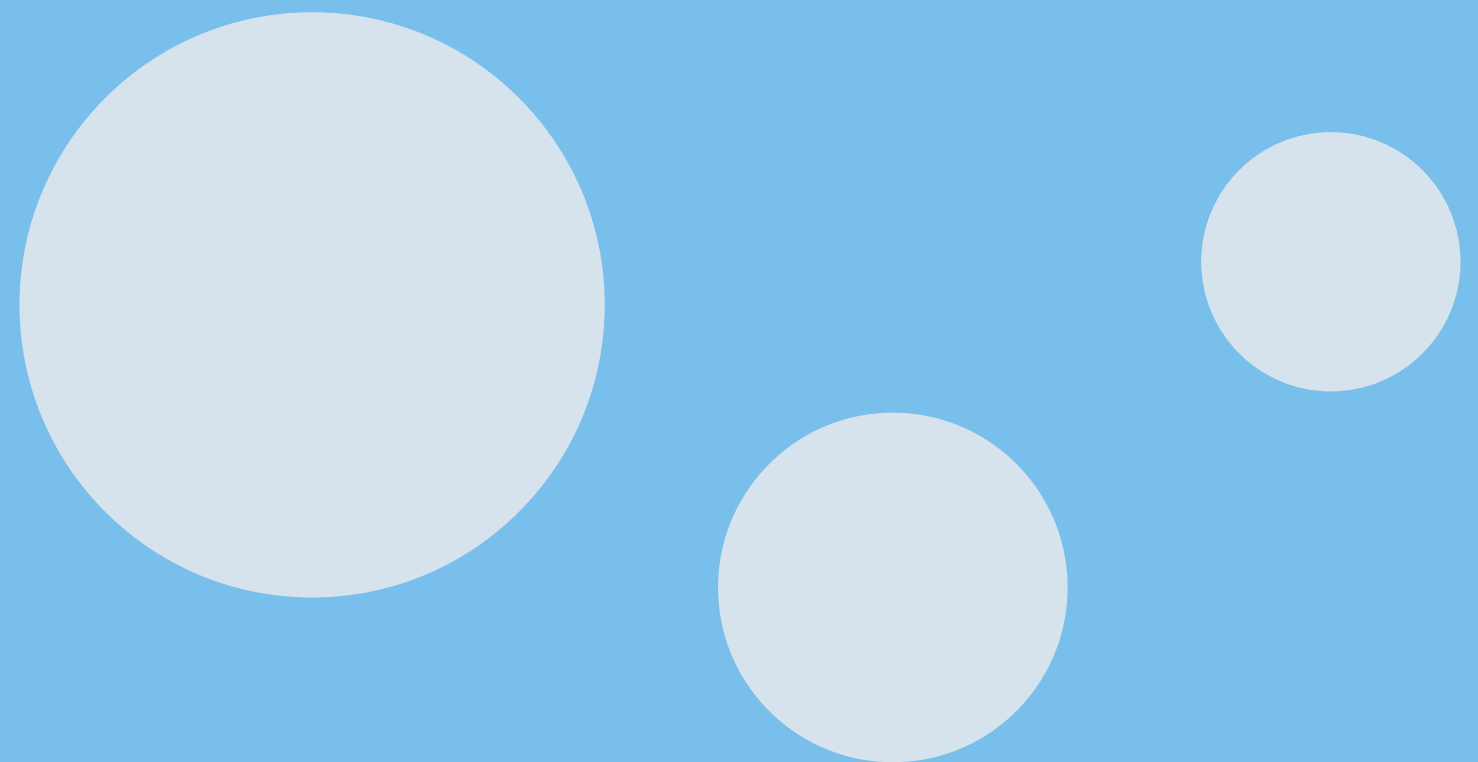


Minimum Wage Compliance Report Cambodia

CAMBODIA

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Prepared by the Cambodia Institute of Development Study (CIDS)
For WageIndicator Foundation



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Highlights

According to this recent Wage Survey in Cambodia, one out of five workers cannot cover their basic needs, and therefore, are considered poor. Furthermore, 46 percent of them earn below the minimum wage . These underpaid workers tend to have low education, work in elementary occupations (such as unskilled work in the agriculture, construction and restaurant sectors), and age between 20 to 40 years old. The level of unionization amongst respondents is low.

