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YOUTH UNEMPLOYMENT AND THE RENTIER ECONOMY IN BRUNEI: LESSONS FROM NORWAY

Pengangguran Belia dan Ekonomi Rentier di Brunei: Pengajaran dari Norway

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Abstract

This study is a comparative analysis between two rentier economies namely Brunei and Norway. Brunei is an oil-rich country however currently experiencing growing youth unemployment; recorded at 28.4%, the highest value recorded by International Labour Organization (ILO) so far for Brunei over the years. This qualitative study uses focus groups to investigate the issue of youth unemployment and occupational aspirations. The thematic analysis conducted revealed that occupational aspirations of youths in Brunei are very much related to the economic conditions, more specifically the rentier economy. This gives rise to a 'rentier mentality' of youths in Brunei whereby there is a tendency for youths to aim towards prestigious occupations. Norway's education and labour market policies can be seen as a role model for Brunei due to its similar rentier economy and more so for having one of the lowest youth unemployment level in the world i.e. 9.4% in 2017. This study found that the key lessons from Norway for Brunei lie in the diverse education system which not only focuses on the academics but places greater emphasis on vocational training and entrepreneurial skills. This results in youths that are ready for the labour market and a smooth transition from education to work.

Keywords: Youth unemployment, rentier mentality, labour market policies, education policies.

Abstrak

Kajian ini adalah analisis perbandingan antara dua ekonomi rentier iaitu Brunei dan Norway. Brunei adalah sebuah negara yang kaya dari hasil minyak walaubagaimanapun pada masa ini mengalami isu pengangguran dikalangan belia yang semakin meningkat yang direkodkan berada pada 28.4%, iaitu nilai tertinggi bagi Brunei yang direkodkan oleh Pertubuhan Buruh Antarabangsa (ILO) setakat ini selama beberapa tahun. Kajian kualitatif ini menggunakan kumpulan fokus untuk menyelidiki isu pengangguran dan aspirasi pekerjaan di kalangan belia. Analisis tematik mendedahkan bahawa aspirasi pekerjaan belia di Brunei sangat berkaitan dengan keadaan ekonomi, khususnya ekonomi rentier. Ini membangkitkan mentaliti rentier bagi belia Brunei dalam lingkungan umur berusia antara 15 hingga 17 tahun yang bercita-cita ke arah pekerjaan yang berprestij. Pendidikan Norway dan dasar pasaran pekerja dapat dilihat sebagai contoh kepada Brunei disebabkan oleh ekonomi rentier yang hampir sama akan tetapi Norway mempunyai tahap pengangguran belia yang terendah di dunia iaitu pada 9.4% pada tahun 2017. Kajian ini mendapati bahawa pengajaran utama dari Norway untuk Brunei terletak pada sistem pendidikan yang pelbagai yang bukan hanya memberi tumpuan kepada para ahli akademik tetapi turut memberi penekanan yang lebih kepada latihan vokasional dan kemahiran keusahawanan. Ini melahirkan belia yang sedia untuk pasaran pekerja dan peralihan yang lancar dari pendidikan ke tempat kerja.

Kata kunci: Pengangguran belia, pemikiran rentier, dasar pasaran buruh, dasar pendidikan

INTRODUCTION

Brunei is an oil-rich country and currently experiencing growing youth unemployment, recorded at 28.4%, the highest value recorded by International Labour Organization (ILO) so far for Brunei over the years. Focus groups with young people of different age groups and education levels revealed that occupational aspirations of youths in Brunei are very much related to the economic conditions, more specifically the rentier economy. This gives rise to a rentier mentality of youths in Brunei. The young age group of between 15 to 17 years old aims toward prestigious occupations whereas those in the older age group are more realistic in their career aspirations. It can be observed that with the economic downturn and falling oil prices, youths are now becoming more enterprising and flexible in their career choices, especially those in the higher education institutions. The study looks at Norway's education and labour market policies as a role model for Brunei due to its similar rentier economy and more so for having one of the lowest youth unemployment level in the world i.e. 9.4% in 2017. This paper is organized as follows. The first part of the paper will look at the challenges of Bruneian youth in the labour market in terms of their career aspiration, the lack of skills required by the

market and lacking entrepreneurial skills. The second part will explore how Norway addresses the issues observed in Brunei's youth unemployment. The third part will analyse the findings and provide recommendations.

