

SKILL SHORTAGES AND SKILL GAPS IN THE TOURISM INDUSTRY IN SIEM REAP: *Evidence from the Employer Skills Survey*

NATIONAL EMPLOYMENT AGENCY (NEA)
MAY 2013



ខេត្តសៀមរាប
SIEM REAP PROVINCE



និគ្រាសជាតិធុនប្រចាំប្រទេស
NATIONAL EMPLOYMENT AGENCY

CONTENTS

ACKNOWLEDGEMENTS	5
EXECUTIVE SUMMARY	6
1. INTRODUCTION	8
1.1 RATIONALE	8
1.2 DEFINITIONAL ISSUES	9
1.3 METHODOLOGICAL OVERVIEW	10
1.3.1. <i>Sampling Design</i>	10
1.3.2. <i>Questionnaire Design and Coverage</i>	11
1.3.3. <i>Survey Fieldwork</i>	11
1.3.4. <i>Data Entry Procedure</i>	12
1.4 LIMITATIONS OF THE STUDY	12
2. DESCRIBING THE SURVEY POPULATION	13
2.1 YEARS OF STARTING BUSINESS AND TYPE OF OWNERSHIP	13
2.2 SIZE OF ESTABLISHMENTS	14
2.3 EMPLOYMENT STRUCTURE	14
3. WORK-READINESS OF THOSE LEAVING SCHOOL	16
3.1 INCIDENCE OF RECRUITMENT OF SCHOOL, COLLEGE AND UNIVERSITY LEAVERS	16
3.2 PERCEIVED WORK-READINESS OF EDUCATION LEAVERS	17
3.3 SKILLS AND ATTRIBUTES LACKING AMONG FIRST EDUCATIONAL LEAVERS	18
4. RECRUITMENTS AND SKILL SHORTAGES	19
4.1 INCIDENCE AND NUMBER OF VACANCIES	19
4.2 ABILITY OF THE MARKET TO MEET EMPLOYER DEMAND FOR NEW STAFF	21
4.3 CAUSES OF HARD-TO-FILL VACANCIES	22
4.4 SKILLS LACKING IN THE AVAILABLE LABOUR MARKET	23
4.5 IMPACTS OF SKILL SHORTAGES VACANCIES AND EMPLOYERS' RESPONSE TO OVERCOME IT	24
5. SKILL GAPS	26
5.1 INCIDENCE, VOLUME, DENSITY AND DISTRIBUTION OF SKILL GAPS	26
5.2 SKILL DEFICIENCIES	27
5.3 THE IMPACTS OF SKILL GAPS AND EMPLOYERS' RESPONSE	28
6. SKILL DEMANDS	31
7. CONCLUSION	33
8. POLICY RECOMMENDATIONS	35
REFERENCES	37
APPENDIX	38

LIST OF TABLES AND FIGURES

TABLE 2.1 : BUSINESS OWNERSHIP BY SECTOR.....	13
TABLE 2.2 : EMPLOYMENT DISTRIBUTION BY SECTORS AND OCCUPATION CATEGORY	15
TABLE 3.1 : INCIDENCE OF RECRUITMENT OF SCHOOL LEAVERS INTO THEIR FIRST JOBS... 16	
TABLE 4.1 : INCIDENCE AND DENSITY OF VACANCIES BY SECTOR AND SIZE	19
TABLE 4.2 : SKILLS LACKING BY OCCUPATION CATEGORY	24
FIGURE 2.1 : YEAR OF STARTING BUSINESS	13
FIGURE 2.2 : SIZE DISTRIBUTION OF ESTABLISHMENT.....	14
FIGURE 3.1 : WORK-READINESS OF THOSE RECRUITED STRAIGHT FROM EDUCATION	17
FIGURE 3.2 : SKILLS AND ATTRIBUTES LACKING AMONG THE RECRUITS TAKEN FROM SCHOOL	18
FIGURE 4.1 : TOP RECRUITED OCCUPATIONS.....	20
FIGURE 4.2 : RECRUITED OCCUPATIONS BY CATEGORY	20
FIGURE 4.3 : METHODS OF RECRUITMENT	20
FIGURE 4.4 : INCIDENCE OF HARD-TO-FILL VACANCIES BY SECTOR AND SIZE.....	21
FIGURE 4.5 : HARD-TO-FILL VACANCIES BY OCCUPATION AND JOB CATEGORY	22
FIGURE 4.6 : MAIN REASONS GIVEN FOR HAVING HARD-TO-FILL VACANCIES	22
FIGURE 4.7 : SKILLS LACKING AMONG APPLICANTS.....	23
FIGURE 4.8 : IMPACTS OF SKILL SHORTAGES	25
FIGURE 4.9 : ACTION TAKEN TO OVERCOME SKILL SHORTAGES.....	25
FIGURE 5.1 : INCIDENCE OF SKILL GAPS BY SECTOR AND SIZE	26
FIGURE 5.2 : TYPE OF STAFF LACKING PROFICIENCY	27
FIGURE 5.3 : SKILL DEFICIENCIES BY SECTOR	28
FIGURE 5.4 : IMPACTS OF SKILL GAPS.....	29
FIGURE 5.5 : ACTION TO TACKLE SKILL GAPS	30
FIGURE 5.6 : CAUSE OF SKILL GAPS	30
FIGURE 6.1 : AVERAGE VACANCIES NEEDED.....	31
FIGURE 6.2 : IMPORTANT SKILLS OVER THE NEXT FEW YEARS	32

ACKNOWLEDGEMENTS

This report represents a new piece of work conducted by the National Employment Agency (NEA). The report is from a labour market survey of the skill shortages and skill gaps affecting the tourism industry in Siem Reap. NEA would like to express its gratitude to UNDP for its generous financial and technical support to this project.

Many individuals and organisations in Siem Reap have been involved in the design and execution of the survey. NEA is grateful to everyone who provided input and support for this study, including the local Siem Reap Provincial Committee for its helpful cooperation and Working Group in sending requests for interviews to employers. Particular thanks are due to the 300 businesses who responded to the questionnaire. Their willingness and eagerness to be involved in the survey was invaluable.

Particular thanks are also due to the staff at NEA, especially Mr. Sokkhon David and Mr. Taing

Heang Tharith who supported the preparation and implementation of the survey; Mr. Luch Likanan and Mr. Kouch Somean for valuable comments and suggestions; Mr. Eang Ratha and Mr. Chea Kimhong, from the provincial hall office, working on this project as local facilitators; other NEA staff including Mr. Korn Ratha, Mr. Phoung Sam Art, and Mr. Vour Kimheang; and other field enumerators, for their assistance in carrying out challenging field work.

NEA would like to extend special thanks and appreciation to UNDP's Mr. Ngo Natharoun, Team Leader of Poverty Reduction Unit, Ms. Khorn Dinravy, Policy and Research Coordinator, Mr. Phim Runsinarith, National Economist, Mr. Chan Ratha, Human Development Officer, Mr. Shaun Kennedy, International Consultant, and Mr. Orm Sovanavuth, Provincial Coordinator, for their constructive insights and comments on the design of the study and the draft report.

EXECUTIVE SUMMARY

The Employer Skills Survey 2012 in Siem Reap is the NEA's data source on employers' perceptions and demand for skills from the labour market. It is the first survey conducted by the NEA through interviews with 300 employers in the tourism industry. The survey covers topics such as skill-related work-readiness of first-time job seekers, recruitment difficulties, skill gaps, and impacts and strategies to overcome labour market issues. Headline findings on these and other topics are provided below.

WORK-READINESS OF THOSE LEAVING SCHOOL

- In the last two to three years, approximately two-thirds of establishments had recruited at least one education leaver to their first job. About 90 percent of firms recruited from secondary school, 35.7 percent from short vocational training courses and 25.4 percent from long vocational training courses.
- The majority of first-time job seekers were well prepared for work. The degree of work readiness increases with the amount of time they spent on education. Where recruits were considered poorly prepared for work, this was

most often due to lack of required skills or competencies (18.5 percent), to personality (poor attitude, or lack of motivation) or to poor education (8.5 percent).

RECRUITMENT AND SKILL SHORTAGES

- Over the last two years, almost all establishments had recruited staff to fill vacant positions. The total amount of vacancies was around 6,197, equivalent to 60.4 percent of total employment. This equated to an average of 22 vacancies per establishment.
- There was high demand for waiters, cooks, receptionists, room attendants/laundry staff, sweepers and related labourers, and security guards. In broad categories of occupation, about half of the recruits were service and sale workers, and about one-quarter of them fell within elementary occupations.
- Establishments that had recruited staff used multiple channels to disseminate the recruitment opportunity. The most commonly used channels were word of mouth and posts in front of company compounds.



- There was a high incidence of hard-to-fill vacancies. About 67 percent of establishments reported having vacancies that were difficult to fill. Service and trade workers were occupations where employers experienced the greatest difficulty in meeting their demand for skills from the available labour market.
- The quality of the applicants, i.e. a lack of work experience, skills and qualifications or the attitude of applicants, were cited as the main causes of hard-to-fill vacancies (52.6 percent). The other major causes related to the job per se, such as poor terms and conditions; too much competition from other employers; job entails shift work; and poor career progression.
- Nearly two-thirds of all skill-shortages vacancies were ascribed to a lack of job-specific skills, and almost half to a lack of knowledge of foreign languages. Lack of 'soft skills' i.e. customer handling skills, communication skills and team working skills were also frequently reported as lacking in applicant qualifications.
- Skill shortages had some adverse impacts. The notable effects were increased burden on existing staff, by way of increased workload; having difficulties meeting customer services; and having difficulties meeting quality standards.

SKILL GAPS AND SKILL DEMANDS

- The majority of establishments reported skill gaps due to insufficient proficiency, but only among a few staff. Skill gaps were found among unskilled or semi-skilled occupations. Lack of job-specific skills and language skills were reported among existing staff, followed by softer skills and customer-handling skills.
- More than 75 percent of firm said they needed to recruit additional staff in the next few years. On average, each enterprise needs about 15 employees. Broken down by broad occupation category, the need for staff is skewed toward semi-skilled or elementary. On average, an enterprise needs 8.3 unskilled/elementary staff, 5.4 semi-skilled employees, such as receptionists and sales staff, and 0.9 professional and management personnel. The interesting question from this finding would be whether this recruitment was due to growth or to staff turnover. Unfortunately, the nature of data from the survey does not allow us to disaggregate such analysis, and therefore this issue is an interesting topic for future research.



INTRODUCTION

1.1. RATIONALE

8

This study represents a new piece of work conducted by the National Employment Agency (NEA) on a labour market survey. It was initiated and financed by the United Nations Development Programme (UNDP) in response to growing concern over skill shortages and skill gaps at both national and provincial labour market level. The situation of skill shortages and skill gaps in Siem Reap province appears even more worrisome at provincial level. The preliminary rapid assessment conducted by UNDP¹ in Siem Reap suggested a notable disconnect between labour demand and supply. Some business operators reported a shortage of qualified professional tour guides to serve the growing number of tourists. There is also a lack of labour for low-skill jobs in four- or five-star hotels, proven by low applications for job announcements. Data derived from analyzing job seekers and job vacancies from the NEA Job Centre in Siem Reap shows that a shortage of labour is very noticeable in the skills-required category (managers, professional or service and sales workers): for 894 jobs offered; only 586 applications were received; a surprisingly low number. Labour shortage problems are compounded by a huge outflow of migrants seeking employment opportunities in Thailand. Out-migration, attractive because of high rates

of pay, is largely made up of an unskilled labour force moving through informal channels (Chan, 2009, Hing et al., 2012). Business operators also blamed inflexibility of labour supply for skill shortages. A high proportion of the provincial population (88.8 percent) has not finished lower secondary school (NIS, 2009), while the quality of higher education is widely perceived as low. From a labour-demand perspective, employers in Siem Reap noticed that those who graduated from university often did not possess the required skills or knowledge to perform the jobs for which they were applying. In terms of expertise, there are only limited fields of study provided by existing universities, which are not responding well to the needs of the local labour market.

The incidence and magnitude of skill shortages and skill gaps mentioned above is based on anecdotal evidence. Prior studies do not sufficiently capture experiences and perceptions from employers on these issues. Such a serious knowledge gap is the prime reason for this study. Its general aim is to present survey evidence on the extent and nature of imbalances between skills supply and demand in Siem Reap. Evidence from this survey will contribute to sound policy formulation and, as a result, contribute to employability to support sustained and inclusive local economic growth.

¹ UNDP's concept note for Siem Reap: *Inclusive Tourism and Employability of Youth and Women for Poverty Reduction*.



THE SPECIFIC OBJECTIVES OF THIS STUDY ARE:

- *To focus on skill deficiencies, including recruitment difficulties reported by employers, as well as skill gaps (problems with the skills of the existing workforce);*
- *To explore the extent and nature of current skills problem;*
- *To explore the causes of these problems;*
- *To explore the impacts of these difficulties on employers and action taken by them to overcome these problems.*

THE STUDY ADDRESSES A NUMBER OF KEY QUESTIONS:

- *What are the skills need of employers?*
- *What are the scale and impact of a lack of skills on external recruitment difficulties facing employers?*
- *How do these problems vary by occupation, establishment size and sub-sector?*
- *What evidence is there about the existence of internal skill gaps within the employed workforce?*
- *What are the perceptions of employers about the causes and consequences of skill deficiencies?*
- *What are corporate strategies to respond to these issues?*

This study represents a new piece of work on skill shortages and skill gaps, which are emerging as critical issues in the current labour market. The study's coverage and approach makes it unique from other studies in two

ways: First, it explores skill shortages and skill gaps via employers' skills survey? Through asking employers about their experiences of recruitment difficulties, skill gaps and their coping strategies, it can properly capture the incidence and magnitude of skill shortages and skill gaps. Second, the study chooses to trace skill shortages and skill gaps in the tourism industry in Siem Reap. We believe the emphasis is appropriate as tourism is now, and will continue to be, the backbone of Cambodia's economy, and Siem Reap is the most dynamic tourism location. Therefore, a better understanding of the issues would be critically important for potential policy interventions.

1.2 DEFINITIONAL ISSUES

The term '*skill shortages*' is an overarching concept, which substitutes more specific terminological expressions provided hereafter. A long-standing definition that appeals to economists refers to a 'situation in which there are unfilled vacancies in positions where salaries are the same as those currently being paid to others of the same type and quality' (Arrow and Capron, 1959, p.307). An alternative definition, expressed in terms of supply and demand, is 'a market disequilibrium between supply and demand in which the quantity of workers demanded exceeds the supply available and willing to work at a particular wage and working conditions at a particular place and point in time' (Barnow, Troutko and, and Lerman, 1998, p.7). A more precise definition is provided by the Commonwealth Department of Employment and Workplace Relations in the United Kingdom. It defines skill shortages

existing when employers are unable to fill or have considerable difficulties in filling vacancies for an occupation, or specialized skills need within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location.

