

## **Cleaning Service Helps To Reduce Unemployment And Poverty In Cambodia.**

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**Abstract:***The aim of this study is to make sense of advantage and positive effects of how cleaning service helps to reduce unemployment and poverty in Cambodia. The study will be a benefit to the researchers, policy makers and who are working to fight unemployment and poverty both locally and internationally. However, this study has been conducted over a period of eight months from January to August 2011. The study showed the current situation of unemployment and poverty that Cambodia is currently affected by the global economic crisis that causes lots of people, especially the youth and women lost their jobs. The study showed the main approaches to unemployment and poverty reduction. However, Cleaning Service was one of the main approaches to create opportunity by providing the cleaning jobs for the youth and women at the organizations, companies, hotels, apartments; and restaurants so that they could earn through the cleaning jobs to improve their living standard and support their family. The government rectangular strategy phase II was one of the most significant approaches which policy and the action plan was set as a priority to fight unemployment and poverty. Moreover, the Cambodian National Poverty Reduction Strategy was one of the main approaches that promote broad-based sustainable economic growth and development policy to create job opportunity aimed at reducing unemployment and poverty. Those approaches could create job opportunity for the youth and women to help reduce unemployment and poverty that was the main challenges for them and society.*

**Keywords:**Cleaning Service, Unemployment, and Poverty,

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### **I. INTRODUCTION**

As the civil war (1970-1975) and the genocidal regime of the Khmer Rouge until 1979, Cambodia's economy was complete. The emergency humanitarian aid was received from the international community from 1979-1982. The huge development cooperation started after general elections in 1993 by UNTAC. The first (1986-1990) and the second (1991-1995) Socioeconomic Rehabilitation and Development Programs were designed to guide a centrally planned economy. Under the Royal Government of Cambodia by following the elections in 1993, the first (1996-2000) and second (2001-2005) five-year Socio-Economic Development Plans (SEDPs I and II) took the SRDPs an important step further. The Ministry of Planning (MOP) also had to prepare a National Poverty Reduction Strategy Paper (PRSP) supported by the International Monetary Fund (IMF) and World Bank. The regionalization and globalization have helped Cambodian economic development through exportation and tourism, agriculture, and garment industry. Cambodia is the fastest growing economy with double digits from 2004-2007. Per capita GDP rose to over \$700 in 2008 from a mere \$288 in 2000, and poverty levels have consistently fallen by an average of 1% annually from nearly 40% in 2000 to approximately 30% in 2009. Moreover, Phnom Penh is Cambodia's economic center as it accounts for a large portion of the Cambodian economy. There are lots of company, NGOs, supermarkets, restaurants, universities, hotels, restaurants, apartment, high rises, and residential buildings springing up around the city (Chhay T, 2007).

#### **1.1. Key Term and Definition**

- Cleaning Service: is a new start-up cleaning service enterprise, which start-up cleaning contract services to household and business administration in Phnom Penh, Cambodia. Cleaning Service will strive to provide clients with professional, first-class quality service and convenient scheduling of cleaning service. The importance of Cleaning Service is operating the cleaning service to our target customers such as NGOs, companies, hotels, apartments, restaurants in order to provide job opportunities to the youth and women to help reduce unemployment and poverty in Cambodia (Sothy C, 2011).

- Unemployment: The unemployment comprises all persons who during the reference period, the past seven days, were without work, were currently available for work and were actively seeking work. All three criteria must be fulfilled simultaneously (CSE, 2009).
- Poverty: is associated with insufficient outcomes with respect to many human development indicators, such as health, nutrition, education, and literacy. The Poverty is also related to social exclusions and deficient social relations, vulnerability and insecurity and low voices, power, and self-confidence (MOP, 2000).

## **1.2. Statement of Problem**

Prior to the global economic crisis, Cambodia's economy was growing remarkably well, with real gross domestic product (GDP) growth reaching 13.3 percent in 2005. Though the global economic downturn, the economy continued to grow by an estimated 6.7 percent in 2008. But growth in 2009 slowed down dramatically as the crisis' full effects took hold. As a result of the global economic slowdown cause lots of people, especially youth and women lost their jobs that make them live in the poverty situation. Thus, Cambodia is currently facing a global economic crisis that causes lots of people lost their jobs, the low unemployment opportunity is the main challenges for youth and women in Cambodia. Cleaning Service helps to reduce unemployment and poverty in providing the jobs of cleaning to the youth and women to improve their living condition for better living standard in the society in Cambodia (NIS, 2010).

