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Assessing MSME Market Dynamics and Resilience in Phnom Penh: Challenges and Opportunities

A CDRI Publication

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List of acronyms and abbreviations

ADB	Asian Development Bank
CDRI	Cambodia Development Resource Institute
ERIA	Economic Research Institute for ASEAN and East Asia
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ISIC	International Standard Industrial Classification of All Economic Activities
MEF	Ministry of Economy and Finance
MFIs	Microfinance Institutions
MISTI	Ministry of Industry, Science, Technology and Innovation
MSME	Micro, Small, and Medium Enterprise
NCDD	National Committee for Sub-National Democratic Development
NGO	Non-Governmental Organisation
NIS	National Institute of Statistics
OECD	Organisation for Economic Co-operation and Development
RGC	Royal Government of Cambodia
SEZ	Special Economic Zone
TVET	Technical and Vocational Education and Training

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Key messages

Cambodia's micro, small, and medium enterprises (MSMEs) represent the engine of urban economic life, particularly in Khan Meanchey, Phnom Penh's most commercially active district.

Supported by five data reports (*Appendix A: Data Report on 14,820 MSMEs in Khan Meanchey; Appendix B: Enterprise Performance in Phnom Penh: Evidence from the Economic Census of Cambodia 2022; Appendix C: Data Report on 5,694 Wholesale and Retail Trade MSMEs; Appendix D: Data Report on 2,659 Food and Accommodation MSMEs; and Appendix E: Data Report on 937 Manufacturing MSMEs*) our findings, based on surveys of 14,820 currently operating establishments, suggest that MSMEs dominate the district's economic fabric, reaffirming their critical role in household income, job creation, and local commerce. This dense network of enterprises is not only extensive but also historically dynamic. Business formation accelerated significantly from 2011, peaking in 2020, a period marked by robust economic growth and expanding infrastructure and urbanisation. Despite the COVID-19 disruption, the post-pandemic period witnessed a strong rebound in 2023, though early signs of slowdown re-emerged by mid-2024, likely due to a mix of structural constraints and global uncertainties.

This dynamism is deeply embedded in the domestic and spatial architecture of Phnom Penh's urban economy. In Khan Meanchey, nearly every household is engaged in some form of business. 95.94 percent of establishment owners engage in business activities, underscoring the central role of entrepreneurship in household livelihoods. The phrase “where there is a house, there is a business” aptly captures the interweaving of livelihood and enterprise. Spatial mapping reveals that businesses are clustered along commercial corridors, yet closures are also concentrated in the same zones. This juxtaposition suggests high turnover and fragile sustainability, even in seemingly vibrant areas. The same blocks often host both thriving and shuttered establishments, underscoring that visibility and density do not guarantee viability.

However, this entrepreneurial energy masks underlying volatility. Over just 12 months, 1,790 new businesses opened while 825 closed, reflecting a closure-to-opening ratio of 46.09 percent. While this chart captures closures relative to new openings within a 12-month period, a more informative metric is the net formation rate: $(1,790 \text{ opens} - 825 \text{ closures}) / 14,820 \text{ total businesses} = 6.5 \text{ percent}$, indicating net business growth. Such a high closure-to-opening ratio points to a form of “survivalist entrepreneurship,” driven more by necessity than scalable growth. The resilience seen in 2023 appears short-lived, with slower growth and consumption, rising inflation, digital competition, and rent insecurity dampening prospects in 2024-2025. This insight is reinforced by the fact that many MSMEs remain micro-scale (98 percent with fewer than 10 workers) and informal. While data on post-closure outcomes are not systematically collected, focus group discussions and proxy interviews suggest that former owners often transition to informal wage work, start new businesses in different locations, or rely on household members with other income sources.

Sectoral composition further reveals the limitations of current MSME structures. The majority of enterprises are concentrated in low productivity and high informality, consumption-based sectors: 38.4 percent in wholesale and retail trade, and 17.9 percent in accommodation and food services. While these sectors, both characterised by low productivity and high informality, offer employment, they present challenges for structural upgrading. Analysis from the Economic Census of Cambodia 2022 shows modest improvements in labour productivity and earnings for MSMEs that are formally registered or adopt digital tools, particularly in services. However, overall productivity remains low. Further disaggregation shows gender disparities: women own 66 percent of microenterprises but only 20 percent of large firms.

MSME size is a major performance differentiator, and education data, though limited, suggests that better-educated owners are more likely to formalise or adopt digital tools. This supports the need for disaggregated support tailored to business size, gender, and digital readiness. In addition, manufacturing represents just 6.3 percent of businesses, often in informal, home-based production with minimal integration into broader value chains.

Despite this fragility, operational continuity remains high in most parts of Khan Meanchey. Spatial analysis across Sangkats shows that over 90 percent of businesses remain active, revealing localised resilience. Yet this stability is fragile. The top self-reported reasons for business closure include low customer demand (34.8 percent), relocation due to rising rents (15.6 percent), and financial constraints (15.2 percent). These pressures highlight the vulnerability of MSMEs to consumer behaviour, insecure tenancy, and lack of capital or financial distress, issues worsened by high informality.

Indeed, over 81 percent of surveyed MSMEs remain unregistered. Most operate with fewer than three employees, typically from rented premises, making them sensitive to external shocks and dependent on landlords rather than market strength. Only 43 percent own their place of business. The small scale and informal nature of these enterprises hinder access to credit, limit investment, and constrain scalability.

However, disaggregated data offer a roadmap for targeted support. Formal registration and digital adoption are linked to better outcomes, though effects vary by sector. In manufacturing, formalisation and foreign ownership are associated with greater success, while digital tools have limited impact. For wholesale and retail trade, formal registration boosts success probability by 13 percent, and digitalisation by 8 percent. In accommodation and food services, digital adoption yields an 11 percent higher chance of success, and formalisation adds 16 percent. These insights suggest differentiated policy pathways: formalisation for manufacturing, and digital tools for retail and hospitality sectors.

Finally, the MSME landscape is entering a new era marked by digital disruption and foreign retail expansion. International e-commerce platforms, ride-hailing apps, and branded supermarkets are rapidly transforming consumer preferences and displacing traditional businesses. These shifts create a fragmented urban economy, one where formal, tech-enabled businesses coexist uneasily with informal, precarious enterprises. MSMEs increasingly find themselves excluded from high-traffic areas, pushed into less visible or less competitive spaces.

Together, these findings underscore that while MSMEs continue to serve as the economic lifeblood of urban Cambodia, their long-term resilience demands more than entrepreneurial energy. It requires an enabling policy environment:

- **Address root causes of MSME closures** by tackling slow demand, infrastructure and utility affordability, TVET-business partnerships, financial insecurity, and rental instability through demand-side support, better credit access, and secure tenancy measures.
- **Promote formalisation and value chain integration** in the manufacturing sector with tax incentives and localised industrial extension services.
- **Strengthen MSME competitiveness in retail and food services** by enabling digital transformation, supporting mobile-based registration, and targeting women-led businesses with inclusive training and e-commerce tools, since these sectors are dominated by informal, micro-scale operations with high female participation.
- **Institutionalise MSME data systems** by having tax registration reform, support for mid-sized enterprises, expanding district-level surveys, ensuring regular data updates, and creating a centralised digital platform to inform responsive policymaking.

1. Overview of MSMEs in Cambodia: dynamics and resilience in the post-pandemic era

MSMEs form the structural backbone of Cambodia's economy, constituting 99.8 percent of all enterprises, employing over 70 percent of the country's workforce, and contributing an estimated 58 percent of gross value added to the national economy (RGC 2015; ADB 2020). Beyond their macroeconomic role, MSMEs are deeply rooted in household welfare: in Phnom Penh's Khan Meanchey district alone, 95.94 percent¹ of households engage in business activity, illustrating how livelihoods and entrepreneurship are tightly interlinked. For women and youth in particular, MSMEs offer critical entry points into the labour market and opportunities for upward mobility (The ASEAN Secretariat 2025).

In Cambodia, the industrial landscape is characterised by a dual structure: a large share of microenterprises with low productivity and informality, and a relatively small number of large enterprises concentrated in urban export sectors (RGC 2015). This segmentation became more pronounced during the COVID-19 pandemic, which deeply disrupted business activity and triggered a wave of closures and informalization across the region.

The COVID-19 pandemic exposed and increased the structural vulnerabilities within Cambodia's MSME sector. With limited cash reserves, weak formal financial linkages, and heavy reliance on daily cash flow, many MSMEs, especially microenterprises, faced acute liquidity shortages, business disruptions, and supply chain breakdowns. The informal nature of most enterprises further limited access to relief measures and delayed recovery. According to regional SME surveys, more than 60 percent of small businesses in ASEAN experienced significant revenue declines in 2020-2021, with Cambodia among the most affected due to its high exposure to tourism, retail, and garment-related value chains (ERIA/OECD 2024; ADB 2020).

In the post-pandemic recovery phase, Cambodia's real growth is projected to decelerate to 4.0 percent in 2025 and 4.5 percent in 2026 (Ly and Valley 2025) due to both pandemic aftershocks and new global economic pressures, such as rising tariffs, and the ongoing escalation of Cambodian-Thai economic and border conflicts, MSMEs face an increasingly complex environment (ERIA/OECD 2024). Cambodian MSMEs continue to confront multiple headwinds: slow consumption, rising inflation in food and restaurant activities, rental insecurity in urban centres, digital disruption, and increasing competition from regional platforms and franchises.

The COVID-19 pandemic altered the traditional business landscape in Phnom Penh and across ASEAN, rapidly accelerating the digital transformation. Digital marketplaces, ride-hailing apps, QR-based payments, and mobile banking displaced many street-side shops, especially in urban centres. As a result, the resilience of MSMEs now hinges not only on financial recovery, but on adaptability to technological shifts, changing consumer behaviour, and new regional market dynamics (The ASEAN Secretariat 2025; ERIA/OECD 2024). These challenges are compounded by weak regulatory enforcement, low financial literacy, and persistent informality: nearly 99 percent of microenterprises remain unregistered, and only a fraction maintain reliable bookkeeping practices, constraining their ability to access finance or scale up (RGC 2015).

In this context, studying MSME dynamics, especially firm entry and exit trends, has become more important than ever. Business creation and closure rates serve as critical indicators of economic resilience and entrepreneurial churn. In Khan Meanchey, for example, data from our survey revealed that while 1,790 new businesses were established, 825 closed within a 12-month period,² reflecting a precarious environment shaped more by survivalist strategies

1 Data is drawn from this survey.

2 Data is drawn from this survey.

than sustained growth. Such volatility underscores the need for policies that not only promote formalisation and innovation but also stabilise the operating environment for small businesses through infrastructure support, social protection, and better access to credit and digital tools.

This study contributes to filling an important knowledge gap by providing an in-depth assessment of MSMEs' resilience and structural transformation in Cambodia's capital, Phnom Penh. The research addresses three interlinked objectives:

- To analyse MSME dynamics, including firm entry and exit within a 12-month period, and profile currently operating businesses;
- To identify business owners' self-reported reasons behind closures;
- To examine factors contributing to MSME success using evidence from the national Economic Census of Cambodia 2022.

This study addresses these challenges by focusing on Khan Meanchey, one of Phnom Penh's most commercially active and rapidly expanding districts. The findings contribute to a deeper understanding of urban MSME ecosystems and offer actionable insights for targeted policy interventions.

2. Survey methodology

Phnom Penh is selected for this study. Phnom Penh is known as the epicentre of Cambodia's economic activity. With 149,888 establishments, it accounted for nearly 20 percent of all establishments nationwide, the highest among provinces. More strikingly, it employed 930,916 persons, representing 31.2 percent of all persons engaged, highlighting the capital's dominance in both enterprise formation and employment generation. This suggests a significant urban-industrial agglomeration effect, underpinned by better infrastructure, access to markets, and proximity to services such as finance and logistics.³

There are 14 administrative divisions called *khans* (districts) in Phnom Penh, and only Khan Meanchey was surveyed in this study, considering its major expansion, mixing the established business ecosystems, and the emerging markets.⁴

This study used a comprehensive approach focused on census-level data collection across Khan Meanchey (see Map 1). Fieldwork was conducted between March 2025 and May 2025. The enumeration was designed to achieve near-total coverage of all residential and commercial areas, including smaller roads and informal market clusters.

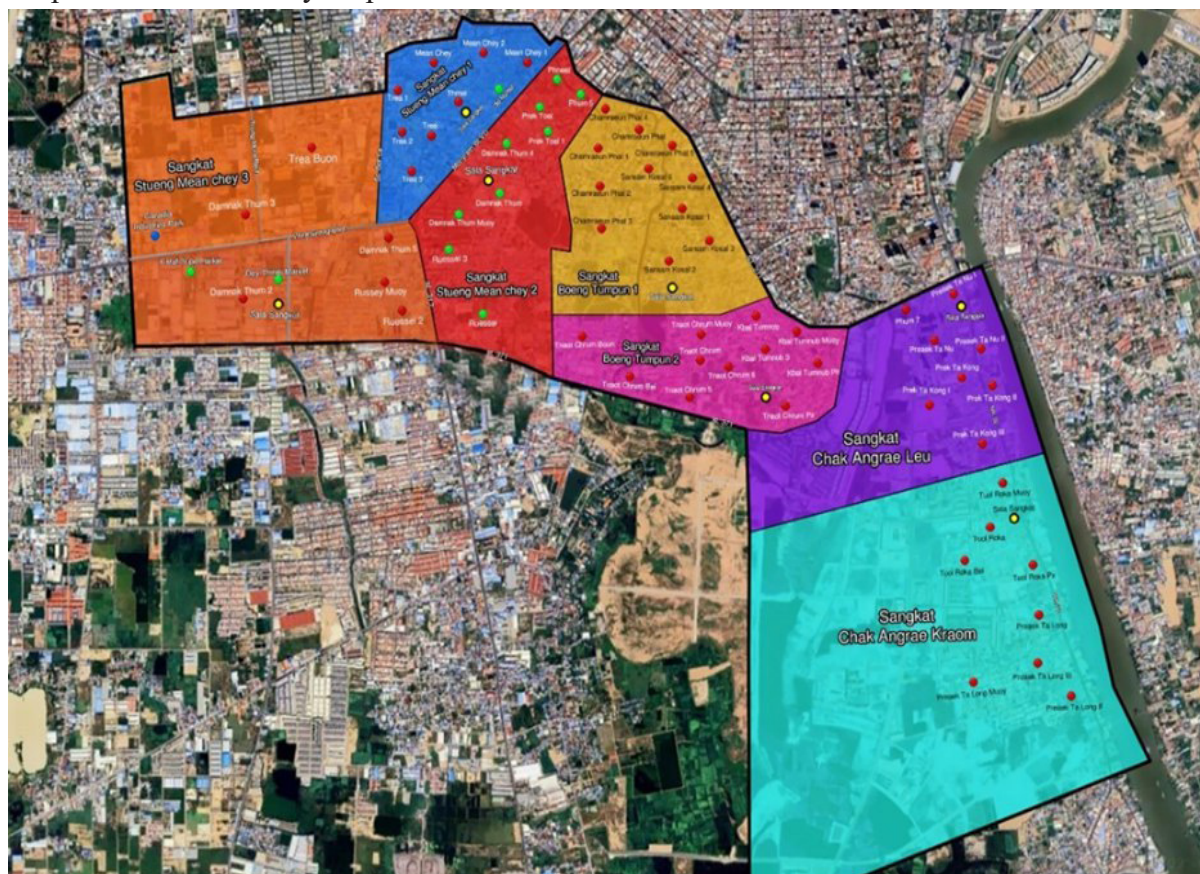
The surveyed results encompass a total of 15,447 observations, including the locations of 14,820 currently operating business establishments, 1,790 newly opened businesses within 12 months, 1,171 businesses that reported being closed, and 825 businesses that reported being closed within the last 12 months in Khan Meanchey (see details in Table 1).

The methodology combined face-to-face interviews, geospatial mapping, and observational verification. Establishments were classified by operational status, sector, location, ownership of premises, registration status, and workforce size. Closed businesses were tracked through a triangulation strategy: where owners could not be reached, information was gathered from neighbours, local authorities, or replacement businesses.

3 See the Economic Census of Cambodia 2022, on page 18: <https://www.nis.gov.kh/index.php/km/30-ec/115-cambodia-economic-census-2022> (NIS 2023).

4 Khan Meanchey, which adjoins the southern part of the city centre, underwent a major expansion to the east, making its area approximately 4.2 times larger (See Fujisawa and Shimizu 2023).

Map 1: Khan Meanchey map



Source: Author's elaboration

Data analysis included descriptive statistics, spatial heat maps, and cross-sectional comparisons across Sangkats and villages. Additionally, the study integrated qualitative feedback, collected through structured interviews and focus group discussions with enumerators. These methods provided a rich, granular understanding of MSME behaviour, constraints, and survival strategies.

This study provides one of the most detailed portraits to date of MSME dynamics within Khan Meanchey, Phnom Penh's most commercially active district. However, the findings should be interpreted with certain limitations in mind.⁵

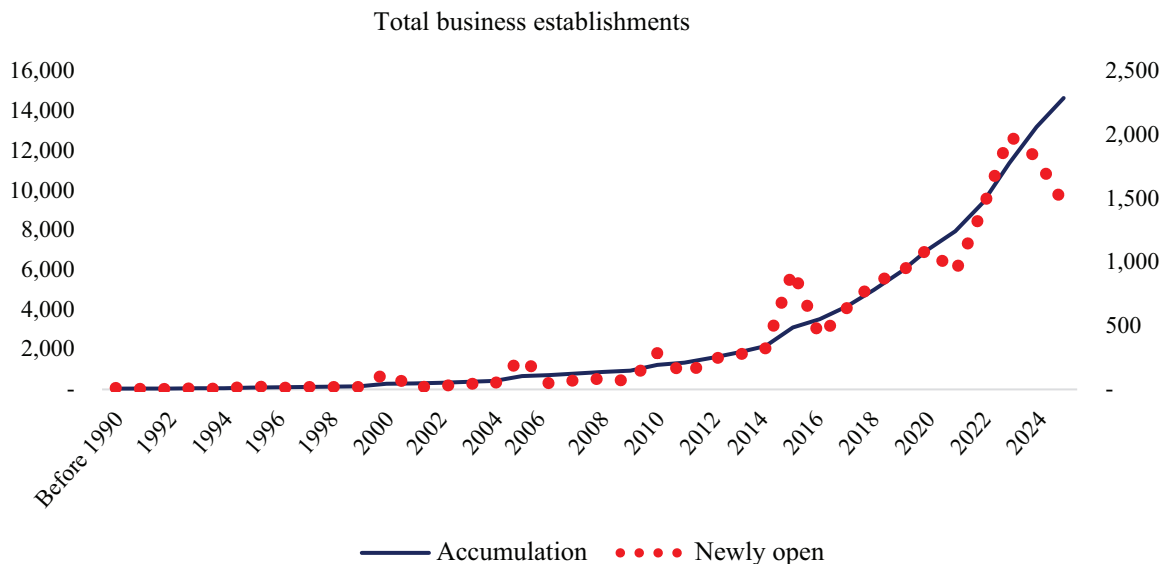
- 5 **Limitations and suggestions for further research and data collection:** The findings should be interpreted with certain limitations in mind. First, the geographic scope is restricted to a single urban district and does not capture the full diversity of MSME experiences across Phnom Penh's other districts or Cambodia's emerging secondary cities. As such, results may not be fully generalizable to the national MSME landscape. Second, the data collection was conducted over a narrow period (March-May 2025), which may miss seasonal shifts or structural transitions in enterprise behaviour. Additionally, while a triangulated approach was used to capture data on closed businesses, reliance on proxy respondents such as neighbours or landlords introduces potential recall or reporting biases. Moreover, while the study gathered rich operational and locational data, it did not include detailed financial indicators, digital technology usage, or labour arrangements. Registration status was used as the primary proxy for formality, omitting other informal dimensions such as tax compliance or labour contracts. Future studies would benefit from broader and deeper data to better inform inclusive policy design. To strengthen the MSME evidence base, future research should aim to expand the geographic coverage to other urban and peri-urban districts in Phnom Penh as well as key provincial centres. A longitudinal tracking system of MSMEs, capturing entry, growth, formalisation, and exit, would help policymakers detect early signs of distress or opportunity. New survey modules should include financial access, digital engagement, and productivity metrics, alongside disaggregated data by gender, age, and migrant status. Finally, establishing a centralised MSME data platform in collaboration with Phnom Penh Municipality, Ministry of Economy and Finance (MEF), and Ministry of Industry, Science, Technology and Innovation (MISTI) would institutionalise evidence-based support for Cambodia's most vital economic actors.

3. Primary findings

1) MSMEs is the economic backbone: MSMEs continue to underpin Cambodia’s urban economy. In Khan Meanchey, Phnom Penh’s most commercially dense district, an extraordinary 14,820 currently operating business establishments. A notable acceleration in business openings from 2011 onward, peaking sharply in 2020. By 2023 and 2024, the trend began to rise again, with more than 2,001 establishments opened in 2023, greatly higher than the pre-pandemic peak. The trop in 2024 and 2025 may reflect the partial-year effect in a genuine downturn.

Chart 1 illustrates the number of currently operating establishments in Khan Meanchey by their year of opening, covering historical records up to 2025. The dataset, based on 14,820 establishments, clearly shows a dramatic upward trend in business formation over the past decades. While the number of enterprises opened in earlier decades remained marginal, the trend begins to pick up modestly in the early 2000s, before surging exponentially after 2010.

Chart 1: Currently operating business establishments in Khan Meanchey



Note: Plotted based on 14,820 currently operating establishments in Khan Meanchey.
Source: Author’s elaboration

The data shows a notable acceleration in business openings from 2011 onward, peaking sharply in 2020, when over 1,110 currently operating establishments were reportedly opened. This reflects an era of strong economic growth, rising consumer demand, and improved infrastructure in Phnom Penh’s outer districts, which likely stimulated MSME development. The sharp rise from 2017 to 2020 also aligns with national trends of urban expansion. By 2020, Khan Meanchey had clearly become a commercial hotspot.

However, the onset of the COVID-19 pandemic in early 2020 represents a critical juncture. Interestingly, while business formation peaked during the pandemic year itself, likely due to pre-pandemic openings, the years immediately after (2021–2022) saw a slight decline. This modest contraction suggests that while the entrepreneurial spirit remained resilient, uncertainty and reduced demand during the pandemic years may have temporarily slowed new enterprise formation. Nevertheless, the numbers remained historically high compared to pre-2017 levels, indicating a relatively quick rebound in business confidence.

By 2023 and 2024, the trend began to rise again, with more than 2,001 establishments opened in 2023, greatly higher than the pre-pandemic peak. This suggests a strong post-pandemic recovery, underpinned probably by renewed economic activity, the return of consumer foot traffic, possibly digital or home-based business adaptation, or a new way of doing business. The drop in 2024 and 2025 may reflect the partial-year effect in a genuine downturn.

Chart 2: Mapping operating and closed business establishments in Khan Meanchey



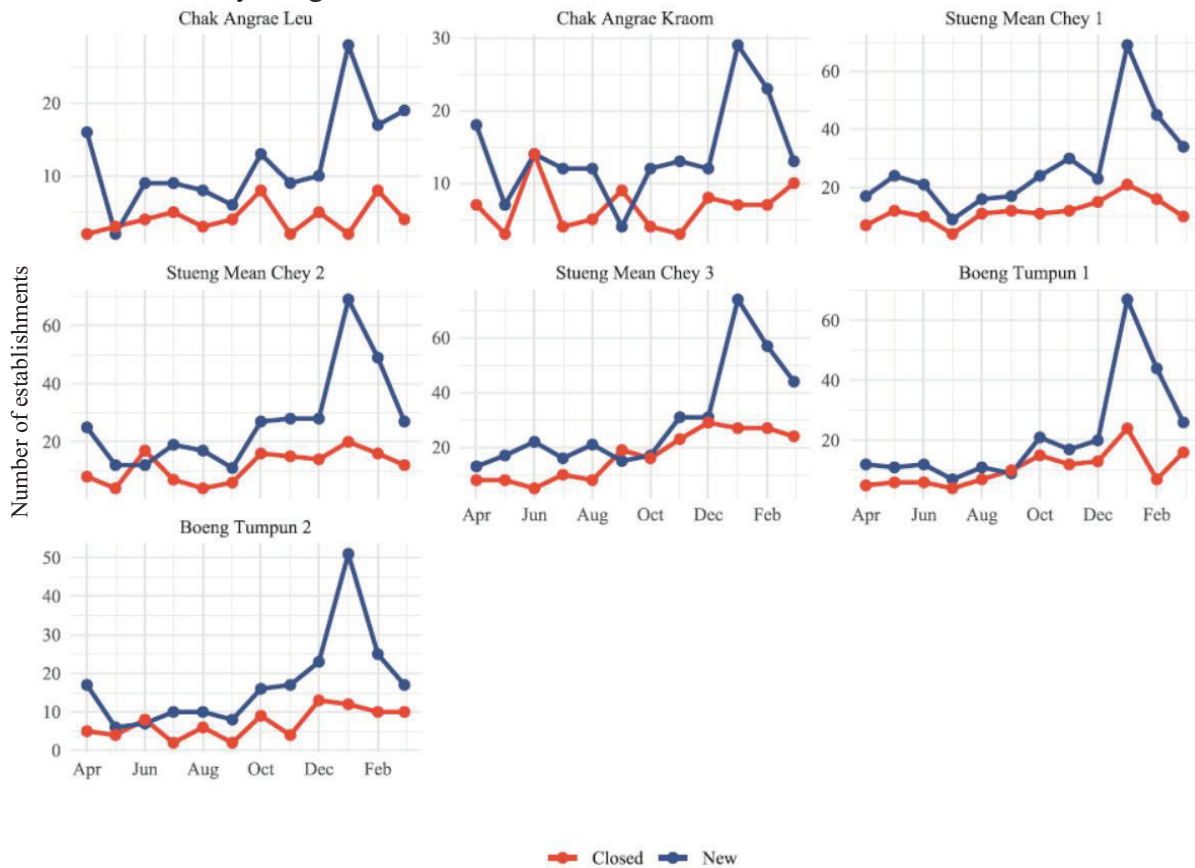
Note: This map plots 15,447 observations, including the locations of 14,820 currently operating establishments, 1,790 newly opened businesses within 12 months, 1,171 businesses that reported being closed, and 825 businesses that reported being closed within the last 12 months in Khan Meanchey. Private property areas are excluded (e.g., Borey compounds without establishments or areas where security restrictions prevented the research team from collecting data).

Source: Author's elaboration

2) Urban entrepreneurship is deeply embedded in the domestic space: In Khan Meanchey, “where there is a house, there is a business”: nearly every household runs a business. 95.94 percent of establishment owners engage in business activities, underscoring the central role of entrepreneurship in household livelihoods.

Chart 2 presents a spatial visualisation of MSMEs in Khan Meanchey district, Phnom Penh, distinguishing between operating (blue) and closed (red) establishments. This high-resolution spatial mapping reveals a dense concentration of MSMEs interconnected within residential neighbourhoods, indicating that commerce is deeply surrounded in local livelihoods. It is frequently that the house was used to operate businesses, often co-located within homes. The map also highlights a potentially cyclical churn in business locations. The clustering of both operational and closed businesses in the same corridors suggests a dynamic but volatile entrepreneurial landscape.

Chart 3: Monthly trends of newly opened and closed business establishments within 12 months by Sangkat



Note: This chart illustrates the monthly changes in new and closed businesses within the past 12 months.
Source: Author's elaboration

A clear pattern emerges where operating businesses are heavily clustered along the district's main roads and commercial streets, illustrating the centrality of physical accessibility and visibility along the streets. At the same time, a significant number of red dots, representing closed businesses, are scattered throughout the same commercial zones. This co-location of operating and closed enterprises reveals a high degree of business turnover even in areas of apparent economic vibrancy. In certain areas, especially toward the central-eastern zone of the map, clusters of closed establishments stand out more visibly. These blocks may point to localised economic disruptions or over-saturation in certain sectors. The observed turnover in otherwise dense economic spaces suggests a fragile business environment with intense competition and limited staying power. Another key feature is the presence of blank or uncharted areas, especially in the northeast and south, where no data points appear. As noted, these gaps likely correspond to Borey compounds, gated communities, or restricted zones where field data collection was not permitted.

3) However, the ecosystem remains fragile. Within just 12 months, 1,790 new businesses opened, while 825 closed, yielding a business closure-to-opening ratio of 46.09 percent. This churn reflects survivalist entrepreneurship rather than durable growth. Recovery after COVID-19 was short-lived; signs of slowdown are emerging: Business formation peaked in 2020 during Cambodia's pre-pandemic boom. A rebound occurred in 2023, reflecting household adaptation to post-COVID dynamics. However, the decline in 2024–2025 suggests either a partial-year effect or renewed structural stress.

Chart 3 provides a dynamic view of business activity in Khan Meanchey, capturing the fluctuations in new openings and closures on a monthly basis. Over this 12-month period, a total of 1,790 new businesses were launched, while 825 ended operations. The data underscore a highly fluid enterprise environment characterised by rapid entry and exit.

