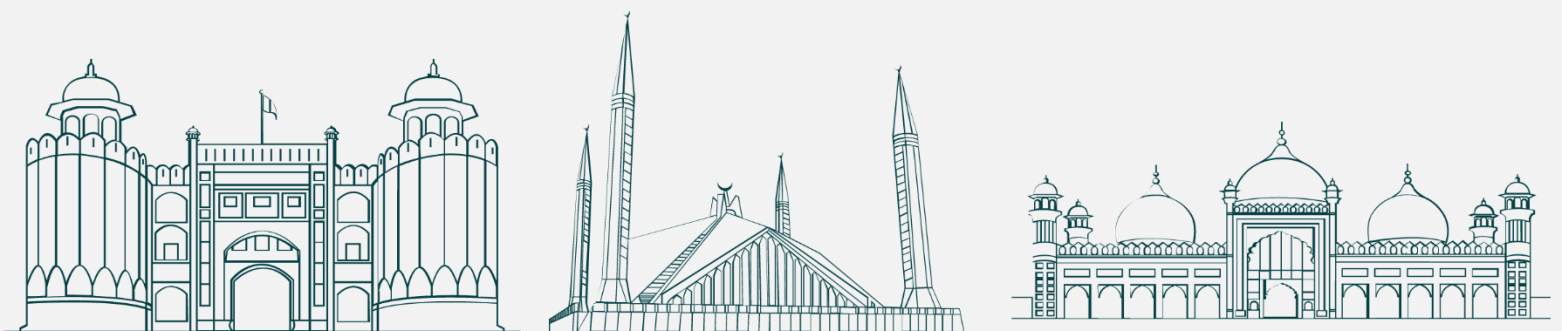


PRESS RELEASE

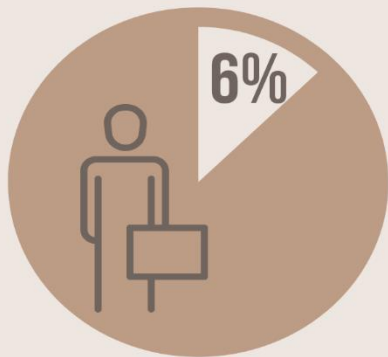
Gallup Pakistan Analysis of World Bank Enterprise Survey

*Business Environment Obstacles –
World Bank Enterprise Survey 2022*



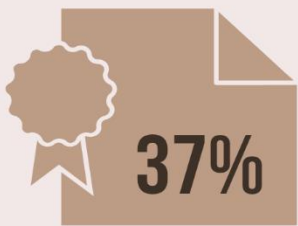
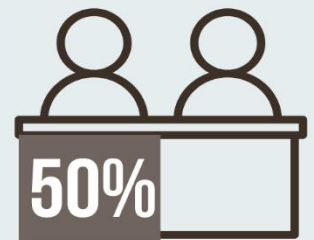
Gallup Pakistan Analysis of World Bank Enterprise Survey

Business Environment Obstacles – World Bank Enterprise Survey 2022



Only 6% of firms in Pakistan offer formal training to their workers.

Within firms offering training, the proportion of workers trained for all countries in the world is approximately 50%.



For Pakistan, only 37% of the workers at firms offering formal training end up getting trained

16% of Pakistani businesses identified an inadequately educated workforce as a major constraint; 9% claimed it was labor regulations.



PRESS RELEASE

Gallup Pakistan Analysis of World Bank Enterprise Survey

*Only 6% of firms in Pakistan offer formal training to their workers – **Workforce – World Bank Enterprise Survey 2022***

Islamabad, July 4, 2023

Gallup Pakistan, as part of its Big Data Analysis initiative, is looking at Workforce (2022). This data is part of a publication by the World Bank called the ‘Enterprise Survey 2022’.

The complete Enterprise Survey 2022 is available [HERE](#).

