

Measuring Decent Work in Cambodia

The Decent Work Country Profile at a glance

What is Decent Work?

The **Decent Work Agenda**, is a globally recognized framework for reducing poverty and balancing development. It has four objectives:

1. Job creation – building an economy that fosters investment, entrepreneurship, skills development, and sustainable livelihoods

2. Rights at work – ensuring recognition and respect for the rights of all workers and employers

3. Social protection – ensuring a safe and healthy workplace, an adequate work-life balance, income protection, and access to healthcare for all

4. Social dialogue – strong and independent workers' and employers' organizations to avoid disputes and build harmonious and productive workplaces

Decent work for all is also contained in **MDG Target 1b**, which has 4 indicators:

- Labour productivity growth rate
- Employment-to-population ratio
- Working poverty rate
- Vulnerable employment rate

This summary is part of the ILO and European Commission project - **Monitoring and Assessing Progress on Decent Work (MAP)**, which supports better measurement of decent work in developing countries.

Summary

- Peace, economic reforms, and political stability since the mid-1990s have brought **rapid economic growth** that has helped reduce poverty, enhance human development, and strengthen the socio-economic context for decent work in Cambodia.



Map: CIA World Factbook



- Between 2004 and 2009, **participation in the labour market was high** and official **unemployment low**, but almost three-quarters of working people were in **vulnerable jobs**, and wage employment still accounted for less than half of all non-agricultural jobs.
- Young people face specific labour market challenges. The share of **youth simultaneously out of work and out of education** is a concern, particularly in urban areas and among young women (above 10 percent).
- **Child labour** remains a significant barrier to human development and decent work. In 2009, more than a quarter of five to 17-year-olds were in child labour, while 18.3 per cent in the same age group were in hazardous forms of work.
- **Occupational segregation by gender** remains prevalent, with women under-represented in many occupational areas, particularly the most prestigious. Men's wages are also consistently higher and growing more rapidly than women's, and women's share of low paid workers –earning less than two-thirds of the median wage- was also higher.
- **Time related underemployment** in primary jobs is rising, and this may be leading many workers to take on additional jobs which raise their overall working hours. The share of the employed working **excessive hours** from all economic activities is growing, and this may have negative connotations for the achievement of a decent work-life balance.
- **Occupational injuries** are on the rise, and while better reporting may account for part of this, under-reporting is also likely to be a problem. Total healthcare spending has risen since the mid-1990s, and although most spending continues to come out of the pockets of individuals, the state's role is increasing.
- Since 2006, fewer **strikes and lockouts** were recorded than in the first half of the decade, but they were becoming more expensive in terms of days lost. Data on collective bargaining remains weak and provides no indication of the quality and scope of agreements reached.

GDP growth averaged 8% a year from 1999 to 2007

Poverty rates have fallen and labour productivity has risen

The economy remains vulnerable and this presents a strong case for rebalancing

Employment opportunities have not kept pace with growth

Almost three-quarters of workers are in *vulnerable* jobs

The socio-economic context

GDP growth averaged eight per cent per annum between 1999 and 2007, before dipping during the economic crisis. Government figures show a recovery since 2010, with rates above six per cent.

Recent changes to the economic structure have been small, and while industry has gained in terms of its employment share (15.6 per cent in 2009), the bulk of the employed remain in agriculture (58 per cent in 2009).

The share of people living below the national poverty line declined from 36.1 per cent in 1997 to 30.1 per cent in 2007. Income inequality, meanwhile, has grown.

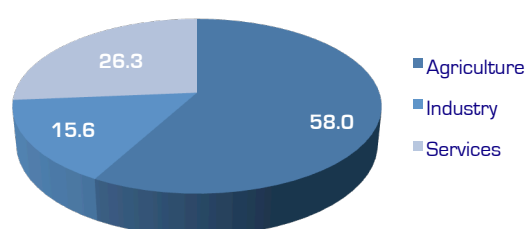
Labour productivity levels, as measured by GDP per employed person in constant 2000 riels, rose by an average of 4.4 per cent per annum between 2004 and 2009, although this tends to mask the often large disparities evident between sectors.

With its high reliance on exports and foreign investment, Cambodia's economy remains vulnerable to external shocks, and this provides a strong case for rebalancing toward a more inclusive and balanced growth model.

