

Graduate unemployment problem in Bangladesh: causes and the way forward

El problema del desempleo de los graduados en Bangladesh: causas y camino a seguir

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ABSTRACT

The unemployment problem accelerates the vicious severe circle of poverty that signifies the migration of young and unmarried people to urban areas. The unemployment rate, particularly, the graduate unemployment rate has significantly increased in recent years in Bangladesh. Noticeably, tertiary-level education produces millions of graduates from different academic fields who are sternly suffering from job crises that cause a high rate of graduate unemployment problem in Bangladesh. The Labour Force Survey (LFS)-2024 of The Bangladesh Bureau of Statistics (BBS) showed the unemployment at 3.65%, on the other hand, the unemployment rate among tertiary-educated youth increased to 27.8% cent in 2022 from 9.7 % in 2013 (World Bank-2024). Inevitably, to achieve Sustainable Development Goals (SDGs)-2030 and augment holistic development in Bangladesh, incorporating those youth into the country's workforce is a crucial need. From the above perspective, the question is "why do graduate of Bangladesh remain unemployed and their number is increasing day by day?" At the same time what possible initiatives can be taken to ensure employment for the graduate after their graduation? Through the critical study of contemporary literature, journals, professional magazines, and national and international print and online newspapers, the author aims to find out the main causes of graduate unemployment in Bangladesh and the possible initiatives to reduce this problem from the experiences of other countries. The author found some significant causes that impede the graduates getting job and showed some outstanding initiatives and approaches experienced from Japan, Malaysia, India, and Sri Lanka for sustainably ensuring graduate employment in Bangladesh. However, it suggests further empirical

research on the correlation among the causes of the graduate unemployment problem in Bangladesh.

Key words: Job market, Graduate unemployment, Structural mismatch, Demographic dividend.

RESUMEN

El problema del desempleo acelera el círculo vicioso y severo de la pobreza, lo que provoca la migración de jóvenes solteros hacia las zonas urbanas. La tasa de desempleo, en particular la de graduados universitarios, ha aumentado significativamente en los últimos años en Bangladés. Es notable que la educación de nivel terciario produce millones de graduados de diferentes campos académicos que sufren gravemente una crisis de empleo, lo que genera una alta tasa de desempleo entre los graduados en el país. La Encuesta de Fuerza Laboral (LFS) de 2024 de la Oficina de Estadísticas de Bangladés (BBS) mostró una tasa de desempleo general del 3,65%; sin embargo, la tasa de desempleo entre los jóvenes con educación terciaria aumentó del 9,7 % en 2013 al 27,8 % en 2022 (Banco Mundial, 2024). Inevitablemente, para alcanzar los Objetivos de Desarrollo Sostenible (ODS) de 2030 y fomentar un desarrollo integral en Bangladés, incorporar a estos jóvenes en la fuerza laboral del país es una necesidad crucial. Desde esta perspectiva, la pregunta es: “¿Por qué los graduados de Bangladés siguen desempleados y su número aumenta día a día?”. Al mismo tiempo, ¿qué posibles iniciativas pueden tomarse para garantizar el empleo de los graduados tras finalizar sus estudios? A través del estudio crítico de literatura contemporánea, revistas académicas, publicaciones profesionales y periódicos nacionales e internacionales, tanto impresos como digitales, el autor se propone identificar las principales causas del desempleo de graduados en Bangladés y las posibles iniciativas para reducir este problema basándose en las experiencias de otros países. El autor identificó algunas causas significativas que dificultan el acceso al empleo por parte de los graduados, y presentó algunas iniciativas y enfoques destacados, implementados en Japón, Malasia, India y Sri Lanka, para garantizar de manera sostenible el empleo de los graduados en Bangladés. No obstante, se sugiere realizar más investigaciones empíricas sobre la correlación entre las causas del desempleo de graduados en el país. Mediante el estudio crítico de literatura contemporánea, revistas especializadas y periódicos nacionales e internacionales, tanto impresos como digitales, el autor busca descubrir las principales causas del desempleo de graduados en Bangladesh y las posibles iniciativas para reducir este problema a partir de la experiencia de otros países. El autor encontró algunas causas importantes que impiden a los graduados encontrar empleo y presentó iniciativas y enfoques destacados de Japón, Malasia, India y Sri Lanka para garantizar el empleo sostenible de los graduados en Bangladesh. Sin embargo, sugiere realizar más investigaciones empíricas sobre la correlación entre las causas del problema del desempleo de graduados en Bangladesh.

