

The Role of Labour Migration in Alleviating Poverty of Bangladesh

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Abstract

This article, in light of the contemporary literature on migration-poverty interactions of Bangladesh, attempts to show how remittances contribute to reducing poverty, and recommends some policies to meet the challenges encountered by Bangladesh in reducing poverty. Although Bangladesh has been an example in reducing poverty across the world, it is still burdened with 18.7% upper poverty and 5.6% lower poverty. In order to identify the factors that hamper and facilitate the outcomes of migration in reducing the rest of upper and lower poverty, the article applies ‘mixed methods reviews’ and ‘rapid realist reviews’ as approaches in reviewing literature. The empirical literature on migration-poverty connections in the global and Bangladesh contexts suggests that financial and social remittances as well as in-kind transfers are a powerful tool to reduce poverty of migrants’ families and the country through income accumulation and investment in income-generating activities amidst many challenges spanning from migrants’ household level to global level. In order to increase the speed of poverty reduction rate through the use of remittances, the article applies Lewis’s Dual Sector Model and finally recommends some policies.

Keywords: Bangladesh, Lewis’s Dual Sector Model, Labor Migration, Poverty Reduction.

I. Introduction

The consistency in growth of Bangladesh’s economy has led to reducing poverty, which, over the last two and a half decades, has witnessed a tremendous and unwavering attention across the globe. International remittance has been identified as one of the robust factors in accelerating the growth and projecting its future panorama. Bangladesh officially sent a cumulative total of 16 million people overseas between 1976-2023 and received remittance amounting to USD297 billion in the same period (Government of Bangladesh [GoB] 2023a). In 2022, Bangladesh was regarded as the sixth largest migrant-sending and eighth largest remittance-receiving country in the global context (International Organization for Migration [IOM] 2024) as it sent 1.14 million migrants and received USD21.29 billion in remittances (GoB, 2023a). The role of remittance is substantial—averaging 7% between FY2002-03 and FY2022-23—in contributing to Gross Domestic Product (GDP) of Bangladesh (GoB 2023b), which has stimulated the growth of other macroeconomic indicators, and lowered both the lower and the upper poverty. Furthermore, remittance, in certain settings, has been indicated more effective at reducing poverty than other development programmes (Gibson & McKenzie 2014), because increased income and knowledge gained from migration directly help migrants and their families to spend more on basic needs, access services and investments (Dey *et al.* 2024; Hossain 2024).

Bangladesh emerged as a war-hit fragile economy in 1971 when 80% of its people initially lived below the poverty line with a predominantly agrarian landscape. But the country embarked on a transformative voyage that ultimately culminated in the establishment of a manufacturing-driven

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economy. Bangladesh's economy has transformed from a basket case to being a model case study for economic development. Since 2000, the average annual growth in GDP is 6%, which has lifted millions out of poverty (GoB 2023b). Sustained economic growth led to increased income, improved living standards and amazing reduction in the upper and lower poverty in rural and urban areas, as indicated in table 1. Bangladesh is one of the first few countries recognized by UN that has achieved the most fundamental MDG 1—halving the incidence of extreme poverty and hunger—well ahead of the target year 2015. In other words, the country halved its poverty rate from 58.8% in 1990 to 31.5% in 2010 to 24.3% in 2016, as also depicted in table1. This outstanding achievement has honored Bangladesh in receiving ‘Diploma Award’, ‘South-South Award’ and earning a ‘special recognition’ (Sen 2018).

Table 1: Poverty statuses of Bangladesh, 1990-2022

Years	Rural poverty		Urban poverty		Upper poverty		Lower poverty	
	Rural poverty	Changes	Urban poverty	Changes	Upper poverty	Changes	Lower poverty	Changes
1990	61.2	---	44.9	---	58.8	---	42.7	---
1995	54.5	6.7	27.8	17.1	51	7.8	34.4	8.3
2000	52.3	2.2	35.2	-7.4	48.9	1	34.3	0.7
2005	43.8	8.5	28.4	6.8	40	9.5	25.1	8.6
2010	35.2	8.6	21.3	7.1	31.5	8.5	17.6	7.5
2016	26.4	8.8	18.9	2.4	24.3	7.2	12.9	4.7
2022	20.5	5.9	14.7	4.2	18.7	6.1	5.6	7.3
Total reduction		40.7		30.2	40.1		37.1	
Average reduction (per year)		1.27		0.94	1.25		1.16	

Source: Compiled by the author from different sources of the Government of Bangladesh (GoB), 2023c

Based on the challenges and achievements of MDGs, among other things, the United Nations set seventeen Sustainable Development Goals (SDGs) that span from 2016 to 2030. It states that ending poverty in all its forms everywhere is the greatest global challenge and an indispensable prerequisite for sustainable development. Standing on a strong groundwork for poverty reduction during the MDGs Bangladesh initiated its journey in 2016 to reach the SDG1. United Nations Development Programme [UNDP] (2020) published the progress on Bangladesh's sustainable development goals and reported that the country has been moderately improving the SDG1 due to some major challenges ahead in achieving the goal. However, the current progress is not so grim in comparison with Africa, and Asia and the Pacific region (Economic and Social Commission for Asia and the Pacific [ESCAP] 2024). The latest Household Income and Expenditure Survey 2022 suggests that the country reduced its upper poverty (overall poverty) from 24.3% in 2016 to 18.7% in 2022 while the lower poverty from 12.9% in 2016 to 5.6% in 2022 (GoB 2023c), as noted before. Bangladesh has to reduce the remaining upper and lower poverty within eight years from 2022, signifying that the country has to reduce each year 2.33% points of upper poverty and 0.7% points of lower poverty. Therefore, this article seeks to answer two questions: first, how will migration play a role in reducing poverty? And second, what policies will the government take in promoting migration as a means of reducing poverty?