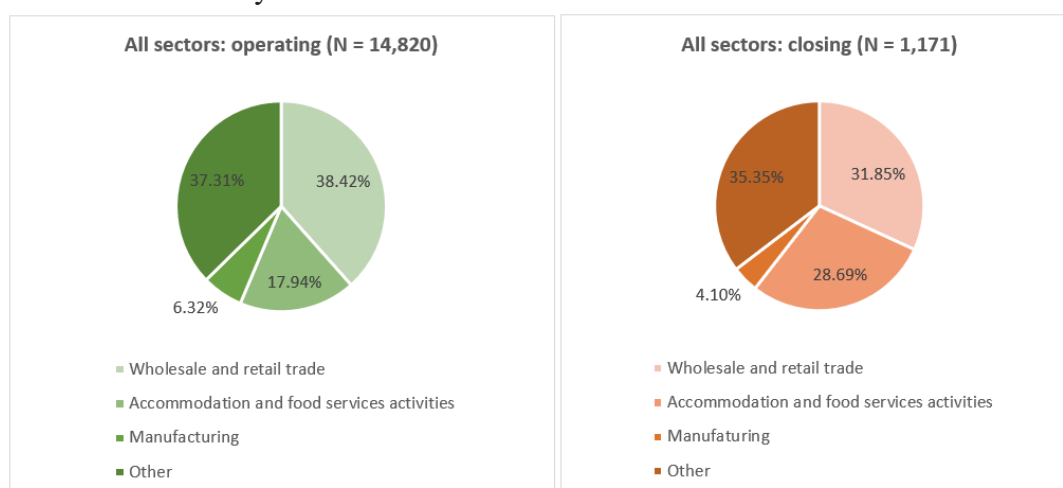
4) A concentration of MSME activity in low-productivity sectors, particularly wholesale and retail trade and food services. While these enterprises remain critical for employment and basic service delivery, their dominance also signals the absence of structural transformation in Khan Meanchey’s industrial landscape. These sectors point to a consumption-driven local economy with limited industrial diversification. While such businesses are often resilient in periods of moderate growth, they are also highly vulnerable to external shocks, as seen during the COVID-19 pandemic, when foot traffic and informal income declined sharply.

Chart 4 shows the overwhelming dominance of the wholesale and retail trade sector, comprising 38.4 percent of all establishments, which underscores the primacy of small-scale commerce in the district’s livelihood ecosystem. This sector, often characterised by informal, family-run shops, stalls, and resale businesses, remains the foundation of household income and community-level market exchange in urban Cambodia. It also highlights the low entry barriers to retail activity, which may explain the reasons behind the newly opened and closures within a short period.

Accommodation and food service activities represent one of the largest business type, accounting for 17.94 percent, indicating the growing importance of urban consumption services, particularly restaurants and mobile food service activities, beverage serving activities, event catering and other food services activities, and short-term accommodation activities. This aligns with broader demographic shifts, including urban in-migration, changing lifestyles, and increased demand for convenience-based services.

The other important category is manufacturing, comprising 6.32 percent of the total. While this suggests some degree of productive activity beyond pure consumption, it likely reflects small-scale, often home-based production such as manufacturing of weaving apparel, except fur apparel, manufacture of other fabricated metal products and metal working services activities, and manufacture of furniture. The chart therefore signals limited industrial upgrading and value chain integration within the district.

Chart 4: Business dynamics at sectoral level

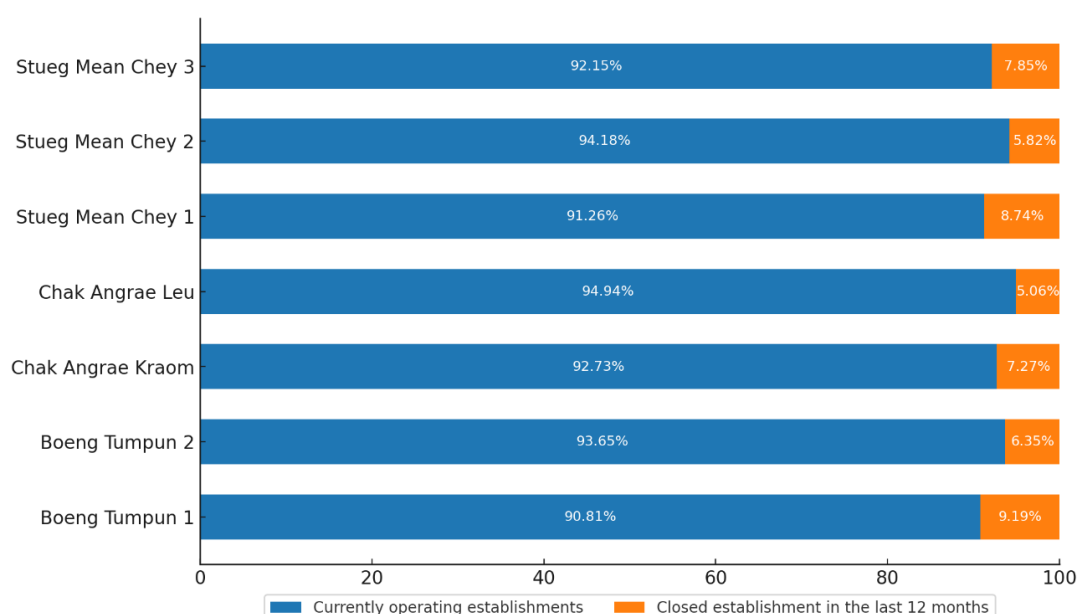




Source: Author's elaboration

5) The distribution of currently operating and closed establishments by Sangkat in Khan Meanchey, offering spatial insight into business survivability across local jurisdictions. The data show that all Sangkats exhibit high rates of operational continuity, comparing to the closed establishments in the last 12 months, with over 90 percent of establishments still in operation across nearly all areas.

Chart 5: Currently operating and closed business establishments by Sangkat



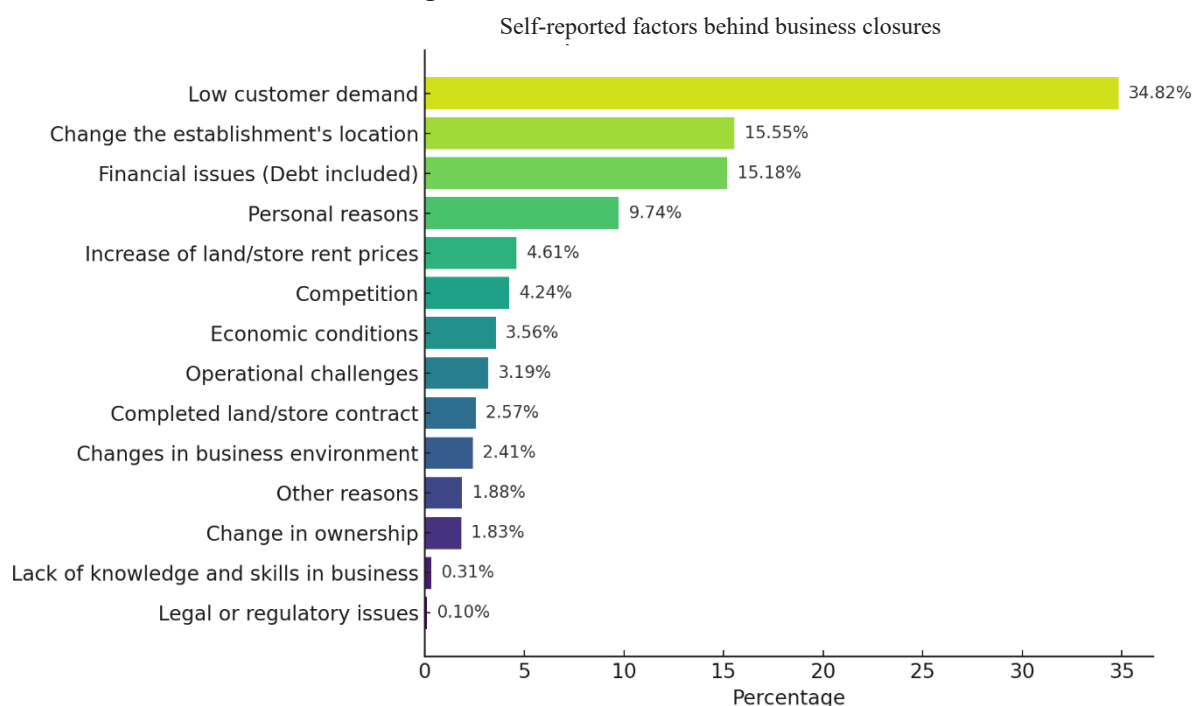
Source: Author's elaboration

6) The leading cause of business closure was low customer demand (34.82 percent), followed by relocation pressures (15.55 percent) and financial constraints (15.18 percent). Additional stressors included personal challenges (9.7 percent), high rent (4.6 percent), and rising competition (4.2 percent). Over 81 percent of businesses remain informal, exposing them to regulatory blind spots, limited access to credit, and weak protections. Most businesses operate with minimal staff, typically fewer than three people, limiting scalability, investment, and resilience.

Chart 6 presents aggregated responses from closed businesses in Khan Meanchey, identifying the top three self-reported reasons for closure. The data clearly show that low customer demand is the most dominant cause, cited by 641 establishments (34.82 percent). This finding underscores the fragile nature of many MSMEs operating in low-margin, consumption-driven environments that are highly sensitive to fluctuations in foot traffic, purchasing power, or neighbourhood dynamics. Change of location (15.55 percent) and financial issues (15.18 percent) follow as the second and third most common reasons. The high share of closures attributed to relocation indicates the mobility of small businesses, often informal or home-based, that may shift due to landlord decisions, infrastructure development, or personal migration. Financial challenges, in turn, reflect constrained access to working capital, loan repayment difficulties, and vulnerability to cash flow disruptions.

Other notable reasons include personal reasons, high rent prices, and competition, highlighting the individualised, precarious context in which many enterprises operate. Institutional or systemic factors, such as legal or regulatory issues, and lack of business skills, are surprisingly rare, suggesting that closures are driven more by market conditions and household-level decisions than by formal compliance burdens. These findings reinforce the need for demand-stimulation strategies and financial resilience support adapted to micro-entrepreneurs.

Chart 6: Business owners' self-reported reasons behind closures



Note: This chart is based on business owners' self-reported reasons behind closures. The top three factors were aggregated across all closed businesses, and the results are presented in the chart.

Source: Author's elaboration

7) The overall picture explains high informality and low registration rates, which explain micro scale and family-run nature of most MSMEs. In Khan Meanchey, “where there is a house, there is a business”: nearly every household runs a business. Yet behind this density lies economic precarity. Of all observed establishments, 42.17 percent use their own store or land, while 52.99 percent rent in full, 4.73 percent rent part of a space, and a small fraction operate rent-free. Business survival is often contingent on landlords, not market strength. See Chart 7 and 8.

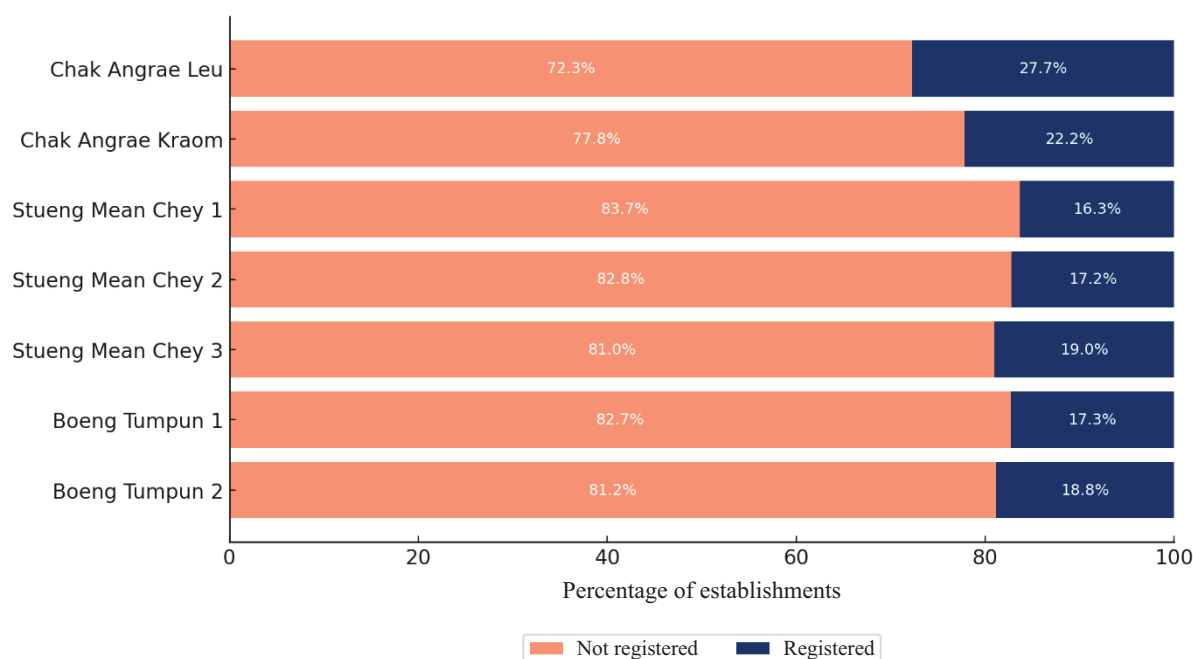
8) Foreign ownership, formal registration, and digital adoption are associated with a higher probability of success, with higher revenues and a greater likelihood of business success. However, performance varies considerably by sector. Manufacturing MSMEs benefit most from formalisation, while digitalisation is more impactful in retail and food services.⁶

In the manufacturing sector, see chart 9, foreign ownership and formal registration significantly improve the likelihood of business success. However, digital adoption shows no clear performance benefit in this sector. For wholesale and retail trade, this is the largest and most informal sector, highly female-dominated. Chart 10 shows that formal registration increases success probability by 16.3 percent, and digital adoption by 11.5 percent.

⁶ The correlations between registration, digital adoption, and improved outcomes are associational, not causal. The report now emphasises that enterprises which are better resourced or more skilled are more likely to adopt these tools and to register formally. Thus, while these factors are linked to success, the underlying drivers may include owner capacity, access to networks, or education. For detail study, please see Appendix B: Enterprise Performance in Phnom Penh: Evidence from the Economic Census of Cambodia 2022.

For accommodation and food services, Chart 11 shows that digital adoption has a strong positive effect (7.1 percent higher probability of success), followed by formal registration (10.7 percent). Despite pandemic vulnerabilities, the sector showed entrepreneurial resilience.

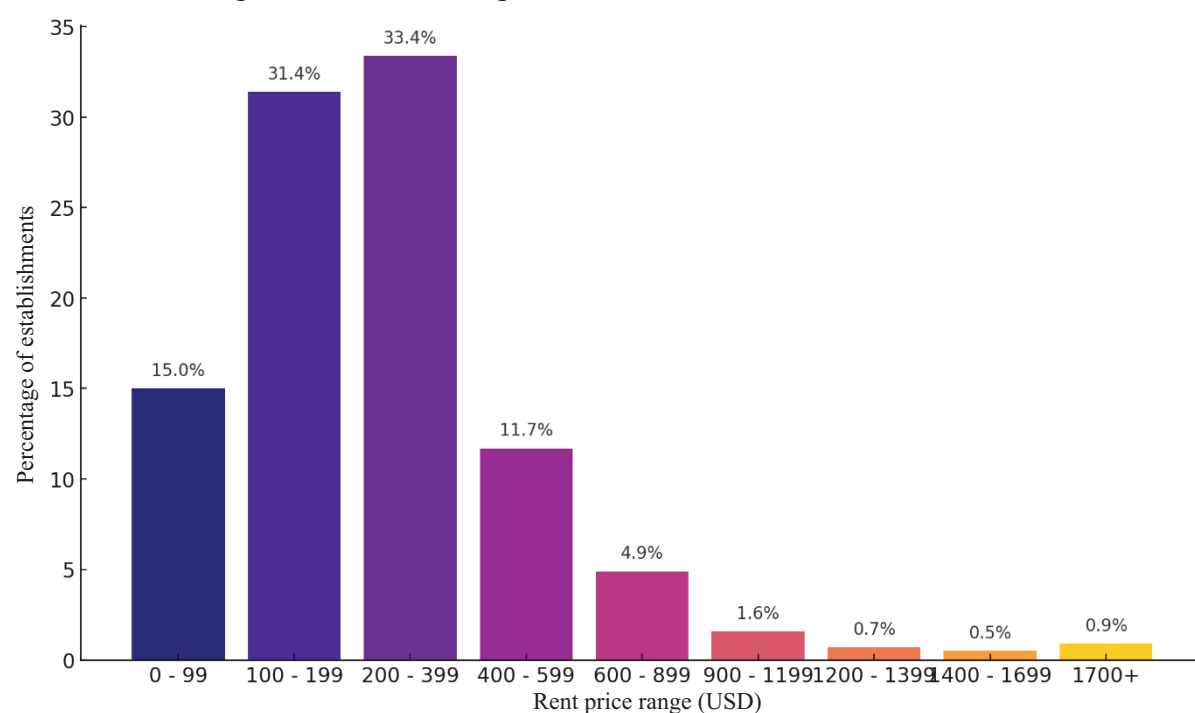
Chart 7: Business establishment registration status



Note: The chart presents the establishment registration status by Sangkat.

Source: Author's elaboration

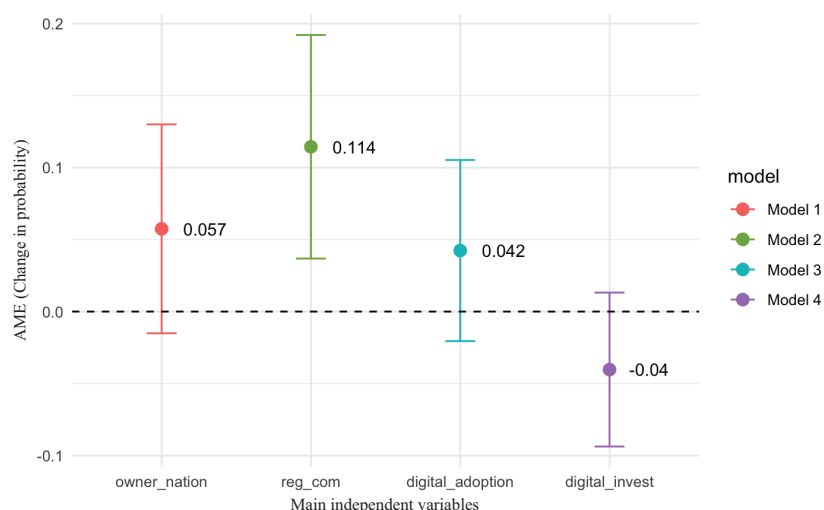
Chart 8: Percentage of store/land rent prices



Note: Overall, 13,472 establishments provided information on their store or land usage.

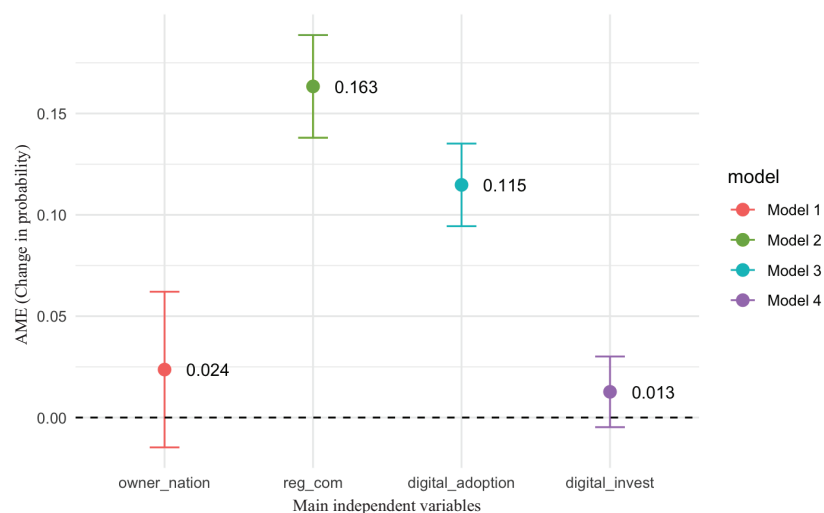
Source: Author's elaboration

Chart 9: Average marginal effect in the manufacturing sector



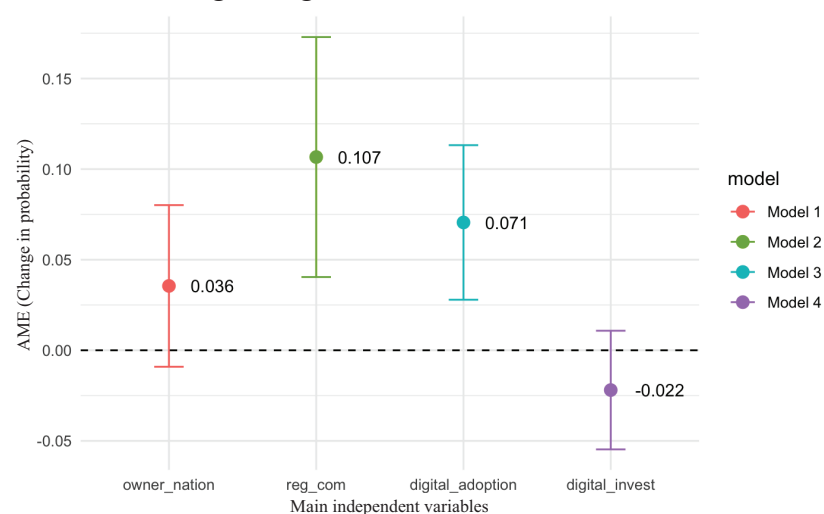
Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart 10: Average marginal effect in wholesale and retail trade



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart 11: Average marginal effects in accommodation and service sector



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

9) New era of doing business in Cambodia: digital disruption and foreign retail influx redefine MSME survival

From the literature, the urban MSME geography is fragmenting. Sharp disparities in formality, density, and resilience emerge across Sangkats and villages, creating a patchwork of opportunity and exclusion. Digital platforms and foreign-branded retail are rapidly displacing traditional businesses. International platforms such as Lazada, Alibaba, Taobao, and Amazon, as well as digital platforms like ride-hailing services (PassApp, and GrabBike), delivery services (Nham24, and Foodpanda), and home services and domestic work platforms (Urban Living Solutions) are reshaping consumer preferences, while foreign-branded marts dominate Phnom Penh's commercial corridors. As digital commerce and imported goods gain ground, many MSMEs are pushed into less visible areas, weakening their customer base and competitive position.

4. Policy

To strengthen the resilience and competitiveness of MSMEs in Phnom Penh and beyond, policy interventions must address both immediate business vulnerabilities and longer-term structural constraints. The following recommendations are grounded in the evidence from Khan Meanchey and are designed to be scalable to other urban districts:

Policy 1: Respond to the most pressing causes of business closures

Surveyed MSMEs in Khan Meanchey cited low customer demand, rental instability, and financial constraints as the primary drivers of business closures. To mitigate these systemic pressures, the following measures are recommended:

- **Infrastructure and utility affordability**, especially for microenterprises operating in congested or under-served zones.
- **Stimulate local demand** through targeted consumer support, such as vouchers, community market events, and small-scale public procurement programs that prioritise local MSMEs, particularly in retail and food services.
- **Improve access to finance** by expanding microcredit guarantee schemes, easing collateral requirements, and providing working capital loans tailored for micro and informal enterprises.
- **TVET-business partnerships**, to improve financial literacy and digital skills tailored for MSMEs.
- **Stabilise tenancy** for small businesses through rental transparency guidelines, soft incentives for long-term leasing contracts, and municipal-level frameworks for secure access to commercial space, especially in high-density urban areas.

Policy 2: Promote MSME competitiveness through formalisation and digital inclusion

The path to resilience requires enabling MSMEs to scale, formalise, and embrace digital innovation. Sector-specific strategies are crucial:

Manufacturing sector: Prioritise industrial upgrading by supporting MSMEs in formalising their operations and integrating into broader supply chains. Key instruments include:

- Tax incentives for localised industrial expansion.
- Localised industrial extension services that offer technical support and access to quality standards.
- Linkage programs connecting micro producers to larger exporters and industrial clusters.

Wholesale and retail trade; accommodation and food services:

These sectors are dominated by informal, micro-scale operations with high female participation. To enhance their competitiveness:

- Simplify and subsidise business registration processes, especially via mobile platforms.
- Promote digital tools such as QR payments, delivery apps, and online marketplaces tailored for small vendors.
- Partner with digital platforms and NGOs to deliver inclusive training on e-commerce, branding, and business management.
- Provide targeted support for women-led enterprises through tailored grant programs, mentorship networks, and market access initiatives.

Policy 3: Institutionalise a Dynamic MSME Monitoring and Data System

Evidence-based policymaking depends on timely and disaggregated data. Building a regular, comprehensive data system is essential:

- **Tax registration reform**, to reduce compliance burdens that discourage formalisation.
- **Support for mid-sized enterprises**, to bridge the “missing middle.”
- **Expand MSME data collection** beyond Khan Meanchey to all districts in Phnom Penh, using a mix of digital surveys, administrative data, and geospatial mapping.
- **Institutionalise quarterly or annual updates** to capture real-time trends in business formation, closure, digital adoption, and resilience indicators.
- **Establish an integrated MSME data platform** in collaboration with the Phnom Penh Municipality, Ministry of Economy and Finance (MEF), and Ministry of Industry, Science, Technology and Innovation (MISTI), ensuring transparency and accessibility for policymakers, researchers, and the private sector.

