

Disclaimer

This report is the property of HRINC (Cambodia) Co., Ltd and may not be reproduced in any form or manner. The report is uniquely coded to track reproduction of the report and should not be disclosed to any other party without the written consent of HRINC (Cambodia) Co., Ltd.

The report is intended to provide information to the buyer on market salaries and HR practices and may be used for internal company decision making and analysis. HRINC (Cambodia) Co., Ltd bears no responsibility for the decisions and/or further analysis made pertaining to the report. The data contained herein represents the data that participating companies have provided to HRINC (Cambodia) Co., Ltd where we have taken all reasonable effort to ensure data accuracy and transparency.

Further questions relating to the report can be sent to hrinc@hrinc.com.kh.

Acknowledgements & Introductory Remarks

We would like to warmly thank all the 31 participating companies for their collaboration in this project. Many of the companies who participated in this year's survey have participated in previous editions. We thank them for their on-going support and co-operation. We are also pleased to have several new companies joining the survey this year for the first time. This has boosted the number of participating companies from 24 last year to 31 this year, which provides a more representative sample of the Cambodian market.

The access they have provided to their data and the transparency they have shown concerning their processes and practices have ensured that this report provides meaningful and valuable insights into the Cambodian market.

This Insight copy of the *Annual Private Sector Compensation Review 2011-12* provides a snapshot of some of the information and analysis contained in the full report. The survey is the result of leading multinational companies in Cambodia seeking updated and reliable information on salaries, benefits and human resources (HR) practices in the Cambodian labour market.

This is the seventh annual salary survey of multinational companies that HRINC has conducted – with our first survey launched in 2005. Our reports have improved and expanded over the years, in response to client feedback as well as the increasing sophistication of the Cambodian labour market.

A key finding of this year's survey is that the Cambodian labour market remains very tight – especially for managers and experienced professionals. In such an environment, finding and keeping top talent will continue to be a challenge. Successful companies will need to have a consistent and competitive compensation structure that reflects market trends and best practices. The *Annual Private Sector Compensation Review 2011-12* plays an essential role in helping companies to establish and maintain such a compensation structure.

This year, in response to client feedback, we have restricted the remuneration analysis to local Cambodian staff. We believe this makes the analysis clearer and more meaningful for clients. The chapter on Benefits and Allowances Practices still covers participants' policies towards expatriates for things like health insurance and housing allowances.

This year's full report contains several enhancements:

- In the salary tables, KESAR Job Levels 4, 6 and 7 have been sub-divided into 4A & 4B, 6A & 6B, and 7A & 7B. This is in response to feedback from some clients who requested greater differentiation at these levels so that they can interpret the results more precisely. (Results are also still shown at the aggregated levels 4, 6 and 7.)
- This year, we collected data on starting salaries for each job position from 19 participating companies. In the full report, we show how starting salaries differ between Job Functions and how they relate to actual salaries in the market.
- In the HR Practices chapter, this year we show more detail on staff turnover rates, distinguishing between turnover resulting from employee resignations and turnover resulting from company terminations.
- For the first time, survey participants who buy the full report receive a comparison of their own company's salary information directly against the total sample results.

The purpose of this salary survey is to benchmark salaries and benefits for positions in the private sector. This benchmarking exercise:

- Allows you to consistently compare different jobs within the organisation and similar jobs across different organisations

- Provides valuable information to help formulate competitive compensation policies based on prevailing market trends and best practices in the area of benefits
- Equips you with dependable market information on some significant common Human Resource (HR) practices including salary reviews, inflation rate adjustments, challenges in recruitment and labour turnover
- Provides you with an understanding of labour law compliance and practices within the market.

The full report of the *Annual Private Sector Compensation Review 2011-12* is divided into 11 chapters, plus appendices. Notes pages have also been inserted for ease of analysis.

Table of Contents

1. Economic Review and Outlook	6
2. Highlights of the survey.....	6
2.1. <i>Best paying jobs.....</i>	<i>6</i>
2.2. <i>Which sectors pay the most?.....</i>	<i>7</i>
2.3. <i>How much do salaries differ from one job level to the next?.....</i>	<i>8</i>
2.4. <i>What benefits and allowances do companies provide?.....</i>	<i>9</i>
2.5. <i>Recruitment and labour turnover challenges</i>	<i>9</i>
2.6. <i>Employment numbers and outlook for future</i>	<i>9</i>
2.7. <i>Salary increments</i>	<i>9</i>
2.8. <i>Bonus / Incentive payments.....</i>	<i>9</i>
2.9. <i>Comparing salaries from 2010-11 and 2011-12 reports.....</i>	<i>9</i>
3. Profile of the Sample	10
3.1. <i>Introduction.....</i>	<i>10</i>
3.2. <i>Participant Profile by Sector</i>	<i>10</i>
3.3. <i>Participant Profile by Size (Data Points).....</i>	<i>12</i>
4. Methodology and Confidentiality	13
4.1. <i>Job Analysis & KESAR Methodology.....</i>	<i>13</i>
4.2. <i>Total Compensation Concept.....</i>	<i>16</i>
4.3. <i>Confidentiality</i>	<i>18</i>
5. Data and Report Interpretation and Understanding	19
5.1. <i>Definition of Statistical Terms Used in this Report</i>	<i>19</i>
5.2. <i>Interpreting Tables</i>	<i>19</i>
5.3. <i>Interpreting Box Plots</i>	<i>21</i>
5.4. <i>Interpreting Trend Lines.....</i>	<i>22</i>
6. Salary Data by Job Functions	23
7. Salary Data by Activity Sectors	25
8. Annual Total Cash Compensation	26
9. Benefits and Allowances Practices.....	27
10. HR Practices & Challenges	27
11. Labour Law Findings	27
12. Appendices.....	28

List of Figures !

Figure 1: Gross Monthly Salary, Median Trend Lines for each Sector	8
Figure 1: Gross Monthly Salary (Median) – by Level, across All Functions	8
Figure 2: Sector comparison, 2010-11 versus 2011-12	11
Figure 3: Participant companies by size (data points).....	12
Figure 4: Participant companies by sector & size	12
Figure 5: The Box Plot	21
Figure 6: Gross Monthly Salary, All Functions	24
Figure 7: Trend lines, Gross Monthly Salary, All Functions	24
Figure 8: Average Annual Total Cash Compensation – By Level (in %).....	26

List of Tables

Table 1: Difference between Average Functional Salary and Overall Average Salary	7
Table 2: Difference between Average Sector Salary and Overall Average Salary	7
Table 1: Size of Survey Samples: 2009-10, 2010-11 & 2011-12	10
Table 2: Activities allocation by sector	10
Table 3: Generic job titles.....	14
Table 4: Examples of market job titles by Job Level.....	15
Table 5: Annual Total Compensation – Components.....	17
Table 6: Interpreting Data Tables (Example Data)	20
Table 7: Participant List by Industry Sector	28

1. Economic Review and Outlook

The global economic outlook remains highly volatile and uncertain.

In response to the global recession in 2009, government authorities in many countries sought to kick-start their economies with higher government spending, lower taxes and lower interest rates. However, in many developed economies – including the United States, Europe and Japan – this aggressive policy response has failed to stimulate private sector demand. Many developed economies continue to suffer from weak economic growth, high unemployment, and worrying levels of government and private debt. Developing economies, including China and India, have performed much better.