From employer survey data, skill shortages is measured by '*recruitment difficulties*', which occur when employers have difficulty in filling vacancies for an occupation (hard-to-fill vacancies). Recruitment difficulties are commonly caused by issues related to the applicants, be it quality or quantity. Hard-to-fill vacancies caused specifically by a lack of skills, qualifications or experience among applicants are known as "skill-shortages vacancies" (UKCES, 2012). This study adopts the measurement of skill shortages² from UKES (2012).

The term 'skill gaps' occurs where existing employees lack the required qualifications, experience and/or specialised skills to meet the organization's skills needs for an occupation or activity. These are measured by questions about the lack of proficiency of current staff.

1.3 METHODOLOGICAL OVERVIEW

This study surveyed 300 establishments in Siem Reap. The targeted respondents are human

resource managers or owners of businesses drawn from the sampling. The survey is intended to provide a robust quantitative database upon which to assess the scale and scope of skill shortages and skill gaps. As such, it provides a broad overview of recruitment problems, for example, skill shortages and skill gaps at an establishment level.

1.3.1. Sampling Design

The sample was selected to represent major tourism sub-sectors in Siem Reap. According to the World Tourism Organization, the tourism industry consists of five broad sub-sectors: (1) accommodation; (2) food and beverage (restaurant); (3) recreation and entertainment (leisure); (4) transportation; and (5) travel services. Although a high proportion of employment in Siem Reap concentrates on accommodation and restaurants, travel services and leisure are also important. Given the limited financial resources available, the study would rather select four sub-sectors to represent the sample. They are:

- Accommodation (hotel and guesthouse)
- Food and beverage services (restaurant)
- Travel services (tour operator)
- Leisure (pub and bar, disco, sports club and fitness centre, massage)

² Identifying skill shortages is not an easy task and the analysis of 'skill-shortages' is hampered by inconsistencies in definition and measurement. The methodological approaches used in various studies range from simpler approaches such as employer surveys, analysis of advertisements and analysis of trends, to sophisticated models such as mid/long-term forecasting of supply-demand mismatch. Job vacancies is fairly used to measure skill shortages at the aggregate and occupational level, i.e. in Petrongolo and Pissarides (2001), Jackman et al. (2002) and Layard et al. (1991). While results from this approach could provide a useful snapshot about this issue, the major drawback of this approach is that the reliability depends on the quality of vacancy data. The accuracy and reliability data on job vacancies by public employment offices in developing countries is usually very low. This means the job vacancy method is not so suitable in situations where it lacks data management on job advertisements. Employer survey has been increasingly used as a tool to construct measures of skill shortages. By explicitly questioning employers on the existence of skill shortages and on what jobs they have more difficulties filling, this approach could not only clarify the meaning of skill shortages and deficiencies in the quality of the existing labour force as perceived by employers, but also capture employers' experience of recruitment difficulty, skill gaps and their coping strategies.



The total sample was 300 establishments. The sample by sub-sector was drawn based on probability proportionate to size of employment. According to the establishment census 2011 by the National Institute of Statistics (NIS), the accommodation sub-sector accounts for about 42 percent of total employment in the tourism industry in Siem Reap; restaurants account for 43 percent; and travel agencies and leisure account for 2 percent and 2.5 percent respectively. Because the share of employment in travel services and leisure is low, we have a minimum sample of 50 each. The other 200 are equally divided among the accommodation and restaurant sectors. Below is the summary of the sample by sub-sector:

- Accommodation: 100 samples
- Restaurant: 100 samples
- Travel services: 50 samples
- Leisure: 50 samples

The selection of establishments for interview adopted systematic random sampling. The lists of each sub-sector (sampling frame) were drawn from the Economic Census of Cambodia 2011. In each sub-sector, we drew a principal list and reserve list (used to replace if an establishment declined to be interviewed or was no longer operational).

1.3.2. Questionnaire Design and Coverage

The questionnaire was designed in several stages. An initial questionnaire was drafted and then

sent to UNDP for peer review. Subsequent to the initial development phase, training was provided to enumerators, where the questionnaire was re-examined and revised question by question. Prior to the interview, the questionnaire was pre-tested. The revision/finalization of the questionnaire was done after testing.

In line with the Terms of Reference and the general conceptual framework on skill shortages and skill gaps, questions in the questionnaire cover topics such as Firmographics, recruitment and recruitment difficulties, demand for skills/skill gaps and business strategies. Face-to-face interviews were conducted with managers or owners of establishments.

1.3.3. Survey Fieldwork

Fieldwork was undertaken between 2 and 15 November 2012, and involved 10 interviewers. They were divided into two teams; each comprised one supervisor and four team members. Supervisors were tasked to do the sample selection as instructed by the project leader; allocate selected samples to team members for the interview; and check all the filled questionnaires from the team members on a daily basis. The interviewers were assisted by four facilitators: two from the provincial hall and two from the department of tourism. Two facilitators from the provincial hall worked on arranging the interviews via telephone and the other two from the department of tourism, who knew the location of most establishments well, worked on locating selected establishments.

1.3.4. Data Entry Procedure

Data entry and cleaning was carried out between 19 and 23 November 2012 by five experienced data entry clerks under the technical supervision of the core research team. All questions in the questionnaires were coded and entered in the CS Pro program.

To minimize errors in data capture, the core research team performed the following tasks:

- Trained team leaders on how to spot check a range of responses and data during fieldwork. Questionnaires were checked by supervisors on a daily basis. After completing data collection, all questionnaires were checked again by the core research team.
- During the data entry process, cleaning was done on a daily basis. First, STATA do-file was written to check the frequency of different responses for all variables. This method identified “wild codes” to check frequencies on each indicator and compare the value codes for each of the answers in the original questionnaires. Second, STATA do-file was written to check the conditions for the skipping function across variables. This function can run cross-tabulation where responses for one variable were checked against other variables.

1.4 LIMITATIONS OF THE STUDY

Although the research reached its aims, there were some limitations. First, because of the limited time and financial resources, this research was conducted only on a small number of establishments classified within the tourism industry. To generalize the results for the whole provincial labour market, the study should have involved more firms from other sectors. Second, the present study relied solely on a quantitative method of data collection and is therefore restrictive. Although results from a quantitative approach provide a useful snapshot about the skill shortages and skill gaps employers face, structured interviews seem not to provide enough insights of employers' experiences. Overall, while the study is useful in gaining an understanding of the skill shortages, skill gaps and skill demands perceived by tourism industry employers in Siem Reap, it is clear that a similar study should be scaled up to cover the national labour market.

2

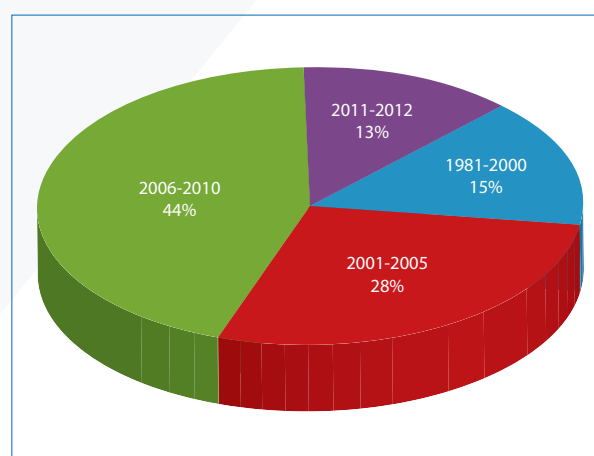
DESCRIBING THE SURVEY POPULATION

This section describes some of the key characteristics of the survey in the tourism industry. These include ownership, whether businesses are Cambodian or foreign-owned; size in terms of total employment; and employment structure.

2.1. YEARS OF STARTING BUSINESS AND TYPE OF OWNERSHIP

The majority of sample establishments started their businesses in the 2000s. More specifically, 13 percent opened in last two years; 44 percent opened between 2006 and 2010; 28 percent started between 2001 and 2005; and 15 percent started between 1981 and 2000.

Figure 2 1: Year of starting business



Source: NEA's employer skills survey 2012 in Siem Reap

Table 2.1: Business ownership by sector

	Accommodation	Restaurant	Travel Agent	Leisure	All sectors
Cambodian-owned establishments	84%	74%	52%	72%	73.3%
Foreign-owned establishments	9%	21%	38%	24%	20.3%
Joint venture	6%	5%	10%	4%	6.0%
Public establishments	1%	0%	0%	0%	0.3%
Total	100%	100%	50%	50%	100%

Source: NEA's employer skills survey 2012 in Siem Reap

The majority of establishments (73.3 percent) are Cambodian owned. Foreign ownership represents about 20 percent, while joint venture accounts for 6 percent. The pattern of business ownership differs slightly across sectors.

Establishments that are owned by Cambodians were found mostly in the accommodation sub-sector and least among travel agencies. Employment intensity among establishments with different types of ownership varies

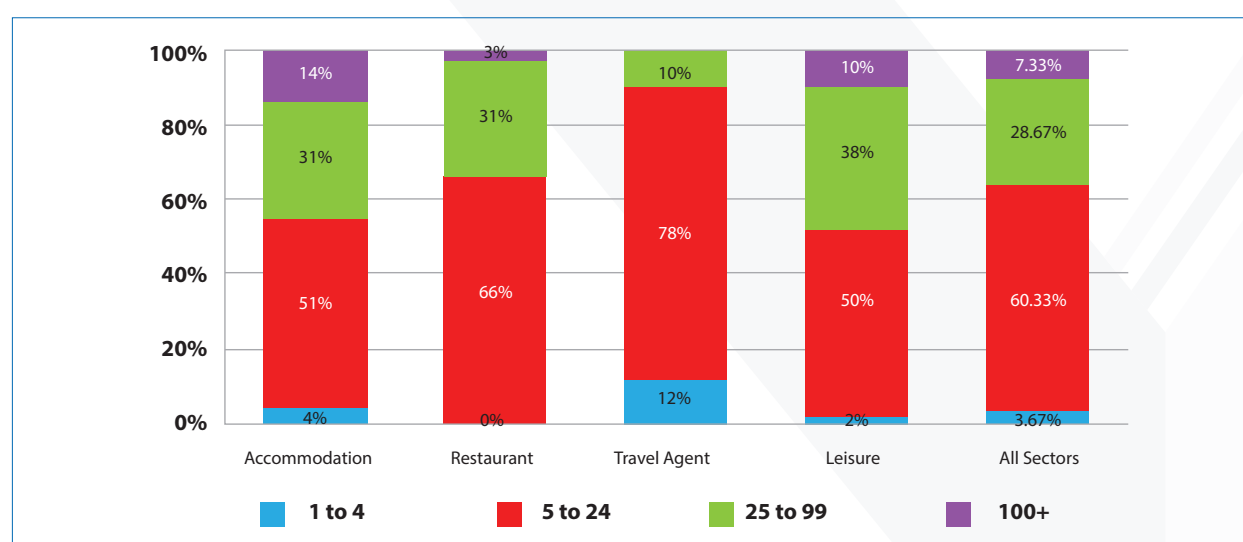
significantly. On average, joint venture firms generate the highest employment (52.5 staff); Cambodian-owned firms rank second highest, employing 35.3 staff, followed by foreign-owned firms with an average of 24 staff.

2.2. SIZE OF ESTABLISHMENTS

The majority of establishments (60.33 percent) are medium-sized, employing between five

and 24 employees. Firms employing between 25 and 99 staff represent 28.67 percent; while those employing 100 or more staff account for 7.33 percent. The size of establishments differs significantly by sector. Travel agencies and restaurants are both dominated by medium-sized establishments (78 percent and 66 percent, respectively), while accommodation and leisure are more labour intensive, with nearly half of establishments employing 25 people, or more.

Figure 2 2: Size distribution of establishment



Source: NEA's employer skills survey 2012 in Siem Reap

2.3. EMPLOYMENT STRUCTURE

Total employment generated by all establishments was 10,191. The majority of jobs fell within elementary occupation³ (47.3 percent) and professional occupation⁴ (38.3 percent). The restaurant and leisure sectors tend to offer more elementary jobs, whereas travel agencies and hotels provide greater space for professional occupation.

On average, a survey firm employs 34 people. The distribution of employment is found highest in accommodation (49 people) and lowest in travel agencies (13 people). The average employment by occupation category varies greatly by sector. Accommodation and leisure sectors were found to have more professional and elementary occupations and intensive businesses, than restaurants and travel agencies.

³ Broad category of occupations is adopted from the International Standard Classification of Occupations (ISCO). Elementary occupation include cleaners and helpers, agricultural labourers, labourers in mining, construction, manufacturing and transport, food preparation assistants, street and related sales and service workers.

⁴ According to ISCO, professional occupation includes science and engineering professionals, health professionals, teaching professionals, business and administration professionals, ICT professionals, and legal, social and cultural professionals.



Table 2.2: Employment distribution by sectors and occupation category

	Accommodation	Restaurant	Travel Agent	Leisure	All sectors
Total employment	4914	2810	631	1836	10191
Managerial staff	6%	6%	11.3%	4.9%	6.1%
Middle-managerial staff	10.6%	6.3%	8.4%	5.1%	8.3%
Professional staff	40.2%	28.2%	56.7%	42.2%	38.3%
Elementary occupation	43.2%	59.4%	23.6%	47.8%	47.3%
Average staff employed	49	28	13	37	34
Average staff by category					
Managerial staff	2.9	1.7	1.4	1.8	2.1
Middle-managerial staff	5.2	1.8	1.1	1.9	2.8
Professional staff	19.7	7.9	7.2	15.5	13
Elementary occupation	21.2	16.7	2.9	17.6	16.1

Source: NEA's employer skills survey 2012 in Siem Reap





WORK-READINESS OF THOSE LEAVING SCHOOL

16

This section looks at the recruitment and skills level of education leavers. More specifically, it looks at the proportion of employers that have recruited the first job takers. It then explores employers' perceptions on the recruits' readiness for work and their skills.

3.1. INCIDENCE OF RECRUITMENT OF SCHOOL, COLLEGE AND UNIVERSITY LEAVERS

In the last two or three years, approximately two-thirds of establishments recruited at least one education leaver to their first job. Establishments were more likely to have recruited from secondary school (89.7 percent) and vocational training (35.7 percent for short training courses and 25.4 percent for long training courses⁵) than from college. There was a significant difference in the propensity of recruitments from each group by sector. The more labour-intensive sectors, the

more likely they are to recruit lower education leavers (lower secondary first job seekers). For example, restaurant and accommodation recruited 77 percent and 75 percent of school leavers, as compared to leisure and travel agencies (53 percent and 37 percent, respectively). Except for travel agencies, almost all establishments in the accommodation, restaurant and leisure sectors had recruited high school leavers. The incidence of recruitment of vocational training leavers was found highest in the accommodation sector.

