

A pathway to promote employability skills

Dr. Henna Ahsan | 21st July, 2025



Education expansion during the past decades did improve workers' productivity and economic growth; however, it also led to the problem of graduates' unemployment and mismatch of education in the labour markets. When labour markets are not responsive and do not absorb

the huge surge of highly educated individuals, the result is massive unemployment.

On the other hand, emerging technologies like automation, the gig economy, and artificial intelligence are causing a rapid shift in the labour market. Consequently, the talents that employers rely on and value are evolving and now a phenomenon known as “skill gap” is appearing, where employers find it difficult to find workers with the necessary training for the job at hand.

Currently, these unemployment figures for graduates stand at 16 percent and among graduate youth their prevalence is 31 percent.

Further, apart from unemployment, excess supply of highly educated personnel and low level of skills cause “education-inflation” or over-education in the market, which compel individuals to work for occupations which may not be on par with their educational qualifications. Hence, over education of graduates has increased too from 28 percent to 48.2 percent from the year 2007-08 to 2020-21.

An employer’s perception survey regarding employability skills revealed that 78 percent of the employers were dissatisfied with the quality of fresh graduates. It is clear that the current output of graduates from the education system in Pakistan is not in consonance with the requirements of the Pakistan’s industry.

A report by State Bank of Pakistan (2023) also reveals a similar situation, highlighting that a mere 10 percent of IT graduates possess the necessary skills to secure employment in the industry.

Regarding skillset of current workforce that includes extent of staff training, quality of vocational training, skillset of graduates, digital skills, ease of finding skilled employees, Pakistan ranks 67 out of 141 countries.

While having a bachelor's degree or above is a prerequisite for most white-collar jobs, getting a higher education may not necessarily get a person a better job. That is because developing new skills or upgrading existing ones starts to lose value when more people are doing it, as it makes the job market highly competitive.

The employers' view is that schooling does not adequately prepare students to meet the various demands of the changing labour market. It is opined that Pakistani universities do not provide the skills that are needed in the 21st century. Most of these degree programmes focus on academic knowledge without a clear link with the job market and impart limited practical skills, which are insufficient for the job market.

The outcome is graduates' low employability, employers' dissatisfaction with their skill sets, and a general sense of discontent and disappointment among graduates as well as employers.

So the question arises how can skills development be integrated with industry for maximum employability?

The answer is to build the connection between education and real-world labour requirements. In this case, the Pakistan Institute of Development Economics (PIDE) model could be a guiding light.

PIDE recently launched a Work-Study Programme (WSP) specifically for PhD scholars, which aims to bridge the gap between academic research and practical policymaking. The programme offers scholars opportunities to work with government ministries and other organizations on national and global challenges, along with providing them a handsome remuneration for these tasks.

So such an initiative will help students not in terms of monetary benefits but will also bridge the aforementioned skill gap. Such a programme

could help to prepare graduates who are ready to undertake the job market as a trained resource and not wondering as an amateur.

Hence, other institutions in the country also need to follow such models to increase their students' interaction with the industry and to inculcate in them the requisite knowledge and skills which are truly required by the industry and the job market. Such measures may help to reduce the huge unemployment rate and may also help to reduce the education and skill mismatch in the job market.

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