Overall, the global economy is expected to grow by 4% in 2011 and 2012, with a large gap in the performance of developed and developing economies.

Cambodia has recovered strongly from the economic downturn in 2009. The economy grew by an estimated 6.0% in 2010 and is forecast to grow by around 6.7% in 2011 and 6.5% in 2012. Cambodian inflation is forecast to be 8.2% for the year to December 2011, declining to 4.1% in 2012.

The full report provides further information on the global and Cambodian economies, as well as Cambodian employment by sector and the number of university graduates by field of study.

2. Highlights of the survey

This chapter of the full report provides some highlights of the *Annual Private Sector Compensation Review 2011-12*. It covers a range of interesting issues, including:

- Which job positions generally pay above the market average?
- Which sectors generally pay above the market average?
- How rapidly do salaries increase from one job level to the next?
- What benefits and allowances do companies provide?
- What recruitment and labour turnover challenges do companies face?
- What has happened to employment in recent years?
- By how much have salaries increased? What size bonuses have been awarded?
- How do the salaries reported in this year's survey compare with last year's survey?

2.1. Best paying jobs

The table below compares the average Gross Monthly Salary paid at each Job Level across each Job Function. The table displays, for a given Job Level, the extent to which the average salary for a particular Job Function (such as Accounting & Finance) is higher or lower than the median salary for the total market (across all Job Functions).

Percentages highlighted in blue are at least 10% **above** the total market median, while percentages highlighted in red are at least 10% **below** the total market median. The table highlights the following key points:

- At most Job Levels, functions that tend to pay significantly *above* the overall market include **HR & Legal, Engineering** and **IT**
- **Purchasing & Logistics** tends to pay *below* the overall market in more senior roles but *above* the overall market in more junior roles
- At most Job Levels, **Customer Services** and **Sales** tend to pay significantly *below* the overall market.

Table 1: Difference between Average Functional Salary and Overall Average Salary

KESAR Level	Accounting & Finance	Admin	HR & Legal	Engineering	IT	Production & Maintenance	Purchasing & Logistics	Quality & Environ	Customer Services	Sales	Marketing
Level 1	--	--	--	--	--	--	--	--	--	--	--
Level 2	11%	--	-16%	--	--	--	--	--	--	-10%	--
Level 3	2%	10%	5%	2%	0%	2%	-12%	26%	-6%	-9%	-3%
Level 4	0%	6%	12%	31%	15%	-1%	-3%	-28%	-5%	-20%	29%
Level 5	14%	-9%	-1%	26%	27%	-15%	3%	-9%	-13%	-22%	10%
Level 6	-10%	10%	25%	9%	9%	3%	14%	-5%	-18%	10%	-10%
Level 7	14%	25%	56%	24%	38%	3%	42%	7%	-1%	-23%	3%
Level 8	13%	15%	18%	0%	-17%	4%	34%	16%	-4%	-16%	14%
Level 9	--	5%	--	-5%	--	16%	24%	--	--	-29%	--
Level 10	--	-5%	--	--	--	50%	--	--	--	--	--

2.2. Which sectors pay the most?

In this survey, participant companies are classified into four sectors according their main activity:

- Construction and Manufacturing
- Trade, Transportation and Logistics
- Services
- Telecom.

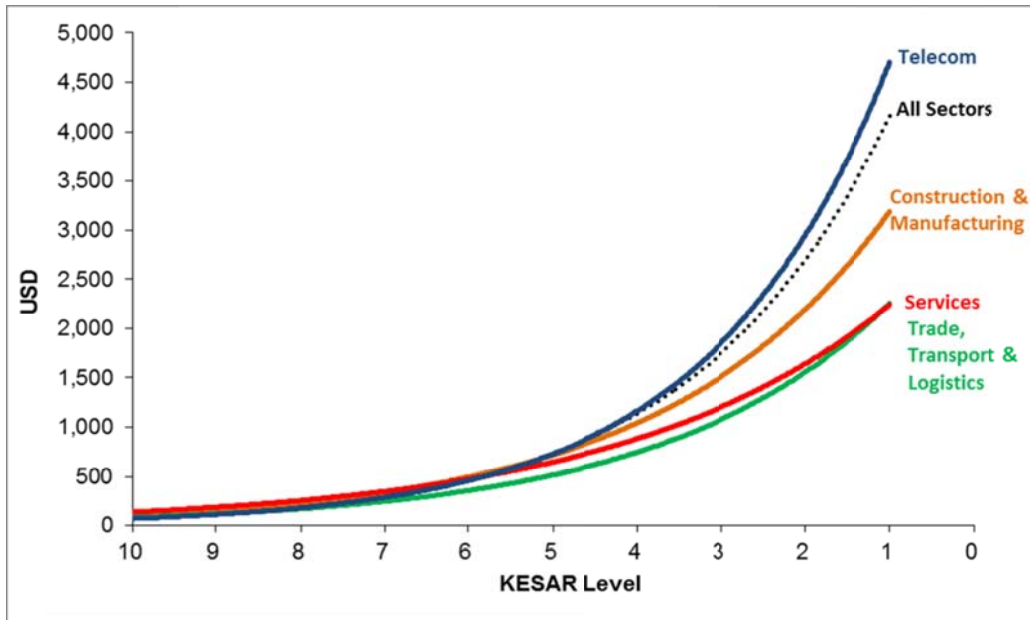
The table below compares the average Gross Monthly Salary paid at each Job Level across these four broad sectors. It highlights that companies in different sectors tend to pay higher or lower than the market at different Job Levels. For example, the Trade, Transportation & Logistics sector tends to pay below the other sectors in most Job Levels.

Table 2: Difference between Average Sector Salary and Overall Average Salary

KESAR Level	Construction & Manufacturing	Trade, Transportation & Logistics	Services	Telecom
Level 1	--	--	--	--
Level 2	-12%	6%	--	--
Level 3	17%	-15%	3%	10%
Level 4	9%	-8%	-8%	27%
Level 5	4%	-12%	18%	20%
Level 6	18%	-15%	0%	16%
Level 7	28%	-14%	47%	25%
Level 8	22%	-3%	7%	-1%
Level 9	21%	-6%	64%	7%
Level 10	54%	-4%	72%	7%

The figure below shows the median trend lines (based on regressed data) for each sector. Again, it highlights that the Telecom sector generally pays higher than the Trade, Transportation & Logistics sector.