The article is organized as follows: methods of data analysis and interpretation have been discussed in section two. Section three has extensively reviewed literature on impact of migration and remittances on poverty reduction in global and Bangladesh contexts. In section four, Lewis's dual sector model has been conceptualized first, and then contextualized its application in Bangladesh-overseas migration. The factors that identify Bangladesh as a potential migrant-exporting country, Asia and Europe as a harbor of migrant-receiving regions as well as the paths of reducing poverty in line with Lewis's dual sector model are scrutinized in section five. In section six, some core insights are very briefly highlighted and some policy frameworks to utilize migration as a powerful vehicle of reducing poverty have been suggested.

II. Methods and Data

The article is primarily based on the existing empirical literature, collected from various sources such as journals, books, directories, government's statistical data, research reports, working papers, etc. However, it predominantly depends on online and offline published journal articles as well as survey reports conducted by Bangladesh Bureau of Statistics (BBS), the centralized official body in Bangladesh, for collecting statistics on demographics, the economy, and other facts about the country and disseminating the information. Other sources of data, particularly Bangladesh Economic Review published by the Ministry of Finance, and Bureau of Manpower Employment and Training published by the Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) are used. In addition to these sources, research reports and working papers on different subjects on Bangladesh published by the international organizations such as International Organization for Migration (IOM), the World Bank, United Nations Development Programme (UNDP), United Nations Department for Economic and Social Affairs (UNDESA), Social Commission for Asia and the Pacific (ESCAP), International Labour Organization (ILO), etc. are also reviewed and used.

Two important literature review approaches such as 'mixed method reviews' and 'rapid realist reviews' are applied to critically assess the existing literature on migration and remittances, and the impacts of these on poverty reduction in global, regional and Bangladesh contexts. The former approach is a process whereby comprehensive syntheses of quantitative and qualitative data are conducted and then aggregated into a final, combined synthesis. It widens the conceptualization of evidence more methodologically and produces syntheses of evidence that is accessible to and usable by a wider range of audience (Sandelowski *et al.* 2012). On the other hand, the later approach applies a knowledge synthesis process in order to generate a product that is useful for policymakers in responding to time-sensitive and/or emerging issues and preserving the core elements of realist methodology (Saul *et al.* 2013).

It is clear that the former approach contributes to the article in reviewing exiting qualitative and quantitative data on migration-poverty nexus and synthesizing them in order to find the gap in literature, especially the challenges that Bangladesh faces in reducing poverty; while the later approach contributes to identify the evidence of migration-poverty, assess its value and combine it to produce a brief summary that informs best practices. Different types of tabular and graphical forms as well as descriptive form are mainly used in the article in order to analyze data that have been synthesized by the two approaches.

III. Literature Review: Migration and Poverty Nexus

Global Context

Remittance directly and indirectly reduces poverty at the household level of migrants and due to this direction the rate of reduction varies from household to household. In Ecuador, international

migration plays a role to reduce poverty from 21% to 17% among the migrant households (Bertoli & Marchetta 2014). A rigorous review of cash transfers to low and middle-income countries show that the impacts of migration on poverty reduction range from 4% to 9% points (Bastagli *et al.* 2016). Furthermore, utilization of remittance helps to improve family economic situation and livelihood by increasing family income, and thus reduces family poverty in Nepal (Pasa & Kharel 2024). In Cambodia, remittances reduce the poverty rate by 2% on the national level or 5% for recipient households. Furthermore, remittances decrease the poverty gap by 2.5% or 6.6% for a sub-sample of recipient households (Chea 2023). Yang and Martinez (2006) find that a 2.8% points poverty decreases in migrants' households in the Philippines with the increase of 10% points international remittances. The benefits of remittances even spread among the non-migrant households in high-migration regions, where aggregate poverty rates fall by 0.7% points (Yang & Martinez 2006).

Cross-country level studies in the global context reveal the varied rates of poverty reduction from one region to another like the rates of household level. Adams and Page (2005), for example, use the data of 71 developing countries and show that an increase in international remittances by 10% leads to approximately 4% reduction of poverty. Banga *et al.* (2010) employ an instrumental variable approach and find that remittances reduce poverty in 77 developing countries but the effect of remittances on poverty is higher only when the contribution of remittance to GDP is larger than 5%. Pradhan and Mahesh (2016) and Azizi (2021) find almost the same results using a related methodology on 25 and 103 developing countries, respectively, that Adams and Page (2005) and Banga *et al.* (2010) find in their studies.

