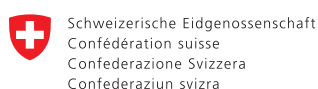




EUROCHAM SKILLS GAP ASSESSMENT 2024

In collaboration with the Swiss Agency for Development and Cooperation (SDC) project, the Skills Development Programme (SDP), implemented by Swisscontact



Swiss Agency for Development and Cooperation SDC



Executive Summary

The European Chamber of Commerce in Cambodia (EuroCham), in collaboration with the Swiss Agency for Development and Cooperation (SDC) project, the Skills Development Programme (SDP), implemented by Swisscontact, conducted a Skills Gap Assessment Survey from February to April 2024 that has identified critical skills gaps and training priorities in five key sectors in Cambodia: **construction, electrical, manufacturing, mechanics, and tourism & hospitality**. Despite optimistic projections of future business growth and plans to expand staff, companies face significant hiring challenges in finding qualified employees.

The findings reveal a substantial need for both technical and soft skills training, with **leadership, quality control, and project management** being the top priorities in the country. Awareness of existing training opportunities is also low, especially among smaller companies. Respondents prefer **in-person** training and most are willing to invest in employee development at a daily rate between **\$25-100** per person, albeit cautiously. The findings underscore the importance of targeted training programmes and strategic collaborations to enhance Cambodia's workforce and attract international investment. The study also demonstrates how employee participation in skills development training can contribute to their overall **salary increases** across priority sectors in the long-term.

Purpose

The EuroCham Skills Gap Assessment Survey, created with the support of the Skills Development Programme (SDP) of the Swiss Agency for Development and Cooperation (SDC), provides an overview of the pressing skills gaps and training priorities in several of Cambodia's key economic sectors – construction, electrical, manufacturing, mechanics, and tourism & hospitality. This information can help government agencies, policymakers, businesses, and educational institutions in Cambodia address workforce gaps through targeted training. It can also help guide national and foreign investors on Cambodia's current labour market dynamics.

This initiative is a proactive step towards identifying the gaps that hinder sectoral growth and workforce efficiency in Cambodia. To effectively bridge these gaps, EuroCham is assisting in the crafting of detailed training proposals, which will be considered for co-financing by the Skills Development Fund (SDF) - administered by the Ministry of Economy and Finance (MEF). This strategic partnership aims to cultivate a skilled workforce that meets the evolving needs of Cambodia's economy, ensuring that the country's key economic sectors are well-equipped with trained professionals.

EuroCham would also like to acknowledge the support of Mr. **Narath Chheav**, Chairman of EuroCham's Human Resources Committee; Ms. **Sokha Suy**, Managing Partner of HRINC (Cambodia); and Ms. **Jose Vahl**, Managing Director at Analytics & Insights Asia, for reviewing and tailoring the report to better serve the interests of the human resources community.

