

# Policy Brief

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সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)  
Centre for Policy Dialogue (CPD)



## BRIDGING THE GAP

### Policies for Gen Z in Bangladesh's Workforce

Fahmida Khatun, Syed Yusuf Saadat, Afrin Mahbub, Maesha Rashedin Joita and Mohammad Abu Tayeb Taki

#### Key Findings

- ↓ Bangladesh may reap the benefits of a demographic dividend if it can meet the expectations of its youth and gainfully employ its vast young population.
- ↓ There is a gap between young job seekers' expectations regarding the working environment, working hours, salary and employment benefits and the reality of Bangladesh's labour market.

#### Key Policy Recommendations

- ↓ The salary scale in the private sector should be increased, and private-sector employers should establish a 40-hour work week, provide childcare facilities, and offer well-paid internship opportunities to final-year university students.
- ↓ The quality of higher education in Bangladesh's public and private universities needs further improvement so that job seekers and employers can be confident in Bangladeshi degrees.

#### 1. INTRODUCTION

Mismatch of expectations can explain the incidence and duration of youth unemployment in Bangladesh. However, it is unclear whether the realities of the labour market fulfil the Bangladeshi youths' aspirations of decent work. The Labour Force Survey 2022 of the Bangladesh Bureau of Statistics (BBS) reveals that while the national unemployment rate is 3.53 per cent, the youth unemployment rate is as high as 8 per cent (BBS, 2023). The share of unemployed youth in total unemployment is 83.2 per cent (BBS, 2023). Informal employment, as a share of total employment, was 84.9 per cent in 2022 (BBS, 2023). Thus, it seems the labour market ability to generate employment opportunities, specifically decent employment opportunities, remains quite limited.

When salaries of government officials were increased through the National Pay Scale Amendment 2015 (MoF, 2017), the private sector employers could not catch up immediately. This distorted the labour market since some public sector jobs now have more perks, privileges, and higher pay than some private sector jobs. Consequently, many young job seekers became determined, if not desperate, to find a public sector job.

Meanwhile, there appears to be a growing trend of university graduates opting for informal jobs, which are entirely unregulated and are often associated with long working hours, low pay, inadequate worker rights, and lack of employment benefits. Bangladesh is now the second largest supplier of online labour in the world, with a 16 per cent share of the global online workforce (Kässi & Lehdonvirta, 2018).

Given the above, the Centre for Policy Dialogue (CPD) conducted a research study to understand if the labour market meets youth job seekers' expectations regarding adequate income and other employment benefits. The study was carried out using primary data collected through two surveys: i) a survey of 250 youths employed in

formal jobs in the private sector of Bangladesh, and ii) 250 unemployed youths currently studying at university or graduated from university within the last 12 months. For both surveys, youth were defined as all individuals between 18 and 35 years old. This policy brief is based on the findings from the study.

