





**Minister**

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Ministry of Labour and Human Resources  
Royal Government of Bhutan



### **Foreword**

The Ministry of Labour and Human Resources is pleased to bring out the much awaited National Employment Policy, 2013. This policy is timely the urgency of the employment challenges being faced in the country.

The lack of adequate regulatory framework in relation to corporate/professional practices, governance, career growth opportunities for workers, competitive remuneration, working conditions, benefits, etc has also tended to discourage employment absorption due to lack of confidence between both potential employers in private sector and jobseekers.

Employers are also concerned about the increasing “job hopping” tendencies of young Bhutanese and the subsequent loss of time and investments which discouraged them from employing, especially the youth entrant. At the same time, many young people are not attracted to work in the private sector and remained unemployed on account of low quality jobs, lack of career opportunities and poor remuneration.

Currently the employment related issues are being addressed through various development programmes implemented by the MoLHR and other relevant agencies as across cutting theme. This often results in duplication of efforts and waste of resources.

As a result of the above, it is very imperative that a comprehensive National Employment Policy should be in place to guide and address the employment issues. Henceforth, this policy will act as a living document for both the policy makers and the implementers in guiding their future course of actions pertaining to the employment in the country.

On behalf of the Royal Government, I extend our deep appreciation to the World Bank in supporting us in coming up with this important Policy document. I would also like to thank all the stakeholders for their active participation and inputs during the formulation of the policy.

With best wishes and Tashi Delek.

( Ngeema Sangay Tshempo )

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## Introduction

Gross National Happiness (GNH) is the overriding philosophy of socio-economic development, social welfare and governance in Bhutan and one of the four pillars of the GNH framework is *enhancing sustainable and equitable socio-economic development*. Happiness is not possible if people are not gainfully employed and are unable to provide suitable and sustainable livelihoods for themselves and their families. Hence, employment is conducive to happiness and prosperity of people. Achieving this mandate necessitates the provision of gainful employment to the people, thereby ensuring sustainable livelihoods.

The Article 9 of The Constitution of the Kingdom of Bhutan states “the State shall endeavour to promote those circumstances that would enable the citizens to secure an adequate livelihood.” The Royal Government has consistently placed high priority on the creation and promotion of gainful employment opportunities for all its citizens in its development plans. Though the unemployment rate of 2.1 % in May 2012 was very low by international standards the Royal Government is committed to sustaining full employment of 97.5% of the labour force.

## Rationale

A pro-poor growth trajectory for a country must provide for the encouragement of high labour absorption and the creation of gainful employment opportunities. The impending employment scenario for Bhutan appears challenging particularly due to the limited absorption capacity in the public and corporate sectors, besides the other key challenges. Currently the employment related issues are being addressed as an important cross-cutting theme. To this end, they are tackled through multiple programmes/initiatives implemented by multiple agencies which also results in considerable duplication of efforts and waste of resources. With the lack of a co-ordinated approach towards employment, there is a critical need for the Royal Government to adopt strategies that address this major national challenge.

In this context, the National Employment Policy articulates the key employment related objectives of the Royal Government and addresses the major issues facing the system. In particular, the Policy outlines strategies that will accelerate employment growth, improve the quality of working conditions and provide equal employment opportunities, while addressing the requirement of producing an adequately skilled workforce aligned to the requirements of the job market.

## **Goal of the Policy**

The goal of the National Employment Policy is the achievement of full, productive, meaningful, gainful and decent employment for the people of Bhutan, which will drive the country towards achieving high levels of human development and contribute to the maximization of the Gross National Happiness.

## **Policy statements**

In order to achieve the overarching goal of the National Employment Policy, issues have been categorized under five key dimensions of employment that include employment creation; employability of the labour force, aligning the employment market, working conditions and equal employment opportunities.

## 1. Employment creation

- 1.1 The Royal Government shall place employment generation at the core of national and local socio-economic development planning to address the employment needs of its citizens particularly, the youth and vulnerable sections of the society. Each local government/*dzongkhag* shall be responsible for the creation of local employment opportunities.
- 1.2 The Ministry of Labour and Human Resources (MoLHR) will seek the advice of the GNH Commission on policy direction and targeted employment generation strategies to be adopted by different sectors.
- 1.3 The MoLHR shall allow recruitment of foreign workers only in those occupations where Bhutanese with appropriate skills are not available.
- 1.4 The Royal Government shall incentivize those business and industries that give priority to employment of Bhutanese and those that make special efforts to employ, train and retain Bhutanese workforce.
- 1.5 The MoLHR shall expand consultations with the private sector to understand their concerns regarding employment challenges faced by the private sector.
- 1.6 Leading businesses and employers shall be encouraged to provide entrepreneurship information and counselling services, conduct business competitions and facilitate networking opportunities for youth entrepreneurs.
- 1.7 The Royal Government shall encourage Bhutanese Youth taking up part-time work in the prospective sectors.
- 1.8 The Royal Government shall devise a safety net for young entrepreneurs and start-up ventures, especially in rural areas, to mitigate the risks attached to failure, to the best possible extent.
- 1.9 The Royal Government shall explore employment of Bhutanese with firms abroad. While doing so the Royal Government shall ensure the safety and security of such individuals.
- 1.10 Self-employment such as micro-work shall be promoted.

