



Measuring Decent Work in Pakistan



International
Labour
Organization

The Decent Work Country Profile at a Glance

Decent Work Country Profiles provide key information for designing and monitoring the Decent Work Country Programmes (DWCP) and represent an advocacy tool to mainstream decent work into national development policies. They are developed with constituents in mind, and are intended to facilitate social dialogue and greater engagement of social partners in the design and implementation of policies and programmes for decent work and broader national development objectives.

Decent Work Country Profiles compile in one document all available data on decent work, statistical and legal indicators, as well as analysis of trends on decent work. The compiled decent work indicators can serve as a reliable baseline at the stage of defining decent work targets, and as a powerful instrument for the monitoring and evaluation of the DWCP and national policies.

What is Decent Work?

The Decent Work Agenda is a globally recognized framework for reducing poverty and balancing development. It has four objectives:

- 1. Job creation** – building an economy that fosters investment, entrepreneurship, skills development, and sustainable livelihoods.
- 2. Rights** – ensuring recognition and respect for the rights of all workers and employers.
- 3. Social protection** – ensuring a safe and healthy workplace, an adequate work-life balance, income protection, and access to healthcare for all.
- 4. Social dialogue** – strong and independent workers' and employers' organizations to avoid disputes and build harmonious and productive workplaces.

Decent work for all is also contained in **MDG Target 1b** which has 4 indicators:

- Labour productivity growth rate
- Employment-to-population ratio
- Working poverty rate
- Vulnerable employment rate

Summary

(Data Period: 2002-13)



- Employment is concentrated in the agricultural and services sectors, accounting for 43.3 percent and 42.2 percent of total employment in 2013, respectively; with the agriculture sector providing employment to three-fourths of all women and half of Balochistan's workforce.
- The adult literacy rate for the population aged 15 years and above increased from 46.5 per cent in 2002 to 56.2 per cent in 2013, with only 43.5 per cent of females literate in comparison to 68.6 per cent males in 2013.
- The share of population living below the national poverty line has declined from 34.4 percent in 2002 to 12.4 percent in 2011.
- The share of informal sector employment in non-agricultural employment has increased persistently from 63.8 percent in 2002 to 73.3 percent in 2013, reducing further the already narrow coverage of social security programs and minimum wage laws.
- The rising share of low productivity informal employment saw a declining share of paid employees (40.4 per cent in 2002 to 36.5 per cent in 2010) and a rising share of unpaid family workers among the employed during the 12 years under review (from 18.8 per cent to 24.2 per cent during 2002-13). The provincial analysis shows that the share of paid employment was highest in Sindh and KPK (42.3 per cent and 40.4 per cent, respectively), while the highest share of self-employed and unpaid family helpers in provincial employment was in Balochistan at 42.1 per cent and 28.4 per cent, respectively in 2013.
- The unemployment rate fell persistently between 2002–08, bottoming out at 5 per cent in 2007–08, but rose subsequently to 6 percent in 2013. The unemployment rate of females, residents of urban areas and KPK province were higher. Youth unemployment fell significantly from a high of 13.4 per cent in 2002 to bottom out at 7.5 per cent in 2007, but started afterwards reaching 10.5 per cent in 2013.
- The average real monthly earnings of paid employees increased from Rs. 3,387 in 2002 to Rs. 4,037 in 2011, but the earnings of women employees were only 64 per cent of those of men in 2012–13.
- The working poverty rate at the US\$1.25 a day measure was at 18.7 percent in 2005, while it was substantially higher (55.3 percent) when assessed at the higher US\$2 a day threshold.
- Women's share in employment rose from 22.3 percent in 2002 to 38.7 percent in 2013, but the majority of them are engaged in the low productivity agricultural sector and as unpaid family workers, earning less than their male counterparts.
- Little progress has been made in the provision of safe work environment, due to non-compliance of OSH laws attributable to a lack of well-developed and effective labour inspection system. The number of inspectors increased from 293 in 2001 to 337 in 2012, but there is only one labour inspector for every 25,000 workers in the formal non-agricultural sector of the economy.
- Pakistan has made progress in increasing the social protection coverage for the population, with the introduction of the Benazir Income Support Program (BISP) in 2008, which provides cash transfers to the poorest households. However, coverage of employment based social security programs remains low and has effectively declined due to rising informality.
- The number of workers whose pay and conditions are determined by collective bargaining agreements increased from 545,800 to 823,900 during 2002–2010, while the number of organizations belonging to the largest national employers' organization did not increase substantially, fluctuating from a low of 518 in 2001 to a high of 556 in 2013.



