

# Responding to Changing Labor Market Needs

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- **Labour** is the primary income generating asset for the majority of population
- **Labour** is one of the major production factors in all sectors of an economy

- **Labour market** is coordinating both the allocation of incomes and the allocation of labour as a production resource
- **Distortions** in the labour market are therefore affecting the well-being of a large part of the society.

- Like in other markets, availability of **information** is essential for the function of the labour market
- The state can take an active role in improving the functions of the labour market by implementing **labour market policies**

## Employment and GDP by sector, 2004

Sectors	Employment		GDP %
	(000)	%	
Agriculture	4 519.8	60.3	31.9
Industries	947.4	12.5	28.0
Services	2 028.3	27.2	40.1
Total	7 495.5	100.0	100.0

*Sources : Statistical Yearbook 2006, NIS of MoP*

## Employed population (10 years and over) by employment status and sex. Percent

	Both sexes	Men	Women
Paid employee	20.0	23.3	16.6
Employer	0.1	0.1	0.1
Own account worker/ Self-employed	34.4	39.7	28.8
Unpaid family worker	43.3	34.8	52.0
Other	0.5	0.6	0.3
Not available	1.8	1.4	2.2
Total	100.0	100.0	100.0

*Sources : NIS, Cambodia Socio-Economic Survey 2004*

## Distribution of employed persons 10 years and over by primary occupation, 2004

Occupation	Percentage distribution of primary job
Legislators, senior officials and Managers	0.9
Professionals	3.0
Technicians	0.4
Clerk	0.2
Sales workers	12.5
<b>Skill agricultural and fishery workers</b>	<b>62.8</b>
Craft and related workers	5.7
Plant and machinery operators	5.7
Unskilled Occupations	8.0
Armed forces	0.7
Other	0.1
Do not know	0.0
Total	100.0

*Sources : NIS, Cambodia Socio-Economic Survey 2004*

## Economically active population by level of Education

	No or only some education	Primary		Lower secondary	Upper secondary	Post secondary	Total
		Not Completed	Completed				
Total population	1 773 000	3 177 000	1 635 000	586 000	226 000	99 000	7 496 000
Total percentage	23.7	42.4	21.8	7.8	3.0	1.3	100

*Sources : NIS, Cambodia Socio-Economic Survey 2004*

# DEMAND FOR EMPLOYMENT

SKILLS LEVEL	RELATIVE QUANTITY	FOR WHOM
<b>HIGHER-LEVEL SKILLS (MAINLY URBAN)</b>	<b>FEW</b>	<b>EMERGING MODERN INDUSTRIES</b>
<b>BASIC SKILLS (MAINLY RURAL)</b>	<b>VERY MANY</b>	<b>COMMUNES TO INCREASE RURAL INCOMES</b>

**Our mandate and responsibility is to  
provide **LEADERSHIP** in matching**

**The skills  
of the  
National  
Workforce**

**with**

**The opportunities for  
Employment and self-  
employment in the  
marketplace**

The **Labor Market** is a vast and complex place and includes

small villages  
and communes

as much as it does

multinational  
enterprise



**Our role is :**

**- to create the environment  
that all partners understand, accept  
and perform their roles**



# Our job is :

- to **coordinate** the national effort to match skills with needs
- to **encourage** the partners
- to **create** new partners

It is our mandate to **lead** the partners to find workable solutions to skills development as a **team**

# **Who are the partners in the labor market ?**

- Government**
- Large and small Enterprises**
- Workers**
- Communities**
- Students or trainees**
- Public, private training centers/colleges**
- NGOs**

**MoLVT (and NTB) are like an orchestra leader working to get all the partners in the orchestra to use the same music and to play together. That is our vision of leadership**



**The music we want to use is called the **National (TVET) Qualification Framework.****

**The instruments we want the orchestra to play on are called **Competency based Skills standards.****

**A key role for Government in making certain that Cambodia adjusts to the changing labor market is to Create a learning and training environment that supports life long learning.**

**The national Workforce at this time  
is much more rural than urban.**

**We must not forget the needs of  
the majority of the population  
for simple skills to better feed  
their families.**

**We have developed a **Community based skills training System** (Voucher Skills Training System) that has seen over 60.000 villagers improve their skills to earn more money in rural areas.**

# Changing Trade Environment

- **Vietnam entered into the WTO (elimination of apparel quotas);**
- **US and EU textile safeguards on China expire January 1, 2009**
- **US GSP on hold at least through 2010**
- **US recession (????)**

