

Cambodia's Industrial Relations: In Search of a Strategic Framework

Rong Chhrong

Abstract: *Employment relations in Cambodia tend to adjust to the requirements of the emerging small, open market economy of the country. In the face of the massive capital and infrastructure requirements to rebuild the country from a socialist oriented perspective, the encouragement of a competitive domestic market economy requires relevant policies and practices. At the same time they must prevent exploitation and curb abuses through legal guarantees, i.e. minimum labor standards. It is a tremendous challenge to create and strengthen the labor institutions that will promote policies on employment relations towards a globally competitive Cambodian workforce.*

Keywords: Economic development; industrial relations; employment; trade unions; labor relations; Cambodia.

1. Socio-Economic Background of Cambodia

Cambodia is coping with many difficulties, after a long period of turmoil – low economic development, high growth rate of population, and low living standards. With an estimated GNP per capita of US \$ 300 in 1997, Cambodia is still considered to be one of the poorest countries in the world. Cambodia suffered from a tragic history of war over two decades and socio-economic experiments in the 1970s that reduced the level of income and standard of living considerably below those attained in the 1960s (Chandler 1991).

The population of Cambodia is estimated at 10.3 million, with a growth rate of 5 percent per annum in 1993/94, according to the Socio-Economic Survey of Cambodia (SESC) conducted in 1996 (National Institute of Statistics 1997). The rural population comprised about 83 percent of the total population. Urban areas such as Phnom Penh and suburbs, and other

towns had a 9 percent share of the population. The economically active population aged 10 years and over numbered around 5 million – with 2.6 million females and 2.3 million males.

Labor Force Participation Rate (LFPR) for both sexes in the urban areas is lower than that of the rural areas, 57.1 percent in the urban areas and 60.1 percent in the rural areas (see Table 1). Observing the urban area it is apparent that the LFPR of the male much higher than that of the female, 61.0 percent compared to 54.6 percent. In the rural areas, however, the LFPR of both sexes are quite similar, 66.8 percent for male and 67.3 percent for female. Those patterns apply also for the Employment Rates, which show higher percentage for male LFPR than that of the female. The Unemployment rate of both sexes has the significant difference of their percentages. The Unemployment Rate of the female (10.1 percent) in the urban areas is much higher than that of the male (5.7 percent).

Table 1
THE LABOR FORCE PARTICIPATION, EMPLOYMENT
AND UNEMPLOYMENT RATES BY SEX AND
PLACE OF RESIDENCE CAMBODIA, 1996
(IN PERCENT)

	Labor Force Participation Rate			Employment Rate			Unemployment Rate		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
Total	65.4	65.8	65.1	97.5	97.5	97.2	2.5	2.2	2.8
Urban	57.1	61.0	54.6	92.1	94.3	89.9	7.9	5.7	10.1
Rural	60.1	66.8	67.3	98.2	98.4	98.1	1.8	1.6	1.9

Source: Ministry of Planning (1997).

Around three-quarters of the employed labor force were in agriculture, confirming the predominantly agricultural orientation of the country. Over 78 percent of the labor force were primarily employed in agriculture, followed by 17 percent in service and trade. Only 5 percent of the labor force worked in industries. Less than 10 percent of the labor force were engaged in wage employment, and the rest employed in small-scale units, either as owners or as family workers.

The education and skill level of Cambodian workers are quite low. The percentage of population aged 10 or above who are able to read write a simple message was estimated to be 66.6 percent. The figure increased from 65.3 in 1994. The 1996 Socio-Economic Survey of Cambodia (SESC) estimated that adult male in Cambodia on average had 4.2 years of schooling and adult female on average had 2.3 years. Official figures are higher. Low education and adult illiteracy were very rural and female-oriented phenomena. Human resources and institutional foundations for development are still weak due to extreme scarcities of trained personnel (administrator, accountants, lawyers, engineers, the computer literate, and foreign languages, etc). Only 10 percent of the labor force could be classified as skilled, comprising of managers, craft and related workers, and plant and machine operators. Skilled craft and plant workers are most in demand for the future development of Cambodian industries.

Investments were mainly in the garment sectors, which tremendously increased over the years. Cambodia received the Most Favored Nation (MFN) status under the Generalized System of Preferences (GSP) in trade from the United States. Investment enabled thousands of Cambodians, especially females, to get job while the government laid-off employees of some state-owned factories in response to "privatization" policy. Alongside the growth in investments and employment also came many labor violations.