Gallup Pakistan has not conducted the survey work. We are only analyzing the publicly disclosed data and reports provided by World Bank. This is a public service activity done on individual initiative of Gallup Pakistan and not in any way endorsed or commissioned or supported by WB or its agents.

What is the Big Data Analysis Series by Gallup:

Gallup Pakistan’s Big Data series was started by Bilal I Gilani, Executive Director of Gallup Pakistan. Bilal explains the rationale of the series: “The usual complaint from academics and policy makers is that Pakistan does not have data availability. Our experience negates that. Pakistan has lots of data, but it is not available in a usable form and not widely accessible. At Gallup we plan to bridge this gap in terms of accessibility and use of data. The Gallup Big Data series has earlier worked with data sets such as PSLM, Labor Force Survey, and Economic Survey reports as well as National Census Reports and Election Commission Data sets. The current series is using the World Bank Enterprise Survey, a periodic compilation which reports facts and perceptions of enterprises and businesses operating in Pakistan. We hope that these series are useful, and we welcome both feedback as well as possible collaborations as we create a public good in the form of useful data sets in Pakistan.

What data points this current edition covers:

This series aims to present the important learnings from the Enterprise Survey 2022 for policy makers, the public, as well as for marketers in an easy and understandable way. In particular, this edition looks at the Workforce statistics as of 2022. The quality and quantity of a workforce is a major factor in the running of a business’s operations and how effectively it utilizes its resources. How much importance businesses give to workforce-related factors is also telling of where the firm’s priorities lie. The series’ main aim is to provide data. Implications of these data points for the development sector as well as wider socio-political ramifications is something we would like to trigger in relevant circles.

Today's topic is "Workforce (2022)"

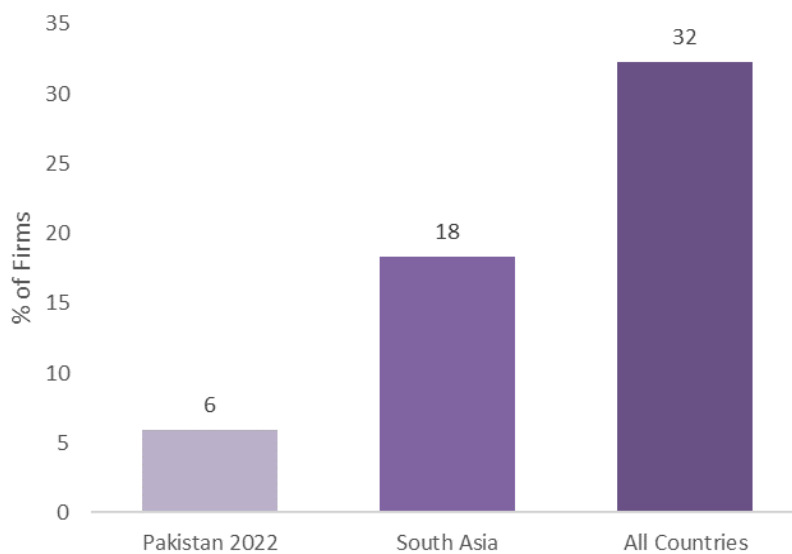
Key Findings:

- 1. Percent of firms offering formal training:** Only 6% of firms in Pakistan offer formal training to their workers.
- 2. Proportion of workers trained:** Within firms offering training, the proportion of workers trained for all countries in the world is approximately 50%. For Pakistan, only 37% of the workers at firms offering formal training end up getting trained.
- 3. Major constraints pertaining to the workforce:** 16% of Pakistani businesses identified an inadequately educated workforce as a major constraint; 9% claimed it was labor regulations.

1. Percent of firms offering formal training

The 18% of South Asia as a region itself is almost half of the proportion of companies worldwide that provide formal training to their employees. This is reflective of the business practices in the region and further probing may help the formation of policies that could increase business efficiency by incorporating formal training where possible.

