



# Re-modelling and reconceptualising skills development in Cambodia: How are social enterprises preparing young people for successful transitions between learning and work?



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## ABSTRACT

As new socioeconomic challenges are constantly changing labour market demands in the global South, youth unemployment and underemployment become a growing international and national worry. This research focuses on exploring how social enterprises re-model and reconceptualise skills development in Cambodia to prepare young people for successful transitions between learning and work. An empirical case study of four eminent social enterprises was conducted in Cambodia in 2012. Accordingly, educational and managerial innovations are found in the cases to provide resources, training, and employment opportunities for young people to experience decent work values and eventually learn to assume greater social responsibility.

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## 1. Introduction: Contextual challenges to youth underemployment and rise of social enterprises

This research focuses on exploring how social enterprises re-model and reconceptualise skills development to prepare young people for successful transition between learning and work, by investigating the Cambodian case. After three decades of civil war and political conflict, the Royal Government of Cambodia (RGC) was established in 1993 and faced serious deficiencies in financial and human resources. The country's education sector has heavily relied on official development assistance (ODA), receiving US\$100 million in 2008, US\$155.5 million in 2011, and US\$125.7 million in 2012 (Council for the Development of Cambodia, 2013). ODA in Cambodia's education sector has targeted a specific Millennium Development Goal (MDG) of Universal Primary Education (UPE), overweighted primary schooling and basic education (rather than technical and vocational education and training), enlarged the gap between skill supplies and skill demands, and perpetuated the poverty and vulnerability of most Cambodian youth (Cheng, 2012). In addition to receiving ODA from traditional, northern donors, Cambodia currently is found in a new, changing aid landscape where the emergence, complexity and significance of multiple new private providers (mainly, social enterprises) are observed to prepare young people for transitions between learning and work

(Greenhill, 2013; Meyn, 2010). Accordingly, certain research questions are raised in this research: What policy context and concepts of Cambodia's skills development are shaped, by whom, and to which social enterprises react and respond? From the social enterprise perspective, what skills must be delivered to Cambodian young people and how should they be delivered to meet the skills demand in the labour market? Can social enterprises link young people not just to work but to decent work values? What innovative ideas do educational and managerial practices of social enterprises apply, that in turn send implications for an enhanced skills development agenda in Cambodia and internationally?

New socio-economic, technological, environmental, and demographic challenges are constantly changing labour market demands in Cambodia, thus, young people face serious unemployment and underemployment issues. The Cambodia Socio Economic Survey (CSES) of 2009 (National Institute of Statistics, 2010) used a broader definition of employment: anyone who had worked at least 1 hr during the previous week was considered to be employed. The unemployment rate was approximately 1.05% in 2004 and only 0.1% in 2009. By comparison, the underemployment rate in Cambodia is as high as 38%, particularly in the agricultural sector (Economic Institute of Cambodia, 2009). According to the Economic Institute of Cambodia (2009), the underemployed refers to people doing some survival or subsistence work while still living below the poverty line. Cambodia has the youngest demographic structure in Southeast Asia. Approximately 30% of the total

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population (i.e., approaching 14 million) are between 15 and 24 years of age and more than 60% are younger than 24 years. Of those between 15 and 24 years, 63% are out of school, either having never attended school or having dropped out from basic education (Grades 1 to 9); and 94% have never completed Grade 12 (World Bank, 2010). Economically, new labours increased by almost 1.3 million from 2004 to 2009, of which the number of young Cambodians entering the labour market per year is estimated to reach 300,000 or more (Economic Institute of Cambodia, 2009). The term 'labours' here refers to those who are available for employment (whether skilled or unskilled) and officially protected by the Labour Law (launched in 1997) in Cambodia. Cambodian young labours face rapidly growing competition, particularly following the development of the Association of Southeast Asian Nations (ASEAN) Economic Community by 2015, when skilled and unskilled labours in the free trade region will be free to flow into Cambodia. Consequently, the RGC recognises the value of acquiring skills as part of its overarching socio-economic policy agenda (named the Rectangular Strategy for Growth, Employment, Equity, and Efficiency, 2008–2013), and declares that the ability of its young people to acquire skills will greatly determine the nation's future economic performance, industrial upgrading, technological changes, and employment creation (World Bank, 2012).