From 1975 until 1988 Cambodia was ruled by communist and socialist leaders (EIU 1994). The country's social and political structures also followed that of the former Soviet Union and China where labor laws and policies were not explicit. In the late 1980s Cambodia changed its centrally-planned economy to a market-oriented one, a trend that will hopefully lead Cambodia to industrialization. Immediately after the economic changes, Cambodia experienced a rapid inflow of foreign investments mainly in such industries as textiles, tourism, and the like.

Cambodia adopted a new constitution in September 1993. Economic policies are now highly market-oriented. With this new constitution, the government has clearly recognized industrial relations. There are guarantees for the rights of worker. Article 36 of the Cambodian Constitution provides for the rights to set up a labor union or federation. The Constitutional sources of policies on employment relations in Cambodia aim to provide for the rights of citizens to gainful employment and the exercise of the rights to self-organization, collective bargaining, and concerted action.

2. Analytical Framework for Industrial Relations in Cambodia

In Cambodia employment relations have been changed and transformed from the centrally-planned economy in the Khmer Rouge regime in the 1970s to a new open market economy with a new political regime in the 1990s.

During the transition period there were key structural adjustments that provided new developments, plans and strategies that defined the work rules. These changes were capped by the enactment of a labor law only in 1992, which was amended in 1997 to conform to labor standards established by international conventions, through the auspices of the International Labor Organization (ILO 1998). The basic labor law mandated the government to safeguard worker rights to self-organization, concerted activities such as the right to strike, job security, a living wage, and participation in decision making.

The new Cambodian Constitution recognizes the worker rights to organize into unions and federations (ICFTU 1997, Royal Government of Cambodia 1993 and 1997). It also provides for the rights of workers to strike for mutual benefits while protecting public interest. The right to strike in Cambodia is limited by the phrase "in the framework of a law", just like all the other protective provisions. Not only the right to set up labor union is encouraged by the law. Article 42 guarantees Cambodian citizens to establish associations or political parties.

Cambodia is a signatory of the international treaty that guarantees the economic, social, and cultural rights of its people. Article 7 of this treaty that protects the right of workers is consistent with the Cambodian constitution. Article 75 provides that: "the State shall establish a social security system for workers and employees".

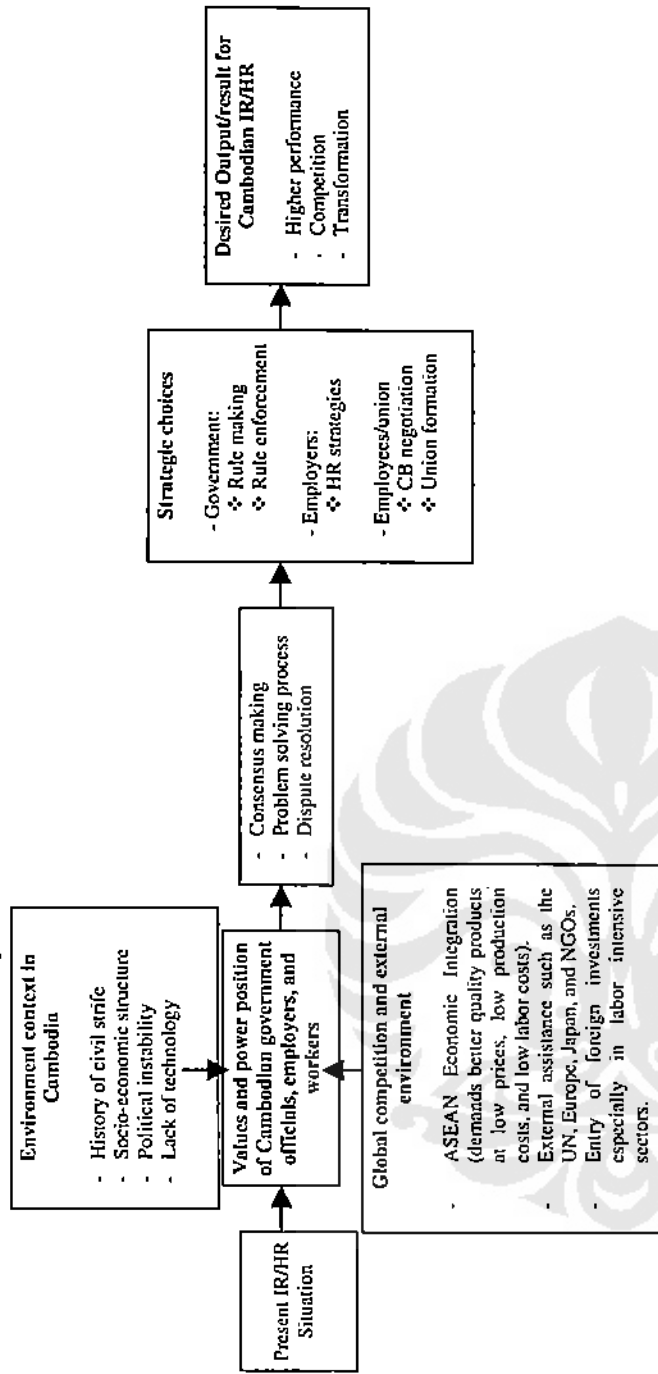
Industrial peace prevails in Cambodia, despite the widespread violations of labor standards. High unemployment and underemployment rates depressed wage rates. At this stage, industrial relations were relatively cooperative, where organized labor were relatively tame in their demand and means of action, in exchange for economic recovery and development.

