

Measuring Decent Work in Bangladesh

The Decent Work Country Profile at a glance

What is Decent Work?

The **Decent Work Agenda** is a globally recognised framework for poverty reduction and inclusive development. It has four objectives:

1. Job creation – building an economy that fosters investment, entrepreneurship, skills development and sustainable livelihoods

2. Rights at work – ensuring recognition and respect for the rights of all workers and employers

3. Social protection – ensuring a safe and healthy workplace, an adequate work-life balance, income protection, and access to healthcare for all

4. Social dialogue – strong and independent workers' and employers' organizations to avoid disputes and build harmonious and productive workplaces

Decent work for all is also contained in **MDG Target 1b**, which has 4 indicators:

- Labour productivity growth rate
- Employment-to-population ratio
- Working poverty rate
- Vulnerable employment rate

It is also contained in **MDG 3, Promote Gender Equality and Empower Women** with a fifth indicator: the share of women in non-agricultural wage employment

This summary is part of a global ILO and European Commission project, **Monitoring and Assessing Progress on Decent Work (MAP)**

Summary

- Recent **economic growth** has been robust and has been accompanied with falling poverty, rising incomes and better educational and health standards.
- Bangladesh's **employment structure** has changed little since 2001, with almost half of all employment in agriculture. Industry is the fastest growing sector but still accounts for the smallest share of employment.
- Recent **labour productivity** gains have been modest and levels remain lower than in other Asian countries.
- **Educational indicators** have improved in recent years, with extended compulsory schooling and rising literacy rates. Almost 1 in 3 children remain out of school, however, and national school enrolment targets are yet to be met.
- Despite rising **labour force participation**, employment growth has failed to keep pace with GDP growth.
- **Unemployment** is low but highest among the least educated. One in four young people are both out of education and out of work.
- **Employment quality** is a persistent and growing concern. Both vulnerable employment and informal employment are high and rising, as are the shares of workers lacking stability and security in employment.
- **Women** have seen growing labour market participation and greater prominence among prestigious occupations, although they remain more likely to be unemployed than men. While the share of workers on low pay has fallen, particularly for women, gender wage inequalities still persist.
- **Child labour** –including its hazardous forms– has declined in recent years, with particularly positive results observed at the primary level.
- The growing prevalence of "**excessive hours**" of work threatens progress toward decent working time. Time-related underemployment has sharply increased for males and drastically declined for females.
- Despite rising government spending on healthcare in particular, the quality and coverage of **social security** schemes remain limited. Pension coverage is low at less than 4 per cent of the eligible population.
- Greater unity and professionalization of employer organizations has strengthened employer **representation**. Yet representation of workers is undermined by a low and declining union density rate.



Map: CIA World Factbook



The socio-economic context for decent work

GDP growth averaged around 6% a year since 2001

Poverty rates have fallen but remain high in rural areas

Structural change has been slow and labour productivity growth modest

Literacy rates are rising but around 30 per cent of children not in school

Maternal and child mortality rates have fallen and coverage of healthcare services have improved

Economic growth in Bangladesh has been robust for the past decade (averaging almost 6 per cent per year since 2001) and key development indicators have also improved.

Poverty rates have fallen by more than a third, coupled with improved educational and health standards. However, there is evidence of growing inequality (in terms of consumption) and poverty rates remain stubbornly high in many parts of the country (particularly in rural areas).

The inflation rate increased from 1.9 per cent in 2001 to 9.9 per cent in 2008 before falling back slightly in 2011 (8.8 per cent), in the context of increasing non-food prices and expansionary monetary and fiscal policies.

Structural change toward more productive activities, especially in industries and services has been slow between 2001 and 2010 (agriculture's share of total employment fell by only three percentage points and the industry's share rose by 2.6 percentage points) and this reflects in the modest recent gains to labour productivity.

To achieve middle-income status by 2021 (the national target), Bangladesh will need to raise and sustain economic growth whilst at the same time boost labour productivity and productive job growth in the economy.

Bangladesh has made considerable recent gains in education, and in 2010 enhanced the policy framework by extending free and compulsory education from five to eight years.

However, while literacy and enrolment rates are considerably higher now than their 1990s levels, the percentage of children not in school has remained high at around 30 per cent since 2001.