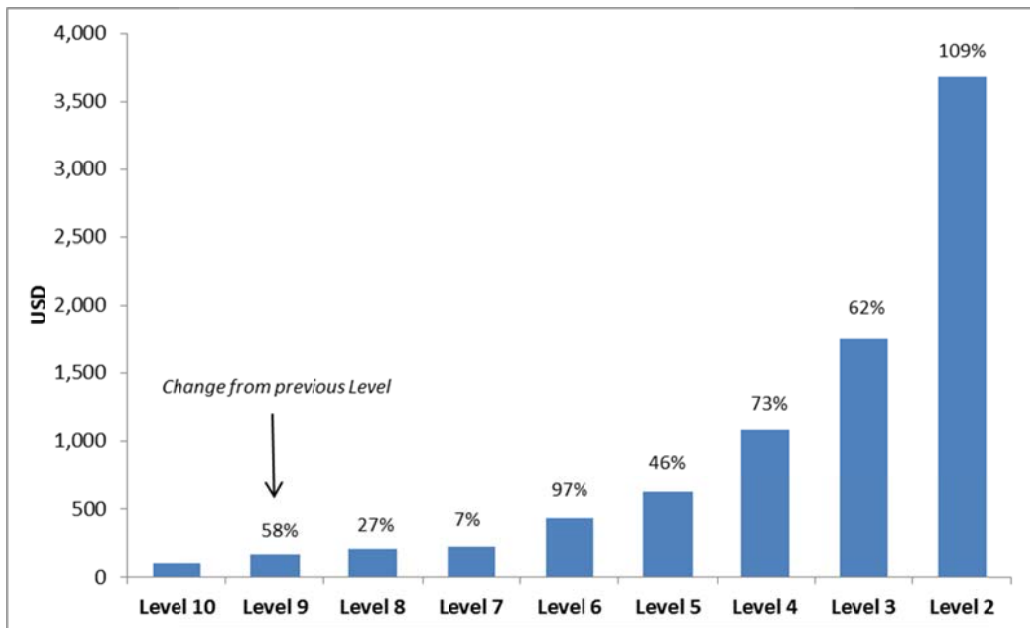
Figure 1: Gross Monthly Salary, Median Trend Lines for each Sector



2.3. How much do salaries differ from one job level to the next?

The figure below shows the median Gross Monthly Salary for each Job Level and across all Job Functions, as well as the percentage increase from one Job Level to the next (from Level 10 upwards). It highlights that median salaries generally rise sharply from one job level to the next, especially at more senior job levels. For example, the median salary at Level 2 is more than double the median salary at Level 3.

Figure 2: Gross Monthly Salary (Median) – by Level, across All Functions



2.4. What benefits and allowances do companies provide?

The full report contains information on common types of compensation practices (including bonus payments, allowances and benefits) provided by participant companies.

2.5. Recruitment and labour turnover challenges

When it comes to recruiting “top talent”, 79% of participants believe it is getting harder to find the skills they need for both management and experienced positions. In contrast, 76% of participants are seeing a bigger pool of better talent for entry-level positions.

For both management and experienced staff, the biggest recruitment challenges are the lack of qualified candidates and meeting candidates’ salary expectations. The recruitment challenges for entry-level staff are quite different, with the biggest challenges being finding candidates with the right technical skills and English proficiency.

The full report provides detailed information on participants’ average labour turnover rates for 2010 and 2011. Separate rates are shown for voluntary resignations and company terminations.

2.6. Employment numbers and outlook for future

Survey participants’ total employment numbers are expected to increase by similar amounts in 2011 and 2012. As was the case in last year’s survey, employment growth is expected to be higher for Cambodian staff than for expatriate staff – reflecting the gradual “Cambodianisation” of the workforce of multinational companies.

When asked about the business outlook in Cambodia, respondents are more optimistic about prospects in the medium term than in the short term. Encouragingly, none of the participants are pessimistic in either timeframe.

2.7. Salary increments

The full report provides detailed information on participants’ average salary increases in 2010, 2011 and 2012. Separate information is shown for management and non-management staff.

2.8. Bonus / Incentive payments

The full report provides detailed information on participants’ bonus payments in 2010, 2011 and 2012. Separate information is shown for management, non-management (professional) and worker (production floor) staff.

2.9. Comparing salaries from 2010-11 and 2011-12 reports

The full report attempts to compare the salary results of the 2010-11 and 2011-12 surveys, by looking at the median salaries of the 20 companies who participated in both surveys.

<<Intentionally left blank>>

3. Profile of the Sample

3.1. Introduction

This chapter analyses the characteristics of the survey sample, in terms of:

- Number of **participant companies**
- Total number of positions surveyed (**data points**)
- **Sectors** in which the survey participants operate
- **Size** of survey participants (in terms of employee numbers).

The table below provides an overall summary of the size of the survey samples from 2009-10 through to 2011-12. All three surveys are of similar size, with this year’s survey being slightly bigger than the previous two years.

Table 3: Size of Survey Samples: 2009-10, 2010-11 & 2011-12

	2009-10	2010-11	2011-12
Number of participant companies	29	24	31
Total number of positions surveyed (data points)	4,745	4,405	4,936

A **data point** refers to one employee's salary. The total number of data points gives the total number of salary data analysed.

In the sections that follow, detailed characteristics of the 2011-12 sample are compared with those of the 2010-11 sample. This highlights how the two samples differ, which will assist readers in interpreting differences in salary information between the two surveys.

3.2. Participant Profile by Sector

This year’s report classifies participating companies into four sector classifications:

- Construction and Manufacturing
- Trade, Transportation and Logistics
- Services
- Telecoms.

In previous years, the first two sector classifications were combined into a broader “Industrial” sector classification.

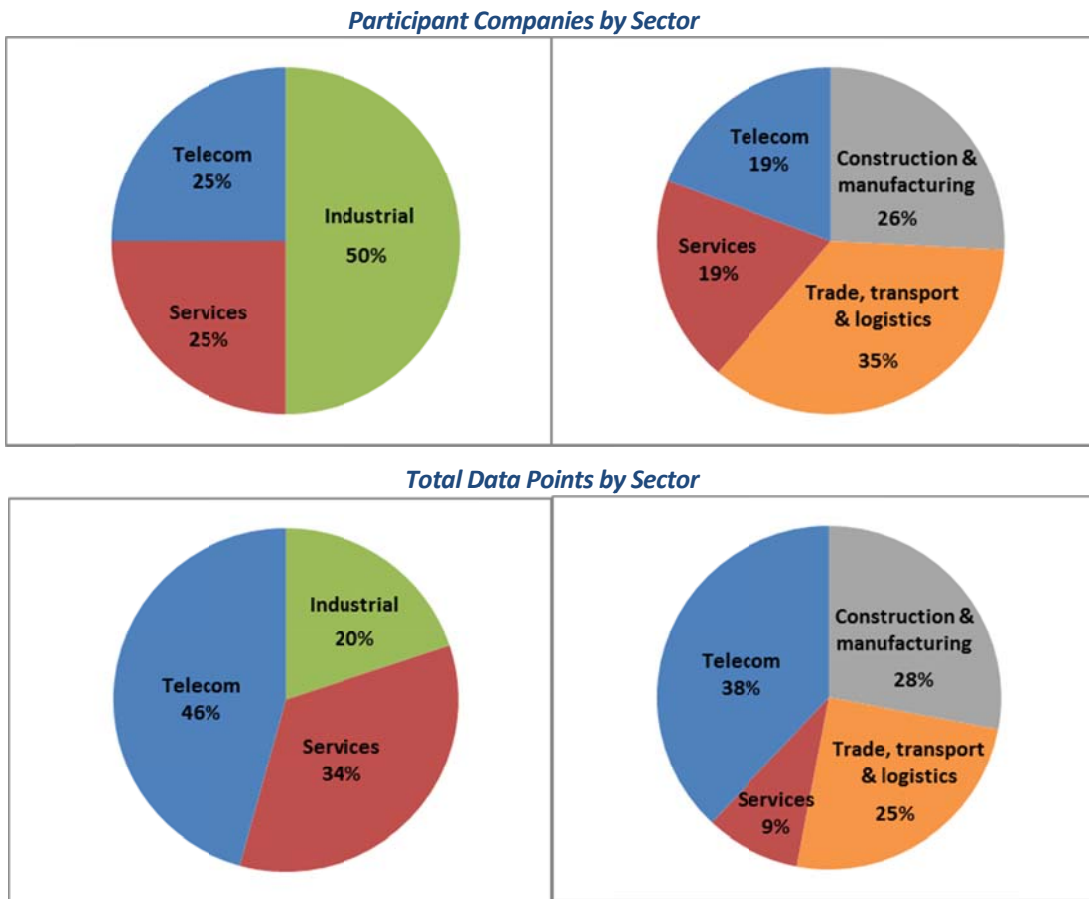
The table below shows the main activities assigned to each of these sector classifications. A complete list of participants, and the sectors to which they have been assigned, is provided in an appendix.

