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The simultaneous impacts of the increased minimum wage on the labor market and economy growth in Cambodia: Inside -Outside model or Monopoly -Union model?

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I. Introduction

Cambodia, which was known to be a failed state with civil war, genocide and political turmoil, has now achieved national reconciliation and political stability after the first democratic election in 1993 resulted in forming a new coalition government. Cambodia has had a long history of turbulence in colonialism, war with neighbors, internal wars, cold war, civil war, genocide and political strives. Within strong political willing and hard work of preparation and negotiation, Cambodia has been accepted as 10 member of ASEAN on April 30, 1999 and 148th member of WTO on 13 October 2004¹.

In Cambodia, the real GDP growth rate has been divulged well and noticedly grown in recent years. There are many main driven sectors to push Cambodia well with this growth as manufacture sector, agriculture, Services and constructions. Due to National Bank of Cambodia (NBC) mentioned that in average of growth which is 6.5% to 7% growth rate in economy. Furthermore, Cambodia's economy growth is predicted around 7% in 2017 and slightly to 6.2% in 2012 by IMF while Myanmar and Lao seem the same growth in average from 7% to 8% per annum. Foreign Direct Investment approved consists the largest share was from China ,23.97percentage and their source of extensive investments in the field of resource developments

¹ see Overview of Cambodia for TU-ASEAN international conference 2017 ,p.1

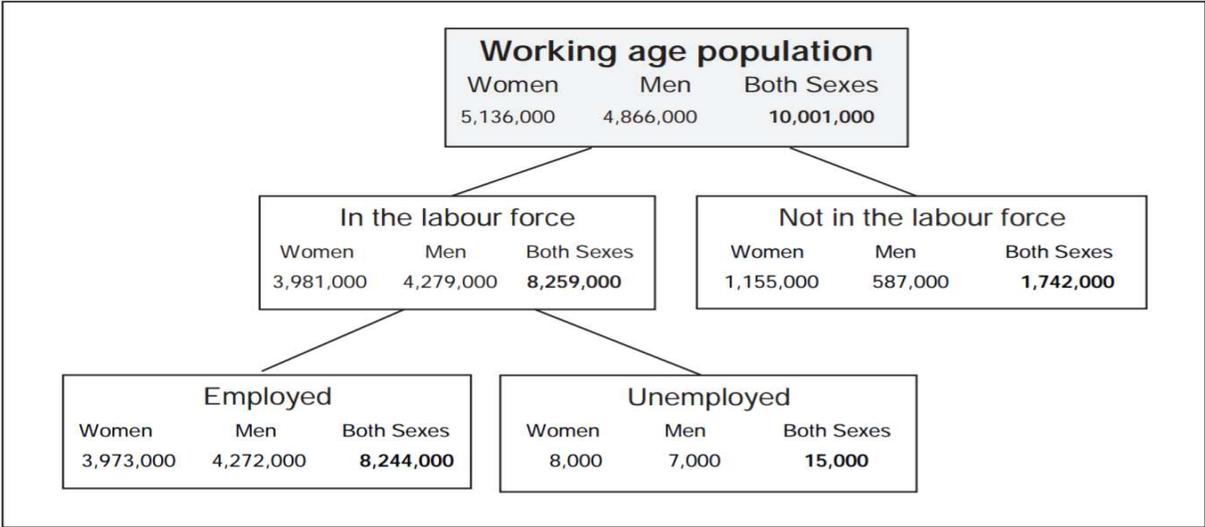
as rubber and tourism where Korea is at the second rank at 10.68 percent. And the other major source are from Malaysia, Taiwan, Hong Kong, and Thailand whose investments come instantly from garment industries (CDC,2016). This capital fly tremendously was with industries and services pattern and these make more activities in economy trend as well as financial soundness and public policy on well labor force in Cambodia too but the structure and nature of the country’s labor force is likely to restrict efforts to diversify the economy.

While garments sector, tourism and construction sector are recognition with driving economic growth, concerns are escalating about the sustainability of these above sectors. Growth trend has been assumed to gentle considerably or remained flat in the garment and construction sectors for the coming years. This above case would be norm for diversification of products and restrict with labor force with some constraints too.

This paper will describe and analysis the impact of labor force in Cambodia and minimum wage constraints in most sectors, especially in labor market, sustainable growth, economic and clearer image of the current labor and future trends by observing the following key economical demographic trends, recent labor market trends, key characteristics of the labor market and lessons from dynamic analysis(demand & supply side) in terms of job, skills content and growth.

This also will discover some factors and other than educations that are restricting labor force advancement. These reviews are about the employment and possibility and productivity implications and acquaintances between patterns of growth, productivity and employment intensity and which growth is inclusive to sustainable economy growth of Cambodia.

Figure 1: The labor force to the Cambodia working population (15-64 years), 2014.



Source: CSES(2014).

II. Literature Reviews

Many researches and papers mentioned about the labor, wage and growth in economy too as well as by Becker (1964, 1975), Becker and Chiswick (1966), and especially by Mincer (1958, 1962, 1974): their study of the effects of investments in schooling and on the job training on the level, pattern, and interpersonal distribution of life cycle earnings associated with the revolutionary work on human capital. In addition, many of the analytical and statistical issues that ascended in the estimation and interpretation of generic earnings functions also pertain to the study of other wage determinants or to tests of rivals to the human capital theory of wage determination. Furthermore, the experiences from Britain researched by Rebecca and Chiara (2017) mentioned that the National Minimum Wage (NMW) and subsequent increases in the National Minimum Wage to ascertain the effects of minimum wages on productivity. They found that the NMW increased average labor costs for companies that incline to employ low paid workers, both upon the norm of the NMW and more recently following the Great Recession when many workers experienced pay freezes or wage cuts, but the NMW continued to rise.

This means that the more minimum wage increased would be effective to companies and low workers than high skilled labors in market. While Ken Yamada (2016) had researched about tracing the impacts of large minimum wage on household welfare in Indonesia. This study examines the impact of large minimum wage changes in Indonesia. He found that serious limitations of the minimum wage for improving living standards and reducing inequality. In addition, similar research like him like Terra (2017) did research about the 2009 federal minimum wage increase, which compressed cross state differences in the minimum wage, is used to investigate the claim that low wage workers are attracted to commute out of state to neighboring states that have higher minimum wages. This paper focuses on Public Use Microdata Areas (PUMAs) that experience commuting flows with one or more neighboring state. He used the a difference in differences in differences model compares PUMAs that experienced a sizeable increase or decrease in their cross border minimum wage differential to those that experience smaller change in the cross border differential. The results suggest that an increase in own state's minimum wage, relative to neighbor's, increases the frequency with which low-wage workers commute out of the state. The analysis is replicated on the subset of PUMAs

that experience commuting flows with more than one neighboring state, so that the estimates are identified entirely within PUMA. As a whole, the results suggest that low wage workers tend to transform away from minimum wage increases rather than towards them.

