

ABSTRACT:

Labour Productivity in the form of 'manufacturing value-added per worker' and 'import of capital items' are claimed to transform Export structure towards higher value added manufactures in the Long run. For this, ARDL Bounds Co-integration technique is applied as an econometric methodology to examine the Short-run dynamics as well as Long run equilibrium phenomenon, for the time period 1981-2013 for Pakistan.

The results suggest that Labour productivity in the form of 'manufacturing value added per worker' with the role of 'import of capital goods' are supplementing the Export value addition in Textile and Non-textile sector indicated by higher unit prices in the international market. Further, it also reveals that although, higher Labour productivity in manufacturing sector is encouraging Export value addition but it is substituting the Employment opportunities in the manufacturing sector in Long run. Beside the empirical investigation, it also attempts to seek some exogenously defined factors which are persistently improving the technological structure and innovation capability in the manufacturing sector by reforming the comparative advantage towards High-value added products through specialization.