

Making the case for higher wages in the Cambodian garment sector

About this report

This report has been commissioned by CNV Internationaal as part of their Fair Work Monitor to provide key data on incomes and expenses of workers, which would be useful to understand the economic situation of workers and support stakeholders to respond to the situation.

About Profundo

With profound research and advice, Profundo aims to make a practical contribution to a sustainable world and social justice. Quality comes first, aiming at the needs of our clients. Thematically we focus on commodity chains, the financial sector and corporate social responsibility. More information on Profundo can be found at www.profundo.nl.

Acknowledgements

The authors would like to thank workers for participating in this study and trade unions CLC, C.CAWDU, CATU, INTUFE and FTUWKC.

Disclaimer

Profundo observes the greatest possible care in collecting information and drafting publications but cannot guarantee that this report is complete. CNV Internationaal assumes the responsibility for the accuracy of primary data. However, errors in the sources quoted, or for changes after the date of publication are not the responsibility of Profundo or CNV Internationaal. When any error in this report comes to light, Profundo will promptly correct it in a transparent manner.

Takeaways

1. The findings of this study indicate a further decline in the Cambodian garment sector workers' conditions since the 2022 survey, highlighting a worsening situation.
2. Despite median take-home salaries being above the statutory minimum and also above the GLWC benchmark, most workers struggle to cover basic expenses, implying a lack of living wages.
3. While lay-offs due to pandemic-related order cancellations increased worker debt, global economic shocks and insufficient wages have compounded this situation.
4. The percentage of workers borrowing money to meet expenses has risen in 2023, with workers borrowing money worth a median of 18 months' salary.
5. About 40% of surveyed workers have taken secondary jobs due to low wages and frequent overtime, revealing financial strain.
6. A substantial 50%-150% wage increase (based on the gap between the median monthly expenditure and the median debt of the respondents) is required to bridge living cost gaps, and addressing the gender pay gap is vital. Stakeholder cooperation, including employers, government, trade unions, and buyers, is essential for sector recovery and to assure living wages for the Cambodian sector workers.

Contents

Background.....	1
Chapter 1 Characteristics of surveyed workers	3
Chapter 2 Living wages	5
Chapter 3 Conclusions and recommendations	12
Chapter 4 Methodological note.....	14
References.....	15

List of figures

Figure 1 Age of surveyed workers	3
Figure 2 Position of surveyed workers within the factory, disaggregated by gender.....	4
Figure 3 Length of employment at the factory.....	4
Figure 4 Basic salary per month (in US\$)	5
Figure 5 Basic net salary (in US\$), disaggregated by gender	6
Figure 6 Comparison of living wage benchmarks for the Cambodian garment sector (US\$)	7
Figure 7 Total income (in US\$), disaggregated by gender	7
Figure 8 Monthly take-home salary and monthly total expenses of surveyed workers (in US\$).....	8
Figure 9 Reasons for borrowing money among surveyed workers	9
Figure 10 Collective Bargaining Agreements and incomes.....	10

List of tables

Table 1 Gender of surveyed workers, disaggregated by sub-sector.....	3
Table 2 Bonuses and allowances paid by the employer to surveyed workers per month (in US\$).....	6
Table 3 Monthly expenses of surveyed workers per month (in US\$).....	7
Table 4 Debt among surveyed workers (US\$)	9
Table 5 Comparison of results 2022-2023.....	10

Background

CNV Internationaal is a part of CNV, the second largest trade union in the Netherlands. Its main goal is to promote Decent Work globally by partnering with trade unions in 14 countries across Latin America, Africa, and Asia. CNV Internationaal collaborates with its international team and trade union professionals, funded by the Dutch Ministry of Foreign Affairs and other sources. CNV Internationaal focuses on various areas such as social dialogue, labour rights in supply chains, youth employability, and gender equality at work. Notably, it has increasingly prioritised labour rights in supply chains, particularly in the textile industry in Cambodia, Indonesia, and Vietnam. In this context, CNV Internationaal works with local trade unions to ensure fair working conditions for garment and footwear sector workers, including fair wages, safe workplaces, and freedom of association.

For over twenty years, Cambodia's garment and footwear industry (to which we refer in this report as the garment sector) has played a crucial role in the Cambodian economy, contributing over 30% of the gross domestic product (GDP) and 80% of the country's export earnings.¹ The sector is known for its labour-intensive nature and has traditionally been a significant source of employment for women, who conform about 76% of the over 750,000 workers employed by the industry locally.² In acknowledgement of its economic importance, but also to guide the sector's post-COVID-19 recover, the Cambodian government introduced the Cambodia Garment, Footwear and Travel Goods (GFT) Sector Development Strategy 2022-2027 in March 2022.³ This strategy recognises the significance of social protection, encompassing unemployment benefits, and outlines its goals, which include exploring options to broaden the coverage of the existing social security scheme to protect all workers from economic shocks that could impact their livelihoods.⁴

Despite the Strategy's stated commitments, the wages that workers receive for their work are not keeping up with the spiking living costs, caused by global inflation.⁵ In this context, the wage increases for Cambodian textile sector workers remained very low in the past decade, particularly during the COVID-19 pandemic, when wage increases reached a historical minimum,⁶ despite the trade unions' best efforts to negotiate better salaries for workers.⁷ The low wages make workers do extra hours so that they can make ends meet.⁸ Unfortunately, even doing excessive overtime does not suffice to prevent the most vulnerable workers from acquiring debt to pay for their most basic necessities. Without wages that allow them to meet their and their families' basic needs (that is, without living wages),⁹ many Cambodian garment sector workers are at peril of entering a vicious cycle of debt.¹⁰

In light of this context, CNV Internationaal has been working in conjunction with trade union partners in Cambodia to implement a participatory digital monitoring tool within the Cambodian garment sector since 2022. The purpose of this tool is to collect the voices of workers to inform the advocacy activities of Cambodian unions in the context of the annual minimum wage negotiations in tripartite social dialogue. In this context, a pilot survey was conducted in 2022. The results of that survey were not only used in the present report to identify trends, but they also provided valuable insights into the adjustments needed for refining our process and improving the outcomes for this round. Against this background, this year's project included the participation of more garment sector unions to increase the scope of the results, therefore increasing the sample size and the number of factories in which the research was conducted.

