

Fundamental Solutions to the Process of Labour Restructuring in Svay Rieng Province, Cambodia

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Abstract This paper explores the current labour restructuring in Svay Rieng province which is basic for proposing main solutions to stipulate the process of labour restructuring of the study area. Results show that labour is the decisive factor in the organization and effective use of sources of capital, natural resources and technologies. If it is not based on the high development of physical labor, level of education, technical knowhow and management experience, it can lead to a waste of money or depletion and destruction of other resources. The province of Svay Rieng has the advantage of an abundant and young workforce. However, in recent years the use and promotion of the workforce for economic development has not really proved effective. One of the factors leading to this situation is that the province's labour restructuring is not identical with the provincial economic restructuring; therefore, Svay Rieng province should take measures to take actions that impacts on the processes of labour restructuring, marking contributions to the effective use of this workforce and the improvement of the province's socio-economic development.

Keywords labour restructuring, economic restructuring, human resources, socio-economic development, effective use of labour

INTRODUCTION

Svay Rieng province is located on Cambodia's south-eastern border with Vietnam. It's 125 km from Phnom Penh. In recent years, Svay Rieng province has made great achievements in its socio-economic development. The province's GDP has continuously increased over the past few years. In 2012, its GDP was valued at 5.080 billion riel, nearly 1.57% higher than in 2007, an average increase of 8.6% per year (Svay Rieng Administration, 2012). However, compared with the whole country, Svay Rieng remains a poor province as its GDP per capita is still low. This indicates that the use of existing resources including the labour force in the province is not really effective. At the present, Svay Rieng province has an abundant young workforce. In 2012, there were approximately 585,571 labourers throughout the whole province. Nevertheless, its current labour restructuring is still irrelevant in comparison with the economic restructuring, and this has caused negative effects to the processes of socio-economic development in recent years.

OBJECTIVES

The objectives of research are: 1) to identify the situation of labour restructuring in Svay Rieng province in recent years; 2) to determine the basic solutions to promote labour restructuring in Svay Rieng province.

METHODOLOGY

The research was done by using both all available secondary data from Provincial Department of Planning and Provincial Department of Agriculture and its related information with direct observation in the research area. This was in order to understand overall situation and propose fundamental solutions to the process of labour restructuring in Svay Rieng province.

RESULT AND DISCUSSION

Situation of Labour Restructuring in Svay Rieng Province in Recent Years

Economic restructuring is always associated with the processes of Labour restructuring. There is a young and abundant workforce in Svay Rieng province. In recent years, although the structure of labour has transformed more appropriately than before, the speed of labour restructuring has not kept pace with economic restructuring; and high efficiency in the process of economic development has not been achieved (comparing between Fig.1 and Fig.2).

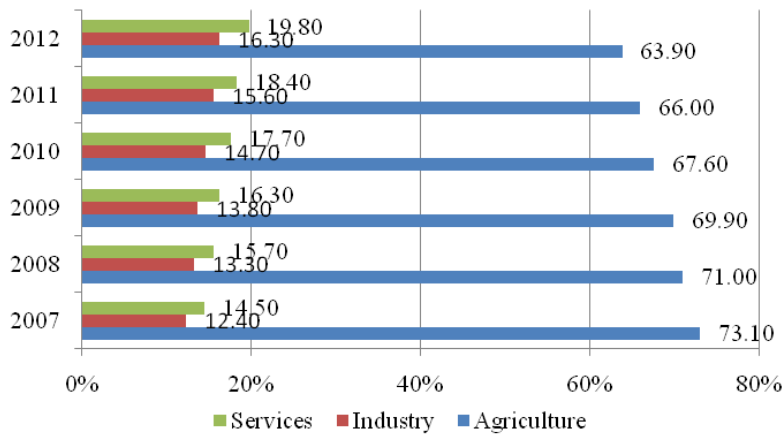


Fig. 1 Labor restructuring distributed in terms of sectors over the past years

Labour restructuring has shifted with an increase in the number of works employed in the sectors of service and industry. In 2012, by the economic growth rate, the service sector accounted for 19.8%, an average increase of 0.64% or 3,747 labourers per year, the sector of industry accounted for 16.3%, an average increase of 0.56% or 3,279 labourers per year, and the sector of agriculture accounted for 63.9%, an average decrease of 0.27% or 1,581 labourers per year (Svay Rieng Province, 2007-2012).