Palabras clave: Mercado laboral, desempleo de graduados universitarios, desajuste estructural, dividendo demográfico.

INTRODUCTION

The unemployment problem has become a curse in third-world countries. Different institutions and organisations have defined “unemployment” in various ways. Normally, despite having qualifications, when a person remains workless, it is called unemployed. The Organization for Economic Co-operation and Development (OECD) defines ‘unemployment’ as the situation of specified aged people who are not employed but are available for work during the reference period (OECD, 2024). In addition, the International Labor Organization (ILO) states that individuals actively seeking employment for the past 30 days are unemployed. The Labour Force Survey (LFS) of the Bangladesh Bureau of Statistics (BBS) mentions that one who can manage his expenses in any way including a part-time, informal, temporary, seasonal, or casual job within the national territory or abroad, is not unemployed, but rather employed. From the above discussion, we can say that when an individual remains workless, although he/she has academic qualifications and is seeking

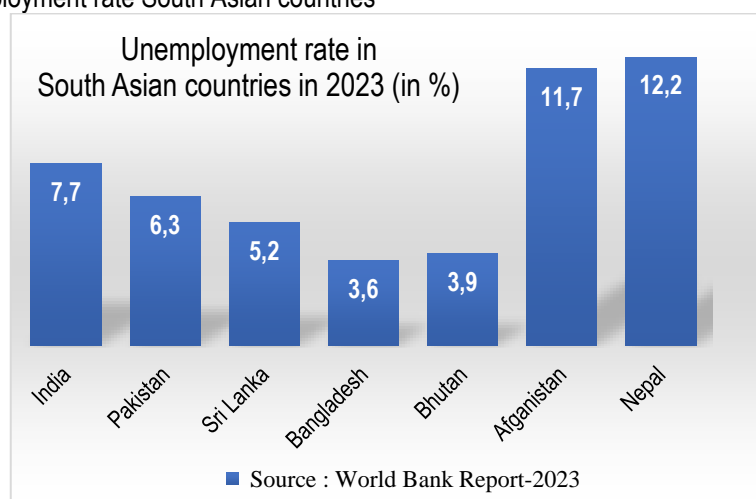
a job is unemployed. The World Bank (WB) measures unemployment in Bangladesh according to the number of people looking for a job as the percentage of the labour force.

In this measurement, the World Bank (WB) reported that the unemployment rate in Bangladesh is at 3.6% (Uzzaman, 2023). Secure employment is crucial for individual well-being, social stability, and economic growth that contributes to a cohesive and resilient society. Bangladesh is now enjoying a demographic dividend era which expects maximum employing facilities. At present, the country has nearly 26 lakh unemployed people with 21.46 lakh or almost 83% aged between 15-29 years, of them, 13.8 lakh are graduates. (Zaman, 2024). It is high time to explore the causes of the graduate unemployment problem which has become the most concerning issue to economists, policymakers and development partners in Bangladesh. This paper would like to find out the causes of the graduate unemployment problem and possible initiatives to solve this problem.

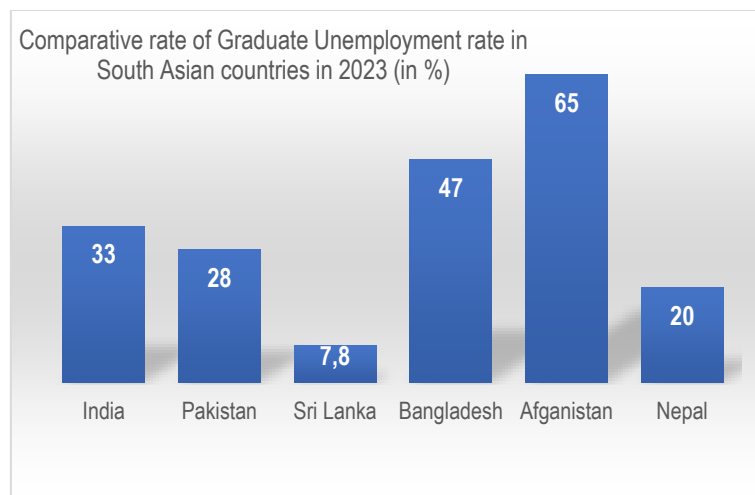
LITERATURE REVIEW

A skilled workforce is essential for sustainable development. Different studies show that, despite having many graduates, Bangladesh's job market did not find the required candidates to employ. Because, the existing graduates cannot meet the required technical and managerial skills in the labour market, increasing the unemployment rate among university graduates to about 12% (tertiary), the highest among all levels of education (LFS-2022).

