



## *Job and Business Search for Young Women Project*



A search project commissioned by  
**COSECAM**

Funded by  
**USAID through The Asia Foundation**

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**September 2004**

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### ***List of abbreviations***

<b>AFESIP</b>	Agir pour les Femmes en Situation Précaire
<b>AIG</b>	Alternative Income Generation
<b>APDO</b>	Angkor Participatory Development Organization
<b>APSARA</b>	Management authority for Angkor Park and cultural sites in Siem Reap province
<b>CDRI</b>	Cambodian Development Research Institute
<b>CGTC</b>	Cambodia Garment Training Center
<b>COSECAM</b>	Coalition to Address the Sexual Exploitation of Children in Cambodia
<b>CWCC</b>	Cambodia Women Crisis Center
<b>GBO</b>	Grassroots Business Organizations
<b>GMAC</b>	Garment Manufacturers Association
<b>ILO</b>	International Labor Organization
<b>LDC</b>	Least Developed Country
<b>MPDF</b>	Mekong Private Sector Development Facility
<b>NGO</b>	Non Government Organization
<b>SME</b>	Small Micro Enterprises
<b>TAF</b>	The Asia Foundation
<b>UNDP</b>	United Nations Development Program
<b>UNIFEM</b>	United Nations Development Fund for Women
<b>VTF</b>	Vocational Training Fund
<b>WTO</b>	World Trade Organization
<b>ZOA</b>	ZOA Refugee Care

## **1 Overview of the process proposed to implement VTF scholarships**

Most important in using the VTF is that the choice of each and every individual woman is central to all decisions being made. Listening to the need of the women is key with regard to the type of training provided or the job offered.

Job search is an ongoing activity and should lead to a network of companies that could be approached on behalf of the women to look for a job. This network should be built and expanded by a NGO designated job counselor. Once the company network runs smoothly entrepreneurs will realize they can also benefit from the VTF as they can request the type of training women need. The job counselor is the point of contact for both the women in the VTF and companies. The counselor acts as an intermediaries so the labor supply can meet the labor demand also by using the VTF. The network is a way to give a competitive advantage to women and at the same time provide a service to companies.

From a skills and employability perspective it is the key that women are being taught literacy skills from the first day they arrive in a shelter or enroll in the VTF.

Skill training creates a good opportunity for women to regain their self esteem and using outside skill training providers can speed up this process. We feel many NGOs provide skill training in a too protected environment. Selection of outside skill providers and perhaps some training of these providers could expand safe and reliable skill training opportunities for the women from the target group. Training within companies allows women to learn more than just the technical skill but also to gain understanding of the running of the company and dealing with customers.

Job placement should be done by the same NGO job counselor that also maintains the relations network with the companies. (see flow chart at page 11) This person also ensures that the appropriate skill training is given for a potential job the woman would like to obtain. The job counselor should work very closely with the social worker in order to select the appropriate skill training. Helping women to make a good choice is very important and might be very stimulating and is an important step in the recovery process.

A distinction should be made between skills needed for people that want to enter in to a job or a business. (see flow chart at page 17 and 18) Hands on training for people that want to set up their own micro-enterprise is needed but difficult to provide. For women who want to go back to their family living in rural areas a visit to the village is needed to understand the economic opportunities in the area and what skills are needed by the women or her family to tap into these opportunities. This is largely true also for women that want to set up a micro-enterprise in an urban area. However due to the difficulty of setting up small enterprises we would suggest not to encourage women to start their own company but rather look for employment when they plan to stay in an urbanized area.

## **2 Conclusion and Recommendation**

This study project found that there is a good change for the women supported by the COSECAM network to find jobs. To link the -wish of the women, the needed skill training and jobs- a consistent approach needs to be developed in each region by the COSECAM NGOs.

With regard to micro-business opportunities this study project found that the women in the target group are not very likely to succeed in setting up such businesses. In selected cases

women could be helped with setting up their small business however it is thought that this will cost a lot of resources with a very high risk of failure.

### **2.1 Job search**

#### **Findings**

Most jobs in Cambodia are found through contacts and networks. These networks are used by companies to select and hire staff, buy inputs and sell products. Recruitment of staff takes place through trusted employees.

Existing local commercial businesses provide training as a side business (e.g. tailor shop, hairdressers, wedding shop). The commercial trainers provide job oriented short vocational training. Most of the vocational training in Cambodia takes place on the job and takes most of the time between one to eight months.

It was found that a number of local businesses or entrepreneurial and commercial networks (e.g. informal garments in Banteay Meanchey and Siem Reap province and Silk in Kampong Cham) could provide employment for low skilled women with some targeted support to these industries. Support is needed to enhance productivity, design and logistics. By engaging these industries with support these entrepreneurs can be encouraged to recruit women from the target group.

#### **Recommendations**

In order to effectively use the VTF fund the COSECAM NGOs will need to designate a NGO job counselor in each region. This job counselor should assist women on an individual bases with selecting the appropriate skill training for them. At the same time the job counselor will be responsible to build a network with companies in the area that can employ women. Through relation management with these companies women can be placed in jobs when they fall open after or during the period that they receive skill training.

- Training should depend on the choice of the woman and availabilities of training providers
- Identify existing training providers including private, public, and NGOs training providers and engage them in vocational training activities
- Establish internship programs with companies to have women better understand the type of work and working conditions. This should help them make a decision on the type of skill training they would like to follow
- Set per region minimum requirements that companies should provide in terms of salary and working conditions before trying to place women.
- Identify on an ongoing basis companies that can employ women from our target group. Start with the formally organized companies first
- Understand the human resources needs of the companies in order to provide specific training to the women that would like to enter that company
- Literacy is the single most important skill that can be taught to women.
- NGOs should provide next to literacy training, work place relevant life skill counseling to make sure women are prepared to work in a company
- Provide focused support to existing rural commercial and entrepreneurial networks to stimulate job growth and to increase salaries and profitability. Give incentive to these industries to provide work to the target group.

## **Encourage NGOs to support social business**

Some women have due to their traumatic experiences lost the ability to be a productive employee and are not able to function in a normal company. This group of clients will need support for a short period of time by a social company. This company should not have as its objective to make a profit but just to provide meaning full work to its employees. There is no financial sustainability possible for a social company as this would imply hiring hard working productive employees. This would exclude the weakest women in the target group to work in a social company.

- These social businesses should be management by a professional team to ensure that the company is run efficiently but with respect for the ability of employed women
- The company operation should be subsidized
- Recruit only disadvantaged people to work and encourage them to leave the company after a short period to find work in a commercial company.

## **2.2 Business Search**

Small businesses exist both in rural and urban areas. Small businesses include a wide variety of economic activities ranging from traders, retailers running a market stall to producers of specific services or goods.

Most of the existing businesses are in oversupply causing market saturation for many products and services. Market saturation in rural areas is very common due to little diversity in economic activities. In order to start a successful business four main requirements need to be taken into consideration: (1) market demand for product or service (2) sufficient starting capital, (3) general and specific skills needed to run the business, and (4) entrepreneurship.

Furthermore, in Cambodia, other social dimensions that influence the success of a business should be considered. Family support and a good network are the key factors in business success or failure. Being patient and the willingness to work hard are also very important personal characteristics needed to run a micro-business.

## **Recommendation**

- Starting a small business in an urban (provincial town) is not recommended. Most of the women of our target group do not have the right skills, experience and lack the support of their family or network. The urban business environment is highly competitive and it is hard to set up a sustainable small business due to easy access to the market and short business cycles
- Micro-business could be an option for the re-integration of women in the village. Rural areas lack job opportunities. Starting a business is one of the few options left to earn some money to contribute to family income.
- To these women not only technical skill training should be provided but also skills to manage the business activities
- Much assistance is needed to these micro-businesses to help them build a customers base but also to understand where to buy what products at what price and at what price the final product or service should be sold to run a sustainable business

- A clear decision should be made if next to the women also other members of her family should receive skill training to provide better economic opportunity to the whole family
- Furthermore, agriculture skills should be provided to complement the small business.
- In each region, business support consultancy is necessary to support the start up business

### 3 Introduction

This report is the result of a study project to identify the possible jobs and micro-business opportunities for women. This project has been conceptualized and developed by COSECAM and supported by the Asia Foundation.

#### **Background of the NGO Coalition to Address the Sexual Exploitation of Children in Cambodia (COSECAM)**

The coalition is a membership association where members nominate new member NGOs. Member NGOs selected to join are those organizations that aim to avoid or reduce sexual exploitation and abuse of children, provide protection and rehabilitation of child victims of sexual abuse and try to improve law enforcement and advocacy.

The coalition which has an office in Phnom Penh aims at strengthening local NGOs in order to effectively combat commercial and sexual exploitation of children. To support its member NGOs COSECAM carries out activities and projects with regard to capacity building, standardization, regulations and institutional advocacy. Further it provides specific services to the coalition members that will help these NGOs to be more effective organizations with professional and motivated staff.

#### **Background Vocational Training Fund**

Every year more young women and children in Cambodia become a victim of trafficking for the purpose of commercial exploitation, most often sexual exploitation. A recent study found that more than 1,200 girls enter the Cambodian commercial sexual industry every year, while over 20,000 victims are forced to sell sexual services<sup>1</sup>.

NGO recovery centers provide each year shelter and recovery services to about 250 to 300 children and young women rescued or escaped from brothels or other sexual entertainment places<sup>2</sup>. The assumption that lack of education, in particular literacy, and lack of vocational skills contributes to the vulnerability of the victims was shared by a group of survivor girls while discussing reasons for exploitation<sup>3</sup>. Lack of alternative income sources is a reason for many former victims to drop-out of the rehabilitation process after the recovery period provided by NGOs.

Almost 50% of the young women going through a rehabilitation process return to their previous exploitative situation, often because the newly learned skills are not a sufficient base to assure a stable income source in a competitive market system<sup>4</sup>. More than half of the other rehabilitated girls and young women fail to earn a stable income through their new vocation. Less than 25% of the girls and young women who entered the rehabilitation process are able to make

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<sup>1</sup> COSECAM VTF proposal/ UNDP 2003.

<sup>2</sup> Estimates based upon an ongoing inventory of local NGO recovery centers by the NGO Coalition to Address Sexual Exploitation of Children in Cambodia (COSECAM CLO project report year 2002-3).

<sup>3</sup> Sold like Chickens: Cambodian Trafficked Girls Speak Out, by Sandy Hudd, published by COSECAM 2003 (report 006E).

<sup>4</sup> Personnel communications from NGO recovery center staff.

sustainable use of the skills learned and business support provided by the various NGOs<sup>5</sup>. A number of NGOs make an effort to assess market demand but fail often to adjust their vocational training accordingly due to fixed training programs and budgets<sup>6</sup>.

An innovative, integrated and comprehensive approach of social and emotional recovery, vocational training, financial support and community reintegration processes while crossing the territorial tendencies of individual organizations might lead to a better result than currently achieved. To achieve this establishment of a nationwide scholarship and vocational training fund for NGOs providing recovery services and vocational training to victims of commercial exploitation has been proposed.

### **Objective of the Job search study project**

In order to make the Vocational Training Fund operational a Job Search Study has been commissioned. The overall objective of this study project is to define for the regions of Phnom Penh, Siem Reap, Battambang, Banteay Meanchey and Kampong Cham the potential job opportunities for women that will receive skill training under the VTF. Next to looking for employment opportunities in an existing business this study project also looked for markets in urban and rural areas for micro-enterprises that could be established by women from the group targeted by the VTF

For ease of reference the search for employment opportunities will from now on be called **Job Search** and the identification of micro-enterprise opportunities will be called **Business Search**.

The study project after jobs and businesses was carried out along the lines of the following specific objectives.

### **Objective of the research with regard to employment of non-entrepreneurial inclined:**

1. Identify potential employers of women from the target group
2. Identify and describe how to ensure proper working conditions and future prospects with the potential employer
3. Identify and describe the current skill requirements and training methods in use in a number of industries that have potential to absorb women from the target group
4. Define the specific procedure how women from the target group can be trained to take up these new job opportunities
5. Refine the job placement scheme

### **Objective of the research with regard to small business creation for entrepreneurial inclined:**

1. Identify regional potential for new small businesses
2. Identify and describe the current skill requirements and training methods in use in a number of industries that have potential for duplication and could train women from the target group
3. Define the specific procedure how women from the target group can receive business skill training to set up their own company
4. Define a small entrepreneur internship scheme
5. Identify a regional or national manager for training and internship schemes
6. Define guidelines to COSECAM network NGOs to support women that have set up their own small business.

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<sup>5</sup> Reports to SKN, Dutch sponsor, by ECR-Cambodia, 2002.

<sup>6</sup> COSECAM CLO project report year 2002-3.

## 4 The methodology

For this jobs and business search study project the consultant team started with a literature review and interviews with economic development related institutions in Cambodia. Through this first review potential target industries were identified in the regions of Phnom Penh, Siem Reap, Battambang, Banteay Meanchey and Kampong Cham that were the focus areas for this project.

The desk study also revealed some issues with regard to job search and job placement practices in Cambodia. The literature also gave a relative good overview of the problems faced by women setting up their own business.

Statistics were hard to get for the specific areas as listed above. This problem was further compounded as most of the statistical data are derived from the 1998 Census and household survey, the 1997 and 1999 Cambodian Social Economic Survey and the Labor Force Survey of 2000 making a lot of the data out of date and irrelevant especially if broken down by region.

Based on the literature and earlier research on the informal garments industry a master question list was drafted that was updated during the research and later started forming the back bone for this report.

Armed with the master question list and a list of industries that might have the potential to generate jobs or businesses the field research started. In each area visited by the consultant team a quick analysis was made of the products on sale in the central market of the provincial capital. An attempt was made in each market to define where most of the products on offer came from, to whom they were sold and at what price. After this the team of four consultants would split up in teams of two interviewing NGOs that make part of the COSECAM coalition. Also visits were paid to NGOs and Government Organizations working on economic development, vocational training or income generating activities.

Through the snowball effect other industries in each area were identified and approached for interviews. Part of the study project was based on paying attention while going around town or rural areas and jumping of the motodop to interview people working or running their business.

The methodology used for this project has all been purely qualitative. During the research many times checks have been made on the income the people earn with their job or business activity. The reader should be warned that these figures are not necessarily correct. In some areas of Cambodia it was found that people habitually understate their income. Next to this many people interviewed did not keep track of their actual income. The consultant team has tried, through careful checking of all the costs and revenues, to establish the income of people performing jobs and running businesses.

This study project did not only focus on defining the income levels of economic activities but has focused very much on the trade and production structures in place in different areas of Cambodia and in several industries. This has been done by trying to identify the players up and down each commodity chain and by talking to them.

Much time and energy was spent interviewing different NGOs running shelters, vocational training and integration programs. Understanding the current strategies in use by the NGOs working with the women in the target group allowed for the development of a structure of the Vocational Training Fund that will help provide the appropriate training to individual women to get a job that interests them.

The consultant team feels it was somewhat inhibited in the study by having limited information on the women of the target group. Quantified information on the women of the target group was almost impossible to find. Still through interviews with NGOs and Government officials much understanding was gained about the strength, weaknesses and needs of the women who are aimed by the VTF project.

For this job and business search study project four consultants were fielded. The team was made up of two male Cambodian consultants with a background in economy research and alternative income generating activities. Next to this, one female Dutch consultant with experience in job placement and Human Resources management contributed to this project. The last person on the team was a male Dutch consultant who has been living and working in Cambodia for over 2 years. His background is in social sciences income generation and pro-poor economic development.

The research was professionally supported where possible by the staff of the COSECAM office in Phnom Penh and many different NGOs across Cambodia.

## 5 Strategy needed for VTF

### 5.1 Regional VTF strategy

The objective of the VTF is to have women attend the skill training they need to get a job or establish a small business. In order to reach this objective the COSECAM NGOs have to develop a common **regional VTF strategy** for the different regions. Such a strategy would allow the NGO to provide 1. relevant skill training and 2. build and maintain a network with potential employers.

The **regional VTF strategy** for each area will be slightly different and should include the following main aspects

- How to take the individual job wish of each client into consideration (procedure)
- The available skill training providers in the area that could upgrade the skill of the women
- What are the minimum skill requirements in each industry and what training is needed to reach that skill (can also be on the job skill training)
- The industries in which the women can find a job (jobs available and willingness to employ women from the target group)
- What is an appropriate job for a client with regard to income and working conditions?

Most important is that women have to be helped on an individual basis in finding a job and upgrading their skills. So we should not only look at the type of job women wish to have but we also need to understand their current skill level and motivation. The hardest question we should try to answer is what type of job would give the women satisfaction other than just earning money.

The same individual approach is needed for companies because they often have slightly different skill requirements for their staff. It is possible to give a description of the general skill requirements needed in each industry but attention needs to be given to the difference between different companies.

Lastly we should understand how appropriate skill training can be provided. Currently many NGOs provide skill training as a way for women to regain their confidence. However this is not necessarily the right skill and type of training to get a job or set up a business. Often on the job

training provided a much better fit between the training and the job and a higher success rate. Very often entrepreneurs provide skill training within their company and ask a fee to provide this training. Some companies or workshops even provide skill training for free but don't provide any salary during this period. Each COSECAM region should include in its strategy how to make use of these different skill training providers be it NGOs, paid training by a company or on the job training.

## 5.2 *Linking supply and demand*

Once a very simple but commonly agreed strategy is formulated the process of **fitting labor supply with demand** starts. Key tools available to fitting the supply and demand are:

- Providing skill training in order for the women to be interesting employees for the employers and have competitive advantage over other people available on the labor market.
- Identify what type of job women would like to do to make them motivated employees
- Identify one NGO job counselor in each region who will be the focal point for networking with potential employees on an ongoing basis.
- Identify how follow up will take place once women have been placed in to a job to reduce the risk of women dropping out of the job.

## 5.3 *Targeted networking*

One big mistake should be avoided, to think that job search should start at a certain point in time for each woman individually. Job search is an ongoing activity concentrated at getting to know companies that might employ one of the women. This process of relation building has to be managed in order to react to the individual needs of each women. Finding jobs, placing women and above all making the VTF program work will rely on ***building and maintaining a network of people that can give access to appropriate jobs***. This is nothing new as most people in Cambodia are aware of the need of networks to get on in life. We could argue that the weakest point of the women in the client group is that they lack a network. To make VTF successful these networks need to be imitated by the NGOs in each region at a high professional level on an ongoing basis.

Speaking to different NGOs through out the country we found out that many organizations have already used this approach to place some women in different companies. Some NGOs use a focal person in the NGO to actively search for jobs. The search is also done by mobilizing everybody in the NGO to look for job opportunities. Once a lead is found the focal person follows it up by contacting the company and trying to place a client. Most NGOs have succeeded in placing women in companies by using this strategy. Over time these NGOs have been able to build a network of companies that even call the NGO by themselves when they would like to employ a new person.