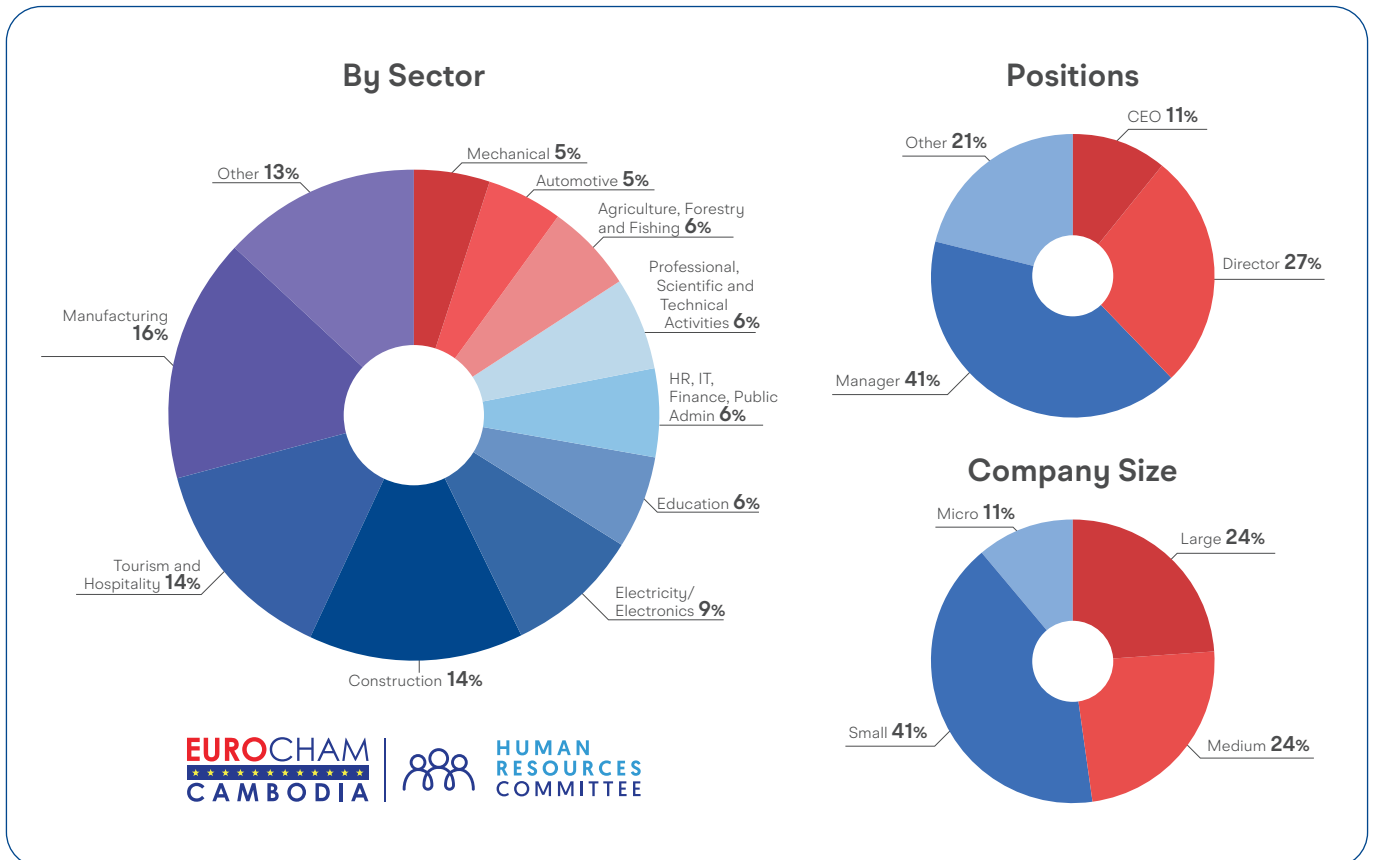
Methodology

EuroCham developed an online questionnaire (both in English and Khmer) consisting of 22 questions related to pre-employment training, upskilling, and re-skilling potential in Cambodia. These questions aimed to explore company experiences and perceptions on recruitment, awareness of staff training options, current skills gaps and priorities, and training preferences across the five key sectors in the country.

To ensure credible responses, EuroCham consulted its sectorial committees to identify suitable companies across different sectors willing to participate in this study. Employing purposive sampling techniques, these companies were then contacted through targeted emails, social media networks, webinars, phone calls, company visits, and messaging platforms from February to April 2024.

The collected responses were then analysed to identify the most prevalent skill gaps across the surveyed sectors, with an overall focus on determining which targeted training interventions could make the most significant impact in the country in the near future.

Respondent Profiles



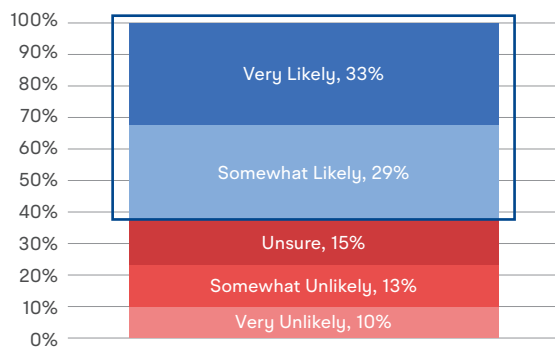
The EuroCham Skills Gap Assessment Survey received 106 responses from companies currently operating in Cambodia across more than 11 sectors. The sectors with the highest representation were manufacturing (16%), construction (14%), tourism & hospitality (14%), electrical (9%), and mechanics (5%) - amounting to a total of 58% of total responses. Responses from the automotive (5%) sector were also interesting given its relative similarities with the operations of the mechanics and electrical sectors. Some respondents also identified as multi-sectoral or other non-priority sectors, which helped shape a better understanding of the overall skills gaps and training priorities across Cambodia.

EuroCham targeted senior-level employees with intimate knowledge of their company's operations, ideally from human resources departments. As a result, most respondents identified as managers (41%), followed by directors (27%) and chief executive officers (11%). Targeting professionals in these positions helped improve the validity of the collected data as these respondents would not only be more informed of the companies' observed skills gaps, but also likely to be some of the final decision-makers who could enable staff to attend up-skilling or re-skilling training programmes.

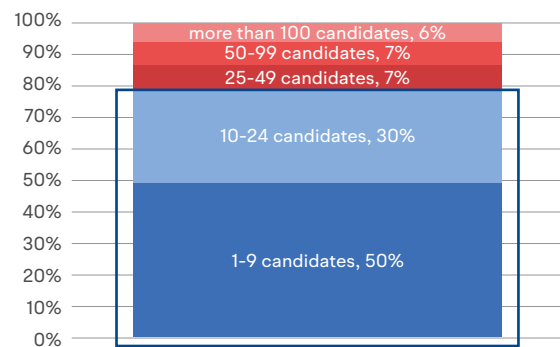
Lastly, respondents indicated the size of their companies either as micro (1-5 employees), small (6-49 employees), medium (50-199 employees), or large (200+ employees). Most respondents identified as small enterprises (41%). This was followed by respondents identifying as medium (24%), large (24%) and micro enterprises (11%). It should be noted that small and medium-sized enterprises (SMEs) make up 98% of all businesses in Cambodia, contributing 58% of the country's Gross Domestic Product (GDP)¹.

Businesses are planning to grow their talent pool, but face difficulties in hiring qualified staff

Most companies are looking to **grow their staff in 2024** (62%) by between **1 and 24 candidates** (80%)



How likely is your company to hire more staff in 2024?

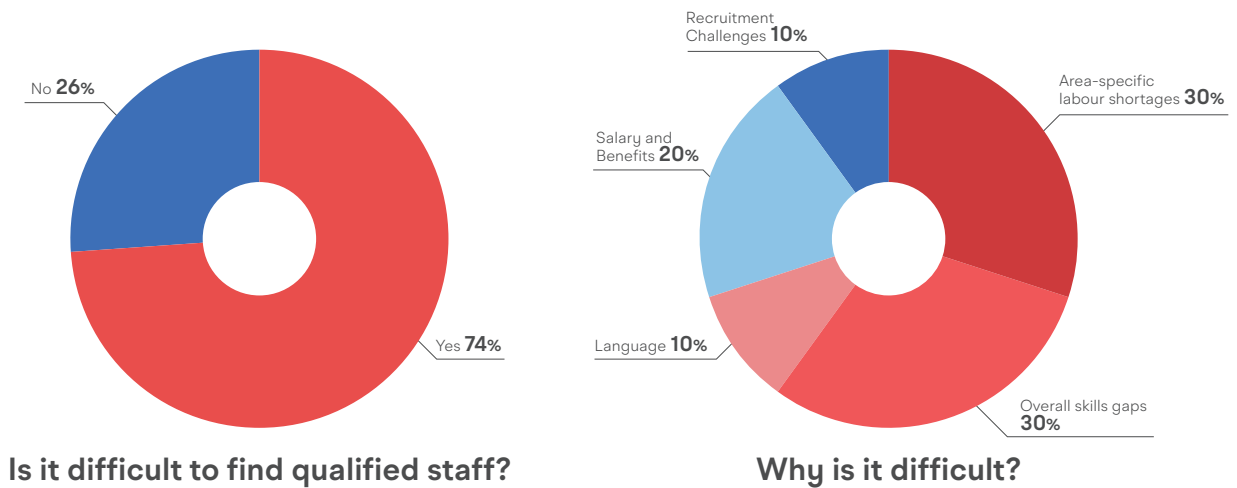


How many hires do you expect in 2024? (No. of candidates)

¹ The Phnom Penh Post. "Forum Bolsters SMEs for Economic Growth." December 14, 2023.