Economic growth has slowed down after 2008 but poverty has declined persistently

Employment continues to be based mainly on the services and agricultural sectors

Labour productivity rose upto 2008 but stagnated afterwards

Inflation remained stable but shot up post 2008 due to global food and fuel price hike

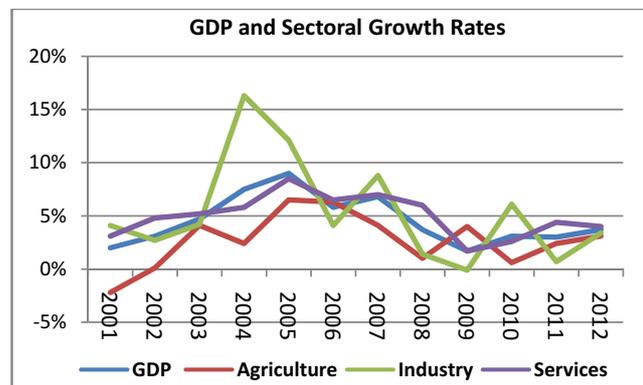
The proportion of children not in school has declined but still remains high

Social indicators have improved but large gender disparities persist

Socio-economic context

Pakistan is the sixth most populous nation in the world with a population of 184.35 million in 2013. Over recent years, Pakistan has faced a range of economic and political challenges, including persistent inflation, unreliable supply of energy, low levels of investment and conflict.

Prior to the recent economic slowdown, Pakistan had witnessed strong growth, averaging over 6 per cent per annum during 2002-07, with per capita income rising steadily from US\$ 1,875 to US\$ 2,329. The global food and fuel price hike in early 2008 severely impacted the country's macro-economy. Subsequently, the growth trajectory declined considerably to an average of 3 per cent during 2008 – 2012 and per capita GDP was stagnant at US\$ 2,491 in 2012. Inflation, which was stable and in single digits until 2007 shot up into double digits after 2008, peaking at 21 per cent in 2009.



Source: Pakistan Economic Survey

Social indicators have improved but remain below those of countries at similar levels of income, with large gender disparities. The net primary enrolment in 2012 was only 57 per cent, 31 per cent of children aged 5 to 17 years were out of school in 2013 and the adult literacy rate was 56.2 per cent in 2013. The average life expectancy at birth rose to 66.3 years in 2011; while the infant mortality rate and the under-five mortality rate declined to 69.3 per 1,000 live births and 85.9 per 1,000 live births between 2000 and 2012. The contraceptive prevalence rate (CPR) among women of child-bearing age, initially increased during 2001-03 but started falling afterwards to reach 27 per cent in 2008.

The 18th Constitutional Amendment passed by the national parliament in 2010 substantially altered the roles and responsibilities of the federal and provincial governments, with several functions hitherto being performed by the federal government being devolved to the provinces, including education, health, population and social welfare, as well as labour administration.