## **1.3. Project Study Objectives**

The objectives of the study were to explore the cleaning service helps to reduce unemployment and in Cambodia,as follows:

1. To find out the current situations of unemployment and poverty in Cambodia.
2. To study the approaches of unemployment and poverty reduction in Cambodia.

## **1.4. Project Study Questions**

1. What are the current situations of unemployment and poverty in Cambodia?
2. What are the approaches to unemployment and poverty reduction in Cambodia?

## **1.5. Purpose and Significance of the Study**

This was the qualitative, quantitative study to investigate the cleaning service helps to reduce unemployment and poverty reduction in Cambodia. Thus, it explored the current situations of unemployment and poverty; and the approaches of unemployment and poverty reduction in Cambodia. The study was conducted in Phnom Penh, Cambodia over a period about one year from June 2010 to July 2011.

- Academic Level: It was the study of cleaning service helps to reduce unemployment and poverty, it would be an important academic source for other researchers to take further studies on how to reduce unemployment and poverty in Cambodia.
- Policy Level: The study might be produced unemployment and poverty reduction approaches that will be used as a roadmap for Cambodian Ministry of Labor and Vocational Training (MoLVT) for developing a strategy to reduce unemployment and poverty. And it might be significant references for professional policymaking.
- Practical Level: This study found the approaches of unemployment and poverty reduction which will benefit for ones who work on unemployment and poverty reduction in Cambodia.

## **Chapter Two: Literature Review**

### **I- Situations of Unemployment and Poverty**

#### **1. Impacts on the Economy and Labour Market**

In the last five years, Cambodia got its high GDP growth rate as an average of 11% per annum. When the global financial crisis, textile and clothing, construction, and tourism are most fragile due to their high dependency on both foreign investment and export markets. In January 2009, Cambodian garment export was approximately 60% lower than January 2008, according to IMF March 2009. As a result, about 70 have closed their operation since the crisis started in 2008 while some garment factories have cut off their production. Consequently, more than 50,000 garment workers are laid off and the reduced production results in less working hours and over-times, which cause the average wage of garment workers to decline. The job loss in the garment sector may have a ripple effect on other jobs as this sector provided 242,000 indirect jobs in addition to 270,000 jobs it directly created. The investment in construction has also dropped since the second quarter of 2008. Like the garment industry, the slowdown in construction results in 15,000 jobs lost (Hang C, 2009).

## **2. Impact Job losses threaten on poverty reduction**

The global economic crisis has had impacts on Cambodia's economy as a whole. It results in declined investment and exports/imports, less economic activities, and unemployment. A large majority of workers in garment, construction, and other sectors are migrants from rural Cambodia. They usually send money home to help their families (90% of them). As a supplement to the low income of their family in rural areas, the remittances are used to support their families for the whole year to buy food and productive assets, pay for children's education, family health services, repayment of debts. The loss of jobs and less wage of workers in these sectors definitely means the household has less income to cover their expenditure. Similar to the circumstance of inflation, people are likely to cut off non-essential spendings such as education and health or they may choose to eat less or less nutritious food, which further leaving them to become more vulnerable to illnesses. This explains that as the income of households reduces, some are pushed below the poverty line or the already poor experience deeper chronic poverty (CDRI, 2008).

## **3. The Challenges of Unemployment and Poverty**

The labor market segmentation is shown that the principal implications for the relationship between economic growth and poverty reduction. Since barriers to movement can stem not only from the rationing of "more productive" jobs but from geography, infrastructure, and legal and cultural norms, the participation of the poor. Although, Cambodian youth and women unemployment becomes a concern when the rates become high indicating that job opportunities are not expanding fast enough to keep pace with the growth of the labor force. High unemployment rates may also reflect the fact that young and women people looking for their first jobs do not have the education and skills required to meet labor market demands. A mismatch between the education and skills of youth, women and the demands by employers is a common problem throughout Cambodia. However, the youth and women unemployment rate in Cambodia is expected to rise to 14.8 percent by the end of this year. It is very hard for the youth to find a new job, after losing their jobs of the global financial crisis and young people working in low-paid. Though poverty in Cambodia is also the main challenges for the government actively engage in the country development, the poor people are extremely defined as those who live on lower than one US dollar per day (ILO, 2007).

