

Is graduate unemployment rate really 47%?

M. NIAZ ASADULLAH

British Council sponsored report on graduate unemployment in South Asia, published earlier this year, has generated a media storm in Bangladesh. Prepared by the Economist Intelligence Unit (EIU), the report ranks Bangladesh above India, Pakistan, Sri Lanka and Nepal in terms of employability of local graduates. As per estimates presented in the report, nearly 5 out of every 10 graduates in Bangladesh are unemployed (against 3 out of 10 in India and Pakistan). The report partly attributes graduate unemployment problem to the region's fast expanding but poor quality private education sector and use of outdated curriculum in public universities.

Graduate unemployment is not unique to countries like Bangladesh. Japan has for many years suffered from rising graduate unemployment. In South Korea, a country with very high university enrolment rate, the number of economically inactive graduates is over 3 million. In Singapore, graduate unemployment rate was reported to be 3.6% in 2013 against the average unemployment rate of around 2%. However, the EIU-BC estimate of 47% against Bangladesh's overall unemployment rate of 5% is extremely worrying. As a matter of fact, a graduate unemployment figure nearly 10 times our overall unemployment rate puts the credibility of all Bangladeshi universities on the line.

The EIU-BC report does not add any caveat on the accuracy of the country estimates reported though it does warn the reader against country comparison. A footnote clarifies that "inconsistency in definitions across national sources means figures between countries may not be directly comparable." However, this warning is not helpful when the actual definition of unemployment and data sources used is not disclosed for Bangladesh and other South Asian countries.

The figures for Bangladesh are puzzling for several reasons. First, the overall reported unemployment rate in Bangladesh is lower (5%) than that for India and Pakistan (8.5% and 6%). How likely is it that graduates have disproportionately high unemployment rate compared to their peers who seek jobs in economies with higher overall unemployment rates? Second, given that the overall macroeconomic conditions and GDP growth rate in Bangladesh have been favourable relative to

As a matter of fact, for a number of reasons which the EIU-BC report does not acknowledge, the unemployment estimate of 47% is likely to be wide off the mark. First, how we define unemployment matters for the estimate of unemployment rate obtained.

India and Pakistan in recent years (particularly 2012 onwards), the estimated graduate unemployment rate appears questionable. Third, compared to a decade ago, the labour market and overall economic conditions of Bangladesh have been relatively more favourable to job seeking graduates. This again makes it hard to conceive that every 1 out of every 2 Bangladeshi graduates remains unemployed.

As a matter of fact, for a number of reasons which the EIU-BC report does not acknowledge, the unemployment estimate of 47% is likely to be wide off the mark. First, how we define unemployment matters for the estimate of unemployment rate obtained. Measuring unemployment is notoriously difficult in a developing country context, a point that didn't get a mention in the EIU-BC report. Estimates vary depending on whether the person was unemployed over the last 7 days or 12 months. In South Asia, the task gets more complicated because most women, including female graduates, usually don't seek paid jobs. Upon graduation, they settle down into family life. In case of Bangladesh, only 35% females of working-age population participate in the labour market. Among those who decide to work, many do without pay under informal arrangements. In other words, female graduates are disproportionately out of the labour market and don't enter the calculation of unemployment

rate. Any approximation that counts out-of-the-labour-force females as unemployed will hugely overestimate the graduate unemployment rate.

Second, high graduate unemployment is a problem if instead of a temporary blip it reflects a chronic oversupply of graduates. The decade of 2000-2010 has seen tertiary enrolment rate in Bangladesh jump from 5% to 13%. Even then, compared to other countries of similar per capita income, Bangladeshi youths, particularly females, are far behind in terms of university enrolment rate. Therefore, the jury is still out on whether the country is suffering from an excess supply of graduates. Third, measuring graduate unemployment is even harder because many graduates continue in education for a second degree or consider setting up own businesses, which can take time. Even among those who finish higher education, a large proportion may choose to be unemployed to search and accept a job offer if and only if it satisfies their expectations. This sub-population, voluntarily unemployed graduates, is often left out when calculating graduate unemployment rate. Unemployment measure can also vary depending on whether we're considering a recent cohort of graduates or all graduates in the labour market. For these reasons, the standard practice is to rely on a population of graduates for whom the employment destinations are known. Yet this standard has been comprised by the EIU-BC report.