Migration has similarly positively impacted poverty reduction in Asia. Imai *et al.* (2014) use both static and dynamic models on 24 countries in Asia and uncover a significant positive effect of remittances on poverty reduction. Furthermore, Yoshino *et al.* (2019) employ the random effect model on 10 Asian countries and discover that a 1% contribution of remittances to GDP decreases a 16% severity of poverty and about 23% reduction in poverty gap ratio. Taghizadesh-Hesary *et al.* (2021) conducted a study in 12 Asian developing countries and revealed that a 1% increase in remittance as a percentage of GDP a 0.19% decline in poverty headcount ratio, a 0.3% decline in poverty gap and a 0.6% decline in poverty severity.

Bangladesh Context

In Bangladesh, the majority of researchers directly concentrates on migrants' household level impacts of remittances and finds a substantial [role](#) in reducing poverty. However, Bangladesh Economic Review published by the Ministry of Finance calculates the contributions of remittances to GDP and illustrates that remittance has a great impact on GDP, as presented in figure 1. Remittance directly increases the income of the recipient households of migrants and reduces the number of poor people in Bangladesh by 6% points (Ratha & Mahapatra 2007). Analyzing the Household Income and Expenditure Survey (HIES) data of 2005, Raihan *et al.* (2009) explore the impacts of remittances on household consumption expenditure and poverty, and find that 5.9% of remittance-recipient households, on average, are more likely to be non-poor than non-remittance-recipient households. Khan (2008) uses the same data set of HIES and shows that remittance contributes to reduce poverty by approximately 18%. Short-term international migrant households have higher living standards than those of non-migrants, i.e. number of non-migrant households living below the poverty line are 27% higher than migrant households in 2013 (Ghelli 2018). Utilizing data gathered from 1976 to 2010 and employing simulations alongside a robust approach to address violations of statistical assumptions, Hatemi-J and Uddin (2014) discover a positive bidirectional link between remittances and poverty alleviation in Bangladesh, as both the short-term impact of poverty on remittances and the short-term effect of remittances on poverty are statistically significant.

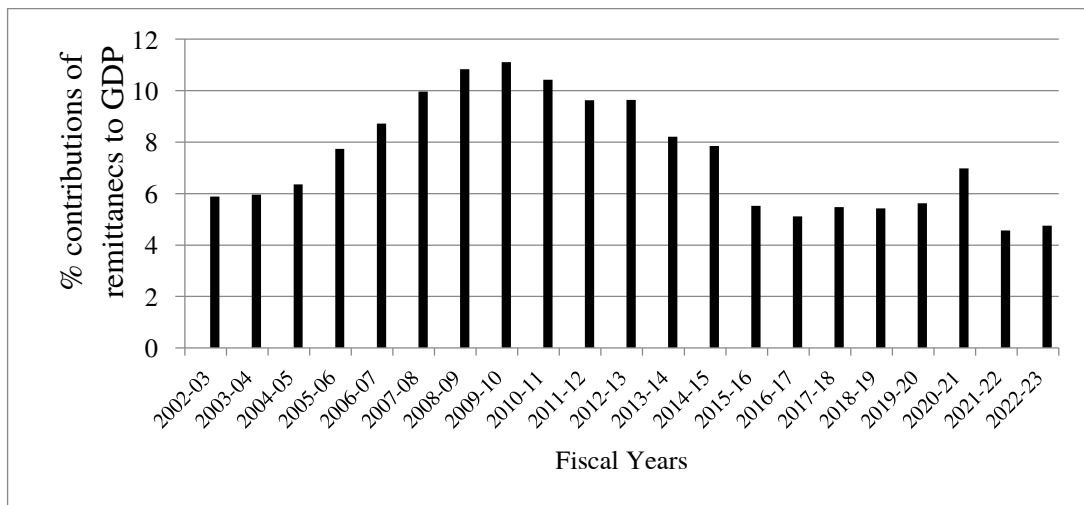


Figure 1: Contributions of remittances to Bangladesh's GDP, from 2002-03 to 2022-23

Sources: GoB 2023b

By using a probit regression model Rahman and Moni (2019) suggest that the inflow of foreign remittances decreases the propensity of rural and urban people to stay below the poverty line by 16.3% and 11.4%, respectively. Kumar (2019a) uses the Multiple Regression Analysis and shows that 8.25% and 39.53% of remittance-recipient households and remittance non-recipient households, respectively, live under the poverty line. In another study, applying the Foster-Greer-Thorbecke (FGT) index Kumar (2019b) unearths that about 6% of remittance-recipient households live below the poverty line, while this rate is 48% for non-remittance-recipient households. Akhter and Islam (2019) apply a statistical and a robustness test and demonstrate that international remittances reduce the incidence, depth and severity of poverty. They again demonstrate that the probability of a household becoming poor decreases by about 14%, on average, if the household receives international remittances. In order to establish migration-poverty interactions, Arif (2019) uses a logit regression model and uncovers that international migration reduces poverty by odds ratios of 12%, after possibly controlling endogeneity. By using in-depth interview of returned migrants and then using basic need approach in a village of Bangladesh, Hossain (2024) uncovers that 68% of the migrants who were poor before migration have increased resources and they have now become non-poor.

The empirical literature on remittance-poverty linkage warrants that remittances play an important role in decreasing poverty across the globe. However, the incidence rate, severity and depth of poverty differ from country to country and region to region. It also suggests that Asian economies have been able to capitalize migration more and utilize it as a potential poverty reduction strategy in comparison with other economies around the world. On the other hand, among the country-specific migration-poverty nexus, migration from Bangladesh directly contributes to sustain migrants' households' capital formation and consumption, thereby eradicating household poverty more in number than those of other countries' households across the world.

