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Creating employment opportunities for the youth: Urgent policy imperatives for Bangladesh

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- Employment generation has emerged as one of the most pressing structural challenges facing the Bangladesh economy. The country struggles to convert economic progress into sufficient and meaningful work opportunities.
- This policy brief identifies key structural constraints in the labour market and draws attention to emerging trends that are reshaping the country's employment landscape and contributing to the persistent and evolving challenges of job creation and youth employment.
- This brief puts forward policy recommendations to foster decent employment for the working-age population, with particular emphasis on the youth. Priorities include formalising the vast informal economy, investing in quality education and market-relevant skills, building a national internship framework to bridge the education-to-employment gap, and expanding labour-intensive sectors such as healthcare, education, and the care economy.

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Introduction

Employment generation has emerged as one of the most pressing structural challenges facing the Bangladesh economy, with the country struggling to convert economic progress into sufficient and meaningful work opportunities. Labour market rigidities, persistent informality, and limited absorption capacity in productive sectors have created conditions where large segments of the working-age population—particularly youth and women—remain unemployed, underemployed, or trapped in low-productivity and insecure jobs. Despite the clear policy focus on employment generation over the past decade, results have fallen far short of expectations. Both the seventh and eighth Five Year Plans, covering the period of 2016-2025, aimed to create over two million jobs annually, yet actual job creation has remained significantly lower at around half of the target. Moreover, many jobs that were created have failed to meet minimum standards of job security, adequate earnings, or social protection, reinforcing structural vulnerabilities within the labour market.

Frustration with the lack of employment opportunities, especially among the educated youth, has spilt beyond economic concerns and into the political arena; the student-led protests of 2024, initially triggered by grievances over public sector recruitment, rapidly escalated into a broader movement for structural reform that ultimately led to the collapse of the country's longstanding authoritarian regime. These developments reveal that employment has become a defining issue for livelihoods and the legitimacy and resilience of Bangladesh's broader development process.

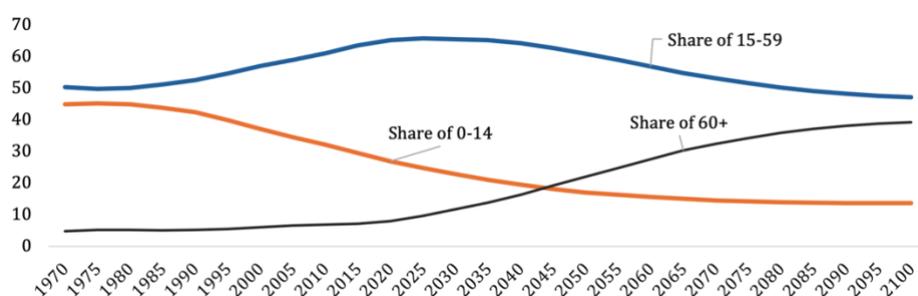
Against this backdrop, this policy brief highlights the persistent and evolving challenges of job creation and youth employment in Bangladesh. It identifies key structural constraints in the labour market and draws attention to emerging trends—such as declining employment elasticity, automation-induced job displacement, rising informality, growing skills mismatches, and the restricted and declining participation of women in the workforce, particularly in urban and formal sectors—that are reshaping the country's employment landscape with unfavourable outcomes. Within this context, the brief underscores the labour market challenges, with particular attention to the barriers facing young people, and outlines a set of actionable policy imperatives aimed at accelerating job creation and expanding access to quality and inclusive employment opportunities for the country's youth and women, whose productive potential remains underutilised.

The broader challenge of job creation and youth employment in Bangladesh

Demographic dividend before the imminent shift to an ageing and aged society

Since the early 1990s, Bangladesh has been undergoing a demographic transition marked by a sustained rise in the share of the working-age population (15–64 years) in the total population, accounting for 71.2% in 2023, exceeding that of the non-working-age population (those aged 14 and younger and 65 and older) (Figure 1). This demographic configuration—expected to persist until the late 2030s—presents a valuable, albeit time-bound, window for accelerating economic growth through labour force participation and productivity gains (GED, 2021). However, the demographic dividend is not an automatic guarantee of prosperity; without sufficient job creation and absorption into productive employment, the potential gains may remain unrealised.

FIGURE 1: Population composition by broad age groups (% of the total population)



Source: Authors' presentation using UNDESA population projections.

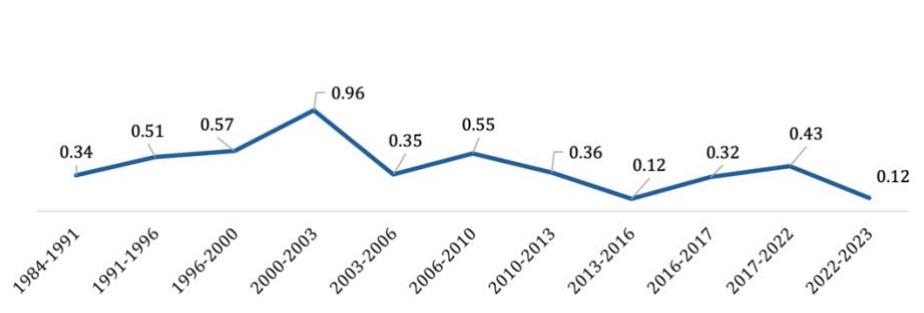
By 2030, Bangladesh is projected to cross the threshold of an "ageing society"—where individuals aged 65 and above constitute more than 7% of the population—and by 2047, it will likely become an "aged society," with that share exceeding 14% (Razzaque, 2023). This rapid ageing trajectory, spanning just 18 years, will significantly compress the demographic window and alter the dependency ratio. The potential support ratio, which stood at 13 working-age individuals per elderly person in 2019, is expected to fall to just six by 2040 (Task Force Committee, 2025). Without urgent and well-coordinated efforts to create productive employment opportunities, particularly for youth, Bangladesh risks transitioning into an ageing society before fully capitalising on its demographic dividend. This outcome would exacerbate labour market stress and impose substantial fiscal constraints and social consequences in the decades ahead.

