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INTRODUCTION

Based on the policy analysis unit of Bangladesh Bank (2007) Bangladesh experienced a sharp economic growth in the recent decade and as an outcome of the recent economic growth the labor participation rate increased at a substantial rate. Ibid (2007) though believes that it didn't solve the problem of lack of deficiency of the labor market participation in terms of supply-demand balance of skillful labors. Ibid (2007) provides further information on the following issues: The total labor force grew by almost 9 percent from 2003 to 2007, there were almost 1.5 million new entrants per year within this time period, out of the total new entrants from 2003 to 2007 3.5 million were females and 5.2 million were male. Additionally, the rural labor force grew by 6.3 million and urban labor force grew by 2.5 million by this time (Ibid, 2007). All these information strongly indicate that the development of Bangladesh labor market was initiated at a larger pace long before the pandemic. Ibid (2007) then describes that 'Of the total employed labor force', 10.2 million were employed in the formal sector while 78 percent were employed in the informal sector. Ibid (2007) also mentioned that only 0.6 million new jobs were created in the formal sector from 2000 to 2006.

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Effect of COVID-19 on Bangladeshi Labor Market – A Literary Analysis

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I. INTRODUCTION

Based on the policy analysis unit of Bangladesh Bank (2007) Bangladesh experienced a sharp economic growth in the recent decade and as an outcome of the recent economic growth the labor participation rate increased at a substantial rate. Ibid (2007) though believes that it didn't solve the problem of lack of deficiency of the labor market participation in terms of supply-demand balance of skillful labors. Ibid (2007) provides further information on the following issues: The total labor force grew by almost 9 percent from 2003 to 2007, there were almost 1.5 million new entrants per year within this time period, out of the total new entrants from 2003 to 2007 3.5 million were females and 5.2 million were male. Additionally, the rural labor force grew by 6.3 million and urban labor force grew by 2.5 million by this time (Ibid, 2007). All these information strongly indicate that the development of Bangladesh labor market was initiated at a larger pace long before the pandemic. Ibid (2007) then describes that 'Of the total employed labor force', 10.2 million were employed in the formal sector while 78 percent were employed in the informal sector. Ibid (2007) also mentioned that only 0.6 million new jobs were created in the formal sector from 2000 to 2006. Accordingly, one may reach to this conclusion that the imbalanced supply and demand of labor was well existing even before the pandemic despite the huge expansion of the labor market and formal job sector was always lagging behind. Finally, according to Ibid (2007) a key challenge to the Bangladeshi labor market has been the decent growth of formal employment

opportunities with wage and self-employment deficiencies as well as lack of gender intensive growth for female workers. From the above, it is clear that the following challenges were pre-existing in Bangladeshi labor market before the pandemic arrived: Lack of gender equality, lack of formal job prospects, and poor wage growth for high skilled workers and also, supply-demand mismatch for high skilled workers. So it will be interesting to find out how deeply these issues can be magnified because of the recent crisis of Coronavirus.

II. BACKGROUND

Hossain (2021) delivers the data on the recent development of Bangladeshi labor market. According to Ibid (2021) the total number of labor market participants reached to almost 70 million just before the pandemic in 2020. Based on Ibid (2020) 79% of these 70 million were occupied in agriculture and service sector. Ibid (2020) further believes that although service sector dominated the labor market in terms of employment creation of around 40% both the agriculture and service sector failed to solve the deficiency of formal job creation as nearly around 72% of total employment in the service sector and 90% of the total employment in the industry sector were informal (Danish Trade Union Development Agency, 2020). Once again these information prove that the problems of formal job creation continued to be the main challenge in labor market even at the moment when the pandemic arrived. Ibid (2021) also described that more than half of the labor market jobs in Bangladesh were fragile without a formal contract (based on the ILO estimation). There are many other authors and research organizations that support the above notion, suggesting that the problem which long existed in Bangladeshi labor market are about to

