

National Commission for Women and Children  
Thimphu, BHUTAN

**GENDER  
AND  
EMPLOYMENT CHALLENGES  
IN BHUTAN**

**2013**

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## Executive Summary

While there has been tremendous progress in the education and employment of women in the recent past, gender differentials continued to affect the labour market characterized by lower labor force participation rates and higher unemployment rates among the women. As unemployment is normally related to low income, poverty and ill health particularly among women and children, a clear understanding of the dynamics of labour market and factors affecting overall employment is highly relevant and critical in the context of Bhutan's development goals.

Recognizing the need and importance, the National Commission for Women and Children conducted a nationwide study on factors influencing unemployment among women and men in Bhutan. This report discusses various dimensions of labour market, economy and employment in Bhutan.

Jobs are the cornerstone of socioeconomic development. But despite growth in the economy and labour force, employment has not grown commensurately. This is mainly because of Bhutan's narrow economy base and the growth being dependent on hydro-power development. Hydropower led growth though contributes to revenues hardly creates direct employment. For instance, it contributed to nearly 12.5% of GDP but only 2% of overall employment in 2012. Correcting macroeconomic policies and placing employment creation at the centre of development must receive national priority.

Considering the youthful demography where about 50% of the population is below the age of 24 years, unemployment problem in Bhutan is particularly faced by the young people and more so by those between the age group of 20-24 years. The youth unemployment rates increased from 7.3% in 2012 to 9.6% in 2013 (up by 2.3 percentage points). By gender, female unemployment rates are consistently higher compared to their male counterparts for the last ten years. Providing relevant short-term skills training, structured model of apprenticeship and aligning vocational education and training to the industry needs are critical to harness the potentials of youth.

Agriculture though provides for 60% of all employment about 85% of those employed persons earning less than Nu. 4000 a month are in agriculture. Growth has influenced sectoral transformation but has not resulted into moving labour force from agriculture to other productive sectors in industry and services. Innovative investment in agriculture and mechanization has huge potential in enhancing productivity and competitiveness. Besides, diversification of off-farm activities, which is increasingly seen as an important alternative source of rural income must form integral part of poverty alleviation policy.

Findings of the quantitative study reveal that disadvantaged groups such as individuals with low income background, low level of education, displaced persons, physically challenged, and so forth face greater difficulty in accessing active labour market programs and employment opportunities. The current design of employment services and active labour market policies do not cater to the needs of vulnerable and disadvantaged groups. Therefore, it is crucial that some employment programs are particularly designed and targeted to those disadvantaged groups to promote social inclusion as well as inclusive growth. Promoting gender equality in the labour market is equally important as males and females face varying degree of challenges in the labour market.

## **1. PART ONE: BACKGROUND AND METHODOLOGICAL CONSIDERATIONS**

### **1.1. Introduction**

**In view of high fiscal deficit, weak balance of payment, increasing public debt and limited foreign exchange reserves, sustainable economic growth remains a major challenge. The economic growth is largely financed from external aid resources. Besides, the private sector despite having potential to fuel growth is weak which is constrained by several impediments like limited markets and competitiveness, human resource skills, business opportunity and development, product diversification, access to credits, affordable interest rates, complex regulatory procedures, and so forth.**

**Weak economy is accompanied by growing employment challenges particularly among the youth and females. The overall unemployment rates increased from 2.9% in 2003 to its historical high of 4% in 2009 and then dipped to 2.9% in 2013.<sup>1</sup> By gender, female unemployment rates have been consistently higher than males for the last one decade. However, unemployment problem is faced more by the youth than adults. Youth unemployment rates increased from 5.3% in 2003 to its historical high of 12.9% in 2009 and then dipped to 9.6% in 2013. By gender, though the female youth unemployment rates have been higher than males it was converging over the years. It is estimated that around 120,000 job seekers would enter the labour market during the 11<sup>th</sup> five year plan period (2013-2018) and the economy needs to generate about 82,000 jobs to achieve full employment. Yet, over 50,000 foreign workers are still employed mainly in the construction sector.**

**While there has been tremendous progress in the education and employment of women in the recent past, gender differentials continue to affect the labour market characterized by lower labor force participation rates and high unemployment rates among women. As unemployment is normally related to low income, poverty and ill health particularly among women and children, a clear understanding of the dynamics of labour market and factors affecting overall employment is highly relevant and critical in the context of Bhutan's development goals. Therefore, in the absence of any in-depth study of the labour market, this study, which is considered timely and relevant, is vital to explore how and to what extent different factors contribute towards explaining gender differentials in the labour market.**

**Recognizing the need and importance, the National Commission for Women and Children (NCWC), proposed to conduct a nationwide study to determine factors influencing unemployment among women and men in Bhutan. This study is therefore, undertaken as a part of the Advancing Economic Opportunities of Women and Girls Project with fund support from Japan Fund for Poverty Reduction through the Asian Development Bank.**

**The main objectives of the study are:**

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<sup>1</sup> Labour force survey 2013 report is not available at the moment.

- i. To understand the dynamics of labour market and assess various dimensions and factors influencing unemployment among women and men;
- ii. To review existing labour market policies, both active and passive; and
- iii. To recommend areas for intervention so that agencies like the Ministry of Labour and Human Resources and other relevant stakeholders develop adequate policy and programs interventions to address employment challenges.

This report consists of seven parts. First part provides background and methodological approaches. Second part assesses the overall dynamics of employment, labour market and economy. Third part describes the findings of the quantitative and qualitative studies to show gender differentials patterns of unemployment. Fourth part discusses various factors influencing unemployment and fifth part summarizes the key findings of the study. Sixth part provides recommendations for refocusing on employment growth and seventh part provides concluding observations.

## 1.2. Methodological approaches

### 1.2.1: Literature review

Literature review was an important precursor exercise to the study that generated useful information through review and collection of secondary data from various existing sources from government, non-government and research organizations. The information was useful at the planning stages to prepare the needed materials for designing the survey instruments. It was through this exercise that the needed information was gathered and facilitated the selection of samples. Elaborate list of all characteristics of interest surrounding the unemployment issues first emerged from literature review that were later meaningfully used to develop structured questionnaire for quantitative data collection and in the preparation of guideline for qualitative data collection. Finally, but not the least, literature review was useful in the interpretations of the results and drawing inferences.

#### 1.1.1. Sample design and selection

Sample design and selection of samples are fundamental in any sample survey in ensuring reliability and representativeness of the results. In our case, where unemployment is over 2 in 100 persons, the approach to the study was adapted in such a manner that the sample size produces results of acceptable reliability. The combination of qualitative method and the use of secondary information strengthened the power of the methods to overcome any shortcomings imposed by quantitative methods limitations. A total sample size of 2516 persons were selected in the labor force aged 15-64 years spread across all the *dzongkhags* (districts). Samples among *dzongkhags* were allocated by probability proportional to size of unemployed persons.

#### 1.1.3. Qualitative approach

The qualitative approach was adopted to collect information that were useful in understanding the issues in conjunction with information collected through quantitative meth-

od. This involved selecting 86 key informants representing various geographical areas, public representatives, unemployed males and females, industrial establishments, construction supervisors, construction companies, businessmen, and so forth.

#### 1.1.4. Data collection and survey administration

Quantitative data was collected through personal interviews using a predesigned questionnaire administered by an interviewer. 22 enumerators were involved in the data collection. Enumerators were trained on filling up the questionnaire for two days before the field operation. Two field supervisors were responsible for allocation and assigning the daily work to the enumerators. The enumerators collected data through personal interviews using the pre-designed questionnaire for the quantitative data collection. A different set of guidelines was given to the investigators for collection of information from key informants.

#### 1.1.5. Data quality assurance

Quality assurances of data are of foremost importance. It begins right from the design of the study to the ultimate result analysis. Therefore, at each stage of implementing the project, appropriate measures were introduced to ensure data quality. Each filled-in questionnaire was clerically checked for errors by the supervisor and error accordingly rectified. Questionnaires were also subjected to clerical editing and coding of multiple answers before computer data entry as to minimize the error in data. Computer data editing was done through computer system before the analysis and tabulation.

The data entry was done using Microsoft Access and Excel and then converted into SPSS data file. Transformation of variables, frequency tables and cross tabulations was done in SPSS. After the tables and results were produced, MS Excel was used for refinements and organization of tables.

### 1.3. Limitations of the study

- I. The overall estimates arising from this study may not be comparable to the existing national estimates due to differences in the size of the samples as well as the differing objectives for which the study was designed. However, the comparison within the current survey designs across characteristics of interest shall hold true to the level of significance initially designed for.
- II. Comparison among the *dzongkhags* and regions are not possible as the survey was not designed to produce estimates for lower geographical levels.
- III. In multidimensional cross tabulations, the significance of some cells in table might be compromised by the insufficient number of observations, some of which are footnoted wherever necessary.
- IV. Qualitative study was mainly based on views of some key informants in the Focus Group Discussion meant to represent the popular view to the best judgment possible. Results, findings and inferences drawn from the subjective views may be treated in relation to other information to re-confirm their appropriateness.
- V. Literature review provided basic information on areas that were beyond the scope of the current study but had direct relevance in supporting the interpretation of the results. Whenever such references to the historical data were made, accuracy of interpretations depend much on the quality of source data.

## 2. PART TWO: UNDERSTANDING THE DYNAMICS OF EMPLOYMENT, LABOUR MARKET AND ECONOMY

### 2.1: Demographic structure

**Table 1: Actual and projected populations, 2005, 2015 and 2025**

Indicators	2005	2015 (p)	2025 (p)
Total population	634,982	757,042	850,976
Male	333,595	393,324	438,679
Female	301,387	363,718	412,297
0-24 years	355,769	370,758	363,560
25+ years	279,213	386,284	487,416

*Sources: Population and Housing Census of Bhutan, 2005 & Population Projections between 2005-2030, NSB*

The last population census in Bhutan dates back to 2005. The population is projected to increase to 757,042 in 2015 and 850,976 in 2025, an increase of 19.2% and 12.4% respectively on 2005. The female share in overall population was 47.4% in 2005 and is projected to increase to 48% in 2015 and 48.4% in 2025. Proportion of population between 0-24 age group is projected to decrease from 56% in 2005 to 48.9% in 2015 and 42.7% in 2025. This may be because of the consequence of declining fertility.

### 2.2: Labour market situation

#### 2.2.1: Labour force participation

The labour force participation rate (LFPR), which is defined as the ratio between the labour force (sum of employed and unemployed) and the working age population shows the active share of the working population entering the labour market for work. As table 2 shows, the overall LFPRs witnessed increasing trend. For instance, it increased by 5.3 percentage points between 2001 and 2006 and by 2.6 percentage points between 2006 and 2012.



**Table 2: Labour force participation rates (%) by gender and area**

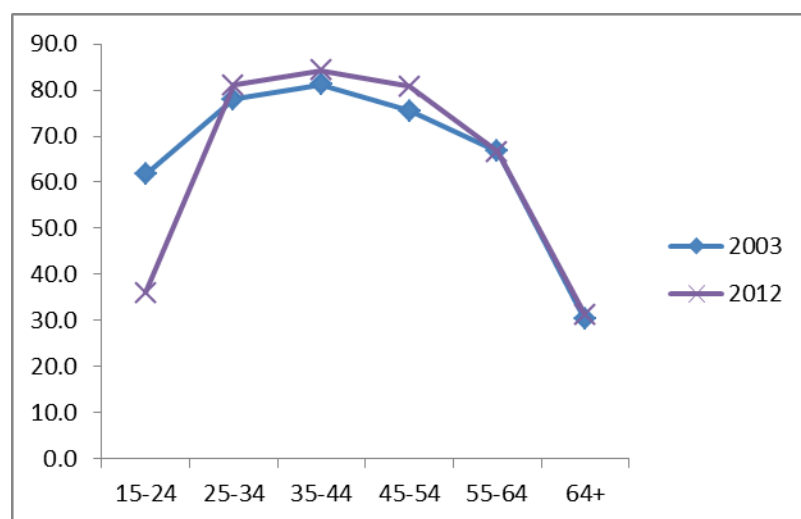
Year	2001	2006	2012
Total LFPRs	56.5	61.8	64.4
Male	75.2	69.8	65.7
Female	38.4	53.9	63.2
Rural	51.7	63.5	60
Urban	66.4	57.2	59.2

Sources: Labour Force Survey (LFS) 2001, 2006 & 2012, MoLHR

Observed by gender, though the LFPRs of males witnessed declining trend the females on the other hand witnessed increasing trend. For instance, LFPRs of females increased from 38.4% in 2001 to 53.9% in 2006 (up by 15.5 percentage points) and from 53.9% in 2006 to 63.2% in 2012 (up by 9.3 percentage points). Although the participation rates for males remained consistently higher than female, the latter participation rose much faster as to almost reach the same level as men in 2012.

In terms of area, LFPRs of rural populace in general (except for 2001) remained relatively higher than urban which may be attributed to larger proportion of the population residing in the rural areas and majority of them engaged in farming. However, like in many of the developing countries, Bhutan is also witnessing a gradual decrease in rural labour force due to rapid urbanization process and rural urban migration.