Table 1: Summary statistics

No	Indicators	Unit	All sectors	Wholesale and retail trade	Accommodation and food services activities	Manu- facturing	Other businesses
1	Observations	Freq	15,447	5694	2659	937	6,157
2	Currently operating establishments	Freq	14,820	5694	2659	937	5,530
3	Newly opened business within 12 months	Freq	1,790	614	489	90	597
4	Businesses that reported being closed	Freq	1,171	373	336	48	414
5	Businesses that reported being closed within the last 12 months	Freq	825	373	336	48	68
6	Business occupancy rate = 2/1	%	95.94%				
7	Business closure-operating ratio = 4 / 2	%	7.90%				
8	Business closure-operating ratio within 12 months = 5/3	%	46.09%	60.75%	68.71%	53.33%	11.39%
	Year of business operations	Freq	14,820	5,694	2,659	937	5,530
9	Before 2000	%	1.10%	1.42%	0.86%	1.49%	0.81%
10	Between 2000 - 2009	%	5.28%	5.46%	4.63%	8.54%	4.86%
11	Between 2010 - 2019	%	33.75%	36.34%	26.02%	38.10%	34.07%
12	Between 2020 - 2025	%	58.96%	56.78%	68.48%	51.87%	57.83%
13	Non-identified date	%	0.90%	0.00%	0.00%	0.00%	2.42%
	Currently operating establishments	Freq	14,820	5,694	2,659	937	5,530
14	Boeng Tumpun 1	%	12.41%	11.71%	14.37%	12.38%	12.19%
15	Boeng Tumpun 2	%	11.95%	11.92%	11.77%	14.83%	11.57%
16	Chak Angrae Kraom	%	9.89%	10.63%	9.40%	9.39%	9.46%
17	Chak Angrae Leu	%	8.35%	7.97%	9.03%	7.36%	8.59%
18	Stueng Mean Chey 1	%	15.63%	14.19%	18.20%	17.40%	15.59%
19	Stueng Mean Chey 2	%	18.87%	19.44%	17.60%	19.00%	18.88%
20	Stueng Mean Chey 3	%	22.89%	24.13%	19.63%	19.64%	23.73%
	Newly opened 12 month establishments	Freq	1,790	614	489	90	597
21	Boeng Tumpun 1	%	14.36%	13.19%	17.59%	10.00%	13.57%
22	Boeng Tumpun 2	%	11.56%	10.91%	11.66%	12.22%	12.06%

23	Chak Angrae Kraom	%	9.44%	11.56%	5.93%	8.89%	10.22%
24	Chak Angrae Leu	%	8.16%	7.33%	9.20%	8.89%	8.04%
25	Stueng Mean Chey 1	%	18.38%	16.45%	20.04%	25.56%	17.92%
26	Stueng Mean Chey 2	%	18.10%	20.36%	14.72%	16.67%	18.76%
27	Stueng Mean Chey 3	%	20.00%	20.20%	20.86%	17.78%	19.43%
Within 12-month closed establishments		Freq	825	373	336	48	68
28	Boeng Tumpun 1	%	22.55%	12.33%	19.94%	8.33%	101.47%
29	Boeng Tumpun 2	%	14.55%	10.19%	10.42%	20.83%	54.41%
30	Chak Angrae Kraom	%	13.94%	9.12%	10.42%	8.33%	61.76%
31	Chak Angrae Leu	%	8.00%	4.83%	5.36%	6.25%	39.71%
32	Stueng Mean Chey 1	%	26.91%	20.11%	17.56%	18.75%	116.18%
33	Stueng Mean Chey 2	%	20.97%	15.28%	13.39%	6.25%	100.00%
34	Stueng Mean Chey 3	%	35.03%	24.66%	17.86%	29.17%	180.88%
35	Registration status (N = 13,173)	Freq	10,669	4,569	2,235	643	3,222
36	Rental building	Freq	7,140	2,783	1,446	491	2,420
37	Own building	Freq	5,682	2,335	835	321	2,191
Rental prices		Freq	6,382	2,522	1,277	433	2,240
38	0-99 USD	%	16.83%	19.31%	25.52%	13.39%	13.08%
39	100-199 USD	%	30.73%	33.43%	29.37%	29.79%	27.41%
40	200-399 USD	%	32.65%	30.06%	28.35%	37.18%	35.85%
41	400-599 USD	%	11.42%	10.59%	9.32%	10.85%	13.21%
42	600-899 USD	%	4.83%	3.77%	4.36%	5.08%	5.98%
43	900-1199 USD	%	1.57%	1.51%	0.86%	1.85%	1.92%
44	1200-1399 USD	%	0.64%	0.40%	0.70%	0.46%	0.89%
45	1400-1699 USD	%	0.45%	0.24%	0.63%	0.46%	0.58%
46	1700+ USD	%	0.88%	0.71%	0.78%	0.92%	1.07%
Number of employments		Freq	14,820	5,694	2,659	937	5,530
47	1 employee	%	39.45%	42.17%	41.29%	23.91%	38.39%
48	2 employees	%	31.22%	37.55%	32.23%	23.91%	25.46%
49	3 employees	%	8.57%	7.24%	9.63%	15.05%	8.34%
50	4-9 employees	%	8.42%	6.02%	9.51%	19.85%	8.43%
51	10-19 employees	%	1.52%	1.07%	1.39%	4.27%	1.59%
52	20-29 employees	%	0.30%	0.12%	0.19%	0.64%	0.47%
53	30-49 employees	%	0.22%	0.12%	0.08%	0.64%	0.31%
54	50-99 employees	%	0.11%	0.04%	0.00%	0.53%	0.16%
55	100-199 employees	%	0.05%	0.00%	0.00%	0.43%	0.05%
56	200-399 employees	%	0.01%	0.00%	0.00%	0.21%	0.00%
57	400+ employees	%	0.05%	0.05%	0.04%	0.11%	0.04%
58	Non-identified staffs	%	10.09%	5.62%	5.64%	10.46%	16.76%
Self-reported factors behind business closures		Freq	1,910	591	555	85	303
59	Financial issues (Debt included)	%	15.18%	17.09%	14.77%	16.47%	11.22%
60	Low customer demand	%	34.82%	36.04%	38.20%	34.12%	32.01%
61	Competition	%	4.24%	5.41%	5.41%	1.18%	3.63%
62	Legal or regulatory issues	%	0.10%	0.00%	0.00%	0.00%	0.00%
63	Personal reasons	%	9.74%	9.64%	8.11%	3.53%	13.86%
64	Economic conditions	%	3.56%	2.54%	4.86%	3.53%	2.97%
65	Changes in business environment	%	2.41%	1.69%	3.24%	3.53%	2.31%
66	Operational challenges	%	3.19%	1.86%	3.42%	5.88%	2.64%
67	Change in ownership	%	1.83%	2.03%	1.80%	3.53%	0.99%

68	Change the establishment's location	%	15.55%	15.57%	12.25%	17.65%	19.80%
69	Completed land/store contract	%	2.57%	1.86%	2.16%	3.53%	1.65%
70	Lack of knowledge and skills in business	%	0.31%	0.34%	0.00%	2.35%	0.00%
71	Increase of land/store rent prices	%	4.61%	5.08%	4.32%	4.71%	4.95%
72	Other	%	1.88%	0.85%	1.44%	0.00%	3.96%
73	All sectors: operating	Freq	14,820				
74	Wholesale and retail trade	%	38.42%				
75	Accommodation and food services activities	%	17.94%				
76	Manufacturing	%	6.32%				
77	Other	%	37.31%				
78	All sectors: closing	Freq	1171				
79	Wholesale and retail trade	%	31.85%				
80	Accommodation and food services activities	%	28.69%				
81	Manufacturing	%	4.10%				
82	Other	%	35.35%				
83	Wholesale and retail trade: operating	Freq	5,694				
84	Retail sale in non-specialised stores	%	46.29%				
85	Retail sale of food, beverages and tobacco in specialised stores	%	22.95%				
86	Retail sale of other goods in specialised stores	%	18.35%				
87	Other	%	12.40%				
88	Wholesale and retail trade: closing	Freq	373				
89	Retail sale in non-specialised stores	%	37.27%				
90	Retail of other goods in specialised stores	%	27.61%				
91	Retail sale of food, beverages and tobacco in specialised stores	%	19.57%				
92	Other	%	15.55%				
93	Accommodation and food services activities: operating	Freq	2659				
94	Restaurants and mobile food service activities	%	54.49%				
95	Beverage serving activities	%	36.10%				
96	Event catering and other food services activities	%	7.63%				
97	Short term accommodation activities	%	1.77%				
98	Accommodation and food services activities: closing	Freq	336				
99	Restaurants and mobile food service activities	%	59.82%				
100	Beverage serving activities	%	34.23%				
101	Short term accommodation activities	%	5.95%				
102	Manufacturing: operating	Freq	937				

103	Manufacturing of weaving apparel, except fur apparel	%	43.76%
104	Manufacture of other fabricated metal products and metal working services activities	%	11.63%
105	Manufacture of furniture	%	9.82%
106	Other	%	34.79%
107	Manufacturing: closing	Freq	48
108	Manufacture of wearing apparel, except fur apparel	%	33.33%
109	Manufacture of other food products	%	20.83%
110	Manufacture other fabricated metal products and metal services activities	%	8.33%
111	Other	%	37.50%

Source: Author's elaboration

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Data reports

Appendix A:

Data report on 14,820 MSMEs in Khan Meanchey

1. Survey objectives

This study contributes to filling an important knowledge gap by providing an in-depth assessment of MSMEs' resilience and structural transformation in Cambodia's capital, Phnom Penh. The research addresses three interlinked objectives:

- To analyse MSME dynamics, including firm entry and exit within a 12-month period, and profile currently operating businesses;
- To identify business owners' self-reported reasons behind closures;
- To examine factors contributing to MSME success using evidence from the national Economic Census of Cambodia 2022.

This study addresses these challenges by focusing on Khan Meanchey, one of Phnom Penh's most commercially active and rapidly expanding districts. The findings contribute to a deeper understanding of urban MSME ecosystems and offer actionable insights for targeted policy interventions.

2. Methodology

Phnom Penh is selected for this study. Phnom Penh is known as the epicentre of Cambodia's economic activity. With 149,888 establishments, it accounted for nearly 20 percent of all establishments nationwide, the highest among provinces. More strikingly, it employed 930,916 persons, representing 31.2 percent of all persons engaged, highlighting the capital's dominance in both enterprise formation and employment generation. This suggests a significant urban-industrial agglomeration effect, underpinned by better infrastructure, access to markets, and proximity to services such as finance and logistics.

There are 14 administrative divisions called *khans* (sections) in Phnom Penh, and only Khan Meanchey was surveyed in this study, considering its major expansion, mixing the established business ecosystems, and the emerging markets.

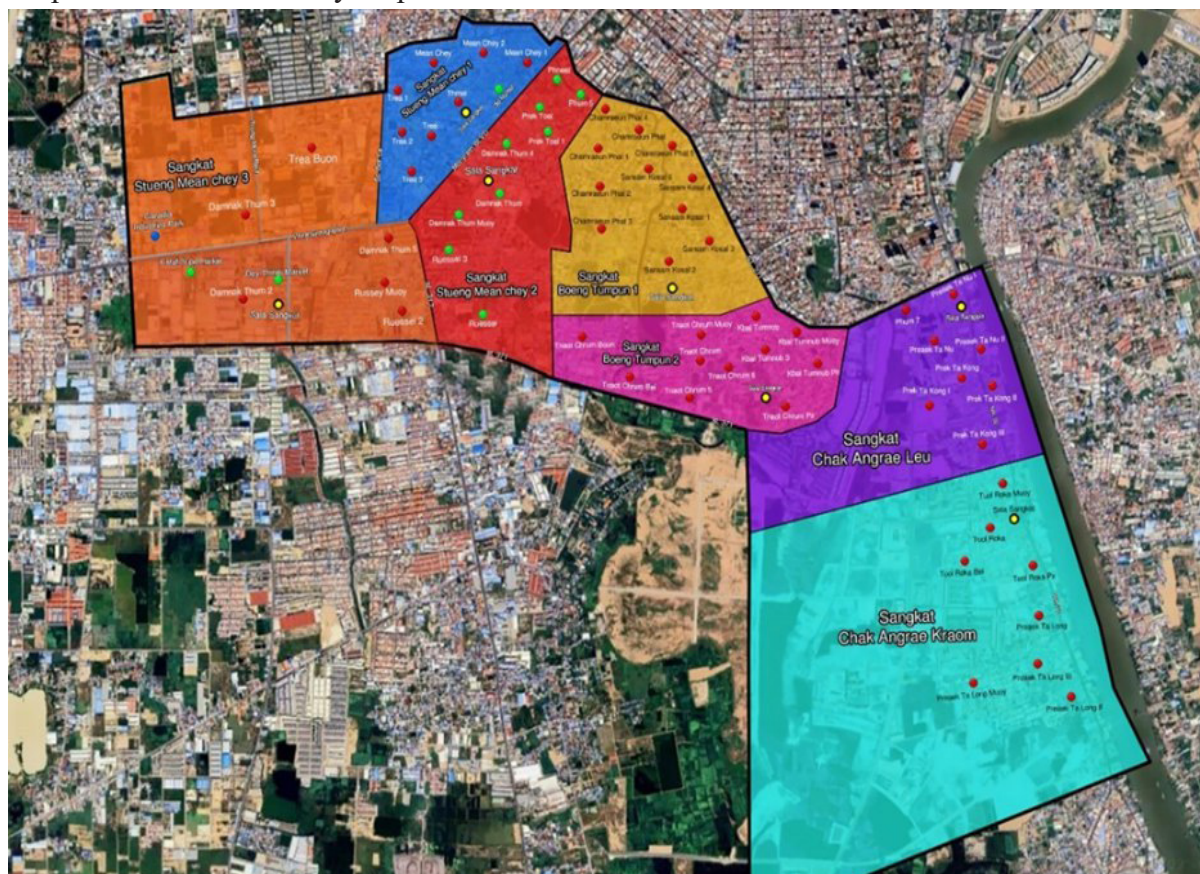
This study used a comprehensive approach focused on census-level data collection across Khan Meanchey (see Map A.1). Fieldwork was conducted between March 2025 and May 2025. The enumeration was designed to achieve near-total coverage of all residential and commercial areas, including smaller roads and informal market clusters.

The surveyed results encompass a total of 15,447 observations, including the locations of 14,820 currently operating business establishments, 1,790 newly opened businesses within 12 months, 1,171 businesses that reported being closed, and 825 businesses that reported being closed within the last 12 months in Khan Meanchey (see details in Table A.1).

The methodology combined face-to-face interviews, geospatial mapping, and observational verification. Establishments were classified by operational status, sector, location, ownership of premises, registration status, and workforce size. Closed businesses were tracked through a triangulation strategy: where owners could not be reached, information was gathered from neighbours, local authorities, or replacement businesses.

Data analysis included descriptive statistics, spatial heat maps, and cross-sectional comparisons across Sangkats and villages. Additionally, the study integrated qualitative feedback, collected through structured interviews and focus group discussions with enumerators. These methods provided a rich, granular understanding of MSME behaviour, constraints, and survival strategies.

Map A.1: Khan Meanchey map



Source: Author's elaboration

This study provides one of the most detailed portraits to date of MSME dynamics within Khan Meanchey, Phnom Penh's most commercially active district. However, the findings should be interpreted with certain limitations in mind.

Table A.1: Surveyed business establishments in Khan Meanchey

No	Indicators	Unit	All sectors	Wholesale and retail trade	Accommodation and food services activities	Manu- facturing	Other businesses
1	Observations	Freq	15,447	5,694	2,659	937	6,157
2	Currently operating establishments	Freq	14,820	5,694	2,659	937	5,530
3	Newly opened business within 12 months	Freq	1,790	614	489	90	597
4	Businesses that reported being closed	Freq	1,171	373	336	48	414
5	Businesses that reported being closed within the last 12 months	Freq	825	373	336	48	68
6	Business occupancy rate = 2 / 1	%	95.94%				
7	Business closure-operating ratio = 4 / 2	%	7.90%				
8	Business closure-operating ratio within 12 months = 5 / 3	%	46.09%	60.75%	68.71%	53.33%	11.39%

Source: Author's elaboration

3. Key findings

A1. Business trends: Operating and closed business establishments

Chart A.1 presents a spatial visualisation of MSMEs in Khan Meanchey district, Phnom Penh, distinguishing between operating (blue) and closed (red) establishments. This high-resolution spatial mapping reveals a dense concentration of MSMEs interconnected within residential neighbourhoods, indicating that commerce is deeply surrounded in local livelihoods.⁷ It is frequently the case that the house was used to operate businesses, often co-located within homes. The map also highlights potentially cyclical closures in business locations. The clustering of both operational and closed businesses in the same corridors suggests a dynamic but volatile entrepreneurial landscape.

Chart A.1: Mapping the operating and closed establishments in Khan Meanchey



Note: This map plots 15,447 observations, including the locations of 14,820 currently operating establishments, 1,790 newly opened businesses within 12 months, 1,171 businesses that reported being closed, and 825 businesses that reported being closed within the last 12 months in Khan Meanchey. Private property areas are excluded (e.g., Borey compounds without establishments or areas where security restrictions prevented the research team from collecting data).

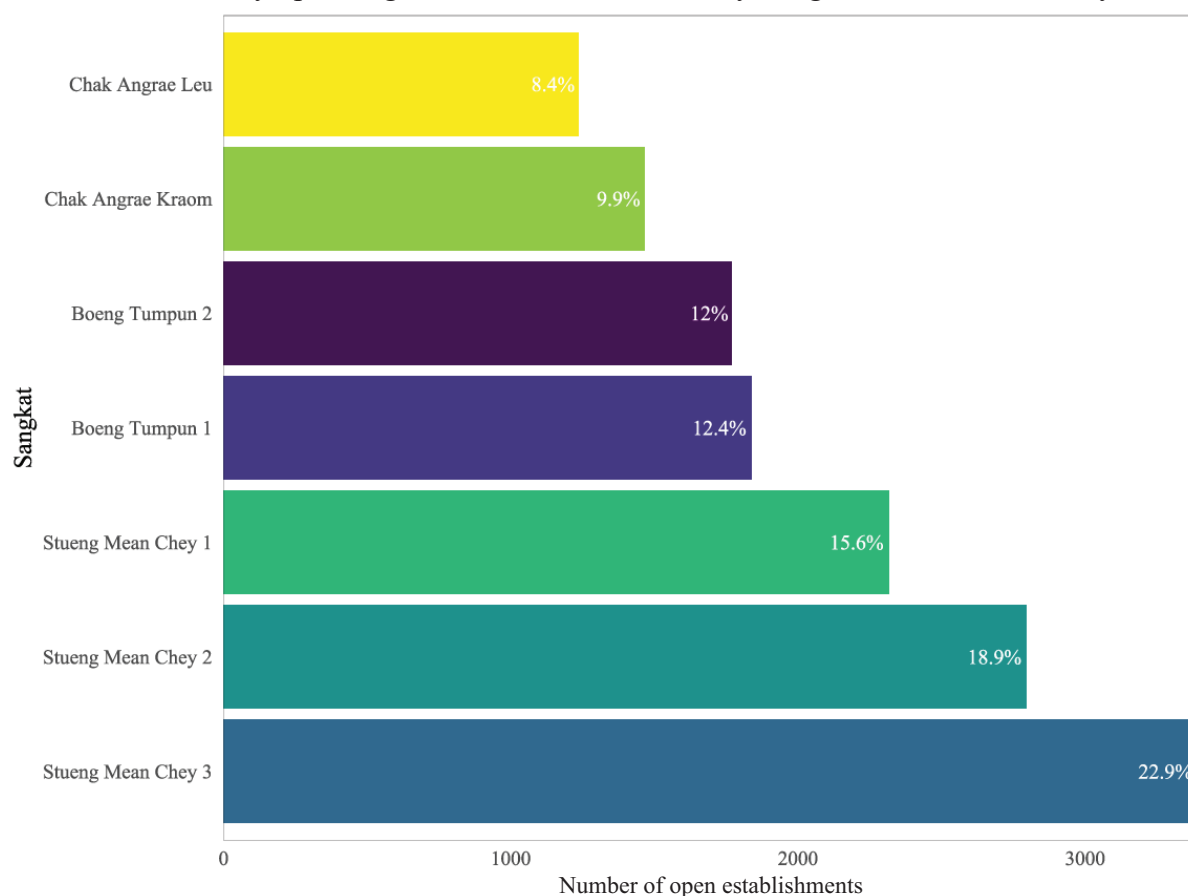
A clear pattern emerges where operating businesses are heavily clustered along the district's main roads and commercial streets, illustrating the centrality of physical accessibility and visibility along the streets. At the same time, a significant number of red dots, representing closed businesses, are scattered throughout the same commercial zones. This co-location of operating and closed enterprises reveals a high degree of business turnover even in areas of apparent economic vibrancy. In certain areas, especially toward the central-eastern zone of the map, clusters of closed establishments stand out more visibly. These blocks may point

⁷ From group discussion, 'Notably, the near-ubiquity of enterprises in this district—often co-located within homes—reflects an economic reality where micro-entrepreneurship substitutes for formal employment.'

to localised economic disruptions or oversaturation in certain sectors. The observed turnover in otherwise dense economic spaces suggests a fragile business environment with intense competition and limited staying power. Another key feature is the presence of blank or uncharted areas, especially in the northeast and south, where no data points appear. As noted, these gaps likely correspond to Borey compounds, gated communities, or restricted zones where field data collection was not permitted.

Chart A.2 shows the distribution of currently operating establishments by Sangkat in Khan Meanchey, based on a total of 14,820 establishments. The data reveal that business activity is highly concentrated in three Sangkats, including Stueng Mean Chey 3, Stueng Mean Chey 2, and Stueng Mean Chey 1, which together account for over half of all operating establishments in the district. These areas likely benefit from higher population density, better infrastructure, or stronger commercial clustering. In contrast, Chak Angrae Leu and Chak Angrae Kraom host the fewest businesses.

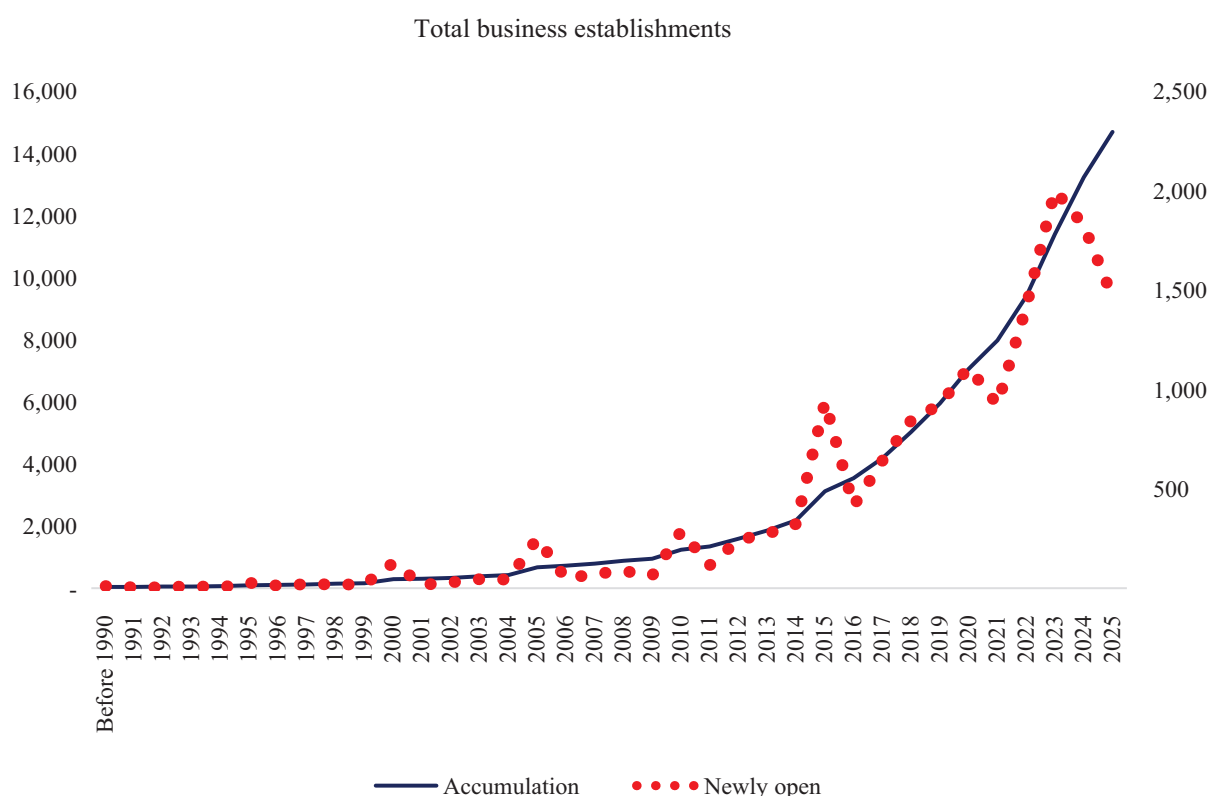
Chart A.2: Currently operating business establishments by Sangkat in Khan Meanchey



Note: The chart shows the distribution of operating establishments by Sangkat, based on a total of 14,820 establishments.

Chart A.3 illustrates the number of currently operating establishments in Khan Meanchey by their year of opening, covering historical records from the past to 2025. The dataset is based on 14,820 establishments and clearly shows a dramatic upward trend in business formation over the past decades. While the number of enterprises opened in earlier decades remained marginal, the trend began to pick up modestly in the early 2000s, before surging exponentially after 2010.

Chart A.3: Currently operating business establishments in Khan Meanchey



Note: Plotted based on 14,820 currently operating establishments in Khan Meanchey.

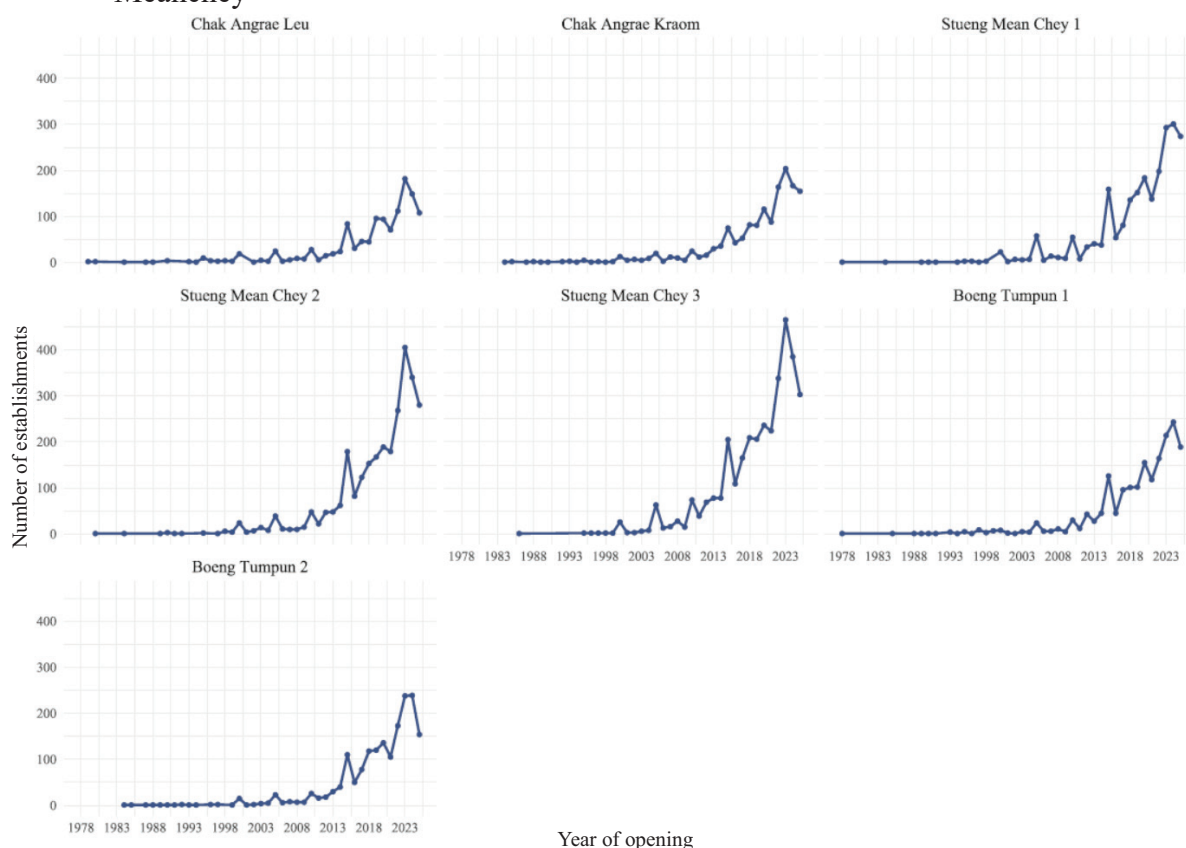
The data shows a notable acceleration in business openings from 2011 onward, peaking sharply in 2020, when over a thousand currently operating establishments were reportedly opened. This reflects an era of strong economic growth, rising consumer demand, and improved infrastructure in Phnom Penh's outer districts, which likely stimulated MSME development. The sharp rise from 2017 to 2020 also aligns with national trends of urban expansion. By 2020, Khan Meanchey had clearly become a commercial hotspot.

However, the onset of the COVID-19 pandemic in early 2020 represents a critical juncture. Interestingly, while business formation peaked during the pandemic year itself, likely due to pre-pandemic openings, the years immediately after (2021–2022) saw a slight decline. This modest contraction suggests that while the entrepreneurial spirit remained resilient, uncertainty and reduced demand during the pandemic years may have temporarily slowed new enterprise formation. Nevertheless, the numbers remained historically high compared to pre-2017 levels, indicating a relatively quick rebound in business confidence.

By 2023 and 2024, the trend began to rise again, with more than two thousand establishments opened in 2023, greatly higher than the pre-pandemic peak. This suggests a strong post-pandemic recovery, underpinned probably by renewed economic activity, the return of consumer foot traffic, possibly digital or home-based business adaptation, or a new way of doing business. The drop in 2024 and 2025 may reflect the partial-year effect in a genuine downturn.

The same trends were also found by Sangkat, see Chart A.4.

Chart A.4: Currently operating business establishments in year by Sangkat in Khan Meanchey



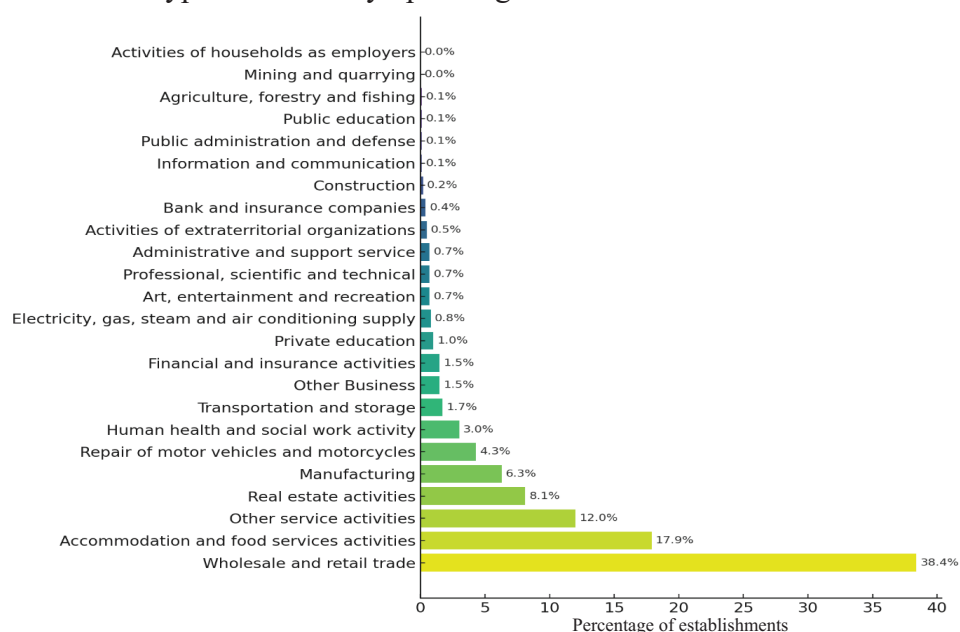
Note: The chart shows the trend in the number of establishments by their year of opening across different Sangkats.

Chart A.5 shows the overwhelming dominance of the wholesale and retail trade sector, comprising 38.4 percent of all establishments, which underscores the primacy of small-scale commerce in the district's livelihood ecosystem. This sector, often characterised by informal, family-run shops, stalls, and resale businesses, remains the foundation of household income and community-level market exchange in urban Cambodia. It also highlights the low entry barriers to retail activity, which may explain the reasons behind the newly opened and closures within a short period.

Accommodation and food service activities represent one of the largest business type, accounting for 17.94 percent, indicating the growing importance of urban consumption services, particularly restaurants and mobile food service activities, beverage serving activities, event catering and other food services activities, and short-term accommodation activities. This aligns with broader demographic shifts, including urban in-migration, changing lifestyles, and increased demand for convenience-based services.

The other important category is manufacturing, comprising 6.32 percent of the total. While this suggests some degree of productive activity beyond pure consumption, it likely reflects small-scale, often home-based production such as manufacturing of weaving apparel, except fur apparel, manufacture of other fabricated metal products and metal working services activities, and manufacture of furniture. The chart therefore signals limited industrial upgrading and value chain integration within the district.

