

THE COVID-19 PANDEMIC AND WORKERS IN CAMBODIA

A Survey of Suspended Workers in Four Sectors:
Garment Manufacturing, Footwear and Travel Goods,
Hotels and Guesthouses, and Other Tourism Services

March - 2021

1 Background

In Cambodia, the COVID-19 pandemic has resulted in widespread job suspensions and losses, and substantial reductions of income for workers and their families. By June 2020, as many as 234 factories in the manufacturing sectors (garment, footwear and travel goods) requested the suspension of their operations, and hundreds of thousands of workers were suspended from their jobs. In the tourism sector (mainly hotels and guesthouses), the sharp decline in international tourists has led to mass workforce reduction.

The purpose of this research, conducted by the Centre for Policy Studies in cooperation with the Solidarity Center¹ and The Asia Foundation, is to explore how the COVID-19 pandemic has impacted workers in four of Cambodia's key labor sectors: garment; footwear and travel goods manufacturing; hotels and guesthouses; and other tourism services². The findings and recommendations are intended to inform advocacy for responsive policies and targeted support for workers and their unions struggling to overcome the devastating consequences of the pandemic. Potential users of the study are relevant government institutions, development partners, civil society organizations, unions and other stakeholders.



The overarching research question was: “How can laid-off and affected workers in manufacturing (garment, footwear and travel goods), and tourism sectors (hotels and guesthouses and other tourism services) be supported directly and indirectly during the COVID-19 pandemic?”

¹ The Solidarity Center is implementing the Labor Rights in Cambodia program with the support of USAID.

² The “other tourism service” sector includes travel agencies, souvenir shops, restaurants and casinos.

2 Methodology and Demographics



The research is based on: desk research; interviews with key stakeholders including policymakers, technical government officials, experts, private-sector representatives and trade unions; a quantitative worker survey; and 27 focus group discussions in various agro-regions at the village level.



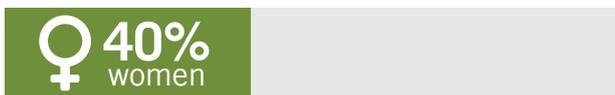
The survey was conducted in August 2020 through phone interviews with 1,525 workers randomly sampled from the approximately 125,000 workers in the relevant sectors who were officially suspended for 30 days or more between late March and July 2020 due to the impact of COVID-19 on their enterprises.³



Overall, 68 percent of the workers in the whole sample,



and 80 percent in the manufacturing sector sample (garment, footwear and travel goods sectors), are female.

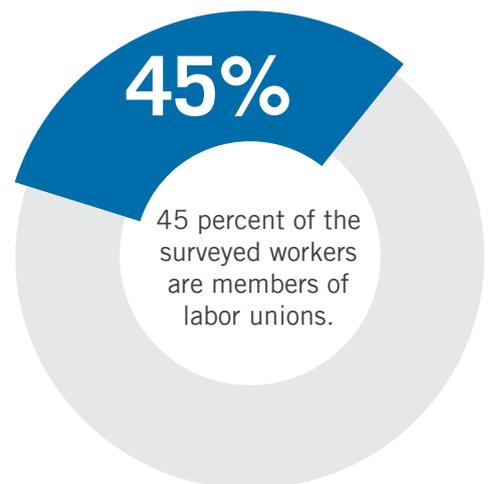
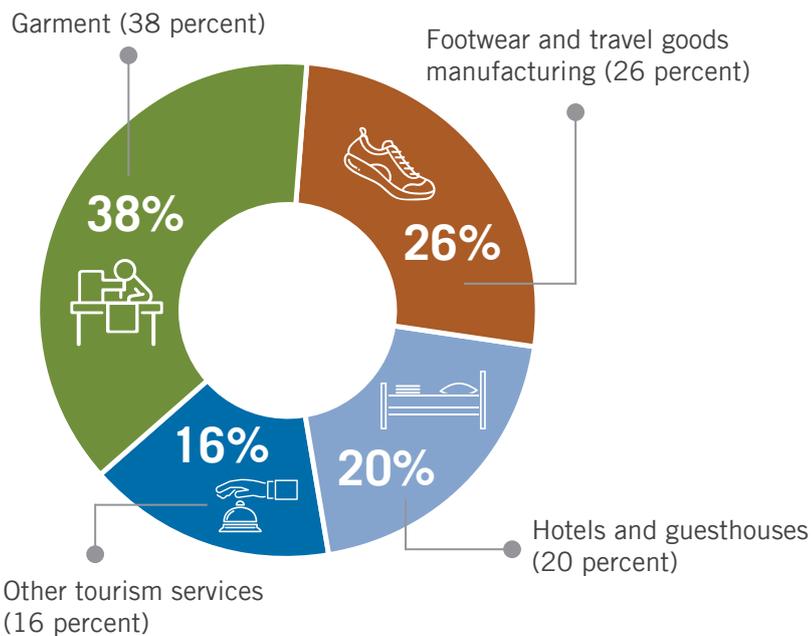


