Labour Market, Human Resource Development and Skill Gap in Bangladesh: Macro Level Issues

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Introduction

Future growth of GDP in Bangladesh requires that the labour force's productivity is enhanced through proper education and skill development. Objectives of the study are:

- To review and assess current status and emerging needs of the Bangladesh economy in terms of educated and skilled workforce. Especially the priority sectors identified in the national economic development plan and to be supported by SEIP needs attention.
- To project future skill needs in order for the country to achieve higher growth in selected sectors.
- To look at broader issues related to choices of overall human resource development and skill training.

Features of the Labour Market (LM)

Share of labour force without education has gone through a substantial decline.

➢ In 2013 it was only 21 per cent of labour force compared to 40 per cent in 2006.

➢ Share of labour force was with higher secondary or above education has risen from 8.5 to 18.9 per cent.

➢ In 2013, about 5.4 per cent of labour force was with technical/vocational training. The share with vocational/technical education was much smaller in 2010 (0.14%).

Features of the Labour Market (LM) (Contd.)

Other features relevant in the context of employment of skilled labour:

➢ Agriculture still dominates as the single largest source of employment although the share of industry and services has increased.

➢ Self employment and unpaid/contributing family labour together account for 60 per cent of total.

➢ Day labourers plus domestic servants account for 17 per cent of employed workforce

➢ Informal employment constitutes about 80 per cent of total.

➢ Unemployment rate + Underemployment rate decreased during 2010-13.

Features of the LM: Gender differences
- LFPR among men and women are 81.6 and 33.5 per cent respectively.
- Not only female LFPR is low, it has gone through a decline during 2010-2013.
- Among employed men and women, 4.5 and 1.1 per cent have tertiary education.
- Share of women's employment in agriculture has gone through an increase during 2000-2013 indicating a reverse structural change.
- Gender difference of wage prevails, which ranges between 10-25 per cent. Wage differential has been declining over time.
- Unemployment and underemployment rates are much higher among women.

Training by sector

➢ Data on share of trained workers reveals that healthcare, IT and hospitality are dependent on trained workers, the share ranging from 25 per cent to 40 per cent.

➢ Share of trained workers in light engineering and shipbuilding are high, although employment share of these two are small.

➢ Share of female workers with training are high in healthcare and IT and these shares are almost same for men and women

Training by sector and gender

➢ The sectors where women's share of employment is high, namely RMG and textile, the trained workers' share is much lower among women compared to men.

➢ It is desirable that a predominantly larger share of the projected training in these sectors is targeted to women. If such training is implemented, female workers will experience upward mobility with higher productivity and this will encourage growth of women's LFPR.

➢ Gender disaggregated data shows that women's share is the largest in textile and RMG followed by agro processing and healthcare.

TVET and unemployment

Studies focusing on population with technical training provide high unemployment rate figures, (WB, ADB). While this cannot be solely attributed to methodology or data problem, these figures stand in contrast to recent LFS data.

LFS data show very low unemployment rate among those with technical training. The rates are much lower than those with general education (SSC/HSC).

TVET and wage

Results show significant positive impact of vocational/ technical diploma on wage/salary. However, better achievers among trainees get jobs and higher wages may be due to higher intrinsic abilities.

Projections of labour supply and demand and training needs

➢ Labour supply is projected at 64.8 million in 2016 and 82.9 million in 2025.

➢ Since the projection of labour supply has been based on past trends of LFPR, and in the recent past LFPR has increased only at a slow pace, the supply projection may lead to underestimation.

➢ Total training target for the 10 sectors will be 5.43 and 7.21 million respectively in year 2020 and 2025. These are higher than the ADB (2015) projections because of higher projections of labour demand in the present study.

➢ Training targets obtained from sectoral studies may not add up to these figures since those are based on large enterprises survey which are likely to be more capital intensive.

Training need and demand side

Whether sufficient number of prospective workers will be available to opt for skill training?

➢ Evidence of skill mismatch often discourage prospective labour force to enter skill training.