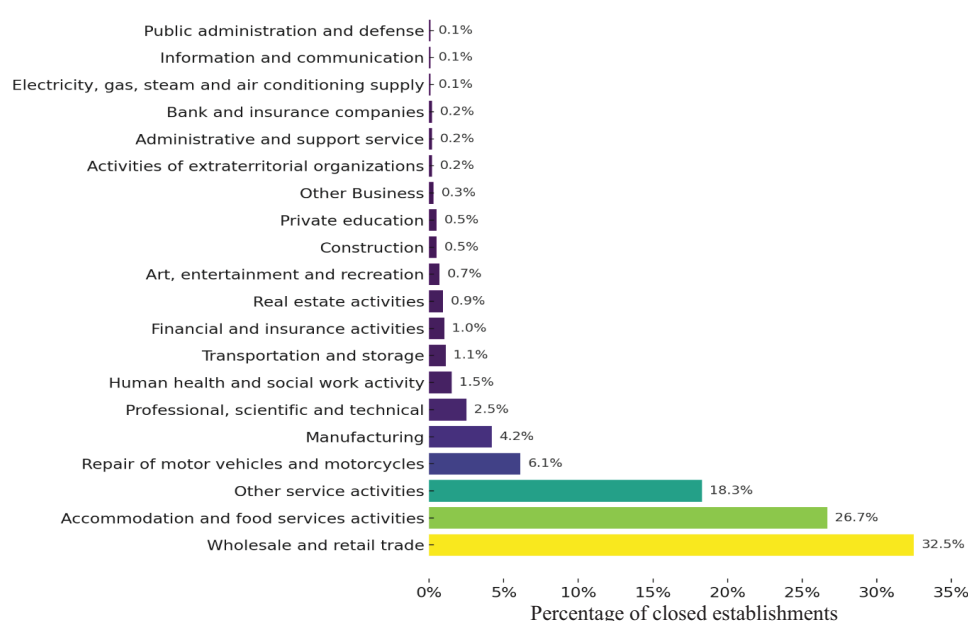
Chart A.5: Types of currently operating business establishments in Khan Meanchey



Note: This chart shows the distribution of 14,820 currently operating establishments in Khan Meanchey, Phnom Penh.

Chart A.6 displays the distribution of 1,171 closed businesses in Khan Meanchey by sector and reveals that closures are heavily concentrated in the same dominant sectors identified in Chart A.5. Notably, wholesale and retail trade (32.5 percent) and accommodation and food services (26.7 percent) account for nearly 60 percent of all closures, mirroring their prominence among currently operating businesses. This parallel highlights a critical structural vulnerability: the sectors that employ the most also exhibit the highest volatility. Other service activities, repair of motor vehicles and motorcycles, and manufacturing also account for a notable share of closures (18.3 percent, 6.1 percent and 4.2 percent, respectively), reinforcing the instability of small-scale and low-capital enterprises. By contrast, more capital-intensive or institutional sectors, such as finance, education, and health, show fewer closures both in absolute and relative terms.

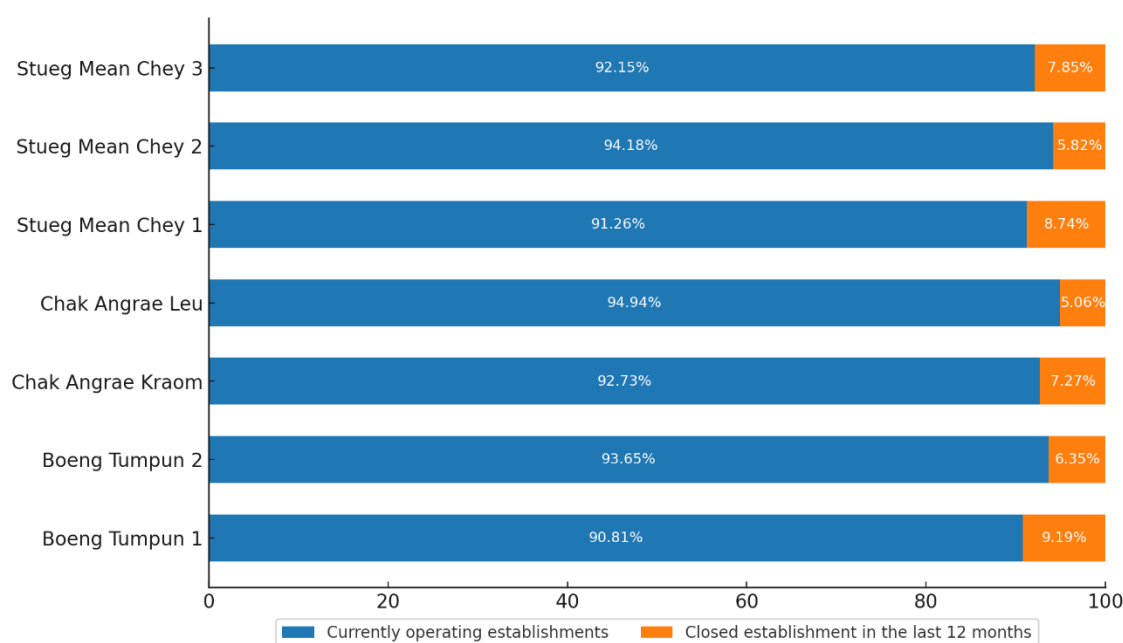
Chart A.6: Types of closed businesses that reported being closed in Khan Meanchey



Note: This chart shows the distribution of closed establishments in Khan Meanchey, Phnom Penh, based on 1,171 observations of businesses that reported being closed.

Chart A.7 presents the distribution of currently operating and closed establishments by Sangkat in Khan Meanchey, offering spatial insight into business survivability across local jurisdictions. The data show that all Sangkats exhibit high rates of operational continuity, with over 90 percent of establishments still in operation across nearly all areas. The highest operational rate is observed in Chak Angrae Leu, Stueng Mean Chey 2 and Boeng Tumpun 2, suggesting likely these areas may provide more favourable conditions for business survival, for example, such as better infrastructure, stronger local demand, or more established commercial zones. Conversely, Boeng Tumpun 1 and Stueng Mean Chey 1 exhibit the highest relative closure rates at 9.19 percent and 8.74 percent, respectively. These higher closure rates may possibly reflect local vulnerabilities such as urban redevelopment pressures, congestion, or saturation in informal trade. Although absolute closure rates are relatively low, the variation among Sangkats signals probably underlying differences in economic resilience, market competition, or regulatory environments.

Chart A.7: Currently operating business establishments and closed establishments by Sangkat



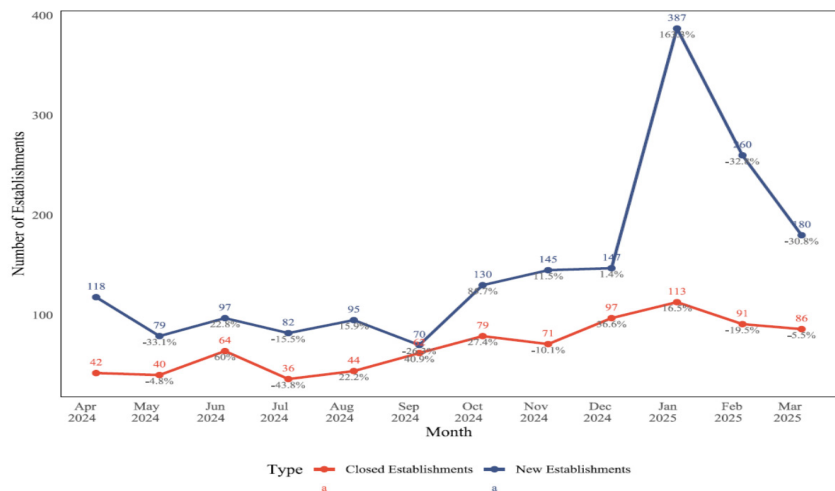
Note: The data show the currently operational and closed status of establishments across different Sangkats in Khan Meanchey.

Chart A.8 provides a dynamic view of business activity in Khan Meanchey, capturing the fluctuations in new openings and closures on a monthly basis. Over this 12-month period, a total of 1,790 new businesses were launched, while 825 ended operations. The trend line for new establishments shows notable volatility, with a sharp surge in January 2025, representing the peak of entrepreneurial activity. This spike was followed by a steep decline in February and March 2025.

In contrast, closures remained more stable but displayed a gradual increase in the second half of the year, peaking in January 2025, the same month as the peak in openings. This convergence may reflect increased market churn, with a simultaneous entry of new firms and exit of struggling ones. Notably, closure spikes in October 2024 and January 2025 might reflect seasonal or regulatory pressures, while the sharp drop in closures in August and September 2024 could be due to temporary demand shifts or reporting lags. The data underscore a highly fluid enterprise environment characterised by rapid entry and exit.

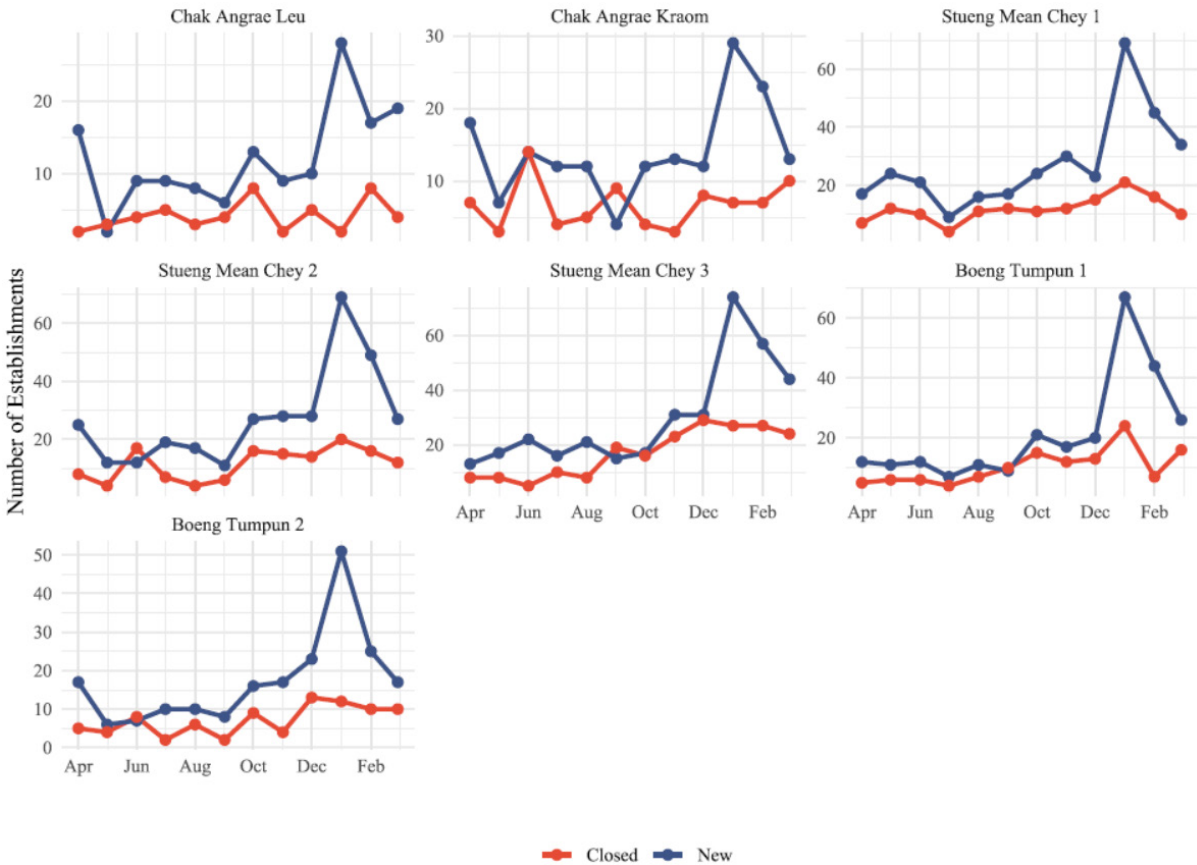
Chart A.9 illustrates monthly trends in new and closed business establishments across seven Sangkats in Khan Meanchey over a 12-month period. A consistent pattern emerges across all Sangkats: new business formation (*blue lines*) peaked sharply around January 2025, while closures (*red lines*) remained relatively steady, with modest increases in the same period. Despite the January spike, closures never surpassed openings, indicating net business growth.

Chart A.8: Monthly trends of newly opened businesses and closed establishments within 12 months



Note: This chart illustrates the monthly changes in new and closed businesses over the past 12 months. During this period, 1,790 new businesses opened, while 825 businesses closed their operations. It should be noted that in this dataset, businesses that changed their location are classified as closed businesses.

Chart A.9: Monthly trends of newly opened businesses and closed establishments within 12 months by Sangkat



Note: This chart illustrates the monthly changes in new and closed businesses within the past 12 months.

A2. Structural constraints: Formal and informal MSME

Chart A.10 shows the registered and non-registered establishments by Sangkat in Khan Meanchey. The overall picture explains high informality and low registration rates, which potentially explain micro scale and family-run nature of most MSMEs.

Chart A.11 reveals a striking disparity in the formal registration status of establishments in Khan Meanchey, Phnom Penh. Of the 13,173 businesses that reported their registration status, a vast majority, 10,669 establishments, or 80.99 percent, are not formally registered, while only 2,504 establishments (19.00 percent) are registered. This overwhelming dominance of unregistered businesses points to the deeply informal nature of the local MSME ecosystem.

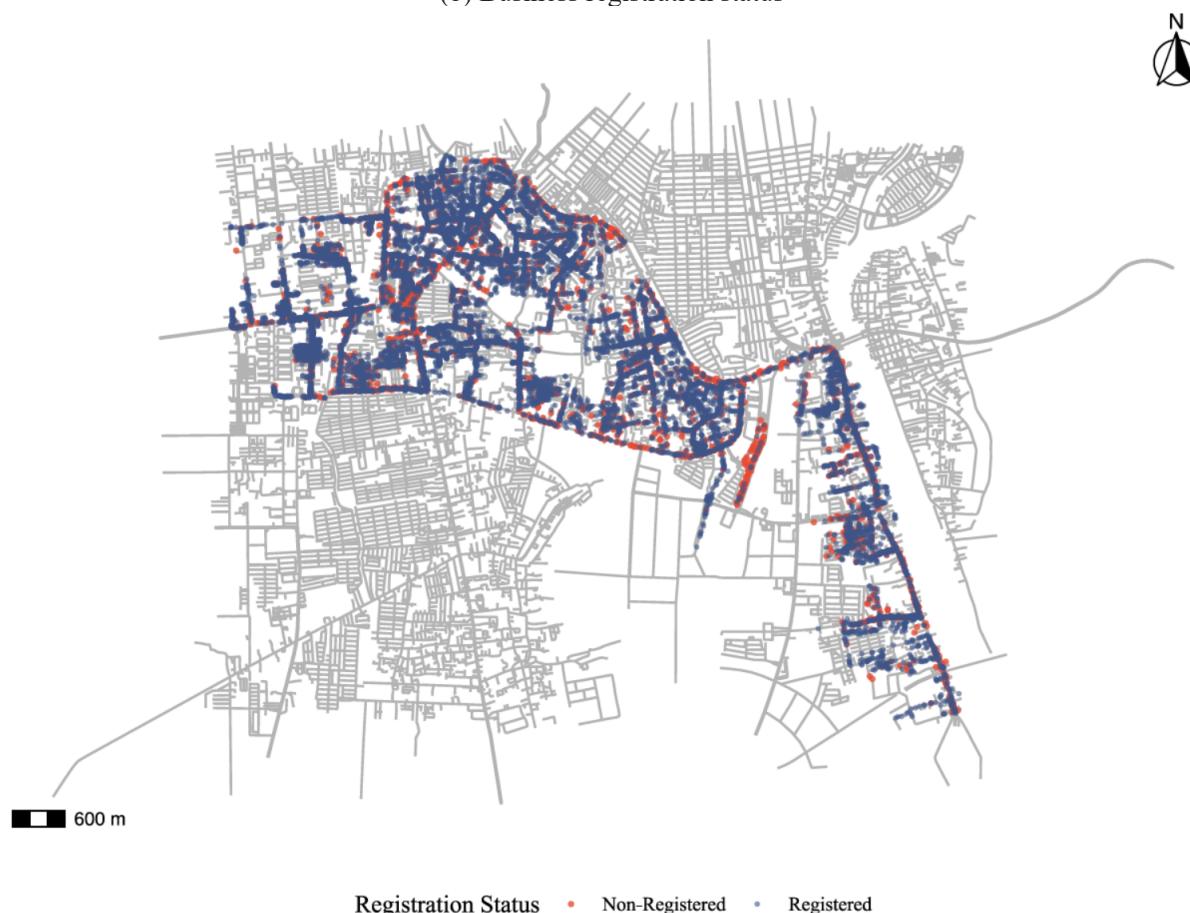
Chart A.12 disaggregates registration status by Sangkat, providing a more localised view of informality across Khan Meanchey. Across all seven Sangkats, the proportion of unregistered businesses remains consistently high, ranging from 72.3 percent in Chak Angrae Leu to 83.7 percent in Stueng Mean Chey 1. Notably, Chak Angrae Leu and Chak Angrae Kraom have the relatively highest shares of registered establishments (27.7 percent and 22.2 percent, respectively). In contrast, areas like Stueng Mean Chey 1, 2, and Boeng Tumpun 1 exhibit the lowest registration rates, with less than one in five businesses formally recognised. These patterns suggest that informality is not merely a structural feature of the district but also varies spatially, likely influenced by differences in business types, enforcement practices, and institutional engagement.

Chart A.10: Operating businesses and registration status

(a) Currently operating establishments by Sangkat

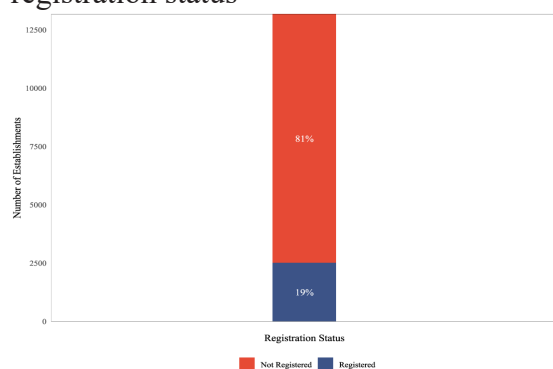


(b) Business registration status



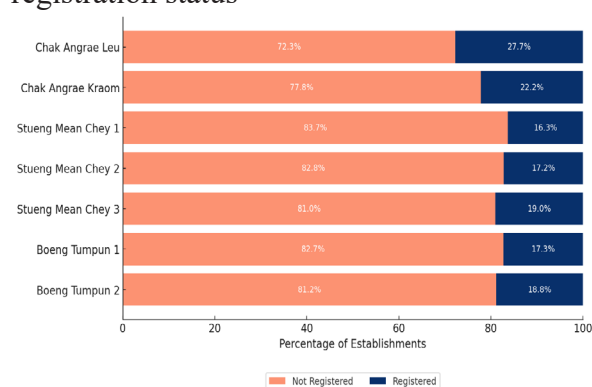
Note: Panel A is based on 14,820 currently operating establishments, while Panel B shows only registered and non-registered establishments; those with unknown registration status were excluded from the map.

Chart A.11: Business establishment registration status



Note: The chart is based on 13,173 establishments that provided information on their registration status.

Chart A.12: Business establishment registration status



Note: The chart presents the establishment registration status by Sangkat.

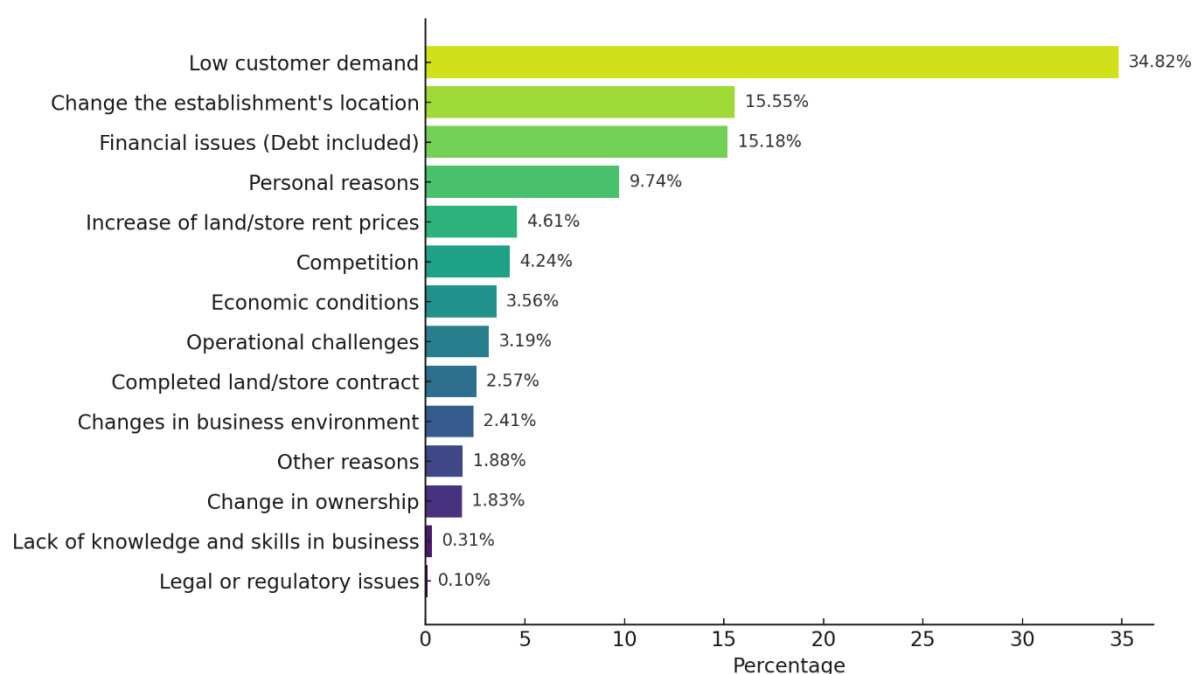
A3. Factors behind business closures and sectoral vulnerability

Chart A.13 presents aggregated responses from closed businesses in Khan Meanchey, identifying the top three self-reported reasons for closure. The data clearly show that low customer demand is the most dominant cause, cited by 34.82 percent of establishments. This finding underscores the fragile nature of many MSMEs operating in low-margin, consumption-driven environments that are highly sensitive to fluctuations in foot traffic, purchasing power, or neighbourhood dynamics. Change of location (15.55 percent) and financial issues, including

debt distress (15.18 percent), follow as the second and third most common reasons. The high share of closures attributed to relocation indicates the mobility of small businesses, often informal or home-based, that may shift due to landlord decisions, infrastructure development, or personal migration. Financial challenges, in turn, reflect constrained access to working capital, loan repayment difficulties, and vulnerability to cash flow disruptions.

Other notable reasons include personal reasons (9.74 percent), high rent prices (4.61 percent), and competition (4.24 percent), highlighting the individualised, precarious context in which many enterprises operate. Institutional or systemic factors, such as legal or regulatory issues, and lack of business skills, are surprisingly rare, suggesting that closures are driven more by market conditions and household-level decisions than by formal compliance burdens. These findings reinforce the need for demand-stimulation strategies and financial resilience support adapted to micro-entrepreneurs.

Chart A.13: Three most important factors that led to the closure of the business establishments



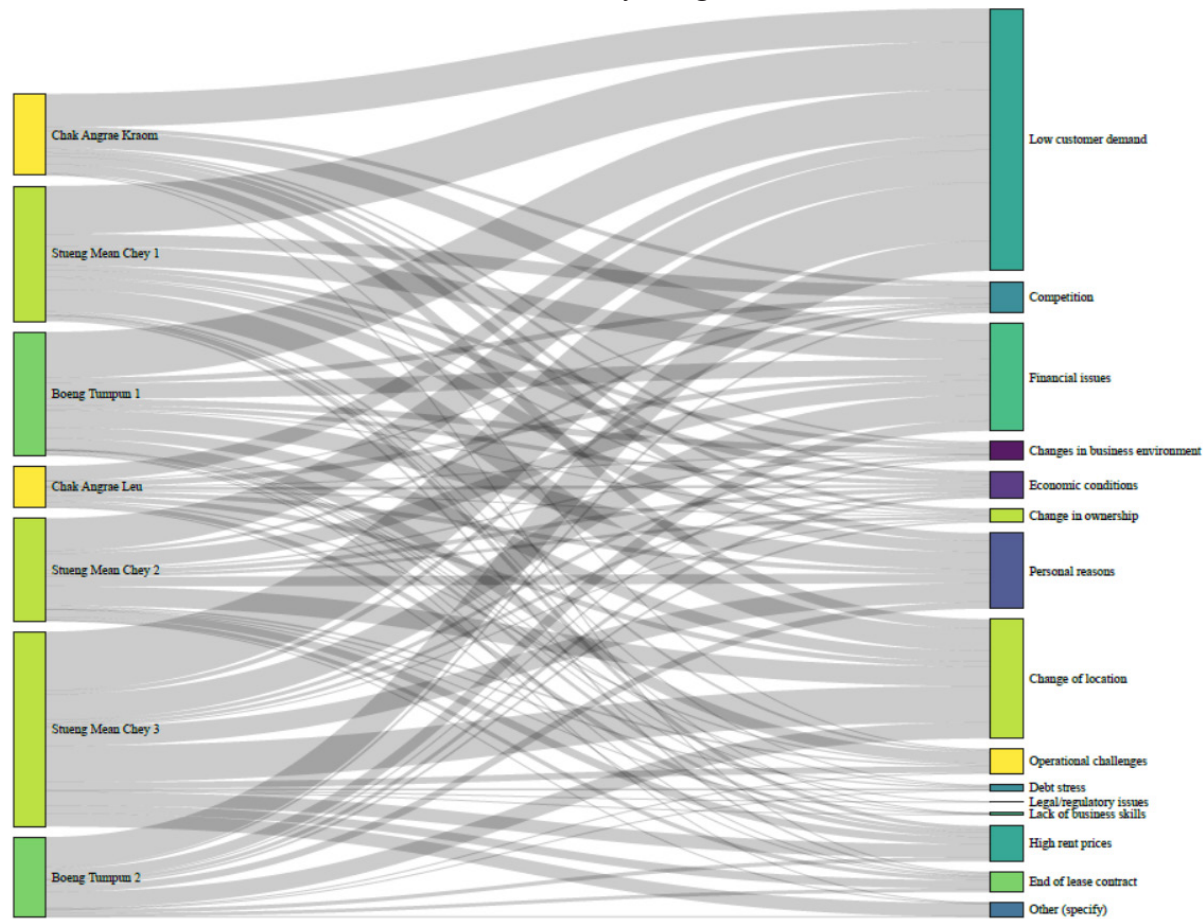
Note: This chart is based on information collected from former business owners, neighbours, or new occupants, who identified the three most important factors that led to the closure of the establishments. The top three factors were aggregated across all closed businesses, and the results are presented in the figure.

Chart A.14 visualises the reasons for business closures across different Sangkats in Khan Meanchey using a flow diagram, linking each Sangkat to the causes identified in Chart A.13. The chart affirms that low customer demand is a consistent and dominant reason across all Sangkats, indicating a district-wide challenge of inadequate or fluctuating market demand. This uniformity suggests structural issues, such as oversupply in informal trade, shifting residential populations, or uneven income growth, that affect businesses regardless of their location.

Change of location and financial issues also feature prominently across Sangkats, further confirming the cross-cutting nature of mobility and credit constraints as business risks. However, the flow diagram reveals interesting differences in the weight of secondary causes. For instance, Stueng Mean Chey 3 and Boeng Tumpun 2 appear to report a more diverse range of reasons, including operational challenges and rent pressures, possibly due to their higher

commercial density and real estate dynamism. In contrast, Sangkats like Chak Angrae Kraom and Chak Angrae Leu show simpler causal patterns, with most closures concentrated around the top three drivers.

Chart A.14: Reasons for establishment closure by Sangkat

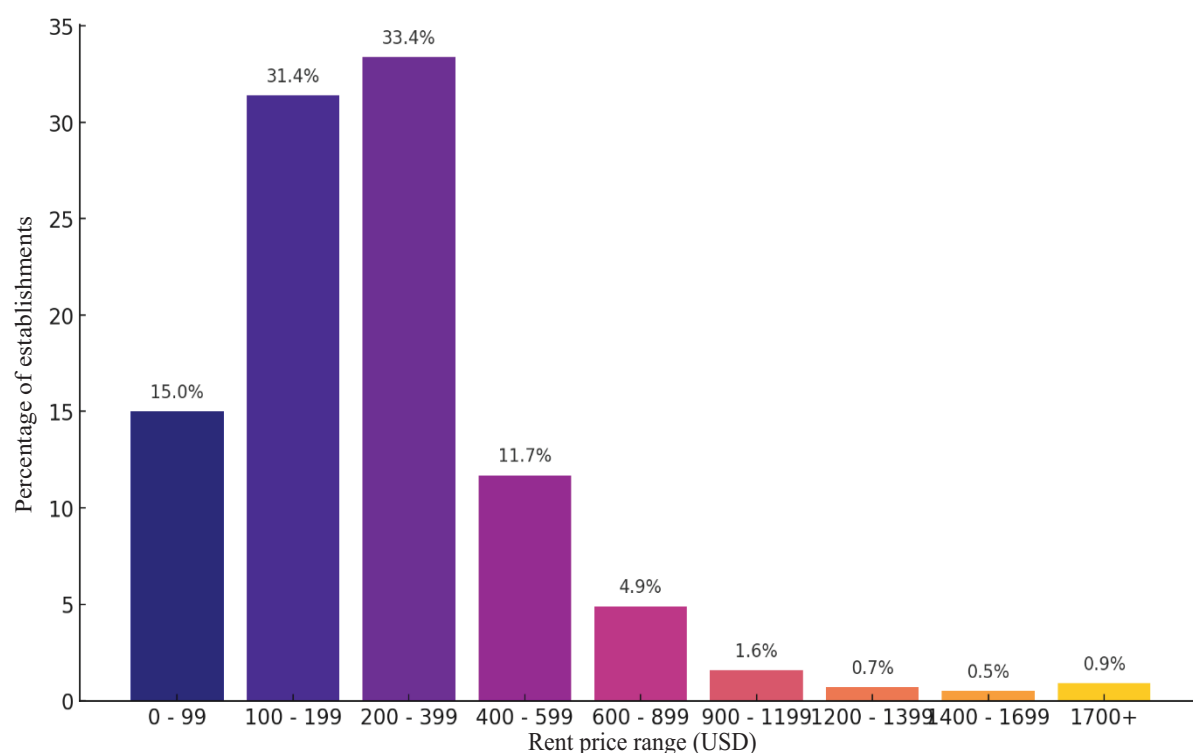


Note: For establishments that had closed, information was collected by contacting former business owners or, when they were unavailable, by asking nearby or current business operators at the same location. Respondents could select up to three main reasons for the closure from a predefined list of options in the questionnaire.