The larger the establishment, the more likely it will recruit education leavers. The proportion was higher than average in firms that employ 25 or more staff (80.5 percent for firms with staff between 25 and 99, and 77.3 percent for firms employing 100 or more staff, as compared to an average 66.5 percent).

Table 3.1: Incidence of recruitment of school leavers into their first jobs

	Any school leaver	High school leaver	Short VT leaver	Long VT leaver	Domestic colleges and universities leaver	Foreign colleges and universities leaver
Incidence of recruitment	66.5%	89.7%	35.7%	25.4%	33.5%	1.6%
SECTOR						
Accommodation	75%	96%	50%	31%	51%	3%
Restaurant	77%	92%	28%	20%	15%	0%
Travel Agent	37%	36%	21%	29%	50%	0%
Leisure	53%	96%	27%	23%	31%	4%
SIZE						
1 to 4	33.3%	100.0%	33.3%	33.3%	0.0%	0.0%
5 to 24	60.0%	84.8%	21.2%	16.2%	19.2%	0.0%
25 to 99	80.5%	95.4%	46.9%	31.2%	42.4%	1.5%
100+	77.3%	94.1%	76.5%	52.9%	88.2%	11.8%

Source: NEA's employer skills survey 2012 in Siem Reap
Note: VT stands for vocational training course



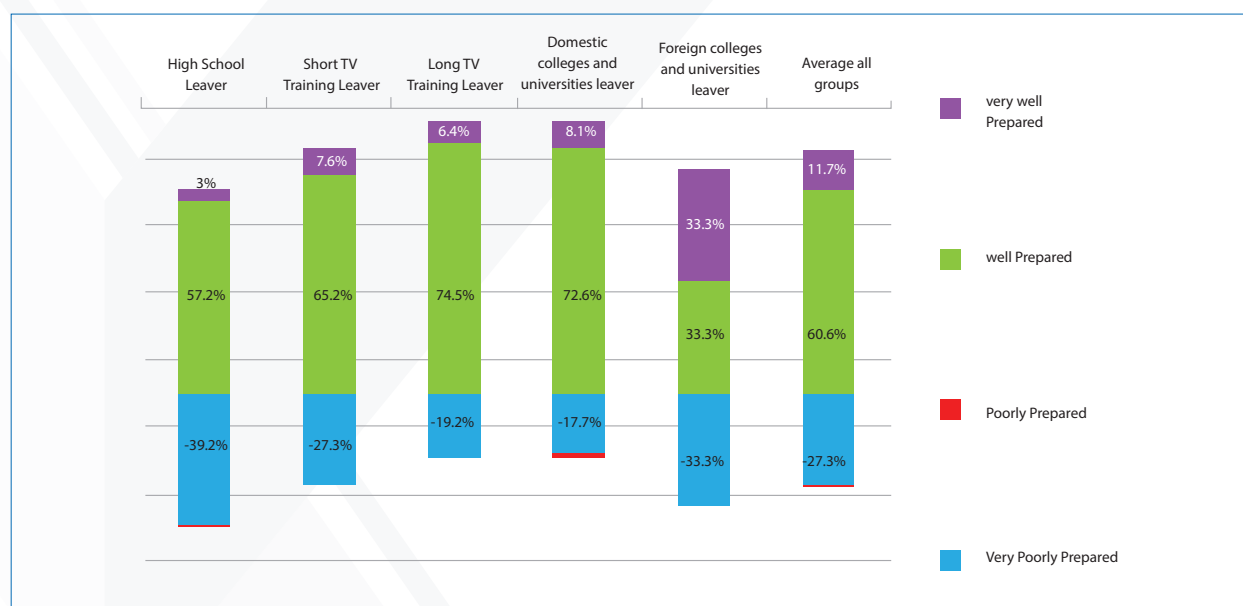
3.2. PERCEIVED WORK-READINESS OF EDUCATION LEAVERS

Data in this section were drawn from questions in the questionnaire asking employers who had taken education leavers whether or not they considered this recruit being very well prepared, well prepared, poorly prepared or very poorly prepared for work. Across all sectors, more than two-thirds of employers felt that recruits were well prepared for work, rather than poorly

prepared. The degree of work readiness increases with the amount of time they spent on education. More than half of high school leavers were found to be well prepared (60 percent) compared to 73 percent of short vocational training leavers and 81 percent for both long vocational training and college graduates.

17

Figure 3.1: Work-readiness of those recruited straight from education



Source: NEA's employer skills survey 2012 in Siem Reap

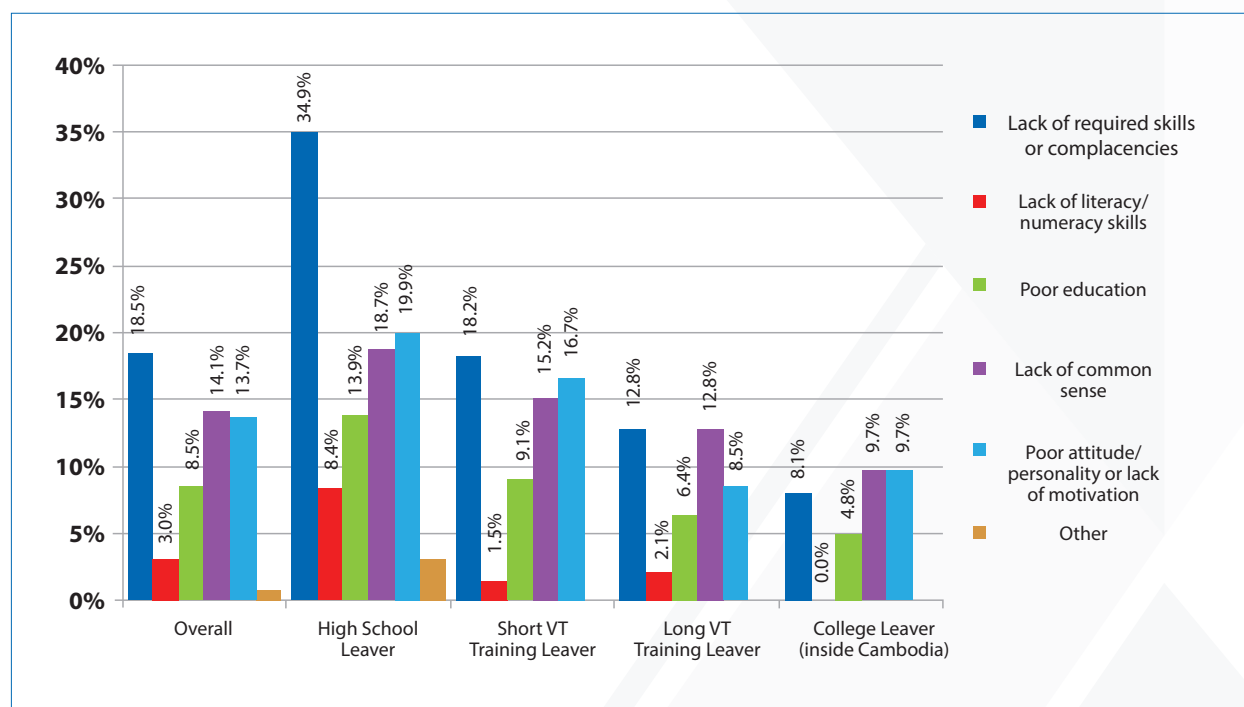
⁵ There are two types of vocational training. Short vocational training programmes last less than one year; long vocational training programmes are longer than one year.

3.3. SKILLS AND ATTRIBUTES LACKING AMONG FIRST EDUCATIONAL LEAVERS

Employers who reported that the first educational leavers they had recruited were poorly-prepared for work were asked to indicate what skills or attributes they were lacking. Overall, lack of required skills or competencies (18.5 percent) was the most frequently cited as not well prepared. The other important factors attributed to poor work preparedness included lack of common sense (14.1 percent), poor attitude, poor personality or lack of motivation (13.7 percent) and poor education (8.5 percent).

Lack of required skills or competencies was found highest among high school recruits. About one-third of establishments that recruited high school leavers felt they lacked skills and competencies. This was deemed to be less of an issue for vocational training leavers and university graduates. Very often the establishments experienced recruiting high school and short vocational training leavers with poor attitude, but less so for long vocational training and college graduates.

Figure 3. 2: Skills and attributes lacking among the recruits taken from school



Source: NEA's employer skills survey 2012 in Siem Reap

4

RECRUITMENTS AND SKILL SHORTAGES

This section examines the incidence and volume of recruitments as well as recruitment difficulties the establishments face. It then explores the specific skills that employers find lacking, the impact of skill-shortages vacancies and actions employers take to overcome them.

4.1. INCIDENCE AND NUMBER OF VACANCIES

Over the last two years, almost all establishments had recruited staff to fill vacant positions. The incidence of recruitment was found highest in the restaurant and leisure sectors and lowest in travel agencies. The incidence of recruitments also varies slightly across the size of the establishment. The larger the establishments, the

more likely they had vacant positions that need to be filled. In total, there were 6,197 vacancies that establishments tried to fill in the last two years (equivalent to 60.4 of total employment). Among those with vacancies, this equates to an average of 22 vacancies per establishment.

There are significant variations in the number of vacancies by sector and size. While the number of vacancies in the accommodation sector is higher than that of the restaurant and leisure sectors, the density of vacancies is larger among the latter sectors. It is interesting to note that the incidence of recruitments increases with the size of the establishments, but the density of vacancies decreases with the size of the establishments.

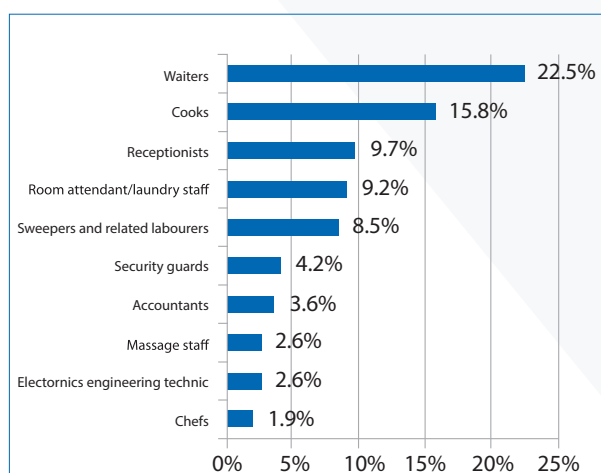
Table 4.1: Incidence and density of vacancies by sector and size

	Establishment with a vacancy (incidence)	Number of vacancies	Vacancies as a % of employment (density)	Average vacancies per establishment with vacancies
Overall	92.70%	6,197	60.40%	22
SECTOR				
Accommodation	93.0%	2,341	48.2%	25
Restaurant	98.0%	2,261	82.3%	23
Travel Agent	76.0%	165	31.9%	4
Leisure	98.0%	1,430	79.0%	29
SIZE				
1 to 4	81.8%	22	75.9%	2
5 to 24	91.2%	1,871	91.8%	11
25 to 99	95.4%	2,788	76.2%	34
100+	100%	1,516	36.1%	69

Source: NEA's employer skills survey 2012 in Siem Reap

Most-needed occupations were waiters, representing 22.5 percent of total recruited employment. The other top recruited occupations were cooks, receptionists, room attendants/laundry staff, sweepers, security guards, accountants, massage staff, electrical engineers and chefs. When

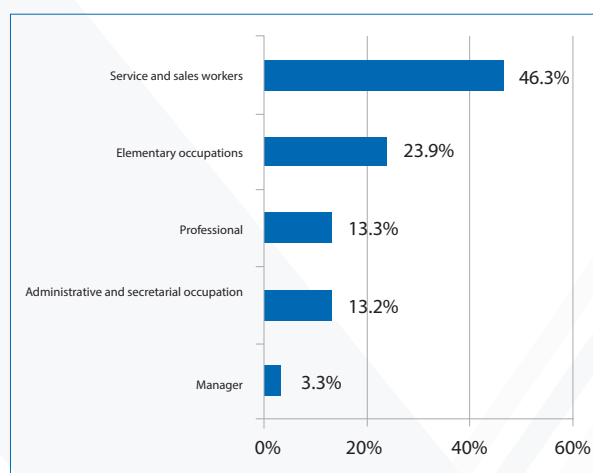
Figure 4.1: Top recruited occupations



Source: NEA's employer skills survey 2012 in Siem Reap

classified into broad categories of occupations, about half the recruits were service and sales workers and about one-quarter of them fell within elementary occupations. About one in ten recruits were professional, administrative and secretariat staff.

Figure 4.2: Recruited occupations by category

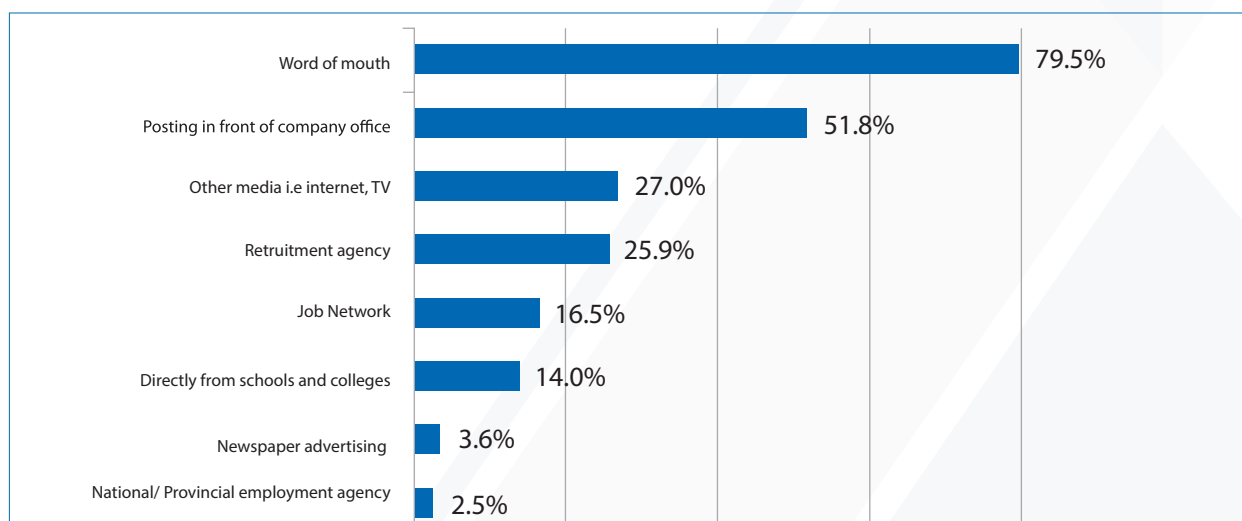


Source: NEA's employer skills survey 2012 in Siem Reap

Establishments that had recruited staff used multiple channels to disseminate the recruitment opportunity. About four out of five establishments spread recruitment information through word of mouth and about half of them posted advertisements in front of their company compounds. Other methods of recruitment that were not widely used as information dissemination

included internet and TV announcements, recruitment agencies, job networks and direct acquisition from schools and colleges. Surprisingly, newspaper advertisements and national and provincial employment agencies were the least-used methods of recruitment, implying that the Provincial Job Centre plays a very limited role in providing labour market information in the current context.

