

Invitation Program for Leaders of Employers' Organizations and Successful Former Participants [EREF1]

Labor Situation of Bangladesh: Impact of COVID19 on Employment



Asif Ayub

Joint Secretary-General

Bangladesh Employers' Federation



About Bangladesh

- Bangladesh – A “development surprise”.
- Currently 41st largest economy & 25th largest economy by 2035.
 - Bangladesh is in ‘Next 11’ list after the BRICS nations.
 - Ranked as the 6th largest manpower exporting country.
 - Clearly the preferred next stop for the sourcing caravan.

About BEF

- Apex organization of private sector employers in Bangladesh, recognized nationally, regionally and internationally.
- It was re-established in 1998, registered earlier in 1951, as an all-country organization representing all sectors, industry, trade, banking, insurance, etc.
- BEF generally works in the policy formulation process and safeguards the interest of its member organizations and provides services to the member firms.
- It also puts its efforts for implementing various activities for the greater interest of the country.
- BEF from its inception has been working on harmonious industrial relationship.



In the last few years, the global situation has changed dramatically, not only economically but also politically. The COVID-19 pandemic and Russia-Ukraine war have had an enormous impact on our lives. Moreover, soaring prices have caused great anxiety in business and daily life.

Bangladesh and Its Labor Market

Labor Market in Bangladesh: Bangladesh is considered a labor surplus economy, thus the development in the labor market is crucial.

Table 1: Labor Force and Employment Situation by Gender (age 15 years and above) (million)

Sl. #	Survey Year	Labor Force			Employed Population			Unemployed Population		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
1	LFS 1995-96	36.1	30.7	5.4	34.8	29.8	5.0	1.3	0.9	0.4
2	LFS 2005-06	49.5	37.3	12.2	47.4	36.1	11.3	2.1	1.2	0.9
3	LFS 2010	56.7	39.5	17.2	54.1	37.9	16.2	2.6	1.6	1.0
4	LFS 2016-17	63.5	43.5	20.0	60.8	42.2	18.6	2.7	1.3	1.4

Source: Quarterly Labor Force Survey (QLFS) 2015-16 Labor Force Survey (LFS), various years, BBS



Table 2: Labor Force Participation Rates by Gender (age 15 years and above)

(per cent)

Sl. #	Survey Year	National			Urban			Rural		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
1	LFS 1995-96	52.0	87.0	15.8	51.7	82.0	20.0	52.1	88.6	14.5
2	LFS 2005-06	58.5	86.8	29.2	55.7	83.2	27.4	59.4	88.0	29.8
3	LFS 2010	59.3	82.5	36.0	57.3	80.2	34.5	60.0	83.3	36.4
4	LFS 2016-17	58.2	80.5	36.3	55.7	81.0	31.0	59.3	80.3	38.6

Source: Quarterly Labor Force Survey (QLFS) 2015-16 and Labor Force Survey (LFS), various years, BBS

Table 3: Employment by Broad Sectors

(million)

Sl. #	Survey Year	Agriculture	Industry	Services	Total
1	LFS 1995-96	17.0 (48.85)	4.6 (13.22)	13.2 (37.93)	34.8 (100.00)
2	LFS 2005-06	22.8 (48.10)	6.9 (14.56)	17.7 (37.34)	47.4 (100.00)
3	LFS 2010	25.7 (47.50)	9.4 (17.38)	19.0 (35.12)	54.1 (100.00)
4	LFS 2016-17	24.7 (40.63)	12.4 (20.39)	23.7 (38.98)	60.8 (100.00)

Note: Figures in parentheses indicate the percentage change

Source: Quarterly Labor Force Survey (QLFS) 2015-16 and Labor Force Survey (LFS), various years, BBS

Table 4: Youth Labor Force (aged 15-29) by Gender

(million)

Sl.#	Survey Year	National			Urban			Rural		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
1	LFS 2002-03	19.0	13.5	5.5	4.4	3.1	1.3	14.6	10.4	4.2
2	LFS 2010	20.9	13.1	7.8	5.1	3.1	2.0	15.8	10.0	5.8
3	QLFS 2015-16	20.8	13.7	7.1	6.1	4.0	2.1	14.7	9.7	5.0
4	LFS 2016-17	20.1	13.1	7.0	6.1	3.9	2.2	14.0	9.2	4.8

Source: Quarterly Labor Force Survey (QLFS) 2015-16 and Labor Force Survey (LFS), various years, BBS



Impact of COVID19 on Employment

- Why it matters???
- Employment generation has been a problem for the past decade.
- Covid-19 has put additional pressure on the labor market in Bangladesh.
- Shocks on Employment in Overseas Markets.
- Influx of returnee migrant workers.
- Reverse Migration from Urban to Rural.
- Loss of employments
- Incidence of Poverty arising from COVID-19 fallout.