Table 1. Unemployment rate South Asian countries



The below data shows that compared with other Asian countries Bangladesh has scored second (47%) the largest number of graduate unemployed, just after India's score (65%).



Although Ahmed (2023) found some graduates did not accept jobs because of their peculiar expectations regarding salary, working conditions, and so on. Because graduates are more interested in public Jobs for job security and social status. In this situation, over a million foreigners from India and Sri Lanka work in various industries in Bangladesh, including textile and information technology, only one-fifth of which are legally registered (*Foreign Worker Database, 2023*). This illegal worker penetration is frustratingly gearing up the cadaverous unemployment and causing noteworthy obstacles to Bangladesh's economic growth, social stability, and sustainable development. Ahmed (2021) found a lack of quality higher education as one of the several reasons for graduate unemployment in Bangladesh. Regarding the quality of higher education, Khanam et al., (2022) found a mediocre level of satisfaction among the students of Dhaka University (One of the top-ranked universities in Bangladesh), other universities' picture will be the same. Besides, COVID-19 has considerably affected the global economy and job markets, where Bangladesh has been severely affected.

Rashid & Islam (2020) have explored the impact of unemployment alike on graduates' mental depression, embarrassment, socioeconomic vulnerability, erosion of inner potentiality, degradation of personality, and frustration. They also found that self-esteem erodes due to peer group pressure and attitudes toward graduates. Even, due to severe graduate unemployment, guardians from an early stage of their children's education remain tense about the future of their children's careers. Hence, not only graduates and guardians but also junior students lose their motivation to become graduates and tend to go abroad at any cost as a labour force, irrespective of their quality, graduation, or literacy.

On the other hand., Haque (2019) observed that Bangladesh is in great trouble with unskilled labor forces that have been employed in many countries for a long time. Because some recipient countries have been in a race to send back unskilled Bangladeshi workers. Consequently, the problem arising from internal job scarcity and the returning of unskilled workers from abroad obviously create social instability in the long term that could assemble economic stagnation. Considering the above situation, the causes of the graduate unemployment problem in Bangladesh need to be extensively explored and found out the addressable way forward in the context of Bangladesh.

The author has critically gone through contemporary literature, journals, professional magazines, and national and international print and online newspapers to find out the key reasons for the unemployment problem, particularly the graduate unemployment problem. Firstly, it is essential to concretely find out the causes of the graduate unemployment problem in Bangladesh. For this reason, this article aims to explore the causes of the increasing graduate unemployment rate and to suggest effective initiatives for producing skilled graduates aligned with the fast-growing labour market.

