



# Policy Brief

## GRADUATES' LOW EMPLOYABILITY IN PAKISTAN: MODELLING DEMAND FOR MARKETABLE KNOWLEDGE AND SKILLS

*Ajaz Ahmed and David Palma*

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### BACKGROUND AND OBJECTIVE

This study investigated employer and student preferences for marketable knowledge and skills provided by higher education programmes in business and economics disciplines in Pakistan. The analysis was carried out with employers and students in Islamabad using stated choice surveys and the choice modelling approach, which entailed two experimentally designed surveys. The findings present employers' preferences for different skills among fresh graduates of business and economics disciplines, as well as the choices of students from business and economics disciplines for marketable knowledge and skills that they seek in higher education programmes. Overall, the results demonstrate nuanced insights, grounded in robust empirical evidence, about the preferences for different skill sets in the job market and their alignment or lack thereof with students' expectations and preferences.

### KEY FINDINGS OF EMPLOYER PREFERENCES

The findings revealed clear trends about employers' preferences for skills of fresh graduates, showing a notable skills hierarchy, although there is significant preference heterogeneity across sectors, organisation sizes, disciplines, and student groups. Model estimates show that advanced analytical competencies such as problem solving, creative and critical thinking, and advanced data analysis are valued the most, emerging as strong predictors of employability of business and economics graduates. These skills show strong effects on the probability of hiring with substantially larger marginal effects, signifying their importance for employers and their potential role in recruitment decisions.

This indicates that employers in the Pakistani job market seek graduates who are proficient in analysing complex information, thinking critically and creatively, and solving problems independently. Employers also value soft skills and professional attitudes, including time management, teamwork, initiative, and the ability to build professional relationships. Trustworthiness as a personal trait is particularly valued, while familiarity with workplace norms is also appreciated. Sectoral differences also emerged. Government employers place greater emphasis



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on workplace norms and personal conduct, while research and policy organisations demand stronger analytical and creative capacities. Large employers tend to value writing and office skills more than smaller firms.

The results show that basic digital skills, such as MS Office and elementary data analysis, are not highly valued by employers, suggesting that these are seen as baseline competencies rather than distinguishing employability factors. Similarly, employers place relatively less value on work experience attained through internships or applied learning through case studies, highlighting their limited role in hiring decisions compared to commonly held assumptions. Surprisingly, employers did not place significant value on writing skills overall, although interaction results indicate that large employers still value them.

## KEY FINDINGS OF STUDENT PREFERENCES

Results from the student survey reveal a different trend, leaning more towards basic skills, indicating a divergence between student preferences and employer expectations. This suggests a gap in students' awareness of the skills valued in the job market. However, it is encouraging that students still place significant value on problem-solving, creativity, and advanced data analysis. Students and higher education institutions appear to overestimate the importance of internships in securing employment. Interaction results show that internships are appreciated by government employers, suggesting that improving the quality and credibility of internship programmes may increase their value.

Concerningly, students placed low value on writing skills, indicating that they do not view them as essential for employment. Despite the rise of artificial intelligence, writing skills remain vital for professional communication and long-term career progression. Interaction results further show variation across student groups. Management students and female students tend to favour basic data analysis skills, whereas economics students value advanced data analysis more strongly. Postgraduate students prefer problem-solving, time management, and teamwork skills more than undergraduate students.

## POLICY IMPLICATIONS

This study offers important insights for higher education institutions, policymakers, and students. Higher education institutions should revise academic programmes in business and economics disciplines to place greater emphasis on advanced analytical and problem-solving capabilities, while also strengthening social and professional competencies. The findings also highlight the importance of deeper engagement between universities and industry to redesign courses and improve the credibility and effectiveness of applied learning opportunities such as internships. Students should look beyond credential accumulation and focus more on developing advanced technical skills and professional competencies that align with labour market demands. Addressing



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the disconnect between student preferences and employer expectations is essential for improving graduate employment outcomes and ensuring that higher education remains relevant and responsive to the evolving dynamics of Pakistan's labour market.