In the hotel and guesthouse industry, 40 percent of respondents are female



as are 51 percent in the other tourism services sector.

For industry-level analysis, the total samples are grouped into four major industries:



³ All workers in the sample group were officially suspended for 30 days or more due to the impact of COVID-19. However, as their employment situation may have changed by the time of this survey (whether they have resumed their job, found a new one, or even been laid off), the surveyed workers were asked to report their employment experience since the outbreak of COVID-19 in March 2020.

3 Findings

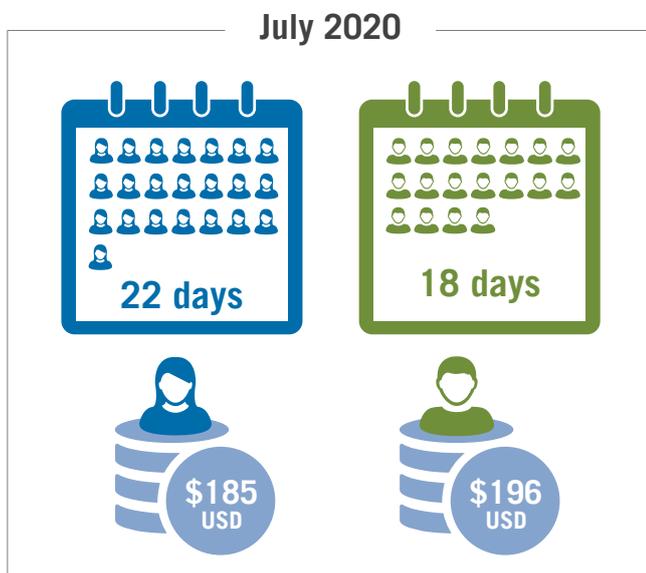
Impact of COVID-19 on Officially Suspended Workers

- Surveyed workers were suspended for an average of 11 weeks. Workers in the hotel and guesthouse industry experienced the longest suspension period, at 15 weeks on average.
- As of August 2020, an average of 40 percent of surveyed workers remained suspended. The situation was most dire in the other tourism services sector, with more than half (53 percent) of workers still suspended.
- Among those who returned to work, workers were employed, on average, fewer hours and earned less in July 2020 compared to pre-pandemic July 2019.
- On average, a worker performed about 20 days of work per month in July 2020, a significant drop from 26 days per month in July 2019. Workers in the hotel and guesthouse industry experienced a disproportionately high reduction of work, with only 15 work days in July 2020 compared to 26 days in July 2019.

