International Labour Organization

ILO brief

# Statistical Brief

July 2023

## Overview of workers in the manufacture of beverages & food products sectors (agroprocessing)

### Key points

- Potential for increasing formalisation and expanding coverage of social security: LOW[1]
- There is an estimated (82,415) workers in this subsector, 1.1 per cent of the total workforce
- 82 per cent of agroprocessing workers are located in the informal sector
- 90 per cent of workers currently work under informal arrangements: 50 per cent in the formal sector; 100 per cent in the informal sector
- Employees make up 89 per cent of total employment
- The share of self-employment in total employment is 11 per cent (6 per cent employers, 5 per cent own-account workers )
- 62 per cent of employers are located in the informal sector;
- 25 per cent of workers in the informal sector operate from a fixed location.
- Operating licenses are required by enterprises to work in this subsector.

This brief provides an overview of workers in the agroprocessing subsector. It presents the estimated number of workers in that subsector as well as their distribution across various categories of interest, including sector of employment (formal, informal or households), employment status (employees, employers, own-account workers or contributing family workers), enterprise size, age group, and income quintile. It also provides the estimated social security coverage rate according to the 2019 LFS data as well as 2019 NSSF administrative data.

The information presented in this overview is derived from three principal data sources: the 2019 LFS, the 2019 SES, and NSSF administrative data. As these sources are not always consistent, we clearly indicate the data source for each graph or table presented below. For the survey data (LFS and SES) we also specify the number of observations (N) from which the estimates derive. A glossary is provided at the end of this document for explanation of key terms and definitions.

The LFS 2019 economic activity codes included for this subsector are: 10 Manufacturing of food products and 11 Manufacturing of beverages activities. Division 10 includes the processing of the products of agriculture, forestry and fishing into food for humans or animals, and includes the production of various intermediate products that are not directly food products. The activity often generates

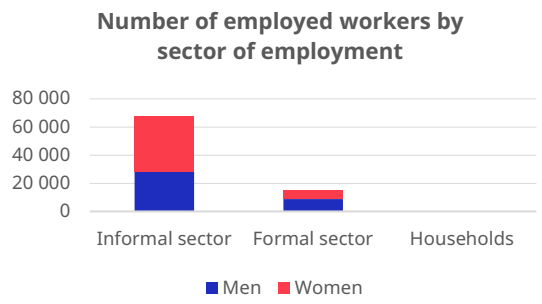
[1] The potential for formalisation is determined by comparing the subsector to the national averages among the dimensions of (i) size of the subsector, (ii) share of self-employment, and (iii) ease of physical access.

associated products of greater or lesser value (for example, hides from slaughtering, or oilcake from oil production). Division 11 includes the manufacture of beverages, such as non-alcoholic beverages and mineral water, manufacture of alcoholic beverages mainly through fermentation, beer and wine, and the manufacture of distilled alcoholic beverages. It excludes the production of fruit and vegetable juices (included under division 10), the manufacture of milk-based drinks (10) and the manufacture of coffee, tea and mate products (10).

Source: International Standard Industrial Classification of All Economic Activities, Rev.4.

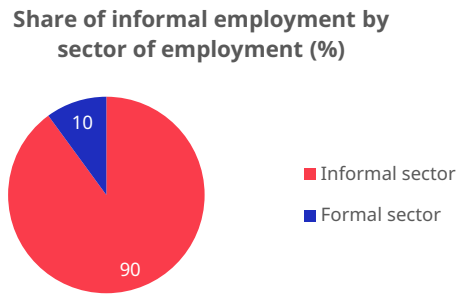
## Statistical information

| | | | |
|---|---|---|---|
| **Estimated Number of workers (LFS)** | **82,415** | **Proportion of women workers (LFS)** | **55%** |
| **Proportion in informal sector or Households (LFS)** | **82%** | **Proportion in bottom income quintile (LFS)** | **21%** |