A4. Operational challenges

Chart A.15 shows the distribution of monthly rent prices paid by establishments in Khan Meanchey, based on 13,472 responses. The majority of businesses operate within the lower rent ranges, with 33.4 percent paying between USD200-399 and 31.4 percent paying USD100-199. Another 15.0 percent of businesses pay less than USD100. This heavy concentration in the low-rent brackets reflects the prevalence of micro and small enterprises operating on minimal overheads, likely in informal or semi-formal settings. Very few establishments occupy high-rent premises, with less than 5 percent paying above USD600 monthly, highlighting limited penetration of formal retail chains or capital-intensive businesses in the district. The data also reveals that 42.17 percent of businesses use their own premises, while 53 percent rent in full, suggesting a blend of home-based enterprises and small-scale rented storefronts. A small number report using premises rent-free, likely through familial or informal arrangements. The sharp drop-off in the number of establishments as rent prices rise underscores the vulnerability of MSMEs to rising real estate costs and highlights the need for affordable commercial spaces to sustain urban micro-enterprise growth.

Chart A.15: Percentage of store/land rent prices



Note: Overall, 13,472 establishments provided information on their store or land usage. Of these, 5,682 establishments (42.17 percent) used their own store or land, 7,140 establishments (52.99 percent) fully rented the premises from others for business operations, 637 establishments (4.84 percent) rented only part of the store or land, and 13 establishments reported using the premises free of charge.

Chart A.16 uses a circular flow diagram to map the distribution of store/land rent prices by Sangkat across Khan Meanchey. The chart reveals distinct patterns of rental affordability and concentration across different localities. Lower rent brackets (USD0-99, USD100-199, and USD200-399) are widely represented across all Sangkats, particularly in Boeng Tumpun 1, Boeng Tumpun 2, and Chak Angrae Leu, suggesting that these areas provide relatively affordable business space for small enterprises. Notably, “No rent” usage (including owned or rent-free use) also features prominently in Chak Angrae Kraom and Stueng Mean Chey 3, indicating a high prevalence of family-owned or home-based businesses. Higher rental categories (USD600-899 and above) are mostly linked to Stueng Mean Chey 1 and 2, pointing to their more commercialised or central locations. These Sangkats may be experiencing upward pressure on rental costs due to higher market demand or infrastructure development.

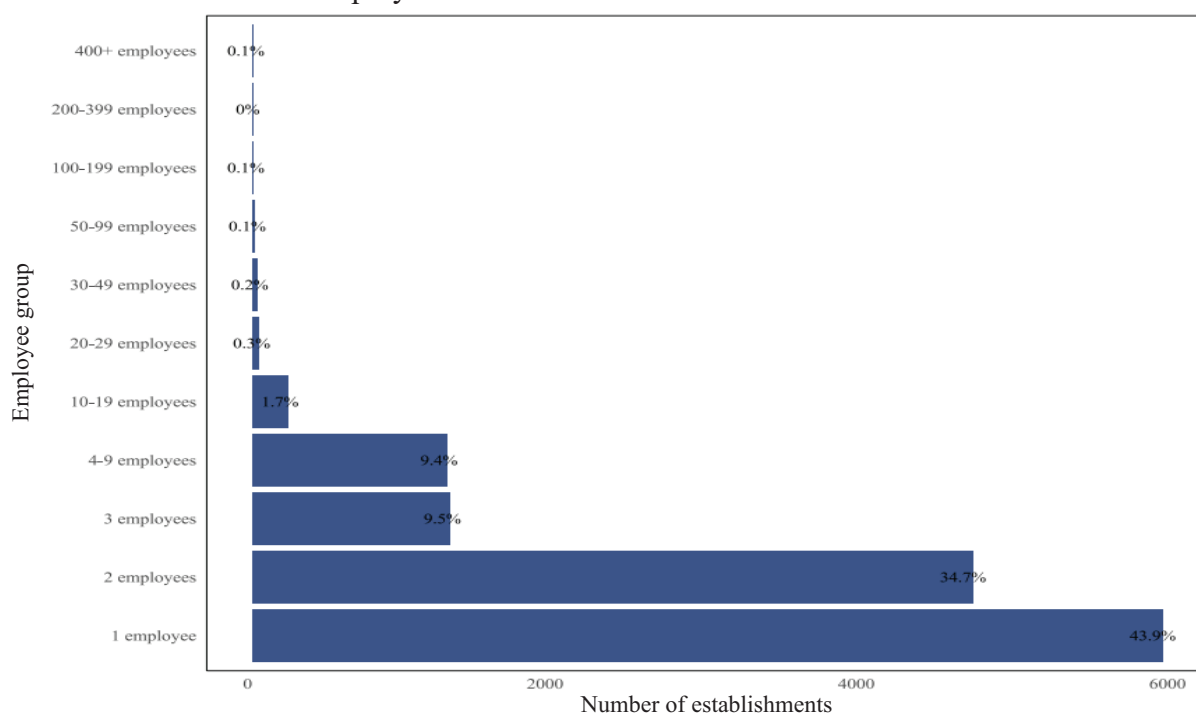
Chart A.17 reveals that the majority of establishments in Khan Meanchey are extremely small-scale. Of the 13,325 establishments that reported employee data, 43.9 percent (5,846) consist of only one employee, typically the owner-operator. An additional 34.7 percent (4,627) report having just two employees, followed by 9.5 percent and 9.4 percent with three and four to nine employees, respectively. This means that nearly 98 percent of all establishments have fewer than 10 employees, firmly placing them in the micro-enterprise category. Only a minuscule proportion, fewer than 1 percent, employ more than 20 workers, with just 7 establishments reporting over 400 employees. These data confirm that Khan Meanchey’s private sector is dominated by survivalist or household-based businesses, often informal and highly vulnerable to market shocks. Such a narrow employment base also limits the potential for scale-driven productivity gains or formal job creation.

Chart A.16: Establishment store/land rent prices by Sangkat



Note: The chart is based on establishments that provided information on monthly store or land rental prices.

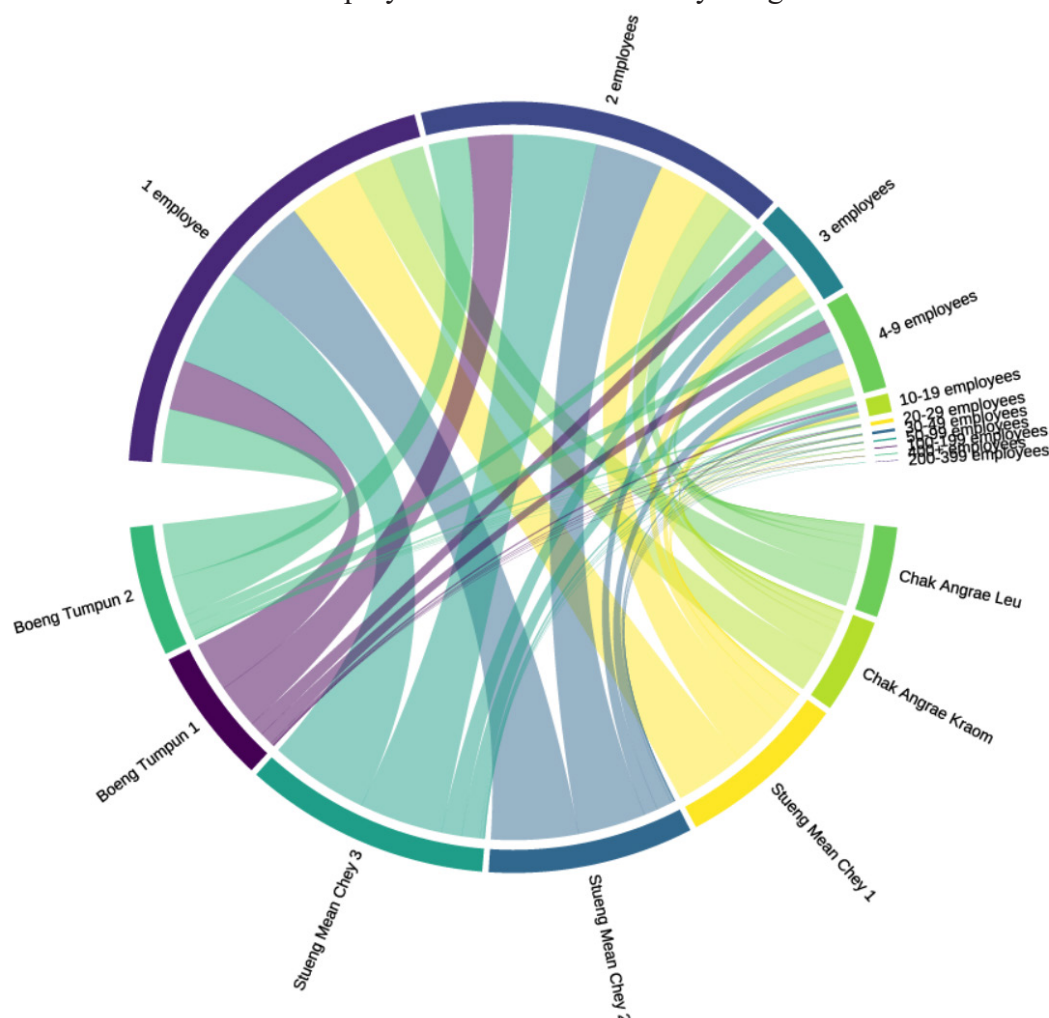
Chart A.17: Number of employees



Note: The chart shows the number and percentage of employees per establishment. For the purpose of this study, self-employed owners and hired workers are both classified as employees, although self-employed owners may also be considered employers. This panel is based on 13,325 establishments that reported employee information. The calculation is based on valid responses.

Chart A.18 provides a circular flow diagram showing the distribution of employee sizes across Sangkats in Khan Meanchey. It visually reinforces the dominance of very small establishments, particularly those with one or two employees, across all Sangkats. These micro-enterprises are especially prevalent in Chak Angrae Leu, Chak Angrae Kraom, and Boeng Tumpun 1, indicating that these areas are home to a high concentration of self-employed or family-run businesses. Meanwhile, larger establishments, those with 10 or more employees, appear more frequently in Stueng Mean Chey 1, 2, and 3, suggesting a slightly higher degree of enterprise formalisation or specialisation in these more commercially dense zones. The chart illustrates how workforce size is not evenly distributed and that economic structures vary spatially. While most areas remain dominated by micro-units, some Sangkats show modest signs of business scaling.

Chart A.18: Number of employees in establishments by Sangkat



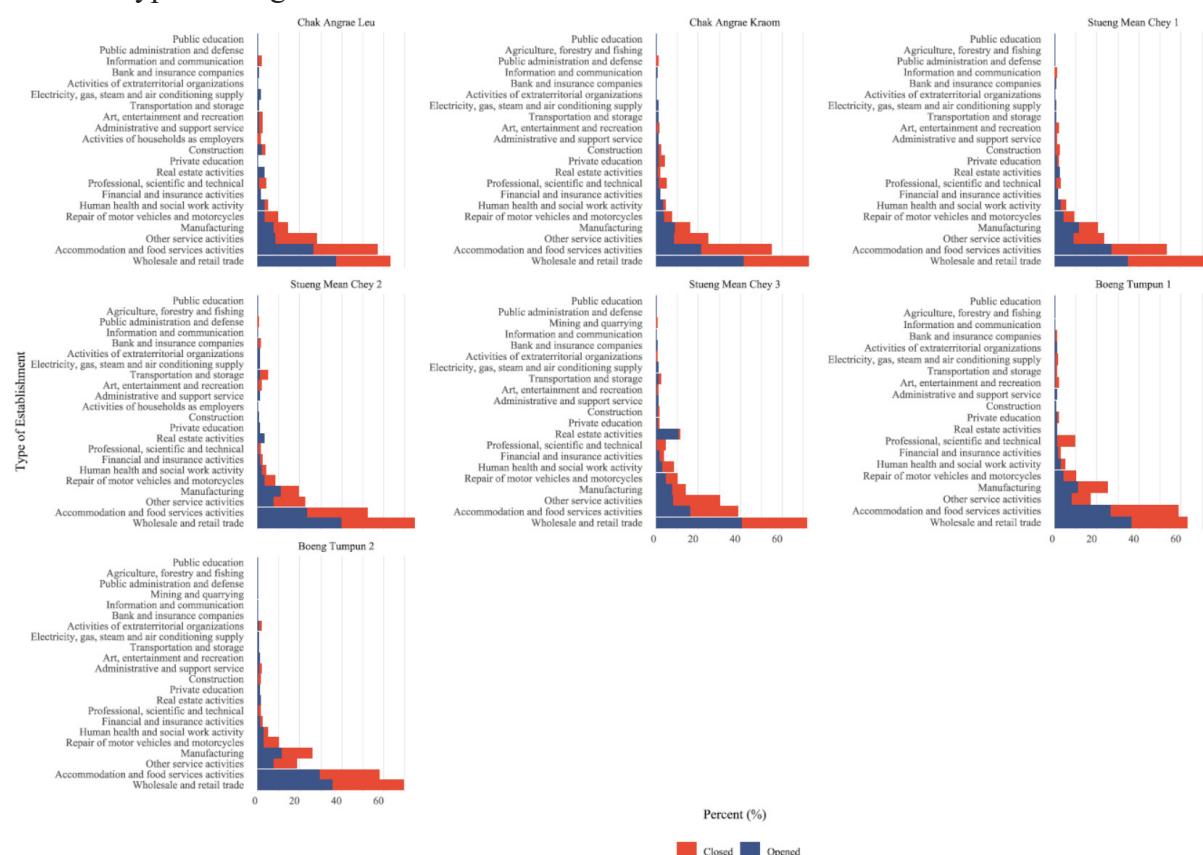
Note: The chart is based on 13,325 establishments that reported employee information.

A5. Geographic disparities: Significant at villages and sub-sectors

Chart A.19 presents a comparative profile of business type composition, operating vs. closed, across the seven Sangkats in Khan Meanchey. The graph shows that across all Sangkats, the majority of establishments, both operating and closed, are concentrated in wholesale and retail trade, followed by accommodation and food services, manufacturing, and repair of motor vehicles. This underscores a highly concentrated MSME ecosystem dominated by low-capital,

consumption-based activities. Notably, some business types, such as accommodation and food services, show a relatively higher share among closed establishments in most Sangkats, suggesting sector-specific vulnerability. Similarly, manufacturing, though a significant component of operating enterprises, also exhibits closure incidence, reflecting its exposure to cost fluctuations (e.g., rent or inputs). Service sectors such as education, health, and financial activities remain small but show relatively higher survival rates, indicating their resilience or formality.

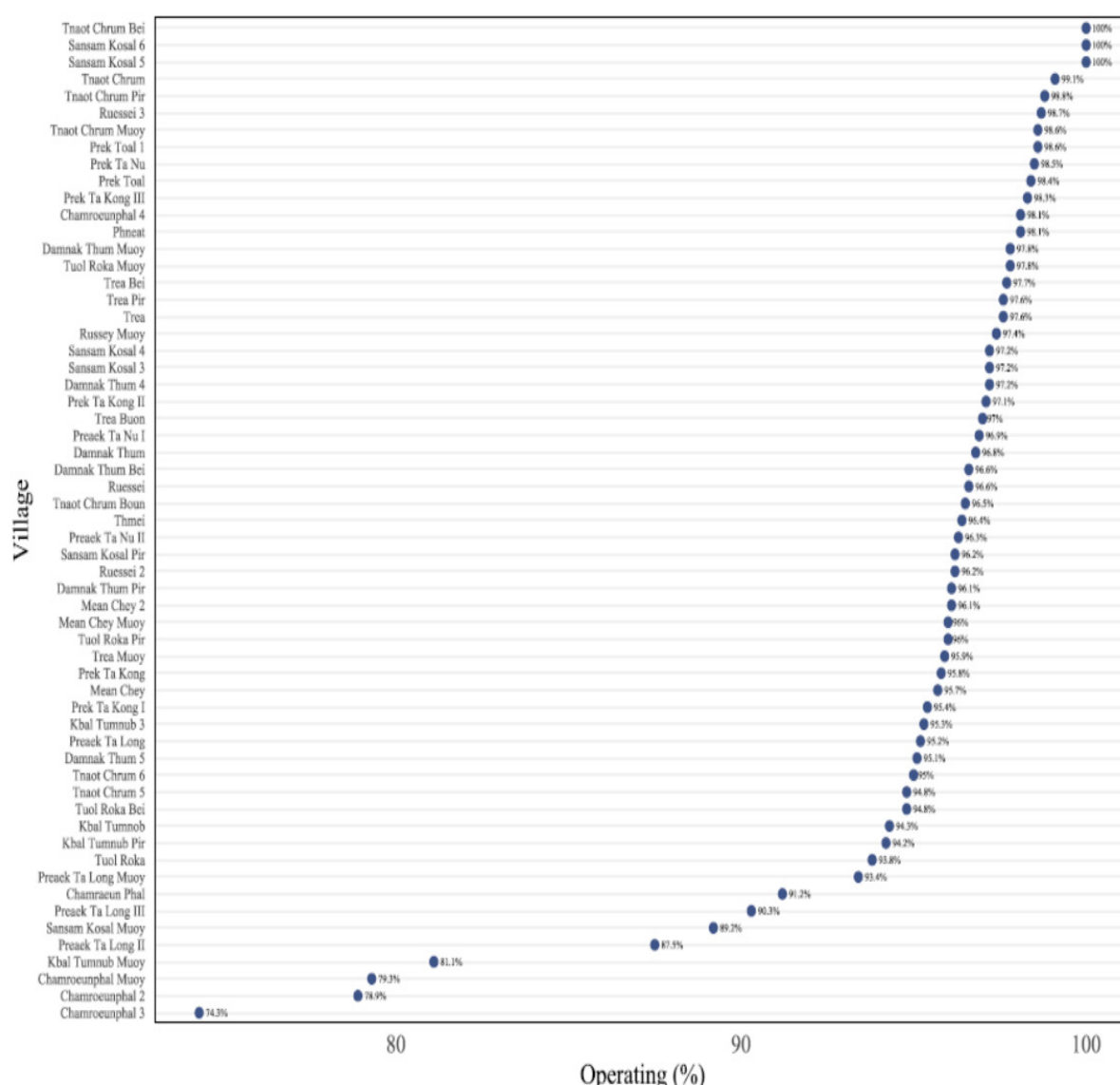
Chart A.19: Proportion of current business operating and closed establishments by business type in Sangkat



Note: The chart shows the proportion of currently operating and closed establishments by type within each Sangkat. It is important to note that the percentages are calculated separately for currently operating and closed establishments. This means the composition of establishment types within each group is shown independently. As a result, although the absolute number of currently operating establishments is significantly higher than that of closed ones (approximately 14,820 vs. 1,171), this difference is not reflected in the visualisation. Instead, the chart enables comparison of the type composition within each status group, but not the relative size between operating and closed establishments.

Chart A.20 shows the percentage of currently operating establishments by village, revealing notable variation in business continuity across Khan Meanchey. The majority of villages report high operational rates, above 90 percent, with several achieving 100 percent (e.g., Tnaot Chrum Bei, Samnsa Kosal 6, Tnaot Chrum Pir). These high-survival zones may benefit from strong local demand, stable infrastructure, or low rent and informal support systems. In contrast, villages such as Chomrouenphal 3, Chomrouenphal 2, and Kbal Tumnob Meay report significantly lower operating rates, dropping as low as 78.3 percent, 80.8 percent, and 84.3 percent respectively. These figures suggest heightened vulnerability in these locations, possibly due to market access constraints, urban redevelopment, or socio-economic pressures.

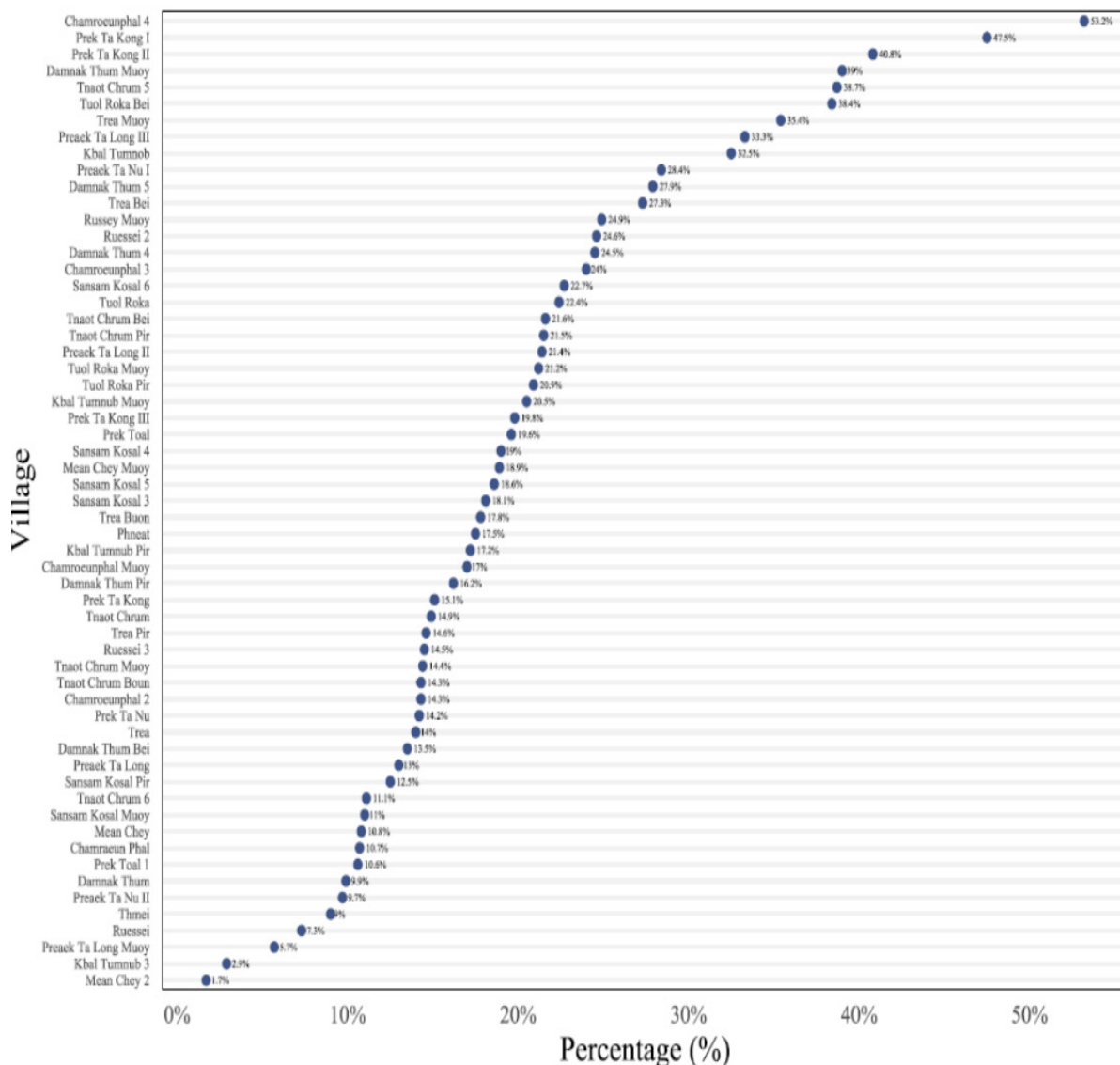
Chart A.20: Percentage of operating business establishments by villages



Note: This chart displays the percentage of currently operating establishments by village. The data were grouped by village, and the percentage was calculated as the proportion of establishments reporting to be operating out of the total number of establishments in each village. Villages are ordered from highest to lowest percentage of operating establishments to highlight variations across locations.

Chart A.21 presents the percentage of registered establishments by village, shedding light on the uneven formalisation landscape in Khan Meanchey. Registration rates vary significantly, with the highest reaching 53.2 percent in Chomrouenphal 4, followed by Prek Ta Kong I and Prek Ta Kong III, both around 47-48 percent. These villages likely benefit from proximity to administrative services, enforcement mechanisms, or participation in recent formalisation campaigns. In contrast, a large number of villages, such as Mean Chey 2, Prek Ta Long Muoy, and Kbal Tumnob Meay, show registration rates below 5 percent, indicating deep informality. This spatial disparity suggests that formality is not uniformly distributed, but highly localised.

Chart A.21: Percentage of registered business establishments by village



Note: This chart illustrates the percentage of registered establishments by village. The analysis focused on establishments that provided information on their registration status, where indicates registered and unregistered. The percentage was calculated by dividing the number of registered establishments by the total number of establishments reporting in each village. Villages are sorted by the percentage of registered establishments in descending order.

A6. New business and economic trends: Digital disruption and foreign competition

Chart A.22 shows the establishments displaying Chinese-language banners, serving as a proxy for foreign business presence and branding penetration in Khan Meanchey. The spatial distribution suggests that these businesses are concentrated along major roads and commercial corridors, typically in high-traffic zones. This visibility and commercial positioning underscore the growing dominance of foreign-branded retail and service outlets in Cambodia’s urban economy, especially from Chinese investors and merchants. This trend reflects broader geopolitical and economic dynamics. Foreign enterprises often have greater capital, brand recognition, and logistical advantages (e.g., access to supply chains via Taobao, Alibaba, or wholesale networks). As a result, they can outcompete local MSMEs on price, consistency, and location, driving domestic traders to less visible areas or out of business entirely.

Chart A.22: Business establishment with Chinese language logo banner

According to the UN's industrial classification, only one country in the world, China, has all 39 major industrial categories, 151 medium-level systems, and 525 minor sectors. That is an industrial ecosystem no other country can replicate.

Shifting the Tradition: A Strategy for Southeast Asia's Future
Manufacturing in a Fragmented World

By Omer Chikani
May 22, 2025

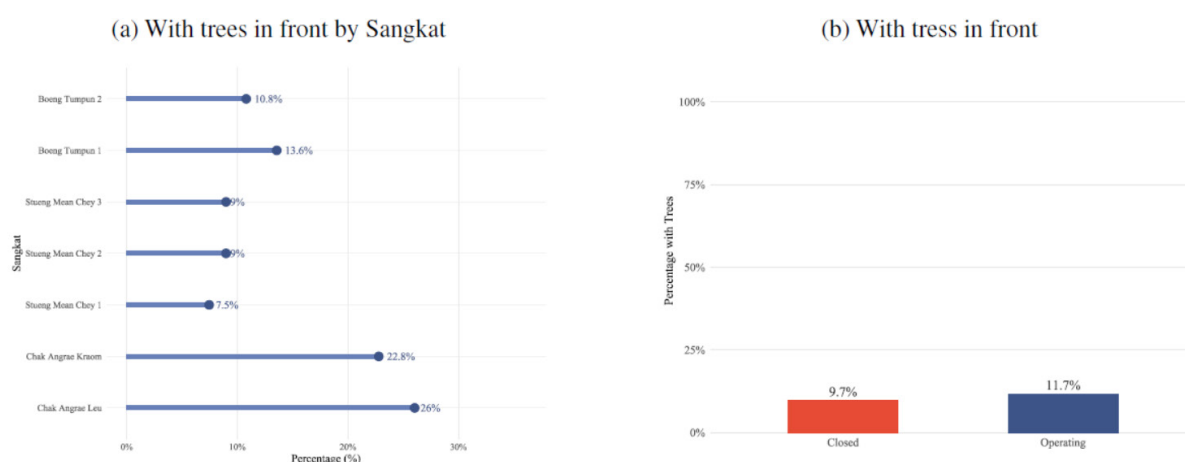


Note: According to the UN's industrial classification, only one country in the world, China, has all 39 major industrial categories, 151 medium-level systems, and 525 minor sectors. That is an industrial ecosystem no other country can replicate.

A7. Green cities

Chart A.23 offers an unconventional yet insightful indicator: the presence of trees in front of establishments, analysed both by Sangkat and business status (open or closed). The findings suggest a correlation between environmental conditions and business operation status, with a higher percentage of operating businesses having trees in front of their premises. While this might seem anecdotal, it speaks to broader questions about the quality of commercial space, urban planning, and the physical environment that supports entrepreneurship.

