SURVEY ON RECRUITMENT PRACTICES IN THE GARMENT INDUSTRY IN CAMBODIA

The Asia Foundation
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THE GARMENT INDUSTRY IN CAMBODIA
A Survey on Recruitment Practices

by Menghun Kaing
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About The Asia Foundation

The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, our work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote regional cooperation.

Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries and in Washington, DC. Working with public and private partners, the Foundation receives funding from a diverse group of bilateral and multilateral development agencies, foundations, corporations, and individuals. In 2016, we provided $87.8 million in direct program support and distributed textbooks and other educational materials valued at $9.5 million.

Contents

1. Introduction

In 2015, the World Bank upgraded Cambodia's economic status from low-income to lower-middle income country—a result of impressive economic growth at an average of 7.6 percent from 1994-2015[1]. Garment exports and tourism have driven much of that growth. The garment sector accounts for about $5 billion or 80% of the country's annual export revenues. The industry employs approximately 700, 000 Cambodians, the majority of whom are women[2].

Despite the importance of the garment industry in the economy, promoting decent work conditions remains challenging. The industry is known for high turnover rate, high recruiting volume, and largely informal recruitment process. Workers have few means to find information about job opportunities. Through The Asia Foundation's work with garment workers, we found that many workers rely on their friends or family members for information about job opportunities. They normally have to go to a factory to apply for a job without having information about whether the factory is recruiting workers.

The Asia Foundation's 2015 survey on livelihoods and future expectations in Cambodia[3] of 3,000-households found that finding a job was perceived to be one of the most important strategies to improve one's livelihoods. Yet support such as information about employment opportunities are rarely available. When asked "What do you plan to do over the next two years to improve your livelihood?", 14.3% of the respondents said finding employment while 13% said finding additional work, the survey results showed. But when asked who could help them the most when it comes to finding a job, 31.1% of the respondents said "nobody" while 39.9% said "family and relatives."

Few recruitment services focus on the garment industry. Two of the most noticeable organizations who work in this area are the Ministry of Labor and Vocational Training's National Employment Agency and Open Institute. The National Employment Agency focuses on providing employment support to Cambodians both in the skilled and low-skilled sectors while Open Institute's Bong Pheak project[4] aims to provide job information to the population who work in construction, manufacturing, hospitality and security sectors in an effort to end human trafficking.

Additionally, there is a rapid increase uptake of technology—smartphone and internet, in Cambodia. Forty-eight percent of Cambodians own a smartphone while 48% said they use or have used Facebook, a 21 percent increase from the year before, according to Open Institute's 2016 mobile and internet usage survey[5]. This fastadoption of technology offers an opportunity to engage and reach those working in the garment industry more efficiently and transparently.

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[1] http://www.worldbank.org/en/country/cambodia/overview
[2] http://betterfactories.org/?page_id=25
[3] http://asiafoundation.org/resources/pdfs/CambodiaLivelihoodsandFutureExpecationsSurvey.pdf
[4] http://bongpheak.com/en/aboutBongpheak
[5] http://www.open.org.kh/research/Internal_migration_Sep_2016.pdf

2. Study Objective

This study aims to understand recruitment practices in the garment industry in Cambodia.

3. Summary of Key Findings

The Asia Foundation's study found that:

- The biggest challenge in recruiting workers in the garment industry in Cambodia is finding workers with the right skills: sewing first, followed by supervision and leadership;
- Current recruitment practices in the garment industry in Cambodia remain highly informal with the majority of factories surveyed finding their workers by selecting them from in front of the factory and using verbal referrals from currently employed workers;
- Many factories are often at risk of hiring underage workers, citing difficulty in verifying proper ID documents to prove an applicant is of a legal working age;
- Hiring is seasonal, depending heavily on the volumes of orders from brands, and to a lesser extent, holiday and farming seasons in Cambodia; and
- Hiring is a relatively quick process with most factory spending an average of two to three days to recruit one worker to fill one position.

4. Methodology

Using the Garment Manufacturers Association of Cambodia's (GMAC) online member-database, The Asia Foundation sent an online questionnaire to 590 member factories of GMAC. GMAC updated its website after the survey was conducted and now has 605 member factories[6]. The questionnaire was also sent out to a major brand's supplier through the brand. Fifty-two factories responded to the questionnaire, with a response rate of about 9%. Twenty-nine of the 52 participating factories were then interviewed via phone. These 29 factories were selected based on their willingness to provide contact information in the online survey and their availability for phone interviews.

Forty-four percent of factories who participated in the survey were located in Phnom Penh and 33% were non-Phnom-Penh factories compared to 59% Phnom Penh base and 33% non-Phnom Penh factories of GMAC's database. Twenty-three prcent of the survey respondents did not disclose information about factory location. (See table 1 and map 1)

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http://www.open.org.kh/research/Internal_migr

Table 1: Factory by location (GMAC database Vs. Factories Surveyed)