## 2. FINDINGS

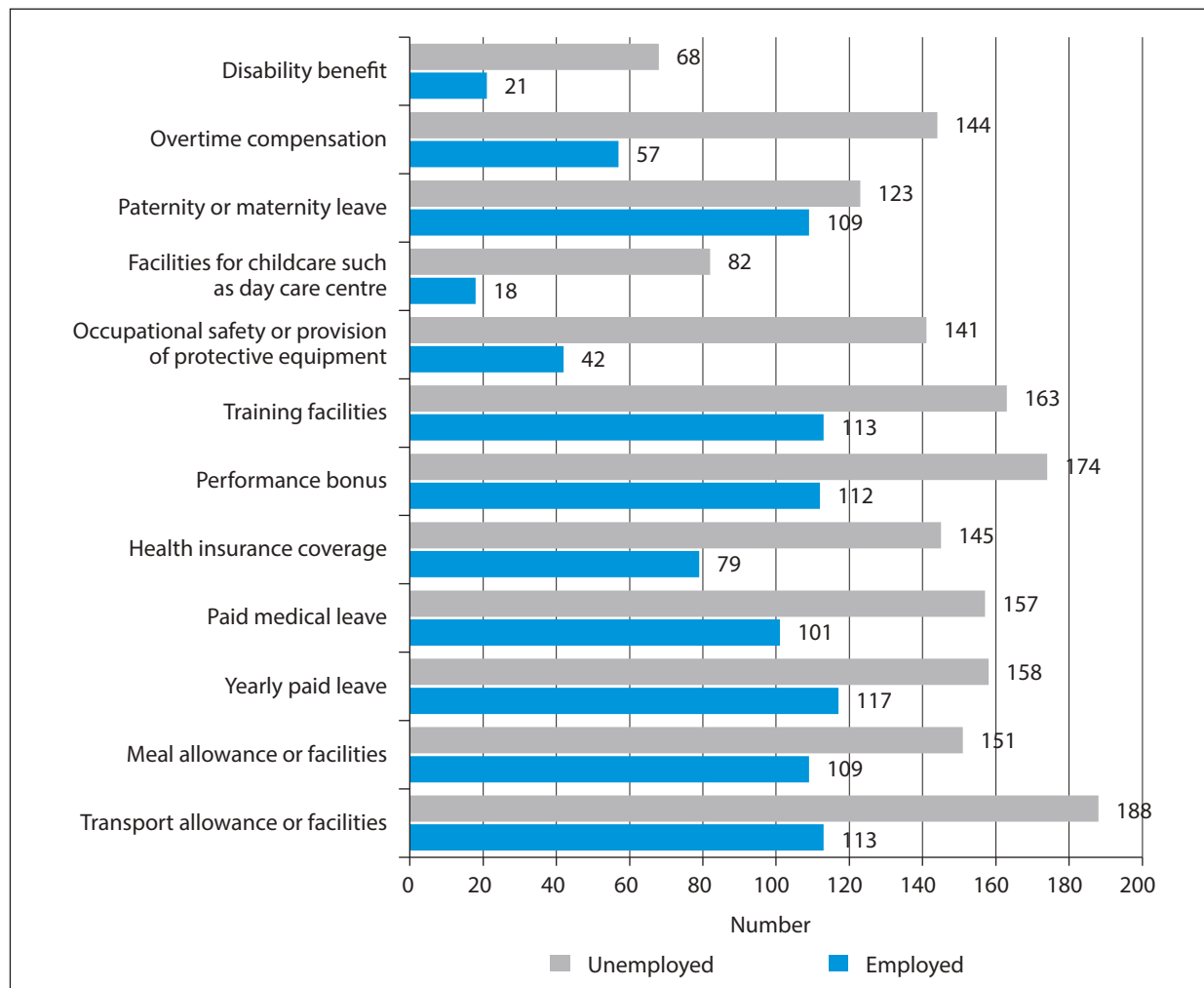
There is a significant gap between youths' expectations regarding employment benefits and what employers provide. Most unemployed youths expect to receive transport allowances or facilities as employment benefits. However, employers do not

prioritise transport allowances or facilities as the unemployed youths expect them to (Figure 1).

According to the Bangladesh Labour Law 2006, organisations with over 40 female employees must have a separate room for childcare (Department of Labour, 2006). Organisations need to have childcare facilities to provide equal opportunities for women who are trying to balance their professional lives and motherhood.

