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Abstract

Perpetual Disparities in all norms of lives are one of those essences of Pakistan which have been like a ghost that always exploits to its victims. This paper investigates and identifies the Disparities in the wage Structure of Pakistan. Data for the wages from 9 different sectors which includes Mining and Quarrying, Manufacturing, Electric Gas and Water, Construction, Whole and Retail Trade, Transportation, Financial Real Estate have been taken from Labor force survey for 2000- 2010, which is available at State Bank and Economic Survey of Pakistan. The main objective/ proposition of this study is to compare the wages of the outlined sectors with the wage structure of agriculture sector. The Split technique for means has been deployed to interrogate the data and the propositions of this research. It is revealed in this paper that wages of all the selected sectors are at higher side as compared to the agriculture sector of Pakistan, and despite of the claim that Pakistan is an agririan country, the agriculture sector has been ignored in terms of wages offered to the employees work for it.

Keywords: Disparity, Wages, Real Wages, Sectorial Wages, Income Distribution, Inequality

1. Introduction

Most of the economies of the world have the larger portion of public sector employment as compared to the private sector. Although there is a huge difference in public and private sector in terms of promotion, employment conditions and the pay scales etc. It is essentially the instinctive reflex of the progression of the industry, which causes labor deployment, hence dictating different levels of wages at that point in time and onwards (Laine, Laplagne, & Stone, 2000).

The primary purpose or focus of private sector industry is always profits maximization, which is not as visible in case of public sectors while, the rewards or wages, based upon various criteria in both the sectors are seemingly definitely unsimilar. This study investigates the trends and comparisons of wages in different industries of Pakistan include private and public sector both. In order to investigate the trends and comparison of the industries in terms of their labor wages, various industries from both the public and private sectors which include electric gas & water, mining & quarrying, agriculture, manufacturing, construction, wholesale & retail trade, financial real estate and transportation haven't been considered to conclude the findings, while the wages with agriculture sector have set as the test mark to do the comparisons and concluding the results.

2. Literature Review

This is a distinctive study about labor wages and generous amount of information has been absorbed to proffer something new for this era i.e. exclusively explaining the change about the employment and its relative wages explain the different tendency of employment and wages, the trend of the relative employment and in particular for the high and low skilled workers. It was also known that the range of the wages basically broadens the income space between high and low skilled workers (Hyder & Reilly, 2005).

Keeping in mind the public and private sector, firstly understanding the rule for the high skilled workers according to their demand has been rationalized in the global village in two ways: trade and technical change. For the low skilled workers, if the their demand is low it means that the good and services provided by them have a low demand in the market. This is also related to the trade view (Abbas & Zaman, 2005). The technical change aspect is seen in both ways as it leads to the production process and the organizational changes every now and then (Abraham, 1995).

The labor adjustment is important to mention here because it includes the demand and supply of the high/low skilled workers, the characteristics of the labor market. Not to forget cost is most important in labor adjustment and production process. It is important to know that how the adjustment of labor wages can be done in different industries according to their skills as economy has changes by far and it is quite relevant to push the economy, labour wages and its disparity is extremely important to exploit (Ajwad & Kurukulasuriya, 2002).

The feature which has gained some importance in last few years in relation to the labour-trade is the effect of trade on the demand elasticities of labour. The importance of this element of labor-market impact of trade was argued that there is more elasticity of demand for labour caused by trade, which generates more employment and wage variations/shocks due to the vertical shift in the demand curve of labor (Nazir, 2000). Malik and Ahmed (2000) investigated the private and public sector for the pay gap for around 17 countries of 1980s and 1990s and reported the pay gaps to be average that favours the private sector and lower gender pay gaps in the labor markets of public sector. The boom of private sector has emerged betterment in transforming the market economy overall. Taking an example of Sri Lanka, it was found that there was disparity in wages and gender, also public sector does not pay premium either at the average or across selected quantiles of the conditional wage allocation (Ajwad & Kurukulasuriya, 2002). It was also analyzed by Nasir (2000), that there is a trifling differential of public sector workers, keeping the private sector in restriction.

The real wages models are counter-cyclical, It is known that that the nominal wages are adjusted with a slow speed during the recession period (the aggregate demand decrease and there is a slow movement in the price growth). Viscosity of wages repositions the labor supply over the business cycles and these labour supply repositions are associated with labour leisure substitution for the temporal basis. This

happens when there are fiscal policy shocks (changes in real interest rates for the time being) that could generate counter-cyclical real wages (Ajwad & Kurukulasuriya, 2002).

