

DETERMINANTS OF YOUTH UNEMPLOYMENT IN BHUTAN

By

YANGCHEN, Tashi

THESIS

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

MASTER OF PUBLIC POLICY

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Committee in charge:

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Abstract

Determinants of Youth Unemployment in Bhutan

By

Tashi Yangchen

Youth unemployment is a global issue and Bhutan is no exception. The youth unemployment rate of 9.4% for 2014 in Bhutan is not so high compared to other countries but it is a concern given its size of population. (MoLHR, Labour Market Information and Bulletin,2013-2014).This study examines, how the determinants such as age, qualification, place, gender and types of training contribute to youth unemployment and to what extent does it affect in Bhutan. My result shows that youth unemployment is high in urban area and also among youth who has higher qualification and training level.

Key terms

Youth Unemployment, variables, Ordinary Least Square Regression

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Introduction

Worldwide, around 200 million people are unemployed out of which 75 million are youthful people between the age brackets of 15 to 24 years. The global overall unemployment rate is 9.6% and that of youth is 12.7% (Career & Employment Counseling Guidebook, MoLHR, 2012).

Unemployment is an issue all over the world and in particular youth unemployment stands as a challenge for any country, different measures and strategies are being build up to fight this universal issue. Similarly, renowned international agencies like the United Nations (UN), and the International Labour Organization (ILO) are also equally fighting towards the same cause of curbing the unemployment. For instance, the ILO which has its general headquarters in Geneva has numerous youth employment programme spread over to its branch offices around the world. Through such interventions, the ILO provides support to countries in a very coordinated manner to curtail youth unemployment

Youth unemployment is a global problem and Bhutan is no exception with a youth unemployment rate of 9.4% in 2014 (Labour Market Information & Bulletin 2013-2014, MoLHR). The youth account for a significant composition of the population who are mostly unemployed, under educated and dependent. This high dependence can lead to low educational attainment and poor professional skills, job miss -matching resulting in low individual earnings and a low contribution for the national economic development.

What are the key determinants in Bhutan and to what extent do they contribute to youth unemployment? Although there are certain determinants that greatly influence

youth unemployment across countries, this paper argues that the type and the extent to which particular determinants affects unemployment change from one country to another so will be the case in Bhutan. In Bhutan determinants like mismatch of skills and expectation, rural-urban migration, high youth demographic explosion and low intake and growth of private sectors are identified as the cause of youth unemployment but, this paper argues that it is due to low absorption of highly educated youth that influence the youth unemployment in more extent than others.

The focus of this study will be to find the determinants of youth unemployment and also the key determinants in Bhutan by carrying out regression analysis and analyzing using the data from Labour Market Information Division (LMID), Ministry of labour and Human Resources (MoLHR) of Bhutan and see to what extent the identified variables affect youth unemployment in Bhutan and come up with policy recommendation.

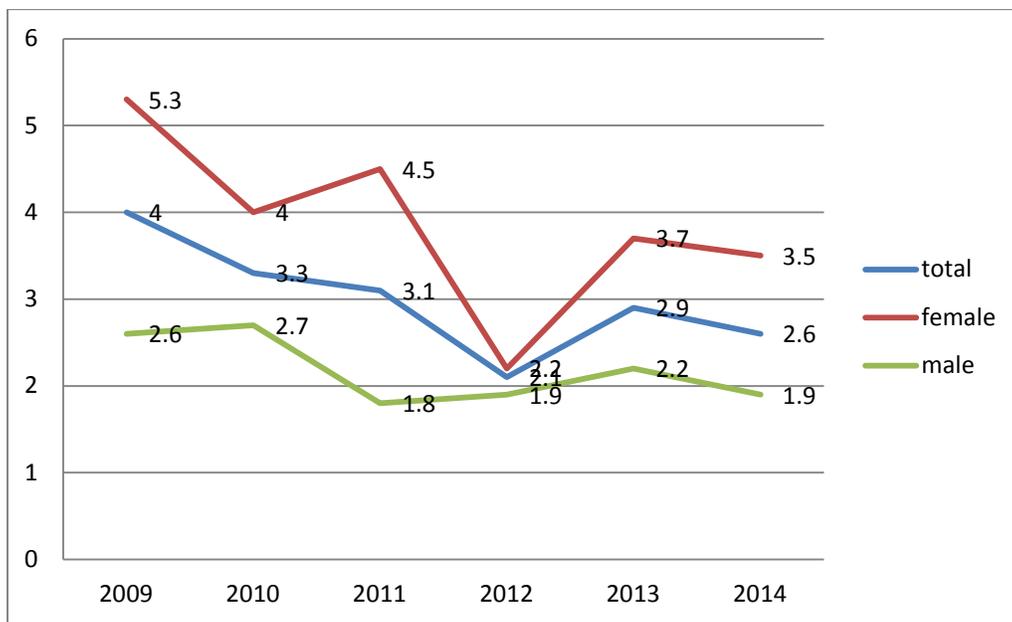
Background of youth unemployment in Bhutan