Table 4: Activities allocation by sector

Sector	Activities	2010-11	2011-12
Industrial	Manufacturing, Trade, Logistics, Petroleum	✓	✗
Construction & Manufacturing	Construction, Manufacturing, Petroleum	✗	✓
Trade, Transportation & Logistics	Trade, Motor Vehicles, Transportation, Logistics	✗	✓
Services	Financial Services, Professional Services	✓	✓
Telecom	Telecom Mobile Operators , Equipment Providers	✓	✓

The figures below show's each sector's share of total participant companies and total data points.

Figure 3: Sector comparison, 2010-11 versus 2011-12

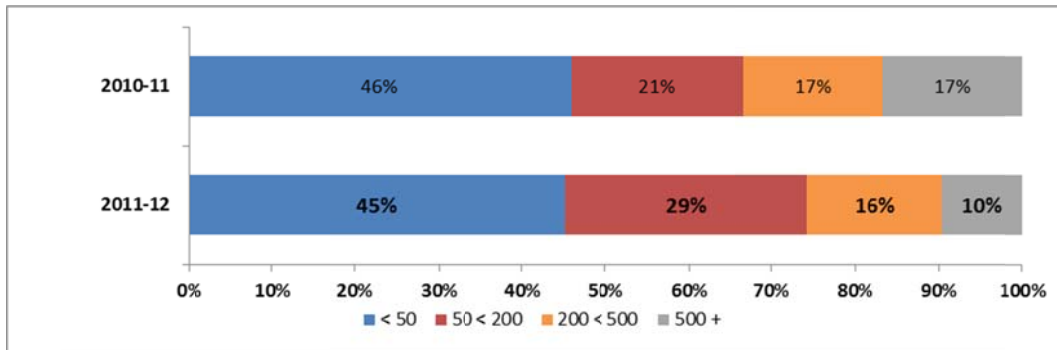


<<Intentionally left blank>>

3.3. Participant Profile by Size (Data Points)

The figure below displays the participating companies according to their size (number of data points they provided). The sample contains a mix of small, medium and large employers. The size breakdown in 2011-12 is broadly similar to that of 2010-11 – which enhances the comparability of the two samples. The main difference is that this year, there are slightly more companies who provided 50-199 data points and slightly less companies who provided 500 or more data points.

Figure 4: Participant companies by size (data points)

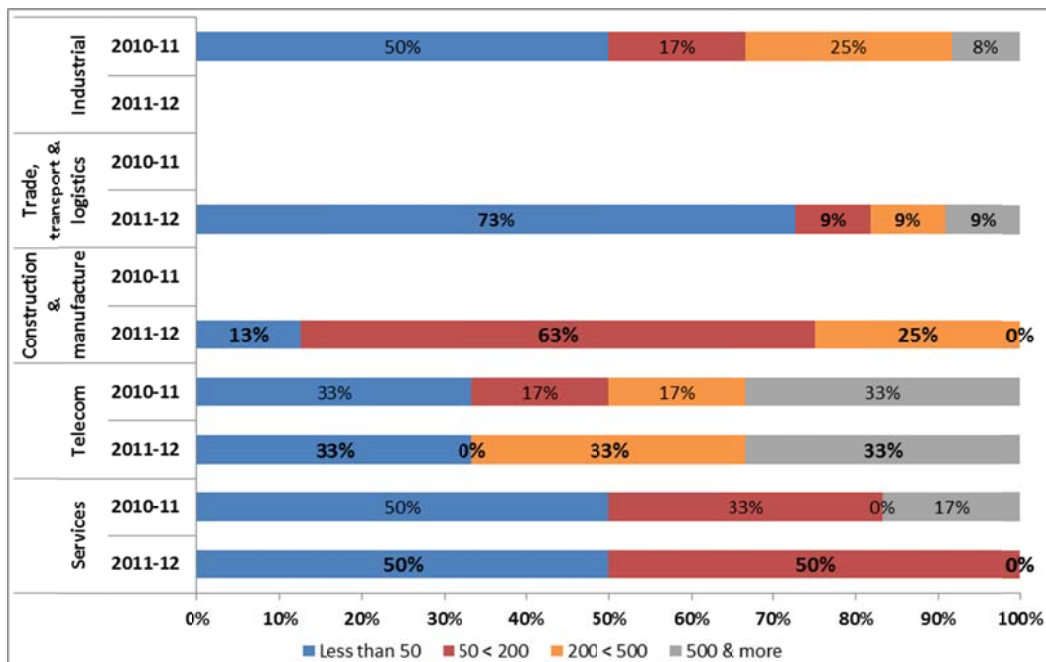


The figure below shows participant companies by sector and size for both surveys. To make it easier to distinguish between 2011-12 and 2010-11, the data bars for 2011-12 have their percentage breakdowns in larger **bold** font.

The key points to note from the table are:

- In both surveys, the Telecom sector has the biggest percentage of large employers (500 and above)
- In both surveys, most or all participants from the Services sector have less than 200 employees.
- The Trade, Transportation & Logistics sector consists mostly of small employers (less than 50).

Figure 5: Participant companies by sector & size



4. Methodology and Confidentiality

4.1. Job Analysis & KESAR Methodology

The survey is based on KESAR analysis (Knowledge, Environment, Skills and Aptitude, and Responsibility) which is a job matching methodology, tailored to the local Cambodian environment.

Each KESAR factor is defined, allocated a weighting of importance and then broken down into a set of criteria to clearly define what is being analysed. The KESAR factors and their criteria can be summarised as follows:

- **Knowledge:** includes education, experience and practical knowledge
- **Environment:** includes the cultural environment as well as workplace hazards
- **Skills and Aptitude:** includes interpersonal skills, language skills and other key skills required to do the job
- **Responsibility:** includes the number of people being managed and the impact of the person's decisions on the company.

Each job position is analysed according to these KESAR factors and, based on the criteria weightings, is allocated a number of points. Depending on its total number of points, the position is allocated to one of 10 Job Levels (with 1 being the highest or most senior and 10 being the lowest or most junior).

Note that this year, Levels 4, 6 and 7 have been further divided into 4A & 4B, 6A & 6B, and 7A & 7B. This is based on client feedback that greater differentiation at these levels would assist with interpretation of the results.