Respondents were relatively optimistic about Cambodia's short-term economic outlook, with 62% indicating that they were very likely (33%) or somewhat likely (29%) to expand their staff in 2024. However, when verifying these responses with EuroCham's committees, some sectors were cautious about recruiting new staff this year due to slower-than-expected economic growth and recovery. Among the companies who reported that they want to expand their staff in 2024, 50% said they planned to hire between 1 to 9 candidates, and 30% planned to hire between 10 to 24 candidates.

Most companies are having difficulties **finding qualified staff in Cambodia (74%)**, due to **Area-specific Labour Shortages and Overall Skills Gaps (60%)**

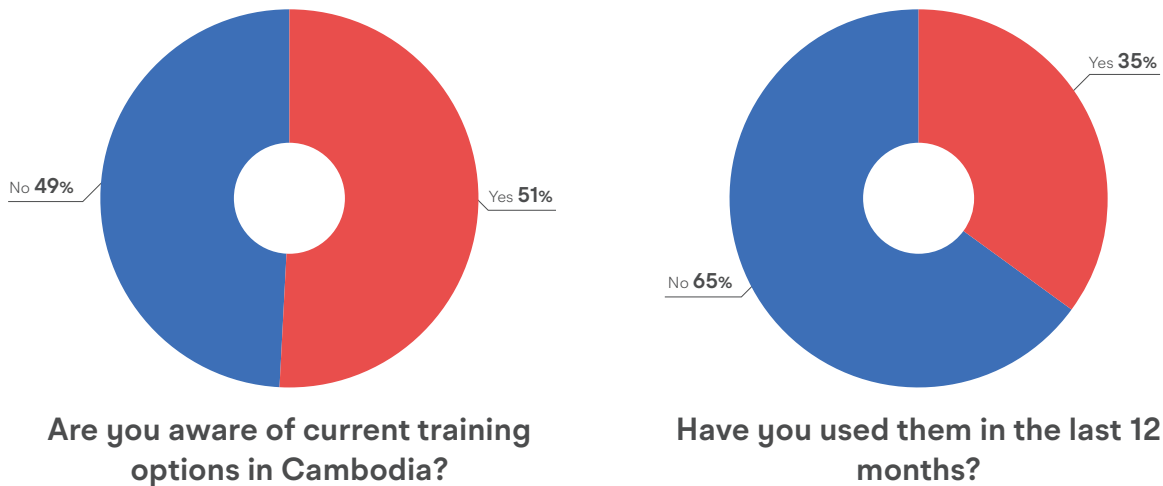


Despite such an overall optimistic recruiting environment, many survey respondents (74%) reported that they are facing challenges in hiring qualified employees in Cambodia. The most common obstacles for these responses included labour shortages by location (30%), under-qualified staff in general (30%), high candidate salary and benefits expectations (20%), difficulties in language proficiency (10%) and limited job applications for some advertised positions (10%).

In this context, some of EuroCham's committees suggested that skilled candidates are interested in migrating within or outside of Cambodia for better pay and benefits, but this may not always be possible due to social and/or family responsibilities in their current area of residence. As a result, candidates with high social or family responsibilities could overlook a job advertisement which matches their immediate job skills or decline such a position if it requires the candidate to move away from their current location (without benefits like supporting family relocation).

Many companies don't know about existing training programmes. However, those that have used training found it useful.

Nearly half of respondents were **not aware of current training options** (49%), while more than one-third of respondents **participated in trainings** (35%)



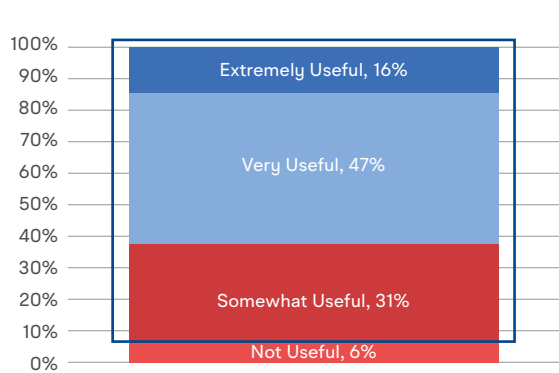
Nearly half (49%) of respondents said they were not aware of existing training options in Cambodia, a trait that was more pronounced in micro and small companies who responded to the survey. Respondents from the manufacturing and tourism & hospitality sectors were the least aware of existing training options among all sectors. The responses could suggest either an unavailability of training options close to their business locations, or that existing training options in Cambodia may not be seen as relevant to the companies' current skills needs.

After discussing these findings with the EuroCham committees, they indicated that there might be a shortage of professional and academic certifications for sector-specific skills in the local labour market. Furthermore, they mentioned that international companies may experience challenges in matching local candidates' qualifications and their head office's required international standards.