Bhutan is facing the biggest challenge of unemployment particularly of youth unemployment in recent times and according to the labor force survey 2014, Bhutan's population is estimated to be at 755,710. Of the total population 63% reside in urban area and 557,048 are 15 years and older. The total participation in labour force has slightly increased from 345,786 in 2013 to 348,742 in 2014 but the total participation rate has decreased from 65.3% in 2013 to 62.2% in 2014. The total unemployment in 2014 is 9,174 which is a decrease compared to 9,916 in 2013. The rate of unemployment has also

decreased from 2.9% in 2013 to 2.6% in 2014. Though the unemployment rate is closer to international standard of 2.5% which is considered as full employment, it should be a concern for the Bhutan government given it's very small population.

The main issue and concern of the country is the youth unemployment and the rate fluctuates every year. This year it has decreased to 9.4% compared to 9.6 % in 2013. Youth population constitutes 19.3% total population (LMID, MoLHR, 2014). Figure 1 below shows the unemployment trends in Bhutan between 2009 to 2014.

Figure1: Unemployment trend from 2009 -2014

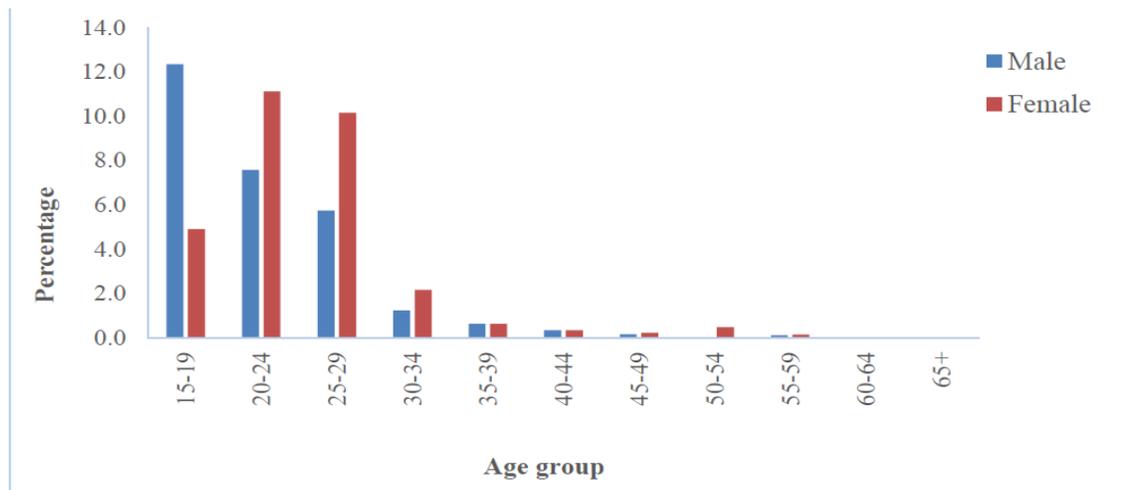


Source: LFS of 2013 and 2014

Though the overall unemployment rate have fallen in Bhutan, disproportion by age and sex is a concern for the country. Figure 1 Compares the rate of unemployment for male and female in Bhutan from 2009 to 2014. The trends shows that female unemployment rate is much higher than male. The unemployment rate was really high in

2009 for females but it is converged in 2012 only to widened the gap again in 2013. Unemployment rate has been biased ,of gender in Bhutan.