Key Stats

US\$ 2,491
GDP per capita – PPP
(2012)

12.4%
Population living below
national poverty line
(2011)

31%
Proportion of out of
school children 5-17
years (2013)

0.1%
Share of population HIV
positive (2012)

Source: World
Development
Indicators, Labour
Force Survey; Pakistan
Social and Living
Standards
Measurement Survey



Employment opportunities

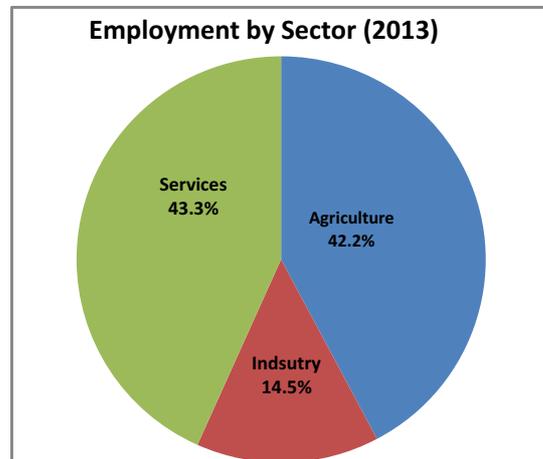
Labour force participation has increased, but women's participation remains abysmally low especially in KPK and Balochistan

Unemployment has decreased with the fall higher for women

Informal employment has increased persistently

Share of youth not in education and employment has decreased but continues to remain high

Employment in Pakistan has been mainly distributed among the services and agricultural sectors, with these sectors accounting for 43.3 per cent and 42.2 per cent of total employment in 2013, respectively. The share of employment in agriculture has been highest in the province of Balochistan, where half of the employment was concentrated in this sector in 2013. On the other hand, the share of employment in industry has been the lowest in Balochistan, accounting for a mere 6.5 per cent of the total provincial employment in 2013. The share of the services sector in overall employment has been the highest in KPK province during the period under review, with employment in this sector representing 55 per cent of total provincial employment in 2012–2013.



Source: Labour Force Survey

The employment-to-population ratio (EPR) rose from 47.8 per cent in 2001 to 51.3 per cent in 2013; it was highest in the province of Punjab (53.7 per cent) and lowest in KPK (41.8 per cent). However, large gender disparities continue to persist, with EPR of women being just 22.8 per cent, compared to 79.5 per cent for men. The labour force participation rate (LFPR) increased to 54.6 per cent in 2013, with women's labour force participation just 30 per cent of that of men, although the gender gap narrowed from 68.8 percentage points in 2002 to 58.8 percentage points in 2013. Participation rates were highest in the province of Punjab, followed by Sindh and lowest in the provinces of KPK and Balochistan.

The unemployment rate came down during the period under review, with the decrease being higher for women as compared to men. Employment in the informal sector of the economy increased persistently; close to three-fourths of the non-agricultural employment was found in the informal sector in 2013, with a higher share of men being engaged in informal employment, compared to women. The youth unemployment rate went down significantly from a high of 13.4 per cent in 2002 to bottom out at 7.5 per cent in 2007, but started rising afterwards reaching 10.5 per cent in 2013. The proportion of youth who are neither in education nor in employment declined over time, although it was still quite high at 31 per cent in 2013.

Key Stats (2013)

10.5 %
Youth unemployment rate

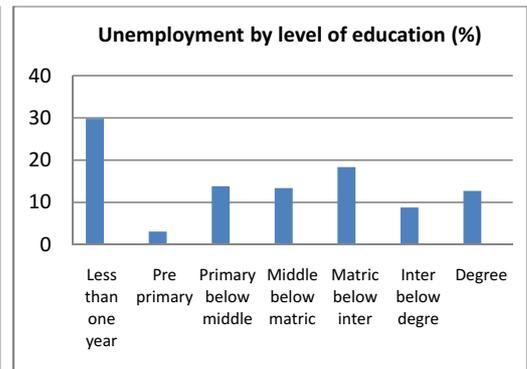
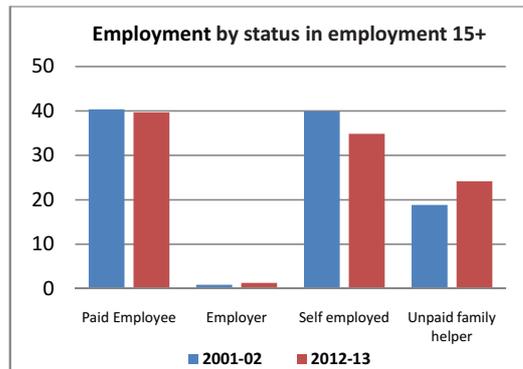
31%
Youth not in education and not in employment