**Chart 1: Lifecycle profiles of LFPRs by age group, female**



Source: Raptan, Phuntsho (2014): Understanding the dynamics of labour market and youth unemployment in Bhutan – A study for policy and strategic responses, p.5

LFPRs of females by various age groups also show interesting pattern (chart 1). Unlike in the industrialized nations, the life cycles profile for Bhutanese females particularly among the high reproductive age-group (25-34) do not show an M-shaped curve, which indicate that women do not necessarily leave the labour market particularly during the child rearing years. Compared to 2003, the LFPRs among young females (15-24 years) declined in 2012 but increased for 25-54 age-group. Similarly, the LFPRs of females in 2012 compared to 2003 witnessed increase until 35-44, then slightly flatten, and start to decline from 45-54 age-group.

**Table 3: Youth LFPRs and proportion of labour force (%), 2006 & 2012**

Year	2006	2012
LFPRs	41.8	32.4
Male	40.7	28.3
Female	42.7	35.9
Adult (25+ years)	70.6	77
Youth in total labour force	19	14.2
Youth in working age population	29.2	28.3

*Source: LFS 2006 & 2012, MoLHR*

As about 50% of the Bhutan's population is below the age of 24 years, it is equally important to understand the situation of youth in the labour market. From table 3, it is apparent that youth share of total working population decreased from 29.2% in 2006 to 28.3% in 2012 (down 0.9 percentage point). Similarly, the youth share of total labour force decreased from 19.2% in 2006 to 14.2% in 2012 (down 5 percentage points). Therefore, the youth LFPRs declined from 41.8% in 2006 to 32.4% in 2012 (down 9.4 percentage points). All these trends indicate decreasing supply of youth labour force which may be attributed to declining fertility and increased enrollment in education and training institutes, thereby, causing delays in seeking of employment. On the sharp contrary, the adult LFPRs increased from 70.6% in 2006 to 77% in 2012 (up 6.4 percentage points).

Observed by gender, though the female youth participation rates were higher than their male counterparts both witnessed declining trend. However, changes in the rates were far sharper for males (12.4 percentage points) compared to females (6.8 percentage points), which was almost twice that of females.

This section therefore, clearly indicates that with the decline in the fertility rate which may affect population growth, the country may be confronted with shortage of labour

supply in next 15-20 years, unless the inactivity<sup>2</sup> and low labour market participation of youth are addressed adequately.

### 2.2.2: Unemployment<sup>3</sup>

**Table 4: General and youth unemployment numbers and rates by gender and area**

	2003	2006	2009	2012
Overall unemployment (total )	7,500	7200	12,900	6,904
Overall unemployment rate (%)	2.9	3.2	4.0	2.1
Male (%)	3.2	2.6	2.6	1.9
Female (%)	2.6	3.8	5.3	2.3
Rural (%)	2.3	2.5	3.0	1.5
Urban (%)	6.5	4.9	7.5	3.5
Youth unemployment (total)	3,300	4,300	9,000	3,476
Youth unemployment rate (%)	5.3	9.7	12.9	7.3
Male (%)	6.1	9.2	10.7	7.3
Female (%)	4.6	10.2	14.7	7.2

*Sources: Bhutan Living Standard Survey 2003 & LFS 2006, 2009 & 2012*

Table 4 shows that the overall unemployment rates though low by international comparison fluctuated from 2.9% in 2003 to 4% in 2009 and 2.1% in 2012. Observed by gender, unemployment rates were relatively higher for females since 2006. For instance, female unemployment rates were nearly 1.5 times that of males in 2006, 2 times in 2009 and 1.2 times in 2012. By area, unemployment is more prevalent in urban areas: it was nearly 3 times that of rural in 2003 and 2.3 times in 2012.

The unemployment problem is mainly reflected in the youth unemployment rates, which has been consistently on the higher level. Youth unemployment rates increased from 5.3% in 2003 to reach its historical high of 12.9% in 2009 and declined to 7.3% in 2012. The youth unemployment rate in 2012 for instance was nearly 3.5 times that of the national rate. The youth share of overall unemployed increased from 44% in 2003 to nearly 70% in 2009 and declined to 50.3% in 2012. Observed by gender, though the female youth unemployment was generally higher than their male counterparts the gap narrowed and converged in 2012.

<sup>2</sup> Inactivity refers to those working age population not participating in the labour force.

<sup>3</sup> LFS defines unemployment as person 15 years and above who, during the reference period, did not work even for one hour, had no job or business, but available for work and seeking work.

**Table 5: Unemployment by educational level (%)**

Year/Educational level	2006	2009	2012
No schooling	22.2	30	22
Primary	15.3	13.8	12.6
Junior & high	41.7	32.3	30
Higher secondary	13.9	14.6	20.4
Above secondary	6.9	3.8	13.2

Sources: LFS 2006, 2009 & 2012

Unemployment is also related to educational attainment. It is interesting to learn from table 5 that while the proportion of unemployed persons with primary, junior and high school education had been declining steadily over the years, unemployed persons with the higher secondary and above secondary has been increasing. In fact between 2006 and 2012, the unemployed with higher secondary qualification increased by 46.7% while it increased dramatically by 91.3% for those unemployed with above secondary educational qualification.

### 2.2.3: Quality of employment

Though people may be technically employed it is important to understand the job quality. Considering working hours and monthly wages as proxies for the job quality, 17.2% of the employed persons worked for more than 80 hours a week in 2012 compared to 9.7% in 2006.<sup>4</sup> Females accounted for 62.2% of all employed persons who worked for more than 80 hours a week in 2012; more than 80% were engaged in agriculture activity. In terms of monthly wages, 36.3% of all employed earned less than Nu. 4000 in 2012; 54.4% were females.<sup>5</sup> Moreover, LFS 2012 also showed that for every three males employed in the regular type of employment only one female was employed.

Therefore, females in general face more difficult challenges in the labour market compared to their male counterparts.

## 2.3: Economy and employment growth

### 2.3.1: Economic growth pattern

Economic and social development is of paramount importance to creating more business and employment opportunities, transforming structural growth, moving people from

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<sup>4</sup> LFS 2006 & 2012.

<sup>5</sup> Figures calculated from LFS 2006 and 2012.

farms to firms, improving livelihoods and enabling people to work their way out of poverty.

**Table 6: Contribution to real GDP growth by sectors (%), 2003-12**

Year/sector	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary	0.5	0.4	0.5	0.8	0.5	0.5	0.3	0.2	0.6	0.5
Secondary	0	2.8	2.8	3	14.9	2.4	1.8	5.4	1.4	1.2
Tertiary	3.5	5.2	5.5	3.1	2.5	1.8	4.7	6.1	6.5	2.9
GDP growth	4	8.4	8.8	6.8	17.9	4.7	6.7	11.7	8.5	4.6

Sources: Royal Monetary Authority (RMA), Annual Report 2004/05 (Jan 2005) & 2012/13 (Jan 2014)

As shown in table 6, the real GDP growth rate increased from 4% in 2003, reached at its historical peak at 17.9% in 2007 and then dipped to 8.5% in 2011. From 2003 to 2011, GDP grew at an average of 8.6% annually. In terms of sectoral contribution to overall GDP growth, tertiary sector though fluctuated over the years contributed the highest followed by the secondary sector. In general, the average share of tertiary sector accounted for 4.3 percentage points compared to 3.8 percentage points of the secondary sector.

However, when sectoral contribution to the real GDP is gauged by major economic activities, it is apparent that the growth is highly dependent on hydropower developments followed by construction. This clearly indicates the narrow base of economy and volatility of the growth.

### 2.3.2: Employment pattern

**Table 7: Sectoral shares of employment (%) and GDP (%)**

Year/ Sector	Agriculture	Industry	Services	Employment Rate (%)	Female share of total employment (%)
2003	79.6 (25.6)	2.69 (36.2)	4.46 (38.2)	98.2	49.3
2006	62.8 (21.4)	7.54 (37.7)	25.5 (40.9)	96.8	43.3
2009	65.4 (18.2)	6.4 (41.9)	23.2 (39.8)	96	48.08
2012	62.2 (17)	8.64 (39.4)	27.2 (37.2)	97.9	51.02

**Note: Parentheses show sectoral contribution to GDP (at current prices). The figures under various sectors will not add up to 100 as the category 'others' was excluded.**

**Sources: Rapten, P, *ibid.* and RMA, Annual Report 2012/13 (Jan 2014)**

As evident from table 7, employment reached at its historical high of 98.2% in 2003, dipped to 96% in 2009 and again increased to 97.9 in 2012. In terms of females share of overall employment, though fluctuated it increased from 49.3% in 2003 to 51.02% in 2012. However, majority of the employed females are still engaged in the agriculture sector. For instance, of all employed women in 2012, 75% were in agriculture, 7.2% in industry and 17.8% in services.<sup>6</sup>

In terms of sectoral employment, the share of agriculture saw a sharp decline of nearly 22% from 79.6% in 2003 to 62.2% in 2012. This is obvious as the economic growth is expected to shift people from non-productivity sector like agriculture to other productive sectors. However, agriculture still remains the single largest sector accounting for a little over 60% of all employment though it accounted for only 17% of total GDP. On the other hand, industry and services shares of employment increased by a little over three times (from 2.6% to 8.6%) and six times (4.4% to 27.2%), respectively between 2003 and 2012.

<sup>6</sup> Rapten, P's power point copy of 'understanding the dynamics of labour market and (youth) employment challenges in Bhutan' presented at RIGSS in March 2014.

Though industry and services contributed nearly 40% each to GDP the employment share of services is far larger employing three times that of industry sector. However, it is also apparent that the proportion of workers employed in sectors like industry and services from 2006 to 2012 remained largely unchanged over time.

**Table 8: Distribution of employed persons and contribution to GDP by major selected economic activities (%)**

Major economic activity	% share of GDP		% of employment		% of employment (2012)	
	2006	2012	2006	2012	Male	Female
Agriculture and forestry	21.4	17	62.8	62.2	38.4	61.6
Manufacturing	7.6	8.9	3	5	40.3	59.7
Electricity, gas and water supply	13.1	12.4	1.9	2	78	22
Construction	14.8	15.9	2.7	1.5	87.5	12.5
Wholesale and retail trade	5.7	6.3	4.4	3.8	45.8	54.2
Hotels and restaurants	0.7	1.4	2.8	1.8	41.4	58.6
Transport, storage and communications	10.1	10.4	2.2	2.6	87.7	12.3
Financing, insurance & real estate	8.5	7.8	1.7	1.3	64.4	35.6
Public administration /and defense	7.9	6.8	7.8	8.3	83.4	16.6

Sources: LFS 2006 & 2012 and RMA, Annual Report 2012/13 (Jan 2014)

Table 8 shows that in terms of distribution of employment by major economic activities and gender, in 2012, males were particularly prominent among transport & communications (87.7%), construction (87.5%) and public administration and defense (83.4%). Females were prominent among agriculture (61.6%), manufacturing (59.7%) and hotels and restaurants (58.6%).

**Table 9: Distribution of employed persons by nature of employment (%)**

	2006			2012		
	Male	Female	Total	Male	Female	Total
Regular paid employee	31.9	12.3	23.4	36.3	11.9	23.8
Casual paid employee	6.3	5.3	5.9	4.9	2.4	3.6
Unpaid family worker	45.7	64.2	53.7	25.4	56.2	41.1
Own account worker & self employed	15.8	18.3	16.9	31.0	28.5	29.7
Others (employer and piece, contract paid worker)	0.3	0	0.2	2.4	1.0	1.7

*Sources: LFS 2006 & 2012*

In terms of nature of employment (table 9), it is interesting to observe that the proportion engaged in family workers decreased sharply by 12.6% from 53.7% in 2006 to 41.1% in 2012. On the other hand, proportion employed in own account worker and self-employed increased dramatically by 75.7% from 16.9% in 2006 to 29.7% in 2012. Regular paid employment, which is most desirable and sought after witnessed hardly any increase.

Observed by gender, though female share in unpaid family work decreased by 12.4% between 2006 and 2012, it is still high. But their share in own account work and self - employment increased significantly by 55.7% between 2006 and 2012. It is apparent that while males were employed three times compared to females in the regular paid work in 2012 (it was only 2.5 times in 2006) females on the other hand were employed 2.2 times in unpaid family work compared to their male counterparts in 2012 (it was only 1.4 times in 2006).

From the foregoing description, it is clearly evident that Bhutan despite achieving relatively high GDP growth rate over the decade the economy did not generate employment commensurately and shift labour force from low productivity agriculture sector to other productive sectors. Besides, a higher proportion of 70% of all employment were in the non wage payment (unpaid family and own account and self - employed) and more females were still engaged in unpaid family work.



### 3. PART THREE: GENDER DIFFERENTIAL PATTERNS OF UNEMPLOYMENT - FINDINGS FROM THE STUDY

#### 3.1: Unemployment across various characteristics

Based on the findings from the quantitative study conducted by the National Commission for Women and Children from August to November 2013, this section attempts to establish how the differences of unemployment between males and females changes across various individual characteristics.

