

Guidelines for Exporting Manpower in Pakistan

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Abstract

An increase of 1.5 million workers in the workforce every year would only be an added advantage to Pakistan if they can all secure employment. This seems like a remote possibility considering the country's economic, political and investment climate. The present state of lawlessness reflects that youth have adopted a path of anarchy to sustain themselves. A solution to this problem is imperative. Nature has created a balance in demographic distribution such that as there are regions with population explosion, so there are regions with shrinking population. Our survival lies in identifying countries where workforce dilemma exists and fabricating a workforce in line with their requirements. Ministry of Overseas Pakistanis must assume a proactive role of preparing guidelines for labor exports and guide other ministries to chart plans to materialize this strategy. Remittances from Pakistanis abroad have been the main stay of its economic stability however; its use is yet to be optimized. It is, therefore, essential for the economy to move from low value occupations to higher end occupations. This long-term strategy is realistic subject to cooperation among all stakeholders.

Key words: Workforce, Remittances, Demography, Ministry of Overseas Pakistanis, Human Resource Development, Labor Exports

2. Hard Realities

Expanding workforce every year would be - an added advantage for a productive country but not so for Pakistan. Expansion of productive units proportionately with corresponding expansion of work force results in steady growth of the economy and prosperity for the nation. However, for many reasons this has not happened in Pakistan for about a

decade that is evident by the stagnant annual growth rate of the economy stationary at 2% (Ministry of Finance, Government of Pakistan, 2013). On the other hand, approximately 1.5 million adults step into the workforce every year in Pakistan and thus burden the existing productive units (Aslam, 2011). This has been the dilemma of most populous countries, but Pakistan is even more affected due to pres-

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ence of other enigmatic factors growing at rapid pace with passage of time. The problem has been in the highlights for some time now and economists/human resource consultants have been cautioning the nation as regards its detrimental implications. The point is – do we see light at the end of the tunnel?

To conclude on this enigma it is necessary to dwell on some of the drivers of economy. Firstly, the political stability in the country that builds confidence in the mindset of investors is still lacking. The confidence in political stability is reinforced by stable regulations and environment in the market, which is still amiss although Pakistan ranks higher than India on the ease of doing business; Pakistan ranks 107th while India ranks 137th (Abbas, 2013) Power shutdown, deteriorating law and order situation and persistent uncertainty are leading indicators that forestall a climate of investment in Pakistan. This is evidenced by the slow growth of private sector, which has been below 5% in 2012-13; similarly, FDI flow which at one stage had reached the historic peak of \$ 5.4 billion in early 2000s, has reduced to US \$ 800 million in 2012 (Ameer,

2013). It is ironic that FDI investments are increasing on a global scale with an incremental rise of US\$ 1 trillion each year whereas we are experiencing a reduction in investment.

Corruption is another menace that remains uncontrollable and has infested all public and private transactions. It is convincingly professed, that a black market parallel to formal economy has siphoned off an additional fifty percent revenues affecting taxation. Successive governments have not initiated any viable program to check this - rampant outrage.

On the other hand, Pakistan's demographic profile is expanding and adding frustration in the minds of youth, which comprises nearly 50% of the workforce. The majority of induction in workforce is with misdirected skill set incompatible with the requirement of modern technology; besides having dubious literacy rate. What demographers have cautioned is not the growth in the work force but the expanding stretch of demographic elasticity. It - has been forecasted that this youth bulge is likely to last up-to year 2050 (Aslam, 2011). The - percentage of population distribution by age group - is shown in Table 1.

Table 1

Population By Age Group in Percentage¹

AGE GROUPS in %	1998	2010	2015	2020	2025	2030
00 - 14	33	36	33	32	30	27
15 - 29	20	30	30	28	27	26
30 – 44	12	18	20	21	22	23
45 – 59	7	10	11	12	13	15
60 - 65+	4	6	6	7	8	9
TOTAL Pop	132.35	173.51	191.71	210.13	227.35	242.05

Pakistan's population growth rate is 2.26% and labor force participation is 35%. The above Table reflects a growing bulge of young adults in the labor force up to 2030 and even beyond (Ministry of Finance, Government of Pakistan, 2013) The rate of influx is far more than that of those exiting from the workforce. Worldwide this phenomenon would be a point of celebration since this group of workforce is usually most productive and innovative and affects a nation's socioeconomic development positively and is a source of competitive advantage. - As long as this group remains unemployed for an extended period, - other problems could emerge in the country.