Providing opportunities for decent work in rural areas is a key challenge, since it is where poverty is most widespread and where labour productivity and job growth is slowest.

Social indicators have improved in recent years. Primary school enrolment rates are high (and rose to 88.6 per cent in 2008 from 83.2 per cent in 1999), but there is a significant

Employment by branch of economic activity (2009)



key stats

US\$1,739

Real GDP per capita, PPP (2009)

30.1%

Percentage of the total population living below the national poverty line (2009)

2.7%

Share of national income held by the lowest 10% (wage earners) (2007)

4.4%

Average annual growth in labour productivity (GDP per employed person) (2004-2009)

drop-off at the secondary level and girls remain more likely to be out of school than boys.

Access to basic health services has widened and public awareness of infections and disease has risen.

In 2009, the HIV prevalence rate was less than a quarter of its level in 1999.

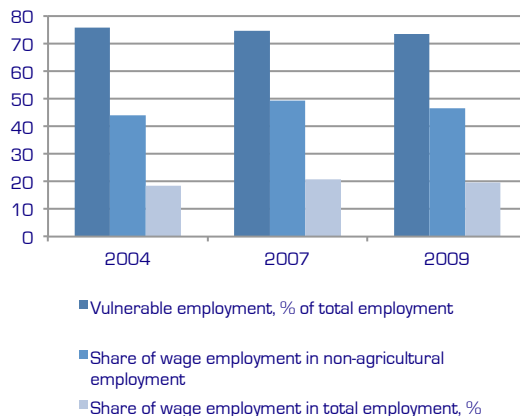
The challenge of creating decent jobs

Labour force participation rates are high and growing, reflecting a rapidly growing labour force and even faster growing working age population. However, employment opportunities have not kept pace with economic growth.

A high and rising employment-to-population ratio reflects in large part the necessity to work in Cambodia (most people cannot afford to be unemployed) – and this too is reflected in the low official unemployment rate.

Although most adults are employed, almost three-quarters are in vulnerable jobs, as own-account workers or unpaid/contributing family workers. Such jobs are often characterized by inadequate earnings, low productivity and poor conditions of work, as well as weak access to social protection, workplace representation, and rights protection.

Vulnerable employment is high, wage employment gains small



The proportion of wage earners in total non-agricultural employment remains below 50 per cent despite slight recent growth.

Although national unemployment is low, it remains high for certain groups, particularly urban and young workers and those with a secondary education. The share of youth not in education and not in employment remains a concern, particularly among urbanites and young women.

The overall unemployment rate is low but young people are particularly disadvantaged in the labour market

Rights at work

Labour and employment rights are governed by the 1993 Constitution, the 1997 Labour Law, various regulations, as well as collective bargaining agreements, employment contracts and internal employer regulations. The Constitution also commits the country to implement all ratified ILO Conventions.

The legal and policy framework for equal treatment and opportunity in employment is improving, but in practice disparities remain.

Rising female employment shares in certain occupations as well as in non-agricultural wage employment suggests widening labour market opportunities for women. But barriers remain for women's wages and access to higher status jobs.

Between 2004 and 2009, women's share of employment among "senior officials, legislators, and corporate managers" rose 2.2 percentage points, but remained low at 18.9 per cent. Women continue to dominate sales and service based occupations, while men dominate among technicians and associate professionals, and machine operators and assemblers

Child labour in Cambodia remains widespread and is a major constraint to human development. In 2009, almost 20 per cent of five- to 11-year-olds and nearly 40 per cent of 12- to 14-year-olds were engaged in economic activity constituting child labour. The data also reveals an increase in hazardous child labour among all five- to 17-year-olds -

Rising labour market opportunities for women, but inequalities and barriers remain

Women dominate sales and service occupations

Child labour remains widespread

key stats (2009)

F 76.9% **M 86.6%**

Employment to population ratio

F 77% **M 86.8%**

Labour force participation rate

F 0.1% **M 0.2%**

Unemployment rate

F 0.2% **M 0.2%**

Youth unemployment rate

F 10.8% **M 3.7%**

Youth not in employment & not in education

key stats

18.9%

Share of women employed as "senior officials, legislators and corporate managers" (ISCO-88 groups 11 & 12)