Weak job creation despite sustained economic growth

Despite the impressive economic growth recorded over the past decade—as reflected in official statistics—the pace of employment generation in Bangladesh has remained strikingly low. Between 2010 and 2023, while the average annual GDP growth rate stood at 6.5%, employment growth lagged significantly behind, averaging only 2.2%. The employment elasticity of growth—a key indicator of the responsiveness of employment to output expansion—declined sharply from close to one in the early 2000s to just 0.12 during 2013–16 (Figure 2) and has since remained well below 0.5. This trend points to a growing disconnect between output expansion and job creation.¹

The contrast is particularly stark in the manufacturing sector. Between 2013 and 2023, manufacturing value added grew at an impressive annual average rate of nearly 10%, outpacing overall GDP growth. However, over the same period, total employment in manufacturing declined from 9.5 million to 8.2 million, representing a net loss of 1.3 million jobs. The sector's share in total employment fell markedly from 16.4% to 11.6%. Employment elasticity in manufacturing, which stood at 0.9 during 2000–2013, turned negative (–0.1) between 2013 and 2023 (Figure 3). Bangladesh thus presents a paradox: while the rising share of manufacturing in GDP signals structural transformation on the output side, the sector's diminishing capacity to absorb labour points to a simultaneous process of deindustrialisation in employment terms.²

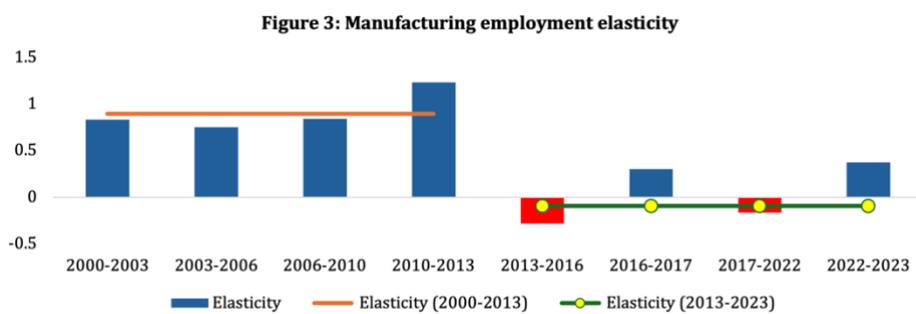
FIGURE 2: Employment elasticity of growth



Source: Authors' estimates using GDP and employment data published by BBS for various years.

¹ Employment elasticity measures the percentage change in employment corresponding to a one-percentage-point change in economic growth. It reflects an economy's capacity to create job opportunities relative to its growth trajectory.

² This decline in employment highlights a trend of jobless growth in the manufacturing sector, which is often attributed to premature deindustrialisation—a shift towards a services-oriented economy without having fully experienced industrialisation. Rodrik (2016) identifies several forms of deindustrialisation: 1) a reduction in the manufacturing sector's contribution to GDP; 2) a decline in the proportion of employment within manufacturing; and 3) a simultaneous decrease in both employment and output shares of the manufacturing sector.

FIGURE 3: Manufacturing employment elasticity

Source: Authors' estimation from Labour Force Survey (various years), BBS.

This challenge is visibly reflected in the readymade garment (RMG) sector—the country's dominant industrial employer. Between 2010 and 2023, RMG exports more than tripled, rising from \$12.5 billion to over \$38 billion. However, employment in the sector stagnated at around 4 million, portraying the profound impact of automation and capital-deepening production processes that increasingly replace labour with technology. In the early 1990s, generating \$1 million in RMG exports was associated with, on average, 545 workers (Razzaque and Dristi, 2018). By 2023, this can be estimated to have declined to fewer than 90 workers. With comparable labour requirements estimated at fewer than 50 workers per \$1 million in apparel exports in countries such as China and Vietnam, and as production technologies continue to converge globally, employment elasticity in Bangladesh's RMG sector is likely to decline further—intensifying the challenge of sustaining job creation in the country's principal export-oriented industry.

Defeminisation of manufacturing and feminisation of the agricultural labour force

Until the early 2000s, Bangladesh witnessed a steady rise in women's employment within the manufacturing sector, driven primarily by the expansion of the readymade garment (RMG) industry, where women accounted for as much as 80% of the workforce. However, recent trends point to a significant reversal. Between 2013 and 2023, the proportion of women employed in manufacturing declined sharply from approximately 40% to 26%, with absolute women's employment in the sector falling from 3.8 million to 2.1 million—representing a contraction of 45% (Figure 4). This decline was not confined to a single sub-sector. It was observed across apparel, textiles, food products, and tobacco (Figure 5), with the share of women in the apparel segment alone plunging to 39% in 2022 from the earlier peak of 80%. One key factor behind this shift is the rising capital intensity of production, which has disproportionately displaced women from the workforce, particularly those engaged in repetitive,

low-skilled tasks that are more vulnerable to automation (Razzaque and Dristi, 2018).