Figure 4.3: Methods of recruitment



Source: NEA's employer skills survey 2012 in Siem Reap

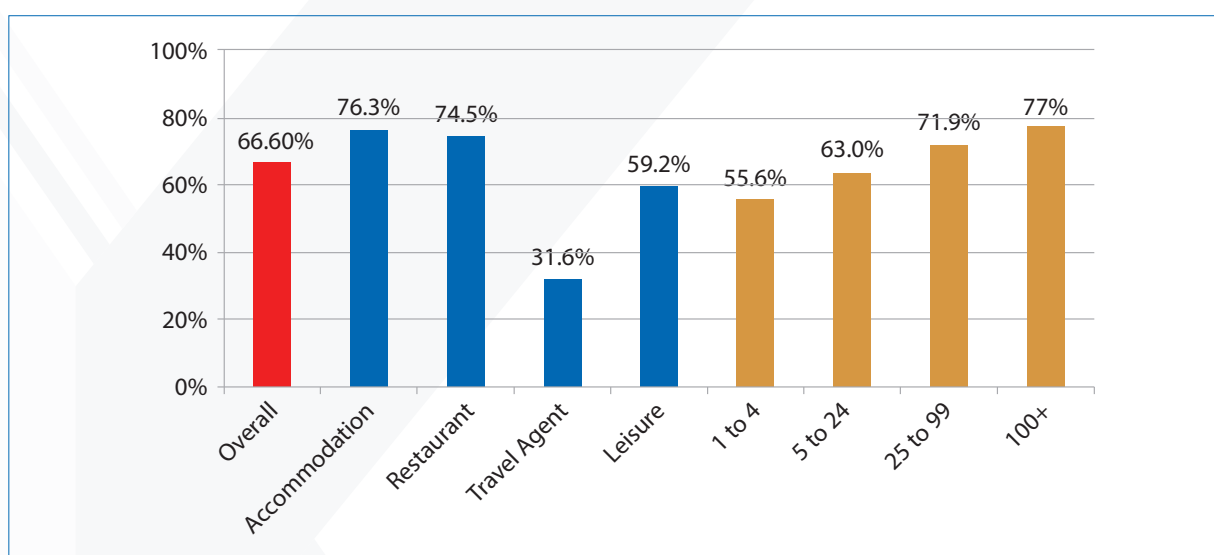
4.2. ABILITY OF THE MARKET TO MEET EMPLOYER DEMAND FOR NEW STAFF

The majority of establishments felt the labour market could not fully satisfy their requirement demands, which is evidenced by the high incidence of hard-to-fill vacancies. About 67 percent of establishments which tried to fill vacant positions faced difficulties in recruitment. While the incidence of establishments with hard-to-fill

vacancies was slightly different across the size of establishments, it varied greatly across sectors. The larger the establishment, the more likely they were to experience difficulty in recruitment. Vacancies that were hard-to-fill were highest in the accommodation and restaurant sectors and lowest in travel agencies.

21

Figure 4.4: Incidence of hard-to-fill vacancies by sector and size

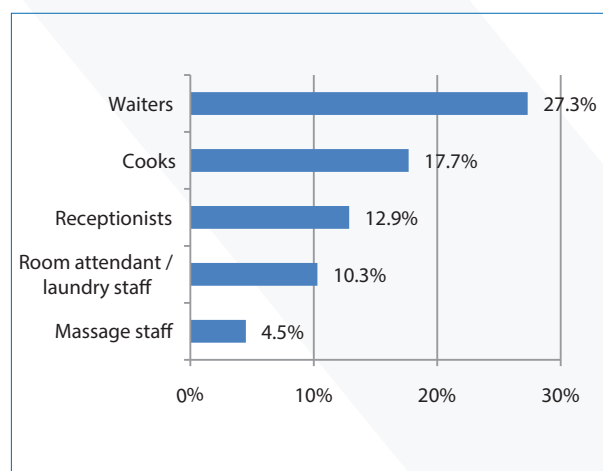


Source: NEA's employer skills survey 2012 in Siem Reap

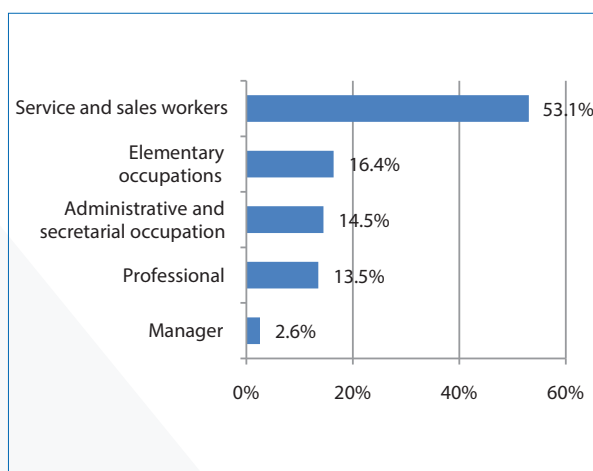
Filling vacancies for waiting staff was the most difficult (27 percent of establishments reported difficulty). Cooks were second in terms of hard-to-fill, followed by receptionists, room attendants/laundry staff, and massage staff. Other hard-to-fill vacancies included service attendants/stewards, bartenders and cleaning and housekeeping supervisors. When classifying into a broad

category of occupations, vacancies in service and sales were most likely to be hard-to-fill. The proportion of vacancies proving hard-to-fill was modest in elementary occupations, administrative and secretarial occupations, and professionals, but it was particularly low in managerial occupations.

Figure 4.5: Hard-to-fill vacancies by occupation and job category



Source: NEA's employer skills survey 2012 in Siem Reap



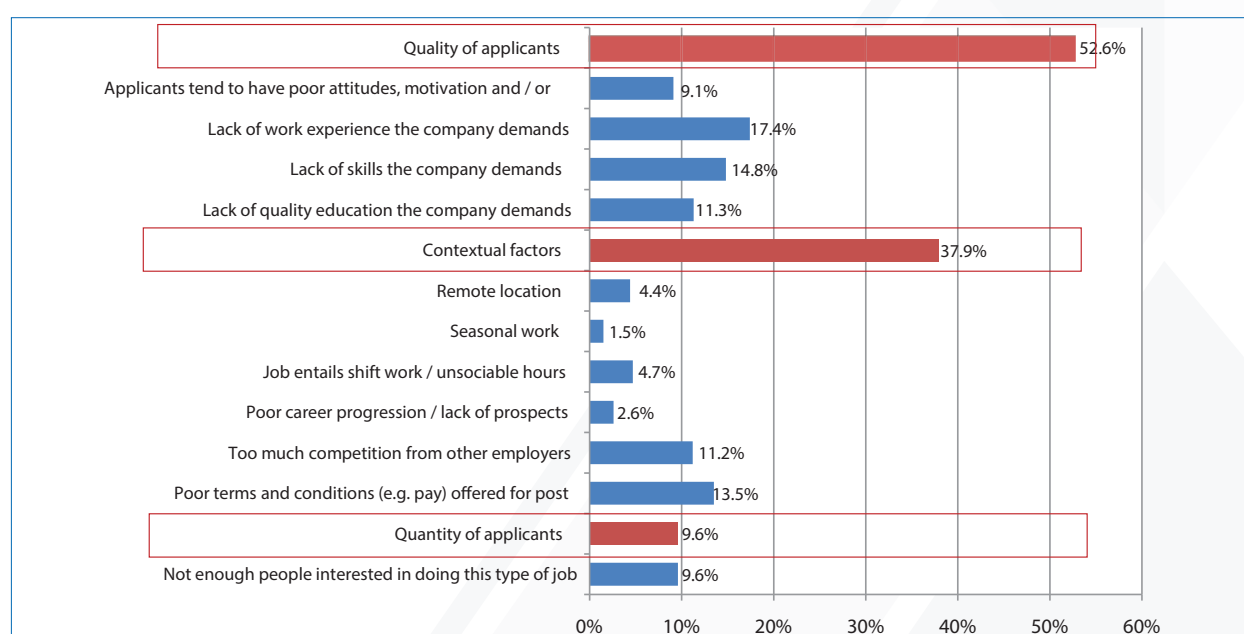
Source: NEA's employer skills survey 2012 in Siem Reap

4.3. CAUSES OF HARD-TO-FILL VACANCIES

Employers were asked about the main causes of hard-to-fill vacancies. The causes can be broadly split into three categories: issues related to the quality of applicants; issues related to the quantity of applicants; and contextual factors such as issues related to location, terms and conditions of work, and competition from other employers.

The main causes of hard-to-fill vacancies tended to be related to the quality of the applicants, i.e. a lack of work experience, skills, qualifications or the attitude of applicants, accounting for 52.6 percent of hard-to-fill vacancies. The quantity of applicants was about 9.6 percent. Over one-third (37.9 percent) of hard-to-fill vacancies were caused by contextual factors such as poor terms and conditions (13.5 percent), too much competition from other employers (11.2 percent), job entails shift work (4.7 percent) and poor career progression (2.6 percent).

Figure 4.6: Main reasons given for having hard-to-fill vacancies



Source: NEA's employer skills survey 2012 in Siem Reap

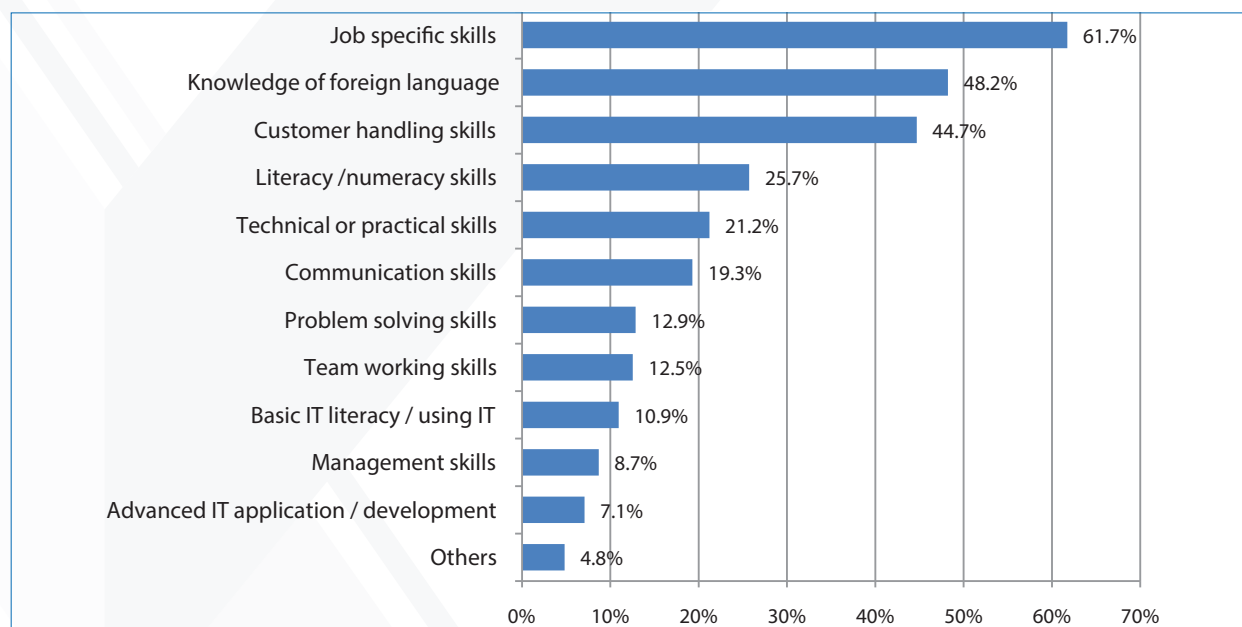


4.4. SKILLS LACKING IN THE AVAILABLE LABOUR MARKET

Employers who reported having vacancies that were difficult to fill were asked which skills were lacking. They generally cited a lack of technical, practical or job-specific skills, as well as soft skills. Nearly two-thirds of all skill-shortages vacancies were ascribed to a lack of job-specific skills, and about half (46 percent) were attributed to a lack of knowledge of foreign languages. Lack of 'soft skills' was also frequently reported in applicant qualifications. It specifically includes customer

handling skills (44.7 percent), communication skills (19.3 percent), problem-solving skills (12.9 percent), and team-work skills (12.5 percent). Nearly half were reported as lacking customer handling skills and about 21 percent as lacking technical and practical skills. Lack of information technology skills, both basic and advanced level, was not perceived as a major shortfall in applicants' qualifications.

Figure 4.7: Skills lacking among applicants



Source: NEA's employer skills survey 2012 in Siem Reap

While the percentage of establishments reporting lack of skills varied slightly across five broad categories of occupations, the differences were not significant. Knowledge of foreign languages, job-specific skills and customer-handling skills are frequently reported as lacking. While it is hard

to find good communication and management skills for managerial posts and professionals, it is almost equally difficult to find literacy/ numeracy skills, technical or practical skills, and team work skills in administrative and secretarial occupations, service and sales workers, and elementary occupations.