become worse. Chief Economist unit of Bangladesh Bank (2021) believes that informal sector that dominates the Bangladeshi labor market is comprised of the following: day labors, unregistered and/or unincorporated private enterprises workers and almost 80% of the poorer households. So to Initially start with the pandemic effects on Bangladeshi labor market that was already in a vulnerable condition due to formal job deficiencies, one might definitely comment that Covid-19 added further vulnerabilities on the poor low wage, low skilled workers because of the physical restrictions. Hossain (2021) described these poor, low skilled, low wage workers as ‘marginal people’ in his paper. Hossain (2021) also believes that people specially those who were occupied in the informal sector lost their employment in both urban and rural areas and the success in terms of economic growth rate couldn’t prevail due to the proportion of ‘extreme poor’ who suffered badly. Hossain (2021) further added that because of the pandemic one might see the whole economy returning into a phase of overall inequality. In fact if the predictions of these authors are true then this will certainly give a further rise to the GINI-coefficient index which already stood as over 30% based on a recently published data by the World Bank (2016). One might be wondering what was the overall impact including both formal and informal works in the entire labor market? Amartya Sen’s entitlement theory argues that food security could be in jeopardy if capacity building is hampered (Omosa, 1998 cited via Hossain 2021).

III. FINDINGS

From literature review: Hossain described the following details that may well explain how capacity building was constrained due to this recent pandemic and as a result the basic necessities of the low-wage, low skilled labors including food securities can well deteriorate:

“The substantial progress in household income and poverty reduction during the last few decades is in a risk of being eroded due to income losses of the poor. The observed consequences of a sharp decline in demand for manufactured goods and services due to various control measures taken by

the government particularly from the informal sectors such as the agriculture, export-oriented ready-made garments and other such labour-intensive sectors of the economy have affected employment and livelihood of marginal people (Genoni et al., 2020). In addition, households engaged in informal services and labour-intensive activities such as construction workers, rickshaw pullers, day labourers and owners of small grocery stores are in a great danger of income losses due to slower demand and social distancing measures (Islam et al., 2020). It is estimated that COVID-19 has pushed 16.5 million people mainly rickshaw-pullers, transport workers, day labourers, street-vendors, hawkers, construction labourers and the employees of hotel, motel and restaurants back into poverty (Islam & Jahangir, 2020). Riaz (2020) found that 20 million people who solely rely on the informal sector jobs for their livelihood have already lost their jobs and become temporarily unemployed due to the measures taken by the government to contain the spread of the corona disease virus”

Further, according to Hossain (2021) the official unemployment rate in Bangladesh that is almost 4% and each year nearly 2.2 million educated unemployed join the unemployed rank will continue to suffer (Trading Economics, 2019). Ibid (2021) believes that even though the employed people are mostly occupied in informal sector (Maligalig et al., 2009) but unemployment situation will affect both the formal and informal sector of the country due to the pandemic and related control measures of the government for the following reasons:

- Ability to exchange Endowment: For example, the epidemic declined the purchasing power for urban migrant and hampered the kind of labour they sell (FAO, 2020).
- Due to various health related matters, the free movement of people in public transport was restricted as a result, labors who were employed in transport sector was hugely affected. The resultant situation decreased customers in transport sector by 56%, in the raw market by 41% and in shopping malls by

72% leading to either job losses arising from temporary lockdowns or permanent lay off.

- Shutdown of industries in small-medium enterprise sector caused 7 million job losses in (MSME) sector, 5 million jobs in the transport sector, 3 million jobs in the construction sector and an additional 3 million job losses in

the manufacturing sector either in temporary or in permanent terms (The Financial Express, 2020). Also, 10 million people have become jobless in the agricultural sector (Light Castle, 2020). So, in total job losses amounted up to 25 million.