Bangladeshi are right to worry about the poor state of the country's education sector. After all, none of Bangladesh's newly set up public universities and 70 private universities appear in any of the existing global rankings of universities around the world. Instead, most of these universities are frequently in the news for various irregularities, acts of student violence and governance related problems. Therefore, we should critically assess employment prospect of students graduating from these universities and welcome comparative analysis on the actual performance of Bangladeshi universities. However, such analysis must be transparent and based on numbers and estimates we can trust. When grounded in questionable statistics, expert analysis can cause more harm than good.

The writer is a Professor of Development Economics at Malaya University, Kuala Lumpur, and a Fellow of the Royal Society of Arts (RSA). E-mail: m.niaz@um.edu.my

MAY DAY

Trade Union: Cloudy past, gloomy present, shining future

OMAR H. KHAN JOY

THE right to form associations or unions is a fundamental right guaranteed by the Constitution of the People's Republic of Bangladesh. Article 38 provides that every citizen shall have the right to form associations or unions. Such right is reflected and ensured in Chapter XIII of the Bangladesh Labour Act 2006 (BLA). A Trade Union (TU) is an association of workers or an association of employers, who strive for better wages, better conditions of employment, more productivity, etc.

A TU, through its leadership, bargains with the employer on behalf of union members and negotiates labour contracts (collective bargaining) with employers. The most common purpose of unions is maintaining or improving the conditions of their employment. This may include the negotiation of wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies. Workers may also raise concerns on how to improve their own productivity, quantity of their work and so on.

Despite all the good things that TUs are capable of doing, why then do we see workers only revolting, rioting, vandalising, torching, stopping work etc.? Why are we apprehensive of TUS? Why do we have the most negative mind-set regarding TU leaders? There are two sides of every coin. There are many underlying problems that blur the vision of both workers and employers, which only true knowledge can remove.

We have been witnessing continuing agitation by the workers, which at times turned out to be really deadly. Could there not be better communication, better negotiations, a bridge between the owners and workers? In Bangladesh, there is a tremendous lack of consciousness: TUs are not aware of workers' legal rights and corresponding duties. The most common problem is the lack of knowledge.

Some political leaders, in the guise of workers' leaders, mislead the workers to satisfy their own agenda. Some so-called NGOs and associated people are also materialising some 'hidden agenda' by way of agitating the workers and misleading them about their real/lawful rights and completely hiding the fact that they too have obligations to fulfil. Their aim is to always maintain an agitated mob, who will continue to run after unachievable goals. They gain immediate cheap popularity by delivering speeches having only high dramatic value.

In Bangladesh, it is often seen that both the registrars and the employers are against the creation of TUs. Trade unions, as soon as they are formed, make a lot of demands to their employers. Illegal strikes, lock-outs, etc. often follow when their demands are unfulfilled. The workers often start considering themselves as having power, and try to misuse it. It is also usual for employers to have a mindset against trade unions. As soon as the workers form trade unions, they tend to forget that there are laws which govern what they can do and what they cannot do, and the

procedures of the things they can do. It seems as if trade union gives a licence for hooliganism. Workers disregard the fact that there is a process of negotiation, conciliation, arbitration; failure of all of these can lead to strikes. Trade unions of Bangladesh bargain more than they understand because of the limitations of their knowledge. With power come a lot of responsibilities. With power comes corruption also. Unfortunately, the latter is true for some trade union leaders.

The employer and employee are two opposite sides. There had always been problems in this relationship of power, control, domination, submissiveness etc. The law entitles the workers to form TUs to fight for their rights. They are a bridge to fill the gap between employer and employee. Instead of having a negative/positive mindset against/for the workers who want to form TUs, the registrars and employers must maintain a neutral viewpoint.