Table 10 a: *Distribution of respondents by region & gender, 2013*

Region	Male	Female	Total
East	764	418	1,182
Central south	478	272	750
West	318	248	566
Total	1,560	938	2,498

Table 10 b: *Distribution of respondents by region & employment status, 2013*

Region	Employed	Unemployed	Total
East	1,144	38	1,182
Central south	714	36	750
West	523	43	566
Total	2,381	117	2,498

From the above tables, it is apparent that out of a total of 2,498 respondents, 47.3% were from the east followed by 30% from the central south and the rest from the west. By gender, 62.4% were females and 37.6% males. Observed by employment status, 95.3% were employed.

**3.2: Unemployment by gender**

**Table11: Unemployment by gender, 2013**

Male	96.2	3.8	100.0
Female	93.8	6.2	100.0
Both sex	95.3	4.7	100.0

Overall, the proportion of persons unemployed was 4.7%. By gender, the unemployment among the females was 6.2%, which was relatively much higher than that of male at 3.8%.

**3.3: Unemployment by age group and gender**

Chart 2 shows that the overall unemployment was highest for persons between the age group 20-24 years, which clearly indicates that the unemployment was largely concentrated among the young adults (20-24 ages) than teenagers. Unemployment however, gradually dropped after the age of 25 years. It also shows the relationship between age and unemployment status. The straight line across the graph is indicative of how unemployment decreased as the age increased.

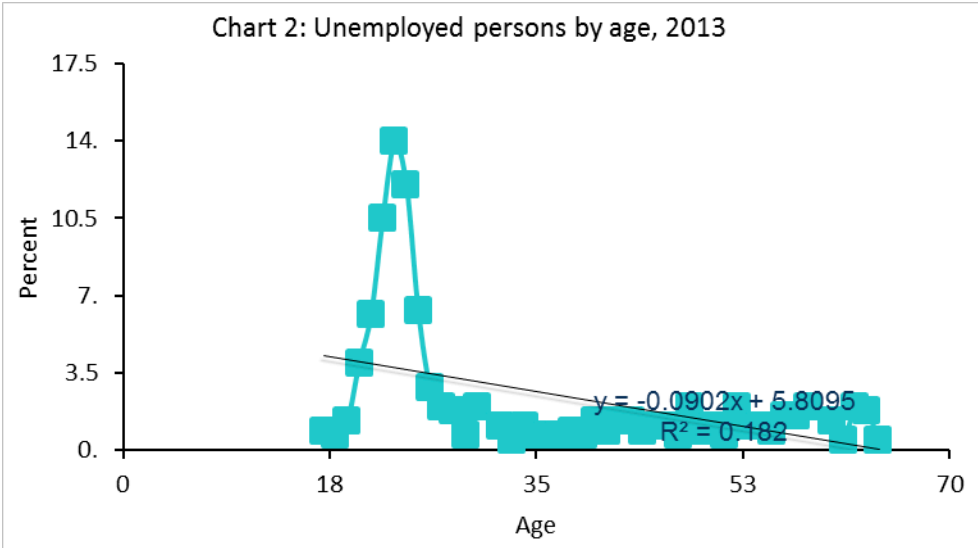


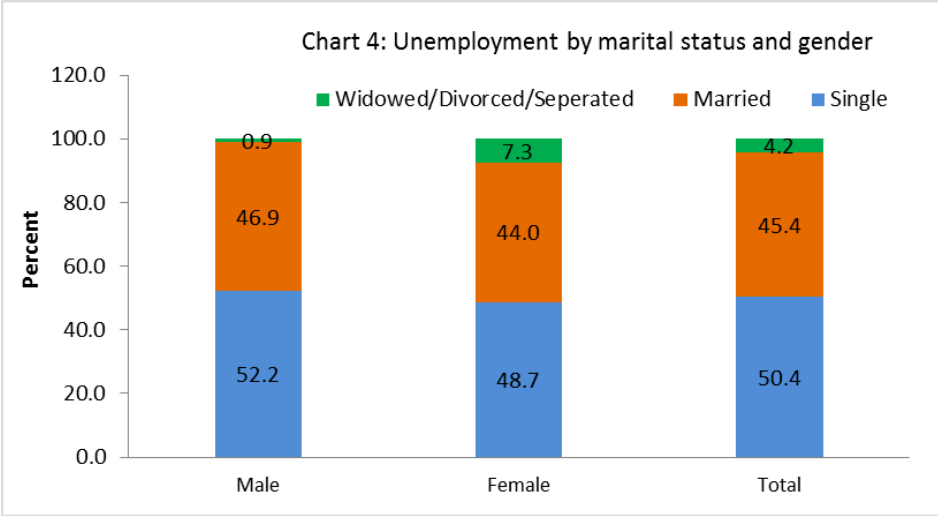
Chart 3 shows that unemployment was higher among the femalee than males for all the age groups except for age beyond 55 years. Though the highest unemployment was observed for female than male in the age group of 15-24 years, only a marginal gap was no-

ticed with 10% among the females and 9.3% among the males. The gap between male and female unemployment persisted for all ages but became more prominent for ages 25 years and beyond. The highest gender difference was observed among the persons of ages between 35 to 44 years with 7.3% females and 1.4% males being unemployed. The gap narrowed beyond the age of 44 years with a falling unemployment among females and a rising unemployment among the males.



**3.4: Unemployment by marital status**

In terms of unemployed by marital status (chart 4), over half of the respondents were single, 45.4% married and 4.2% were either widowed/divorced. Higher proportion of males (52.2%) than females (48.7%) was single. The proportion of married women was 44% compared to 46.9% for men. The proportion of divorced/ widowed was much higher for women (7.3%) than men (0.9%).



**Table 12: Unemployment by marital status, gender and age group (%)**

Age group	Single		Married	
	Male	Female	Male	Female
15-24	10.8	11.0	4.6	8.5
25-34	6.5	4.8	0.5	3.8
35-44	...	...	1.5	6.6
45-54	...	...	3.0	5.4
55-64	...	...	...	...

Note: "... " not enough observations for estimation

As evident from table 12, amongst the married persons, the proportion unemployed was higher for women than men for all the age groups. The proportion unemployed among the married men in the age group 15-24 was 4.6% much lower than 8.5% among married females. Similar difference between the male and female unemployment was noticed in all other age groups. Marriage was associated to higher unemployment among women causing larger gender gap in employment.

### 3.5: Educational attainment and unemployment

Table 13 shows that gauging by educational attainment, 34.3% had no education or others, 31.7% had secondary level education, 26.8% had university degree or above and 7.1% had primary level education.

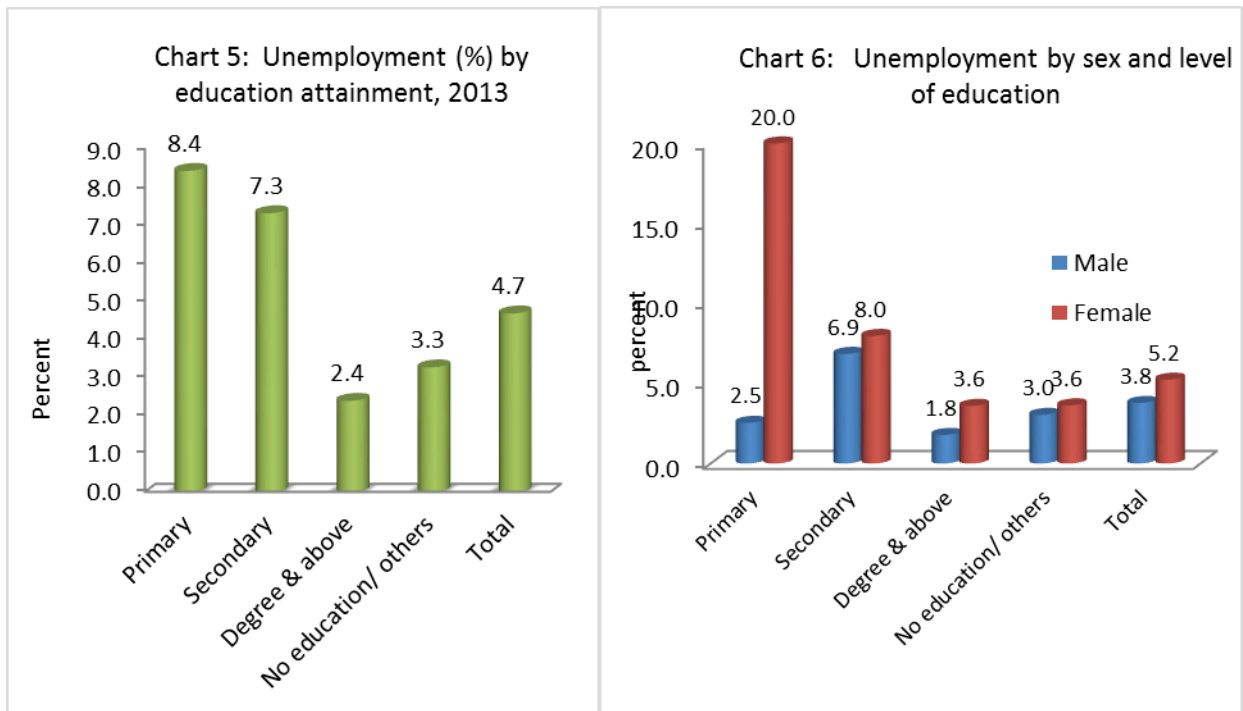
**Table 13: Unemployment by level of education and gender (%)**

Educational level	Employed	Unemployed	Total
<b>Male</b>			
Primary	7.7	5.1	7.6
Secondary	29.0	54.2	29.9
Degree & above	29.3	13.6	28.7
No education/ others	34.0	27.1	33.8
Total	100.0	100.0	100.0
<b>Female</b>			
Primary	5.8	26.1	6.8
Secondary	36.1	56.5	37.1
Degree & above	25.7	17.4	25.3
No education/ others	38.2	26.1	37.6
Total	100.0	100.0	100.0
<b>Both sex</b>			
Primary	6.8	12.8	7.1
Secondary	30.9	49.6	31.7
Degree & above	27.5	13.7	26.8
No education/ others	34.8	23.9	34.3
Total	100.0	100.0	100.0

As shown in chart 5, the proportion unemployed was highest among those persons who had attained primary level education (8.4%) followed by 7.3% among persons who had

secondary level education. Unemployment was observed to be the least among persons who attained degree level or above qualification as observed in Figure 65.1. Among persons without education or of other forms of education qualification, 3.3% were unemployed.

Chart 6 demonstrates that the female unemployment for all levels of education was higher than males. The highest difference between the female and the male unemployment was at the primary level education portraying as high as 20% female unemployment compared to 2.5% among the males. At the secondary level, female unemployment was 8% compared to 6.9% among the males. Similar observation was made among the degree or above qualification where higher proportion of 3.6% females and 1.8% males were unemployed. The gap between females and males was the least among non-educated.



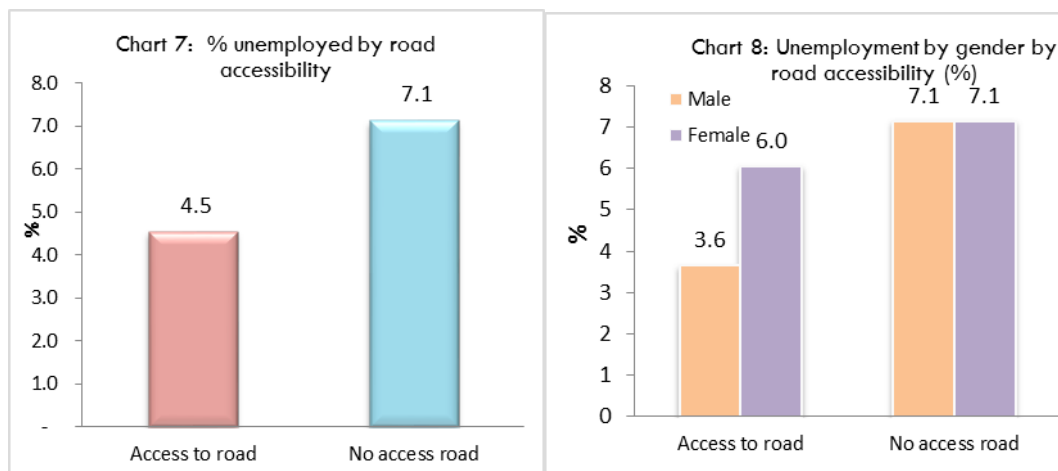
### 3.6: Road accessibility and unemployment

95.5% of the respondents reported having accessibility to road compared to only 4.5% having no access. The proportion without access to road facility among the unemployed was 6.9%, slightly higher than that of the employed persons (4.4%). Among unemployed persons, proportion of females with road accessibility was 94.7% compared to 91.5% of males.