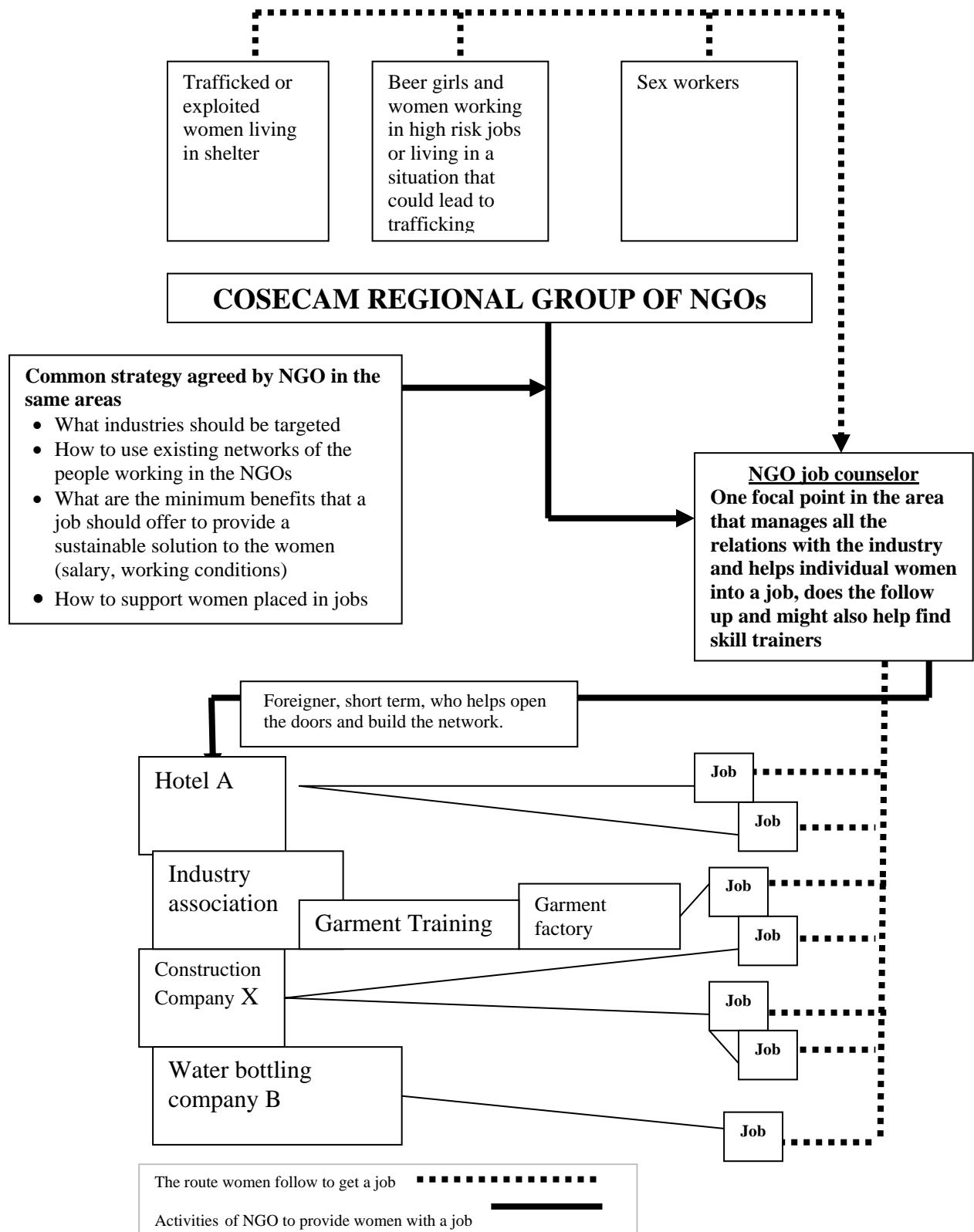
This study has found that these **networks need further upgrading and expanding** to new industries. A specific strategy should be developed to have the network become more efficient and work in the advantage of the women of the target group. The current strategy relies mainly on finding jobs through acquaintances of NGO staff. The new strategy we propose is to consciously expand networks and **target on specific industries that have been identified because these can provide the appropriate jobs** at the right salary to the target group.

The networking with these companies should be done on an ongoing basis with the NGO job counselor as a spider in the web that links the women and companies. The job counselor needs

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to regularly contact the companies and be aware of new companies that can be added to the network. It is important to call on the social awareness of entrepreneurs but at the same time emphasize the COSECAM NGOs understand companies need well trained and properly functioning people in order to survive. This asks for a business like approach from the side of **the NGO job counselor as an intermediary between the women and the companies.**

The NGO job counselor should be familiar with the job need and skills of individual women and skill requirements of companies with which a relation has been developed.



The job counselor should also know if companies provide on the job training or have a preferred place of training for their staff. By collecting this type of information the women can be given a competitive advantage over other people. The key is that the NGO job counselor runs both the network activities with the companies and is familiar with the job needs of the women to make the best possible match. The job counselor will have to interview all the women to advise them on what type of skill training they need to follow to get a certain job and advise them on what jobs are in their reach with their current and future skill level. The most important skills that need to be taken into consideration are the reading and writing skills of the women.

After the women are placed in jobs the job counselor should also do the follow up. This makes it possible to track successes or problems in an early stage. At the same time this is an opportunity to contact the company and maintain the network.

Most likely this network of companies is initially easier to build with more formalized and bigger enterprises. These types of companies have often a registration with the Ministry of Commerce and have an entry in the Yellow Pages. This makes them easier to identify and to approach. Formalized companies generally have a strategy to hire and train employees so it is possible to gain information about this. They are aware of the labor law and the importance of good working conditions and offer a stable income. Therefore it will be easier for NGO's to contact these companies and make agreements. It will be possible to build and maintain a network as these companies often have a Human Resource Department responsible for staff related issues.

But the existing relationships with smaller companies should not be neglected as these can also provide good jobs and links into other companies. Still it is important when working with more informal and family based companies to check the appropriateness of the job with regard to the salary level and working conditions.

### **Opening doors building the network**

The more targeted approach might also mean that a (volunteer) expat assistant is needed to help the NGO job counselor to gain access to specific industries and build the first bridge into companies. We found that during the research it is much easier for a foreigner to enter a company and that they are being received with open arms. Khmer people are very suspicious of other Khmer people that come and inquire with a company. So some big nose support might be the way to establish the relation between the target industries and companies on the one hand and the focal point of the NGO network on the other hand.

#### **5.4 Key Skills needed**

During this study project the team spoke with many different companies. Of these companies we have tried to understand as well as possible what the different skill requirements for their staff are.

These skill requirements have been described in a jobs table for specific industries (see annex). Please note that each company has their own skill requirements so always check first with the individual company what level of proficiency they expect from their staff.

It was found that almost all job and business opportunities demand that people have minimum reading and writing skills. There are jobs in the building industry, small hotels and small companies that rely on manual labor where literacy of the worker does not make a difference at least not at the stage of hiring the person.

However literacy seems to be the skill for the women of the target group to focus on from the moment they arrive in the shelter. It is estimated that about 50%<sup>7</sup> of the low skilled manual jobs need some basic reading and writing skills. If women would like to further develop their professional career or set up a micro-enterprise illiteracy will be the greatest obstacle. This is a very obvious observation as the relation between poverty and literacy is well documented.

The better paid low skill jobs with hotels for instance and more formalized companies quickly need some reading skills. A chamber maid in an up scale hotel can perform her basic job being illiterate. However, these types of hotels tend to communicate with their staff about, for instance, the work schedule and other issues in writing. It is logic that larger organizations will use more documents to communicate with all the staff.

We would like to strongly recommend putting a lot of emphasis on having women in shelters getting to a basic level of literacy.

### **Skills for Businesses**

During this study project it was found that people who need to run a business need a number of skills and competencies to be successful. Literacy and calculus are logical first needs but also some simple book keeping skills are needed. Next to this a technical skill is needed to make a product or provide a service. Further women would need to have an entrepreneurial inclination which means they would need to have a feel for doing business. This entrepreneurial competency is almost impossible to learn. For more information for skills needed to run a business see the chapter Business Search.

### **Other skills needed**

As argued before in the paragraph about networks the skill needed by women depends on the type of industry they want to enter. It is therefore impossible to say what type of skills should be taught to women in general other than literacy. Providing all the women with fixed skill training means little choice is left to the women to select the type of job they would like to do. Run of the mill skill training is not the best way to make sure women are motivated to start working again. Starting to work is a key step in the reintegration and socialization process. Much more attention is therefore needed to the individual wishes of the women when providing skill training. A wider choice of skills can be offered by working with different skill training providers other than just in house skill training by NGOs.

### **5.5 Re-integration in rural areas**

One important element that should be taken into account is the wish of the woman to go back to her family or to start living on her own. When moving back to her family is the ultimate goal, women most of the time will need to be provided with a skill that can be used in the rural areas. It was found that specific skills are linked to distinct geographical areas in Cambodia. This means that not in all villages people weave silk or kroma or produce baskets. These types of economic activities are limited to specific areas. There is a certain economic logic for this concentration as it allows for an easy supply of raw materials from outside and a large enough production for an entrepreneur to transport big quantities at once to the market from a village or district. With this it becomes clear that it is useless to teach a person weaving skills if the person

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<sup>7</sup> This is a very crude estimate based on interviews with entrepreneurs in different industries

does not go back to a village that is linked by an entrepreneur to a market and where more people are producing the same product.

This is not true for all skills. Villagers themselves need also some products and services. So sometimes there is room for a village tailor or someone that can do simple food processing.

Before teaching a person a skill a visit to the home village of the client is needed to seek out what type of skill can provide sufficient income. During such a visit the village economy should be studied, the local specialization if any and the existing links to district markets and the type of product being sold to outside the village.

It should also be contemplated that perhaps more than just the client will need to learn a skill but also the other family members should receive training. This would allow the family to have a variety of skills that can provide income from different types of jobs. This strategy also helps prevent the client to become the main income provider for her family. After an assessment skill training to other family members could be in relation to agriculture and animal raising if relevant.

### **5.6 Competencies**

It was found that for many low skilled jobs competencies of staff are often more important than a specific skill. Competencies have much more to do with personality, behavior, attitude and mentality and are often developed during life and through work experience. To give an example; the garment industry in Phnom Penh prefers to employ women from Takeo and Kampong Cham where many people know how to weave. The weaving skill has no particular relevance to be able to work in a garment factory but by weaving the women developed competencies such as responsibility, accuracy and consistency. These are very important competencies because these women have the ability to work long hours and doing repetitive work. For the hotel industry even for the low skilled jobs employers look for people with a service mentality and the right attitude to represent the image of the hotel. Working on competencies of women is extremely difficult because it involves often a change of mentality and behavior. Perhaps the best way of increasing the competencies is by using on the job training in a controlled environment. This would allow the trainer to give constant feedback to the trainee how to react in a certain situation and what mentality is expected. This is the only way to change behavior.

### **5.7 Ways to provide skill training**

Earlier we wrote already something about different skill providers. There are basically three different methods to train the women from the target group.

#### **In house training by NGO**

Most skill training for the women in the target group is done by the NGOs themselves often close by or in the shelter. The type of skill training provided in this way varies from sewing, weaving, basketry and cooking. Without any statistical research we think based on this study project that sewing training is most commonly provided by NGOs.

These training courses are made available for free and funded by donors through the budget of the NGO. The NGOs employ a qualified trainer in charge of the training course that can run up to 12 months.

The products produced by these NGOs are often sold under a label indicating that they have been produced by women from the target group.

### **On the job training**

This is by far the most common way for people in Cambodia to learn a skill. There are different ways for paying for this type of training. In some industries a fixed training fee is paid and no salary is received during the training period. This training method also includes internships. In other industries no training fee is needed but a lower salary is paid during the period of training. This last approach is often seen in the informal garments<sup>8</sup> industry where people work on a piece rate. Depending on the skill more pieces of garments can be produced by the worker.

In the hotel industry and more formally organized companies on the job training is very common and needed. People receiving training are paid their full salary.

The great advantage of on the job skill training is that almost all training provided is relevant and can be right away used in the real situation. On the job training allows trainees to learn much more than only their job. While being in the company they become at the same time familiar with the business practices and the industry. It could be argued that for low skilled jobs on the job training is the best training since the trainee only needs to learn very limited theory and mainly needs to practice. At the same time entrepreneurial skills can be learned in order for the trainee to run a business in the future by her self. One other benefit from on the job training is that it allows for the development of competencies like customer orientation, working with dead lines, and efficiency.

<b>Type on the job training</b>	<b>Industry</b>
Fixed fee no salary or internship	<ul style="list-style-type: none"> <li>• Tailor shop</li> <li>• Hairdresser/beauty shop</li> <li>• Wedding shops</li> </ul>
Fixed fee low salary	<ul style="list-style-type: none"> <li>• Informal garment industry in Poipet town</li> </ul>
No fee low salary	<ul style="list-style-type: none"> <li>• Garment industry in PP</li> <li>• Informal garment industry (piece rate)</li> <li>• Construction industry</li> </ul>
No fee normal salary	<ul style="list-style-type: none"> <li>• Hotel industry</li> <li>• Bigger companies</li> </ul>

### **Non formal education**

Quite a number of organizations in Cambodia provide non-formal education to different target groups. We single out non-formal education from in house training with NGO as this type of training is relatively easy to access and is often organized as a school with regular classes in different subjects.

In Phnom Penh but also in other cities around the country there is a wide offering in courses by non-formal education institutions. The largest of these institutions in Cambodia is Don Bosco with training being provided in Phnom Penh and Poipet. But also the ministry of Social affairs and other ministries run a number of centers around the country where extensive skill training is made available.

<sup>8</sup> So this is not the garments industry in Phnom Penh

Most often the training in these non-formal education institutions is heavily subsidized by a donor. Since most of these training opportunities are provided in a school like set up it does not always provide the trainee to test his or her skill in the real world like this is the case with on the job training. Logically most non-formal education focuses on the skills that can be better taught in a class and need a longer period of instruction.

During the study project there was not enough time to inquire in each region after the non-formal education providers. It is of key importance that this overview is made by the NGO job counselor to have an overview of potential partners that could provide a wide range of different skills

Some of the skills provided by Non-formal training institutions
• Electronics
• Computer skills
• Design skills
• Reading and writing
• Handicraft
• Sewing
• Foreign language skills
• Etc

### ***5.8 Flow diagram outlining the VTF process***

On the following two pages a comprehensive overview is given of the process that could be followed to use the VTF scholarships. This flow chart makes a distinction between jobs and business.

This flow diagram continues on the flow diagram as showed above for the role of the job counselor. This same counselor plays also a key role in this diagram as he or she will largely manage this process in close cooperation with the NGO from the COSECAM coalition that enrolls a client in the VTF program.

**NGO job counselor in charge of job placement and relation management with companies and organizations that provide training**

### Start of the job or business search activities for reintegration of clients

With the help of a social worker and the job counselor women take a decision to reintegrate with their families or to start living independently from family. Take into consideration the different options available to the women.

#### Women that want to reintegrate with family

Decision if they want to have a job or setup business. Since reintegration takes place in rural areas a job is very difficult to find. Most of these women want **skill training to run a business (including agriculture)**

Check what traditional products are made in the home area next to agricultural produce.

- Identify entrepreneur that can get product to market and manages the trade chain
- Identify how inputs in product are obtained
- Check possible income from product/service and demand for product
- Check what the normal family involvement is that type of business with an other functional family in the area

Check skill basis of family of client

- Previous business experience
- Other skills and the amount of income obtained through them (cross check with other family)

Check possible market for new services or products

- How are basic inputs obtained for production
- How can the product be sold
- What is the estimate income from product or service and what is the demand
- Does business rely on involvement of other family members

#### Women that want to live independently

Decision they want to have a job or setup business. Next to this find out where the women would like to live in a rural or urban area

If women want to stay in **URBAN** area strongly advice to take a **JOB**

If women want to live independently but want to set up a business identify with whom or in which network of entrepreneurs or producers of goods and services

- Follow check list for business but still check how women can work with some together rather than alone

Define if the job selected by the client will provide sufficient income (use company network to gather this type of information)

Identify if employer can also do on the job training

- Discuss what normal price is for on the job training
- Ensure that during training women have sufficient income from company or NGO to live



Decision on needed skill training based on choice of business

- Identify entrepreneur that can provide skill training (preferably outside the center/shelter)
- Decide if other family members need skill training to make a family business viable next to the client

If on the job training is not possible define type of skill needed to enter chosen industry

- Find training provider
- Agree on training period
- Try to have training take place with entrepreneur to have a realistic training

Business start up and reintegration in family

- Check if family knows where to get inputs and at what cost and if they are able to do book keeping
- Check demand and if there is a channel for selling the product or service
- Encourage family to start business few weeks before reintegration (if appropriate)
- Encourage family to keep using the different livelihood options because most of the time no single source of income in the rural areas is enough to generate full

Women start working in new job

- Agree with women if she will start job when moving out of the shelter or before moving out
- Agree with women on regular check ups
- Agree with company owner/manager on regular check ups
- Make sure everybody knows NGO job counselor in case of questions or

Agree with family on regular checkup

- Identify who in the area could keep in touch with the family
- Agree on review visits
- Make sure every bodies know the contact person in case of question or emergencies

## 6 Business Search

### 6.1 Literature review

Before the actual research started a review was made of the relevant literature with regard to women starting and running businesses in Cambodia and Asia. Selected relevant findings of the literature review are presented together with a short conclusion on the findings.

- Community bonds are helpful in furthering business and commercial interests. Many enterprises found a niche and learnt the business skills on the job. Institutional finance is virtually absent. Problems are: inadequate supply, high costs and often rigid and limited services. It is hard to compete because of an open market, dollarization, lack of effective governance, inability to give or get credit guarantees and high informal fees.<sup>1</sup>
- Social networks play an important role when starting a business in tourism in Siem Reap. An obstacle is the lack of capital. Social Networks are necessary to secure sufficient capital.<sup>2</sup>

- Difficulties faced by female entrepreneurs include lack of education, skills, credit and time, due to 'double burden' of housework and business activities. There is often not enough money to expand. The women seem not to understand the economic situation and how it fluctuates. It is difficult to get any market information. There is many copying because no copyright exists. The working conditions are bad. Women need to work hard and be self-confident.<sup>3</sup>
- Women contribute significantly to national economics. Because women's businesses are small and women face specific gender barriers, women's businesses tend to have less access than male led businesses to productive resources, information and services. As a result they have less capacity to compete effectively. Further they have no social protection.
- Women are disproportionately represented in petty trading, food processing and vending, handicrafts, homework and other poorly paid services. Often their businesses are unprofitable with low levels of technology and productivity. They have a lack of access to training and self-development. Therefore women have a disadvantage in micro enterprises.