CNV Internationaal's participatory digital monitoring tool consists of a survey hosted on KoBoToolbox, a digital platform for field data collection in challenging environments.¹¹ This year's round of the participatory digital monitoring tool also included updates on KoBoToolbox that allowed the survey to be filled in offline so that it was more accessible to respondents. Moreover, CNV Internationaal improved the training for unions and data collectors and worked with various experts who provided feedback on the questionnaire, as well as a local data analyst with context-specific knowledge for more efficient communication with the participating unions.

This report presents the outcomes of the digital survey conducted in 2023 among workers in the Cambodian textile sector. The primary focus of the survey was on wages and working conditions, particularly those relevant to living wages, such as working hours, types of work contracts, and in-kind payments. The main objective of this report is to provide valuable insights to CNV Internationaal's trade union partners in Cambodia, aiding them in their minimum wage negotiations and other dialogues at the national level. The report is structured into three sections: the first section outlines the general characteristics of the surveyed workers, the second section presents the findings related to living wages, and the third section provides conclusions and recommendations. In presenting the results of the 2023 survey, we make comparisons with the results from the pilot survey conducted in 2022. The purpose of these comparisons is to highlight changes in the past year. Additionally, a methodological note is included at the end of the report to provide further details about the survey's approach and methodology. Key takeaways are presented in the first pages of this report.

Despite the great value of the participatory digital monitoring tool to capture the voice of workers, this study is not exempted from limitations that need to be considered while interpreting the results. Firstly, although workers were free to fill the survey at their leisure, there is a potential information bias as most of them completed the survey within the work premises, possibly leading to biased answers. Secondly, the representativity of the sample size poses a concern, with over 90% of respondents being union members, not reflecting the overall percentage of unionised workers in the sector, as indicated by unions themselves. Additionally, a direct comparison with the results of the 2022 pilot study is difficult due to substantial differences in sample size and potentially the sample composition. Consequently, this report relies on identifying general trends that emerged from both studies for making comparisons.

1

Characteristics of surveyed workers

This section presents the demographic profile of the surveyed Cambodian textile sector workers.

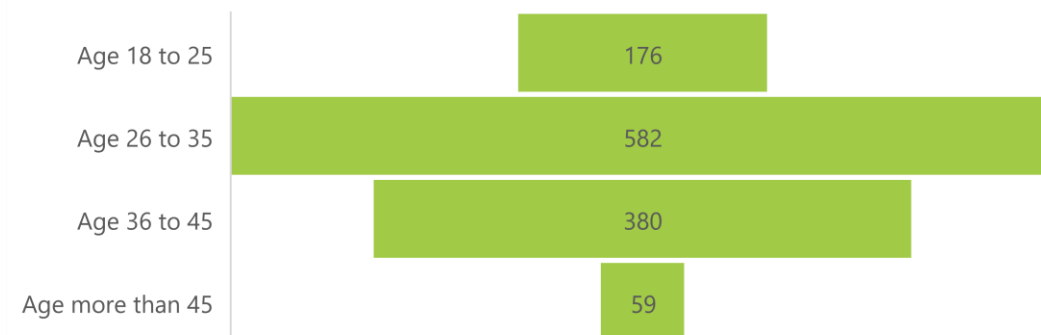
In line with the gender structure of the Cambodian textile sector, which is composed mostly by young women,¹² the majority of surveyed workers identified as women (Table 1), and were younger than 35 years of age (Figure 1). With regards to the educational level of surveyed workers, 42% had completed primary education, 53% had completed secondary education, 4% had not completed any level of education, and the remaining 1% had completed a form of tertiary education (technical school or a bachelor degree).

Table 1 Gender of surveyed workers, disaggregated by sub-sector

Sub-sector	Number of survey respondents		
	Men	Women	Total
Garment	226	797	1,023
Footwear	38	136	174
	264	933	1,197

Question: What is your gender? What sector are you working in?

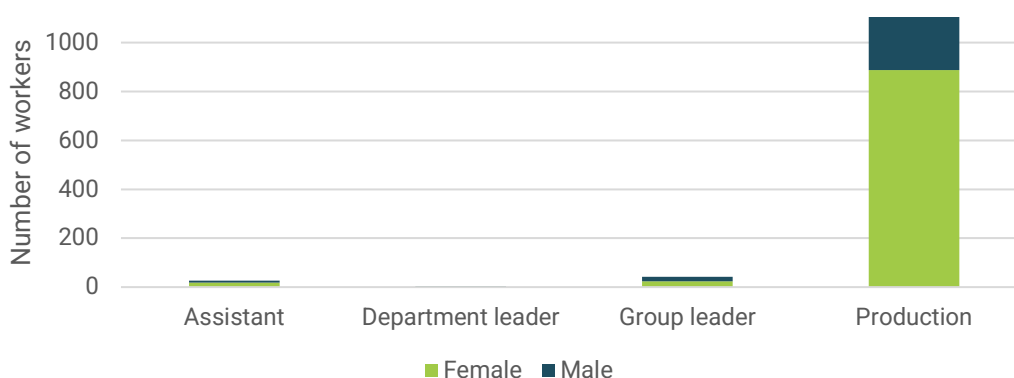
Figure 1 Age of surveyed workers



Question: How old are you?