About the Sample and Results

Cambodia's offline salary survey was taken on March 3, 2011 to April 28, 2011 in Phnom Penh and four different provincial towns (Battambang, Kampong Cham, Sihanoukville and Siem Reap). A total of 1,500 workers declared their monthly wages. The survey covered 10 occupation types: drivers, construction workers, agriculture workers, restaurant workers, tourism-related, beautician services, teachers, public administration, food manufacturing & sales, and machine, maintenance & repair services.

Questions about income and work conditions, family organization, and overall life satisfaction were asked in the offline salary survey. The dataset gathered was then grouped by age, gender, region, educational level, and occupation.

Underpaid Workers

Currently, there exists only a minimum wage for the garment, textile and shoe industry, which is US\$ 61 per month for a full time worker or US\$ 0.29 per hour. Throughout this report, we will use this minimum wage as the benchmark.

Since there is currently only one minimum wage in Cambodia set for the garment, textile and shoe industry, we use this rate as the benchmark and henceforth refer to it as the "minimum wage".

The survey found that almost half of the respondents, 46.4%, reported earning less than the minimum wage. Around 56% of the underpaid are male, mostly working in construction, machine maintenance and repair, and agriculture. Poorly paid females mostly work in restaurants, beautician services and agriculture.

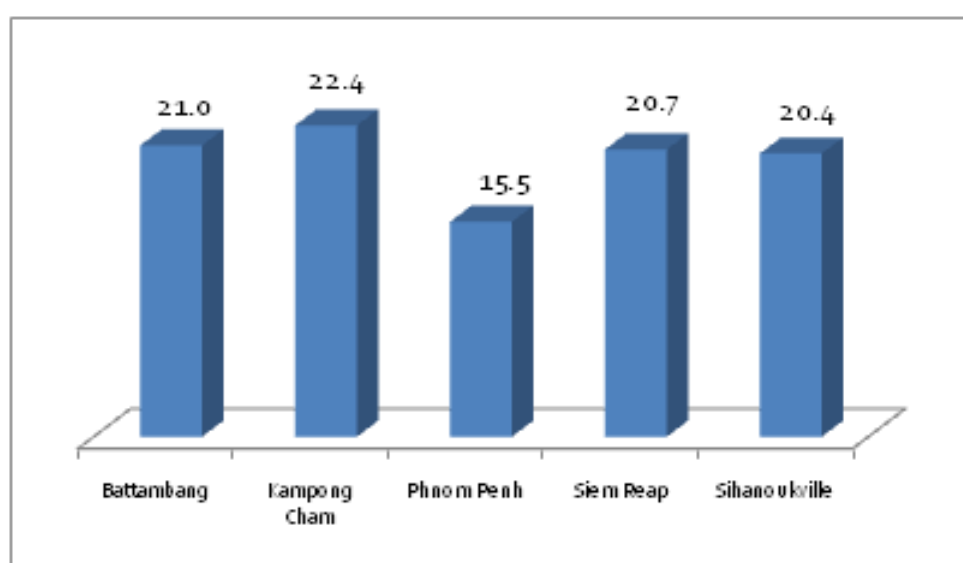
Three out of four poorly paid men are between the ages of 20 and 40 years old. Amongst poorly paid women, 86% fall in this same age range.

Underpaid workers have low education -- 86% of underpaid male workers, and 93% of underpaid female workers.

Regional Wages

The percentage of workers earning less than the minimum wage ranges from 15.5%-22.4% in the five locations surveyed (Figure 1). Kampong Cham had the highest rate of non-compliance, with 22.4% of respondents earning less than the minimum wage. Following close behind Kampong Cham are Battambang (21%), Siem Reap (20.7%), and Sihanoukville (20.4%). Phnom Penh had the lowest rate of non-compliance, 15.5% of respondents, with an average wage of US\$ 0.44 per hour.