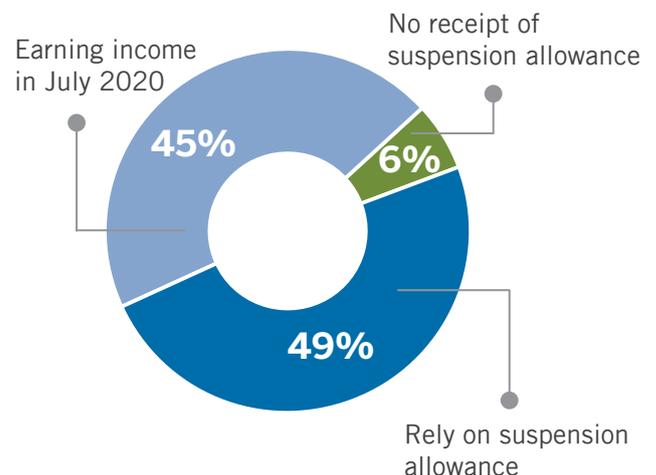


- Female workers earned a lower income than their male counterparts both before and after the COVID-19 outbreak. Men and women worked roughly the same number of days (26) in July 2019, but women earned 20 percent less than men. In July 2020, women worked more days than men (22 days for women vs. 18 days for men), and still earned less (\$185 USD for women, \$196 for men).

- In July 2020, nearly half (49 percent) of workers earned no income apart from the suspension allowance of \$40 to \$70 per month, while 6 percent of workers earned nothing at all. Given that, on average, workers reported a monthly food expenditure of \$69, the allowance was insufficient to cover basic needs, such as food consumption.



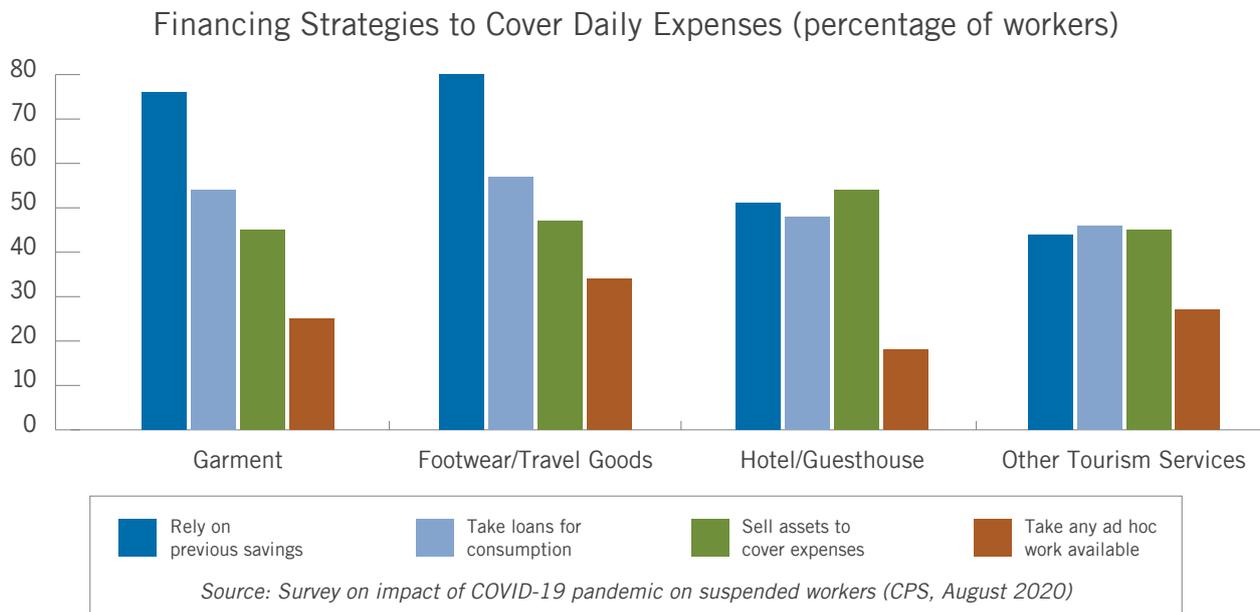
Workers' Earning Salary/Wages in July 2020 (percentage of workers)