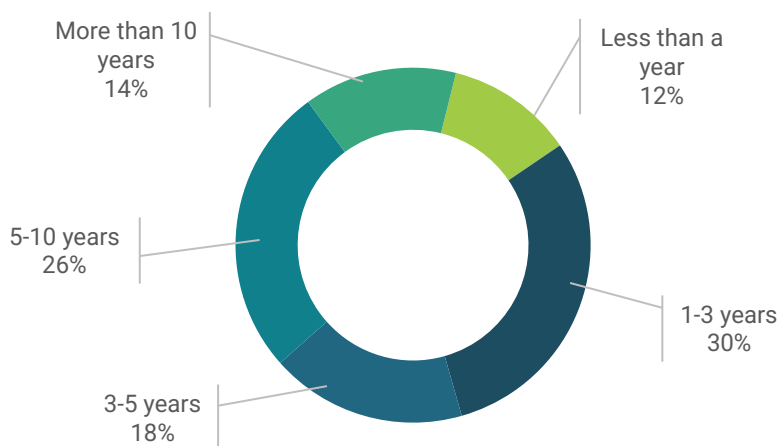
Ninety-four percent of the surveyed workers were engaged in production activities (e.g., sewing, quality control, ironing, packing, overlocking, fray trimming, or collar label stitching), while the rest conducted supervisory tasks (e.g., group leader, department leader, or assistant. Compared to the 2022 pilot survey, in 2023, the informant pool covered a narrower diversity of functions (the previous survey had captured the voices of workers in the human resources department, as well as workers conducting maintenance activities). In line with the structure of the sector, which is composed mostly by women,¹³ most of the roles included in the survey are filled by a majority of women. It is notable, however, that supervisory roles tend to have more male participation, with department leaders being 50% male (Figure 2). These findings are not only consistent with the results of the 2022 pilot survey, but also with other sectorial studies that found that while Cambodian female garment workers are not underrepresented in mid-professional level positions,¹⁴ only 18% of them reach senior managerial positions.¹⁵

Figure 2 Position of surveyed workers within the factory, disaggregated by gender



Question: What position do you have in the factory?

Figure 3 Length of employment at the factory



Question: How long have you been working at the factory?

Regarding the length of employment, 30% of the surveyed workers reported having been employed at the company for 1-3 years, while 26% had worked there for 5-10 years (Figure 3). With regard to the family status of surveyed workers, this study found that 74% of them were married and, of these, 87% had an average of 1.96 children. Further, 16% of survey respondents were single, and 10% were widowed. In this context, 87% of the widowed respondents had an average of 1.83 children. By contrast, none of the surveyed workers who reported being single had children.

2

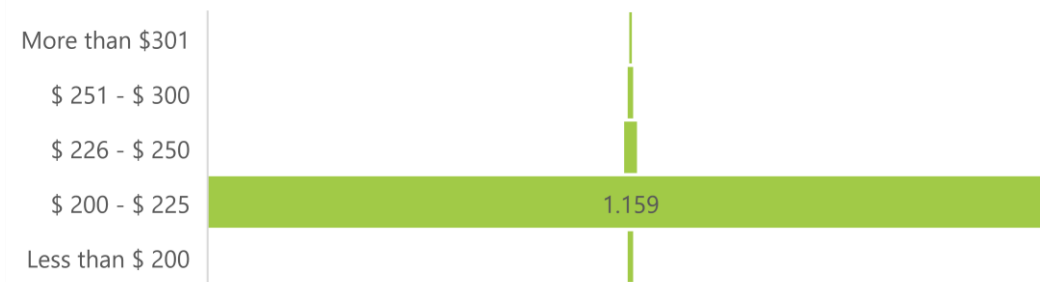
Living wages

In this section, the report examines the status of living wages in the Cambodian textile sector, analysing factors that have a bearing on living wages.

In a set of data, an average is the sum of all the values divided by the total number of responses, while the median is the middle value when the numbers are arranged in order. For example, the average basic salary per month reported by surveyed workers in 2023 is US\$ 204. By contrast, the median monthly basic salary is US\$ 200. The median is useful when there are extreme values that could affect the average. Taking this into account, throughout this report we use median values as they give us a more robust measure of the typical value. To compare the gap between median and average values, average values are sometimes used throughout this report as well.

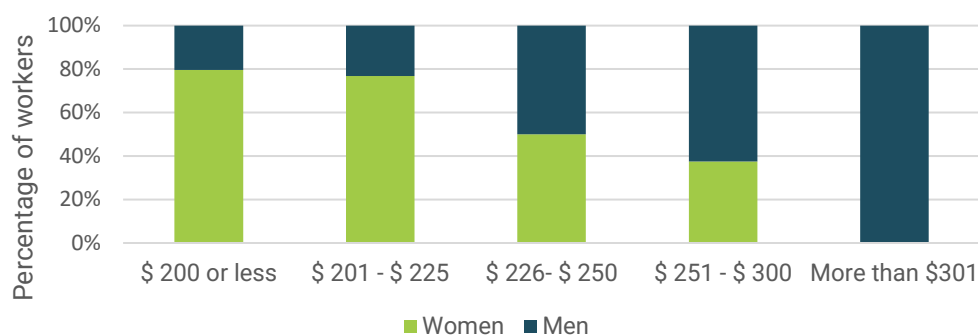
Against this background, this study found that 0.66% of the surveyed workers earned a basic salary below the 2023 statutory minimum of US\$ 200 per month,¹⁶ while 97% of the surveyed workers earned between US\$ 200-225 monthly (Figure 4). Disaggregated by gender, 80% of the workers in the lowest income bracket (US\$ 200 or less) were women. By contrast, over 62% of workers earning between US\$ 251-300 and all of the workers earning more than US\$ 300 were men (Figure 5). Broken down by family status, 70% of the workers earning US\$ 200 or less had a median of 4 children (or an average of 1.9 children) under their care. By contrast, 87% of surveyed workers in all other income brackets (i.e., those earning upwards of US\$ 201) had a median of 2 children under their care (or an average of 1.9 children).

