

Measuring Career Intentions of Youth in Bhutan: Is Entrepreneurship a Career Alternative?

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Introduction

Bhutan has registered significant youth unemployment in recent times. Unemployment, being a critical problem of underdevelopment, understanding the unemployment problem from various perspectives is of paramount importance for Bhutan. In this paper, we explore this issue from the vantage of the career intentions of the youth in Bhutan. Specifically, we are interested in understanding the extent to which entrepreneurship has emerged as a career option for the youth. It is interesting to note that entrepreneurship has not been recognized in Bhutan for a long time. However, in recent times, entrepreneurship has been a focus area for the government, potentially due to rising unemployment among the youth (Department of Employment and Entrepreneurship of Bhutan, 2022; National Statistics Bureau, 2022). There are significant gaps for further research because the issue of entrepreneurial intent among the youth as a career alternative in Bhutan is very briefly covered in the existing academic literature.

Objectives

This study aims to (i) examine the trends in youth (aged 15–24) career options from 2018 to 2022 using a nationally representative sample of Bhutan; (ii) investigate whether entrepreneurship has emerged as a career option for the youth in Bhutan, particularly demographic patterns (urban versus rural and gender-based characterization) and (iii) examine reasons for career options, particularly entrepreneurship across different groups of youth (rural/urban and gender) in Bhutan.

Methodology

This study uses the secondary data from the Labour Force Survey (LFS) conducted annually by the National Statistics Bureau of Bhutan from 2018 to 2022. To ensure the representativeness across urban and rural Bhutan, each LFS employs a two-stage stratified sampling design, first selecting the enumeration areas and then households. It contains a total of 141,197 observations at the individual level from 2018 to 2022.

However, this dataset does not follow the same individual across time. Therefore, pseudo panels are constructed to focus on entrepreneurship as a career option among the Bhutanese youth (Deaton, 1985). A pseudo-panel was created by assigning synthetic cohorts based on their year of birth, which is determined by their reported age and survey year (Gutiérrez-Romero, 2012). The synthetic cohort is defined as five-year birth bands: 1994–1998, 1999–2003, and 2004–2007. This approach enables us to observe longitudinal trends and patterns in entrepreneurial intent while working with repeated cross-sectional data.

Two sets of regression models— weighted grouped-data binomial and multinomial logistic— are estimated. The binomial logit regression model is used to analyze the entrepreneurial intent, and the multinomial logit model is used to examine the reasons for unemployment. Thus, this model helps to capture how entrepreneurial intent and unemployment dynamics have evolved in Bhutan. Age group, long-term unemployment, gender, area of residence, and survey year are the predictors of the study. Additionally, the interaction term between age group and long-term unemployment was used to determine whether the impact of extended unemployment influences the decision to start a business or pursue entrepreneurship as a career option.

Results and Discussions

Findings show that youth entrepreneurial intent has fluctuated throughout time and 3.89% respondent reported trying to start a business in 2018, while this dropped to 3.25% in 2019 and then rose sharply to 5.75% in 2020. This is likely due to the economic disruption caused by the COVID-19 pandemic. However, intent fell sharply in 2021 to just 0.53%, and in 2022, it rose to 2.75%. This fluctuation implies that youth resort to entrepreneurship

during periods of economic uncertainty, but structural barriers prevent sustained engagement.

Individual age between 15 to 24 (or youth) and being unemployed for longer time are significantly 2.36 and 54.54 times more likely to attempt starting business. Their interaction term indicates that the combined effect is weak, while the joint effect shows that youth who have been unemployed for more than a year, in particular, are increasingly choosing to become entrepreneurs. Their probability of starting a business is about 51% higher than their counterpart—adults or short-term unemployed individuals. The United Nations Industrial Development Organization of Bhutan (2015) has mentioned that entrepreneurship courses are only taken as a last choice by youth, despite being placed at the second highest amongst the awareness of employment facilitation Programmes by Ministry of Labour and Human Resources. Urban dwellers are about 3.7 times more likely to start a business than rural residents, while males are 39% less likely to start a business as compared to females.

Youth are significantly 64% and 65% more likely to start a business as a career due to a lack of qualifications and skills. Long-term unemployment further magnifies the motivation to start a business, with lack of experience and qualification mentioned 2.18 and 1.33 times more frequently. Males are 41% and 57% less likely to start a business due to the lack of qualifications and skills as compared to their female counterparts. Temporary employment and job termination are cited as the reasons for starting a business by urban residents.

Conclusion and Policy Recommendations

Bhutanese youth exhibit entrepreneurial intent, but it is fragile and largely aspirational. The greater participation of women and the recent increase in youth enthusiasm in rural areas signal to untapped potential. Therefore, youth entrepreneurial intent in Bhutan is present and dynamic, especially among women and urban residents.

The study suggest that first, the government should strengthen entrepreneurship education and vocational training in schools and youth

development initiatives, with a particular emphasis on useful skills like financial literacy, digital marketing, and business planning. Second, incubation and mentorship Programmes need to be expanded, especially in rural regions, to provide youth with the networks, self-assurance, and direction to move from idea to action. The government also should explore initiatives for removing barriers to ease of doing business in Bhutan such that there is an increase in opportunity-driven entrepreneurship in Bhutan. Apart from this, the government might consider subsidizing programmes that allow mentoring by experienced entrepreneurs/businesses for the aspiring entrepreneurs of Bhutan.

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