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Posted Date: 14 January 2026

doi: 10.20944/preprints202601.1063.v1

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Article

Youth Unemployment & Job Crisis: A Situation Analysis and Way Forward

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Abstract

Youth unemployment in Bangladesh constitutes a persistent structural challenge that undermines inclusive growth and the effective utilization of the country's demographic dividend. Although educational attainment has increased over the past decade, labour market absorption has not kept pace, resulting in rising unemployment, underemployment, and high NEET rates among young people. Existing literature attributes these outcomes to skills mismatch, limited diversification of the economy, weak coordination across employment-related institutions, and significant gender-based barriers. This paper conducts a situation analysis grounded in recent empirical studies, labour force data, and policy reports to assess the underlying determinants of the youth job crisis. It further examines the implications of governance constraints, labour market informality, and post-pandemic disruptions. Based on the evidence reviewed, the paper outlines strategic policy directions, emphasizing strengthened TVET systems, improved labour market information frameworks, targeted gender-responsive interventions, and enhanced multi-agency coordination. The findings underscore the need for comprehensive and sustained reform to ensure productive youth engagement in Bangladesh's labour market.

Keywords: youth unemployment; labour market; skills mismatch; job crisis; TVET; labour market information systems; structural transformation; gender disparities; informal employment; employment policy

Introduction

Youth unemployment has emerged as one of the most critical socio-economic challenges in Bangladesh. Despite robust macro growth, large numbers of young people enter the labour market each year without finding decent work; the phenomenon is compounded by skills mismatches, gender gaps, and a large informal sector (UNICEF, 2019). High unemployment among educated youth, a widening skill mismatch, and slow job creation have intensified concerns regarding the country's ability to transform its youthful population into a productive workforce. According to Statista, Bangladesh's youth unemployment rate has fluctuated between 10–12% in recent years, significantly higher than the national unemployment average. Although official figures may appear moderate, multiple studies stress that underemployment, discouraged job seekers, and informal work insecurity paint a far more concerning picture.

Literature Review

Youth unemployment in Bangladesh has been widely examined across academic, policy, and development literature, revealing consistent themes such as skills mismatch, structural barriers, gender disparities, and labour market informality. The Bangladesh Bureau of Statistics (BBS) Labour Force Survey (2022) indicates significantly higher unemployment among youth compared to adults, reflecting difficulties in school-to-work transition and limited availability of decent work opportunities. The International Labour Organization (ILO) similarly reports that youth face 2–3

times higher unemployment risks due to demand-supply imbalances and low-quality job creation in the economy. A dominant strand of literature highlights the skills mismatch problem. BRAC Institute of Governance and Development (BIGD, 2021) and CPD policy studies note that formal education in Bangladesh often lacks practical orientation, leading to a gap between employer expectations and graduate competencies. Rahman et al. (2021) argue that “educated youth unemployment” has increased because tertiary graduates prefer formal sector jobs while the economy still generates most employment in low-skilled informal activities. World Bank (2019) evaluations of PKSF youth employment programs emphasize that job-linked, competency-based training, particularly when combined with apprenticeships, significantly improves employability. Gender disparities form a substantial component of the literature. UNICEF (2019; 2024) reports show that young women experience higher NEET (Not in Employment, Education, or Training) rates due to restrictive social norms, household responsibilities, and safety concerns. Studies also highlight that female labour force participation stagnates despite improvements in access to education, indicating persistent structural and cultural constraints. Moreover, reports from Time Magazine, UNICEF document how the pandemic intensified youth vulnerability, causing reverse migration, job loss in urban informal sectors, and increased child and adolescent labour. The economic shock heightened competition for limited jobs and reduced hiring in export-oriented industries. Another important theme is structural transformation and demographic pressure. World Bank reports emphasize that Bangladesh is experiencing a demographic dividend window, yet the economy must create millions of new jobs annually to absorb entrants to the labour force. Most employment remains informal, low-wage, and unstable, limiting youth mobility into productive sectors. World Bank Climate-related studies add that heat stress and climate vulnerability may further depress labour productivity and reduce job creation. Policy-oriented literature focuses on government and NGO interventions. UNICEF’s SKILFO initiative, government skills councils, and donor-supported programs aim to modernize TVET, digitize training, and improve job matching. Evaluations of these programs such as those by the World Bank and PKSF show positive outcomes when employer engagement, mentorship, and placement services are included. However, scalability, quality assurance, and coordination across ministries remain persistent challenges.