### **Practical needs for all businesses:**

- Access to means of production: raw materials, technology, production skills and working capital, credit.
- Identification of a marketable product: market information, design and product development, managerial skills and quality control.
- Market access: information, packaging, access to distribution channels, networks, transportation and documentation.

### **Strategic needs for all businesses:**

- The capacity to increase earnings.
  - The capacity to accumulate capital.
  - The capacity to respond to market change.
- From the survey conducted by CDRI and TAF in Kampot, Kampong Cham and Kampong Chhnang, 84.6% of the micro-enterprises declare that they relied on their own savings to start-up their business. Further 82.3% of the micro-enterprises declared they still rely on their own savings and funds at the present time to run the business. Family money is actually the source of start up finance for 7.1% of the respondents, 4.6% declaring using family money. However, it depends on the notion of what is own savings (first circle family) and family money (extended family)<sup>9</sup>.
  - Women have multiple roles, mother, wife as a result they have a lack of alternatives to earn income. Household and business activities are often merged. They face discrimination in accessing services from the banking system and other institutions. They are constrained by laws and regulations that assume businesses are operated only by men. Women's lack of empowerment and poor bargaining will lead to low incomes and low economic and social status. Competition is fierce and largely based on price. These

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<sup>9</sup> CDRI/TAF unpublished research on Micro and Small enterprise development. Personal communication with Veronique Salze-Lozach, Economic Program Manager, TAF

factors result in vulnerability in the market. Due to their low earnings, the fact that they are in the lowest level of the production hierarchy, fierce competition, lack of access to information, technology, capital and skills, their productive capacity is constrained. Women face a structural discrimination in the business and legal environment. Training has to integrate with business activities to be the most successful.<sup>10</sup>

- NGO's train young women in the countryside to be hairdressers, dressmakers and weavers of mats and silk. Unfortunately they can't compete with the factory and the imports. Cambodia women need more skills and self-confidence. We must also be proactive in encouraging women to take up non-traditional occupations. Women are good weavers but can be good carpenters too.<sup>11</sup>

## Distinguishing the Formal and Informal Economies<sup>12</sup>

Category	Formal Economy	Informal Economy
Ease of access by consumers	Difficult	Easy
Source of resources	External	Personal/family/informal financial markets
Scale of operation	Large/medium	Small/micro
Ownership	Corporate	Family/self
Technology	Capital-intensive	Labour-intensive
Skills	Formal education	By experience/Apprenticeship/self-taught
Social legislation (Labour code)	Protected	Low/absence of protection
Market	Wide access	Limited access

Relevant businesses found in the literature not defined by area	
Bakery <sup>1</sup>	Fish sauce maker <sup>1</sup>
Poultry farmer <sup>1</sup>	Commercial vegetable farmer <sup>1</sup>
Food stalls <sup>13</sup>	Handicrafts <sup>1</sup>
Hammock maker <sup>3</sup>	Selling handicrafts <sup>2</sup>
Bridal dresses <sup>3</sup>	Hairdressing shop <sup>3</sup>
Embroidery shop <sup>3</sup>	Blouse and scarf making shop <sup>3</sup>
Selling roasted banana <sup>3</sup>	Dressmaking shop <sup>3</sup>

## 6.2 Key issues found in the literature

- A social network is a key asset for women to start a business
- Most businesses in Cambodia are family based and remain dependant on the family for its finance (reliance on direct and extended family )

<sup>10</sup> UNIFEM, United Nations Development Fund for Women (1999), Globalization Gender Markets, Strategic concerns for women in micro enterprise and homework, Bangkok, Thailand.

<sup>11</sup> Ros Sopheap (2000), Gender Relations and Women's Economic Participation in Cambodia, Gender Conference on Indochina, Bangkok, Thailand.

<sup>12</sup> Local Employment in the Informal economy, ILO 2001

<sup>13</sup> Ballard, Brett M (2003), Employment and trade in the Angkor Park: Some Preliminary Observations on the impact of tourism, *Cambodia Development Review*, Volume 7, Issue 1, Phnom Penh, Cambodia Development Research Institute.

<sup>3</sup> Shashi R. Panley (2000), Changing Gender Relations and Women in small enterprises, Gender Conference on Indochina, Bangkok, Thailand.

- Running a business for most women means the doubling of their tasks because they remain responsible for many of the household tasks
- Women face many barriers with regard to regulations, law and finance. And also difficulty in obtaining raw products, market access and market information
- Women face structural discrimination in the business and legal environment
- Women need to be very hard working to be successful however their businesses are often less successful and provide less income than businesses run by man.
- Small businesses are operating in very fluctuating markets. With women being among the less successful entrepreneurs they are often at risk, financially and socially.
- The informal nature of small businesses makes it easy for others to enter the same market while at the same time these companies only serve a very small market. This leads quickly to price competition.

### 6.3 Review of approaches for micro and small business creation

#### Alternative Income Generation Program ZOA Refugee Care, Poipet, Banteay Meanchey

This program started in January 2002 and targeted the very poor population living in the villages surrounding Poipet. The economy of the area is vibrant but at the same time attracts many people that live in the target villages. The program made no distinction between female or male applicants but tried to establish if the person was poor at the moment of enrolment.

The program is run by two full time Khmer staff members of ZOA with during the first year of the program the support of a part time foreign consultant familiar with the area. The team working on the AIG was supported by the ZOA management team that had a keen interest in the program. Additional support was given to the AIG program though other activities implemented by ZOA.

#### *Method in use in the AIG program*

Everybody could apply for the program. A first selection would then take place inviting people with the right requirements to enroll in a 3 day business plan development course. The course was designed in such a way that also semi-literate or illiterate people could attend the course. During this training people were pushed to come up with creative business concepts and ideas and to put together a business plan.

The quality of the business plan was the way to select people that would get a first grant of 50USD to start the business. Important was that the plan was concrete. People should know where to get the raw materials, who was making the same product at what price the product was sold and how much time it would take to make the product or provide the service.

If the business was successful a second grant of 50 USD was given if necessary to expand the business.

An evaluation was made of the project in June 2003. At that time 159 businesses had been supported with a grant.

The evaluation found the following answers during a survey it conducted:

Successful (good profit)	30%
How do you rate your business?	15%
Struggling (very low profit)	49%

Main problems in starting the business?	
Do not know the demand well	50 %

<b>How did you overcome problems?</b>	
Just rely on luck	50 %
Committed / strict to idea	15 %
Confident	15 %
Not give up even with a bad start	10 %
Seek advice	10 %

Unable to find good location	20 %
Reluctance to start business	20 %
To little knowledge	10 %

<b>What is the failure factor? n=71</b>	
Misuse of the profit	25 %
Abandon when bad start	20 %
No or not enough demand	20 %
Drinking away the profit	19 %
Accident/illness/divorce/death	16 %

It becomes clear from this evaluation that setting up micro enterprises is not easy as only 30% of the business had a good profit, 25 % could survive or was struggling and 45% failed. Strict selection of the business idea and plan had taken place, people had been trained on basic business skills and some had received support from people in their village. At the same time a team of two persons was supporting the AIG activities and tried to regularly follow up with all the clients of the AIG program.

Other major factors influencing the success of the company was the ability of people to keep the books and to be able to read and write. Quite a number of entrepreneurs mismanaged the funding or simply where not able to calculate if a profit or a loss had been made.

Also the distance to the market seems to be a strong indicator for success. The closer a business is set up by the market the easier inputs can be bought and market information obtained. This was also true for people selling their goods house to house or in their own village. Knowing the demand is at any rate the biggest problem faced by the micro-enterprises established under this project. Half the people said that had no idea at the start of their company what the actual demand was. Looking at the above figures it seems that setting up a company is not a exact science but involved a very high degree of luck.

### **Trickle Up, Angkor Participatory Development Organization APDO, Siem Reap, Angkor Park**

APDO is a local NGO working since the early nineties with the inhabitants living in the Angkor Park. In total there are around 27.000 people living in the park. APDO has a more community based approach for it micro-business program compared to ZOA that targeted individuals (households).

The research team due to time pressure was not able to collect the statistical information on the Trickle Up<sup>15</sup> program of APDO

Key in the approach of APDO is that in order to start a business a family should have at least three family members who can work in the business. If a family does not have three members willing or able to work collaborators have to be found outside the family. It was found that if not enough people are involved in the business the business will never take off.

This approach is tested by Trickle Up in other countries and also included a three day training program similar to the AIG program that helps people develop their business plan. APDO

<sup>15</sup> Trickle Up is also the name of an international NGO that introduced this idea to APDO and helped fund the initial stages of the program

strongly supports the writing of the business plan and uses it less as a tool for selection of investment in the start up companies.

APDO claims to have an almost 100% success rate. This is by any measure impossible as in most countries (non)industrialized only 1 out of 3 companies survive the start up phase. However we were not able to obtain the evaluation report to assess the credibility of this claim.

Almost all of the businesses concentrate on trade in handicraft and some on the production of them. Most of the souvenirs currently sold are bought at the market with the business concentrating on reselling the products to tourists. Some souvenirs are made of rattan or coconut shell and other natural products available. The products are sold at the gates of the temples and a part of the self made products are sold to souvenirs shops in Siem Reap town. The businesses have some elements of a cooperative since whole villages work together to rent a truck to buy rattan on a large scale from Banteay Serei district. This type of business generates up to 80% of the income for the households living in the Angkor Park.

Over 350 micro businesses have been established by APDO. The high success rate can perhaps be explained by the fact that all the businesses can until now get away with copying each other. They don't push competitors out of the market since the market grows every year with the increasing number of tourists arriving at Angkor<sup>16</sup>.

The businesses are supported by village groups, a village based volunteer trained by APDO and two full time staff members look after this program. Many of the beneficiaries of this program are illiterate. Further for most people the business was not the sole source of income. It provided more and more cash to families next to agriculture and other economic activities. None of the families is currently able to survive on the business alone but a shift to more reliance more on the business is visible.

### **Research commissioned by the Mekong Private Sector Development Facility, Strengthening Grassroots Business Initiatives June 2004**

This report was commissioned by MPDF in order to understand better how to support and invest in Grassroots Business Organizations (GBOs). GBOs have been defined for this research as follows:

- GBOs are Organizations or programs (whether independent or part of a larger organization and regardless of structure or legal status, though always “formal”) that seek to provide employment opportunities, training and income generation activities to underprivileged segments of society through the sale of products or services
- GBOs are thought to support these populations either directly through employment and/or training or through the support of organizations that provide similar opportunities to these underprivileged segments.
- Importantly, GBOs seek to develop financial sustainability through the revenue and profit generated by the business activity. While many GBOs would be considered SMEs, they differ from traditional private sector firms in that they either employ or seek to support segments of society that are not usually integrated into private sector<sup>17</sup>,

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<sup>16</sup> Expect for last year when arrivals dropped by 11%

<sup>17</sup> Definition as given in Strengthening Grassroots Business Initiatives, MPDF July 2004

To analyze the strengths and weaknesses in Cambodia, Vietnam and Laos this research has made a definition of six different GBOs types<sup>18</sup>. We only give the broader definition here of the Social mission NGO and Business Focused NGO as this is relevant for the Job Search project.

1. **Social Mission NGOs:** These organizations focus primarily on a social mission other than income generation. Income generation activities are only a part of the broader organizational focus. The income generation activities often provide financial support and technical training for beneficiaries and provide additional income to support the broader social mission of the NGO.
2. **Business Focused NGOs:** These organizations focus entirely on income generation as a means of meeting their social mission. These organizations typically use the business to provide employment opportunities for their beneficiaries
3. **Government sponsored Employment Initiatives**
4. **Associations**
5. **Cooperatives**
6. **Socially Responsible Private Sector Firms**

The report continues with presenting findings of the support that is needed by each of the different types of Grassroots Business Organizations in order to become more effective. The findings are<sup>19</sup>:

Most Social Mission NGOs lack a wide range of skills. Most of these (*Social Mission NGOs*) severely lack the management capability and infrastructure. This is partly due to the fact that as a part of a larger organization focused on social programs, the management teams are often comprised of inexperienced business managers. This results in poorly positioned businesses without a clear understanding of how to grow the business in a profitable way. At the same time, most of the GBOs within these organizations were developed not because of a specific market opportunity, but rather as a means for providing training and employment to beneficiaries. As a result, many of the GBOs in this category do not have a clear market position or a differentiated product offering. As such, specific support requirements include:

- Business planning
- Marketing
- Governance/Organizational structure development
- Basic Financial Management

The analysis of the other types of GBOs indicates that also other type of organizations that work on skill training and income generation suffer from some staffing and organizational limitation to set up successful businesses. However in this study it becomes very clear that the Social Mission NGOs are the weakest in the group of six in helping establishing sustainable businesses.

### 6.4 Conclusion business search literature review

Reviewing existing experiences and organizations that set up micro-enterprises we hit on a number of issues that were also found in the literature review.

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<sup>18</sup> Page 15 Strengthening Grassroots Business Initiatives, MPDF July 2004

<sup>19</sup> Page 17 Strengthening Grassroots Business Initiatives, MPDF July 2004

- Setting up a micro-business in Cambodia means setting up a family business. A functional family or a social network is the key social capital needed for a small business. Many women that have been trafficked or sexually exploited come from a dysfunctional family or lack a social network making it very difficult for them to start and run a micro-business.
- Proximity to a market is an important success factor to sell goods, buy inputs and get market information. In case women move back to the rural area products they produce in a village need to be sold through a market as point of distribution. Entering these markets is difficult for individual producers. Often an intermediary or entrepreneurs are needed to link the producer to the market. Most of the time they are also needed to provide the raw products. During this desk study it was found that entrepreneurs only work in specific areas that are known for making a specific product.
- Having new business ideas is very difficult. With ZOA in Poipet many businesses were actually targeting the quite large group of middle class inhabitants of the town. The people around the Angkor temples can tap straight into the tourist market allowing for a single business/product approach.
- Running a business is very hard work and requires stamina. The ZOA experience in Poipet shows that not everybody has this mentality and many people, often with a higher skill level and experience than the women in the target group simply drop out.
- Reading and writing skills are crucial to keep the books. It was found that people that are illiterate have often have a hard time understanding more abstract concepts like investment, turnover and profit.
- Providing support to people to set up their own business is very difficult and requires a lot of well trained staff. Next to this it also depends on a focused approach that is often lacking in social NGOs. The MPDF research indicates that social mission NGOs are among the least likely to set up sustainable businesses that are either managed by their own organization or by the beneficiaries.

It seems to be a risky strategy to start training women from the target group in specific skills to start up and run their own business. The changes are considerable for the business to fail due to the fact the women lack business skills and competencies. The NGOs in the COSECAM network are not specialized enough to adequately support the women in building their own business.

### **6.5 Field visit for business search**

In Cambodia, nearly all businesses are small family run businesses<sup>20</sup>. Every year, many small businesses set up and at the same time many close as they fail to become viable. In both developed and developing economies small businesses play a key role in economic development. Further in any economy, small businesses are the biggest employers and best at creating new employment opportunities. The down side of small businesses is that they are harder to support and to invest in because you will need to deal with a lot of different owners.

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<sup>20</sup> Estimates vary from expert to expert of the percentage of the businesses that are owned by families. We believe that close to 95% of the business are family businesses

## **The business cycle**

*The business cycle is the fluctuation in the rate of growth and decline an industry experiences over time.* Every business cycle can be broken down in three stages: the growing stage, the mature stage, and the declining stage. The cycle is driven by companies introducing new products and services and new companies that start. When new products or companies are introduced demand can start to grow. Other people and businesses will react to this opportunity and put the same product on the market. New entries to the market will create equilibrium between demand and supply (the mature stage). Still more businesses will be set up causing an over supply situation in the market with first prices that fall but soon also companies that start failing and going bankrupt (the declining stage). After such a “recession” and decline the business cycle starts again with a recovery of the industry and growth of (the number of) companies.

Understanding the business cycle is very important because profit margins of small businesses will go up during the recovery and will fall during a recession/decline. This business cycle poses a threat to any company and causes fluctuation in the income from year to year.

## **The profit margin and business cycle in Cambodia**

Small businesses in Cambodia are easy to set up. This is called easy market access. This easy market access creates a very competitive market. As too many businesses are started all are faced with a situation of little or no profit and not being able to recover the costs or making a loss. The philosophy of many Cambodian is that *“trying to run business themselves rather than work for other or even learn smaller”*. With this concept, profit margins in Cambodia are very low. Many small businesses are set up disregarding the business cycle of the industry they enter.

## **Requirements for starting up a business**

In order to set up a business, one should have starting capital, skills to produce a product, and entrepreneurship.

### **1. Starting Capital**

Any business needs starting capital. The starting capital is used for fixed assets (furniture, buildings, repairs etc) and working capital for the operation of the business such as raw materials and salaries.

Starting capital for doing business in Cambodia varies from one business to another. Some street businesses could be started from USD 50 to a few hundred US Dollar. Sellers in the market need more capital to start. It ranges from USD 3,000 to USD 10,000. Some businesses need a capital investment of over USD 10,000. When setting up a restaurant or a souvenir shop in Siem Reap for example more money is needed to provide the company with fixed and working capital.

As starting capital is smaller for certain types of businesses, these businesses are easy to set up. This encourages many people to start quickly such a business once they have found out this type of business is profitable. As seen earlier these types of companies are working in an industry with a short business cycle and a high risk of quickly being out competed and running a zero profits level.

However, for a business that needs a higher starting capital, people do not set up a company that quickly because of scarcity of capital and often it involves risks of hiring staff. The advantage of this type of business is that it is more stable once proven profitable and not as many other companies can enter into the same market.

Capital is a key requirement to start a business. However, some people say that *capital is not a problem but lack of skills and entrepreneurship are problems in doing business.*

## 2. Skills

Any business needs skills. Skills are classified in two main categories –general skills and specific skills. General skills are related to management, language, and communication needed to manage a business. Specific skills are professional skills for producing product and providing services.

Skill requirements vary according to the type of business. Commercial and sale related businesses need less specific skills. Professional, production and service businesses need in general more complicated skills. Businesses that require more complicated skills face often less competition in their market because not too many people can enter the market.

Most businesses that survive and are successful grow and become bigger thanks to introducing new techniques and a high skill level. So a small restaurant can become bigger or ask higher prices if the cooking skills of the owner are better than the competing restaurant. Skills and techniques are the key ingredients for companies to compete.