**Table 14: Unemployment by access to road and gender (%)**

Road connection	Employed	Unemployed	Total
<b>Male</b>			
Access to road	95.6	91.5	95.5
No access road	4.4	8.5	4.5
Total	100.0	100.0	100.0
<b>Female</b>			
Access to road	95.6	94.7	95.5
No access road	4.4	5.3	4.5
Total	100.0	100.0	100.0
<b>Both sex</b>			
Access to road	95.6	93.1	95.5
No access road	4.4	6.9	4.5
Total	100.0	100.0	100.0

**Chart 7 shows that the proportion unemployed was 7.1% among those without road access compared to 4.5% among those with road accessibility. As shown in chart 8, among those with access to road, 6% females were unemployed compared to 3.6% males. No difference of unemployment was observed between males and females among those without access to road facility.**



### 3.7: Household assets and unemployment

**Table 15: Unemployment by household assets and gender (%)**

Assets possessed	Employed	Unemployed	Total
<b>Male</b>			
Land	99.1	88.1	98.7
Television	74.4	71.2	74.2
Phone/ mobile	97.8	89.8	97.5
Vehicle/ machinery	34.0	27.1	33.7
Business	11.1	8.5	11.0
Total	100.0	100.0	100.0
<b>Female</b>			
Land	99.1	96.6	98.9
Television	74.0	65.5	73.5
Phone/ mobile	96.0	96.6	96.0
Vehicle/ machinery	37.1	32.8	36.9
Business	14.0	3.4	13.4
Total	100.0	100.0	100.0
<b>Both sex</b>			
Land	99.1	92.3	98.8
Television	74.2	68.4	74.0
Phone/ mobile	97.1	93.2	97.0
Vehicle/ machinery	35.1	29.9	34.9
Business	12.1	6.0	11.9
Total	100.0	100.0	100.0

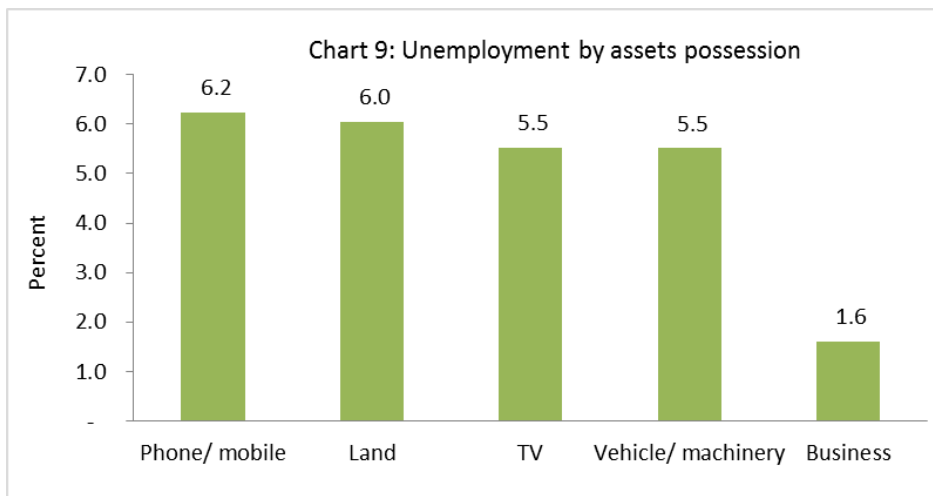
Note: Percentages and totals are based on respondents.

**Table 15 shows that of the total respondents, 98.8% owned land, 73.5% television, 97% mobile/phones, 34.9% vehicle/ machinery and 11.9% business. In general, unemployed persons possessed less assets compared to those employed. Among the unemployed,**



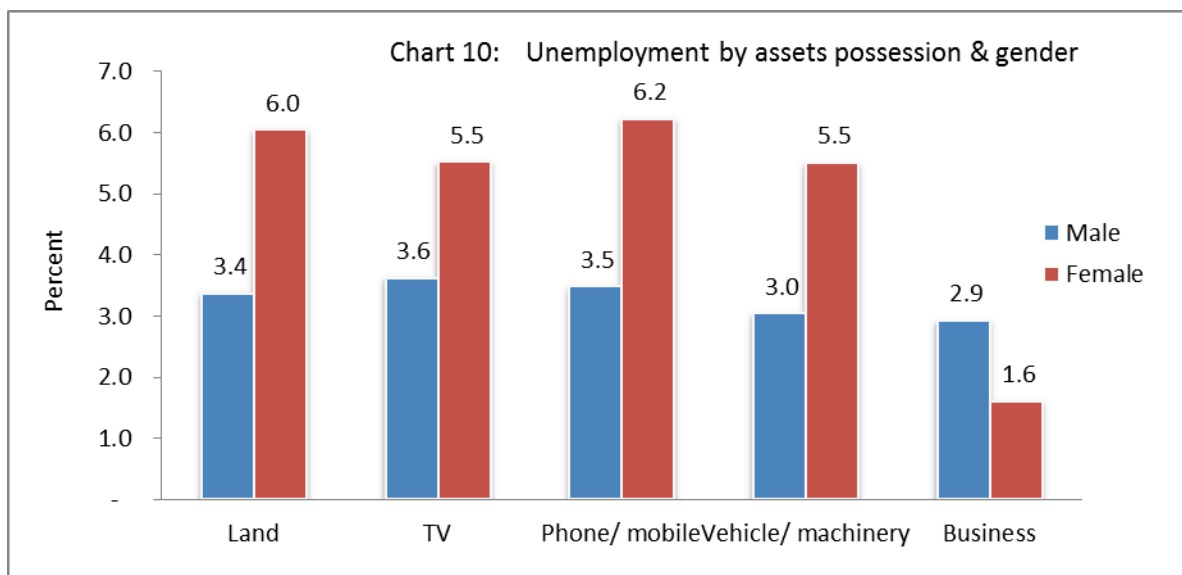
92.3% had land compared to 99.1% of the employed. Similarly, proportion having television among unemployed was 68.4%, lower than 74.2% of the employed.

By gender, no big difference was observed in terms of employment status vis-a-vis household asset, However, higher proportion of females (96.6%) than males (88.1%) had land asset. Among the unemployed males, 8.5% had family business compared to 3.4% among the females. As shown in chart 9, the proportion unemployed was lowest among those having business with 1.6% compared to groups having other forms of assets for which unemployment ranged from 5.5% to 6.2%.



As evident from chart 10, in terms of differences in unemployment between male and female by various asset possessions, it is interesting to note that female unemployment (1.6%) stood lower than that of male (2.9%) only in the case of business while it exceeded in all other forms of asset backgrounds.

Among those having land asset, 6.0% females were unemployed as compared to 3.4% among males. This observation may be viewed in the context of the earlier observation of higher proportion of unemployed females than males that possessed land asset. Land asset had limited impact on the employment status of women.



### 3.8: Social support and unemployment

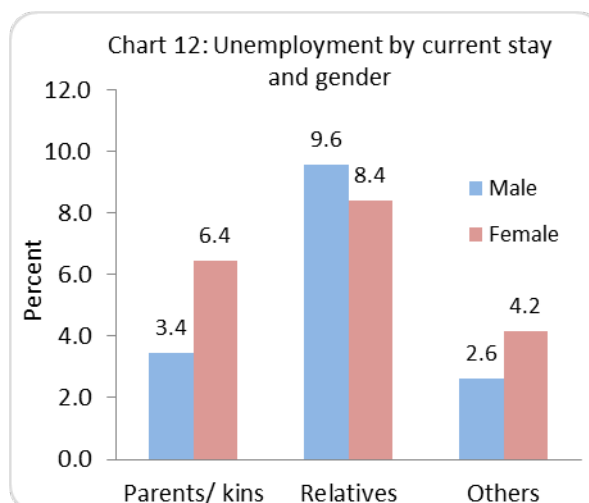
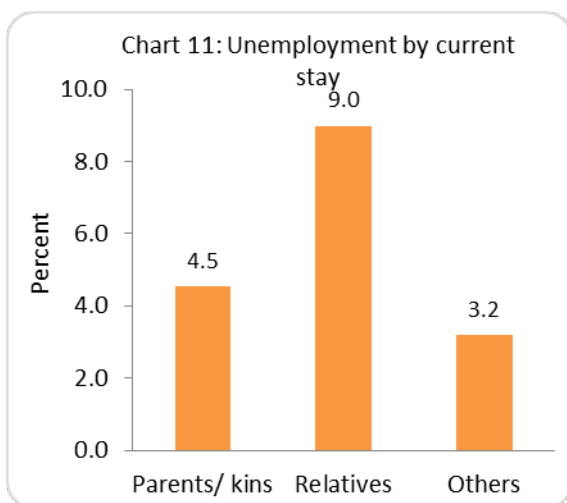
**Table 16: Unemployment by current stay (%)**

Stay with whom currently	Employed	Unemployed	Total
<b>Male</b>			
Parents/ kins	67.2	61.0	66.9
Relatives	8.2	22.0	8.7
Others	24.7	16.9	24.4
Total	100.0	100.0	100.0
<b>Female</b>			
Parents/ kins	62.8	65.5	63.0
Relatives	13.6	19.0	14.0
Others	23.5	15.5	23.0
Total	100.0	100.0	100.0
<b>Both sex</b>			
Parents/ kins	65.6	63.2	65.5
Relatives	10.2	20.5	10.7
Others	24.2	16.2	23.9
Total	100.0	100.0	100.0

Of the total respondents (table 16), the highest proportion of 65.5% lived with parents, 10.7% with relatives and 23.9% with others. Slightly lower proportion of the unemployed (63.2%) than employed (65.6%) lived with parents. Among unemployed, 20% lived with relatives compared to 10.2% among the employed. The proportion of females living with parents was 63% slightly lower than that of males (66.9%).

As observed in chart 11, the proportion unemployed among those living with relatives was highest at 9%. Among persons living with parents, 4.5% were unemployed compared to 3.2% living with others or non-relatives.

The difference between male and female unemployment was highest among those living with parents/kin as shown in chart 12. With unemployment rate of 3.4% and 6.4% for males and females respectively, the female unemployment was two times higher among those living with parents.



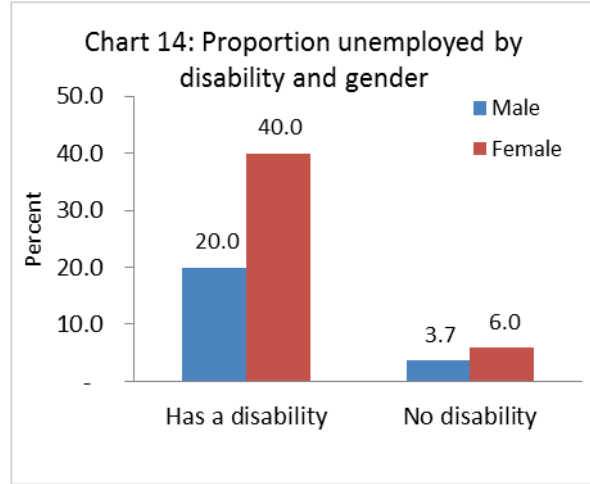
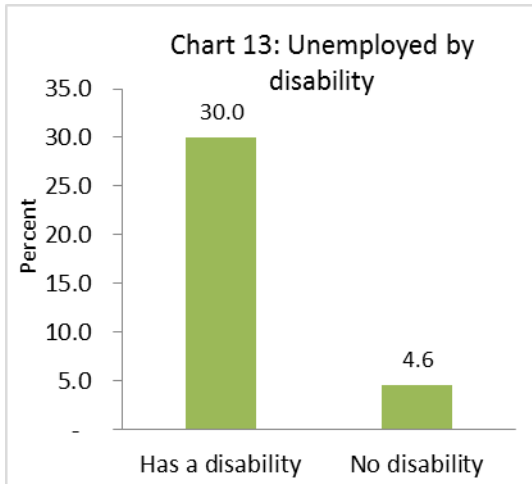
### 3.9: Disability and unemployment

**Table 17: Disability and employment status (%)**

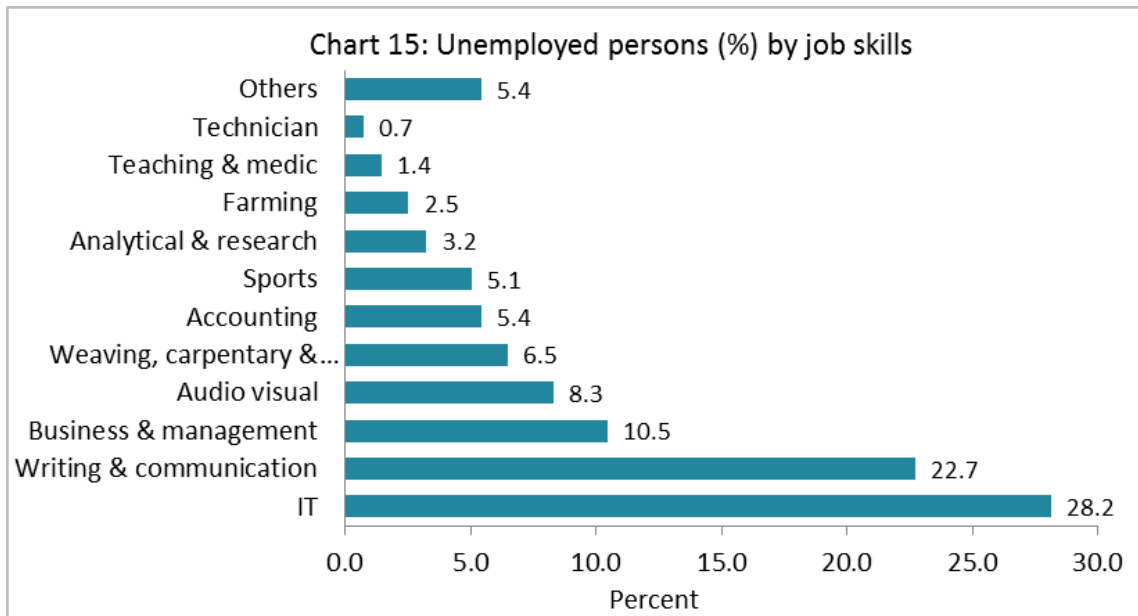
Physical & mental disability	Employed	Unemployed	Total
<b>Male</b>			
Has a disability	0.3	1.7	0.3
No disability	99.7	98.3	99.7
Total	100.0	100.0	100.0
<b>Female</b>			
Has a disability	0.3	3.4	0.5
No disability	99.7	96.6	99.5
Total	100.0	100.0	100.0
<b>Both sex</b>			
Has a disability	0.3	2.6	0.4
No disability	99.7	97.4	99.6
Total	100.0	100.0	100.0

Less than 1% reported having certain forms of disability like hearing, seeing, speech, or movement (table 17). Amongst the unemployed, 2.6% were disabled compared to only 0.3% of the employed persons. By gender, there was no difference in the proportion of disability among the employed persons. However, a significant difference in disability was observed among the unemployed persons; females were 3.4% which was twice that of the males of 1.7%.