➢ Attainment of education will rise and a larger share of young persons will have SSC and above education, which will make them trainable.

➢ Moreover, better job availability for trained persons will encourage young persons to enter training programmes.

TVET: Supply side
High training needs: Should TVET expand rapidly?
The projections are high because these are based on assumption that GDP growth targets of 7FYP will be achieved.
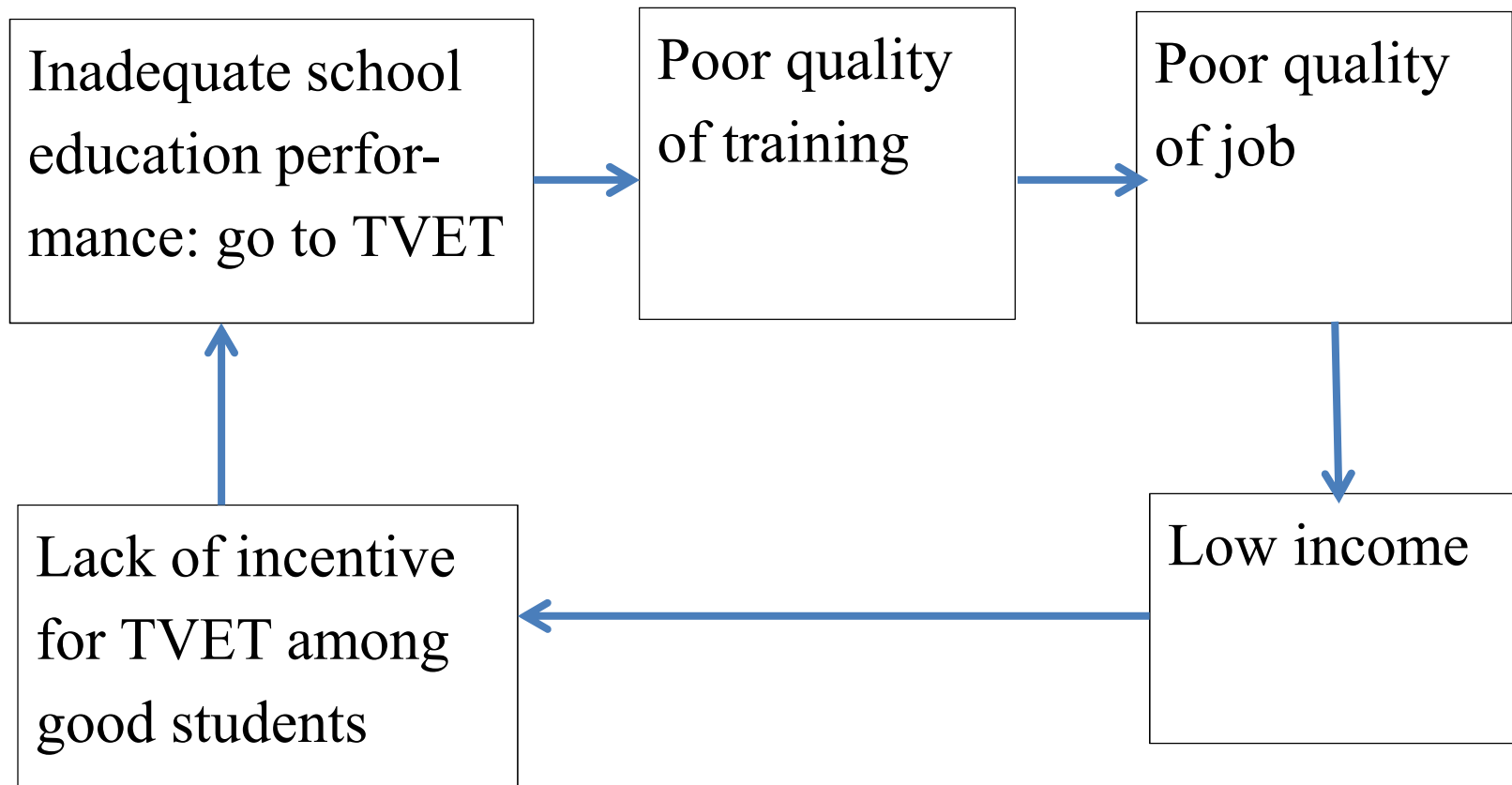These are based on targeted investment rate achievement.
These achievements require trained labour force.