# Production Efficiency

Most  
Cambodian  
firms operate at  
between 30 – 40  
Percent  
efficiency\*\*

Cambodian  
firms should be  
able to achieve  
60 – 70 percent  
efficiency

Efficiency— Percent of International Standard Time	Number of Jeans Produced per Hour	Cumulative Increase in Number of Jeans Produced**	Improvement in Productivity (Output / Direct Labor)**
30	61	0	0%
40	87	26	42%
50	108	47	77%
60	130	69	113%
80	173	112	183%
100	--	--	--

Source: Werner International.  
\*Relative to 30 percent efficiency level.  
\*\*Competitiveness report 2005.

# Accounting for Costs and Benefits of Productivity

## Denim Jeans

Item	Cost Type	Case 1 Efficiency of 30 Percent (Actual)		Case 2 Efficiency of 55 Percent (Estimated)	
		US\$ / Piece	% of CMT Value	US\$ / Piece	% of CMT Value
Labor	N/A	0.58	42%	0.55	47%
Direct	Variable	<b>0.53</b>	39%	<b>0.53</b>	44%
Indirect	Fixed	0.05	4%	0.03	2%
General and Administrative	Fixed	0.14	10%	0.07	6%
Energy	Fixed	0.09	7%	0.05	4%
Rent	Fixed	0.07	5%	0.04	3%
Finishing	Variable	0.10	7%	0.10	8%
Embroidery (external)	Variable	0.17	12%	0.17	14%
Trade and Transport	Variable	0.22	16%	0.22	18%
Total	N/A	<b>1.36</b>	100%	<b>1.20</b>	100%

Direct wage costs per piece are maintained ~ doubling wages of workers

But..the cost per piece has fallen

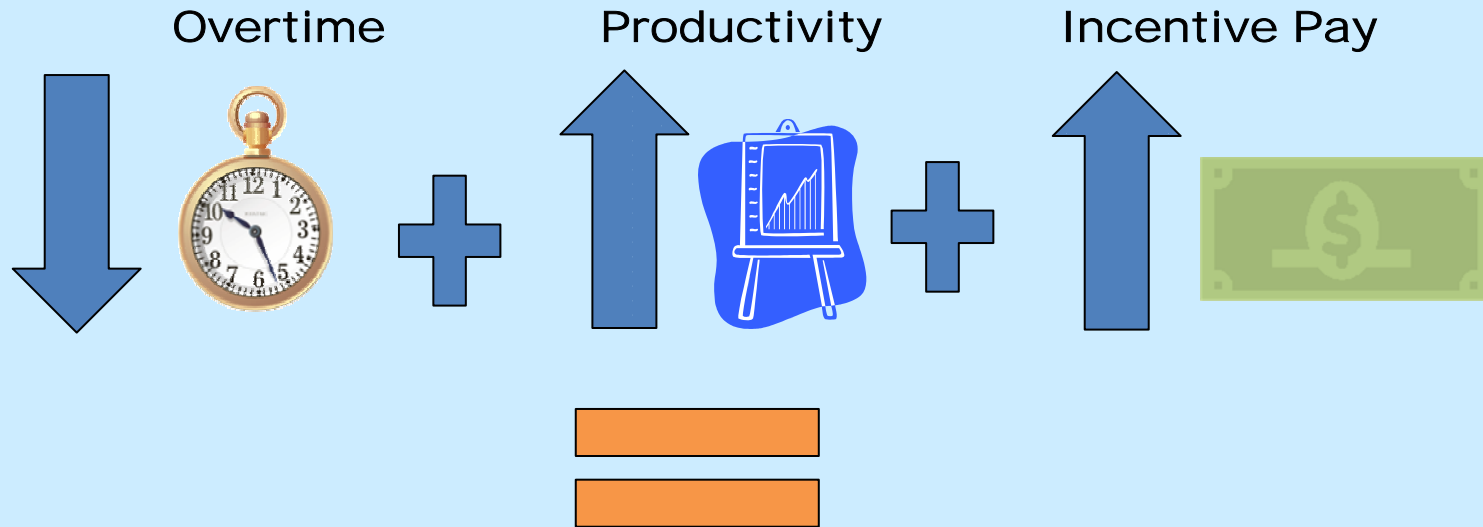
Source : GIPC/USAID : Value Chain Analysis of the Cambodian Apparel Industry, September 2007