Each job position is also allocated to one of the following Job Functions:

1. **Accounting & Finance:** includes all positions related to accounting, finance, auditing and taxes.
2. **Administration:** includes all positions related to administration and operations support (such as drivers and guards).
3. **HR & Legal:** includes all human resources and legal positions.
4. **Engineering:** includes all engineers and technicians
5. **Information Technology (LAN/WAN/WEB & Infrastructure Support):** includes all IT-related positions relevant to IT support, whether web, LAN/WAN or infrastructure support.
6. **Production & Maintenance:** includes all positions related to the production of the company's core products and the maintenance of equipment and machinery, including production supervisors, machine operators and maintenance staff.
7. **Purchasing & Logistics:** includes all positions related to purchasing/procurement, logistics and warehousing.
8. **Quality & environment:** includes all positions related to quality control, including quality inspectors and quality control engineers.
9. **Customer Services:** includes all positions that are interfacing with customers and product support relating to customer enquiries.
10. **Sales:** includes all sales positions.
11. **Marketing:** includes all marketing positions related to promotion of products and services.

Generic job titles are used to describe at a high level the Job Levels represented. These generic job titles will not necessarily match those of every company surveyed. The most important point in comparing jobs is the nature of the job (as reflected in its KESAR score), rather than the job title. Generic job titles for each Job Level are explained in the table below.

Table 5: Generic job titles

KESAR Job Levels	Generic Title	Definition
1	Director	Understands the total business (how all functions integrate and coordinate). In-depth knowledge and experience of industry and commercial environment.
2	Function Director	Understands how own functions integrate with others. Extensive knowledge and experience of the function's work and thorough knowledge of other organisations which operate within the same industry.
3	Manager	Understands how own and other sub-functions' processes coordinate and integrate with each other. Understanding and experience of the industry in which the business operates.
4	Senior Executive	Understands how own and other sub-functions' processes coordinate and integrate with each other. In depth knowledge and experience of precise work/technical area.
5	Supervisor	Understands own area and how it integrates with others within the same functions.
6	Executive	In-depth understanding of the concepts and principles in own technical area and basic understanding in others.
7	Staff (skilled worker)	Good understanding of the concepts and principles in own technical area and basic understanding in others.
8	Assistant (experienced worker)	Basic understanding of the concepts and principles in own technical area.
9	Worker	Basic knowledge of activities and procedures of own work area.
10	Unskilled Worker	Knowledge limited to the tasks performed (and hence very basic).

The KESAR analysis coupled with the functional division of jobs allows us to carry out the job matching based on 10 Job Levels and 11 Job Functions. Each company is provided with the final evaluation and the job analysis is confirmed with the company.

A matrix is provided below of *typical job titles found in the market* by the different job levels and job functions. This matrix helps readers to understand which types of jobs are found in particular categories in the Cambodian market. In addition, in chapter 6 (Salary Information According to Job Functions), more detailed job descriptions are presented for the most common jobs in each Job Function. This should help readers understand what types of jobs are contained within the different Job Levels and Job Functions.

It is important to remember that we are evaluating the nature of job positions, rather than people or formal titles. The titles in the matrix below are intended to be used as a guide only. In practice, persons with the same title may perform very different jobs and therefore be allocated to different Job Levels.

Table 6: Examples of market job titles by Job Level

HRINC Rank Points	Generic Titles	Accounting & Finance	Administration	HR & Legal	Engineering	Information Technology	Production & Maintenance	Purchasing & Logistics	Quality & Environment	Customer Services	Sales	Marketing
Level 1 270<300	Director	--	--	--	--	--	--	--	--	--	--	--
Level 2 240<270	Function Director	Head of Finance	Head of Admin	Head of HR	Engineering Manager	IT Executive Manager	Country Manager	Operations Manager		Head of Customer Services	Head of Sales	Commercial Manager
		Finance Director	Admin Director	HR Director				Head of Trade			Sales Director	Marketing Director
Level 3 210<240	Manager	Finance Manager	Admin Manager	HR Manager	Technical Manager	IT Manager	Project Manager	Sourcing Manager	Quality Assurance Manager	Call Centre Manager,	Sales Manager	Marketing Manager
		Regulatory Affairs Manager			Engineering Manager			Operations Manager		Customer Relations Manager		
Level 4 180<210	Senior Executive	Senior Accountant	Admin Manager	HR Manager	Senior Engineer	IT Manager	Site Manager	Logistic Manager	Quality Assurance Manager	Front Office Manager	Area Sales Manager	Senior Merchandiser
		Senior Finance Executive		Legal Counsel		IT Senior		Purchasing Manager		Customer Service Supervisor		
Level 5 150<180	Supervisor	Financial Analyst	Admin Supervisor	HR Supervisor	Project Engineer	IT Engineer	Production Manager	Equipment Manager	Quality Assurance Supervisor	Call Centre Team Leader	Sales Supervisor	Merchandiser
Level 6 120<150	Executive	Finance Executive	Admin Executive	Recruitment Executive	Engineer	IT Executive	Supervisor	Warehouse Supervisor	Quality Control Engineer	Customer Service Executive	Senior Sales Representative	Marketing Executive
Level 7 100<120	Staff (skilled worker)	Finance Officer	Admin Assistant	HR Officer	Skilled Technician	IT Officer	Skilled Technician	Store Supervisor	Quality Control Technician	Customer Services Officer	Sales Representative	Marketing Officer
Level 8 80<100	Assistant (experienced worker)	Cashier	Receptionist	HR Assistant	Technician	IT Technician	Maintenance Technician	Storeman	Quality Control Technician	Call Centre Officer	Sales Staff	Marketing Assistant
Level 9 60<80	Worker	--	Secretary	--	--	--	Machine Operator	Storeman	--	--	--	--
Level 10 40<60	Unskilled worker	--	Guard, Cleaner	--	--	--	Worker	--	--	--	--	--

4.2. Total Compensation Concept

The concept of Total Compensation is much broader than just the salary received by the employee. Total Compensation also includes:

- other types of guaranteed cash (such as 13th month cheques)
- fixed allowances that are used (at least in part) for personal purposes (such as telephone, transport and housing allowances)
- variable pay (such as bonuses and incentives)
- other benefits (such as medical insurance)
- other allowances that are used only for work purposes.

These components are detailed in the table below.

<<Intentionally left blank

Table 7: Annual Total Compensation – Components

	Monthly Net Salary
	Tax Withheld
	Monthly Gross Salary
A	Annual Gross Salary
B	13th Month Cheques
A+B	ANNUAL TOTAL BASE SALARY
For personal purpose OR for work and personal purpose	Telephone Allowance
	Meal Allowance
	Housing Allowance
	Children Education Allowance
	Car Allowance (Cash given out for Car and Petrol and Maintenance Expenses)
	Transport Allowance
	Other Fixed Guaranteed Allowance
C	Annual Fixed Allowances
A+B+C	ANNUAL TOTAL GUARANTEED CASH
	Annual Variable Bonus
	Annual Sales Incentive
	Other Annual Bonus
D	Annual Variable Pay
A+B+C+D	ANNUAL TOTAL CASH COMPENSATION
	Annual Insurances (health, accident, life...)
	Medical Allowance
	Death Benefit (lump sum for family support)
	University or Study Allowance
	Retirement benefits
	Loan programs
	Other benefits
E	Annual Benefits
For work purpose only	Telephone Allowance
	Meal Allowance
	Car Allowance (Cash given out for Car and Petrol and Maintenance Expenses)
	Transport Allowance
F	Allowances for Work Purpose
A+B+C+D+E+F	TOTAL COMPENSATION

In Chapter 8 of the full report, we provide estimates of the average Annual Total Cash Compensation (highlighted in red text in the table above). In Chapter 9, benefits and allowances are described in detail.