The business cycles models enlighten the technology shocks/variations, which extends to pro-cyclical real wages. According to Abraham (1995) counter-cyclical real wages can be linked with a single approach. As in business cycles it has been observed that the labour market there is always a shift in the supply and demand curves. Due to the shifts all the concept has nurtured and so the about the wages and the employment, which has a significant dependency on the magnitude of the shift that can be either positive or negative connected. The empirical studies so far conclude that there is no authentic relationship direction between the wages and changes in the output.

Coming back to the study of low-wage workers, there is certain amount of increment in the wages of the low-skilled workers. It was also seen that there is a shift from low-wage working to high-wage with time workin in the labour market. It is to be noticed that the shift is not that huge and most of them also drop out of working in low wage labor market and do not also choose the high wage labour market (Malik & Ahmed, 2000).

It is interesting how the both kinds of skilled workers in the different industries react to their employment through the perpestive of the their wage rates and how the doldrums in the economy changes the supply and demand of labour market, which is causing the disparity in the wage rates. As for country like Pakistan, where economy is subtle due to many hinderances in the system, the industries are currently facing a close-down due to no-electricity, no gas and numerous difficulties that functions the whole industry. At this point, this study about disparity in wages of different indsturies provides a follow-up about the most neglected issue by the government as it is only evident at the surface level and findings, which curtails the future prospects of the labour market and its characterisitics in constrast to wages.

3. Research Methods

3.1 Description of Data and Econometrical Tool.

To guage the proposition of this study secondary data for the period of 10 years (2001-2010) has been used. The data has been acquired from Labor Force Survey and State Bank of Pakistan for male and female wages (Real Wages) for Mining and Quarrying, Manufacturing, Electric Gas and Water, Construction, Whole and Retail Trade, Transportation, Financial Real Estate and Agriculture sectors. The Split technique for means has been deployed to interrogate the data and the outlined propositions or objective.

4. Findings and Results

The findings reveal few very interesting stories, as it is explained in table 1 that it is the financial real state sector which gives cares the most, to its employees in terms of the wages which are offered to them by this sector (as the average wage for this sector = 9575.1118 with SD = 5119.4026). Where as, the electric, gas & water (EGW) and the minning and quarrying (MQ) sectors were revealed as the second and third most better sectors interms of the wages they offer for their workforce, (i.e. Avg Wage = 7242.1583 with SD= 4528.09233 for EGW sector; Avg Wage = 5143.9211 with SD= 7523.71793 for MQ sector). The finding also revealed that agriculture sector of paksitan is the poorest sector in terms of paying wages to its workfoce, work for it (i.e. Avg Wage = 1758.1408with SD= 845.82412for Agriculture sector). The over all rank of all outlined sectors in comaparison with Agriculture sector for paying wages to their work forces has also been summarized in Table 1.

5. Discussion and Conclusion

Pakistan has been claimed since its birth that it is an agrarian country and is full of agricultural resources while, our major exports are also connected with this sector, but when matters come on bestowing rewards to this sector and its workforce, specifically interms of extending the wages to its workforce for switching on their domestic burners to cook foods we find a very sarcastic story, as pondered by this paper and its findings. This paper confirms the agony of the ones which are adhered and attached with the agriculture sector as the labours and being engaged in an ironical fashion with the labourous job at the various work

stations of this sector but in return they don't even get the enough penny for their bread and butter and they perhaps do not know that whether or not in their lives they will be able to see shelters for them and their families. Malik and Ahmed (2000) believed that Pakistan falls into the category of those nations where poorer are day by day going into a messy conditions of poverty while, no chance of improvements can be hoped and conjectured for this class of the society, Malik and Ahmed also confirmed that immense population of this country belongs to poor and most of them live in villages with no provisions of even basic needs of life, they confirmed that these villagers are mostly attached with the agricultural sector and warned that if these villagers and poor are not given a right to live, then with an exponential growing pace of inflation in this country (Pakistan) we may invite another trauma like 1971. Subhani, Hasan & Osman (2012) also agreed with the thought that imbalance situations may contribute to have another split and another fall as this nation has seen it once in 1971.

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Table 1: Coparision of Wages of various Sectors with Agriculture Sector.

Sectors	Ranks	Means	Std. Deviations
Financial Real State	1	9575.1118	5119.40268
Electric Gas & Water	2	7242.1583	4528.09233
Minning & Quarrying	3	5143.9211	7523.71793
Transportation	4	3902.5728	1148.40486
Wholesale & Retail Trade	5	3170.1245	2453.03469
Construction	6	2364.7855	955.73566
Manufacturing	7	2561.5317	1216.93702
Agriculture	8	1758.1408	845.82412