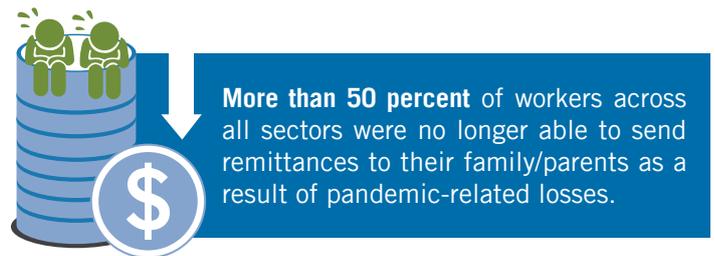
Source: Survey on impact of COVID-19 pandemic on suspended workers (CPS, August 2020)

Coping Strategies

- To cope with the loss of livelihoods and income, workers adopted several strategies: relying on previous savings, taking loans for basic needs (such as food and shelter), selling available assets to cover expenses, and accepting any ad hoc work available to them.



- Workers also cut costs on living expenses, especially food consumption and remittances to family/parents. In the hotel and guesthouse industry and in the other tourism services sector, the rate of workers forced to reduce food expenditures was highest, at 84 percent and 80 percent, respectively.

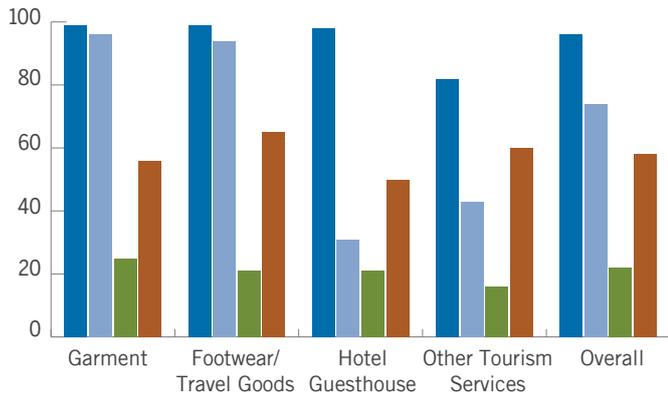


- There was no significant gender difference with regard to coping strategies.

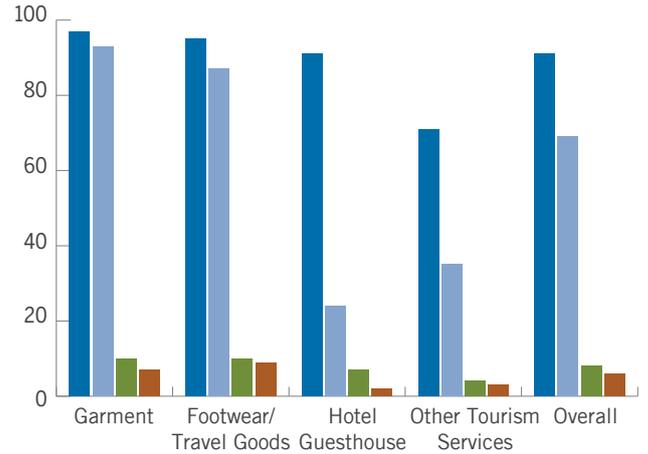
Intervention Programs and Needed Assistance

- In response to the needs of suspended workers during COVID-19, the government created several intervention programs, including a suspension allowance and a skills improvement training program to support suspended workers in the tourism and garment sectors and a cash transfer program for poor households regardless of work status or sector.
- The suspension allowance program includes a \$40 monthly allowance from the government and, in the garment and footwear and travel goods manufacturing sectors, a monthly co-support allowance of \$30 from the employer.
- Employers in the hotel and guesthouse and other tourism service industries were not required to pay the \$30 co-support, but 24 percent and 35 percent of workers in these industries, respectively, did benefit from this support.
- While a high number of surveyed workers in the garment and footwear and travel goods manufacturing industries reported receiving the suspension allowance from the government (97 percent and 95 percent respectively), relatively fewer workers in the hotel and guesthouse and other tourism services industries reported receiving it (91 percent and 71 percent, respectively).
- Compared to the level of awareness of the suspension allowances from the government (average 96 percent), the workers had a lower level of awareness about the direct cash transfer for poor households (58 percent) and the government-sponsored training program (22 percent). Similarly, only 6 percent and 8 percent of workers reported benefiting from the cash transfer and skills training programs, respectively.

