Skills for Competitiveness: Cambodia’s Case

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Due to a generation loss caused by more than 3 decades of war, Cambodia has low education attainment and skills!!
Persons aged 18+ with at least Completed Lower-Secondary Education, 2011

% 50

Female
Male
Both

18+  18-24  25-34  35-44  45-54  55-64  65+

15
10
5
0
Reasons for not attending school among persons 6-17 years of age who are not attending school, 2011

- Other
- Too young
- Due to disability
- Too poor
- Must help with household chores
- Must contribute to household income
- No suitable school available/school is too far
- Did not do well in school
- Don’t want to
There are growing recruitment difficulties and skills mismatches!
Among difficulties, skills shortage is one major problem!

Reasons of Hard-to-fill Vacancies, 2012 (%)

- Too much competition from other employers
- Low number of applicants with the required skills
- Lack of work experience the company demands
- Not enough people interested in doing this type...
- Poor terms and conditions offered for post
- Low number of applicants generally
- Low number of applicants with the required...
- Others
- Lack of qualifications the company demands
- Seasonal work
- Remote location / poor public transport
- Job entails shift work / unsociable hours
- Poor career progression / lack of prospects
Skills shortage causes country to lose competitiveness!!

Impacts of Hard-to-fill Vacancies on Business, 2012 (%)

- Delay developing new products or services
- Increase workload for other staff
- Lose business or orders to competitors
- Have difficulties meeting customer services
- Experience increased operating costs
- Have difficulties meeting quality standards
- Withdraw from offering certain products or services
- Have difficulties introducing new working procedures
- Have difficulties introducing technological change
- None
- Outsource work
Current workers also cannot perform to desired level

Share of Skills Gap by Occupation, 2012

- Plant and machine operators, and assemblers
- Technicians and associate professionals
- Service and sale workers
- Craft and related trades workers
- Skilled agricultural, forestry, and fishery workers
- Elementary occupations
- Professionals
- Clerical support workers
- Managers

Reasons of Skills Gap, 2012 (%)

- Staff lack motivation
- They are new to the role
- Others
- They have not received the appropriate training
- They have been on training but their performance has...
- The introduction of new working practices
- Unable to recruit staff with the required skills
- The development of new products and services
- The introduction of new technology
- Their training is currently only partially completed
- Problems retaining staff
- No particular cause
Challenges/Recommendations

- Cambodia economy are concentrated on narrow base, i.e., garment, construction, tourism, which are vulnerable and cannot create enough quality jobs
- Economy centers on low-skilled and low-wage, and informal sector
- Young population with low education and skills (primary education) with greater incentive to work and less on investment in education:
  - Problems for accumulation of human capital
  - Workers are likely to have low standard of living as they become older
  - Need to motivate investment in and improve return on schooling
Need to increase export diversification and improve international supply chain to sustain export and productivity growth

Need to diversify and upgrade industry to higher value added sectors and create linkage between domestic SMEs and MNCs, and with regional and global value chain

Need to sustain competitiveness by improving productivity of workers through education and skills training
Need to improve compulsory education, TVET, and higher education:

- **Short-term:** training in low and middle skills for labor-intensive jobs for transition from agriculture to industry, and for upgrading skills of current workers

- **Medium-and long-term:**
  - Formalization of non-formal training and providing pathway for life-long learning
  - Improve and expand formal TVET (focusing on quality assurance, accreditation, and recognition; teacher capacity; incentive compatible for PPP, life-long learning and human capital accumulation; etc.) especially for middle and higher skills
  - Achieve compulsory education and move to secondary and higher education, especially in STEM skills, to support high-end industry and national long-term development vision
✓ Improve policy coordination and coherence between employment, education/training, industrial development, trade and investment

✓ Need to address skills shortage, gap and mismatch by improving matching service, career guidance, LMI, and greater cooperation among social partners
Cambodia Development/Policy Frameworks to Address the Issues

Country’s Vision

Cambodia’s Vision 2030

National Policy Platform (5 years)


Implementation Plan (5 years)

National Strategic Development (2014-2018)

Sectoral Policies

- National Employment Strategy
- National Strategic Education Plan
- National Strategy for Youth Development
- FDI Strategy (e.g. SEZs)

- National TVET Development Plan
- Industrial Development Strategy
- Trade Policy (incl. DTIS; AEC 2015)
- Rice Export Promotion Policy
- Others
• Cambodia is now in the process of developing long term-vision (Cambodia’s Vision 2030), and planning for next cycle (2014-2018)
• Sectoral implementation plans/strategies are being formulated: employment; TVET; education; industrial development/diversification; Trade (updated DTIS and ASEAN EC 2015)
• Priorities: sustaining growth and inclusive development; industry/trade diversification and upgrading; quality jobs; skills development; improvement of productivity and competitiveness; and social protection
• The sectoral and national development strategies/policies are integrated and skills issues are placed among high priorities at all levels
Thank You!!

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