Figure 4 Basic salary per month (in US\$)



Question: Please specify your income per category (per month). Basic salary in Dollar (net)

Figure 5 Basic net salary (in US\$), disaggregated by gender



Question: Please specify your income per category (per month). Basic salary in Dollar (net)

Benefits and allowances are crucial in an employment contract as they are contributions beyond the basic salary that employers provide to their employees. In Cambodia, mandatory allowances include seniority bonus, attendance bonus, transport/accommodation allowance, and child care allowance.¹⁷ Together with bonuses such as performance and overtime, among other, the importance of bonuses and allowances lies in their potential enhancing the quality of life for employees and their families.¹⁸ According to an unofficial translation provided by the ILO of Cambodia’s labour law, the overtime pay must be paid at 50% to 100% above the regular rate.¹⁹ Despite of this, this study found that 5% of the surveyed workers who regularly engage in overtime work (79% of the total surveyed workers) reported being paid ‘sometimes’ for overtime. The surveyed workers who indicated being paid for overtime work (regardless of whether they were paid always or sometimes) received, on average, US\$ 27.92 per month, with US\$ 5 being the lowest overtime monthly pay and US\$ 210 the highest. Other bonuses and allowances reported by the surveyed workers are shown in Table 2.

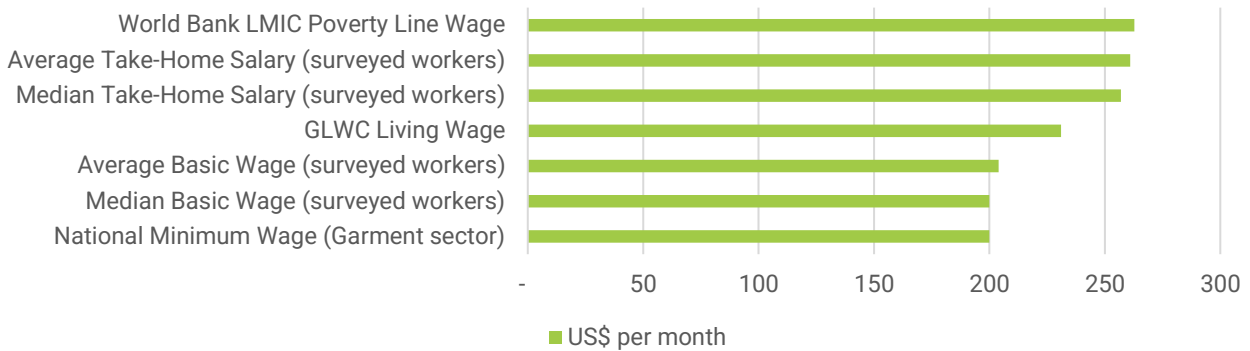
Table 2 Bonuses and allowances paid by the employer to surveyed workers per month (in US\$)

	Performance bonus	Overtime bonus	Skilled labour bonus	Travel allowance	Food allowance for overtime
Share of surveyed workers who are paid bonuses and allowances	71%	80%	47%	99%	84%
Lowest sum paid	5	5	1	5	1
Highest sum paid	225	210	190	30	53
Median (Average)	10 (10.02)	20 (22.56)	0 (6.17)	7 (8.53)	10 (9.67)

Question: Please specify your income per category (per month).

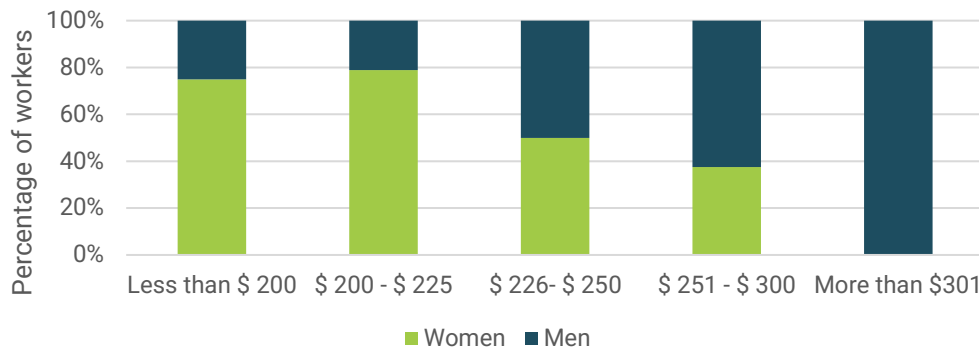
The median take-home salary of surveyed workers, after adding bonuses and allowances, was US\$ 257 per month, while the average take-home salary was US\$ 261.22. Both median and average take-home salaries are above the statutory minimum for Cambodia in 2023 (US\$ 200) and the living wage benchmark for Cambodia set by the Global Living Wage Coalition (US\$ 231),²⁰ but they are below the World Bank LMICs Poverty Line Wage (US\$ 263)²¹ (Figure 6). Disaggregated by income brackets, 43% of the surveyed workers reported a take-home salary of a between US\$ 251 and US\$ 300 per month, and 14% reported earning more than US\$ 300 per month. Disaggregated by gender, the lowest total income bracket (US\$ 200 or less) was made up completely by female workers. At the same time, 69% of the workers who earn more than US\$ 300 per month were women (Figure 7).

Figure 6 Comparison of living wage benchmarks for the Cambodian garment sector (US\$)



Source: World Bank (2022, September 14), "Fact Sheet: An Adjustment to Global Poverty Lines", online: <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines>; Medina, A. F. (2022, October 3), "Cambodia Increases Minimum Wage for Textile and Garment Sectors for 2023", online: <https://www.aseanbriefing.com/news/cambodia-increases-minimum-wage-for-textile-and-garment-sectors-for-2023/>; Global Living Wage Coalition (2022, October 24), Anker Reference Value Update Urban Cambodia 2022. All sources were viewed in July 2023.