The 2013 amendments to the BLA 2006 have simplified the lives of those who want to form or be part of trade unions. Before the amendments, there was a provision that the registrar would send to the concerned employer the list of workers who applied for the formation of the trade union. The purpose of this was that the employer could then verify whether the workers were eligible to form such a union. An underlying problem was that this alarmed the employers who did not want their workers to form unions. This almost always resulted in the prevention of the registration of such unions. Now, this rule has been changed and a representative from the registrar's office goes to the establishment and carries out local inquiry. Thus, unions are formed without any kind of information going to the employer.

Rana Plaza incident has proved to be the 'high cost of low price.' Nevertheless, it compelled all concerned to give highest attention to the workers' rights, including that of forming TUs. As striking as it may sound, in the last nine months, i.e. following 2013 Amendment to the BLA, approximately 140 TUs have been registered. In the thirty years before that, there were only 128 registered TUs. Nevertheless, the number of trade unions in Bangladesh is remarkably low, since there are approximately 4.2 million workers involved only in the garments sector.

To implement and execute the rights, both the employers and workers must be trained. They must be informed about the functions of unions, their meaning, and the motive behind forming a union. Fortunately, many training programmes are being organised under the umbrella of many organisations, including ILO, in order to raise awareness in trade unions. Recently, ILO in conjunction with NCCWE, BILS and IBC, organised Orientation Programme for newly formed TU leaders. All of this together is capable of creating a healthy and happy industrial and trade relationship between the workers and employers, which is very important for a developing labour-rich country like Bangladesh. Let us work for a better workplace than what we see.

The writer is Advocate Supreme Court of Bangladesh.

RMG: Workers' safety paramount

ABUL BASHER

THE victims of Rana Plaza tragedy need immediate support, both material and moral. But this will not suffice to prevent similar incidents in future. Lot more needs to be done to make RMG factories safe. Following every tragic incident, we failed to carry out even the immediate and short-term imperatives, let alone the long-term actions. We fail to respond to the needs of endangered human lives, or to understand the importance of safe workplace.

What has been done during the blast one year was mostly to compensate the workers and their families. The process of quantification of victims' losses reveals how our society distinguishes between the rich and the poor--the white collar and the blue collar workers. Putting this moral issue aside, the whole compensation process has been slow, inefficient and inadequate. The pertinent question is whether we should take measures now so that overall environment at the workplace improves or wait until another Rana Plaza tragedy occurs. The real homage to the victims of the Rana Plaza will be to act now.

In the early phase of growth of the RMG sector, nobody cared about the building code and safety issues. Many garment factories were set up in residential buildings. The sector was not big enough to draw the attention of domestic and international activists, therefore, compliance with labour standards and safety issues was not of paramount importance to the entrepreneurs at that time.

The Industrial Building Code 2006 was approved following the collapse of Spectrum garments building in 2005. Initiatives were undertaken to develop a separate industrial cluster in Munshigonj to relocate the factories

operating in unsafe buildings. But no progress has been made in this regard so far.

The sufferings of RMG workers make news only when they lead to deaths, either through fire or collapse of the building. But the fact is most RMG workers face gross violation of basic human rights every day in their workplace. Instead of considering measures to tackle this problem, the society is talking about numbers, how many died, how much to be paid to their families, how many days are required to pay them, etc.

It is time now to do the following to create a safe environment:

(i) Proper enforcement of existing law needs to be ensured. While the new labour law provides the guidelines for improvement of the overall compliance situation in RMG sector, poor enforcement holds back progress. The main reason for weak enforcement is the dearth of trained and honest inspectors. Compliance inspectors, in many cases, are lax towards the breach of law and code of conduct. Besides, they do not have magisterial power to take instantaneous punitive action against noncompliant manufacturers.