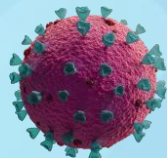
Chart — People in poverty

	Total poor (million)	New poor (million)	Poverty rate (%)
SANEM	70.0	36.0	40.90%
CPD	68.4-75.7	34.4-41.7	40%-44%
PRI	58.1	24.1	34.10%



Impacts of COVID-19 & Other Uncertainties

- Affected economic and social well-being
- Disruption in supply chain
- Job loss & hour loss (1.08 million job loss in the informal sector)
- Reverse migration-urban to rural
- Returning migrants struggling to find jobs
- Incidence of poverty (34.1%-44% compared to 20.5% estimation during the pre-crisis period)
- The export earnings of Bangladesh from Russia and Ukraine are 2% of the total export earnings
- Delay in LDC graduation process
- Goals and targets of SDG 2030 are at risk
- Climate change could lead to financial- and labor market instability in the country



Post COVID-19 Recovery in Labor Market

To minimize the deceleration of economic growth and improvement in labor market, the government has taken some recovery measures:

- ✓ **Stimulus Packages:** 28 stimulus packages of US\$22.1 billion (6.23% of GDP); short, medium, and long-term measures taken;
- ✓ **Allocation of export development fund** has been increased from US\$ 2 billion to US\$ 11 billion
- ✓ **Special Programs for Women and Vulnerable Groups:** Expanded social safety net programs focusing the needs of women and vulnerable groups.
- ✓ **COVID Information and Vaccination:** Around 98% of the adult people have jabbed besides, students up to age 5 are also being administered with the vaccine.

Impacts of Russia-Ukraine War in Labor Market and Bangladesh

- ✓ Inflationary pressure due to supply shortages against higher demands;
- ✓ Suspended economic ties with Russia;
- ✓ Hike in the prices of gas, fertilizer, and other essentials;
- ✓ Affected Bangladesh's trade with Russia.



Bangladesh's Industrial Relations: Present Improvement

- ✓ Harmonious relationship is necessary for both employers and employees for higher production.
- ✓ During the 80s, Bangladesh experienced the readymade garment (RMG) boom. But necessary infrastructure for industrial development did not develop at the same scale.
- ✓ The situation considerably changes after the incident of *Rana Plaza* collapsed on 24 April 2013.
- ✓ The government, employers, workers, buyers, retailers, development partners were under one common understanding to improve the conditions and address the total aspects of labor standards, workers rights, occupational safety and health (OSH), building and electrical safety, etc.
- ✓ Labor laws were amended in various times, safety issues were strengthened; workers' salaries were increased. Adequate training facilities were made available for workers and management.
- ✓ Currently, the situation is improved, workers and management are more educated and experienced than before.
- ✓ Bipartite Safety Committee, Participation Committee, Appointment of Welfare Officers, Dispute Resolution Mechanism, Increasing Labor Courts, SOP (Standard Operating Procedure) for Unfair Labor Practice, SOP for Trade Union Registration, Maternity Benefit, Leave Encashment, Benefits for disability etc. have introduced.



ADVICE FOR JAPANESE COMPANIES

- Technology transfer from the Japanese investors
- Undertaking more skills development initiatives particularly Japanese management and production system to be introduced at a massive scale
- Tapping the investment opportunities in Bangladesh
- Need for fast and bold decisions
- Exploring market opportunities through technology and know-how transfer
- Customized skill development initiatives especially needed for Japanese market



ありがとうございました

Asif Ayub

Joint Secretary General

Bangladesh Employers' Federation (BEF)



aayub.bd@gmail.com



+880 1971 593 417



www.bef.org.bd