Figure 2: Unemployment rate by gender and age group, 2014

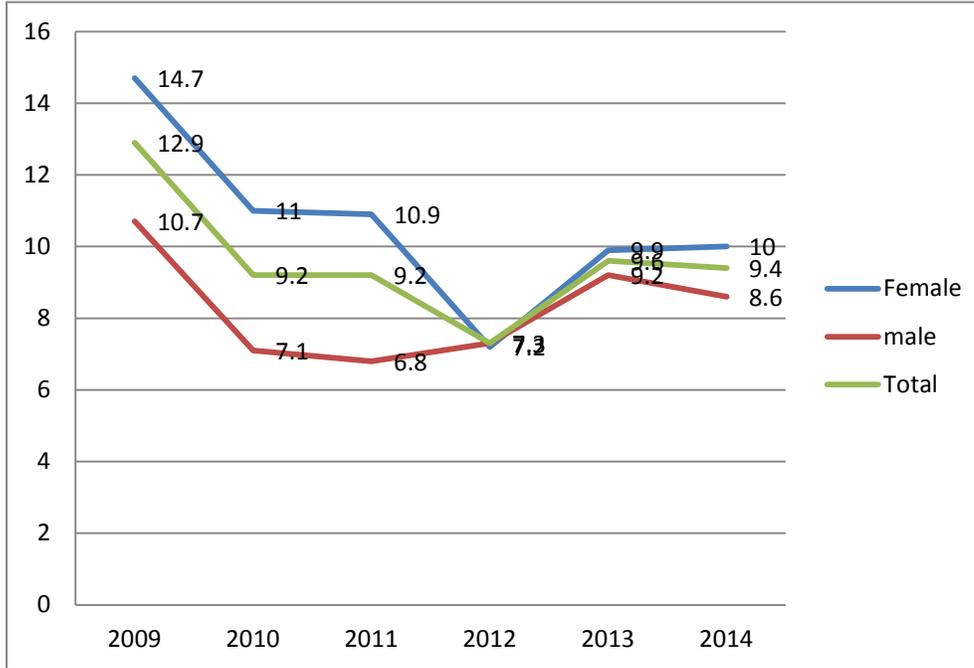


LABOUR MARKET INFORMATION AND RESEARCH DIVISION,
DEPARTMENT OF EMPLOYMENT MINISTRY OF LABOUR AND HUMAN RESOURCES

Source : LFS 2014

Though the overall unemployment rate has dropped in 2014 compared to 2013, unemployment rate among younger lot between the age group of 15-19,20-24,25-29 years is still higher. The same pattern is observed for males and females respectively. Youth unemployment for females between the age bracket of 20-24 seems higher than males. The pattern of high unemployment in early age indicates that these are the youth entering the labour market.

Figure 3: Youth unemployment trend 2014

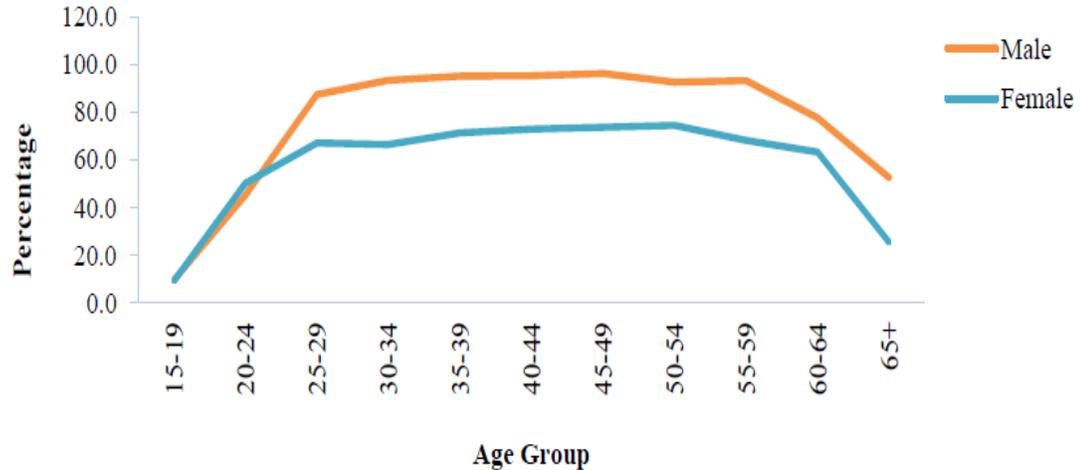


Source :Labour Force Survey 2013-2014

The figure 3 clearly shows that youth unemployment has been decreasing from 2009 until 2012. The rate dropped from 12.9% in 2009 to 7.2% in 2012 but again it started to increase for both gender by 2013-14. The female unemployment rate has dropped drastically from 14.7 in 2009 to 7.2% in 2012 but it did not continue to do so. From 2013 it started to increase again from 9.9% to 10% in 2014.

