ILO/EC Project

“Monitoring and Assessing Progress on Decent Work (MAP)”

EXECUTIVE SUMMARY

DECENT WORK COUNTRY PROFILE

CAMBODIA

International Labour Office
Geneva
Since the early 1990s, Cambodia has pursued wide-ranging economic reforms aimed at facilitating the transition from central planning to a market-based economic system. These reforms, together with improved security and political stability, ushered in a period of unprecedented economic growth that has helped reduce poverty, enhance human development, and strengthen the socio-economic context for decent work.

As poverty has declined, social indicators have improved. Thanks to rising primary enrolment rates and a narrowing gender gap, the vast majority of Cambodian girls and boys now attend primary school. At the same time, challenges remain at the secondary and tertiary levels, which lag far behind in terms of enrolment and attainment standards, thus hindering the economic potential of the future workforce. Health indicators have also improved, as access to basic health services have widened and public awareness of infections and disease has risen. Awareness and prevention campaigns have helped bring down HIV prevalence rates from 2.1 per cent in 1999 to 0.5 per cent in 2009.

However, as this report highlights, social and economic advances have also been met with new and intensified challenges that threaten progress toward decent work. The Decent Work Country Profile for Cambodia seeks to elaborate on the nature and extent of these challenges — as well as the achievements — through an assessment of progress toward decent work. Using a combination of statistical and legal framework indicators it covers ten thematic areas ranging from employment opportunities to social dialogue, working hours to social security. It is designed to aid policymakers and development partners in appropriate policy planning aimed at poverty reduction, development, and decent work.

The Profile shows that Cambodia’s labour force has been growing since the 1990s, with the pace of change accelerating in more recent years. In the same period, the working age population expanded by slightly more, leading to a rise in the already high labour force participation rate (LFPR). These rates remained consistently higher among men than women, although the gap has narrowed slightly since 2004. Labour force participation is considerably higher in rural than urban areas with a slight reduction in urban participation rates observed between 2004 and 2009 possibly partially due to discouraged workers leaving the labour market after retrenchment during the economic downturn.

A large proportion of the working age population is in employment, and the employment-to-population ratio has risen in recent years. In Cambodia’s context this is more likely a symptom of the necessity to work than the economy’s ability to create decent jobs, as the level of both income and social protection is generally low for most of the population. With formal employment opportunities in short supply, most Cambodians remain in less secure and more vulnerable types of work. This is evident in the vulnerable employment rate (proportion of own-account workers and unpaid family workers) which, while declining of late, remains high at around 73 per cent. Women are overrepresented among vulnerable workers, because of persistent gender inequalities the country faces with regard to women’s access to decent work.

The official unemployment rate is remarkably low and has fallen across all groups since the mid-2000s. However, this is again more likely to be an indication of poverty and the need to work than a situation of full and productive employment. Pockets of high unemployment remain among
specific groups and geographic localities; the worst affected being urban workers with a secondary education. In general, youth remain far more likely to be unemployed than older adults, in both rural and urban areas.

Although real wages have been generally rising, the Profile finds recent progress on adequate earnings and productive work to have been modest. Average earnings have increased in almost all occupations since 2004 and have broadly benefitted both men and women, while low pay rates have not declined, suggesting no worsening of income inequality between low and middle-income earners. However, despite legal and constitutional protections against discrimination in the labour market, gender gaps are prevalent in both real wages and in earnings by occupational area. Men’s wages are consistently higher and growing more rapidly than women’s. Likewise, low pay rates are higher for women than for men – an indication not only of wage inequalities but of the sectoral concentrations of women in low paid formal employment such as garment manufacturing.

Progress in bringing workers out of low pay and closer to median earnings is moving faster for urban than rural workers, while low pay rates are rising for the latter, leading to growing inequality between these areas. Working poverty, meanwhile, afflicts nearly one in three of the employed (2004 figures), further illustrating the extent of the challenge of decent earnings and productive work.

Minimal progress has been made with regard to decent hours. Judging work across all economic activities (and not only the main economic activities of workers), data reveal increasing proportions of both men and women working excessive hours, i.e. those in excess of 48 hours per week. In particular, the largest shares of such workers are found among wage earners and those in urban areas. This suggests a growing disconnect between the provisions of the labour law and the reality in the labour market. By taking into account only main economic activities, excessive hours actually appear to be on the decline, with greater shares of workers working less than 39 hours per week. Given the earning levels of main economic activities, workers counteract by developing secondary activities.

As observed in many countries, men in Cambodia tend to work longer hours in recorded employment than women. This may reflect the comparatively higher tendency of women to work part-time as a means to better balance competing household and family responsibilities. But essentially, data may also underestimate the true extent of women’s working hours through the non-recognition of some of their activities in the official definition of work.

The recent picture with regard to time related underemployment is mixed: while a five percentage point decline is evident between 2004 and 2009 when all economic activities are counted, the restriction to main economic activities reveals underemployment has risen by almost seven percentage points. The latter trend would suggest that in an increasing proportion of cases, a person’s main job is providing insufficient hours of employment to provide an adequate standard of living, thus leading them to take on additional jobs. Overall, underemployment is most prevalent among female and rural workers.