Quality of training matters

➤ Expansion of training with inadequate quality may imply growing unemployment among the trained.

➤ They may find such employment which do not utilize these training.

➤ Poor pay to trained workers.

➤ Discourage future demand for TVET.

Figure 1
Vicious Cycle of Low Quality TVET and Low Income

General Education-TVET Links

Whether the emphasis should be on general education or skill training?

Is unemployment rate lower among those with skill training compared to those with general education?

ADB study and LFS data provide contrasting findings. Therefore low unemployment rate cannot be the rationale for expansion of TVET at the cost of general education

Link between education and training

Education level	Whether received any training?		
	Yes (%)	No (%)	Total (%)
No class passed	3.2	96.8	100.0
Class I - IV	2.5	97.5	100.0
Class V - VII	3.4	96.6	100.0
Class VIII - X	4.6	95.4	100.0
SSC	8.2	91.8	100.0
HSC	15.6	84.4	100.0
BA + Others	31.7	68.3	100.0
Total	7.3	92.7	100.0

Source: LFS (2013).

Such complementarity implies:
a) without increased SSC/HSC completion, TVET cannot expand.
b) quality of TVET & quality of general education are linked
c) quality of general education can reduce dropout before SSC level, lack of success in SSC/HSC exams and the need for TVET.

Tertiary education vs training

Table shows that a high percentage of BA and above educated go for skill training. Why?

It implies that the quality of tertiary education is not sufficient for fetching employment

Low quality of such education combined with skill mismatch can worsen the unemployment situation

Tertiary enrolment has not increased during 2001 to 2011 period

Among women the rate has declined during this period

These two also indicate low quality of such education, low return and employability.

Employment of foreign nationals & Implications for skill training

The country is paying millions of dollars for employment of foreign nationals. Can skill training reduce the dependence?

➢ Discussions with industry representatives reveal that foreign nationals employed are not people with TVET qualification

➢ They are employed at managerial level and have a business/management degree and/or relevant experience. In RMG, merchandisers and manager level persons with specialized higher education are employed.

➢ To compete with them, our business schools must improve the quality of education in terms of technical and communication skills, language ability as well as confidence levels.

The context of SDG: 'Scientists' vs technical hand dilemma

SDG 4 focuses on ensuring access for all women and men to affordable quality technical, vocational and tertiary education
Indicators to monitor SDG-4 include:
- Enrolment rate in tertiary education
- 15-24 year old's participation in technical – vocational education
- Participation rate in formal and non-formal education and training

At the national level, there may be trade-offs among education related targets and skill training targets. Therefore Bangladesh should come to an agreed combination of these targets.

Concluding Observations: Future priorities

Along with total skill gap and training need, type of skill needed and **quality improvement** are crucial to reduce skill mismatch/gap .

Industry link can play an important role

➢ Industry associations will obviously be the most important channel for establishing demand –supply link and SEIP's training programmes take this into account.

➢ While the trainings targeted to paid employment can benefit from industry links, effectiveness of training targeted to self-employment is difficult to assess.

Concluding observations (contd.)

Keeping in line with existing distribution of employment and incorporating the expectation of further increase, women should constitute about 80 per cent of trainees in the 10 selected subsectors.

Women should also get priority for training in 'high-skilled' occupations. Services and other facilities for employed women can help their upward mobility.

New training facilities for child care may raise women's LFPR.

Emerging research questions

1. Whether SEIP Training is resulting in good jobs?: Impact of SEIP training in selected sectors.

2. Gender differentials in access to skill and benefits of skilled employment.

3. How to improve quality of training and raise employment and earnings of TVET graduates in paid as well as self-employment?.

Thank you

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