## **4. Cambodian Economic Growth**

With the Strategy to be implemented, Cambodian Government has tried their efforts to follow the guideline of the strategy and made remarkable growth with the GDP of Cambodia from 2004 to 2007 standing up at 2 digits which prove the good performance of Cambodia economy. However, the contribution to the total GDP is quite different between each sector such as garment, tourism, and services which have shown as the table below:

Figure: Cambodia's Real GDP Growth by Sector (% , 2000 prices)

	2004	2005	2006	2007	2008p	2009p
Agriculture	-1.0%	15.5%	5.5%	5.1%	5.5%	5.3%
Paddy	-12.2%	43.7%	4.3%	7.5%	6.2%	5.6%
Industry	17.0%	12.9%	18.4%	8.4%	6.4%	4.1%
Garments	24.9%	9.2%	20.4%	10.0%	8.8%	6.8%
Services	13.2%	13.1%	10.1%	10.2%	8.4%	7.3%
Tourism	23.4%	22.3%	13.7%	10.3%	9.3%	8.6%
Non-tax GDP	9.4%	13.8%	11.0%	8.1%	7.0%	5.8%
Total GDP	10.3%	13.3%	10.8%	10.2%	7.0%	6.0%
Non-Agriculture	15.8%	12.3%	13.0%	12.2%	7.6%	6.3%

Source: Economic Institute of Cambodia (2011)

The growth of the Cambodian economy which facilitates the companies and other enterprises to see the opportunities in expanding their investment or business which they have to catch the benefit of generating their own income has remarkably improved gradually in Cambodia. At this same time, the Royal Government of Cambodia has been attracting the more and more investment both local and international to settle their business in Cambodia which expects to have improved more and more the economic activities of the company and the national economic activities as a whole, now there are lots of investors make their business that is the potential market to support the jobs creation for Cambodian people which aim of poverty reduction and this is complementary to the economic growth of the country to help diversification of the economic base in Cambodia, composed of Agriculture, Service and Industries sector (World Bank, 2008).

## **II- Approaches of Unemployment and Poverty Reduction**

### **1. National Poverty Reduction Strategy (NPRS) to Unemployment and Poverty Reduction**

The main objective of the Royal Government's policy is to promote broad-based sustainable economic growth with equity, with the private sector playing the leading role. The Royal Government of Cambodia aims to achieve a sustainable real rate of inclusive broad-based economic growth of 6 to 7 percent per year. Such an achievement translates into income per head (in 2000 prices) of approximately US\$320 at the end of 2005. This shows an annual growth rate in real income per head of 3.5 percent. A stable macroeconomic environment and sound financial sector policies with the objective of increasing incomes of Cambodians living in rural areas will contribute to improvements in other aspects of poverty, through better access to basic services. The Royal Government's policies are intended to expanding job opportunities specifically through facilitating private sector development by expanding exports and expanding tourism to improve conditions of work are key to reduce unemployment and poverty (CSD, 2002).

### **2. Rectangular Strategy for Unemployment and Poverty Reduction**

The Royal Government, during its Third Mandate, will continue to vigorously implement and deepen its reform programs in order to achieve Cambodia's Millennium Development Goals with the needed support and assistance from Cambodia's development partners to get Cambodia out of the vicious cycle of poverty and to regain its position as a strong and proud nation. The key priorities of the political platform of the Royal Government in the Third Legislature of the National Assembly are: (i) the promotion of economic growth; (ii) generation of employment for all Cambodian workers; (iii) accelerated practice of huge reforms in all sectors to reduce poverty and get the sustainable development. According to the Rectangle3: Private Sector Growth and Employment covers: (i) strengthened private sector and attraction of investments; (ii) promotion of SMEs; (iii) creation of jobs and ensuring improved working conditions and (iv) establishment of social safety nets for civil servants, employees, and workers (RGC, 2008).

### **3. Unemployment and Poverty Reduction through Cleaning Service**

According to the survey were done through 370 of respondents to assure the requirement and demand of the cleaning service in the potential market. And the janitorial service establishments in Phnom Penh, there are some company and NGO which is implementing the cleaning services. There are possible reasons why the cleaning service project is in demand and has a high potential for cleaning services, such as companies, NGOs and business administration. The expending of the market of cleaning service is really important for contributing to the high growth of employment that is an opportunity for the youth and women to have a cleaning job during high unemployment rate in Cambodia in order to improve their living standard to be better. Moreover, there is enormous scope for the Cleaning Service to contribute better to less unemployment and improve poverty in Cambodia. It is an important mechanism to implement how both Cleaning Service and the poor youth and women can benefit from an integrated approach to growth and equity (Sothy C, 2011).