73.3 %
Informal employment

60.1%
Share of wage employment in non-agricultural employment

Source: Labour Force Survey

Labour productivity rose steadily from Rs. 99,235 in 2002 to Rs. 115,991 in 2008, but has been on a declining path from 2009 onwards, with the share of informal sector employment rising consistently to 73.3 per cent in 2012-13.

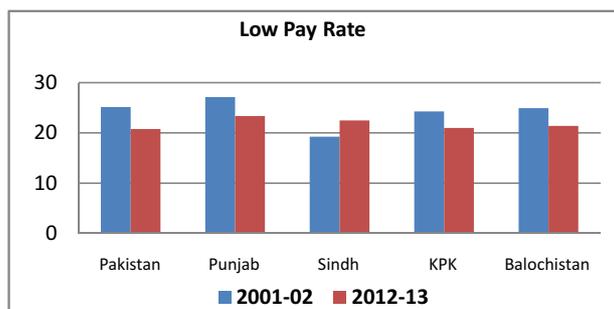


Source: Labour Force Survey

Adequate earnings and productive work

The average real monthly earnings of paid employees increased at a rapid pace between 2002–08, with a slight drop in the post-2008 period. The low-pay rate declined to 20.8 per cent in 2013, from 25.2 percent in 2002. The average hourly earnings increased across all occupations and the gap in hourly earnings between the highest and lowest occupational groups (legislators and senior and elementary occupations) narrowed over this period. Hourly earnings of women in the highest two occupational categories, i.e., legislators, senior officials and professionals were higher compared to men during the period under review.

However, gender gaps continued to persist; the real earnings of



Source: Labour Force Survey

women employees were only 64 per cent of those of men in 2013, with this gap narrowing during 2002-13. The low-pay rate for women was higher than that for men and increased slightly between 2002 and 2013. Minimum wage as a proportion of the median wage increased during this period, but the share of employment in the formal sector of the economy declined persistently, reducing the effective coverage of the minimum wage laws. Moreover, implementation of the minimum wage law also remained weak.

Average real monthly earnings have gone up, while the low pay rate has come down

Hourly earnings have increased across all occupations with the gap narrowing between highest and lowest groups

Minimum wage as a proportion of median wage has increased, although share of formal employment has declined

Key Stats

18.7% (US\$ 1.25 a day) & 55.3 % (US 2 a day)
Working poverty rate (2005)

Rs. 4,037
Average monthly real earnings (2011)

1%
Employees with recent job training (2013)

Source: World Development Indicators, Labour Force Survey



Share of employed working excessive hours has come down with only a minor share of women working excessive hours

Under-utilized work force – employed working below 35 hours a week has increased slightly

Incidence of time related under-employment has remained negligible with voluntary under-employment main cause of labour under-utilization in the country

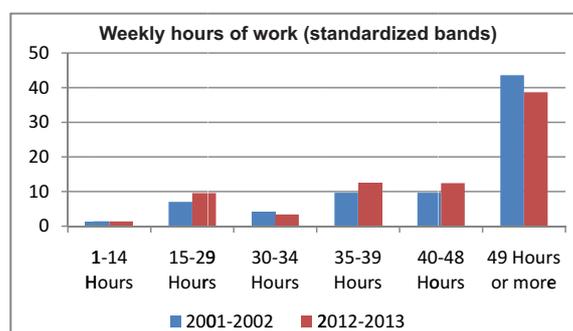
Majority of employed women is married facing a dual burden of managing work and family responsibilities