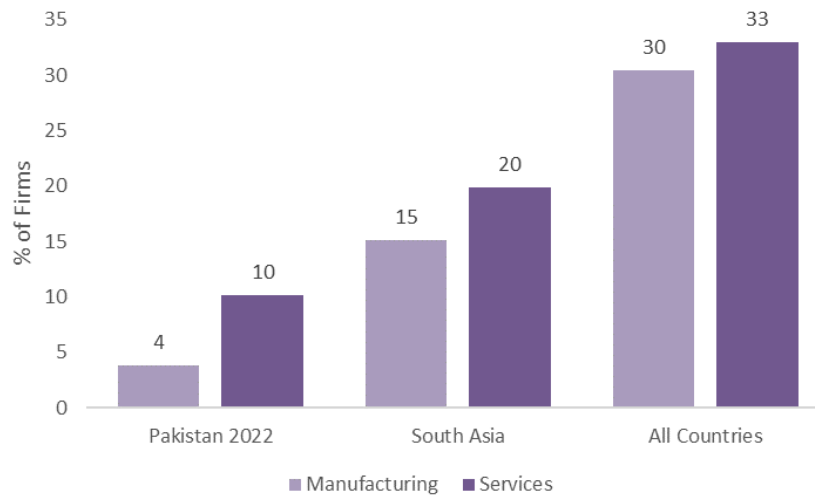
Figure 1: Percent of firms offering formal training



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Only 6% of firms in Pakistan offer formal training to their workers. This is more than five times less than the amount of companies across the world that offer training to their employees (32%) and more than three times less than South Asian businesses, 18% of which offer formal training to their workers. This figure looks more bleak when the types of companies that were surveyed by the World Bank for the Enterprise Survey are taken into consideration, which are from the manufacturing, retail, hospitality and the IT industries.

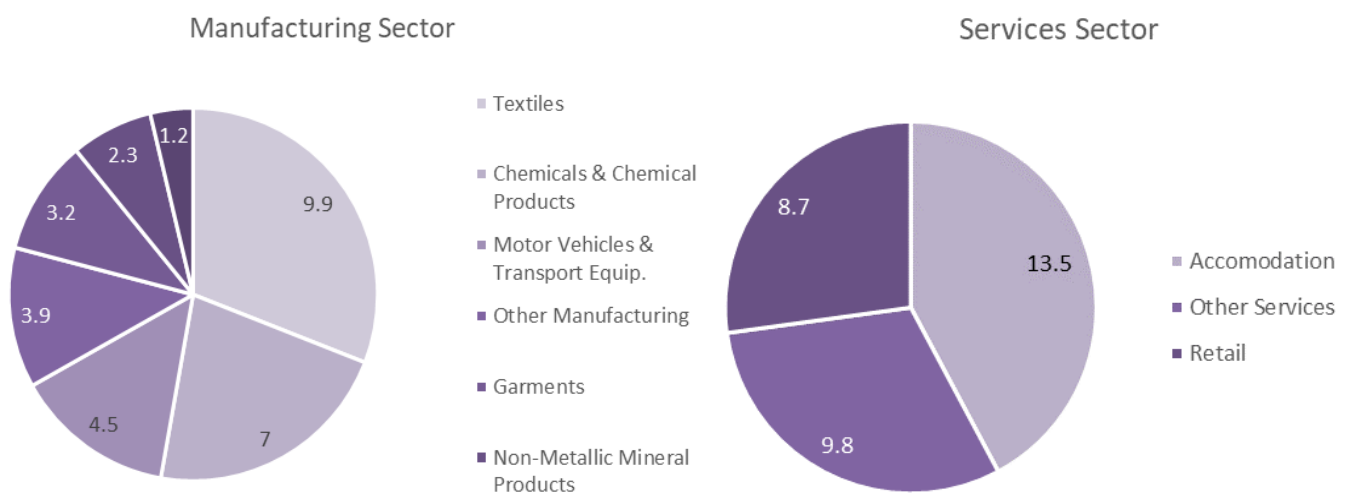
Figure 2: Percent of firms offering formal training - by sector