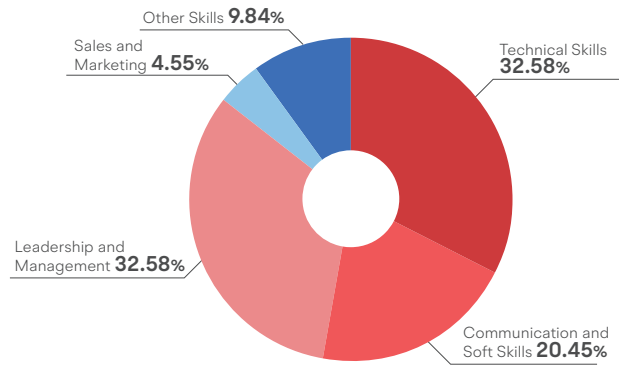
On the other hand, only 35% of all respondents confirmed they have sent their employees for training courses over the past year. A closer look at the data revealed that while large companies were less aware of training opportunities overall, they were more likely to have participated in trainings when compared to medium-sized companies. Similarly, micro and small-sized companies seemed more aware of existing training options but participated less in trainings when compared to medium and large-sized companies.

When discussing the findings with EuroCham's committees, they suggested that some types of trainings may be compulsory for all types of employees per the instruction of senior managers or international headquarters. The committees also mentioned that some companies are implementing short-term hiring freezes due to slower economic and business activity in the country, and this decision could also impact skills training and development budgets allocated for staff.

Most respondents **found these trainings useful** (94%) and focused mainly on training **technical skills** (32.58%) and **management skills** (32.58%)



How useful were the past trainings?



What types of skills were trained?

Overall, 94% of respondents who sent their employees for training last year found the training outcomes to be valuable. Indeed, 16% of them reported past training courses to be extremely useful and 47% reported that they were very useful. Furthermore, the respondents who found the training courses useful for their employees covered technical skills (32.58%), management skills (32.58%), and communications & soft skills (20.45%). When discussing these findings with the committees, they mentioned that staff who participate in technical skill or managerial training, combined with good performance records in the company, are likely to be promoted or assigned to new roles with more responsibilities. On the other hand, they also said that staff participating in social skills training has helped improve cross-cultural communication between local and international employees in the workplace.

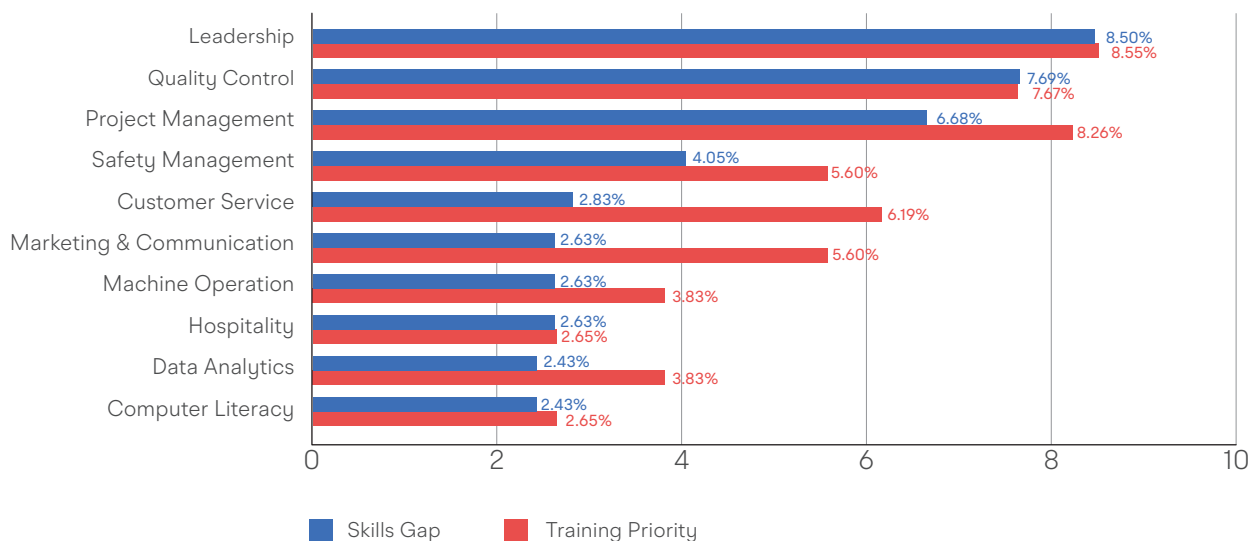
Soft and cognitive skills, which are transferrable across multiple sectors and sizes, are the most in-demand skills in Cambodia

Nine out of the top 10 skills gaps across all sectors include a significant component of soft skills. This highlights the importance of interpersonal and cognitive abilities in the workplace. While hard skills may be crucial for securing a specific position (for example, learning machine operation and maintenance for a construction or manufacturing job), most respondents agree that soft skills are equally as critical for enhancing workplace efficiency. When discussing these findings with EuroCham's committees, some urged the Cambodian-based stakeholders to better align their priorities with those of other emerging markets in Southeast Asia focusing on digital and cognitive skills so that the market can become more appealing for international investors interested in the region.

Respondents were asked to identify the most prominent skills gaps in their sectors, and which of these skills are a training priority for them. When comparing the top ten skills gaps and training priorities across all sectors, they reported **leadership (8.50%) and quality control (7.69%) as key areas to address**. Some responses on skills gaps aligned well with responses on training priorities by all sectors, with 8.55% of respondents marking leadership as a top training priority and 7.67% identifying quality control as a key training priority. It is therefore suggested that a strong focus should be placed on training these skills. Other skills had some discrepancies between how urgently they are needed compared to how willing employers are to send employees to be trained in these skills. For example, 6.68% of respondents identified project management as a needed skill, but 8.26% reported that it was a high training priority. This suggests a more proactive approach to medium-term future training needs.

Training priorities recorded for customer service, marketing & communication, and data analysis significantly exceed their recorded skills gaps, while computer literacy showed only a slightly higher training priority than its recorded skills gap. When consulting with EuroCham's committees on these findings, some explained that improving local-based employees' skills in data analytics will reduce the need for outsourcing this task to short-term assignments with skilled experts who are often flown into Cambodia for the role.