The diagram below shows participation in the labour market by gender and age

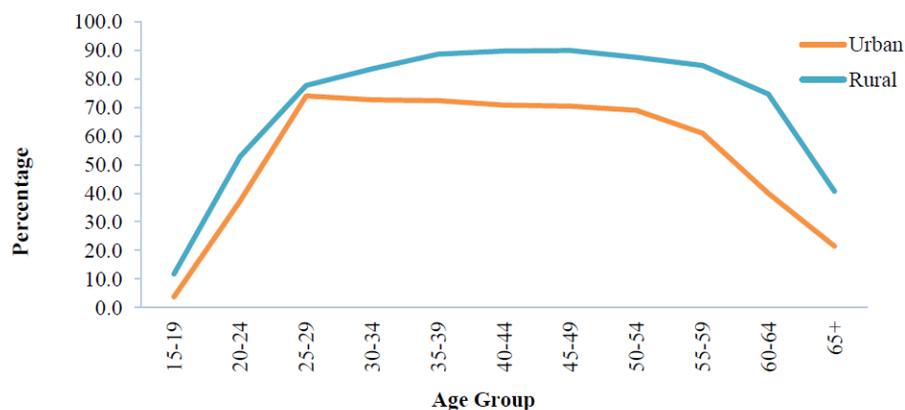
Figure 4: Labour force participation rate by gender and age 2014



Source: Labour Force Survey 2014

Males Labour market participation is similar to that of the developed countries but the case for the women is different. Usually in developed countries the female participation decreases after they get married though it increases in the beginning because they quit jobs to take care of the family. For Bhutanese women, the participation rate increases from age 20 and it stays stable because Bhutanese women do not quit jobs.

Figure 5: Labour force participation by area and age 2014



Source: Labour Force Survey 2014

The labour force participation is high in rural areas mainly because people in rural area are practicing subsistence farming .According to labour force survey 2014, about 56.6% people employed practice agricultural activities.

Table 1: Percentage distribution of employed person by age and level of education 2014

Age group	Level of education											Total
	No formal education	Nursery	Primary	Lower secondary	Middle secondary	Higher secondary	Under graduate	Bachelor degree	Master degree	NF E	Religion professionals	
15-29	0.7	0.4	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.1	0.1	2.0
20-24	2.6	1.1	0.7	1.6	1.4	0.0	0.3	0.0	0.0	0.4	0.2	8.5
25-29	4.4	1.5	1.0	2.2	2.2	0.0	2.3	0.1	0.0	0.6	0.1	14.4
30-34	5.6	1.7	0.8	1.9	1.4	0.0	1.1	0.2	0.0	0.7	0.1	13.5
35-39	7.5	1.8	0.9	0.9	0.7	0.0	0.5	0.2	0.0	0.4	0.2	13.1
40-44	7.1	1.2	0.5	0.6	0.2	0.0	0.2	0.2	0.0	0.4	0.2	10.5
45-49	7.7	0.9	0.5	0.4	0.1	0.0	0.3	0.1	0.0	0.3	0.3	10.7
50-54	7.6	0.6	0.2	0.3	0.1	0.0	0.2	0.1	0.0	0.1	0.1	9.2
55-59	5.9	0.4	0.1	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.1	6.8
60-64	4.8	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	5.6
65+	5.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	5.7
Total	58.9	10.1	5.2	8.4	6.3	0.2	5.0	0.8	0.0	3.2	1.9	100

Source: Labour Force Survey 2014

The table above shows the status of employed person with the level of qualification. It is clear from the table that most people employed are low qualified than higher qualified ones. According to labour force survey 2014, 58.9% of the total employed had no schooling and only 0.8% had higher education of bachelor degree and above.

Literature Review

There are several factors that determine the level of youth unemployment in particular nation. According to Condratov (2014), internationally, the demographic tendencies, the economic situations, the policies related to the job market and the educational system were found to be the main determinants of youth unemployment. He also found out that in France, the unemployment problem is due to academic qualifications and the imbalanced competition between the old and young citizens for job occupancy. Condratov noted that, unlike in France, young women have a higher probability of securing employment in Germany than their male counterparts. On the contrary, men are more competitive than women in the job market in Great Britain. In a recent study Demidova & Signorelli (2012) found out that low skill among young people, hoarding of adult people, high youth demographic and migration and family conditions determine the status of youth unemployment in Russia. Thereby, showing that different countries have different determinants of youth unemployment.