BACKGROUND ON BRUNEI'S ECONOMY

Brunei is a rentier economy and is among the world's most dependent economies on oil and gas accounting for around half of GDP and 90% of export revenues (Deutsche Bank Country Report, 2012). The theory of rentier state can be used as the general framework to understand Brunei, which generates most of its revenue from the production and export of oil. According to Benli (2014), there are three main characteristics of a rentier state: first oil revenues are paid to governments in the form of rent, second, oil revenues are externally generated from exports, and third, oil revenues are directly accumulated by the state. In order to qualify as a rentier state, Belbawi (1987) argues that oil should account for at least 40% of the country's gross domestic product (GDP).

It is also the fourth-largest oil producer in South-East Asia and the ninth-largest exporter of gas in the world (BEDB, 2011). In 2014, GDP was US\$17 billion, and per capita GDP was US\$42,000; which is one of the highest in the world (World Bank, 2015). GDP is projected to grow at an average annual rate of 1.7% to reach almost US\$300 billion by 2035 (Asian Institute of Management, 2010). In 2009, hydrocarbon revenues declined by US\$3300 million (37.4%) compared to 2008 due both to a fall in crude oil prices and the government's policy to cap production. At its peak, oil production reached 240,000 barrels per day (bpd) in 1979, but by 2009 production had fallen to 132,000 bpd. Declining oil production and falling oil prices have reduced government revenue: in 2013, revenue fell by 17.3% and further declined by 21.5% in the first three quarters of 2014 (ADB, 2015).

Mahdavy (1970) and Beblawi (1987) argue that overdependence of oil revenue can have negative political, economic and social impacts on a rentier state. On the economic side, it can cause enclaved development which is termed a "resource curse" or "Dutch Disease" whereby the booming oil sector distorts the growth of other sectors. The role of most rentier states is largely limited to the distribution of rent earnings among the population by providing public goods, welfare and by acting as the major employer. Hence, these states are also referred to as "distributive states" or "allocation states".

THE PROBLEM OF YOUTH UNEMPLOYMENT

In a rentier economy, employment in the government sector attracts high incomes and is a major vehicle for redistributing the rents from oil revenue. The government sector in Brunei employs 40% of the country's total labour force and the share of

indigenous labour is 70%. A report released by the International Labour Organisation (ILO) in 2017 notes that unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate) in Brunei was 28.40 as of 2017. Its highest value over the past 26 years was 24.50 in 2015, while its lowest value was 14.10 in 1991. The combination of falling oil prices and falling government revenue means that there is limited room for the government to create jobs. For 2016/2017, the government announced a freeze on public sector wages and hiring (Shahminan and Thien, 2016).

The unemployment problem is such that it has a young employable population and yet according to the 2014 census, there were 71,000 out of the total population who are migrant workers. Table 3 shows that in 2014, out of the 14,600 indigenous people unemployed, 72% are youths 18-35 years and 90% are school leavers from primary or secondary schools.

Table 3: Profile of the Local Unemployed People in Brunei in 2016

Category	Total in person	Percentage (%)
Total number of unemployed	14, 641	100
Gender		
Male	6, 437	44
Female	8, 204	56
Age		
18-19	580	4
20-24	4, 651	31.8
25-29	2, 153	21.6
30-34	1, 565	14.7
35-39	1, 643	10.7
40-44	1, 149	7.8
45-49	720	4.9
50 above	667	4.5
Education level		
Primary	1,658	11.4
Secondary	10, 565	72.1
Technical and vocational	870	5.9
Pre-university	756	5.2
University	631	4.3
Not stated	161	1.1

Source: Brunei Government (2016)

Cheong and Lawrey (2009) in a study of unemployment among registered job seekers in Brunei reveals that one problem of unemployment in Brunei is finding employment that meets the job-seeker's aspirations. There appears to be a significant mismatch of career expectations and available employment. Common characteristics of the unemployed are that they comprise of young people who do not possess adequate vocational skills and are only interested in taking clerical and lower white collar office jobs, preferably in the government sector. They are not interested in taking jobs in the manual, skilled and semi-skilled sectors such as agriculture, technical and the trades, which are mainly filled by foreign workers. Brunei's case is unique because the discovery of oil enabled it to 'leap-frog' the typical development stages that other countries go through. However, in Brunei since the discovery of oil, labour has always been concentrated in services, which is mainly the government sector.