Nearly one third of all employed women work at home

Decent working time

The share of employed working excessive hours (over 48 hours per week), declined from 43.6 percent to 38.7 percent during 2002-13, with a relatively smaller share of women working excessive hours (less than one-tenth) in 2013. This proportion was higher in the province of Sindh and for the self-employed and employers. The share of employed working within normal working hours (35 to 48 hours a week) increased slightly between 2002 and 2013, reaching almost half of the employed in 2013.

The underutilized workforce –share of employed working



Source: Labour Force Survey

Key Stats (2013)

38.7 %
Proportion of employed working excessive hours

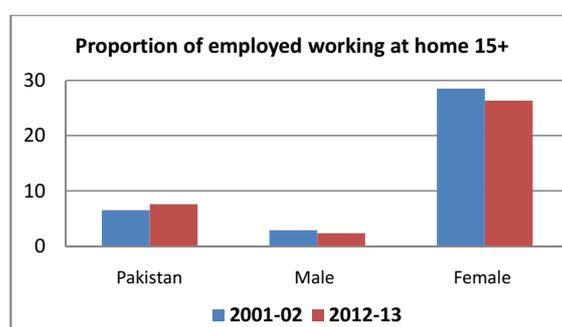
0.85 %
Time related underemployment

Source: Labour Force Survey

fewer than 35 hours a week, increased slightly to 15 per cent in 2013, with a higher share of the rural employed being underutilized (18.2 per cent vs. 7.5 per cent). With incidence of time-related underemployment being negligible (less than one per cent of total employment), voluntary underemployment was the main cause of labour underutilization in Pakistan during the period under review.

Combining work, family and personal life

The traditional family structures in Pakistan have undergone changes over the past two decades, with increasing urbanization and the entry of women into the labour market. The significant majority of employed women in the country is married and faces a dual burden of managing work and family responsibilities, especially in urban areas. This is mitigated to some extent by close to a third of employed women working at home. There has been a decline in the proportion of the employed who are household heads, noting that women are less vulnerable on this front.



Source: Labour Force Survey

Key Stats (2013)

69.9 %
Proportion of employed who are married

45.2 %
Proportion of employed who are household heads

Source: Labour Force Survey



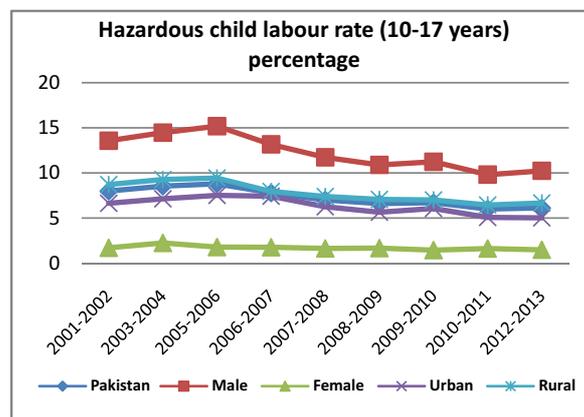
Share of children in employment has decreased

A higher share of boys and children in Balochistan and Sindh are engaged in work

Work that should be abolished

Available evidence on child labour in the age brackets 10-14 and 10-17 years indicates an incidence in the range of 10 to 16 per cent in 2005, with a declining trend during the period 2005 to 2013. A higher share of boys and children in the provinces of Balochistan and Sindh were involved in child labour (higher than 21 per cent in 2013 for 10 to 17 age bracket).