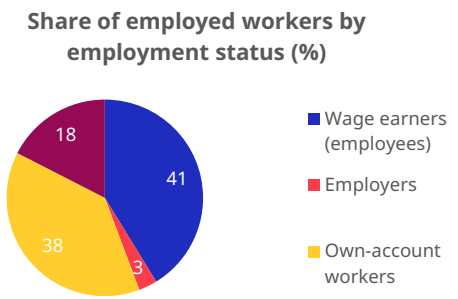

Source: LFS 2019. N=222

- Of the estimated total 82,415 agroprocessing workers, 67,327 (82 per cent) work in the informal sector
- 45,681 (55 per cent) of agroprocessing workers are female
- There are no agroprocessing workers in the household sector

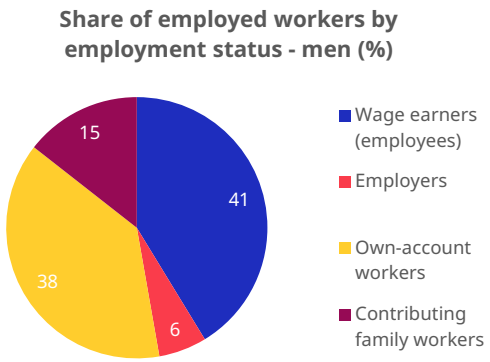


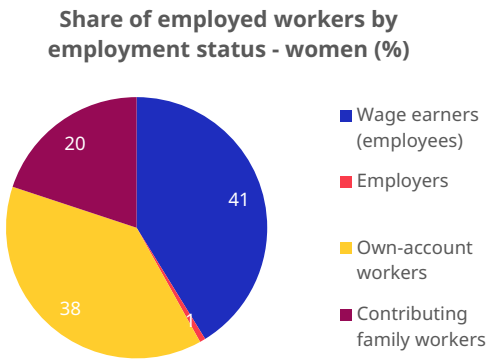

Source: LFS 2019. N=222

- In the agroprocessing subsector, 90 per cent of total employment is informal employment, of which 90 per cent takes place in the informal sector and 10 per cent in the formal sector




- Across all agroprocessing workers 41 per cent are wage earners, 3 per cent are employers, 38 per cent are own account workers and 17 per cent are contributing family workers
- Men and women agroprocessing workers are similarly likely to be wage earners and own-account workers
- Men are more likely to be employers
- Women are more likely to be contributing-family workers




Source: LFS 2019. N=222. Note: Small sample size. Results should be interpreted with caution and may not be representative of the larger population.

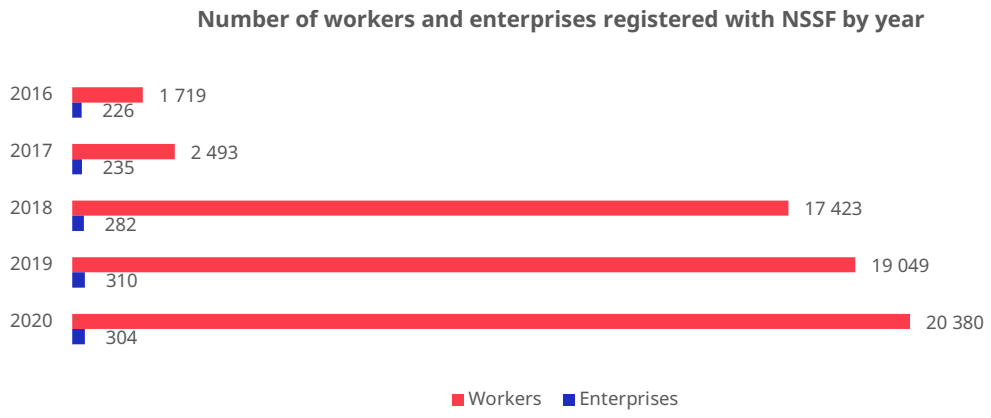
**Number of workers by employment status, social security coverage and sector of employment**

| | Informal sector | Formal Sector | Household sector | Total |
|---|---|---|---|---|
| **Wage earners (employees)** | 20 564 | 13 425 | - | 33 989 |
| **Employers** | 1 555 | 955 | - | 2 510 |
| **Own-account workers** | 30 809 | 708 | - | 31 518 |
| **Contributing family workers** | 14 398 | 0 | - | 14 398 |
| **Total by employment status** | 67 327 | 15 089 | - | 82 415 |
| **Insured workers** | - | 4 153 | - | 4 153 |
| **Uninsured workers** | 67 327 | 10 935 | - | 78 262 |
| **Percentage of workers uninsured (%)** | 100 | 72 | - | 95 |