Figure 1: Percentage of Workers Earning Less than Minimum Wage by Location



A deeper analysis by region and occupation reveals that elementary occupations (which primarily include unskilled workers in agriculture, construction and restaurant) have the highest percentage of non-compliance regardless of the region, ranging from 72% to 93% of respondents earning less than the minimum wage (Table 1). Skilled agricultural, forestry and fishery workers as well as craft and related trades workers also had a high rate of underpaid worker in each location. In contrast, professionals, technicians and associate professionals and managers had relatively smaller non-compliance rates.

Table 1: Percentage of workers who earn below the benchmark per occupation

Location	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	20.00	13.30	17.20	40.00	57.40	70.40	59.10	13.80	90.60
Kampong Cham	16.70	6.70	6.90	0.0	63.80	58.60	81.00	44.00	75.80
Phnom Penh	8.30	12.50	10.50	16.70	34.40	47.80	46.40	36.70	72.20
Siem Reap	0.0	3.40	5.90	37.50	60.00	60.00	63.90	34.50	93.80
Sihanoukville	0.0	12.90	3.60	0.0	59.70	51.40	79.40	24.10	72.40

Table 2: Median month wage per occupation

Location	Median wage per hour in USD by Occupation								
	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	0.49	0.56	0.53	0.31	0.27	0.22	0.22	0.57	0.18
Kampong Cham	0.63	0.66	0.70	0.40	0.27	0.22	0.04	0.36	0.20
Phnom Penh	0.50	0.61	0.65	0.36	0.36	0.31	0.30	0.49	0.22
Siem Reap	0.89	0.56	0.62	0.40	0.27	0.21	0.05	0.45	0.18
Sihanoukville	0.63	0.70	0.65	0.38	0.22	0.25	0.03	0.45	0.25

Disaggregating the data by gender confirms that women generally earn less than men in the same occupation, but with some exceptions. The disparate is most evident in higher level occupations such as managers, professionals, technicians, and clerical support workers, in which men earn around 17 percent to over 100% more than women (Table 3). Monetary compensation for women tends to be better than for men in elementary occupations as well as in service and sales work.

Furthermore, the percentage of women earning below the minimum wage is higher than men in practically all occupations (with the exception of professionals and clerical support work). Non-compliance for women is most prevalence in elementary occupations, craft and related, agriculture work and service and sales work. (Table 6 and Table 7)

Table 3: Ratio of Male to Female Median Hourly Wages by Occupation and Location

Male / Female Salary	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	2.05	1.05	1.87	n/a	1.08	1.12	3.40	n/a	0.07
Kampong Cham	0.69	1.15	6.64	0.94	1.27	1.20	0.80	n/a	0.76
Phnom Penh	0.92	0.94	2.41	0.88	1.07	1.46	1.13	n/a	1.19
Siem Reap	n/a	1.48	0.99	n/a	1.38	0.60	0.93	n/a	0.49
Preah Sihanouk	1.27	1.35	5.21	0.89	1.22	9.33	0.50	n/a	0.87
All Locations	1.67	1.33	1.17	2.86	0.89	0.83	1.36	n/a	0.70

Table 4: Male - Median Hourly Wage in USD by Occupation and Location

Male	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	0.65	0.57	0.59	0.31	0.29	0.17	0.28	0.57	0.01
Kampong Cham	0.54	0.75	0.71	0.38	0.31	0.22	0.04	0.36	0.18
Phnom Penh	0.50	0.59	0.67	0.36	0.36	0.33	0.30	0.49	0.27
Siem Reap	0.89	0.63	0.61	0.40	0.32	0.20	0.05	0.45	0.09
Preah Sihanouk	0.71	0.73	0.65	0.36	0.27	0.31	0.03	0.45	0.22
All Locations	0.28	0.65	0.63	0.67	0.36	0.22	0.12	0.45	0.16

Table 5: Female - Median Hourly Wage in USD by Occupation and Location

Location	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	0.32	0.54	0.32		0.27	0.15	0.08	n/a	0.21
Kampong Cham	0.78	0.65	0.11	0.40	0.25	0.19	0.04	n/a	0.23
Phnom Penh	0.54	0.63	0.28	0.41	0.33	0.22	0.27	n/a	0.22
Siem Reap		0.42	0.61		0.23	0.33	0.05	n/a	0.19
Preah Sihanouk	0.56	0.54	0.13	0.40	0.22	0.03	0.06	n/a	0.26
All Locations	0.16	0.49	0.54	0.23	0.40	0.26	0.08	n/a	0.22

