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## **Jobless Growth: Evidence from Bangladesh**

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**Abstract:** *This paper reflects a more comprehensive study of the relationship between economic growth and employment in Bangladesh. Its chief conclusion is that Bangladesh has achieved significant progress in the expansion of economic growth, which can't contribute enough to removing the unemployment problem. Still, it has a big challenge to create millions of jobs to face the unemployment problem. Some developing countries facing the problem of jobless growth. So it is an urgent issue to take the proper initiative to solve the problem. Though Bangladesh has achieved remarkable progress in economic growth, it could not play a vital role to create proper employment. Based on secondary data and the literature review, this paper reveals the fact of Jobless growth and discusses the possible solution to this problem in detail. The probable solution to the unemployment problems are training and development programs for the labor force, policy implications in the different sectors by the government, increase the female participation in the labor force, ensure women empowerment, apply job creation strategies, etc. The important findings indicate that by using a diverse strategy to job development in many areas of the economy, the unemployment problem may be mitigated. To create millions of jobs, appropriate measures should be executed, such as labor force development programs, the implementation of an effective job creation strategy, the encouragement of entrepreneurial development, and the formation of new companies. The Bangladesh government has taken the proper initiatives to remove the unemployment problem via different policies such as education and industrial policies that need to be supervised. Another opportunity is open for the young generation to engage them in freelancing by making them skilled through training and development as modern web and internet access to most of the country make enormous opportunities for young people. This paper finds some factors that can increase employment opportunities, such as advancement of technology, encouraging public-private partnership, entrepreneurship development.*

**Keywords:** Jobless Growth, Unemployment problem, Economic Growth, Labor force, Job Creation Strategy.

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### **1. Introduction**

Bangladesh has done very well in recent years in terms of growth performances and it can maintain sustained economic growth since the economy grew at a rate of 7.86 percent in FY 2017-18, larger from 7.28 percent growth in FY 2016-17 (Bangladesh economic review-2018). The government has targeted 8.2 percent growth in the Fiscal year 2018-19, though the ADB has forecast 8 percent growth (Star Business Report, 2019). According to the Asian Development Bank, Bangladesh has experienced the greatest increase among the Asia-Pacific economies, which comprise 45 countries (FE Report, 2019). A greater proportion of the population entering the labor force, with female labor force growth outpacing male labor force growth (Islam, 2014). Employment increases the income level of a person, which helps improve the demand for consumption and also helps to increase savings that create capital formation to invest more. Thus way increasing investment stimulates production that again creates more employment opportunities. The rate of increasing employment is lower than the rate of increasing economic growth. It is observed that the growth of employment is not at the pace of the growth of the economy in India (Kiran et al., 2014). Like India, Bangladesh is facing this problem. Several official reports and journal papers address the relationship between economic growth and employment. Some studies establish a positive relationship between economic growth and employment, but without emphasizing the role of job

creation. Furthermore, Bangladesh's economic data indicate that economic growth and employment growth are increasing concurrently, but employment growth is insufficient. The employment decreases for lack of economic growth in developing countries, but not universally. Generally, it can be said that economic growth generally improved the employment situation. From the data analysis, Ghose, *et al.*, (2008) found that similar rates of positive economic growth generated very different rates of improvement in the employment situation in different countries such as employment situation improved in Brazil than Mexico since Mexico's growth rate was higher and similarly India's growth rate was higher than Chile, but employment situation was improved far larger in Chile. Finally, the authors concluded that a lack of economic growth necessarily worsen the employment situation in developing countries but not universally (Ghose, *et al.*, 2008). So these findings suggest that economic growth not always have a contribution to boosting up job creation.

This paper will address the strategies for how to increase job opportunities and find out the important factors that constraint the path of employment. We know that Bangladesh is an overpopulated country and from the population projections we came to know that the populations will be 218.65 Million (BBS-2017) in 2051. So it is a big challenge to face the employment problem. Some studies found the fact that although growth performance is satisfactory for Bangladesh, the employment situation is not satisfactory and that's why we have to take appropriate initiatives to face the employment challenge (Islam, 2014).

## 2. Literature Review

From the literature review, it is clear that many developing countries like Bangladesh are facing the problem of jobless growth. (Seyfried, 2011) examined the nature of the employment-economic growth relationship. The employment intensity was estimated to range between 0.31 and 0.61, implying that economic growth has a direct effect on employment. In February 2019, India's unemployment rate increased to 7.2 percent, up from 5.9 percent in February 2018. Around 31.2 million people in India were actively seeking work. (April 2019; Nadeem). Employment declined in Indian factories although output accelerated because of three reasons. Among them, one of the reasons was providing relatively well paid and regular jobs in which underemployment is vast (Bhalotra, 1998). Rapid economic growth was usually associated with either rising share of the formal segment in total employment or rising output per worker in the non-formal segment, but not both in the 1990s based on the data for 19 countries (Ghose *et al.* 2008).

