## UNIVERSITY GRADUATES YOUTH UNEMPLOYMENT IN BHUTAN: CAUSES AND PSYCHOLOGICA IMPACT OF UNEMPLOYMENT (UNEMPLOYED UNIVERSITY GRADUATE'S PERSPECTIVES)

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## Thematic paper entitled UNIVERSITY GRADUATES YOUTH UNEMPLOYMENT IN BHUTAN: CAUSES AND PSYCHOLOGICA IMPACT OF UNEMPLOYMENT (UNEMPLOYED UNIVERSITY GRADUATE'S PERSPECTIVES)

was submitted to the College of Management, Mahidol University for the degree of Master of Management

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#### ABSTRACT

The purpose of the study is to find out the cause and negative effect of unemployment to university graduates and provide relevant recommendation to solve university graduate's unemployment problem. The research study examines university graduate unemployment on causes of unemployment relating to unemployment theories. It investigates different psychological and financial impact arising due to unemployment. It also examines how unemployed graduate prepare for employment. A qualitative method was selected for the research study using semi-structured interviews from 10 unemployed university graduates.

The research finding indicates cause of unemployment is in consistent with unemployment theories of structural unemployment and frictional unemployment. The finding reveals the unemployment has negative impact on individual's psychological well-being and quality of life. The study also shows positive attitude towards finding job through different means by graduates. Based on the findings recommendation is provided to improve on existing employment support programs.

KEY WORDS: University graduate's unemployment, Youth, Psychological impact

39 pages

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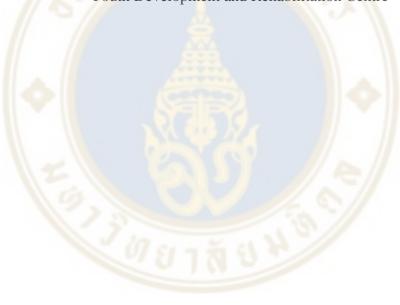
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# LIST OF ABBREVIATIONS

GNH	Gross National Happiness
ILO	International Labour Organization
LFS	Labour Force Survey
MoLHR	Ministry of Labour and Human Resources
NSB	National Statistical Bureau
TVET	Technical Vocational Education and Training
UN	United Nations
YDRC	Youth Development and Rehabilitation Centre



# CHAPTER 1 INTRODUCTION

### **1.1 Importance of Youth and Employment**

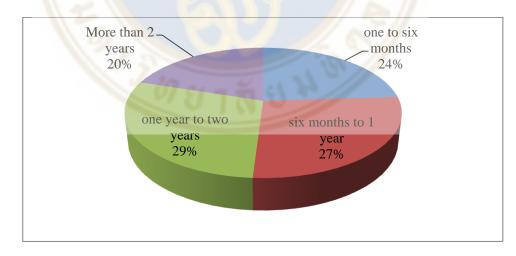
Youth are active and major human resources, driving force for economic development and key agent for social change and technological innovation. Many countries are experiencing job loss and increasing unemployment especially among the youth mainly due to poor economic performance (ILO: 2012). According to ILO (2012), globally 75 million youth are unemployed accounting to 12.6% population in 2011. The increasing number of youth unemployment is daunting challenges faced by the developed and developing countries (ILO, 2004, 2005b). Studies show that unemployment varies from one country to another and it is noted that youth unemployment is generally higher in all countries. The university graduate unemployed is noted to different countries which are attributed to various reasons.

Youth employment reduces the social costs within the societies, reduces violence, criminal activities, drug addiction and prostitution in the country (Lyndsay, and Erika: 2009). A well-designed labor market regulation in the country are important in building efficient and nondiscriminatory labor market system and such system is better off for employment to both youth and adult population of the country (ILO:2006). Failure to integrate youth to country's labor market has a broader consequence for development and prosperity of countries. Bhutan is a country with approximate population of 750, 000 and 48.9% comprises of youth population (LFS :2015) Majority of youth are still in the schools and vocational training institutes preparing to enter the labor market. The labour force trend shows that number of youth with university qualification entering the labor market is increasing on yearly basis.

### **1.2 Statement of the Problem**

Bhutan is a country guided by developmental philosophy of Gross National Happiness (GNH) and one of the indicators of happiness is gainful employment. The unemployment has a direct negative impact on the happiness of the people and society. The unemployment of university graduate or youth in general is on the rise indicating the need for immediate action. National Employment Policy 2013 states "Happiness is not possible if people are not gainfully employed and are unable to provide suitable and sustainable livelihood for themselves and their families. Hence, employment is conducive to happiness and prosperity of the people. Achieving this mandate necessitates the provision of gainful employment to the people, thereby ensuring sustainable livelihoods".

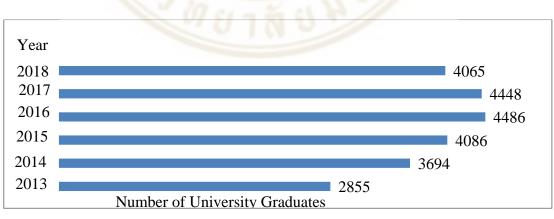
The increase in unemployment is directly associated to lower happiness and wellbeing of unemployed youth. The figure 1.1 shows percentage share of youth unemployed by duration for search of job in 2015 from total unemployed youth. Total of 24% youth were searching job for less than 6 months, 27% youth were searching job for six months to one year. The youth searching job for one to two years and more than two years is 29% and 20% respectively.

