



Bridging the skills gap: Fuelling careers and the economy in Pakistan

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Economist Impact, supported by Google, conducted a survey of 1,375 employees across Asia-Pacific (APAC), including 75 employees from Pakistan, between November 2022 and January 2023. It also interviewed employers and industry experts across the region to understand their perspectives on skills gaps, as well as reskilling and upskilling aspirations.

The survey respondents were drawn from across 14 markets in the region, out of which 11.8% were Gen Z (born in 1997-2012), 63.2% were Millennials (1981-96) and 25% were Gen X (1965-80). They all worked in a diverse mix of industries.

The research shows that across the region, common understanding is lacking between employers and employees about future skills and the best way to develop them. In some instances, there is also an expectation mismatch between what employers want and what employees see as being important. Understanding these gaps will be instrumental in creating a workforce that is prepared for the economy of the future.

This article—one in a series of 12 market reports—examines these issues in Pakistan. This series complements a research paper that looks at the reskilling and upskilling imperative across APAC.

Key findings

- Digital skills (57.3%) are a top priority for employees in Pakistan owing to a booming IT sector and the country's rapidly growing freelancer market, which is the third fastest growing market globally¹. Recent acceleration of digitalisation has resulted in higher demand for basic digital skills (72.1%).^{2,3}
- Employees in Pakistan are motivated to acquire digital skills to improve career progression and promotion opportunities (29.3%), as well as to secure better pay and bargaining power (23%).
- Both the government and employers have important yet distinct roles to play in upskilling Pakistan: while employees expect the government to provide financial incentives, they point to employers as being responsible for providing access to diversified skilling programmes and information on the skills needed for different roles.

¹ <https://dailytimes.com.pk/818869/pakistan-becomes-the-4th-fastest-growing-freelance-market-across-the-world/>

² Basic digital skills are defined in the survey as the ability to operate basic office software, i.e. Microsoft Office, and/or set up Internet and digital communication tools.

³ Pakistan is the third-fastest growing freelancer market globally. [Source: <http://onlinelabourobservatory.org/oli-supply/>]

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Saad Gilani, senior programme officer, ILO

Despite rising digital penetration in Pakistan in recent years, 46% of the population still lacks internet access.⁴ While 80% of adults live in areas served by mobile broadband, many still do not access the internet.⁵ Out of a total of 182 m mobile subscriptions, only 38 m belong to women.⁶ This could be a result of the low female literacy rate (48%),⁷ which is far below the overall literacy rate of around 60%.⁸ Moreover, the female labour force participation rate is among the lowest globally (25%) and women are mostly employed in the informal sector.⁹ On the other hand, the country struggles with youth unemployment. Almost a third (31%) of the educated youth with professional degrees was unemployed in 2022.¹⁰

Amid this backdrop, the government is prioritising digitalisation and implementing initiatives to close the existing skills gap. For instance, Pakistan introduced its “Digital Pakistan” roadmap in 2018, which set out a number of policies and initiatives to help the economy to realise US\$59.7 bn (PKR9.7 trn) in annual value by 2030.¹¹ The policy targets the upskilling and reskilling of young graduates and

the existing workforce to support the country’s growing digital economy and help spur freelance IT sector exports. On this front, it hopes to reach US\$3 billion by 2024, up from US\$2.12 billion in 2021.¹²

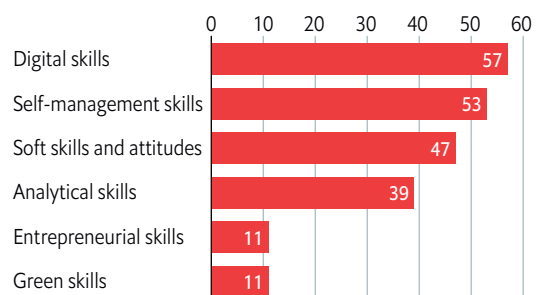
Infrastructure obstacles—such as inequitable internet access across the country and a lack of sufficient digital skills training—have lowered the pace of digitalisation at workplaces, says Saad Gilani, a senior programme officer at the International Labour Organization (ILO).