Globalization in the form of rapid entry of foreign investment in Cambodia is bringing in both opportunities and threats to the local trade union movement. Strategic business choices have to be made, to fast track the economic development of Cambodia. There are several threats since globalization brings in great changes in technology, characterized by labor flexibility, higher skill requirements and more machine intensive production processes. Jobs are fast being casualized and contractualized, thereby marginalizing the existence of trade unions.

The general analytical framework of employment relations in Cambodia is illustrated in Figure 1. The framework presents the stakeholders' strategic choices, their matching mechanisms and actors' cooperation in the context of Cambodian realities. The analytical scheme of employment relations focuses upon the possible internal as well as external environments that shape future outcomes.



Figure 1
Analytical Framework for Industrial Relations in Cambodia



In Cambodia the internal environments consist of a history of civil strife, unstable socio-economic structures, political instability, and lack of technology. On the other hand, the external environmental factors consist of pressures from the ASEAN economic integration (demands for better quality products, at low prices, low production costs, and low labor costs), external assistance such as the United Nations (U.N.) Europe, Japan, NGOs, and entry of foreign investments. Globalization and competitiveness influence the outcomes of policies on labor-management relations and human resource development. The analysis of industrial relations in Cambodia would only be successful if the historical, socio-economic, political/structural and technological conditions prevailing in the society are all taken into account in a cohesive framework.

Just like other developing countries – Cambodia desires a set “outcomes” of industrial relations to include: higher performance and productivity, competitiveness, and better standards of living and incomes. The desired outcomes are dependent on the adequacy of mechanisms to enhance the processes of consensus making, problem solving, and dispute resolution. These outcomes are further affected by strategic choices made by the stakeholders (i.e. the mindset of political leaders and government officials who set the rules and enforce them, employers who require competitiveness in their industrial relations and human resources (IR/HR) strategies and policies, and workers who prefer to be represented in collective bargaining negotiations, union formation, and skills development program.

3. Industrial Relations in Cambodia

The birth and growth of the trade union movement along with the creation of many business communities created a new environment for collective bargaining. The economic growth between these current years has created a lot of opportunity for young Cambodians to get jobs that they prefer. Among businesses, garment factories are labor intensive with very cheap labor cost. It is in the garment enterprises where there is a lot of labor disputes. On the other hand, there was no collective bargaining within the workplace in Cambodian settings. This problem is compounded by the fact that trade union leaders had no basic knowledge and experience in the procedural framework, as well as understanding of the concept of strategy in the bargaining negotiations.

To improve working conditions, trade unions carried out peaceful actions, started negotiations and concluded agreements on wages and working

conditions with enterprises. However, many enterprises refused to allow the trade union to exist; employers resorted to brutal action to undermine the determination of the workers and impede their lawful trade union activities.

To maintain industrial peace, the Ministry of Social Affairs, Labor and Veteran Affairs with other related ministries, together with the employer's association in the garments industries had come up with an industry bargaining agreement in 1998. This is unique for this agreement exists only within the garment industry. The agreement did not respond to all the demand by the trade union leaders but at least unions have accomplished the first big step.

The agreement start with the following statement: "...both workers (union) and management" intends to promote and improve industrial, economic and social relations within the firms; and arrive at a better common understanding relatives to rate of pay, vacation/sick leaves, hours of work, etc.; and to provide the means for the amicable settlement of all disputes and grievances to guarantee peace and harmony".