Chart A.23: Trees in front of business establishments



Note: Panel A presents the percentage of establishments with trees in front of their premises by Sangkat. This percentage is calculated by dividing the number of establishments with trees by the total number of surveyed establishments in each Sangkat. Panel B reports the percentage of closed and operating establishments that have trees in front, compared to the proportions of closed and operating establishments without trees (the latter is not shown in this figure).

Appendix B:

Enterprise performance in Phnom Penh: Evidence from the Economic Census of Cambodia 2022

Enterprise performance in Phnom Penh: Evidence from the Economic Census of Cambodia 2022

Notice: In this report, the regression analysis employs fixed-effects controls and robust standard errors; however, it does not fully address potential endogeneity or omitted variable bias. Although foreign ownership, formal registration, and digital adoption show positive associations with improved outcomes, such as revenue, profit, and labour productivity, these relationships are interpreted as correlational rather than causal. Accordingly, all discussions of regression results include appropriate caveats to reflect this analytical limitation.

Abstract

This report examines the development dynamics and performance determinants of MSMEs in Phnom Penh, drawing on data from the Cambodia Economic Census in 2022. Accounting for 99.8 percent of all businesses, MSMEs are essential to Cambodia's economy yet face persistent challenges such as informality, limited digitalisation, and weak growth linkages. The study investigates key factors influencing financial performance, measured through monthly revenue, profit, and labour productivity, and analyses sectoral patterns across four major sectors: manufacturing; wholesale and retail trade; accommodation and food services; and financial and insurance services. Using fixed effects and logistic regression models, the analysis reveals that foreign ownership, formal registration, and digital adoption are positively associated with improved financial outcomes and business success. Sectoral variations are significant: manufacturing MSMEs gain most from formalisation, while enterprises in retail and food services benefit from both formalisation and digitalisation. Findings for the financial and insurance sector remain limited due to data constraints. The report concludes with policy recommendations to strengthen MSME competitiveness, foster formal integration, and support inclusive urban economic growth in Phnom Penh.

Keywords: MSMEs, digital adoption, informality, ownership structure

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are fundamental to Cambodia's economic growth and local development. Nationally, MSMEs represent 99.8 percent of all businesses and contribute approximately 58 percent to both total employment and GDP. Despite their critical role, many MSMEs continue to face structural and operational challenges that hinder their sustainability and growth. Vulnerabilities persist due to informality, limited access to finance, inadequate managerial capacity, and weak integration into formal value chains (MISTI 2024; Baily 2007).

The rise of digitalisation presents both new opportunities and significant risks. As digital technologies reshape consumer behaviour and market competition, MSMEs that are slow to adopt digital tools risk marginalisation. Moreover, the growing presence of international e-commerce platforms such as Lazada, Alibaba, Taobao, and Amazon, along with global retail franchises, intensifies competitive pressures. These platforms can divert domestic demand away from local enterprises, threatening the market share and long-term viability of MSMEs.

Against this backdrop, this report investigates the development dynamics of MSMEs in Phnom Penh using data from the Cambodia Economic Census in 2022. Phnom Penh accounts for roughly 20 percent of all MSMEs nationally and employs over 30 percent of the MSME labour force, making it a strategic case for understanding broader national trends.

This study pursues three key objectives: (1) To identify the determinants of MSME performance, measured through revenue, profit, and labour productivity, by assessing the role of ownership structure, formal registration, and digital adoption; (2) To examine the drivers of MSME success and failure within Phnom Penh's urban economic context, and (3) To propose policy recommendations for the Royal Government of Cambodia (RGC) to enhance MSME competitiveness and resilience.

The report is organised as follows: Section 2 presents key statistics and industrial dynamics in Phnom Penh. Section 3 outlines the methodology. Section 4 details the empirical findings, and Section 5 discusses policy implications and recommendations.

2. Phnom Penh's industrial dynamics

This report draws on data from the Economic Census of Cambodia 2022. Phnom Penh exhibits a complex and dualistic structure, marked by high urban concentration, dense industrial clustering, and persistent informality.⁸

2.1. Industrial characteristics

2.1.1. Industrial concentration and urban dominance

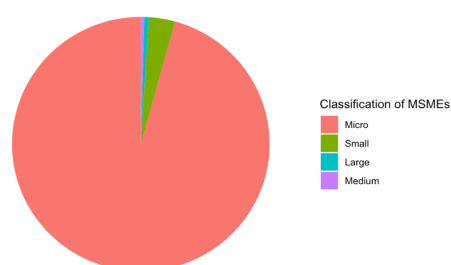
Phnom Penh remains the epicentre of Cambodia's economic activity. With 149,888 establishments, it accounted for nearly 20 percent of all establishments nationwide, the highest among provinces. More strikingly, it employed 930,916 persons, representing 31.2 percent of all persons engaged, highlighting the capital's dominance in both enterprise formation and employment generation. This suggests a significant urban-industrial agglomeration effect, underpinned by better infrastructure, access to markets, and proximity to services such as finance and logistics.

8 See the Economic Census of Cambodia 2022: <https://www.nis.gov.kh/index.php/km/30-ec/115-cambodia-economic-census-2022>.

2.1.2. Scale polarisation and ‘the missing middle’

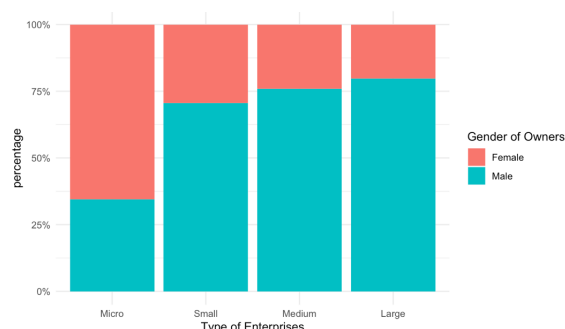
While Phnom Penh hosts the largest number of large establishments (those employing over 100 workers), the overall national industrial structure remains heavily skewed. Large establishments make up only 0.2 percent of the total, despite employing over 40 percent of the industrial workforce nationwide. The dominance of either very large or micro enterprises with little in between reflects Cambodia’s structural challenge known as ‘the missing middle,’ a hollowing out of mid-sized, growth-oriented firms capable of linking MSMEs to global value chains. Among those establishments, as shown in Chart B.1 below, micro enterprises represent the largest proportion of all establishments in Cambodia, about 96 percent, followed by small enterprises (3 percent), medium enterprises (0.4 percent), and large enterprises (0.6 percent).

Chart B.1: Distributions of MSMEs in Phnom Penh



Source: Author’s elaboration, using the Economic Census of Cambodia 2022.

Chart B.2: Distribution of MSMEs by gender of owners



Source: Author’s elaboration, using the Economic Census of Cambodia 2022.

As shown in Chart B.2, the gender distribution of ownership across different enterprises is also strikingly interesting. Female owners only represent about 20 percent of large enterprises, while about 66 percent of micro enterprise owners are female. As enterprise sizes grow bigger, we notice that women are less likely to be the owners.

2.2. Informality and sole proprietorships

A defining feature of Phnom Penh’s industrial base is its entrenched informality. Across Cambodia, 96.5 percent of establishments were sole proprietorships, mostly unregistered and operating informally. In Phnom Penh, although more enterprises are formally registered (due to stronger administrative presence), the dominance of sole proprietorships persists. The city hosts a large number of street businesses and home-based establishments, reflecting both entrepreneurial dynamism and the vulnerability of informal firms to economic shocks, such as the COVID-19 pandemic.

2.3. Sectoral decomposition

2.3.1. Manufacturing sector insights

In 2022, the manufacturing sector in Phnom Penh comprised a substantial portion of the city’s establishments and employment. Nationally, manufacturing (ISIC Section C) consisted of 50,028 establishments (6.6 percent), and was the largest employer, engaging over 1.1 million people (37.5 percent). In Phnom Penh, manufacturing activities were concentrated in garment, footwear, and light manufacturing, though increasingly complemented by higher-value

segments such as food processing and packaging. This reflects a slow diversification within the city's industrial profile.

However, new manufacturing establishments in Phnom Penh remained relatively low (about 12,560 or 5 percent of new firms nationwide), suggesting that while Phnom Penh retains industrial scale, newer growth engines may be emerging outside its traditional manufacturing base.

2.3.2. Wholesale and retail trade: Dominance with informality

The wholesale and retail trade and repair of motor vehicles and motorcycles sector (ISIC Section G) is the largest sector in Phnom Penh and Cambodia overall, accounting for 494,552 establishments nationwide, or 65.6 percent of all establishments. In Phnom Penh, this sector is particularly concentrated in:

- Street businesses, market stalls, and home-based retail operations.
- A high percentage of female representation: 69.2 percent of all representatives in the sector were women.
- Sole proprietorships dominate: almost all enterprises in this sector are unregistered, small-scale, and individually owned.

The sector's structure reflects low barriers to entry and high levels of informality. Despite this, it plays a significant role in employment creation, being the second-largest employer after manufacturing, with 920,674 persons engaged, or 30.9 percent of Cambodia's total employment.

In Phnom Penh, this trade sector is also spatially concentrated along major transport corridors, traditional markets (Orussey, Central, Russian Market), and increasingly, in modern retail zones and malls. However, only a small fraction are formally registered with the Ministry of Commerce (just 4.4 percent nationwide), indicating a systemic gap between enterprise growth and formalisation.

This dominance poses both a risk and an opportunity: while the sector is resilient and labour-intensive, its low productivity, lack of scalability, and digital lag hinder upward mobility and participation in modern supply chains.

2.3.3. Accommodation and food service activities: Urban service growth engine

The accommodation and food service sector (ISIC Section I) - comprising restaurants, food vendors, guesthouses, and hotels - is the second-largest sector in Phnom Penh by number of establishments, with 106,977 establishments nationwide, or 14.2 percent of the total. Within Phnom Penh, this sector has undergone rapid transformation driven by:

- Urban tourism, rising middle-class consumption, and expatriate presence.
- A growing café, food delivery, and boutique hotel economy, especially in areas such as Boeng Keng Kang (BKK), Riverside, Toul Tom Pong, and Sen Sok.
- A large share of female proprietorship and informal employment, mirroring patterns in retail trade.

However, the sector was highly vulnerable to COVID-19 shocks, with many establishments reporting significant revenue losses and labour cuts. Despite this, Phnom Penh recorded a surge in new businesses in food and accommodation between 2020-2022, accounting for 40,479 new

establishments (16.7 percent of all new establishments), suggesting continued entrepreneurial activity even amidst crises.

Yet, only 6.4 percent of accommodation and food businesses were formally registered, reinforcing concerns over regulatory exclusion, informality, and lack of social protection for workers in this growing sector

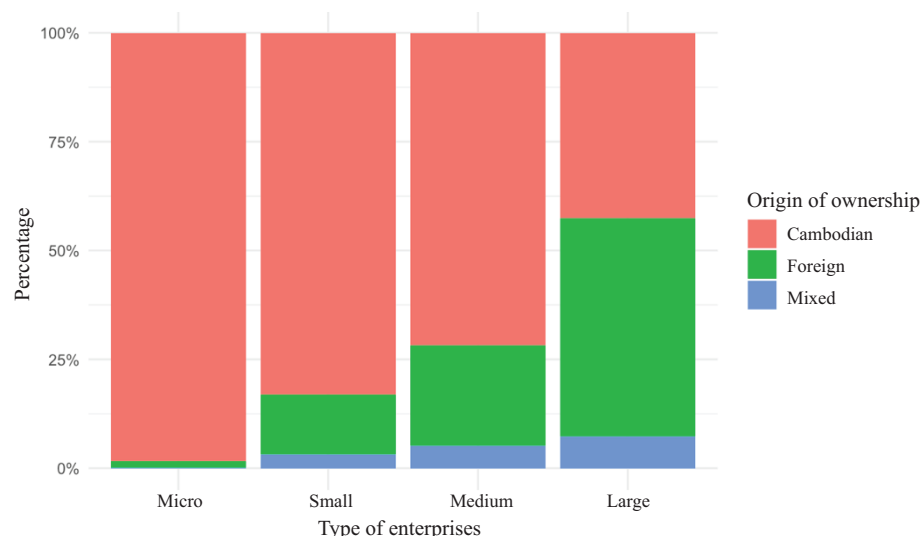
2.3.4. Financial and sales dominance

Phnom Penh-based establishments generated USD20.0 billion in annual sales, equivalent to 37.5 percent of national sales, again underscoring its role as Cambodia's financial-industrial core. Yet, these gains are disproportionately captured by larger, often foreign-owned firms. The average sales per entity in Cambodia show a sharp disparity: male-owned businesses earned USD133,541, while female-owned earned only USD37,686, a gap mirrored in Phnom Penh's gendered business landscape.

2.3.5. Ownership decomposition

In Chart B.3, the origin of ownership also varies. In micro enterprises, majority of the owners are Cambodian with about 96 percent compared to the large enterprises where, Cambodians only own about 43 percent of total large enterprises in Phnom Penh. Thus, majority of large enterprises in Phnom Penh are still owned by foreigners compared to smaller enterprises.

Chart B.3: Distribution of MSMEs by origin of ownership



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

2.4. Scale and scope of foreign ownership

Nationally, only 6,660 of 753,670 establishments were foreign-owned, representing a mere 0.9 percent of all establishments in Cambodia. The number of persons engaged is 961,325 of 2,980,569. However, these entities are highly concentrated in Phnom Penh, which hosts the country's primary industrial zones, commercial centres, and administrative infrastructure.

Foreign ownership is particularly dominant among large-scale establishments:

- Among establishments with 500 or more persons, foreign-owned entities account for 79.5 percent of the total.

- Of all establishments with 100 or more persons engaged, more than half (1,041 out of 1,870) are foreign-owned.

This pattern reflects a classic “dual economy” structure: while local MSMEs dominate numerically, foreign capital controls the commanding heights of the urban industrial economy, especially export-oriented and capital-intensive sectors.

2.4.1. Sectoral composition of foreign-owned establishments

According to ISIC breakdowns, foreign ownership is heavily concentrated in specific sectors:

- *Manufacturing (Section C)*: 1,469 foreign-owned firms, primarily in garments, footwear, and light assembly. Chinese, Korean, and Taiwanese investors are dominant, especially in Special Economic Zones (SEZs) in and around Phnom Penh.
- *Financial and insurance activities (Section K)*: 706 foreign-owned institutions (6.8 percent of the sector), a significant presence considering the capital requirements and foreign equity in commercial banks, MFIs, and insurance companies.
- *Accommodation and food service (Section I)*: 1,341 foreign-owned businesses (1.3 percent), including international hotels, restaurant franchises, and boutique hospitality services, especially in Phnom Penh’s tourism corridors.
- *Real estate and professional services*: Growing foreign presence in land development, consultancy, and ICT, often linked to expatriate or investor networks.

This reveals a sectoral segmentation, with foreigners primarily investing in capital- or knowledge-intensive activities, while Cambodian ownership dominates small-scale retail, food service, and informal trade.

2.4.2. Nationality breakdown of foreign owners

Among foreign-owned establishments, the most represented nationalities are:

- *Chinese nationals*: 2,608 establishments (0.3 percent of total), most prominent in manufacturing, real estate, and large retail outlets.
- *Vietnamese*: 1,581 establishments, often in wholesale, food services, and cross-border trade.
- *South Koreans*: 439 establishments, mainly in light industry, electronics, and education.
- *Other Asian nationalities* (e.g., Thai, Japanese, Malaysian): 1,198 establishments.
- *North American and European*: 257 (including business services, hospitality, NGOs).
- *Others* (mixed, joint ventures, or unclassified): 577 establishments.

In Phnom Penh, Chinese investment is visibly dominant, especially in garment factories, casinos, and luxury real estate projects. Korean and Japanese businesses tend to operate in electronics, education, and higher-end services.

In brief, Phnom Penh’s industrial development exemplifies the opportunities and contradictions of Cambodia’s urban economic transformation. The capital’s prominence is indisputable, but its industrial growth remains uneven, dominated by large employers and constrained by widespread informality among MSMEs. In addition, Phnom Penh’s industrial landscape is shaped by a highly asymmetric ownership structure. Foreign firms, though numerically few, wield outsized influence in terms of employment, capital formation, and export integration.

3. Data and methodologies

3.1. Data

The analysis is based on the Cambodia Economic Census in 2022, conducted by the National Institute of Statistics (NIS). The Economic Census is a nationwide survey covering all business establishments across the capital city and 24 provinces, comprising a total of 753,670 establishments. The dataset includes detailed information on enterprise demographics, registration status, operations, and digital adoption. For the purpose of this study, the scope is limited to enterprises located in Phnom Penh, representing approximately 20 percent of the national sample.

To enhance analytical robustness, extreme outliers were removed using the interquartile range (IQR) method, focusing on revenue and profit data given the study's emphasis on financial performance. Observations falling outside the upper 75th and lower 25th percentiles were excluded, in line with recommended practices to improve data reliability and validity (Vinutha et al. 2018). In addition, large enterprises were omitted to maintain a specific focus on MSME dynamics. The final analytical sample comprises 125,532 enterprises in Phnom Penh, representing approximately 84 percent of the original city-level dataset.

3.2. Dependent variable: Enterprises' performance

The primary dependent variable in this study is the performance of MSMEs in Phnom Penh. Existing literature identifies two broad approaches to assessing MSME performance: financial and non-financial metrics (Kaplan and Norton 1992; Oke 2023). Financial performance focuses on accounting-based indicators such as profit, revenue, and debt levels, while non-financial performance considers factors such as customer satisfaction, employee development, and market share (Chong 2008; Santos and Brito 2012). This analysis concentrates on financial performance, specifically monthly revenue, profit, and labour productivity, to identify key determinants influencing MSME outcomes.

To provide a deeper assessment of enterprise performance, an additional binary classification is employed to distinguish between “successful” and “vulnerable” MSMEs. This approach draws on established frameworks developed by Guzman and Lussier (2015), Lussier and Halabi (2010), and Ma'aji, Barnett, and Sok (2020), which evaluate success based on profitability relative to industry benchmarks. An enterprise is classified as successful when its profit is equal to or above the average profit of businesses within the same sector and size category. Conversely, an enterprise is classified as vulnerable when its profit falls below the sectoral and categorical average or when it is non-profitable.

In this study, profit is used as the primary indicator of enterprise performance. Performance is coded into two categories: vulnerable (lower-than-average profit) and successful (average or above-average profit). For instance, a small manufacturing enterprise is evaluated against the average profit of other small enterprises within the manufacturing sector to ensure sector-specific and size-appropriate comparison.

To further examine the impact of firm size on performance, the classification system is used by the Cambodia Office of the Council of Ministers in 2021, which categorises enterprises into four groups: *micro*, *small*, *medium*, and *large*. Table B.1 summarises the criteria used for each enterprise category.

Table B.1: Cambodian enterprises' definitions

Sector	Employees		Annual turnover (USD)		Asset value (USD)	
	Small	Medium	Small	Medium	Small	Medium
Agriculture	5 – 49	50 – 199	62,250 – 250,000	250,001 – 1,000,000	50,000 – 250,000	250,001 – 500,000
Manufacturing	5 – 49	50 – 199	62,500 – 400,000	400,001 – 2,000,000	50,000 – 500,000	500,001 – 1,000,000
Service and Commerce	5 – 49	50 – 99	62,500 – 400,000	250,001 – 1,500,000	50,000 – 250,000	250,001 – 500,000

Source: Cambodia Office of the Council of Ministers, 2021.

3.3. Independent variables

A set of explanatory variables is employed to analyse the dynamics of MSMEs in Phnom Penh. These variables are organised into two main categories: firm characteristics and digitalisation factors.

Firm characteristics: This category examines how enterprise attributes, particularly ownership structure and formal registration, influence performance.

- **Ownership origin (ownership):** This variable captures whether an enterprise is domestically or foreign-owned. It is coded as a binary variable, where $0 = \text{Cambodian-owned}$ and $1 = \text{foreign-owned}$. While the census identifies several foreign nationalities, all non-Cambodian owners are grouped under the foreign ownership category for analytical clarity.
- **Formal registration (Reg_Commerce):** This variable indicates whether an enterprise is formally registered with the Ministry of Commerce. It helps assess the implications of informality on business performance. It is coded as $0 = \text{unregistered}$ (informal) and $1 = \text{registered}$ (formal).

Digitalisation variables: In an increasingly globalised and technologically driven economy, digital adoption is considered a potential determinant of enterprise performance.

- **Digital adoption (Digital_Adoption):** This variable reflects the use of internet-based systems and services, such as websites, social media, mobile applications, or email, in business operations. It is based on the census question regarding digital uptake during the COVID-19 pandemic and is coded as $0 = \text{no adoption}$ and $1 = \text{adoption}$.
- **Digital investment (Digital_Investment):** This variable measures whether an enterprise has invested in new digital equipment, software, or platforms to support operations. It is coded as $0 = \text{no digital investment}$ and $1 = \text{digital investment}$, based on responses to questions about technological investment during the COVID-19 crisis.

Table B.2: Summary of main independent variables

Variable	Definition
<i>Foreign ownership</i>	Whether the enterprises are owned by Cambodian, coded as 0, or foreigner, coded as 1
<i>Register commerce</i>	Whether the enterprises are not registered with the Ministry of Commerce, coded as 0, or registered, coded as 1
<i>Digital adoption</i>	Whether the enterprises have not used any internet-based systems or digital services, coded as 0, or have used any digital technologies, coded as 1
<i>Digital investment</i>	Whether the enterprises do not invest in digital software or solutions, coded as 0, or invest in these technologies, coded as 1

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

In addition to the Cambodia Economic Census, supplementary data on local development projects are incorporated into the analysis. Using the communal project database from the National Committee for Sub-National Democratic Development (NCDD), a commune-level dataset is constructed to capture development initiatives implemented across Phnom Penh in 2022. These projects are categorised into seven sectors: agriculture, commercial activities, education, health, social protection, environment, and security.

A series of control variables is included to account for local development conditions, and these are summarised in Table B.3.

Table B.3: Summary list of control variables

Variable	Definition
<i>digital_finance</i>	Whether the business has involved in online transactions: no involvement (0) or there is involvement (1)
<i>tenure</i>	Whether the business place is owned (0) or rented (1)
<i>gender</i>	Whether the business owner is male (0) or female (1)
<i>age</i>	The age of the businesses
<i>reg_tax</i>	Whether the business has registered for tax purposes (1) or not (0)
<i>area</i>	The size of the businesses in square meters
<i>local_project</i>	Vector of local development projects implemented in each commune/sangkats
<i>sme_cat</i>	Enterprise classification into: 1. Micro, 2. Small, 3. Medium
<i>sector</i>	Sectoral classification in which the businesses belong under
<i>firm_id</i>	Individual firm units

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

4. Model specification and findings

4.1. Analysis on MSMEs' financial performance

4.1.1. Understanding the effect on revenue

The first stage of analysis aims to identify the factors influencing enterprise revenue. Large enterprises are excluded to ensure a focused examination of MSME dynamics. A fixed-effects model is employed to estimate the relationship between the independent variables of interest and enterprise performance, measured through revenue. The estimation model can be specified as follows:

Equation 1: Estimation model on revenue

$$\text{Log}(\text{Revenue}_{is}) = \alpha_0 + \beta_1 IV_{is} + \beta_2 X_{is} + FE_{sector} + \varepsilon_{is}$$

In the model specification, subscript i denotes the firm and s denotes the sector. Revenue_{is} represents the main dependent variable, measuring enterprise performance using monthly revenue. This variable is log-transformed for two key reasons: revenue data are typically highly skewed, which may introduce variability and undermine statistical reliability; and log transformation helps to approximate a normal distribution, improve symmetry, and enhance linearity for regression analysis. IV_{is} denotes the set of independent variables of interest.

X_{is} represents a vector of control variables capturing enterprise characteristics, including access to digital finance, tenure, age, tax status, enterprise size, ownership gender, and enterprise type.

The specification includes sector fixed effects to control for unobserved heterogeneity across industries. Table B.4 presents the regression results estimating the relationship between monthly revenue and the four principal independent variables.

Table B.4: Regression estimate on monthly revenue

DV = Log(monthly revenue)	Model 1	Model 2	Model 3	Model 4
Foreign ownership	0.119*** (0.029)			
Register commerce		0.257*** (0.024)		
Digital adoption			0.223*** (0.020)	
Digital investment				0.087*** (0.017)
Digital finance	0.064 (0.040)	0.061 (0.040)	0.021 (0.040)	0.055 (0.040)
Rented	0.224*** (0.007)	0.225*** (0.007)	0.223*** (0.007)	0.224*** (0.007)
Age	0.004*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)
Area	0.037*** (0.002)	0.037*** (0.002)	0.037*** (0.002)	0.037*** (0.002)
Register tax	0.395*** (0.015)	0.156*** (0.028)	0.390*** (0.015)	0.396*** (0.015)
Female	0.057*** (0.007)	0.057*** (0.007)	0.058*** (0.007)	0.058*** (0.007)
Commerce local project	0.014*** (0.003)	0.015*** (0.003)	0.014*** (0.003)	0.014*** (0.003)
Security local project	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)
Environment local project	0.022*** (0.001)	0.022*** (0.001)	0.023*** (0.001)	0.023*** (0.001)
Small enterprises	1.897*** (0.024)	1.890*** (0.024)	1.892*** (0.024)	1.901*** (0.024)
Medium enterprises	2.975*** (0.070)	2.982*** (0.070)	2.987*** (0.070)	2.987*** (0.070)
Observations	124601	124603	124599	124326
Adjusted R-squared	0.131	0.132	0.132	0.131
Sector FE	Yes	Yes	Yes	Yes
RMSE	1.15	1.14	1.14	1.15

Note: * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Controlling for unobserved factors and accounting for sector and firm-level fixed effects, the results indicate a significant positive association between all independent variables and monthly revenue. In Model 1, foreign-owned enterprises exhibit approximately 13 percent higher monthly revenue compared to Cambodian-owned enterprises.⁹

Regarding formal registration, enterprises registered with the Ministry of Commerce are associated with substantially stronger performance. Formally registered businesses report around 30 percent higher monthly revenue than those operating without registration.

Similarly, digitalisation demonstrates a positive and statistically significant relationship with revenue. Enterprises adopting internet-based technologies record approximately 25 percent higher revenue than non-adopters. Additionally, enterprises investing in digital solutions or software show an estimated 9 percent increase in revenue compared to those without such investments.

⁹ To interpret a log-DV, we have to turn exponentiate coefficient, change in Y = (ecoefficient – 1) * 100

4.1.2. Understanding the effect on profit

Building on the initial analysis, the effects of the independent variables are further examined using profit as an alternative measure of MSME performance in Phnom Penh. Profit is calculated using the following formula:

Equation 2: Profit calculation

$$Profit = Revenue - Expenses$$

Thus, our model estimation specification strategy is as follows:

Equation 3: Estimation model on profit

$$Profit_{is} = \alpha_0 + \beta_1 IV_{is} + \beta_2 X_{is} + FE_{sector} + \varepsilon_{is}$$

Profit values are retained in their original USD form. Due to the presence of negative, zero, and positive values in the profit data, log transformation is not applied, as it would restrict the inclusion of enterprises with non-positive profit figures and potentially bias the analysis.

Table B.5: Regression estimates on profit

DV = Profit	Model 1	Model 2	Model 3	Model 4
Foreign ownership	32.305 (23.107)			
Register commerce		86.159*** (19.276)		
Digital adoption			18.132 (15.830)	
Digital investment				-48.297*** (12.778)
Digital finance	44.838 (31.413)	43.792 (31.408)	41.934 (31.591)	53.125+ (31.344)
Rented	53.189*** (5.257)	53.676*** (5.246)	53.450*** (5.249)	54.226*** (5.234)
Age	0.190 (0.291)	0.138 (0.292)	0.197 (0.291)	0.191 (0.291)
Area	11.168*** (1.577)	11.079*** (1.577)	11.187*** (1.577)	11.438*** (1.574)
Register tax	255.581*** (11.885)	174.764*** (21.827)	255.890*** (11.872)	258.764*** (11.858)
Female	30.203*** (5.600)	29.886*** (5.597)	30.420*** (5.597)	30.593*** (5.581)
Commerce local project	8.306*** (2.069)	8.573*** (2.069)	8.311*** (2.069)	8.339*** (2.061)
Security local project	0.018 (0.283)	0.005 (0.283)	0.013 (0.283)	-0.038 (0.282)
Environment local project	4.226*** (0.997)	4.241*** (0.997)	4.258*** (0.998)	4.029*** (0.995)
Small enterprises	2765.070*** (18.677)	2761.881*** (18.661)	2765.256*** (18.655)	2771.431*** (18.597)
Medium enterprises	8661.418*** (55.423)	8663.219*** (55.307)	8666.203*** (55.310)	8641.453*** (55.282)
Observations	123850	123852	123847	123594
Adjusted R-squared	0.223	0.223	0.223	0.225
Sector-FE	Yes	Yes	Yes	Yes
RMSE	891.38	891.33	891.41	887.78

Note: * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

4.1.3. Understanding the effect on labour productivity

The analysis is extended to examine the impact of the explanatory variables on labour productivity. Revenue per employee is employed as an indicator of productivity, consistent with established approaches that define labour productivity as total output divided by the number of employees (Amiti and Konings 2007; Hing, Muth, and Benghong 2023). In this study, total monthly revenue is used as a proxy for output. Enterprise performance is frequently assessed through productivity levels, reflecting operational efficiency.