27.4%

Gender wage gap

39.7%

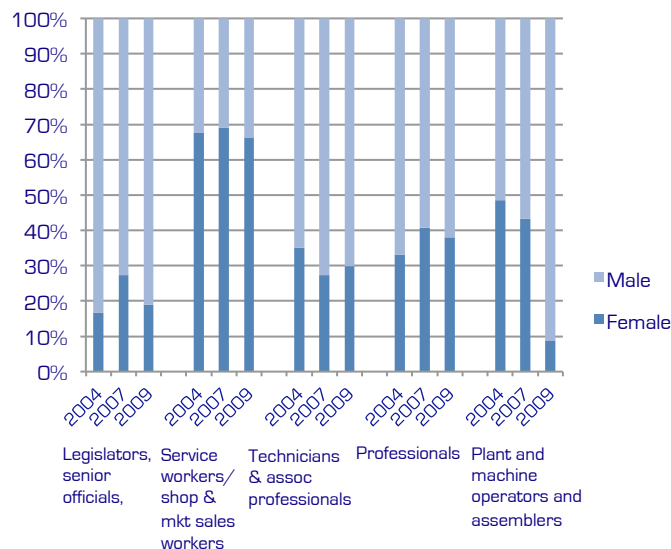
Share of women in non-agricultural wage employment

27.3%

Share of children aged 5-17 in child labour

from 11.9 per cent in 2007 to 18.3 per cent in 2009. This includes risky occupations such as fishing, scavenging, quarrying and mining, as well as jobs with excessively long hours. Data scarcity prevents assessments of progress for certain groups, including persons with disabilities.

Employment share by occupation: gender segregation is widespread



Conditions at work and social protection

Earnings

Real wages increased between 2004 and 2009, and gains are also evident in terms of earnings by occupation (for both men and women).

However, gender gaps remain: over the same reference period, men's wages were both consistently higher and growing more rapidly than women's.

The proportions of "low paid" workers, i.e. those earning less than two thirds of the median wage, remained stagnant at around 30 per cent between 2004 and 2009, with higher rates for women than men.

Decent working time

Minimal progress has been made with regard to working time. When measured across all economic activities (i.e. including secondary jobs), the proportions of men and women working more than 48 hours per week – termed "excessive hours" – is increasing, particularly among urban wage earners.

Men tend to work longer hours in recorded employment than women, although data may also underestimate the true extent of women's working hours.

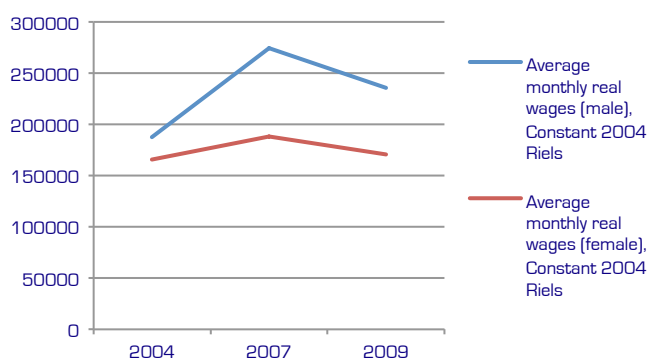
In workers' main jobs, excessive hours are becoming less prevalent, with a growing share of

Real wages have increased but gender gaps remain

The proportion of workers on low pay remains high, with higher rates for women than men

More workers put in excessive hours with men tending to work longer than women

Real wages are rising, but the gender gap is widening



Time-related
underemployment
has risen

Legal protections
for a decent work-
life balance are
improving

High rates of
vulnerable
employment may
point to high levels
of insecurity and
instability at work

But data on
'precarious' forms
of employment is
lacking

Occupational
injuries are
increasing

Social Security
provisions have
improved

Healthcare
spending has risen

workers working fewer than 39 hours per week, while time related underemployment in main jobs rose almost seven percentage points between 2004 and 2009.

Excessive working hours may undermine progress toward a decent work-life balance, although data remains scarce. While the legal and policy framework to safeguard this balance is improving, progress is hampered by poor coverage of the law and weak enforcement. The garment industry provides examples of good practice for balancing motherhood with work for women in the manufacturing sector.

Stability and security of work

High levels of vulnerable employment suggest continued deficits in employment stability and security.