UNDERSTANDING OCCUPATIONAL ASPIRATIONS

It is important to understand aspirations because studies revealed that aspiration forms the foundation of young people's behaviour and determines the person that they become (Finlay et al., 2015). Similarly, research has revealed that aspirations are one of the psychological factors that influence young people's career decisions (Gutman and Akerman, 2008; Andres et al., 1999; Furlong and Cartmel, 1994). There is a growing concern with young people's aspirations around the world. For example, policymakers in the United Kingdom are concerned with the effect of 'low aspirations' among the youth, which results in poor academic performance and transitions in to the labour market (The Prince's Trust, 2004). Having low aspirations can have an impact on educational results and general life chances as Katz (2002) argues: "... without hope and optimism young people lose a sense of belonging or being valued; when young people feel there is no hope of fulfilling their aspirations there are serious social consequences". Therefore, aspirations can be a predictor of important social phenomena in the educational and occupational field, namely academic achievement, status level and overall life opportunities.

The current situation in Brunei of high youth unemployment makes the drive to improve educational standards and attainment to develop a population of skilled young adults even more relevant. An understanding of the aspirations of young people will provide an insight of the youth unemployment in Brunei so that suitable policies to tackle unemployment can be formulated.

METHODOLOGY

The study conducted 10 focus groups of between 5 to 7 people each, totalling 64 young people. They varied in age, between 15 to 30 years old. The key questions are the aspirations that young people have, the person who had the most influence on

their aspirations, and how their aspirations have changed overtime. There are five categories of participants for young people:

- i. Upper secondary school students aged 15-17.
- ii. Pre-university students aged 17-19.
- iii. Technical and Vocational students aged 17-25.
- iv. University students aged 19-25.
- v. Unemployed youth who have not completed high-school aged 18-30.

For data collection purposes, each category requires 14 participants and they are then divided into two focus groups. Participants from the secondary school ranged from 15 to 17 years old and those in Years 7 and 8 were purposively selected as starting from the age of 14 years old, young people begin to differentiate between idealistic aspirations and realistic aspirations (Gottfredson, 2002).

Students from all categories are selected from government schools because most young people attend government schools in Brunei. Further, there is no evidence showing differences in the delivery of programmes among government schools in terms of regions, rural or urban (Hamid, 2000). All government schools follow a common curriculum and take the same examinations. The secondary level in Brunei takes a period of five years whereby all students follow a common curriculum for the first two years of their secondary education in Years 7 and 8. By the end of Year 11, students sit for their Brunei Cambridge General Certificate of Education Ordinary Level (BC GCE ‘O’ Level). Those with relevant ‘O’ Level passes may then proceed to the pre-university level which is more commonly termed as Sixth Form Centre. They can also undertake training programmes at the various technical and vocational colleges in Brunei. The route after pre-university level is usually tertiary education either in the local university or abroad.

FINDINGS FROM FOCUS GROUPS

The main findings are youths in Brunei aspire towards high status and prestigious jobs, while having a lack of the entrepreneurial culture and highly value further education.

Aspiring towards High Status and Prestigious Jobs

The findings reveal that the occupational aspirations of young people in Brunei are to a great extent connected to the rentier state. This is evident in the focus groups where most of the young people in the 15-17 age group aspire to jobs that are in the professional, managerial or technical sector, and they have less preference for manual jobs. High income, job security, prestige and ‘easy job’ are the most common characteristics of jobs aspired to by the young people in Brunei. This is a

reflection of the social and cultural norms of a rentier state whereby a job of high income and prestige is preferred over a job that can lead to personal and career development and progression. Furthermore, most aspired towards government jobs, and are not keen to work in the private sector, due to better privileges and security.