Table 4.2: Skills lacking by occupation category

	Manager	Professional	Administrative and secretarial occupation	Service and sales workers	Elementary occupation
Team working skills	25%	33%	20%	22%	22%
Basic IT literacy / using IT	38%	26%	42%	17%	12%
Literacy / numeracy skills	38%	45%	51%	52%	45%
Technical or practical skills	50%	90%	44%	42%	35%
Problem solving skills	50%	48%	31%	19%	18%
Management skills	50%	29%	22%	16%	18%
Advanced IT application/ development	63%	33%	20%	12%	10%
Communication skills	63%	76%	38%	37%	18%
Customer handling skills	63%	86%	100%	85%	53%
Job specific skills	75%	100%	100%	100%	100%
Knowledge of foreign language	88%	100%	100%	100%	73%

Source: NEA's employer skills survey 2012 in Siem Reap

Note: Major occupations are adopted from the International Standard Classification of Occupations 2008 (ISCO-08) which was developed by International Labour Organization (ILO). Although it provides useful aggregate snapshot of skills lacking among major occupations, it has certain limitations and therefore citation should be cautious. One of the major limitations is there are notable variations of skills lacking among occupations within one major occupation. (For detail, go to "<http://www.ilo.org/public/english/bureau/stat/isco/index.htm>")

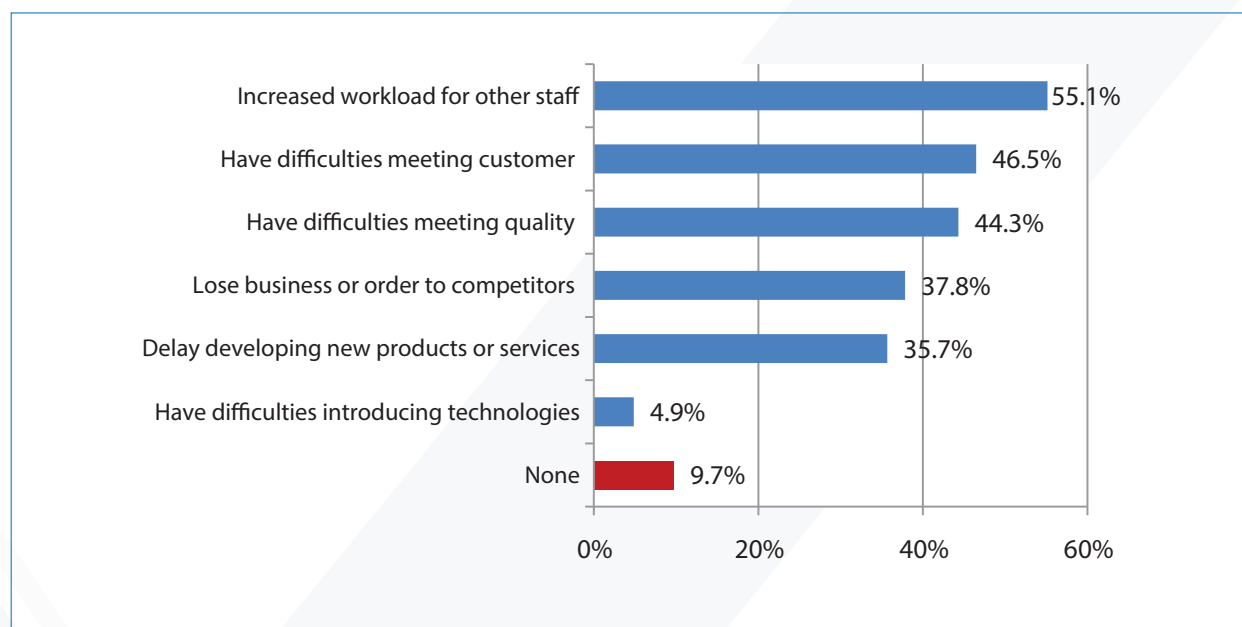
4.5. IMPACTS OF SKILL SHORTAGES VACANCIES AND EMPLOYERS' RESPONSE TO OVERCOME IT

The majority of firms claimed that skill shortages had some impact on their business. Slightly more than half the establishments felt that the impact burdened their existing staff by way of increasing their workload, while about half felt the impacts in terms of having difficulties meeting customer

services and having difficulties meeting quality standards. Other reported direct impacts include losing business or orders to competitors, delays in developing new products or services, and difficulties introducing new working practices.



Figure 4.8: Impacts of skill shortages

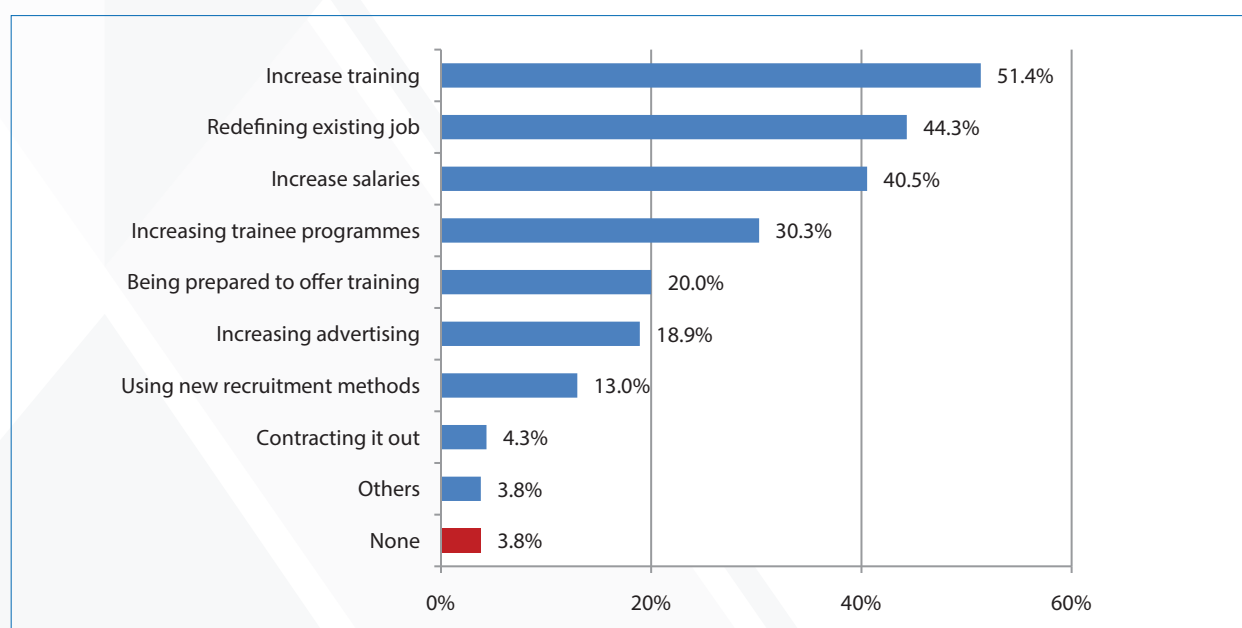


Source: NEA's employer skills survey 2012 in Siem Reap

The vast majority of establishments experiencing recruitment difficulties had taken steps to overcome these problems. Making the job more attractive to applicants by redefining the job (44.3 percent) and increasing salaries (40.5 percent) were the most common responding strategies taken by firms. While half the establishments provided training to

existing staff to address skill shortages, others prepared to offer training (20 percent) and increase trainee programmes (30.3 percent). The remaining actions taken relate to recruitment strategies, i.e. increasing job advertisements, and using new recruitment methods such as through networks and direct contact with schools, and contracting out recruitments.

Figure 4.9: Action taken to overcome skill shortages



Source: NEA's employer skills survey 2012 in Siem Reap



SKILL GAPS

26

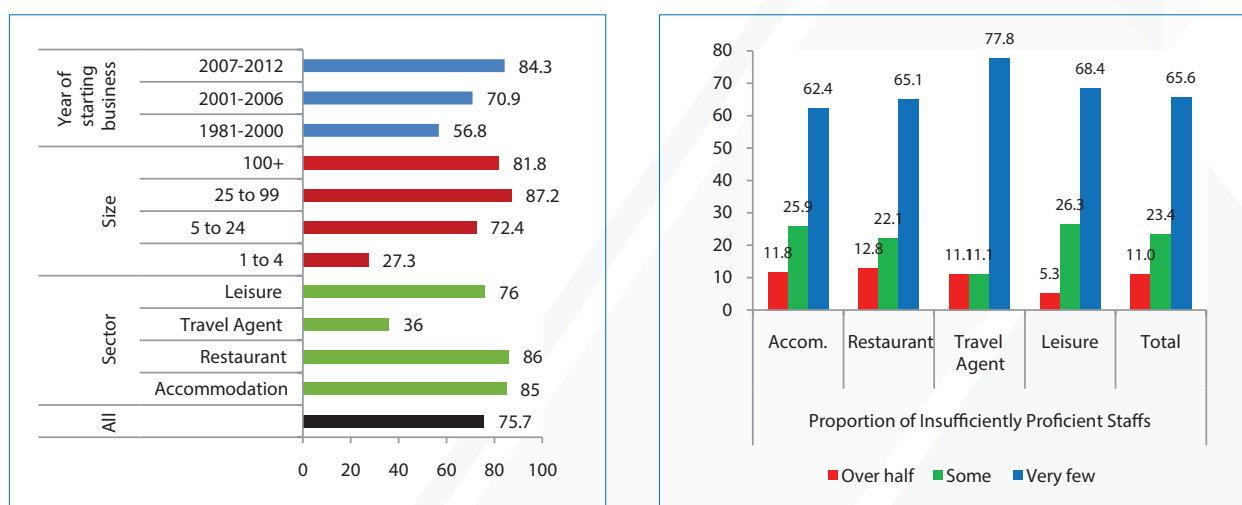
5.1. INCIDENCE, VOLUME, DENSITY AND DISTRIBUTION OF SKILL GAPS

The majority of establishments (75.7 percent) perceived that staff could not implement the job tasks due to insufficient proficiency (a 'skill gaps'); just 14.3 percent reported having fully proficient staff. Employers in accommodation and restaurants were slightly more likely to experience a skill gaps among their staff (85 percent and 86 percent, respectively), and conversely those in the leisure and travel agencies were less likely (76 percent and 36 percent respectively). These differences were also found according to the size or the number of years in business. The incidence of skill gaps varies across firms of different sizes. Just 27.3 percent of the people employed by firms with fewer than four staff were described

as not fully proficient, as compared to 72.4 percent for firms with staff numbers between five and 24 persons, and 87.2 percent for firms with staff numbers between 25 and 99 persons. The incidence of skill gaps seems also inversely related to the years the establishment has been in business.

As for the proportion of insufficiently proficient staff, of the total sample, 11 percent of employers reported more than half of their staff having skill gaps. People employed in accommodation, restaurants and travel agencies were most likely to have skill gaps. Eleven to 13 percent of employers in these categories said over half their staff lacked proficiency. Conversely, only 5.3 percent of employers in the leisure sector described over half of their staff as not having enough skills to perform assigned tasks.

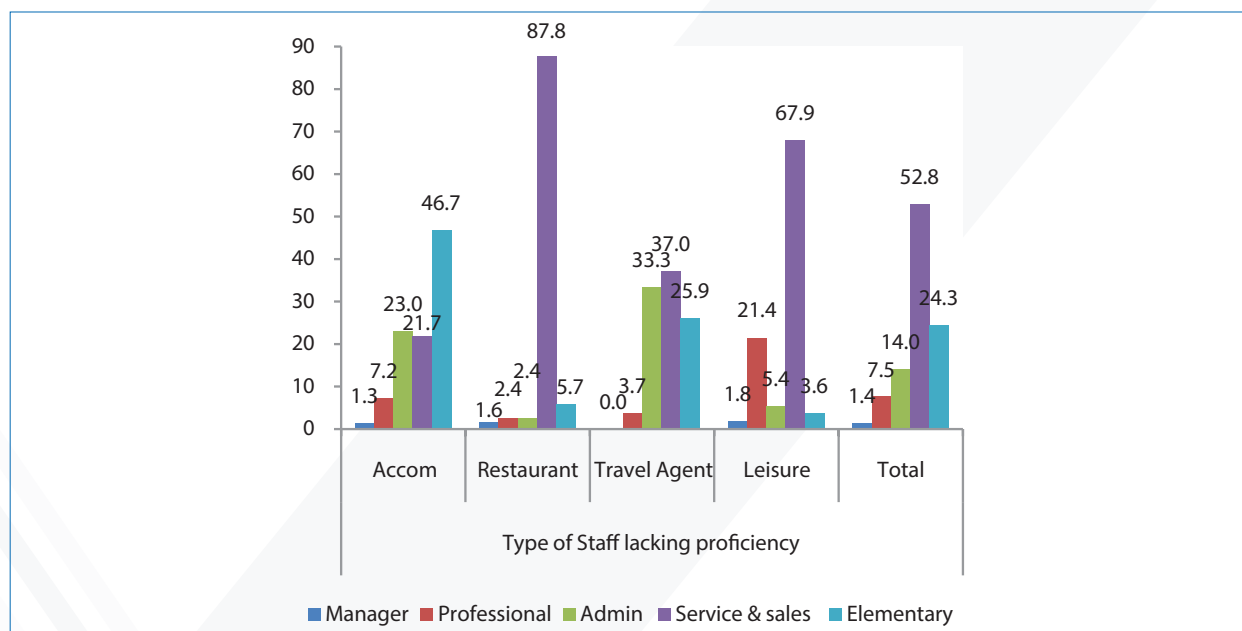
Figure 5.1: Incidence of skill gaps by sector and size



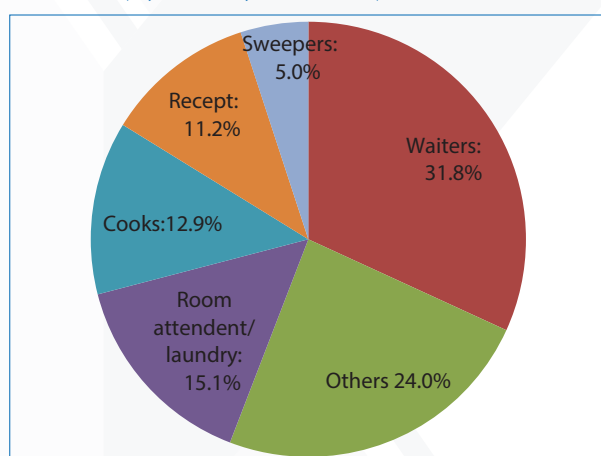
Source: NEA's employer skills survey 2012 in Siem Reap



Figure 5.2: Type of staff lacking proficiency



Source: NEA's employer skills survey 2012 in Siem Reap



Source: NEA's employer skills survey 2012 in Siem Reap

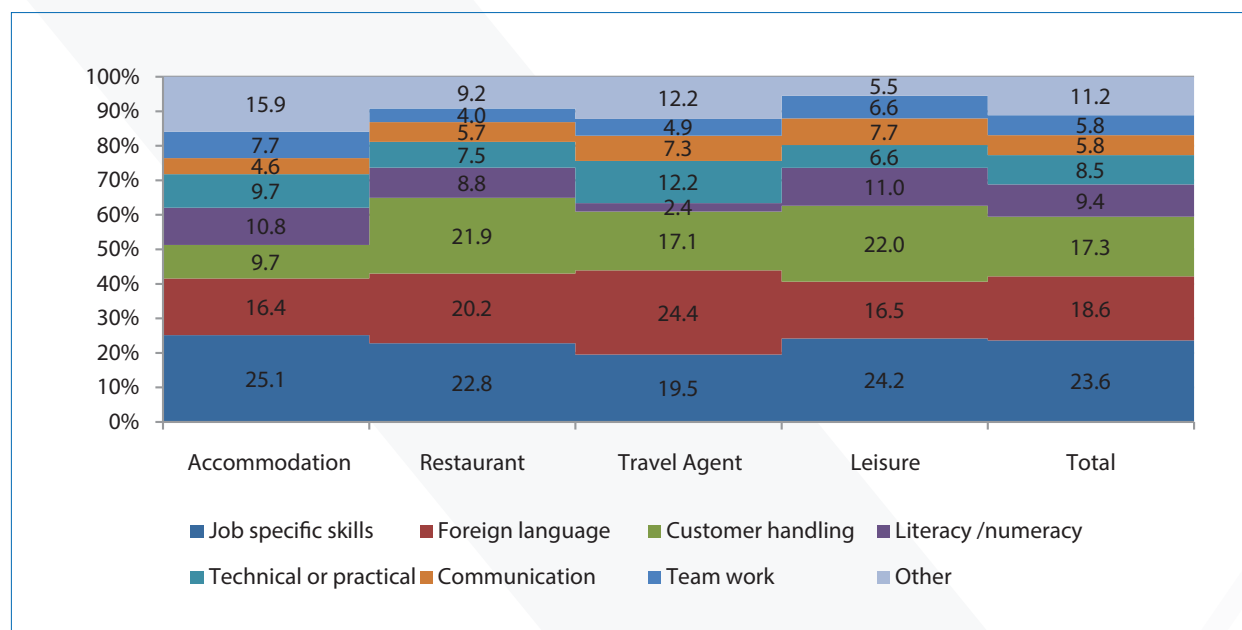
People employed in what are traditionally described as low-skilled occupations (elementary and sales and customer service positions) are the most likely to have skill gaps, with 24.3 percent and 52.8 percent of staff in these respective groups described as lacking full proficiency. The incidence of skill gaps of elementary and sales and customer service of those employed in the restaurant and leisure sector was remarkably high, accounting for more than 70 percent of total employed staff. Conversely, those in

more highly skilled occupational areas, such as managers and professionals, were the least likely to be described as having skill gaps (1.4 and 7.5 percent respectively).