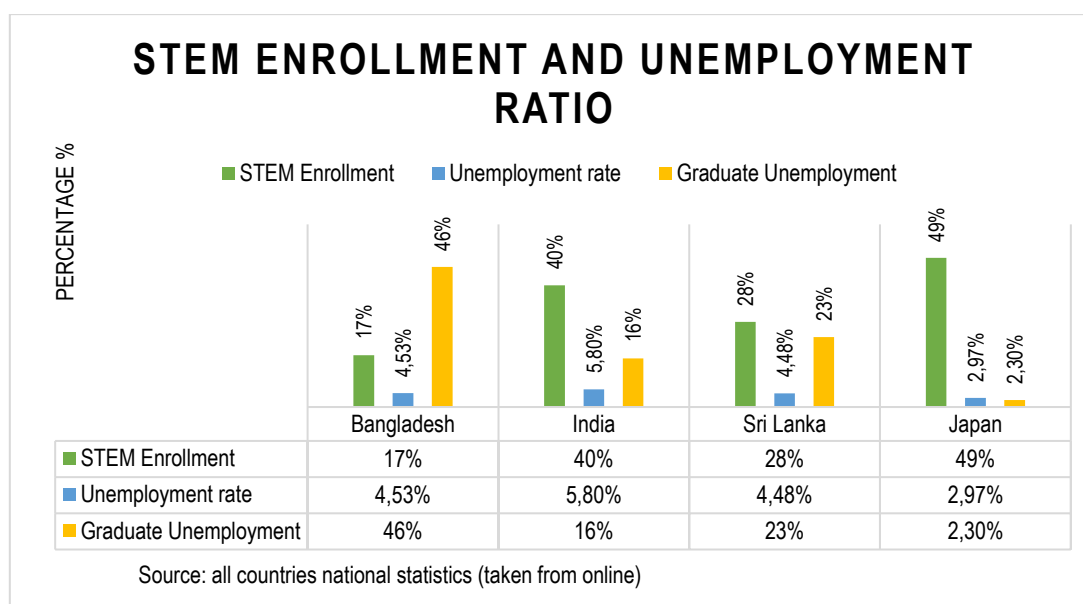
FINDINGS AND DISCUSSIONS

Many authors have identified different causes behind the deadly unemployment problem in Bangladesh, particularly graduate unemployment. From the perilous viewpoint of the existing literature, socio-economic conditions, some remarkable causes of the graduate unemployment problem and initiatives experienced from different countries have been mentioned to be considered.

Low enrollment in STEM fields

It is known that the competitive and trendy world strives for quality Science, Technology, Engineering, and Mathematics (STEM) education to support technologically rapidly advanced job markets. The statistics show that maximum STEM-enrolled countries have a minimum graduate unemployment rate. On the other hand, the minimum STEM enrolled shows a maximum graduate unemployment rate. Statistics from various countries show that the number of STEM enrolments significantly impacts ensuring graduates' employment.

Table 2. STEM enrollment and unemployment ratio



The table shows that 46% of the graduates of Bangladesh are unemployed. However, it can not be said thoroughly that increasing STEM enrolment can ensure employment, rather there need for other facilities like quality STEM education and available job opportunities concurrently. As Bangladesh is still lagging in scientific research and innovation, and related job fields, demand for STEM education is quite low. It has also been reported that inadequate scientific laboratory facilities, lack of financial resources, lack of training for trainers and large class size drastically hinder STEM education (Chowdhury et al., 2020). At the same time studying STEM fields is very expensive as well. For this reason, most students are reluctant to be admitted to STEM education. That's why, in Bangladesh, only 9 % of tertiary students are admitted to the STEM education fields (S A Chowdhury et. al, (2020). However, recently it has been reported that job opportunities for STEM degree holders have increased due to the growth of Information Technology (IT). In the case of developed countries, like Japan integrated Education-to-Employment (EoE) approach through the institutional linkage system has helped graduates adjust their career expectations. So, to ensure job opportunities for Bangladeshi graduates, the government has to think about ensuring

the quality of STEM education, increasing Job opportunities, and introducing an Education-to-Employment approach in education.

As it is found from the experience of India, Sri Lanka, and Japan the higher STEM enrollment, the lower graduate unemployment. So, STEM enrollment should be increased to help students cope with the rapidly changing dominance of science and technology in the future job market. The government must ensure the quality of STEM education and related facilities at the early childhood development stage and continue up to tertiary education. On the other hand, to improve STEM education, the government should provide adequate pedagogical training to the teachers that contribute to improvement in students' learning outcomes.

Structural mismatch unemployment

Structural mismatch refers to the gap between the skills that employers are looking for and the skills that employees have. According to Zimmer, (n.d.), when job seekers' educational level does not correspond to the profiles sought on the labour market is called structural mismatch education. Currently, private universities in Bangladesh allocate 40-45% of their programmes to STEM graduates, whereas public universities offer only 18-19% of engineering courses. On the other hand, the National University (UN) focuses primarily on non-technical fields such as social science, history and Islamic philosophy which have limited demand in today's job market. This mismatch leaves many national university graduates underprepared for the workforce, with statistics from Bdjobs (Online job vacancy portal) showing that 50-60% remain unemployed even five years after graduation. Lately, due to modern technological improvements in the economy, the structural unemployment problem has gradually increased. The works of Islam R (2023) and Islam. S, (2024) showed that there is a structural imbalance and a mismatch between job demand and skills of graduates in Bangladesh respectively that creates barriers to entering jobs. Dr Zahid Hussain said in an entrepreneur's report (*CDER Report*, 2020) that they did not find people to hire, although there are substantial unemployed graduates in Bangladesh. He again added that almost 75% of graduates hold inequivalent skills required for the job markets in Bangladesh. Consequently, despite being graduates and having job vacancies, in some contexts, graduates cannot claim jobs due to skill mismatch.