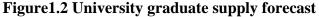


**Figure 1.1 Unemployed youth by duration of job search** Source: Calculated from LFS 2015

#### **1.2.1 Unemployment Scenario**

The unemployment rate of 2 % is low by international standards in Bhutan, but there is growing concern of youth unemployment and issues related to unemployment in the country. The labor force survey report 2013 shows youth unemployment record high of 9.6% which is alarming considering country's full employment rate of 2.5% (LFS:2013). Despite government's interventions through various schools to work skilling transition programs, youth unemployment has risen to 10.7 % in 2015 (LFS 2015) and then to 11% in 2017. The Male youth unemployment is 8.2 and female youth unemployment is 12.7%. Further, there is higher unemployment of youth in urban areas (22.8%) than rural areas (4%) (LFS: 2015). One of the major contributing factors of youth unemployment can be increasing job seekers with higher qualification. The estimated supply of university graduates increases from 2855 in 2013 to 3694 in 2014. From 2015 onwards, the supply of graduates is estimated over 4000 annually until 2018 as shown in figure 1. 2. The unemployment rate based on qualification level shows that 34.7% are university graduates which is highest amongst the qualification category (LFS 2015). Countries need to integrate different levels of governments in developing employment policies that generates impact beyond education & labor market. Strong labor market information system and analysis including quality of job and informal sector helps to develop policies, intervention and achieve result (ILO: 2012).





Source: Data derived from Beyond Graduation Survey Report 2014

#### **1.3 Objectives of the study**

The objectives of the paper is to examine the determinants and psychological impact (consequences) of unemployment from unemployed graduate's perspectives. It is essential to evaluate the expectation and preferences of unemployed graduates to develop and align policies and programs to support unemployed graduate in the labor market. The study will focus specifically on following areas and questions:

- 1) What are the causes of university graduate unemployment in Bhutan?
- 2) How does unemployment impact an individual's psychological wellbeing?
- 3) What are financial impacts on quality of individual life during unemployment?
- 4) How does unemployment graduate prepare for employment?

#### **1.4 Scope and Limitation of the research**

The researcher knew that there are few studies conducted to investigate the causes of youth unemployment in Bhutan and those studies are drawn from LFS reports. Those studies focused at macro to micro level analysis that generate incidence, duration of unemployment, trend of unemployment and testing other variables quantitatively. There are also few study conducted to analysis causes of crimes by youth but no separate study is conducted to analyze the psychological and other consequences of unemployment. Due to the rising unemployment of different groups of youths, it is necessary to examine causes and consequences of unemployment of university graduates are on the rise over the year since 2013 onwards. Therefore, the study will focus to investigate causes and psychological consequences of university graduates unemployment from unemployed graduate's perspectives. The sample size of the respondent is limited to 10 unemployed graduates within age limit of 18 to 29 years. The university graduates refer to candidate with bachelor's degree qualification.

#### **1.5 Relevance of the Project**

The study is significant to the author as the topic is within the scope of author's job responsibility. The prior experience and understanding of the topic will not only ease working on the topic but also generate interest to learn more on the area. The study can assist author to redesign existing programs and think of other alternatives. It can be used as a source to form the hypothesis to conduct a thorough research. The finding shall be considered as early indication of problems and appropriate recommendation is provided to make amendment of existing programs and develop new policies to support unemployed university graduates.

#### **1.6 Structure of the Paper**

The paper is divided into six chapters, which includes introduction, problem statement, objectives of the study, limitation and relevancy of the paper. The second chapter covers relevant literature reviews where works of previous researchers and practitioner is provided to support the paper. The literature discusses definition of youth, concept and challenges of unemployment, determinants of unemployment, relevant unemployment theories and problems associated with to unemployment amongst youth. In third chapter covers research methodology of collecting data, through secondary sources and semi-structure interview, sample size, and outline on finding and data analysis. In chapter four, the findings of research derived from analysis of themes is presented. The finding synthesis in presented in chapter five relating to literature and overall response of the graduates. In final chapter includes recommendation and conclusion.

# CHAPTER 2 LITERATURE REVIEW

### 2.1 Definition of Youth

The UN states youth is person with age between 15 to 24 years. The definition of youth also varies from country to country depending on the culture, customs, tradition, social behavior and location (Abdallah and Silanda: 2013). In most of the developing countries the youth age between 15 to 24 are still gaining knowledge necessary in school and preparing themselves for the labor market (Robert & Erasmus: 2013). The beyond graduation survey report shows more than 60% of the university graduates are below 24 years of age, 30% within age limit between 25 to 26 years and remaining above 27 years.

### 2.2 Unemployment concept and challenges

International Labor Organization (1997) defines unemployment as people who have not worked more than one hour during the reference period but these people are available and are actively seeking for work. According to Labour Force Survey, Report (2014) of MoLHR, Bhutan unemployed/unemployment is considered as person without work, seeking for a work and currently available for work.

Unemployment is multidimensional concept and it's difficult to measure as it depends on economic of areas, education system, culture and social setting (Robert & Erasmus: 2013). There exist unequal labor market opportunities for women in many countries. On global employment trends for youth, poverty and lack of decent employments was among the major challenges facing most of youth in East Asia and African region (ILO (2014). The socio-cultural factors influence the participation of women in countries like Arab States, Northern Africa and Southern Asia as a result women unemployment remains high in these countries (ILO, 2017). The youth unemployment problem is linked with educational background and qualification possessed by the young people as compared to the skills required in the labor market.

## 2.3 Previous study of youth unemployment in Bhutan

In 2011, Dendup on his studies identified eight factors leading to youth unemployment which includes Public sector saturation, small and under developed private sectors, Mismatch of skills and expectation, attitude of youth towards blue collar-job, Rural-urban migration, lack of comprehensive human resources development policies, Youth demographic profile and expansion of school enrollment system. Dorji & Kinga (2005) states that lack of foreign travel; pension and job security is discouraging factors for university graduates employment in private sector compared to public sectors. Technical Vocational Education and Training (TVET) is seen a way to increase employability and employment of youths. However, youth in Bhutan view TVET-blue collar worker has low social status compared to prestigious degree qualification that has high prestige and economic potential (Rapten: 2014).

Tenzin 2013, investigated whether employment status of head of family, siblings and educational level of job seekers (micro characteristics) has any impact on probability of employment. The finding shows that there is positive impact on employment probability when head of the household is employed and negative impact when siblings are employed. The author attributes the probability of employment and unemployment based on joint family structure of Bhutanese culture and dependability when more than one member is employed from the household. On the education level of youth, the author found that youth with higher level of education is more likely to remain unemployed for longer duration, such youth wait for suitable job that match their qualification and skills. Based on Beyond Graduation Survey report (2014) analysis, university graduates prefer to work in civil service compared to any other sectors citing the reasons of job security, training opportunities, higher salary and job relevancy. Graduates are not motivated to work in private sectors due to poor working conditions, social stigma to blue-collar work, lack of opportunities for training and job security. Graduates consider self-employment as last option of employment.