Table 6: Male - Percentage of Respondents Earning Below Minimum Wage

Location	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	9.10	20.00	14.80	40.00	47.40	61.10	52.80	13.80	87.50
Kampong Cham	20.00	10.50	3.60	-	47.40	57.90	78.60	44.00	69.20
Phnom Penh	10.00	12.00	8.30	25.00	29.40	36.80	46.00	36.70	60.00
Siem Reap	16.80	-	6.20	37.50	45.50	68.40	62.30	33.30	100.00
Sihanoukville	-	17.40	-	-	55.00	48.30	79.30	24.10	77.80
All Locations	8.1	12.0	6.7	15.6	45.4	53.8	64.4	30.0	75.0

Table 7: Female - Percentage of Respondents Earning Below Minimum Wage

Location	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Skilled agricultural, forestry and fishery workers	Craft and related trades workers	Plant and machine operators, and assemblers	Elementary occupations
Battambang	50.00	-	50.00	n/a	60.40	87.50	84.60	n/a	91.70
Kampong Cham	-	-	100.00	-	70.00	60.00	100.00	n/a	80.00
Phnom Penh	-	14.30	50.00	-	36.20	100.00	50.00	n/a	85.00
Siem Reap	n/a	12.50	-	n/a	66.70	45.50	75.00	n/a	91.70
Sihanoukville	-	-	100.00	-	61.70	66.70	75.00	n/a	70.00
All Locations	22.2	4.5	57.1	0.0	58.8	66.7	78.9	n/a	83.3

Education and Underpaid Workers

The survey reinforces the importance of education and wages. There is a clear, positive correlation between education level and wages - the higher the education, the better the wages. This analysis looks at three levels of education - low, medium and high. Workers with no formal education, primary education or lower secondary education are grouped under low education. Those with upper secondary education and technical/vocational training are classified as medium education, while those with a university level degree or higher are labeled high education.

In practically all occupations, workers with a higher education earned more than those with low education (Table 8). This is especially evident in the service and sales occupation -- high educated workers earn 2.7 times what low educated workers do. Similarly, managers with high education are paid 2.2 times than those with low education. The only

exception to the influence of the level of education in income is for clerical support workers. While clerical support workers with middle education received a noticeably higher monetary compensation than those with low education, workers with high education earned less.

Table 8: Median Hourly Wage in USD per Occupation and Education Level

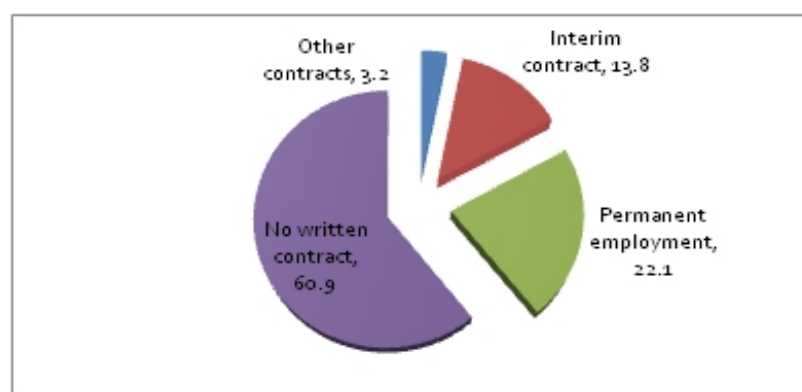
Occupation	Low education	Middle education	High education
Managers	0.45	0.66	0.70
Professionals	0.57	0.60	0.69
Technicians and associate professionals	0.39	0.67	0.68
Clerical support workers	0.36	0.45	0.31
Service and sales workers	0.27	0.36	0.69
Skilled agricultural, forestry and fishery workers	0.22	0.24	n/a
Craft and related trades workers	0.10	0.27	0.02
Plant and machine operators, and assemblers	0.45	0.45	n/a
Elementary occupations	0.22	0.28	n/a

Working Conditions

To gauge into the working conditions of respondents, the survey included questions related to contracts, wages, and trade union membership. This section summarizes the findings related to these indicators.