Factory by location (GMAC database)
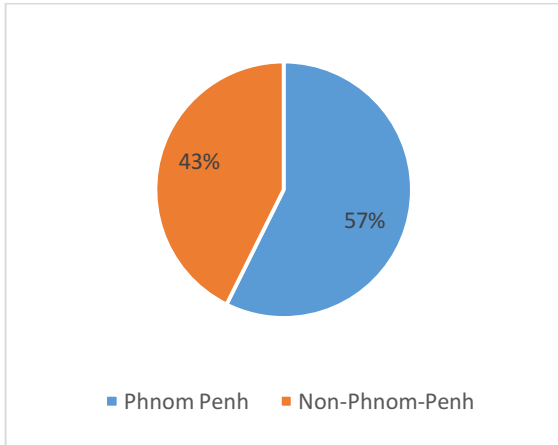
Factory surveyed by location
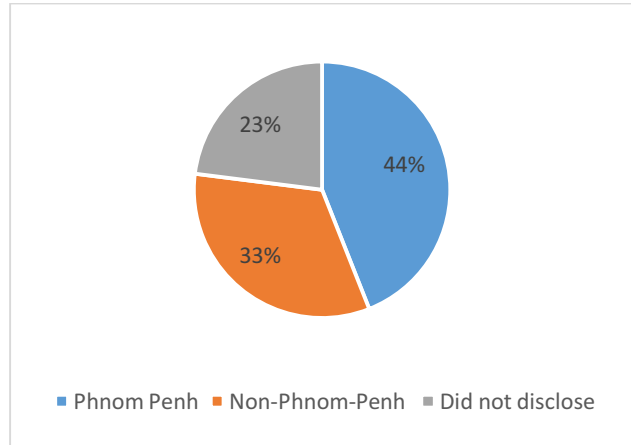
Location	Percentage	N Count
Phnom Penh	57%	347
Non-Phnom-Penh	43%	258
Total	100%	605

Location	Percentage	N Count
Phnom Penh	44%	23
Non-Phnom-Penh	33%	17
Did not disclose	23%	12
Total	100%	52

Map: 1 Factories Surveyed by Location

The online survey was conducted between February 6, 2017 and March 3, 2017. Phone interviews were conducted between February 9, 2017 and February 21, 2017. Most of the respondents were human resources managers. A few were administration managers who were also usually involved in the recruitment of workers.

The questionnaire consisted of 20 questions and was designed using Google Forms in both Khmer and English languages. The questionnaire included:
- Demographic information
- Challenges in recruiting workers
- Current recruitment practices and patterns
- Cost associated with recruitment

Limitations

As with other online surveys, getting responses could be challenging, but could be overcome with further support from the apparel brands to request recruitment information from their suppliers. The survey team was successful in working with one brand, which has a comparatively good reputation for CSR, to send out the survey to their supplying factories. The response rate was significantly higher among these factories. However, efforts to request support from other brands and relevant institutes to send out the survey to member factories did not prove successful. Thus the sample could be biased towards factories that have more active brands in terms of CSR and oversight.

5. Findings

A. Demographic information

Fifty-two factory human resources managers participated in the online survey. Twenty-nine of those provided follow-up phone interviews.

Forty-four percent of the participating factories are located in Phnom Penh city while 17% are in Kandal province, followed by 8% and 6% from Kampong Speu and Kampong Chhnang provinces, respectively. Only 2% of all the responding factories are in Takeo province. Twenty-three percent of the respondents did not disclose information about their factories' location.

Location	N Count	Percentage
Phnom Penh	23	44%
Did not disclose	12	23%
Kandal	9	17%
Kampong Speu	4	8%
Kampong Chhnang	3	6%
Takeo	1	2%
Total	52	100%

Ninety-eight percent of the respondents who participated in the survey said they own a smartphone.
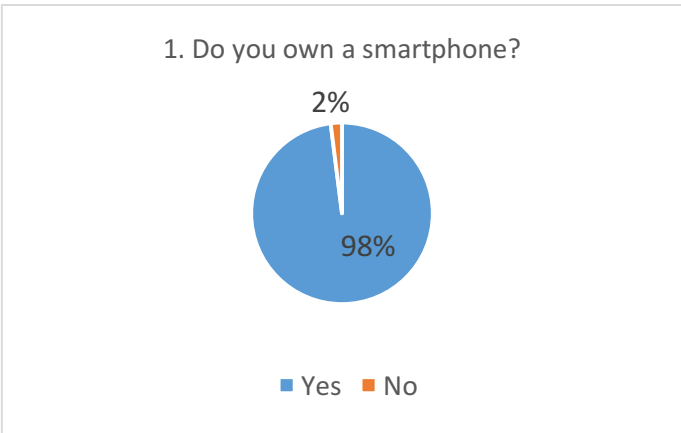
Ninety-six percent of the respondents who participated in the survey said they use the internet on their smartphone.
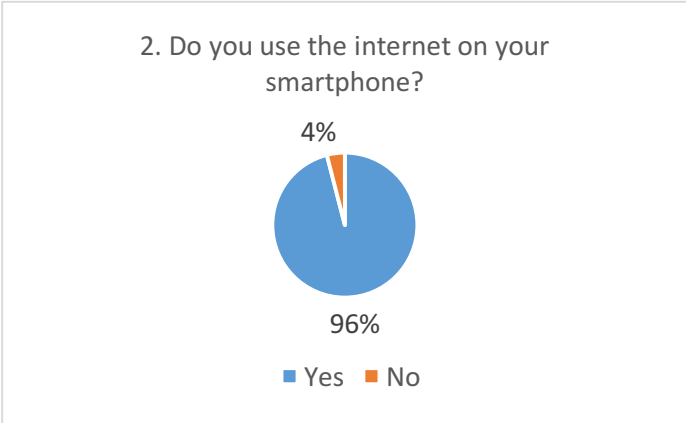
An overwhelming number of respondents said they use the internet for work daily, and only 2% said they never use the internet for work.