As observed in chart 13, the unemployment among persons without disability was only 4.6% as against 30% of those disabled persons. Unemployment among females with disability was 40%, which was twice higher as compared to 20% among males with disability (chart 14). Unemployment was much higher for females than males than those without disability. Unemployment among the females with disability was 40% compared to a low of 6% among the females without disability. It can be thus deduced that disability greatly impairs an individual's capacity for employment.



### 3.9: Skills and unemployment

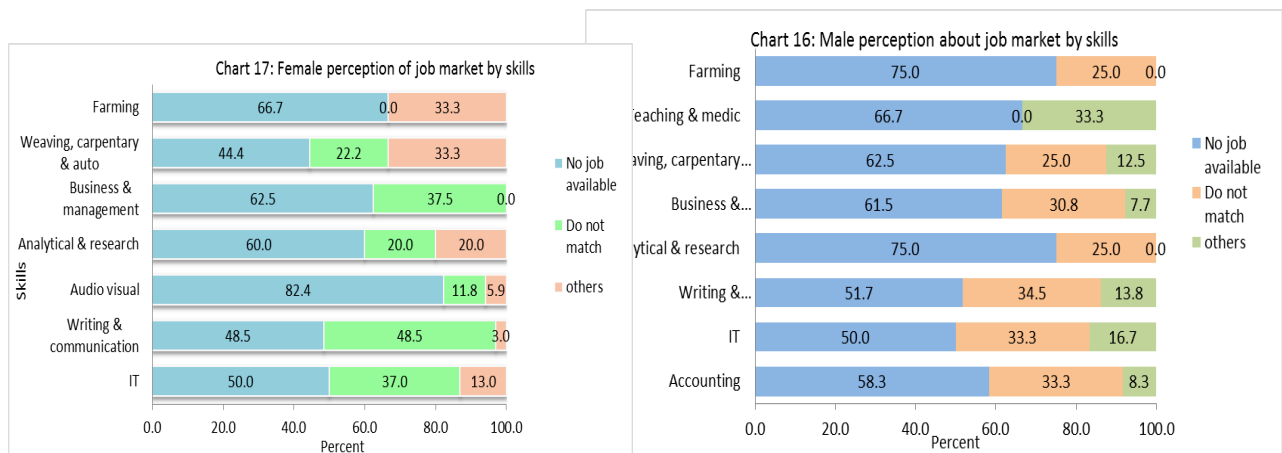


According to Unemployment by skill level (chart 15), highest proportion of 28.2% of respondents reported to have Information & Technology (IT) skills followed by writing & speaking (22.2%), business & marketing (10.5%), audio visual (8.3%), weaving and carpentry (6.5%), accounting (5.4%), sports (5.1%), analytical & research skills (3.2%), farming (2.5%), teaching & medical (1.4%) and technical skills (0.7%). Table 18 (i) presents the male female differential of skill. Higher proportion of women than men had IT, Business & management, weaving / craft and other unspecified skills. Skills in sports is dominated by men.

Table 18 (i): Percentage of unemployed by skills and sex

Skills	Male	Female	Both sex
Accounting	8.1	2.4	5.0
IT	14.1	18.7	16.7
Writing & communication	28.3	32.5	30.6
Audio visual	8.1	8.9	8.6
Sports	16.2	4.9	9.9
Analytical research	3.0	0.8	1.8
Business & management	8.1	10.6	9.5
Weaving, carpentry & auto	7.1	13.0	10.4
Teaching & medic	2.0	1.6	1.8
Farming	3.0	2.4	2.7
Technician	1.0	0.8	0.9
Others	1.0	3.3	2.3
Total	100.0	100.0	100.0

Over 70% of all the unemployed had skills in either IT, writing & communication, business management and audio visual skills. Only a small proportion of over 5% had technical skills i.e. either technician, teaching & medical skills, and analytical & research.



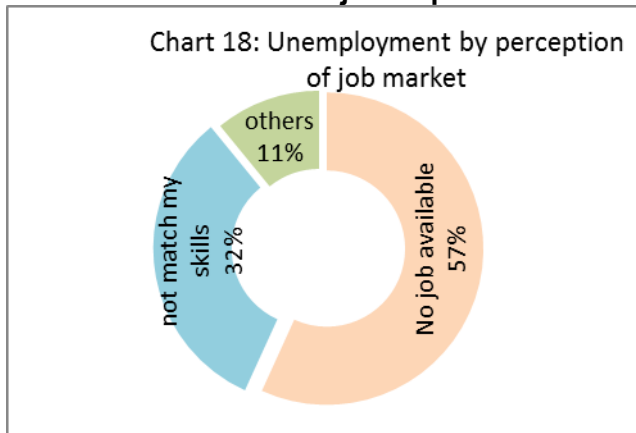
By gender, 75% of males with farming skills reported no job available compared to 66.7% of females followed by 66.7% of males with teaching and medical skills but none by females. Similarly, 34.5% of males with writing and communication skills reported mismatch of skills compared to 48.5% of females. And 37% of females with IT skills reported

mismatch of skills compared to 33.3% of males. Among the unemployed females, over 31% had IT background as compared to 25% males. Around 11% unemployed females had business and management background as compared to 10% among the males.

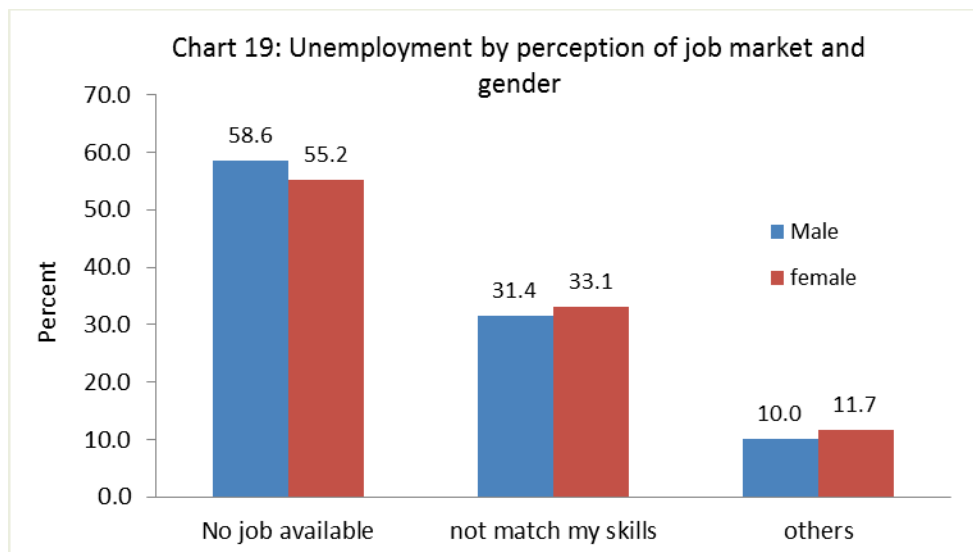
### 3.10: Supply side characteristics of labour market

#### 3.10.1: Job market perception and unemployment

As shown in chart 18, the highest proportion of 57% unemployed persons believed that there was no job available in the market. Even when jobs were available, 32% said their skills did not match the job requirement.



In terms of gender's perception, chart 19 shows that higher proportion of males (58.6%) than females (55.2%) reported no jobs available in the market. When available, more females (33.1%) than men (31.4%) said their skills did not match with job requirements



### 3.10.2: Job preference and unemployment

As presented in table 18, 51% of the unemployed persons preferred to work in the government followed by 23.1% in private/business and 21.1% in corporate sector. Observed by gender, 52.7% of the unemployed females preferred to work in the government compared to 49.2% of the unemployed males. Similarly, higher proportion of unemployed females (22.5%) than males (19.8%) preferred job in the corporate sector. Slightly a higher proportion of males (24.3%) than females (22.0%) preferred jobs in the private sector/business. A small proportion of 6.8% males and 2.7% females were willing to accept any job anywhere.

**Table 18: Job preference by unemployed by gender (%)**

Sector	Male	Female	Total
Government	49.2	52.7	51.0
Corporate	19.8	22.5	21.2
Private sector/business	24.3	22.0	23.1
Any job	6.8	2.7	4.7
Total	100.0	100.0	100.0

### 3.10.3: Salary expectation

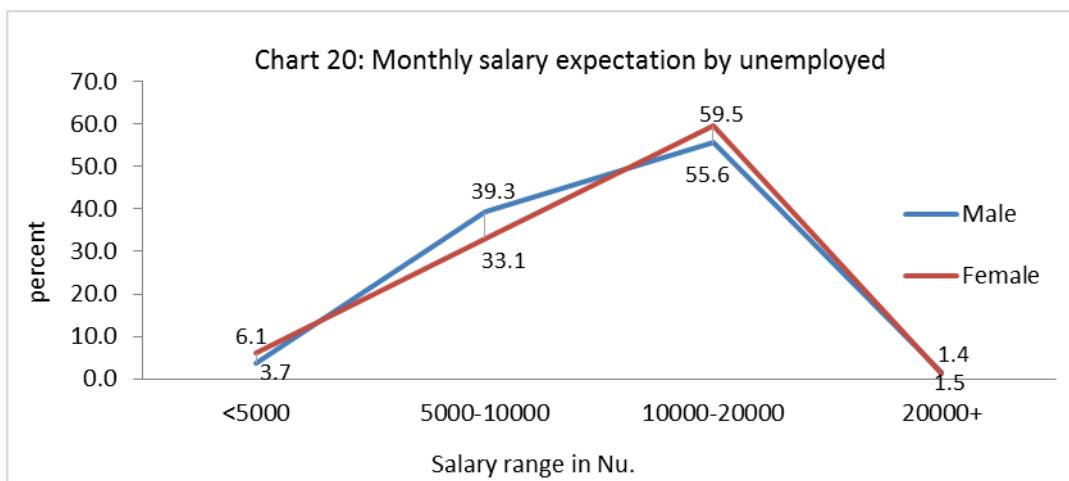
**Table 19: Expected monthly salary (Nu.) by education attainment (%)**

Grade	<= 5000	5001-10000	10001-20000	20000+	Total
Primary	31.3	50.0	18.8	0.0	100.0
Secondary	9.4	81.2	8.2	1.2	100.0
Degree & above	0.0	9.6	88.6	1.8	100.0
Others	0.0	50.0	50.0	0.0	100.0
Total	4.8	34.8	58.9	1.5	100.0



Unemployed persons, almost in entirety (95.2%) would accept jobs that pay a monthly salary of over Nu. 5,000 except for 4.8% who would accept Nu. 5000 or less. If a job were given, a majority (58.9%) would settle for a monthly salary between Nu. 10,000-20,000 that mainly comprised of unemployed persons with a degree or higher education level. As observed in table 19, the higher the level of educational attainment greater the salary expectation. For instance, 88.6% having degree & above education expected a monthly salary between Nu. 10,000 - 20,000 while 81.2% of the secondary level education expected between Nu. 5001-10,000 and 31.3% of the primary level expected Nu. 5000 and below.

In terms of salary expectation by gender (chart 20), higher proportion of females (59.5%) than the males (55.6%) expected monthly pay between Nu. 10,000 - 20,000. Over 33% females and 39% males expected monthly pay between Nu. 5,000 -10,000 and 6% females and 4% males expected below Nu. 5,000. A very few females of 1.4% and 1.5% males expected monthly pay over Nu. 20,000.