III. Research Objective

In this research aims to find out the impact of minimum wage through dilemma of time with Cambodia garment sectors and footwear sector to labor market and economy growth and which can be asset for :

- 1- Frameworking for future regulation of minimum wage of Cambodia , especially with lower income people and some implicative debates and policy
- 2- Analyzing and reviewing the earlier and last minimum wage law that would effect or not in term of time constraints and updating the recent literatures on garment workers situations and growth.
- 3- Identifying the real economy trends with some models which are merely adopted with Cambodia's economy and equilibrium unemployment and labor market inefficiency constraints.

IV. Cambodia labor situations and Economy Growth

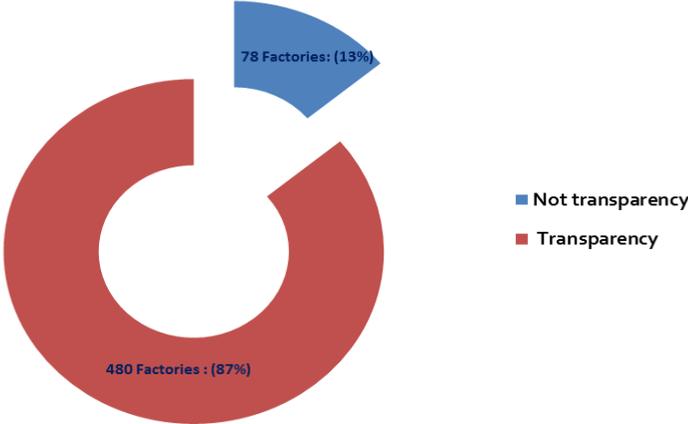
In Cambodia, There are many Cambodian earning less than 1\$ per day. Most of workers or factory workers, security or night guards in some places as well as in Phnom Penh city and other cities like Siem Reap could get only between \$20 to 30\$ monthly in early 2000s. Moreover, some workers in plantations and fishery field can made about 50 cents to 1dollar per day too while some road building crews who often made up by women who dump baskets full of rocks on the dirt to create a road bed can get the same wage as well. Most of them are generally less education and less skill than workers in other Southeast ASEAN countries as well as China². When we take a look with top investors in garment factory from China because Cambodia has more appreciate infrastructures as well as road and shipments line and which financial infrastructures are more better move and dependable too. The lack of basic education and skills make them hard to get job and migrants from homeland to cities to find the job. So they are forced to fake the diploma from private colleges and spilled to work places or applying to job , furthermore, most of the job seekers need an ID card to get job or accepted from factories and

² See factsanddetail.com

workplaces. This ID card is also the issue for poor who wish to send their siblings to work too because of their younger ages than law set or sometimes they need to bribe some amounts to make the ID or adjusted their age too. In addition, other case also occurred like they bribed to factory selectors in order to get job or stay still working. All above these, the investors are more easier to trick them or get more opportunities than workers in any ways or fire. Sometimes they are confronting with fired work because of strike in order to urge to increase wage in their place and some are not supported well from administrative officers with this case.

Furthermore, situations of workers in factories and guards in Cambodia face many issues like wages, work conditions and environmental issues and health care and there is no social security fund in workplace and other law norms at all. In 1997, a labor law was adopted that right of Cambodian workers, such as the minimum wage should ensure every worker of a decent standard of living compatible with human dignity. In 1999, the country agreed to submit an extensive labor inspection project that would be organized by the International Labor Organization (ILO). And later, in 2005, Cambodia joined World Trade organization (WTO) as full right membership. In earlier 2017, By Better Factories Cambodia, which was created by ILO and international buyers from around the world as well as US, released the public reporting initiative factory compliance on major legal requirements and information related to strikes. With its eight cycle report, BFC's Transparency Database now contains information of 1003 assessments covering 480 factories, approximately 87% of the garment factories in Cambodia possessing licenses to export³.

Figure2: Total Factories in transparency of Cambodia: Total registered factories 553

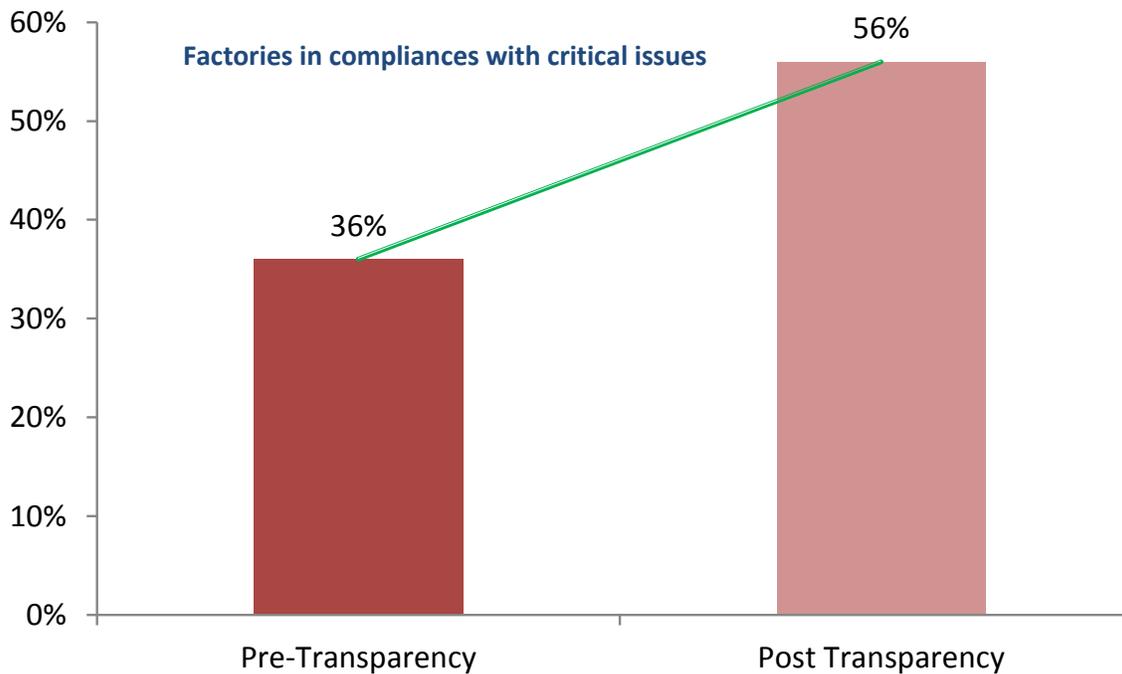


^{3,4} See Better Factories Cambodia: www.betterFactoriesCambodia.org/transparency/pages/views/17

Source: Author's illustration adopted by transparency database, 2017.