Figure 7 Total income (in US\$), disaggregated by gender



Question: Calculation total income per month (includes basic salary, overtime, any bonuses, and allowance)

The surveyed workers were also asked about their monthly expenses. In this context, expenses were divided in three categories: food expenses (including non-alcoholic and alcoholic beverages), non-food expenses (this category included rent, cooking energy, electricity, water, transportation, healthcare, hygienic supplies, clothing, childcare and education, telecommunications, media, grooming, and entertainment), and remittances. The total median expenses reported by workers (i.e., the sum of food, non-food, and remittances) was US\$ 425 and the average total expenses was US\$ 507 (Table 3). From the total median expenses, 42% went into covering food expenses, 52% into non-food expenses, and 6% into remittances

Table 3 Monthly expenses of surveyed workers per month (in US\$)

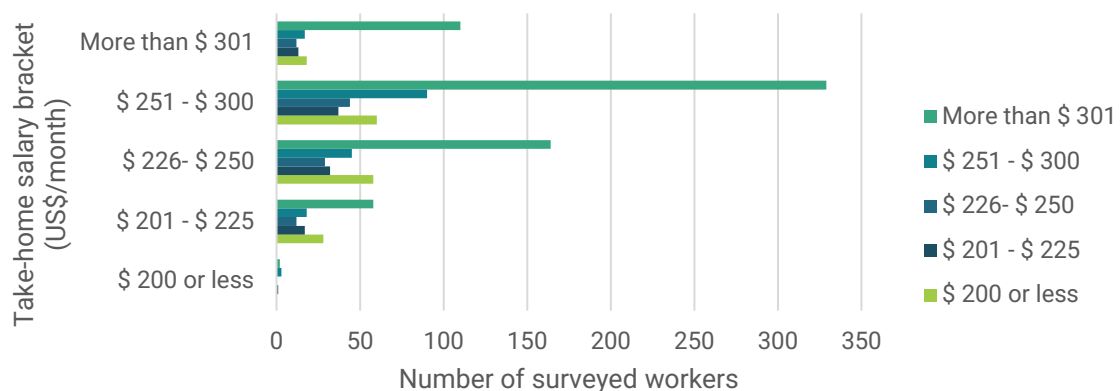
	Food expenses	Non-food expenses	Remittances	Total
Lowest	28	48	1	72
Highest	664	10,196	300	10,287
Median (Average)	180 (201.08)	220 (256.04)	25 (49.93)	425 (507,05)

Question: Basic expenses food (last 7 days) - Food bought by you; Basic expenses non-food (for April) – Basic expenses non-food, How much of your household income do you spend on each category below?; Remittance you send home (dollar per month); Costs of electronic devices (phone card, cell phone, TV, computer) (dollar per month); Other expenses, such as:-Grooming (hair- or nailsalon, etc.)-Personal trips/outings-Entertainment (VCD/DVD renting, music, etc.)-Expenses for ceremonies, parties, donations-other (dollar per month).

The median total expenses reported by surveyed workers (i.e., US\$ 425) were 65% higher than the median take-home salary (i.e., US\$ 257). With these results, it is not surprising that 63% of the surveyed workers are dissatisfied or very dissatisfied with their current salary. By contrast, 19% of them were satisfied or very satisfied. The rest were neither satisfied nor dissatisfied. In fact, 40% of the surveyed workers stated having a second job in order to make ends meet. Through a second job, these workers obtained a median additional income of US\$ 197.5 per month (US\$ 158.99, on average). Moreover, 71% of the surveyed workers reported an additional income stream in their household from other financial contributors. In this context, the median and average additional income from other financial contributions were US\$ 250 and US\$ 258.16, respectively. Still with the additional income, 70% of the workers reported not being able to save money for unexpected events and the workers who were able to save, saved, on average, US\$ 10.95.

Looking at the relation between take-home salaries and monthly expenses, it is noticeable that most surveyed workers in all income brackets except those earning US\$ 200 or less, have monthly expenses above US\$ 301. By contrast, 14% of surveyed workers of all income brackets, reported monthly expenses of US\$ 200 or less (Figure 8). Moreover, 63% of the workers reported needing between US\$ 301 and US\$ 500 to cover their basic expenses. To reach this amount, the median basic wage would need to be increased by 50-150%.

Figure 8 Monthly take-home salary and monthly total expenses of surveyed workers (in US\$)



Question: Total income / Total expenses

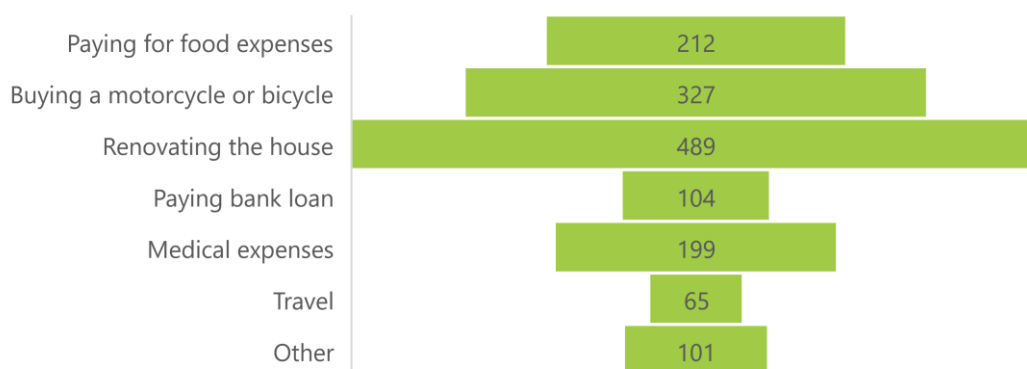
A striking finding of this study is the proportion of indebted surveyed workers. In this context, 77% of the surveyed workers are currently borrowing money from a bank or another financial service to be able to cover their households' expenses. Accordingly, workers in the lower income brackets more often reported borrowing money to cover their costs of living and had the largest median and average debts (Table 4). From the surveyed workers who borrowed money, 70% borrowed from a bank, 20% borrowed from a microfinance institution, 6% borrowed from private lenders, and 4% from friends and family. The workers borrowed money to buy food, to buy a motorbike, for renovating their homes, or to travel (Figure 9). It is notable that although 94% of the surveyed workers reported making use of their NSSF card, 17% of them borrowed money to pay for medical expenses. Moreover, while the majority of workers who borrowed money did so for a combination of reasons, 11% of them borrowed money to repay a bank loan. Further, surveyed workers borrowing money had a median debt of US\$ 5,000 (average US\$ 7,865) (Table 4).