Pakistan’s growing freelance economy boosts digital upskilling

More than half of employees (57.3%) in Economist Impact’s survey consider digital skills the most important to acquire. Within this broad category, most employees consider basic digital

Figure 1: Digital skills are a top priority but self-management skills and soft skills remain important for employability

Which skill categories do you think are the most important for the workforce in your sector to acquire today? (% of respondents)



Source: Economist Impact, 2023.

⁴ <https://www.pta.gov.pk/en/telecom-indicators>

⁵ <https://www.gsma.com/asia-pacific/wp-content/uploads/2022/11/Making-Digital-Pakistan-a-Reality-report-1.pdf>

⁶ <https://onlinelibrary.wiley.com/doi/epdf/10.1111/rode.12994>

⁷ https://ilm.com.pk/pakistan/pakistan-information/male-and-female-literacy-rate-in-pakistan/#Female_Literacy_Rate_In_Pakistan_2022

⁸ <https://tribune.com.pk/story/2322073/literacy-and-pakistan>

⁹ 2021 World Bank estimates, <https://www.worldbank.org/en/results/2022/07/07/supporting-legal-reforms-to-increase-womens-workforce-participation-pakistan>

¹⁰ <https://tribune.com.pk/story/2342344/over-31-of-educated-youth-unemployed-reveals-pide>

¹¹ <https://accesspartnership.com/pakistans-pkr97-trillion-digital-potential/>

¹² <https://www.thenews.com.pk/print/887910-govt-eyes-3bln-from-freelancing-it-exports-by-2024>

skills (72.1%) as the most important to have, a trend that reflects the country's struggles with basic digitalisation. Advanced digital skills are also considered must-haves by employees in Pakistan such as data analysis and visualisation (49.2%), digital marketing and e-commerce (47.7%), and IT support (40%).

Apart from the pandemic, which motivated many employees (34.7%) in the country to upskill, free online courses (33.3%) have enabled people to acquire new digital skills. One such initiative, the government's e-rozgaar platform, provides online training to budding freelancers.^{13,14} Additionally, Pakistan's digital freelance market surged by 69% annually in 2020, which registered especially strong gains for women, who often struggle to achieve equity in traditional education and labour force participation.¹⁵

For Mr Gilani, the success of the freelance market falls in line with his observations that young employees in Pakistan are highly self-motivated to upskill to remain relevant in the job market. "There are not many employer-led initiatives, so employees are learning by themselves," he says.

Apart from digital skills, employees in Pakistan point to the importance of self-management (53.3%) and soft skills (46.7%). For example, 71.4% consider adaptability and flexibility a high priority, compared with the regional average of 65.5%. Similarly, 81.5% report communication skills as a "must-have", higher than the regional average of 70.9%. Mr Gilani suggests these findings reflect the fact that soft skills are applicable across diverse job roles and industries. Soft skills attainment also appears to be linked to digital capabilities—around 81% of employees



¹³ <https://erozgar.pitb.gov.pk/>

¹⁴ <https://pubs.payoneer.com/docs/2020-gig-economy-index.pdf>

¹⁵ <https://pubs.payoneer.com/docs/2020-gig-economy-index.pdf>

in Pakistan agree that digital skills have helped them gain confidence and improve in other areas like communication, analysis and critical thinking.

Although green skills (10.7%) are not considered a key priority for employees in Pakistan, Mr Gilani says this is an area for concern given the climate change risks impacting the country.¹⁶ This vulnerability heightened in 2022, when intense rainfall resulted in devastating flood waters, causing 1,100 deaths and affecting 33m individuals.¹⁷

Barriers to upskilling Pakistan

Employees in our survey point to a lack of time (37.3%) and poor workplace culture of learning

(32%) as barriers to acquiring new skills. These findings are relevant as most employees report workplace training (54.7%) as a key source of learning new digital skills, emphasising the need for more skilling opportunities in offices.