By talking to people in Siem Reap, Battambang, and Kampong Cham, it became very clear that skills do play an important role for running a small business. With skills, a business gets competitive advantage compared to other businesses.

*Without specific skills, small businesses have difficulties to survive. They could survive for a short period of time but then they would be easily put out of business by a situation of over supply.*

## 3. Entrepreneurship

An entrepreneur is a person who organizes and manages all the elements needed in a company ranging from land, labor, technology and capital. A successful entrepreneur is able to do these complex tasks efficiently and better than others. Without understanding and having experience running a business in a certain industry setting up a company however small is very difficult. Perhaps one of the most striking characteristics of an entrepreneur is that he or she is willing to accept the risk of failure of running a business.

It could be argued that being entrepreneurial is more important than capital. As rule of thumb it could be said that in any country less than 10 percent of population has an entrepreneurial inclination. These people have the skills and mentality to manage and own a business.

*During the study project we found that most successful entrepreneurs can at least read and write, are good at building and maintaining networks and understand customer relations, know how to get market information next to being able to manage the technical production process.*

**Table 1 Capital and skill requirement**

Type of Business	Capital Requirements	Skill Requirements
1. Street non-food business <ul style="list-style-type: none"> <li>• Phone booth</li> <li>• News paper stand</li> <li>• Weighing services</li> </ul>	USD 50 – USD 500	Good communication, being patient and at least basic reading and writing skills. A lot of stamina to go around under the hot sun.
2. Street food <ul style="list-style-type: none"> <li>• Fruits</li> <li>• Fried food</li> <li>• Ice cream</li> </ul>	USD 300–USD 1,000	Good communication, cooking skills, being patient and basic reading and writing. Network of customers
3. Market Seller <ul style="list-style-type: none"> <li>• Whole seller of food</li> <li>• Clothing and shoes</li> <li>• Fresh vegetables</li> <li>• Beauty products</li> </ul>	USD 1,000 – 10,000	Good communication, being patient and at least basic reading and writing. Network of customers and suppliers
4. Shops and restaurant <ul style="list-style-type: none"> <li>• Laundry shop</li> <li>• Khmer food</li> <li>• Barrang food</li> <li>• Electronics</li> </ul>	USD 5,000 – 20,000	Good communication, being patient, entrepreneurship and, management of staff. Good market information and a network of suppliers

***Street non-food business***

Street businesses include sellers of beer, cigarettes, bread, and telephone services. They can be found on all the main streets of cities and towns in Cambodia. Mobile sellers that go around in the street are also included in this category. Usually poor females do the street business and they often migrate from rural and remote areas to the richer cities to find work. Some businesses can be run by a woman alone were other types of business need the support of the family. Usually they go to buy products from the wholesaler market and sell them to fixed and changing customers living, working and passing by in the street.

A street business is easy to start up. The starting capital is relatively small (USD50 -USD300). The biggest problem faced with setting up this business is finding a space to set up a shop or restaurant. The public space is most of the time controlled by the police or authority that will demand money to set up a business. Even a fully mobile business with people walking around can be forced to pay informal taxes. One way of dealing with this problem is to pay a house owner to sell on the street in front of his house.

During the discussions with street business owners, they told us that they need to work hard and be patient. Some people work 12 hours a day starting with going to the market in the early morning preparing their goods and take these to sell them. Even for this type of business that seems to be relatively simple from a technical perspective, most owners said they needed some basic reading and writing skills. Further they need good communication skills to deal with the traders in the market and the customers.

The revenue varies from one to the other. The gross profit is from USD 2 per day to USD 5 per day. The gross profit is depending on economic activities of the region. In Siem Reap and Poipet, gross profits are higher than in Kampong Cham and Battambang.

### ***Street food business***

Street food businesses include micro-businesses that sell food stuff like rice, fried noodle, fried banana etc.

They need more capital and skills than street non food businesses. They buy for example fish, meat or vegetables from the market, then cook them and sell them to the people. Mostly they provide service to workers, moto-taxi drivers and people living in the area. They invest every day in perishable goods and the success of the business relies on their ability to sell most of the stock in a short time.

They need a higher starting capital compared to street non food business. The starting capital varies from USD300 to USD 1,000. At least a business owner needs cooking skills. The work is hard, often hot and requires endurance. Some people work more than 12 hours a day to do business. Communication skills are obviously needed to maintain a good network of regular customers. The start up of this type of business is also difficult because the entrepreneur has to build a customer base. So in the beginning business is often not very good. Usually the family supports them to do the business. A good place is similar to the non food business also difficult to find.

This kind of business could earn a gross profit from just under USD 4 to USD 8. This type of business is making more money than street non food business.

### ***Market vendor***

Market sellers are people that run a stall in a market. Many of the vendors in the market are female. Most of them are also the business owner and work with the assistance of their family. Markets sell a wide variety of goods by different types of businesses. These businesses can be classified as wet market shops (meat, fish and vegetables), non perishable food stuff, hardware, handicraft, body care and beauty products, garments & shoes and gold & jewelry. Most of the products in the market are imported from either Thailand or Vietnam. A limited amount of the goods sold in market around Cambodia is produced in Cambodia mainly coming from Phnom Penh. Goods are brought to the market by wholesalers coming from Phnom Penh or traders specialized in imported goods. The vendors are selling mainly to other wholesalers that are in turn again wholesalers servicing village based grocery shops. Some of the grocery shops owners come also directly to the market to buy products. Most market vendors have between 5 and 20 wholesale customers. Next to this they sell to individual customers. People selling fresh vegetables and meat mainly service consumers. On most markets the stall owner has a long term lease for his stall with the market owner.

The starting capital required is more than the starting capital needed for a street business. It ranges from 1,000 USD to 10,000 USD according to type of business. To be in the market requires a large stock to serve customers. Local agricultural product sellers need less capital where imported product sellers need higher capital investments.

The market vendors need general skills, communication skill and understanding of the quality of different products. Market information on demands are key to the success of vendors however most have a large and varied stock that covers most products needed. They usually start working at 7 am and finish at 5 pm and they work 7 days a week except special public holiday.

Gross profit of market vendors is from USD 200 to USD 500 per month. The profit is depending on many factors like the business cycle, seasonal and economic situation in the rural area they serve.

### ***Shop and restaurant business***

This category refers to shops and restaurants located outside the market with a specific location to sell food and other goods and services. The type of products range from food, hard ware, souvenir, telephone services, internet, hairdressers, and grocery shops and are common across Cambodia.

The skills requirements for this type of business are higher than for most others. Good management and communication skills are needed to deal with customers and traders. Still most of these businesses are run by families but have reached a skill where a basic administration needs to be kept to keep track of stock and prices.

This category of companies needs more capital than others. It ranges from USD 5,000 to USD 20,000. The capital is used for both fix investment and working capital.

Gross profit is higher and it ranges from USD 200 to USD 1,000 per month. It is also depending on the season and business cycle.

### **Why Business search is not an option for women that enroll in VTF?**

During the literature review strong indications were found that it is very hard for women of our target group to set up their own micro-enterprise. From our field research and interviews with many male and female business owners it also became clear that family support is crucial for running a business. From the interviews it also became clear that people require skills to understand the market and to make use of opportunities in the business cycle. Further they need to have the technical skills to provide a service or to produce a product. One other important element in micro-business success in rural areas was the regional specialization that ensured availability of raw materials and traders or entrepreneurs that come to the area to buy a specific product. These elements form the basic units for the analysis of the options available to women who enroll in the Vocational Training Fund.

#### **1. Family support**

A successful small business in Cambodia always gets support from the whole family. Parents, spouse, and children are helping their family to do the business. Some family members can give part time support where others work full time in the company. Family members are sources of human resources and information to support a business. Often the extended family is an important source for capital.

Most women of our target groups are coming from dysfunctional families. These families might not be willing to support their daughters to do business or in some case might try to just get benefits from the business. The business might actually stand in the way of the reintegration process because women will need to fully rely on their family. The lack of this support has been a problem in the past.

*Without the family support, small businesses most likely will not do well. This implies that a small business would not be appropriate for our target group. However in the rural areas sometimes there is no other option than to start a business to increase family income. In this case the whole family should be supported and encouraged to contribute to the family based company.*

#### **2. Understanding the market and networking**

Small businesses in Cambodia need to have good market information and the capacity to do networking. Next to this a good understanding of the products is needed, and the demand for that type of product in the market. Key is getting the product to the buyer or the market. To do this links are needed to distributors and suppliers.

*Our target group is thought to often have a limited capacity in marketing and networking needed for business. Also the literature review indicates that rural, very poor people face big obstacles in entering into a business.*

### **3. Risk in small business**

Operating a small business is always accompanied with high risk. Small or micro-businesses face a lot of competition of similar businesses that are easily set up and have easy access to often the same market. The risk is also high because small companies can only serve a very small market that is quickly saturated e.g. everybody in the village opens a grocery shop and no one makes a profit. One other risk to micro or small businesses is that the revenue and profit are fluctuating over time due to a short business cycle.

*The women in the target group are not the most confident micro-business operators and are in need of a stable income. They might have difficulties dealing with the risks and fluctuations of their income that can be provided by a micro-business. For women in rural areas a small business often is the only option. However to deal with the risks and fluctuations in income small businesses should be developed next to other sources of income for the family.*

### **4. Regional specialization and understanding about production**

A successful small business operator needs to have good understanding of the production and the production technology. This understanding is one of the key elements that can give an entrepreneur a competitive advantage over other micro-businesses. The need to get products to the market has lead for different geographical areas to develop a specialization. With more people producing one product e.g. silk, kroma's or baskets it becomes viable for traders to start supplying inputs to this industry and collect the finished products for transport to markets. In each area, there are some specialized products produced. This specialization depends to some extend also on the local natural resources.

*With limited basic knowledge of production the target group will have great difficulty to develop a similar skill level or have a competitive advantage over other micro-business owners. Further business opportunities are limited to specific geographical areas.*

## **6.6 Conclusion business search**

In order to start a successful business, one needs to have (1) sufficient capital for the business, (2) enough skills, both general and specific knowledge, and (3) entrepreneurship.

From both the literature review and field work for this project it becomes clear that in order to have a successful small business family support is the key. We also found that most business owners need to have a network and good understanding of how to cater for the market needs of their products.

In order to implement successfully, VTF needs to select woman that have the above mentioned skills, family support and live in the right location to link into existing commercial networks. Trafficked and sexually exploited women often do not have these skills or the family support needed. It should therefore be advised to very strictly screen women on their ability.

Further to this, women of our target group are mainly supported by social mission NGOs that have a very limited track record in sustainable business development.

Taking all these findings into consideration we advise not to include business creation by individual women in the VTF program.

## 7 Job Search

### 7.1 Literature review

Data on industrial classification of the workforce in Cambodia at four points of time, 1997, 1998, 1999 and 2000 show that a very large proportion of workers, more than 70%, are concentrated in the agricultural sector for the country as a whole; for rural areas the figure is even higher, between 75-80%.

The only other industrial groups that show a visible concentration of activities (more than 1% of total employment) are fishing, food processing, construction, retailing (sales and services), transport activities (land and water), education and public administration. More female workers are in food processing, garments industry and retailing, while in fishing, transport and public administration, there are more male workers. In jobs where heavy labor or extensive travel is required, fishing, construction and transport, there is more male labor.

There is a higher concentration of female workers in agriculture than male. In general there is a relatively low occupational and geographic mobility of female workers.

In the production sphere, a notable increase of employment is observed in fishing, garment industry, non-metallic mineral products, metal fabrication, furniture manufacture, electricity generation and printing activities. Hotels and restaurants, sanitation related services, and public services, exhibited a similar expansion in the services sector. Sectors that faced contraction are mining and quarrying, wood and wood products, sale and maintenance of motor vehicles, wholesale trade, and transport by water, renting machinery and domestic employment. The industry groups found to be prominent in terms of proportion of jobs, are, fishing and fish processing, mining, food processing, non-metallic minerals, spinning and weaving, garments, furniture manufacture, saw milling and wood processing, grain mills, building and construction, retail trade, maintenance of motor vehicles, maintenance of motorcycles, and land transport. Each of these, other than saw milling, have the potential to provide increased employment in the future.

Districts in Phnom Penh and the western and north-western provinces show relatively more non-farm employment. There are more male than female workers in non-farm work almost everywhere.

Occupational diversification away from agriculture is small in Cambodia. While some changes have occurred in the 1990s, these have been small. It is however, impossible to estimate the extent of change over time, since none of the macro level databases are fully comparable with each other.

An analysis of 276 enterprises in the industries of fishing and fish processing, silk weaving, cotton weaving, potteries, marble handicraft and brick/tile making suggests that rural industries are disparate entities: there is vast inter-industry, intra-industry and inter-enterprise variations in their labor use, capital outlay, value added, and profitability. However, almost all of them are labor intensive and short of capital. In almost all, the turnaround cycle of capital is rather short, in some cases as little as a month. The source of capital is largely personal resources. Equipment suppliers are either local shopkeepers, or intermediaries and the logic for choice of machinery is the ease with which they could be repaired. With the exception of brick making, hired workers are few in number compared to workers who are engaged on their own account. Earnings of paid workers are always at subsistence, although profits in many industries are higher than subsistence. This is because the labor market is slack. Despite the high technical efficiency

exhibited in operations, absolute earnings are modest because of the tiny scales of operation, low output prices and rudimentary technologies.<sup>21</sup>

### Different industries in Cambodia as found in the literature

In Cambodia different sorts of industries can be identified for the different regions. In the following table the different industries are classified for each province.

Province	Industry
Phnom Penh	<ul style="list-style-type: none"> <li>- Garment industry</li> <li>- Tourist Industry</li> <li>- Brick making</li> <li>- Handicrafts</li> </ul>
Siem Reap	<ul style="list-style-type: none"> <li>- Tourist Industry</li> <li>- Handicraft</li> </ul>
Battambang	<ul style="list-style-type: none"> <li>- Garment Industry</li> <li>- Rice Milling</li> </ul>
Kampong Cham	<ul style="list-style-type: none"> <li>- Garment Industry</li> <li>- Cotton weaving</li> <li>- Brick making</li> <li>- Silk making</li> </ul>
Banteay Meanchey	<ul style="list-style-type: none"> <li>- Rice Milling</li> </ul>
Prey Veng	<ul style="list-style-type: none"> <li>- Rice Milling</li> <li>- Silk making</li> <li>- Cotton weaving</li> </ul>
Takeo	<ul style="list-style-type: none"> <li>- Rice Milling</li> <li>- Silk making</li> </ul>
Svay Rieng	<ul style="list-style-type: none"> <li>- Rice Milling</li> </ul>
Kandal	<ul style="list-style-type: none"> <li>- Rice Milling</li> <li>- Brick making</li> <li>- Silk making</li> <li>- Cotton weaving</li> <li>- Marble Handicraft</li> </ul>
Kompon Thom	<ul style="list-style-type: none"> <li>- Pottery</li> <li>- Brick making</li> </ul>
Kompong Chnang	<ul style="list-style-type: none"> <li>- Pottery</li> </ul>
Pursat	<ul style="list-style-type: none"> <li>- Handicraft</li> </ul>
Not defined	<ul style="list-style-type: none"> <li>- Rural Electrification</li> <li>- Fishing &amp; Fish processing (Mekong river, Tonle Sap Lake)</li> </ul>

### Garment Industry<sup>22</sup>

Most Cambodian garment workers are young, minimally educated and unskilled women who have migrated from rural areas. The Garment Manufacturers Association (GMAC) is the most important player in the development of Cambodia's garment industry. The working conditions are long hours, low wage, excessive overtime. On average, with excessive overtime, garment workers earn \$61 per month.

<sup>21</sup> Acharya, Sarthi, Sedara, Kim, Sotharith, Chap & Yady, Meach (2003), *Off-farm and Non-farm Employment: A Perspective of Job Creation in Cambodia*, Phnom Penh: Cambodia Development Resource Institute, Working Paper 26.

<sup>22</sup> Huot, Chea & Hach, Sok (2001), *The Cambodian Garment Industry*, *Cambodia Development Review*, Volume 5, Issue 3, Phnom Penh, Cambodia Development Research Institute.

Cambodia has comparative advantage as a result of trade concessions granted by developed nations and low labor costs. This can change in the future because the export quotas will be removed end 2004 and the membership of WTO will lead to fierce competition.

### ***Tourist Industry***<sup>23</sup>

Jobs in the tourist industry are: construction, transport and in the service sectors, guards, cleaners and staff of hotels and restaurants. Further, social networks play an important role in getting a job. To work in the tourist industry literacy & vocational skills are needed.

### ***Silk making***<sup>24</sup>

Silk making is primary a household activity.

### ***Cotton weaving***

Cotton weaving is labor intensive and has the potential to provide large employment. However there is little in the form of product diversification or improvement: hence the value added is low and the activity localized.

### ***Brick making***

High competition because neighboring countries export bricks, tiles and roof tiles even though more expensive but also of better quality.

### ***Handicrafts***

This is predominantly a household activity but in recent year families have set up a larger production facilities.

### ***Rice milling***

Rice milling is mainly concentrated in the West and South East of Cambodia. The direct employment potential is seasonal and not high. The spin-off employment, with respect to storage and transportation, could be significant.

### ***Fishing and fish processing***

Cambodia's fishery economy is mainly a seasonal, in-land industry. Fishing is still a low productivity activity with a majority of fisherman not earning more than subsistence.

### ***Rural Electrification***

There are two kinds of enterprises: enterprises that generate and distribute power, and enterprises that recharge batteries. A typical entrepreneur has a high school certificate. Employees are mainly locally recruited and then trained on the job. The employment potential is low.

### ***Pottery***

Pottery is exclusively a household business and not a full time activity.

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<sup>23</sup> Ballard, Brett M (2003), Employment and trade in the Angkor Park: Some Preliminary Observations on the impact of tourism, *Cambodia Development Review*, Volume 7, Issue 1, Phnom Penh, Cambodia Development Research Institute.

<sup>24</sup> Acharya, Sarthi, Sedara, Kim, Sotharith, Chap & Yady, Meach (2003), *Off-farm and Non-farm Employment: A Perspective of Job Creation in Cambodia*, Phnom Penh: Cambodia Development Resource Institute, Working Paper 26.

## **7.2 Key findings derived from the literature**

- More than 70% of the workers in Cambodia work in agriculture
- More female workers are in food processing, garment industry and retailing, while in fishing, transport and public administration, there are more male workers.
- There are more male than female workers in non-farm work almost everywhere in Cambodia
- The garment industry employs a lot of young, minimally educated and unskilled women who have migrated from rural areas
- A lot of the industries in Cambodia are family based
- To get a job social networks often play an important role

## **7.3 Regional job search field visit finding**

Below follow the findings of field visits to Siem Reap, Battambang, Banteay Meanchey, Kampong Cham, and Phnom Penh.