FIGURE 4: Employment in the manufacturing sector (million)

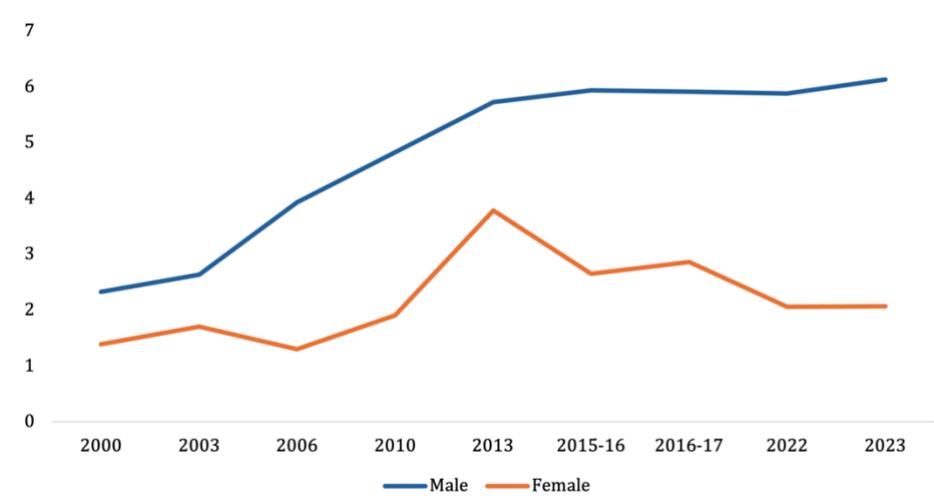
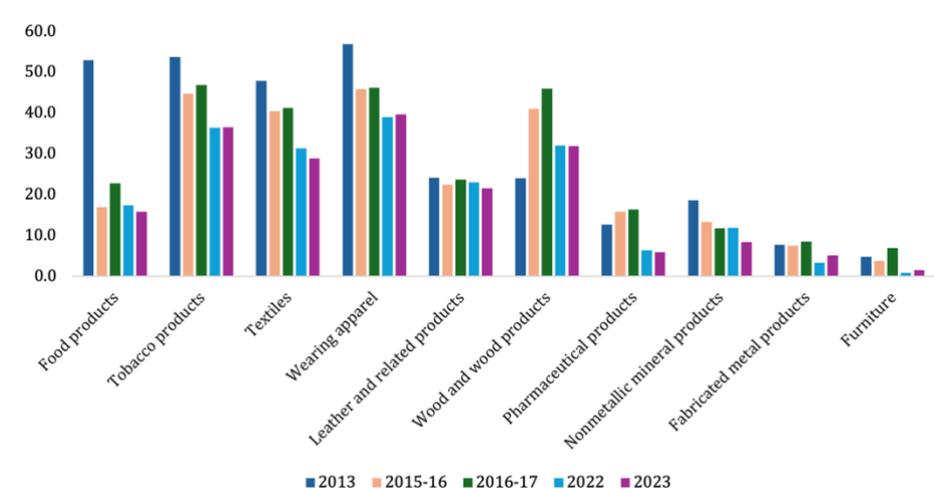


FIGURE 5: Female share in employment in various manufacturing sectors (%)



At the aggregate level, total employment increased from 58.1 million in 2013 to 71 million in 2023, indicating a net gain of 12.9 million jobs over the decade (Table 1). Notably, women's employment rose by 7.7 million—outpacing the 5.3 million increase in men's employment—suggesting a significant uptick in women's participation overall. However, this aggregate gain masks sharp spatial disparities. While women's employment in urban areas fell by 0.2 million during the period, rural areas registered an increase of 7.9 million, implying that nearly all employment gains occurred in rural settings. This pattern suggests a simultaneous defeminisation of urban employment and feminisation of rural

labour markets, with women increasingly concentrated in agricultural and informal rural activities.

TABLE 1: Trend of employment in Bangladesh (million persons)

| | 2010 | 2013 | 2015-16 | 2016-17 | 2022 | 2023 |
|-------------------------|------|------|---------|---------|------|------|
| Total employment | 54.1 | 58.1 | 59.5 | 60.8 | 70.5 | 71.0 |
| Male | 37.9 | 41.2 | 41.8 | 42.2 | 45.6 | 46.5 |
| Female | 16.2 | 16.8 | 17.8 | 18.6 | 24.9 | 24.5 |
| Urban total | 12.4 | 16.2 | 16.5 | 16.9 | 17.6 | 18.2 |
| Male | 8.8 | 11.6 | 12.1 | 12.4 | 13.6 | 13.9 |
| Female | 3.6 | 4.5 | 4.4 | 4.6 | 4.0 | 4.3 |
| Rural total | 41.7 | 41.9 | 43.0 | 43.9 | 52.9 | 52.8 |
| Male | 29.1 | 29.6 | 29.7 | 29.8 | 32.0 | 32.6 |
| Female | 12.6 | 12.3 | 13.3 | 14.1 | 20.9 | 20.2 |

Source: Authors' presentation from Labour Force Survey (various years), BBS.