Six out of ten of the respondents did not have a written employment contract, while 22% have permanent employment, 14% have an interim contract and the rest have other forms of contract (Figure 2).

Figure 2: Employment Contract



About wages, more than half of the respondents (54%) said they received a pay raise last year (Table 9). Over 80% of workers reported that they received their last wage late. For 29% of workers, their wages are not stable, vary from month to month.

Table 9: About Wages (Percentage of Respondents)

About Wages	No	Yes
Received latest wage on time	81	14
Received pay raise last year	34	54
Wage varies from month to month	29	61

Only 5% of the workers interviewed in all locations are members of a trade union (Figure 3). The membership rate was relatively highest in Phnom Penh, Sihanoukville and Kampong Cham, and lowest in Siem Reap with just 1%. Sector-wise, union membership was highest amongst teachers (33% of respondents, see Table 10), followed by public administrators (12%) and tourism-related workers (5%). None of the respondents working in beauty services and machine maintenance & repair services are members of a trade union.

Figure 3: Percentage of respondents who are members of trade union by location

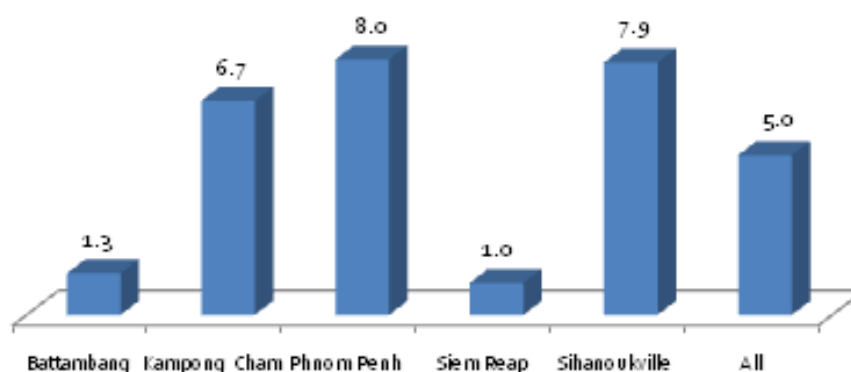


Table 10: Percentage of respondents who are members of trade union by sector

Sector	Member of Trade Union
Teachers	33.10
Public Administration	12.30
Tourism	4.60
Drivers	2.00
Restaurants	1.60
Construction Workers	0.70
Agriculture Workers	0.70
Food Manufacturing & Sales	0.70
Beauty Services, Cosmetics, Hair Dressing	0.0
Machine Maintenance and Repair Services	0.0

Working Poor

Working poor is defined as individuals who maintain regular employment but remain in relative poverty due to low levels of pay. The national poverty line is approximately 2500 KHR (or US\$ 0.63) per person per day in 2010 prices. Two out of ten laborers earn below the national poverty line. In other words, 20% of respondents are poor and cannot meet their basic needs - 22% of males are working poor, and 19% of female. If we were to use the international poverty line of US\$ 1 per day, then 26% of respondents are poor - 27% of males are working poor and 24% of female. Geographically, the prevalence of the working poor is highest in Sihanoukville with 36% of workers living on less than USD 1 per day, and lowest in Phnom Penh (12%).