Table 4 Debt among surveyed workers (US\$)

	Take-home salary bracket					All take-home salary brackets
	US\$ 200 or less	US\$ 201-225	US\$ 226-250	US\$251-300	More than US\$300	
Share of workers borrowing money	83%	76%	79%	74%	82%	77%
Lowest debt	5,000	250	100	200	200	100
Highest debt	23,000	35,000	40,000	40,000	45,000	45,000
Median debt (Average debt)	15,000 (13,600)	5,000 (7,851)	5,000 (7,009)	5,000 (7,728)	5,000 (9,683)	5,000 (7,865)

Question: Are you currently borrowing money from a bank or another financial service to be able to cover your household's expenses?

Figure 9 Reasons for borrowing money among surveyed workers

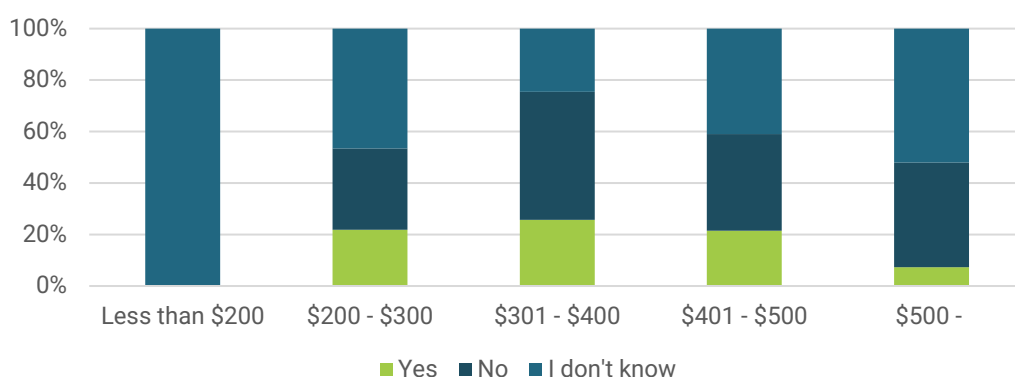


Question: For what reason do you borrow money?

Roughly, 38% of the surveyed workers reported paying an interest rate of 0-1%, 46% of them paid an interest rate of 2-5%, while less than 1% paid between 6-9% and the remaining 14% did not know how much they paid in interests. Based on the median debt, this interest rate amounts to US\$ 100-250 in interests. These results indicate a serious situation where workers not only struggle to save money for emergencies because of their low wages but also end up having to take on debt. Debt becomes a problem when loans are needed for essential expenses or when borrowing money to repay a loan creates a harmful cycle that is challenging to break out of without living wages.

Year-on-year inflation in Cambodia reached 5.3% in April 2023, which is below the 8.1% inflation registered globally during the same period.²² Nonetheless, inflation affects low-income earners the most, as it decreases their purchasing power. The ILO recognises the significance of minimum wages and effective social dialogue, such as collective bargaining, in attaining appropriate salary adjustments during times of crises.²³ Against this background, this research aimed to determine the impact of Collective Bargaining Agreements (CBAs) and the minimum wage in a scenario where most factories lack a CBA. It is striking that none of the workers earning a monthly wage of US\$ 200 or less knew whether there was a CBA in the company where they worked (Figure 10).

Figure 10 Collective Bargaining Agreements and incomes



Question: Is there a current Collective Bargaining Agreement in this company?

Comparing the results presented in this report with the results obtained through the 2022 pilot survey conducted by CNV Internationaal and its Cambodian trade union partners, some trends are observable. Firstly, the median monthly basic salary increased by 2,5% to US\$ 200, in line with the statutory minimum wage for 2023. Nonetheless, the median monthly take-home salary reported by workers in 2023 was 5% lower than that of 2022 (Table 5). The lower take-home salary reported by workers in 2023 could be partially explained by the lower number of workers who reported receiving performance and overtime bonus in this period. However, all of the workers who engaged in overtime work in 2023 reported being paid always or sometimes for this overtime. By contrast, in 2022, 25% of the workers who did overtime work were never paid for this overtime. Moreover, more workers reported receiving skilled labour bonus and food allowance for overtime in 2023. Despite this, median bonuses and allowances remained the same or were even less than in 2022, which is likely the reason for the lower take-home salaries in 2023.

Adding to the lower take-home salaries, the surveyed workers compared higher monthly expenses in 2023. In this context, the monthly expenses reported by surveyed workers increased by 42% between 2022 and 2023. Moreover, not only the share of workers who were dissatisfied with the salaries increased during this period, but the share of workers who had to acquire debt in order to complete their budgets increased from 63% in 2022 to 70% in 2023. Likewise, the median debt increased by 25% between 2022 and 2023 (Table 5). Despite the fact that the nominal increase in inflation was 0.3% between 2002 and 2023, the increase in living costs reported by workers can be explained by the fact that inflation is usually measured using a “basket of goods” that represent the typical spending patterns of consumers.²⁴ However, the items in this basket may not accurately reflect the spending habits of all individuals. Against this background, various reports signal to the high prices of goods affecting the livelihoods of Cambodians.²⁵ The rising living costs and the lower wages help explaining the higher rate of indebtedness of workers, who need to borrow money to cover their basic needs.

