

Entrepreneurship Development in Bhutan: Evolution of Education and Entrepreneurship in Bhutan.

Bhutan, as known to rest of the world, is a small country with a population of only 774,870 (NSB, 2016). Despite its size, the country is doing well in terms of growth and poverty elevation. As per Millennium Development Goals Acceleration Framework report, the country has over the years observed strong sustained growth, reduced poverty from 36.3 % to 12% in 2012, and overall unemployment rate at 2.1 %.

Growth and evolution of Education Sector in the county:

Since the rule of first king of Bhutan in 1907, Bhutan has seen lot of growth and development and one of the key areas of development has been the education sector. The education system in the country has three main elements namely; General Education/ Modern Education, Monastic Education and the Non-formal education. Till 1950s, the only education available to the population was monastic education and the current formal education system was almost unheard of. However with the passage of time, under the leaderships of our monarchs, the country quickly realized the need for investing in human resources as the key for the socio-economic development of the country and with this, since the first five year plan in 1961, modern education system was introduced to the country. As per Annual Education Statistics, 2015 with just about 11 schools in 1961, the country today has 815 schools and institutes in 2015. Unlike during the start of launch of modern education system, where government had hardest times convincing parents to enroll their children to schools at free of cost, with passage of time number of student enrollment has also seen much growth. With only around 400 students enrolled during early 1960's, the same data stands at 192,707 as of 2015, with students being enrolled in formal education and tertiary institutes.

Youth employment – a growing concern

However like any other countries around the world, Bhutan also has her own share of problems and challenges to face. Of many of such problems one such problem that I would want to stress is the growing problem of youth unemployment in general and unemployment of young graduates in particular. With 20% of population representing youth, the youth unemployment (15 to 24 years old) stands at 10.7%, while the national unemployment rate is at 2.5% in 2015 as per the 13th National Labour Force Survey 2015. Considering the representation of youth in the total population, youth unemployment is a matter of serious concern for the country.

Tertiary/ higher education, due to its very high costs, was accessible only to wealthy elite classes but however this was greatly changed by the 1950's in the most

industrialized nations of Europe, North America and Australia (Hernadi, 2013). Almost similar to this, even in Bhutan, until late 1990's, there was very few tertiary education institutes and number of students completing their tertiary education with bachelor's degree was very marginal. In fact number of students who graduated with bachelor's degree was only 272 in 2001 and the same data in 2015, last year stood at 3747 numbers of graduates. Within a matter of 14 years, the number of students enrolled and having completed their bachelor's degree has increased by 14 times approximately. Following table shows number of graduates in Bhutan for the last 15 years:

Year	Number of Graduates	Year	Number of Graduates
2001	272	2009	1330
2002	383	2010	1268
2003	401	2011	1659
2004	495	2012	2263
2005	664	2013	2407
2006	777	2014	3068
2007	1034	2015	3747
2008	1222		

With the expansion of enrollment in schools, most students after completing their school education, often don't choose to pursue farming or agriculture (as their fore parents) as their main profession, but would rather take other profession and dream about working in various government, private and corporate sectors. As students realized that a degree or diploma led to better jobs and high salaries (Hernadi, 2013), this potentially explains the substantial increase in number of youth completing their tertiary higher education. Currently in the country, there are 2 universities i.e. Royal University of Bhutan, under which there are 8 institutes and 1 private college (Royal Thimphu College) and Khesar Gyalpo University of Medical Sciences, which comprises of 2 medical institutes, 2 autonomous management institutes. As of 2014, there were a total of 11,089 students pursuing different courses in these tertiary institutes (Annual Education Statistics, 2015: Ministry of Education). Thus rapid increasing number of graduates produced in the country every year, country is also facing unemployment problems among the educated youth. In fact Business Bhutan (2012) claims "Especially in the wake of thousands of school and college graduates pouring into a relatively small job market every year, unemployment will only become dire with the passage of time"

Causes of unemployment among youth in general and youth who have completed their bachelor's degree:

General preferences for government jobs over any other forms of employments:

Civil service is the largest employment sector in the country, where 3.39% of the population work in it as of 2014. In the past, due to very less number of students completing their college education, there was 100% recruitment by the government for various civil service offices. However, now the Royal Civil Service Commission having decided to remain small, compact and efficient, the intake of graduates for government job have reduced drastically.