This spatial and sectoral reallocation is particularly concerning in light of recent structural shifts in the economy. While agriculture's contribution to GDP has declined to around 10%, its share in total employment has paradoxically increased—from 40.6% in 2017 to 45.3% in 2022—indicating a trend of labour reallocation into a sector with falling productivity. The fact that women are disproportionately represented in this low-productivity sector underscores the limited availability of quality employment opportunities and the extent to which female workers are being crowded into marginal and informal forms of work. The growing ruralisation of female labour force participation thus reflects gendered patterns of labour displacement and signals a broader structural deterioration in the composition and quality of employment.

The youth unemployment crisis and NEET challenge

The employment challenge is most acute among youth, who face disproportionately high unemployment rates, underemployment, and skills mismatch. Although the youth unemployment rate declined from 10.2% in 2016–17 to 7.3% in 2023 (Table 2), it remains more than twice the national average of 3.25%. Gender disparities are also evident, with male youth unemployment reaching 9.6%—double the rate for female youth unemployment at 4.8%. Most strikingly, youth account for 78.8% of the total unemployed population, reflecting deep-seated structural barriers to accessing decent work (Task Force Committee, 2025). However, it is important to note that these figures are based on a narrow definition of employment. Under prevailing statistical standards aligned with ILO guidelines, an individual is considered employed if they worked for at least one hour for pay or profit during the

reference week. Such a low threshold conceals the true extent of labour underutilisation and obscures the widespread incidence of disguised and involuntary underemployment, particularly among young people.

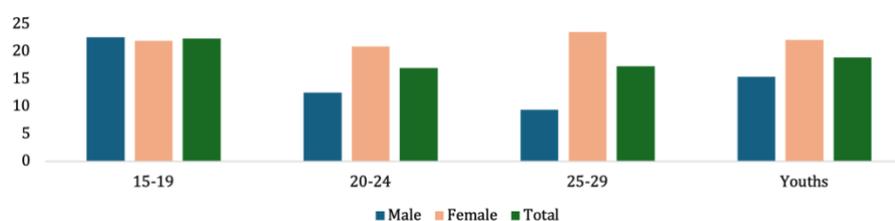
TABLE 2: Youth unemployment rate by age group (%)

| | 2013 | | | 2016-17 | | | 2022 | | | 2023 | | |
|---------------|------|--------|-------|---------|--------|-------|------|--------|-------|------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 15-19 | 10.4 | 9.8 | 10.2 | 10.7 | 17.7 | 12.7 | 14.5 | 7.3 | 11.2 | 11.9 | 4.2 | 8.6 |
| 20-24 | 9 | 9.1 | 9 | 9.6 | 16.3 | 12.1 | 14.2 | 7.6 | 10.8 | 11.3 | 5.0 | 8.1 |
| 25-29 | 4.1 | 6.3 | 6.3 | 5.9 | 13.1 | 8.5 | 4.7 | 3.3 | 4 | 7.1 | 4.9 | 6.0 |
| Youths | 7 | 8.1 | 8.1 | 8.2 | 15 | 10.6 | 10.2 | 5.7 | 8 | 9.6 | 4.8 | 7.3 |

Source: Authors' presentation from Labour Force Survey (various years), BBS.

Beyond high unemployment rates, the large share of youth not in employment, education, or training (NEET) presents an equally critical policy challenge. As of the latest estimates, nearly 20% of the youth population fell into the NEET category (Figure 6), with the situation markedly worse for young women, whose NEET rate stood at 22.1%. Females aged 15–29 accounted for 61.7% of the total NEET youth population—reflecting the systemic constraints that continue to limit women's access to productive economic opportunities (White Paper Committee, 2024).

FIGURE 6: Youth NEET in Bangladesh, by age group, 2023 (% of youth workforce)

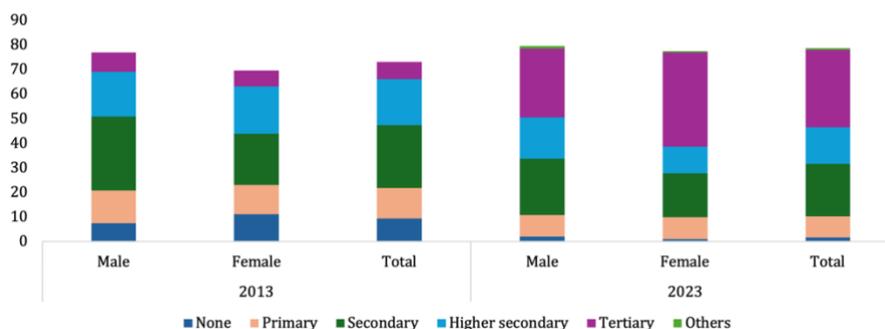


Source: Authors' presentation from Labour Force Survey (2023), BBS.

A major contributor to youth unemployment is skills mismatch. The expansion of tertiary education has not been accompanied by a parallel increase in demand for graduates, leading to an oversupply of degree-holders in low-demand fields. The unemployment rate among tertiary-educated youth rose from 7% in 2013 to 31.5% in 2022 (Figure 7), highlighting the disconnect between education and the labour market (Task Force Committee, 2025). Many graduates lack practical, job-

ready skills, particularly in technical and vocational disciplines, which remain undervalued within the current education system.

