



# Cambodia Outlook Brief\*

2009, N° 02

## Cambodia’s Human Resource Development: Building a Skilled Labour Force<sup>1</sup>

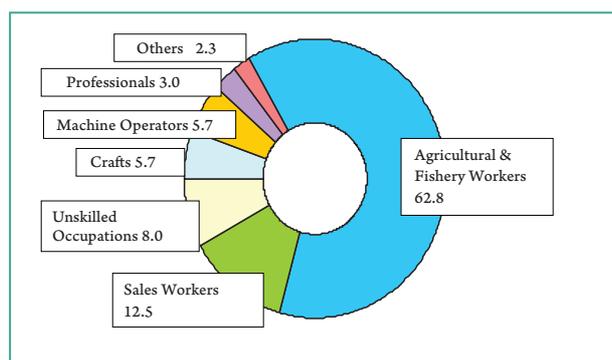
“Human resource development ... is a continuous process, not a quick fix. It needs to be proactive ... and robust yet flexible to adapt to a changing globalised world and local economic environment ... It needs to ensure that realistic expectations are set and that expectations are met.”

*Sandra D’Amico, secretary-general of CAMFEBA,  
at the 2009 Cambodia Outlook Conference*

### The Crisis and Cambodia’s Labour Resource: Impact and Gaps

The crisis has exposed underlying weaknesses of the Cambodian economy, one of which is the lack of skilled labour. Most workers are employed in low-skilled jobs, mainly in agriculture but also in the country’s other growth sectors: garments, construction and tourism. Labour productivity is low although improving in those sectors. The private sector faces a serious lack of skilled labour.

**Figure 1: Employment by Occupation, 2004 (%)**



Source: 2004 Cambodia Socio-Economic Survey

<sup>1</sup> This is a summary of the presentations and discussion in session 2 of the 2009 Cambodia Outlook Conference. Presenters for this session were H.E. Heng Sour, general director of administration and finance, Ministry of Labour and Vocational Training, and Ms Sandra D’Amico, secretary-general, Cambodian Federation of Employers and Business Associations (CAMFEBA).

The most important sector in terms of employment is agriculture. According to the 2004 Cambodia Socio-Economic Survey, the labour force reached around 7.6 million, or close to 60 percent of the government-estimated population during that year. Based on the same survey, 7.5 million of the 7.6 million were employed. Of the total employed workforce, almost 63 percent were engaged in agriculture and fishing, while the majority of the rest filled other low-skilled jobs such as in sales and crafts (Figure 1). While it engages almost two-thirds of the workforce, agriculture accounts for less than one-third of GDP. Historically, its contribution to GDP growth has been unstable and sometimes negative.

The same survey revealed that most of the employed, 52 percent, are unpaid family workers. About 29 percent are self-employed, and only 17 percent are paid employees.

More recent consolidated data by the Economic Institute of Cambodia and TVET Development Plan revealed the continuity of this pattern. According to these data, there were around 3.2 million agricultural workers in 2008, only 232,000 in garments, 139,000 in construction and mining and 58,000 in other manufacturing industries.

Seriously affected by the crisis, Cambodia’s garment and construction sectors experienced significant job losses or increased underemployment. A rapid assessment by the Cambodia Institute of Development Studies estimated that factory closures or reductions in operating costs caused 27,000 garment industry jobs to be lost in 2008,

and an additional 19,000 jobs to be lost by early March this year. Regular working hours and overtime were cut along with shortening of contracts, delay in salary payments and voluntary resignations. All these resulted in lost or decreased incomes, which normally averaged USD80 per month. The same assessment estimated that 36,500 construction jobs were lost in 2008 and a further 25,600 by early March 2009. Construction workers earn USD100 per month on average.

The tourism and agriculture sectors served as buffers, having provided jobs. The same study found that tourism added 16,614 jobs in 2008 and 12,698 more by early March. Some reduction in working hours and slowdown in usual activity have been experienced, however. Interestingly, agriculture absorbed 650,000 and 203,200 workers over the same periods. Such huge numbers demonstrate the great importance of agriculture in employment. Because Cambodian agriculture requires low skills, it is easier for people who lose jobs in other sectors to shift to this sector. Also, many garment and construction workers come from rural areas. Upon losing their jobs, many of them had no choice but to return to their home towns and seek work on farms. Agricultural workers in the country earn an average of USD50 a month, much less than workers in other sectors.