Equation 4: Labour productivity formula

$$\text{Labour Productivity} = \frac{\text{Total revenue for each enterprise}}{\text{Total number of employees for each enterprise}}$$

Our model specification for this analysis is as follows:

Equation 5: Estimation model on labour productivity

$$\text{Log}(\text{labor productivity}_{is}) = \alpha_0 + \beta_1 IV_{is} + \beta_2 X_{is} + FE_{sector} + \varepsilon_{is}$$

Due to the skewness of the productivity data, labour productivity is log-transformed to ensure consistency in estimation and interpretation. Table B.6 presents the specification results estimating the relationship between labour productivity and the four primary independent variables.

Table B.6: Regression estimate on labour productivity

DV = Log(labour productivity)	Model 1	Model 2	Model 3	Model 4
Foreign ownership	-0.069* (0.030)			
Register commerce		0.065** (0.025)		
Digital adoption			0.098*** (0.020)	
Digital investment				0.035* (0.017)
Digital finance	0.006 (0.041)	0.003 (0.041)	-0.016 (0.041)	-0.001 (0.041)
Rented	0.139*** (0.007)	0.138*** (0.007)	0.138*** (0.007)	0.138*** (0.007)
Age	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)
Area	-0.041*** (0.002)	-0.041*** (0.002)	-0.041*** (0.002)	-0.041*** (0.002)
Register tax	0.014 (0.015)	-0.051+ (0.028)	0.006 (0.015)	0.012 (0.015)
Female	-0.108*** (0.007)	-0.109*** (0.007)	-0.108*** (0.007)	-0.109*** (0.007)
Commerce local project	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)
Security local project	0.007*** (0.000)	0.007*** (0.000)	0.007*** (0.000)	0.007*** (0.000)
Environment local project	0.022*** (0.001)	0.022*** (0.001)	0.023*** (0.001)	0.023*** (0.001)
Small enterprises	0.144*** (0.024)	0.137*** (0.024)	0.136*** (0.024)	0.140*** (0.024)

Medium enterprises	-0.090 (0.071)	-0.103 (0.071)	-0.103 (0.071)	-0.108 (0.071)
Observations	124601	124603	124599	124326
Adjusted R-squared	0.049	0.049	0.049	0.049
Sector-FE	Yes	Yes	Yes	Yes
RMSE	1.16	1.16	1.16	1.16

Note: * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Holding other factors constant, the results indicate statistically significant coefficients across all models. The ownership structure exhibits a negative association with labour productivity. On average, foreign-owned enterprises display approximately 7 percent lower productivity compared to Cambodian-owned enterprises, potentially reflecting differences in firm size and workforce composition.

The remaining variables follow patterns consistent with earlier findings. Formally registered enterprises demonstrate around 7 percent higher productivity relative to unregistered firms. Enterprises adopting digital technologies record approximately 10 percent higher productivity than non-adopters, while those investing in digital systems exhibit an estimated 3.5 percent productivity increase compared to firms without such investments.

4.1.4. A deep dive into ownership structure and firm performance on revenue, profit, and labour productivity

Further analysis is conducted to explore the role of ownership structure and its influence on firm performance. Two extensions are introduced. First, an interaction term between ownership structure and formal registration is included to assess the combined effect of foreign ownership and formal status. Second, ownership is disaggregated into six regional categories: (1) Cambodia, (2) China, (3) East Asia, (4) Southeast Asia and South Asia, (5) Western countries, and (6) Others.

Table B.7: Regression estimate of foreign ownership x registration

	Revenue	Profit	Labour productivity
Foreign ownership	0.072* (0.036)	48.645+ (28.469)	-0.156*** (0.037)
Register commerce	0.252*** (0.025)	86.850*** (19.318)	0.061* (0.025)
Foreign x register	0.111+ (0.061)	-54.833 (48.131)	0.244*** (0.062)
Observations	124601	123850	124601
Adjusted R-squared	0.132	0.311	0.049
Sector-FE	Yes	Yes	Yes
RMSE	1.14	891.30	1.16

Note: + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Table B.7 presents statistically significant findings for the primary variables of interest. In the revenue model, foreign-owned enterprises with formal registration exhibit approximately 59 percent higher monthly revenue compared to Cambodian-owned, non-registered enterprises. Within Cambodian-owned firms, formal registration is also associated with a 29 percent increase in revenue relative to unregistered businesses.

In the profit model, the interaction between foreign ownership and registration is not statistically significant, indicating insufficient evidence of a differential effect on profit. However, a noteworthy result emerges among Cambodian-owned firms: those that are formally registered generate approximately USD87 higher monthly profit than unregistered counterparts.

For labour productivity, foreign-owned enterprises with formal registration demonstrate approximately 16 percent higher productivity than other ownership-registration combinations.

Table B.8: Regression estimates of nationality of ownership

	Revenue	Profit	Labour productivity
Chinese	0.371*** (0.045)	-40.6 (35.13)	0.131** (0.045)
East Asians (Japan + South Korea)	0.290** (0.100)	570.734*** (0.079)	0.146 (0.101)
Observations	124601	123850	124601
Adjusted R-squared	0.132	0.311	0.049
Sector-FE	Yes	Yes	Yes
RMSE	1.14	891.17	1.16

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Ownership nationality further reveals distinct performance patterns. Chinese-owned enterprises are associated with approximately 45 percent higher monthly revenue compared to Cambodian-owned firms, while East Asian-owned enterprises (Japan and South Korea) exhibit around 34 percent higher revenue. Profit differences between Chinese and Cambodian firms are not statistically significant; however, East Asian-owned enterprises show an average monthly profit advantage of USD571.

In terms of productivity, Chinese-owned enterprises record approximately 14 percent higher labour productivity than Cambodian-owned firms, controlling for other factors. No significant productivity difference is observed between East Asian and Cambodian-owned enterprises.

4.2. Determinant factors to MSMEs successes and failures at sectoral Level

This analysis investigates the factors that predict the performance level of MSMEs using a binary logistic regression model. The relationship between the independent variables of interest and MSME performance is estimated as follows:

Equation 6: Estimation model on MSMEs' performance

$$Performance_{is} = \alpha_0 + \beta_1 IV_{is} + \beta_2 X_{is} + \varepsilon_{is}$$

Where subscript i denotes the firm and s denotes the sector. $Performance_{is}$ serves as the main dependent variable, coded as a binary outcome: 0 for vulnerable enterprises and 1 for successful enterprises. IV_{is} represents the key independent variables, while X_{is} includes control variables capturing enterprise characteristics.

Consistent with prior analyses, large enterprises are excluded to maintain a focus on MSME dynamics. The examination is conducted across four key sectors: Manufacturing, Wholesale and Retail Trade, Accommodation and Food Services, and Financial and Insurance Activities, to provide sector-specific insights into performance determinants.

4.2.1. Manufacturing sector

Given the binary nature of the dependent variable, average marginal effects are calculated to facilitate clearer interpretation of the influence of key explanatory variables on MSME performance. As shown in Table B.9, formal registration exhibits a statistically significant effect on the likelihood of MSME success, whereas ownership structure and digitalisation do not demonstrate significant predictive power at conventional levels.

Chart B.4 illustrates that, within the manufacturing sector, enterprises registered with the Ministry of Commerce are associated with a 10 percentage point increase in the probability of being classified as successful, holding other factors constant. This indicates that formal registration plays a substantial role in predicting MSME success in the manufacturing sector.

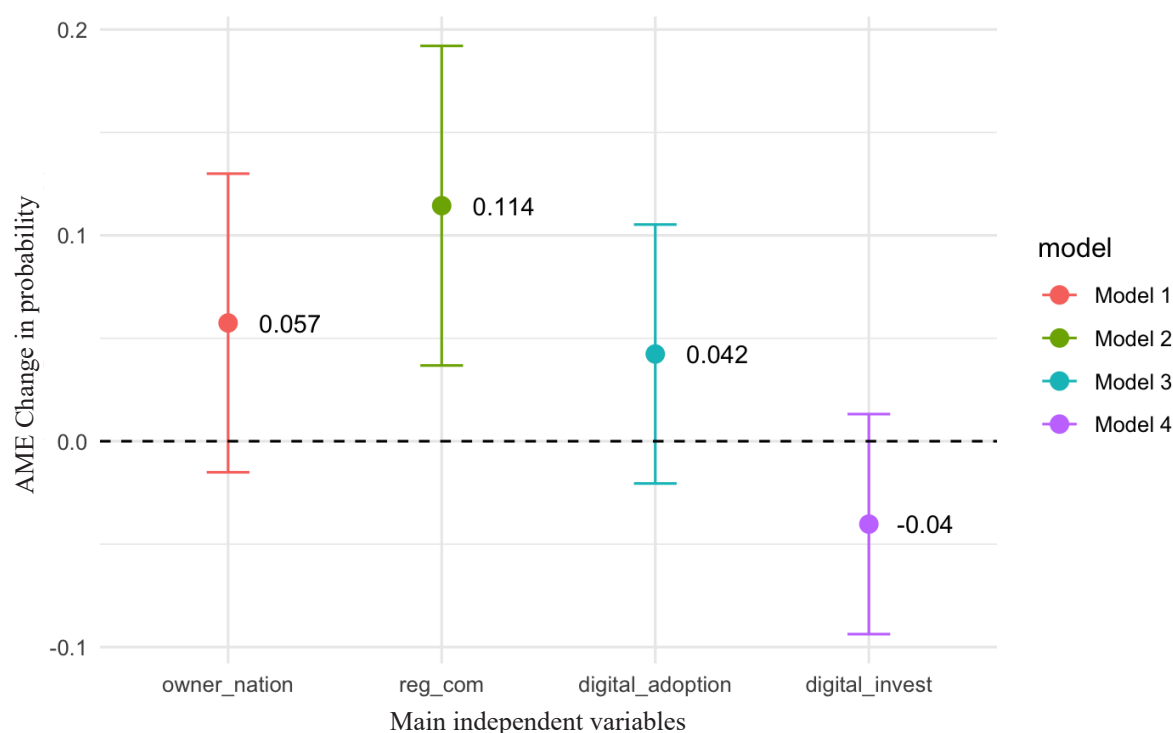
Table B.9: Regression estimate for the manufacturing Sector

DV: MSME performance	Model 1	Model 2	Model 3	Model 4
Foreign ownership	0.277 (0.179)			
Register commerce		0.553** (0.192)		
Digital adoption			0.205 (0.155)	
Digital investment				-0.195 (0.132)
Digital finance	-0.485 (0.322)	-0.501 (0.321)	-0.510 (0.322)	-0.450 (0.321)
Rented	0.251*** (0.052)	0.256*** (0.052)	0.255*** (0.052)	0.259*** (0.052)
Age	-0.004 (0.004)	-0.006 (0.004)	-0.004 (0.004)	-0.005 (0.004)
Area	0.164*** (0.015)	0.164*** (0.015)	0.165*** (0.015)	0.167*** (0.015)
Register tax	0.657*** (0.102)	0.137 (0.210)	0.660*** (0.102)	0.655*** (0.103)
Female	0.441*** (0.050)	0.438*** (0.050)	0.445*** (0.050)	0.447*** (0.050)
Commerce local project	-0.010 (0.020)	-0.008 (0.020)	-0.009 (0.020)	-0.011 (0.020)
Security local project	0.042*** (0.009)	0.043*** (0.009)	0.043*** (0.009)	0.042*** (0.009)
Environment local project	0.011*** (0.003)	0.011*** (0.003)	0.011*** (0.003)	0.011*** (0.003)
Small enterprises	-0.798*** (0.133)	-0.801*** (0.132)	-0.773*** (0.132)	-0.770*** (0.132)
Medium enterprises	-1.164*** (0.255)	-1.089*** (0.247)	-1.072*** (0.247)	-1.103*** (0.250)
(Intercept)	-2.023*** (0.108)	-2.027*** (0.108)	-2.037*** (0.108)	-2.026*** (0.108)
Observations	8123	8123	8123	8094
Log Likelihood	-4895.522	-4892.668	-4895.862	-4875.166
F	33.909	34.335	33.874	33.742
RMSE	0.46	0.46	0.46	0.46

Note: * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart B.4: Average effects of the estimates in the manufacturing sector



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

4.2.2. Wholesale and retail trade

In the wholesale and retail trade sector, statistically significant effects are observed for firm characteristics, excluding ownership structure, and for digitalisation, with the exception of digital investment. Enterprises registered with the Ministry of Commerce exhibit an estimated 16 percentage point increase in the probability of being classified as successful.

Regarding digital adoption, MSMEs that utilise internet-based systems and digital technologies demonstrate approximately 11.5 percentage points higher likelihood of success compared to those that do not adopt such tools. This underscores the importance of formalisation and basic digital integration in enhancing performance within the wholesale and retail trade sector.

Table B.10: Regression estimate for wholesale and retail sector

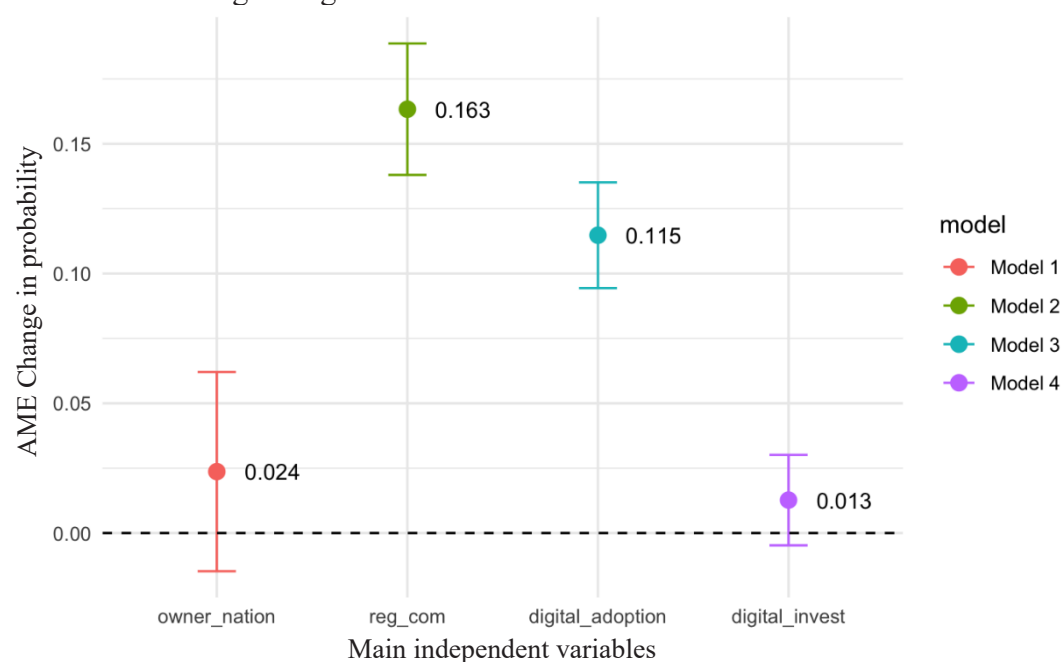
DV: MSME performance	Model 1	Model 2	Model 3	Model 4
Foreign ownership	0.105 (0.087)			
Register commerce		0.730*** (0.058)		
Digital adoption			0.512*** (0.047)	
Digital investment				0.057 (0.040)
Digital finance	0.177 (0.093)	0.153 (0.093)	0.079 (0.094)	0.170 (0.093)
Rented	0.323*** (0.016)	0.326*** (0.016)	0.319*** (0.016)	0.324*** (0.016)
Age	0.013*** (0.001)	0.012*** (0.001)	0.013*** (0.001)	0.013*** (0.001)
Area	0.082*** (0.005)	0.081*** (0.005)	0.081*** (0.005)	0.082*** (0.005)

Register tax	0.707*** (0.038)	-0.000 (0.068)	0.695*** (0.038)	0.711*** (0.038)
Female	0.174*** (0.017)	0.170*** (0.017)	0.173*** (0.017)	0.174*** (0.017)
Commerce local project	0.067*** (0.006)	0.069*** (0.006)	0.065*** (0.006)	0.067*** (0.006)
Security local project	0.004 (0.003)	0.005 (0.003)	0.006 (0.003)	0.005 (0.003)
Environment local project	-0.008*** (0.001)	-0.008*** (0.001)	-0.008*** (0.001)	-0.008*** (0.001)
Small enterprises	-0.719*** (0.082)	-0.753*** (0.082)	-0.745*** (0.082)	-0.724*** (0.082)
Medium enterprises	-0.561 (0.403)	-0.572 (0.402)	-0.620 (0.403)	-0.555 (0.403)
(Intercept)	-1.112*** (0.033)	-1.118*** (0.033)	-1.129*** (0.033)	-1.116*** (0.033)
Observations	77257	77259	77257	77150
Log Likelihood	-49493.009	-49416.307	-49433.368	-49414.837
F	138.089	150.446	147.289	138.419
RMSE	0.47	0.47	0.47	0.47

Note: * p < 0.05, ** p < 0.01, *** p < 0.001.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart B.5: Average marginal effect in wholesale and retail trade



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

4.2.3. Accommodation and food service

In the accommodation and food services sector, results exhibit patterns consistent with those observed in wholesale and retail trade. Formal registration with the Ministry of Commerce demonstrates a statistically significant association with enterprise success. On average, formally registered MSMEs show a 10.7 percentage point increase in the likelihood of being classified as successful compared to unregistered counterparts.

Digitalisation also plays a significant role in performance within this sector. MSMEs adopting internet-based systems and digital tools exhibit an estimated 7 percentage point increase in the probability of success, holding other variables constant. These findings highlight the importance of formal integration and digital uptake in enhancing competitiveness within accommodation and food service enterprises.

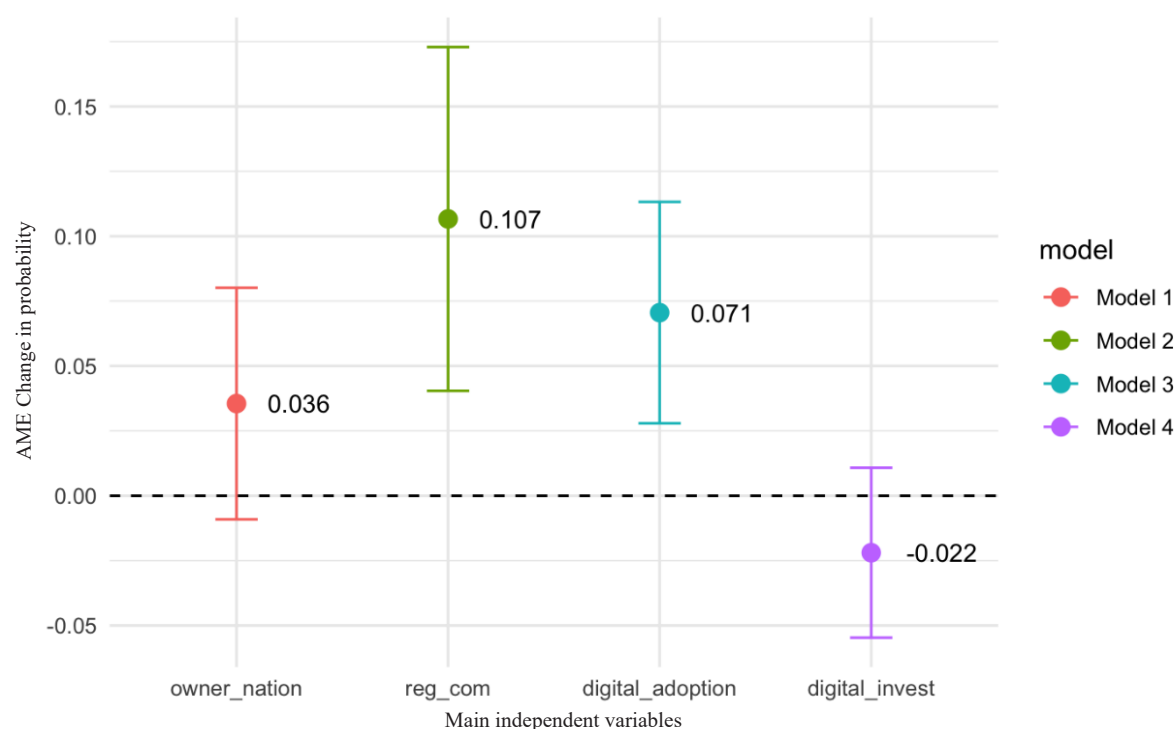
Table B.11: Regression estimates in accommodation and service sector

DV: MSME performance	Model 1	Model 2	Model 3	Model 4
Foreign ownership	0.157 (0.100)			
Register commerce		0.470** (0.149)		
Digital adoption			0.311** (0.096)	
Digital investment				-0.097 (0.074)
Digital finance	0.084 (0.185)	0.097 (0.184)	-0.005 (0.188)	0.123 (0.185)
Rented	0.354*** (0.034)	0.357*** (0.033)	0.356*** (0.033)	0.361*** (0.034)
Age	0.016*** (0.003)	0.016*** (0.003)	0.016*** (0.003)	0.016*** (0.003)
Area	0.099*** (0.008)	0.097*** (0.008)	0.099*** (0.008)	0.100*** (0.008)
Register tax	0.496*** (0.076)	0.063 (0.160)	0.476*** (0.076)	0.512*** (0.076)
Female	0.233*** (0.034)	0.235*** (0.034)	0.237*** (0.034)	0.237*** (0.034)
Commerce local project	-0.030* (0.013)	-0.030* (0.013)	-0.030* (0.013)	-0.030* (0.013)
Security local project	0.021*** (0.006)	0.021** (0.006)	0.022*** (0.006)	0.021** (0.006)
Environment local project	-0.003* (0.002)	-0.004* (0.002)	-0.004* (0.002)	-0.004* (0.002)
Small enterprises	-0.543*** (0.085)	-0.569*** (0.085)	-0.549*** (0.085)	-0.527*** (0.085)
Medium enterprises	-0.996*** (0.302)	-1.043*** (0.302)	-1.011*** (0.303)	-0.986** (0.302)
(Intercept)	-1.236*** (0.067)	-1.230*** (0.067)	-1.239*** (0.067)	-1.227*** (0.068)
Observations	17828	17828	17827	17764
Log likelihood	-11512.480	-11508.757	-11507.428	-11469.097
F	35.813	36.403	36.433	35.469
RMSE	0.48	0.48	0.48	0.48

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart B.6: Average marginal effects in accommodation and service sector



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

4.2.4. Financial and insurance services

The financial and insurance services sector presents a contrasting scenario. The analysis does not provide sufficient evidence to establish a clear relationship between enterprise characteristics and MSME performance. Notably, enterprises that invest in digital technologies exhibit, on average, a 10 percentage point decrease in the probability of success. This unexpected outcome suggests potential sector-specific dynamics or limitations in the measurement of digital investment within this industry.

Table B.12: Regression estimates in financial and insurance services

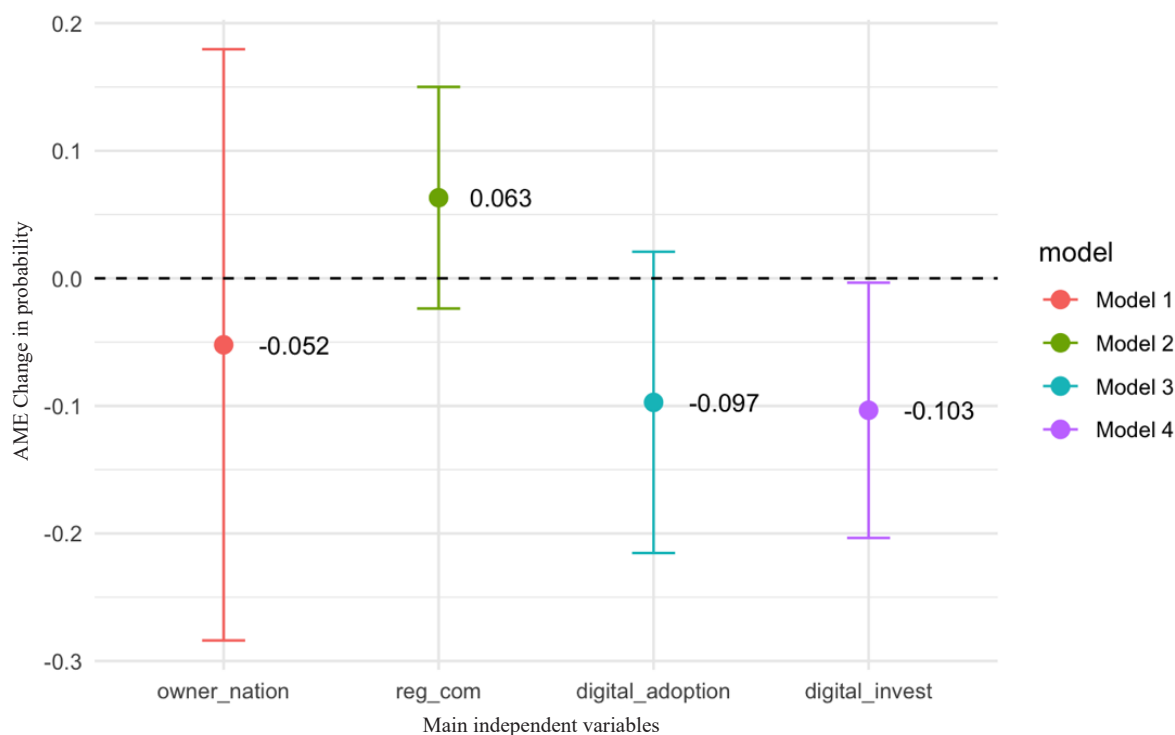
DV: MSME performance	Model 1	Model 2	Model 3	Model 4
Foreign ownership	-0.246 (0.558)			
Register commerce		0.298 (0.210)		
Digital adoption			-0.459 (0.285)	
Digital investment				-0.489* (0.242)
Digital finance	-0.478 (0.818)	-0.458 (0.818)	-0.460 (0.821)	-0.506 (0.819)
Rented	0.094 (0.108)	0.087 (0.108)	0.086 (0.108)	0.104 (0.108)
Age	0.031** (0.011)	0.031** (0.011)	0.030** (0.011)	0.030** (0.011)
Area	0.061+	0.058+	0.061+	0.060+

	(0.032)	(0.032)	(0.032)	(0.032)
Register tax	0.348*	0.070	0.362**	0.365**
	(0.140)	(0.238)	(0.140)	(0.140)
Female	-0.003	-0.013	-0.006	-0.011
	(0.104)	(0.104)	(0.104)	(0.104)
Commerce local project	-0.057	-0.056	-0.056	-0.056
	(0.038)	(0.038)	(0.038)	(0.038)
Security local project	0.045*	0.046*	0.043*	0.042*
	(0.019)	(0.019)	(0.019)	(0.019)
Environment local project	-0.005	-0.005	-0.005	-0.005
	(0.006)	(0.006)	(0.006)	(0.006)
Small enterprises	-0.301	-0.325	-0.275	-0.261
	(0.385)	(0.380)	(0.382)	(0.382)
Medium enterprises	-0.768	-0.804	-0.841	-0.865
	(1.177)	(1.170)	(1.171)	(1.171)
(Intercept)	-1.228***	-1.242***	-1.217***	-1.186***
	(0.216)	(0.217)	(0.216)	(0.217)
Observations	1935	1935	1935	1931
Log Likelihood	-1188.627	-1187.739	-1187.336	-1185.006
F	2.487	2.630	2.674	2.798
RMSE	0.46	0.46	0.46	0.46

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Source: Author's elaboration, using the Economic Census of Cambodia 2022.

Chart B.7: Average marginal effects in financial and insurance activities



Source: Author's elaboration, using the Economic Census of Cambodia 2022.

5. Discussion and policy recommendations

The analysis reveals that MSMEs in Phnom Penh are diverse yet unevenly integrated into the broader economic landscape. The findings have sector-specific implications:

Manufacturing sector	• Key findings: Formal registration significantly improves the likelihood of business success. However, digital adoption shows no clear performance benefit in this sector. • Policy recommendations: Prioritise policies that enhance formalisation and link domestic MSMEs to larger industrial and export value chains. Support mechanisms like tax incentives, and localised industrial extension services are crucial.
Wholesale and retail trade	• Key findings: This is the largest and most informal sector, highly female-dominated. Formal registration increases success probability by 16 percentage points, and digital adoption by 11.5 percentage points. • Policy recommendations: Promote low-cost registration and mobile-based digital tools to enhance competitiveness. Target women-led enterprises with inclusive business training and incentives to formalise operations.
Accommodation and food services	• Key findings: Digital adoption has a strong positive effect (7 percentage points higher probability of success), followed by formal registration (10 percentage points). Despite pandemic vulnerabilities, the sector showed entrepreneurial resilience. • Policy recommendations: Encourage digital transformation through mobile payments, delivery apps, and online marketing tools. Public-private partnerships can help provide digital literacy and e-commerce onboarding support, especially for small food and hospitality businesses.
Financial and insurance services	• Key findings: No statistically significant relationship between business characteristics and performance due to data constraints and sector-specific complexity. • Policy recommendations: Improve disaggregated data collection in this sector. Foster inclusive financial services for MSMEs through better outreach, digital finance tools, and regulatory reform that supports innovation while protecting small enterprises.
Cross-cutting recommendations	• Boost formalisation by simplifying registration processes and improving access to legal and tax advisory services. • Invest in digital transformation via incentives for tech adoption, digital infrastructure expansion, and training programs. • Strengthen MSME resilience through targeted support in business development, access to finance, and sector-specific linkages—particularly in manufacturing and services where scaling potential exists.