#### 2.4 University graduate's unemployment in different countries

The university graduate unemployment is experienced in many countries over the decades to name few China, India, and African Countries line Nigeria, Ghana, South Africa, and some of the European countries like Spain and France.

The study conducted on university graduate unemployment in Ghana by Dai, K et al (2008), found that inadequate practical training and irrelevant university courses to labor market is one of the main cause of unemployment. The British Council in 2014, states that in Sub-Saharan Africa only 16% of the jobs are available in wage sector and remaining are in family farming and household enterprises in the region. According to Goolam, M. (2014), the graduate unemployment in Sub-Sahara Africa is caused by four main inter-related factors such as a).Poor quality of higher education provision b).Poor Relevance of programs & institutions c). Poor Employability Skills of graduates d). Poor University-Productive Sector Linkages.

According to Bai (2006), University graduates in China were unemployed as traditionally university education was only for the elite; there are high expectations for good employment prospects for university graduates. Nevertheless, university enrollment quadrupling in less than decade and increased the supply of university graduates and did not guaranteed good jobs. Chinese consider the education as investment so youth from rural area migrated to urban areas in larger cities like Shanghai and Beijing for higher education and employment, which added to urban graduate unemployment. Li et al. (2014) found that the expansion of higher education in China has led to an increase in unemployment among university graduates. The graduate unemployment is higher in central and western region and lower in coastal regions. The graduate unemployment is also attributed to candidate with lower ability entering the higher education system (Soo et.al: 2015).

In India Jeffrey (2010b:5) notes that educated unemployed youth was engaged in "waiting" to find suitable job and many still do not find relevant jobs. The times of India, (March 2017) points out that more than 60% of engineering graduates in India remains unemployed. The cause of unemployment is due to unacceptable graduates produced by many universities across the country and university lacks course relevancy and standards. To this, the government of India has initiated a plan to revamp the system by "rolling out the single National Entrance Examination for Technical Institutions from January 2018, linking annual teacher training as a must for approval of the institution, mandatory induction training to enrolled students and annual revision of curriculum".

The recommendation on the African countries was on establishing quality assurance agency to regulate quality of education and establishing linkage with industries to improve relevancy. The researcher in China recommended government to take educational policy action to control quality and focus on developing higher educational institution on coastal region/region outside city.

### **2.5 Consequences of Youth Unemployment**

Several studies show that high level of youth unemployment has profound impact on society, economy and the individuals. The unemployment has driven many youths to engage in anti-social behaviors like criminal activities, drug addiction, violence, and sex work. For instance, increasing criminality due to youth unemployment has been great detrimental to foreign direct investment in South Africa. The macroeconomic cost of HIV/AIDs is significant in Sub-Saharan Africa where unemployed youth are at higher risk of contracting HIV/AIDS. (Rapten: 2013). On the economy, the direct impact of youth unemployment is loss output due to unproductive youth. The youth can significantly contribute in producing goods and services if employed. The early unemployment of youth not only has negative effect on future employment but also on their self-esteem. Unemployment can increase risk of poverty, deskilling, social exclusion, and cause loss of motivation and mental health problem. (http://www.bridgingeurope.net/consequences-of-high-youth-unemployment.html)

The study reveals that unemployment does not affect every unemployed young people in the same way. Many moderating variables like attitude, personality trait, family support, social safety net etc. determine the consequences. Those young people who are motivated to work, they experience greater distress and worry when unemployed while some young people preferred to wait to find appropriate job that has better future prospects. Mullen (1985) found that individual loses his common sense of values; his status is lost in his own eyes & imagination and in the eyes of his peers due to unemployment. According to Conroy, M., (2010), the negative psychological effects of unemployment from different researchers to date include; depression, anxiety, hopelessness, apathy, low self-esteem and confidence, inability to cope with problems, moodiness and alcoholism. In his study, he found that the unemployment has negative impact on living standards, mental health and coping with time. (Böckerman, 2005) noted that low income has a negative effect on both happiness and life satisfaction.

In Bhutan, no any in-depth study conducted to examine the consequences of youth unemployment. However, some symptoms indicate that vulnerable youth engage in unhealthy social practice.

#### 2.6 Youth involvement in crime

According to the study on 'Juvenile delinquency as emerging youth problem in Bhutan' the analysis on crime record from 1988 to 2003 shows 514 crimes were committed by juvenile (age below 18 years) in Thimphu, capital city. The most prevalent crimes include theft (42.8%) assaults (19.1%) drug abuse (16.7) and burglary (10.1%). The overall status on crime shows that 34.7% were unemployed youth and 28.8% were schools going youth.

The later analysis on crime report shows that 705 youth committed crimes in 2012 across the country of which 48.6% were unemployed a 29.6% were students and 21.8% employed. In terms of offence, 30.6% related to illegal transaction of controlled substance, 17% related to larceny, 5.5% malicious mischief and others. In terms of place of occurrence of crime 50% took place in capital city Thimphu, followed by 13.5% in Chukha and 8.5% in Paro indicating higher occurrence of crime in urban areas (Rapten: 2013). The qualitative study conducted through interview and semi structure question by NSB Bhutan (2015), on 44 male youth convicts from Central jail (chamgang) and YDRC found that the causes of crime is due to family disruption, personality disorder, negligent parents, peer pressure, alcohol abuse , money problem and unemployment. According to Rapten, P. (2013) the Royal Bhutan police have identified 38 male youth gang and 18 female youth gangs in Bhutan. Those youths were schoolchildren and school leavers (job seekers) and were found engaged in socially unacceptable behaviors, leading to assaults and insecurity in the neighborhood.