Skills gaps and training priorities identified by all sectors



When the skills gaps and training priorities are analysed by sector, it becomes evident that leadership, project management and quality control are the most in-demand skills. Referring to the graphs divided by the priority sectors below, leadership stood out as the most reported skills gap in four of five sectors (the tourism & hospitality sector prioritised customer service over leadership). Leadership was also described as a higher training priority in the construction (11%) and electrical (12.5%) sectors when compared to the mechanics (7.69%) and manufacturing (8.69%) sectors.

These findings suggest that the construction, electrical, mechanics, and manufacturing sectors would most likely benefit overall from leadership training to achieve their short-term and long-term production goals. It also suggests that companies working in the tourism & hospitality sector would benefit more from customer service training because their employees are more in direct contact with customers on a daily basis.

Project management and quality control were identified as highly needed skills in each of the five sectors. Project management was listed as a top-needed skill by the construction (11.96%), electrical (11.53%), and mechanics (11.42%) sectors when compared to the manufacturing (7.44%) and tourism & hospitality (5.96%) sectors. The higher percentages in the construction, electrical and mechanics sectors for project management may indicate a strong reliance on project-based work, where managing timelines, resources, and stakeholders is essential. A lower percentage for project management in the manufacturing sector could suggest that other operational skills might take precedence, while the lower percentage in the tourism & hospitality sector again supports the idea of prioritising daily customer interactions. Furthermore, training priorities for project management in the tourism & hospitality (8.79%) and the manufacturing (8.69%) sectors exceeds their perceived skills gaps. When checking these findings with the committees, they suggested that some companies are likely preparing their employees to handle more complex projects and operational challenges in the future to remain competitive and adaptable in Cambodia's changing business environment.

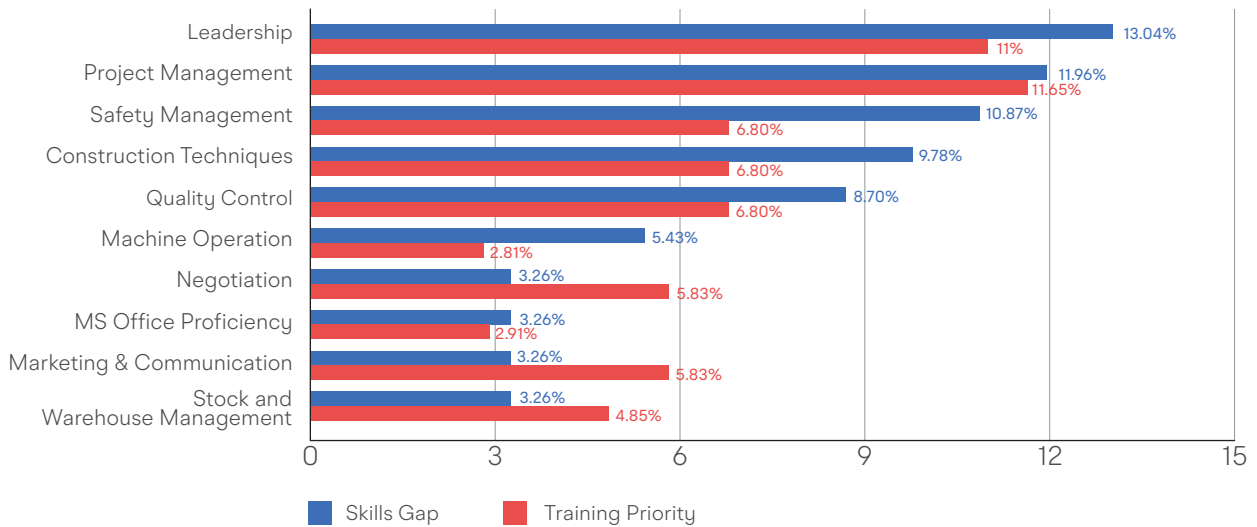
Quality control was also listed as a top-needed skill by all sectors, which suggests that companies want to encourage their current employees to maintain high levels of standards. The construction, electrical, mechanics, and manufacturing sectors could benefit from quality control training to ensure product reliability and safety, while the tourism & hospitality could benefit from maintaining service excellence.

However, only 3.29% of companies in the tourism & hospitality sector considered quality control to be a training priority, despite 7.94% of companies in this sector reporting it as a much-needed skill in the workplace. This suggests that tourism & hospitality companies may benefit more from integrating quality control elements into their existing training plans to ensure it receives the necessary attention.

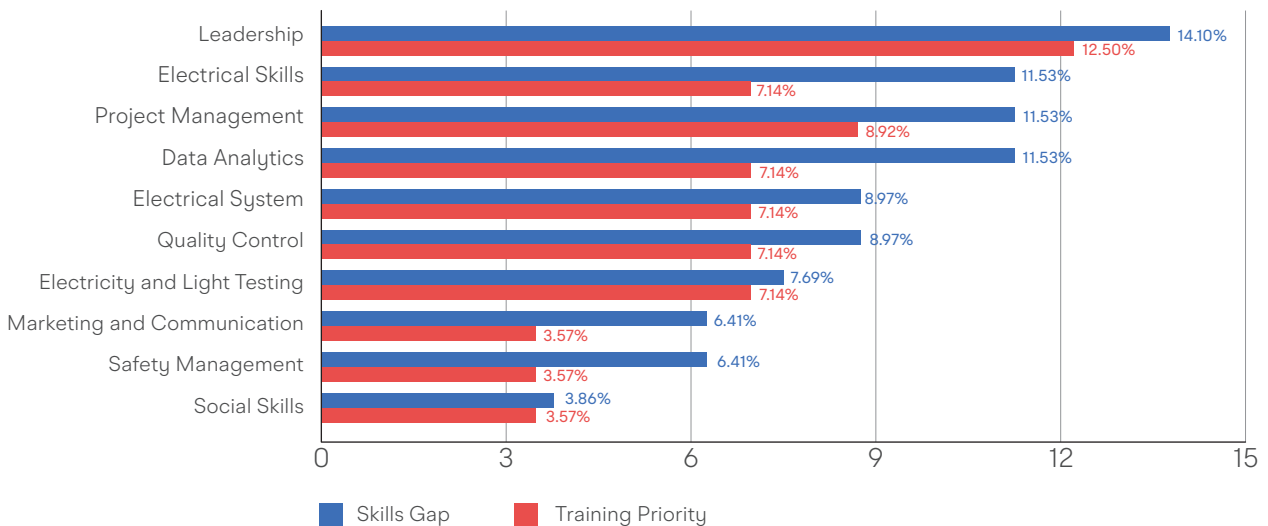
Each sector demonstrates its own unique set of required soft and hard skillsets with varying skill gaps and training priorities. For example, in the mechanics sector, a hard skill like welding has a low-perceived skills gap (5.71%) but a highly perceived training priority (10.26%) among respondents. Similarly, technical skills like bartending in the tourism & hospitality sector showed a low-perceived skills gap (6.62%) but a highly perceived training priority (9.89%), reflecting the specialised nature of these roles within their respective sectors. It is also worth mentioning that the mechanics sector is the only sector where two skills gaps (automation and computer literacy at 2.85% each) received a 0% response in training priority. This could indicate either a perception of adequacy in these skills within the general labour pool or low value placed on training in these areas to support daily operations.