5.2. SKILL DEFICIENCIES

Figure 5-3 shows the skills lacking by occupation among employees who are not fully proficient. Results are shown as column percentages, and are based on skill gaps discussed with employers. Figure 5-3 shows that a lack of job-specific skills and language skills seemed widespread and were found in business categories, accounting for more than 40 percent of the overall deficiencies. The soft skills, customer handling skills, were more lacking among administrative/clerical staff and elementary staff and more likely in those employed in restaurant and leisure businesses.

Figure 5.3: Skill deficiencies by sector



Source: NEA's employer skills survey 2012 in Siem Reap

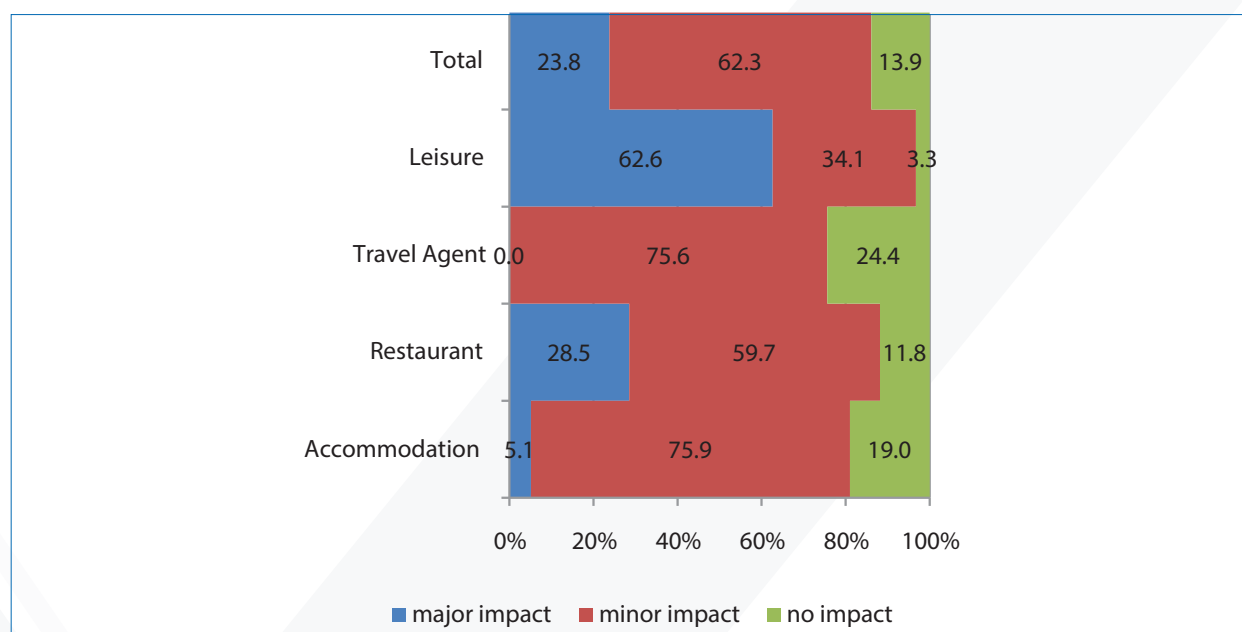
5.3. THE IMPACTS OF SKILL GAPS AND EMPLOYERS' RESPONSE

This section examines the impacts of skill gaps on employers and the actions employers have taken to (try to) combat them. Around one-in-seven employers (13.9 percent) reported that (some) staff lacking full proficiency had no tangible impact on their establishment's performance (Figure 5-4). However, for around one-in-four (23.8 percent), skill gaps were felt to have a major impact on performance, and for a further 62.3 percent, there is a minor impact.

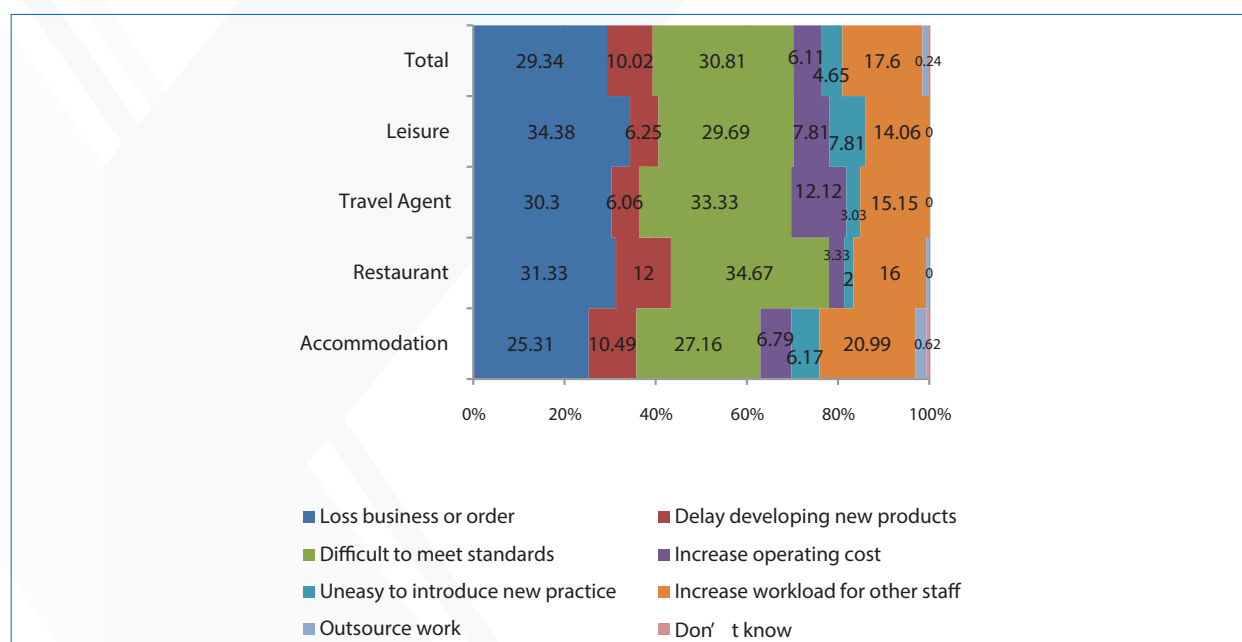
Figure 5-4 shows that the most common impact of skill gaps is on meeting quality standards (30.8 percent), followed by the loss of business or orders to competitors (29.3 percent) and the increased workload for other staff (17.6 percent).

While some establishments experiencing skill gaps reported the increase in the workload for other staff as a consequence of having staff who are not fully proficient, there are cases in which increased workload cannot be absorbed by other staff, and thus some employers will need to pay for overtime or bring in agency staff to cover the work: overall 6 percent of employers with skill gaps reported that they had led to increased operating costs. As well as hindering innovation in working practices, skill gaps also hamper the development of new products and services: 10.02 percent of employers with skill gaps have had to delay the development of new products and services as a result of their staff lacking full proficiency.

Figure 5.4: Impacts of skill gaps



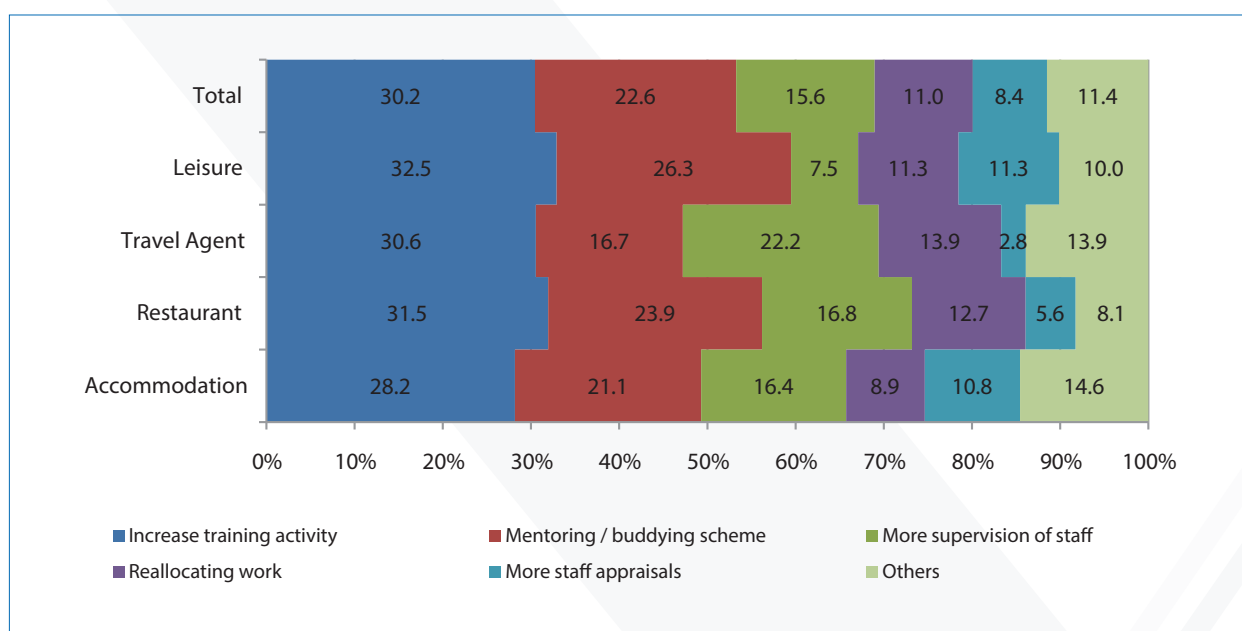
Source: NEA's employer skills survey 2012 in Siem Reap



About 91 percent of employers that face skill gaps problems have taken some form of action to improve the proficiency of their staff; 6.0 percent have plans to do so in future; and 3 percent have no action or plan to tackle the issue.

Action taken by employers to address skill gaps include increasing training, mentoring schemes, providing more supervision, reallocating work and providing more frequent performance appraisal.

Figure 5.5: Action to tackle skill gaps

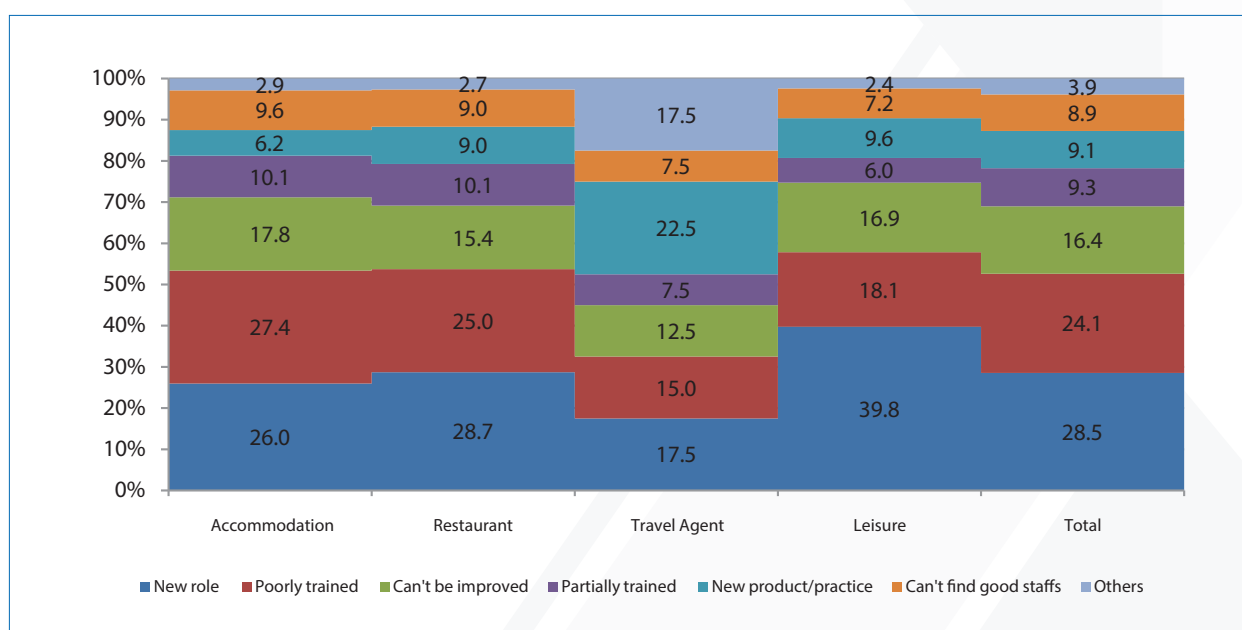


Source: NEA's employer skills survey 2012 in Siem Reap

Employers' perceptions on the causes of skill gaps are diverse. Three issues are frequently reported as the major causes of skill gaps: staff are new to

the role; staff have not received the appropriate training; and staff have been on training but their performance has not improved sufficiently.