Source: LFS 2019. N=222

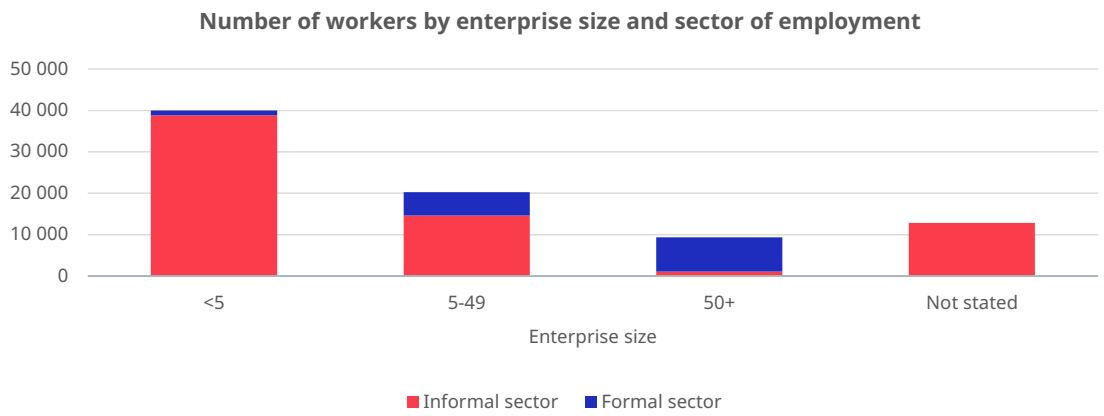
- Formal-sector agroprocessing workers are more likely than informal-sector agroprocessing workers to be wage-earners and employers, and less likely to be own-account workers or contributing family workers.
    - Within the informal sector, 31 per cent of agroprocessing workers are wage earners (employees), 2 per cent are employers, 46 per cent are own-account workers, and 21 per cent are contributing family workers.
    - Within the formal sector, 89 per cent of agroprocessing workers are wage earners (employees), 6 per cent are employers, and 5 per cent are own-account workers. There are no contributing family workers in the formal sector.
- The LFS estimates that almost all (95 per cent) agroprocessing workers are not covered by social security.* This is driven by informal sector workers, 100 per cent of whom are estimated to be uninsured, compared to 72 per cent of formal sector workers.

* This estimate may under-report the actual coverage of social security due to the fact that a significant portion (22 per cent of observations) of total wage earners (employees) within the LFS report that they do not know whether their employer contributes to social security on their behalf.




Source: NSSF.