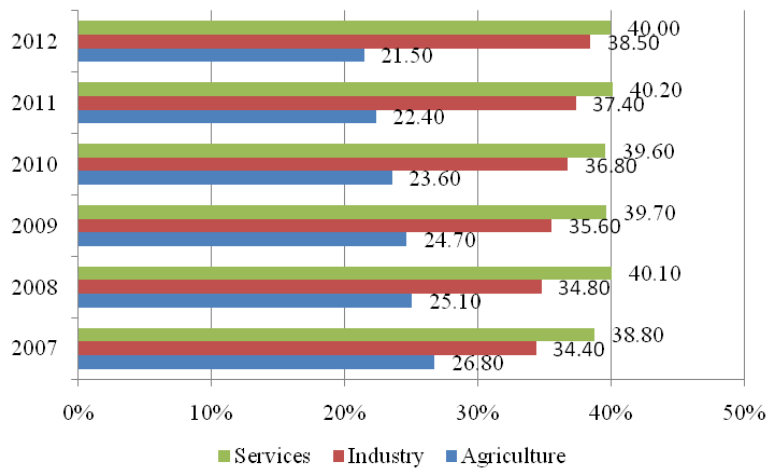


Fig. 2 Restructuring in economic sectors over the past years

Economic restructuring has shifted with an increase in the proportion of services and industry. In 2012, services accounted for 40% by the economic growth rate, an average decrease of 0.06% per year, industry accounted for 38.5%, an average increase of 0.23% per year and agriculture accounted for 21.5% an average decrease of 0.43% per year. It can be seen that the economic restructuring and labour restructuring of the province have shifted, with an increase in the scale and proportion, towards industry and services. However, the labour restructuring and economic restructuring is not identical; i.e, the structure of labour is ranged as follows: Agriculture - Services - Industry, but the economic structure is Industry - Services - Agriculture. In 2012, agriculture productivity in Svay Rieng was valued at 6,080 million riel (at the comparative price and this was also the sector that had the lowest productivity); however; 61.2% of the workers were employed in this sector and its scale increased due to the effects of population size. This resulted in a shortage of workforce in industry and services, but a surplus of labour in agriculture. In this way, disproportionate factors between labour restructuring and economic restructuring have affected the socio-economic development of Svay Rieng province over the past few years. The main reason for this disproportion is that:

- The majority of Svay Rieng's labourers live in the countryside so that they are influenced by rural ways of living and working with agriculture styles; hence, their adaptability and working manners in new environment is restricted. The province's labourers have low educational and professional levels, so they face difficulties in production when employed in the industrial sectors that require high professional and technological levels.
- The use of labour in economic sectors is not really effective. Even though industry and services have created more jobs and attracted more workers than before, the labourers employed in these sectors are largely in the form of unskilled workers, and small traders. Consequently, there is low labour productivity. Svay Rieng's agriculture is still in rural practices and it has a large number of labourers. For this reason, there are still excessive labourers and low efficiency in production.

Basic Solutions to the Promotion of Labour Restructuring in Svay Rieng Province

The Public Investment Program, 3-year-rolling 2013-2015, of Svay Rieng province has brought towards the target for 2015, labour restructuring will consist of more than 48% industry and services and less than 20% agriculture (Provincial Department of Agriculture, 2012). To implement that goal, the sectors of industry and services must improve, attract and use more workforce than ever before, accelerating industrialization and modernization. For this reason, agricultural productivity can be improved and the number of labourers can be reduced in this rural area.

Efficient Use and Attraction of Labour in Industry and Services

Rapid development of industries leading to job creation and efficient use of labour: Most of the industrial production in Svay Rieng province is currently focusing on product processing, which is considered to be a low-value sector. While the materials and inputs generate, the greatest value are mainly imported from abroad. In recent years, those factors have been undergone large fluctuations; therefore, Svay Rieng's Industries have low value and stability. This significantly influences the labourer income and productivity in this economic sector. In the future, Svay Rieng province should focus on:

- Developing additional key industries and create more jobs for workers; the current key industries in the province include automobile assembling and manufacturing of windshield glass but these industries have not met the requirements of the development of industrial production in Svay Rieng province. The province should use investment capital for key projects in proportion to the developmental trends of an industrial province. The concrete manufacturing sectors includes textile industry, manufacturing of machinery for agriculture, industry and services and production of high-quality tiles and construction materials. These projects can generate "kernels" to attract investment as they will create advantages for investors to invest in the projects that province inputs for the "kernel" projects or the projects that use the outputs of those project. As a result, investment

opportunities for many related projects in different sectors will be created and more jobs can be generated, leading to an attraction to the workers from different sectors in the promotion of labour restructuring.