Around 74% of graduates indicated government jobs as their first preference in a nationwide Beyond Graduation Survey conducted in 2014 by Ministry of Labour and Human Resources. During the same survey, around 61% of the graduates expressed self-employment as their last preference (National HRD Advisory Report: Ministry of Labour and Human Resources, 2014).

This strong preference for government jobs is primarily due to job security, as 31% of graduates indicated job security as biggest determinant in finding employment in Beyond Graduation Survey, 2014. Another reason for this preference is also because of young graduates not only finds self-employment as not a secure way to advance in future, but also because of higher social status that is perceived by the society on government jobs (Hernadi, 2013).

Also, The Millennium Development Goals Report (MDGR), Youth Employment in Bhutan: Ministry of Labour and Human Resources & United Nations report stated that youth in general prefers to take employments where there is demand for lesser physical labour like government offices/ public sector than vocational/ technical jobs.

Several agencies, including the Royal Government of Bhutan has addressed that the in the current education system, there is lack of development of norms, values, and life/coping skills (in addition to technical skills) that are critical for the job market. Also lack of specific skills, such as competence with computers and proficiency in English makes youth unemployable in many service sectors as well (MDGR).

Recommendations to improve current situations:

Bhutan today is in a transition phase where unlike in the past the main aim of tertiary education was to fulfill the human resource requirements in the civil service sector but however now with RCSC having adopted the principle of small, compact and efficient civil service. Due to this, there is now much lesser absorption of graduates in government jobs and this means that majority of our graduates need to be taking non-government jobs (National HRD Advisor Series, 2014: Ministry of Labour & Human Resources). According to Bhutan Observe (2013), for Bhutan to handle the current employment problem the mismatch between available jobs and job seekers expectation

needs to be straightened and this requires reorienting our graduates to the market realities.

The need to improve current education quality in such a way that it is cognizant of the requirements of the job market is major recommendations from various stakeholders in improving the current situations. This will ensure students have the right employable skills is what current education system needs to take care of.

With the employment opportunities in all the corporate and private sector besides government sector on decline within all the existing industry, with more than 4000 graduates who will be entering job market from 2016 onwards and only around 2500 jobs to be created within existing industry, due to this it is strongly advised that there needs to be investment in entrepreneurial skills and abilities, so that , majority of graduates are ready to take self- employment as their career choice (National HRD Advisor Series, 2014: Ministry of Labour & Human Resources).

Way forward: Entrepreneurship Development in Bhutan:

Various stakeholder comprising of Government, Non-Profit Making Organization , Corporate Agencies and Educational Institutes has been taking lot of initiatives to ensure growth and development of entrepreneurship in Bhutan.

The Royal Government of Bhutan, on realizing that the major portion of country's economic development and growth can be achieved through the growth of entrepreneurship and self employment culture, a dedicated institutional set up, The Entrepreneurship Promotion Centre (EPC) was established in 1990. As development of entrepreneurship within the country will serve as an important tool for job creation and income generation, EPC is identified with a mandate to spearhead the promotion of entrepreneurship and self-employment in the country.

EPC is now known as the Entrepreneurship and Self- Employment Division is under Ministry of Human Resources and labour, conducts entrepreneurship development activities related to workshop, seminars, business idea competition across the country and it also conducts following courses on a regular basis:

- a. Basic Entrepreneurship Course: This month long course is offered to unemployed youth between age of 18 to 35 years old. In this course students are taught basic entrepreneurial skills like business plan development. Graduates from this

course are eligible for Credit Guarantee Scheme with loan (no collateral security required) ceiling of Nu.500,000 with possibility of additional Nu.500,000 based on the financial institution's project evaluation on the feasibility.