Health indicators are improving, with falling maternal and child mortality rates and increased coverage of vital healthcare services (such as births attended by health professionals and antenatal care coverage).

key stats

[all figures 2010 unless otherwise stated]

US\$685

GDP per capita

6.6%

GDP growth rate (2011)

8.8%

Inflation rate

43.3%

Poverty Rate (international US\$1.25 per day)

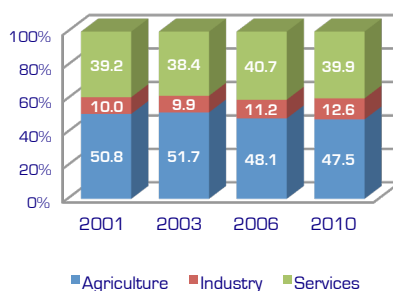
35.7%

Share of national income held by the richest 10% (employed persons, 2011)

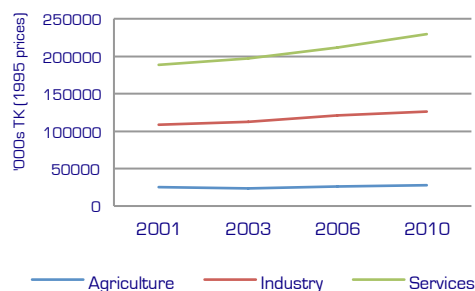
2%

Share of national income held by the poorest 10% (employed persons, 2011)

Employment by branch of economic activity, ages 15+, %



GDP per person employed ('Labour Productivity')



Labour force participation and the employment-to-population ratios have risen

Unemployment rates remain low, but highest among the least educated

Still-high levels of vulnerable and informal employment signify deficits in job quality

Women's shares in "prestigious" occupations have risen, but obstacles to gender equality remain

Women's unemployment rates have fallen but remain higher than for males

The challenge of creating decent jobs

Progress in terms of employment opportunities was mixed in the decade to 2010. Labour force participation rose by more than five percentage points to nearly 60 percent and the employment-to-population ratio also increased.

The unemployment rate has remained at between 4 and 5 percent, reflecting the fact most workers in Bangladesh cannot afford to be jobless.

Job quality is a major concern, with both vulnerable employment (i.e. the sum of own account workers and unpaid family workers) and informal employment (see earlier definition) both high and rising.²

Vulnerable and informal workers often face large decent work deficits, ranging from low wages and long working hours to economic insecurity and a lack of access to social protection and workplace representation.

Certain groups fair worse than others in the labour market. Unemployment is most common among the least educated, with 44 per cent of the unemployed having no more than a Class-V (i.e. primary) education.

Moreover, the share of young people both out of work and education has remained stubbornly high at almost 30 per cent since 2000, raising the risks of long term labour market detachment, poverty and social exclusion.

key stats (2010)

56.6%

Employment to population ratio

5%

Unemployment rate

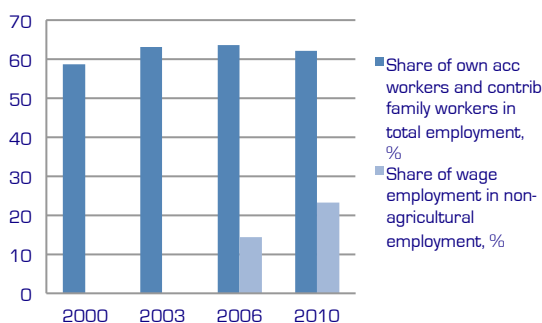
29.2%

Share of youth not in employment and not in education (NEET)

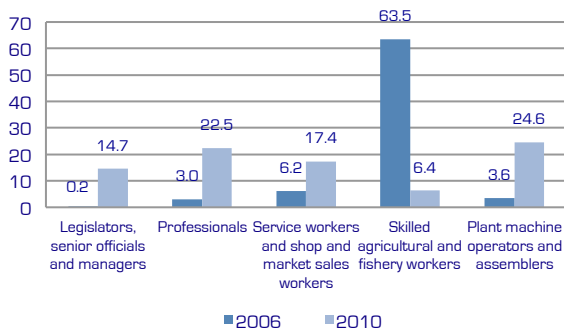
87.5%

Informal employment

Vulnerable employment and non-agricultural wage employment, ages 15+, 2000-2010



Female share of employment in selected occupations, 2006 & 2010



Rights at work

Recent years have seen some progress towards equal opportunity and treatment in employment, with a rising share of women in "prestigious" occupations such as legislators, senior officials and corporate managers.

Employment-to-population ratios and labour force participation rates among women also slightly increased between 1999-2000 and 2010, but in both cases they remain far lower than for men.

Women's unemployment rates have fallen significantly in the decade to 2010 but are still slightly higher than male rates. Unemployed women, meanwhile, are more likely to be uneducated (i.e. having no schooling or having not completed any level of schooling) than men.