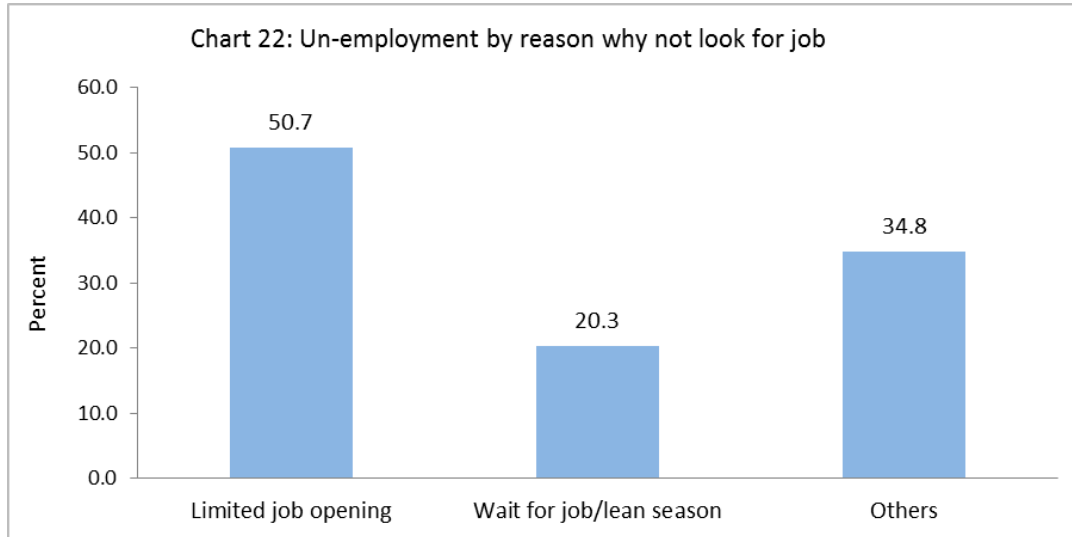
Regarding salary expectation by level of skills, it is evident from table 20 that the highest salary range (Nu. 20,000+) was expected by those with IT background (2.6%) followed by audio visual background (4.4%) and writing & communications skills (1.6%).

Table 20: *Expected monthly salary by skill and gender (%)*

Skills	Sex	Salary expected				Total
		<5000	5000-10000	10000-20000	20000+	
IT	Male	6.45	25.81	64.52	3.23	100.00
	Female	2.17	43.48	52.17	2.17	100.00
	<b>Total</b>	<b>3.90</b>	<b>36.36</b>	<b>57.14</b>	<b>2.60</b>	<b>100.00</b>
Writing & communication	Male	0.00	32.14	64.29	3.57	100.00
	Female	3.03	27.27	69.70	0.00	100.00
	<b>Total</b>	<b>1.64</b>	<b>29.51</b>	<b>67.21</b>	<b>1.64</b>	<b>100.00</b>
Audio visual	Male	0.00	20.00	80.00	0.00	100.00
	Female	5.56	27.78	61.11	5.56	100.00
	<b>Total</b>	<b>4.35</b>	<b>26.09</b>	<b>65.22</b>	<b>4.35</b>	<b>100.00</b>
Sports	Male	8.33	41.67	50.00	0.00	100.00
	Female	0.00	50.00	50.00	0.00	100.00
	<b>Total</b>	<b>7.14</b>	<b>42.86</b>	<b>50.00</b>	<b>0.00</b>	<b>100.00</b>
Business & management	Male	0.00	33.33	66.67	0.00	100.00
	Female	13.33	40.00	46.67	0.00	100.00
	<b>Total</b>	<b>7.41</b>	<b>37.04</b>	<b>55.56</b>	<b>0.00</b>	<b>100.00</b>
Weaving, carpentry & auto	Male	0.00	85.71	14.29	0.00	100.00
	Female	33.33	50.00	16.67	0.00	100.00
	<b>Total</b>	<b>15.38</b>	<b>69.23</b>	<b>15.38</b>	<b>0.00</b>	<b>100.00</b>
Teaching & medical	Male	0.00	33.33	66.67	0.00	100.00
	Female	0.00	0.00	100.00	0.00	100.00
	<b>Total</b>	<b>0.00</b>	<b>25.00</b>	<b>75.00</b>	<b>0.00</b>	<b>100.00</b>

### 3.10.4: Job search status

Chart 21 is interesting in the context of a high percentage of unemployment among the married females as presented earlier. Compared between males and females by marital status and efforts to find a job, it was observed that a very high percentage (81.4%) of married females did not look for jobs compared to 78.2% among the married males. This significant difference may have contributed to overall higher female unemployment. The difference in the efforts to look for a job among the females was sharper by marital status. Among the unmarried (single) females, 52.7% looked for a job in sharp contrast to only 18.6% among the married persons.



As shown in chart 22, among the unemployed, nearly 51% did not look for work believing that there was limited job opening while 20% were out of work due to seasonal nature of work. By gender (table 21), nearly 49% of unemployed males reported limited job opening as a reason for not looking for job compared to 53% amongst the unemployed females. Likewise, amongst the unemployed males, 28% reported waiting for job or lean season for not looking for job compared to 10% amongst the females.

Table 21: *Unemployed persons by reasons of not looking for a job (%)*

Reasons	Male	Female	Total
Limited job opening	48.7	53.3	50.7
Wait for job/lean season	28.2	10.0	20.3
Others	30.8	40.0	34.8
Total	100.0	100.0	100.0

Note: Percentages and totals are based on respondents, so totals may not add up.

As presented in table 22, the most popular medium of job search was the news/TV (48.4%) followed by applying or approaching employers/firms (43%) and through friends/relatives (25.8%). Both males (42.9%) and females (43.2%) almost equally adopted the medium of applying to, or approaching directly employers. However, more females (52.3%) than males (44.9%) used news/ TV to find a job while more males (28.6%) than females (22.7%) sought help of friend/relatives to find a job.

Table 22: Percentage of *unemployed persons by job search mode*

Steps taken	Male	Female	Total
Applied to employers/ firms	42.9	43.2	43.0
Friends/ relatives	28.6	22.7	25.8
News/ TV	44.9	52.3	48.4
Others	12.2	6.8	9.7
Total	100.0	100.0	100.0

**Note: Percentages and totals based on unemployed respondents.**

#### 4. PART FOUR: FACTORS AFFECTING UNEMPLOYMENT

Chart 23 shows the general reasons stated for being unemployed. The highest proportion of 31.1% reported no jobs available in the market followed by lack of experience and skill (25%), waiting for the academic results and job application (12.5%), low educational qualification (9.2%), competitive job market (7.3%), poor academic performance (4%), family problems (2.6%) and marriage (2%).

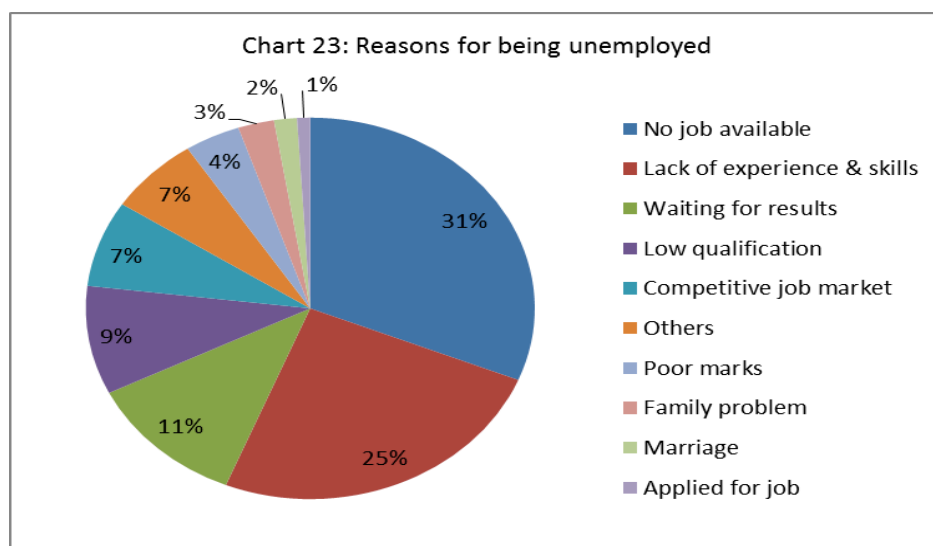


Table 23: Reasons for being unemployed by educational level (%)

Reasons	Primary	Secondary	Degree & above	Others
Waiting for results	0.0	1.1	28.7	0.0
Applied for job	0.0	2.2	1.2	0.0
Competitive job market	0.0	16.1	9.6	0.0
Poor marks	0.0	12.9	3.0	0.0
Lack of experience & skills	5.3	29.0	44.3	23.5
No job available	42.1	35.5	53.3	11.8
Low qualification	52.6	24.7	0.6	29.4
Family problem	5.3	8.6	0.6	5.9
Marriage	5.3	4.3	0.0	11.8
Others	5.3	11.8	6.0	35.3
Total	100.0	100.0	100.0	100.0

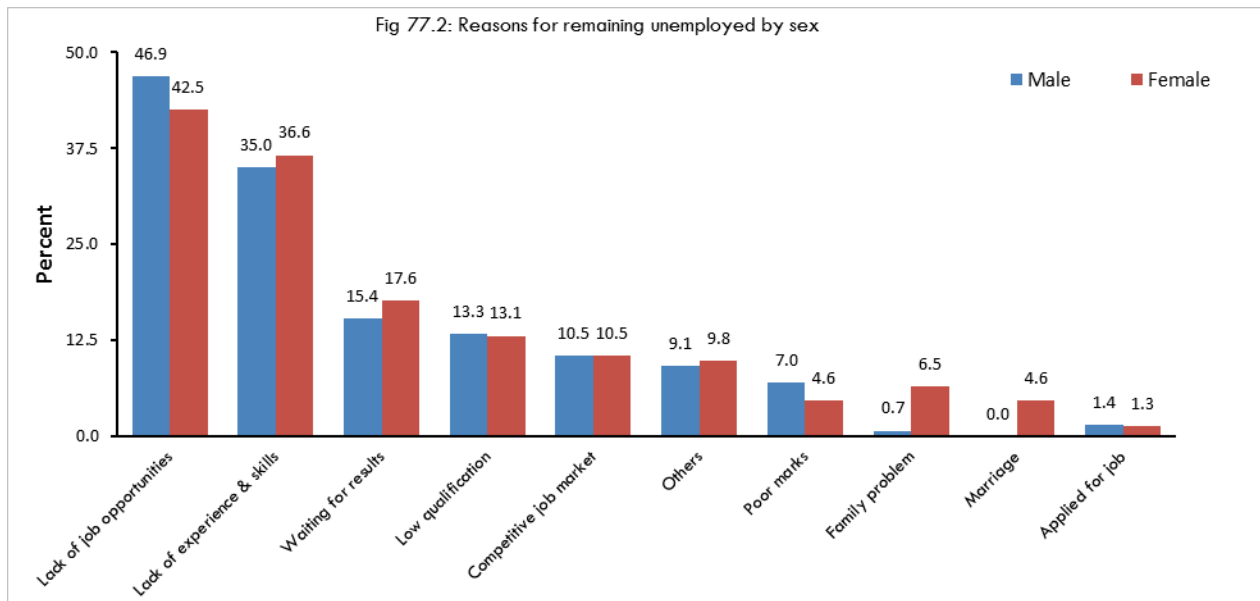
#### 4.1: Educational level

The various reasons surrounding unemployment by level of educational attainment differs significantly. Low qualification as one of the reasons for their unemployment decreases with increase in qualification. In this respect, 52.6% with primary education reported low qualification as the main reason for unemployment compared to 24.7% of secondary education and 0.6% of degree and above qualification. Similarly, 44.3% of the university qualification reported lack of experience and skill for unemployment compared to 29% of secondary education and 5.3% of primary education.

The two most important reasons that hold relevance to all levels of educational attainment were the lack of experience & skills and no job available in the market. Similar observations may be made for other categories of reasons in comparison to different levels of educational attainment.

#### 4.2: Family and marriage

Family problems and marriage were exclusively reported by females being responsible for their unemployment. For example, among the females, 6.5% reported to be unemployed due to family problems compared to a negligible proportion of males (0.7%). Similarly, marriage is another cause for unemployment; 4.6% of females reported compared to none among males. However, these reasons were hardly relevant to those women having higher level of education like degree and above. Marriage was reported to have caused unemployment to women with primary level (5.3%) and secondary level (4.3%) educational attainment.



The proportion unmarried (singles) was highest among women with degree or above as compared to women either with Secondary (29.7%) or Primary (24.2%) as shown in Table 23 (i). Proportion of women divorced or separated was the highest among Primary educa-

tion (4.8%) as compared to 1.8% for Secondary and 0.4%, the least for degree or above qualification.

Table 23 (i): Percentage of females by marital status and education level

Marital status	Primary	Secondary	Degree & above	Others	Total
Single	24.2	29.7	44.8	6.0	24.6
Married	66.1	67.9	54.3	80.4	69.0
Widowed	4.8	0.6	0.0	11.1	4.4
Divorced/Seperated	4.8	1.8	0.4	2.1	1.8
Total	100	100	100	100	100

Though not directly linked to women's unemployment number of the children that women have to look after and the employment status of their husbands also pose certain challenges on the part of women in seeking employment or remaining employed.

Table 24 shows no significant difference in terms of job search by those unemployed females who did not have any children. However, a marked difference was evident in job search with increasing number of children. For instance, of those unemployed women with no child, 48.9% looked for work compared to 15.4% of women with one child and 12.5% of women with two or more children.

This might explain for high unemployment among the females, particularly married women. In respect of earlier observations of increasing female unemployment with age, this phenomenon is relevant in explaining the increasing gender gap.