IV. Theoretical Framework: Lewis's Dual Sector Model

With a view to achieving the SDG1 the article has applied the ideas and thoughts taken from W. Arthur Lewis's dual sector model. In 1954, Lewis developed 'Economic Development with

Unlimited Supplies of Labour' theory, commonly known as Dual Sector Model to understand the growth of an economy in terms of labor transition between two sectors or economies—the subsistence or traditional agricultural economy and the capitalist or modern industrial economy. The characteristics of traditional and modern economies that Lewis illuminated seventy years before were appropriate for many economies and those characteristics are still appropriate in many contemporary developed, developing and least developed economies of Asia, Africa, and Europe.

Lewis defines the traditional economy as "that part of the economy which is not using reproducible capital" (1954: 5). This economy is characterized by low wages, an abundance of labor and low productivity through a labor-intensive production process. Additionally, a large portion of the unlimited supply of labor consists of those who are in 'disguised' unemployment in agriculture and in other over-manned occupations such as domestic services, casual jobs, petty retail trading, etc. On the other hand, Lewis defines the capitalist economy as "that part of the economy which uses reproducible capital and pays capitalists thereof" (1954: 5). This economy is characterized by higher wage rates, higher marginal productivity and demand for more workers. It may be private or public where the capitalists control the use of capital and hire the services of labor for manufacturing, plantations, mines, etc.

As the traditional economies are capital-poor and labor-rich whereas the capitalist economies are capital-rich and labor-poor, the latter extracts or draws labor from the former to fulfil the vacuum of deficit labor for production. Since Lewis considers overpopulated labor surplus economies, he assumes that the supply of unskilled labor to the capitalist sector is unlimited, and that gives rise to the possibility of creating new industries and expanding existing ones at the existing wage rate. On the contrary, the traditional economy exports surplus labor to the capitalist economy where the capitalists give a higher wage than the subsistence wage in order to compensate labor for the friction of moving and induce labor to leave the traditional way of life. Thus, the traditional economy gets benefitted by reducing unemployment and underemployment as well as receiving remittances that lead to capital accumulation and structural transformation, fostering economic growth.

In practice, a successful implementation of Lewis's dual sector model can still be an effective method for the many economies across the world, particularly for the developing economies like Bangladesh, to accelerate economic growth and reduce poverty. The fact is that the features of traditional economy that Lewis elucidated mostly exist in contemporary Bangladesh economy. One of the significant features is a huge number of surplus working-age populations (demographic dividend), of whom a majority is unemployed and underemployed, as has been explained in section four. As Bangladesh is a capital-deficit and labor-surplus country, Lewis's model can reduce 'disguised' unemployment and underemployment as well as reduce poverty by sending a substantial portion of its surplus working-age population overseas and receiving remittance. In line with Lewis's model, this article has focused upon migration from Bangladesh to overseas where 'Bangladesh' is referred here as a traditional or subsistence economy while 'overseas' is referred as the capitalist or modern economies of Asia and Europe.

V. Findings and Discussions

Bangladesh: A Home of Prospective Migrant

Bangladesh is experiencing its initial demographic dividend, which began in 1980 and will conclude in 2040, turning the country into a home for millions of potential migrants. Globally, approximately 78% of international migrants' age is between 15 and 64 years (IOM 2024), while Bangladeshi male and female migrants' age is between 18-45 years and 25-40 years, respectively, and their corresponding percentage of total population is 21% and 16%. Furthermore, approximately 65.53%

or 112.2 million of the total population is aged between 15 and 64 years, while the youth aged 15-24 years constitutes about 40% or 10 million who are not participating in employment, education, and training (GoB 2023d). Of all, about 2.6 million people enter the job market each year. It is noted that the Bangladeshi migrants who are already in overseas countries, approximately 62.8% of them are unskilled and less-skilled who have little education and no training (GoB 2023a). All these factors of demographics confirm that Bangladesh is a home of millions of prospective migrants.

The public and private sectors are incapable of fully employing the surplus urban and rural populations of Bangladesh. While government's reluctance, massive corruption, bureaucratic complexity, etc. often delay the recruitment process of public services that prolong the duration of the graduates being employed, as presented in figure 2 (Ahmed et al., 2023), the low level of private investment and the slow pace of industrialization limit the capacity of creating jobs in private sectors (Hoque 2023). There is no data on the share of employment in public and private sectors but the government projected to create a certain number of employment for the growing number of working-age population since the 6th Five-Year Plan (2011-2015). The available information suggests that the government estimated to generate 10.40 million and 10.90 million jobs in the 6th (2011-2015) and the 7th Five-Year (2016-2020) Plans but it created only 9.5 million (91.34%) and 9.5 million jobs (73.6%), respectively (GoB 2023e). This condition is regarded as 'jobless growth' because the employment of growth for 2013-2017 was around 0.17, with a declining trend over time (Bidisha 2022). Over the past five years, jobs in agriculture dropped by 1.1% against output growth of 3.2%, output growth in industry by 9.8% against job growth by only 0.5%, and output growth in service sectors by 6.0% against 4.0% job growth (Hoque 2023). It suggests that the nation was unable to generate employment despite the economic growth and increase in the working-age population. Like other Five Years Plan, the government has projected to create 11.33 million jobs in the 8th Five-Year Plan (2021-2025), now the question is how much Bangladesh can achieve of its targets in creating jobs.