In addition several other scholars have also generated interesting findings relevant to the notion of youth unemployment. For instance, Cazes (1998) argues that qualification, contributes significantly to youth unemployment. The demand for highly qualified workers has not increased globally which compounds youth unemployment. In the same vein, skill mismatches with the job market, notes Cazes, have been a major contributory factor to the challenge of youth unemployment. Hence, youth unemployment is a relatively complex concept.

Empirical studies by leading scholars have shown that youth unemployment varies from country to country. Marelli & Vakulenko (2014) for example uses the

Heckman Probit Model with data from 2004 to 2011, generated useful insights about youth unemployment using a comparative analysis of Italy and Russia. In the case of Italian youth, they came to conclusion that determinants such as higher age group, marital status, individual health, gender, family background and income are fundamental for youth unemployment in that country. In terms of qualification, youths with secondary education, they concluded, had a higher probability of being unemployed than those with college and university education. Similarly, the geographical region of residence (urban or rural) also played a critical role in determining the level of youth unemployment. In Russia, these scholars found out that males were less likely to find jobs than females. However, the level of urban unemployment was lower than that of Italy. Thus, empirical evidence suggests that youth unemployment varies according to countries.

More so, the type of qualification itself is an important determinant of youth unemployment. Isengard (2003) argues that in Germany, vocationally trained graduates have high chance of employment than general graduates . However, the scholar claims that age, marital status, place and nationality have no influence on the ability of youths to find employment in Germany. In contrast to Germany, in the UK, youths with on- the- job –training have more probability of being employed than youth with vocational training. In addition, marital status contributes to youth unemployment. Isengard pointed out that males have a higher risk of being unemployed than women in the UK. This directly contradicts Condratov’s assertions. Hence, the debate on which factors are more important than others in determining youth unemployment continues.

Besides the factors outlined above, some scholars have alternative opinions on youth unemployment. For example, in the Netherlands the lack of an adequate human

capital stock, work experience and motivation all contribute to the challenge of youth unemployment (Leeuwan, 2009). Since the financial crisis in 1997, structural problems have been persisted in South Korea which has contributed to youth unemployment. Particularly the slowing down of the economy, led to a reduction in the absorption of youth in the job market (Jeong, Insoo, Korean Labor Institute) 2006. The structural mismatch of the supply and demand of skills coupled with the lack of experience has led to low absorption of youth in the job market in South Korea (Soo, Kyeong, Hwang, KDI). This status quo compares favorably with the Bhutanese employment sector. Hence, some factors that determine youth unemployment are common among countries around the globe.

Economic factors have been emphasized in literature as the most important determinants of youth unemployment. Choudhry, et al., 2012, found out that economic growth and freedom, market reform, part time employment and effective labor market policies reduce youth unemployment. They argue that low youth human capital, productivity or lack of skills, lack of generic and job specific work experience and hoarding of labour are also some of the determinants of youth unemployment. In the same vein, GDP growth contributes to youth unemployment as explained by Okun's law. It has, however, been stated that the impact of GDP growth rate on youth unemployment varies from country to country. Economic variables such as productivity growth, fair trade and trade dynamics, inflation rate and real interest rates affect youth unemployment, so do financial crises. Thus, economic considerations are at the core of the level of youth unemployment in any particular nation.

To add on China and Vietnam's experiences with youth unemployment presents an interesting case. According to Litao & Yanjie (2010), China's youth unemployment is much to do with the structural issues such as mismatch of jobs, skills and expectation. The scholars also maintain that youth unemployment was aggravated by higher education reform after the government expanded the tertiary education enrollment by fifty percent. In Vietnam, the mismatch of skills and jobs, age, education, ethnicity and family income were also found to be significant in determining the youth unemployment of Vietnam (Ahn et al., 2009)

According to Msigwa (2013), while concurring with argues in the Marelli & Vakulenko , gender, location, education qualification, skills and marital status are important contributory and explanatory factors to the notion of youth unemployment. According to him, males have more chances of being employed than females. Msigwa also notes that geographical location (rural or urban) has also a bearing on the employment status of youths. Hence, gender is an important, but often neglected, determinant of youth unemployment.

The livelihoods activities of households have been observed to affect the level of youth unemployment. For example, many people depend on the agricultural sector in Pakistan. However, they have very less knowledge on new technology in agriculture, limited availability of fertilizers, pesticides and low quality seeds. Consequently, the many youths are disproportionately involved in mundane agricultural activities than other sectors of the economy. Industrial growth, to meaningfully absorb youth labor supply, has been adversely affected by lack of planning, terrorism, political instability and the lack of confidence by investors in Pakistan. Similarly, the tax system and monetary and

fiscal policies have also added to the mounting in unemployment amongst the youths in that country (Mahmood et al., 2014). These issues have also been hampering youth employment in Bhutan.