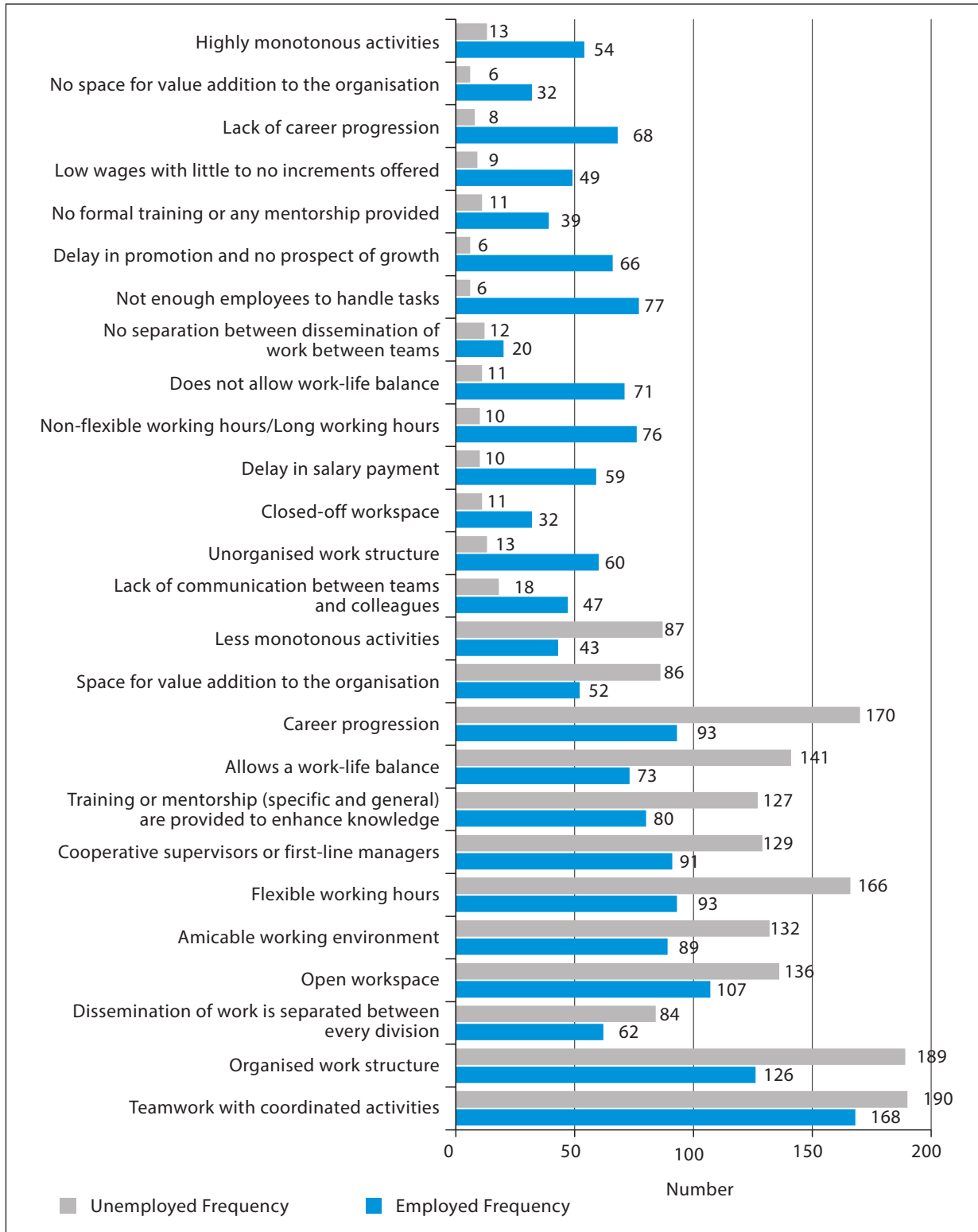
Young job seekers expect their future work environment to be friendly and collaborative in line with well-coordinated activities and strong

**Figure 1: Expectations Mismatch in Employment Benefits Provided by an Organisation**



Source: Author's illustration based on data from the survey of the employed and unemployed youths

**Figure 2: Expectations Mismatch in the Work Environment in an Organisation**



Source: Author's illustration based on data from the survey conducted as part of the CPD study.