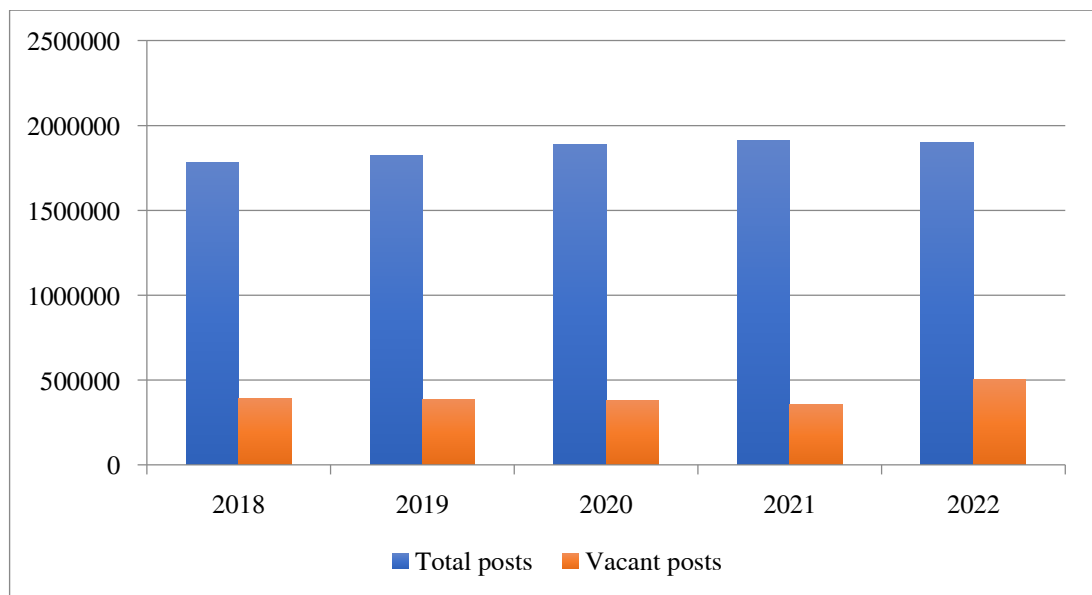


Figure 2: Total and vacant posts of public services in Bangladesh, 2018-2022

Source: Khan 2024

Despite rural Bangladesh undergoing remarkable physical and structural changes that drive social and economic transformation, it also faces challenges like limited land ownership, high population density, significant susceptibility to climate change, a lack of production diversity, and inadequate infrastructure, including roads, electricity, and irrigation (World Bank 2016)), and lag far behind from urban areas in many facets that vegetate in creating employment over the years. Consequently, a significant number of ‘disguised’ unemployment exists in agriculture economy (Lewis 1954:2), as depicted in figure 3. Also, the mismatch between demand and supply sides leave a gap in the effective utilization of a favorable demographic profile. Many graduates struggle to find employment due to the mismatch between the skills they learn through the education system and those required by employers, reflected in relatively low labor productivity and unemployment. This is referred as ‘disguised’ unemployment (Lewis 1954:2).