Table 5 Comparison of results 2022-2023

	2022	2023
Number of surveyed workers	499	1,197
Median monthly basic salary	US\$ 195	US\$ 200
Median monthly take-home salary	US\$ 271	US\$ 257
Median monthly expenses	US\$ 345	US\$ 425

	2022	2023
Share of surveyed workers who reported not being paid for overtime work	25%	0%
Share of surveyed workers receiving performance bonus	85%	71%
Median performance bonus	US\$ 10	US\$ 10
Share of surveyed workers receiving overtime bonus	82%	80%
Median overtime bonus	US\$ 30	US\$ 20
Share of surveyed workers receiving skilled labour bonus	46%	47%
Median skilled labour bonus	US\$ 10	US\$ 0
Share of surveyed workers receiving travel allowance	99%	99%
Median travel allowance	US\$ 7	US\$ 7
Share of surveyed workers receiving food allowance for overtime	79%	84%
Median food allowance for overtime	US\$ 10	US\$ 10
Share of workers not able to save money for unexpected events	63%	70%
Share of workers borrowing money to make ends meet	74%	77%
Median debt	US\$ 4,000	US\$ 5,000
Inflation	5%	5.3%

3

Conclusions and recommendations

This section presents conclusions derived from the findings presented in the previous sections and provides recommendations based on those findings.

Conclusions

These findings indicate that the already dire situation of Cambodian garment sector workers has further deteriorated since the pilot survey conducted by CNV Internationaal and its partners in 2022. For example, while the median take-home wage of surveyed workers is above the minimum wage for the Cambodian textile sector and the income benchmark by the GLWC, it is below the World Bank's LMICs Poverty Line Wage. As such, the take-home salary reported by the majority of surveyed workers is insufficient to cover their living expenses, particularly food and housing. In other words, workers are not earning a living wage.

Lay-offs due to order cancellations driven by the COVID-19 pandemic is one of the reasons why garment sector workers (and specially female workers) began to massively acquire debt.²⁶ The subsequent economic shocks caused by global inflation, combined with the insufficient wages have exacerbated this situation. In this context, this study found more surveyed workers borrowing money to cover their basic expenses in 2023 (in 2022, 74% of the surveyed workers reported borrowing, versus 77% in 2023) and workers borrowed a median amount equivalent to 18 months' worth the median take-home salary. By contrast, surveyed workers borrowed a median amount equivalent to almost 15 months' worth the median take-home salary in 2022. Adding to the high rate of debt among surveyed workers, this study found that 40% of surveyed workers reported taking on a second job to mitigate the insufficient wages from their work in the garment industry. This finding is of serious concern, as almost 80% of the surveyed workers reported doing overtime regularly.

To overcome the gap between their current take-home salary and their living expenses, workers' wages would require an increase of 50%-150%. Moreover, it is crucial to underscore the pay disparity between male and female workers, where female are overrepresented in the lowest income brackets. To mitigate the high living costs of workers, there is a need for employers, the Cambodian government, and trade unions to engage in fruitful dialogue to guarantee workers earn sufficient income to meet their basic needs, have a financial buffer for unforeseen expenses, and avoid falling into debt. Moreover, there is a pressing need for downstream buyers of garments manufactured in Cambodia to do their part and help the Cambodian Government's efforts for the garment sector's post-pandemic recovery.

Recommendations for CNV Internationaal and its Cambodian counterparts

To achieve and sustain living wages in the Cambodian textile sector, it is crucial to strengthen trade unions' role in minimum wage negotiations by allowing them to directly gather evidence from workers about wages and working conditions. In this context, obtaining a more representative sample is crucial to making more accurate conclusions. Against this background, CNV Internationaal and Cambodian trade union partners CLC, C.CAWDU, CATU, INTUFE, and FTUWKC are advised to increase their efforts by involving other unions in data collection and expanding coverage to more factories and workers. A larger coverage of factories was observed in 2023, when double the number of factories from the previous year were covered. Nevertheless, a lot of work is still required to reach a more representative sample, as there are over 1,300 garment factories in Cambodia.²⁷

Recommendations for employers and the Cambodian Government

The increasing number of countries pushing for a circular economy model of production and consumption will undoubtedly have repercussions for the garment sector globally.²⁸ These impacts will be particularly felt by workers, whose livelihoods could be at risk if strategies are not devised to generate new job opportunities and provide them with the necessary training for these roles. Against this background, we recommend the Cambodian Government to start considering measures to stay ahead of these changes. A measure, in line with the principles of the circular economy model, would be working together with downstream buyers of Cambodian-made garments to design products of better quality (that is, products that are more durable and made with high quality textiles). Specialising in such goods could lend Cambodia a competitive advantage, attracting more investment and resulting in an opportunity to promote better work.

Recommendations for apparel brands

The responsibility for realising living wages goes beyond national governments and employers, as emerging binding legislation (such as the EU Human Rights Due Diligence law) are making brands accountable for supporting living wages in their supply chain. Against this background, we reiterate our suggestion to apparel brands to take a comprehensive approach to address low wages in the upstream segments of their supply chains. This involves reviewing their purchasing practices, paying sufficient prices for the goods they purchase, and implementing better payment terms and longer contracts. Moreover, apparel brands should collaborate with unions to assess living wage gaps and working conditions in their supply chains and actively participate in enhancing social dialogues at various levels, including workplaces, sectors, and nationally.

Methodological note

Study population	Direct and outsourced workers, unionised or not, employed in the Cambodian garment (clothing) and footwear (shoes) sectors.
Sampling method	Convenience sampling, meaning that the sample was taken from a readily available group (in this case, workers in the factories where CNV Internationaal's Cambodian partner unions were present).
Type of sample	Non-probabilistic, meaning that the sample is not representative and that there is a high chance of undercoverage bias.
Number of survey respondents	1,197
Number of factories covered	56
Characteristics of survey instrument	Online questionnaire consisting of 54 basic questions and 41 cascading questions. The online survey was conducted through the KoBoToolbox platform, ensuring that respondents' answers remained anonymous.
Survey period	April-May 2023