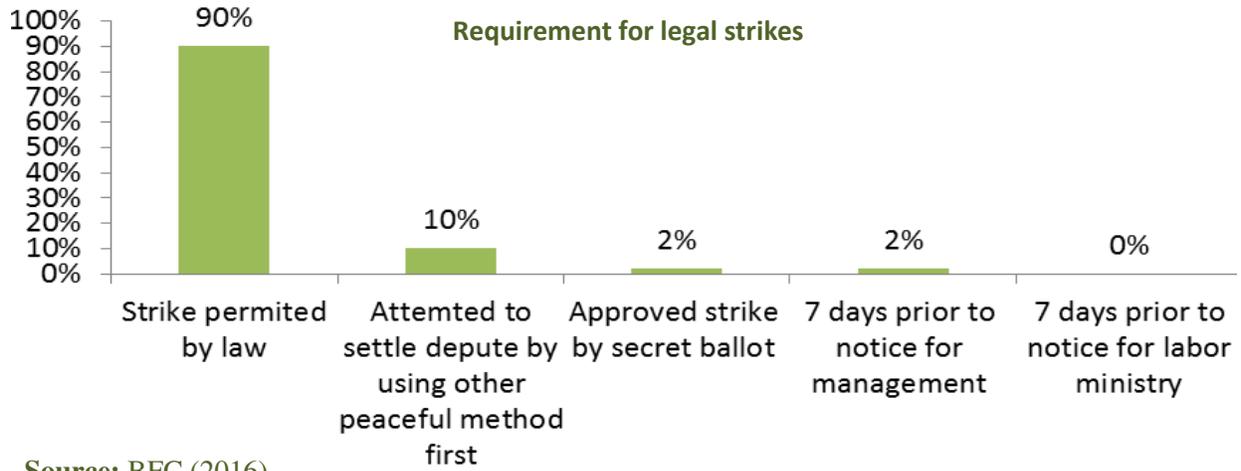
This transparency means that all factories have existed the some social norms as well as critical issues, law compliance factories and strike information. In the case of critical issue, we mention about key legal requirements are continuing to be an important initiate for change. In this process of publicized information on 177 factories has been additional to the Transparency database, where 31 factories are publicly released on the Transparency database for the first cohort. The comparison of the data before and after Transparency for the 177 factories updated in this last session , after seeing the many factories in full compliance with the 21 Critical Issues increasing from 63 (36%) to 99 (56%) in the current session. A 57% increase in the number of factories in full compliance with critical issues since transparent released with implementation. With 78 (44%) factories had one or more violation and in total count for 152 non compliances on critical issues. These factories had totalized 152 non compliances with the number of violations of Critical Issues.

Figure3: Factories in compliance with critical issues



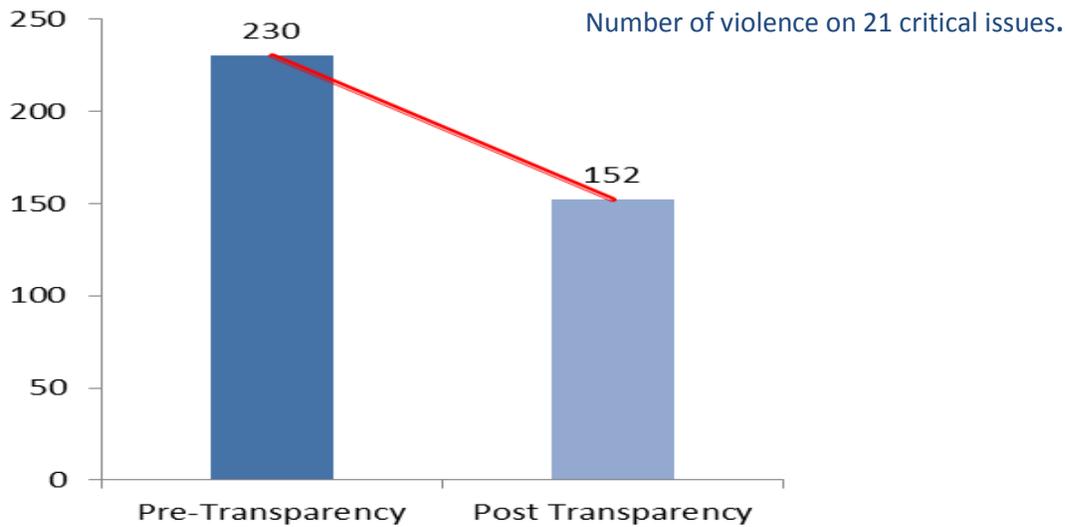
Source: BFC(2016).

Figure4: Requirement for legal strike in factories



Source: BFC (2016)

Figure5: Factories consist with violence on 21 critical issues



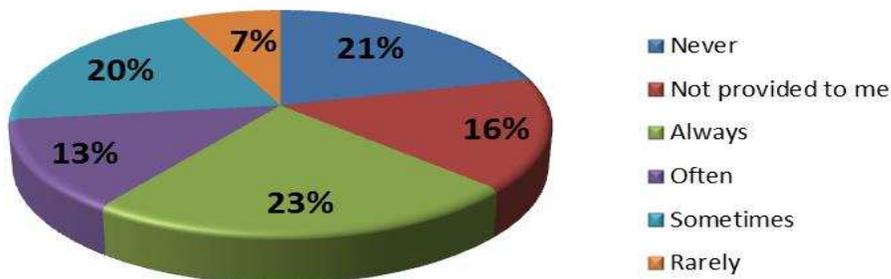
Source: BFC,(2016).

By these above figures mentioned that over the period, a number of Critical Issues have still improved, the information on factories visited in the last 8th session displayed that the rate of non-compliant incidents of several critical issues stay relatively high. Remarkably, the non-compliance levels of critical issues is still a slight increase related to Freedom of Association.

From this session indicates that a 2% increase of factories whose management have taken steps to control union activities and a 1% increase in the number of factories where workers' freedom to join and form unions disturbed.⁴

In one research had been done by Tufts University located in United State of America and Indochina Research in 2015 about how the factories engaged to workers. They did collect the data with 1500 workers , 50 mangers and 73 factories. The baseline result released that 40% of managers said register in BFC which can help their factories to obtain more orders or better contracts term but 20% said the brands and retailers had stopped the social auditing when they joint the Better Factories Cambodia (BFC).In addition , Over 50% of managers observed their biggest business issues that's from low efficiency of productivity process , low skilled workers and union activities and lesser than 50% of managers try to do the new training accessibility for workers or change of worker package. While a fifth of worker reported that they got the refresher training in health and new skills.

Figure 6: safe Job and healthy: How often do you use the safety equipment provided to you?



Source: ILO, 2015

This figure 6 mentioned that there are many factories do not give some safety equipment to their workers in order to get safety working environments about 16% and 21% of workers never use these equipment and rarely use this equipment's about 7% while 20% of workers used it sometimes and 23% always use it. So this environment seems still dangerous workplace in factories with workers in Cambodia.