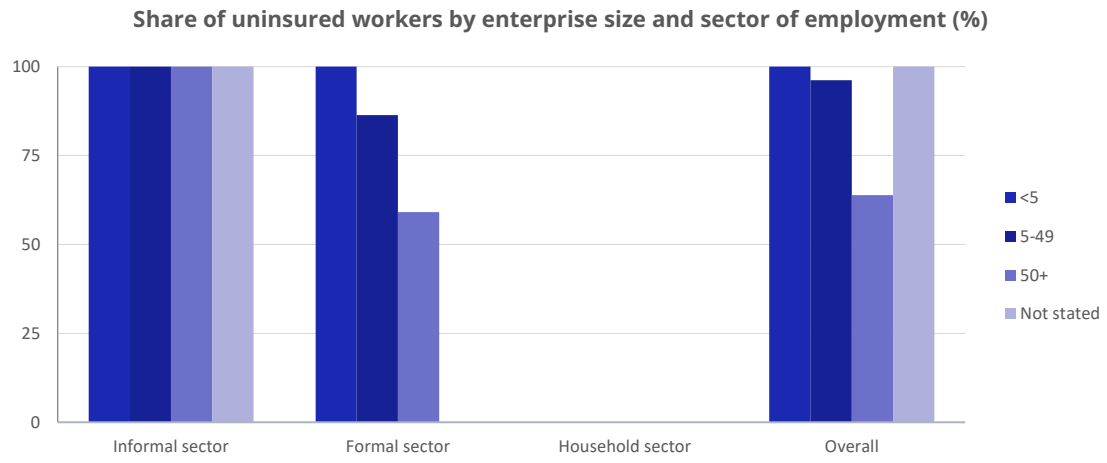
- NSSF administrative data indicate that there were 20,380 agroprocessing workers registered in 2019 from 304 registered enterprises.
- This equates to a coverage rate of 23 per cent using the LFS estimate for total size of workforce in this subsector for that year.




Source: LFS 2019. N=222.

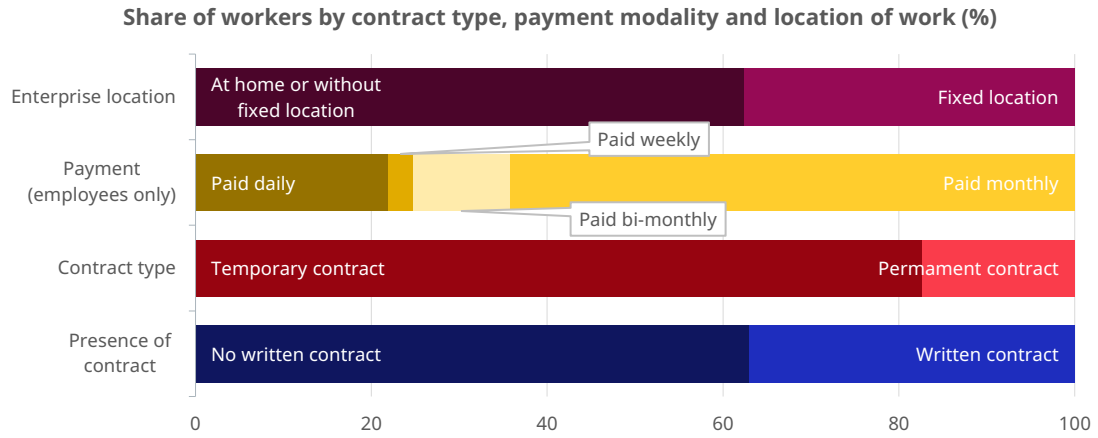
- The vast majority (73 per cent) of agroprocessing workers work in micro- (<5 employees) or small (5-49 employees) enterprises (48 per cent and 25 per cent respectively). Just 11 per cent work in medium or large (50+ employees) enterprises.*
- This is driven by the informal sector. In the formal sector, 55 per cent of agroprocessing workers are in medium or large size.

* Enterprise size is not stated for 16 per cent of observations.




Source: LFS 2019. N=222

- Agroprocessing workers in medium or large enterprises (50+ employees) are much more likely to be insured. This is driven by the formal sector.




Source: LFS 2019. N=222. Note: Small sample size. Results should be interpreted with caution and may not be representative of the larger population.

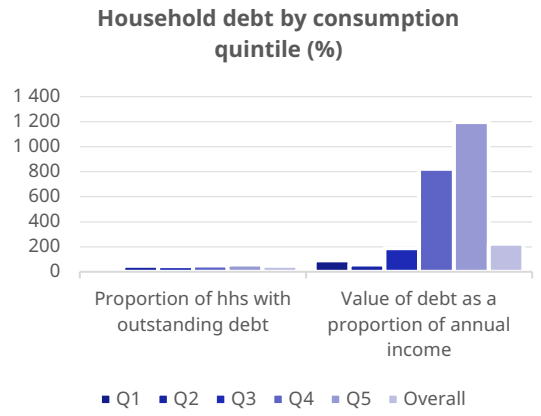
- Almost two-thirds (63 per cent) of agroprocessing workers have no written contract.
- Of those with written contracts, 83 per cent have temporary contracts and 17 per cent have permanent contracts.
- The majority (64 per cent) of employees in the agroprocessing subsector are paid monthly.
- 38 per cent of agroprocessing workers work in an enterprise with a fixed location. Whereas the majority (62 per cent) work from home or without a fixed location.