Another key issue, Mr Gilani says, is the mismatch between university course offerings and industry demand. “There is a high tendency for unemployment among the highly educated youth, stemming from problems in our education system—we don’t see universities inviting companies to tell students what they are looking for and employers aren’t sharing information with educational institutes”. In addition to focusing on university degrees, employers could

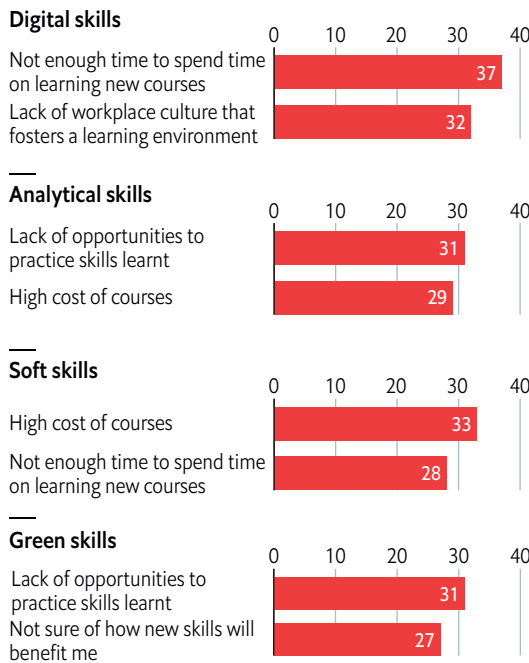


¹⁶ <https://edition.cnn.com/2022/08/30/asia/pakistan-climate-crisis-floods-justice-intl/index.html>

¹⁷ <https://www.weforum.org/agenda/2022/09/pakistan-floods-what-role-did-climate-change-play/>

Figure 2: Employees face a range of obstacles to upskilling

What are the top two barriers that you face while learning digital, analytical, soft and green skills? (% of respondents)



Source: Economist Impact, 2023.

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also consider employees’ skillsets as an important signal for hiring new talent. Nearly 67% of surveyed employees believe that employers in Pakistan are hiring based on skills-based qualifications rather than full-time degrees.

Distinct expectations from government and employers

Faced with the high costs of reskilling and upskilling, more than half (52%) of employees consider the government responsible for providing financial incentives for upskilling. For instance, 29.3% cite government subsidies as a major motivator for acquiring specific skills such as green skills. Providing funding for green skills can bolster Pakistan’s capacity to adapt to a changing climate, says Mr Gilani. He suggests that greater investments in green skills and industries could improve the country’s access to renewable energy sources, reduce its climate resilience and create jobs.

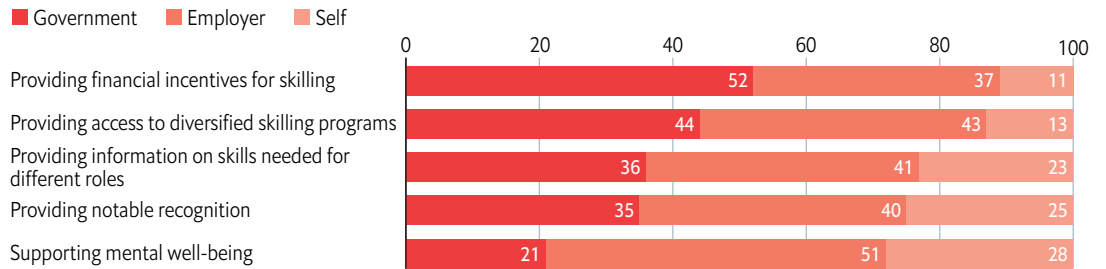
Across all skill types, employers also have an instrumental role in upskilling and reskilling employees. More than four in ten survey respondents say employers have a role to play in providing access to diversified skilling programmes (42.7%) and information on the skills needed for different roles (41.3%). Over a third of employees also consider the government responsible for providing information on skills needed for different roles.

Leaving no one behind

Pakistan is undergoing a pivotal shift in its economy as digital transformation gains momentum. A large part of its success will hinge on leaving no one behind and giving an equal

Figure 3: Government and employers have important yet distinct ways to support upskilling

In your opinion, are the government, your employer or yourself responsible for supporting employees regarding the following issues?



Source: Economist Impact, 2023.

opportunity to everyone including women, young graduates and freelancers, which will boost the country's workforce significantly. Mr Gilani highlights the importance of government's leadership and direction in providing an overall direction to this skills ecosystem, "If there is

consistent leadership, digital skilling policy and an ecosystem, then things can be done." And while digital skills will continue to be important as the country grows and digitalises in the next few years, analytical and soft skills will be equally important.

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