The employment problem in developing countries is one of underemployment and low-productivity employment of a greater section of the labor force. The majority of workers are in the non-formal segment where capital and skills are scarce. The unemployment rate was less than 4 percent while 54 percent of the employments were self-employed and 32 percent were in irregular wage employment, in 2003 for 19 countries (Ghose, *et al.* 2008).

Cray, Nguyen, *et al.*, (2011) provided a broad survey of economic development policies and strategies (i.e Federal and State-level strategies, Place-based strategies, Business and sector-based strategies, worker based strategies) that seek to create jobs. The authors discussed the advantages and disadvantages of all the job creation strategies. No strategy serves as a panacea for job creation but these strategies can contribute to stabilizing the economy and adding net new jobs.

The nature of the relationship between employment and economic growth was discussed by William Seyfried (2011). The intensity of the employment was evaluated at 0.31 to 0.61 and the results implied an instant effect on employment. To promote employment situation rapid economic growth needs but rapid economic growth does not necessarily improve the employment situation because it is possible to acquire rapid economic growth by focusing on labor productivity growth in the formal segment alone. There are no many cases where the growth rate of employment surpasses the growth of the labor force. Thus, policies that focused on achieving a high rate of growth are not enough to meet the employment challenge in developing countries (Ghose, *et al.* 2008).

Some papers found significant factors affecting employment and economic growth.

(White, 2012) discussed the problem of youth unemployment and underemployment and found small scale agriculture as the biggest source of employment. Rahman *et al.*, (2006) found some factors such as exports, FDI, and external remittances that can enhance both economic growth and employment in the short run. Globalization may hurt employment as low wage workers not interested in Globalization and worry about their job security and consumption, women also feel uncertain (Kagitani & Harimaya, 2018). FDI can increase employment by creating new jobs in foreign affiliates. (Jude and Silaghi, 2016).

(Muqtada, n.d.) investigated the potentiality of rural non-farm employment in affecting structural change and accelerating rural incomes and employment and examine whether and what extent the rural non-farm sector can be perceived as a dynamic sector in Bangladesh. Growth rising with the introduction of new technologies that require labor reallocation.

There are two competing effects of growth on unemployment, one is capitalization effect-create jobs and another is creative destruction effect-reduce jobs. (Aghion and Howitt,1994).

Bernal-Verdugo *et al.* (2012) examined the link between labor market flexibility and unemployment outcomes using a panel of 97 countries from 1985 to 2008 and discovered that increased labor market flexibility has a statistically significant negative effect on unemployment outcomes. Numerous writers have discovered that more trade openness is connected with a lower structural rate of unemployment through empirical investigation. Urban unemployment decreases as a result of trade liberalization and an increase in employment in the majority of exporting industries (Felbermayr *et al.*, 2011)&(Hasan, Mitra *et al.*, 2012). Thomas (2013) investigated the manufacturing sector's unemployed growth. Additionally, he discovered that employment creation happened in the unorganized sector, not in capital- and skill-intensive enterprises. The author identified several problems, including power shortages, limited loan availability, and currency and raw material price volatility, that act as a significant restraint to unemployment growth in Indian manufacturing.

### **3. Research Methodology**

The study is descriptive in nature. The data are gathered from secondary sources; no primary data are gathered. The study use tables and figures generated from World Bank data, Labour force survey data, Bangladesh Economic reviews for various years. For descriptive analysis, secondary data were gathered from economic reviews, published reports, Labor force surveys, various websites, newspapers, and journal articles on the subject of study.