Cleaning Service will create job opportunities for the youth and women through rapid and sustained growth, particularly in rural areas must be the core of a successful unemployment and poverty reduction approach in Cambodia. Over 20. 000 youth and women of the poor in Cambodia will have the job of cleaning through Cleaning Service and it would help to reduce to poverty within the next year through Cleaning Service. In addition, Cleaning Service will make impressive progress in its transition to a market of cleaning service for the youth and women. This is especially important since Cleaning Service has reinvigorated its reform efforts in order to speed its recovery from the economic crisis and improve its long-term competitiveness. (Sothy C, 2011)

## **Chapter Three:Methodology**

- Research Design: This study was to evaluate stakeholders' needs regarding current situations of unemployment and poverty in Cambodia.
- Sampling Design: There were totally 370 questionnaires have been completed by the key persons such as 150 organizations, 120 companies, 50 apartments, 30 supermarkets; and 20 universities in Cambodia to help us to identify the target market, forecast the demands and their expectation from the Cleaning Service.
- Research instrument: Dual-response format questionnaires forms and the instrument was pre-tested by piloting in organizations, companies, apartments, in Phnom Penh to determine whether the study instrument actually measured.
- Data analysis: Data analysis was involved in reducing accumulated data responses on questionnaires. The Statistical Package has analyzed data of quantitative and qualitative for Social Sciences (SPSS).
- Ethical Considerations: mutual consent, respondents' rights, confidentiality, and respect to build trust with the participants.

## **Chapter Four:Finding and Discussion**

This chapter has covered a summary of the findings, conclusions, and recommendations arising for the main objective of the study was to find out the current situations of unemployment and poverty in Cambodia and was to study the approaches unemployment and poverty reduction in Cambodia?

### **What are the current situations of unemployment and poverty in Cambodia?**

Cambodia is the fastest growing economy with double digits from 2004-2007. The GDP grows is at an average of 9.5 percent. Cambodia attracted lots of investors and funding by NGOs. However, in 2008, the global economic crisis has affected Cambodia's economy in all sectors of garment and tourism (UN, 2009). In 2009 garment export decreased 27 percent, over 50 factories were shut down. Therefore, there were almost 60,000 out of 400,000 garment workers lost their job. Meanwhile, Cambodian youth and women about 200,000 to 300,000 every year migrate to foreign countries especially in Korea, Thailand, and Malaysia to seek new opportunities. High unemployment rates may also reflect the fact that young and women people looking for their first jobs do not have the education and skills required to meet labor market demands. A mismatch between the education and skills of youth, women and the demands by employers is a common problem throughout Cambodia ILO (2009).

### **What are the approaches to unemployment and poverty reduction in Cambodia?**

The central objective of the Royal Government's policy is to maintain macroeconomic stability, expanding job opportunities, cooperate with the private sector and to reduce unemployment and poverty in Cambodia. The Royal Government of Cambodia, non-governmental organizations (NGOs) and civil society organizations (CSOs) had great cooperation to work together to fight poverty and promote sustainable development by supporting from the World Bank, the International Monetary Fund (IMF), the Asian Development Bank that work to reduce unemployment and poverty. As the Rectangular Strategy of Cambodian Government developed its goal as a priority to promote the economic, generation of employment for all Cambodian workers, promote of SMEs to ensure the improvement of working conditions to help to reduce unemployment and poverty. In addition, Cleaning Service developed the action principles that can be used to guide mainstreaming approaches. Thus, Cleaning Service developed partnerships with organizations both local and international, government and private sectors that have the common aim of reducing unemployment and poverty in Cambodia to work together to help to reduce unemployment and poverty. Cleaning Service created over 20,000 jobs to youth and women unemployment and poverty reduction which was one of the approaches to help to reduce unemployment and poverty in Cambodia (Sothy C, 2011).

## **Chapter Five: Conclusion and Recommendation**

Almost two decades of civil war, after 1978 of Khmer Rouge Rule, the economic in Cambodia was absolutely down. From 2004-2007, the economy is fast growing with the double digits the average of GDP is 9.5%, but at the end of 2008, the global economic crisis has affected Cambodia's economy in all sectors of garment and tourism lots of youth and women lost their job. and migrate to foreign countries to seek new opportunities that were the main challenges for the Cambodian government. However, the Royal Government has set up the policy is to maintain macroeconomic stability, developed the rectangular strategy to expand job opportunities, cooperated with non-governmental organizations (NGOs) and civil society organizations (CSOs) to sustainable development, promotion of SMEs to provide more job to the youth and women. In addition, the Cleaning Service was one of the approaches in providing cleaning jobs to youth and women to help to reduce unemployment and poverty in Cambodia.

- The study recommends that further studies be carried out the education and skills gap for the youth and women required to meet labor market demands that cause high unemployment rates.
- The study recommends that Cleaning Service should expand job opportunities to the youth and women to keep pace with the growth of the labor force.
- The study recommends that the government should create the strategy to slow down the migration of the youth and women to foreign countries to seek new jobs.

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