- b. Comprehensive Entrepreneurship Course: Candidates within the age bracket of 18 to 35 years old, with a minimum qualification of class twelve are provided this 40 working days course. The graduates of CEC are also eligible for Credit Guarantee Scheme with loan ceiling of maximum Nu.1 million.

Loden Foundation: Entrepreneurship Programme

As Bhutan's first registered charity, Loden Foundation launched its entrepreneurship program in 2008. The program aims to provide employment and create a self-sufficient economy by cultivating responsible entrepreneurial skills through training, moral and technical support and supporting initial funds to start new ventures.

Entrepreneurial training covering all aspects of successful managing of business is conducted for all the potential entrepreneurs. On completion of such course through open competition, best business ideas are provided interest free loan ranging from Nu. 150,000 to 1,500,000

Loden SEED (Student Empowerment through Entrepreneurship Development) Program

To promote and develop entrepreneurial skills and abilities of young college going students, Loden SEED an entrepreneurial education programme for college and school students is launched. It is a unique opportunity to explore and develop the entrepreneurial potential of students in full time education.

It is expected to contribute towards extra-curricular development of the students and inculcate entrepreneurial skills through exploring business opportunities, innovative thinking, confidence building and improvement of self-esteem and social awareness. Loden has launched the programme in 7 Colleges and Technical Training Institutes under RUB.

Other Organizations engaged in promotion of Entrepreneurship:

DHI, BEGIN Program

DHI, Druk Holding & Investment Limited, has developed a comprehensive entrepreneurship development program called BEGIN (Business Entrepreneurship

Growth and INnovation) Program to promote entrepreneurship and innovation that would lead to the formation of larger size, high growth companies in Bhutan, which would generate employment and contribute towards economic development. The BEGIN program commenced on 19th March 2012 with its first batch of 11 trainees.

Loden- DHI Fund:

Access to finance has been identified as one of the growing constraints in starting or expanding a business in Bhutan thereby hindering the growth of private sector development in the country.

DHI and Loden, to jointly promote entrepreneurship in Bhutan, provides business finance to aspiring entrepreneurs in Bhutan. DHI has provided a total Fund of **Nu. 20 Million**. This is a collateral and interest free loans to entrepreneurs interested in starting a new business or expanding an existing business which are viable and will lead to the formation of large size, high growth companies in Bhutan.

Entrepreneurship Promotional Activities & Challenges:

Apart from many agencies who are working towards entrepreneurship development activities in the country, few of which are mentioned above, there are several activities conducted in the country like observation of Global Entrepreneurship Week, Participation in the Mekong Plus Business Challenge 2016, 2016 GIST Tech-I and Business Idea Competition of Bhutan amongst many others

Although all the supports and assistance from various agencies mentioned above has greatly helped entrepreneurs but there are still many challenges in entrepreneurship development in Bhutan, some of which are mentioned below:

1. Lack of Finance-

this is one of the main factor which was affecting entrepreneurship development in Bhutan. Getting required finance to either set up a new venture or to expand the existing enterprise is one of the biggest challenges faced by the potential and existing entrepreneurs. It is only the large scale entrepreneurs who can avail various loans made available by various financial institutions, while most of the small scale entrepreneurs face difficulty in having access to these loans. Many entrepreneurs complain that it is time consuming processing loans and there are contradictory rules and regulations made by various ministries and agencies.

2. Non-availability of the raw materials-

Shortages of the required raw materials faced by various manufacturers are one of the biggest factors affecting the growth of entrepreneurship development in Bhutan.

3. **Personality factors** – Most of the youth have no interest in business and they have distinct preference for 9-5 office job, as these jobs offer secured income & access to power. These jobs are less risky than entrepreneurship.
4. **Lack of confidence in business:** Most of the youth do not take up entrepreneurship as a career option **due to lack of confidence in business**. They have very low confidence in setting up an enterprise due to lack of knowledge of business opportunity, ability to take risk, managerial skill, and knowledge of procedure & formalities involved in setting up a business venture.
5. **Lack of knowledge:** Most of the entrepreneurs in Bhutan are “Necessity Based Entrepreneurs” and not “Opportunity based Entrepreneurs”. They choose entrepreneurship as a career option, when they fail to get employment in various government and corporate organizations. Due to this reason, most of the existing entrepreneurs lack the required entrepreneurial knowledge, skills and passion.