Table 1: Estimates on total unemployment and number of individuals who were financially impacted due to COVID-19 in Bangladesh

Sources	Individuals unemployed (in millions)	Individuals who experienced a negative financial impact
World Bank	7	28
ADB	4	16
Policy research institute of Bangladesh	12	58
Center for research and information in Dhaka	6	24
CPD (Center for policy dialogues)		56
Power and participation research center		70
News Interviews		80

Source: Ahmed and Kamal, 2020 cited via Hossain, 2021

Additionally, the slum people in the city areas and the rural poor who rely on daily income for their everyday livelihood were hard hit in the following manner:

- The average income of 70% of Bangladesh’s total population who live in rural areas decreased by more than 80%. Among them, slum people lost 82% of their daily income while per capita daily income loss among the rural poor was 56 taka (\$0.67) which is a decline of 79% of their previous income (Kamruzzaman, 2020 cited via Hossain , 2021).

The pandemic also brought a huge negative effect on the migrant workers who are somewhat a larger part of the international labor market although it benefitted the domestic structure because of a positive remittance inflow. On a positive note:

Table 2: Remittance inflow in the domestic sector from Migrant labor sector during the pandemic

Source	Remittance Inflow (in billions, USD)
2016-17	12.46
2017-18	13.53
2018-19	15.54
2019-20	18.92
2020-21	18.02

Source: BMET, 2020 cited via Karim and Byomkesh, 2020

Karim and Byomkesh (2020) suggest that a large number of migrant workers were forced to return to the home countries because of the domestic lock down in the host countries. Further, Ibid (2020) mentioned that the entry to European labor market led to not only financial burden for these people but also gave a rise to social discrimination as well as psychological breakdown for the migrant workers and their families who were living abroad. However, the findings clearly suggest that most of these migrant workers while returning home due to temporary or permanent

lay off situation (in few specific cases there were also voluntary unemployment as many people wanted to see their loved ones for one last time fearing life loss) there was a sharp increase in the remittance inflow that kept the economic situation pretty much alive. Based on the figures, there is a strong reason to believe that many of these workers translated their life time savings into domestic currency before returning home. As a result, remittance inflow contributed positively towards both GDP and total active workforce of Bangladesh (Ali, 2014; BMET, 2020; Karim, 2020; Mannan & Farhana, 2014 cited via Karim and Byomkesh, 2020). Despite this positive effect one cannot certainly ignore the negative impact on the migrant workers during the pandemic. Based on the opinion of Hossain (2021), about 10 million Bangladeshi people who work abroad – nearly, half of them have returned to the country and still waiting to get back their jobs. They are having a hard time in re-entering the host countries due to travel ban (Palma, 2020). Access to the international labour market may further deteriorate because of decreasing price of oil resources as the demand for Bangladeshi workers in the Middle East is on a sharp decline (Mahmud, 2020 cited via Hossain, 2021). All these findings clearly indicate that a lack of access to international labor market especially for low wage, low-skilled migrant workers will create a negative pressure on the overall economy. Hossain (2021) also explained how the trade sector was negatively impacted by the Covid-19 situation: According to sources of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) that was mentioned in Hossain’s paper - there were many cancellations of international buyer’s orders, worth of almost US\$2.95 billion exports involving 933 factories (Reza et al., 2020 cited via Hossain , 2021). Additionally, Fair Wear (2020) cited via Ibid

(2021) reported that all these cancellations during April–December 2020 caused about a threatening situation for 2.3 million RMG workers (47% of the total sector employment) including permanent or temporary lay-off. What about the high paid formal workers? This picture doesn’t deliver very good news. Based on the information that is provided by Hossain (2021) the pandemic substantially led to limited sale and shortage of operative expenditures and as a result, salaries of the formal employees and workers faced a pay cut propping up the unemployment rate among the educated youth. Other than RMG sector, a lot of middle-income schoolteachers in both rural and urban areas lost their jobs due to institutional shut down or lack of number of enrolled students in the private institutions who couldn’t afford to pay their salaries. However, Ibid (2020) believe that researchers found the following effects of remittance inflow during the pandemic: repayment of loans, mass purchase of lands and houses, investment in farming and business in rural and village areas, community development making an overall contribution to the whole economy. Reviewing the above evidence, one may reach to this conclusion that a positive effect in the remittance sector took place during the pandemic. However, the evidences also provide the notion that a fear of spreading infections among the locals led to social discrimination in both domestic and international context. Further, some of them returned to extreme poverty because of the failure to repay the loan they secured from various employment agencies or individuals in order to bear the travel and other working visa related expenses.