To explain the lack of a skilled and highly educated workforce, it is necessary to look at Cambodia's educational system. This system comprises three streams: the general education system (compulsory for all Cambodians), the TVET (technical and vocational education and training) system and the higher education system. Based on figures of the Ministry of Education, Youth and Sport, around 110,000 students were in the higher education system for the school year 2007–08, compared with around 92,000 for 2006–07. There were about 4400 graduates in the TVET system for the year 2007. The TVET system remains in infancy, but its usefulness in finding employment and income, especially for the relatively poor who cannot afford higher education, has been proven. Surveys have found that people who participated in vocational training have increased their incomes by around 35 percent.

Whether the TVET and higher education systems are addressing the needs of the market must be examined. It must be evaluated whether the educational system is providing the core skills for youth to have a fruitful transition to the workforce. It ought to be innovative enough to assist new business activities rather than businesses that are already saturated (hairdressing, tailoring, mechanics). Other potential problems include duplication among the systems.

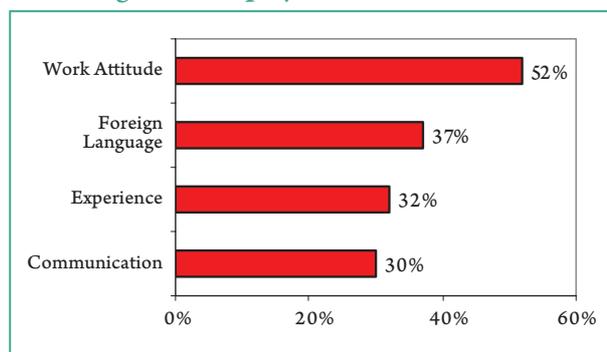
For the first time ever, a market study was conducted in June 2008 by the Cambodian Federation of Employers and Business Associations (CAMFEBA) to identify the mismatch between the skills present in the workforce and the skills employers are looking for. For this study, 2194 young people and 220 employers from different sectors were surveyed.

### The CAMFEBA study found:

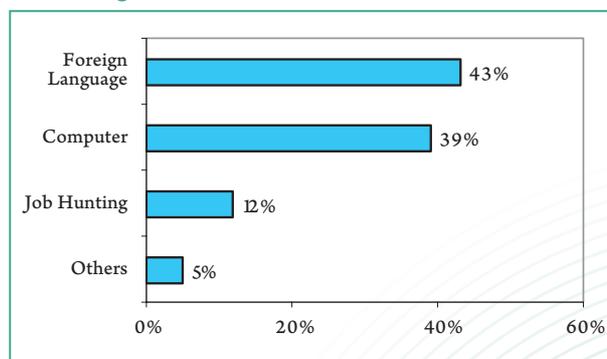
- Employers identified “soft” skills such as decision making, problem solving and “having the right attitude” as the most important skills presently lacking in the workforce and which they hoped to see developed. The youth, on the other hand, identified language and computer skills as the main skills they needed to develop in order to find a good job. To the question “What skill is most difficult to find?”, 52 percent of the employers answered “work attitude”, while 37 percent answered foreign language. On the question “What type of training should be prioritised?”, 39 percent identified decision making and problem solving, compared with only

Figure 2: Skills in Need

#### According to the Employers



#### According to the Youth



The first graph represents the employers' answers to the question, “What skills are the most difficult to find?”; the second graph represents the youths' answers to the question. “What further skills are needed to find a decent job?”

Source: CAMFEBA YEP market study

27 percent who answered foreign language and 9 percent computer skills. On the question “What practical and relevant advice would you want to give to youth?”, 77 percent of employers answered, “Develop the right attitude”.

- Most youth believe in the importance of a university degree and therefore desire to earn one. However, financial limitations prevent many of them from fulfilling this ambition. Some high school students have no choice but to seek work immediately after graduating.
- Entering the workforce and competing with fellow job-seekers are made difficult by lack of knowledge of how to find a job, lack of job-related information, difficulty getting initial work experience and lack of the skills required by employers.
- Many of the surveyed youth and employers suggested the following measures for the government and educational institutions to consider: improvement of educational standards and the accreditation system; more qualified teachers; improvement of school curricula and materials; better communication among educators, employers and government; and less teaching of theory and more of practical office skills.

A study on vocational training and higher education in Cambodia is also about to be completed. According to the preliminary findings of this study, the most significant challenges faced by educational institutions in the country are:

- finding qualified lecturers;
- deepening coordination among stakeholders (in education development);
- building linkages with industry;
- upgrading infrastructure;
- designing curricula that fit employer demand;
- providing more training; and
- conducting research on labour market needs.

From the findings, one conclusion is that the challenge in education is not only about the curriculum and the type of courses provided. A large part of the challenge is about “how we teach”.