### **4. Problem Statement**

Jobless growth occurs when an economy expands without a corresponding increase in employment. We can realize the fact that there is not a balance between economic growth and employment by considering the following issue:

#### **4.1. Labor Force and The number of jobs created**

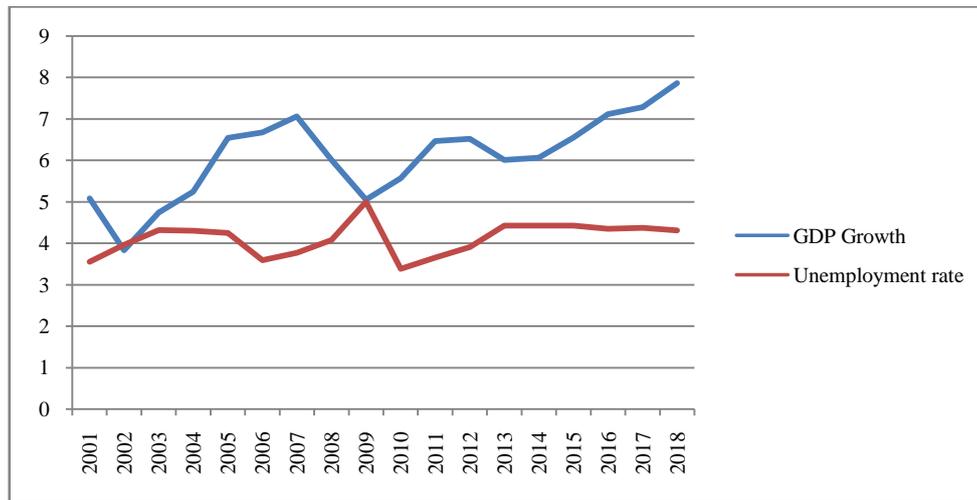
Bangladesh's GDP and per capita income are increasing; however employment is not increasing at the same rate as the GDP. Between 2013 to 2016-17, although annual GDP growth was 6.6 percent, yearly job growth averaged just 0.9 percent. Manufacturing employment decreased by 0.77 million, agriculture employment decreased by 1.1 percent, and female manufacturing employment decreased by 0.92 million (Raihan, 2018). Between 2013 and 2017, farm employment decreased by 1.1 percent, despite yearly output growth of 3.2 percent. Jobs in the industry increased by only 0.5 percent, despite a healthy 9.8 percent increase in output. Jobs increased by approximately 4% in the service sector, while output increased by approximately 6% (The Daily Star,n.d).

#### **4.2. Employment elasticity:**

Employment elasticity declined between the fiscal year 2005-06 and 2017-18. Employment elasticity was 0.55 between the fiscal year 2005-06 and 2009-10. It shrunk to 0.25 between the fiscal year 2010-11 and 2017-18 when the average growth rate of GDP was 6.6 percent (Byron, R.K, 2019). Elasticity values less than one suggest that job creation is not highly responsive to growth. Zahid Hussain, the former lead economist at the World Bank's Dhaka office, said: "Overall employment elasticity declined because the decrease in employment elasticity in agriculture and industry for outweighed the increase in employment elasticity in services."(Byron, R.K, 2019).

#### **4.3. Relationship between growth and Employment:**

According to Labour Force Survey 2016-17, the unemployment rate is 4.8% which is greater than. From 2001 to 2014 there is an inverse relationship between economic growth and unemployment which we can realize from the following figure. Since an expansion in economic activity is often required to reduce unemployment, there is an obvious contradiction in the patterns of these two variables. From the following figure, we can identify that economic growth didn't reduce the unemployment rate after 2014 to 2018 that is economic growth has no contribution to increasing employment opportunities (Figure-1). From the Correlation table in the appendix, the result shows a low degree of a positive correlation between economic growth and unemployment, which is the opposite of the negative relationship between the two variables. Simultaneous increases in unemployment and GDP growth can be explained in a variety of ways, including the presence of hidden unemployment, which occurs when a large proportion of unsuccessful job seekers give up looking for work and thus drop out of the labor force. Another reason could be that the informal sector is being used as an escape valve, with people no longer unemployed but the value of their productive effort not being captured in national accounts. This study aims to find out these problems and explanations of present employment situations by using labor force survey data of various years which is published by the Bangladesh Bureau of Statistics.



**Figure 1: Bangladesh: Growth and Unemployment rates, 2001-2018 (Percentages)**

Data source: World Bank.

## 5. Population, Labor Force, Economic Growth and Employment:

Bangladesh Bureau of Statistics (BBS) conducts the labor force survey to assess the overall situation related to employment which is essential for labor market analysis, policy formulation, and human resource development.

The Quantitative portion of this study focuses on the Labor force survey for various years. From table-1 in appendix, it is clear that the labor force increases rapidly where an economically active population above 15 years is 63.5 million in 2016-17. Among this, male 43.5 million and female 20 million. The labor force participation rate (LFPR) indicates the relative size of the labor supply available to produce goods and services at the moment. It is a critical metric for determining the labor market's progress. The labor force participation rate (LFPR) is defined as the proportion of people in the labor force to the total working-age population. Bangladesh's labor force participation rate was estimated to be 58.2 percent in 2016-17, as shown in table 3 of appendix.