Labor laws. In 1992 Cambodia adopted a Labor Code that was mostly patterned after the old labor code of 1972. The law adopted by the People's National Assembly, but an enforcement mechanism was not provided. There was no ministry in charge of labor management relations. The Ministry of Social Affairs, Labor and Veteran Affairs (MSALVA) was overseeing mainly the handicapped people, women, and social services for war victims and the like (Ministry of Social Affairs, Labor, and Veteran Affairs 1997/1998).

The Cambodian Labor Code traces its origins to the law adopted in 1972 during the time of war between the government of General Lon Nol with the communist Khmer Rouge. As Cambodia was busy with its civil war, this code was not actually implemented. Lon Nol's Labor Code was replaced with a French Labor Code that was chiefly assisted by French experts.

In 1992 the State of Cambodia under the socialist model adopted a new labor law. The 295-article Labor Law did allow workers or employers to form association, but they were not allowed to strike, engage in collective bargaining, and complain about the unfair labor practices of employers. Seeing these deficiencies, the government with the support of the International Labor Organization (ILO) and the Asian-American Free Labor Institute (AAFLLI) tried to improve the law, with more effective protection of the rights of workers and the interest of the employers.

The amended new labor law then incorporated articles that recognize the rights of workers to strike, to form unions and engage in collective bargaining. The new Labor Law also has clear provisions for agreements on the minimum wage, a 48-hour week, accident compensation, and payment for overtime work.

Minimum wages are guaranteed under Cambodia's labor law, for equivalent work and the same level of profession. In addition to the statutory minimum wage, a worker has the right to receive payment through fair and reasonable wage rates, when payment is based on result. There are also provisions insuring that workers received all wages to which they are entitled.

As an added protection to workers, the law also defines the mechanism of the payment of wages. These include provisions for the payment of wages in legal tender at certain regular interval (twice a month for worker) and at or near the place of undertaking, direct payment of wages. Under the Labor Law, workers (both male and female) have working hours not exceeding eight hours a day, or forty-eight hours per week. Work performed beyond these work hours are considered overtime work, that entitles additional payment.

Generally, employees are entitled to a weekly rest day, that means the right not to be required to work on a rest day except in certain emergency cases, and the right to additional compensation for work on a rest day. The law recognizes certain groups of employees who need special protection. These include women and the minors.

Trade unionism. Cambodia's labor laws recognize that workers and employers have the right, "...without previous authorization, to form professional organizations of their own choosing..." By bringing together many different individuals into one group, a trade union or employer's organization allows each member to interact, work and learn with others. It promotes interdependence and cooperation among members. It rejects one-man rule, autocracy and dictatorship.

Another essential characteristic of true trade unionism is its inherent mission to work toward the unity and solidarity of all workers throughout the world under a single purpose and structure. Authentic trade unionism thinks and acts only according to the interests of workers—the only group that it supposes to represent.

The right to unionize is fully guaranteed in Cambodia: under the Constitution (Article 36), and Labor Law in Chapter 11 (Trade Union Freedom and Worker Representation in the Enterprise) of Section I (The Right to Organize) of Article 266 and 268. These provisions completely guarantee the full right to form professional organization in the purpose of studying, promoting, and defending the rights, as well as the moral and material interests, both collective and individual, of the persons covered by their charters.

Role of the government. The Royal Government of Cambodia has a dual role in the industrial relations system. It acts as a Legislator through the National Assembly, and as an Administrator through the Ministry of Social Affairs, Labor and Veteran Affairs.

The government enacted a law to create the Ministry of Social Affairs, Labor and Veteran Affairs (MSALVA) with the mandate to oversee and administer all fields of social welfare, labor and veterans affairs. The overall purpose and mission of the Ministry is to work toward the protection and improvement of the quality of life of the most vulnerable people in Cambodian society.

The basic objectives of the Ministry are:

- a. to protect the welfare of workers (their safety, health, and rights) and the administration of social security services,
- b. to promote good employer-employee relationships (a peaceful and stable industrial relations systems) and
- c. to equip the unemployed with basic industrial skills and to improve the skill level of the work force through the provision of occupational training and skill development services.

Employment policies and practices. Due to the shortage of expertise, employers cannot fill management jobs with qualified local people; they hire mostly foreign managers. Employers recruit "trainable" young Cambodian who had higher education, basic skills, and motivation. Cambodian employers also require them to be adept at the English language, with competencies on data processing. Business and technical skills are provided by employers through training programs.

The Cambodian labor market experiences shortage of available human resource with backgrounds in advanced technology such as

electronics, computers, and semi-conductors. University graduates trained in the nontechnical fields (commerce, social sciences, liberal arts, etc) still outnumber those who graduate with engineering degrees.