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Further looking into a sector-wide breakdown of firms that offer formal training to their employees, the manufacturing sector of Pakistan presents a particularly disconcerting image in comparison to South Asia and the world. Only 4% of firms in the manufacturing sector offer their employees training. Considering that the manufacturing related jobs are mostly mechanical and might not require as much company resources that prevent material from getting wasted in training as a sector like public administration or IT, a low training rate is not unexpected. However, 15% of South Asian manufacturing firms and 30% of firms in the manufacturing sector around the world - double the amount of South Asia - offer formal training to their employees. This may be done to ensure certain standards of quality for products or a more efficient use of factory resources

Figure 3: Percent of firms offering formal training in Pakistan - by sector (further breakdown)



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

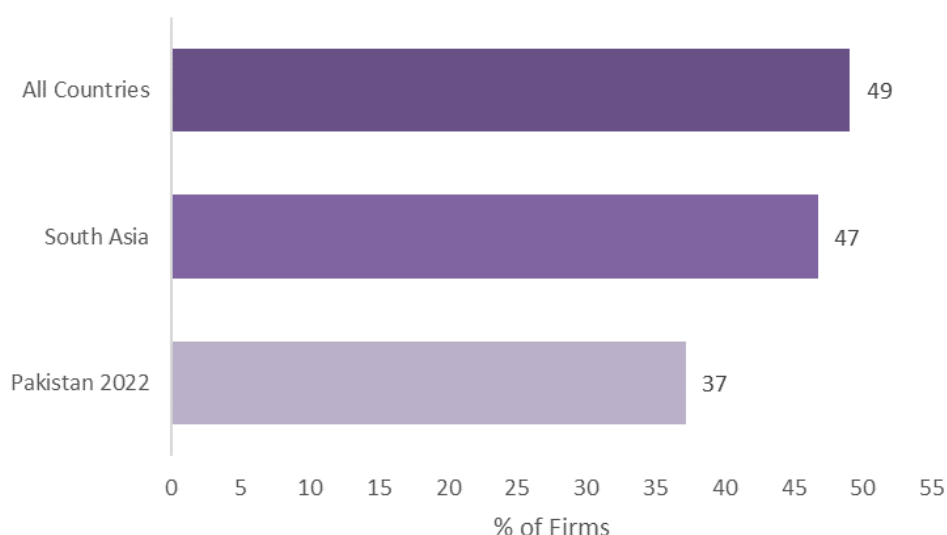
Further breaking down the number of firms offering formal training to their employees with respect to the two broad sectors included in the survey reveals that for Pakistan, 10 % businesses in the textile industry and 14% businesses in the accommodation industry make up the largest sub-groups in the manufacturing and services sectors respectively.

In the manufacturing sector, a lower proportion of firms offer to train their employees in almost all sectors. The sectors with the lowest percentage were non-metallic mineral products (1.2%), followed by garments at 2.3%. As of 2021, textiles and garments make up 60% of Pakistan's exports. If these industries employ more skilled labor, or offer training to the already employed workers, it could positively impact the country's exports as well.

2. Within firms offering training, proportion of workers trained

Within firms offering training, the proportion of workers trained for all countries in the world is approximately 50%. For Pakistan, only 37% of the workers at firms offering formal training end up getting trained. While the numerical difference between the two is only 13%, it should be kept in mind that these values are in proportion to the percentage of firms offering training in the first place.

Figure 4: Within firms offering training, proportion of workers trained



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Therefore, for Pakistan, the percentage of people getting trained will be from the 6% firms that are offering training, making the final value around 2% - the proportion of workers in comparison to the labor force that end up receiving formal training. For the world, this number is 50% of 32%, or 16%, eight times more than that of Pakistan. On a regional basis, 47% workers

in the 18% firms that offer training end up getting trained. This is around 8% of South Asian workers, 4 times more than those in Pakistan.