**Share of workers by income quintile and employment status (%)**

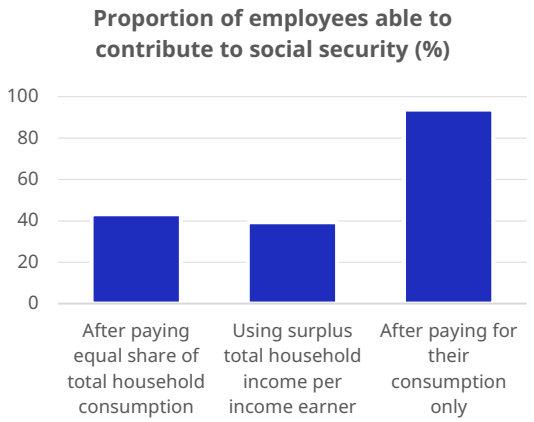
| Employment Status | Quintile 1 | Quintile 2 | Quintile 3 | Quintile 4 | Quintile 5 |
|---|---|---|---|---|---|
| **Wage earners (employees)** | 19 | 29 | 17 | 21 | 14 |
| **Employers** | - | - | - | - | 100 |
| **Own-account workers** | 34 | 46 | - | 14 | 7 |
| **Contributing family workers** | - | - | - | - | - |
| **All workers** | **21** | **30** | **15** | **20** | **14** |

Source: SES 2019. N=104 (90 wage earners; 1 employer; 13 own-account workers)

- Wage earners are quite evenly distributed across national income quintiles, except with relatively more in the second quintile and less in the top quintile.
- This means that just over half (52 per cent) of agroprocessing-worker wage earners (employees) are located in the top three national income quintiles.




Source: SES 2019. N=314

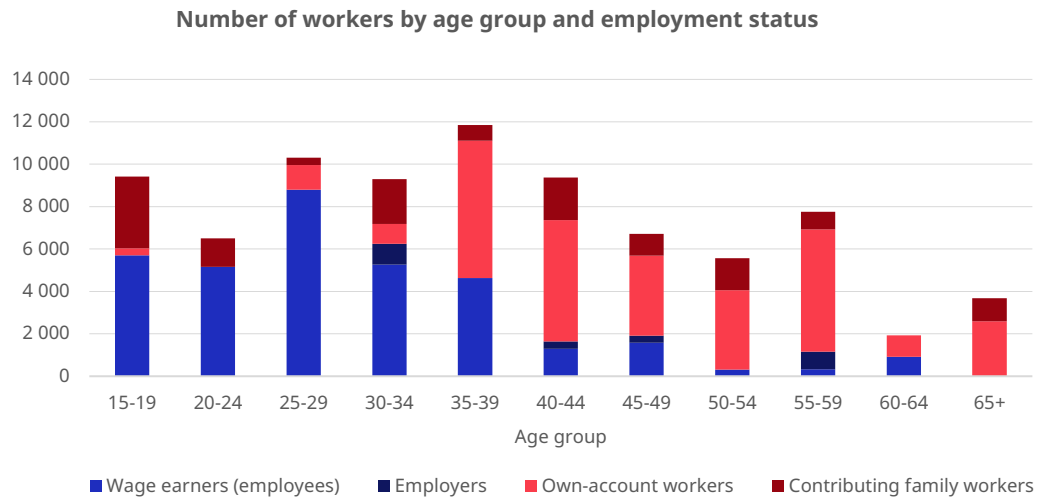



Source: SES 2019. N=314

- Just under half (47 per cent) of agroprocessing worker households have outstanding debt
- For households with debt, the value of the outstanding debt is worth over two years (225 per cent) of annual household income on average.
- This is driven by households in the top three income quintile. For households in the bottom two quintiles, the value of outstanding debt is worth closer to one year's income.

