

## Will artificial intelligence lead to the end of jobs?



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### SNAPSHOT

#### Fear of job loss from new technology has resurfaced with the rise of artificial intelligence.

1. Bangladesh's labour market already faces unemployment, informality, and weak structural transformation.
2. Evidence from developed countries does not support widespread job destruction from AI. Bangladesh's employment structure limits rapid AI adoption, but educated workers face new risks and opportunities.
3. Long-term gains from AI depend on investment in skills, infrastructure, and policy readiness.

Bangladesh's labour market already faces unemployment, informality, and weak structural transformation. Evidence from developed countries does not support widespread job destruction from AI. Bangladesh's employment structure limits rapid AI adoption, but educated workers face new risks and opportunities. Long-term gains from AI depend on investment in skills, infrastructure, and policy readiness.

But the above should not be taken to mean that Bangladesh can or should ignore opportunities associated with AI. Productivity and competitiveness are important, and AI can contribute towards achieving these goals.

Furthermore, AI is particularly important from the point of view of the educated job-seekers because they are likely to seek jobs in the modern sectors of the economy which have

good potential for its application. However, they already face high rates of unemployment; and AI opens up both opportunities and challenges for them. Those with technical competence in the field will be able to benefit from the opportunities, while those lacking in such skills will be left behind. Hence, rather than ignoring AI as irrelevant or fearing it, it is important to increase the preparedness to adopt and benefit from it.

#### IS BANGLADESH WELL-PREPARED TO EMBRACE AI?

Preparedness to adopt and benefit from AI has at least two major dimensions - physical and social infrastructure. The former includes hardware, especially what is known as "data centres", supply of electricity, and internet services. Social infrastructure basically refers to the level of competence of the workforce which in practical terms means qualifications in the areas of science, technology, engineering, mathematics (STEM).

Data centres are large-scale computing infrastructures that are used primarily for storing data, hosting

websites, and supporting computer applications. On the hardware side, they form the key pillars of the IT sector. In terms of number, strength, and capacity of data centres, USA is the leading country of the world. And China, India, and Republic of Korea are among the top ten countries. Bangladesh does have some capacity that includes one "tier IV" and one "tier III" data centre run by the government, and a number of centres run by private companies. Whether they will be adequate to meet future demand is something that will depend on the speed of adoption of the technology.

But given the costs involved and the size of investment needed to install a data centre of reasonable size, it may not be realistic to expect private initiative in the field - unless, of course, foreign investment can be attracted.

Preparedness of the workforce to make effective use of AI hinges critically on competence in STEM subjects; and that is a major concern. For example, in 2022, about 8,000 students graduated with engineering degrees in various fields. For reference, it may be noted that in 2018 (the year in which the graduates

of 2022 may have passed HSC), about 860,000 passed the HSC examination. It is thus clear that a very small proportion of students go to study engineering and related subjects. Even if one adds other science subjects and mathematics, the proportion is unlikely to be much higher. In India, even after a decline recent years, the proportion of undergraduate enrolment in engineering was 12% in 2021.

#### WHAT STRATEGY IS NEEDED?

In order to benefit from the potential of AI, action is needed to strengthen both physical and social infrastructure. As physical infrastructure is likely to involve big investment, the government would have to come up. The orientation of students will have to be changed towards STEM subjects; and it is better to do that from early stages. The capacity of the education system will have to be beefed up accordingly. Furthermore, the management also has to have good understanding of potential uses and possible abuses and pitfalls. What is called for is a long-term strategy focusing on both hardware and skills.

Figure 3: Bangladesh Sector Composition of Employment (% of total in 2024)



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