While these figures represent only certain sectors of the economy, there are still valuable insights that can be drawn from them. Offering training to workers on the job and ensuring that a majority of workers receive it could not only positively impact labor productivity, but also add to the human resource available in the labor market. This may also create a new job market, for those who offer such training services. To bring business efficiency up to mark with the region and the world, training employees would be an essential step in ensuring an increase in quality of the workforce as a whole.

Figure 5: Deriving the proportion of skilled workers from total number of workers

	Number of workers	Proportion of permanent workers (out of all workers)	Proportion of production workers (out of all permanent workers)	Proportion of skilled workers out of all production workers)
Pakistan 2022	40	94	77	81
South Asia	34	94	73	77
All Countries	33	95	72	77

Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

For the sectors surveyed in the Enterprise Survey, the total number of workers for Pakistan is 40% of the total workforce. Out of these, 94% are permanent workers, 77% out of which work in production. From within these 77%, 81% are skilled workers. After computing, the final percentage of skilled workers as a proportion of the number of workers is 23%. Less than quarter of the 40% of workers being employed are skilled. However, this number is lower for South Asia, at 20%, and even lower for all countries combined (17%).

These percentages indicate that while not a lot of workers are getting formally trained at their place of work, the proportion of skilled workers in Pakistan is still higher than the regional and global averages. If this was supplemented with on the job training, this number could further increase as well.

Figure 6: Proportion of skilled workers with respect to number of workers

Economy	Skilled workers (w.r.t number of workers)(%)
Pakistan	23
South Asia	20
All countries	17

Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

3. Major constraints pertaining to the workforce

16% of Pakistani businesses identified an inadequately educated workforce as a major constraint; 9% claimed it was labor regulations. A less educated workforce is the primary concern for South Asian and global businesses as well, with 19% firms in South Asia and 21% firms worldwide considering this a major constraint. With a low number of firms in Pakistan offering formal training to their employees and a high number of companies citing inadequately educated workforce as a major problem, the two could perhaps meet midway by starting training programs for their workers. While this may drive up costs in the short run, the benefits could be enjoyed by all the businesses in the future in the form of an increase in the overall expertise of the workforce, in some places substituting for the lack of education too.