### **2.7 Theoretical Framework**

Based on the literature review I have identified theories that will serve as background for expansion and description of reasons of university graduate unemployment. The identified theories are:

### 2.7.1 Theories on Unemployment

Parkin and King (1995) identified three different sources of unemployment that includes 1). Frictional Unemployment 2). Cyclical Unemployment and 3). Structural Unemployment.

#### 2.7.1.1 Frictional Unemployment

Frictional Unemployment 'arises from the normal turnover of people in the labour market'. 'young people leave the school and join the labour force, old people retire and leave it, and some people leave it temporarily, often to raise children, and then rejoin it' (Parkin and King, 1995:584). Some people choose to wait for relevant job after graduation.

#### 2.7.1.2 Cyclical Unemployment

It occurs when economic decline that affects majority of labour force irrespective of skills, qualification and personal preferences (Parkin and King :1995). Job opportunities increase and decrease based on economy situation (Mendes :1990).

#### 2.7.1.3 Structural unemployment

When there are many job opportunities available in the labour market in a particular region but labour force lack required skills and competencies to get these jobs. Even during economic growth in case of structural unemployment lack of skills, education qualification and work experience to manage and find a stable job in market is a challenge (Mendes: 1990). According to Parkin and King (1995:585) structural unemployment 'arises when the number of jobs available in a particular region or industry falls'. Youth unemployment, particularly educated youth unemployment is the result of the combination of the rise in parent investment on education, the inclusion of schooling of formerly excluded groups and the shortage of wages employment opportunity (Jeffrey 2009: 183).

#### 7.2.2 Empowerment and Advocacy Theory, as a Preventive Measure

According to Payne (2005:295), "empowerment helps clients to gain power of decision and action over their own lives." Croft and Beresford (in Payne, 2005:301) "emphasize the role of participatory practice" which focuses on: Empowerment involves challenging oppression and making it possible for people to take charge of matters that affect them; - Control for people in defining their own needs and having a say in decision making process; - Equipping people with personal resources to take power, by developing their confidence, self-esteem, assertiveness, knowledge and skills; - Organizing the agency to be open to participation.



# CHAPTER 3 RESEARCH METHODOLOGY

The research methodology includes combination of qualitative and quantitative methods. The quantitative method used in secondary data used for the study and primary data collected through qualitative method.

### **3.1 Qualitative Method**

Qualitative research involves a process known as induction, whereby data is collected relating to a specific area of study and from this data the researcher constructs different concepts and theories (Conray. M,:2010). The qualitative approach used to understand specific issues related to unemployment from unemployed graduates where the finding is used for contextual understanding and internal validity. The author felt the need to understand the issues at a greater debt to be able to take any appropriate action, thus qualitative method chosen to understand the determinants of university graduate unemployment and impact of unemployment on psychological well-being.

It is time consuming and inconvenient to collect the data from larger section of the target group thus, only small size of unemployed graduates are identified based on the recommendation of friends and relatives and also willingness of the identified candidate to share their experiences.

### **3.2 Data Collection**

The semi-structured interview used to gather the required information from the unemployed university graduates. Due to the inconvenience of researcher being away from the country, data is collected through interview over chats, call and emails. The prior appointment for 30 minutes made with identified candidates. The data collection was schedule for 10 days in November 2017 but it took more than 15 days due to internet connectivity issue. Only one candidate interviewed on one day. The further clarification is sought from the candidates wherever necessary.

The secondary data available from MoLHR publications 'Beyond Graduation Survey Report' is used to analysis perception of graduates in choosing jobs and employment sectors. The data was collected using survey forms (quantitative method) where graduates were given options to choose the options from the identified list.

#### 3.3 Sampling method and Sample size

In choosing the sample of participants, the researcher used purposive sampling method. According to Bryman (2004), this form of sampling is essentially strategic and necessitates an attempt to establish a good correspondence between research questions and sampling. It was also easy for author to get clear understanding of issues as author knows some participants personally and some participants were identified based on recommendation of friends and family members. The detail of sample size is shown on table 3.1 below.

Participant's	Gender	Age	Qualification	Country of	Length of
Code			Background	Study	unemployment
01	Female	23	B.COM with IT	India	7 months
02	Female	25	Political Science	Bhutan	5 months
03	Male	24	Political Science	Bhutan	5 months
04	Male	24	B.COM (Finance)	India	19 months
05	Female	22	Civil Engineering	India	6 months
06	Male	22	BA History & Dzo.	Bhutan	5 months
07	Female	23	B.COM	India	14 months
08	Female	26	B.A	India	18 months
09	Female	29	B.A Sociology	India	2 years
10	Male	27	BBA	Bhutan	17 months

<b>Table 3.1 Details</b>	of respondents
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The four participants were identified through personal contact of researchers and six participants were identified with the help of researcher's colleague

and relatives. Two participant initially identified were out of internet coverage and were replaced by two other candidates. The participants were from different qualification background, some participants were from university in the country and some were graduates from India. The unemployment duration ranges from minimum of five months to maximum of two years. The secondary data sample size includs1800 fresh university graduates from all qualification background. These graduates did not have unemployment experience as survey was conducted right after their graduation during national graduate orientation program.

#### 3.4 Data Analysis

Data is analyzed using 'Iterative interpretation' method i.e. as soon as interview is completed all the important points are listed, coded, analyzed and interpreted. All similar viewpoints of the respondent on same topic are analyzed on same section. In other words, different themes are derived trough coding process and similar response of the respondent is put under same theme for the purpose of understanding and interpretation. The different views of the respondent is analyzed differently wherever necessary and exact same views stated by the responded is listed to show the deeper concern on the issues. The analysis is explained in four parts; first part covers portfolio of graduate, second part focus on determinants or cause or factors of unemployment. The negative psychological and financial impact due to unemployment is presented in 3<sup>rd</sup> part and last part shows plan for employment. The author used the secondary data to supplement the findings in terms of perception of choosing job by graduates. To comprehend the findings clearly synthesis of finding is made relating to relevant literature and unemployment theory showing the intensity of impact of unemployment at macro (country level) and micro level (individual level). A summary of finding is presented on framework developed based on the convenience and appropriateness under each section/part mentioned above.