FIGURE 7: Share of unemployed youth in total unemployment, by level of education (%)



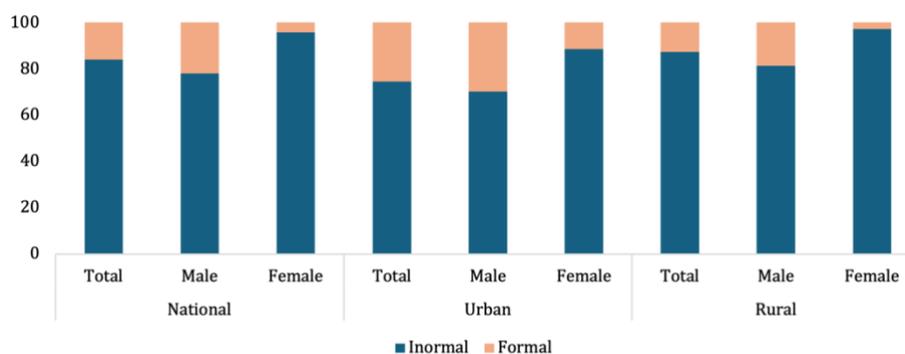
Source: Authors' presentation from Labour Force Survey (2023), BBS.

Persistent informality and the structural barriers to decent work

A key constraint on job creation in Bangladesh is the structural dominance of the informal sector, which accounts for 84.1% of total employment. The problem is particularly pronounced in rural areas, where labour underutilisation remains high, and in urban centres, where informal employment dominates low-wage services such as retail and transport (Task Force Committee, 2025). Without concerted efforts to promote formalisation and expand labour absorption in high-productivity sectors, employment generation will continue to lag behind economic growth.

Informality is most pervasive in agriculture, where 96.9% of workers are informally employed, compared to 88.7% in industry and 67.1% in services. These patterns are shaped by pronounced gender disparities: while 77.9% of male workers are in informal jobs, the figure rises to 95.7% for female workers (Figure 8). Geographic differences further reinforce inequality, with 97.2% of rural female workers engaged in informal work compared to 88.5% of their urban counterparts. Most women remain concentrated in low-productivity, insecure roles in agriculture, home-based micro-enterprises, and informal services, often with little to no access to job stability or social protection.

Youth employment reflects similar vulnerabilities, with the 2023 Labour Force Survey showing that 92.1% of employed youth (aged 15–29) work in informal arrangements. This reflects significant barriers to formal employment, including lack of experience, limited access to vocational training, and persistent mismatches between education and labour market demand.

FIGURE 8: Formal and informal employment, by region and gender, 2023 (%)

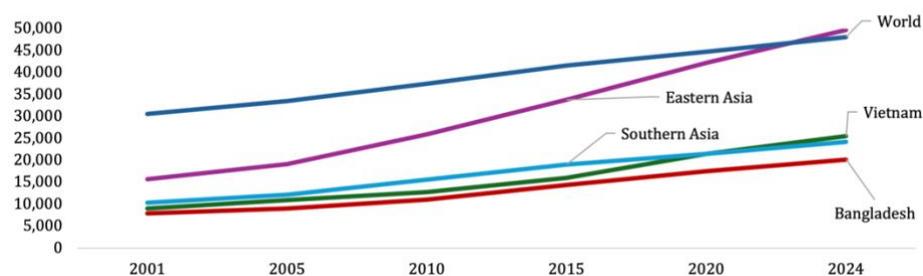
Source: Authors' presentation from Labour Force Survey (2023), BBS.

Labour productivity and underemployment

Bangladesh's labour productivity—measured as output per worker—remains well below regional and global standards despite gradual improvements (Figure 9), largely due to the persistence of informality, the concentration of employment in low-productivity agriculture, and chronic deficiencies in education and skills development. The limited quality and industry relevance of the education system continues to impede workforce readiness, intensifying labour market mismatches and constraining the transition to higher-productivity employment.

The entrenched dominance of informal employment further undermines productivity growth, as such jobs are typically characterised by low wages, minimal technological adoption, restricted access to training, and poor working conditions. With 50.6% of the workforce classified as self-employed or own-account workers—and a significant proportion of women engaged in subsistence agriculture—the economy suffers from widespread underutilisation of labour and limited opportunities for skill enhancement (White Paper Committee, 2024). Compounding these challenges is the stagnation, and in some cases decline, in industrial productivity, which is particularly concerning given that such productivity is essential for long-term growth and structural transformation. Historically, Bangladesh's growth has been driven more by capital accumulation and labour expansion than by improvements in total factor productivity. Without targeted efforts to improve education quality, expand skill development, and accelerate labour market formalisation, the country risks remaining trapped in the lower middle-income tier, unable to transition toward more inclusive and sustainable growth.

