

## **Manufacturing jobs: key link of value chain weakens in last five years**

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LAHORE: Manufacturing sector grew at a healthy pace during Pakistan Muslim League-Nawaz (PML-N) government, but still couldn't create jobs correspondingly as most of that growth was technology-intensive, which requires fewer human resources. The cumulative jobs provided by buoyant sectors like automobile, sugar, cement and fertiliser are less than what were offered by apparel sector of textiles.

As far as manufacturing sector is concerned we can term it as jobless growth. The jobs lost in textiles were not created in other manufacturing sectors. In the large-scale manufacturing sector the trend is to enhance technology. The advent of artificial intelligence and robotics is increasing automation at a cut-throat rate. High-tech machines are outperforming humans even in the fields that require complex cognitive capabilities. The labour markets would remain under pressure as automation grows.

In textiles, spinning and weaving units fall under large-scale manufacturing. They did not upgrade technology that resulted in closure of over hundred mills. Thousands of jobs were lost. They have to upgrade technology to survive. However new technology required only one-third labour. That means upgrade would result in further job loss.

The apparel industry is most labour-intensive the world over. We have to push the apparel sector to create quality jobs in large numbers. It has the potential to let our rural women enter the job market in millions.

It was for the first time in Pakistan's job history that most of the jobs in the last five years were created by the services sector led by construction, but those were low quality and low skill jobs.

The economy grew constantly during the past five years but export sectors were in recession and exporters were forced to lay off a number of skilled workers. These workers in turn were forced to seek low salary jobs in the services sectors. The scarcity of quality jobs amid medium growth, low inflation, and low interest rates is a rare phenomenon. Investment in greenfield projects remained low.

Most of the investment during this period was made in cement sector that too by the existing cement players. No new fertiliser or sugar plants were planned or are in the pipeline. The auto sector also made limited investments. All existing car manufacturers are operating above their installed capacities but they did not enhance them, while new entrants are slow in committing full resources.

Job seekers are unemployed, out of labour force or in jobs they want to leave as soon as they could find a better opportunity. In a market flooded with experienced skilled

unemployed workers, the fresh blood rarely gets a chance as the businesses preferably recruit comparatively experienced hands.

Separation rate, which is the rate of departure from jobs for various reasons including layoffs, resignations, firings, and termination of time-limited or contractual employments, is expected to be high in even normal times.

What is going on in textile manufacturing sector is job destruction. Textile is the largest provider of manufacturing jobs in Pakistan. There is a vital difference between job destruction and job separation. At manufacturing level job destruction occurs when the employment decline resulting from establishments that contracted or closed. The sum of job creation and job destruction is the net change in employment. We will have to make efforts to stop this trend or be prepared to lose the manufacturing base of the country.

All developing economies work hard to enhance their manufacturing sector to create quality jobs. Manufacturing jobs are mostly permanent in nature and workers feel secure as with passage of time their experience becomes an asset for themselves as well as their employers. Services jobs, mostly of lower cadre, are not permanent in nature. In construction sector the jobs are mobile. It is not necessary that the labour employed in one housing project will get job immediately after its completion. They are paid on daily basis and do not feel secure. They are not entitled to annual leave or other social benefits. They cannot plan ahead and have to live on day to day basis.

Thus revival of manufacturing should be on the top of the things-to-do list for the policymakers for obvious reasons. Manufacturing-led growth in productivity is quicker than services. Manufacturing also powers local businesses and push the services as well. It is also the biggest driver of the technological change. And it goes without saying sector that it can generate export revenues more than any other sector. Most importantly, it creates well-paid jobs in a range of skills and professions, and not just on the production side but others also.