## Labour Costs Adjusted for “Common” Benefits and Working Time

Country	Monthly Base Rate (US\$)	Days/ Month	Hours/ Year	Average Rate (US\$)	
				Daily	Hourly
Cambodia	78.97	29.2	2,802	2.71	0.338
Vietnam	74.34	22.6	2,174	3.29	0.411

*Source : GIPC/USAID : Value Chain Analysis of the Cambodian Apparel Industry, September 2007*

# Goals for the Future



Happy Workers  
(less time worked and more \$\$)



Stable, Growing  
Industry

# ***Changing Paradigm***

**Economic Change  
From Manufacturing Economy  
(Material value)**



**To Knowledge Economy  
(Knowledge value)**

**Worker Change  
From Production Worker  
(Brawn)**



**To Knowledge Worker  
(Brain)**

**Output Change  
From Tangible Deliverables  
(Products)**



**To Intangible Deliverables  
(Outcomes)**



**“Earn and learn”** is the basis of our urban TVET system and the basis of our **response to a changing labor market** in the formal economy.

**NTB has identified another major issue in keeping up with labor market change : the **National Employment Agency (NEA)** and **Job Centers**.**

**The focus of the NEA is to **improve the efficiency** of the labor market, not just in matching workers with enterprise, but also bringing available **Training** into the equation.**

**Unemployment** among secondary school graduates and **University graduates** is another concern.

If more of these graduates had **marketable skills**, they would be hired by **Companies**.

## Projection of Number of High school graduates, 2007-2015

Academic Year	Grade 12	High School Graduates
2007-2008	66 370	53 500
2008-2009	76 850	61 480
2009-2010	121 680	97 350
2010-2011	154 870	123 850
2011-2012	201 800	161 440
2012-2013	198 440	158 750
2013-2014	225 600	180 480
2014-2015	237 560	190 050
<b>Total</b>	<b>1 283 170</b>	<b>1 026 900</b>

*Source : General Secondary Education Department , MoEYS*

## Number of Students by Sectors, 2006

Levels	Agriculture		Industry		Services		Total	
	Number	%	Number	%	Number	%	Number	%
Diploma	619	3.7	1 762	10.4	14 531	85.9	16 912	100
Degree	2 623	2.8	4 951	5.2	86 736	92.0	94 310	100
Total	3 242	2.9	6 713	6.0	101 267	91.1	111 222	100

*Source : Statistical Book of Department of Higher Education, MoEYS 2006-2007*

## Number of Students by type of financing

Levels	Scholarship		Self-financing		Total	
	Number	%	Number	%	Number	%
Diploma	3 101 (17.3%)	18.3	13 811 (14.8%)	81.7	16 912 (15.2%)	100
Degree	14 844 (82.7%)	15.7	79 466 (85.2%)	84.3	94 310 (84.8%)	100
Total	17 945 (100%)	16.1	93 277 (100%)	83.9	111 222 (100%)	100

*Source : Statistical Book of Department of Higher Education, MoEYS 2006-2007*

**In many countries there are attractive Polytechnics or career colleges which are good ways to learn a skills for employment.**

**We have few places in Government schools for training at the Diploma and Degree levels.**

**It is time to once again address the needs of the country for practical diploma and degree holders who meet business standards.**

**Having a good system makes no difference if nobody knows it is there.**

**We must begin a **social marketing campaign** to inform students, families and employers.**

**We must change the public perception that :**

- a University degree is the only road to good employment**
- TVET is just for bottom level jobs**

**It is the skilled workforce at the technician and applied engineer level that drives the economy in Singapore and Korea and these levels earn attractive salaries and have wonderful career prospects.**

## **Conclusion :**

**Responding to the changing labor market needs, we must :**

- To put in place the **tools** we need to constantly adjust to change**
- To develop **partnerships** with Enterprise and learners (costs sharing)**
- To continue to use **skill development** as a tool for **poverty reduction****

- To improve the **Productivity** and **management** through skill upgrading
- To raise the **capacity utilization** and to lower the average costs in existing factories (To reduce the number of short term, wild cat strikes)
- To put in place Enterprise dictated **competency skills standards** (training leads to employment and to recognition)
- To create a **National Employment Agency** (to improve the function of the labor market)

- To expand the **public provision** of TVET (at the technician and applied engineer level)
- To encourage the provision of **more TVET by employers**
- To support the growth of quality based private sector training institutions through a **National Network of TVET Trainers**
- To change the way young people and their parents **view TVET**

*THANK YOU !*