# CHAPTER 4 RESEARCH FINDINGS

## **4.1 Respondents profile**

The profile of graduates varies in almost all aspects as shown in table 2 below. The unemployment period ranges from 5 months to two years. All the graduates are in their 20s and qualification varies from one graduate to another except two graduates have same qualification background on political science. All graduate have attended at least one interview to maximum 11 interviews by one graduate. As pointed out in literature transition period with job seekers with higher qualification is longer which contribute to unemployment.

Participant's Code	Gender	Age	Qualification Background	Country of Study	Number of Job interview attended as of 08/11/17	Duration for searching job
01	Female	23	B.COM with IT	India	3	7 months
02	Female	25	Political Science	Bhutan	6	5 months
03	Male	24	Political Science	Bhutan	3	5 months
04	Male	24	B.COM (Fin)	India	10	19 months
05	Female	22	Civil Engineering	India	1	6 months
06	Male	22	BA His&Dzo	Bhutan	2	5 months
07	Female	23	B.COM	India	11	14 months
08	Female	26	B.A	India	3	18 months
09	Female	29	B.A Sociology	India	8	2 years
10	Male	27	BBA	Bhutan	6	17 months

Table 4.1	Respondents	profile
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#### 4.2 Determinants of university graduate unemployment

All the participants feel that there is rising unemployment among university graduates. The graduates expressed different views on causes or determinants of university graduates unemployment relating to mismatch of skills, qualification & experience requirement in the market. The micro factors like individual's preference of job based on types of company, job security and salary & other benefits. The details described below as stated by the graduates.

#### 4.2.1 Mismatch of qualification & skills and experience

The eight graduates expressed that one of the main reasons for unemployment of university graduates is mismatch of skills & qualification and experienced requirement for a job. The respondent's response is presented below on this topic.

*Every job vacancies come with a fundamental criterion, i.e. relevancy and experience, which clearly the fresh graduate or I don't have.* (Participant 05) the other participant says if the interviewer or a firm is looking for an experienced worker then I don't think that's my fault (Participant 4).

Stressing on her unemployment due to mismatch of her qualification the participant 2 states government and university must take appropriate actions.

Mismatch of my qualification and job available in the market is main thing I am still unemployed. I cannot find jobs relevant to my qualification but employer recruit only people with relevant qualification. Educated people blame me now for taking this course and they feel there is no employment scope. I think government should create job for us and college should stop providing courses not relevant in the market (Participant 2)

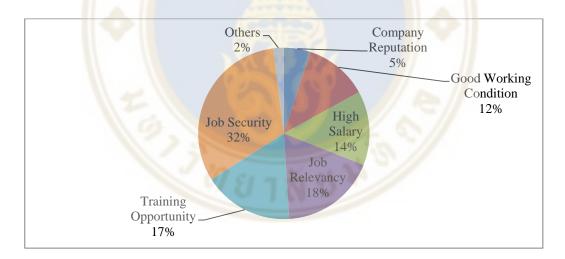
The other candidate with same qualification background like participant 2 says he seek justification from employer on why he is not shortlisted as given herewith;

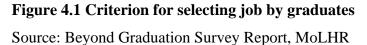
Lack of skills and unsuitable job is main cause of my unemployment. I am not getting job as per my qualification and grade. Many times I don't even get shortlisted and one time I asked employer and they said my qualification is not relevant (Participant 3) One participant says there is high competition in jobs due to more graduates looking for a job. The employer in Bhutan generally use academic marks to shortlist graduates where there are more graduates applying for the jobs.

I think there is increasing graduate unemployment in Bhutan may be due to limited job and more graduates. In 15 vacancy of Bhutan National Bank there were more than 500 graduates applying for job. I was not shortlisted as they shortlist based on merit listing. (Participant 1)

### 4.2.2 Perception and preference of graduate for choosing job

The Figure 4.1 shows different criteria for choosing a job by university graduates. 32% graduates consider job security as the key component. Job relevancy is considered as second most important determinant for choosing a job. The 17% and 14% graduates look for training opportunities and monthly salary respectively as important criteria.





Working condition can mean many things like organization culture, support from management, job mobility etc and 12% rated working condition as important criteria for choosing job. The company reputation is important for 5% of the graduates and other factors are important for 2% graduates. As other factors are not specified, I assumed it could be factors like flexibility, location, leave, benefits etc.

Based on above identified criteria's more than 79% of graduate's first preference of employment is government job, followed by jobs in corporation as second preferences. However, Job vacancy in civil service is limited to around 500 to 600 annually and only the best gets the opportunity to be civil servant.

From 10 respondents, job security is most important criteria for only two respondents but higher monthly salary is essential for many. Seven graduates stated monthly salary is first criteria they look for a job. One graduate stated work location in city and job autonomy and personal development opportunities in organization as first priority. All the respondents agreed that they tend to wait to find best job that fits their qualification and pays higher salary initially but their thinking changes over time and tend to accept any kind of job as long as they are get better salary. Major themes based on perception and preference of unemployment graduates is discussed below as expressed by graduates.

#### 4.2.2.1 Monthly salary

The one other major causes of unemployment is low salary paid to graduates. These days I saw employer-paying salary to graduates as if they pay to wage workers. I saw many vacancies but salaries are very less and choose not to apply. (Participant 2)

The other participant has observed similar situation and expressed viewpoints for not accepting low paying job.

I was selected in few jobs but denied due to low salary. In one company, the salary is Nu.6000/-month that is not sufficient to pay room rent. I think not to work if the salary is less than Nu. 10,000/month because it is not worth working. (Participant 10)

The Participant 1, justifying why she wants good salary from her work relating to her responsibility to look after her family say;

For me high salary is very important because I have to meet my needs and I have to support my parents and my brother. Now only my father works in family and I have to support him financially (Participants 1).

#### 4.2.2. Lack of Information and Awareness

The three graduates also argued that lack of information is one of the causes of unemployment for them, stating that they had to live in village most of the time and rely on few source of information.

