

The Effect of Covid-19 on Wage Workers

The Headline Results Series¹. Round 1 Data Collection. May 2020

Angkor Research Cambodia and Future Forum²

Following the signing of the Paris Peace Agreement in 1991, one of the largest changes to the kingdom has been the erosion of labor employment dominance held by the agriculture sector³. Largely this has been attributed to a move towards larger-scale commercial farming, greater employment of machinery over labor, and wider economic diversification⁴. Where the latter is concerned Cambodia boasts additional key economic pillars in construction, tourism, and garments/manufacturing: the non-agricultural economic pillars have been the main source of job growth since 2012⁵. Accordingly, the number of wage workers has increased to almost 50 percent. Despite positive economic indicators⁶ and a fierce national resilience, the Covid-19 pandemic has produced economic ripples that threaten to undermine contemporary economic growth and development.

Noting the critical gap in ground-level data to make informed policy decisions in response to the pandemic, Angkor Research and Consulting, in partnership with Future Forum, are undertaking an economic impact study⁷, and subsequent policy review, on Covid-19. The purpose of which is to undertake a random sampling of Cambodian households with a view to identifying the economic impacts of Covid-19. ***The headline results series will provide policy stakeholders an opportunity to explore key findings from each round of data collection throughout the project.*** The remainder of this brief will detail the headline results pertaining to wage workers in the study.

[1] Occupation and Location

Table 1 contains the forms of employment by occupation. Immediately apparent in the data is the concentration of respondents across the four key economic pillars noted above.

Table 1. Wage Worker Occupation

Types of Occupations	Frequency	Percent
Factory worker	629	37.6
Construction worker	273	16.3
Farmer for hire	106	6.3
Hospitality and food service workers	93	5.6
Private company staffs	73	4.4
Entertainment and sex workers	64	3.8
Teacher	62	3.7
Driver	56	3.3

¹ This Covid-19 Economic Impact Study for Cambodia has been initiated, designed, and implemented by Angkor Research and Consulting. Analysis and write-up have been conducted in project partnership with Future Forum.

² This study is supported by the Australian Government through the Department of Foreign Affairs and Trade and The Asia Foundation. The views expressed in this study are of the authors' alone and are not necessarily the views of the Australian Government or The Asia Foundation.

³ Employment in agriculture accounted for 80 percent of total employment in 1993. As of 2019 it was 32.3 percent (World Bank, 2019).

⁴ See <https://opendevelopmentcambodia.net/topics/labor/> for more information.

⁵ World Bank (2018).

⁶ Currently, Cambodia has the highest rate of labor force participation in the Southeast Asian region (82.7 percent according to a [2018 ILO report](#) and has a working-age population that is [growing faster than its total population](#). These statistics sit comfortably alongside the kingdom's low unemployment rate (typically below 1 percent (ILO, 2018)) and are often held as positive indicators of economic growth.

⁷ Utilising a cluster-based sample selection methodology, the sample is clustered at the provincial, district and village level. This survey will be a longitudinal study focused on wage workers, families with micro/small enterprises and farmers in Kampot, Kampong Speu, Svay Rieng, Siem Reap, and Phnom Penh municipality. For further information on the sampling design and approach please contact Ian Ramage on ian@angkorresearch.com.

Soldier/ police	49	2.9
Government staffs (i.e. ministry staff, commune & village chiefs)	41	2.4
Other ⁸	229	13.8

Among wage workers, the majority reported that their work was in the province they resided in (27.5%), with the notable exception of Kampot. Half of all paid labor from Kampot (53.4%) work in a different province. The main destinations for workers who are not working in the province of their family are Phnom Penh (36%), Sihanoukville (29%) Kandal (9%), and Thailand (7%). The details of occupation location are detailed in Table 2 below.

