy crises which resulted in the shutdown of industries has left many people out of their jobs .More over the wide spread of terrorism has stopped further investments , both from nationals and international investors who are not willing to risk their investment and hence the potential job opportunities for individuals are lost .Apart from this low literacy rate ,and quality of education have also contributed to aid unemployment in Pakistan .This situation has not only proved to be alarming for those who are unskilled and uneducated but those individuals have also fallen prey to unemployment who are skilled and have the ability to become

professionals . These all reasons have contributed to an unemployment rate of 6% in Pakistan, during 2015.

According to the report of UNESCO, the enrollment in tertiary education has been increased more than doubled in the recent decades. It was 68 million in 1991 & 151 million in 2008. In contrast to that there is also a great increase in the rate of unemployment because of the financial crisis that began in 2008. The global unemployment rate was 5.6 percent in 2007 and it has increased to 6.2 percent in 2010. As from last few years more priority was been given to the knowledge-based economy due to which there is a boom in the tertiary education enrolment but it is not moving in pace with the employment rates unfortunately. This has resulted in an increased competition among youth for jobs, as each year the supply labor force is more than the creation of jobs to accommodate them.

Problem Statement

The failure of the government to provide employment opportunities to the professionals has resulted in a very serious situation for Pakistan, as Pakistan does not lack any talent. Each year many individuals turn up with professional degrees but the market does not offer enough space to accommodate them .The biggest asset that Pakistan has today is the large proportion of youth among its population .Though population growth can bring negative results for employability in any nation but it has also blessed Pakistan with a high percentage of youth, among which there exists a large number of qualified, skilled and professional degree holders. As suggested by Nayab (2006) that in developing countries like Pakistan proportion of working age population is increasing, presenting an opportunity of development that can be realized, if appropriate policies are formed to absorb them in the labour market. But like other resources that Pakistan has, it is not utilizing the youth to their full potential as they are not provided with the opportunities to show up their skills. In this



regard young and educated instead of serving as a seed to grow new crop of development for the nation are a burden on the society.

Purpose of Research

The aim of this research is to highlight the issues that serve as a hindrance in the way of skilled people to get the white collar jobs, that meet their skills and in turn pays them for what they deserve. The research aims to identify the loop holes that elongate the route of educated and skilled to get the perfect job for them that requires their skills and talent not to bring prosperity to them but to the nation. If their skills are not recognized in Pakistan, so just keeping them back in Pakistan would not bring prosperity to the nation not to them. They should be given opportunities to look for the type of job they deserve and want. For this purpose the doors should be open to them of the outer world where their skills are required and they are recognized.

So this research intends to examine the gap between professionals and the industry and try to dig the reasons that lead to their closed doors for one another. This research targets to examine the ends where the lacking lie, whether it is the industrial side that does not offer enough vacancies to accommodate these professionals as the market is already saturated or it is the other side which is the professionals side that do not possess the skills and talent that market currently demands. And in the end, it presents the policy recommendations to come up with the possible optimal solutions to address the curse of unemployment among white collar professionals of Pakistan in a way that proves win-win, not only for professionals but also for the Pakistan.

Objectives

- 1) To identify the causes that resulted in the unemployment among the white collar professionals in Pakistan.
- 2) To investigate the impact of unemployment of white collar professionals on the economy of Pakistan
- 3) To investigate the policies that can be implemented to cure the disease of unemployment among white collar professionals.

LITERATURE REVIEW

There is abundant literature that provides the insight into the factors that are considered crucial and important for the high unemployment in Pakistan. These factors have not only created hindrance for the uneducated and unskilled labour but those who are considered to be the "white collar professionals" are also being affected by this phenomenon. Here the literature sketches the map that originates from unemployment in Pakistan and results in the migration of skilled and qualified pool of Pakistani professionals to the places where their skills are needed, recognized and they are benefitted in return. It also highlights the issue of "Brain Drain" by the departure of professional pool but in return also proves that how Pakistan can cash on its "Brain Drain" by brain circulation.

What Sows the Seeds of Unemployment?

The factors that have contributed to generate unemployment have been identified by a number of researchers such as Akram et al. (2012) observed that the main cause of unemployment is bad law and order situation of Pakistan, which has affected the flow of foreign direct investment in the country. FDI can serve as means for creating business opportunities and jobs in the country. He also identified that another important factor is rapid population growth in Pakistan which make it the sixth most populous country in the world and with the growth rate of 2.0 % per year (according to Pakistan economic survey 2012-2013) is expected to become 4TH most populous country by 2050. On the same time this population can be used as a resource and

According to Pakistan economic survey 2012-2013 median age of Pakistani population is 22 which categorize Pakistan as a country with young blood and talent. Among this population the working age population constitutes of 60% of the total population. According to

this survey, population can become asset of the country if provided with appropriate opportunities. As research of Bloom et al. (2001), Mason (2001) and Nayab (2006) have suggested that nations with huge demographic dividend can have the economic benefits. For that particular country needs to formulate such policies that can convert this dividend into a productive resource. Labor Force Survey (2010-2011) of Pakistan has also identified Pakistan as having the 9TH largest labor force of the world. But Annual Plan (2015 -2016) given by The Planning Commission of Pakistan has provided evidence that despite of increasing participation rate of labour per year the unemployment trend tends to increase because the employment opportunities are not increasing with the same rate as of available labor force.