Economic growth reflects the proportionate increase, not only in the production of goods and services, or the GDP, at constant prices. In addition, it helps to maintain a growing export and import trend in the country. Economic growth, on the other hand, should have a beneficial impact on people's quality of life evidenced in declining rates of death and childbirth and increased people's life expectancy and literacy.

The effect of an increase in GDP has a positive impact on the quality of life of the people as the social indicators presented at Table-5 in appendix. On the parameters, the growth of the country is appraisable that is realized from the table-4 in appendix. Gross domestic product has grown from TK billion 4823.4 to TK billion 10224.4. The growth trend increase from 6.67% to 7.86% in 2018. The Per-capita GDP of the country also increases from TK 34502 to TK 137518 in 2018. The other indicators like Gross capital formation, Gross domestic savings, and Foreign Exchange reserve have also shown increasing trends. But the surprising matter is that the growth does not show the remarkable result in the case of the employment sector (Figure 1 in appendix). The labor force increasing at an upward trend but employment opportunity did not create hopefully. The challenge is to create millions of jobs for increasing the labor force. So it is urgent to take the effective initiative that can be implemented overall on all sectors related to employment creation.

## 6. A probable solution to unemployment problem and jobless growth

There are many challenges in Bangladesh to overcome the problems of jobless growth such as the creation of new jobs, ensuring decent jobs, acceleration of economic diversification, enhancing youth employment, increasing female labor force participation and rising productivity of labor. The following steps should be taken to face the unemployment problem:

### 6.1 Training and development program for labor force:

The Decent Work Country Program (DWCP) in Bangladesh has four major goals and outputs which help to achieve the objectives of the 7th Five-Year Plan. First, efficient employment policies that boost employability by developing skills, including green growth, are the four key concerns.

## **6.2 A separate policy for a different sector of the economy**

Agriculture: It is very much important to change the structure of the agricultural sector. Because Bangladesh is an overpopulated country, the cultivation area is decreasing rapidly. So it is urgent to create something new in the agriculture sector. The following steps should be taken:

- ❖ Special training for rural youth
- ❖ Changing the method of cultivation
- ❖ Give incentives to the rural youth:

Some paper finds that rural people are not interested in agriculture because they get not facility like urban people and farming itself downgraded as an occupation. According to some evidence, young people are disinterested in farming and the rural future. In the majority of countries, youth unemployment and underemployment are significant problems, which are exacerbated in rural areas more than in metropolitan areas. In developing countries, small scale agriculture will be one of the important sources of employment, if we can make some policy to stimulate that sector and encourage youth people to engage this sector (White, 2012).

### **6.2 (A) Agriculture Sector and Employment**

Agriculture is critical in terms of job creation. According to the most recent Labour force survey (2016-17), the economically active population over the age of 15 is estimated to be 6.35 crore. Males account for 4.35 crores, while females account for 2.00 crores. Around 6.08 crore people work in a variety of occupations, with agriculture accounting for the biggest percentage at 40.62 percent. Even while the sophisticated economy depends heavily on industrialization, agriculture remains the driving engine for Bangladesh's economy. The share of agriculture in Bangladesh's GDP has fallen substantially over time, while agriculture's contribution to non-agricultural growth has increased. In the field of agriculture, there are still challenges such as enhancing agricultural productivity through the sustainable use of resources; enhancing productivity through research; commercializing diversification of agriculture towards high-value plants; addressing the challenge of climate change impacts. Therefore, it is very urgent to take proper initiatives to face these challenges, because agricultural production plays an essential role in Bangladesh's overall economic performance not only in terms of its contribution to GDP but also as an important source of foreign exchange income and employs a large proportion of the population.

### **6.2 (B) Manufacturing sector**

Husain,(2016)found the manufacturing sector as a major driver of GDP growth in Bangladesh. They established the applicability of the Cobb-Douglas production function in the manufacturing sector. The result revealed increasing returns to scale in the manufacturing sector which might help make investment decisions for the government as well as the private sector. This way, the manufacturing sector will play a vital role in employment generation.