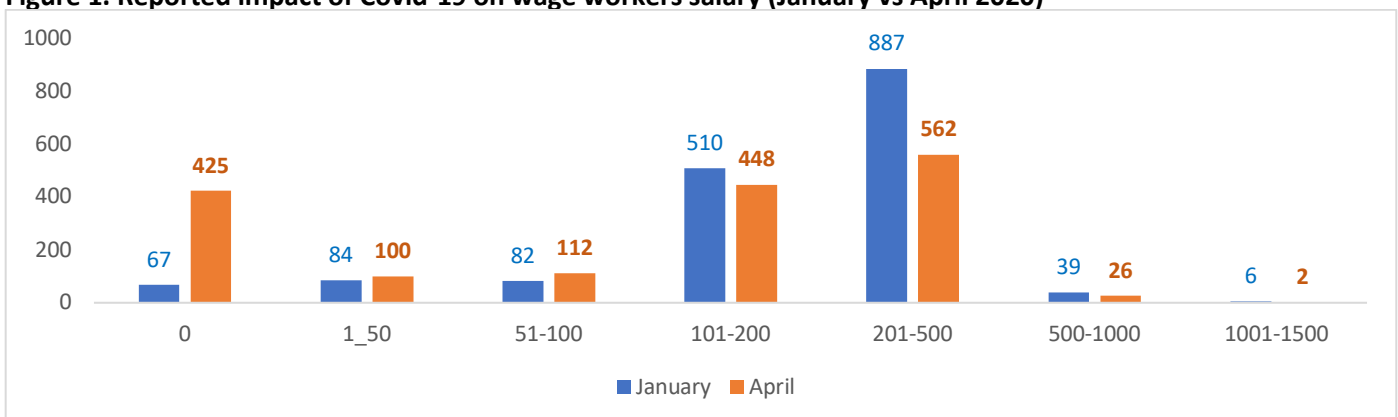
Table 2. Workplace Location (relative to province of residence)

Province/City	Phnom Penh		Siem Reap		Kampot		Svay Rieng		Kampong Speu		Total	
	No	%	No	%	No	%	No	%	No	%	No.	%
In this village	42	10.9	92	34.6	53	16.5	17	5.4	32	8.3	236	14.1
In this commune	44	11.4	65	24.4	27	8.4	19	6.1	38	9.8	193	11.5
In this district	155	40.1	41	15.4	40	12.4	129	41.1	84	21.8	449	26.8
In this province	125	32.3	38	14.3	21	6.5	102	32.5	174	45.1	460	27.5
In another province	20	5.2	16	6	172	53.4	44	14	58	15	310	18.5
Abroad	1	0.3	14	5.3	9	2.8	3	1	0	0	27	1.6
Total	387	100	266	100	322	100	314	100	386	100	1675	100

[2] Covid-19 Impact on Wage Worker Salary

Figure 1 contains the reported income for January and April 2020. On average, the salary of wage workers has decreased significantly across the time period. The mean salary in January 2020 was 237.4 USD per month, whilst the reported average for April was down roughly 30 percent at 167.2 USD per month. It is important to note that workers who have zero salary has increased from 4 percent of sampled wage workers in January, to 25 percent in April. This can be partly explained by the loss of income in the higher income brackets attributed to business closures and layoffs.

Figure 1. Reported impact of Covid-19 on wage workers salary (January vs April 2020)



⁸ Other contains wage workers employed across a number of occupations including security, translation, and motor repair.

When we further examine the difference in effect of Covid 19 on the incomes of formal (contracted) and informal (no written contract) workers, we can see that those in informal work had lower salaries to begin with and lost 8% more of their income compared to their formal peers (see Figure 2 below).

Figure 2. The comparative Impact of Covid-19 on informal and formal worker.