(ii) The apathy of the mid-level management towards compliance is a major problem. In absence of any perceived benefit or incentive for promoting compliance but facing tremendous pressure to meet deadlines, compliance is the last thing mid-level management care about. Punitive action against an alleged breach of code of compliance is highly unlikely as long as the breach is justified by an impending delivery deadline. The penalty for non-compliance should be imposed in monetary terms, so that the pecuniary benefits of compliance will be easily comprehensible to the owner.

(iii) There is a perception among the RMG manufacturers that they are doing more than

required to meet compliance requirements, which, in turn protect the brand image of the big name buyers. Although the buyers enjoy increased revenues from compliance, only the manufacturers bear the cost. The price and compliance decisions of a buyer are not synchronised. The compliance team of a buyer forces the manufacturers to do a number of things as a precondition to place an order, the cost of which is completely disregarded by the buying team who make decision only on the basis of lowest price and quality of the product, not the quality of the factory, i.e., compliance. Therefore, the buyers need to be involved in the ongoing efforts to improve the compliance situation in RMG sector.

(iii) Many small and medium factories set up in residential buildings in the early phase of growth of the sector need to be relocated in compliant buildings. Given the financial insolvency of these factories, access to subsidised credit will also be required to facilitate this relocation. The problems associated with migration of workers with the relocation of the factories need to be taken care of, and housing must also be made readily available. The government definitely has a role to play in this regard.

The poor garment workers have paid enough due to the poor working environment. Yet many more come from the villages in flock to work in this sector as they have no other place to go for work. Poverty has captivated them, but we have a responsibility to free them from the shackle of poor working condition. The best tribute to the victims of Rana Plaza would be to stand up at least for once to perform this responsibility.

The writer is Researcher at Bangladesh Institute of Development Studies (BIDS). Email: cccg67@yahoo.com

QUOTABLE Quote



Why has government been instituted at all? Because the passions of men will not conform to the dictates of reason and justice, without constraint.