Under these circumstances, it is highly unlikely that there would be sufficient opportunities in the country to absorb this expanding work force. It has already been analyzed that circumstances do not exist where job opportunities are likely to improve in the public or private sector. With all these negative ramifications there seems to be no light at the end of the tunnel: however, with the bulge of young population bursting at the seams; it would be disastrous if alternative means of generating employment were not explored. Pakistan with a young population median still has an excellent opportunity to capitalize on this demographic dividend. According to estimates by IMF, from 1970 onwards, approximately 40% to 50% of the Indian per capita income growth was because of demographic dividend (Abbas, 2013). Pakistan has already lost precious time and can only recuperate if the Government develops a blue print for employing this – enormous population.

This paper aims to explore the possibility of converting this human resource into an asset, which adds value to national economy. The paper examines the option of exporting work force to countries facing problems of shrinking population.

3. Remittances from Overseas Pakistanis

Pakistan started to export workers in mid-1970's to Gulf States. The Gulf States loaded with money embarked on a journey to building infrastructure. The States themselves had scarce human resource with population density restricted below the normal density had to rely on import of human resource. While the technical expertise was imported from the western world, the labor was filled in from the developing countries. Pakistan due to religious affinity received priority from countries like Saudi Arabia, Libya and Gulf countries. During the 1970's approximately 1.0 million workers immigrated to these countries – and remitted foreign currency amounting to not less than US\$ 500 million. This steady remittance remained in the range of \$ 1500 to \$ 2000 million from 1990 to 2000 (Ministry of Finance, Government of Pakistan, 2013). This remittance increased to \$ 13 billion during 2013 (Table 2). On an average, a worker remits approximately \$ 1500 per annum (Zeb, 2012). According to report by the World Bank in 2011, Pakistan ranked as the fifth largest developing country receiving remittances. Preceding Pakistan is India at \$58 billion, China at \$57 billion, Mexico at \$24 billion and the Philippines at \$23 billion (Nanji, 2013).

Table 2

Manpower Export Dataⁱⁱ

Year	No of Workers Exported	Remittances (billion us\$)	Remarks
1971 to date	3.83 million		
2008-2012	2.29 million		97% Gulf states
TARGET SET	150,000		In 2003
2003	184,271	3.87	
2004	173,824	4.16	
2005	91,773	4.6	
2006	143,329	5.49	
2007		6.45	
2008		7.81	
2009		8.95	
2010		11.2	
2011	450,000	11.26	
2012	630,000	13.18	Middle East, 48%; Europe 28%; USA 19%

This export was more a result of personal initiative by the workers rather than a well-planned strategy at the government level. The above remittance was viewed only as a source of trade in 2000, when a Ministry of Overseas Pakistani was formed.

3.1. Ministry of Overseas Pakistanis and Human Resource Development The present Government has created a Ministry of Overseas Pakistan and Human Resource Development (HRD) in July 2013 by a merger of Ministries of Overseas Pakistanis and Human Resource Development. Besides these autonomous ministries, the Ministry also controls

organizations/corporations like Bureau of Emigration and Overseas Employment, Overseas Employment Corporation, Overseas Pakistan Foundation (OPF), Employee Old Age Benefits Institute, Worker's Welfare Fund and National Industrial Relations Corporation. Following are the roles and functions of these bodies:

1. The Ministry will promote export of Pakistani labor abroad, leading to alleviation of economic squeeze. The ministry will work in close coordination with the provincial governments, worker and employer organizations as well as in-

ternational agencies. Setting up of this Ministry is likely to pool all intellectual and physical resources towards a concerted goal.