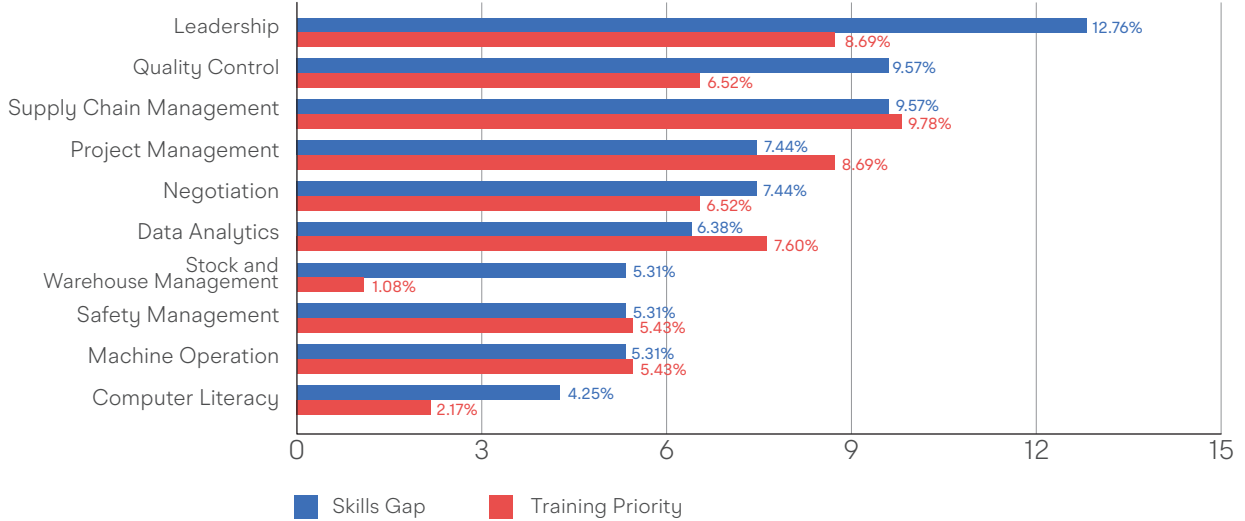
Skills gaps and training priorities identified in construction



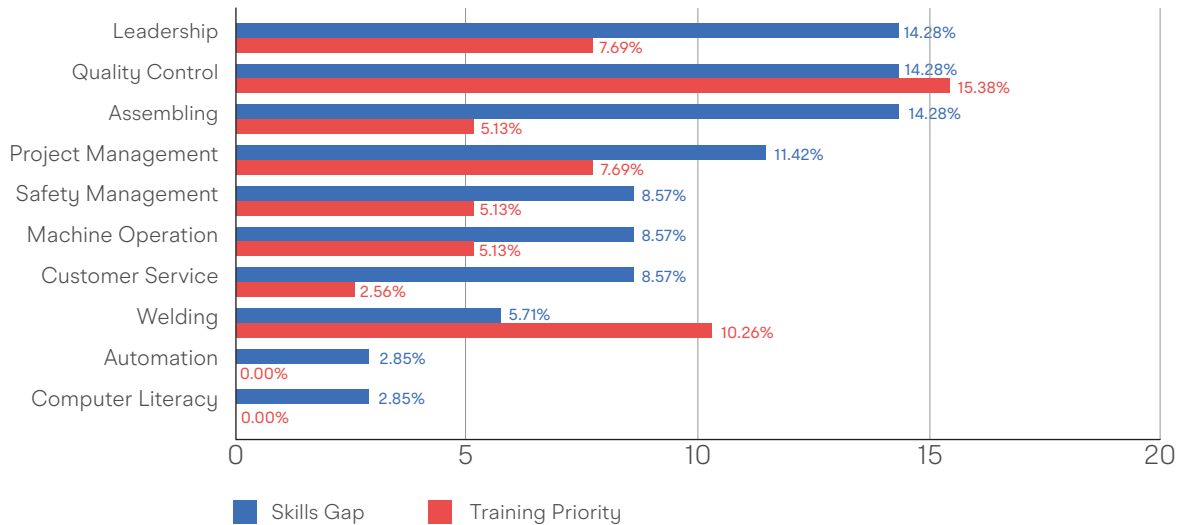
Skills gaps and training priorities identified in electrical