Cambodia has experienced long-term issues regarding insufficient education and high resource dependency on the international aid chain. For the dominant international education aid policies in Cambodia, both Education for All (EFA) and education MDGs, endorsed and supported by the RGC and its major international counterparts, including multilateral and bilateral agencies and non-governmental organisations (NGOs), have poured aid resources into Cambodia's basic education rather than into career and job-oriented education (Cheng, 2010; Council for the Development of Cambodia, 2010). Approaching the end of EFA and MDGs by 2015, Cambodia's youth unemployment and underemployment issues remain unanswered. Reflecting upon this, there appears a powerful private sector composed of for-profit companies, philanthropic organisations and mixed-based agencies, and interested in intervening in education and skills development. Social enterprise, by its very definition, is a type of mixed-based organisation where a business model is innovatively blended with and applied to a social mission (Dees, 1999, 2005). It also refers to a profitable social business that re-invests its profits into the business to consolidate its social mission (Defourny, 2004; Yunus, 2010). In the multiple case study of Seelos et al. (2005), 48 of 74 social enterprises directly and effectively helped achieve aid development goals such as MDGs in the developing world. Also, a current movement in Cambodia is observed to seek to turn social services into a genuinely entrepreneurial venture (Meyn, 2010).

The rise of social enterprises coincides with the growing public recognition of NGOs' organisational limitations. First, the philanthropic nature of NGOs and charity has been criticised as keeping the poor and the vulnerable where they are, because most NGO interventions in education and training have little linkage with the local economy and typically disempower rather than empower their beneficiaries (Vardigans, 2011). Second, NGOs operating in Cambodia and worldwide are under increasing pressure of financial survival and sustainability, considering the global economic turndown, coupled with the decreasing aid support of international donors and greater demands on NGO accountability (Hansmann, 2003). Finally, the NGO community in Cambodia has grown mistrustful of the RGC. In 2008, the Law on Demonstration was passed and a law on Associations and Non-Governmental Organisations has since been drafted. NGOs are facing shrinking civil space for their activities (Cooperation Committee for Cambodia, 2010), and as a result, social enterprises in this low-human-development nation

have increased rapidly. The number of social enterprises has risen in time especially when government failure, market failure and voluntary failure come together. However, international debates on operation and intervention of social enterprises in the global South in general and in Cambodia in particular are going on (Borzaga and Defourny, 2004; Borzaga and Luca, 2004). First, there are no absolute definition and unified concepts of social enterprises that can reach an international consensus and be applicable to all different national contexts. For example, whether profits of a social enterprise can be returned to its founder(s), shareholder(s) and employee(s) as work incentives is still arguable. Next, juridical legitimacy, laws and regulations of social enterprises remain absent in many developing countries, where social enterprises are rather legitimised by their creation of social values and economic values (Lyne, 2013). For instance, although the fast growth of social enterprises receives public recognition and appreciation in Cambodia, they are never registered as social enterprises, but formally registered as either private companies or non-governmental organisations in this country. Cambodia has no laws and legal framework created for social enterprises, and accordingly, the latter obligations are usually fulfilled in a rather ambiguous way. Finally, there has been relatively little systematic, academic research into the ideas of social enterprise management and this is a comparatively recent development, in comparison to the abundant research that has been undertaken into the public, private, and non-governmental sectors. The existing literature, whether for or against social enterprises' intervention and operation, grounds its arguments in rather scattered and limited evidence.

Thus, to answer the research questions, the analyses of how skills development has been conceptualised in Cambodia are presented in the next section. Having clarified the contexts and concepts of Cambodia's skills development (Section 2), I conducted an empirical case study of four eminent Cambodian social enterprises in 2012 (Section 3). By doing so, how a social enterprise models and resources young people's transitions between learning and decent work is observed and found (Section 4), and in turn sends implications of managerial and educational innovations for Cambodia's skills development policies and practices (Section 5).

## 2. Conceptualising skills development: What policy concepts of Cambodia's skills development are shaped, by whom, and to which social enterprises react and respond

*"Making (the skilling) system work is more complicated than putting a system into place,"* according to the correspondent at the Asian Development Bank (ADB) office (Phnom Penh) on July 10, 2012.

### 2.1. Why skills are selected: To develop economic growth or sustainable development?

Under the pressure of the developing ASEAN Economic Community, the discussion over **what** skills to provide for young people in Cambodia has been widely and thoroughly debated (World Bank, 2003, 2006, 2010, 2012). Increased attention has focused on the RGC and its primary counterparts such as the ADB, the International Labour Organisation (ILO), United Nations Educational, Scientific, and Cultural Organisation (UNESCO), and the World Bank that share the authorship of skills development policies in Cambodia in questioning **how** to deliver skills. Annual national conferences of social enterprises in Cambodia have been held since 2011 to bring together academics, practitioners from social enterprises, and representatives from international donor agencies and from the public, business, and non-governmental

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