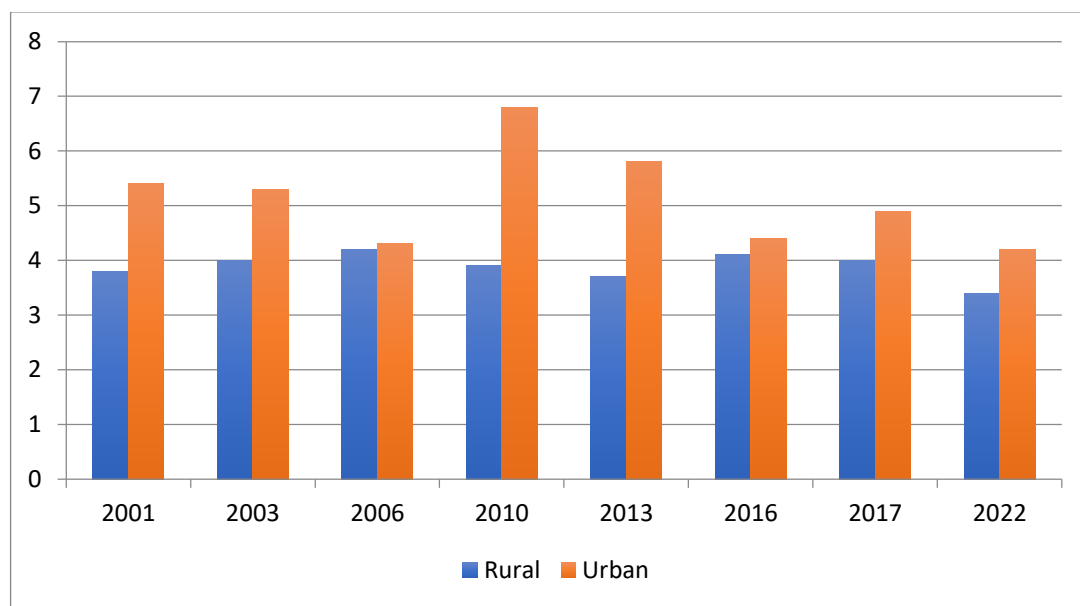


Figure 3: Urban and rural unemployment rates of Bangladesh, 2001-2022

Source: GoB 2023d

Female migrant is an important agent of development and poverty reduction, almost equal to male migrant. As female labor increases both in rural and urban areas, it is one of the surest ways of increasing the national income or economic development by sending female labor from household works to commercial employment overseas (Lewis 1954). Globally, female migrant is around 48% of all migrants in 2020 (IOM, 2024) whereas female migrant in Bangladesh is 6.19% of total migrants in 2023 (GoB 2023a). The SDGs recognize that protecting female migrant’s rights enhances their potential to become an important agent of development (O’Neil *et al.* 2016) because female migrants not only send remittance more regularly and over longer period of time than male migrants (Hennebry *et al.* 2017), they also send higher proportion of their salary, which goes more often towards education, health, and community development (O’Neil *et al.* 2016).

Bangladesh officially sent a cumulative total of 1.18 million low-skilled and unskilled female migrants overseas from 1991 to 2023, out of whom 97% were sent to the Middle East countries (GoB 2023a). Bangladeshi female migrants are engaged in both formal and informal employment activities in these countries, particularly in domestic work (ILO 2021). A female migrant from the Middle East sends on an average 77% of her income back home (Kabeer 2007). Additionally, the ideas, skills, attitudes, knowledge, contacts and networks they achieve from overseas further contribute to socioeconomic development, human rights, gender equality, women empowerment (Hossain 2020; Levitt 1998; Shamim & Holliday 2018). An 85% portion of the labor force in Bangladesh is involved in informal sectors, especially among female workers, and their contribution to GDP is minimal based on the number of workers employed. However, as migrants, they possess the potential to contribute significantly to Bangladesh's GDP and reduce poverty.

Structures and Agencies of Migration

To remove migration from its limitations and challenges that complicate anticipated outcomes from migration, a secure, organized, and systematic migration governance for both migrant-sending and migrant-receiving individuals—the single migrants to the families to the destinations—is essential. Migration governance entails the norms and organizational structures, which regulate and shape how states respond to international migration (Betts 2011). Personal qualities of migrants rarely work for the Arab and the Southeast Asian states, as these states often require unskilled and less-skilled migrant workers but household resources are the most important factor to manage migration costs (Hossain 2024). Migration hardly directly reduces poverty because the poor lacks access to and control over social, financial and human resources, which limit them to choose migration as an option for livelihood strategy (Kothari 2002). Moreover, people from the poorest areas tend to be excluded from international migration; alternatively, they at best tend to migrate within national borders, and often within rural areas or to small towns (de Haan & Yaqub 2010). Additionally, remoteness and high migration costs equally make migration more difficult for the prospective migrants, especially for the poorest households (Deshingkar & Start 2003).

Like the resources, the remittance costs of Bangladesh, on average, is 5.44% of the amount sent, which is far above 3% target proposed by the United Nations Sustainable Development Goals by the 2030 (UN Department of Economics and Social Affairs [UN DESA] 2024), and is another factor to lessen the role of remittances in reducing poverty for all types of migrants. Furthermore, migration costs similarly cramp the role to reduce poverty because the costs incurred by migrants is four to five times higher—promoted by the syndicate of middlemen or brokers—than the government-induced ideal cost structure (GoB 2024; Ullah 2013). Most important aspect of structures and agencies is the laws, policies and acts of migration that significantly impact not only those people who move out and who stay put, it equally impacts the outcomes of migration. Bangladesh has progressed well in promulgating migration laws, acts and policies, but these are rarely applied to manage, regulate, and control migration sector, also because these migration-regulating instruments have some loopholes (Hossain 2022).