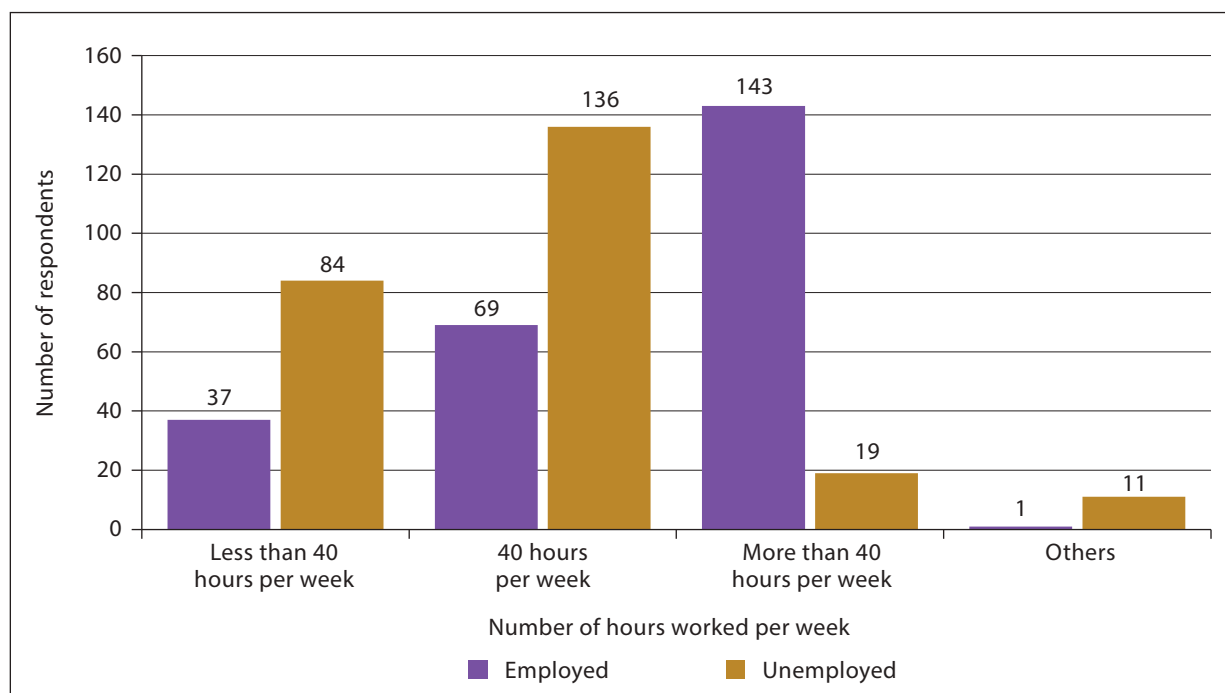
teamwork. They want their workplace to have an organised work structure, open workspace, cooperative supervisors, and flexible working hours. Many unemployed youths also expect the separation of tasks and responsibilities between individual departments, a space for value addition, and opportunities for further growth and development in their chosen profession. However, some have also mentioned they foresee some drawbacks, such as a lack of communication between teams and colleagues, delays in wage payment and promotion, a shortage of personnel to manage responsibilities, and difficulties maintaining a work-life balance. Young job seekers appeared optimistic about their potential employer's work environment. However, there was a mismatch in the youths' expectations of the working environment and workplace realities (Figure 2).

The youths in Bangladesh are frequently overworked and underpaid. Although most young people anticipate working 40 hours per week, results from the survey indicate that most young people work

more than 40 hours a week (Figure 3). The International Labour Organization (ILO) established the Forty Hour Week Convention in 1935, which, enforced in 1957, states that working hours in all types of employment should be limited to 40 hours per week (ILO, 1935). Bangladesh has not yet ratified the Convention, which has made it easier for enterprises to exploit their workforce. The survey found some currently employed individuals have claimed to work over 50 hours a week. Allowing the labour force to rest and conserve energy is essential, as excessive fatigue and exhaustion may decrease efficiency. Therefore, Bangladesh should ratify the ILO Forty Hour Week Convention to protect its workforce from fatigue and productivity loss.

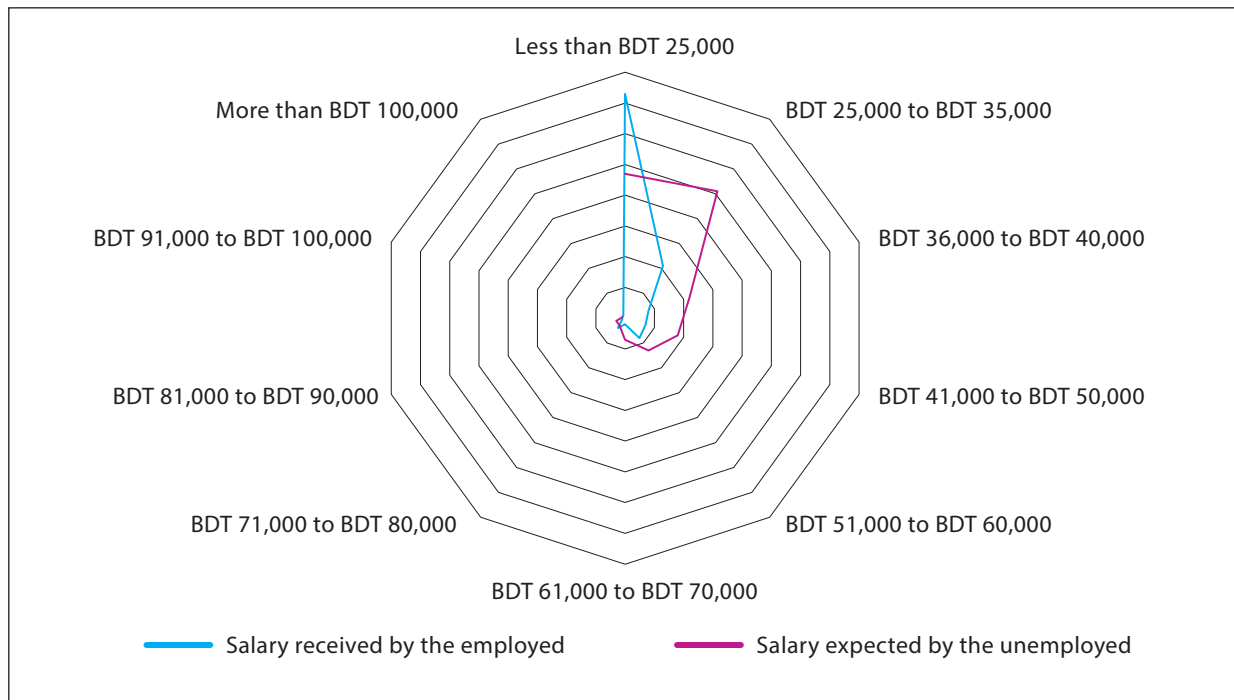
There is a substantial gap in salary expectations among the unemployed youths and the actual salary received by the employed ones. University graduates seeking work expect to earn a starting salary from BDT 25,000 to BDT 35,000 (Figure 4). Most applicants for positions at the executive level or mid-tier anticipated receiving the same pay range, while