### **6.2 (C) Female employment and manufacturing sector**

In the manufacturing sector, the overall gender balance is very positive. 2.79 million Employees are male (55.8 percent) out of 5.1 million and 2.2 million are female (44.2 percent). This was feasible because of the increased share of female workers in the most labor-intensive sector (RMG), which is 64% of total jobs (Moazzem and Halim,2019). Women's large entry into the job market was one of the most noticeable characteristics of Bangladesh's recent industrialization. The provision of cheap and readily accessible female workers has given Bangladesh a competitive edge on which the success of its export-oriented flagship, RMG, has been founded.

## **6.3 Female participation should be encouraged**

According to Zahid Hossain, a former chief economist in the World Bank's Dhaka office, a significant setback in the economic process has been the decline in female employment participation. By every indicator, their contribution to the economy was smaller in 2018 than it was in 2010. Female labor force participation has fallen during the last nine years, particularly in rural areas. “ Female unemployment grew to 1.2 million in 2018 from one million in 2010, while female employment fell to 16 million last year from 16.2 million in 2010.” (Byron,2019).As a result, it is critical to execute an effective employment strategy aimed at increasing female labor force participation. To increase female participation, the following steps should be taken:

- ✓ Increasing the availability of child care at companies.
- ✓ Expanding educational and training opportunities.
- ✓ Having maternity leave available.

- ✓ Increasing the growth of industries with a high proportion of female employees.
- ✓ Encourage family support, both mental and financial.
- ✓

#### 6.4 Four real-world ways to create more jobs

Amadeo (2020, June 12) summarized the following four real-world strategies for increasing job creation:

1. **Reduced interest rate:** A central bank can lower its interest rate in order to expand the money supply, which boosts liquidity and provides the bank with additional funds to lend. Consumers may borrow and spend more with cheaper credit, helping firms to expand to meet increased demand.
2. **Spend on public works:** According to a study conducted by the University of Massachusetts at Amherst, \$1 billion spent on public works created 19,975 employments. Public works generate jobs by putting people to work. For instance, the American Recovery and Reinvestment Act of 2009 ended the Great Recession by investing \$87 billion on shovel-ready infrastructure.
3. **Spend on Unemployment Benefits:** Unemployment benefits are the second most cost-effective solution. It generates so many employments because the unemployed are required to spend all of their benefits, which they typically spend on basics. Retailers and manufacturers respond to increased demand by expanding their workforces. Education is the third most cost-effective spending option. It generated 17,687 jobs for every \$1 billion spent.
4. **Eliminate payroll taxes on new hires:** Many people believe that eliminating payroll taxes is the ideal kind of tax reform because with less taxes and more wealth to spend, businesses and those in the upper income bracket may spend considerably more and generate much-needed new employment.

#### 6.5 Role of the Non-farm sector

The potential role of rural non-farm activity can remove the rural unemployment and underemployment. It has an impact on jobs and incomes on labor market formations.

#### 6.6 Formal employment and informal employment

*“Informal employment is a job-based concept and encompasses those jobs that generally lack basic social or legal protections or employment benefits and may be found in the formal sector, informal sector or households” (LFS-2016-17)*

We can get a real picture of the formal and informal employment by the analysis of the tables created from the information of the Labor forces Survey of Bangladesh in 2016-17 and 2015-16. According to Table 6 in appendix, informal employment dominates the country and is more prevalent in rural areas than in metropolitan ones. Informally employed workers account for a sizable proportion of overall employment in all sectors; in particular, they account for 95.4 percent of total employment in agriculture.

As shown in Table 7 in appendix, formal employment is significantly more prevalent among highly educated individuals. There is a positive correlation between higher education attainment and formal employment, which means that highly educated individuals are more likely to work in the formal sector. The informal economy contributes significantly to the Bangladesh economy in terms of job creation, income production, and contribution to overall economic output. The informal sector is critical both a source of employment and a sink for surplus labor. So the government should focus on strategies that would try to raise labor productivity in the informal sector and thereby boost economic growth.

#### 6.7 Outsourcing, Self-employment and Freelancing

Outsourcing an important area that can create revolutionary change in diminishing unemployment problem. Bose *et al.*, (2013) find Bangladesh as a leading outsourcing destination in the IT sector. They have mentioned in their paper that Bangladesh has a great potentiality to boost up outsourcing because now people can easily access WiMAX and 4G networks and the Government has taken a great initiative through promoting Digital Bangladesh. Outsourcing and freelancing have emerged to empower the youths. There are many freelancing and outsourcing market place where freelancers can easily get their relevant work according to their skill. Modern web and internet access to most of the country make enormous opportunities for young people to involve in freelancing jobs than sitting idle and wasting time.