Figure 5.6: Cause of skill gaps



Source: NEA's employer skills survey 2012 in Siem Reap

6

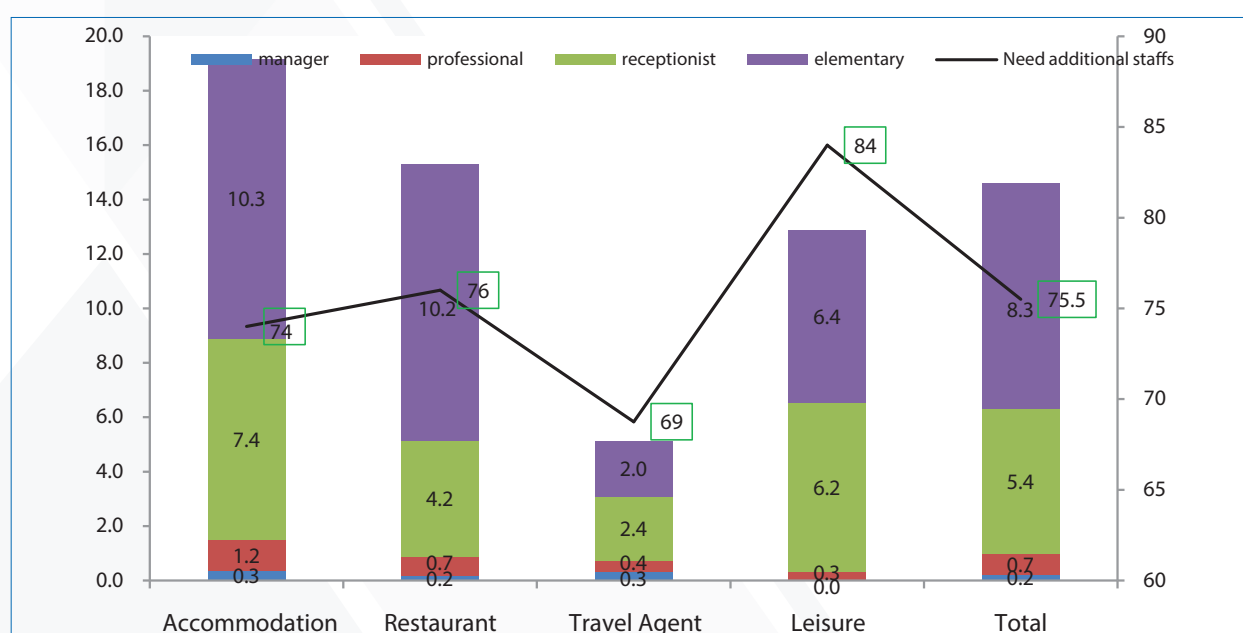
SKILL DEMANDS

More than 75 percent of firms said they need to recruit additional staff in the next few years. Businesses in the leisure category were found to have the highest percentage of need to recruit additional staff, followed by restaurants and accommodation. In terms of the number of staff needed, on average each enterprise needs about 15 employees, but there is a high variation among sub-sectors, most likely due to the nature of the business (Figure 6-1). For instance, each accommodation category, which comprises hotels and guest houses, needs 18 employees, while each travel agency would recruit only five more staff on average (Figure 6-1).

Broken down by broad occupation categories, the need for unskilled labour is skewed toward the semi-skilled or elementary (Figure 6-1). Overall,

an average enterprise needs 8.3 unskilled/ elementary staff and 5.4 semi-skilled employees such as receptionists and sales staff, as opposed to 0.9 professional and management personnel. Elementary staff, which according to the current survey are most in demand by all categories, accounted for 40 percent to 60 percent of the total staff to be recruited; it varies from two to 10 according to the category of the business. The amount of semi-skilled workers needed, which accounts for 25 to 50 percent of the total labour demand, ranges from 2.4 in travel agencies to 7.4 in accommodation. By contrast, the demand for professional and management staff is extremely limited, representing less than 10 percent of the total demand, while the demand for the two combined does not exceed 1.5 personnel in each enterprise.

Figure 6.1: Average vacancies needed



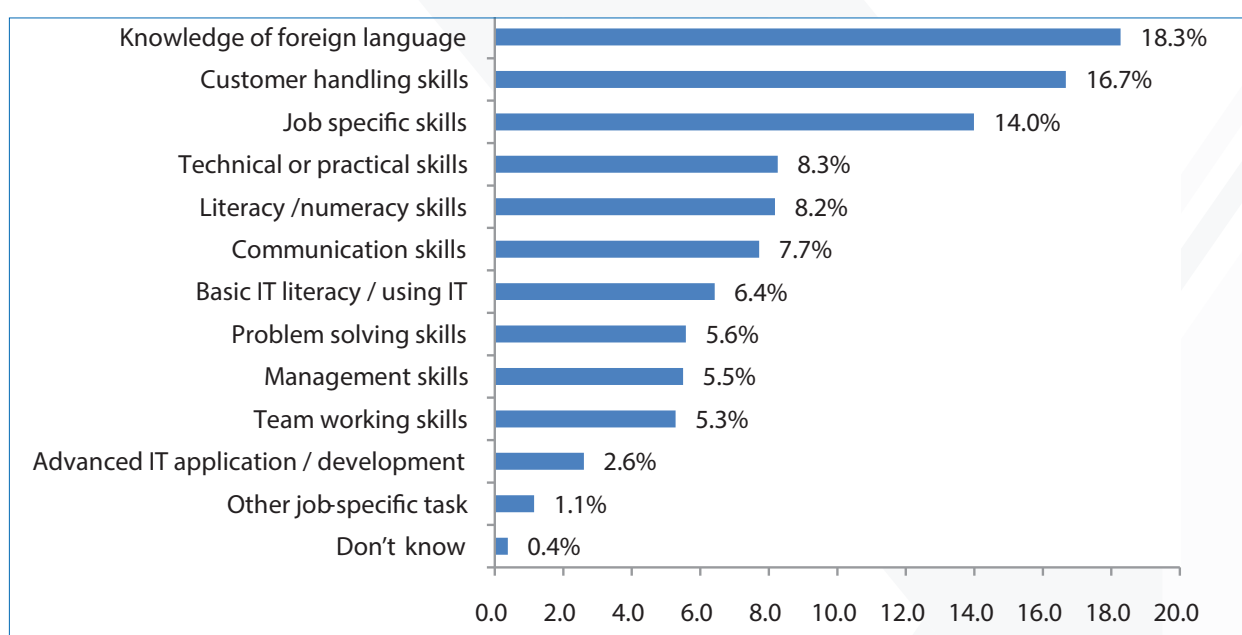
Source: NEA's employer skills survey 2012 in Siem Reap

The current survey asks employers about skills which will become more important in the future. As shown in Figure 6-2, knowledge of foreign languages, customer-handling skills, job-specific skills⁶, technical /practical skills and literacy and numeracy skills are the top five skills needed, representing 18.3 percent, 16.7 percent,

14.0 percent, 8.3 percent and 8.2 percent, respectively. Advanced IT, team-working skills, and management skills are among the lowest skills firms need. This is consistent with the finding above which indicates that demand for professional and management staff will be low over the next few years.

32

Figure 6 2: Important skills over the next few years



Source: NEA's employer skills survey 2012 in Siem Reap

⁶ Job-specific skills refer to skills directly related to the role in question.



CONCLUSION

This study is perhaps the first evidence-based research that explores employers' perceptions on skill shortages, skill gaps and skill demands in Siem Reap province. This concluding section summarizes the key messages coming out of the survey analysis.

(I) PROVINCIAL LABOUR MARKET IS QUITE DYNAMIC IN TERMS OF EMPLOYMENT GENERATION

Rapid growth in the tourism industry in Siem Reap has had positive impacts on the provincial labour market, especially in tourism-related employment generation. In the past two years, almost all establishments had recruited staff to fill vacant positions, and the amount of vacancies increased according to the size of the establishment. The amount of recruits was equivalent to 60.4 percent of total employment, which equates to an average of 22 vacancies per establishment. About half of the recruits were service and sales workers, and about one-quarter of them fell within elementary occupations.

The demand for employment in future also seems strong, which is largely explained by further growth of tourism in the province. The majority of establishments said they need to recruit additional staff in the next few years. On average, each enterprise needs about 15 employees, of which 8.3 vacancies are for unskilled/elementary staff, 5.4 vacancies are for semi-skilled employees

such as receptionists and sales staff, and 0.9 vacancies are for professional and management personnel.

(II) MAJORITY OF EDUCATION LEAVERS ARE WELL-PREPARED FOR THEIR FIRST JOB

The majority of establishments had recruited at least one first job seeker, particularly from high school and vocational training programmes. Despite a sometimes negative impression about young people, the survey finds that more than half of employers who had recruited in the last two to three years found young people well prepared for work. Those who graduated from vocational training programmes are most work-ready. This implies, on one hand, that the curriculum of existing vocational training schools is responding to the demands of labour from the private sector, and on the other hand, that the majority of employers are satisfied with the quality of labour produced by vocational training schools.

For first job seekers who were rated as not yet well-prepared, they basically lacked required skills or competencies, had poor attitude and personality, and lacked motivation. The quality of education is rarely cited as a major shortfall; this is largely because the majority of recruited vacancies are unskilled/elementary occupations.



(III) LABOUR MARKET COULD NOT FULLY SATISFY EMPLOYERS' DEMAND FOR NEW STAFF

About 67 percent of establishments which tried to fill vacant positions found they were hard-to-fill. Vacancies in service and sales were most likely to be hard-to-fill, while the proportion of vacancies proving hard-to-fill was modest in elementary, administrative and secretarial occupations. The main causes of hard-to-fill vacancies tend to be related to the quality of the applicants, i.e. lack of work experience, skills, qualifications or the attitude of applicants.

In terms of lack of skills, applicants generally had a lack of technical, practical or job-specific skills. Nearly two-thirds of all skill-shortages vacancies were ascribed to a lack of job-specific skills, and almost half to a lack of knowledge of foreign languages. Other skills lacking in applicant qualifications are customer-handling skills, communication skills, problem-solving skills and team working. In terms of employers' demands for skills that are important to their future business, the study found that knowledge of foreign languages, customer handling skills, job specific skills, technical or practical skills and literacy and numeracy skills are the top five skills needed.

(IV) SKILL GAPS AND SKILLS DEFICIENCY EXIST BUT ONLY AMONG A SMALL GROUP OF STAFF

While skill gaps and insufficient proficiency mean staff cannot implement their job tasks in the majority of establishments, it only happens among a few staff. People employed in what are traditionally described as unskilled or semi-skilled occupations (elementary and sales and customer

service positions) are the most likely to have skill gaps, with 24.3 percent and 52.8 percent of staff in these respective occupational groups.

Lack of job-specific skills and language skills seems widespread and was found in business categories, accounting for more than 40 percent of overall deficiencies. The soft skills (customer handling skills) were more lacking among administrative/clerical staff and elementary staff.

(V) SKILL SHORTAGES AND SKILL GAPS HAVE SOME IMPACT ON BUSINESS

The majority of establishments claimed that skill shortages had some impact on their business. The frequently cited impacts include increased workload of other staff, difficulties meeting customer services and difficulties meeting quality standards. Losing orders to competitors and delays in developing new products or services are also perceived by employers as direct impacts of skill shortages. The vast majority of establishments experiencing recruitment difficulties had taken steps to overcome these problems. Making the job more attractive to applicants by redefining the job and increasing salaries are the most common strategies taken by firms.

The impact of skill gaps seems as serious as that of skill shortages. While some establishments experiencing skill gaps reported an increase in the workload of other staff, there are considerable circumstances in which they have difficulties meeting quality standards and lose business or orders to competitors. The majority of employers with skill gaps have taken some form of action to improve proficiency, predominantly through increasing training activities and implementing mentoring or buddying schemes.





POLICY RECOMMENDATIONS

Results from employer skills survey suggest both encouraging and challenging labour market phenomena. On one hand, employers express greater demand for labour so that they can provide sufficient and quality tourism services. On the other hand employers are facing considerable difficulties in staff recruitment and staff performance. This resulted in skill shortages and skill gaps, a critical labour market issue that prompts responses. From our expertise and understanding, and field visit observations, this study proposes four policy priorities to ease skill shortages and skill gaps and to improve the quality and efficiency of the labour market for the rapidly growing tourism industry in the province.

(I) STRENGTHEN TRIPARTITE DIALOGUE BETWEEN PROVINCIAL GOVERNMENT, EMPLOYERS AND EDUCATION PROVIDERS:

Findings suggest strong demand for labour, especially unskilled and semi-skilled staff, to serve the rapid growth of the tourism sector. This means staff recruitment, the provision of a suitable labour force, and staff performance in terms of skills proficiency will be the critical issues for most businesses in the province. Failure to address these important issues promptly and effectively will create a huge burden on the private sector and have adverse results on the quality of tourism services and employment generation. Three actors, namely the provincial office, employers and education providers, are and will continue

to be the key stakeholders in dealing with these issues. Although the main analysis does not cover the nature of dialogue between key actors in the labour market, the interviews between the research team and dozens of business managers in the survey preparation stage suggested that the consultation and dialogue among them usually happens on an ad-hoc basis. Given the complexity of labour market issues, it is recommended that relationships between the three actors should be strengthened through on-going and frequent dialogue, consultation and communication. Employers can express staffing problems as well as their demands for staff; education providers could listen to labour market demands and adjust their programmes accordingly; and the provincial office can make in-demand policy interventions in addition to public goods deemed necessary by the private sector.

(II) SCALE UP VOCATIONAL TRAINING PROGRAMMES:

One of the positive findings from the analysis reveals that large proportions of employers are satisfied with the performance of staff holding vocational training certificates, specifically in terms of work preparedness and skills proficiency, despite insufficient supply from skills providers. This perception reflects at least two things: the quality of vocational training programmes provided by vocational training schools in the province is, to a large extent, acceptable; the ability to produce a labour force acutely needed



by the private sector remains limited, and thus an additional labour force with similar quality must be supplied in the near future. Therefore, it is suggested that vocational training programmes should be scaled up. At least two elements should be considered in the programme expansion strategy. One relates to the right number of vocational schools: whether government should limit current numbers of schools but allow them to accept more students, or government opens up additional schools in the current system. The second element relates to access to vocational training programmes. The majority of the young labour force in the province have not participated in currently available vocational training, and migrate to seek employment in Thailand instead of the local labour market. Thus, the future expansion of vocational training should facilitate wider participation among these marginalized groups of the labour force, by either easing admission requirements or providing partial or full scholarships. Scaling up vocational training programmes could achieve dual labour market objectives: it discourages out-migration and keeps the workforce serving strong labour demands.

(III) INTENSIFY FOREIGN LANGUAGE TRAINING PROGRAMMES:

One of the major shortcomings of the current labour market is a lack of knowledge of foreign languages. Having staff that are unable to communicate fluently with tourists in many languages is a huge disadvantage in raising customer satisfaction and in improving tourism services. Therefore, intensifying foreign-language training programmes could be an effective response to this specific problem. The programme should be diverse in its elements. As most employers desire elementary-level employees being able to speak at least basic English, provision

of English courses for basic communication in the tourism industry could prove very useful. This can be done either internally or externally. Once numbers of staff who need training are big enough, internal training would be best. Where there is a smaller number of staff in each firm, a joint training would be cost-effective. The latter option would require effective communication and coordination, perhaps through a business association. Numbers of tourists from Korea and China overtake traditional tourists from Japan, Europe and America. The majority of service providers do not have sufficient staff who can speak these languages. In this context, establishing a Korean language centre and Chinese language centre could also be an appropriate solution.