Figure 4: Percentage of Respondents Earning Below Poverty Line by Location

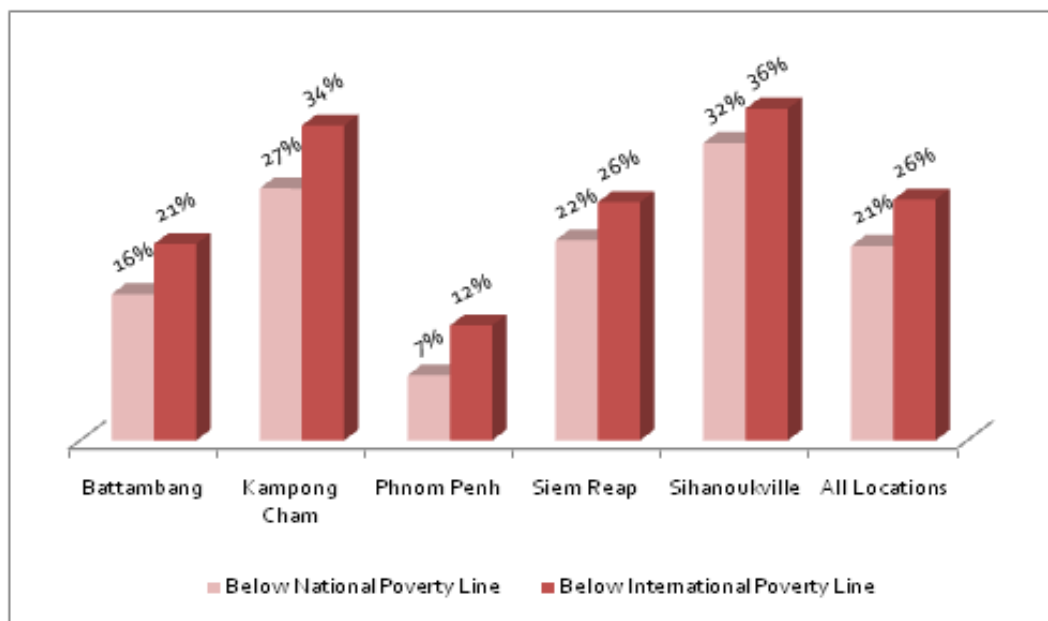


Table 11: List of Occupations

Occupations	Sub-Occupations
Managers	Legislators Senior government officials Hotel managers Restaurant managers
Professionals	University and higher education teachers Vocational education teachers Secondary education teachers Primary school teachers Education methods specialists Policy administration professionals Legal professionals not elsewhere classified
Technicians and associate professionals	Chemical and physical science technicians Construction supervisors Agricultural technicians Medical and Pharmaceutical technicians Buyers Customs and border inspectors Government tax and excise officials Government licensing officials Information and communications technology operations technicians
Clerical support workers	General office clerks Hotel receptionists Statistical, finance and insurance clerks
Service and sales workers	Travel guides Cooks Waiters Bartenders Hairdressers Beauticians and related workers Stall and market salespersons Street food salespersons Shopkeepers Food service counter attendants Police officers

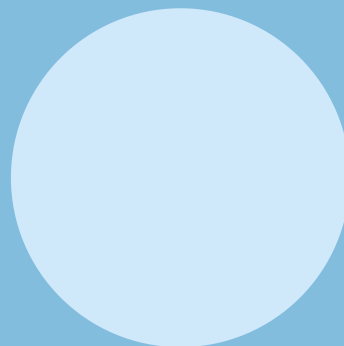
Occupations	Sub-Occupations
Skilled agricultural, forestry and fishery workers	Field crop and vegetable growers Mixed crop growers Mixed crop and animal producers Aquaculture workers Subsistence crop farmers Subsistence mixed crop and livestock farmers
Craft and related trades workers	House builders Bricklayers Stonemasons, stone cutters, splitters and carvers Concrete placers Carpenters Roofers Floor layers Insulation workers Painters Motor vehicle mechanics and repairers Agricultural and industrial machinery mechanics and repairers Bicycle Handicraft workers in textile, leather and related materials Building and related electricians Electrical mechanics and fitters Electrical line installers and repairers Electronics mechanics and servicers Information and communications technology installers and servicers Butchers, fishmongers and related food preparers Bakers, pastry-cooks and confectionery makers Wood treaters Shoemakers

Occupations	Sub-Occupations
Plant and machine operators, and assemblers	Motorcycle drivers Car, taxi and van drivers Bus and tram drivers Heavy truck and lorry drivers
Elementary occupations	Cleaners and helpers in offices, hotels and other establishments Crop farm laborers Mixed crop and livestock farm laborers Fishery and aquaculture laborers Building construction laborers Fast food preparers Kitchen helpers Odd job persons Elementary workers not elsewhere classified

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