

Vocational training: Integral policy measure for reducing youth unemployment

Joydeep Sinha Roy, Narayan Das and Tanjim-UI-Islam

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Youth unemployment is a burning issue for Bangladesh's economy. According to the Quarterly Labour Force Survey 2015/16, the youth unemployment rate stands at a staggering 8.7 per cent whereas the national unemployment rate is 4.2 per cent. Hence, the severity of the issue is pronounced for the youth population. In Bangladesh, the majority of young school dropouts end up unemployed or in low-quality jobs that offer limited socio-economic opportunities. In 2015, school dropout rate at the secondary level was very high at 40.29 per cent as per BANBEIS 2016. This high dropout rate eventually leads to a lack of

skills among the youth. Hence, lack of skills can be considered as one of the main determinants of youth unemployment. Youth unemployment has multidimensional adverse effects. It perpetuates poverty in the economy due to the loss in earnings. Many youth withdraw themselves from the labour force altogether for not finding jobs for a longer period of time. It also causes mental health problems such as depression due to long periods of unemployment. Lack of social mobility due to unemployment is also a central reason for the prevalence for child marriage in Bangladesh. How can this severe issue of youth unemployment be mitigated? In this regard, vocational training programmes have been successful in increasing the skill level of the youth. In turn, the skilled youth have found better jobs.

One such success story of vocational training programmes is BRAC's vocational training programme, known as Skills Training for Advancing Resources (STAR). Recently, a study by a researcher from the BRAC Institute of Governance and Development (BIGD), BRAC University found that the training programme has been successful in providing employment opportunities and increasing earnings for the youth. The programme serves the poor and disadvantaged school dropouts from both rural and urban areas. Selected youths are provided with both classroom and apprenticeship training. The classroom training curriculum includes theoretical training on specific trades and soft-skills training (financial literacy, market assessment, and basic communicative English). This training is provided once a week for 20 weeks. The apprenticeship training occurs at the local micro enterprises where the enterprise owners are trained as Master Craft Persons (MCPs) to provide training to the youth/ apprentices. Apprenticeship training is provided five days a week for six months. The programme cycle is completed in six months. The training programme is fully subsidised. BRAC uses a rigorous selection process to identify eligible youth in connection to their income, educational qualification, marital status and willingness to pursue skills training and employment upon graduation. Similarly, a thorough selection process is followed as a part of MCP selection. Sixty and seven per cent of the programme participants are women and persons with disabilities, respectively.

Study participants received training on mobile phone servicing, AC/refrigerator repairing, graphics design, tailoring, etc., based on local market demand. The study finds that apprenticeship training increases labour market participation of youth by 31 percentage points (66 per cent) and earnings by 46 per cent in the short run. The increased earnings persisted in the long run as well because the programme

causes a shift from low earning casual work to better-paid wage employment. It is also found that apprenticeship training is likely to increase labour productivity in the long-run. Furthermore, employment increases both in the firms where the apprenticeship training took place and in other firms. Both men and women almost equally benefited from the programme. Study results also show that the intervention increases welfare substantially. The beneficiaries are more likely to have more shirts and shoes in the long-run which is used as a measure of welfare. Further, study participants reported a higher level of self-confidence. It thus appears that one of the reasons why the BRAC programme has become successful is due to the choice of enterprises with trainers and their interest in using apprentices as a channel to hire. This has important policy implications for the design of successful apprenticeship training programmes.

The findings from this study have several policy implications, especially in the aftermath of COVID-19 pandemic. There has been a sharp rise in unemployment in both the formal and the informal sectors. According to ILO, Bangladesh's unemployment rate increased by 1.11 per cent to 5.5 per cent in 2020. This has erased much of the gains in poverty reduction. PPRC-BIGD Covid-19 Livelihoods & Recovery Panel Survey's Phase IV found that urban slum unemployment rate doubled in August, 2021 than the pre-COVID level. Moreover, another BIGD study titled "Challenges and Prospects of Youth Employment in the Post-COVID Scenario" found that among the youth who were in income generating activities before the pandemic, almost 15 per cent were out of the labour market as of January 2021. In this scenario, vocational training can be a solution to addressing the problem of high youth unemployment by providing both wage and self-employment and inducing higher earnings. Hence, the implementation and the expansion of vocational training programmes can contribute towards poverty reduction.

Joydeep Sinha Roy, Head of Operations, BRAC Skills Development Programme, BRAC. joydeep.sr@brac.net. Dr. Narayan Das, Associate Professor, BRAC Institute of Governance and Development (BIGD), BRAC University. narayan.das@bracu.ac.bd. Tanjim-Ul-Islam, Intern, BRAC Institute of Governance and Development (BIGD), BRAC University. tanjim2909@gmail.com