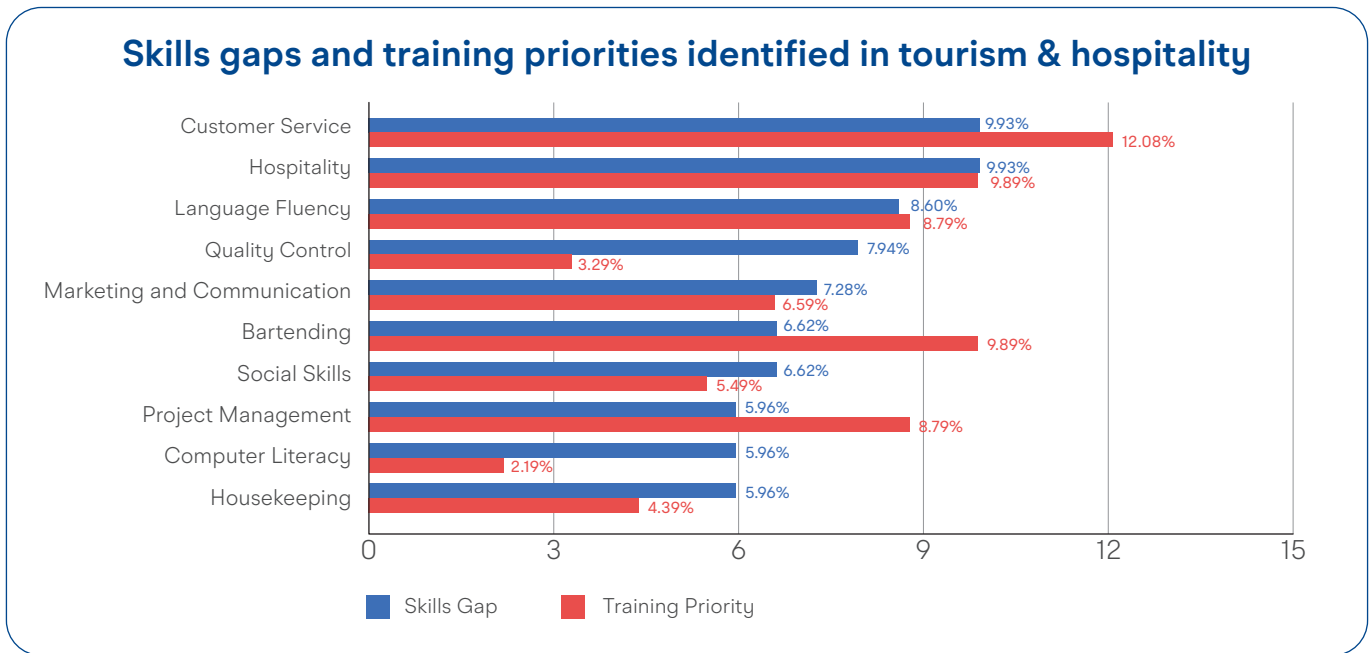


Skills gaps and training priorities identified in manufacturing



Skills gaps and training priorities identified in mechanics





Companies are willing but cautious to send their employees for training as part of their overall career development

The survey results indicate that respondents mostly prefer in-person training (30%), in-company training (28%) and online training (14%) methods for future skills development activities. More than half of the respondents are willing to pay a training fee ranging between \$25-\$100 per employee per day, while nearly one-quarter of respondents are unsure of what would constitute an acceptable daily training fee. When checking these findings with EuroCham’s committees, some suggested that Training-of-Trainers (ToT) could also be a valuable teaching method for companies seeking to build and improve specialised skills among their staff. Some committees also suggested that lack of awareness of certain training options and their associated costs may be one of the reasons that some respondents were not sure of an acceptable daily training fee. From a training facilitator's perspective, it is worth noting that the SDF of the MEF can also cover a portion of training costs, thereby enabling a cheaper daily training fee.

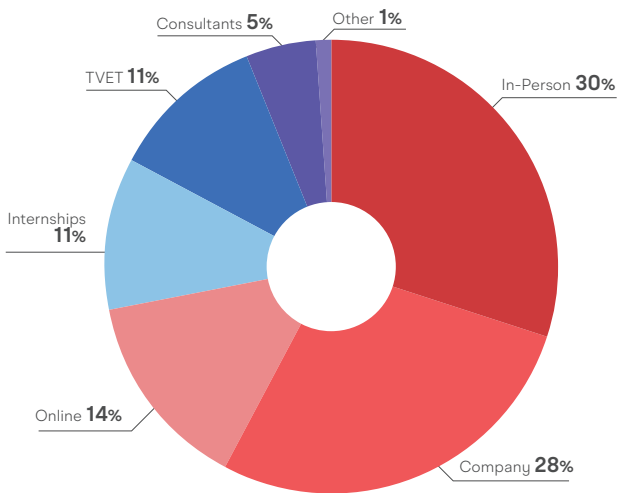
According to the survey, 44% of large companies are willing to increase their employees' monthly salaries by up to \$50 after participating in a training, while 28% of large companies are willing to increase the monthly salaries by more than \$100 after they complete training. Conversely, the responses of micro, small, and medium enterprises (MSMEs) were grouped together on salary increases. As a result, 36% of MSMEs said that they are willing to increase their employees' monthly salaries by up to \$50 after training, while 34% of MSMEs are not planning to make any salary changes at all. Across all sectors, a portion of the respondents (33% in automotive, and 55% in construction) were less likely to increase the salaries of trained employees.

Some of EuroCham’s committees suggested that attending training programmes is only one internal factor, together with good performance reviews and years of experience in the company, as well as external factors like the company's current financial performance and budgets, which collectively determine the likelihood of a salary increase for employees. They also suggested that some skills gained during training are not immediately applicable for daily work activities and therefore make it difficult to justify an immediate salary increase. Lastly, recently trained employees might take on new responsibilities to demonstrate their new skills.