### 7. Job creation strategy

It is formulated for skills development and job creation with higher productivity. For effective job creation policy following things should be concerned:

### **Developing skilled manpower**

It is very much essential for the development of a country. The government is implementing different types of development programs to accumulate demographic dividend by utilizing 67.6 percent of the active population. Bangladesh is the fourth position in the HDI list among the SAARC countries. The government is increasing public expenditure considering both the health and education sectors for human resource development.

### **Education and Technology**

The government passed the "National Education Policy, 2010" in order to establish a technical education system in order to foster the development of an educated, self-sufficient, scientifically minded, and dynamic nation. By 2020, 20% of schools and colleges will be enrolled in Technical-Vocational Education and Training (TVET), increasing to 30% by 2030. To encourage self-employment and entrepreneurship, educational curricula at all levels, particularly in higher education, should be redesigned (BER 2018).

### **Women Empowerment**

To ensure women empowerment government has taken different steps such as providing a stipend, granting free studentship, financial assistance for purchasing books, increasing amount of general scholarship and technical and vocational education scholarships, increasing reserve seat of women at the technical and vocational institute from 10 percent to 20 percent (BER 2018,Ch-12).

### **Policy Implication**

There are several policies related to the formation of new jobs that should be implemented as early as possible. Industrial policy is described in the policy framework section. Government should emphasize effective fiscal policy to create jobs.

## **8. Policy Framework**

Economic growth, development, as well as employment, mainly depend on the policy framework. This framework contains several policies like industrial policy, trade policy, fiscal policy, monetary policy, etc.

### **The industrial policy of Bangladesh**

The industrial sector contributed significantly to the GDP and its contribution has been steadily expanding in Bangladesh. Bangladesh's government is taking comprehensive measures to promote the development and flourishing of the country's industrial sectors, and as a result, the government announced the "National industrial policy-2016" with several objectives, including sustainable and inclusive industrial growth through the generation of productive employment to foster new entrepreneurs, and mainstreaming women in the industrial sector. The industrial policy for 2016 is characterized by infrastructure reform, diversification of the economic base, increased economic growth, job creation, income growth, and an increase in the standard of living. Appropriate solutions have been outlined in the industrial policy to accomplish the goal of becoming a middle-income country by 2021. Taking into account the private sector's contribution, all-out support is extended to private entrepreneurs. Because the private sector is critical to the country's industrialization in the face of intense global competition, the ministry of industries has acted as a facilitator, and the government has accepted private ownership as a means of attaining economic growth and creating jobs. To ensure the protection and fair pricing of agricultural products and to create jobs for a large number of unemployed people, additional efforts to construct agro-based companies are required. The necessary steps should be made to establish small, medium, and big companies in order to diversify job options beyond agriculture. Industrial policy has been fundamentally altered in light of these goals. To develop a distinct SME strategy that would offer entrepreneurs with the required guidance and strategic support for building SME industries, the government has taken the initiative of developing strategic guidelines for establishing SMEs across the country. Another critical component that contributes to the qualitative development of goods, cost-effective manufacturing, and faster customer service is the incorporation of ICT into industrial organizations. Thus, emphasizing and incentivizing the use of ICT in all sectors is a distinguishing aspect of the current industrial policy (BER-2018).

## **9. What factors accelerate employment opportunities?**

The following factors have a substantial effect on employment growth, according to the research review.

- i) **Technology:** Technology is one of the variables which can influence the degree of employment. By defining technology (i.e. skills, information and methods for manufacturing, utilizing and doing useful things),

- Stewart, (1974) explored how technology and jobs can be transformed in the light of the job difficulties and how these changes can occur in LDCs.
- ii) **Public-Private Partnership:** Adebayo & Ayegbusi, (2017) treated Public-private Partnership as a mechanism for employment creation in Nigeria, and this paper described about benefits of PPP such as prompt employment opportunity, increased investment, manpower capacity building, optimal utilization of resources, expert service accessibility and economic stability. Finally, the author concluded with the emphasis on the fact that PPP is the best measure to create employment opportunities.
  - iii) **Globalization:** Globalization increases specialization opportunities and broadens the technological menu available to enterprises through international technology transfers. Both of these characteristics raise the possibility of capital replacing labor. Globalization increases investment and prosperity, but leaves countries with a dysfunctional labor market (Berthold *et al.*, 2002).
  - iv) **Entrepreneurship development:** (Nkechi et al., 2012) investigate the problem of unemployment in Nigeria and emphasized on the entrepreneurship development and found a means of supporting entrepreneurship projects.
  - v) **Formation of new firms:** Huber, Oberhofer, & Pfaffermayr (2017) examined the impact of business size and age to overall net job creation in Austrian firms and discovered that young firms create more net jobs than older firms. Additionally, they recognized the critical role of firm exit in determining the total firm size and age effects on net job creation in the long run. The findings indicated that it is critical to understand business leave and entry in order to make effective policy suggestions for promoting overall net employment creation in Austria. Kirchoff & Phillips (1988) examined firm entry and exit data to determine the relative contribution of small and large firms to job growth in the United States and discovered that the formation of new firms is the primary driver of net increases in the number of firms and jobs, including entry jobs and expansion jobs. Additionally, they determined that small business formation is a substantial driver of economic growth and has a sizable impact on job creation.