In Cambodia schools and universities, and companies or industrial establishments do not have adequate coordination yet in terms of exchange of information. Recruitment and hiring in Cambodia is influenced by personal connections and networks of all ranks in the company.

Employment security. The new law protects employment security to some extent. If workers are laid-off, they must be paid equal to 15 days for each years of service, up to maximum of six months of salary if the workers worked more than twelve months of service. Workers could only be terminated for serious misconduct and in exceptional circumstances such as natural calamities.

Cambodian labor law now requires that newly hired employees must undergo a probationary period of one to three months depending on the level of workers. In case of termination of employment, labor law provides that workers must be "paid compensation pay equivalent to remuneration until the termination of the contract, or five percent the wages paid during the duration of the contract if the contract is expired". The law requires that the employer must notify the employee before termination of employment.

Employers may also terminate the employment of any worker due to the closing of establishment by public authorities or calamity such as flood, earthquake, and war. Usually, new recruits are hired based on their qualifications and experiences. In case of termination of employment, due to new technology resulting in redundancy, labor law provides that workers must be "paid a separation pay equivalent to at least one month pay for every year of service".

4. Trade Unionism in Cambodia

Cambodian labor relations started with the creation of the socialist state, with Leninism and Marxism as the core principles, during the socialist regime. Trade unions started to be organized in 1979 within government enterprises since there was yet no private sector. When Cambodia was liberated from Khmer Rouge genocide (1975-1979), a new

wave of organizing trade union started. The following sections present the biggest union groups.

Cambodian Federation of Trade Union (CFTU). Cambodia's first union was in the public sector. It was called the "Cambodian Federation of Trade Unions (CFTU)". This trade union was the product of the Cambodian Communist People Party, whose ideas were influenced by the former Soviet Union and other Eastern Europe. Most of the leaders in the government and in the unions were from the lower of the means of production and the leader of the country. They considered that they are the only group who could understand and lead the working class.

To oversee the effectiveness of trade union, the socialist countries set up and controlled the trade union as an effective political institution. The CFTU was formed in 1979 as a single, central government-control worker organization. It claimed to have a membership of 180,000 workers employed in the timber, garment, port service, health, education and agricultural sector from 1979 to 1992. In that time, workers could not go on strike or engage in collective bargaining agreements. There was a worker's representative in each manufacturing sectors or institutions for receiving order or regulations to control workers, but there was no worker's representative from the private sector to help workers.

The movement no longer exists within the government structure due to lack of management, and lack of the workers right to strike, no collective bargaining agreement, etc. According to sources, this trade union is changing its strategy form being a government trade union to one which is independent. There are at least 22 unions from different private establishments as the affiliated trade unions. The main objective of the federation is to teach workers about their rights and to monitor any violation of labor laws.

Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC). The first trade union which started with the free participation of worker is called the "Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC)". This union was founded by 158 workers in one of the largest factories in the country (FTUWKC 1996). After its formation trade union membership soon increased to 3,000 member. This union was supported by the opposition party leader, Sam Rainsy. The FTUWKC has as its objectives in wage, a cut in weekly working hours, benefits in the event of sickness or pregnancy, and some control over dismissals. This group was recently set up at national level and declared that it has no political alignment.

According to the documents of the FTUWKC, there are 34 unions at several factories with around 2,000 registered members from garment factories since the beginning of formation until the present. The union is composed mainly of workers who suffered from abuses of employers. The FTUWKC had conducted several strikes in order to demand workers protection. These actions had the cooperation of the workers themselves. The FTUWKC also succeeded in organizing and strengthening the bargaining position of the workers and helping them in negotiations with employers.

The current President of the FTUWKC, Ms. Ou Maric was interviewed by the author. She is proud of the fact that three of the garment factories had signed collective agreement with the FTUWKC, concerning wages and working conditions. Even though the agreement does not cover the whole garment industry, the federation sees this as a major breakthrough to the benefit of workers.

Cambodian Union Federation (CUF). The CUF is another umbrella of trade union, created by a group of workers and a human rights group in December 1996. According to the CUF, there are 43 enterprise-based unions almost all of which are in garment industries and others such as wood, beverages, etc. It claims to have around 20,000 members.

The CUF is composed of lawyers and workers. The president of the CUF is a lawyer who is from the human right association. The main activity of the CUF right now is to provide legal aid to workers. There are 53 cases that were successfully handled and won through the support of the CUF.