(IV) IMPROVE THE FUNCTION AND ENGAGEMENT OF THE PROVINCIAL JOB CENTRE:

Literature and international experience firmly suggest that provision of labour market information plays a very important role in matching labour supply and demand. However, this concept is so new in Cambodia's development context that the NEA⁷ was only recently established to provide labour market services. NEA has a job centre in Siem Reap province where it acts as a hub of all market demand and supply information to three main stakeholders: employers, job seekers and training providers. The existence of provincial job centres is regarded as a positive response to a growing labour market puzzle, but its functional and operational aspect could not meet employers' expectations. This signalled a more active role for the job centre in providing labour market information. Effective resource mobilization, along with capacity building of existing staff, would be key to functional improvements of provincial job centres.

⁷ NEA was established under sub-decree no. 67 RNK.BK dated 27 April 2009 as a Special Operating Agency under the jurisdiction of the National Training Board with General Department of Technical and Vocational Training.



REFERENCES

- Arrow, K. and Capron, W. (1959) "Dynamic shortages and price rises: The engineer-scientist case", *Quarterly Journal of Economics*, Vol.73, 292–308.
- Barnow, B., Trutko, J. And Lerman, R. (1998) *Skills mismatches and worker shortages: The problem and appropriate responses*, Urban Institute Policy Memorandum prepared for the Department of Labor, Washington, D.C.
- Bennet, J. and McGuinness, S. (2009) "Assessing the Impact of skill shortages on the Productivity Performance of High-Tech Firms in Northern Ireland", *Applied Economics*, Vol. 41(4):727-737.
- Chan Sophal (2009) *Costs and Benefits of Cross-Country Labour Migration in the GMS: Cambodia Country Study*, Working Paper No. 47, Phnom Penh: CDRI.
- Haskel, J. and Martin, C. (1993) "Do skill shortages Reduce Productivity? Theory and Evidence from the United Kingdom", *The Economic Journal*, Vol. 103: 386-394.
- Hing, Vutha, Pide Lun and Dalis Phan (2012) *Irregular Migration from Cambodia: Characteristics, Challenges and Regulatory Approach*, Working Paper No.58, Phnom Penh: CDRI.
- Jackman, R., Layard, R. and Savouri, S. (1991) "Mismatch: a Framework for Thought", in F. Padoa-Schioppa (ed.) *Mismatch and labour mobility*, Cambridge: Cambridge University Press.
- Layard, R., Nickell, S. and Jackman, R. (1991) *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford: Oxford University Press.
- Quintini, G. (2010) *Over-qualified or under-skilled: A review of existing literature*. Working paper No.121, Paris: Organisation for Economic Co-operation and Development. Viewed at <http://www.oecd.org/els/48650026.pdf>
- Petrongolo, B. and Pissarides, C. (2001) "Looking into the Black Box: A Survey of the Matching Function", *Journal of Economic Literature*, Vol. 39: 390-431.
- Tang, J. and Wang, W. (2005) "Product Market Competition, skill shortages and Productivity: Evidence from Canadian Manufacturing Firms", *Journal of Productivity Analysis*, Vol. 23: 317-339.
- UKCES (2012) *UK Commission's Employer Skills Survey 2011: UK Results*, Evidence report 45, London: UK Commission for Employment and Skills. Viewed at <http://www.ukces.org.uk/assets/ukces/docs/publications/ukces-employer-skills-survey-11.pdf>

APPENDIX EMPLOYER SKILLS SURVEY IN SIEM REAP QUESTIONNAIRE

INTRODUCTION: Hello. My name is from National Employment Agency. We are carrying out an 'Employer Skills Survey' in order to gather evidence of skill shortages and skill gaps as perceived by employers in Siem Reap. I would like to interview the owner or manager of the establishment about the experience and perception on skill shortages and skill gaps of your existing employees. All information collected in this survey is strictly confidential.

Ordinal Number of Questionnaire:

Interview Record

Interviewer's name

Date of interview Time started

Time completed

Quality Control Record

Survey team leader's name Date:

Remarks:

Data Entry Record

Name of data encoder: Date:

Remarks:

Records on data cleaning and entry

Name of data cleaning person: Date:

Remarks on questions with problems

Section O – Identification data

0.1. Name of the company

0.2. Address

0.3. Contact person

0.4. Contact person (phone no)

0.5. Contact person (e-mail)

0.6. Position of interviewee

Section A – Firmographics

a.1. Broad category of this establishment:

1. Accommodation
2. Restaurant
3. Travel Agent
4. Leisure

a.2. Main business activity that this establishment is engaged in:

1. Hotel
2. Guesthouse
3. Restaurant
4. Cafe shop
5. Bar / Pub
6. Disco / nightclub
7. Massage
8. Sport club / fitness centre
9. Travel agent
10. Others (please specify.....)

a.3. Year of starting the business:

a.4. Which of these best describe the formal status of this establishment?

1. Cambodian owned company
2. Foreign owned company
3. Joint venture
4. Public company
5. Other (specify.....)

a.5. Roughly, how many of your staff are employed as....?

i. Management staff e.g. CEO, GM, manager, director, senior staff	..... persons
ii. Middle-management (supervisory) staff e.g. supervisor, chef	..... persons
iii. Skilled/Professional staff e.g. administrative staff, receptionist, secretary, cooks, accountant, sales, technician	..... persons
iv. Elementary occupations / low-skilled staff e.g. cleaner and helper, security guard, gardener, driver, cook, waiter	..... persons
v. Total staff	..... persons

Section B – Recruitment and Recruitment Difficulties

b.1. In the last 2 years, has this business filled, or tried to fill, any vacant full-time or part-time positions?

Yes	1	ASK b.6
No	2	GO TO c.1
Don't know	98	

b.2. What method(s) of recruitment action was used to fill, or try to fill, the vacancies in the two years ?
circle all that apply

Newspaper advertising	1
Other media advertising (including internet, TV)	2
Directly from school, vocational training or university	3
Recruitment agency	4
National/provincial employment agency	5
Job Network	6
Word of mouth	7
Other (please specify)	8

b.3. How many vacancies?

b.4. What was the occupation of the vacant full-time or part-time position(s)?

List up to 10 occupations	Occupation code
Occupation 1-	
Occupation 2-	
Occupation 3-	
Occupation 4-	
Occupation 5-	
Occupation 6-	
Occupation 7-	
Occupation 8-	
Occupation 9-	
Occupation 10-	

b.5. Among the recruited staff, is there anyone who took their first job after leaving school, college or university?

Yes	1	ASK b.6
No	2	GO TO b.9
Don't know	98	

b.6. Have any of these been....

	Yes	No
i. those holding high school education or below	1	2
ii. those with short vocational training course (less than a year training)	1	2
iii. those with long vocational training course (more than a year training)	1	2
iv. those holding bachelor or master degree from Cambodian universities	1	2
v. those holding bachelor or master degree from abroad	1	2

b.7. How well prepared for work were...

	Very well prepared	Well prepared	Poorly prepared	Very poorly prepared	Don't know
i. those holding high school education or below	1	2	3	4	98
ii. those with short vocational training course (less than a year training)	1	2	3	4	98
iii. those with long vocational training course (more than a year training)					
iv. those holding bachelor or master degree from Cambodian universities	1	2	3	4	98
v. those holding bachelor or master degree from abroad	1	2	3	4	98

b.8. In what ways were they poorly prepared? Circle all that apply

	(i)	(ii)	(iii)	(iv)	(v)
Lack required skills or competencies, e.g. technical or job-specific skills, IT skills, problem solving skills, team working skills	1	1	1	1	1
Literacy/numeracy skills	2	2	2	2	2
Poor education	3	3	3	3	3
Lack of common sense	4	4	4	4	4
Poor attitude / personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	5	5	5	5	5
Other (specific).....	6	6	6	6	6
Don't know	98	98	98	98	98

b.9. Did you have difficulty filling any of the vacant positions?

Yes	1	ASK b.10
No	2	GOTO c.1
Don't know	98	

b.10. Of the vacant positions listed in question b.4, which occupations were hard to fill?

	Occupation code
Occupation 1-	
Occupation 2-	
Occupation 3-	
Occupation 4-	
Occupation 5-	

b.11. What are the main causes of having a hard-to-fill vacancy? *Circle all that apply*

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5
Too much competition from other employers	1	1	1	1	1
Not enough people interested in doing this type of job	2	2	2	2	2
Poor terms and conditions (e.g. pay) offered for post	3	3	3	3	3
Lack of quality education the company demands	4	4	4	4	4
Lack of skills the company demands	5	5	5	5	5
Applicants tend to have poor attitudes, motivation and / or personality	6	6	6	6	6
Lack of work experience the company demands	7	7	7	7	7
Poor career progression / lack of prospects	8	8	8	8	8
Job entails shift work / unsociable hours	9	9	9	9	9
Seasonal work	10	10	10	10	10
Remote location	11	11	11	11	11
No particular reason	97	97	97	97	97
Don't know	98	98	98	98	98

b.12. Which particular quality have you found difficult to obtain from applicants for..... (occupation with hard-to-fill vacancy)? *Circle all that apply*

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5
Basic IT literacy / using IT	1	1	1	1	1
Advanced IT application / development	2	2	2	2	2
Technical or practical skills	3	3	3	3	3
Job-specific skills	4	4	4	4	4
Communication skills	5	5	5	5	5
Customer-handling skills	6	6	6	6	6
Team-working skills	7	7	7	7	7
Knowledge of foreign language	8	8	8	8	8
Problem-solving skills	9	9	9	9	9
Management skills	10	10	10	10	10
Literacy / numeracy skills	11	11	11	11	11
Other job-specific tasks	12	12	12	12	12
None	99	99	99	99	99

b.13. Are hard-to-fill vacancies causing this establishment to....? *Circle all that apply*

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increased workload for other staff	4
Have difficulties meeting customer services objectives	5
Have difficulties introducing technological change	6
None	99
Don't know	98

b.14. What, if anything, is this establishment doing to overcome the difficulties that you are having finding candidates to fill these hard-to-fill vacancies? *Circle all that apply*

Increasing salaries	1
Increasing the training given to your existing workforce	2
Redefining existing jobs	3
Increasing advertising / recruitment spend	4
Increasing / expanding trainee programmes	5
Using NEW recruitment methods or channels	6
Bringing contractors to do the work, or contracting it out	7
Being prepared to offer training to less well qualified recruits	8
Other (please specify)	9
Nothing	99
Don't know	98

SECTION C – SKILL GAPS

c.1. Among your current workforce, do you experience problems where your staff cannot implement job tasks due to insufficient proficiency?

Yes	1	ASK c.2
No	2	GO TO d.1
Don't know	98	

c.2. If yes, approximately what proportion of your existing staff would you regard as being insufficiently proficient?

1. All of them
2. Nearly all of them
3. Over half
4. Some but under half
5. Very few

c.3. Please list 1 to 5 occupation in which you experience persistent failure of staff to implement assigned job-related tasks due to insufficient proficiency?

	Occupation code
Occupation 1-	
Occupation 2-	
Occupation 3-	
Occupation 4-	
Occupation 5-	

c.4. What are the main causes of some of your staff not being fully proficient in their jobs?*Circle all that apply*

The development of new products and services	1
The introduction of new working practices	2
The introduction of new technology	3
They are new to the role	4
They have not received the appropriate training	5
Their training is currently only partially completed	6
They have been on training but their performance has not improved sufficiently	7
Unable to recruit staff with the required skills	8
Problems retaining staff	9
Staff lack motivation	10
Nothing	99
Don't know	98

c.5. In these occupations, implementation of tasks associated with which of the following suffers the most due to insufficient proficiency of your staff? Circle all that apply

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5
Basic IT literacy / using IT	1	1	1	1	1
Advanced IT application / development	2	2	2	2	2
Technical or practical skills	3	3	3	3	3
Job-specific skills	4	4	4	4	4
Communication skills	5	5	5	5	5
Customer-handling skills	6	6	6	6	6
Team-working skills	7	7	7	7	7
Knowledge of foreign language	8	8	8	8	8
Problem-solving skills	9	9	9	9	9
Management skills	10	10	10	10	10
Literacy / numeracy skills	11	11	11	11	11
Other job-specific tasks	12	12	12	12	12
None	99	99	99	99	99

c.6. Does the fact that some of your staff are not fully proficient have an impact on how your establishment performs?

Yes – major impact	1	ASK c.7
Yes – minor impact	2	
No	3	Go to c.8

c.7. Is the fact that your staff are not fully proficient causing this establishment to...?*Circle all that apply*

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increased operating costs	4
Have difficulties introducing new working practices	5
Increased workload for other staff	6
Outsource work	7
Don't know	98

c.8. Have you taken any steps to improve the proficiency or skills of these staff, or do you have any plans to do so?

Yes	1	ASK c.9
No – but have plan	2	GOTO d.1
No		
Don't know	98	

c.9. Which of the following steps is this establishment taking to overcome the fact that some of its staff are not fully proficient in their job? Circle all that apply

Increase training activity / spend or increase/expand trainee programme	1
Reallocating work	2
Increase recruitment activity / spend	3
More staff appraisals / performance reviews	4
Implementation of mentoring / buddying scheme	5
More supervision of staff	6
Recruiting foreign employees	7
Changing working practices	8
Any other action?	9
Nothing	97
Don't know	98

SECTION D – SKILL DEMANDS

d.1. Does this establishment have plans to recruit additional workforce in the next 2-3 years?

Yes	1	ASK d.2
No	2	GO TO d.3
Don't know	98	

d.2. If yes, how many of them to be recruited in what specific categories?

i. Managerial staff e.g. manager, director, senior staff	..... persons
ii. Middle-management (supervisory) staff e.g. supervisor	..... persons
iii. Skilled/Professional staff e.g. administrative staff, receptionist, secretary, chef, accountant, sale, technician,	..... persons
iv. Elementary occupations / low-skilled staff e.g. cleaner and helper, security guard, gardener, driver, cook, waiter	..... persons
v. Total staff	..... persons

d.3. Thinking to the future in terms of the skills and abilities of your workforce, which skills do you expect will be come more important over the next 2 years? Circle all that apply

Basic IT literacy / using IT	1
Advanced IT application / development	2
Technical or practical skills	3
Job-specific skills	4
Communication skills	5
Customer-handling skills	6
Team-working skills	7
Knowledge of foreign language	8
Problem-solving skills	9
Management skills	10
Literacy /numeracy skills	11
Other job-specific tasks	12
Don't know	98

Thank you so much for your cooperation!



រដ្ឋបាលការងារ
NATIONAL EMPLOYMENT AGENCY

National Employment Agency (NEA)
Building #3, Russian Federation Blvd.,
Sangkat Toek Laok I, Khan Toul Kork,
Phnom Penh Cambodia.

With support from:



*Empowered lives.
Resilient nations.*