3. How often do you use internet for work?
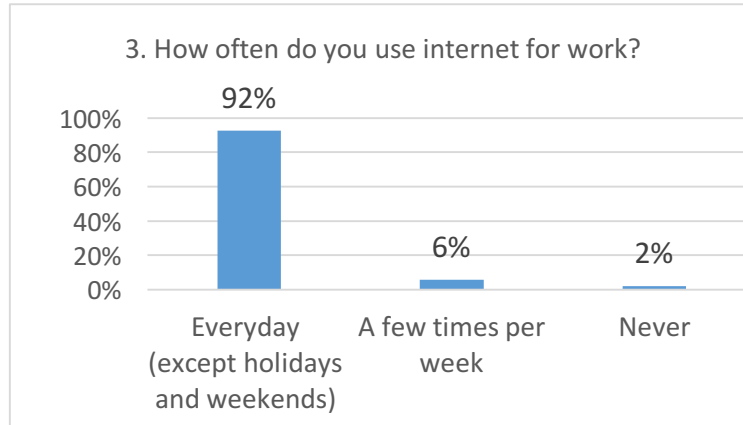
B. Recruitment methods

The survey findings suggest that recruitment in the garment industry remains largely informal, with 98% of all participating factories citing "selecting workers in front of the factory gate" as their most common way of finding workers. Workers normally show up at the factory gate when they want to apply for a job. The factory's HR manager or supervisor selects a handful of workers who are then provided with an opportunity to take a test to determine their fitness for the job.

The second most common method of recruitment is referrals from currently employed workers within the factory, with 81% of the respondents using the method.

Referals from currently employed workers refer to a process of announcing job openings within a factory and receiving recommendations for potential candidates from factory's existing worker(s).

4. How do you normally find workers? (Multiple responses allowed)
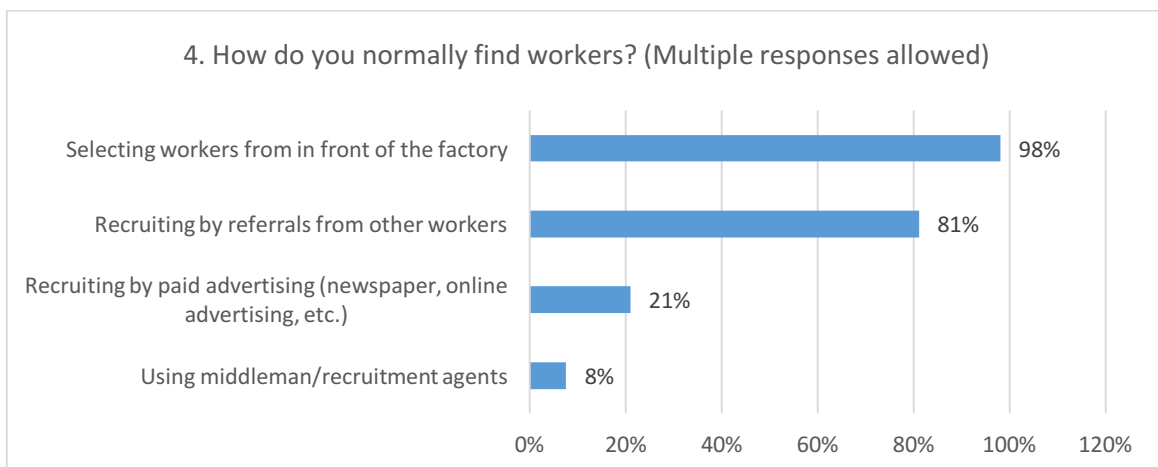
C. Challenges faced by factories' HR departments in recruiting workers

According to respondents, the biggest challenge in recruiting workers is finding skilled workers. Fifty-eight percent of respondents cited finding workers with the "right skills" as one of the most challenging factors in their recruitment work.

The most difficult skills to find are sewing followed by leadership, such as supervising and team leading, according to the survey results. When asked which position(s) take the longest to fill, 44% of respondents said "sewing" while 42% said "supervisor" and 35% cited "team leader", the survey shows(see graph 6). Technical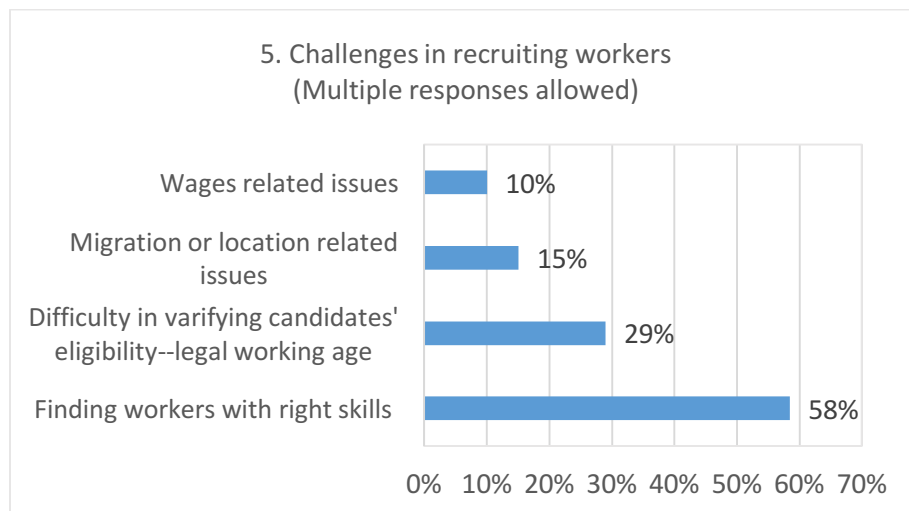 skills, such as electrician and quality control, are also positions that take a long time to fill, with 27% and 33% of respondents citing the two, respectively.

For Cambodia's garment sector to remain competitive with countries like China or Vietnam, improving workers' skills is a crucial[7]. But skill shortages have been a major challenge for the country, and the garment sector is no exception. According to the Asia Development Bank's 2015 study[8], "there is little doubt that skill shortages are a significant constraint to meeting Cambodia's aspirations for sustained rapid growth and a diversified and higher-value-adding economy."

Because most of the factories are foriegn owned, leadership skills, such as supervising and team leading, shortages are more apparent. Supervisory skills have been brought from countries like China, Bangladesh, Singapore and others [9], creating a lack of opportunity for skill transferring to the Cambodian workers.