References

- 1 International Monetary Fund (2022, April 1), "IFC Helps Boost Competitiveness and Drive Sustainable Growth in Cambodia's Garment Sector", online: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26911>, viewed in July 2023.
- 2 National Institute of Statistics, Ministry of Planning, Royal Government of Cambodia (2021, September), *Report on the Cambodia Labour Force Survey 2019*, p. 99.
- 3 Responsible Business Hub Cambodia (2022, November), *Cambodia Garment, Footwear and Travel Goods Sector Brief*, p. 1.
- 4 Human Rights Watch (2022, November 21), "Only "Instant Noodle" Unions Survive. Union Busting in Cambodia's Garment and Tourism Sectors", online: <https://www.hrw.org/report/2022/11/21/only-instant-noodle-unions-survive/union-busting-cambodias-garment-and-tourism>, viewed in July 2023.
- 5 World Bank (2022, June), *Cambodia Economic Update. Weathering the Oil Price Shock*, p. 24.
- 6 Nuon, V. (2021, January), *Mapping Social Dialogue in Apparel: Cambodia*, Ithaca, NY: Cornell University, p. 9.
- 7 CNV Internationaal (n.d.), "Textile", online: <https://www.cnvinternationaal.nl/en/topics/value-chains/textile-1>, viewed in July 2023.
- 8 CNV Internationaal (2022, March), *Position Paper: The textile and garment industry*, p. 5.
- 9 CNV Internationaal (n.d.), "Living wage", online: <https://www.cnvinternationaal.nl/en/topics/special-topics/livingwage#:~:text=A%20living%20wage%20is%20the,them%20to%20make%20ends%20meet.>, viewed in August 2023.
- 10 Quiroz, D., Rajeevan, C. (2023, March), *Living wages in the Cambodian textile sector. Report of a participatory digital monitoring pilot project*, Amsterdam, The Netherlands: CNV Internationaal and Profundo, p. 11.
- 11 KoBoToolbox (2022, March 14), "What is KoBoToolbox?", online: <https://support.kobotoolbox.org/welcome.html#:~:text=KoboToolbox%20is%20a%20platform%20for,researchers%20working%20in%20developing%20regions.>, viewed in July 2023.
- 12 ILO (2018, December), *Cambodia Garment and Footwear Sector Bulletin*, p. 1.
- 13 National Institute of Statistics, Ministry of Planning, Royal Government of Cambodia (2021, September), *Report on the Cambodia Labour Force Survey 2019*, p. 99.
- 14 World Bank (2020), *Gender Analysis of the Cambodian Labor Market*, p. 2.
- 15 ASEAN (2020), *Projected Gender Impact of the ASEAN Economic Community*, p. 33.
- 16 ASEAN Briefing (2022, October 3), "Cambodia Increases Minimum Wage for Textile and Garment Sectors for 2023", online: <https://www.aseanbriefing.com/news/cambodia-increases-minimum-wage-for-textile-and-garment-sectors-for-2023/#:~:text=Cambodia%20Increases%20Minimum%20Wage%20for%20Textile%20and%20Garment%20Sectors%20for%202023,-October%203%2C%202022&text=Cambodia%20has%20increased%20its%20monthly,%2C%20garment%2C%20and%20footwear%20industries.>, viewed in July 2023.
- 17 ILO (2018, June), *Cambodia Garment and Footwear Sector Bulletin*, p. 3.
- 18 ILO (n.d.), "Q&As on Business, Wages and Benefits", online: https://www.ilo.org/empent/areas/business-helpdesk/faqs/WCMS_DOC_ENT_HLP_WAG_FAQ_EN/lang-en/index.htm, viewed in July 2023.
- 19 ILO (2020), *Labour Law – Amendment of Articles 139 and 144. Kingdom of Cambodia. Unofficial English Translation*.
- 20 GLWC (n.d.), Living Wage Reference Value – Urban Cambodia, online: <https://www.globallivingwage.org/living-wage-reference-value-urban-cambodia/>, viewed in July 2023.
- 21 World Bank (2022, September 14), "Fact Sheet: An Adjustment to Global Poverty Lines", online: <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines>, viewed in July 2023.

- 22 IMF (2023, April), "Inflation rate, average consumer prices. Annual percent change", online: <https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEO WORLD>, viewed in July 2023.
- 23 ILO (2022), *Global Wage Report 2022-23. The impact of inflation and COVID-19 on wages and purchasing power*, p. 17
- 24 World Bank (n.d.), "Metadata Glossary", online: <https://databank.worldbank.org/metadataglossary/world-development-indicators/series/FP.CPI.TOTL.ZG>, viewed in August 2023.
- 25 Khmer Times (2023, July 24), "Inflation still top concern for Cambodians, report says", online: <https://www.khmertimeskh.com/501329619/inflation-still-top-concern-for-cambodians-report-says/>, viewed in August 2023; Kiripost (2023, January 27), "Slowing Inflation Fails to Ease Cost-of-Living Burden", online: <https://kiripost.com/stories/cambodia-slowing-inflation-fails-to-ease-cost-of-living-burden>, viewed in August 2023.
- 26 Brickell, K., Lawreniuk, S., Chhom, T., Mony, R., So, H., McCarthy, L. (2023), 'Worn out': debt discipline, hunger, and the gendered contingencies of the COVID-19 pandemic amongst Cambodian garment workers, *Social & Cultural Geography*, 24(3-4): 600-619.
- 27 Khmer Times (2023, May 26), "Number of factories in Cambodia grows from 64 in 1997 to 1,326 in 2023, says Prime Minister Hun Sen", online: <https://www.khmertimeskh.com/501297669/number-of-factories-in-cambodia-grows-from-64-in-1997-to-1326-in-2023-says-prime-minister-hun-sen/#:~:text=Hun%20Sen%20said%2C%20%E2%80%9CNowadays%2C,an%20increase%20for%20our%20country.%E2%80%9D>, viewed in August 2023.
- 28 European Environmental Agency (2019, November 19), "Textiles in Europe's circular economy", online: <https://www.eea.europa.eu/publications/textiles-in-europes-circular-economy>, viewed in August 2023.

Profundo

Research & advice

Radarweg 505
1043 NZ Amsterdam
The Netherlands
+31-20-8208320
profundo@profundo.nl
www.profundo.nl