There are vast similarities in the determinants of youth unemployment between Bhutan and developed countries such as France and Russia. The same is also true for developing countries including China and Vietnam. According to Ministry of Labour and Human Resources of Bhutan, youth unemployment in Bhutan is symptomatic of the miss-match between jobs and skills. Unemployed youths are not aware of the labor dynamics and opportunities (Labour Market Information Division, MoLHR). Some other factors that determine youth unemployment in Bhutan include, inter alia, the youthful demographic structure, expansion of school (primary, secondary and tertiary), capital intensive economic growth, small and underdeveloped private sector and less absorption into rural-urban migration (Bhutan DHR, 2005). The economic growth model in Bhutan has not been pro-employment. Blue collar jobs are regarded lowly which has contributed to soaring of youth unemployment (Rabten, 2014). The low quality of education and cultural shifts has all militated against the employment of youths in Bhutan (Chua, 2008).

Through this review, it was clear that many factors are contributing to youth unemployment. The factors causing youth unemployment are either similar or different in the examined countries. For instance, the variable that causes youth unemployment in Russia is different than that of Pakistan. In Russia the determinants were low skilled young people, hoarding of adult people, high youth demographic, migration and family conditions (Demidova, O,& M Signorelli,2012) whereas in Pakistan it was mainly due to lack of enough knowledge in modern farming ,low growth of industries and not having

good tax system (Tahir Mahmood et al. 2014) . So the symptoms of the problem differ from country to country.

There are some more variables which were missed out in the study, like inadequate credit facilities which cripples the potential youth from taking up entrepreneurship, emphasizing on formal sectors, non attractive agricultural sectors and types of training and duration of trainings the youth availed that could be contributing to unemployment. These determinants believed to be very crucial in Bhutanese youth unemployment and need further research.

As we have seen, a lot of studies has been done regarding unemployment and determinants of youth unemployment in other countries but it has not only remained scarce in Bhutan, the few available ones are only focused on labour market and relationship between youth unemployment and private sectors .There is no deep exploration on relationship between unemployment and determinants. Therefore, by further studying on this topic I will try to focus and explore more on the relationship between youth unemployment and its determinant in Bhutan

However, the methodology used to identify youth unemployment is not empirically done in the country which raises questions of authenticity and legitimacy. On the whole, youth unemployment determinants in Bhutan are similar in all probability to those in both developed and developing countries. The table below is a cross-sectional summery review of youth unemployment around globe.

Table 2: Summary of the literature review;

Country	Determinants of youth unemployment	Key Reference	Status of the country
Russia	<ul style="list-style-type: none"> a. Hoarding of adult employees b. High youth demography c. Migration d. Family conditions 	Demidova,O&M,Signorelli.2012.Determinants of youth unemployment in Russian Regions.Post -communist Economies 24(2):191-217	Developed
France	<ul style="list-style-type: none"> a. Demographic tendencies b. Economic situation c. High qualification d. Low qualification e. Imbalance competition among old & young f. Skill mismatch 	Condratov,Iulian.2014.Determinants of youth unemployment ;a survey of the literature.Ecoforum Journal 3(2):124	Developed
Italy	<ul style="list-style-type: none"> a. High demographic of youth b. Marital status c. Health d. Gender e. Family income f. Area 	Marelli,E & Vakulenko,E.2014.Youth unemployment in Italy and Russia.University of Brescia,Department of Economics and Management,Brescia,Italy.	Developed
Germany	<ul style="list-style-type: none"> a. Qualification-especially general graduates without skills b. Gender 	Isengard,B.2003.Youth unemployment:Individual Risk Factors and Institutional Determinants.A case study of Germany and United Kingdom.The journal of youth studies6(4)	Developed
UK	<ul style="list-style-type: none"> a. Skills b. Gender 	Isengard,B.2003.Youth unemployment:Individual Risk Factors and Institutional Determinants.A case study of Germany and United Kingdom.The journal of youth studies6(4)	Developed
Korea	<ul style="list-style-type: none"> a. Lack of experience b. Low intake of highly qualified youths c. Weak investment in regional vocational training by public sector d. Lack of employment service 	Jeong,Insoo.2006.The status of youth unemployment in Korea and Policy tasks.South Korea:Korean Language Institute and Soo,Kyeong,Hwang.Youth Unemployment in Korea-challenges and policy option.Korea:KDI	Developed
Netherlands	<ul style="list-style-type: none"> a. Human Capital b. Lack of motivation c. Work experience 	Leeuwen,VJ.2009.Youth unemployment in The Netherlands.Utrecht	Developed
China	<ul style="list-style-type: none"> a. Mismatch of jobs b. Mismatch of skills c. Mismatch of expectation d. Higher education reform 	Litao,Z & Yanjie,H.2010.Unemployment problem ofChina's youth.EAI Background Brief(523)	Developing