⁴ Source: Cambodia Better Factories: <http://betterfactories.org/transparency/pages/view/17>

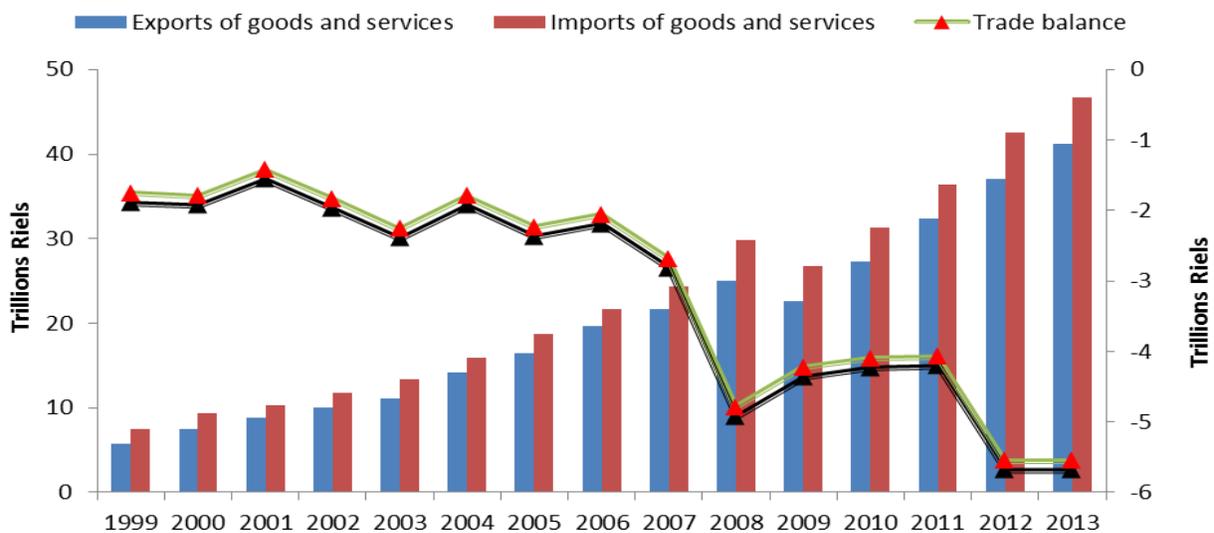
Due to this field showed that there have been increased from 48 garment factories in 1996 to 540 garment factories in 2014 with exporting value of more than \$ 5 billion.⁵ Footwear industries have grown well since the last 6 years while the garment products has been exports double amounts since 2008. In this amazing time, there were 58 new factories in which exported of \$ 268.66 million while garment and footwear calculated as 80% of Cambodia total exports and foreign trade. This major field shares significantly to the economy growth with both dimensions as well as indirectly through creating job, capital inflow and account deficit adjustment, transfer of technologies and human capital development with people.

Figure 7: Gross National Income per Capita of Cambodian, 2011-2015



Source: Author adopted by World Bank data

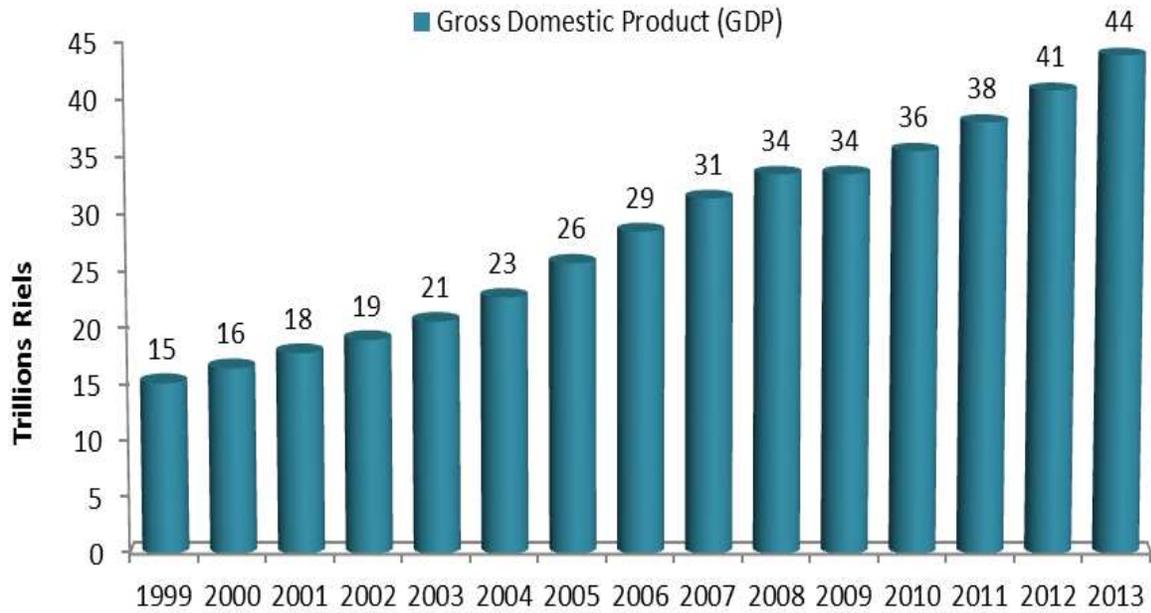
Figure 8: Export, Import and Trade balance, 1999-2013



⁵ Source: Garment Manufacturers association in Cambodia: https://gmac-production.s3-ap-southeast-1.amazonaws.com/Yearly_bulletin/2015.pdf

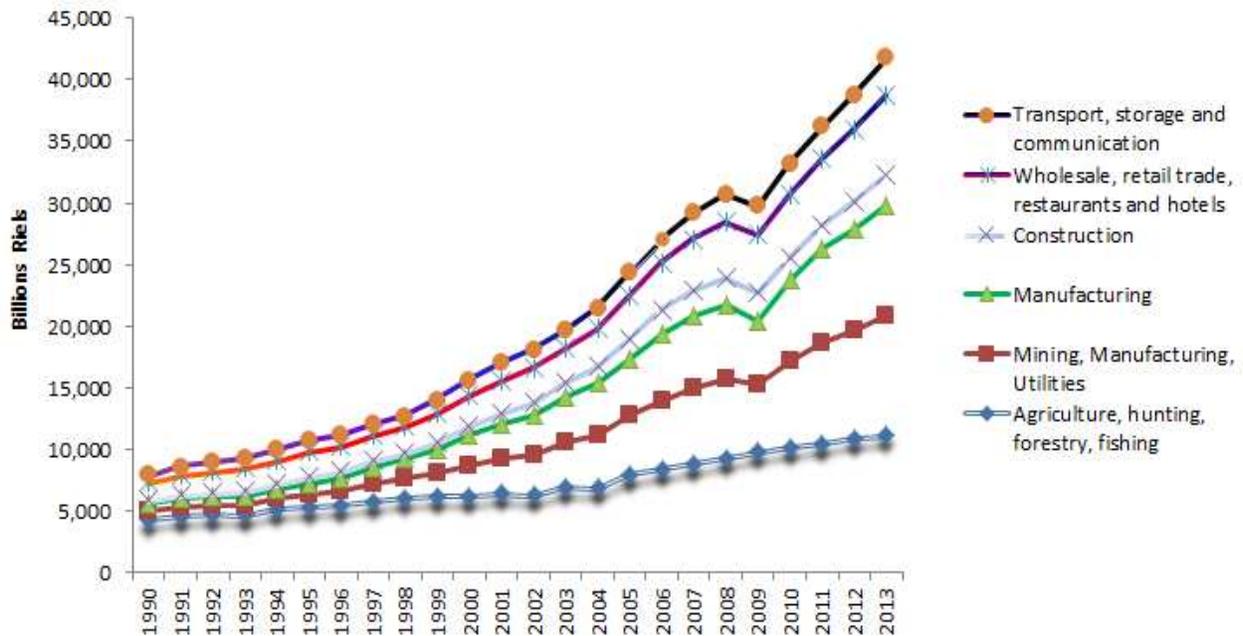
Source: Author adopted by World Bank data