A comprehensive analysis has shown that Malaysian university graduates face unemployment problems because of skill mismatch, to address this issue, the Malaysian government attracted investors in vital sectors and collaborates with stakeholders like universities, industries, and human resources development programs (Razak Mohammad et al., 2014). Similarly, Sri Lanka's graduate unemployment rate has been attributed to a mismatch of skills, to address the problem, the universities of Sri Lanka inclusively incorporated the industry experts' suggestions to enhance the employability of the graduates (Wijayawardhana, 2019). Other study explored that Japan overcame the graduate unemployment problem by creating an institutional linkage between educational bodies and private firms through Employment Stabilization Offices (ESO). These linkages provided young job seekers with knowledge of the existing labour demand. In this sphere, like the above-mentioned country's approaches, Bangladesh can attract investors in vital sectors and collaborate with universities, industries and human resource development programmes to adjust graduates' skills and labour market demand. In addition, the government can promote a culture of innovation and entrepreneurship to generate employment and a culture of self-reliance and facilitation accordingly.

Gap between academic research institutions and industries

In this modern era, research and innovation create significant possibilities for achieving distinct quality, getting expected jobs and becoming self-employed. Ahmmed (2021) found Bangladesh's education system as the initial impediment of the massive unemployment where it only focuses on good grades instead of career-oriented skills development. For instance, one student can complete

a graduation degree without any research work or specialization in his field, and most universities don't emphasize skill-oriented quality education. As a result, Bangladesh's education system cannot sufficiently provide employable skills to graduates which accelerates the skills gap between the graduates and the demand for a fast-growing industrial world. Bangladesh's research outputs are still at a low level internationally, producing less than 1 patent per million of the population, much lower than India (17), Sri Lanka (22), Malaysia (77), and Singapore (21), ranked 137 out of 160 economies where Japan scores 6th position (Bangladesh Education Sector Review- 2019). Thus, lagging in research and innovations, graduates are thwartingly being compelled to move to non-technical, laborious jobs, resulting in massive graduate unemployment.

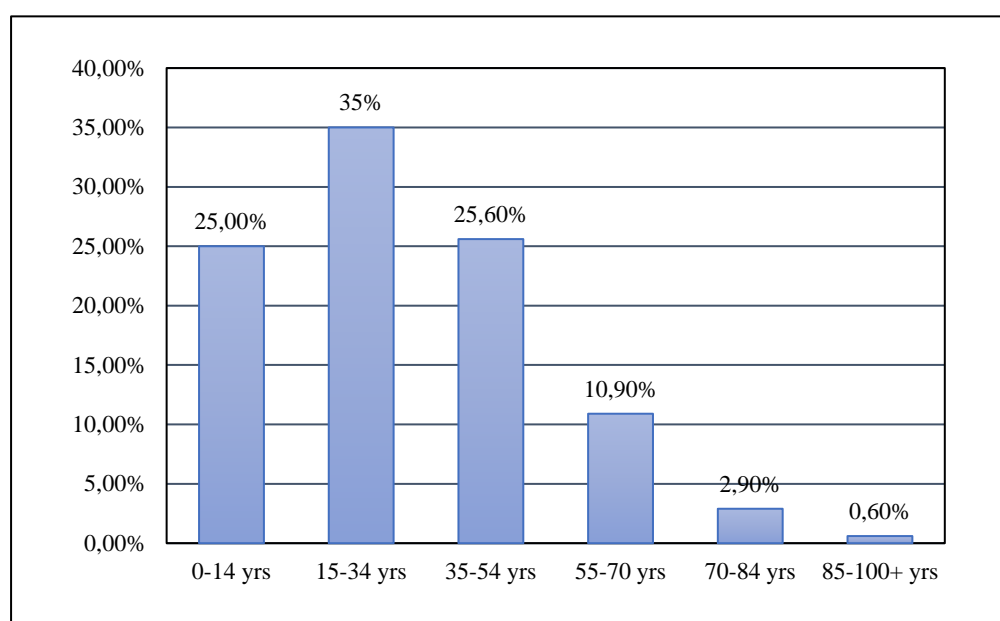
It seems that quality higher education (HE) and Human Resource Management (HRM) are given less priority regarding human resource development than other public sectors in Bangladesh. For research, innovation, and skill development, the Asian Development Bank (ADB) and The Swiss Agency for Development and Cooperation (SDC) provide financial aid to ongoing projects (i.e. NSSS, PKSF, SEIP). Regrettably, only a few universities like BRAC University, Bangladesh University of Textiles (BUTEX), East West University, Bangladesh Institute of Government and Management (BIGM), and Institute of Business Administration (IBA) are associated with the PKSF_SEIP project out of 171 tertiary education institutions in Bangladesh (Hossain, 2024).