The CUF started from the concerns of a local human right association. Workers requested their help in filing proper complaints and assistance in demanding better wages and working conditions from the employers. With the problems presented by the labor disputes, the CUF was set up in order to facilitate and provide workers with legal assistance. The CUF also helped them how to maintain the union to create the framework of industrial peace.

Free Union Federation of Cambodia (FUFC). This federation was set up around 1997, when Cambodia obtained trade concessions (through the GSP and MFN status) from the United States, according to its own documents and additional information from various resource persons. It was set up by the President of a political party who campaigned in the national elections, but failed to get a seat in parliament. The organizer is not only the politician, but also an employer who invested in the real estate and import-export business.

During the field research, the author could not contact and reach any person from the organization to provide more information regarding the number of members and the structure of the organization.

5. Finding on Employment Practices

The author (Chhronng 1998) conducted a limited opinion survey about policies and practices in employment relations practices in Cambodia. The focus of the survey is upon working hours, wages, leaves, and the like. The items represented here provide the significant variations in the opinions among three groups of respondents (foreign managers, Cambodian managers, and Cambodian employees). There were 171 respondents in the opinion survey, who came from 27 enterprises. There were 8 foreign managers, 60 local managers, and 103 rank and file Cambodian employees who participated in the survey undertaken in 1998.

Pay and benefits. Most of the foreign managers had high educational attainment and high pay, compared to local managers and employees. The average pay that a local manager received was US\$255 (the lowest was US\$60 and the highest was US\$600), which was around one third of foreign manager's. Most of the local managers were graduates from senior high school followed by university graduates and junior high school graduates.

The average wage that they got from work was US\$69 (the lowest was 30 and highest was 331) per month. The employees in the manufacturing agencies got very low wages, that varied from US\$ 30 to 70 per month. The basic wage for each employee was US\$30 for apprenticeship and US\$40 for employee. Employees and manager received their full wage from the agencies once a month. There were no respondents who were in the daily wage system.

Based on interviews with employers and managers in 27 establishments, companies gave bonuses on top of a 13-month payment. The amount was based on each employee's performance, seniority, attendance, and other related factors. Companies also provided recreational activities such as company outings, Khmer New Year and dance parties.

Most companies also gave workers bonuses for good performance, high productivity, or good attendance. The bonuses were given in cash or in kind such as food, gift items, etc. Some companies provided a daily food allowance at one time either in cash or in kind. The survey shows that almost

half of the respondents had received a bonus from their employers (n=81, 47,4 percent) of 171 respondents). There were 90 respondent (52,6 percent) who said that they had not received any bonus.

Working hours. Enterprises in Cambodia are open for business for six working days every week, except in the banking industry where employees work for 5 days weekly. Some establishment have five and a half working days. The ordinary working hours is 8 hours per day, so there are 40 to 48 working hours per week in Cambodia.

Foreign managers reported an average of 43 working hours per week. This is lower than those reported by local manager who performed work for the average of 48 hours per week. On the other hand, employees reported longer working hours, with an average of 50 hours per week, compared to other two groups in the managerial level.

Most workers said that they had not enjoyed their leave credits. Generally, foreign managers got higher leave credits compared to local managers and their employees. The vacation leave is due to the *Prakas* (ministerial order) of the government that requires all garment factories to provide vacation leaves of 18 days.

In most cases, the sick leave is credited if a medical certificate from doctor is presented. Employers, however, reduce the wages of employees after crediting the sick leaves. Respondents from the banks, hotels, restaurants and similar service enterprises said that they were provided sick leaves without any wage reduction.

Hiring practices. Firms prefer to hire young Cambodian workers. Workers are mostly in their 20's, with a few years of work experience and of low level of education. The manufacturing sector is mostly labor intensive. Most workers in the manufacturing sector are young females who have acquired a primary school level. Some even did not have any schooling.

In Cambodia, all establishments directly hire their employees, without any mediators such as educational institutions who conduct "job fairs" and similar employment campaigns. For the managerial groups, the common practice is to hire experienced outsiders from the company. The companies hire personnel as the need arises, such as whenever there are unexpected resignations and when employees leave to pursue their own occupational or career paths.

When employing middle managers or employees, the companies use classified advertisements and referrals by their employees. In some other cases, piracy and referrals by local government and some government officials from different institutions also occur.

Employers usually require their job applicants to have the appropriate work experience, age, and a minimum educational background. These are the major preference of the companies when hiring personnel.

All of the foreign managers had an employment contract. In contrast, 154 or 90.1 percent out of the local managers and employees had no formal employment contract with their employers. The so-called "employment contracts" given to local managers and employees were not signed by the employer.

