

Chapter 1

Study Methodology

1.1. Rationale and Scope of the Study

The study – based mainly on information from the WEF Executive Opinion Survey 2005 – was carried out from February to early April 2005 by the Economic Institute of Cambodia (EIC) in partnership with the World Economic Forum (WEF). It was part of a world-wide survey conducted every year by the WEF and their partner institutes in each respective country to assess and rank the countries in term of their competitiveness. The main objective of the survey in each country is to capture business executives' perceptions on various aspects of the economy in which they operate.

Even though the survey was done in February to early April 2005, the findings have been withheld until the end of September 2005 – 6 months later, when the WEF will officially launch the Global Competitiveness Report 2005-2006 at the international level. The international comparison between Cambodia and other countries could be done only a week before the launch date when the global data was provided.

1.2. Data Collection

A standardized questionnaire designed by the WEF was used for data collection purposes. It is a comprehensive questionnaire consisting of 135 questions grouped into 12 different sections. Many of the questions ask respondents to choose their answer in terms of a number ranging from 1 to 7, where 1 represents the worst case scenario and 7 the best case scenario. However, in order to cover some relevant issues specific to Cambodia, EIC includes some additional questions relating to prospects of the country's socio-political situation and progress.

A master list of companies was developed from different company directories, including Cambodia's Yellow Pages, directories from business associations and relevant ministerial departments. Various criteria, such as capital investment, number of employees, well-known brand, and sector activity were considered for the selection of companies to be included in the master list. In addition, telephone calls to companies were required to ensure that we could secure the right company representative for interviews.

In order to optimize the quality of the survey and to speed up the survey process, EIC formed an ad-hoc advisory team. It invited representatives from international organizations and relevant business associations to comment on the

survey process as well as to provide suggestions. It helped the survey group access members of their associations and organizations.

During the survey implementation, questionnaires were sent out to companies in the master list with a summary of last year's Global Competitiveness Report (2004-2005), and then they were followed up by telephone calls. As soon as they confirmed receiving the questionnaires, the survey group would make appointments with them for interviews. In the case where face to face interviews were not possible, the survey recipients were asked to attempt the questionnaire in their own time, and return it to EIC from where the completed questionnaires would be forwarded to the WEF to processing.

1.3. Description of the Sample

The Executive Opinion Survey 2005 in Cambodia was a success with a high response rate – thanks to support from business associations and representatives of the companies. Of the 180 contacted companies over 100 completed the questionnaires, which means the response rate was higher than 50 percent. In fact, EIC has received a total of 100 survey returns, and not more than three were reported to have been sent direct to the WEF. However, only the 100 companies from which EIC have received their returns are categorized in the table below.

Table 1.1: Sample Structure for the Executive Opinion Survey 2005 in Cambodia

	Phnom Penh	Kandal	Siem Reap	Kampong Cham	Total
Agriculture	6	1	0	0	7
Industry	37	3	0	1	41
Garment Factories	25	3	0	1	29
Others	12	0	0	0	12
Service	32	0	20	0	52
Hotels & Restaurants	6	0	20	0	26
Financial Intermediations	10	0	0	0	10
Others	16	0	0	0	16
Total	75	4	20	1	100

Most of the survey respondents are in service and industrial sectors with heavy concentrations in Phnom Penh and the tourist town of Siem Reap. Out of the 100 completed questionnaires, 52 are from the service sector, 41 the industrial sector

and 7 the agricultural sector. The returns cover many major business lines: garment factories, hotels, restaurants, banking, and insurance. The total respondents in these major business lines represent up to 65 percent of the sample size making it possible to have a comprehensive analysis and obtain meaningful outcomes on the subject matters. The rest of the sample is made up of companies operating in agriculture, electricity, transportation, and construction etc.

Table 1.2: Sample Distribution by Number of Employees

	Garment	Hotels	Financial Institutions	Others	Total
<50	1	2	4	11	18
51-100	0	8	2	3	13
101-500	3	15	3	15	36
501-1,000	8	0	0	4	12
1,001-5,000	12	0	1	2	15
5,001-20,000	5	0	0	0	5
Not-specified	0	1	0	0	1
Total	29	26	10	35	100

The survey respondents are also credible in terms of the large workforce under their management. Twenty percent of them employ more than 1,000 workers in each establishment, including five percent with 5,000 or more employees. Another 48 percent have a labour force between 101 and 1,000 people at their workplace.

Table 1.3: Sample Distribution by Ownership Nationality

	Garment	Hotels	Financial Institutions	Others	Total
Domestic owned	2	17	6	18	43
Foreign owned	27	9	4	17	57
Total	29	26	10	35	100

The credibility of the survey participants may be enhanced by the nature of their business ownership. 57 percent of them are foreign owned with headquarters in different countries such as China, France, Hong Kong, Korea, Malaysia, Singapore, Switzerland, Taiwan, Thailand and Vietnam. Such foreign ownership could perhaps

help them to have a better appreciation of their business operations, especially when it comes to comparative outlooks.