5. Challenges in recruiting workers
(Multiple responses allowed)

- Wages related issues — 10%
- Migration or location related issues — 15%
- Difficulty in varifying candidates' eligibility--legal working age — 29%
- Finding workers with right skills — 58%
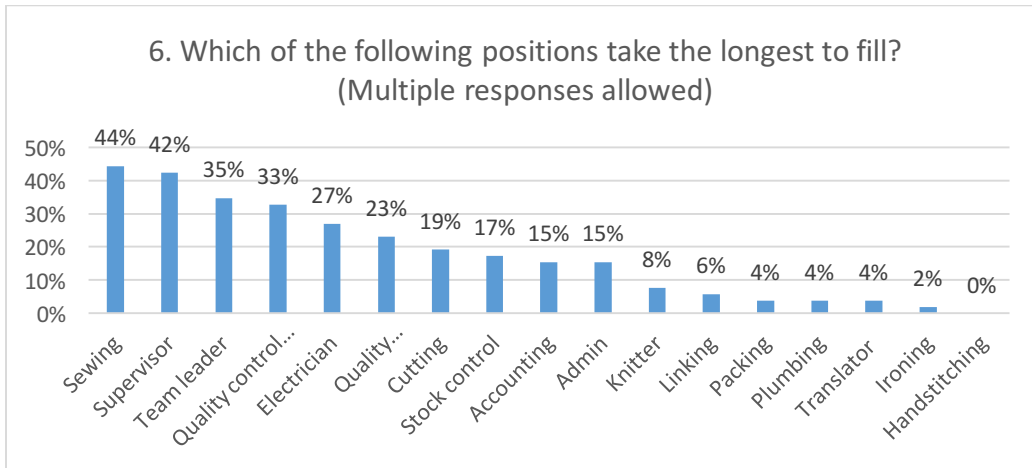
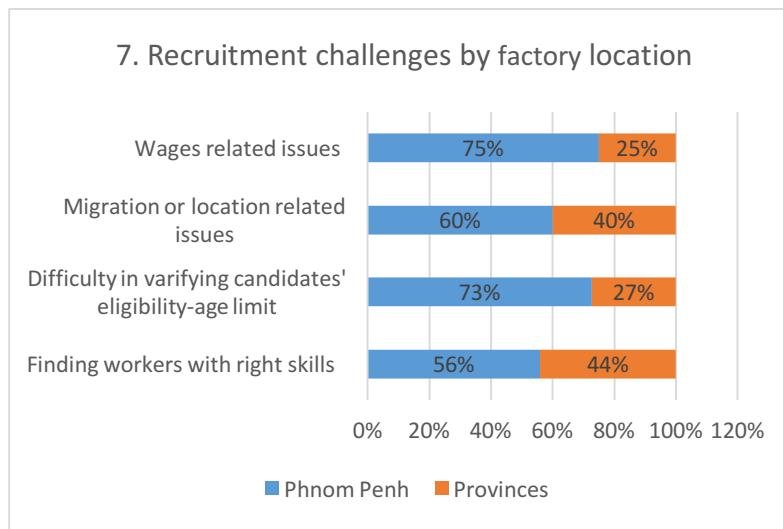0% 10% 20% 30% 40% 50% 60% 70%

ation_Sep_2016.pdf
bodia.com/a/garment-manufacturers-plan-institute-to-improve-worker-skills/2943810.html?utm_source=twitterfeed&utm_medium=twitter
[8] https://www.adb.org/sites/default/files/publication/176283/cambodia-addressing-skills-gap.pdf
[9] http://betterfactories.org/?page_id=194

6. Which of the following positions take the longest to fill?
(Multiple responses allowed)

Position	Percentage
Sewing	44%
Supervisor	42%
Team leader	35%
Quality control…	33%
Electrician	27%
Quality…	23%
Cutting	19%
Stock control	17%
Accounting	15%
Admin	15%
Knitter	8%
Linking	6%
Packing	4%
Plumbing	4%
Translator	4%
Ironing	2%
Handstitching	0%

When broken down by factory location, 56% of those who listed "finding workers with the right skills" as a challenge are located in Phnom Penh, while only 44% of those in the provinces said so. Interestingly, factories located outside of Phnom Penh are more likely to face issues of worker shortage as 60% cited migration or a rural location as a challenge to hiring workers.

7. Recruitment challenges by factory location

Challenge	Phnom Penh	Provinces
Wages related issues	75%	25%
Migration or location related issues	60%	40%
Difficulty in varifying candidates' eligibility-age limit	73%	27%
Finding workers with right skills	56%	44%

Another challenge in recruitment, according to the survey results, is the high turnover rate. Of the 52 factories surveyed, nine shared their turnover rate data. The average turnover rate of those nine factories is 44% per year.

The survey results also show that the risk of hiring underage workers is relatively high, with almost two-thirds of the respondents surveyed citing difficulty verifying candidates' legal ages as one of the major challenges of recruitment. Under Cambodian labor law, garment factories can employ children aged 15 and above. However, all children below age 18 should only be engaged in light work and are prohibited from working for more than 8 hours a day. They should be given at least 13 consecutive hours off between shifts. Children are banned from night work. Factories are required to

keep a register of all children employed in the factory with their ages and proof of age, according to a paper published by Human Rights Watch in 2015[10].

During follow-up phone interviews, many respondents said candidates often use documents to lie about their actual age to get a job. For example, when asked about challenges in recruiting workers, one respondent said, "Determining underage applicants. I estimate that about 5% applicants are underage. When I interview them, they say livelihood issues make them want to increase their age so that they can work. I can tell that they are not 18. Because most of the time when I do further questioning about the age of their siblings or schooling, it is clear."

D. Recruitment cost

Since most factories (98%) recruit workers by informal selection at the front of factory gates, many said they are currently spending little on recruitment. In addition, only 31% of respondents said they have paid for referrals from workers who help them recruit other workers. Of those who said they have paid for referral(s) from workers, 56% said they have paid $5-$10 to recruit one worker while 25% said they have paid between $11-$20 to recruit one worer.