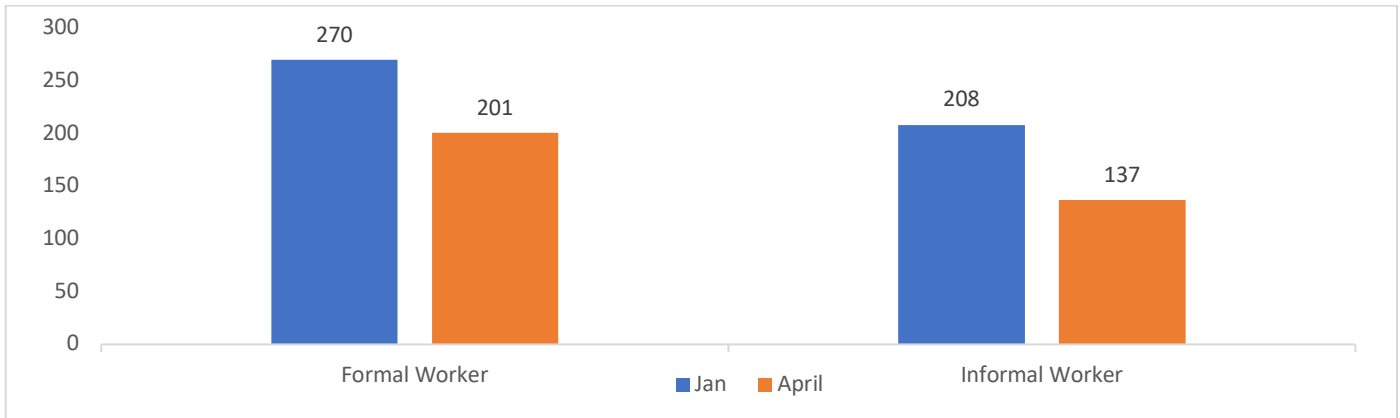
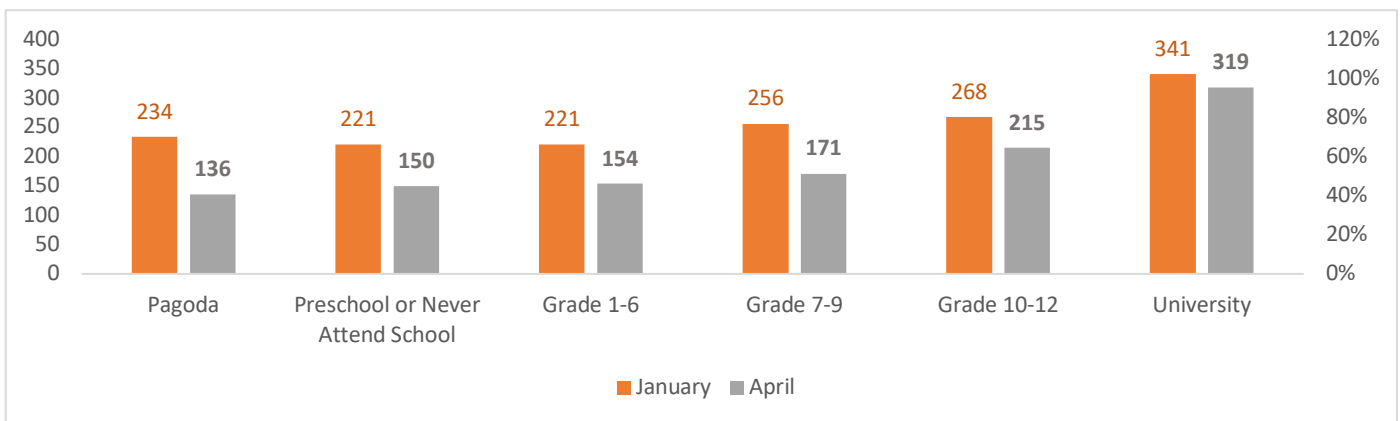


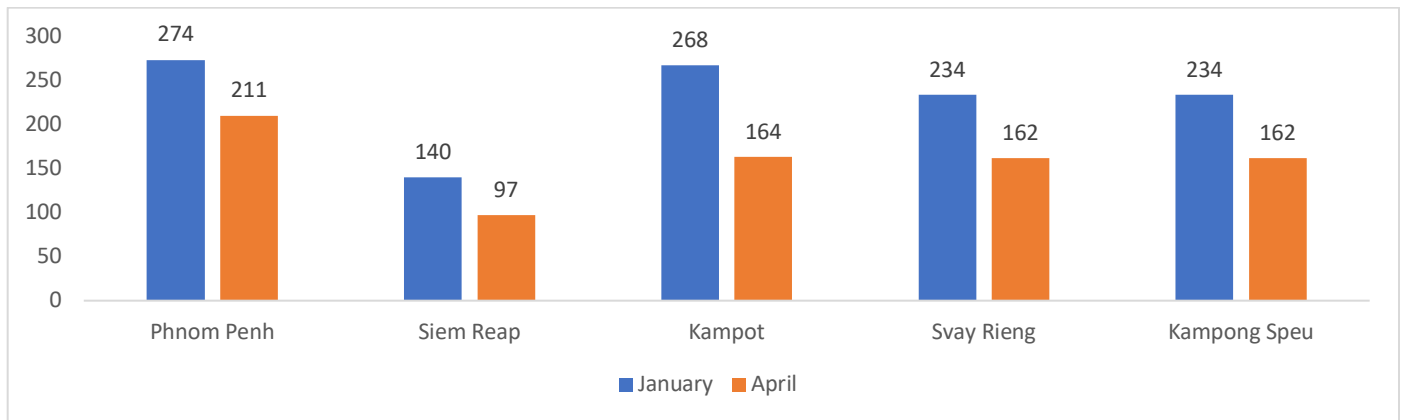
Figure 3 examines the income effects of wage workers relative to their level of education. Immediately apparent is the greater degree of lost income for those with lower levels of education. For those with a university degree the loss of income was around 6.5%. This compares very favorably for the loss of income experienced by those graduating high school (20%), completing primary school (30%), and those who never went to formal education at all (32%). Perhaps most striking is the 42% reduction in income reported by those who identified themselves as having received a pagoda education.