**Figure 3: Expectations Mismatch in Hours of Labour**



**Source:** Author's illustration based on data from the survey conducted as part of the CPD study.

**Figure 4: Expectations Mismatch in Salary at Entry-level Positions**



**Source:** Author's illustration based on data from the survey conducted as part of this study.

others also expected to earn between BDT 41,000 and BDT 50,000 (Figure 5). Surprisingly, most employed young people working in the lowest-tiered positions in their respective firms are paid less than BDT 25,000. In contrast, executives and mid-tier managers are paid between BDT 25,000 and BDT 35,000.

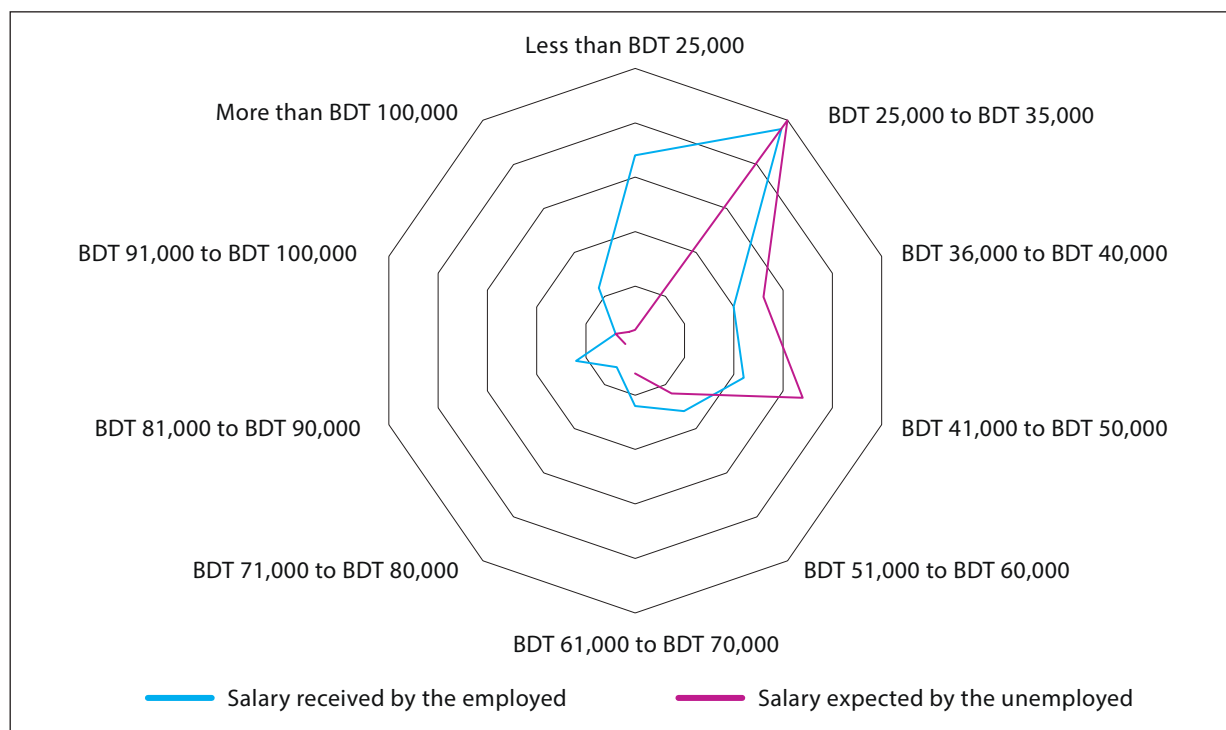
It is concerning that fresh graduates with an accredited university degree in Bangladesh receive less than BDT 25,000 as their salary in their first job. The private sector's pay structure must be altered since it is currently too low, particularly for entry-level positions. The wages earned should reflect the marginal productivity of labour, especially when individuals are overburdened with responsibilities and have little to no overtime compensation. Even though most firms meet the expectations for the salary structure for executives and mid-tier managers, these salaries remain relatively low compared to the living cost in Bangladesh. It is also important to highlight that few respondents who are currently employed as executives receive a wage of