Pakistan is signatory to the relevant international conventions on child labour, worst forms of child labour and hazardous child labour, which include the Minimum Age Convention, 1973 (No. 138), the Worst Forms of Child Labour Convention,



Source: Labour Force Survey

Key Stats (2013)

10 %
Child labour rate (10-14 yrs)

15.8 %
Child labour rate (10-17 yrs)

Source: Labour Force Survey

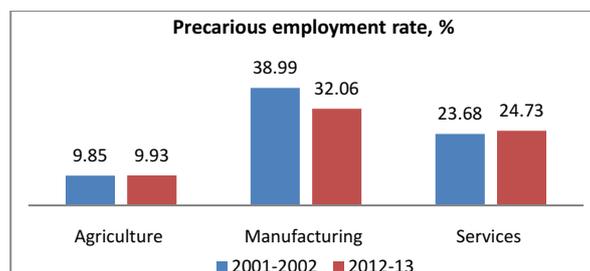
1999 (No. 182), the Forced Labour Convention, 1930 (No.29) and the Abolition of Forced Labour Convention, 1957 (No.105), but reliable and comprehensive data is not available to assess situation of hazardous child labour, worst forms of child labour or forced labour.

Precarious employment has come down although share of casual workers within precarious employment has gone up

Large gender gap in real earnings of casual workers remains an area of concern

Stability and security of work

There has been reduction in precarious employment (casual and piece rate work)during 2002-11 from 20.1 percent to 16.6 percent. However, the share of casual workers within precarious employment has been rising. Real earnings of casual workers have increased especially during 2001-08, when the growth momentum of the economy was strong, although the large gender gap in real earnings of casual workers continues to be an area of concern. With existing legislation applicable only to establishments operating in the formal sector of the economy, workers in the large and growing informal sector outside purview of these laws are more vulnerable in terms of getting stable and secure employment.



Source: Labour Force Survey

Key Stats (2013)

19.5 %
Precarious employment rate

63.4 %
Share of casual employment in precarious employment

Rs. 3,018
Real monthly earnings of casual workers

Source: Labour Force Survey



Share of women employed as legislators, senior officials and managers has increased

Challenges to equal opportunity and treatment in employment include expanding education and employment opportunities for women and ensuring equal pay for work of equal value

Non-fatal injury rate along with work related fatalities has increased

Compliance with OSH laws remains a challenge due to weak enforcement and supervision

Equal opportunity and treatment in employment

Limited progress has been observed in this dimension of decent work during 2001-2013, with only a marginal increase in the share of women employed as legislators, senior officials, managers and professionals. The large and growing share of women working in low productivity agricultural occupation (close to 66 per cent of all employed women in 2013) poses substantial challenges on this front.

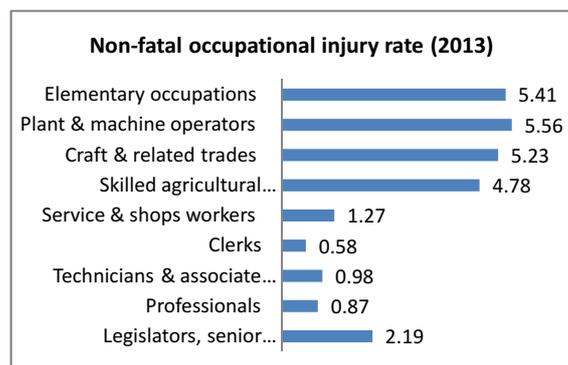
Other challenges include expanding education and employment opportunities for women, ensuring equal pay for work of equal value and reducing the considerable gender inequalities between men and women in wage employment.



Source: Labour Force Survey

Safe work environment

The non-fatal occupational injury rate rose between 2009 and 2013 and peaked in 2013. Data on work-related fatalities from provincial administrative records (where available) also shows a rising trend in occupational fatalities due to non-compliance of OSH laws attributable to weak enforcement and supervision, as well as inconsistent reporting by the registered organizations. While the number of inspectors increased from 293 in 2001 to 337 in 2012, there is only one labour inspector for every 25,000 workers in the formal non-agricultural sector of the economy.