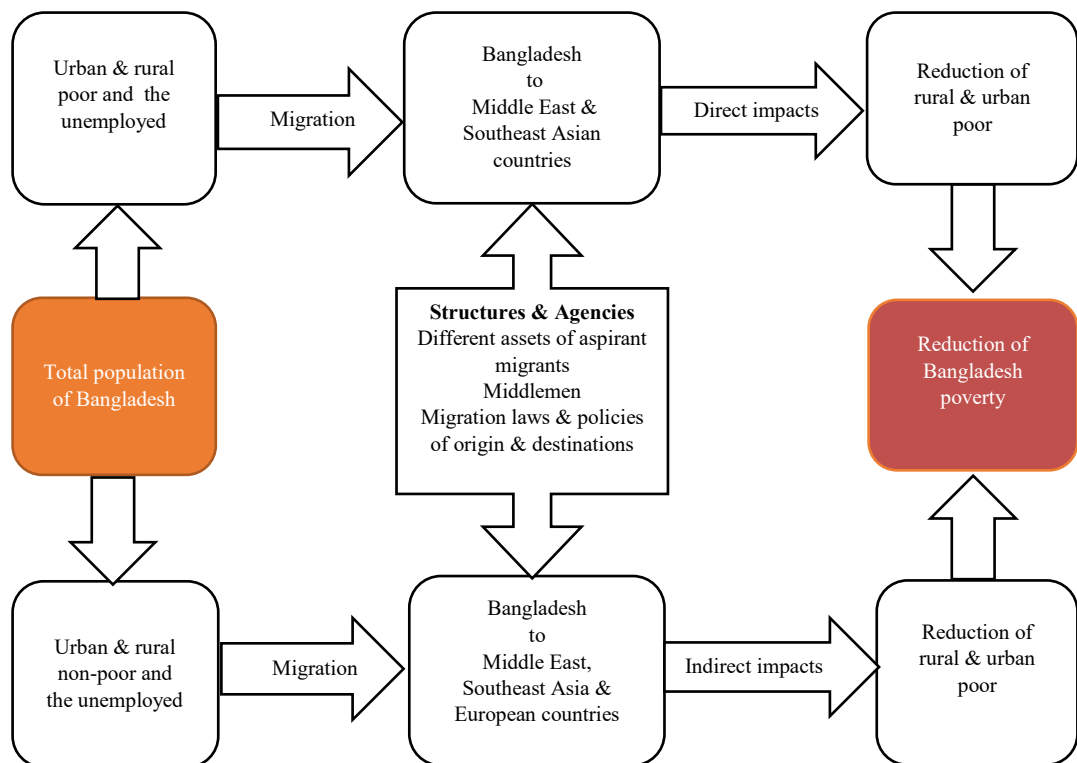


Figure 4: Migration as ‘alternative employment’ strategy of poverty reduction

Source: Flowchart designed by the author

On the other hand, the exploitative legislative and policy instruments of migration (Czaika & Hobolth 2014) in host countries create poor living and working conditions, limited access to services and low wages of migrants (IOM 2024) that diminish in receiving the expected results from migration. The Arab States, world’s major destination of migrants, has adopted a *laissez-faire* migration governance strategy, indicating the ‘governance of no governance’ (Mufti 2014: 4). One of its aspects is *kafala* system that allows government agencies, recruitment companies, and private sponsors to regulate the recruitment and oversight of migrant workers, strictly control migrant entry, residency and departure processes. It determines the sponsor’s responsibility and authority over workers’ working and living conditions, accommodation and their movement (Diop *et al.* 2017). Recently, most Arab countries have introduced reforms to better protect migrants’ rights but many of these reforms exclude domestic work, which employs large numbers of migrant workers, who continue to be among the most vulnerable migrant groups (IOM 2024). In Southeast Asia, the interests of employers and the associated politico-bureaucratic system mainly shape migration governance, which typically empowers the struggles of migrant workers and their civil society allies. This produces a system geared around official development goals, the management of movement and the deployment of workers, rather than the promotion of workers’ rights and welfare, leaving low-wage migrants open to systematic abuse (Gerard & Bal 2020).

Asia and Europe: A Destination of Bangladeshi Prospective Migrants

Across the globe, many high-income, upper-middle and lower-middle-income economies have been still experiencing to a greater or lesser extent skilled and unskilled labor imbalances and shortages. Both the long-run and short-run imbalances driven by structural and cyclical factors, respectively, between labor-rich countries and those with shrinking labor forces are likely to contribute to increased international migration flows (ILO 2024). A comprehensive skill partnership can benefit both the source and destination countries; otherwise, the imbalances could exacerbate skills shortages in sending countries. The imbalances and shortages of labor can also be limited to a subset of sectors and occupations. Across different regions, both cyclical and structural factors will create imbalances and shortages of labor to varying extents based on sector, occupation, or skill level (ILO 2024).

In Asia, Arab States' construction industry, particularly the oil-based economy in the GCC region has resulted in a significant reliance on low-skilled migrant workers. This sector alone is experiencing a severe labor shortage crisis, requiring over two million workers in the next three years to meet the demand (Chandar 2024). Moreover, the locals of this region always prefer public sector jobs whereas the private sector mainly employs migrants under inadequate working conditions (ILO 2024). Persistent disparities in wages and working conditions between the locals and migrants in the private sector, even in high-level positions, are expected to sustain employers' preference for foreign workers, at least in the short term (Asian Development Bank Institute [ADBI] 2023). Also, 3D jobs (Dirty, Dangerous and Demeaning/Difficult) is eschewed by the locals, which has shortened labor force in both the Arab States and the Southeast Asian economy (Zimre 2024). So male less-skilled and semi-skilled Bangladeshi people, particularly the poor can fulfill the construction, 3D and private sectors' job in these two regions.

In Europe, many advanced economies after the pandemic are experiencing soaring rates of unfilled vacancies although labor markets recovered and unemployment started to fall (Causa *et al.* 2022; Duval *et al.* 2022). Most countries in Europe started to face the number of vacancies in 2022 and 2023 but employers in many high-income and some upper-middle-income economies are still facing difficulties in meeting demand for workers (Feist 2024). Outward migration to countries with higher wage levels is also contributing to severe labor shortages in parts of Eastern Europe, considerably obscuring the prospects of economic growth and productivity. So, employers will face an increasingly smaller pool of talent and will have to adjust their work processes to an older workforce with different demands and capabilities from younger cohorts (ILO 2023). Demographic change is also adversely affecting enrolment in higher education, employment and the economy at large. This change may hamper human capital accumulation in the long run, and thus economic growth prospects (Hetrick *et al.* 2021). Survey data show that currently 77% of employers globally face difficulties in hiring candidates with the right skill set whereas the proportion was only 35% a decade earlier (Manpower Group 2023). So, European economies can be an important long-run destination for millions of Bangladeshis, especially for the non-poor, skilled population.