Figure 9: Gross Domestic Product, 1999-2013



Source: Author adopted by IMF data

Figure 10: distribution sectors of economy, 1990-2013



Source: Author adopted by IMF data

Due to these figure 7 mentioned that the income per capita in Cambodia has been surged well about \$ 1,070 while most of people are moved to find the job in city but if we compare to neighboring countries, this growth is still low level. Meanwhile, this income is from some sources as well as the main source of income for many Cambodians living in from rural areas are from two largest industries, textiles and tourism while agricultural activities remain stable. This means that the garment industries are dominated to export of Cambodia. By figure 8 reported that export and import of Cambodia increased significantly while import side is more than export. While trade balance is deficit all sessions too due to International Monetary Fund. The more exports of Cambodia are categorized as manufacturing goods, readymade goods from garment sector and agriculture as rice too. UNESCAP released its Economic and Social Survey of Asia and the Pacific 2017 report that Cambodia experienced steady 7.2 percent growth in 2016, driven by garment exports growth. Exports of garments product with accounted 80 percent of total exports with adding that the sector employed around 600,000 people in labor market⁶. As well as in figure 9 stated that GDP growthed well since 1999 with in average of 6.9 % with amount of 44 trillion Riels in 2013. With the distributions of economy since 1990 to 2013 stated that services and constructions are dominated in economy while main exports on garment sectors followed by mining and agriculture sector⁷.

V. Minimum wage and labor markets

Since 1997 Cambodia labor law was promoted to provide the legal basis for minimum wage in Cambodia. When the national law doesn't mention about minimum wage to other sectors at all. Later on the minimum wage only applied with garment sector or footwear sector entire country only⁸. Due to many changes in field of garment sector and strikes from garment workers as well as led by some federation unions and small activists. The minimum wage was passed firstly with 40\$ per month in 1997 and many adjustments too. On the January 1st, 2016 was increasingly adjusted up to US \$128 to US\$ 140 per month⁹.

⁶ See UNESCAP:

<http://www.unescap.org/sites/default/files/publications/Final%20%28CSN%29%204%20May.pdf>

⁷ See International Monetary Fund :<http://www.imf.org>

⁸ See Article 107 of the 1997 labor code

⁹ See Prakas of the MoLVT, #409/15 ,dated on Oct 08, 2015.

Figure 11: Cambodia minimum wage and mandatory allowance (US \$ per month)

Date	Minimum wage		Main Allowance and Bonus					
	Probation	Regular	Transport & Accommodation	Health Care	Attendant	Living supports	OT meals	Seniority
1997	-	40	-	-	-	-	-	-
2000	45	45	-	-	5	-	0.25	2 to 5
2007	45	50	-	-	5	-	0.25	2 to 5
2008	45	50	-	-	5	6	0.25	2 to 5
2010	56	61	-	-	5	-	0.25	2 to 5
2011	56	61	-	-	7	-	0.50	2 to 11
Jan 2012	56	61	-	5	7	-	0.50	2 to 11
Sept 2012	56	61	7	5	10	-	0.50	2 to 11
2013	75	80	7	-	10	-	0.50	2 to 11
2014	95	100	7	-	10	-	0.50	2 to 11
2015	123	128	7	-	10	-	0.50	2 to 11
2016	135	140	7	-	10	-	0.50	2 to 11

Source: MoLVT

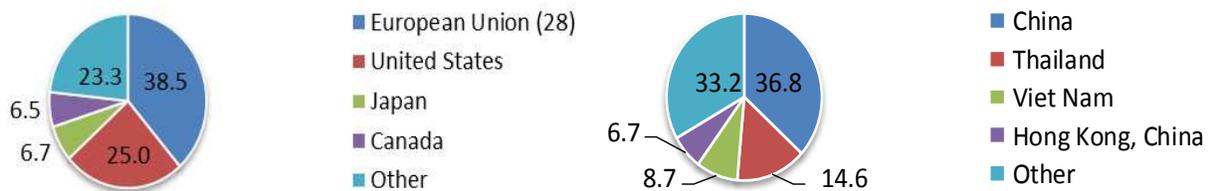
Due to the agreement from various sectors as well as Labor Advisory Committee (LAC) which exists the advisory body represented by the minister of labor ministry and in 2015, LAC exists the 14 representative members from Cambodia government chaired with include of 7 representatives from workers side and employers side too. Though Minimum wage was generated by this LAC's suggestion and passed by Ministry of Labor and Vocational Training

(MoLVT)¹⁰.As above the figure 11 stated that mostly increases of minimum wage changed by time and time ,because of some issues (strikes of workers and government regulation) and trend of economy scale. The criteria were used for adjusted wage per month including as follow:

- 1- Demands of worker and their family
- 2- Cost of livings
- 3- Inflation
- 4- Productivity
- 5- Competitiveness
- 6- Labor market or employments
- 7- Profitability of those factors¹¹.

Hence with these increase, When we take a look with the export and Exports of Cambodia in figure 8 stated that even the wage was increased gradually but it doesn't effect to the export or import in Cambodia. This shows that the profitability of factories is still covered well with amount of money increased in years.

Figure 12: Mandatory export destinations (left) and Main origin (right), 2015 (percentage)



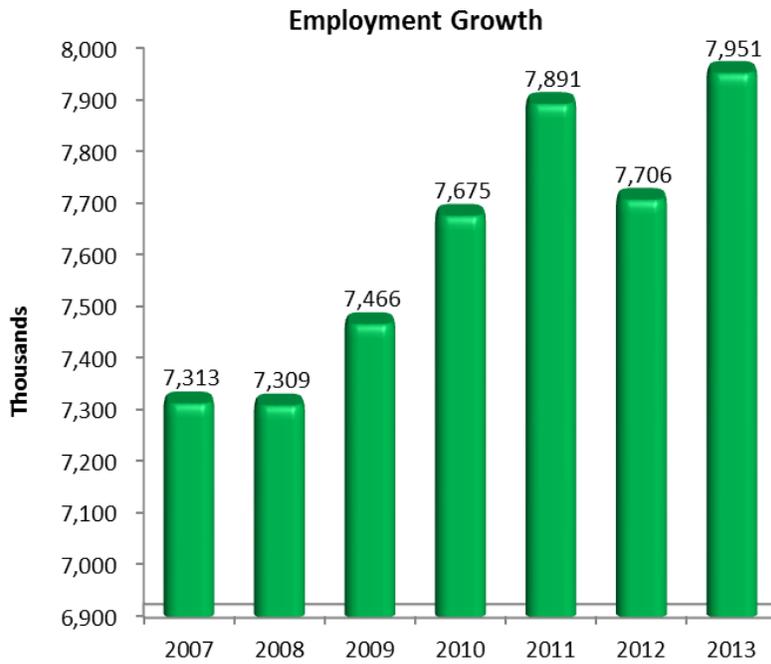
Source: World Bank

This means that most of Cambodia's products are exported to Europe, 38.5% and United State, 25% while followed by japan, 6.7% and Canada, 6.5% and other 23.3% in 2015. In this context , Cambodia economy growth is average about 6.9 % per anum where inflation rate averaged since 1995 to 2016 is about 5% .