## 10. Conclusion

Bangladesh has achieved remarkable progress during the last decade. Within this time, Bangladesh has reached to lower middle income developing country from a low income and least developed country. The rate of poverty declined to 21.8 percent in 2018 from 31.5 percent in 2009(BBS, 2018). United Nations has recognized Bangladesh as a developing country in 2018. According to the estimation of Bangladesh Bureau of Statistics GDP growth in fiscal 2017-18 is likely to be 7.65 percent, up from 7.28 percent a year earlier. Bangladesh government has envisioned a prosperous Bangladesh implementing several mega projects for driving GDP growth to 10 percent by 2021 said SaidaMunaTasneem, Bangladesh high commissioner to the United Kingdom (FE Report, 2019).

However, this economic growth has little impact on job creation. The slow growth of employment has raised skepticism on how far, and how quickly, Bangladesh's economy could productively absorb its large pool of surplus labor for attaining full employment. The major findings of this paper are the following:

- Although Bangladesh has achieved remarkable progress in Economic Growth, it has little impact on employment creation that means it has been facing jobless growth.
- There are several reasons are working behind unemployment problems such as lack of skill, job search mechanism, unavailability of job sector for highly educated people, cultural impact, lack of training, etc.
- Proper initiatives like training and development program for the labor force, proper job creation strategy, entrepreneurship development, the formation of new firms, etc. can help to increase employment.
- For unavailability of job vacancy for graduates, the Government should take vast projects to make them as skilled as becoming an entrepreneur so that need not depend on market jobs.

Economic growth without employment has many negative impacts on society; this issue needs to be solved promptly. However, not all of the issues surrounding unemployment can be resolved overnight.

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## Appendix

**Table 1: Labor force (Million)**

Labor force characteristics	2005-06	2010	2013	2015	2016-17
Economically active population(15+)	49.5	56.7	60.7	62.1	63.5
Employed Population(15+)	47.4	54.1	58.1	59.5	60.8
Unemployed Population	2.10	2.60	2.6	2.60	2.7

Source: Labor force survey 2013, QLFS 2015 and QLFS2017, BBS

**Table 2: Labor force (million)**

Bangladesh	2010	2013	2015-16	2016-17
Male	39.5	42.5	43.1	43.5
Female	17.2	18.2	19.1	20.0
Total	56.7	60.7	62.1	63.5

Source: Labor force survey, 2016-17

**Table 3: Labor force participation rate (%)**

Bangladesh	2010	2013	2015-16	2016-17
Male	82.5	81.7	81.9	80.5
Female	36.0	33.5	35.6	36.3
Total	59.3	57.1	58.5	58.2

Source: Labor force survey, BBS

**Table 4: Economic Indicators of growth**

Year	GDP at constant price (Tk in billion)	Per capita GDP(Tk.) at constant price	GDP Growth Rate at constant price (%)	Gross capital formation(% of GDP)	Gross domestic savings (% of GDP)	Foreign Exchange reserve(m,\$)
2006	4823.4	34502	6.67	26.1441	21.4366	3484
2007	5163.8	38773	7.06	26.1785	20.7474	5077
2008	5474.37	43719	6.01	26.2023	19.1894	6149
2009	5750.56	48359	5.05	26.2061	20.3324	7471
2010	6070.97	53961	5.57	26.2467	20.81	10750
2011	6463.42	61198	6.46	27.421	20.6221	10912
2012	6884.93	69614	6.52	28.2623	21.2238	10364
2013	7298.96	78009	6.01	28.3896	22.0361	15315
2014	7741.36	86266	6.06	28.5779	22.0899	21508
2015	8248.6	96004	6.55	28.8867	22.1585	25020
2016	8835.4	108378	7.11	29.6526	24.9777	30176
2017	9479	122152	7.28	30.5105	25.3293	33493
2018	10224.4	137518	7.86	31.2349	22.8348	32916