Lack of information and awareness is another problem for me in finding job. I rely on few sources like TV advertisements and my relative's word of mouth (Participant 4). On the other hand, two graduates also expressed the awareness created by MoLHR in providing training and finding jobs through various programs.

### 4.3 Unemployment Impact on Psychological well-being

The impact on psychological well-being is not expressed clearly by many unemployed graduates as they are not comfortable sharing such feelings. However, it took extra effort to convenience graduates to get some insight on the topic. All the participants shared similar negative impact of unemployment on their psychological well-being. Only one of the participant attributes that his psychological well-being in not impacted at all, as he has supportive family and relatives but agreed that working is better than to remain unemployed. On the other hand, nine participants shared that they feel negative psychological impact in some forms ranging from health, financial pressure and deteriorating relationship with friend and family members.

#### 4.3.1 Stress, Disappointment, Low Self-Esteem and Depression

Six of the participants stated their stress level increased, as they remain unemployed and they feel low to meet with friends and relatives. One participant states that he completed his graduation at the same time with his brother and says that his brother with architecture qualification background was employed within a month and he is unemployed almost for two years.

I feel stressed, hopelessness and disappointed to be unemployed because this is high time for me to have one decent job and get well settled and help my parents financially. I feel more stressed and worry everyday now as it's almost two years I graduated. Just feel depressed for not having a job for such a long time. One time I became very angry and fought with my brother as he told me I am useless. From there onwards, I try to avoid him. (Participant 4).

The other participant expressed her stress and demotivation for remaining unemployed and seeing her friends employed indicating unemployment situation is bad for her. *I feel stress at times when I see friends being employed. Remaining unemployed hamper self-esteem I think because I feel not equal with friends who are employed.* (Participant 5)

One of the graduates expressed that he had a hope and big dream but unemployment is big obstacle to achieve his hopes and dreams. *Every individual has his or her own hopes and dreams. I wanted to have a good job and joyful life. When I am not able to fulfill my dream I obviously is hopeless* (Participant 3)

The unemployed person has to depend for almost everything to their family or relatives and its difficult situation for unemployed person to rely on other person which is expressed by other respondent herewith;

I do feel low self-esteem, as I have to depend on others for almost everything. Employment gives power and you have more responsibility and people respect you when you work. (Participant 7)

Depression is another severe negative impact of unemployment. It was clear that most of the respondents in good health but two participants expressed the sign of depression.

Unemployment bring so much negative impact, I am not in position to think what to do next, its bad situation to say I am unemployed graduate and it demotivates me. Thinking about future it worries me a lot. I am usually in tense due to unemployment and become sick sometimes (Participant 2). However, she says she has not taken any medicine or treatment and claims it's her bad choice of course in degree program. The other participant shared her experience of feeling depressed when she was rejected for many jobs that she attended interview.

I did many interviews, after five to six unsuccessful interviews; I did not feel worth attending interviews. I avoided many interviews later realized I missed good opportunities when my friends informed me. My parents felt that I was sick and sent me to hospital for checkup but they didn't know I was actually suffering from employment pressure. Now I feel better as I am doing internship at Yarab Institute of Hospitality Management and remain busy (Participant 7).

#### 4.3.2 Deteriorating Relationship with Family and Friends

It is not rare that unemployment will lead to deteriorating relationship among family member and with friends. Two participants expressed deteriorating relationship with family members and friends.

Parents and relatives feel that they have done their part and we are ignored but not always. I also try to refrain from being involved in friends gathering. Relationships with friends become weak as I avoid meeting with them. (Participant 3)

The participant number 4 describe his relationship with his brother has deteriorated after he criticize him for being unemployed. On the other hand, it was good to know that rest of the participants expressed that they have good parents, siblings and friends who encourage them.

When I feel stress my family always encourage me saying sooner or later you will get job so don't lose hope (participant 1). My parents are everything for me. I don't feel the difference being employed or remaining unemployed. (Participant 6)

### **4.3.3 Financial Impact of Unemployment**

Most of the respondent agreed that they get full financial support from their family and relatives and they do not feel much pressure. However, four respondents expressed that they feel the financial impact due to unemployment. It was difficult for me to believe how the participant 3 sacrificed almost everything right after her graduation as she say;

I don't ask financial help from my relatives or anyone as I don't want to get blame on later part of my life as they have done enough for me. I sacrifice almost everything I never eat in restaurant, didn't buy cloths after graduation, I don't go with friends outside to eat. (Participant 3).

The other participants shared similar views on what he sacrificed due to shortage of income as stated herewith:

I don't usually sacrifice much on what I want to buy or eat but now sometimes I have to sacrifice as I depend on my parents and they have to support my brother too (Participant 1)

On similar note, the other participant states;

I do get financial support from parents yet I feel guilty. I sacrifice my desire to buy fashion cloths. I love buying many fashionable clothe every time (participant 8) The participant 4 expressed that his parents expectation changed and he does not get similar financial support like he use to receive during his college days. Thus, he says he had to learn hard ways to live by adjusting himself.

I do not get the same financial support as if I used to get back then in college. Parent thinks that now I am graduated from a college, I should learn myself to fit in a job and learn to live on my own. I need money but can't get many times so have to adjust myself. (Participant 4)

## 4.4 Plans to Search job

It is important to know how graduates think, plan and prepare to find jobs. In relation to this all graduate showed positive attitude and stated that they will keep on trying to find jobs by different means. Some said they will do internship, other said they want to try for overseas employment, few said they want to start working at lower salary to gain experience and yet few said they want to start their own business as last option.

My plan to find job is to make my self-experienced and skilled through internship program. If I remain unemployed for long then I will take further training or go for higher studies. (Participant6)

The two participants said that they are already trying for overseas employment program of MoLHR. They expressed their hope of employment in overseas through MoLHR Program. The three graduates expressed internship in one of the key to gain experience that helps in getting employment. Two participants say they want to do internship to make employable.

I want to do interns and learn more and then try for jobs as more experienced candidate (Participant 4). Two of the participants expressed that they need to keep on trying to find jobs and one say she will try to start working at lower salary and compete for better position once she gained work experiences.