8A. Do you offer incentives to workers in your company to refer workers to you?

31%
69%

■ Yes ■ No

8B. On average, how much do you spend on a referral of one worker? (in US Dollars)

More than $20   6%
Less than $5   13%
$11-$20   25%
$5-$10   56%

0%   20%   40%   60%
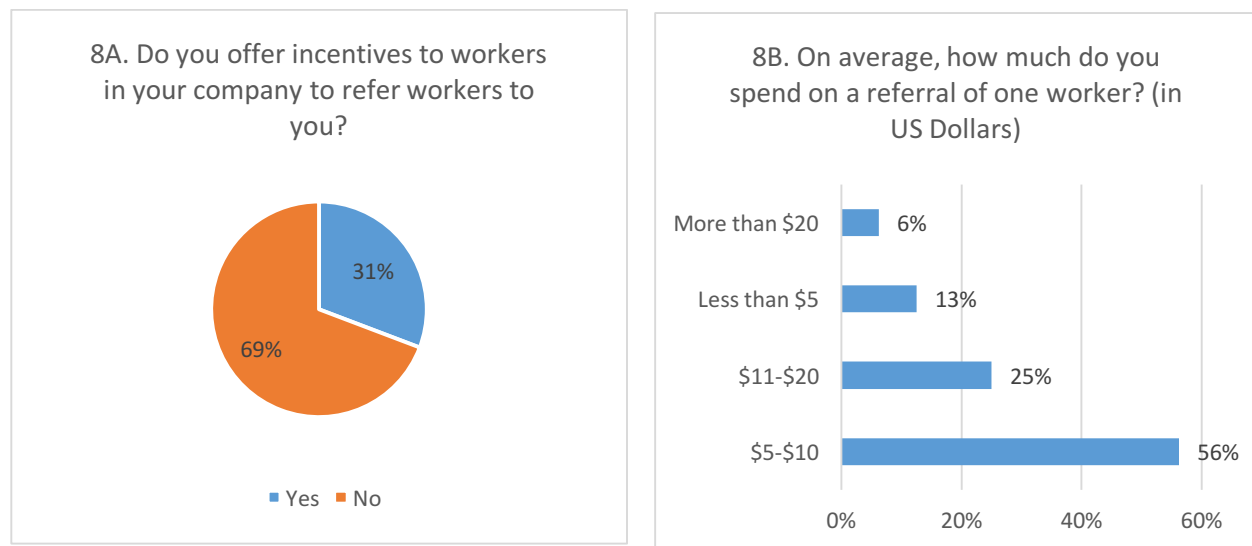
When asked if they have used paid advertising to recruit workers, 42% of the respondents selected "Yes" as an answer. However, during phone interviews, many of them said they only use paid advertising when they need to recruit office staff and that rarely did they use paid adverting for worker recruitment.

Only 15% of all respondents said they have used recruitment agents or other types of middlemen to help them recruit workers. Of those who have used this method of recruitment, 25% said they used it "free of charge." For example, one respondent cited the Ministry of Labor's National Employment

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[10] https://www.hrw.org/sites/default/files/reports/cambodia0315_ForUpload.pdf

Agency as their source of support. Thirteen percent said they paid about $5 for recruitment services to recruit one worker, while another 13% spent up to $10, and 13% spent up to 50 dollars.

9A. Have middlemen or recruitment agents helped you recruit workers?

15%
85%

■ Yes ■ No

9B. On average, how much do recruitment agents charge to help you recruit ONE worker? (in US Dollars)

Other	25%
Free of charge	25%
More than $50 USD	13%
30-50 USD	13%
10 USD	13%
5 USD	13%

0%   10%   20%   30%
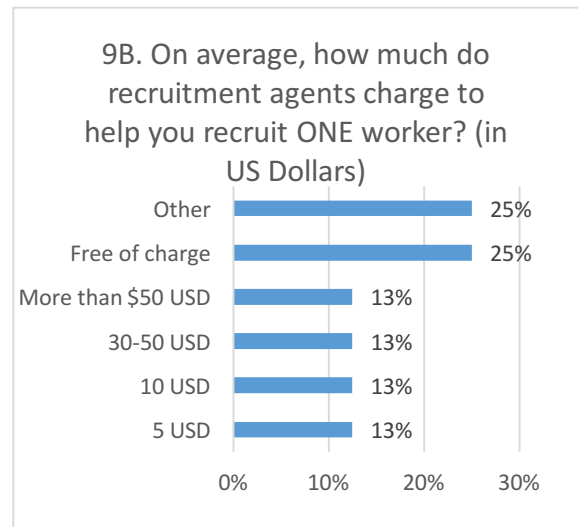
E. Recruitment patterns

Respondents were asked to select three positions that they most often hired for.
Ninety percent of the respondents said sewing is the position they most often hire for, followed by quality control (QC, 54%) and packing (31%), according to the survey results.