Grievances at the workplace. Most of the workplace disputes between employers and employees concern the following: wages, benefits, length of working hours, payment for overtime work, allowances, and the like.

Among the respondents, 60 employees (35,1 percent) had problems with wages and inadequate allowances. The main reason behind this problem was that most establishment provided their employees only the basic salary without adding allowances for food, clothing, and the like. The second main problem was the relatively long working hours. Many employees complained about wage rates that were lower than the minimum wage that was fixed by the ministry in charge of labor. The late payment of wages to workers was very common too.

Another crucial problem is the low rates for payment of overtime work. It is usual that employees are paid for overtime or holiday work which is less than the *Prakas* (ministerial order) of ministry in charge of labor. According to the law, the workers must be paid 1.5 time the normal wage for overtime work. The rate is twice the normal wage for work done during the weekly time off and for special days. Overtime work should be voluntary, but many employers force their workers to work beyond the normal working hours mandated by law.

The other main complaint is employment or job security for employees and local managers. Illegal dismissal without protection from the state and union have become fairly common.

There were 38 respondents (22.2 percent) who said that complaints and grievances were due to disputes about long working hours, overtime, or holidays. Complaints regarding wages were the most stated (n=60,35 percent). The third most common complaint was with respect to employment and job security (n=19, 11.1 percent). Complaints and grievances did not only come from local managers and their employees, but also from foreign managers (n=3, 1.75 percent) which is surprising since they themselves had higher pay compared to their local counterparts. The foreign managers had no complaints about working hours, or work during holiday or overtime. Only local managers and employees encountered problems related to working hours and overtime pay as well as payment for work done during holidays.

There was a little conflict involved in the health and safety of working conditions. Problems include the following: very hot workplaces, few comfort rooms for so many hundreds of workers, etc. Health and safety accounted for only 3.5 percent (n=6) of the problems reported by the respondents.

Disputes Settlement. The settlement of disputes is a relatively new field, since Cambodia has just transformed itself from centrally-planned economy to market economy. The lack of a legal framework that relies upon settled jurisprudence and the lack of expertise in disputes settlement have led to many complications within the Cambodian workplace. There is still no industrial court for dispute settlements. All the labor disputes have to go to the civil or criminal courts.

In Cambodia, there are different ways to dispute settlement. Cambodia still does not have an industrial court to settle the problem between management and employee, but there are several ways to help to end the disputes. These include the following: grievance procedures, informal dialogues, amicable resolution, and outsiders who act as go-between the conflicting parties, and the like. There were many cases that were settled by agreeable means through meeting and talking to each of the parties on a particular dispute.

Amicable resolutions help to end dispute when both sides agree to talk things over through negotiations. An increasing number of disputes is settled through coordination with the government—especially with the ministry in charge of labor and other related ministries. Most of the settled cases were in the manufacturing sector.

Skill formation. The survey indicated that most respondents (84.2 percent, n=144) agreed that more training was needed for both local manager and employees. Only 27 (15.8 percent) out of 171 respondents who did not think that training was needed. In the interviews, some respondents said that training costs too much time and money. If employers do not allocate enough resources as a benefit of training, then the trained employee may resign after they have enough training and experiences. Anyway, some respondents stated that it is better to pay higher wages instead of spending money for training.

In order to comply with the requirements of the demand side (employers), the supply side (the work force) has to consider how to acquire skill demanded by industry, through appropriate education and training. According to the survey, 45.6 percent (n=78) agreed with the idea that on-the-job-training is the most important factor to upgrade and improve skills of the workers themselves and through instruction by their supervisor or in house consultants.

Multiskilling is considered crucial factor by the workers, and a significant number approved of the idea (21.6 percent, n=37). They preferred training for multiple skills, followed by both other forms of short-term (11.7 percent) and long-term (7.60 percent) training. In contrast, foreign managers did not want to invest in short and long term training.

Of the surveyed respondents 37 (21.6 percent) out of 103 employees said that they were members of a trade union. They were mostly in the garment firms. Thus, union membership was still a minority, compared to the bulk of non-union (n=66, 38.6 percent) respondents. It is interesting to note that two of the Cambodian managers indicated that they were also union members. Among the respondents in the banks and hotels/restaurants, there were no union members.