I will keep on applying for every eligible vacancy (participant 5) May be I will attend job fair and keep on applying to relevant job vacancies and if I don't get any job I want to start my own business (participant 3). I want to take up any job even for small amount but I have realized that it is very important to have experience as job market demands. After having few years of work experience I want to compete with others. Incase If I remain unemployed longer, than I want to start my own business as in this era money is more important than qualification and dignity. Money talks more than qualification (Participant 2).

The four respondents said the final option of employment is selfemployment. They are hopeful they will get financial support from their family and relatives. However, no one talk about seeking support from the government in gaining entrepreneurship skills and financial support. In connection to finding job, one respondent says:

Check vacancy through TV Ads, newspaper and company website and keep on applying for jobs. My last option is to do business but just now, I am not sure what type of business. I will ask help from my family and parents to start business (Participant 1).

# CHAPTER 5 ANALYSIS OF RESEARCH FINDINGS

#### 5.1 Determinants of unemployment and its Impact

The eight graduates confirmed that the main cause of graduate unemployment is due to mismatch of skills, knowledge and experience of the graduates to employer's need and expectation. These graduates accepted that their qualification background is not adequate for them to find a job. It was also evident relevant work experience is required to be employable but majority says they lack. The only hope the graduate can get experience is through the internship programs. The literature shows the mismatch of skills and knowledge is minimized by improving the relationship between the universities and companies and aligning the university programs as per the need of labour market. The study suggests that strong action and standard requirement by the government to regulate universities to produce quality graduates. The lack of employment due to shortage or mismatch of skills and expectation of employer leads to structural unemployment. There are employment opportunities in the market but lack of skills, knowledge and experience required by employer stop the graduates from being employment. The structural unemployment cause by skills shortage leads to macro-economic impact as it minimizes the productivity at national level.

It was evident from the secondary data analysis and semi-structure interview with 10 unemployed graduates that employment depends on multiple factors. The secondary data analysis shows that majority of graduate looks for job security, training opportunity, monthly salary, job relevancy among other while choosing a job. For short term, individual choices and preferences make the graduate unemployable, as they tend to wait and try for the best job in the market. However, as informed by some graduates, choices and preferences will change as unemployment duration increases forcing them to accept any kind of job. The literatures also proves that job seekers with higher qualification tend to wait longer in transition to find the best fit job with better incentives that match their expectation.

The seven graduates said that one of the main causes of unemployment of graduates is low monthly salary. The graduates indicated that salary paid by employer is minimal which is insufficient to meet their basic needs forcing them to remain unemployed. However, the same graduates said it is their preference to have higher salary and they have to start working if they remain unemployed for longer duration even a negligible salary. These factors are summarized under micro-factors leading to unemployment as it depends on individual's preferences of choosing the right kind of job. The preference and perception varies from one unemployed graduate to another but majority of them agreed that monthly salary is one of the key that they look for a job. Factors like low salary, job security, lack of training opportunities not only discourage fresh job seekers to get into job but also force working individuals to leave a company. These factors force the workers to change job frequently with a hope of finding better options. In relating to unemployment theories it can be concluded that it is frictional (graduates did not accepted the job offer) as well as structural unemployment (general concern that prevent getting into job market).

Two graduates point out the lack of awareness about availability of jobs, training opportunities in the market. According to Empowerment and Advocacy Theory, unemployed candidate can be empowered by providing necessary support. These types of graduate can become employable through advocacy programs, supporting skills development and by involving and motivating by the family and community. The response also shows that some of the graduates are aware of programs form MoLHR. The summary of discussion on unemployment of graduates relating to relevant unemployment theories and its impacts level is presented in table 5.1.

Determinants Application of Impact of Unemployment **Unemployment Theory** Skills. Mismatch of Macro (Country, long Structural unemployment Qualification & Lack of lasting) work Experience Low salary in companies Frictional unemployment Micro(Voluntary & Job security Individual) Training Opportunities Lack of awareness Employment & Advocacy : Micro to macro **Preventive Measure** (Overseas & Internship program)

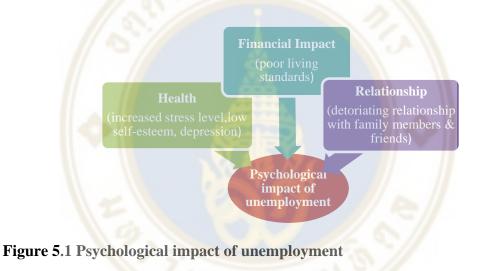
 Table 5.1 Determinants, Impact and application of Theories of Unemployment

## **5.2 Psychological Impact of Unemployment**

It was certain from nine graduate's response graduates are experiencing some form of negative psychological impact due to unemployment. The feeling of stressed and demotivation are linked by graduates to unemployment as they do not have anything to do, get frustration without any reason. As participant 10 said, 'empty mind is devils workshop'. The graduate shared that stress multiply with passing of time as unemployment period increases which leads to worry of uncertain future. The demotivation as expressed by graduates is linked to uncertain future and also knowing the kinds of low paying jobs available in the market. As one graduate mentioned every individual has dream and when the dreams are unfulfilled there is a reason for demotivation. Graduates related low self-esteem when they meet with friends and relatives. When a person has low self-esteem it becomes difficult to communicate openly as said by two graduates they try to avoid being with friend and relatives often. The frequent sickness of stress is symptom of depression, which the graduates relate to unemployment.

Deteriorating relationship with family and friends is another negative impact of unemployment as stated by two graduates. The family member and friends look them down and graduates themselves feel unequal with employed friends. The graduates expressed they have to sacrifice their financial need as they do not work. The many developed countries support unemployed person by unemployment incentives but such scheme in not available in Bhutan. The only source of income for these graduates is their parents or relatives. As mentioned by some graduates they feel guilty to ask money, so they sacrifice the food they want to eat and cloths they want to wear and try to avoid meeting with their friends.

To encapsulate the financial and psychological impact of unemployment, it has multiplying negative impact on individual and their quality of life. These negative impacts are inter-related and link to each. The summary of psychological impact due to unemployment is presented in figure 5.1.