This is typical of a rentier state whereby the government redistributes the rent from oil in the form of providing more sought after jobs with high incomes and benefits. This attitude of relying on the government for jobs and welfare partly shapes the occupational aspirations of young people creating a lower preference for jobs in the private sector and other sectors, such as construction and farming, which are considered demeaning and usually done by foreign workers. This is affirmed by other studies that have shown rentier states can lead to a “rentier mentality” that implies “... a break in the work-reward causation whereby reward [and] income or wealth is not related to work and risk bearing, rather to chance or situation” (Belbawi, 1990). Further, a rentier mentality has profound consequences on productivity:

“Contracts are given as an expression of gratitude rather than as a reflection of economic rationale; civil servants see their principal duty as being available in the offices during working hours; businessmen abandon industry and enter in to real estate speculation or other special situations associated with booming oil-sector; the best and brightest abandon business and seek out government employment; manual labour and other work considered demeaning by the rentier is farmed out to foreign workers, whose remittances flood out of the rentier economy and so on. In extreme cases, income is derived simply from citizenship” (Yates, 1996, p.22).

However, findings also reveal that not all young people aspire to easy, prestigious jobs with high income and security. In the focus groups, vocational school students are more willing to work in manual jobs like farming but one factor that hinders this is the unavailability of land and credit. Moreover, young people in vocational schools are aware of their limited marketability in the labour market. This group is concerned that their vocational qualifications are not adequate and are always finding avenues to further their studies.

The importance attached to having a highly secure job could also be reinforced by current unemployment rates, which are high, and the economic downturn in Brunei, and this finding confirms that of Yates (2011) that in times of uncertainties, youths are more likely to choose jobs that offers a higher level of security.

Lack of Entrepreneurial Culture

Another important finding also related to rentierism is that there is lack of entrepreneurial culture among the youths. Most young people prefer to get a job with stable monthly income rather than to be enterprising. In the focus groups conducted with young people, more than half of them voiced out their insecurities of doing business full time. Having a secured and well-paid job is still a necessity and the business would only be done part time. A study by Low et al. (2013) investigated the attitudes of young Bruneians towards entrepreneurship. In a survey of 1,051 youths, only 19% want to become an entrepreneur whereas 67% preferred to work as government employees. Low et al. (2013) emphasized that the challenge for Brunei is to promote a passion for enterprise amongst the younger generation and improving the business environment.

Most young people that participated in this study show an interest in being entrepreneurs and many are involved in online food businesses through social media, such as Facebook and Instagram. However, they are not confident enough to commit to it full-time due to their risk-adverse attitude and the need to have a secure monthly income.

This risk-adverse attitude can be related to one of the cultural values put forward by Hofstede (2001) whereby Malays have high uncertainty avoidance. This refers to the extent to which the members of a culture feel threatened by ambiguous or unknown situations (Hofstede, 2001). This view is further reinforced by Hayton et al. (2002) who argues that cultures that encourage entrepreneurship are those that have a low uncertainty avoidance, high individualism, low power distance and high in masculinity. Based on these cultural values, Brunei has a culture that has a weak entrepreneurship culture. This can also be attributed to family background where parents are not business-oriented. Indeed, most came from a family who worked for the government thus reinforcing the need to work and earn a stable monthly income. Therefore, a conducive business environment not only requires better regulations and less bureaucracy but also skilled human resource and the necessity of encouraging an entrepreneurial culture.

High Value on Further Education

The third finding show that achieving academic qualification is important in Brunei. Gutman and Akerman (2008) argue that the value that young people place on further education is linked to their occupational aspirations and also perceptions of their abilities as well as their awareness of available occupations in the local labour market. However, the case is different in Brunei. Because of the nature of the socio-economic development, education is considered more as a value in itself, which is used as a commodity in exchange for jobs and social status (Minnis, 2000).

As Minnis (2000) argues, the education system is examination-oriented where educated people are elevated in status and are distinguished from the rest of the population; and students are rewarded for formal obedience with modest performance standards rather than acquiring skills that are economically or socially useful. This is due to the affluence of Brunei society; which results in a consumer mentality and an indifferent attitude towards education (Yong, 1995). To achieve the desired jobs, young people find it is necessary to accomplish a high level of education and to most this means acquiring an academic qualification of at least a first degree. They believe academic qualification is the passport for a secured life and anything less than that would make them unmarketable in the labour market. Most of the youths from the vocational and technical institutions with practical and hands-on skills are concerned on the absence of minimum wage in Brunei. With just a diploma or a certificate from a vocational school potential income may be inadequate. They also voice that these qualifications should be recognized and upgraded like academic qualifications. Hence in Brunei, in most cases, achieving high levels of education is about status mobility and the perception that more education leads to better jobs and the reluctance to work in the less prestigious or manual jobs.