It can be concluded that Bangladesh is now facing the first demographic dividend, facilitating millions enter into the job markets each year. A significant amount of youth and female populations are becoming unemployed on the one hand, and another significant number of them are being employed in informal sectors on the other. Additionally, a huge number of youth is out of education and training. The inability of both public and private sectors to accommodate the significant number of men and women has resulted in unemployment, creating a home for millions potential migrants. The millions of people, especially unemployed surplus labor force of Bangladesh might be the assets for the higher-income, upper-middle income and lower-middle income economies by meeting the surplus labor of these economies and ensure high agricultural and manufacturing productivity and thus

boosting economic growth. Bangladesh might get the highest benefit by reducing the unemployed population and receiving financial and social remittances and thereby contributing toward achieving SDG1 ‘ending poverty’ by 2030 on the other.

VI. Conclusions and Policy Recommendations

The article has attempted to discover migration—from Bangladesh to overseas—as an ‘alternative employment’ approach for poverty reduction in the time of public and private sectors’ incapability of generating employment for a substantial number of working-age population in Bangladesh. Migration literature confirms that migration is hugely a powerful key to reducing poverty. Keeping in mind the 2030 Agenda principle of ‘leaving no-one behind’, the evidence makes an influential argument for creating migration as ‘alternative employment’ opportunity for both the poor and the non-poor people of rural and urban Bangladesh. As today is the appropriate time for Bangladesh to promulgate stringent policy for making migration as ‘alternative employment’ tactic for reducing poverty, the following policies are recommended.

- As the poor, the disadvantaged people, and some of non-poor lack assets or access to the formal credit/lending system, they cannot afford migration costs. They are often forced to manage the costs through illegal or informal channels and due to this the total migration costs turns out far greater than the cost that is typically estimated. Therefore, the government has to finance those poor and non-poor people who are really interested to migrate. The financing system has to be interest and prerequisite free for the poor, the disadvantaged people and the non-poor. Additionally, the government has to prioritize the people of disadvantaged areas across the country and finance accordingly.
- It is urgent to reduce recruitment and migration cost through the intervention of the demand side (migrant worker perspective). Raising awareness among potential migrants regarding the complete migration process and recruitment system can not only help promote more sustainable ethical migration practices but also lower migration expenses. In this case, the government has to incorporate entire migration process into education curriculum and textbooks from primary level to tertiary level, campaign in advertisements on TV, radio and newspaper. Even the public and private sectors’ migrants’ recruitment agencies together and/or separately can open different groups in apps such as WhatsApp, Messenger, etc. including the prospective migrants. This system can create an opportunity for migrants and recruitment agents to share and exchange their views and experiences about all the stages of migration processes, connect with each other and understand the up-to-date information.
- A key consensus has emerged on the necessity of reducing reliance on paper-based systems to enhance efficiency for all parties concerned in migration process. Digital solutions ranging from online applications to all-encompassing activities for migration management allow processes to operate more quickly, involve less paperwork (sustainable and environment-friendly), is less open to fraud, and more transparent for officials, migrants and employers.
- It is partially true that middlemen provide a good service to the aspirant migrants from the preparation period to departure period but they always charge a large amount of money from unaware migrant workers, giving them false promises of jobs overseas that increase migration costs and exploitations. A free, fair and credible recruitment process can be ensured and fraudulent activities conducted by middlemen or intermediaries can be easily

controlled if the government breaks the syndicate of middlemen and brings them under a legal framework by amending Overseas Employment and Migrants Act 2013.

- Two to four times higher remittance costs greatly reduce migration's effectiveness. One of the policies for increasing the positive impact of remittances on lowering poverty in the target countries is to reduce the transaction costs. Lowering the transaction costs of sending remittances can also encourage an increasing share of remittances that flow through formal channels rather than informal ones, which contribute more to form capital of migrants and the country.
- As there are no precise plans and programs of government to reintegrate and rehabilitate the returned migrants, they are often forced to return to their previous occupations and/or other occupations unwillingly where the majority cannot invest remittance income. Sometimes, most of those who invest lose their capital that causes poverty. So, the government has to employ returned migrants according to the skills and experiences they achieve from overseas. The government has to ensure investment-friendly environment and appropriate jobs for the returned migrants so that they can use their hard-earned money and knowledge for a longer period of time and improve their lives and livelihoods.
- As the unemployed population is increasing with the increase of working-age population, the government has to explore new labor markets overseas and at the same time it has to be on a good term with the existing host countries.
- As a significant number of youth is without education and training, they are unemployed and cannot contribute to the country's economic development. The government has to explore the demand and the nature of labor in the Middle East, Southeast Asia and European economies and based on their demands the government can train and educate the youth, and send them to these regions in consistence with the demands.
- As migration information recording system of Bangladesh is dearth and weak, researchers, academicians and policymakers often find it severely problematic to design research and formulate time-appropriate policy on migration and migrants. The government has to document those information on migration, migrants and remittances that meet the demands of all stakeholders.
- Last but not least, the government has recently established 42 District Employment Manpower Offices (DEMO) and developed its activities for labor recruitment and migration process. However, it is considerably important to decentralize migration recruitment process at the sub-district level in reducing costs, time and hazards. Furthermore, these offices require both specialized workforce and technical support in order to perform the activities smoothly and quickly.

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