Vietnam	<ul style="list-style-type: none"> a. Mismatch of skills b. Mismatch of jobs c. Age d. Gender e. Education f. Ethnicity g. Family income 	Anh,ND et al.2009.Youth employment in Vietnam:charactersictics ,determinants and policy responses.Employment Strategy Paper.	Developing
Tanzania	<ul style="list-style-type: none"> a. Gender b. Education c. Skills d. Marital status e. Area 	Msigwa,R et al.2013.Determinants of youth unemployment in Developing countries :Evidences from Tanzania.Paper4(14)	Developing
Pakistan	<ul style="list-style-type: none"> a. Low growth in industry b. Agriculture based society but technology is obsolete 	Tahir,Mahmood et al.2014.Determinants of Unemployment in Pakistan:a statiscial study.International Journal of Asian Social Science 12(4):1163-1175	Developing
Bhutan	<ul style="list-style-type: none"> a. Mismatch of jobs and skills b. School to work transition c. Unaware of labour dynamics & Opportunities d. Education e. Capital intensive economic growth f. Rural –urban migration g. Under-developed private sector h. More Expatriate workers in construction industry i. Family and marriage j. Work attitudes 	<ul style="list-style-type: none"> 1.Labour Market Information Division,Ministry of Labour and Human Resources 2.Royal Government of Bhutan,Bhutn Nationa Human Development 	Developing

It is clear that many factors are contributing to youth unemployment. The factors causing youth unemployment are either similar or different in the examined countries. So the symptoms of the problem differ from country to country .There are similarities in country to country as well, irrespective of country’s status i.e. be it in developed country or developing country.

Research Methodology

Data

This study was carried out through empirical analysis based on cross sectional raw data from 2009 till 2014, which has been collected annually by Labour Market and Information Division under the Department of Employment, Ministry of Labour and Human Resources of Bhutan. The dataset has 30,098 observations in total with detailed information. This study chose to take into account only the status of employment, age, education qualification, type of training underwent and duration of training and area of residence for my study due to limited data.

Firstly, to identify the determinants of youth unemployment globally and then relating to country context and its gravity of effects towards unemployment, descriptive qualitative study is done by basing on secondary sources, by reviewing literatures, reports, and current relevant publications on the determinants of youth unemployment. Secondly, the study employed different methodologies adopted by scholars.

Data Descriptions

Variables	No. of Observations	Mean	Standard Deviation	Minimum	Maximum
Unemployment Status	30098	0.85	0.35	0	1
Age	30098	30.97	11.58	12	99
Male	30098	0.65	0.48	0	1
Training	30098	0.78	0.42	0	1
Training	30098	0.62	0.48	0	1

Duration					
Urban	30098	0.84	0.37	0	1
Bachelor Degree	30098	0.91	0.29	0	1

This study applied Ordinary Least Square Multiple Regression Model to see how the identified variables are significant to determinants of youth unemployment.

The study used the youth unemployment as the dependent variable, and age, gender, education or Qualification, types of training, duration of training and area as independent variables. The variables were categorized variables as shown in table 3 below;

Table 3: A. *Categories of variables*

Variables	Sub variable	Category
1.Age		15-24
2.Gender		Male
3Area		Urban
4. Qualification:	i. Master degree& Above ii. Bachelor degree	Bachelor Degree
	iii. PP/Nursery iv. Class 1-12 undergraduates v. Non formal education attended vi. Monk /Nun vii. None	Low qualification
5.Types of training	i.PG Diploma/Certificate	Higher training
	ii. Certificate or Diploma iii.TTI/VTI/RTI Certificate or Diploma iv.ATP v. Training without certificate	Lower training
	i. Less than one month ii. one to less than six months	Less than one year

6.Duration of training	iii. Six months to less than one year	More than a year
	iv. One year to less than two years	
	v. Two years and above	

Source: Self Analysis 2015,KDIS

B. Summary Statistics

For the Qualification, if it is bachelor degree and above, the study coded '1' and other categories below bachelor degree as '0'. Likewise for the training, coded '1' if its Higher training and '0' if its lower. Duration of training ,less than one year '1' and more than one year '0'.