The occupational aspirations of young people in Brunei can be summarised as the desire to have jobs that are seen as socially acceptable, which is, considered prestigious as well as one that is secure in terms of pay and social security. The socio-cultural context of occupational aspirations need to be taken into account when constructing policies regarding youth since they are much influenced by the rentier state. To change the rentier mentality, there needs to be a change in the education and labour market policies. The following section looks at Norway as a case study that Brunei can learn from as it is also an oil exporting economy but the youth unemployment level remains at a controlled level. The business would only be done part time. A study by Low et al. (2013) investigated the attitudes of young Bruneians towards entrepreneurship. In a survey of 1,051 youths, only 19% want to become an entrepreneur whereas 67% preferred to work as government employees. Low et al. (2013) emphasized that the challenge for Brunei is to promote a passion for enterprise amongst the younger generation and improving the business environment.

NORWAY

Norway is a small, open, natural resource-rich economy and has been largely successful in avoiding the so-called resource curse. Norway's petroleum industries accounted for about 26 per cent of GDP and just above 50 per cent of exports in 2012. Norway is ranked the world's fourth-richest country by GDP per capita, the

world's fifth-largest oil exporter, with an annual oil revenue of around USD40 billion, and boasts a vibrant and diversified economy that spreads prosperity widely within the society (Recknagel, 2014). Norway has done what a lot of countries tried but failed to do: use its oil to create jobs and world-class industries, without compromising the environment (Margonelli, 2014). Based on the Norwegian unique social model, the government continues to renew and develop public welfare systems, contributing to fairer income distribution and promote a labour market based on social cooperation and negotiation, in which everyone can participate.

The leapfrog nature of Brunei's development has created an economic base which limits the creation of jobs. This is highlighted by Tasie (2009), by broadening the economic base through foreign investment, it will create more employment opportunities for the population. Before oil was discovered in Norway, the economy was based on local farming communities and other types of industry, including fishing, hunting, wood and timber (Grytten, 2008).

The Norwegian government is particularly concerned about how well-prepared its young people are when they leave the education system. Raising the average level of educational attainment and reducing the incidence of school drop-outs are among its highest priorities. The government is also aware of the need to develop labour market and welfare institutions that are likely to maximise youth labour market opportunities and incentives to participate in the workforce.

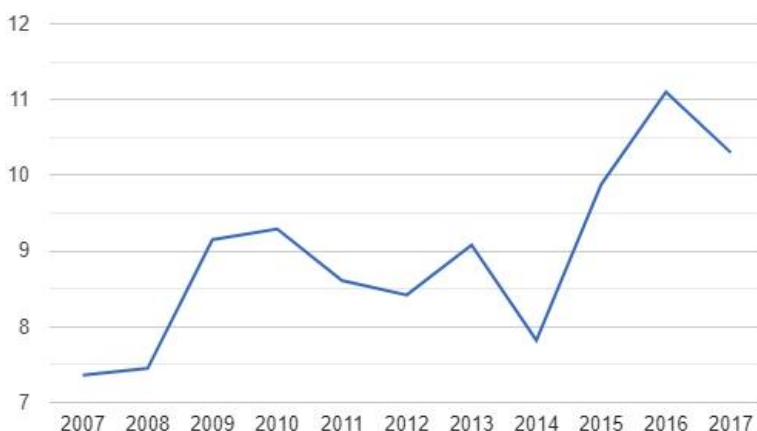
Among the objectives of the government's economic policy are to create more employment and achieve a fairer distribution of privileges and duties; whereas the employment policy aims at promoting a high labour force participation, maintaining a low unemployment level and efficient labour force utilisation. This has resulted in a positive trend in the youth unemployment rate which can be seen in Table 7 and Figure 7. OECD (2008) reported that the youth labour market in Norway is performing very well, whereby Norwegian youth entering the labour market face, a low risk of unemployment and can command relatively high earnings.