Furthermore, In 2013 the minimum wage was increased to 80 US\$ while export surged around 40 trillion Riels and employment growth around 7,951 thousand jobs too and 2.94 % of inflation too. The demand of workers and their families are difficult to define so much while almost all workers are difference needs and enough for their family too.

^{10 12} See: International Labor Organization (ILO) bulletin in 2016

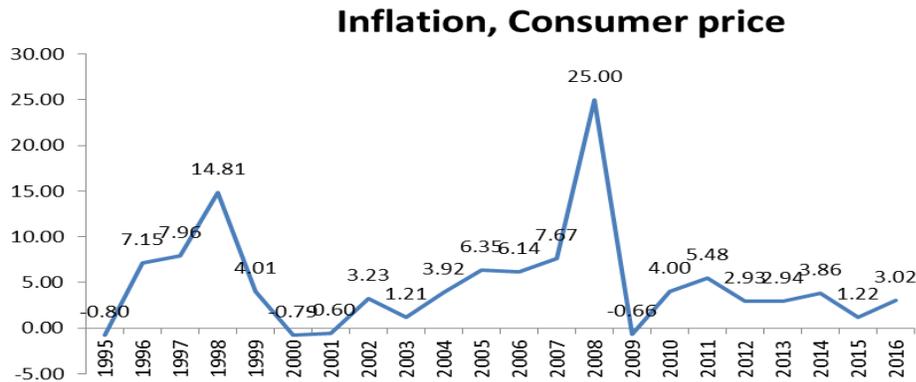
Figure 12: Cambodia Employment by Person



Source: Author adopted by National Statistic of Cambodia

The figure 12 reveals that gradually increase of employment which is positive significant trend for labor force in Cambodia, even it has many tragedy reforms as well as minimum wage regulation and external shocks too.

Figure 13: Cambodia Inflation, Consumer price index, 1995-2016

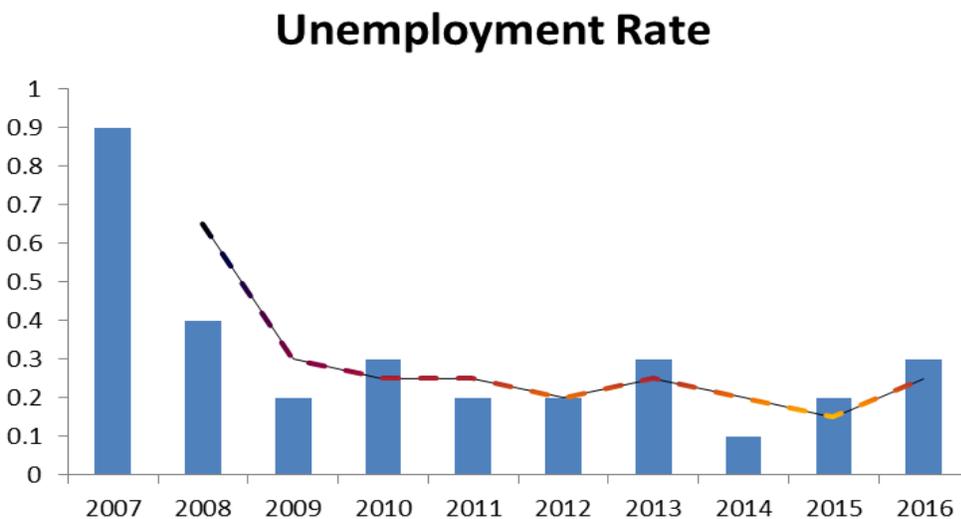


Source: Author adopted by World Bank data

VI. Economic Impacts from minimum wage and labor force movements in Cambodia

Due to this figure 13 shows that the unemployment rate of Cambodia is still lesser than 1 percent since 2008 -2016 whiles the gain of labor forces are significantly increased every years too. As the result of this, we can say that the minimum wage setting seems not effect too much to labor forces and trade till now while the some definitions of labor needs are not defined well too.

Figure 13: Unemployment Rate of Cambodia, 2007-2016

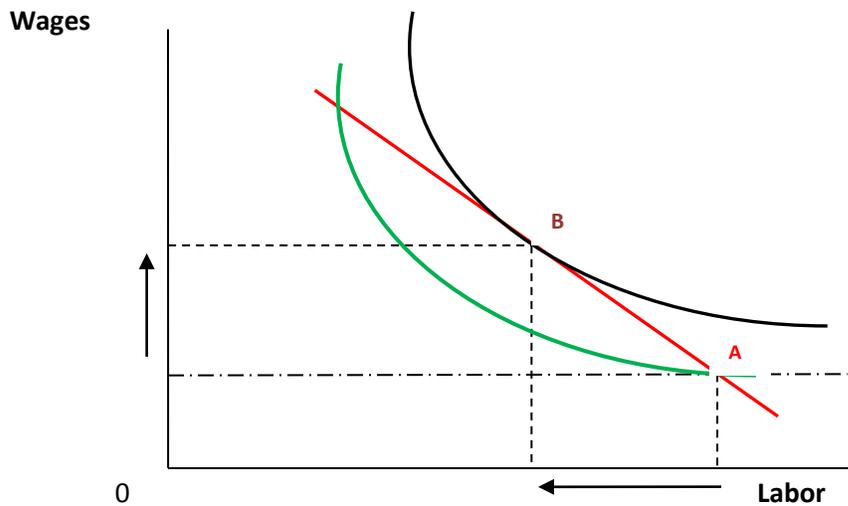


Source: Author calculated from www.tradingeconomy.com

Normally, the increased minimum wage did harm to the factories with their benefits, other costs and sensitive working hours too but in this country's aspect seems not so harmful but when we look at the whole labor force and unemployment rate would be said that It is still gaining gradually by years. There are many huge research literatures related with these issues from famous researchers. Dale Belman (2014) of Michigan State University mentioned in his research that moderate increase the minimum wage are useful means of raising wages in the lower part of the wage distribution that has little or no effect on work and hours. This is what one

seeks in a policy tools, solid benefits with small costs¹². In Cambodia, most of workers are women who migrated from provinces, Hence this means that the increase of minimum wage can make women getting more benefits than men in this garment sector. As many researches mentioned that we concern about all the increased minimum wages which could pass by to consumers but not to the workers or labor reduction in this case. One study researched in United State tried to find the impact of rising wage to labor deduction in a New Jersey law, comparing the outcomes in the fast food industry to those in the bordering state of Pennsylvania, where wage laws remained the same. The data pointed out that “no proof that the rise in New Jersey’s minimum wage reduced employment at fast food restaurants in the state.” But furthermore, “prices of fast food meals increased in New Jersey related to Pennsylvania, suggesting that much of the burden of the minimum wage rise was passed on to their direct customers.”