OLS Empirical Strategy and Results

To see the significance of variables to youth unemployment I used the following equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon \text{ where } \varepsilon \sim N(0, \sigma^2).$$

$$Y = \beta_0 + \beta_1 X_{Age} + \beta_2 X_{Male} + \beta_3 X_{Training} + \beta_4 X_{Training\ duration} + \beta_5 X_{Urban} + \beta_6 X_{Bachelor\ degree} + \varepsilon$$

The result of this analysis is shown by the diagram below

Diagram 1: The study result

Independent Variables	Co-efficients
Age	0.000*** (0.000)
Male	0.099*** (0.004)
Training	0.153*** (0.006)
Training Duration	0.032*** (0.004)
Urban	0.110*** (0.006)

Bachelor Degree	0.063*** (0.007)
Constant	0.524*** (0.008)
Adj-R ²	0.0917
N	30098

Note: The dependent variable is Unemployment Status. Standard errors are within parentheses.

*** implies significant at 1% level of confidence.

Source: Self Analysis 2015,KDIS

a. Taking into account year dummies

Variables	No. of Observations	Mean	Standard Deviation	Minimum	Maximum
Year	30098	2010.87	1.59	2009	2014
Unemployment Status	30098	0.85	0.35	0	1
Age	30098	30.97	11.58	12	99
Male	30098	0.65	0.48	0	1
Training	30098	0.78	0.42	0	1
Training Duration	30098	0.62	0.48	0	1
Urban	30098	0.84	0.37	0	1
Bachelor Degree	30098	0.91	0.29	0	1

Taking year dummies from 2009 to 2014, the unemployment rate is 85.23% with the age range of 12 to 99 years old.

b. Without year dummies

Variables	No. of Observations	Mean	Standard Deviation	Minimum	Maximum
Unemployment Status	30098	0.85	0.35	0	1
Age	30098	30.97	11.58	12	99
Male	30098	0.65	0.48	0	1
Training	30098	0.78	0.42	0	1
Training Duration	30098	0.62	0.48	0	1
Urban	30098	0.84	0.37	0	1
Bachelor Degree	30098	0.91	0.29	0	1

Independent regression for rural-urban and age group (15-19 and 20-24)

Independent Variable	Coefficient
Age Bracket	-0.169*** (0.009)
Constant	0.776*** (0.007)
Adj-R ²	0.0316
N	10674

Note: The dependent variable is Unemployment Status. Standard errors are within parentheses.

*** implies significant at 1% level of confidence.

Compared to a person living in rural area, a person living in urban area has 14.99% higher probability of being unemployed. Likewise, compared to a person of age 15 – 19, a person of age 20 – 24 has 16.95% lower probability of being unemployed.

Findings and Discussions

The probability of being unemployed is more for the youth between the age bracket of 15-24 .The coefficient for age is significant and positive. The male variable also has significance and positive coefficient, that is, males tend to be more unemployed than females. When it comes to types of training and duration of training, both has a positive coefficient and significance too. if the training is provide with more duration,, higher is the unemployment. It is expected that denser the place is more will be the unemployment. So when it comes to Urban i.e. area, the coefficient is positive indicating that more urban the place is ,there will be more unemployment. Likewise, more the youths having bachelor degree and higher qualification ,the more probability that they will be unemployed.

Conclusion and Recommendations

The study shows that ,there is significance and correlation between youth unemployment and the identified determinants. There is a mismatch between supply and demand, because youth with higher qualification and higher training are more unemployed indicating that demand for highly educated youth are not increased. Youths residing in urban areas are more predisposed to unemployment because of stiff competition.

For the policy recommendations ,the study suggests putting more emphasis on ‘school to work transition’ enhancing and strengthening existing services provided by Department of employment such as, counseling service , guaranteed employment

programs, internship program, entrepreneurship program, job placement and referral services and labour market information dissemination. .

The study contends that there are some more variables which were missed out in the study, like inadequate credit facilities which cripples the potential youth from taking up entrepreneurship, growth of private sectors and non attractive agricultural sectors. These determinants believed to be very crucial in Bhutanese youth unemployment and need further research.

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