It will be a valid argument that Pakistan is not being able to absorb the resource it have by increase in population and it is becoming more of a liability than an asset. As concluded by the research conducted by Chaudhry and Hamid (1998), that less quality human resources emerged as a result of less financial investment in the development of human capital, is a major contributing factor in resulting unemployment. According to him economic development of any nation cannot be characterized by its ability to invest in capital but it is a reflection of its ability to invest in its human capital. But today despite of the fact that number of universities all across Pakistan is increasing which results in individuals turning up with their professional degrees each year Pakistan is far behind in the race of development. Today Pakistan is facing a different scenario among these lacking resources, electricity is a very important resource that Pakistan lacks. The shortfall electricity is affecting overall economic activities of the business and production which has led to the closure of industries that resulted in people to lose their job. This phenomenon has also been suggested by Ghosh (2009) who has observed a relationship between employment, supply of electricity and GDP of India and reached to the conclusion that high employment level can be achieved by increase in real GDP and increased electricity supply. Annual Plan (2015 – 2016) presented by The Planning Commission of Pakistan has highlighted the importance of industrial sector in providing employment opportunities in the country and has suggested that its contribution remained stable i-e 22% during the last decade. This provides evidence that the net increase in this sector has remained zero since last ten years despite of increasing population and labor force per year. This situation can result in migration of skilled people from the country, as suggested in a report by World Bank, it has been found that poor industrial growth and development can lead to the migration of skilled people.

UNEMPLOYMENT AMONG EDUCATED SEGMENT

Many researchers have concluded that unemployment has also affected the educated workers. Khan and Ali (1986) concluded that among unemployed are bulks of educated whose age falls below 30 in Pakistan. Similar findings have been proved by Qayyum in 2007 that among the unemployed in Pakistan lies a great number of educated youth. Ahmad and Azim (2010) concluded that as the people become educated in Pakistan their probability to get employment decreases. This can be attributed to the fact that as when they acquire education and certain set of skills their expectations towards their job gets higher and when they cannot meet those expectations then the inability to meet those expectations result in unemployment. This research also highlighted that employment opportunities also vary among the provinces of Pakistan as youth of Balochistan has less possibility to get employed than the youth in any other province

Among all these factors there are certain other factors that need to be addressed that result in unemployment such as gender discrimination. As Jacqueline (2004) identified that gender discrimination causes unemployment among the educated segments. Also Iqbal and Khaleek (2013) highlighted the importance of strong reference that plays a major role in attaining a job. So the actions of ignoring merit has not only resulted in unemployment but also discourage professionals who see a gloomy picture of their future in Pakistan and are inclined to knock the doors of outer world where



their skills are recognized and they are paid in return for what they deserve.

UNEMPLOYMENT ENCOURAGING PROFESSIONALS TO MIGRATE

These unemployment factors are encouraging professionals to migrate to the outer world in search of better job facilities. Certain researches suggest that the main cause of migration to other countries is the search for jobs and better living standards. A joint report of International Labor Organization, Organization of Economic Cooperation and Development and World Bank identified employment opportunities as being the major driver of migration. Ahmad et al. (2008) has also suggested that migration from Pakistan is mainly due the factors like inflation, unemployment and low wage rate. Whereas Glennie and Chapel (2010) have attributed the decision of migration to the factors such as wage difference among home and destination countries, potential of getting job and professional development along with other factors.

The joint report by ILO, OECD and World Bank also provided evidence that the 1/3 of migrants from Asia is highly skilled. This fact suggests that there is an inability and failure of the local government to absorb these skilled people into the economic system of their respective countries that match their skills.