10. Select three of following positions that you hire most often

Sewing 90%, QC 54%, Packing 31%, Cutting 25%, Supervisor 12%, Team leader 10%, QA 10%, Knitter 10%, Linking 10%, Stock control 6%, Admin 6%, Admin 6%, Ironing 4%, Plumbing 2%, Accounting 2%, Handstiching 2%, Electrician 0%
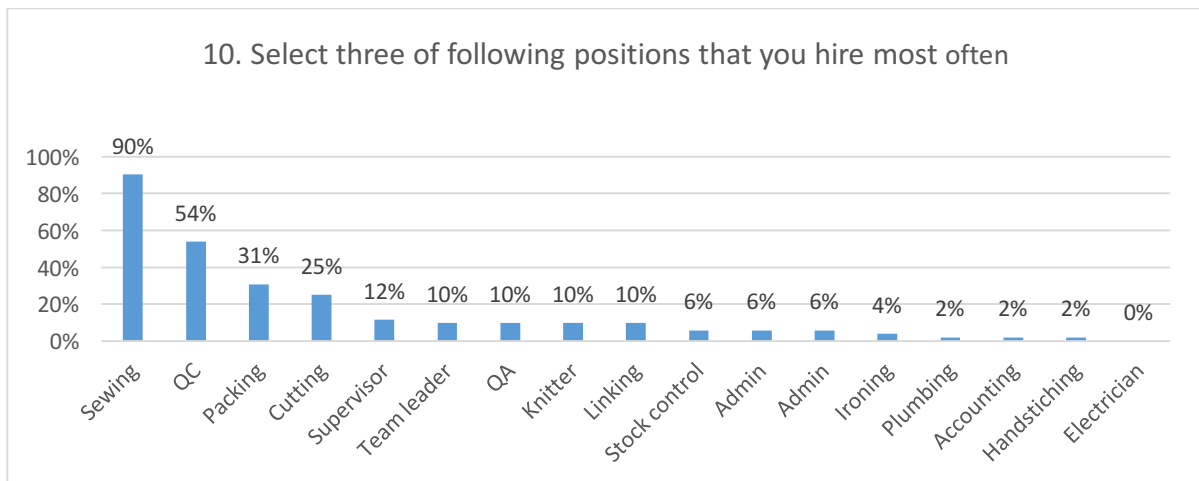
The majority of respondents said it takes between 2 and 5 days to find a worker to fill one position. Forty two percent (42%) of the respondents said it takes them between "two to three days" to find a worker to fill one position, according to the survey. Thirteen percent said it takes between "three to five days" while 15% said "one day."

11. On average, how long does it take to hire one worker to fill one position?

Category	Value
Other	2%
More than one month	6%
More than one week but less than one month	2%
Five days to one week	8%
Three to five days	13%
Two to three days	42%
One day	15%
Less than one day	13%
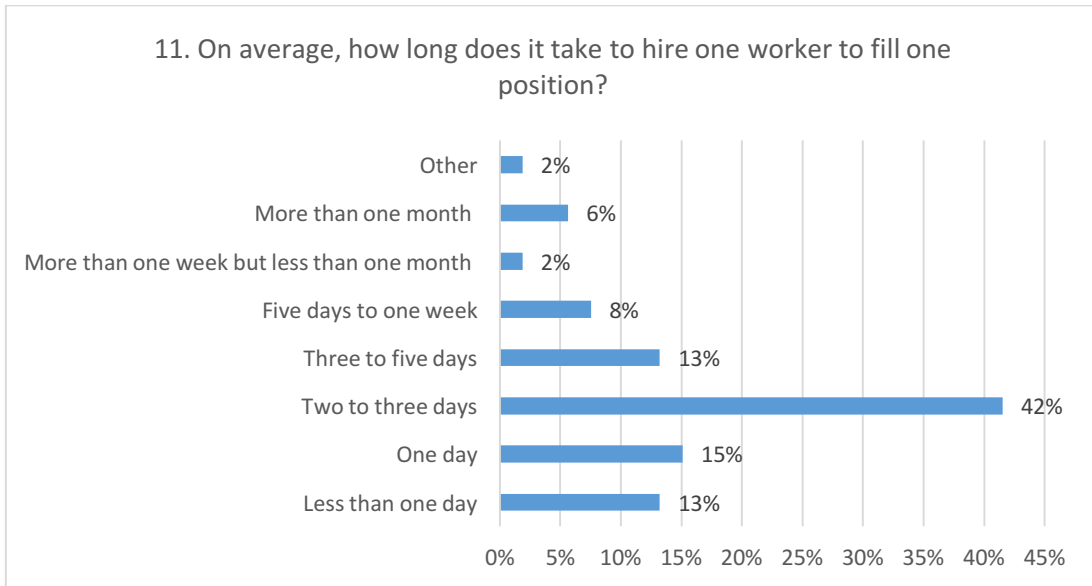
The survey findings suggest that recruitment in the industry is seasonal, depending heavily on buyers' orders, and to a lesser extent, on Cambodia's farming and holiday seasons. May and June are the times of year when most recruitment happens, with 44% of the factories in the survey citing May and 42% saying June as the months they do most hiring. This result corresponds with a 2016 study of Open Institute, supported by USAID, that revealed that "In all four target sectors, demand for low-skilled and unskilled employees increases after Khmer New Year and during the rainy season."[11]

12. Which month(s) of the year do you hire most workers? (Multiple responses allowed)

Month	Value
January	31%
February	33%
March	35%
April	29%
May	44%
June	42%
July	27%
August	27%
September	33%
October	25%
November	31%
December	35%

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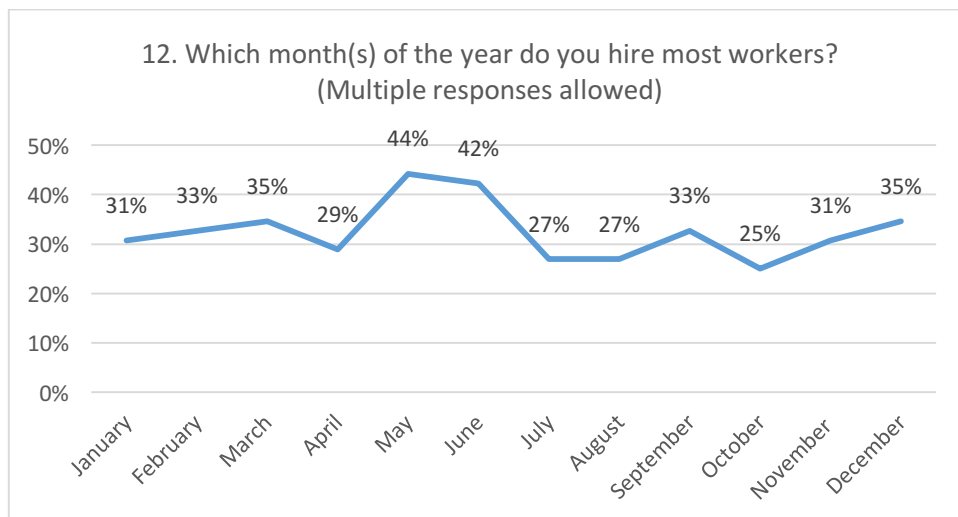
[11] http://www.open.org.kh/research/Internal_migration_Sep_2016.pdf