Table 7: Percentage Norway Youth Unemployment 2007 – 2017

Year	2007	2008	2009	2010	2011	2013	2014	2015	2016	2017
Percentage of Youth Unemployment	7.36	7.45	9.15	9.29	8.61	8.42	7.82	9.88	11.1	10.3

Source: The Global Economy (n.d.)

Figure7: Norway Youth Unemployment 2007 - 2017



Source: The Global Economy (n.d.)

Initiatives for Youth Unemployment in Norway

From the earlier findings, there are three major characteristics of unemployment in Brunei. Firstly, the youth do not have adequate vocational skills and are more interested in government jobs. Secondly, the youth aspire towards prestigious jobs. Finally, they lack in entrepreneurial skills. This section aims to analyse how these issues are addressed in Norway.

Norway has foreseen the importance of tackling youth unemployment and has come up with several initiatives and policies to ensure the youths that are unemployed will be activated after three months of employment. The initiatives are as follows:

i. Government initiatives

Most of Nordic countries including Norway gives incentives to the employers who hire unemployed youth by offering employer's fee exemptions or salary subsidies. The government also strengthens efforts to better coordinate public services and offers within the employment, education and social sectors with the aim to provide a more coherent support in particular for young unemployed.

ii. Employment policy

This policy targeted looks at factors such as education and job openings. It requires youth with an education should be employed as soon as possible and those without education should start education as soon as possible which eventually will land them a job with the qualification they have.

Whenever there are only few job openings, efforts have been put into ensuring the unemployed youth to maintain contact with the labour market or by developing their competency through labour market training. The training will enable them to prepare themselves for the labour market once the economy starts picking up again.

iii. Education policies

Norway comes in second on its index for the quality of the schooling it delivers, while it also tops Programme of International Student Achievement (PISA)'s Social Inclusion Index, a measure of how socio-economically diverse its schools are.

The government has prioritised education as a means to diversify its economy and foster higher and more inclusive growth. It promotes Science, Technology, Engineering and Mathematics (STEM) subjects, along with vocational and entrepreneurial skills. This year, it has launched a five-year Masters course for teachers, aimed at raising the quality of teaching and raising the status of the profession.

Vocational education is organised in a sequential way: it is a 2+2 model. Students first spend two years attending mainly theoretical classes on a full-time basis, and some then move on to (full-time) apprenticeship in a firm for another two years.

Where the youth remains unemployed due to reduced work ability and no or limited working experience, they are offered a two-year full-time program aimed at moving them closer to the labour market. The benefit of this program is that, it offers an individual action plan which includes measures to increase motivation and skills, qualifications, practical job, training and assistance in job search.

iv. Entrepreneurship in education

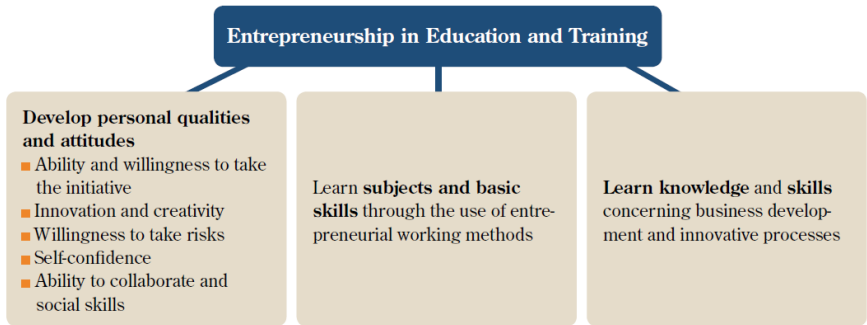
Entrepreneurship is regarded as one of the best economic development strategies to develop country's economic growth by generating job opportunities, innovation and competitiveness (Van Praag and Versloot, 2007). Entrepreneurship education has proven to be successful in raising the intention to become an entrepreneur. Drucker (1985) and Gorman et al. (1997) argue that entrepreneurship can be taught and developed through education and training programmes. It is also found that students with technical background like engineering are more likely to become

entrepreneurs compared to those with social science background (Vojak et al., 2006; Mohamed et al., 2012).