Migration of Professionals Leading To Brain Drain

The migration of skilled and professionals is also leading to another important phenomenon which is gaining great importance among the policy makers it's called "brain drain". This phenomenon is not new; it is a global phenomenon and has been in there for decades. As Sajjad (2011) has blamed Globalization for not only the exchange of goods or services but also the qualified skilled labour from one country to another, she has also identified that in the year 2004 the share of highly skilled among the total outflow of migrants in the world was 8.9 % of the total migrants of the world. This huge percentage is enough evidence to prove that when people do not get the right opportunities at home, they look for opportunities in the outer world. She also suggested that the migration of professionals can be controlled by gaining control over factors like job dissatisfaction, less opportunities for research and development, promoting merit by fair recruitment and controlling political corruption. This "brain drain" concept is very important in case of Pakistan. Pakistan has the joint family system and people prefer to work at home than to move to third country. It is considered as a cost in the Pakistani society which people don't want to pay willingly but due to the back economic conditions of the country they are force to move out and search for employment.

"BRAIN DRAIN" EARNING ECONOMIC BENEFITS FOR PAKISTAN

Iqbal and Sattar (2005) indicated that workers remittances are important for capital deficit countries like Pakistan as they are an important source of foreign exchange earnings and can help to achieve economic growth. They are also a means of improving the living standards of the family of migrants and improved education and health facilities.

PAKISTAN INTEGRATING INTO THE WORLD TO ENSURE "BRAIN CIRCULATION"

According to the World Trade Report 2014, any country can enhance its GDP by ensuring its involvement in the world trade by trading the product in which it specializes to the parts where it is needed. It also suggests that due to increased interdependence of global economy the countries can benefit from growth in other regions. In the light of this report it is obvious that Pakistan can capitalize on its "brain" by allocating them to the regions that require their skill. This phenomenon is also indicated by Lowell and Findlay (1998) that globalization has marked the world with new patterns of trade in skills and has caused the developing countries to benefit

from migration by ensuring the appropriate exchange of skills in the global labour market. It also suggested that a country can ensure the return of its professional migrants by economic growth in its region. These returned migrants can be proved an important source of advanced knowledge and technology that can pave the road of increased productivity and economic development for the country.

Hope for the Bright Future of Pakistan

Though there has been a lack of economic activity in Pakistan that could provide means of employment for its nationals but now World Bank has identified in "Global Economic Prospects 2016" report that in the face of China Pakistan Economic Corridor, Pakistan expects huge investments and infrastructure building that would require the services of its professionals to meet the international standards. The report also highlighted that due to decrease in the crime rate in Karachi that is the industrial and commercial hub of Pakistan and investments from China amounting to about \$45 billion, Pakistan is also attracting international investments due to the increased investor confidence and has also been able to project growth of 5.5% till the end of June 2016. Also in another report the World Bank highlighted the importance of strategic location of Pakistan for potential development due its existence at the crossroads of South and Central Asia, China and Middle East. And also indicated the importance of large working age population, diverse natural resources and a centre of large market.

HOW TO ENSURE EMPLOYMENT AMONG WHITE COLLAR PROFESSIONAL IN PAKISTAN

To ensure the efficient functioning of labour market for achieving mutual benefits for Pakistan and its Professionals there arises a need for "Employment Agencies". Its importance can be tapped from the report given by the International Labour Office that formed the regulations to monitor the working of Private Employment Agencies as it recognizes the importance of employment agencies in the era where companies prefer flexible and mobile employees and labour has become mobile and is ready to cross the national borders to ensure employment that suits their skills. Just establishing the agencies is not enough the government and media also need to play a positive role in ensuring the arrival of foreign direct investment as Khurshid (2009) indicated that crises of 2008 had never hit Pakistan if it was not deprived of the potential investment of \$8.1 million due the statement of government official that Pakistan will soon default.

Limitations of the Study

- 1) Due to inability to access the primary data, the exact number of Professionals of Pakistan and their area of profession are unknown.
- 2) Due to the unavailability of the data about projects and demand of number and type of labour, the study cannot reach to the results that how much of skill migration can be optimal to stop the further loss of skilled individuals.

Policy Recommendations

The problem that Pakistan faces today in terms of providing employment opportunities to white collar professionals is only one side of the coin. On the other face Pakistan should recognize its importance of being blessed with intellectuals, as today the country is living in an era of "Knowledge Economy" that has shifted the world economy from "capitalism to talentism" due to shift in the importance of capital to the talented individuals that are capable to generate capital through their creativity and innovation. Following recommendations can be adopted to make full use of the Professionals and skilled people for the economic development of Pakistan.

- 1) *INTEGRATION INTO THE WORLD ECONOMY THROUGH WHITE COLLAR PROFESSIONALS*



The phenomenon of Globalization has led to lessen the barriers in trade to supply the product or services of a country in which it specializes to other parts of the world, which resulted in an integrated world economy. Now its turn for Pakistan to play a role in globalization by integrating into the world economy by supplying its intellectuals who cannot find a desired job to the world where they are needed because today companies are increasingly stresses upon hiring “right person for right job”.