Percentage of Employed Workers Who Had Heard of the Program



Percentage of Employed Workers Who Had received the Program Benefits

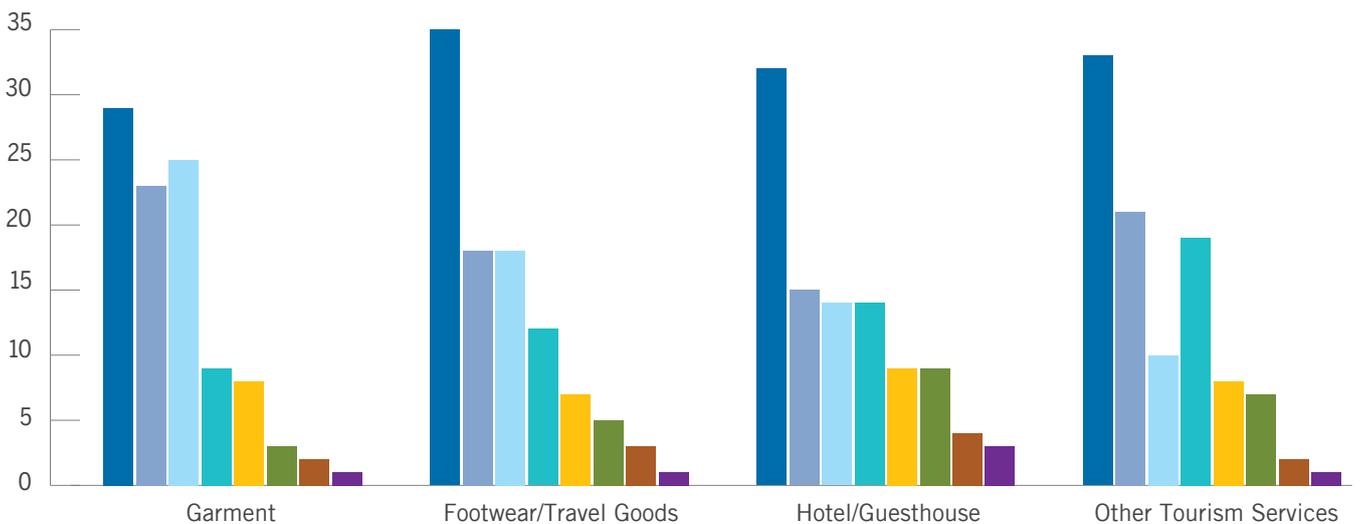


	Suspension allowance from government (US\$40/month)		Government-sponsored training
	Suspension allowance from employer (US\$30/month)		Cash transfer for poor households

Source: Survey on impact of COVID-19 pandemic on suspended workers (CPS, August 2020)

- Meanwhile, 7 percent of the workers reported encountering some challenges in benefiting from assistance programs. The challenges were more prevalent among workers in the hotel and guesthouse sector. The types of challenges most commonly encountered by employees were: wrong ID/phone number; lost transfer code; late payment; miscommunication; and poor customer service at the payment service provider that was responsible for distributing some funds, among others.
- When asked which one option they would choose among a series of assistance mechanisms, 32 percent of the respondents selected the suspension allowance as their top choice; 20 percent of workers selected the skills improvement training; and 19 percent of the respondents preferred the cash transfer for poor households. Debt restructuring was selected by 13.5 percent of respondents. Debt restructuring was most popular with workers in other tourism service sectors, of whom 19 percent chose this option as their top choice.

