

Executive Summary

- **Definition of Unemployment**

A working definition of unemployment for Brunei should not consider one hour of work in the reference period as *employment*. The vast majority of Bruneian citizens and permanent residents in the labour force are in full-time positions and those seeking full-time employment, but unable to find it, should be taken as the standard for classification as *unemployed*. It is recommended that all relevant agencies adopt the same benchmark measure of unemployment and that this should be the unemployment rate for citizens and permanent residents because this is the most important indicator for policy formation. However, for alignment with ILO guidelines and most international standards, the unemployment rate using the total labour force is most appropriate. Accordingly, the unemployment rate should be estimated using both the citizen and permanent resident labour force and the overall labour force.

- **Extent and Nature of Unemployment**

Only approximately 65 per cent of our sample of job seekers can be considered as ‘unemployed’. The remaining 35 per cent of our sample were actually in employment. This implies that unemployed job seekers accounted for only 2.2 per cent of the overall labour force in 2007. Survey results on the seriousness of the unemployment situation can have different interpretations. On one hand, regarding the 65 per cent of the sample who were unemployed, 35 per cent appeared to have left work voluntarily and 22 per cent were looking for their first job. *Frictional* unemployment therefore appears to account for 57 per cent of the sample. With 35 per cent of the sample in employment of some kind, only 8 per cent of the sample appeared to be *structurally* unemployed. On the other hand, 74 per cent of the sample had been unemployed for more than 6 months, indicating a more serious situation than is normally associated with frictional unemployment.

The majority of our sample of job seekers comprises young people who do not appear to possess adequate vocational skills. Most of the job seekers are only interested in taking up clerical and lower white collar office jobs, preferably in the public sector, and even within this category, a large number appear to be not sufficiently qualified. This is an occupational sector which is oversaturated as there are too many job seekers chasing the same clerical, office jobs. Our job seekers are not interested in taking up jobs in the more manual, skilled and semi-skilled sectors such as agriculture, technical and the trades, where there appears to be ample vacancies, especially if we deduct the large number of foreign workers from these sectors. There is a serious lack of entrepreneurial interest in our sample of job seekers. While there is a certain level of choosiness, positively, a very large majority of our sample of job seekers have high levels of motivation to

work, given their desired career, and they cannot be described as ‘lazy’ and apathetic persons. There is therefore a significant mismatch between skills and desired employment. More seriously, there is a very high mismatch of job expectations and actual requirements in the job market.

- **Policy Recommendations**

More seriously then, we are faced with a significant mismatch of career expectations and available employment. In the longer run, therefore, there is an important need for employment policy to work on the level of limitation attitudes of our school leavers; they must be guided towards other types of jobs, particularly within the manual, semi-skilled and skilled professions in the agriculture, technical and trades sectors which are heavily dominated by foreign labour.

In the long run, therefore, there is a real policy need to increase VTET for appropriate skills acquisition and to orientate Bruneians towards the more manual, semi-skilled and skilled jobs, as this is the sector which has available job opportunities (given appropriate employment policy on foreign labour), i.e. ‘changing mindsets’ of our Bruneians. We acknowledge that to quite a large extent, this educational component has been addressed by Brunei’s new SPN 21 but this will only be of impact in the long run, as full implementation of SPN 21 will only take place in 2010. Immediate VTET and attitudinal change interim measures need to be implemented as a matter of urgency. Further, we need to strongly emphasise that our recommended policy is only likely to succeed if real efforts are made to make this targeted sector, i.e. the manual, semi-skilled and skilled professions in the agriculture, technical and trades sectors of employment, more attractive to Bruneians, in terms of financial remuneration, job status and working conditions. Our findings show that a multidisciplinary/multi agency, integrated approach is required to tackle unemployment issues among registered job seekers. In addition to agencies charged with review of salary structures and employment policy, attitudinal change and expansion of vocational education require the concerted effort of various educational and socialisation agencies.

Our findings are based on empirical data in that this is the first large scale study of its kind with regards to unemployment issues in Brunei. We hope our findings will be useful for policy formation and as a benchmark for future studies. Our sample is statistically representative of the study population: registered job seekers. The extent to which it accurately represents the total number of unemployed people in Brunei as a whole is unclear as there may be many more unemployed people who have not registered with the Labour Department. In order to tackle fully unemployment issues in Brunei and to assist with a nation-wide manpower planning model, we highly recommend that firstly, a full scale national and statistically representative study be made to measure the real extent of unemployment using the employment definition that we have recommended and, secondly, for a more specific study to be made to assess the extent and nature of graduate unemployment.