Norway’s government vision in education is that the Norwegian educational system will be among the best in the world when it comes to entrepreneurial training Nordic Innovation Centre (2005). Training in entrepreneurship can help pupils and students become acquainted with their local working and business life and the challenges the local community is facing (Norway Government, 2009).

Studies have shown that although approximately 25 per cent of the Norwegian population prefers self-employment to organisational employment, Norway has experienced a decline in entrepreneurial activity in Nordic Innovation Centre (2005).

Figure 7.1: Entrepreneurship in Education and Training in Norway



Source: Norway Government (2009)

Entrepreneurship education should be carried out at different levels in the school system emphasising increased awareness in early stages and developing skills and more training in the later stages. At university level, there is a heavy focus on business plan and elements and some several independent organisations operating within university and/or university college education Nordic Innovation Centre (2005).

Labour Market Policy

Under Brunei’s Employment Order 2009, there is no minimum wage for people employed under a contract of service, and it is a matter of negotiation and mutual agreement between employer and employee. This however, is not applicable to workers in the government service making it more attractive to work for the government. Although in some cases, the same income offered in the private sector

still does not outweigh other benefits provided by the government which include an annual performance bonus, a fixed leave and passage allowance, an educational allowance (which is subsidised if the parent decides to register his/her children in a private school rather than the free government school), a conveyance loan (USD9000 worth of interest-free loan to purchase a car), and a housing loan which is an interest-free loan where the amount of credit depends on years of service left and monthly income (Ministry of Finance, 2010).

There is also no statutory minimum wage in Norway written by Norwegian law (Nikel, 2018). However, Norway has some of the best salaries and best working conditions in the world. This is especially true for unskilled workers, such as for cleaners, restaurant workers and manual labourers. Thus, everyone in Norway receives a fair living wage. Salaries in selected industries is shown in Table 7.2.

Table 7.2: Minimum salaries in selected industries

Industry	Wages
Construction	Skilled workers earn a minimum of NOK 197.90 per hour, while unskilled workers with no experience earn at least NOK 177.80 per hour. That rises to NOK 185.50 after one year's experience. Young worked under the age of 18 must earn at least NOK 119.30.
Cleaning	People employed as cleaners must earn a minimum of NOK 177.63 if they are over 18, and NOK 129.59 if not. There is also a guaranteed pay supplement of at least NOK 26 per hour for work between 9pm and 6am, which is agreed on an individual basis.
Seafood	The basic hourly wage at the time of writing is set at NOK 173.10 for unskilled labourers and production workers, with an additional NOK 10.5 for skilled workers
Hospitality	Workers over 20 years of age and those 18 years old and above with at least four months of work experience must earn at least NOK 157.18 per hour. There are lower rates for younger workers.

Research	Postdoctoral position carries an annual salary of NOK 450,000 Research scientists will earn at least NOK 500,000
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Source: Nikel (2018).

The Norwegian income tax system for individuals is based on a dual tax base system: general income and personal income. General income is taxed at a flat rate of 23%. The general income tax base comprises of all categories of taxable income (i.e. income from employment, business, and capital) and Bracket tax on personal income comprises income mainly from employment, including benefits in kind, and pensions (PWC, 2018). The tax rates are as follows:

Table 7.2: Bracket Tax 2018

Level 1 – Amounts exceeding	NOK 169 000	1.4%
Level 2 – Amounts exceeding	NOK 237 900	3.3%
Level 3 – Amounts exceeding	NOK 598 050	12.4%
Level 4 – Finmark and Nord-Troms	NOK 598 050	10.4%
Level 5 – Amounts exceeding	NOK 962 050	15.4%

Source: NordiskeTax (2018)

One of the reasons is, Norway is heavily unionised and the vast majority of employees belong to a trade union. One of the best attraction in terms of remuneration package, is that generally collective agreements feature one fixed hourly rate for everyone over the age of 18. There are often different rates to distinguish skilled from unskilled work, for overtime, and for younger workers. Thus, salaries in Norway are much higher than in many European countries. This can be seen in the following table:

Table 7.3: European Countries with the Highest Average Income

	Average Income	GDP per capita	Minimum wage	Unemployment rate
Switzerland	\$7, 396 – £5,764	\$80,000 – £62,379	Not available	4.0%
Luxembourg	\$5,583 – £4,354	\$91,600 – £71,409	£1,787	6.0%
Norway	\$5,418 – £4,226	\$71,000 – £55,375	Not available	4.3%