Child labour has declined, but progress overall has been limited

Almost a third of children remain out of school, making them vulnerable to child labour

Real wages have increased but gender gaps remain

The proportion of workers on low pay remains high, with higher rates for women than men

Casual workers earn around two-fifths of the average wage of regular employees

Growing shares of workers are in "excessive hours", but time-related underemployment has also risen

Progress toward the elimination of child labour has been limited. The share of children working fell two percentage points between 2003 and 2006 to 15.2 per cent, while higher enrolment rates appear to have fed into falling child labour prevalence at the primary level in particular.

Hazardous child labour has also fallen by more than half over the same period (from 3 per cent of the child population to just over 1 per cent).

Despite this, the shares of children still out of school remain high (29 per cent), and unchanged between 2001 and 2010, despite some fluctuations in the intervening years.

Conditions at work and social protection

Earnings

Although both men and women have enjoyed average real wage increases in recent years and the share of workers on low pay (i.e. earning less than two thirds of the median wage/earnings) has fallen 4 percentage points since 2006, overall progress toward "adequate earnings" has been modest. Moreover, wage inequalities between men and women continue to persist.

Based on the limited available data, average monthly earnings have increased across the majority of occupational groups since 2006. The one exception is skilled agricultural and fishery workers, whose earnings declined by almost half. The largest gains (in earnings), meanwhile, came among more education-intensive occupations, namely "legislators, senior officials and managers", and "professionals."

There are also significant inequalities between casual and regular workers, with casual workers earning around two-fifths the average wage of regular employees.

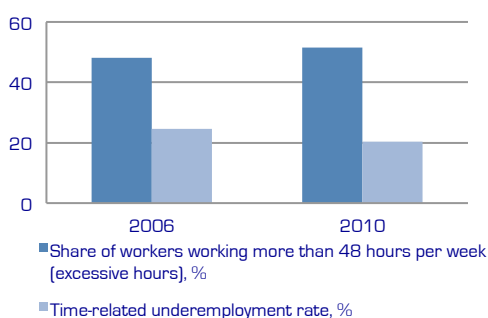
Decent working time

Bangladesh has made slow progress toward decent working time, with increasing numbers working "excessive hours" – i.e. more than 48 hours a week. Average weekly working time now exceeds the upper legal limit, and the general distribution of work

hours demonstrates that long hours are a reality for growing numbers of the employed. Excessive hours are more common among men than women.

At the same time, time-related underemployment – a measure of labour underutilization based around insufficient working time – has sharply increased for males although it has drastically declined for females.

Excessive hours vs time related underemployment, 2006 & 2010



key stats (2010)

F 81% **M 54%**

Vulnerable employment rate
[Total: 62.3%]

F 29.1% **M 9.6%**

Share of workers in
"precarious" (casual) work
[Total: 23.3%]

F 85.5% **M 92.3%**

Share of workers in informal
employment [Total: 87.5%]

10.9%

Female share of employment in
"prestigious" occupations (ISCO-88
groups 11 and 12)

24.35%

Gender wage gap

F 8.14% **M 19.6%**

Low pay rate [Total: 16.1%]

Long working hours may threaten workers' work-life balance, although legal provisions in this area are improving

Almost a quarter of employed persons are in "precarious" work, while informal employment is growing

Wage employment in the non-agricultural sector is rising, opening better possibilities for decent work

Non-fatal injuries in the workplace have declined, but there remain too few inspectors and data collection is poor

Social security is limited in both scope and coverage, although state healthcare spending has risen in recent years

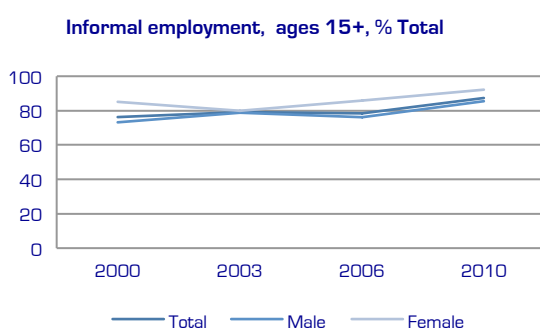
Combining work and family life

While the trends towards long working hours may point to a potential erosion of the work-life balance for many workers, a deficit of data makes it impossible to make accurate assessments in this regard.

The legal framework to safeguard the work-life balance, however, has improved in recent years, with longer maternity leave (extended from four to six months in the public sector) and greater availability of workplace childcare centres.

Stability and security of work

Large and growing shares of workers are in employment that lacks stability and security. Between 2006 and 2010, the share of precarious workers (i.e. casual and day labourers and domestic workers) rose three percentage points to 23 per cent, while the period 2000 to 2010 saw informal employment rise 11 percentage points to 87.5 per cent.



Coupled with rising vulnerable and informal employment, this underscores mounting concerns over employment quality in Bangladesh.