Situation Analysis of Youth Unemployment & Job Crisis

Background

Bangladesh has experienced substantial demographic growth, with nearly one-third of its population classified as youth. Over the last two decades, enrollment rates in secondary and tertiary education have expanded rapidly. However, labour market absorption has not kept pace with this educational growth. Traditionally, the economy has depended on informal employment, low-skill sectors, and export-oriented industries that offer limited opportunities for graduates, resulting in a pronounced mismatch between the skills acquired by young people and those demanded by employers.

National Statistics & Trends

The Bangladesh Labour Force Survey (LFS 2022,2023) provides the authoritative national labour statistics. Recent LFS rounds and ILO analyses show that youth unemployment remains substantially higher than the general unemployment rate; estimates in different publications range from roughly 8% (LFS 2022, youth 15–29) to double-digit estimates depending on measurement. Urban youth and young women face higher unemployment and NEET rates than their rural and male counterparts. Media coverage of the LFS reporting noted roughly 1.9 million unemployed youth, illustrating the sizable absolute numbers affected

Demographic Transition and Labour Market Pressures

Currently, Bangladesh is undergoing a demographic dividend, with over 40% of its population aged between 15 and 29 years (World Bank). While this demographic structure presents significant economic growth potential, insufficient job creation threatens to undermine this opportunity. Annually, approximately two million young individuals enter the labour market, yet job creation falls markedly short of meeting this influx. According to the International Labour Organization (ILO), the pace of economic diversification and employment generation remains inadequate to absorb the expanding labour force.

Economic Slowdown and Post-Pandemic Labour Market Challenges

Recent macroeconomic challenges including high inflation, declining private investment, reduced export competitiveness, and weakening performance among small and medium-sized enterprises (SMEs) have exacerbated job scarcity. Reports such as those from *The Daily Star* highlight the widening phenomenon of a “job-scarce economy,” particularly impacting educated graduates. Structural constraints, including declining manufacturing sector dynamism and sluggish formal-sector growth, further limit employment opportunities.

Key Drivers of Youth Unemployment

Research across Bangladesh’s public sectors indicates that persistent youth unemployment and job market challenges stem more from institutional and managerial weaknesses than from a simple shortage of resources (Khaled, 2025). Studies on governance highlight that inadequate strategic planning, weak inter-agency coordination, and fragmented policy implementation previously observed in health, education, and administrative sectors (Khaled, 2015, 2016) are also evident in employment generation and skills development initiative. Applying structured, business-like strategic management is essential for youth employment programs, which require effective collaboration among ministries, training institutions, industries, and local government bodies. Consequently, the difficulties Bangladesh faces in addressing skills mismatch, job placement, policy enforcement, and scaling youth training programs reflect broader systemic governance deficiencies that hinder the country’s ability to respond effectively to the youth job crisis.

Skills Mismatch & Quality of Education

Employers frequently report difficulty finding job-ready graduates while formal education often lacks practical, market-aligned training. Technical and Vocational Education and Training (TVET) under-provision and poor linkages between training and employers are repeatedly cited.

Rapid Labour Force Entry & Structural Transformation

Each year nearly 1–2 million young people join the workforce; the economy must create sufficient quality jobs in industry and services to absorb entrants. Although Bangladesh’s economy has diversified, informal and low-productivity jobs still account for large employment shares (UNICEF; World Bank).

Gender & Social Constraints

Female labour force participation and female youth employment exhibit notable gaps: social norms, household responsibilities and safety/transport issues reduce women’s labour market access and increase NEET rates among young women.