## 2. Employability of the labour force

- 2.1 Sector Skill Committees shall be formed under MoLHR to analyse and project the current and future skills development requirements and also to co-ordinate with various skill development initiatives and programmes in the country.
- 2.2 The Royal Government shall prioritise training in order to re-skill and redeploy unemployed Bhutanese.
- 2.3 MoLHR and Ministry of Education (MoE) shall carry out integrated career counselling and awareness in schools and institutes for both students and parents to highlight the labour market requirement.
- 2.4 The Royal Government shall facilitate engagement programs for unemployed youth to gain experience and enhance their employability skills.
- 2.5 In order to foster stronger collaborations between industry and Technical Training Institutes (TTIs), the alignment of TTIs close to industrial hubs shall be considered while determining the location of new training institutes.
- 2.6 The Royal Government shall promote skills development to enable persons with disabilities to acquire training and skills to run their own businesses or be employed and participate more effectively in the workforce.
- 2.7 A national programme for volunteerism and national service shall be instituted by the Royal Government to instil the right values and attitudes in the youth.
- 2.8 The Royal Government shall encourage firms to institute Employee Education and Training Funds (EETF) to deliver vocational skills training and continuing education to their workers.
- 2.9 A National Skill Development Fund(NSDF) shall be initiated by the Royal Government to support various skill development and training initiatives of various sectors.

### 3. Aligning the employment market

- 3.1 An Employment Responsibility System (ERS) shall be developed by the Royal Government to clearly outline the roles and responsibilities for various ministries/ departments and other key agencies involved in employment related activities and to facilitate a co-ordinated and integrated approach towards the employment market. The ERS shall also allocate specific employment targets for employment promotion and generation to the various ministries and agencies. Ministry of Labour and Human Resources shall be the lead agency for developing and implementing the ERS.
- 3.2 The Royal Government shall identify regions/ dzongkhags with lower employment rates, less enterprises, high migration rates and high poverty levels and develop special employment promotion programmes for these regions/ dzongkhags.
- 3.3 Awards and commendations shall be instituted by the Royal Government to recognize institutions and individuals who make outstanding contributions to the promotion of employment.
- 3.4 A mechanism shall be developed to examine the problems of the informal sector and suggest measures to overcome them.
- 3.5 An Occupational Handbook and Job prospectus shall be published by MoLHR periodically.
- 3.6 The Labour Force Survey shall be conducted to provide timely and reliable labour market information.
- 3.7 The Establishment Census and labour force surveys shall be conducted to gather additional information to identify issues and capture skill levels relating to the green economy.
- 3.8 MoLHR, MoE and Royal University of Bhutan shall conduct tracer studies on a periodic basis of graduates to evaluate the quality and occupational relevance of the programmes.
- 3.9 The creation of a pool of occupational psychologists and career counselling professionals in the country shall be promoted to facilitate enhanced career counselling services.
- 3.10 Employment Service Centres shall be strengthened to provide one-stop services to youth on various employment services including information on work opportunities, occupation profiles, career counseling services, discussions related to employment, etc.
- 3.11 The Royal Government shall license Employment Agents for placement of Bhutanese jobseekers for employment within Bhutan to give jobseekers the choice of services from MoLHR and the Agents.

## 4 Improving working conditions

4.1 Ministry of Labour and Human Resources shall periodically review and update the national minimum wage levels in consultation with stakeholders.

4.2 The Royal Government shall assess and explore the possibility of creating progressive social security systems for the interest of the workforce.

4.3 There shall be better enforcement and monitoring of labour regulations to ensure safe, non-discriminatory and better working conditions for all employees.

4.4 All employees shall be informed and made aware of their rights. Advocacy to increase awareness on labour rights shall also be strengthened.

4.5 There shall be annual awards mechanism instituted for *Best Enterprises for Compliance with Labour Regulations*.

4.6 New practices of working time such as compressed workweeks, staggered working time arrangements, flexi-time and work-from-home practices shall be encouraged.

4.7 Work-safety insurance shall be provided for all employees and more so for occupations which are deemed to be hazardous and accident-prone, to ensure that compensation for workers is safeguarded.

4.8 Mechanisms to track and monitor working conditions in the informal sector shall be developed in order to facilitate the development of policies that specially address the needs of this important segment of the workforce.