Next, sector wise effects on the domestic labors from different authors and research organizations are provided in order to support the above findings:

Table 3: Literature review on the overall effects of the pandemic in the labor market (sector wise differentiations)

Source	Sector	Effects of pandemic
Chief Economist’s Unit Bangladesh Bank (2021)	Agriculture sector	The estimated data show that labor force in agriculture was down to 22.3 due to covid-19 shock Labor force declined by 12.2 million

	<p>Service sector</p> <p>Industrial sector</p> <p>Sectorial labor force by Gender (male and female)</p> <p>Migrant workers</p>	<p>Labor force dropped down to 26.1 million</p> <p>The compound annual growth rate in labor force participation was negatively impacted</p> <p>Loss of working hours, working visas and travel restrictions.</p>
Asian Development Bank (ADB , 2020)	<p>Human resource management sector - job posting in the following sectors:</p> <p>Textile</p> <p>Education</p> <p>Non-government organizations</p> <p>Manufacturing</p> <p>ICT</p> <p>Health sector</p>	<p>Reduced number of job posting and job applications especially during the period of January to April (2020) indicating lack of job creations, vacancy announcements as well as falling demand for goods and services. It may overcast the overall future for all incoming graduates in the labor market with a serious negative concern.</p>
ADB (August issue, 2020)	ICT sectors (positive impacts)	<p>Based on separate findings by ADB (2020) the pandemic didn't affect all sectors in the labor market equally, unlike the others ICT sectors are gaining some positive advantages. It benefitted both the global and local tech producers in terms of rising transactions and market share even in Bangladesh due to increased online purchase orders and higher usage of tech devices.</p> <p>Domestically business which is using innovative technologies such as online retail and food delivery, contactless delivery options, 3D printing companies for personal protective equipment, video conferencing applications such as Zoom, diseases tracking equipment (Mirza 2020) are exploiting well on the situation.</p> <p>However, based on the findings of Ibid (2020) there is a strong reason to believe that due to change in skill demand because of technological bias there is a possibility of U-shaped recovery in terms of employment distribution otherwise named as 'job polarization'.</p> <p>Further, based on the same sources of findings, this may lead to a widening gap in wage equality between employees with high and low skills. As a part of the process many manual and routine jobs may be replaced with a new job description. d (Goos, Manning, and Salomons 2014; Autor 2015 cited via ADB, 2020).</p>

		<p>Finally, it may also create displacement of low and middle-skill workers with lower working hours. Ibid (2020) also believes that with the growing platform of digital economic transformation many old skills are likely to become outdated and so it may create an effect of knowledge spill-over in education and training sectors for the future labors (Lovász and Rigó 2013; Ilmakunnas and Maliranta 2016 cited via ADB, 2020).</p>
<p>Mehdi Hussain, Tahmina Begum, Syeda A. Batul, Nastaran N. Tui, Md. N. Islam and Bashir Hussain</p>	<p>Labors in service sectors like health care industries</p>	<p>Hussain, Begum, Batul, Tui, Islam and Hussain (2020) believes that Healthcare workers in country like Bangladesh with limited resources such as medical equipments, constrained supply of drugs surfaced with a positive role even after their vulnerability of being exposed to the pandemic directly as front line workers. The findings also indicate that there was an increasing rate of infection in Bangladesh among many doctors and nurses who were exposed to severe illness despite taking a medical safeguard. It also resulted in higher monetary incentives and associated rewards for many formal labors in health industries for showing unconditional courage and bravery. In some cases, following the death events during the time of service delivery was compensated in monetary terms. These evidences indicate the level of precautions and responsibilities carried out by the government towards the front-line labors during this serious pandemic. However, the article also reveals about the lack of training experience, insufficient number of formal labors in health industries as well as lack of empathy from both producers and customers during the service delivery.</p> <p>For example, one might find numerous cases of lay-offs and corruption charges for negligence and lack of productivity. Precisely there is a strong reason to believe that labors in health care industries were under an extreme pressure situation from both positive and negative perspective.</p>

