

# FOURTH INDUSTRIAL REVOLUTION AND DIGITAL TRANSFORMATION

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## The Fourth Industrial Revolution’s impact on the people of Bangladesh

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This is all the more important because, despite having high growth, the economy has not been able to create enough jobs.

On the other hand, the country has not been able to benefit from the structural change in terms of employment generation. For example, the contribution of agriculture to our gross domestic product (GDP) has reduced to 13.7 percent in 2018, compared to 28.7 percent in 1990. Contrary to this, the share of the industrial sector has increased from 20.2 percent in 1991 to 32.3 percent in 2018. Similarly, the contribution of the services sector has gone up from 48.3 percent in 1991 to 50 percent in 2018.

However, employment generation does not follow the same trend. Agriculture, being the lowest contributor to GDP, creates 40.6 percent of total employment. The industries create 20.4 percent, and the services sector creates 39 percent of total jobs. Besides, more than 80 percent of employment is in the informal sector, with low and unpredictable income, without job security.

Some sectors of late are increasingly resorting to automation to increase efficiency and productivity. The export-oriented ready made garments (RMG) sector is one of them. Though the adoption of technology in the RMG sector is still slow, its impact is already visible. The share of the women labour force has declined in the sector since they are the least technologically skilled. This indicates the differential impact of technology on workers. Not everyone will experience the impact in the same manner. Not everyone will benefit from technological changes in the same way.

No doubt, technology has made life smooth, saved time, and improved efficiency. Technology has enabled us to be more productive and expand our economy. We can use technology for improving almost every sphere of our lives, if we use it in the right manner. We can expect to have pollution-free, cleaner and smarter cities, we can save time more efficiently and have more leisure time, just to name a few prospects.



PHOTO: REUTERS

But technology can also be a source of inequality and discrimination. During the Third Industrial Revolution, which was about information and communications technology (ICT), we observed a “digital divide”. The privileged individuals with access to technology and education could grab new jobs. They could earn a lot more than who did not have access to technology. So, if technology is in the hands of the rich and if the benefits of technology are not distributed fairly, it worsens the inequality situation.

The other issue related to technology is the quality of jobs. Our attention is more on economic growth, and less on the quality of growth. We do not know whether those working in digital platforms, such as e-commerce, have basic labour

rights that guarantee minimum wage and bargaining power. Ensuring quality of jobs and maximisation of decent employment should receive more importance, as we expand the size of the digital economy.

The distributional aspects of 4IR are to be ensured through well-designed policies, such as education policy, labour policy, industrial policy, digital policy, competition policy, tax policy, etc.

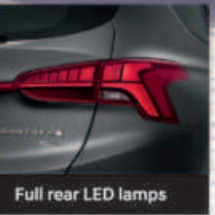
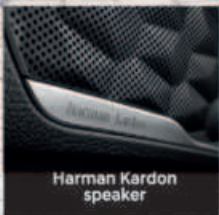
In the case of education, policymakers should move beyond mere numbers, such as enrolment rates and gender parity. More focus should be on the quality of education and the opportunity for re-skilling, re-training, and re-learning. To improve the quality of education, adequate public resources should be made available. The current allocation of only 2 percent of GDP for education is inadequate to

bring any positive change in the education outcome. But the tax-GDP ratio is only about 9 percent. The number of people under the tax net is much lower than that of the potential taxpayers. Tax avoidance is high as well. As a result, resources from tax collection cannot be ploughed back to sectors such as education, health, and social protection.

The distributional aspect of 4IR should be at the forefront. And the realisation of technological opportunities to everyone’s benefit will hinge on appropriate policy response by the government.

There is no point in debating whether the Fourth Industrial Revolution is good or bad, or whether it will benefit Bangladesh. It’s not something for us to accept, reject, or regulate. It is time that we join hands with everyone to embrace the 4IR robustly.

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