#### **5.3 Importance of employment and plans to find job**

All respondent feel employment is very important to them as it helps them to be independent and live a happier life. As expressed by some respondent's employment is important to make them more responsible, help to maintain dignity within the community of friends, family and relatives. To some employment is important because they can earn income and will have the liberty to use earning as they wish. Two of them also talk about employment of university graduates motivates the younger generations to pursue higher studies with positive attitude of finding a job.

All the respondents showed positive attitude to keep on searching for a job. Almost all graduates said they would keep on looking jobs through various sources including TV ads, company websites and newspapers. Three respondents said they want to develop their skills and experiences through attending training &internship relating the situation to the need of labor market requirements. One respondent wants to go for further studies with the hope after master program he will become more employable. The two respondents were aware of the overseas employment program of MoLHR as they said they were trying for overseas employment. Both of them are hopeful of employment through overseas program. For three graduates 'something is better than nothing' as they knew that they need to start working to get experience and once experience is gained they are hopeful to compete in the market to find better job. One of the respondents wants to attend job fair and resort to last option of starting business. The three other respondents also indicated to start their own business as last options of employment. However, they were not sure what kind of business they want to undertake but are hopeful they will get the financial support from their parents and relatives.

# CHAPTER 6 RECOMMENDATION AND CONCLUSION

The recommendations focused more on improving on the existing system instead and initiating new system. There exist different strategies, initiatives and support from the government to make youth employable. However, focusing on some specific areas may result in solving the issue of unemployment more effectively.

### 6.1 Emphasize on reskilling programs to University graduates

MoLHR need to carry out the market research specifically for university graduate to find the skills gaps of university graduates and then focus on reskilling them on market need skills.

## 6.2 Strengthen University Graduate Internship Program

The MoLHR can focus on strengthening the existing graduate internship program by increasing the number of slots and improve on monitoring programs. The internship is seen by graduates as means to gain real work experience thus extending internship opportunities to all graduates wishing to undertake internship program can help to solve unemployment issue to some extent.

#### **6.3 Improve on Awareness and Counseling Program**

The MoLHR can make regular awareness on labour market situation and job opportunities to university graduate by making awareness programs at the university before graduate enter the labor market. The councilors can take extra responsibility in identifying job seekers unemployed for longer duration and provide regular counseling. MoLHR can also give preferences to graduates unemployed for longer durations in terms of facilitating employment through internship and training program.

## 6.4 Extend support through entrepreneurship program to long term unemployed graduates

From the finding of research, it was clear that once graduate is unable to find job, they are mentally strong to start the business as final option. Extending training and financial support to such graduates may help graduates to be selfemployed.

## 6.5 Work closely with stakeholders

The response of graduates indicates course undertaken at university is not relevant to fetch a job. Literature revels such issues can be solved by strengthening collaboration between universities and industries. Government need to work as a mediator between employer and university to bridge the skills gaps through improving course relevancy at the university. Government also has to work closely with institutions and consulting agency that sent Bhutanese youth for study abroad.

#### **6.6 Future Research**

The sample size for this paper is limited to 10 respondents and the finding only indicates the symptom of negative impact of unemployment to individual psychological well-being. To comprehend in-depth and wider impact on psychological well-being of unemployment researcher can focus on qualitative research with larger sample size (40-50). The study can focus on tracing unemployed graduate for longer duration to investigate the psychological impact over times.

## **6.7 Conclusion**

The finding reveals that graduate think main cause of graduate unemployment is due to mismatch of graduates' and employers expectation in terms of skills, knowledge & experience required for a job. The graduates choice of job based on their own preference for higher salary, job security and training opportunities in the company is seen as unemployment factor in short run. Graduates also view their unemployment due to lack of awareness of job vacancies in the labor market. In consistent with literature the finding shows there is negative impact of unemployment on psychological well-being. The graduate experiences negative impact like increased stress level, low self-esteem, demotivation, depression, deteriorating relationship with family members & friends and poor living standards due to inadequate income.

The attitude of unemployed graduate in finding job is positive. Graduates want to keep of trying to make themselves employable through internship, further study, overseas employment, accepting to work at low salary and opt for selfemployment as last option.



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## **Appendix A: Interview Sample Questions**

Part 1 Bio-data	Part	1	Bio-data
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Name	Gender	Age	Field	&	Year	of	Number	of	Number
(Optional)			Country		Graduation		Months/Yr.		of
			of study	/			looking	for	Interview
							job		Attended

### Part 2 Factors of unemployment

1. What are the causes/reasons of university graduate unemployment in general?

2. What are your presences in choosing job? Is your presence preventing you from being unemployed? Share your experience.

3. Do you blame yourself for being unemployed, government or other uncontrollable factors?

#### **Part 3 Financial Impact**

1. Do you get the same financial support like you use to receive when you were in college or feel difficult to get financial support from parents and relatives? Explain your experience.

2. Explain how do you manage your financial need? Does it impact on quality of life how?

3. Do you get blamed/criticism when you ask money from your friends, siblings, parents? If yes explain what they say?

#### Part 4 Psychological Well-being

1. Do you feel unemployment impact negatively on your psychological well-being? Explain your experience.

2. Do you feel stress, worry, hopelessness, disappointed etc. to be unemployed? YES/No how explain?

3. To overcome the challenges mentioned in questions 11 & 12, what you do?

4. Due to unemployment pressure youth are found involved in bad-activities (examples: drug use, violence (fight), excessive drinking etc. Due to unemployment pressure did you get involved in any such bad activities? If yes explain what you did? 5. Due to unemployment pressure did you experience bad relationship with friends or anyone. If yes how. What happened?

6. How do you spend your time/what you do to keep yourself engaged?

#### Part 5 Plan for Employment

1. Did you take any kind of training to make yourself employable? If YES specify. Who support financially to undertake the training?

2. If you remain unemployed for longer time then do you want to go for further training/higher studies? Yes/ No. Please explain your justification.

- 3. What are your plans to find job?
- 4. Are you aware of MoLHR support programs to unemployed youth? Illustrate if yes?
- 5. Any other suggestions