less than BDT 25,000. Considering the inflation and rising cost of living that Bangladesh is currently experiencing, the salary structure for the employed youths needs to be revised urgently.

There is a mismatch between the skills and attributes viewed as essential by employers and those viewed as important by young job seekers (Table 1). This indicates asymmetric information regarding the traits and characteristics most employers demand and the current labour force's skills. This leads to further youth unemployment as enterprises do not find suitable candidates with the required skills to carry out responsibilities.

Both unemployed and employed youth agreed that earning a degree from a university abroad is highly valued in Bangladesh. While 215 of 250 unemployed youths agreed with that statement, 190 of the 250 employed youths supported the expectations (Figure 6). This indicates that higher education from an overseas university is more valuable than a local one

**Figure 5: Expectations Mismatch in Salary at a Mid-tier or Executive Level**



**Source:** Author's illustration based on data from the survey conducted as part of this study.

in Bangladesh. Both employers and employees have limited confidence in the quality of education at the country's local universities.

### 3. CONCLUSIONS AND RECOMMENDATIONS

Bangladesh has great potential to boost productivity if it can gainfully employ its large young population. By harnessing the surplus youth in the labour market, the country may experience a demographic dividend. Yet, a significant portion of the young workforce in Bangladesh remains unemployed. Mismatches in expectations between the ambitions of young individuals and the realities of the labour market may play a key role in facilitating such high unemployment among the youth.

The survey findings reveal a significant discrepancy between the expectations of the employed and unemployed youths regarding employment benefits, organisational environment, salary scale, attributes

required, and hours of labour. Employees in private enterprises are typically underpaid and overworked. The compensation structure in private businesses falls short of the hopes held by ambitious individuals actively looking for work. Furthermore, the wage scale is too low, particularly for entry-level employment, and thus insufficient to sustain the lives of young professionals just starting their careers. Most employed youths have also stated they work more than 40 hours weekly, which fresh university graduates do not anticipate.

There is also a discrepancy between the skills employers search for during recruitment and the skills that candidates believe employers value. For example, employers prioritise writing abilities as a factor when evaluating candidates, which job seekers do not think is necessary. Most university graduates believe prior work experience is essential to be employed. Some individuals pursue internship opportunities to attain some degree of work experience; however, they end