- Under half (43 per cent) of wage earners (employees) in the agroprocessing subsector could potentially afford to contribute to a NSSF pension after paying an equal share of total household consumption.*
- 94 per cent of agroprocessing employees could potentially afford to contribute to a NSSF pension after paying for their individual consumption only.*
- This suggests that ability to pay may not be the only barrier to participating in social security for many employees.

* Does not account for debt burden.




Source: LFS 2019. N=222. Note: Small sample size. Results should be interpreted with caution and may not be representative of the larger population.

- Some two-thirds (69 per cent) of agroprocessing subsector workers are aged between 15 and 44 years. Wage earners (employees) are especially concentrated in these age bands (91 per cent).
- Youth[2] (15-29 years) make up 32 per cent of the agroprocessing subsector workforce.
- A quarter (27 per cent) of agroprocessing workers are aged between 45 and 64 years. This is especially concentrated for employers (47 per cent) and own-account workers (45 per cent).
- Just 4 per cent of agroprocessing workers are aged 65 years and above.

[2] 2011 National Policy on Youth Development (Ministry of Education, Youth and Sports, 2011) defines youth as those between 15 and 30 years of age. Youth constituted 27.6 per cent of population in 2019 according to Population of Cambodia 2021 - PopulationPyramid.net

## Glossary

The **informal sector** is comprised of unregistered and/or small unincorporated household enterprises engaged in the production of goods or services for sale or barter. It includes all workers in enterprises that are not registered with the relevant authorities, that do not keep a complete set of accounts, and whose workers do not benefit from social protection or other work-related benefits. It excludes households that produce exclusively for own use (e.g., subsistence farmers).

The **formal sector** comprises all those who are employed by government or international organisations; private enterprises that are producing for sale in the market and are either registered or have written accounts; private enterprises producing for sale in the market whose employees don't know if their firm is either registered or has written accounts but do know they are entitled to social security; and private enterprises producing for sale in the market whose employees don't know if their firm is either registered or has written accounts or if they are entitled to social security, but firm size is greater than or equal to 5 employees and has a fixed location in which it operates.

The **household sector** comprises those whose products from farming or fishing are used for themselves and their families only, as well as those who are employed by households as domestic workers.

For employees, **informal employment** is defined in terms of the employment relationship and refers to working arrangements that are in law or in practice not subject to national labour legislation, income taxation, or entitlement to social protection or other employment guarantees such as advance notice of dismissal, severance pay, or paid annual or sick leave.

**Wage earners** (or waged workers): Those whose employment status is 'employee', including people who work in any economic unit, including family businesses, and who receive regular pay.

**Employers and own-account workers** are considered to be in informal employment when their economic units operate in the informal sector. This means that informal employment conditions can occur outside the 'informal sector'. For example, casual, temporary, or seasonal workers who lack social insurance or other employment benefits, or who fall short of full legal status, may be informally employed even if they work in the 'formal sector'.

**Employers**: Persons who run a business and engage at least one paid employee on a continuous basis.

**Own-account workers**: Persons who run businesses but do not engage any paid employee on a regular basis.

**Contributing family workers**: Persons who work in their family business without receiving any regular pay.

Employees status in employment is generally associated with more job security and better working conditions, whereas own-account workers and contributing family workers are regarded as **vulnerable employment**.

**After equal share of total household consumption**: Share of employees in a household that can pay for the consumption of all household members and still contribute towards pension. We are taking 6.75 per cent of their income as a contribution. towards pension.

**Using surplus total household income per income earner**: Share of employees whose 6.75 per cent of average income is above monthly household surplus income.

**After paying for their consumption only:** Share of employees that can contribute after their own consumption only.

Funded by the European Union

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