If those donor agencies cut short the funding, the action plan might be hindered. To address the future financial crisis of the ongoing project, the programs should collaborate with remaining academic and research institutes, as well as industries in Bangladesh. Like Japan's "Education-to-Employment (EoE)" approach, Bangladesh's government can introduce a labour market-oriented, skill-based, competent education curriculum linkage from elementary to tertiary level education. Along with academic learning, the education curriculum can emphasize students' cognitive development and obtain soft skills, including adaptability, problem-solving, communication, etc.

Demographic dividend era

Bangladesh is now enjoying a demographic dividend period that will last hopefully until 2040. According to the Labour Force Survey (LFS) released by the Bangladesh Bureau of Statistics (BBS), the working population is 73.75 million out of which the total number of the youth labour force (ages 15-29 years) is estimated at 25.92 million. This change in demographic profile has shown that the proportion of the working-age population is now 65.53%, which was 60.62% in the 2011 census (Bidisha, 2022). Now, table 3 shows that 35% population are at the age of 15-34, and 25% are at the age of 35-54 who are significantly working age population (BBS, 2024).

Table 3. Demographic dividend of Bangladesh population



Source: Bangladesh Bureau of Statistics-2023

This demography represents a significant potential for economic growth, but challenges remain regarding employment opportunities and skill development (Hossain, 2024). Currently, the number of students at the tertiary level is higher than that of before. Statistics show that every year, more than 0.22 million graduates enter the job market for the first time (*The Financial Express*, 2023). Table 2 shows that almost 35% of the population is aged 15-34, and most of the graduates among them looking for good jobs. Although a small portion of them fulfil their expectation, the rest of them remain jobless (Hasan K. 2023). The government, NGOs, and INGOs have taken multiple initiatives to utilize the ongoing demographic dividend targeting youths such as the National Social Security Strategy (NSSS), skill development training by the Palli Karma-Sahayak Foundation (PKSF), Skills for Employment Investment Program (SEIP) financed by the Asian Development Bank (ADB), etc. Despite these initiatives, the significant number of workable populations unexpectedly has become a curse in Bangladesh's inadequate vulnerable job market instead of a blessing. In keeping with the increasing demand, the government cannot create job opportunities for graduates due to poor economic conditions and a lack of expected coordination among the stakeholders in the job market.

In this spectrum, the Government can take some immediate measures to address the already-graduated youth and fit them into the job market. It has been reported that “The Skills-21 Project” has supported the TVET (Technical and Vocational Education Training) institutes in seven different locations throughout the country aiming to offer competency-based training, industry engagement, green skills, career guidance, and job placement help (International Labour Organization (ILO), 2023). To facilitate the unemployed graduates immediately entering into the job market and to harmonize qualification pathways across both technical and formal education, the project should strengthen, and promote replicate down to the local level in Bangladesh. On the other hand, National Youth Development Authority (NYDA) can offer training aligned with the job markets’ demand and motive to be entrepreneurs with easily accessible financial support accordingly.

CONCLUSION

Generally, graduates are treated as the potential skilled human resources of a country. The window of demographic opportunity will close around 2040 and a huge number of graduates will

enter into the job market. The author found that tiny STEM enrollment, structural mismatch in education, and lack of collaboration among universities, industries, and human resources development programs are the main causes of the persisting worst upward trend of graduate unemployment in Bangladesh. I have become an immediate challenge for Bangladesh. In this situation, the policymakers can collaborate with stakeholders like universities, industries, and human resources development programs to enrich the academic course content for the employability of the graduates. At the same time, the study also suggests increasing the quality of STEM education by adopting the labour market-oriented competent 'Education to Employment (EoE)' curriculum approach to facilitate graduates in job-specific internships. However, there is no way to create maximum job opportunities for graduates to address the severe graduate unemployment problem. Therefore, like Japan, Malaysia, and Sri Lanka governments, the Bangladesh government can attract investors in vital sectors by developing an "ease of doing business index" and "efficiency of legal framework index," which would gain investors' confidence. Finally, the author suggests academicians conduct further research on the correlation among graduate unemployment, STEM education, research and innovation, structural mismatch etc to find out the more effective initiatives to overcome this problem.

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