IV. CONCLUSION

On conclusive notes, one might be concerned about the following issues in regard to the labor market participation in Bangladesh during this pandemic:

- Paying attention to ‘Demand and supply mismatch’ of labor market in terms of job

creation and change in the required skill composition (transformation to digital platform, for instance)

- Focusing on both monetary and fiscal policies to take care of the reduced consumer spending due to lack of purchasing power and tendency of additional savings leading to overall effect on aggregate demand and aggregate supply of the economy, also affecting the growth of real wage

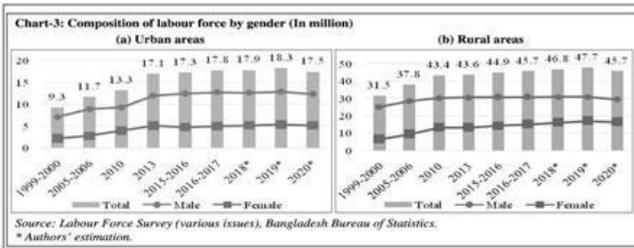
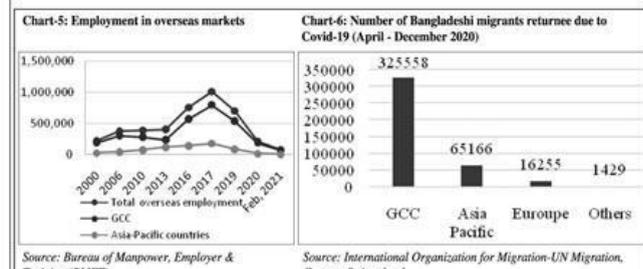
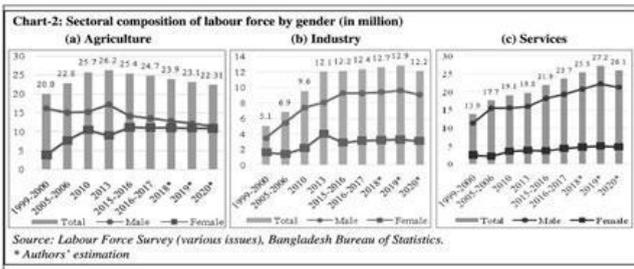
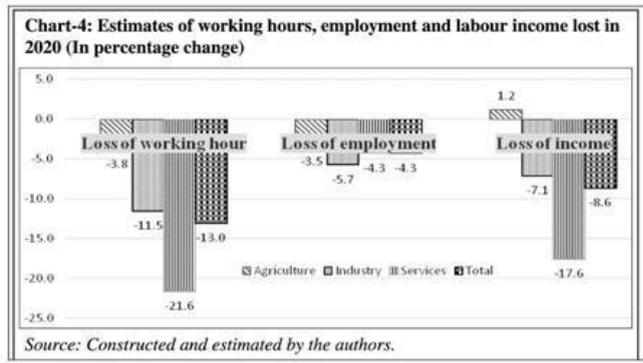
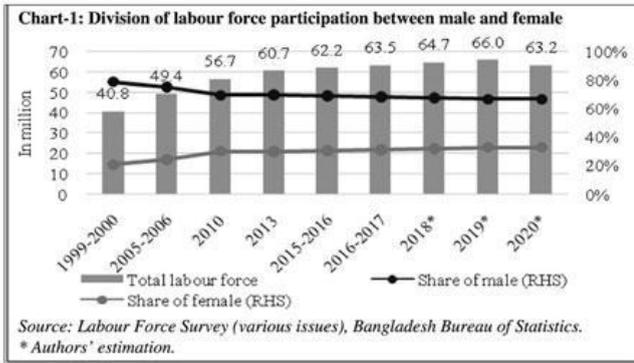
- Banks facing profitability crisis arising from non-performing and inefficient loans because of constrained producers in small and medium sectors. Literally, it will also affect the fresh and existing labor pools in the whole service sectors for banking and insurance companies
- Revival of labor participation in transportation and tourist sectors.
- Revival of demand side in manufacturing, RMG and construction sectors in terms of increased access to the global buyers, business operation expenditures and vulnerability of labor and formal or informal wage policies.
- Continuing to take care of female labor participation to eliminate the gender intensive inequality whether it's wage gap or employment opportunity
- Increased number of training participation for both health care workers and government officials to deal with mentally stressed economic agents and limited resources.
- Channeling more funds for entrepreneurs who are involved with business in rural areas or small and medium sized industries.
- Taking care of the agricultural sector workers: especially female and marginal workers and small landless farmers with reduced income who can't afford an expensive bank loan.
- Revising work conditions and work environments for participants in education sector.
- Revising human resource strategies for participants in multinational sectors in terms of providing flexible working hours, making a mental and productive adjustment to new working method (For examples, situations when workers are working from home due to health concerns), worker's legal protection from unanticipated or involuntary lay-offs or enforced and reduced salary structures.
- Taking care of the migrant workers by creating more access to foreign labor market.
- Reinforcing the ideas of health rules such as wearing masks and social distancing for labors that are bound to physical presence.
- Taking care of the livelihood of extremely vulnerable labors such as ricksawpullers, daily laborers and street vendors. Approving medical benefits, relief packages, and allowing increased access to social safety net programs for both unemployed educated youth and vulnerable, low skilled and low wage workers.
- Reinforcing the ideas to stop unethical practices by producers in health care and pharmaceutical industries in terms of pricing regulations and service distributions in order to create a positive image for workers who are occupied in these industries.
- Exploiting the opportunity on creating 'digital labor platforms' for participants in ICT sectors
- Attempting to increase the export horizon for locally produced tech devices or medical equipment suppliers which will certainly create additional number of jobs in the labor market. For example, Beximco exported locally produced PPE's in USA.