## 4 Equal employment opportunities

- 5.1 Targeted employment and self-employment programmes shall be developed for unemployed women, physically challenged and vulnerable groups in *dzongkhags* which are identified to have higher unemployment. A study shall be conducted to assess and map their needs to enable targeted policy formulation for them.
- 5.2 Gender friendly working conditions/environment shall be promoted at workplaces through day care centres, crèches and other child care facilities at or near workplaces to encourage greater workforce participation of women with children.
- 5.3 Women Self Help Groups shall be promoted and further supported by the Royal Government to ensure better access to credit, infrastructure and skills for female entrepreneurs.
- 5.4 Favourable employment conditions shall be provided for the employment of physically challenged persons. Capacity-building initiatives and supportive infrastructure shall be established in workplaces to enable employment opportunities for them.
- 5.5 Regional labour and employment services of MoLHR shall be strengthened.

## Periodic review of the National Employment Policy

The National Employment Policy shall be reviewed after every 5 years based on the need assessment of the emerging employment issues.

### Concepts and Definitions

This section defines the important concepts and terms used in this report.

- **Employed<sup>1</sup>**: Person who has performed some paid work in cash or in kind, during the reference period<sup>i</sup> for at least one hour or the person has a job or business formally attached but temporarily absent from the work and going to resume the work.
- **Unemployed<sup>3</sup>**: Unemployment is based on three categories which are to be followed simultaneously. They are - ‘without work’, ‘available for work’, and ‘seeking work’.
- **Disguised unemployment** or **underemployment** is defined as workers possessing skills that are not fully utilized in their jobs. It can refer to situations wherein workers with high education, skill levels, and/or experience are employed in jobs that do not require such abilities or arise from involuntary part-time work, where workers who could be working for a full work-week can only find part-time work. Underemployment can also refer to situations of overstaffing whereby economic units employ workers who are not fully engaged.
- **Work<sup>4</sup>**: According to International Labour Organization (ILO) standards and United Nations 1993 System of National Accounts, work includes any kind of works or businesses including collecting water or firewood, cow herding, tailoring or making mates, etc. even for the households’ own consumption.
- **Occupation<sup>5</sup>**: Type of work done during the reference period by the persons employed (or the kind of work done previously if unemployed), irrespective of the industry or the status in employment of the person. It provides description of a person’s job.
- **Earnings<sup>6</sup>**: Major or main source of income through which the person earns a livelihood viz. wage, salary, bonuses, incentives and tips, etc.
- **Establishment<sup>7</sup>**: An economic unit, generally at a single physical location, where business is conducted or where services or industrial operations are performed.
- **Industry<sup>8</sup>**: Activity of the establishment in which the employed person worked during the reference period.

- **Full employment<sup>9</sup>**: It is a condition of the national economy, where all or nearly all persons willing and able to work at the prevailing wages and working conditions are able to do so.
- **Nature of employment<sup>10</sup>**: Nature of employment or employment status comprises the following codes:
  - Regular paid employee: A person who performed some kind of work, during the reference period, for wage or salary, in cash or in kind.
  - Casual paid employee: Those employees who work as and when they find the job for which they get paid either in cash or in kind.
  - Family worker (Non-agriculture): A person who helps in an economic enterprise operated by a member of his/her family without payment of wages or salary in the non-agriculture sector.
  - Family worker (Agriculture): A person who helps in an economic enterprise operated by a member of his/her family without payment of wages or salary in the agriculture sector.
  - Own account worker (Non-agriculture): A person who operates his own enterprise all alone in the non-agriculture sector and does not employ anybody to operate his/her enterprise, nor is employed by anybody.
  - Own account worker (Agriculture): A person who operates his own enterprise all alone in the agriculture sector and does not employ anybody to operate his /her enterprise, nor is employed by anybody.
  - Self-Employed: A person who works for his own enterprise but sometimes hire others.
  - Employer: A person who employs at least one person in his/her enterprise directly or through another person whom he pays in cash or in kind.
  - Piece/Contract paid worker: A worker who has a temporary contract to do a particular piece of work, but is not an employee of the company who they are working for.

- 1 Labour Force Survey Report 2011, Ministry of Labour and Human Resources
  - 2 Reference period-one week prior to the date of enumeration of the survey
  - 3 Labour Force Survey Report 2011, Ministry of Labour and Human Resources
  - 4 Labour Force Survey Report 2010, Ministry of Labour and Human Resources
  - 5 Establishment Census 2010, Ministry of Labour and Human Resources
  - 6 Labour Force Survey 2011, Ministry of Labour and Human Resources
  - 7 Establishment Census 2010, Ministry of Labour and Human Resources
  - 8 Labour Force Survey Report 2011, Ministry of Labour and Human Resources
  - 9 United Nations Economic Commission for Africa  
(<http://www/uneca.org/ayr2011/Annexes%20and%20Bibliography.pdf>)
  - 10 Labour Force Survey 2011, Ministry of Labour and Human Resources.
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