The findings for the different industries are ordered according to the area where we visited the industry. Due to the limitation in time we were not able to check all the industries in the different areas. However we cross checked the relevance of our findings for the main industries namely: garments (formal and informal), hotel & restaurant, construction to be sure they represent the situation of these industries across the country.

As said before, all the figures and average incomes quoted here below are based on one or sometimes two or three interviews. They can therefore not be trusted as representative but more indicative. They do not form a good basis for further statistical analysis.

### **7.3.1 Findings for Siem Reap**

#### **Hotels and restaurants**

##### **General information on the industry**

This industry is growing rapidly in Siem Reap. In the town of Siem Reap there are a total of 3185<sup>25</sup> rooms divided over 58 hotels. Around 20<sup>26</sup> hotels are under construction adding in the near future another 4410 rooms. The number of tourists is not keeping pace with the number of hotel rooms that is added to the stock as in 2003 the industry experienced a 11% decline in tourist arrivals in Siem Reap. Reason for the decline was the SARS epidemic and the bird flu outbreak in Indochina. People in the industry however think that there is still room for quite a lot of growth in tourist arrivals. This is partly possible because a lot of tourist markets have not yet been targeted and with more direct flights to Siem Reap the Angkor area will be in reach of more potential tourists. The down side of more direct flights to Siem Reap is that in other areas of the country the tourism industry develops slowly or not at all. This seems already be the case for Phnom Penh where in the last two years no big hotels have been opened and Sofitel has stopped managing one of the leading hotels.

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<sup>25</sup> Destination Cambodia, Information for the hospitality industry in Cambodia, Newsletter No. 2 March-April 2004, A bi-monthly newsletter from the Phnom Penh Hotel Association (PPHA), the Siem Reap Hotel and Guesthouse Association (SRAHGA) and contribution from the tourism partners

<sup>26</sup> The March April 04 Newsletter of the Siem Reap Hotel and Guesthouse Association states that 25 hotel were under construction in the beginning of the year we assume still about 20 hotel are currently under construction

There is a big difference between guesthouses and hotels in Siem Reap. The guesthouses are almost all run by families and staffed by direct family members or relatives. There is less division of labor in guesthouses, cleaning staff is also found in the kitchen and reception. It is therefore that the average skill level required in guesthouses is much higher than the skill level of the simple jobs in hotels.

As of February 2004 a total number of 2338 people were working in hotels of which 1002 female staff. The guest houses totally employ 520 people providing 270 women with a job. Hotels in general have a far larger pool of staff divided over different specific departments. Jobs in hotels have different levels of skill requirements that allow people to start in easy and simple jobs and develop themselves overtime within the organization or by switching from employer.

The Siem Reap hotels experience some job hopping of their staff. Once people are in the industry there are many different reasons for people to move between the different hotels. It is not only that people get better paid but people were quoted saying that when they get bored with one hotel they try to move to the next. Many people move also “up” from the guesthouses into the hotels. We have however not been able to quantify the number of people that come through the guesthouses to the hotel industry. So in general there is some mobility of the existing staff working in the industry but not too many people leave the industry to have larger number of jobs falling open. New jobs are mainly created by the growth in the industry.

Important characteristic of the hotel industry around the world is that it puts a lot of emphasis on training and professional development of all the staff in the hotel. Hotels are very dependant on their staff as service is the product they sell.

### **Hotel organization**

Most hotels have different departments that look after the different functions of the hotel. Different departments also require different skill levels. It is quite common in the middle class hotels that staff moves up through the different departments starting in house keeping and cleaning moving up to waiter and front office functions. In the high end hotels this is much more difficult because the difference between the skill levels in the different departments is much bigger. In other words the language skills of the door person in a high end hotel have to be very good where the person doing housekeeping can work with very limited English already. The high end hotels also have a philosophy that all the staff should be able to communicate with the guests and that they all add to the image of the hotel. This means that the overall requirements of the more prestigious hotels are higher even in the jobs with limited skills.

### **How to recruit new employees in the industry**

#### **New hotels**

Most new hotels start with putting an advertisement in the newspaper or posting an announcement at their gate that they will be hiring.

#### **Existing hotels**

Existing hotels have different ways of recruiting staff.

Most common is to use the existing network they have to find new people. Their network is mainly made up their own staff. When jobs fall open the hotel staff anticipates to this and introduces relatives and friends to the management to take the position.

Hotels also actively use this network by asking explicitly to their staff if they know people for the job.

It is also quite common that hotels will put an announcement outside the hotel with a job description and requirements of the new staff that they are looking for.

Hotels seem to start making use of the only employment agency in town. This agency seems to target the more locally owned middle class hotels.

One other channel to find new staff is through the two hotels schools in Siem Reap. One of these schools named Sala Bai is actively searching for employment opportunities for their graduates. The Paul Du Brule hotel school does not look for jobs for its students but has an internship program that will likely help hotels find the appropriate staff.

Hotels that are up and running rarely make much use of the newspaper as a way to find new staff by placing job advertisements. The high end hotels however do use job advertisements as a way to find highly qualified more technical staff for engineering and maintenance.

### **How to select new employees in the industry**

Selection takes place most often by interviewing people. It is quite common that people are asked to bring their CV and supporting documents that shows that they have relevant work experience.

For the jobs that require less skill an interview and a performance test is often the way to check if people have the abilities they claim to have.

### **Skill requirements of jobs for women in the target group**

There is general difference between the skill requirements asked in the high end hotels and the middle class hotels. In the high end hotel it is very important that every staff member can speak sufficient English to react to the needs of the customers. The middle class hotels only expect this from the staff that has direct contact with the guests.

All hotels and restaurant we talked to put motivation and mentality at the first place when assessing potential staff. If women from the target group want to enter the industry they need to be able to demonstrate their commitment to work in a service oriented industry and must realize that their personality will have to contribute to the image of the hotel.

This mentality is maybe not necessarily a skill but is really number one for any hotel or restaurant that we talked to.

Related to the mentality is the honesty of people. Staff comes in close contact with guests that must have the feeling that they are in a safe environment where they can rely on the people around them for information and protection of their belongings.

Next to this there are more specific requirements for the different jobs in the industry. For all job levels however it is important that potential staff has a general understanding of the way hotels work and the different functions of departments Also they need to be aware of what service and quality means in the hospitality industry.

### **Housekeeping/cleaning**

In general these jobs require very little skills. The skills that are needed can often be easily taught on the job. Little or no English is needed to do this job. In the high end hotels these jobs also need some Khmer reading and writing skills.

### **Laundry services for guests**

Although these jobs don't need much skills they often put the staff in contact with the customers that have to be able to communicate his or her needs therefore they need to speak English. This service is mainly provided in the high end hotels.

### **Waitress**

Most hotels and restaurants work with a system with two types of waiters. The first waiter is responsible to take the orders of the guests and manages the restaurant. A larger group of assistant waiters delivers orders and cleans the tables. This system makes it possible that people with relatively little training can work in a restaurant. Assistant waiters need some experience or training working in a restaurant or hotel. Some English skills are still required.

### **Kitchen help**

This job can be performed with little skills. Some knowledge of hygiene is needed. Depending on the hotel some language skills are needed if the kitchen is managed by a foreign Chef. Some experience or training is often needed as this type of jobs also involves some cooking next to cleaning. This job can provide some upward mobility if people have talent. Still literacy is an issue as a lot of the communication with the waiters takes place in writing.

### **Door person/Bell boy**

This job is commonly performed by men. It needs not many skills but some language skills are required. Further the door person must take luggage in and out of cars and must be strong enough to do so. It is possible for women to do this although most of the Siem Reap hotels seem to be using men for this job.

### **Receptionist/Front office**

The front office in a hotel is the reception part where guests check in and request other types of services. In general these jobs need higher levels of skill and require that people can react direct and adequately to the needs of the guests without a lot of guidance. This means the people must have a good level of English, show imitative and can represent the image of the hotel.

### **Common jobs carried out by women with low skills**

Most of the women with limited skills work in the housekeeping, cleaning and as a kitchen help in hotels.

Based on statistics<sup>27</sup> of the industry and interviews with different types of hotels and restaurants we estimate that about 40% of all the jobs in the industry are performed by women and require low or limited skills.

Still it is important to note that they need some skills that can be rather hard to acquire by the women from the target group. In order to enter into the industry and to compete at the current labor market women from the target group will need to be trained well. Overall standards are high in the hospitality branch.

### **Estimated number of vacancies**

It is hard to make a good estimation of the turn-over in the industry as no statistics are available. From interviews however we can conclude that the turn-over is low. Quite a number of jobs fall

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<sup>27</sup> Destination Cambodia, Information for the hospitality industry in Cambodia, Newsletter No. 2 March-April 2004, A bi-monthly newsletter from the Phnom Penh Hotel Association (PPHA), the Siem Reap Hotel and Guesthouse Association (SRAHGA) and contribution from the tourism partners

open when people move around, opportunistically in the industry to improve their position and salary. This is mainly the case with the higher paid more skilled jobs.

In the low skilled jobs that are open for women from the target group there is less turn-over. People don't switch that often between hotels as the salaries and working conditions are in general the same for the low skilled jobs. Still a number of jobs fall open as this group has an upward mobility.

Job openings at this level are most often the result of the growth in the industry. With close to 20 larger hotels opening in the near future there will be about 900 new jobs created. We estimate that about 40% of these jobs are open for women with relatively low skills. This would mean that about 350 jobs will be available with in a year and a half for the women from the target group.

### **Training**

#### **What kind of training is necessary in the industry?**

Training needs on specific "hotel skills" are limited as most of the skills can be taught on the job in the low skills position. It seems that more attention is needed to give people a good introduction to what the hospitality industry is expecting from them and what the mentality should be of people working in the industry.

Perhaps the most important skill needed in the industry is the ability to read and write. A lot of communication in the hotel organization is done on paper as the organization involves so many people that have to work together that without recording things it is very difficult to keep track of the needs of customers and who is doing what. This even goes for housekeeping in the high end hotels that need to write simple reports at times or understand which rooms have been checked out.

Next to literacy staff in low skilled jobs would have a competitive advantage if they can speak some English to react to the needs of the guests.

#### **How much time does the training take?**

Who is the trainer?

As indicated earlier most hotels provide a lot of on the job training for the simple skills. The high end hotels also make sure that people study English. The middle class hotels don't provide a lot of training other than on the job. However it is quite normal that the people working in these hotels try to progress their careers by studying language and hospitality skills in their spare time.

In Siem Reap there are two hotel schools. Sala Bai is actively targeting poor people and hand pick students by visiting families and checking the background of the students. They have strict minimum entrance requirements that seem to be too high already for most of the women in the target group of the VTF. Sala Bai goes through a lot of trouble by trying to place people in hotels after they have finished the school. This forces the school to ensure that they provide relevant and good quality training. This channel seems to be ideal for the women of the target group but is out of reach of most. At the moment one woman has been sent to Sala Bai to follow the regular program.

The Paul Du Brule hotel school has been approached during this study but we have not been able to discuss with them their program. From secondary sources we learned that they do not strictly focus on training people from poor families but rather select on the talent and skill to

admit students to the school. They are like Sala Bai sponsored by a donor. This hotel school does not try to find jobs for their graduates but does have an internship program that can lead to a job.

The only job placement agency in operation in Siem Reap also provides a number of basic training for people that want to enter into the hotel industry ranging from door person to house keeping. They charge on average 18 USD for a 24 hours training that is provided in a one or two week time span. The trainers for this training are sourced from the two hotel schools and from the industry it self.

Who pays for the training?

Currently the hotels schools that provide the training to the largest group of hotel employees are sponsored by a donor. To study hospitality is not cheap with the costs for one student at Sala Bai running at close to 1500 USD per year.

Some of the big hotels are actively investing in the training of their staff. However the skills that are being taught are higher level skills that require already good reading and writing skills.

In the middle class hotels staff is paying for their own training as a way to progress their careers.

Training needs of the target group

The target group of the VTF is hardly being reached by the current training that is available for the industry. During discussion with Sala Bai it became clear that they could develop a course that would have a much lower entrance level in order to have women of the target group join this course.

Still the most important training need among women from the target group if they would like to enter into the hotel industry is simple reading and writing

### **Guesthouses**

CWCC has been successful in placing a number of people that stay in the shelter into the guesthouses. This was done by the existing network that CWCC has with a number of guesthouses that actually call CWCC to ask if they have people that would like to work in a guesthouse

The quality of work in the guesthouse is very different from hotels. One very good aspect of the guesthouse is that they are almost all family businesses that also provide room and boarding to their staff. Women working with a guesthouse have therefore a lot of their problems solved when starting to work with a guesthouse as they have a roof over their head and food.

The down side of this system is the very low salaries that are found to be paid by the guesthouses. We heard salaries as low as 12. 50 USD per month are normal but they can be as high as 20 USD a month.

The work in guesthouses is very simple and therefore requires little training before hand. The low salaries are however a major issue as it was observed that the outsiders working in especially family run guest houses must work really hard.

Low salaries and the sometimes exploitative relation between owning family and staff lead to many drop outs.

No good research has been done though after the actual drop out of the guesthouses by women who come from the shelter. The low salaries and hard work make it very likely that they give up these types of jobs and return to a job in the sex industry. Even if women are really at the end of their career in prostitution they can still earn more money in the sex industry compared to working as a low skilled staff at guesthouse.

For women that are very motivated to work in the hospitality industry a job in a guesthouse might be the start of a career. They would need to learn quickly the ropes of the work in the guesthouse and study next to their work to make a change to enter into a job at one of the hotels. This is a route that is followed by quite a number of staff currently working with the big hotels. It should be noted that the basic skill levels of these people are in general much higher than the women from the target group making it easier to acquire new skills.

### **Handicraft**

#### **General information on the industry**

Almost all handicraft industry in Cambodia is family based.

With a growing number of visitors to Cambodia and especially Angkor Wat this industry is growing fast and has a lot of opportunities. At the moment most of the handicrafts are imported from Thailand and Vietnam. Problem with competing against the neighboring handicrafts industry is that the production in Cambodia lacks the economies of scale in its production for the low end of the souvenirs market. But also the higher end of the market is difficult for Cambodian producers to compete because they lack the sophisticated technologies for etching, engraving, printing and finishing of the products.

There are several kinds of handicrafts manufactured in Cambodia. Most designs follow the Angkor architectural forms<sup>28</sup>, which have a high appeal in the tourist market. A few are made from straw or rattan, some from clay, others from marble, sandstone and metal. Most of these products are relatively simple and are often based on traditional technologies and materials. Up until now relatively little innovation has taken place to produce the traditional Cambodian handy craft and they often lack appealing design and material use. With the help of a number of project and initiatives<sup>29</sup> an impulse is being given to the traditional Cambodian producers of handicrafts to upgrade their production and improve the designs.

Cambodia has a number of traditional areas where specific handicrafts are being made. Marble and stone handicraft manufacturing is concentrated in the provinces Pursat, Kandal, Siem Reap and Phnom Penh. Most activity is carried out on a household level, very often in addition to farming.

Silk weaving is an ancient technology in Cambodia. 98 percent of the yarn is imported from Vietnam and weaving and dying is carried out in Cambodia. Weaving is primarily a household activity, carried out by women. Silk weaving is traditionally not situated in Siem Reap. In Cambodia there are about 10,000 weavers mostly working in Takeo, Kandal, Prey Veng and Kampong Cham.<sup>30</sup>

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<sup>28</sup> Also the souvenirs produced in Vietnam and Thailand are inspired by these forms

<sup>29</sup> Silk Forum, Artisans' Association of Cambodia (near Wat Phnom in PP)

<sup>30</sup> Acharya, Sarthi, Sedara, Kim, Sotharith, Chap & Yady, Meach (2003), *Off-farm and Non-farm Employment: A Perspective of Job Creation in Cambodia*, Phnom Penh: Cambodia Development Resource Institute, Working Paper 26.

## **Recruitment, selection and training**

### *Stone Carving*

In Siem Reap there are a few stone carving handicraft workshops that employ altogether around 50 workers but only males. Most of the workshops are clustered next to the river just the conservatory of the Ministry of Culture and Fine Arts. The people that started with the workshops have often been trained in by the Artisans d'Angkor at least that is what we heard from Artisans d'Angkor.

Many of the men working in the stone carving shops learn to shape sand stone that is brought in from Banteay Meanchey province. They start their career as trainees. They receive no salary during this period but do get food and lodging. After some time when their skills are of a reasonable level they can become workers employed by the workshop owner. They receive salaries up to 20 USD per month or are working on a commission basis and get paid when a piece is sold. This commission can run into the hundreds of dollars as some works (door lintels) fetch up to 4000 USD when sold to foreign tourists. If a worker is very gifted and earns enough himself he will become a contractor to the workshop owner who has often contact with a number of souvenirs shops. As contractor stone carvers can earn very well depending on the season. A number of these contractors have by now moved back to their villages and work from their house.

No women are currently in training in any of the workshops along the river. All workshop owners spoken to have said it would be no problem for women to learn this profession. However there was one practical problem. Since these stone carving masters also provide food and lodging they would need to have appropriate accommodation for female trainees or workers. One of the workshop owners even said that he could have girls trained by his mother who is also a skilled stone carver. But the lack of appropriate sleeping places made it impossible at this moment to receive any women.

### **Salaries**

In the stone carving handicrafts industry the hired workers earn about 1 USD a day although depending on the skill and contract arrangement workers can earn much more but have to go with out pay over longer periods of time before they have sold a new piece.

## **Conclusion and recommendations**

The existing handicraft industry is dominated by family businesses and on a very small scale in the Siem Reap area.

Unfortunately Artisans d' Angkor is not accessible for women from the target group because Artisans d' Angkor targets a village and trains only people of this village and no individuals. As a result the existing handicraft industry seems not sizeable enough to employ the women from the target group. Nevertheless there are opportunities for women of the target group because there is a growing market for handicrafts. They will have to compete with the existing suppliers but with the right skill training and help in setting up the marketing channels it could become successful.