Table 24: Unemployed females (%) by number of children by job search

No. of living children	Looked for work	Didn't look for work	Total
No child	48.9	51.1	100.0
1 child	15.4	84.6	100.0
2 or more children	12.5	87.5	100.0

Job search behavior of unemployed married women varies by employment status of their husbands. Higher proportion of women with unemployed husband tends to look for a job than those women with employed husbands. As shown in table 24, of those women with unemployed husbands, 25% looked for a job compared to 17.5% of women whose hus-

bands were employed. No difference in the attempt to look for a job was noticed for unemployed women without husbands.

Table 25: *Unemployed females' (%) job search by husband's employment status*

Husband's employment status	Looked for work	Didn't look for work	Total
Husband employed	17.5	82.5	100.0
Husband unemployed	25.0	75.0	100.0
No husband	50.4	49.6	100.0

#### 4.3: Job market competitiveness

As observed earlier, 7.3% reported that they remained unemployed because of competitiveness in the job market. Although only a small proportion reported this it has an important bearing particularly in Bhutan's situation where job creation is limited compared to an increasing number of new entrants in the labour force, particularly those passing out from various schools and institutions. Competitiveness as a reason for unemployment was exclusively confined among persons of secondary educational attainment (16.1%) and those with degree or above (9.2%). Both male and female with an equal proportion of 10.5% reported this as a reason for unemployment.

#### 4.4: Academic performance

Poor academic performance (low marks) in school was said to be responsible for inability to secure a job to 4% of the unemployed persons. In the context of the competitive job market mentioned above, this factor is relevant more to the higher education levels of secondary or higher. More males (7%) than females (4.6%) reported the importance of academic performance in securing a job.

#### 4.5: Lack of job experience & skills

Slightly higher proportion of females (36.6%) than males (35%) reported lack of job experience and skills (out of overall 25% who cited the same) as reason for unemployment.

#### 4.6: Lack of job opportunities

As observed earlier, lack of job opportunities in the market was the most notable reason for unemployment with 31.1%, the highest proportion of unemployed persons reporting it. As for instance, 53.3% degree holders & above, 35.5% persons with secondary education and 42.1% persons with primary education reported it to be the main cause of unemployment. High proportion of both men and women reported the lack of job opportunities as a cause for unemployment, with slightly more men (46.9%) than women (42.5%) reporting it.



#### 4.7: Work attitude, quality and aspirations of job seekers ( employer’s perspective)

From the Focused Group Discussions (FGDs), employers particularly in the construction sector pointed out that job applicants in general lacked skills, attitude, work ethics & workmanship but had high salary expectations. For instance, new employees had the tendency to leave a job after few months. Similarly, they were irregular at work and sought frequent leave from work costing employer money and time particularly in the construction sector where the work is time bound. Moreover, local employees demanded higher wages than foreign workers for the same job. This was the main reason (in addition to poor attitude and work quality) that employers in the construction sector preferred foreign workers to locals. The results of the FGDs is summarized in the table 24 (i):

Table 24 (i): Reasons for preference of expatriates over local labour in construction sector

Characteristics of labour	Expatriate labour		Local labour	
	Policy makers	Employers	Policy makers	Employers
1. Attitude to work	Good attitude to work Accept manual job Accept strenuous job	Good attitude to work Accept manual job Accept strenuous job	Lack attitude to work Do not accept manual job Do not accept strenuous job	Lack attitude to work Don't accept manual job Don't accept strenuous job
2. Right skills	Right skills in construction	Right skills in construction	No right skills in construction	No right skill in construction
3. Work quality	-	Acceptable quality of work	-	Poor quality of work
4. Continuity attendance	-	Accept longer period work	-	Unsatisfactory attendance due to illness, attending farm work, family problems
5. Salary	Pay mismatch	Low wages	Demand high wage	Demand high wage
	Limited advance pay asked	Limited advance pay asked	High advance pay asked	High advance pay asked
6. Financial crisis	-	Laid off employees	-	Laid off employees

On the other hand, the Technical Training Institutes (TTI) that deliver technical and vocational education and training are not able to produce quality graduates. Moreover, their courses are not updated in line with the changing market requirement. It was also learnt from the FGD that TTI graduates lacked work experience and often employers complained of their work quality and attitude to work. TTI graduates still preferred to be employed in government and corporations.

Focused Group informants in the construction sector also reported that despite their efforts to promote equal opportunity for both males and females the nature and circumstances of work do not attract females. In particular, working environment lack proper health and safety at workplace and involve physical manual, overtime, odd site and odd hours work.

#### 4.8: Rural low income

Discussants in rural areas informed that agriculture produce alone was not sufficient to support the family. Therefore, both school leavers and farm workers sought off farm jobs to earn additional income for the family. Agriculture activity and cropping pattern are seasonal in nature thereby, causing irregularity of employment in the rural areas. This constrained the rural populace to participate in the regular jobs in the non-farming sector. Besides, rural people lacked entrepreneurial skills and ideas, and therefore, inhibited self-employment. Those who possessed entrepreneurial skills lacked startup capital and adequate experience.

Table 25 (ii): Rural unemployed whether looked for a job by schooling status

Schooling status	Looked for job	Didn't look for job	Total
School leavers	50.7	49.3	100.0
No schooling	15.0	85.0	100.0
Total	42.7	57.3	100.0

Table 25 (iii): Rural unemployed by job search status and by sex

Schooling status \ sex	Looked for job	Didn't look for job	Total
<b>SCHOOL LEAVERS</b>			
Male	59.0	41.0	100.0
Female	40.0	60.0	100.0
<b>NO SCHOOLING</b>			
Male	7.7	92.3	100
Female	28.6	71.4	100.0

#### 4.9: Concentration of opportunities in urban areas

Given the fact that most of the government institutions, services and businesses are located in the urban centers, opportunities too are better and concentrated in the urban areas. For instance, any job application is required to be processed from head offices also located in the urban centers. This invariably pulled the job seekers from various parts of the country to urban areas creating cut-throat competition for limited jobs causing unemployment. Thimphu, for instance, received the highest migrants with a positive migration rate of 2.3% in 2005. Whereas, dzongkhags like Zhemgang, Trashigang, Trashiyangtse witnessed negative rates of migration.<sup>7</sup>

#### 5: PART FIVE: KEY FINDINGS

1. Overall, the unemployment among females at 6.2% was relatively much higher than 3.8% of males.
2. The level of unemployment was highest among the 20-24 age group. Though the unemployment gap between male and female persists across all age groups it became prominently wider at 25 years and above.
3. The unemployment rate was higher for females than males at all levels of education; it was higher among persons with primary and secondary level of education.
4. Unemployment among those without road access was 7.1% compared to 4.5% with road access. However, among those with road access, unemployment was around two times higher for females than males.
5. The unemployed persons had lesser family asset background compared to the employed persons.
6. The social support is still strong as 65.5% of the respondents lived with parents, 10.7% with relatives and 23.9% with others. Among the unemployed, 20% lived with relatives compared to 10.2% among the employed. Among those who lived with parents, unemployment was higher for women than men by 3% percentage points.
7. Though less than 1% of the respondents reported having certain disability the unemployment was much higher among the physically challenged (30%) than those without (4.6%). Among the physically challenged, unemployment was higher for females (40%) than males (20%).
8. Majority of the unemployed preferred to work in the government service; higher proportion of unemployed females than males preferred a job in the government and corporate sector.

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<sup>7</sup> Population Housing Census of Bhutan, 2005.

9. **57% of the unemployed reported no jobs available in the market and 32% reported their skills did not match the job requirement. 58.6% of males compared to 55.2% of females reported no jobs available in the market and 33.1% females compared to 31.4% males reported their skills did not match with skills needed for a job. 1.4% females against 2.5% males reported their willingness to accept any job in any sector.**
10. **Over 70% of all the unemployed had skills in IT, writing & communication, business management and audiovisual skills. More unemployed females (31%) than males (25%) had IT background. Almost an equal proportion of both males and females had business and management skills. Mismatch of skills and job was reported by respondents having writing & communication skill (34.5%), accounting (33.3%) and IT (34.5%).**
11. **Among the unemployed, 52% did not look for work believing there were limited job openings while 19% were out of work due to seasonal nature of work.**
12. **Proportion of females who did not look for job rises with the increasing number of children; among females having two or more children, 87.5% did not look for a job.**
13. **Higher proportion of women whose husbands were unemployed tended to look for a job (25%) than women with employed husbands (17.5%).**
14. **Overall, news/television (48.4%) was the most popular medium of job search followed by direct approach to employers (43%) and help of friends/relatives (25.8%). More females (52.3%) than males (44.9%) used news/television to find a job while more males (28.6%) than females (22.7%) sought help of their friend/relatives to find a job.**
15. **Of the several reasons of the unemployed to secure a job, 31.1% reported lack of job opportunities, 25% reported lack of experience and skill, 9.2% low qualification, 7.3% competitive job market, 4% poor academic performance, 2.6% family hindrance and 1.7% marriage.**
16. **Reasons of unemployment differed by level of educational attainment. Among those with primary education, 52.6% reported low qualification to be the main reason compared to 0.6% with university degree and above.**
17. **Employers reported lack of work attitude, skills, poor workmanship, consistency and commitment, and high salary demand among the new job seekers as some of the reasons that could have caused unemployment.**
18. **The main reasons for rural unemployment were lack of employment opportunities in rural areas, lack of capital for self-employment, lack of skills needed for a job, and the seasonality and unpredictable agriculture season.**

19. Concentration of employment opportunities in the urban centers acted as pull factor to attract young job seekers in particular to migrate from rural to urban areas thereby, creating competitiveness for limited jobs causing unemployment.

## PART SIX: RECOMMENDATIONS

### 6.1: General Recommendations (based on FGDs and Desktop Research)

#### 6.1.1: Correcting macroeconomic imbalances

Though the hydropower developments have led to high GDP growth rate over the years, it has also created large macroeconomic imbalances particularly in the form of twin deficits like current account and current fiscal deficits. The hydropower sector-related borrowing is also contributing significantly to overall external debt and bulky debt service payment of hydropower is also leading to rupee shortage in the country. Both fiscal and monetary measures to contain macroeconomic imbalances in the past had also impacted economic and employment growth.

Hydropower led growth though contributes to revenues hardly creates direct employment. For instance, it contributed to nearly 12.5% of GDP but only 2% of overall employment in 2012.<sup>8</sup> Out of a little over 50,000 foreign workers employed in the country, nearly 50% of them are engaged in hydropower projects. By rough calculation, about 9 billion INR is going out annually in the form of wages paid to foreign workers.

From 2009 to 2012, the average economy growth was about 7.9% annually whereas average employment growth was only 3%. Therefore, placing job creation at the centre of macroeconomic policy requires particular attention. Macroeconomic policy needs to adopt suitable structure of investment to diversify the narrow base of economy and spur economic growth that creates additional jobs as well as suitable jobs for different segments of labour force. The latter is important for regular employment and to sustain the livelihood of workforce. At the same time, growth must spur productivity in the agriculture sector and shift labour force to other productive sectors.

#### 6.1.2: Enhancing employment services and active labour market policies (ALMPs)

The primary functions of the employment service center of MoLHR is registering the unemployed, providing basic information on job openings, placement, referrals, screening the eligibility of unemployed for various ALMPs, counseling and guidance. However, these services require vast improvement to enhance efficiency and effectiveness. The proactive approach in providing reliable and timely job information, job brokering, providing personalized counseling and guidance and better tracking of the job search activities and employment status of registered unemployed among others would improve the effectiveness of the employment service. Similar services must be spread across the country to provide one-stop services to youth on job opportunities, career and vocational counseling, employment related workshop, etc. Besides, data collected by the employ-

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<sup>8</sup> LFS 2012 and RMA's annual report 2012/13.

ment service though comprehensive lack systematic coherency and analysis. In view of this, there is an urgent need to properly analyze the data to provide comparable and reliable information on various issues surrounding labour market situation so that planners and decision makers could take remedial action to design proper labour market policies and programs.

Some of the ALMPs in the form of programs like pre-employment engagement, apprenticeship training, university graduate internship, entrepreneurship development are being provided to facilitate on-the-job learning, exposure to world of work, gain skills and experience, and entrepreneurial skills. However, all these programs require timely assessment to gauge the efficiency and effectiveness of the active labour market programs and establish whether the programs were adequately contributing to objectives.<sup>9</sup> Proper structuring of these programs along with serious commitments from the engaging or receiving agencies like proper mentoring and supervision would make a big difference to those participating youth in gaining employable skills and job experience.

Likewise, reviewing of various skill training programs in areas like ITES, hospitality and tourism, hydropower, construction, arts and crafts, and so forth financed (tuition and stipend) by the MoLHR for the unemployed youth would help in reducing mismatch of skills and enhancing gainful employment. Otherwise, it is evident that registered unemployed hopped from one skill training program to another, and avail stipend benefits as if like unemployment benefit. Moreover, tracer study among the participants of various skill training programs would help understand whether the programs were adequately designed, targeted and implemented so that the performance of future programs could be enhanced.