Results concerning the combination of work, family and personal life are inconclusive, although the prospects for improvement are closely linked to progress in working hours. In this regard, the growth of excessive working hours in Cambodia is likely to undermine progress toward a decent work-life balance for many workers. However, with greater shares also working fewer than 39 hours per week, this may be a positive trend for reconciling competing responsibilities of work and the home. Cambodia has a reasonable legal and policy framework to safeguard the work-life balance, but this is offset by both the poor coverage of the law and weak enforcement at the enterprise level.

Child labour is a major barrier to the achievement of decent work and other core development objectives in Cambodia. Although the child population has remained fairly stable since 2007, data show child labour to be on the rise across all major categories, including hazardous work.
Although still high, child labour is least prevalent among primary school age children, which in part reflects important recent gains made in primary enrolment. Moreover, despite the rise in numbers of children attending secondary school, nearly four in every ten children between the age of 12 and 14 remain in an economic activity of more than 15 hours per week. Recent data also reveal a worrying recent increase in hazardous child labour among all age-groups of children (5 to 17 years old). This includes risky occupations such as fishing, scavenging, quarrying and mining, as well as jobs with excessively long hours.

Boys and girls are similarly affected by child labour, although in line with global trends, boys appear to be moving into hazardous forms at a faster rate than girls. Child labour also tends to be more common in rural areas, most likely due to poverty and the comparative scarcity of educational opportunities, particularly at secondary level, as compared to urban centres. However, the share of children in hazardous work is rising fastest in urban areas.

**Job stability and security** are important indicators of progress toward decent work. As noted, more than seven in ten workers in Cambodia remain in vulnerable employment, in jobs that typically lack formal work arrangements which would include continuity of income necessary for decent living standards and insulation against external shocks. Similarly, although no official data are available, precarious work (i.e. work that is casual, seasonal, temporary or short term) – is likely to be widespread, particularly in view of the continued dominance of agriculture.

Movement from non-wage to wage employment is often associated with improvements to employment stability and security; however in Cambodia this movement has been sluggish. Non-wage workers represent a high, albeit declining, proportion of those employed in industry and services, and for many of them stability and security at work is far from guaranteed. In some sectors, the economic crisis and its aftermath exacerbated conditions for workers: the garment sector, for example, has seen a rise in the use of casual and probationary contracts, which not only reduce job security and make workers easier to terminate, but also leave them with fewer potential entitlements and legal protections.

The legal and policy framework in Cambodia aimed at the promotion of **equal treatment and opportunity in employment** has been improving, but disparities and deficits remain. With regard to gender, while a rising share of females in certain sectors is indicative of widening opportunities for women in the labour market, barriers are still evident in terms of their access to higher status occupations and the growing gender wage gap. Stereotypes also play a part in dictating employment outcomes, with women still dominating sales and service-based occupations.

Data show **occupational injuries** in Cambodia are on the rise, although better reporting may also account for a proportion of this increase. Such injuries continue to affect far more men than women, although the proportion occurring among women has also increased of late. Official data, however, are likely to under-represent the true picture, since such data are geographically limited and reflect inspections carried out only in enterprises covered by the labour law.

Current data suggests that social security in Cambodia remains limited in terms of scope, quality, and coverage. Despite an improving policy context (particularly, the recently launched National Social Protection Strategy for the Poor and Vulnerable), most Cambodians still pay for healthcare out of their own pocket and do not benefit from a pension.

Despite this, positive signs are evident, with overall healthcare spending on the rise and a narrowing gap between the share of this financed by households and the share financed by the state. The growth of non-discriminatory social health protection has also extended the reach of basic healthcare to some of the poorest and most vulnerable groups.

Both government and private **spending on health** has increased sharply in the last decade and the share of the burden of healthcare spending which falls on households is in decline. In addition, the
reach of non-discriminatory social health protection is also being extended through the growth of health equity funds and community-based health insurance. **Pension coverage** remains lacking in Cambodia. The new wider pension scheme proposed for 2012 will remedy this to a certain extent but, will remain limited in coverage.

**Workers’ and employers’ representation** is on the rise, as is evidenced by the growing number of unions and members of the main employers’ organization, CAMFEBA. Union formation has expanded from its origins primarily in the garment industry to other sectors including construction, tourism and transport. Expanding CAMFEBA membership reflects both the growing dynamism of the domestic economy and the improvement of the organization’s own capacity and services.

The picture as regards **collective bargaining** is more mixed, since data reflects particular events in the history of recent industrial relations. However, in general, genuine agreements – i.e. those which represent comprehensive negotiation and cover multiple rather than single issues – remain few. The distinction between these and less genuine agreements cannot currently be ascertained from official records, which undermines its usefulness as a measure of progress toward decent work.

The nature and **volume of strikes and lockouts** have changed over time, although on average during the 2000 to 2010 period, there were more strikes during the first half than the last half of the decade. This suggests that industrial relations are maturing in Cambodia. While negotiations surrounding the minimum wage typically result in rising strikes, the recent economic crisis brought a more subdued approach to disputes by unions (for fear of prompting job losses, for example). Although there were generally fewer strikes during the 2006 to 2010 period, official data also suggest that they were becoming more expensive in terms of days lost.