Vulnerable jobs typically lack formal work arrangements and provide little insulation against external shocks.

Precarious work, i.e. casual, seasonal, temporary and short-term employment, is believed to be widespread, but data to accurately measure this is unavailable.

The global economic crisis eroded conditions at work for many. In the garment industry, this led to a rise in the number of casual and probationary contracts with weaker job security and fewer entitlements.

Safe work environment

Recent data shows occupational injuries are increasing: reported non-fatal injuries rose from 1,704 in 2008 to 7,611 in 2010, while the number of fatal injuries rose from 14 to 39.

Although some of these increases might be due to better reporting, significant under-reporting is also likely. At 18, the number of occupational safety and health inspectors nationwide (in 2010) remains insufficient.

Social security

Legal and policy provisions for Social Security have improved in recent years, with the recently launched National Social Protection Strategy for the Poor and Vulnerable (2011) supporting existing provisions in the 2002 Law on Social Security and National Social Security Fund (NSSF).

However, to date, progress in realizing the constitutional commitment to ensure the right to social security for all has been limited.

Total healthcare spending has risen since the mid-1990s, and although most spending – 61.5 per cent in 2009- continues to come out of the pockets of individuals, the state's role is increasing.

In addition, the reach of non-discriminatory social health protection is also extending through the growth of health equity funds and community based health insurance schemes. Pension coverage in Cambodia remains inadequate: there is one scheme currently in operation, for civil servants. A wider pension scheme is proposed for 2012, but this will remain limited in coverage.

key stats (2009)

F 83.3% **M 77.8%**

Minimum wage as a % of median wage
(garment and textile sector only)

F 171.1 **M 235.6**

Average monthly real wages
(constant 2004 '000s Riels)

F 41% **M 31.9%**

Time-related underemployment rate

F 43.6% **M 53.3%**

Workers working excessive hours

53.3%

Healthcare expenditure not financed
out of pocket by private households

Workers' and employers' representation has improved but the collective bargaining picture is mixed

Strikes have fallen but have become more costly

Social dialogue

Workers' and employers' representation has increased since 2001, with both the number of unions and membership of the main employers' organisation, CAMFEBA, growing.

The picture as regards collective bargaining is more mixed, with data showing peaks and troughs consistent with particular events in recent industrial relations history. Genuine agreements –representing comprehensive negotiations over multiple issues- remain few, while the distinction between these and lower quality agreements cannot be ascertained from official records.

The nature and number of strikes and lockouts have changed over time, although on average there were more such events in the first half than the last half of the past decade. Government data, however, suggests that strikes and lockouts since 2007 have become more expensive in terms of days lost.

Where next? Policy implications

Recent data trends raise a number of different yet often interlinked policy debates on how Cambodia can accelerate its progress in key aspects of the Decent Work Agenda. Three challenges in particular emerge clearly from the Decent Work Country Profile:

1. Improving job quality and reduce vulnerable employment

This will include:

- Promoting both decent wage employment and the extension of the core components of decent work to the informal economy (for example, extending social security to all workers; bringing more enterprises under formal regulation and supervision; professionalizing and up-scaling labour inspection procedures).
- Improving the quality and accessibility of technical and vocational education and training (TVET) and other types of non-formal education –to help informal and vulnerable workers obtain the market-relevant skills needed to transition to higher quality employment.
- Continuing and expanding already underway fiscal reforms aimed at widening the tax base, which will enable the government to better fund redistributive social policies for equality and the preconditions for decent work.

2. Promoting fundamental principles and rights at work

This will include:

- Bringing currently excluded groups under the scope of the Labour Law (e.g. domestic workers), to reduce discrimination and abuse in employment, and ensuring full implementation of the law in practice.
- Strengthening procedures and mechanisms for addressing administrative and judicial cases on equal pay and discrimination in employment, and improving procedures for addressing claims.

3. Improving data collection and analysis on decent work elements

This can be achieved by:

- Planning labour force surveys on a regular basis, and improving the scope and accuracy of administrative data records.
- Production of regular national assessments on the progress made towards decent work.
- Better integration of decent work indicators into the design, monitoring and evaluation of social and economic policies and national development plans.

For further
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This snapshot summary was produced by the ILO/EC Project
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