4.3. Confidentiality

When presenting salary and benefits information, HRINC’s number one priority is to maintain the confidentiality of participating companies. It is absolutely essential that the salaries and benefits paid by a particular company are not disclosed or identified in any way.

HRINC’s policy is to only present aggregated data in its salary survey reports. To ensure the confidentiality of all data, a minimum number of observations are required for statistics to be displayed for a particular position:

- Three organisations must report a unique position for the mean (average) to be displayed
- Four organisations are required to display the median
- Five organisations are required to display the 10th, 25th, 75th and 90th percentiles.
- Any one company cannot represent more than 50% of data points for a unique job position.
Through a data cleansing methodology based on percentiles, a company’s reduced number of data points still accurately reflects the variability of the salaries it pays at that level.

In the tables throughout the report, where there is insufficient data to display the statistics for a unique job position, two hyphens (--) are displayed instead.

<<Intentionally left blank>>

5. Data and Report Interpretation and Understanding

5.1. Definition of Statistical Terms Used in this Report

Various statistical terms are used throughout this report. These terms are defined below.

Average (or Mean)	The sum of all data (salaries) reported divided by the number of observations in the sample.
10th Percentile	That data point (salary level) that is higher than 10% of all other data in the sample when ranked from low to high. In other words, only 10% of the salaries reported are lower than this amount.
25th Percentile	That data point (salary level) that is higher than 25% of all other data in the sample when ranked from low to high. In other words, 25% of the salaries reported are lower than this amount. This is also referred to as the first quartile (Q1).
Median	That data point (salary level) that is higher than 50% of all other data in the sample when ranked from low to high. In other words, it is the salary level that is ranked in the middle. This is also referred to as the 50th percentile.
75th Percentile	That data point (salary level) that is higher than 75% of all other data in the sample when ranked from low to high. In other words, 75% of the salaries reported are lower than this amount. This is also referred to as the third quartile
90th Percentile	That data point that is higher than 90% of all other data in the sample when ranked from low to high. In other words, 90% of the salaries reported are lower than this amount.
No. of Data Points	The number of actual data points across different companies whose data has been collected for the corresponding position
No. of Companies	The number of companies who have contributed data for the particular position.

5.2. Interpreting Tables

The table below gives the percentiles, median and average of a hypothetical set of salary data expressed in dollars.

- 10th percentile means 10% of data points are below that point. For example, in level 5, the 10th percentile (10th P) is \$150. This means that at level 5, only 10% of the employees have a net salary below \$150.
- Similarly, in level 5, the 90th P is \$600. This means that at level 5, 90% of the employees have a net salary below \$600 (or 10% of the employees have a salary higher than this point).

In very simple terms, at a given job level, 10th P shows the ‘lower end’ of salaries paid for that job and 90th P shows the ‘higher end’ of salaries paid for that same job.

Table 8: Interpreting Data Tables (Example Data)

KESAR Level	10th P	25th P	Median	75th P	90th P	Average	No. of data points	No. of Institutions
Level 1	761	927	1,195	1,636	2,850	1,602	6	5
Level 2	630	750	945	1,350	1,486	1,013	13	9
Level 3	250	405	535	788	1,000	609	50	24
Level 4	154	320	450	510	600	435	233	38
Level 5	150	180	289	450	600	324	176	42
Level 6	87	120	150	200	263	174	195	51
Level 7	55	65	75	90	150	91	1,645	57
Level 8	50	60	80	100	120	85	679	52
Level 9	50	50	60	85	120	73	665	50
Level 10	50	50	50	50	50	50	3,662	58

How is percentile data useful in HR policy?

Percentiles are used to set pay ranges according to the policy of the company. There are many factors that may impact how percentile data is used. It is important for HR professionals to have a good understanding of their company’s compensation strategy and policy to make recommendations. We have outlined very broadly some questions that need to be answered, before using the data or making decisions or suggestions. Each company may have a different set of criteria or way to make their decisions – it is important that the compensation policy and strategy be well defined and understood by everyone.

An ideal compensation policy or strategy will build on the following questions – not every company has the same strategy but we have outlined some core high level components to think about.

Ask yourself the following questions:

- **What are the key elements of our business strategy that will influence the compensation strategy?**
 This may include some of the following questions: (1) *How do we want to position our company in the market? Do we want to be the best payer in the market?* (2) *Do we have any critical functions in our company that we may remunerate differently or need to treat differently?* (3) *Where are our staff located and how does that impact how we will remunerate the position?*
- **What are the elements of our compensation strategy?** Are we “paying for person”, “paying for performance” or paying for specific positions or functions?
- **What are the components of our compensation structure?** What are all the different parts of an employee’s total compensation, including benefits and allowances?
- **How will we transition to the new structure or update our current structure once we have made changes?**
- **How will we communicate our remuneration strategy to staff?**

A very basic example of using percentiles is provided below. It assumes the company already has a fully developed compensation policy and wants to position itself among the best payers in the market but within the market range (i.e. it does not want to pay higher than what the market is paying). The company wants to attract the best applicants at Level 5 – especially new talent in the market.

- For non-technical Level 5 positions, the company knows there is sufficient supply in the market. Therefore, the company positions its salary at the higher level taking the 75th percentile as a benchmark to position its salary levels.
- For technical Level 5 positions – which are assumed to be critical to this company’s success – the company knows that the market does not have sufficient supply of talent. It is very difficult to source personnel in the technical positions, so the company decides to position salaries at entry level at the 90th percentile.

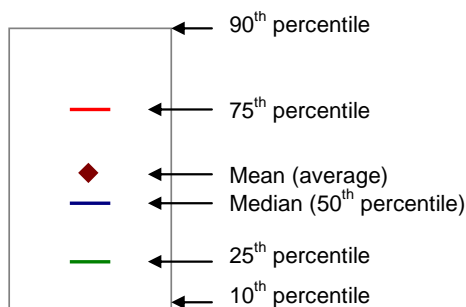
In practice, the decision-making process is not that simple and certainly further analysis needs to be done to ensure **internal equity amongst positions** in the company. However, the example does provide an indication of how you can use the percentile data. In the end, the proposals you make as an HR professional have to be **affordable** for the company as well as competitive so that your business can grow and maintain its competitive advantage. If a company is unable to provide the salaries it wants today, then it needs to put in place a long-term strategy to make sure it reaches its goals in the future.

5.3. Interpreting Box Plots

The salary data presented in table form is also presented in graphical “box plots” to assist in visual interpretation and comparison. A *box plot contains information about the range of salaries reported for a particular Job Level. It shows whether the range of salaries reported is large or small for a Job Level, as well as the average and median salaries.*

The figure below shows a box plot. The box represents the range of salaries from the 90th percentile down to the 10th percentile – and so the longer the box, the bigger the range of salaries. The percentiles – 75th, 50th (or median), and 25th – are represented by lines within the box. The average (or mean) is represented by a diamond.

Figure 6: The Box Plot



In the report, individual box plots for each Job Level are combined into a chart to show the range or spread of salaries at all Job Levels.