Figure 3. Different impact on wage workers by education level.



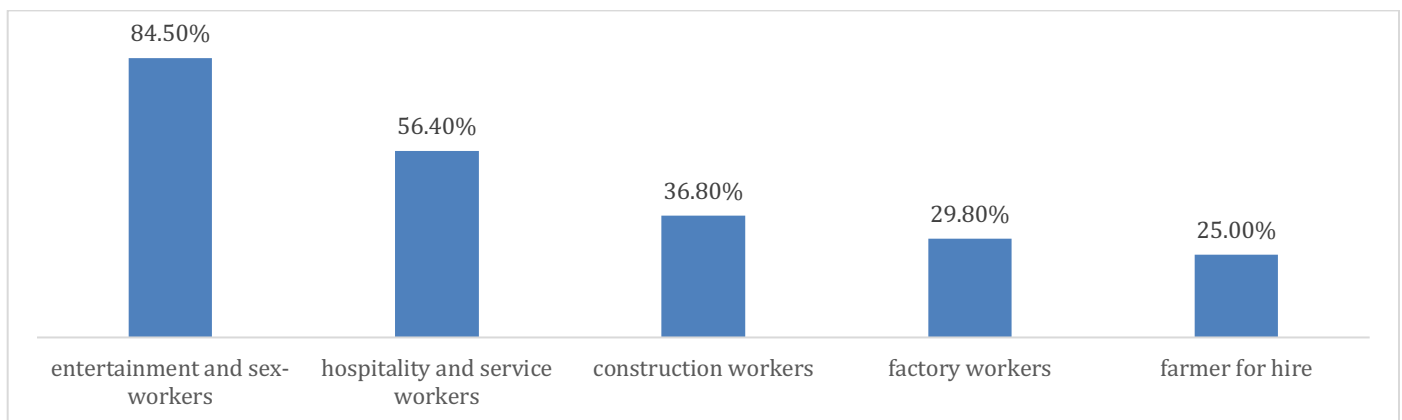
The impact of COVID-19 on wage workers is also different geographically (Figure 4). In Kampot, the mean wage worker salary fell by 39% to April 2020, followed by Siem Reap, Svay Rieng, and Kampong Speu (31% each), and Phnom Penh (23%). The greater income loss in Kampot can be explained by a greater concentration of construction workers who are predominantly employed on an informal basis (94.5%). By comparison, two-thirds of wage workers in Phnom Penh are contracted workers.

Figure 4: Different impact of Covid 19 on wage workers by region



The greatest degree of income loss can be identified in the occupations of entertainment and sex-workers (84.5 percent), hospitality and service workers (56.4 percent), construction (36.8 percent), and factory worker (29.8 percent) and farmer for hire (25 percent).

Figure 5: Different impact of Covid 19 on wage workers by types of wage worker



[3] Summary of Findings

The first round of data collection has highlighted that wage workers across sectors have been negatively impacted by the Covid-19 Pandemic. Overall their salaries decreased by around 30% between January and April 2020. Of crucial importance for policy makers, 1 in 4 workers in our sample reported receiving no salary in April up from 1 in 25 in January.

Additionally, impacts were not distributed evenly between all workers. Workers without a formal contract had lower wages than formal workers before the pandemic, and this gap has widened further between January and April. Similarly, workers with low or no education had far larger salary reductions than those with higher education.

There were also significant differences by geography and employment sector. Workers in the provinces generally reported larger reductions in salary than those in Phnom Penh. Finally, workers in the agricultural sector reported a 25% reduction in income compared to entertainment and sex workers who reported an 85% decline in income.