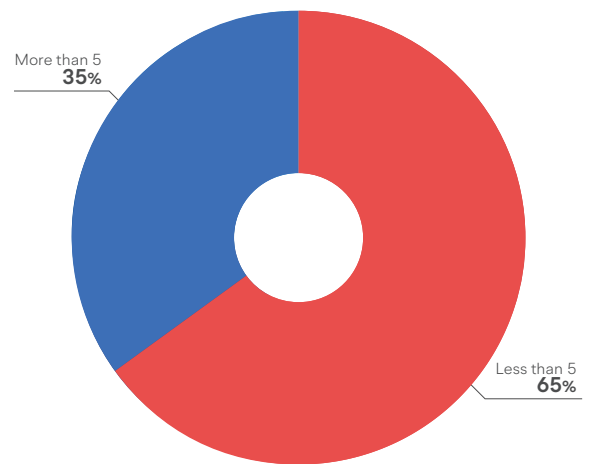
Furthermore, most respondents (65%) are not willing to send more than 5 employees for training. This can be attributed to the potential decrease in company productivity for a short period of time when more employees are away for training. In this regard, EuroCham's committees suggested grouping together participants from different sectors looking to train similar skills to train a larger number of participants.



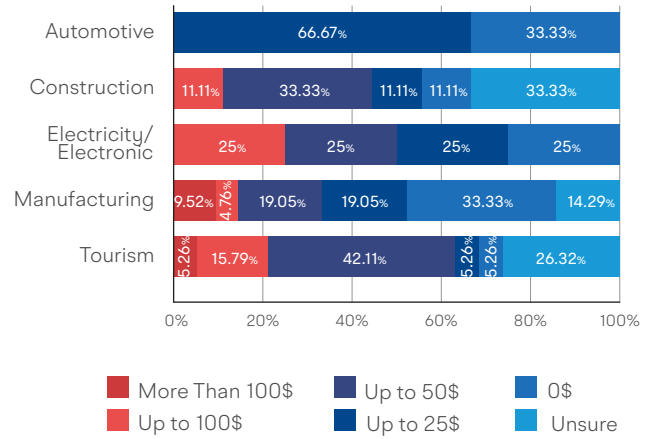
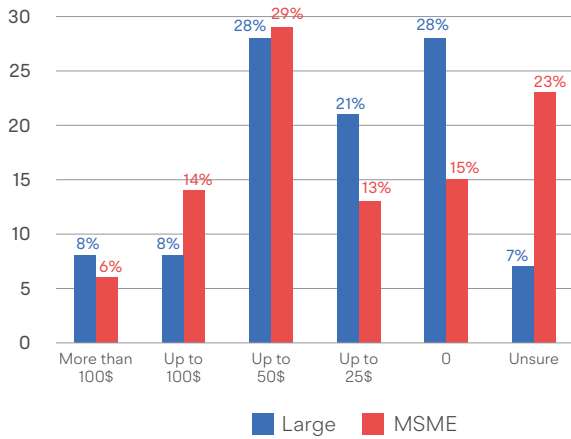
Which type of training(s) are ideal for your organisation? (choose 2)



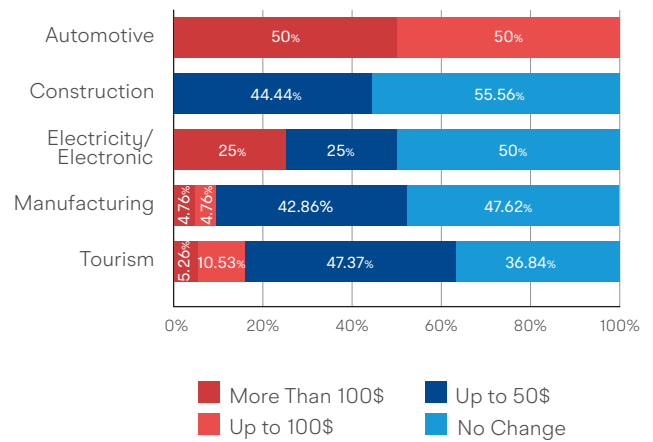
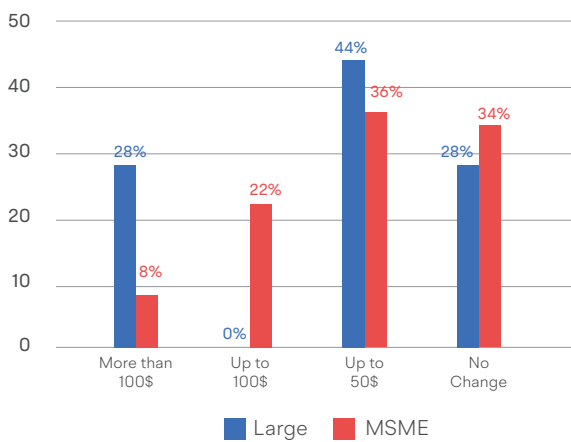
How many staff members would you be willing to send to training?



What is the maximum cost you would be willing to bear to send 1 employee for 1 day of training? (By size and sector)



How much will the salary of employees who perform training successfully increase? (By size and sector)



Conclusion

Based on these findings, there is an enormous potential for future collaborations and training. This is especially important for companies that are looking to provide in-person training and are interested in ToT programmes. There is also a demand for collaboration with academia, and other research or training institutes to develop training programmes that private companies can use and replicate within their organisations.

The results show that there is an even split between those who are willing and unwilling to send their employees to training, possibly due in part to the current economic climate, which has led to significant cuts in training expenditure. However, there are reasons to be optimistic as there are many opportunities ahead to consider. The skills gap can be partly addressed through the prioritisation of closing the urban/rural divide in skills amongst the Cambodian labour force. The Royal Government of Cambodia (RGC) has also allocated a budget through the SDF under the MEF for this purpose.

Additionally, the results show that leadership and other soft skills are in high demand along with industry expertise in specific sectors. The Cambodian labour force will greatly benefit from acquiring these soft skills which can be applied throughout their careers and enhance their human capital. This will support lifelong learning and employment, ensuring that every citizen has at least one skill.



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Schweizerische Eidgenossenschaft
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and Cooperation SDC



SKILLS
DEVELOPMENT
PROGRAMME



swisscontact

European Chamber of Commerce in Cambodia

#30 Preah Norodom Boulevard, 3rd floor BRED Bank Building,
12210 Phnom Penh, Cambodia

+855 023 964 141
info@eurocham-cambodia.org
eurocham-cambodia.org