5.4. Interpreting Trend Lines

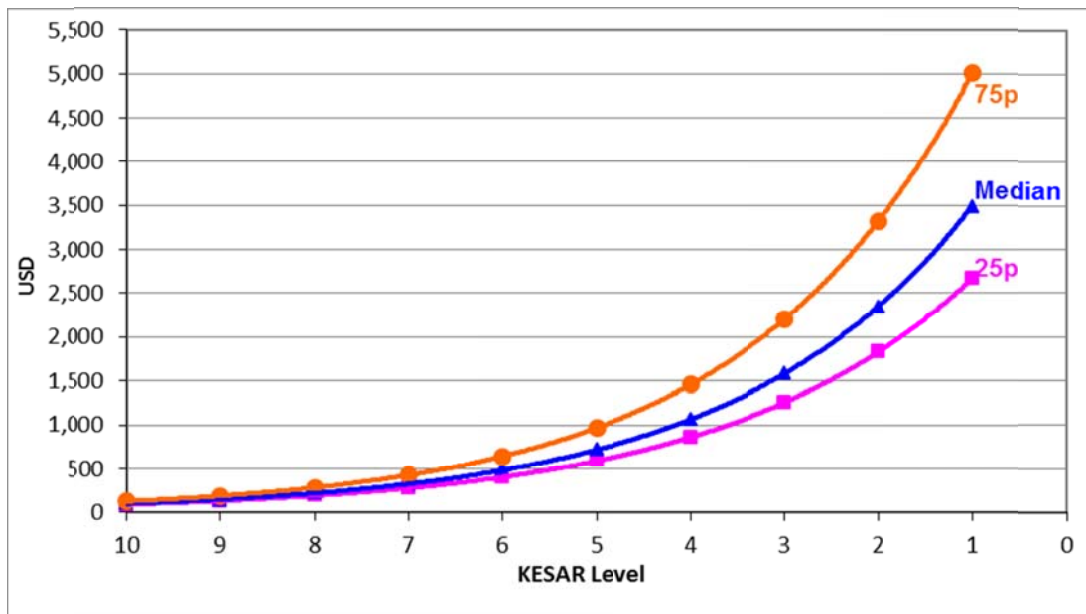
Trend lines show how salaries progress with an increase in Job Levels. In other words, as you progress up the career ladder and take on more responsibility, your salary increases. To produce a smooth trend line that is easy to understand, a mathematical “regression” model is used to fit a smooth curve through actual data points showing salary figures and Job Levels. This curve best represents the overall trend in those data points.

In this report, section 6.1 presents tables and charts based on actual data, while section 6.3 presents smoothed trend lines derived from the mathematical regression. There are several reasons why smoothed trend lines can be a useful tool for HR Managers:

- They provide a simple, clear picture of how salaries increase from one job level to the next, which enables the HR Manager to get an overall feel for where their company is positioned in the market.
- HR Managers may need to get some idea of market pay rates for roles that are hybrid or specialist.
- They highlight what is a commonly seen trend – that salaries at the higher job levels generally increase from one level to the next at a much faster rate salaries in lower job levels.

Interpreting trend lines

In this report, separate trend lines are shown for the median salary, 25th P and 75th P across all job functions. The example shows that at the lower Job Levels of 10 and 9, the trend lines for 75th P and 25th P are very close together, which indicates that the range of salaries paid is quite small. In contrast, these lines are much farther apart at the higher Job Levels of 2 and 1, which indicates that the range of salaries paid is quite large. This is quite typical of market salaries – the more senior the positions, the more variation in salaries.



6. Salary Data by Job Functions

The full report provides detailed salary information – both net and gross – for each Job Function.

The chapter of the full report is structured as follows:

1. Actual Data According to Job Functions

- Monthly Salary for All Functions
- Monthly Salary for each Job Function – including Job Descriptions of jobs commonly found in each Function

2. Cross Functional Comparison According to Job Functions

- Comparison of Median Gross Monthly Salaries across each Job Function
- Comparison of Average Gross Monthly Salaries across each Job Function

3. Trend Lines According to Job Functions

- Trend Lines for Gross Monthly Salary for All Functions
- Trend Lines for Gross Monthly Salary for each Job Function
- Cross Functional Comparison of Median Trend Lines

4. Starting Salaries According to Job Functions

- Starting Salary for each Job Function (new to this year's report).

The full report contain tables and charts that show the spread of salary data (net and gross) for:

- All Functions
- Accounting & Finance
- Administration
- Human Resources & Legal
- Engineering
- Information Technology (LAN/WAN/WEB & infrastructure support)
- Production & Maintenance
- Purchasing & Logistics
- Quality & Environment
- Customer Services
- Sales
- Marketing.

Job Descriptions for positions commonly found in each Job Function are contained in an attached supplement to the full report. These descriptions may help readers to understand what types of jobs relate to the salary information contained in the salary tables.

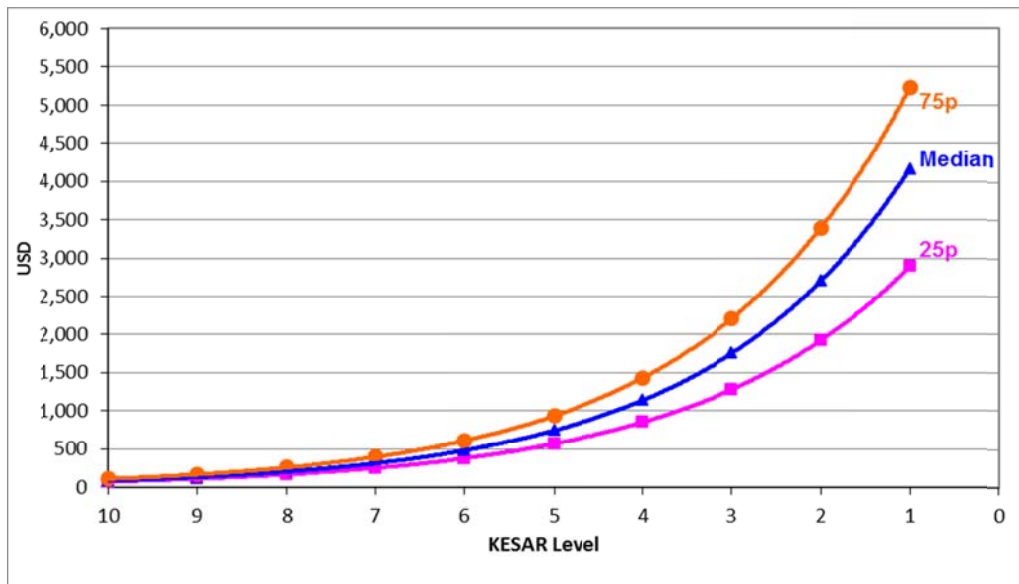
The table below shows the market range of salaries aggregated across All Functions. (The full report contains similar information for each Job Function.)

Figure 7: Gross Monthly Salary, All Functions

KESAR Level	10th P	25th P	Median	75thP	90th P
Level 1	--	--	--	--	--
Level 2	2,274	2,583	3,675	4,069	5,204
Level 3	1,052	1,311	1,755	2,353	2,898
Level 4	584	784	1,086	1,424	1,854
Level 5	400	500	628	801	923
Level 6	275	350	430	553	684
Level 7	150	160	219	300	400
Level 8	133	180	204	237	310
Level 9	120	120	161	206	276
Level 10	80	95	102	123	174

The figure below presents trend lines based on regressed data, aggregated across All Functions. (Again, the full report shows similar information for each Job Function.)