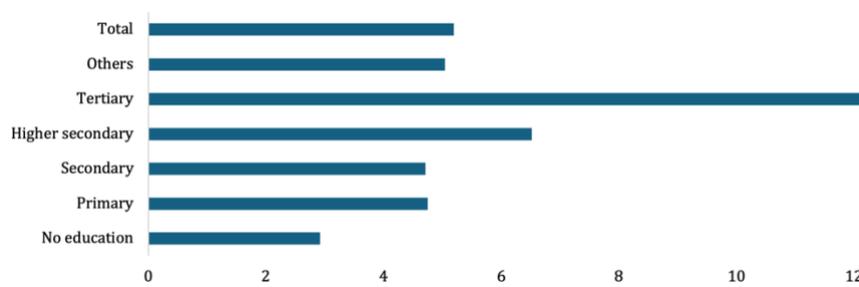
FIGURE 9: Comparison of labour productivity, output per worker (GDP constant 2011 international \$ in PPP)



Source: Authors' presentation based on ILO-modelled estimates.

Note: Labour productivity is defined as output per worker (GDP constant 2011 international \$ in Purchasing Power Parity (PPP)).

FIGURE 10: Labour underutilisation, 2023 (% of working age population)



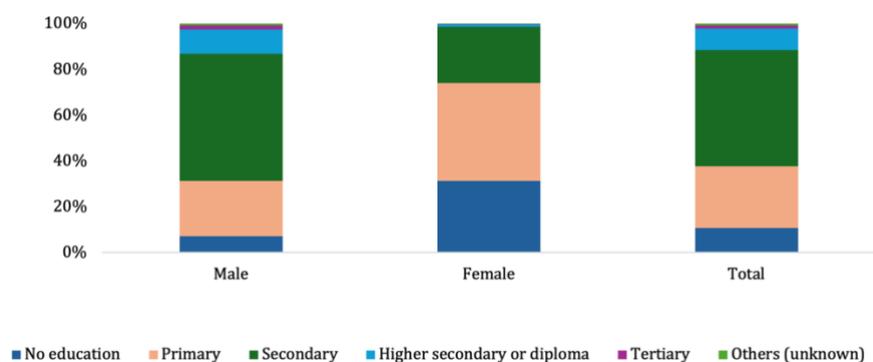
Source: Authors' presentation from Labour Force Survey (2023), BBS.

Underemployment continues to affect large segments of the labour force as workers are frequently engaged in roles below their skill levels or work fewer hours than they are willing and able to perform (ILO, 2024; Mahmud et al., 2021; Kabeer et al., 2021; Task Force Committee, 2025). According to the Labour Force Survey 2023, the overall underutilisation rate stands at 5.2% of the working-age population, with the highest incidence—12.4%—recorded among those with tertiary education (Figure 10), revealing a striking disconnect between educational attainment and employment outcomes. Youth aged 15–29 constitute over 60% of the underutilised labour force. Tracer studies show that 26% of graduates from National University are employed in teaching or part-time roles, far below their qualification levels (Mahmud et al., 2021), while even overseas employment—long considered a critical outlet for domestic labour—often places Bangladeshi workers in semi-skilled or low-skilled jobs, underutilising their productive potential (White Paper Committee, 2024; ADB, OECD, ILO, 2023; Abrar et al., 2014). Moreover, the post-pandemic rise in women's self-employment in agriculture, though it has increased participation rates, frequently conceals hidden underemployment, as many women remain confined to low-productivity activities with meagre earnings and little upward mobility.

Challenges of out-bound migration

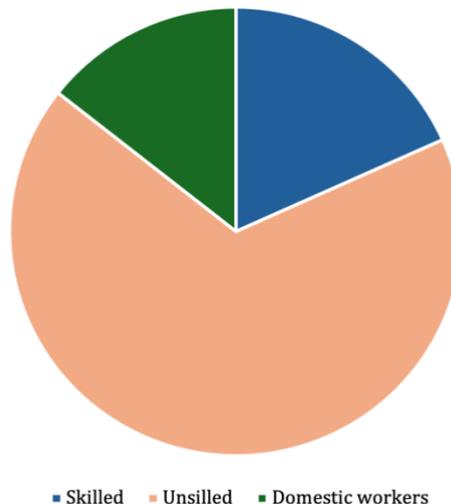
International migration has long been a cornerstone of Bangladesh's employment strategy, with over 7.3 million workers deployed abroad over the past decade. Over one million workers migrated in 2024 alone, contributing to a record-high remittance inflow of \$26.9 billion for the same year. However, the quality of overseas employment remains constrained by the limited educational and skill levels of migrant workers. According to the Cost of Migration Survey 2020, only 10.8% had completed higher secondary education or above, with the proportion dropping to just 1.2% among female migrants (Figure 11); in contrast, 38% had no formal education or only primary schooling. This low educational base is mirrored in their occupational profiles: over two-thirds of Bangladeshi migrants were categorised as unskilled, 14.4% were employed as domestic workers, and only 18.3% qualified as skilled (Figure 12). Moreover, nearly two-thirds had received no vocational training before migration, indicating a systemic lack of investment in pre-departure skill development. These deficits in education and training continue to limit the scope for higher-quality overseas employment and constrain the developmental potential of labour migration.

FIGURE 11: Level of education of migrant workers



Source: Cost of Migration Survey, 2020, BBS.

FIGURE 12: Skill level of migrant workers (%)



Source: Cost of Migration Survey, 2020, BBS.

Policy imperatives for job creation with a focus on youth employment

Addressing the structural weaknesses of Bangladesh's labour market requires a multi-pronged strategy that expands employment and improves its quality and inclusiveness. Priority must be given to policies that strengthen education and skills development, enhance labour market efficiency, promote entrepreneurship, and support industrial transformation—so that the country can fully capitalise on its demographic dividend before the window of opportunity closes. Building on the labour market trends and diagnostics outlined earlier, this brief puts forward urgent policy recommendations to foster decent employment for the working-age population, with particular emphasis on the youth.