2) MEDIA AND GOVERNMENT TO PLAY AN IMPORTANT ROLE IN PORTRAYING A GOOD IMAGE OF PAKISTAN

It has not been observed for once in the history of Pakistan, the role that Government and Media played in depriving Pakistan of the FDI that is considered an important means for generating employment in a country. Once before the 2008 crises when Government declared that Pakistan is about to default and encouraged the potential investors to flee away from Pakistan and now recently the Fiscal Year 2015 has been regarded as worse for Foreign Direct Investment in Pakistan by the State Bank of Pakistan as Government has been claiming that the economy of Pakistan has been just pulled back. These statements, projected by media to the outer world render the world to rethink of their investment as at a risk, which resulted in the withdrawal by France of 175 million dollars and by Saudi Arabia of 128 million dollar from Pakistan. So the combined action of media and Government indirectly played a significant role in depriving Pakistan of this investment and potential job opportunities. So Government and Media needs to recognize their importance in portraying a good image of Pakistan to attract Foreign Direct Investment.

3) ESTABLISHING EMPLOYMENT AGENCIES

Employment agencies need to be formed to keep the data of individuals (along with information of their skills and profession) that are seeking jobs so the national and international employers can make use of the information in finding right individuals for them and their businesses. These agencies should also keep the data of employed individuals along with the places where they are employed to keep a track of all labor force and to ensure that services of which ever profession are needed can be accessed.

4) TO MAKE AN EFFECTIVE USE OF THE POTENTIAL OPPORTUNITIES DUE TO STRENGTHENING RELATION OF PAKISTAN AND CHINA AS A RESULT OF CHINA-PAKISTAN ECONOMIC CORRIDOR

The China-Pakistan Economic Corridor is enhancing the geo-strategic position of Pakistan which is forcing the world to change its attitude towards Pakistan. As government officials from countries like UK, Italy, Mauritius and Sri Lanka met officials from Pakistan Government to forward proposals of bilateral agreements. These agreements along with CPEC itself have appeared as light in the dark picture of Pakistan as they provide opportunities that need to be viewed by government and private sector, to build modern infrastructure, promote industrialization and to overcome the energy crises in the best interest of Pakistan, by generating employment in the country.

5) CONVERTING “BRAIN DRAIN TO ECONOMIC GAIN”.

Government should take the initiative of owning all its individuals and providing them employment whether it is inside the country or outside, as, being the free citizens of Pakistan they possess “Right of Employment”. But in allocating its labor especially the skilled, educated and professional labor, government needs to address the problems of Brain Drain by ensuring that the professionals that go out are a source of significant remittances, and more importantly they play a vital role in the transfer of technology and new business ventures that can help the economy to prosper. Increasing its

investments in quality education and skill development to produce more brain for benefitting the economy of Pakistan itself.

6) ENCOURAGING “BRAIN CIRCULATION”

Government should initiate the policies to encourage its professional immigrants to return Pakistan after having acquired advanced skills, by providing them the incentives and opportunities that is the demand of their profession. (As India was once the biggest exporter of IT professionals to the world, but it ensured the return of its IT professionals when it was recognized as an “Emerging IT Power of the World”)

7) GOVERNMENT’S ROLE TO UPLIFT THE ECONOMY OF PAKISTAN AS A WHOLE

One of the biggest hindrances in the economic development of Pakistan is the political involvement that causes the politicians to promote their areas of origin or the area of representation for development because they want to ensure their re-election, not taking into account the development of other areas or provinces at large. (As it can be witnessed that during the reign of Pakistan Muslim League N, major developments occur in the province of Punjab, whether it is Youth development or the infrastructure building And as Baluchistan despite of having largest area than any other province and rich in natural resources never got a chance to form a federal government, lacks development in educational and economic sector. This resulted in political instability and hence hampered the development of Pakistan. So politicians along with the patriotic nationals need to ensure that Pakistan is developing as a whole without any discrimination of provincial boundaries and all opportunities whether of employment or any other are open to all, on the basis of merit.

Conclusion

Today Pakistan stands at a place where instead of being blessed with natural resources and other blessings of Allah it is not able to excel to the position where it is expected. Even along with this bitter reality there is still hope for the bright future of Pakistan as every problem that Pakistan encounters, nature itself presents a solution to it. As the inability to utilize the brains that Pakistan produces, presents a significant problem but on the other hand transformation of world to the talentism has provided the opportunity to Pakistan to even cash on its biggest curse. Along with that the geostrategic location of Pakistan has also made it very prominent and provided Pakistan with opportunity to make Pakistan such destination that has capacity to utilize the intellectuals it produce. But to fill the colours of reality in this picture Pakistan needs to ensure the implementation of CPEC project along with the assurity that Government and Media project a positive image that helps to attract foreign direct investment.

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