Source: Labour Force Survey; administrative records of provincial labour departments

Key Stats (2013)

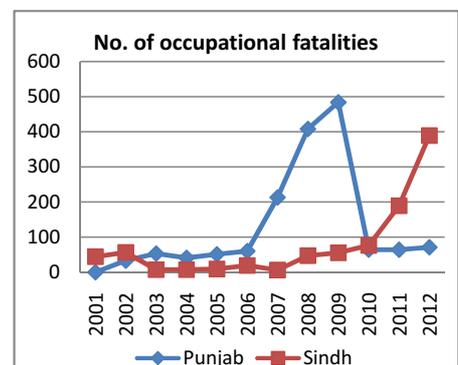
- 7.9 %** Female share of employment in senior and middle management
- 9.9 %** Share of female wage employment in non-agricultural sector
- 37.5%** Gender wage gap

Source: Labour Force Survey

Key Stats (2013)

- 4.1 %** Occupational injury rate, non-fatal

Source: Labour Force Survey





Effective coverage of social security linked to employment has decreased due to rise in informality

Vulnerable groups with respect to social security include informal sector workers, the self-employed and workers in agricultural sector

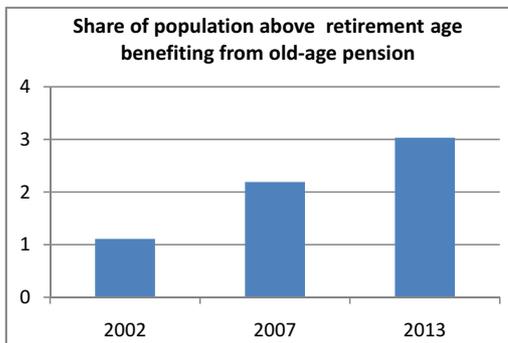
Workers whose pay and conditions are determined by collective bargaining agreements has risen but remain only a small share of formal sector employment

Data gaps in the administrative records of provincial labour departments prevent a comprehensive assessment of progress on social dialogue

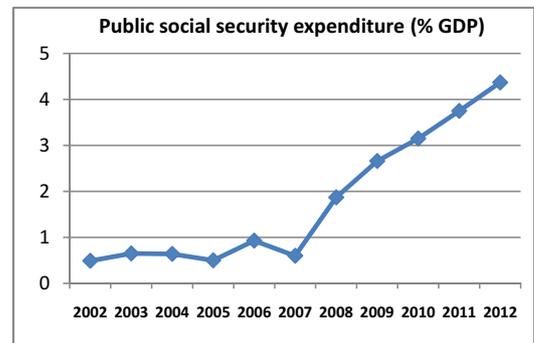
Social security

The limited data available shows that social protection coverage for the population has improved, although this improvement is focused more broadly on the poorest and most vulnerable segments of society. Moreover, due to the rise in informality, the coverage of social security linked to employment has decreased. Government expenditures on social protection increased substantially over the last ten years, with this rise being driven by higher outlays on untargeted food subsidies, public works programmes and provision of targeted social assistance through the BISP.

Health-care expenditures financed out of pocket by households decreased by close to eight percentage points, from nearly 68 per cent in 2006 to 60.6 per cent in 2010. Despite these gains, a major share of formal sector workers, the entire informal sector, the self-employed, as well as workers engaged in the agricultural sector remain outside the scope and coverage of any form of social protection.