- Expanding the development of small and medium industrial parks; to quickly deploy and develop small and medium industrial parks, the province should focus on making a rapid and detailed planning and investment in the construction of infrastructures for these industrial parks. There should be specific details for each industrial park so that specialization and enhancement in the productive cooperation of industrial enterprises can be ensured so as to save investment costs and reduce business operation costs. Normally, the units that intend in the construction of facilities in the industrial parks are mostly small and medium enterprises with limited investment capital, so, they are unlikely to invest in modern technologies for hi-tech goods production.

Therefore, in order to create favorable condition for encouraging all private economic sectors to invest in these industrial parks, Svay Rieng province should plan its industrial development which encourages only investments in hi-tech and large-scaled projects with new breakthroughs and in the sectors that the province's small and medium enterprises can handle. As to the investments that do not require high technologies and a great deal of capital, priority should be given to the investment in small and medium industrial parks.

- Developing supporting industries in order to serve the key industries in Svay Rieng province; the province should promote the development of new manufacturing sectors such as production of materials of garment processing industry (zippers, buttons, high-taper necks, liners, labels), manufacture of parts and some detailed and complex accessories for machinery, automobile assembling (types of screws and bolts, wires, rubber, plastic and machine parts) for the development of industry in the Svay Rieng province. In addition, Manhattan Special Economic Zone is adjacent to Tai Seng Special Economic Zone, so the development of supplementary industries for refinery industry is also an orientation that needs to be invested in.

- Development processing industry; the promotion of processing industry in the province in particular can rely not only on the availability of local raw materials but also on the resources of raw materials in other localities. However, there is now a popular tendency that each locality is trying to set up the plans that can use its available local materials, even though there is some restricted ability to provide large amounts of materials in each locality. In this way, most of the processing factories are based on small-scaled production, so they are inclined to use cheap and backward equipment and unable to resort to modern technologies. Moreover, since material resources are subdivided, the competition in the consumption of materials has become severe. It is for this reason that the cost of production increases and production quality declines, so the businesses in the region lose their advantages over competition and acquire low efficiency in investment. To solve this problem, the province should, apart from promoting regional development of materials by changing the models of production and increase its investment in science and technology to improve crop yields and livestock in a land area due to the rapidly increasing the supply of raw materials. The province should immediately make a number of policies to restrict the entry of some specific sectors, whose efficiency is significantly influenced by the scale of production so as to help the remaining businesses to operate more effectively.

Expanding absolute supply of raw materials is an appropriate orientation in terms of the current distribution of material resources. In this way, the province's processing enterprises should invest in advanced technologies and equipment to ensure the penetration of products into the most difficult markets. At present the businesses in Svay Rieng will establish active links with the enterprises in other localities, which are unable to use advanced technologies and modern equipment and that they have no advantages over production scales. The province can entice these organizations to engage in a system of suppliers of primary products, semi-finished products and even raw materials for provincial enterprises.

Intensive Development of Services

Mass and efficient utilization of workforce: The Svay Rieng province has two history cultural heritages: Prasat Temple and the old lake of Prey Basac with typical cultural values of humanity.

The natural aspects combined with the cultural heritages, historical traditions of Svay Rieng are extremely valuable resources which create favourable conditions for the development of tourist industry; however, the promotion of this potential has been so far limited and the advantages in the province have not yet been fully developed. The province should expand and develop high-quality tourism, which attracts and employs more labourers and more skilled workers than before. In the future the province should focus on:

- Improving the environment to promote the development of high-quality tourist services; tourist environment is a major concern. As for each business, it cannot manage itself, but it requires the strong support from the functional agencies of the province in creating a tourist environment that attracts not only investors but also visitors. Such a tourist environment must ensure social order and security, good environment, beautiful urban landscapes and high-quality goods with reasonable prices. All the activities conducted at the tourist points have not been really well prepared by the tourist authorities in recent years. Now it is time to pay much attention to the improvement of tourist environment because it is the survival and development of national tourism in general and of the tourist points with international standards in particular. Through mass media, the image of tourist in Svay Rieng can be propagated, the need for this type of service can be realized and the investment in various types of services with appropriate quality can be conducted so that this can make contributions to the development of local tourism.