Type of Assistance Preferred by Affected Workers (percentage of workers)



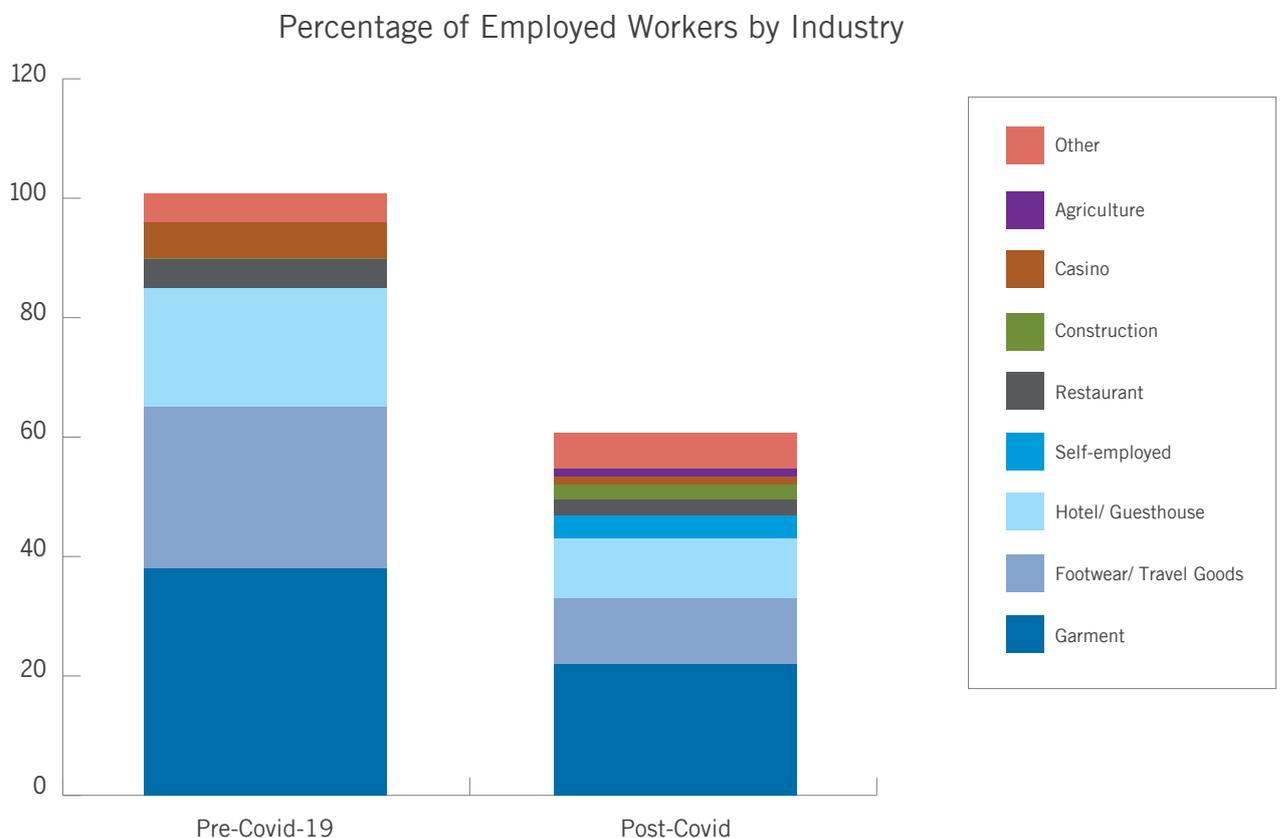
	Suspension allowance		Skill training		Allowance for poor families		Debt restructuring
	Low interest loan for micro business/trade		Cash for work		Food distribution		Other

Source: Survey on impact of COVID-19 pandemic on suspended workers (CPS, August 2020)

- Men and women preferred the suspension allowances at equal rates. However, there were gender differences in other preferred assistance mechanisms. While 21 percent of women preferred cash transfers for poor households, only 13 percent of men preferred this mechanism. Meanwhile 23 percent of men preferred the skill training program while only 18 percent of women chose this option.