Despite this, some progress may be observed from the recent growth in non-agricultural wage employment, which as a share of total non-agricultural employment, rose nine percentage points from 2006 to 23 per cent in 2010.

Key decent work components such as decent working time, fair(er) working conditions, and better access to social security are often (but not always) more prevalent among wage jobs than non-wage jobs.

Safe Work Environment

Government policy has focused more on providing for safe workplaces through legislation such as the Bangladesh National Building Code (2006) and the National Council for Industrial Health and Safety (2009).

In 2011, there were more occupational health and safety inspectors than in 2001, while the 2003 to 2011 period saw a decline in the incidence of non-fatal workplace injuries (from 5.3 per 10,000 workers to 2.7 per 10,000 workers).

Conversely though, reported fatal injuries (death and permanent disability) have risen, from 219 in 2008 to 545 in 2011, and there are still too few safety inspectors - 0.3 per 10,000 employees.

Social security

Existing social security schemes are limited in both quality and coverage, while less than 4 per cent of the eligible population has pension coverage. What's more, there has been little improvement in the legal and policy context in recent years: the country still lacks, for example, a National Social Security System.

Despite this, government healthcare spending has increased and the gap between public and private spending is narrowing (in 2006, 56 per cent of total spending on health came from households, down from 64 per cent in 2000).

key stats (2011)

1403

Total reported cases of occupational injuries

0.33

Number of labour inspectors per 10,000 workers

3.3%

Share of population aged 60 and above benefitting from a pension

7.0%

Union density rate (% of total employment) (2010)

Workers' and employers' representation has increased in recent years, but union density is low and declining

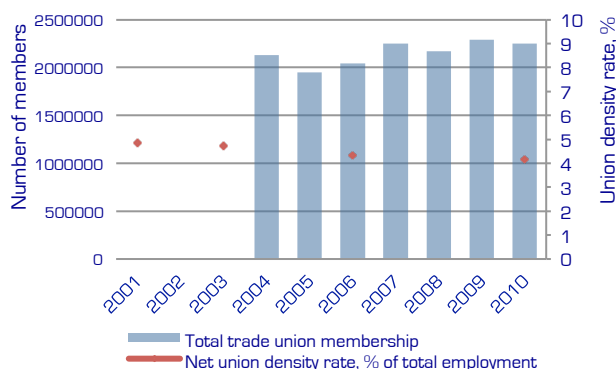
Strikes are becoming less frequent, but more expensive

Data on collective bargaining is lacking

Social dialogue

Employers' representation is rising with greater unity and professionalization of employers' organizations, while trade union membership has also risen more than 18 percent between 2001 and 2010. On the other hand, union density rate is low and declining, both as a percentage of total employment and total employees.

Trade union membership and net union density rate, 2001-2010



While strikes and lockouts are becoming less common, more workers involved in such incidents and more days are being lost.

Collective bargaining agreements remain difficult to assess due to a lack of data on coverage and quality of these agreements.

What next? Policy implications

(1) With robust economic growth, and an improving legal and socio-economic context for decent work, Bangladesh has great potential to expand productive employment opportunities. To realise this, however, it must pursue the following key **macroeconomic and industrial priorities**:

- Sustain GDP growth of between 6-7 per cent per annum, to absorb new labour market entrants
- Diversify its export base to reduce vulnerability to external shocks and make jobs creation more sustainable in the medium to long run
- Better leverage remittances for development towards higher investment, while strengthening protection of migrant workers.

(2) Greater focus on **expanding productive activities** in all sectors and on extending decent work components to informal workers will help tackle the predominance of low quality employment in the country. Expanding minimum wages in the formal sector (and ensuring they are "living wages") can have an important anchoring effect on informal sector wages.

(3) **Labour inspection** needs to be strengthened, since it is weak in the formal sector and quasi-absent in the informal sector, leaving millions of working people at risk of unsafe working conditions. In May 2013, following the Savar building collapse, tripartite partners agreed to reform the labour law and improve national safety plans in the garment industry, assess structural safety of factories and immediately relocate unsafe ones, and importantly, recruit 200 new labour inspectors within 6 months.

(4) Bangladesh still lacks a consolidated national **social protection system**. Social programmes of the future should go beyond crisis and disaster response toward building the core elements of a "social protection floor." The goal here should be to *universalise* access to basic healthcare and income security through both contributory and non-contributory schemes and transfers.

(5) Women in Bangladesh have played a vital role in the country's recent development, yet their economic and social potential remains hampered by low labour force participation, lower wages and high labour market discrimination. Realising **gender equity**, including enforcing equality legislation, is key to making growth more inclusive and equitable, and thus should be central to national development plans and policies.

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