Very recently, the Government launched the Guaranteed Employment Program (GEP) with the MoLHR to tackle growing youth unemployment through direct employment, skills training and overseas employment schemes.<sup>10</sup> GEP appears like the employment subsidies where it will help reduce the cost of participating agencies by bearing the cost of training and co-sharing salary of the participants. Though it is initiated with the noble objective to guarantee employment ultimately through its schemes it must be cautioned that if it is not properly coordinated, monitored and reviewed from time to time, it is likely to act as disincentive by distorting labour market wages and hardly reducing the stock of unemployed.<sup>11</sup>

The current design of employment services and ALMPs do not cater to the needs of vulnerable and disadvantaged groups such as individuals with low income background, low level of education, displaced persons, physically challenged, and so forth. Therefore, it is crucial that some employment programs are particularly designed and targeted to those disadvantaged groups to promote social inclusion as well as inclusive growth. Moreover,

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<sup>9</sup> A little over 10,400 youth were engaged in those programs in the 10<sup>th</sup> plan (PPD, MoLHR)

<sup>10</sup> It has a total budget of Nu. 550 million for the 11<sup>th</sup> plan period under the Economic Stimulus Plan.

<sup>11</sup> It may encourage already employed persons to resign and avail the benefit of GEP if the latter is paying more.

promoting gender equality in the labour market is also important as males and females face varying degree of challenges in accessing ALMPs and employment opportunities.

### **6.1.3: Farm mechanization and diversification of non-farm activities**

Agriculture sector still continues to provide 60% of all employment despite its low productivity gauged from its overall contribution to GDP. As agriculture is the main source of living for the larger rural population - having low level of income and living standard, it is vital that both farm and non-farm activities - the two components of the rural economy be transformed and diversified to bring positive changes in production, employment, income and level of living.

Mechanization of agriculture accompanied by modern inputs like improved seeds, fertilizers, irrigation, agricultural implements, etc. is the proven way to transform rural economy. However, the small and fragmented size of land holdings that is the biggest impediment must be overcome to take advantage of new technology. Mechanization and intensification of farming among others would help enhance agriculture productivity which in turn would lead to commercialization of farm economy. This in turn will have chain effects in creating more demand for other goods and services like banking, insurance, storage, transport, communication, agriculture extension services, repairing shops, etc. That way the non-farm activities (spurred by production linkage) will grow simultaneously. Once income of the rural people increases and pressure of labour on land reduces, it may reduce the tendency of the rural people to migrate to urban areas.

Non-farm activities are also becoming important alternative source of income to supplement rural family income. Therefore, agro-processing, snack and food making, retail, tailoring, weaving, paper making, arts and crafts among others must be given special support to generate additional income. By investing non-farm income to agriculture, it could support expenses on agriculture inputs and contribute to higher farm production. However, at times there may be competition within the family labour for farm and non-farm works. Rural development policy aimed at poverty reduction should give equal importance to both the farm and non-farm sectors as both serve complementarities in increasing household income.

### **6.1.4: Promoting entrepreneurial skills**

Entrepreneurial skills are becoming increasingly important as the economy gradually transforms from agriculture to service sector. This in itself is vital to promote self-employment and diversify economic activity through entrepreneurial creativity. The current entrepreneurship development programs offered by the MoLHR though serve useful purpose must be improved in terms of its standard and quality. Course accreditation is one way to improve quality and relevancy.

Establishing business incubator or entrepreneurial park to nurture and mentor aspiring entrepreneurs along with extended services like ease of starting new businesses, subsidized credit support, entrepreneur support network, safety net to mitigate risks, etc. is also a strategy to encourage young entrepreneurs to venture into creative private enterprise. Moreover, cultivating a culture of entrepreneurship through conducive environment in schools and institutes would help students develop entrepreneurship ability and career. For instance, integration of the entrepreneurship program in the vocational institutes could spur formation of self-help group among the graduates to embark onto taking

different components of construction project like civil, plumbing and electrical of both private and government infrastructure projects. Likewise, considering the present demand there is an ample opportunity for setting up maintenance services for building and household appliances and equipment.

#### **6.1.5: Making vocational and educational training dynamic and demand driven**

This is an important strategy to reduce skills mismatch and enhance employability of job seekers particularly among the youth. Presently, the vocational and educational training is not the preferred choice even among the graduates of secondary level of education. And, it is a well-known fact that given the job opportunities either in the government or corporate sector, vocational graduates change their occupations to clerical or secretarial support job. This clearly indicates low esteem and satisfaction derived from their occupations. In other words, it is also under-investment.

Therefore, it is timely that vocational and educational training programs be reviewed and aligned to the labour market requirements in close collaboration with industries. Training courses where there is a clear surplus of labour should be replaced with courses that have current and future demand. For instance, considering Bhutan's potential and advantage in the hydropower generation some of the vocational institutes should offer short term or specialized training programs related to hydropower construction, operation and maintenance. Similarly, training in heavy vehicle driving is another viable program to be initiated in view of acute shortage faced in the hydropower construction (which is currently fielded by foreign workers). In this regard, the labour market information of MoLHR should be dynamic enough to provide clear signals and direction. As young females are consistently on the higher side looking for employment, the policy decision towards making the vocational education and training gender friendly would invariably help females gain employable skills and reduce deficit of productive employment<sup>12</sup>.

Flexible pathways in education and training must be instituted to facilitate crossovers between vocational education and higher education. This is of paramount importance to make vocational education very attractive. Besides, fixation of wages by level of skills and occupations will help recognize the value of skills and skilled workforce in the country. This will invariably reduce dependence on foreign workers in the years to come.

#### **6.1.6: Support to low level of educational attainment**

Often low level of education and joblessness lead to economic vulnerability and social exclusion. It was evident from the findings of the study that low educational attainment and poor academic performances as main reasons for unemployment. A special scheme specially designed to support youth with a lower level of education from vulnerable group to further education along with the mix of targeted skills training programs would

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<sup>12</sup> Deficit of productive employment equals those who are in the labour force but who are not productively employed.



help in the long run to reduce the risk of long-term unemployment and prevent the economically vulnerable from falling into the poverty trap.

### 6.1.7: Making private sector employment attractive

The paradox in the private sector is that despite its potential to generate employment it is still perceived as less favored or not attractive, especially amongst the unemployed youth. Promoting working environment through adoption and usage of modern production technologies and techniques (not compromising employment growth), attractive social security and welfare schemes, opportunity for career and professional development, flexible working hours, decent working conditions, and so forth will go a long way in making employment in the private sector more attractive.

However, variety of supports to private sector in the form of training and development, access to infrastructure, market and finance, preferential fiscal and non-fiscal incentives among others by the Government is of paramount importance. Alongside, creating conducive investment climate and business environment will foster competitiveness in the private sector enterprises and improve economy efficiency.

### 6.2: Recommendations from the NCWC survey

Sl. No.	Key findings	Recommendations
1	Unemployment among women was comparatively much higher than among men. The unemployment among women was 6.2% compared to 3.8% among men. The unemployment was highest among persons within age groups of 20-24 years. The unemployment gap between women and men persists across all age groups. The gap became prominently wider at 25 years and above. The proportion unemployed was higher for women (8.5%) than men (4.6%) for all the age groups.	Promoting gender equality in the labour market through specific interventions such as gender friendly vocational and education training amenities in the technical training institutes and customized skill training programs would support females to gain employable skills and gainful employment.  Flexible pathways in education and training would facilitate crossovers between vocational education and higher education.  MoE and RUB need to reduce gender gap in the tertiary education in the country.
2	Taken males and females together, unemployment was higher among persons of primary and secondary level education. The unemployment rate was higher for females than males at all levels of education.	Skills training in the areas of tourism and hospitality, arts and crafts, agro-processing, snack and food making, retail, tailoring, weaving, paper making, arts and crafts among others must be given special support to encourage females.

3	<p>Unemployment was lower among those having business ownership (1.6%) compared to other asset ownership that ranged between 5.5% to 6.2%. Slightly lower proportion of employed women (47.3%) than the men (55.2%) said the main reason to migrate was “to work”. The highest proportion of unemployed females of 25.9% said the reason for the move was “marriage”.</p>	<p>Strengthen entrepreneurship development program of MoLHR in collaboration with Business Opportunity &amp; Information Centre, DHI, Loden Foundation and financial institutes to promote entrepreneurial skills, credit and self-employment.</p>
4	<p>Unemployment was much higher among the disabled (30%) than those who were not (4.6%). Among the disabled, more females (40%) than males (20%) were unemployed</p>	<p>It is crucial that some employment programs are particularly designed and targeted to those disadvantaged and physically challenged groups to promote social inclusion as well as inclusive growth.</p>
5	<p>Majority of the unemployed persons preferred to work in the civil service. The proportion that preferred to work in the civil service was higher among the females (52.7%) than males (49.2%).</p>	<p>As employment opportunities in the civil service is not expected to increase in the coming years, opportunities in the private sector need to be made more attractive through conducive working environment, social security, professional development and career opportunities. RGoB needs to consider higher proportion of HRD budget allocation to the private sector as it employs significant proportion compared to the civil service.</p>
6	<p>The highest proportion of 57% unemployed persons reported that there was no job available in the market. Even when job was available, 32% said their skills background did not match the criteria for a job. Even when available, more women (33.1%) than men (31.4%) said their skills did not match with skills needed for a job. A quarter (25%) said the lack of experience and skill was responsible for being unemployed. Around 10% believed they remained unemployed because of low qualification, and over 7% it was due to competitive job market.</p>	<p>MoLHR needs to reach out its Guaranteed Employment Program, Pre-employment Engagement Program, University Graduate Internship Program, and Apprenticeship Training Program across the country through its regional offices and in collaboration with the local government.</p>
7	<p>The percentage of females who did not look for job rises with the increasing number children a woman had. Proportion who did not look for jobs was 51.1% for women without children, 84.6% with one child, and 87.5% with two or more children.</p>	<p>RGoB needs to support more child care centres and flexi working hours for the working women. The MoLHR needs to explore possibilities of organized Domestic Help Services (including recruitment of expatriate workers)</p>

8	<p>The most popular medium of job search was the news/TV with 48.4% unemployed persons having used it to look for a job. That next popular medium, used by 43% job seekers was 'approach employers'. Over a quarter i.e. 25.8% unemployed persons tried to find a job through friends/ relatives.</p>	<p>Advertising and announcing programs on job vacancies need to be strengthened and integrated into the existing framework of unemployment information system. Regular programs on TV may reach out to the job seekers more than other medium of communication as evidenced by the findings of the study.</p>
9	<p>Amongst many reasons of inability to get a job, the highest proportion of 31.1% reported there was no job available in the market followed by "lack of experience and skill" with 25% claiming this as the reason for unemployment. To 9.2%, low qualification was responsible for their inability to secure a job. Competitive job market caused unemployment to 7.3% respondents. As reported by 4% unemployed persons, poor academic performance was responsible for not getting a job. Family problems and marriage were mainly responsible for unemployment among the females. 6.5% women reported to be unemployed due to family problems while only a negligible proportion of males (0.7%) said so. Competitiveness as a reason for unemployment was exclusively confined among persons of secondary educational attainment (16.1%) and those with degree or above (9.2%).</p>	<p>The proactive approach in providing reliable and timely job information, job brokering, providing personalized counseling and guidance and better tracking of the job search activities and employment status of registered unemployed among others by the MoLHR would enhance the effectiveness of the employment services. Similar services must be spread across the country to provide one-stop services to youth on job opportunities, career and vocational counseling, employment related workshop, etc.</p>

## **7. PART SEVEN: CONCLUSION**

**Bhutan on an average achieved economic growth of 8% to 9% over the last decade. This positive growth, however, was not accompanied by employment growth. Various Labour Force Survey reports show that the unemployment particularly among the youth has been increasing. It is a major cause of concern and therefore, requires timely and adequate attention to avoid any social consequences. It is also apparent that females compared to males face more difficulty in the labour market. Decent or quality of employment is also a concern as less than quarter of all employed are only in the regular employment. Agriculture is the single largest sector accounting for 3/5<sup>th</sup> of the total employment. About 30% to 35% of all employed still earn less than Nu.4000 a month and more than 80% are engaged in agriculture.**

**This study has been carried out to assess the labour market situation to understand various dimensions affecting unemployment among men and women and to support the Government in identifying priority areas to be anchored to national socio-economic development agendas. In particular, results from this study could provide strong empirical evidences useful for re-positioning the strategies and development programs effectively in tackling unemployment issues among men and women in Bhutan. It has also pointed out the need for sound macroeconomic policies to support employment growth, both quantity and quality. Considering the diverse characteristics and segments of the labour force, macroeconomic policy must be strongly supported by the targeted sectoral policies and programs.**

**One pertinent example is agriculture being the main source of livelihood among the rural populace, mechanization of agriculture and diversifying non-farm activities are of paramount importance in ensuring food security and steady source of income. Otherwise, there is a danger that current workforce in the agriculture sector will migrate to urban areas looking for better employment opportunities as it is already happening now.**

**Bhutan has a youthful population and it is projected that about 43% of the total population will consist of young people (less than 24 years) even by 2025. As the unemployment among the age-group of 20-24 is consistently on the higher level, developing specific intervention strategy for youth employment and focusing more on the preventive rather than treatment side of youth unemployment, and focusing job creation efforts on young people could help them become more active and productive participants in the workforce and enjoy greater degree of dignity and self-respect.**

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