Source: Labour Force Survey, Pakistan Economic Survey



Social dialogue, employers' and workers' representation

Due to data gaps in the administrative records of provincial labour departments, a comprehensive assessment of Pakistan's progress on social dialogue is not possible. Available data shows that trade union membership fluctuated substantially, with the number of employed workers with trade union membership increasing at a rapid pace between 2001-03, peaking at over 503,000 in 2003, and declined afterwards to 245,383 by 2008, with the overwhelming majority of employed trade union members being men. Figures from administrative records of provincial labour departments indicate consistent growth in the number of trade union members in paid employment in all provinces except Punjab during 2001-12, with the highest number of trade union members being in the province of Sindh at over 506,000 in 2012. The number of workers in employment whose pay and conditions are determined by collective bargaining agreements increased from 545,800 to 823,900 during 2001-2010, with the rise being substantially higher for workers in Punjab. The number of industrial disputes in the country increased between 2001 and 2007, with consistent data being unavailable after 2008. The number of workers involved and man-days lost as a result of these disputes was at a peak during the period 2004-07; with between 8,000 and 11,000 workers involved and 85,000 to 103,000 man-days lost.

Key Stats (2013)

60.6%
Health expenditure financed out of pocket (2010)

9.4%
Share of economically active population contributing to a pension scheme (2013)

Source: Labour Force Survey

Key Stats (2013)

245,383
Total no of trade union members in employment (2008)

693,573 – Punjab
96,102 – Sindh
No. of workers whose pay and conditions are determined by collective bargaining agreements (2012)

556
No. of enterprises belonging to an employers' organization (2013)
Source: Provincial labour departments



Decent work is integral to efforts to reduce poverty and is a key mechanism for achieving equitable, inclusive and sustainable development. It involves opportunities for work that is productive and delivers a fair income, provides security in the workplace and social protection for workers and their families, and gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives.

Monitoring progress towards decent work is an important concern for the International Labour Organization (ILO), the Governments of its member States, Employers and Workers. The ILO Declaration on Social Justice for a Fair Globalization (2008) thus recommends that, among other measures, member States may consider “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate progress made” (Para. II.B.ii). Yet, the multifaceted nature of the Decent Work Agenda, that combines access to full and productive employment with rights at work, social protection and the promotion of social dialogue, means that such measurement is a complex task.

In September 2008, the ILO convened an international Tripartite Meeting of Experts (TME) on the Measurement of Decent Work, and consequently, adopted a framework of Decent Work Indicators, that was presented to the 18th International Conference of Labour Statisticians in December 2008. The Governing Body endorsed the proposal to test the framework in a limited number of pilot countries by developing Decent Work Country Profiles.

Decent Work Country Profiles cover eleven substantive elements corresponding to the four strategic pillars of the Decent Work Agenda (full and productive employment, rights at work, social protection and the promotion of social dialogue): (i) economic and social context for decent work; (ii) employment opportunities; (iii) adequate earnings and productive work; (iv) decent working hours; (v) combining work, family and personal life; (vi) work that should be abolished; (vii) stability and security of work; (viii) equal opportunity and treatment in employment; (ix) safe work environment; (x) social security; and, (xi) social dialogue, workers' and employers' representation. Profiles thus bring together all available data on decent work, including statistical and legal framework indicators, as well as a summary of trends, progress, and gaps – both in decent work and in data on decent work.

Their aim is to help policymakers and development practitioners better evaluate progress toward decent work, and inform national planning and policymaking.

The Profiles provide key information for designing and monitoring the Decent Work Country Programmes (DWCP) and represent an advocacy tool to mainstream decent work into national development policies. They are developed with constituents in mind, and are intended to facilitate social dialogue and greater engagement of social partners in the design and implementation of policies and programmes for decent work and broader national development objectives.

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The Decent Work Country Profile for the Pakistan aims to provide information on all the elements of decent work in the country by analysing statistical and legal indicators within the framework of national labour and social policies, over the period 2002–2013 (depending on data availability). The purpose of the document is to give baseline information on the state of decent work in the Pakistan, the progress made in decent work, and highlight the gaps that still remain, in both decent work and its measurement.

It is also intended as an advocacy tool for the development of future national policies and development plans.

The Decent Work Country Profile for the Pakistan aims to critically assess progress towards the achievement of decent work in the Pakistan and to further inform social dialogue at the national level.



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