Figure 14: Monopoly -Union Model¹³



Source: Graph adopted from monopoly models

With this model mentioned that if the more raising the wage in the market forces the labor elimination as well. If we adopt this model to Cambodia labor force, It will not reveal as this graph at all. Cambodia labor force in garment sector induces many years about the rising

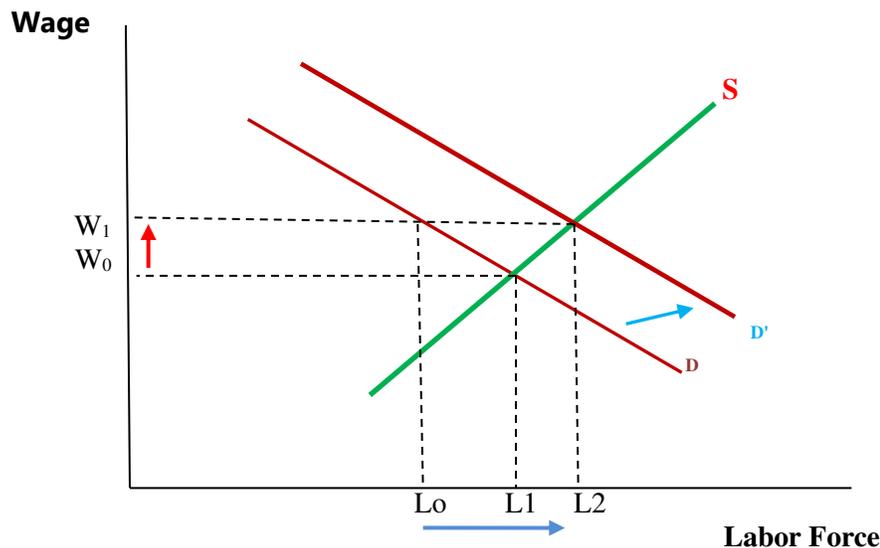
¹² See: <https://journalistsresource.org/studies/economics/inequality/the-effects-of-raising-the-minimum-wage>.

¹³ See Dr. Paul Vandenberg : Trade Unions and Collective Bargaining, slides 2017 : pp12

minimum wage too whereas the labor force is still increased gradually by years. We can say that this maybe because of higher the demand of labor in the market or because of the higher benefits of this sector. Due to reports of Cambodia Investment Board (CIB) released in 2015, there were 124 new investment projects approved to invest, correspondent to US\$ 3.9 billion in fixed assets. This represents a 144 per cent increase compared to the same period of 2014. Of the total approved investments, 72 were in the garment and footwear sector, worth US\$ 377 million¹⁴.

In the Insider-Outsider Model mentioned in figure15 stated that the increase of demand of labor productivity will move the demand curve to the right and make more wage increased too as in the case of Cambodia too. In 2015, Council for Development of Cambodia (CDC) said that most of the new investments in garments are from China, 34% following by UK, 29.5%, others, 14.9% and Taiwan, 10.3% and Hong Kong , 10% and Japan,0.6%. This garment sector employs more than 620,000 workers, 86 per cent of who are female and many of whom are young and most workers are working in production line¹⁵.

Figure 15: Insider – Outsider Model applied with Cambodia Labor market



Source: Author adopted from www.economiconline.co.uk

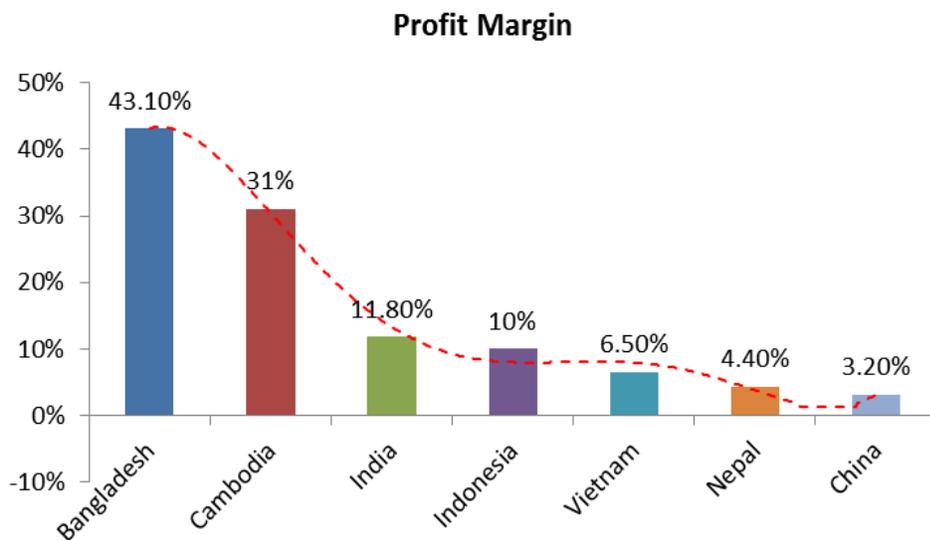
Market equilibrium with minimum wage regulation and labor force still have occurred many critical issues to close it while the public policies and unions still update all the time as these.

¹⁴ See: ILO: Bulletin ,2016

¹⁵ See: Ministry of Commerce with data from all registered factories in Cambodia.

Furthermore, worker union still keens to gain more salary to the workers while the government tries to ignore them. Even on 6 July, 2015 , the rental regulation was passed to help the worker 's expenditure or students and low income earners on rental room , banning from landlord of increasing rent fee in two years after contract signed. Of cause, the equilibrium minimum wage can be sensitive due to some cases like demand of labor productivity , Preference of work ,trade union activities ,substitute of labors and strike , human capital difference or mobility of wage. As well as figure 13 in late recent years as in 2013, 2014, 2015 and 2016 stressed that unemployment seemed to increase in 2013 above 0.3% and 2014 nearly 0.1% and 2015 , 0.2% and 2016 above 0.3% frequently too. In 2013 this increase unemployment rate can be around 12,000 per year while 242,000 increased with employment per year¹⁶and the garment sector accounted for around 8.18 percent of total work.

Figure 16: Profit margin of Garments



Source: Author applied from CIDS & ILO, 2007.

Figure 16 reveals the comparisons of some emerging countries about the garment sector growth with profit margin in percentage. Noticing that Cambodia is having 31% of profit margin of garment sector while Bangladesh , about 43% and following India,11.80% and Indonesia,10% and Vietnam , Nepal and China. This shows that Cambodia has more competitiveness in market to invest the garment sector and related fields. The opportunities and good competitiveness of

¹⁶ See ILO 2013:http://www.nea.gov.kh/nweb/images/working_report/Skills%20shortages%20and%20gaps%20in%20Cambodia%20supported%20by%20ILO.pdf.