Source: Bangladesh Economic Review, Labor Force Survey, BBS

**Table 5: Social Indicators of Economic Growth**

Year	Population in millions	Life expectancy at Birth	Birth rate Per 000	Death rate Per 000	Literacy Rate %
2013	150.6(population census, 2011)	67.2	19.2	5.5	57.9
2014	155.8(estimated)	69.0	19.2	5.5	57.9
2015	156.8	70.7	18.9	5.2	62.3
2016	159.9	70.9	18.8	5.1	63.6
2017	158.9(2015, estimated)	70.9	18.8	5.1	63.6
2018	151.7	72	18.5	5.1	72.3

Sources: Bangladesh Economic reviews for various years

**Table 6: Formal and Informal employment by economic sectors**

Sector of Employment (percent)	Bangladesh(2016-17)		Rural(2016-17)		Urban(2016-17)		2015-16	
	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal
Service	28.2	71.8	25.7	74.3	31.8	68.2	27.8	72.0
Industry	10.1	89.9	9.4	90.6	11.1	88.9	9.2	90.8
Agriculture	4.6	95.4	4.5	95.5	6.5	93.5	2.0	98.0
Total	14.9	85.1	11.9	88.1	22.7	77.3	10.7	89.3

Source: Labor force survey (2016-17), LFS(2015-16)

**Table 7: Proportion of formal employment by education attainment**

Formal employment (%)	Male	Female	Total
None	6.5	4.0	5.6
Primary	13.0	5.5	10.8
Secondary	23.7	9.1	19.1
Higher secondary	35.4	20.2	32.0
Tertiary	48.0	49.4	48.3
others	12.0	2.9	11.3
<b>Total</b>	<b>17.9</b>	<b>8.2</b>	<b>14.9</b>

Source: Labor force survey (2016-17)

**Table 8: Correlations between GDP Growth rate & Unemployment rate**

		GDP growth	Unemployment rate
<b>GDP growth</b>	Pearson Correlation	1	.016
	Sig. (2-tailed)		.951
	Sum of Squares and Cross-products	17.641	.111
	Covariance	1.038	.007
	N	18	18
<b>Unemployment rate</b>	Pearson Correlation	.016	1
	Sig. (2-tailed)	.951	
	Sum of Squares and Cross-products	.111	2.871
	Covariance	.007	.169
	N	18	18

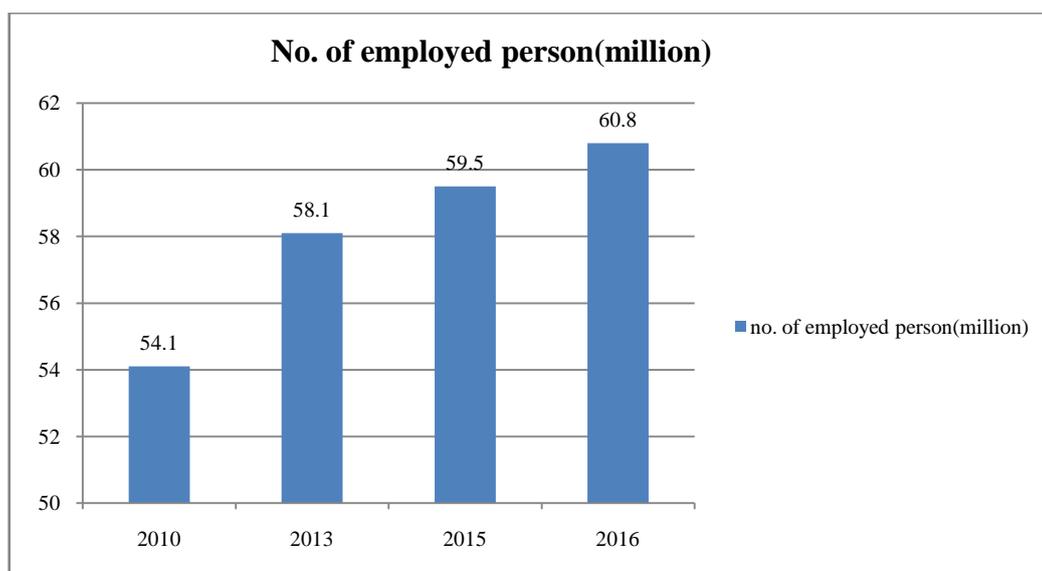


Figure 1: The number of employed person in Bangladesh, Source: BBS