### **Artisans d' Angkor**

*Artisans d' Angkor trains young people to make handicrafts through Chantiers – Ecoles in Siem Reap. They use special designs and offer a high quality product. Therefore they create small communities of craftsmen to make the handicrafts. For the villages that are selected it is extremely important that they are close to Siem Reap and have easy access to a road. This makes management and supply of materials possible. People who are selected have to have the ability to become a craftsman. They have to be creative and need the right hand and mental skills. After the selection villagers are trained together during a one year period. Quality of the craftsmanship is very much emphasized during the training and quality control is a constant issues. After 3 to 6 months the trainees begin to produce for Artisans d' Angkor. They do this from their home village where Artisans d'Angkor establishes a workshop for the craftsman to work in. Currently there are close 15 workshops run by Artisans in rural villages around Siem Reap town. At this moment there are 550 craftsmen, 150 employees, 60 of them in the shops.*

*Because the people of the villages have a different mentality and seem to lack commercial awareness, the people of the village asked to focus on the production of the handicrafts only. Artisans d' Angkor takes care off the marketing and sales of the products. 90% is being sold through their shops and 10% are special orders.*

## **Construction**

### **General information on the industry**

Construction could provide some jobs to women from the target group. Work in the construction industry is seasonal, during the dry season there is more work. An average construction project lasts three months. Workers are divided into three categories: unskilled, skilled, and professional workers. On average 30% are professionals, 50% skilled workers, and 20% of the workers are unskilled. The unskilled workers carry the material. Skilled workers have a specific skill, for example fixing the steel mesh, mixing the cement or building a wall. The professionals are people who are trained, for example to do the plumbing or the electricity. About 60% of the unskilled workers are women. Women work often as an assistant to the men by carrying materials. Further there are also women who have a specific skill and therefore can earn more salary. Thus women who are trained a special skill have an advantage in the industry.

### **Recruitment, selection and training of employees**

Construction is mostly in the hands of a main contractor who hires sub-contractors to do the job. The main contractor hires an architect, engineers and supervisors. The sub-contractors hire their own staff. The process of hiring is mainly through existing networks. When a new construction site is being opened the sub-contractors rehire their former staff. Only when there are not enough workers through the network a sign is being placed at the construction site. People can also go to the site to ask for work. Unfortunately there are bribes the worker has to pay when he wants the job. At the moment training is on the job. People can develop themselves from unskilled to skilled workers if they are good and have the right mentality.

### **Salaries**

Salaries vary depending on the skills of the worker. An unskilled worker can earn between 0.5 USD and 1 USD a day. A skilled worker can earn between 1.5 USD and 2 USD and a professional can earn up to 15 USD a day. There are 8 working hours a day and extra hours are paid.

### **Conclusions and recommendations**

The problem of entering the industry is that it seems to be dominated by existing networks of sub-contractors and construction workers. Nevertheless the industry is sizeable in Siem Reap

with close to 20 hotels still being build with each building side existing of on average 200 workers. That is why it could be rewarding to try to enter into the existing networks with the help of a main contractor.

### 7.3.2 Findings for Phnom Penh

#### **Garment industry**

The garment industry is the biggest industry in Phnom Penh. Other industries in Phnom Penh are similar to the industries already described in the part about jobs in Siem Reap of this report. Therefore the focus in this part will be on the garment industry. The garment industry is the main employer of Phnom Penh and employs almost one third of the people living in Phnom Penh.<sup>31</sup>

#### **General information on industry**

The industry employs about 300, 000 employees. There are more jobs for women than for men; about 85% of the jobs are performed by low skilled women. Most of the women are sewers, but also packaging, inspection and quality control are jobs performed by women.

The top 20-25 factories employ 50% of the people. These factories each employ more than 3000 employees. The small and medium factories employ between 1000 and 1500 employees.

In Phnom Penh it is not very difficult to recruit people. In Kampong Cham and Sihanoukville the garment industry experiences more problems finding the right staff. Housing is provided, but people just do not want to reallocate to these areas. Factories do not want to move to Battambang because of the bad infrastructure and because of the problems and the cost of water and electricity in this region. In addition salaries are the same as in Phnom Penh. Therefore factories make less profit when moving to Battambang. The only reason for the garment industry to move outside of Phnom Penh would be the much lower land prices than in the Phnom Penh area.

The investments in the garment industry in Cambodia are still growing. The larger companies that come from mainland China, Korea and other Asian countries like to diversify their risk, and not only produce in China. This is one of the reasons to keep on investing in the Cambodian garment industry despite the Multi Fiber agreement at the end of 2004. The industry in Cambodia also hope to make use of the LDC ticket to negotiate better trade agreements once the WTO regime comes in force. GMAC, the Garment Manufacturers Association Cambodia, expects the industry to grow for at least the next 5 years. The estimated number of vacancies for the next 5 years is about 40,000 vacancies each year.

#### **Recruitment and selection of employees**

A lot of the recruitment in the garment industry is still informal, through friends and family. Nevertheless the industry is trying to formalize their recruitment. Unfortunately bribes are still being paid to get a job or training. The larger factories have formal HR departments and try to prevent the payment of bribes. However, because the industry is big and a lot of people are involved it is difficult to prevent.

There are no specific skills needed for women to work in the industry. Therefore this industry is very suitable for women of the target group. Further the garment industry is a big industry so you can be relatively anonymous. Thus, it doesn't really matter if you were a sex worker before.

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<sup>31</sup> It is estimated that 1.000, 000 people live in Phnom Penh and 300,000 people work in the garment factories.

## **Training**

### **What kind of training is necessary in the industry?**

Most of the training in the garment industry is on the job training. Additionally the CGTC, Cambodia Garment Training Center, provides different kinds of training:

- Sewing Operator Beginning Course
- Maintenance Course
- QC Training Course
- Supervisor Training Course

The first two days of the Sewing Operator Beginning Course trainees learn about the expectations of the industry and a tour is organized through the factory so trainees get an idea what it is like to work in a garment factory. The trainees are prepared to work in a garment factory and are sent for a test to the factories.

The training center was set up in the first place for career development. The Sewing Operator Beginning Course is also offered to the public. The purpose is to standardize production and quality. There is a gentlemen's agreement with the factories to hire people that are trained through the CGTC first. The CGTC is at this moment totally dependant on GMAC for trainees and should be able to get more trainees from the public.

### **How much time does the training take?**

The Sewing Operator Beginning Course takes 12 days, 7 hours each day. The costs are USD 5 for the whole course. There is a training capacity for 30 trainees. Every three weeks a new training starts.

### **Who is the trainer?**

There are trainers from the CGTC and trainers from the different factories. The trainers from the factories are experienced workers with 4 till 6 years experience in working in the garment industry.

### **Who pays for the training?**

The trainee pays for the training.

## **Salaries**

The first three months the trainee receives not their full salary as their productivity is too low. Trainees receive only 40 USD during this period. The average salary is 60 USD per month. The garment industry confirms to the labor law. There is actually quite a lot of oversight over the garments industry by independent inspectors hired by large garment chains in Europe and the US. Also ILO keeps watch of the industry and has helped with the establishment of the Labor Arbitration Commission to deal with collective labor disputes in a more organized and efficient manner. Due to the external pressure most companies comply with the workweek of 6 days of 8 hours a day with a maximum of 2 hours overtime each day.

## **Conclusions and recommendations**

The Garment Industry is very suitable for the target group because no skills are required for women to enter the industry. Also they have the opportunity to stay relatively anonymous if they would like to. To help women of the target group to get a job in this industry it is very important to build a network with this industry. A network could be build with the help of GMAC and also the CGTC can provide a more easy way for the women to enter the industry. By building a

network with these organizations it will be possible to build a network with the whole industry because they can provide the link to the different garment factories.

### **7.3.3 Findings for Battambang, Banteay Meanchey, Poipet**

The main industry in Battambang and Banteay Meanchey is agriculture. For about 90% of the people farming is the main source of income. Other activities next to farming are: picking wild vegetables, making kroma's and mats. Both the markets in Battambang and Banteay Meanchey are wholesale markets owned by Sino Khmer people. The markets mainly support the local economy. There are a few factories that employ people and further there are a lot of small garment workshops in the area surrounding Battambang, Banteay Meanchey and Poipet.

#### **Hygienic Noodle Factory**

This factory has been established by a group of families that used to be all independent rice noodle manufactures. The factory is based in the peri-urban outskirts of Battambang and is equipped with one production line that can be run by 6 to 7 staff. This factory claims to produce all the rice noodles for the whole of Battambang province with a distribution network going to all districts markets. The distribution is done through a group of 30 to 40 retailers.

In total around 30 people work with the factory in production, transport and boiler house. The skill requirements are low except for the managerial functions. People are hired from the neighborhood. People regularly drop by in the factory to ask if any jobs are available.

The factory also runs a rice mill that produces the rice for the factory this mill employs and additional 10 persons.

#### **Digital Divide Data**

DDD is a company that has grown out of a NGO set up in 2001 by a group of US entrepreneurs in Cambodia. DDD is an organization that can be placed somewhere between a NGO with a commercial mission and a company with a strong social agenda. Breaking even or making a profit is the aim of the organization but it has set a clear objective that it wants to employ as many people who have been a victim of land mines, polio or trafficking. DDD has been funded by different organizations. For instance the office in Battambang was financed by UNDP and will provide by early 2005 50 employees. The office in Phnom Penh is also still expanding from currently 130 employees to 200 by next year. On average 90% of the people working in the PP office is handicapped with only few people that have been trafficked. The balance in the Battambang office is different with close to 50% from the primary target group of land mine, polio or trafficking victims.

The core business of DDD is data entry for companies and organizations from the west. Large files with data are sent to Cambodia and then entered into a computer. These data files can be in different languages but also contain such things as phone directories. In order to get a job with DDD people need to be able to speak and read simple English and have basic computer skills and be able to type 30 words per minute with 90% accuracy.

DDD does not provide the training for people to get to this entry level. Once people have been hired they get on the job training. In periods where not a lot of work is available the staff is encouraged to train using new computer software and hone their computer and data entry skills.

The average salary is around 60 USD in Battambang and 65 USD in Phnom Penh. For this people have to work 6 hours a day 6 days a week. Next to the salary they can get part of extra

training and schooling reimbursed they have health coverage and can loan a small amount of money.

The human resource policy is based on the principle that new people should be constantly coming into the organization and more skilled people should leave for other organizations. This HR policy is in support of the development objective of the organization that want to make people ready for the real labor market where they can also earn higher salaries than with DDD. The organization has been growing fast over the last few years so this HR policy has not yet been proven to work as most people can be retained within the organization up until now.

### ***Suitability of the work for target group***

The work would be highly suitable for the women from the target group. It is a well protected environment that stimulates people to increase their skills while providing a fair salary. At the same time the organization is very commercial allowing people to become familiar with what companies need to do to survive in the real world.

However the skill level needed for women from the target group is too high to assume that they can be reached with skill training provided in the VTF. Solid reading, language and computer skills are needed. Currently DDD is providing training to a group of trafficked women as part of an AF project. The experience there shows that it is very hard to find women that have been trafficked and have enough skills to be trained.

### **Diamond water bottling**

This company is operating from the old Pepsi factory in Battambang and only bottle water in large and small bottles that are being distributed in the Battambang town and the surrounding areas. It is a state run company at least that was the claim made by the manager of the factory. A few years ago the factory was still producing soda drinks but stopped doing this due to problems with the equipment that dates from the 1960.

The factory only employed 5 or 6 people. However it is a good demonstration of companies that could absorb women from the target group. In Siem Reap some women were working with a bottling company. Looking at the Diamond bottling company the production is rather labor intensive with all the bottles filled and packed by hand.

### ***Suitability of the work for target group***

This type of work is very suitable for women from the target group. Quite a number of these companies exist through out Cambodia. When building networks with companies it would make sense to include bottling companies in the list of companies that need to be approached. The demand for bottle water is growing and the companies provide many low skilled jobs.

### **Tailor/garment workshops**

#### **General information on the industry**

In Poipet there are a lot of small garment workshops employing between 10 and 25 workers. These workshops are run by entrepreneurs that increasingly have production of garments take place in rural areas. The difference with the garment factories in Phnom Penh is that one worker is responsible for the whole process of making the clothes. Every workshop is specialized in making one type of clothes, for example jeans, army trousers, or jackets. These garment workshops all produce for the Thai market across the border in Poipet. The industry is still growing because of the growing demand of the Thai market. In Poipet mainly new clothes are produced while at the Thai market there are a lot of workshops owned by Cambodians that remake second hand clothes. Some of these secondhand remake workshops can be found in

Poipet and in BM province they are mostly very small providing work to the self-employed. The market of second hand clothes is not growing anymore.

With regard to new garments entrepreneurs mention that the competition from garment workshops in the villages is rising putting the workshops in Poipet it self under pressure. Villages can produce at lower costs, because of the lower costs of living. However the quality of the clothes produced in Poipet is higher because of the use of electricity and better management of the production process.

Further there are more garment workshops opening in Poipet. As a result the fees per garment in the industry are going down. The supply of garments and people producing them is growing faster than the demand. Being totally dependent on the Thai market this is going to limit the growth of this industry in the near future if no measures are taken to stimulate the growth and viability of the industry as a whole.

It was however observed that since almost 2 years no different models are being produced by the informal garments industry. New models would most likely help penetrate new markets in Thailand and push the growth of the informal garments industry.

### **Recruitment and selection**

Most of the workshops start as a family business and later expand. First family members are employed and when expanding workers are hired through the network of the employees. There are no skills required to enter the industry but women who are already trained have an advantage.

In the rural areas the expansion of the industry is more based on the opportunity to get hold of work. One or two people in a village manage to get a batch pre-cut fabric that needs to be put together. The work is handed out in the village among the different people involved in sewing. The person distributing the work in the village is also responsible for the quality control and handling of the finished goods. For this the person will charge 1 to 2 Baht per garment from the person putting the garment together.

### **Training**

Training is on the job. The costs of the training are between 7.50 USD and 20 USD per worker in Poipet. However there are also workshops that don't charge any training fee but this results in very low production of a starting garment worker and limited income. It is logic for these people to invest a little in training in order to be able to work faster and earn a descend income from the start.

In rural areas it was found that no training fee is asked. Several years ago this was still the case but the skill is now so wide spread that most people learn from family or friends in order to enter in the cottage style industry. It makes also sense not to charge any more for training as the people that distribute the garments in the village earn more themselves if they can find more people that can do the work.

### **Salaries**

The salaries in the industry are based on a piece rate. A worker earns 10 to 18 Baht for a trouser. When working hard it is possible to produce 10 trousers a day. If a worker works 9 hours a day he or she can earn about 60 USD per month.

Workers can bring their own sewing machine. Otherwise they have to rent a machine for about 10 USD per month.

In rural areas the income per piece of garment is lower and hovers around 8 to 10 Baht. However, here people need to have a machine to enter into the industry. Current micro-credit schemes seem to be perceived as too expensive to make it possible to buy a sewing machine and earn a reasonable income.

### Structure of the industry

During the job search much attention was given to get a better understanding of the informal garments industry centered in Poipet. This industry has led to the establishment of small workshops that can now also be found as far away as Battambang town and Siem Reap province. Interesting in this garment production system is that it lacks large garment factories. This is a striking contrast to the factories in Phnom Penh with production lines that produce for overseas markets and large garment chains.

What is interesting is that we did not find a higher level of industrialization in these provinces like in Phnom Penh to produce garments. Apparently the system of different small workshops is working well enough and there is no stimulus to change the system since the production is flexible and cheap. Above all, with the current set up the industry seems to stay off the radar screen of the authorities. The factories in Phnom Penh did not emerge through a slow development process from pre-industrialized stage to the current factories. Instead, foreign businessmen who wanted to take advantage of Cambodia's favorable trading arrangements have set up factories and introduced the factory style production system.

Nevertheless, it can be argued that this garment production system that is centered on Poipet is the first step to a more industrialized labor organization where workers work in a factory like set-up.

It is possible to draw parallels from the garment industries in Poipet and Banteay Meanchey, and the earlier stages of the industrial revolution in textile manufacturing in Europe. In 18<sup>th</sup> England, a system was established of putting out work in different small workshops or in people's homes. This system has been called the putting-out system. Some historians also call it the cottage system because the work was done at homes of mainly poor people that lived in cottages. Cloth merchants would buy raw wool from the sheep owners, have it spun into yarn by farmers' wives at home and then take it to country weavers to be made into textiles again at home. The merchants would then collect the textiles, give it out to yet again a home worker to dye it and make garments out of it. This system had a lot of advantages over older systems. It enabled the merchant to get a large supply of manufactured articles at a low price as people started to concentrate on just doing one job. It also made it possible to order particular kinds of items that he needed for his markets. At this time, few merchants had enough capital to go one-step further in the process and establish their own production facility (factory). At a later stage, workers were brought together under one roof and produced the same goods with necessary machines and materials that did not belong to them.

With this, the industrialization of western society had started drawing people from the countryside to the more urbanized areas with factories. A similar development can be seen with garment industries in Poipet however different from what we found in Banteay Meanchey province where work is done in using the putting out system. In Poipet, the merchants (businessman) provide the workshops with material and models, and machines. However about 50% of the machines belong to the workers themselves. In the Poipet case, workers are gathered in the same workshop but not in an industrial set up. It is somewhere between a tailor shop and a factory as the workers are still producing the whole garments without division of labor. We therefore call the workshops in Poipet super-tailor shops. Since earlier research that was carried out at the

beginning of 2003 workshop seem to be moving away from the center of Poipet town to the outskirts of the town. This shows the flexibility of the industry and the ability to adapt to new situations. The move away from the center of town has most likely to do with the increase of rental prices and the changing population in the workshops that is drawn more and more from the communities directly surrounding Poipet.

If the production system is being compared with Poipet then Banteay Meanchey, Battambang and Siem Reap province are still in the phase of the domestic system, where the workers are working at home. During visits to several villages it seems that industry is still expanding. However, in the rural areas it are not the businessman from Poipet that distribute the work away from the main road to the more remote village. Informal and family relations are used to obtain batches of work. The raw materials are transported to villages away from the road where individual women or some time electrified workshops are set up to put the already cut fabric together into fashionable garments that can be sold to Thailand. During the current research it was hard to establish if this industry is still growing but estimates made show that perhaps as 10 to 20.000 people are working in the industry in North West Cambodia. Village where visited just outside of Sisophon where an estimate 400 to 500 women were involved in this type of garment production.

System	Advantages	Disadvantages	Location
<b>Cottage system (Putting-out system)</b>	Flexibility for the worker as they still can work in agriculture, low investment to the merchant	Transport costs high, Difficult to control the quality, very complex set-up to produce simple product	(Rural) Banteay Meanchey, Battambang and Siem Reap province
<b>Super tailor shops</b>	Still high flexibility for the workers Low transport costs Situated close to the market and can react quickly to changes in demand. Better quality control, lower production cost by using specialized machines. Labor relation relatively balanced as workers can go to other shop	The workers have to leave the villages and move into the town. Labor cost 30% higher than in the countryside due to cost of living in Poipet. Start of urbanization process in a town that is not ready for it.	Poipet, almost all shops are in the "Center of town" north of the main road but increasingly moving away out of the center
<b>Factories</b>	High level of quality control. Easier to buy inputs with economy of scale Low internal transaction costs and easy to contact by customers	Labor relations tense as factory owners have more power than the workers. Workers can't vote with their feet like in Poipet but go on strike. Investments relatively high.	Phnom Penh with some factories in the surrounding provinces

### 7.3.4 Findings for Kampong Cham

#### **British American Tobacco (BAT) stemming and tipping factory**

There are about 1200 workers working in the factory and most of them are female. The skill requirements are low and there are no educational requirements. The job is available only 4-5 months, during the dry season.