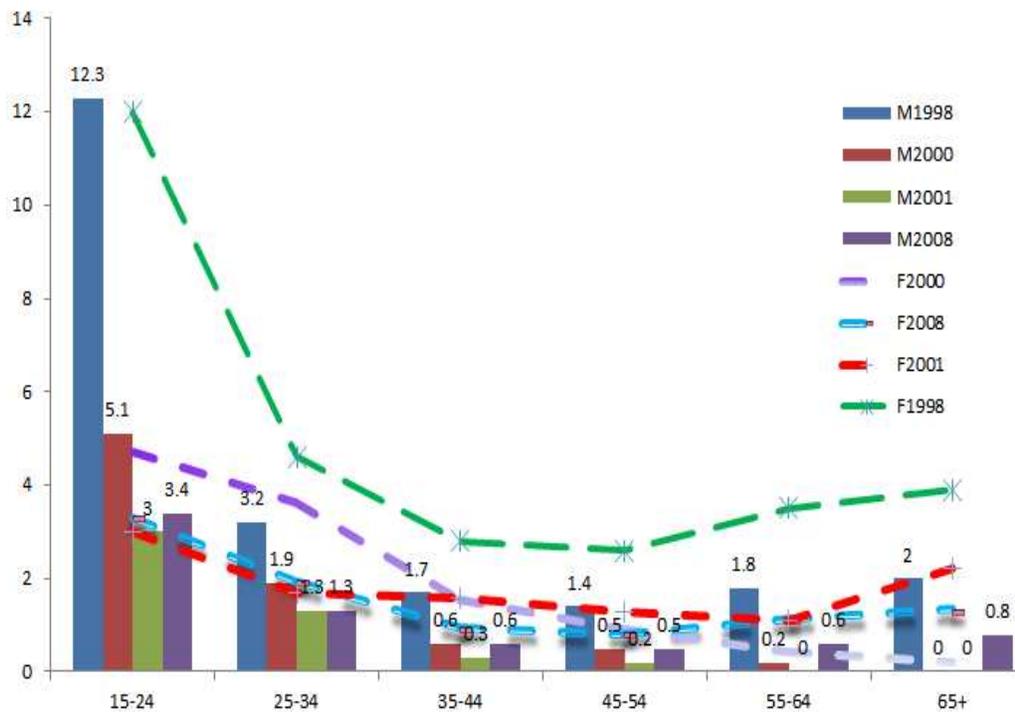
these countries, especially Cambodia would be from the cheap labors and other infrastructures as well as quota for exports and other more incentives for investors too. By the figure 17 as from the National statistic of Cambodia (NIS) and Ministry of Economics and finance released that the garment sector growth in 2017 around 8.5% projection while 8% in 2016 and construction surges with 12.36% and other industries about 12.97% increases and garment sector as 7.95% in 2018 projection period.

Figure 17: Garment sector growth: 2011-2017p



Source: Author calculated by NIS & MEF, 2017

Figure 18: Unemployment Rate by Genders and ages, 1998 & 2000&2001&2008



Source: Author adopted by National Institute of Statistic, 2010.

Table 1: Employment and employment to population ratio (%)

Age	1998	2000	2001	2008
Both	5.3	2.5	1.8	1.7
15-24	12.2	4.9	3	3.3
25-34	3.8	2.7	1.5	1.6
35-44	2.3	1.1	1	0.8
45-54	2.1	0.7	0.8	0.7
55-64	2.7	0.3	0.6	0.9
65+	2.9	0.1	0.8	1
Male	4.7	2.1	1.5	1.5
15-24	12.3	5.1	3	3.4
25-34	3.2	1.9	1.3	1.3
35-44	1.7	0.6	0.3	0.6
45-54	1.4	0.5	0.2	0.5
55-64	1.8	0.2	0	0.6
65+	2	0	0	0.8
Female	5.9	2.8	2.2	1.8
15-24	12	4.7	3	3.3
25-34	4.6	3.6	1.7	1.9

35-44	2.8	1.5	1.6	0.9
45-54	2.6	0.9	1.3	0.8
55-64	3.5	0.4	1.1	1.1
65+	3.9	0.2	2.2	1.3

Source: Author compiled by NIS, 2008

Based on the table 1 and figure 18, Cambodia unemployment rate will be harmful to the female workers than male, especially most of the above years. Most of those unemployment rate impacts to the girls who have had ages from 25-34, 35-44 , 45-54 and above ages where male dominated by age from 15-24 in 2008.As in overall data reported that Female has concerns more than male in economy while unemployment or other constrain occurred to economy due to above figures¹⁷.

VII. Challenges and some implications

The minimum wage regulation seems fine for worker and labor force and it makes better for welfare of people or worker in which the higher demand of employment in market while the cheap labor burst more capital fly to Cambodia and opportunities to invest. However, some challenges still occurred in this emerging country as well as applied regulations of local garment factories and companies and workers unions, lack of skilled labors and human resource development, social protection to fight vulnerabilities, inequality of gender, healthy industrial environments and well-timed and trustworthy labor market figures¹⁸.Furthermore, some critical issues are also mentioned via BFC as that range in 20% but there is no decimation against workers about 7% and regular emergency evacuation drills for every 6 months consist 17% while emergency exit doors are unlocked during working hours around 9% ,bonuses allowance ,9% and severance payment (5%) are paid correctly about 18% and management keeps one complete and accurate payroll also with 8% too¹⁹.Due to these above issues, Cambodia generated some institutions to improve the skilled worker development programs ,but significant challenges still consist. According to MOLVT findings, the increased numbers of technical vocational education and training graduates centers from 88,367 in 2007 to 113,648 in 2008²⁰. Furthermore, labor productivity and capacity extended to 4.19 million riels (US\$1,030) in 2008 while the highest

¹⁷ See National Institute of Statistic : General population census of Cambodia 2008

¹⁸ See National Institute of Statistic,2010: [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/ documents/publication/wcms_158511.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_158511.pdf)

¹⁹ See BCF, 2015

²⁰ See Ministry of Labor and Vocational Training

average annual change of labor productivity between 1998 and 2008 occurred in the mining and quarrying sector about 19.4 per cent, with following by finance and other services (8.6 per cent). As well as in trade at 1 per cent, the average annual growth of labor capacity in agriculture in the same period was much slower at 1.7 per cent. If we take a look with labor productivity levels in Cambodia remained lower than its some ASEAN neighbor's.

VIII. Concluding remarks

Since 1993, Cambodia completely got out of the all tremendous wars and its economy seems doing well with sustainable growth and robustness. In late 2007, the global crisis had effected globally to the world with huge hazards to ASEAN and Cambodia too, especially to main sectors of Cambodia's economy as garment sector , tourism sector and construction sector with pushing more unemployment's and more decline to tourism too. In the garments sector had been estimated to lose the job about 70,000 jobs since the end of 2008 while total Cambodia's export were on garments. This issue revealed that the vulnerability of the export led growth which is still concerned for this sector and most of them are suffered to the females in market.

Furthermore, due to the above figures state that even Cambodia had concerned the impacts with unemployment effects from the last recessions but the demand of labor are still high in which the FDIs still surged simultaneously years on years too.As results, during the periods of minimum wage increased, gross domestic products (GDP) is still growing up too while the estimated profit margins of garment sector bloomed as well as figure 11 and figure 9.

The gender inequality in workplace and specific age labor criteria are still critical indicator to investment and decision making which are effective to labor market information system as report from the NSDP update 2009-2013.All these above challenges and gaps would be hampering the growth and poverty reduction while appropriate policies should be tied up with the strong labor market information and some significant adopted policies which will be addressing these issues.

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