Conclusion:

However although these are few challenges that the country is facing in terms of entrepreneurship development, yet the government is putting lot of effort in ensuring its growth and development. In fact World Bank has ranked Bhutan 71 among 189 economies around the world in Doing Business 2016 Report. This has been possible with various government initiatives to improve business regulatory environment. (Kuensel, 2015)

Submitted by:

Nawang Yangden,

Lecturer- Business

Program Leader- Business Department

Bachelor of Commerce & Bachelor of Business Administration

Royal Thimphu College

Royal University of Bhutan

References

- National Statistics Bureau of Bhutan, Government of Bhutan (2016). Population of Bhutan. Retrieved from <http://www.nsb.gov.bt>
- United Nations (2013). Millennium Development Goals Acceleration Framework: Youth Employment in Bhutan. Retrieved from <http://www.undp.org/content/dam/bhutan/docs/MDGs/MAF%20-%20Youth%20Employment%20in%20Bhutan%2030%20Dec%202013.pdf>
- Hernardi, I., Rathore, A., Dorji, R., & Dawala (2013). Higher Education and Employment Challenges in Bhutan. *Bhutan Journal of Research and Development*, 2(1), pp. 41-52.
- Department of Human Resources, Ministry of Labour and Human Resources, Royal Government of Bhutan (2014). *National HRD Advisory Series : a focus on Graduates and Labour market dynamics*. Retrieved from <http://www.molhr.gov.bt/molhrsite/wp-content/uploads/2013/09/2nd-advisory-document.pdf>
- Loden Foundation. (nd). Loden Entrepreneurship Program. Retrieved from <http://www.loden.org/loden-entrepreneurship-programme/>
- Druk Holding & Investments Limited, Royal Government of Bhutan (n.d.) DHI BEGIN Program. Retrieved from <http://www.dhi.bt/begin2014>
- Policy & Planning Division, Ministry of Education, Royal Government of Bhutan (2015). *Annual Education Statistics, 2015*. Retrieved from www.education.gov.bt/.../Annual+Education+Statistics+2015.../54daad9f.
- Entrepreneurship & Self- Employment Division, Department of Employment, Ministry of Human Resources & labour (n.d.). Basic & Comprehensive Entrepreneurship Course. Retrieved from http://www.molhr.gov.bt/molhr/?page_id=120
- Dorji, C., (2010). Reflection of a Bhutanese Man. Retrieved from <http://cigay.blogspot.com/2010/08/number-of-graduates-in-bhutan.html>

Mariano, J., (2015). Real Entrepreneurship, Made in Bhutan. *Nathan Associates Inc.*
Retrieved from <http://www.nathaninc.com/news/real-entrepreneurship-made-bhutan>

Subba, MB. (2015). Bhutan easiest country to do business in South Asia. *Kuensel*.
Retrieved from <http://www.kuenselonline.com/bhutan-easiest-country-to-do-business-in-south-asia/>

Boyreau, G. (2015). Business Reforms Accelerate in Bhutan, Creates opportunity to realize development goals. World Bank. Retrieved from
<http://www.worldbank.org/en/news/press-release/2015/11/05/business-reforms-accelerate-creates-opportunity-realize-development-goals>

Business Bhutan. (2012). Bhutan needs to produce a new breed of entrepreneurs. *Business Bhutan*. Retrieved from <http://businessbhutan.bt/bhutan-needs-to-produce-a-new-breed-of-entrepreneurs/>

Bhutan News Network,. (2014). Government Employment Squeezing in Bhutan. Bhutan News Network. Retrieved from
<http://www.bhutannewsnetwork.com/2014/01/government-employment-squeezing-in-bhutan/>

Bhutan Observer. Graduates come home. *Bhutan Observer*. Retrieved from
http://bhutanobserver.bt/1784-bo-news-about-graduates_come_home.aspx#sthash.hIWlZEDk.dpuf