Alexander Hamilton

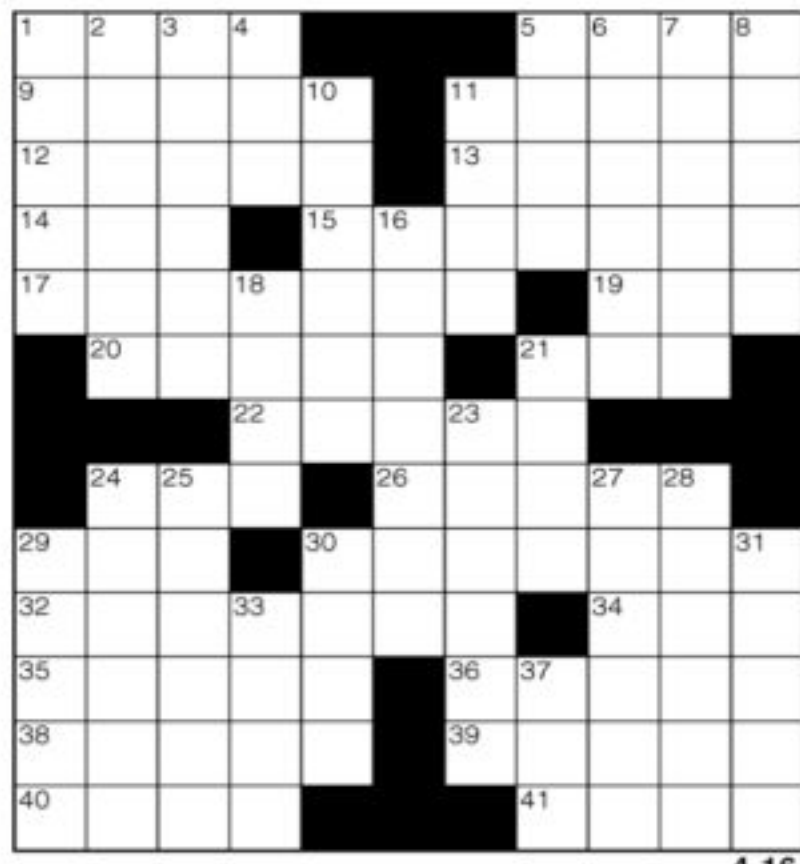
CROSSWORD by Thomas Joseph

ACROSS

- 1 Dagger handle
- 5 Sense
- 9 "You don't say!"
- 11 Painter Matisse
- 12 Do some field work
- 13 Pond growth
- 14 Blazing
- 15 Yo-Yo Ma, for one
- 17 Tour de France entrant
- 19 "The Matrix" hero
- 20 Move aside
- 21 Last letter, in London
- 22 Become wild
- 24 Semi-circular shape
- 26 Commerce
- 29 Box office buys, in slang
- 30 Pragmatic person
- 32 Eye specialist
- 34 Had supper
- 35 Organ part
- 36 Glowing coal
- 38 Singer Cara
- 39 Metes out
- 40 Programming output
- 41 Capital top

DOWN

- 1 Asoprano may hit it
- 2 Brass and bronze
- 3 Chevy Chase film role
- 4 Sched place-holder
- 5 Plummeted
- 6 Car part
- 7 Made blank
- 8 Deceive
- 10 Los Angeles suburb
- 11 Sentry's command
- 16 Fancy homes
- 18 Olympics sled
- 21 Enthusiasm
- 23 Was babbling
- 24 Roman orator
- 25 Radiated
- 27 Cisco Kid's horse
- 28 Think highly of
- 29 Subject
- 30 Stir up
- 31 Far from wordy
- 33 Highway division
- 37 Like '60s fashion



4-16

CRYPTOQUOTE

IBU KVVWU Y DFJI IV OUI ZVKUIBJO CVJU, IBU NUZZY GFNNYI DVWX.

-WYGBFWC SFGB

Yesterday's Cryptoquote: MY FORMULA FOR LIVING IS QUITE SIMPLE. I GET UP IN THE MORNING AND I GO TO BED AT NIGHT. IN BETWEEN, I OCCUPY MYSELF AS BEST I CAN.

-CARY GRANT

Yesterday's answer



A XYDLBAAX is LONGFELLOW

One letter stands for another. In this sample, A is used for the three L's, X for the two O's, etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.



NORTH SOUTH UNIVERSITY

The first private university in Bangladesh

The only Bangladeshi university where all teachers have foreign Master's Or Ph.D. degrees primarily from USA, Canada, UK and Australia

Admission Summer 2014

MS in Environmental Science and Management (MESM)

Department of Environmental Science and Management (DESM)

Application Deadline

Thursday, 08 May 2014
Time: 5:00 pm

Admission Test

Friday, 09 May 2014
Time: 10:00 am

MESM Features

- A 39-credit hour Master's Program with a mix of course work and research
- Program designed and offered in keeping with North American standards
- Exclusive research facilities include an advanced GIS Lab, Environmental Science Lab, Resource Center
- Evening and weekend classes to suit working individuals

Department Strengths

- Faculty members with PhDs from internationally reputed universities
- Interdisciplinary background in environmental science and engineering and environmental policy and management
- Graduates prepared to compete for nationally and internationally available scholarships and jobs

Admission Requirements

- Four-year Bachelor's degree with good academic standing
- Experience in the field of environment related issues or studies is considered an added value
- Special arrangement is available for foreign students

Opportunity for Environmental Graduates

- The demand for environmental professionals is increasing, both nationally and internationally, to ensure sustainable development and compliance requirements at all levels. MESM Program can be your choice to become a leader in the field of environmental development.

Financial Support

- Tuition fee waiver for outstanding & needy students
- Opportunity to work as a Research Assistant (RA)

Application forms are available for Tk. 1000 at the UCBL Bank, Bashundhara Branch, Dhaka

For further detail, please contact

Dept of Environmental Science & Management

SAC 2009, NSU Campus, Bashundhara, Dhaka

Tel: 8852700, ext: 2059, Email: env@northsouth.edu

Web: www.northsouth.edu