Unionism. The author asked worker-respondents on their opinion about the presence of the union within the company. All sets of respondents agreed that their presence was desirable. It is interesting that a significant number (n=44) chose not to answer this question on the desirability of a union. Half (50 percent) of all respondents agreed that trade unions had played a very active role in representing the interests of the workers. Even 30 (18 percent) of the foreign and local managers had come up with the common agreement that trade union activities were good in general.

6. Implications

The fact that Cambodia's economy is open and small with respect to its regional counterparts means that global competitiveness will be a major factor to determine the outcomes of policies on employment relations.

Despite its relatively underdeveloped and devastated economy, Cambodia has to contend with globalization and competitiveness. The case of Cambodia clearly shows that the outcomes of "global competitiveness" are no isolated form of the historical, socio-economic, political/structural, and technological conditions of a country. The factors or "inputs" to the Cambodia system of employment relations definitely must contend with the fact that both the physical infrastructure and human resources of the country have been devastated by the civil war. Policy makers have the most tremendous burden as well as a challenge of coming up with a package of innovative decisions fit to overcome both the physical and human constraints, especially in the areas of employment relations.

It is inevitable that Cambodia's desire of environments or "output" of strategic choices in employment relations would include a package of policies and practices that strike a careful balance between minimum labor standards and the need for labor market flexibility. These include productivity-based pay systems, skills based work organizations, teamwork, cooperative labor-management relations, and market-based wage determination processes. These emphasize performance and productivity of the workforce. Both firm-level and national policies and laws should enhance a competitive labor market, such as flexible practices in hiring and recruitment, incentives for investments in training, and the like.

It is a tremendous challenge to create and strengthen the institutions that will promote policies on employment relations towards a globally competitive Cambodia workforce.

7. Conclusions

Employment relations in Cambodia tend to adjust to the requirement of the emerging small, open market economy of the country. In the face of the massive capital and infrastructure requirements to rebuild the country, the encouragement of a competitive domestic market economy

requires relevant policies and practices. At the same time they must prevent exploitation and curb abuses through legal guarantees, i.e. minimum labor standards.

There is a need to develop and strengthen labor institution in Cambodia. There is a need for a distinct government agency for the State to mediate effectively in employment relations, through a Ministry of Labor and Employment. This distinct ministry must have a bureau in charge of proactive disputes settlement through mediation, conciliation and arbitration. There must also be bureaus to deal with issue compensation or wage determination, and vocational and technical training. Likewise, trade unions must attempt to establish one national center to coordinate their efforts for representation. Employers must also be organized into one single confederation or chamber of industries, to focus on employment issues.

The Cambodian human resource situations reflect high levels of unemployment and underemployment, high dependency ratios, high poverty levels, and high population growth rates. Most of the workforce have little education, meaning they are an unskilled work force. The rate of job creation has not been able to keep pace with the increasing number of entrants to the labor force. Militant labor unionism is on the rise in Cambodia. Attempts to diminish job security resulted in even greater solidarity among workers.

Employers in Cambodia in general violate prescribed labor standards due to the lack of rules or regulations and enforcement by the government. Most of the employers pay their workers low wages, force the workers to work hard through long working hours, etc. The administration of policies on employment relations and the promotion of labor standards continue to be a strong hallmark of public administration. The system of labor standards just put in place recently has served to enhance the welfare of the workers.

Most of the respondents to the survey had low level of schooling, i.e. primary and secondary levels. As a consequence, they had low skill levels. They need more training in order to catch up with high technology, globalization, and competitiveness. On-the-job-training (OJT) programs are the most important and accepted way for the skill development of the workers as well as managers. Regarding labor relations, the respondents were working very hard, but they got very low wages compared to their long working hours.

At the time of the survey, trade unions and worker organizations in general were being organized in some of the establishments. Most of the respondents thought that the trade union had very good programs and

activities in helping workers. Respondents thought that trade union could be good partners of management in introducing workplace innovations and collective negotiation.

Most of the respondents agreed with the statement in the survey about the negative state of employment relations in the country. Respondents agreed with the need for changes and adjustments in policies and practices—such as non-adversarial, just, and fair settlement procedures, more labor laws such as social insurance law, and more government intervention in determining and fixing the minimum wages.

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Rong Chhorng, MIR (Master of Industrial Relations), majoring in Human Resource Development (HRD) from School of Labor and Industrial Relations (SOLAIR). At present he is the Executive Director Khmer Asian Friendship Society (KAFS), Dean and Lecturer at the Norton University, Phnom Penh, Cambodia, and also Deputy Executive Director, National Committee for Population and Development, Council of Ministers, Cambodia.
Phone/Fax: 023-215-156.