Denmark	\$5,310 £4,140	-	\$54,000 £42,112	-	Not available	3.9%
Ireland	\$4,379 £3,415	-	\$70,000		£8,047	6.25%
The Netherlands	\$4,289 £3,345	-	\$48,860 £38,119	-	£1,385	5.3%
Belgium	\$3,963 £3,082	-	\$50,510 £39,285	-	£1,337	8.5%

Source: Karrera (2017)

SUMMARY AND CONCLUSION

The findings can be summarised in table 8 below:

Table 8: Lessons for Brunei

Issues in Brunei	Norway	What Brunei can do?
<p>Minimal Primary Industry Due to the leapfrog development process in Brunei, primary and secondary industry are lacking.</p>	<p>Economic base of Norway before oil was discovered was well diversified, particularly in fishing.</p>	<p>Brunei can start investing its income on industries which has the potential to create high returns to Brunei and job opportunities for the youths.</p>
<p>Career Aspirations Youth aspire to take up prestigious jobs.</p>	<p>Whenever there are only few job openings, efforts have been put into place to ensure that the unemployed youth maintain contact with the labour market or by developing their competency through labour market training.</p>	<p>Brunei has already introduced i-ready programme which is intended for graduates who have graduated but unable to find a job. The unemployed youth should also maintain contact with the labour market so that they have the hands-on experience on different jobs that they wish to experience (while waiting for O- level and A-level results). This</p>

		exposure will change their mind set on career options.
<p>Education Lack of skills expected from the organisation and entrepreneurship skills to start businesses.</p>	<p>It promotes STEM subjects, along with vocational and entrepreneurial skills. Vocational education is organised in a <i>sequential</i> way: it is a 2+2 model. Students first spend two years attending mainly theoretical classes on a full-time basis, and some then move on to (full-time) apprenticeship in a firm for another two years. They are offered a two-year full-time program aimed at moving them closer to the labour market.</p>	<p>Curriculum development in schools should incorporate entrepreneurship education to instil entrepreneurial values from early stage.</p> <p>As skills are highly important, curriculum should be designed 50% based on theory and 50% on practical skills required by the organisations or to establish businesses, if this is what the country needs and requires.</p>
<p>Entrepreneurship Young adults aspire towards prestigious jobs.</p>	<p>In Norway, the curriculum is embedded with entrepreneurship education and training even in early schools. Thus, the students prefer self-employment to organisation employment.</p>	<p>Entrepreneurship education should start in schools.</p>
<p>Minimum wage There is no minimum wage in Brunei.</p>	<p>There is no minimum wage in Brunei, however, Norway has fixed hourly rate for younger workers. Thus, lower end of the market remuneration package is even attractive.</p>	<p>Brunei can consider to introduce fixed hourly rate. This can distinguish skilled and unskilled workers and also attract the youth to work at the lower end of the market.</p>

Even though Norway is a major oil exporting country, the rentier mentality seems to be uncommon. This can be due to the nature of economy, whereby it has a strong economic base even before oil was discovered. In addition, Norway does not only focus on academic qualification, but also the importance of vocational skills and training with a strong emphasis on industrial exposure. Despite having no minimum wage in Norway, the labour market provides attractive remuneration package to attract the youth to work in the lower end of the market by introducing hourly rate package. This is a good move as a reasonable pay is not only offered in prestigious jobs but also in the more skilled and manual type of jobs. Entrepreneurship education is also given a strong emphasis in Norway. Having an entrepreneurial mindset will slowly change the way the youth in Brunei perceive white collar jobs and skilled, manual jobs.

An important policy implication of the rentier mentality is the need for education to expose young people to the causal link between work and reward through performance so that they have realistic expectations. Monetary rewards and privileges need to be more closely aligned to work performance across all sectors. This would reduce expectations of high incomes and prestigious jobs, and increase the appreciation of earned hard work for the development of their career. One way to achieve this is by introducing internship programmes in different work places as part of the curriculum in schools and universities. This can expose young people to a variety of work experiences and create awareness about the diversity and nature of work involved. This also broadens their choices of occupations and not being limited to government sector jobs.

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