April and September were reported to be the most difficult times to hire new workers, with 35% and 33% of respondents citing these months. April hosts Khmer New Year, the biggest holiday of the year in Cambodia (see graph 14 for holidays in Cambodia). It is common for many workers to take a long period off from work for these major holidays or during harvesting and planting seasons and return to work with a new job at a new factory.

13. Which month(s) of the year is most difficult to hire workers? (Multiple responses allowed)
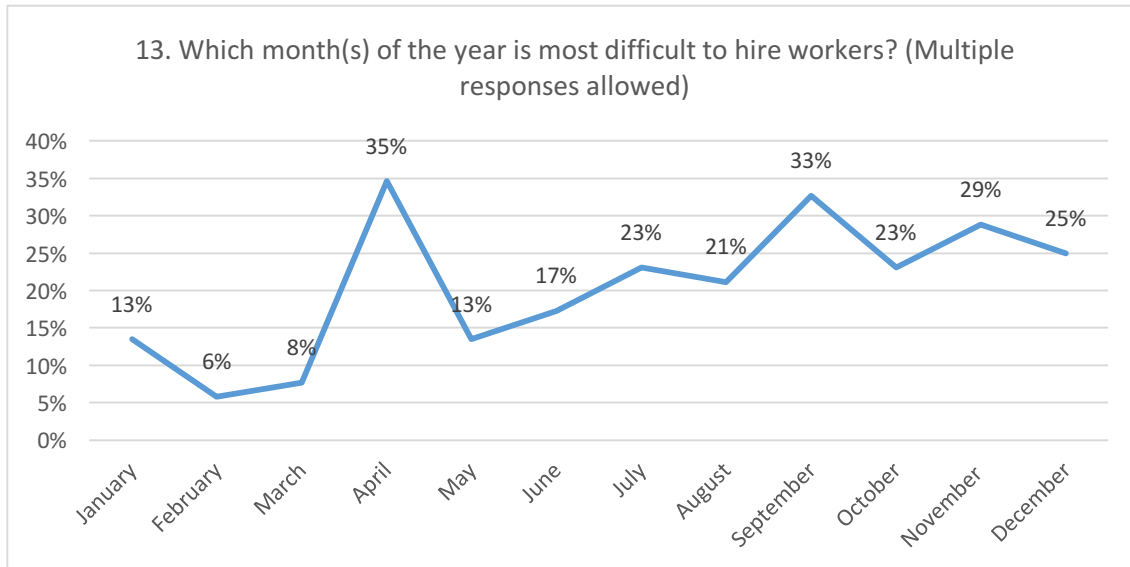
14. Cambodia's Major Holidays				
	April	**September**	**October**	**November**
Khmer New Year				
Pchum Ben				
Water Festival				

Cambodia
Crop calendar *(major foodcrop)*

Maize
Rice (Dry season)*
Rice (Main wet season)*

J F M A M J J A S O N D

Sowing
Growing
Harvesting   Source: FAO/GIEWS
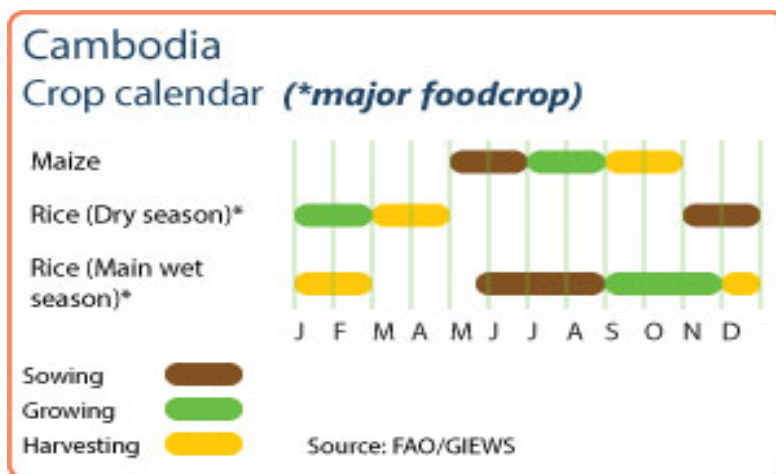
Twenty-nine percent of the factories surveyed said they recruit between 50 and 100 workers per year on average. The factories that participated in the survey range in size. Of the available data on factory size in this survey, the biggest factory was 4, 000 workers.