Figure 7: Major constraints pertaining to the workforce

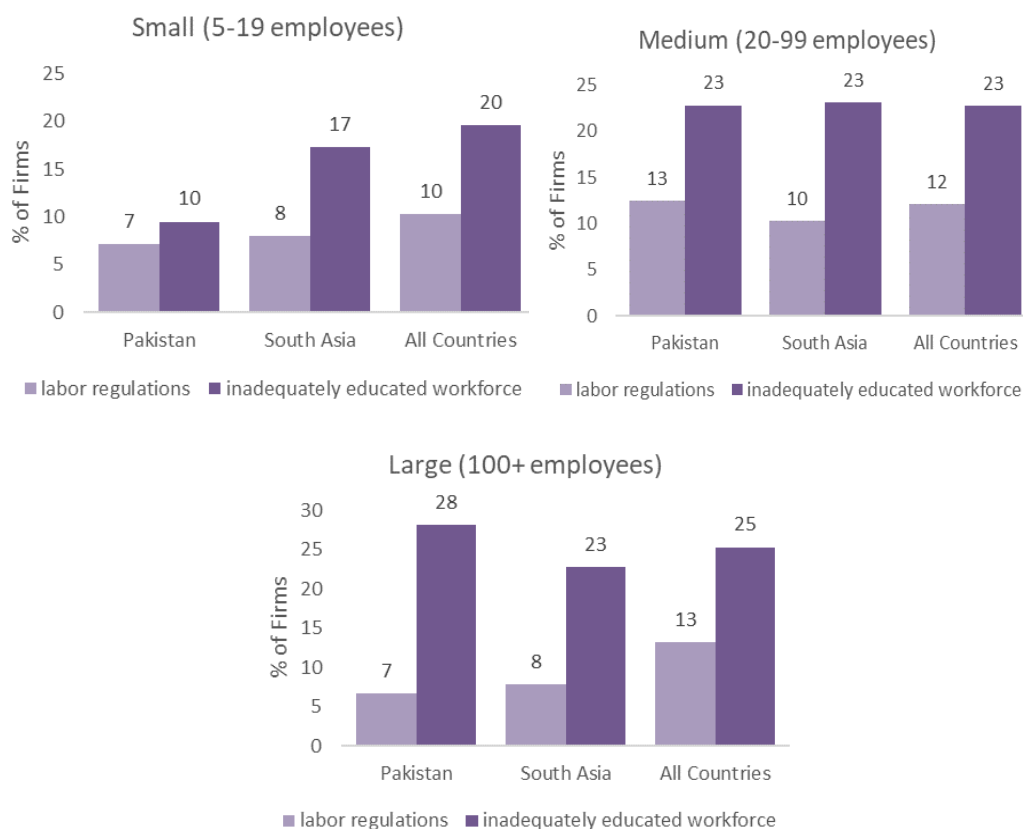


Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Looking at the major constraints faced by companies in Pakistan, South Asia and across the world by company size, it can be seen that an inadequately educated workforce is a problem primarily faced by large and medium sized companies. 28% large companies and 23% medium companies in Pakistan cite it as a major constraint. This figure stays the same across medium companies in South Asia and in the world. 23% large companies in South Asia and 25% large companies across the world find it a serious obstacle, a number less than Pakistan's, albeit not by much. This may be a result of the bigger companies having more in-house operations and therefore requiring more skilled labor to perform tasks more complex than smaller companies, who may either be more selective in their hiring process or not feel the need for highly educated workers.

On the other hand, there are a large number of small and medium companies in labor regulations. For Pakistan, the most firms that consider labor regulations a major problem are medium sized companies with 20-99 employees. An explanation for this could be the transitory nature of the companies' size, where they are moving from a smaller scale towards being considered large companies. This could bring about problems related to a bigger workforce, non-pecuniary benefits to be given to them, and regulations in terms of minimum wage. As companies become bigger, how they treat their workers also become more pronounced in the public eye, potentially becoming a constraint over time.

Figure 8: Major constraints pertaining to the workforce by firm size



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Wish to Contribute to Gallup Big Data Analysis?

Gallup Pakistan is looking for collaboration with researchers to expand the Big Data Analysis project. If you have any ideas, please write to Bilal I Gilani, Project Director, Big Data Analysis at Gallup Pakistan.

Wish to know more about the Enterprise Survey 2022?

The Enterprise Surveys (ES) focus on many aspects of the business environment. These factors can be accommodating or constraining for firms and play an important role in whether an economy's private sector will thrive or not. An accommodating business environment is one that encourages firms to operate efficiently. Such conditions strengthen incentives for firms to innovate and to increase productivity — key factors for sustainable development. A more productive private sector, in turn, expands employment and contributes taxes necessary for public investment in health, education, and other services. Questions contained in the ES aim at covering most of the topics mentioned above. The topics include infrastructure, trade, finance, regulations, taxes and business licensing, corruption, crime and informality, access to finance, innovation, labor, and perceptions about obstacles to doing business.

The ES are repeated approximately every four years for a particular economy (or region). By tracking changes in the business environment, policymakers and researchers can look at the effects of policy and regulatory reforms on firm performance. Repeated surveys aid in studying the evolution of the business environment and how it affects the dynamics of the private sector.

You can find more information on the Enterprise Survey, and complete tables, on

www.worldbank.org

Or visit:

[Enterprise Surveys 2022](#)

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