The company buys steamed tobacco from farmers in the Kampong Cham district. The factory needs workers to remove the stem of tobacco from the leaf. The workers are paid according to a piece rate.

Workers are paid 1.25 USD per working day. However, the job is unstable because it has only 4-6 month a year. Most of the women working in the factory return every year for this job.

#### **Garment factory**

The garment factory employs between 1500 and 3000 workers. We were not able to contact the manager for an interview. They might be not happy to talk to NGOs. It was reported that the factory makes hospital clothes. The employment varies by season but seems to have been declining over time. It is not completely clear why the factory is based close to Kampong Cham town. The factory has been established with in a larger industrial zone that also contains a derelict weaving factory from before the war.

#### **Growing vegetable in Kampong Cham**

Farmers in Kampong Cham traditionally grow vegetable. We interviewed one farmer who was the head of a household with five members all working one hectare of land just on the out skirt of Kampong Cham town. He rents the land 125 USD per year. Vegetable are only grown during the rainy season. They earn is on average 5 USD per day. However it is not completely clear what the inputs are that are needed for the one harvest. They have to pay for pesticide (10,000 per time and 7 time per harvest), fertilizers (2 bags per harvest) etc.

The farmer could opt to bring the produce daily to the market him self or sell it to a trader. When not going to the market him self he could fetch a lower price from his products put he was sure he would sell it all.

The experience of this farmer even though very close to the market and on good soil shows that making an income from agriculture is difficult and full of risks because of investments needed much competition and low technical knowledge.

#### **Tailor shop**

Ms. Chunna Linda learned sewing from another tailor. She started her own shop three years ago in the town of Kampong Cham. The activities of her sewing shop are: making garments on order, produce small series of fashionable cloths that she displays in her shop and providing training to others. The training business is an important part of her income. She asks a fee of USD 80 for period from 8 month to one year. The students are from out side of Kampong Cham town. The students train while at the same time they produce some of the ready made clothes that are sold in the shop. Models for these garments are copied from TV and others shops. The product produced can be sold up until now reasonable easy earning around 5 USD per day.

#### **Growing Soybean**

A group of villages was interviewed that had rented land from a Rubber Plantation Company. On a regular basis parts of the rubber trees are cut down when their productivity is falling. When new trees are being planted the land is rented out for about 5 years for agricultural purposes that

can take place between the young trees. The soil in these plantations is very fertile due to the fertilizing properties of the rubber tree. Soybean harvest is between 1 ton and 1.5 tons per hectare without using fertilizer.

Farmers growing the beans could earn up to 900 USD per year with two harvests. The people interviewed explained that they must pay high bribes to the middle management of the rubber plantation to get hold of a piece of land. This type of agriculture seems to be rather profitable but needs also high initial investment that is only possible for relative rich farmers. All people interviewed worked in small cooperatives made up of people from the same village that worked on each other land as a group. This way the land could be worked more efficiently next to that people could have a better time together rather than everybody working for themselves. All the people interviewed had beside soybean also land outside the rubber plantation where they grow rice.

### **Kroma and Silk weaving in a village**

For already a very long time Kors Sotin District, Prek Chang Kran village and surrounding area are well known for producing high quality cotton and silk clothes. Some silk clothes called Prek Chang Kran silk clothes come from this area and are famous in Cambodia.

Kroma weaving is done by individual families that are being provided with the raw cotton by an entrepreneur that also sells the finished product. The cotton is already dyed and the labor performed by mainly women can earn them a little less than a dollar a day if they work efficient.

The entrepreneur from the area comes regularly by to pick up the finished kromas. This type of weaving seems to be performed by poorer families than those that produce silk. The only thing that families need to start weaving the kromas is a very simple loom that can be made by themselves or the village carpenter. The only piece that can not be made in the village and that is bought from outside is the comb of the loom. Kroma weaving seems to be depending on a local entrepreneur that takes care of the transport of the raw and finished materials. Several of these entrepreneurs are active in the area creating a commercial network that allows for economy of scale in production and demand for raw materials. Due to this size the industry is viable while the people working in the industry still have a rural live style not dedicating all their time to the weaving but also performing some agricultural activities.

### **Silk**

Now the villagers buy silk from Vietnam and dye from Thailand. They sell products in market in Kampong Cham and Phnom Penh and buy inputs there.

Silk weaving production seems to be in decline. Main problems faced are: the inputs like raw silk have gone up in price so much that it eats away most of the profit. Before one bag of silk cost only 20 USD now the price has gone up to 40 USD. The explanation given for this was that the Thai have stopped producing leaving the Vietnamese to produce for both Thailand and Cambodia. The other big problem is that there are less and less unmarried women in the village that want to weave in small workshops set up under houses. These workshops are commonly managed by an older, married woman that teaches the weavers the skills and invest in the materials. The weavers get on average between 75 USD cent and one dollar. Most of the young unmarried weavers are moving to work in Phnom Penh in a garment factory where they can earn twice as much. The women from this area are in high demand in the factories as they are known as good and reliable garment workers.

In comparison with the Kroma weaving the silk distribution is more in the hands of the small weaving workshop owners. They sell their products directly on the market in Kampong Cham or Phnom Penh.

### **Cashew nuts**

The Cashew nut factory of Khmer Agricultural Products is located about 20 Km from Kampong Cham town. It can operate only 4-5 months during a year because lack of capital to buy cashew nuts for processing. So once their own supply of unprocessed nuts is depleted the factory is closed until the next harvest of the nuts. The factory buys mainly cashew nuts from the area around the factory because these are of good quality.

They pay the worker according to their production. On average, workers earn from 35 to 50 USD per month. The workers are villagers living around factory. The factory distributes a vacancy note through the village head and then selects the workers.

The process of cashew nut processing falls apart in different steps. It starts with taking away the outside peel. This is precise but also very dirty work due to the natural oil in the outer peel of the nut. Peeling does not require too much skill but speed is very important to make a reasonable income. The nuts are then steamed and the inner peel is removed. Again people work on a piece rate in remove this peel. Next the nuts are selected by size and quality.

Most work is done by women with perhaps 10% of the packing and carrying jobs performed by man.

The company has also a contract with a walnut producer in California, USA for the peeling of walnuts. The nuts are sent all the way from the USA just for peeling and treatment and then shipped back to the US. For this the company managed to obtain a tax free import and export license.

### **Laundry shop**

A household of two sisters was interviewed that ran a laundry shop for about 10 years in the heart of Kampong Cham town. They clean about 60 to 80 pieces of garment by washing or dry cleaning. Most of the customers are long term customers that come very regular. After 10 years of work the investment at the time of the interview was about 1000 USD to equip the shop. They employed 3 people and earn about 150 USD net a month. The shop still helps the sister earn good money but the market is saturated and they see their income slowly go down. More and more people come into the same market and do the same business despite the relative high investment needed.

## **7.4 Need for social companies**

As discussed earlier in this report setting up a small business is not suitable for women of the target group. Therefore, looking for jobs seems a better option. To get women into jobs they need the right skills training and the NGO's have to set up a network with companies to find these jobs.

Many of the women from the target group can not read and write and almost none have any normal employment experience.<sup>32</sup> They suffer emotional trauma and often have low self esteem. Further they have difficulties concentrating, they learn not as fast as normal and often lack the discipline that is needed in a lot of companies. For example, garment factories prefer to employ

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<sup>32</sup> Vijghen, John, *Child Recovery Centres Intentions versus Realities*, Phnom Penh, January 2004

women with previous work experience, who know the drill and have the discipline to work regular long hours. Women of the target group have to compete with many women who have the same skills and often a higher education.

Besides this there is a huge and growing shortage of jobs for young Cambodians. The World Bank estimates that 200,000 more young Cambodians enter the labor market every year, nearly 30,000 of them from higher educational institutions.<sup>33</sup>

Because of the lack of job opportunities and the fierce competition of other Cambodian women it will be difficult to find jobs for the women of the target group.

An alternative approach is to create employment opportunities especially for these women in the form of companies with mainly a social goal. The highest priority of this type of companies is to provide a safe and stable environment for employees to work. The second priority of this type of enterprises is to make a profit but often they have the benefit of donations to keep the organization running. Another way of saying this is these companies have a strong social agenda rather than a commercial. One good example of this type of organization is the garment factory of Afesip, a social protection NGO, where female victims of sexual exploitation are retrained, rehabilitated and re-empowered.<sup>34</sup>

Other examples are the soy bean factory and the Hagar Design factory of Hagar, a social NGO part of the COSECAM network. These factories employ 60 women who have stayed in the shelter of Hagar before. After a selection in the shelter the most qualified women were chosen to work in these factories. The products are mainly sold on the Cambodian market and some products ordered at Hagar Design are exported. Unfortunately the factories were not able to expand for the last two years because there is not enough money from donors. Besides this, because of fierce competition of local and foreign markets no profits were made.<sup>35</sup>

Skill training meets the demands of the factory because they both belong to the same organization and the factory also takes care off getting the products to the market. Further a social company like this can better deal with the difficulties the women face in getting back to a normal life. There is room for more skill training and the psychological counseling the women need.

Some people will rely on the existence of this type of companies. They don't have the ability to function in a normal organization. It seems to be true that in almost any country industrialized or not about 10% of the economic active population falls within this category.

In Europe such companies are called social work places. Generally, these work places are government owned and do not make any profits. They have mainly a social objective. Employees often have physical or mental problems and are therefore not able to find a job in the existing labor market. They perform very simple tasks and working here is often a way of giving more meaning to their life.

The difference between the social work places and the social companies of the NGO's in Cambodia is the fact that social work places are owned by the government and not totally dependent on donors. Another difference is that the social companies of the NGO's seem to select the best qualified women of the shelter while the social work places only employ people who don't have any chance to find a job outside the social work place. With the hiring strategy the NGOs use the weakest women still don't get a chance to find a job. For the social companies

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<sup>33</sup> Vong, Sokheng, 'Huge and growing shortage of jobs for young people', *Phnom Penh Post*, July 30-August 12, 2004, p. 7

<sup>34</sup> Lindberg, Staffan, 'Afesip's garment factory with a difference', *Phnom Penh Post*, July 16- 29, 2004, p. 8

<sup>35</sup> Other countries often sell similar products, but produced at lower costs

of the NGOs it will be very important that there is enough donor money and for them to find a way to become self sufficient. Therefore they have to use better designs and have to target more markets. Ideally they would be able to expand and as a result create more jobs.

## 8 Annex

### 8.1 Jobs list

Hotel/restaurant	Requirement	Hiring practice	Income USD
Waiter (kelner) Middle and high of the market	<ul style="list-style-type: none"> <li>• Little English</li> <li>• Communicative</li> <li>• Friendly</li> <li>• Social skill</li> <li>• Motivation</li> <li>• 18-25</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement</li> <li>• Active network</li> <li>• Networking</li> <li>• Job placement agency</li> </ul>	Starting at 20 USD/M Normal 50 USD/M High 80 USD/M
Cleaner/ Housekeeping	<ul style="list-style-type: none"> <li>• No English</li> <li>• Mentality</li> <li>• Experience or training</li> <li>• Can be illiterate</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement</li> <li>• Active networking</li> <li>• Network</li> <li>• Job placement agency</li> </ul>	Starting at 20 USD/M Normal 30 USD/M
Kitchen help	<ul style="list-style-type: none"> <li>• Accurate</li> <li>• Can be illiterate</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement</li> <li>• Active networking</li> <li>• Network</li> <li>• Job placement agency</li> </ul>	Starting at 20 USD/M Normal 30 USD/M High 50 USD/M
Receptionist	<ul style="list-style-type: none"> <li>• Experience 6 to 24 month</li> <li>• English skills</li> <li>• 18-25</li> <li>• Hard working</li> <li>• Honest</li> <li>• Good looking</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement</li> <li>• Active networking</li> <li>• Network</li> <li>• Job placement agency</li> </ul>	Starting at 90 USD/M Normal 100/USD
Construction	Requirement	Hiring practice	Income USD
Unskilled worker	<ul style="list-style-type: none"> <li>• Have to look strong</li> <li>• No special skills</li> <li>• Not too young</li> <li>•</li> </ul>	Mainly through existing networks	0.5 - 1 USD/Day
Skilled worker	Need to have specific skill (fixing the steel, mixing the cement) and experience	Mainly through existing networks	1.5 - 2 USD/D

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Professional	Often education or experience in a specific profession (plumbing)	Mainly through existing networks	15 USD/D
Handicraft	Requirement	Hiring practice	Income USD
Stone carving	No skills required people start as trainees	<ul style="list-style-type: none"> <li>Through networks</li> </ul>	Piece rate estimate 2 USD/D
Silk weaving	<ul style="list-style-type: none"> <li>Weaving skills</li> <li>Patience</li> <li>Consistency</li> </ul>	<ul style="list-style-type: none"> <li>Cottage style industry</li> <li>Producers based in the village need link with entrepreneur</li> <li>Some village based workshops have employees from the village</li> </ul>	1 USD/D
Kroma weaving	<ul style="list-style-type: none"> <li>Weaving skills</li> <li>Patience</li> <li>Consistency</li> </ul>	<ul style="list-style-type: none"> <li>Cottage style industry</li> <li>Producers based in the village need link with entrepreneur</li> </ul>	1 USD/D
Garment industry	Requirement	Hiring practice	Income USD
Garment Factories  Sewing Packaging Inspection Quality Control	No skills required	<ul style="list-style-type: none"> <li>Through networks</li> <li>Active networking</li> <li>HR Department</li> <li>Cambodian Garment Training Center</li> </ul>	60 USD
Informal garment workshops	No skills required	<ul style="list-style-type: none"> <li>Through networks</li> <li>Active networking</li> </ul>	Piece rate 40 – 60 USD/M
Tailor ( tailor made clothes no mass production)	No skills required on the job training	<ul style="list-style-type: none"> <li>Through networks</li> </ul>	1-1.5 USD
Brick/Tile industry	Requirement	Hiring practice	Income USD
Unskilled worker	No skills required	<ul style="list-style-type: none"> <li>Through networks</li> <li>Often whole families are hired</li> </ul>	Wet season 0.75 USD/D Dry season 1 – 2.5 USD/D

Cashew nut factory	Requirement	Hiring practice	Income USD
Cleaning, Selection	No skills required	<ul style="list-style-type: none"> <li>• Through networks with villages</li> <li>• Factory only open for 4-5 months, same workers are hired</li> </ul>	50 USD/M
British American Tobacco	Requirement	Hiring practice	Income USD
Tipping and stemming	No skills required	<ul style="list-style-type: none"> <li>• Regular workers</li> <li>• Announcement</li> <li>• Factory only open for 5 months</li> </ul>	Piece rate 1.5 USD/D
Car wash	Requirement	Hiring practice	Income USD
Car washer	<ul style="list-style-type: none"> <li>• Systematic</li> <li>• Hard working</li> </ul>	<ul style="list-style-type: none"> <li>• No specific hiring practice</li> <li>• Through networks</li> <li>• People passing by</li> <li>• Seasonal</li> </ul>	20 – 35 USD/M
Noodle Factory	Requirement	Hiring practice	Income USD
Employee	No skills required	<ul style="list-style-type: none"> <li>• People passing by and asking for work</li> </ul>	0.75 USD/D
Shop	Requirement	Hiring practice	Income USD
Shop assistant	<ul style="list-style-type: none"> <li>• Language skills</li> <li>• Social skills</li> <li>• Communicative skills</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement</li> <li>• Network</li> <li>• Job placement agency</li> </ul>	50 USD/M
Hairdressing/ Beauty Salon	Requirement	Hiring practice	Income USD
Employee	<ul style="list-style-type: none"> <li>• Social skills</li> <li>• Communicative skills</li> </ul>	<ul style="list-style-type: none"> <li>• People passing by asking for a job</li> <li>• Network</li> </ul>	50 USD/M

## 8.2 List of businesses

Business	Needs	Income	Difficulties
Street seller (candy, drinks, cigarettes)	Investment capital: \$50 Location Family: brother buys products in the market, no	Gross revenue: 30000-40000 riel/day Profit: 4000-5000 riel/day	Working about 10 hour a day; No growth in last three year

## Job and Business Search for Young Women Project

	rent because stall in front of house of relatives		
Food cart + tables and chairs	Investment capital: \$300 Network of customers Supplier of bread Family, uncle invested in business	Gross revenue: 80000-90000 riel/day Profit: 20000 per day	Need capital to invest another stall Problem with public order police
Fried banana/rice cakes	Investment capital: \$100 Family business 3 people Products from the market Oil, electricity	Gross revenue: 60000-70000 riel/day Profit: 10000-20000	Instable business place because it located on corner of street; working hard
Green mango	Investment capital: \$30	Gross revenue: 20000-30000 riel/day Profit: 6000-10000	Instable business place; working hard: 12 hours per day
Street telephone service	Investment Capital: \$150	Gross Revenue: 30000-50000 Riel per day Profit: 10000-15000 Riel per day	Competition Difficult to find place Working 10 hours a day
Bread seller	Investment Capital: \$30-\$50	Gross profit: 10,000-15000 Riel per day	Difficult to find good place and sex worker does not willing to do that
Souvenir seller in market	Investment Capital: \$10,000 And need language skill to communicate with tourist. Need experience in business	Gross profit: \$400-\$600 per month	More and more shop in market and very competition Problem in low season
Pillow/ pillow covers	Investment capital: \$100 to \$200	Gross profit: 10,000 Riel to 15,000 Riel per day	Limited market Could not expand further
Laundry	Investment capital: \$1000-\$3000	Gross revenue: 60,000-100,000 Riel per day Profit: \$200/month	Competition and many place set up
Tailor shop	Investment capital: \$2000 to \$3000 Sewing skill is requirement	Gross profit: 20,000 per day	Competition with other shop
Goldsmith	1 year to train skills \$150 \$120 investment for material and equipment	Profit: 10000 riel/day	Business need patient and profit margin going down