Bangladesh must effectively implement its National Employment Policy (NEP) 2022 and align it with other national strategies to create quality jobs.

Effective implementation of the National Employment Policy (NEP) 2022 is critical for generating quality jobs and addressing persistent unemployment and underemployment, particularly among the youth trapped in low-productivity roles. The NEP targets creating 3.5 million jobs annually and 30 million jobs by 2030 with the goal of minimising unemployment by 2041. It strongly emphasises skill development and gender-inclusive employment. To succeed, it must be aligned with industrial, skills, and development strategies, backed by a time-bound action plan, and supported by public and private sector investment incentives to absorb the underutilised workforce. Strategic and coordinated implementation remains essential to realising the country's full labour potential.

Public investment in health, education, and care services is essential to unlock employment potential in labour-intensive sectors.

The rapid advancement of automation and digitalisation poses challenges for traditional manufacturing employment but also opens new avenues in sectors less susceptible to automation, such as healthcare, education, tourism, and the care economy (Razzaque and Dristi, 2018). The growing demand for healthcare workers, educators, and elderly care professionals indicates significant job creation potential in these labour-intensive service industries. However, their development requires substantial upfront investment, often beyond the immediate interest of private actors due to uncertain returns. In this context, public sector leadership in investing in health, education, and care infrastructure is essential—not only for direct employment generation but also for strengthening human capital. As these sectors mature, private investment will likely follow, creating a multiplier effect on job opportunities.

A nationwide internship scheme is essential to bridge the education-to-employment gap and enhance youth employability.

Bangladesh must establish a structured, nationwide internship programme for young people integrated across formal sectors to address skill mismatches and ease the school-to-work transition. By offering targeted incentives to firms, the government can encourage private sector participation in expanding on-the-job learning opportunities. Making internships a mandatory component of higher and vocational education would enable new entrants to acquire practical experience and enhance their employability. At the same time, employers benefit from a reliable pipeline of work-ready, adaptable talent. To ensure effectiveness and equity, the government should develop national guidelines for internship duration, quality assurance, compensation, and post-internship pathways. A well-designed scheme can serve as a critical bridge between education and employment while aligning youth capabilities with market needs.

Fostering entrepreneurship and start-ups can unleash transformative economic opportunities for Bangladesh's youth.

Bangladesh's entrepreneurial ecosystem faces critical constraints in finance access, regulatory bottlenecks, and business support (White Paper Committee, 2024), limiting opportunities for educated youth struggling with formal job scarcity. Strategic interventions like youth-targeted loans with flexible terms (Task Force Committee, 2025), venture capital development, digitised business registration (GED, 2020), and university incubation hubs for mentorship and funding can transform these challenges into growth opportunities, converting

the youth bulge into an economic dividend through vibrant entrepreneurship and job creation.

Bangladesh must implement a cohesive national framework for Active Labor Market Policies (ALMPs) that prioritises coordination across institutions and targeted interventions to tackle its labour market challenges effectively.

There is an urgent need to adopt an integrated approach to implement effective Active Labor Market Policies (ALMPs), which are vital for overcoming persistent labour market challenges (Rahman and Hossain, 2024). ALMPs enhance workforce efficiency by providing targeted skills training and improving job-matching mechanisms. Although Bangladesh has begun recognising their importance—evident in the 8th Five-Year Plan and the National Jobs Strategy, where ALMPs are a key pillar—implementation remains fragmented. ALMP initiatives currently operate in isolation, lacking coordination, clear institutional mandates, and robust action plans. Bangladesh needs a structured ALMP framework to maximise impact with defined roles for implementing agencies, capacity-building measures, and monitoring mechanisms. A well-designed system would help connect workers with better employment opportunities and strengthen the labour market’s resilience against economic disruptions. Prioritising this within the national development agenda is essential to ensure sustainable job creation and inclusive growth.

Bangladesh must close its growing skills gap by reforming higher education, expanding demand-driven TVET programs, and strengthening industry-academia collaboration to address worsening youth unemployment and meet labour market needs.

Bangladesh confronts a major labour market challenge in which university graduates face alarmingly high unemployment rates while industries struggle to find workers with relevant technical skills. This growing mismatch stems from an education system that has failed to keep pace with evolving industry needs. Adopting the National Skills Development Policy 2020 (NSDP 2020) marks a critical step forward, but its potential can only be realised through decisive implementation and a coordinated national strategy. To transform this challenge into opportunities, Bangladesh must pursue a comprehensive approach:

- **Modernising TVET systems:** The Technical and Vocational Education and Training (TVET) sector requires urgent revitalisation to meet industry demands. This revitalisation could include overhauling curricula to incorporate digital skills for emerging tech and AI-driven sectors while expanding access to vocational programs nationwide. Complementary measures like tax incentives for private sector training initiatives could significantly enhance workforce preparedness.