2. Bureau of Emigration and Overseas Employment was established in 1971. It is observed that this organization is more of a statistical division, which compiles data on migrant workers since inception. It also frames rules and regulation pertaining to emigration and monitors the whole process. The role of this body needs to be enlarged to chart strategies for future and must not be looking “inwards” but also “outwards”. The Bureau should look into the global macro indicators to pinpoint future trends in labor utilization of shrinking populated countries.
3. Overseas Employment Corporation (OEC). It was formed in 1976 and supplies labor to public sector organizations in foreign countries. It has an achievement of exporting 128,000 workers to 53 countries since its inception a mere 4% of total immigrant workers. It also maintains a database of bio-data of desirable potential workers.
4. Overseas Employment Promoters (OEP). These agencies work as private employment agencies and are now the major contributors to manpower export. They claim that approximately 80% of immigrants are due to effort by these agencies. The Agency receives demand from private/public sector employers from foreign countries. The agencies match/advertise/ process labor and get permission from Emigrant

Protector Agency at the government level. However, presently around 1000 agencies are registered as contractors and due to lack of regulatory system monopolize the whole process. Poorly educated labor fall prey to fake visa rackets, fake foreign employers and exorbitant fee scandals. The Government also charges a fee of around Rs.12000 from each candidate for processing their applications.

5. Another organization that is helping immigrants is the Overseas Pakistani Foundation (OPF) established in 1979. It is an association of overseas employees who become voluntary members and contribute towards early rehabilitation and welfare of next of kin residing in Pakistan. The foundation launches welfare schemes related to housing, education and medical care of families of immigrant workers. According to their record 4.9 million workers are employed abroad.

4. Discussion

On the face of it, these mergers and reengineering efforts of concerned agencies should have reaped dividends far greater than the actual remittances, - for example Philippines with a population of 83 million reaps a remittance of \$ 23 billion while Mexico with a population of 103 million generates a bounty of \$ 24 billion (Nanji, 2013). The number of emigrants from both these countries is far less than Pakistan. Pakistan immigration is not adding high value jobs to its portfolio (Table 3).

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The above Table reflects that presently the “considered” lower echelon of work force is the major contributor towards the remittances while the professional technocrats’ contribution is minimal. This is true today, but may not be the scenario in the future. The bulk of labor was exported to the Gulf States in the last century, which underwent massive infrastructure development, has reached maturity now and their labor requirement is likely to decline in the next decade or so. Saudi Arabia has already formalized stringent regulations and illegal immigrants are being deported. Similar reduction in demand has also been observed from Kuwait, Qatar and Bahrain (Siddiqui, 2007). Another view of looking at the above Table is the proportion of remittances vis-a-vis workforce from the Gulf region as against from the western world. A mere 1 million is contributing nearly half of what is being remitted from other regions.

A breakdown of remittances from different countries (Table 4) also reflect that the existing trend is gradually on the decline and the educated and professional cadre will emerge as the main contributor in the next two decades (Aazim, 2011).

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Remittances surged 100% from \$ 5.5 billion to 11.2, from financial year 2005 to 2011 due to a generation of young professional with modern skill set who moved abroad for better prospects. The remittances went up by 11% in 2013 to \$14 billion. Those who moved to US contributed \$ 2 billion in FY 2011, an increase of 27%; although only a few thou-

sands moved abroad (Aazim, 2011). (Siddiqui, 2007) in his article contests that Pakistan did not foresee upgrading of labor demand to Gulf States as such lost revenues. Job opportunities are now in the fields of shipping, oil refining, IT professionals, teachers and power and desalination plants.

5. Blueprint for Labor Export

Most countries do not face similar demographic characteristics as Pakistan. Their dilemma is shrinking population instead of population explosion. Population planning by the western countries in the 1950s and 1960s has led to this phenomenon. European countries are the worst affected followed by countries with expanding economies but without a backup of labor force. These countries have already opened their borders to emigration, not to charm cultural diversity but, to combat their shrinking population characteristics. Pakistan’s strategy should be to prepare our expanding workforce with skills and competencies suited to their demand and requirement. The above trends are already on the horizon and all populous countries are vying for this market. Pakistan has to gain a competitive advantage, identifying markets, categories of occupation and professions as compared to India, Bangladesh, Sri Lanka and Philippines.

Exporting labor is a long-term objective, which ought to be defined not only in terms of head count but also in value (Table 3 & 4). Short-term objectives like matching of skills with job specifications, adult literacy enhancement and vocational skills should be addressed now to be ready to launch this sea of work force later. These objectives cannot

be left to potential workers to fend for themselves but guided to equip themselves with the right skills.