## Job and Business Search for Young Women Project

	Network of customers		
Beauty salon (Hairdresser)	Skill requirement and need to rent a location. Capital: 3000-6000	Gross profit: \$200-\$300 per month	Competition is high And seasonal business
Vegetable gardening	Agricultural skill Investment capital: \$100 - \$200; 4 people to work Rent: 550,000 Riel per year	Gross revenue: 20,000 to 40,000 Riel per day Gross profit: 10,000 to 20,000 Riel per day	Price of vegetable varies and high cost of inputs (pesticide and fertiliser)
Soybean agriculture	Need investment capital: \$50 -\$100 per hectare	Gross revenue: \$200 - \$300 per hectare per harvest (two harvest per year)	Need land Agricultural skill Working condition is hard
Brooms	Skills requirement is important; Capital: little (20-\$30)	Gross profit: 3000-5000 Riel per day	Low profit margin

### 8.3 New business ideas

#### List of small business idea's generated during the ZOA AIG project.

Assorted snacks	Grocery	Spring roll paper production
Baked -Cake Production	Hammock weaving	Sticky- Rice-Powder-Cake
Bamboo basket/cages	Horse cart transport service	Sugar can juice
		Sugar can juice/bread sandwich at school
Bamboo tool- production	Incense production	
Banana leaf packed cake for weeding	Khmer Noodle production	Sweet peanut cake
Banchev and soup	Kitchen cutlery	TV & Radio repairing shop
Barber - shop	Kitchen ware shop	Vegetable Pickle production
Bean Juice production	Laundry	Wine production
Bean Preserved production / Sieng	Making oil lamp	Wood dealer
Bicycle and motor bike mechanic	Making Rice Wine	Wooden chess board
	Making wooden stall at market	
Bread Production	Meat and vegetable shop	Yam, potato, taro wholesale
Bread sandwich	Mobile bean juice	Fried Noodle/ Sweet-Jelly
Breakfast Box	Mobile meat ball shop	Fruit dealer
Cake production/selling	Mobile noodle with soup	Fruit grater / bamboo stirrers
Carpenter	Mushroom production	Fruit Ice - cream Production
Charcoal production	Musical Instrument (Traditional)	Fruit selling
Charcoal/handle production		Grilled - chicken
Chicken Dealer (Export From Village)	Noodle and Porridge	Fried Noodle/ Sweet-Jelly

Chinese bund/ sliced, sweet banana	Noodle production	Fruit dealer
Chinese herb filled-in- cake	Papaya pickle	Fruit grater / bamboo stirrers
Chinese Noodle shop/coffee	Papaya Salad Banchev	Sewing / Tailoring
Chopping pad / level carrier	Petrol stock	Sewing hat
		Sewing in a work shop / request a machine
Clothes shop	Pickle production	Smoked, preserved fish
	Pillow, Pillow Case	production
Coconut milk top cake	Production	Snack beef barbecue
Coffee Shop	Preserved radish / sach pov	Soup shop
Cooked rice and food	Preserved young melon	Souvenir handicraft
Cooper smith	Raising animal	Sewing / Tailoring
Crispy cake	Recyclable waste collection	Sewing hat
Decorative cotton bird	Restaurant/small scale	Fried chicken
Desert selling	Sales Fish and Pickle Fish	Sewing
Dried Bean Curd	Salted fish production	
	Scrap metal / plastic collection	
Ear wax remover	Seasonal cake production	
Egg cake production	Selling boiled corn	
Egg Supply and whole buyer		
Exporting vegetable from the village	Selling bread with milk	
Farming	Selling bread/ Sandwich	
Fish Dealer	Selling sugar can juice	
Fish paste	Selling sweet	
	Selling sweet ice at Thai Market	
Fish sauce production	Selling vegetable from home garden	
Fish supply to restaurants	Selling, Chicken Fish	
Food shop	vegetable	

**8.4 List of interviewed people**

Date	Name	Position	Organization	Contact details
<b>Phnom Penh</b>				
13-7	Mr.Jacco Minnaars	Bank training Center Manager	MPDF	+855 (12) 956560 JMinnaar@ifc.org
14-7	Mr. Ken Loo	Secretary General	GMAC	012-282288 <a href="mailto:kenloo@online.com.kh">kenloo@online.com.kh</a>
14-7	Mr. Neat Navin	Administrative director	Cambodian Garment Training Center	016-740967 <a href="mailto:navinneav@online.com.kh">navinneav@online.com.kh</a>
15-7	Mr. Chea Samnang	Research Macro economic and SME issues	Economic Institute of Cambodia	012-840895 <a href="mailto:Samnang.Chea@eicambodia.org">Samnang.Chea@eicambodia.org</a>
15-7	Mr. Tony Knowles	Technical Advisor	SME Cambodia	012-858180 tknowles@forum.org.kh
15-7	Ms. Veronique Salze-Lozac'h	Economic program manager	Asia Foundation	012-813329 vsalze-lozach@cb.asiafound.org
16-7	NGO meeting	Divers people	COSECAM network PP	
10-8	Mam Savath	Shelter Manager	Hagar	012-910563 savath.mam@hagarproject.org
10-8	Mr. Nuy Bora	Director	Wathnakpheap	012-653937 wpdir@online.com.kh
<b>Siem Reap</b>				
20-7	Ms. Sandrine Martel	Director	Sala Bai Hotel School	012-717628 salabai.admin@online.com.kh
20-7	Mr. Sek Ravin	Office Manager	Hotel and Guesthouse ass. of Siem Reap	012-775228 <a href="mailto:info@angkorhotels.org">info@angkorhotels.org</a>
20-7	Mr. Seung Sokhorn	Assitant front office manager	Preah Khan Hotel	012-987498 info@preahkhanhotel.com
20-7	Ms.Yin Sony	Purchasing Officer	Preah Khan Hotel	012-839458 info@preahkhanhotel.com
20-7	Mr. Peter Lim	Marketing Manager	Cambodian Cultural village	012-880228 <a href="mailto:Peter_lim2003@hotmail.com">Peter_lim2003@hotmail.com</a>
20-7	Ms. Chheng Vanna	Office Manager	Department of women affairs	012-490731
20-7	NGO Meeting	Divers people	COSECAM network Siem Reap	
21-7	Mr Ros Sovann	Director	Job Placement agency Siem Reap	012-678957 chrunkinseng@hotmail.com
21-7	Mr Kirk Namphonsaen	Manager	Restaurant Angkor Lodge	012-983510 <a href="mailto:yaklom@camintel.com">yaklom@camintel.com</a>

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			Sawasdee Food Garden	
21-7	Mr. Mida EA	HR and training manager	Victoria Hotel	012-800897 <a href="mailto:hr.angkor@victoriahotels-asia.com">hr.angkor@victoriahotels-asia.com</a>
21-7	Mr. Lorm	Owner	Stone Carving entrepreneurs along SR River	012-644267
22-7	Mr. Nicola Rabier	Resident manager	Pansea Hotel	012-294374
22-7	Mr. Tek Sakana Savuth	Executive Director	Angkor Participatory Development Organization APDO	012-630116 <a href="mailto:teksakana@apdoangkor.org">teksakana@apdoangkor.org</a>
22-7	Liesbeth Moreaux van Opstal	General Coordinator	Chantiers Ecoles de Formation Professionnelle-Artisan d'Angkor	012-479230 <a href="mailto:replic2@camintel.com">replic2@camintel.com</a>
22-7	Ms. Khet Noeurn	Coordinator	CWCC Siem Reap	012-715146
24-7	Mr. Benito Alcidi	Manager	Camimex Dev. Ltd.	016-865972 <a href="mailto:camimex_develop@hotmail.com">camimex_develop@hotmail.com</a>
<b>Battambang</b>				
26-7	Mr. Sam Bona	Business Dev. Specialist	SME Cambodia	012-997212 <a href="mailto:Bonaagriinfo@yahoo.com">Bonaagriinfo@yahoo.com</a> <a href="mailto:edc.nw@forum.org.kh">edc.nw@forum.org.kh</a>
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26-7	Ms. Haruyo Kusumi	Project Coordinator	KNK	012-653610
27-7	Ms. Helen Widdowfield	Project Officer Psychosocial Rehabilitation	IOM	012-900538 <a href="mailto:hwiddowfield@online.com.kh">hwiddowfield@online.com.kh</a>
27-7	Ms. Mao Lang	Director	Meatho Phum K'omah Home Land	012-881784 <a href="mailto:mpkbtb@camintel.com">mpkbtb@camintel.com</a>
27-7	Ms. Sary Deth	Director	Ptea Teuk Dong Coconut House	012-963016 <a href="mailto:abcbb@gocambodia.com">abcbb@gocambodia.com</a>
27-7	Mr. Kann Kunthy	Branch Manager	Digital Divide Data Battambang	012-590964 <a href="mailto:kunthy@digitaldividedata.com">kunthy@digitaldividedata.com</a>
27-7		Director	Hygienic Noodle Factory Battambang	016-882923
27-7		Director	Diamond Brand Water bottling	

## Job and Business Search for Young Women Project

			company	
<b>Banteay Meanchey</b>				
27-7	Mr. Chib Hong		Department of Commerce	016-540540
27-7		Teacher	Krousar Thmey	
<b>Poipet</b>				
28-7	Mr Vanna	Garment entrepreneur		012-313264
28-7	Mr. Yankin	Garment entrepreneur		012-780824
29-7	Ms. Chea Manithh	Director Transit Center	IOM	012-725057 tcosalvy@online.com.kh
<b>Kampong Cham</b>				
2-8	Mr. Heng	Employee	British American Tobacco, Tipping and Stemming Center	
2-8	Ms. Pat Clark	Girls Education Section Advisor	KAPE Kampuchean Action for Primary Education	012-278515 kape.cambodia@online.com.kh
2-8	Ms. Chunna Lyda	Tailor shop owner		
3-8	Mr. Tea Hay	Deputy Director	KAP, cashew nuts factory	012-894752
4-8	Ms. Samuth Putida	Kmp Cham Center Manager	VCAO, Vulnerable Children Assistance Organization	
4-8	Hung Boren	Social worker	VCAO, Vulnerable Children Assistance Organization	

### 8.5 Master question list

#### I. General information on industry

1.1 Type of industry

1.2 How many female employees work in the industry/ organisation?

1.3 Trend of the industry (growing/ declining)?

## II. Information about human resources

### 2.1 Recruitment/Selection

- How to recruit new employees in the industry?
- How to select new employees in the industry?
- Are there specific skill requirements for women in the industry?
  - Gender
  - Area
  - Health
  - Education
  - Social status requirement (could be sex worker)
  - Experience

### 2.2 What is the most common job done by women in the industry?

### 2.3 What is the number of vacancies each year?

### 2.4 Training

- What kind of training is necessary in the industry?
- How much time does the training take?
- Who is the trainer?
- Who pays for the training?
- Is there any testing and follow up

### 2.5 Promotion/incentives

- What promotion policy is used in the industry?
- What incentives policy is used in the industry?

### 2.6 Salaries

- What is the average salary?
- What is the highest salary?
- What is the lowest salary?
- How is the salary in comparison with other organisations in the industry?
- Is there a bonus system?

### 2.7 Staff evaluation

- What policy is used for evaluating the staff?
- What criteria are used to evaluate the staff?

### 2.8 Staff issues

- Are there any labour relations issues?
- What are the work ethics?
- Are there any social/cultural problems?

## III. Conclusions and recommendations

### 3.1 What should be improved in order to improve the industry/organisation?

### 3.2 What support does the industry/organisation need from the government/NGO?

### 3.3 Do you have any policy on how to support an employee with a low background?

### 3.4 What do they think about the potential risks for the women to fall back into their old life?

3.5 Do you have any additional information or recommendations?

## **8.6 ToR Job & Business Search for Young Women Project**

### **COSECAM JOBS Search Project**

*This Terms of Reference is a revised version of the earlier JOBS ToR. This final version of the ToR includes also the identification of small sustainable business opportunities for women from the target group.*

COSECAM has received funding for the training of young women victims of, or under threat of being victims of trafficking or exploitation.

The overall project strategy is to integrate training into job placement and small business development to create sustainable solutions that put the young women from the target group on a new career track and into a new life. The training will be given before the women starts the new job or their own business, but could also be organized through existing training arrangement in the particular company. This job and business search project will focus at identifying appropriate job openings and business opportunities. The project is targeting both the group of non-entrepreneurial inclined young women that look for employment and those women that like starting their own business.

The project has been conceived with the clear notions that the new employer/trainer should have an incentive to employ/train a new worker or small business operator that might in some cases have an “undesirable” background that can easily stigmatize a person.

The job search and business opportunity identification for these women will geographically focus on the areas of Phnom Penh, Siem Reap and Battambang and rural areas of Kampong Cham, Banteay Meanchey but not be restricted to these areas.

### **IDENTIFICATION OF JOBS**

#### **Objective of the research with regard to employment of non-entrepreneurial inclined:**

6. Identify potential employers of women from the target group
7. Identify and describe how to ensure proper working conditions and future prospects with the potential employer
8. Identify and describe the current skill requirements and training methods in use in a number of industries that have potential to absorb women from the target group
9. Define the specific procedure how women from the target group can be trained to take up these new job opportunities
10. Refine the job placement scheme

#### **1. Identify potential employers of women from the target group**

Test and research the current skill level of the women in the target group and solicit there wish on the type of job that they would like to obtain.

Identify in each of the geographical focus areas those industry that have a sizeable volume of employees that suggest a high enough turn over of staff in order to have regular new positions falling open.

Look for those industries that employ few women and that could employ many more women.

Identify those industries that have potential to expand or will have a higher demand of new staff in the near future.

Try to develop some understanding of the economic dynamics in the larger geographical area that is relevant for the target population (e.g. BB and SR relative close proximity to Poipet and Thailand)

Identify potential business opportunities for the establishment of new companies that could be staffed by women from the target group (This question falls outside the direct remit of this research but is however important for potential spin off.)

## **2. Identify and describe how to ensure proper working conditions and future prospects with the potential employer**

Describe current working conditions in the work place of companies that are willing to take on woman from the target group. Specific attention needs to be given to risk factors as know from other working places that are considered high risk (beer girls, fruit juice sellers, tipped paid work in restaurants etc.)

Discuss how “contracts” between employers and employees are drafted in the potential receiving companies and how each party can find redress in case of conflict.

Try to verify the back ground and standing of entrepreneur in the community

Based on the information gathered during the job placement search, make a simple classification of different industries and potential risk factors for women working in the industry. This classification process is not definitive; it should be ongoing and should help the discussion on risk assessment in the placement procedure

Discuss with employer that regular follow up visits to the company are needed to check up on the woman placed. Check with NGO their ability to carry out follow up visits.

Think about relation management by NGO with employees and former scholarship students as they form the nucleus of the expanding network into a specific industry.

Discuss arrangement of a contact number in case of emergencies with the local NGO and the COSECAM office

## **3. Identify and describe the current skill requirements and training methods in use in a number of industries that have potential to absorb women from the target group**

On the basis of the first assessment under 1, select a limited number of industries for more in depth research

Describe the current way of finding/hiring new staff and does skill play any issue

If skill does play a role how are requirements set in the industry

Describe how skill requirements are met by employer by training on the job or by looking for a particular background or proof

Identify intermediaries or job brokers and their possible incentive for providing people with jobs

Describe how on the job training is being provided and whom is paying for on the job training (employer/employee cash/in natura)

Describe the trainers outside the companies their cost and length of training (including NGOs)

#### **4. Define the specific procedure how women from the target group can be trained to take up these new job opportunities**

On the basis of the identified industries,

1. define the skill level required and
2. define training needs to be covered with the scholarship.

Develop some clear indicators for effectiveness of training program through consultation with the implementing NGO. Indicators could relate to drop out rate, absorption rate of individual companies or industry, cost of training in relation to monthly wage

Develop with NGO clear procedures for follow up with both employer and employee. Think about possible sanctions or stimulus to have people stick to their obligation (employers – employees)

#### **5. Refine the proposed job placement scheme**

Make a short guideline for management of the job placement by NGOs

Guideline should contain:

- industry specific requirement that new employees should live up to
- a simple questionnaire to discuss current skills and training needs
- check list of things that need to be agreed on with the employee before training starts
- contract model between NGO – Scholarship holder – Employer

Give short training to NGOs based on the lessons learned from this job placement search, the training should contain or should result in

- Understanding of how scheme should be run to create sustainable job for target group
- Create the understanding for un-going engagement by NGO with industries and entrepreneurs in their area to find job openings and monitor development that can pose new business opportunities for women from the target group
- Introduce a concrete method for relation management that documents contacts and experience in order to have the NGO rather than just one or two persons to engage the entrepreneurs

#### **Method used to answer these questions:**

- Desk research of (limited available) research and reports
- Interviews with credit providing organizations in the area
- Interviews with NGOs – Project operating in the area working on skill training, alternative income generation, business development and job placement
- Census of business in areas that seem to have high potential (there might be existing census of some areas made with Asia Foundation funding last year)
- Interviews with entrepreneurs and if in existence their association
- Involve local NGO through out the whole job search project as a network building exercise it is in the end personal relations that will help convince employees

## **IDENTIFICATION OF SMALL BUSINESS OPPORTUNITIES**

Earlier experience in Cambodia with helping poor people set up their own business has led to mixed results. It has been proven that it is a very hard task for poor people that have no previous (family) experience to become business operators. We propose for this project to introduce two methods that have been tested in Cambodia with relative success. The first method consists of a short three day training on business management. During this training the women from the target population will be asked what type of business they would like to set up and they will receive training on simple business skill needed to run a micro enterprise. Secondly this project will define an internship scheme that allows women from the target group to learn a skill with another small entrepreneur. This method is different from the one used for job placement where on the job training can also be provided by large companies. It is important for the trainee that wants to start its own company to learn entrepreneurial skills from the host entrepreneur rather than just technical, production or service skills.

One other important issue that needs to be taken into consideration is whom will provide the training and make the links with small entrepreneurs. It is unlikely that the COSECAM network NGO have the ability to perform all these tasks.

### **Objective of the research with regard to small business creation for entrepreneurial inclined:**

1. Identify regional potential for new small businesses
2. Identify and describe the current skill requirements and training methods in use in a number of industries that have potential for duplication and could train women from the target group
3. Define the specific procedure how women from the target group can receive business skill training to set up their own company
4. Define small entrepreneur internship scheme
5. Identify regional or national manager for training and internship scheme
6. Define guideline to COSECAM network NGOs to support women that have set up their own small business.

### **Method used to answer these questions:**

- Desk research of (limited available) research and reports
- Interviews with credit providing organizations in the area
- Interviews with NGOs – Project operating in the area working on skill training, alternative income generation, business development and job placement
- Census of business in areas that seem to have high potential (there might be existing census of some areas made with Asia Foundation funding last year)
- Interviews with entrepreneurs and if in existence their association
- Involve local NGO through out the whole job search project as a network building exercise it is in the end personal relations that will help convince employees