**Table 1: Expectations Mismatch in Attributes that Employers Look For**

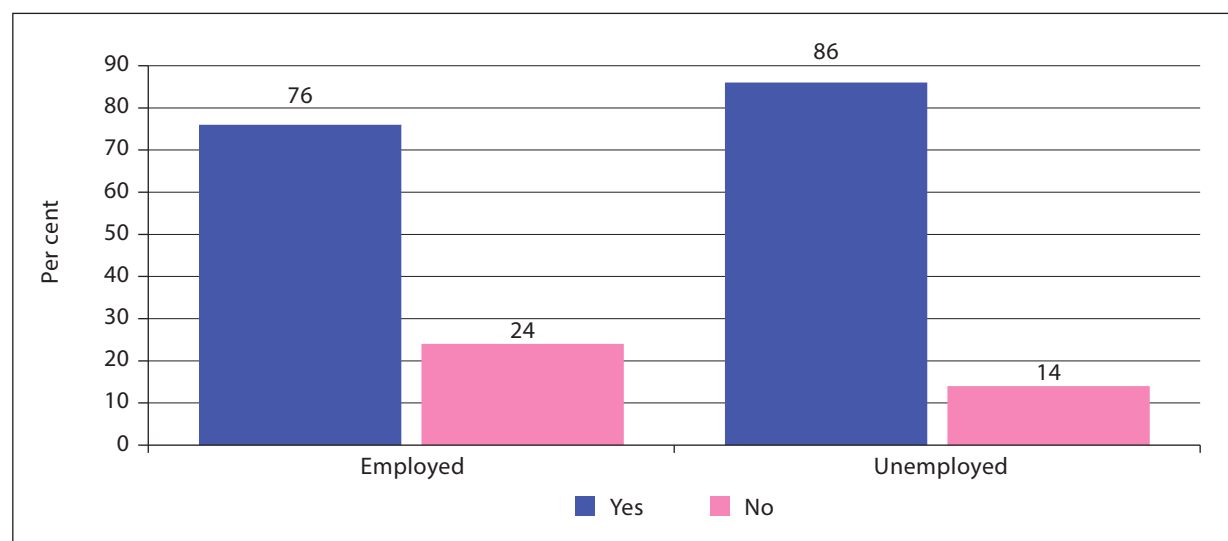
| Top 5 attributes that employers look for                       | Top 5 attributes unemployed youths expect employers are looking for |
|--|---|
| Having an undergraduate degree at least in the re-quired field | Past work experience  |
| Computer skills  | Having an undergraduate degree at least in the re-quired field      |
| Past work experience   | Computer skills   |
| Language proficiency   | Having an undergraduate degree with a minimum CGPA                  |
| Writing skills   | Language proficiency  |

**Source:** Author’s compilation based on data from the survey conducted as part of the CPD study.

up disappointed as employers either require candidates to have at least an undergraduate degree to be eligible for an internship, do not have a well-paid internship programme, or do not offer any internship programme at all. Furthermore, firms and young individuals revere an academic degree from an international university more than a local one. Hiring managers assume that candidates with academic degrees awarded by foreign institutions are better qualified than candidates with degrees from universities in Bangladesh.

It is also worth noting that many unemployed youths expect firms to have childcare facilities. However, most private organisations do not offer such facilities to help support working mothers. Organisations need to provide equitable treatment to both female and male employees, as in Bangladesh, many credible and qualified women choose to remain stay-at-home mothers or do not take on more significant work responsibilities due to their childcare obligations.

**Figure 6: Perceived Importance of a Foreign Degree to Attain Employment**



**Source:** Author’s illustration based on data from the survey conducted as part of this study.

In this context, the following recommendations are suggested to help narrow the gap between the youths' expectations and the reality of the labour market in Bangladesh.

- The salary scale in private organisations should be increased to compensate individuals in a way that meets youths' expectations and allows them to live a decent life.
- Organisations should provide well-paid internship opportunities to students who have not graduated but are in their final year of university. In addition to obtaining newer experiences, such internships will help them gain real-life skills for progressing in their career path in the future.
- Internship programmes in organisations should be well-paid to ensure the interns are adequately compensated.
- Bangladesh must ratify the Forty Hour Week Convention 1935 established by the ILO and limit working hours to 40 hours a week. This will enable the workforce to find a work-life balance and participate in skill development programmes to develop their professional expertise further.
- Initiatives should be taken to enhance the quality of higher education in local universities. This will eliminate the perception that graduates with local university degrees are underqualified and allow them to be on par with those holding degrees from overseas academic institutions.
- An industry-academia linkage needs to be established through which universities may establish a dialogue with various organisations in different sectors. This will enable the young aspiring youth to connect with corporations and be informed of the attributes firms demand to develop their skills accordingly. This will also allow them to build a strong network with key individuals in various industries.
- Academic institutions can also adapt their curriculum to the needs of employers to better equip young job seekers for the labour market.
- Private organisations should provide childcare facilities so that women do not have to compromise between work and family, and more women are encouraged to participate in the labour market.

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## Centre for Policy Dialogue (CPD)

House 40/C, Road 11 (new), Dhanmondi, Dhaka-1209, Bangladesh  
Telephone: (+88 02) 55001185, 58156979 Fax: (+88 02) 48110414  
E-mail: [info@cpd.org.bd](mailto:info@cpd.org.bd) Website: [www.cpd.org.bd](http://www.cpd.org.bd)