The underlying problem of the Western world is the demographics. By 2015, there will be more people dying in Europe than being born. The median age of European will increase from 41.2 years to 47.6 years in 2060. Some countries will age even faster; Germany for one will reach the median of 50 years in 2037. Europe will look like an old folks home with ever decreasing workforce. People over 65 years will account 30% of the pop in 2060 (Weigins, 2013). Italy is spending up to 14% of their GDP in old age pension and 57% in social spending. Unemployment in age group 15-24 years is 40%, while the number of people above 55 has ballooned to 3.5 from 2.6 million just 5 years back (Severgnini, 2013). In short, developed countries would shortly be exposed to, "rapid growth of the older population and the rapid shrinking of the younger generation" as forecasted by (Weigins, 2013). Most European countries have revised their retirement age from 63 to 67 years to retain the older employees with better competencies and also combat the shrinking population phenomenon

Each country has its peculiar characteristics in term of population statistics, density and population growth rate. The above demographic profile when coupled with productive contribution in agriculture, manufacturing and services sectors open windows of opportunities for planners. These opportunities may seem a mirage today but cannot be denied nor refuted. Politically, this means that immigration will become an important

and highly divisive issue in all rich countries. It will cut across all traditional political alignments. Economically, it would change markets in fundamental ways since the vacuum created by this shortage would only be made up by immigrants from developing and populous nations. \$772.8 m is the total remittances from Norway, Switzerland, Canada, Japan and Australia as opposed to \$752 m in 2012-13 fiscal year; an increase of 27%.

There are myriads of controversies that our present image, low literacy rate and adverse mindset are likely to obstruct this school of thought. However, like national interests and diplomacy, which oscillate from one end to another in changing circumstances; similarly these arguments are likely to subside in view of actual realities. Secondly, this window is not likely to occur within this decade but in the decades to come. Based on this hypothesis, a plan is suggested to develop a map of new markets and develop "human product" to satisfy the needs of these individual geographical customers.

Our employer brand is well defined. It demands quality work preferably with digital technology. The parameters of organizational behavior revolve around meritocracy, tolerance, customer care and speedy decision-making. Individual behavior prides in hard work, innovation and esprit de corps. Work force devoid of these traits is not likely to be successful in this task environment. Table 5 lists those countries that would face work force difficulties along with their individual characteristics. The following parameters have been kept in mind while identifying these countries. Annual population growth/

density, Gross National Income (GNI), literacy rate, sector contribution margin and Technology index are some factors of comparison. These factors and countries are neither exclusive nor rigid yet serve as stepping stone for further validation.

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The above table identifies countries/regions where labor demand is likely to occur in the future. Individual demographic and economic characteristics of nations pinpoint the areas where occupational opportunities are likely to occur. These countries have been categorized into most preferred status (MPS) keeping in mind similarities of their demand. It is important to identify these characteristics so that mismatch of labor is eliminated, while fabricating the human product for these markets. A marked feature of this approach is that supply of labor will occur in the high value occupations, which will boost remittances.

1. MPS- 1. Remittances from the Gulf States have remained the major contributor towards economy. As already researched by Zeb, - (2012), approximately 2.23 million went to six countries of this region however, most of this category included unskilled/semi-skilled laborers whose demand is likely to diminish in this region in the next decade. Fortunately, some technocrats have also found employment in this region but their numbers are limited. The Ministry should liaise- with their counterparts abroad to obtain the job specifications desired in future. There is a need to explore possibilities to find

alternative regions for this work force. Malaysia is another Muslim country, which has scarce population with a high economic growth rate and requires labor in agriculture, manufacturing and services. It should be our focus in this decade to penetrate this market. (Siddiqui, 2007) in his article mentions that in an MOU signed between Malaysia and Pakistan in 2003, to provide 100,000 skilled laborers to Malaysia; Pakistan could only oblige with 7000 workers?

2. MPS-2 includes developed countries like Australia, Canada, New Zealand and USA. Immigration to this region is already high and includes mostly young technocrats. The demand is for a category of professionals who are equally important for Pakistan but grim realities compel them to venture for brighter prospects for their kith - and kin. This category has already started contributing to the Pakistani economy. (Siddiqui, 2007) confirms that in 2006, nearly 2000 professionals made a breakthrough in the markets of UK, USA and Germany. There is also demand for blue collared employees in the supervisory category in this region but cannot be met due to low literacy rate, orthodox mindset and strong prejudices. Australia and Canada has a population density of only three people per square kilometers and contribution margin of agriculture is the least and Pakistan has ample competency in this sector. Newly formed Ministry should explore some

of these initiatives at the Government level.