Figure 8: Trend lines, Gross Monthly Salary, All Functions



This year, for the first time, we analyse the **starting salaries** provided by participants.

‘Starting salary’ refers to the entry-level salary for each job position provided by a company. For example, when a company provides actual salary information for a particular job (such as a Senior Accountant), they were asked to also provide the starting salary (or entry-level salary) for the position of Senior Accountant. Starting salary does not refer to the salary at which an individual commenced either with the company or in their current position.

The analysis of starting salaries in the full report gives readers an idea of:

- how starting salaries progress from one Job Level to the next
- how starting salaries compare across different Job Functions at the same Job Level – for example, starting salaries in Engineering and IT tend to be higher than overall starting salaries
- how starting salaries compare to actual salaries paid for that position – for example, average starting salaries are lower than average actual salaries in almost all Job Levels and Functions.

7. Salary Data by Activity Sectors

The full report breaks down the salary data into four broad sector categories:

- Construction & Manufacturing
- Trade, Transportation & Logistics
- Services
- Telecom.

In the full report, salary information is presented for each Job Level across all Job Functions combined.

The chapter in the full report is structured as follows:

Actual Data According to Activity Sectors

- Monthly Salary (Net and Gross) for All Sectors
- Monthly Salary (Net and Gross) for each Sector

Cross Sector Comparison of Actual Data

- Comparison of Median Gross Monthly Salaries across each Sector
- Comparison of Average Gross Monthly Salaries across each Sector

Trend Lines According to Activity Sectors

- Trend Lines for Gross Monthly Salary for All Sectors
- Trend Lines for Gross Monthly Salary for each Sector
- Median Trend Lines across each Sector.

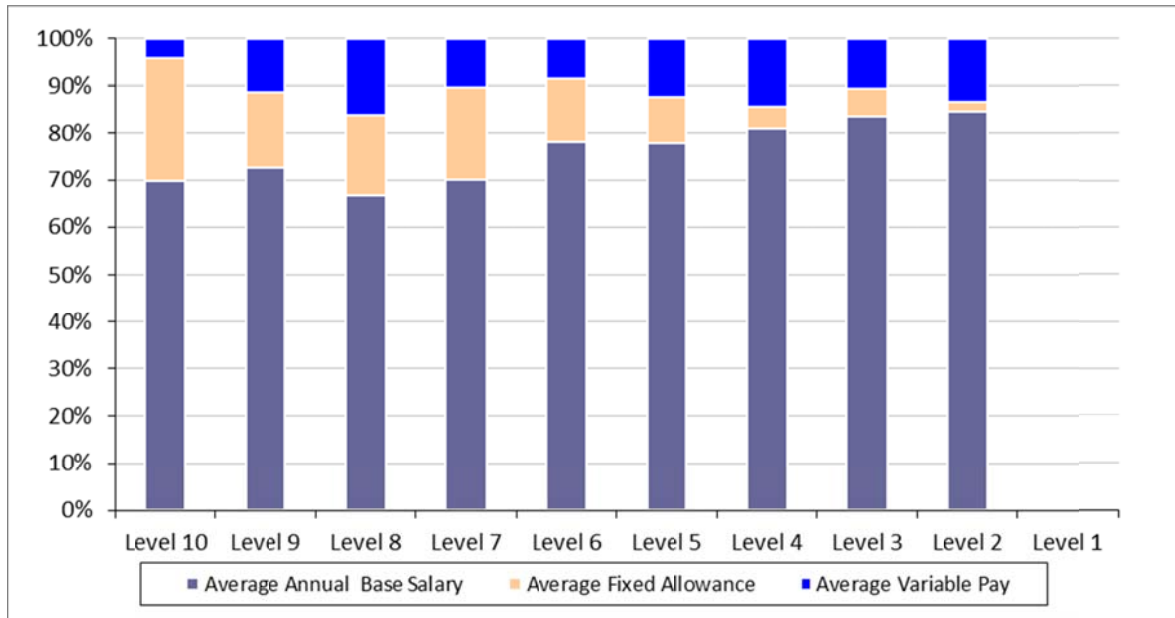
<<Intentionally left blank>>

8. Annual Total Cash Compensation

Whereas the previous chapter of the full report presents information on Monthly Salaries, this chapter of the full report looks at the broader measure of Annual Total Cash Compensation.

The figure below shows, for each Job Level, each component’s percentage of Annual Total Cash Compensation. It highlights that fixed allowances represent a larger share of total compensation at lower Job Levels (7-10) than they do at higher Job Levels (2-6).

Figure 9: Average Annual Total Cash Compensation – By Level (in %)



<<Intentionally left blank>>

9. Benefits and Allowances Practices

The full report provides information on the type and prevalence of particular compensation practices (variable pay, benefits and allowances) that are commonly provided by companies in Cambodia.

A total of 18 benefits and allowances are analysed in the full report, the most common of which include:

- Bonuses
- Overtime implementation
- Workplace accident insurance
- Use of company car
- Telephone allowances
- Medical benefits
- Provision of mobile handset.

10. HR Practices & Challenges

The full report outlines some of the HR practices and challenges that are common in the private sector, relating to:

- HR structures, practices and budgets
- Training and development
- Employment – contracts, termination, staff turnover and staff numbers
- Future outlook
- Recruitment challenges
- Salary increases
- Bonus / incentive payments.

11. Labour Law Findings

The full report contains information on participants' implementation of basic Labour Law requirements in the workplace. It looks at a number of Labour Laws that affect productivity in the workplace as well as some associated administrative challenges that have an impact on the HR function. These include Public holidays and Leave Allowances, Medical Check-Ups, Employment Cards or Blue Books, Staff Movement Forms and the National Social Security Fund.

<<Intentionally left blank>>

12. Appendices

The table below shows the companies that participated in the *Annual Private Sector Compensation Review 2011-12*.

Table 9: Participant List by Industry Sector

CONSTRUCTION & MANUFACTURING	TRADE, TRANSPORT & LOGISTICS	TELECOM	SERVICES
Construction, manufacturing, oil & gas	Trade, transportation & logistics	Telecom	Professional & financial Services
Ajinomoto (Cambodia)	APL Shipping & Logistics	Ericsson AB	ANZ Royal Bank
British American Tobacco (BAT)	Camko Motor Company	Hello Axiata Cambodia	DFDL Mekong
Cambodia Beverage Company	Damco	Huawei	HwangDBS Commercial Bank
Cambodia Brewery	DKSH Cambodia	Mobitel	Maybank
Chevron (Cambodia) Limited	Dupont (Thailand)	Smart Mobile	PriceWaterhouseCoopers
Comin Khmer	Jardine Schindler (Cambodia)	Sotelco (Beeline)	Sciaroni & Associate
Total	JT International Tobacco Services		
TSO	Mearsk Cambodia		
	Mitsu (Cambodia)		
	OOCL		
	RMA Group		

The full report of the Annual Private Sector Compensation Review 2011-12 is available for sale.

To order your copy of the report, please contact:

Ms LENG Thida: +855 (92) 490588 or leng.thida@hrinc.com.kh

Ms NIL Keorachana: +855 (11) 983838 or nil.keorachana@hrinc.com.kh