- Promoting the export of goods; apart from the attraction of investment and the access to modern technologies, Svay Rieng province has to focus on the improvement of administrative procedures reform in the export sector, creating extremely favorable conditions for businesses by shortening tax payment time and, especially, clearance time for imported raw materials used in the production and processing of exports. The province also have to deal with researches on production as well as export markets and hold training sessions to extent the international commitments so that enterprises can have accesses to export markets. It should depend on the national budget to enhance the vocational training, especially job training for export processing workers. The province should improve trade promotion activities for production, export and businesses, focus on supporting businesses to conduct market research and take part in domestic and foreign trade fairs and help them improve the quality management system in accordance with the ISO standards and create trademarks online and the province's export website so as to propagate, introduce products and expand export markets, especially for the handicrafts, fine art products and agro-products which are dominant in the province.

The province should gradually establish brands for the province's key exports on the market. It is also important to increase the competitiveness and efficiency of provincial export. To overcome the shortage of capital for enterprises, the government has made policies in lending terms and created favorable conditions for businesses to have an eligible access to preferential credit loans offered by the Government. The commercial banks and credit unions in the province should create favorable conditions for enterprises to borrow money to invest in production and businesses for export.

- Shifting the structure of labour in the service sector; hindrance should be made to the infiltration of child labour in the form of small traders, street traders. In the coming years, Svay Rieng will need policies for investment attraction for development of large-scaled commercial and service centers all over the province in order to persuade domestic and foreign businesses and large entrepreneurs with modern trading style to engage in businesses. This will gradually attract customers to shopping centers. The development of modern commercial and service centers, on the one hand will create conditions for the number of young workers who enter the labour markets annually have the opportunity to participate in the trade and services sectors on condition that they have been given needed professional training.

Internal Labour Restructuring, Efficient Use of Labour, Industrialization and Modernization in Agriculture

Efficient use of labour contributes to the acceleration of industrialization and modernization in agriculture: With urbanization, industrialization and modernization and rural agriculture, a

certain number of agricultural labourers, especially young workers will lose employment opportunities in agriculture due to the limitation of land, the main production factor in agriculture. They are the major objectives that need to be shifted to other sectors in the future. There should be some solutions to this problem. The basic measures taken can be reasonable investments, application of technologies and new production methods in agriculture to improve the productivity yield per unit of cultivated area, creating more jobs and attracting more workers.

A contradiction that arises in the process of transformation is that the transition will lead to the fact that a number of young workers will shift from the agricultural sector to other economic sectors. This phenomenon can lead to an old workforce, affect the application of scientific and technological progresses to agriculture, slow down the process of industrialization and modernization in rural agriculture and finally cause negative impacts to economic restructuring. To settle this contradiction, the province should, in one hand, adopt policies to encourage educated and skilled workers in return to serve in the fields of agriculture, forestry, and on the other hand, create a mechanism that serves the interests of these qualified workers who have made achievements in agricultural production, thus the attraction of new workers will have positive impacts on the acceleration of industrialization and modernization in agriculture.

Transforming the structure in cultivation and animal husbandry: The concerning agencies should complete the planning of agricultural production and rural village trades in the province as soon as possible on the basis of investment orientation, reorganization of production and arrangement of plants and animals in proportion to each region and sub-region to ensure more efficient production. In the planning, it is necessary to combine production with preservation, processing and consumption of products and to synchronize between objectives, policies and measures. Also an immediate concern is to review and inspect the implementation of planning and production plans in each sub-region so as to have appropriate adjustment and control in respect to the actual situations. Only approved plans can be strictly implemented and production must be banned with spontaneous plans carried out in the past.

Concentrating on mobilizing investment resources to build irrigation systems, ensure irrigation for crops, intensive cultivation and crop rotation and increase the number of crops, productivity and livestock. Svay Rieng province should apply and replicate production models to achieve effective and appropriate results in local production. The province should gradually shift the cultivation workforce with low productivity, high risk and time-consuming labour and long crops, low efficiency and difficulties in technological application due to fragmentary production to the sector of animal husbandry which has high productivity and high value in accordance with a long-term trend and that this sector does not rely on extensive use of land.

CONCLUSION

In the final analysis, in the course of economic and social development, effective use of resources is a very important issue and workforce is the most important and decisive resource in the course of provincial development. With the current disproportionate factors in Svay Rieng province's labour structure, a requirement for labour restructuring is an inevitable phenomenon. For this reason, the implementation of the measures proposed in view of influencing the process of labour restructuring must be quickly and effectively carried out in the province.

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