3. MPS-3. Scandinavian countries already have a sizeable Pakistani community. These countries have sizeable contribution from services and manufacturing sectors. Fifty-five percent of Finland's workforce will exceed 40 years in this decade; similarly, Holland has a low employment rate. These countries spend a sizeable portion of their economy on healthcare therefore occupations like nursing, therapists and technicians will always remain in demand due to their dwindling work force. Manufacturing sector is also the mainstay of its economy therefore there is a need to identify industries where our competencies can come into play.
4. MPS-4. EU bloc may not be a lucrative market for our labor today due to reasons like low literacy, language barriers and adverse image but their demographic compulsions will compel them to allow emigration in next two decades. Italy, Austria and Germany have enhanced their retirement age to retain their labor. Our long-term preparation for this market is essential. Their economies are dependent upon automated manufacturing concern therefore we need to build relevant competencies in automation to compete for contract.
5. MPS-5. Another bright opportunity is the Central Asian countries of Kazakhstan, Turkmenistan etc. These countries with rich resources and GDP growth exceeding in most case above 7%, is

likely to emerge as the next center for infrastructure development. Our semi-skilled labor with similar religious affinity should not have difficulty in adjustment. These countries are also at similar level of technological skill as Pakistan therefore, there are less chances of any competency mismatch.

6. MPS-6. These developed Asian countries remain inaccessible to Pakistan workers due to language barrier accentuated by technological gap. Pakistan's young technocrats mostly from urban cities have already breached this region. Other countries like Japan and South Korea have a serious shrinking population (population growth rate of 2%) and would be dependent upon foreign work force in times to come.

Competition in this market is intense and a strategic analysis is necessary to gain a formidable lead in this market. Though, all populous nations are vying for these geographical markets however, more competition is likely from India, Bangladesh, Sri Lanka, Philippines and Indonesia. In term of image projection, these countries are better poised however; other characteristics are in the following Table 6.

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The above Table profiles the characteristics of competitors who are also vying for this market. Pakistan faces major competition from India who is better placed as far as competency and better image is concerned. Bangladesh is also a strong contender who has a better image than Pakistan. Pakistan could

contest in this market if the urban youth are developed under a well-charted strategy who can outrun the competitors being more versatile, technologically better poised and having better communication skills.

Forecasts usually reflect intentions and realities but would not be of use unless human capabilities are also developed to execute these plans. A simultaneous thrust is required to equip our present and future work force with the required competencies. Pakistan's position on most indicators is dismal yet despondency should not paralyze action. Firstly, we need to change our national orientation towards this approaching tsunami. Long-term planning need to incorporate answers to this "demographic bulge" and respective bodies should work under a meshed up strategy. Provincial governments and other related departments are working towards these goals but are disjointed in scope and direction. This could further be aggravated under the new autonomy granted to Provinces under 18th Amendment.

Another strategic decision required at the national level with consensus is to reduce the retirement age from 60 to 58 years. Nations have altered the maximum age of service keeping in mind its national imperatives. If European Union can increase the age to 67 years due to shrinking age phenomenon; similarly other nations have reduced this service to control the unemployment rate. In the greater interest of the Nation, this debate needs to be initiated to arrive at a balanced

consensus.

The reemphasis on vocational-technical skills will reduce the existing skill-gap and enhance the human capital. The demand of labor for most of these regions revolves around digital technology and high literacy rate. Only urban youth is partially equipped with these skills. Some NGOs like AMAN foundation have taken a lead in this respect and embarked on training youth in these skills. Similarly, agriculture and medical universities of Pakistan should launch diplomas in disciplines like agriculture, livestock and food management; nursing, physiotherapy and post-operative care respectively. This step is likely to prepare the impending work force with right skills.

6. Conclusion

Pakistan is placed in a precarious enigma in relation to its demographic statistics and needs to handle this situation on a long-term basis. Ministry of Pakistanis Overseas and Human Resources Development is now controlling the export of labor. It should chart a course of action in relation to shrinking population regions and prepare forecasts based on their specifications. It should also coordinate at the federal and provincial level to ensure that people are equipped with compatible skills. The potential of remittances from Pakistanis abroad can only be realized if the work force migrates into the high value end occupations. Urban youth is better poised in the basic competencies to undertake this challenge.

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