Employment Prospects and Opportunities

- Less than half (45 percent) of affected garment sector workers were rehired to their original jobs as of August 2020. Just over a third (36 percent) of the suspended workers in footwear and travel goods had returned to their jobs. Job prospects in the tourism sector remained even more limited, with only 25 percent of hotel and guesthouse workers and 14 percent of workers in other tourism services called back to their jobs.
- About 12 percent of the suspended workers reported finding an entirely new paid job. Those who worked in the garment and footwear and travel goods industries before the suspension tended to have a higher chance of finding new employment. In garment and footwear and travel goods sectors, respectively 13 percent and 16 percent of workers had found a new paid job after the suspension, while only 5 percent of those in the hotel and guesthouse industry found new employment.
- Despite early government speculation that agriculture and rural work would provide job relief after COVID-related layoffs, just 1.2 percent of the affected workers obtained employment in the agriculture sector. Rural villages offer limited jobs. Vegetable and cash crop villages offered more job opportunities compared to rice and livestock villages, although job opportunities were most available in new land villages.
- While construction has become a new source of employment, it did not provide many employment opportunities. Only 2.5 percent of the affected workers found jobs in the construction industry. They were also vulnerable to deception and wage theft. Typically these workers were not affiliated with any union who could support them.
- About 4 percent of suspended workers have turned to self-employment: some reported selling used goods online, while others have become petty traders or vendors of vegetables and fruits, or transport service providers.



Source: Survey on impact of COVID-19 pandemic on suspended workers (CPS, August 2020)

4 Recommendations



Increase the suspension allowance and extend it to other sectors

The \$70 allowance per month for garment sector workers is helpful and appreciated by workers, but is barely enough for a workers' basic needs such as food consumption. Suspended workers in other sectors are entitled to even less.



Maintain the current cash transfer program to assist the most vulnerable households and expand the coverage of the health equity fund

A large percentage of workers can no longer afford to send remittances to their family. Therefore the cash transfer program is necessary to support eligible households who need financial assistance. Expanding coverage of the health equity fund would also support poor households and workers in the informal sector, and ensure people can access necessary health care.



Expand skills improvement training programs

This will help mitigate the current employment crisis and address the demand for a higher skilled labor force in the future. Workers also want such programs.



Maintain debt restructuring and relief programs and ensure cooperation from creditors

Debt repayment is a significant burden for affected workers and their families. Debt restructuring for suspended workers and cancellation for certain cases of long-term laid-off workers would be a huge relief.



Introduce targeted cash for work:

This program would help to provide temporary employment opportunities. It should be targeted to address priority issues such as roads and other infrastructure.



Create urban jobs and off-farm employment:

Big-push investments are needed in labor-intensive projects with decent work conditions to generate significant numbers of employment opportunities, a prospect attractive to workers.



Encourage the formation of labor unions to represent workers, especially in the informal sector

Workers can be more vulnerable to exploitation and unsafe conditions since Covid-19, and therefore require protection measures. Unions will support workers to collectively raise issues and facilitate easier communication between stakeholders.



Strengthen COVID-19 prevention measures at workplaces and on transportation

Prevention measures have been widely adopted by employers, but there is a need to further improve these in practice, such as ensuring adequate supply and access to hygiene facilities, particularly at garment and footwear factories. Workers who share transport are at increased risk of infection, and prevention measures on collective transportation are not being adequately implemented.



This research was conducted by Centre for Policy Studies, Phnom Penh

This summary is based on a full report by: Ngo, S., Khon, L., Sour, M., Nuth, S., Khun, S. (2021). The COVID-19 pandemic and workers in Cambodia: magnitude of impact on suspended workers and implication for policy and programme intervention. Phnom Penh: Centre for Policy Studies.

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