Macroeconomic Shocks & COVID Impacts

The COVID-19 pandemic caused job loss and reverse migration, which affected youth employment in urban sectors and increased pressure on rural labour markets; recovery pathways remain uneven.

Climate Risks & Productivity Loss

According to World Bank, climate shocks and heat stress have real productivity costs for workers and can depress labour supply in certain sectors, an emerging constraint for job creation and decent work prospects.

Way Forward: Strategic Recommendations for Preventing Unemployment & Job Crisis

Addressing youth unemployment in Bangladesh requires coordinated, evidence-based strategies that simultaneously strengthen labour supply capabilities and expand productive employment opportunities. With coordinated action, Bangladesh can leverage its demographic dividend and ensure a more inclusive and productive youth labour market.

Reforming and Scaling Technical and Vocational Education and Training (TVET)

Research consistently shows that employer-linked training, competency-based curricula, and structured apprenticeships significantly increase job placement. Therefore, TVET institutions should integrate industry participation in curriculum development, ensure regular skills forecasting, and mandate workplace-based learning to reduce skills mismatch.

Gender-Responsive Interventions

Since young women face disproportionately high NEET rates, policies should include safe transportation options, childcare support during training, flexible training schedules, and targeted outreach to families and communities. Evidence from BRAC and UNICEF programs demonstrates that these measures substantially improve female participation in both skills training and formal employment.

Strengthen Active Labour Market Programs

International experience highlights that wage subsidies, internship programs, and entrepreneurship support are most effective when combined with mentoring and follow-up services. Establishing a national system for tracking training graduates, documenting outcomes, and adjusting program design based on evidence can enhance long-term effectiveness and ensure that public investment delivers measurable results.

Emphasis on Digital Skills & Emerging Sectors

The growth of ICT services, e-commerce, and green economy jobs creates opportunities for youth, especially in urban areas. Government-private sector partnerships can expand access to digital literacy, coding, freelancing skills, and climate-resilient occupations. Stronger coordination between government and the private sector is essential for aligning educational outputs with labour market needs (Khaled, 2012). Bottom of Form Linking youth to online job platforms, micro-internships, and remote work opportunities can help ease geographic and mobility constraints.

Strengthen Labour Market Information Systems

A unified, real-time platform that aggregates job vacancies, skill requirements, and sectoral trends would help youth make informed career decisions and allow policymakers to anticipate demand. Accurate labour data also supports curriculum updates and reduces friction in the job-matching process.

Social Protection & Financial Inclusion

Cash-plus-skills models, start-up grants for youth entrepreneurs, and subsidized credit for small businesses can reduce financial barriers to productive job search or self-employment. Such measures are especially important for marginalized groups, including rural youth, youth with disabilities, and low-income households.

Conclusion

Youth unemployment in Bangladesh represents a multidimensional challenge shaped by demographic pressures, slow structural transformation, persistent skills mismatch, and systemic governance weaknesses. Although the country has made progress in expanding education and introducing a range of training and employment initiatives, these efforts remain constrained by limited coordination, inconsistent program quality, and inadequate alignment with labour market needs. The consequences are reflected in high NEET rates, gender disparities, and growing frustration among educated youth seeking stable and meaningful employment. Addressing the crisis requires more than isolated interventions; it demands an integrated national strategy that strengthens education-to-employment pathways, enhances institutional accountability, and promotes private sector engagement. Effective implementation of TVET reforms, improved labour market information systems, gender-responsive measures, and evidence-based Active Labour Market Programs can play decisive roles in reducing unemployment and improving job readiness. At the same time, prioritizing digital skills, entrepreneurship support, and climate-resilient job creation will help prepare youth for the future economy. Ultimately, tackling youth unemployment is both an economic necessity and a social imperative. With coordinated action, stronger governance, and sustained investment in human capital, Bangladesh can leverage its demographic dividend and create a more inclusive, competitive, and resilient labour market for its young population.

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