15. How many workers do you recruit on average per year?

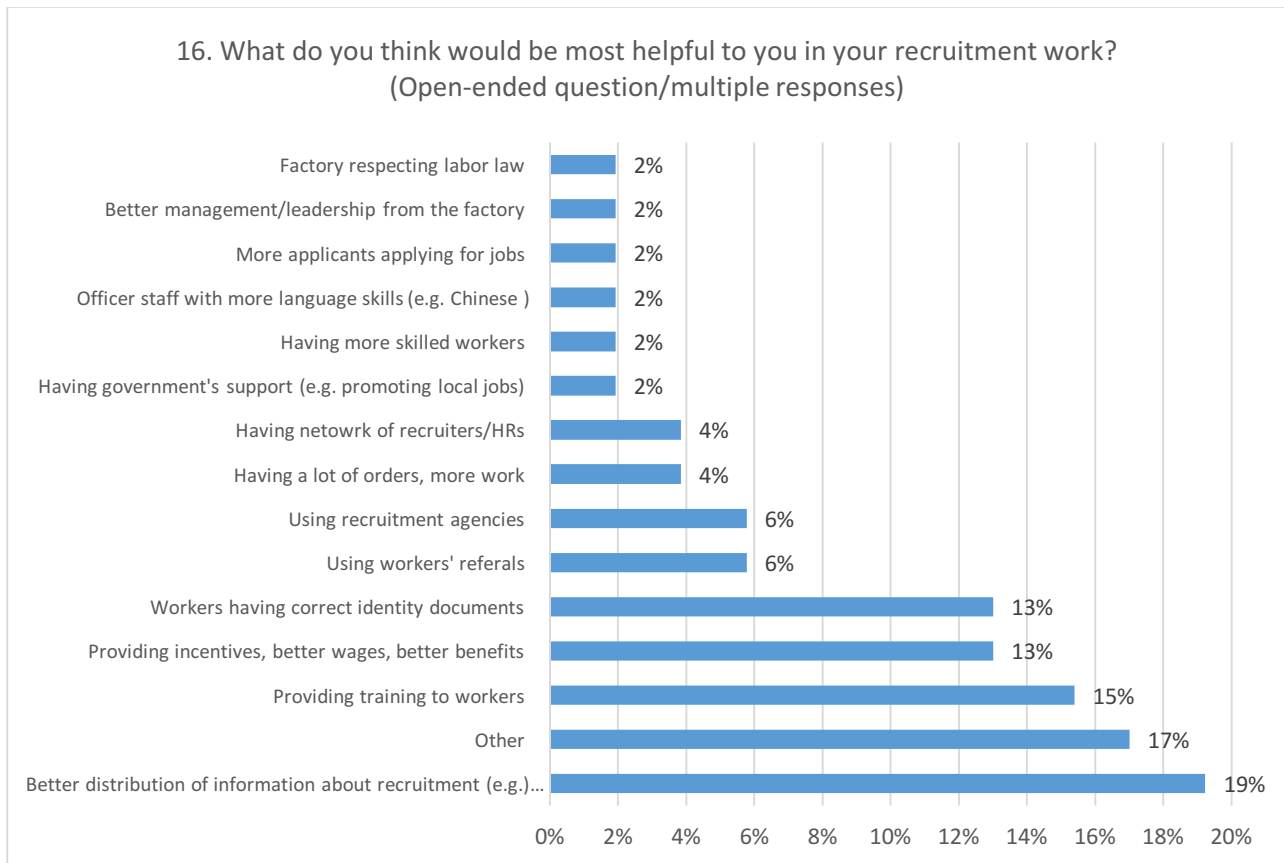| Category	Percentage
Between 50-100 workers per year	29%
Between 100-200 workers per year	17%
Between 200-300 workers per year	15%
Between 400-500 workers per year	12%
Less than 50 workers per year	10%
Between 300-400 workers per year	8%
Between 500-600 workers per year	6%
Between 1, 000-1, 500 workers per year	2%
Other	2%
Between 600-700 workers per year	0%
Between 900-1, 000 workers per year	0%
Between 800-900 workers per year	0%
Between 700-800 workers per year	0%

6. Conclusion

The survey results indicate that current recruitment practices in the garment industry remains informal and somewhat inefficient. The process allows factories to find workers in large quantities. However, heavy dependence on free, informal methods of selection limits factories' ability to find workers with the right skills for a specific job, particularly sewing. In addition to workers lacking technical skills, factories also reported having difficulty finding workers with softskills, such as leadership and management skills, expected of team leaders and supervisors (see graph 6).

These findings suggest that factories want to recruit workers with specific skills yet have somewhat limited means to do so. The findings suggest that if labor recruitment services existed, factories would use them. In turn, recruitment services could provide more publicly accessible information about job opportunities, thus increasing formalization of recruitment practices in the sector. Should workers be able to build up a verifiable resume, skilled workers would be able to demonstrate to factory recruiters their pre-existing skills, thus increasing the bargaining power of the job seeker and the value of their skills themselves.

Efforts to provide skills training to workers would also be welcome (see graph 16). As shown in the survey results, when asked what would be most helpful to their recruitment work, most respondents said "better distribution of information" including distributing job announcements among currently

employed workers, line-managers, or in the area where workers live (19%), and providing "training" to workers (15%), perhaps by establishing a training center for workers. For example, addressing skill shortage in the industry, GMAC has launched its own training center to offer training courses to workers[12]. Workers having correct documents, improving wages and other benefits for workers and using recruitment services were also cited as factors that could help improve recruitment processes.

16. What do you think would be most helpful to you in your recruitment work?
(Open-ended question/multiple responses)

Response	%
Factory respecting labor law	2%
Better management/leadership from the factory	2%
More applicants applying for jobs	2%
Officer staff with more language skills (e.g. Chinese)	2%
Having more skilled workers	2%
Having government's support (e.g. promoting local jobs)	2%
Having netowrk of recruiters/HRs	4%
Having a lot of orders, more work	4%
Using recruitment agencies	6%
Using workers' referals	6%
Workers having correct identity documents	13%
Providing incentives, better wages, better benefits	13%
Providing training to workers	15%
Other	17%
Better distribution of information about recruitment (e.g.)...	19%

While this survey is a snapshot of recruitment practices in the garment industry in Cambodia, it contributes to a better understanding of the industry and to improving the well-being of those who make the industry possible.

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[12] http://www.phnompenhpost.com/national/gmac-create-new-training-institute