## The Crisis and the Way Forward: Outlook and Future Policy Directions

Cambodia’s population is growing at a high rate (it is projected to reach 17 million by 2011). This means that more young people will be entering the workforce in due time in the same way that the increase in the labour

force in recent and immediately coming years has been fed by the baby boomers of the 1980s. This demography highlights the need for human resource development. A more highly skilled labour force is needed to revive the country’s exceptional economic growth and the competitiveness of the country’s growth pillars.

Developing Cambodia’s human resources is a continuous process that must be driven by sound data. It is important to have an understanding of what skills are needed and will be needed. This suggests that human resource development policy must be pro-active, not simply reactive. It has to adapt to the changing and globalised environment and be realistic.

It is equally important to ensure that the supply of jobs can meet the demand for employment and the higher skills that the policy aims to build up in the workforce. Expansion of the industrial and service sectors must be supported in order that these sectors will be able to absorb the workers from agriculture who have upgraded their skills and education. Investing in large-scale initiatives such as infrastructure construction will also help in this case. The bottom line is that a better skilled and educated labour force will be wasted if there are no jobs that can accommodate it. Many of the overseas work opportunities for Cambodians similarly consist of low-skilled jobs such as agricultural work and housekeeping. The external demand for Cambodian professionals will adjust in the event that the country produces more professionals.

The problem with the country’s growth sectors is that they too are mostly concentrated in low-end activities and therefore require only a low level of skills. This means that for the demand for jobs by higher skilled workers to be met, the garment, construction, tourism and agricultural sectors must be upgraded into higher end activities.

Also, an insignificant difference between earnings in agriculture and earnings in industry and services does not give much incentive for agricultural workers to develop higher skills. The appropriateness of wage standards must thus be examined.

For the educational system as a whole, the measures below need to be undertaken to make it a force driving human resource development. A key goal of such measures is to enhance both quantity and quality of education:

- design of the curricula in consideration of the requirements of the labour market;
- curriculum coordination and standardisation;

- focus on core basic skills lacking in the workforce, such as the “right work attitude”, problem solving and decision making;
- hiring of more qualified teachers;
- increase in the salaries of teachers;
- establishment of school counselling units that will disseminate information on job opportunities and other job-related matters to students;
- innovative measures to prepare students to enter the workforce (e.g. company visits and internships);
- provision of basic facilities such as computers to ensure access to information on the labour market;
- greater focus on provincial educational development, linking it to the requirements of economic diversification plans;
- improvement of youth associations and networks;
- strengthening of relationships by increasing public-private partnerships, especially in TVET systems;
- a national employment agency and national competency standards;
- making government coordinating bodies such as the National Training Board more active and setting up the ninth private sector working group to address educational issues and build links among the private sector, government and educational institutions.

On the TVET system in particular, the following measures can help it grow out of its infancy:

- prioritise industry sectors based on economic growth and what already exists;
- enhance training in business skills but with focus on new areas rather than already saturated sectors;
- coordinate and consolidate current curricula and update them with the private sector;
- improve quality assurance with curriculum development;
- ensure that schedules are flexible enough to allow students to earn an income and study at the same time;

- put a marketing strategy in place for TVET;
- address funding issues and the need for more diversified teaching facilities;
- increase the pool of qualified teachers/trainers and coordinate with the private sector for guest lecturers;
- build up more partnerships with the private sector.

To help fulfil the requirements of the labour market, it is estimated that TVET must produce 16,144 graduates by 2012, 15,875 by 2013, 18,048 by 2014 and 19,005 by 2015.

For its part, the government through its agencies supervising vocational training (particularly the Ministry of Education, Youth and Sport and Ministry of Labour and Vocational Training) is said to be considering the following actions:

- improving the operations of vocational training centres and finding a way to enhance their funding (e.g. donor support);
- improving the training of lecturers;
- upgrading training in post-harvest and similar agricultural activities;
- setting up job centres in key locations (e.g. Phnom Penh, Siem Reap, Battambang);
- setting up a qualification framework to facilitate enrolment in vocational training.

The crisis has provided a unique opportunity for the country to take a closer look at the current competitiveness of its labour force and the skills needed by the labour market. It is important to remember that human resource development is a necessary component of economic development, just as economic development is a necessary component of human resource development.

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**CDRI - Cambodia's Leading Independent Development Policy Research Institute**

☎ 56 Street 315, Tuol Kork, Phnom Penh, Cambodia ☒ PO Box 622, Phnom Penh, Cambodia

☎ (855-23) 881-384/881-701/881-916/883-603/012 867-278 ☎ (855-23) 880-734

E-mail: [cdrimail@online.com.kh](mailto:cdrimail@online.com.kh), Website: <http://www.cdri.org.kh>