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APPENDIX



Year	Formal			Share (%)	Informal (self-employed, day labours)		
	Male	Female	Total		Male	Female	Total
1999-2000	8.4	1.2	9.6	24.7	22.7	6.6	29.3
2005-2006	8.6	1.6	10.2	21.5	27.5	9.7	37.2
2010	5.5	1.3	6.8	12.6	32.4	14.9	47.3
2013	5.7	1.6	7.3	12.6	35.6	15.2	50.8
2015-2016	6.7	0.6	7.3	12.2	35.1	17.2	52.3
2016-2017	7.6	1.5	9.1	15.0	34.6	17.1	51.7

Source: Md Salim Al Mamun, Raju Ahmed and Md Ezazul Islam, 2021

Chart-1 shows that the total number of labour force increased from 40.8 million in 1999-2000 to 63.5 million in 2016-17. This policy note estimates the number of labour force in the subsequent years and found 64.7 million and 66.0 million in 2018 and 2019, respectively. Considering the Covid-19 shock on employment, the labour force estimated was 63.2 million in 2020. A trend can be observed between the share of male and female labour force as female labour force showed a gradual increasing share from 21 per cent in 1999-2000 to 33 per cent in 2020, while that for male had been decreasing. Increasing share of female participation in the labour force implies more inclusive economic development, strengthening women's roles in mainstream economic activities. The labour force in urban areas increased from 9.3 million in 1999-2000 to 17.9 million in 2016-2017, while labour force in rural areas increased from 31.6 million in 1999-2000 to 46.8 million in 2016-1017. This write up estimates that urban and rural workforce decreased to 17.5 and 45.7 million in 2020, respectively, because of Covid-19 induced damages (Charts 3a and 3b).