- **Strengthening industry-academia partnerships:** Ties between educational institutions and industries must be strengthened and coordinated to align curricula with market needs. Closing the theory-practice divide requires institutionalising hands-on learning through mandatory internships and university apprenticeship programmes to ensure graduates gain practical work experience before entering the job market.
- **Prioritising future-ready skills:** To effectively address Bangladesh's skills gap, the government should significantly expand its digital literacy programs with a targeted focus on rural and marginalised youth, ensuring equitable access to technological education and closing the persistent digital divide. Simultaneously, prioritising English language proficiency training will better prepare workers for growing opportunities in business process outsourcing and digital services, meeting the demands of an increasingly globalised labour market.

Advancing gender-inclusive employment requires dismantling structural barriers and safeguarding women's access to emerging job opportunities.

Promoting gender inclusion in the labour market requires a comprehensive response to the barriers restricting women's economic participation. These include wage discrimination, occupational segregation, lack of childcare support, and deep-rooted patriarchal norms that limit women's mobility and relegate their roles to unpaid or informal work. Violence and harassment, both within workplaces and in the public domain, remain pervasive deterrents to women's labour force participation and must be addressed through strengthened legal protections, workplace grievance mechanisms, and public safety infrastructure.

In the context of automation and technological deepening—where repetitive and low-skilled jobs are increasingly at risk—there is an urgent need to position women for emerging employment opportunities through targeted investment in digital skills training, STEM education, and support for women-led enterprises, particularly in technology-enabled and care-driven sectors that remain less susceptible to automation.

Anti-discrimination laws must be rigorously enforced, and equal opportunity policies must be embedded within public and private recruitment processes to ensure equitable outcomes. Gender-responsive labour market reforms should be shaped through inclusive platforms that engage young women directly, enabling their voices to influence policy design and implementation. Without confronting these structural inequities, efforts to enhance women's employment will remain limited in scope and impact.

Formalising the informal sector is essential to protect workers and address productivity constraints.

Informality continues to dominate Bangladesh's labour market, exposing workers to insecure jobs, irregular earnings, and unsafe working conditions, often without access to social protection. It also limits the growth potential of enterprises by restricting access to finance, public support schemes, and formal supply chains. Tackling this requires a dual approach: simplifying formalisation processes while introducing regulatory and financial disincentives that make informality less viable. Lessons from Latin America and Southeast Asia show that simplified business registration, phased tax incentives, and targeted microcredit access can facilitate formalisation. At the same time, improved labour inspections and social security enforcement are needed to ensure compliance. Formalising employment relationships is critical to improving job quality, raising firm-level productivity, and strengthening the foundations of inclusive economic development.

Strategic support for youth migration is essential to unlock high-value employment opportunities abroad.

Bangladesh must reform its overseas employment strategy to channel youth into structured, skilled migration pathways. This reform requires state-backed loan schemes for education and skilled migration, expanded vocational training in high-demand sectors such as healthcare, IT, and construction, and targeted language instruction for roles in ageing economies. Diversifying destination countries through bilateral agreements and deploying digital recruitment platforms can reduce dependency on traditional markets and limit exploitation. A National Migration Portal should coordinate pre-departure, deployment, and reintegration services. Institutional reforms are equally critical; the Wage Earners' Welfare Fund should be reoriented to finance upskilling and ensure mandatory insurance coverage for all migrants. Bangladesh can draw from international best practices—such as Malaysia's digital recruitment system and the Philippines' pre-departure training model—while pursuing skills recognition partnerships with OECD countries to facilitate higher-skilled migration and position remittances as a high-value export.

Conclusion

Bangladesh's labour market faces a confluence of structural constraints that continue to hinder the generation of quality employment despite years of sustained economic growth. High levels of informality, stagnant labour productivity, widespread underemployment, and persistent skills mismatches have undermined the capacity of the economy to absorb its growing workforce—especially youth and women. Sectoral shifts driven by automation and capital-deepening processes have weakened the traditional link between

output growth and job creation, particularly in manufacturing. At the same time, the increasing feminisation of low-productivity rural employment and the growing mismatch between educational outcomes and labour market needs point to deeper systemic failures that cannot be addressed through piecemeal interventions. The urgency is clear: Bangladesh's demographic dividend is time-bound, with the working-age population set to decline after the 2030s. Without reforms to absorb its youth into productive employment—particularly women and educated graduates—the country risks heightened dependency, social discontent, and a squandered opportunity for inclusive growth.

Bangladesh must pursue a coordinated and ambitious employment strategy to address the multifaceted challenges. Priorities include formalising the vast informal economy, investing in quality education and market-relevant skills, building a national internship framework to bridge the education-to-employment gap, and expanding labour-intensive sectors such as healthcare, education, and the care economy. Gender-inclusive employment policies must confront wage discrimination, occupational segregation, and workplace violence while repositioning women for emerging digital and service-based opportunities. A reformed approach to youth migration, supported by skills recognition partnerships and pre-departure training, can also play a transformative role in leveraging global labour demand. These reforms must be supported through alignment across employment, industrial, education, and social protection frameworks underpinned by institutional capacity and political commitment.

Ultimately, Bangladesh's transition from a lower middle-income to a prosperous and inclusive economy will be better shaped not by the pace of its GDP growth but by the quality and distribution of its employment outcomes. The scale and urgency of the employment challenge demands bold, time-bound interventions that go beyond rhetoric and isolated schemes. Creating secure, decent, and inclusive jobs—especially for young people and women—is not simply a development aspiration but a structural necessity. The employment agenda can become a foundation for long-term economic resilience, social stability, and shared prosperity if approached with resolve and coordination.

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