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Appendix C:

Data report on 5,694 wholesale and retail trade MSMEs

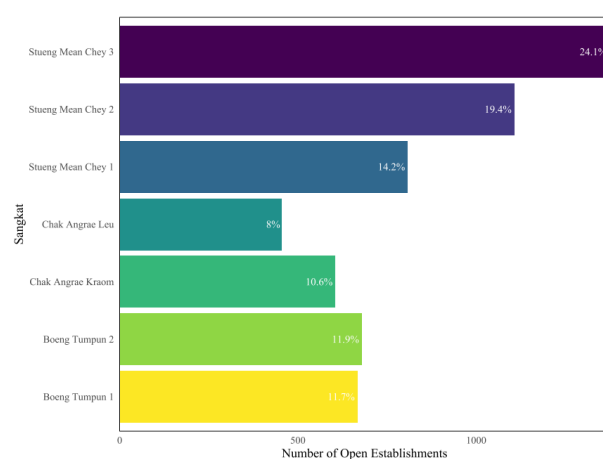
C1. Business trends: Operating and closed business establishments

Chart C.1: Mapping the operating and closed establishments in Khan Meanchey



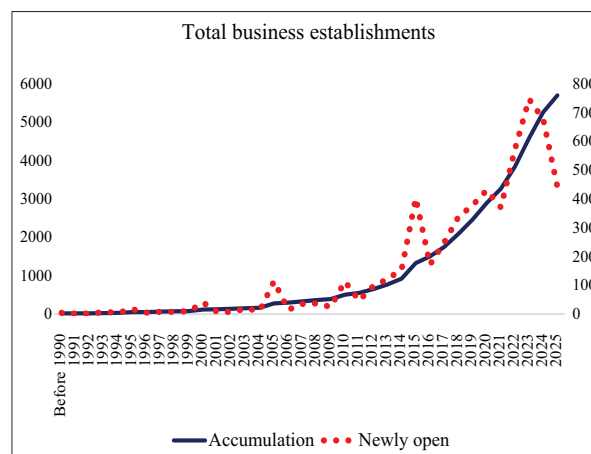
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.2: Currently operating business establishments by Sangkat in Khan Meanchey



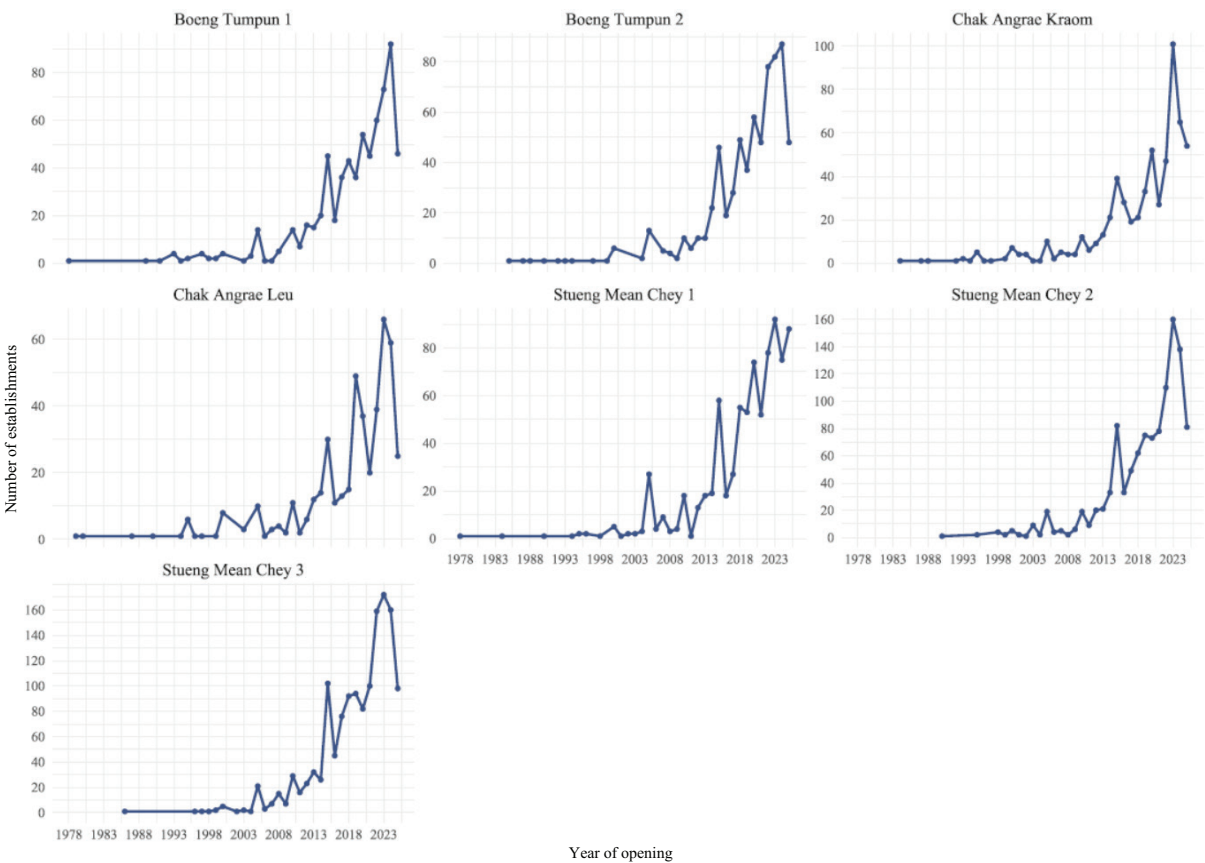
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.3: Currently operating business establishments in Khan Meanchey



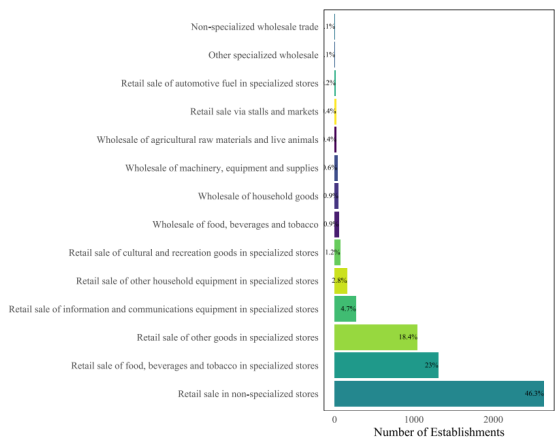
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.4: Currently operating business establishments in year by Sangkat in Khan Meanchey



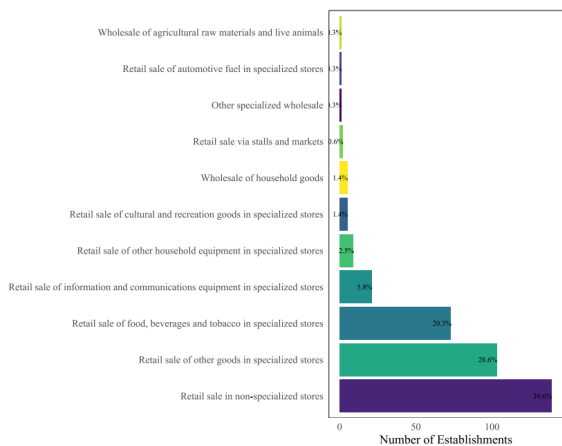
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.5: Types of currently operating business establishments in Khan Meanchey



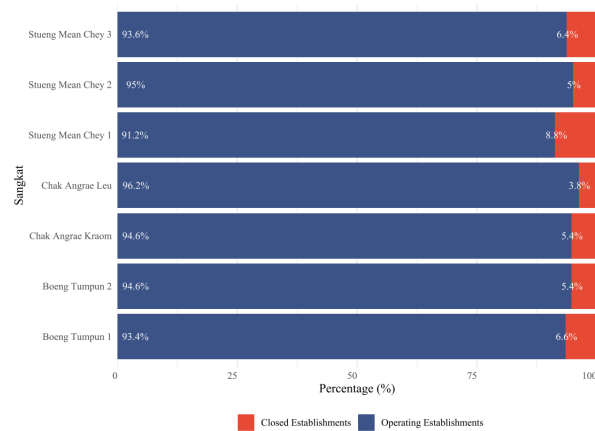
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.6: Types of closed businesses that reported being closed in Khan Meanchey



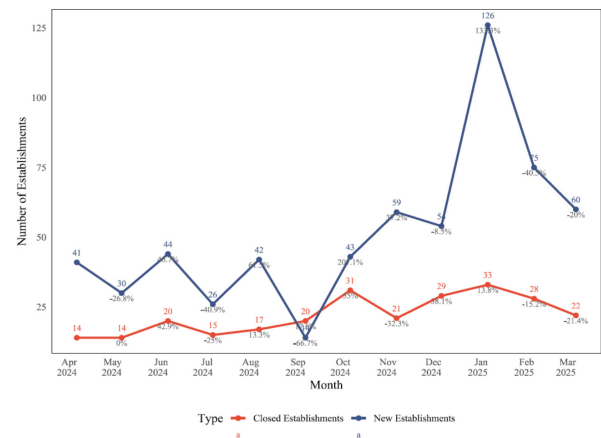
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.7: Currently operating business establishments and closed establishments by Sangkat



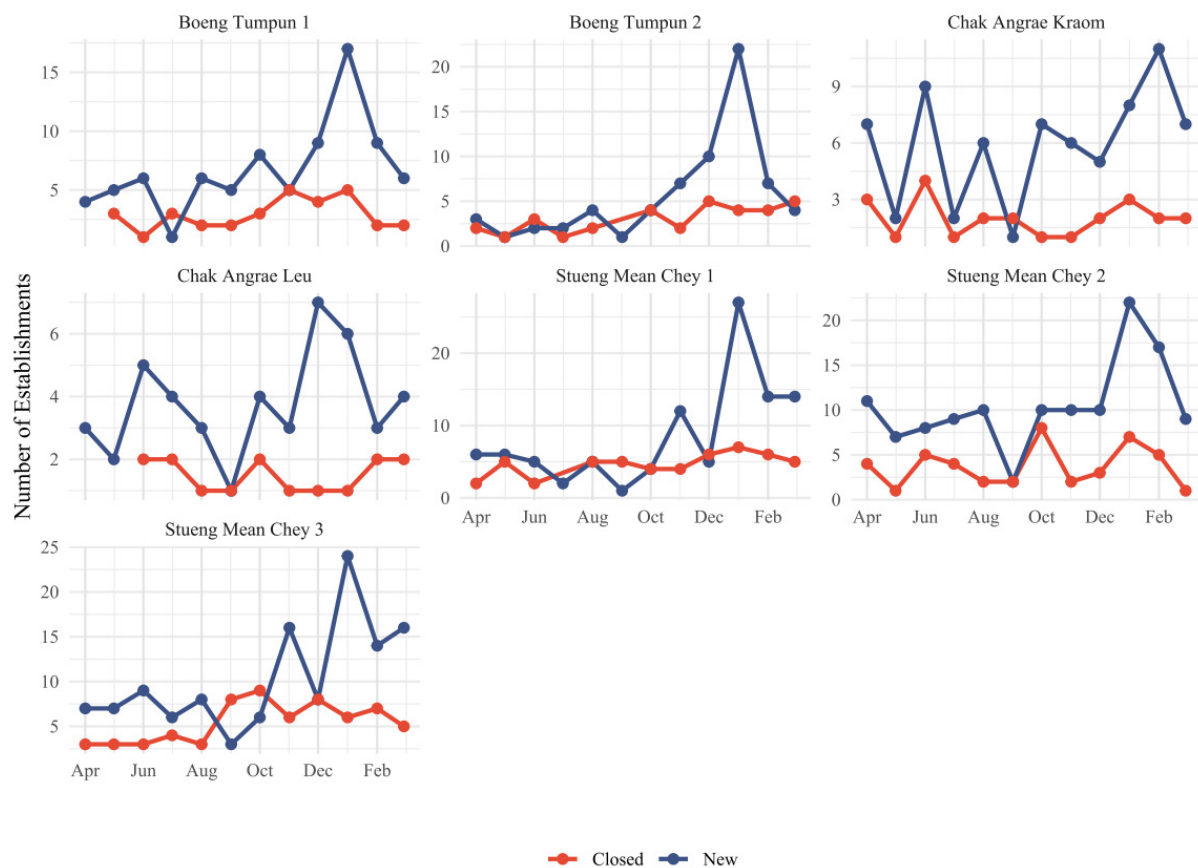
Note: Data is based on 5,694 Wholesale and retail trade MSMEs.

Chart C.8: Monthly trends of newly opened businesses and closed establishments within 12 months



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.9: Monthly trends of newly opened businesses and closed establishments within 12 months by Sangkat



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

C2. Structural constraints: Formal and informal MSME

Chart C.10: Operating businesses and registration status

(a) Currently operating establishments by Sangkat

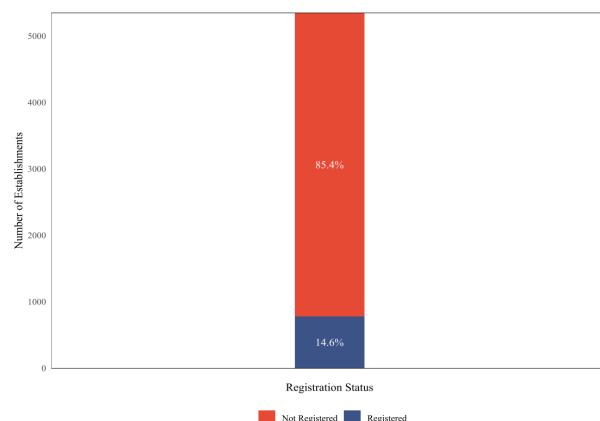


(b) Business registration status



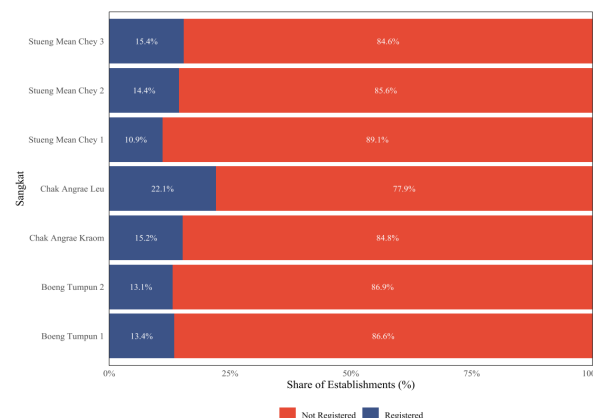
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.11: Business establishment registration status



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

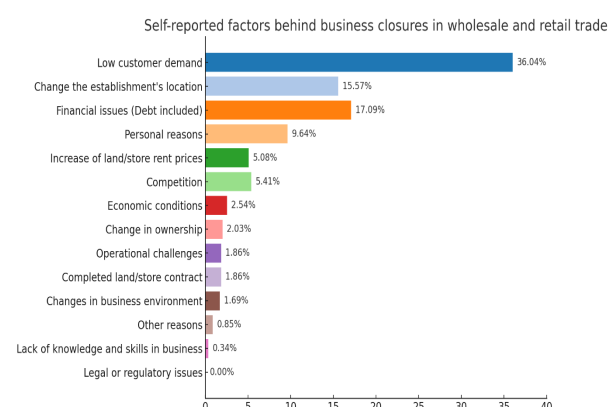
Chart C.12: Business establishment registration status



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

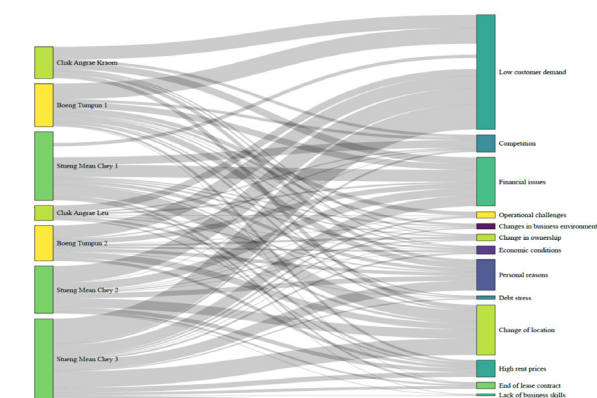
C3. Factors behind business closures and sectoral vulnerability

Chart C.13: Three most important factors that led to the closure of the business establishments



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

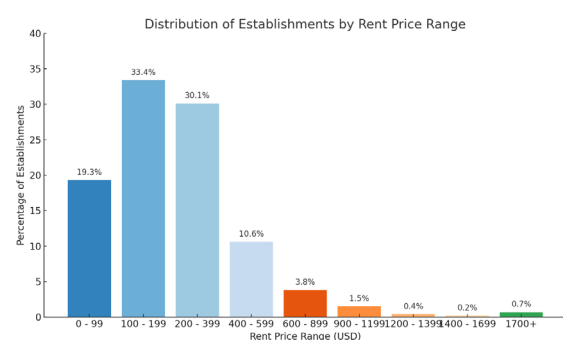
Chart C.14: Reasons for establishment closure by Sangkat



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

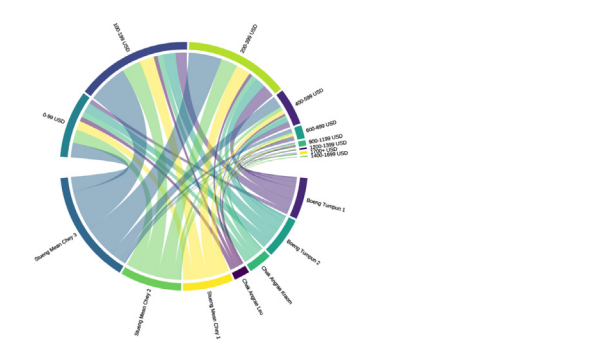
C4. Operational challenges

Chart C.15: Store/land rent prices



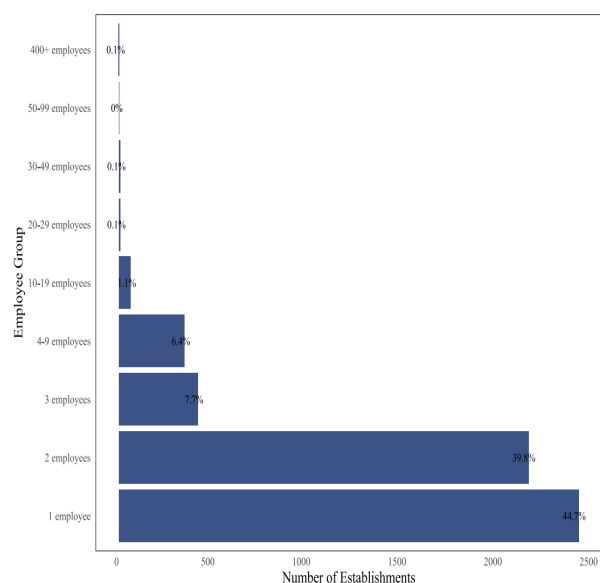
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.16: Establishment store/land rent prices by Sangkat



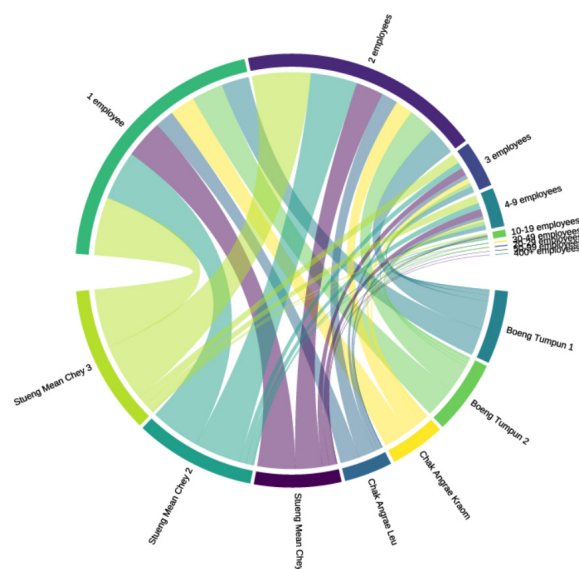
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.17: Number of employees



Note: Data is based on 5,694 Wholesale and retail trade MSMEs. The calculation is based on valid responses.

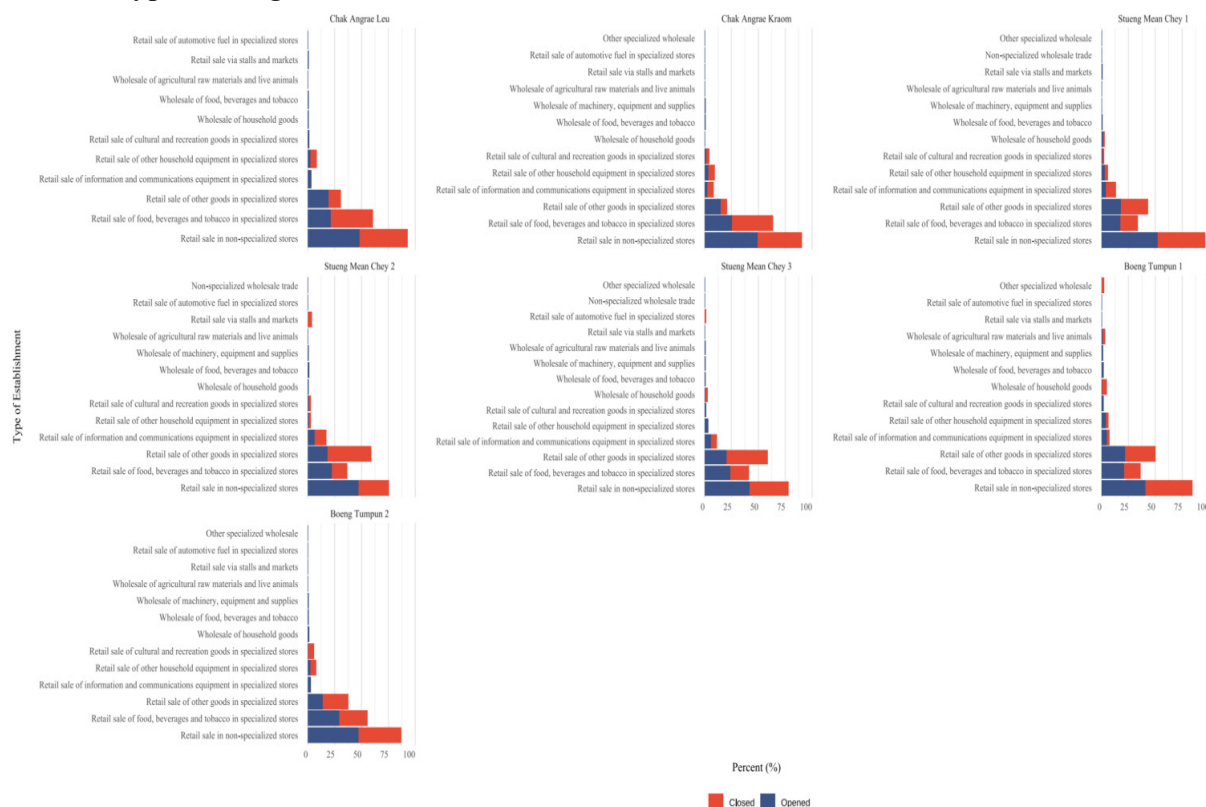
Chart C.18: Number of employees in establishments by Sangkat



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

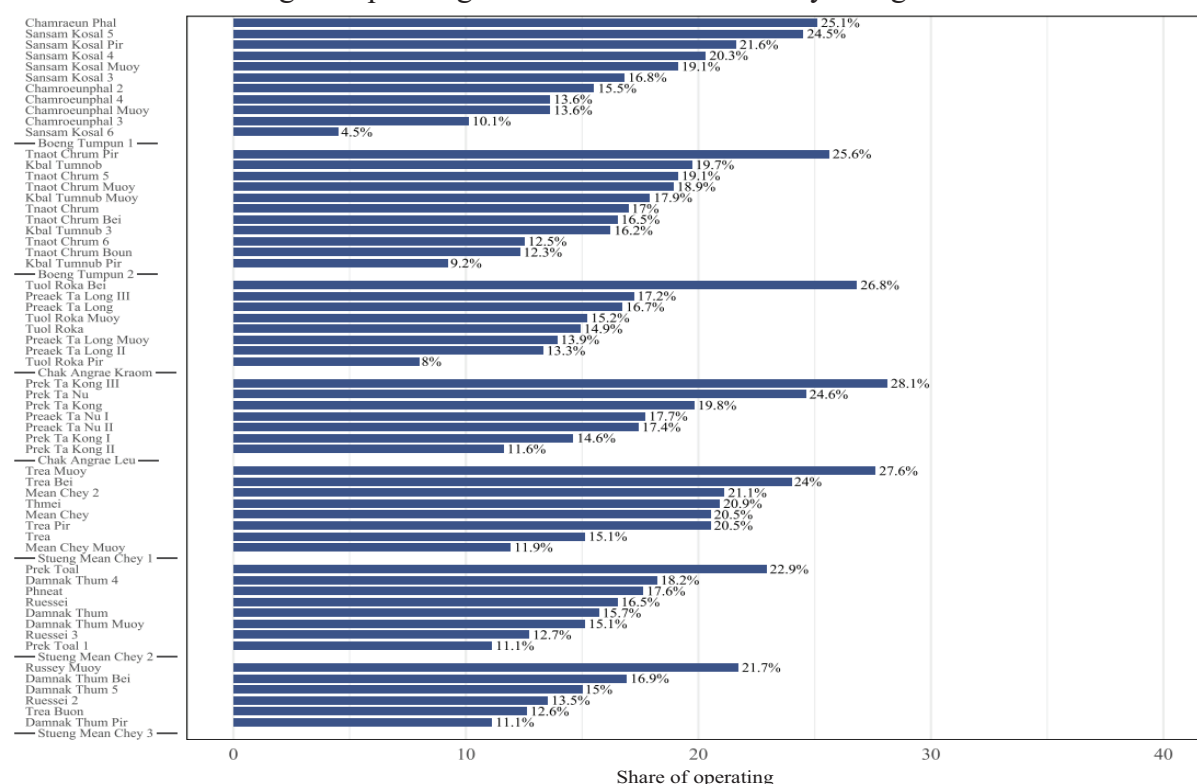
C5. Geographic disparities: Significant at villages and sub-sectors

Chart C.19: Proportion of current business operating and closed establishments by business type in Sangkat



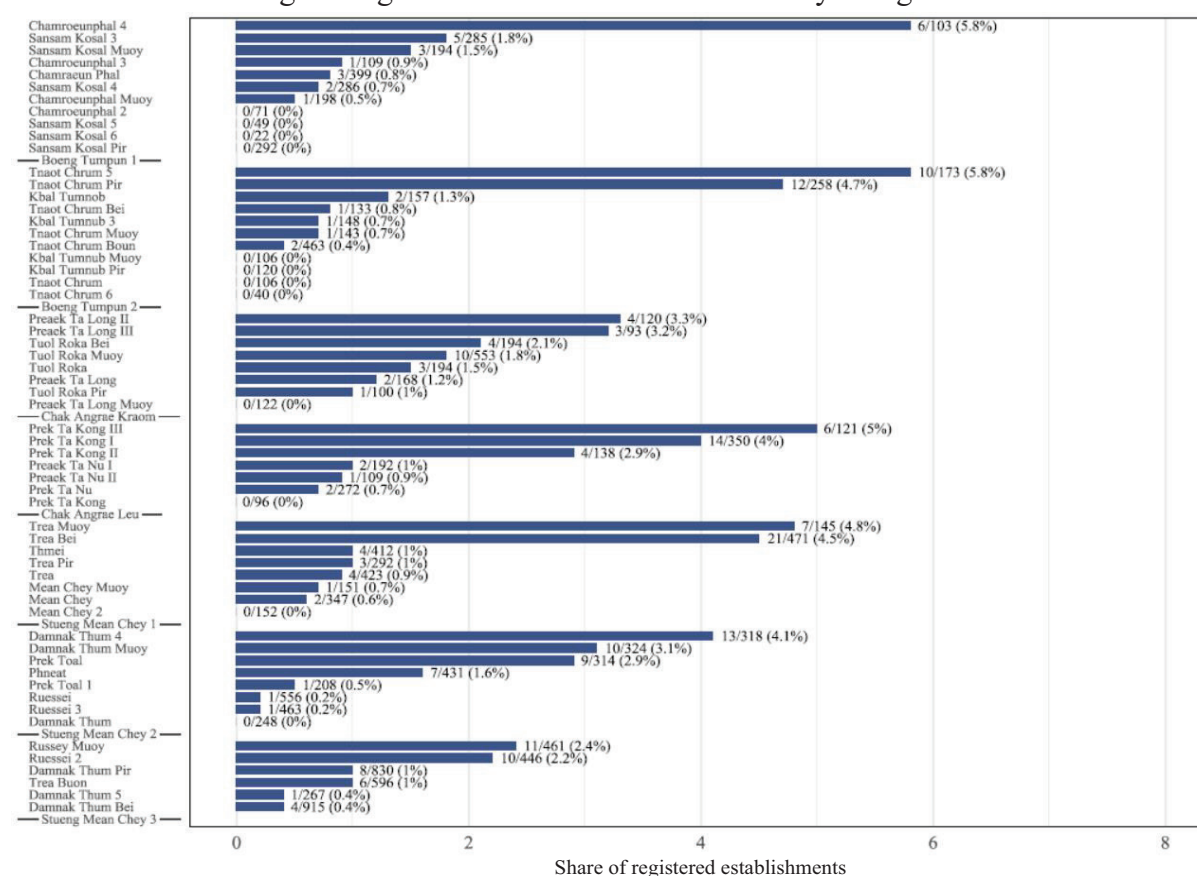
Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Chart C.20: Percentage of operating business establishments by villages



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

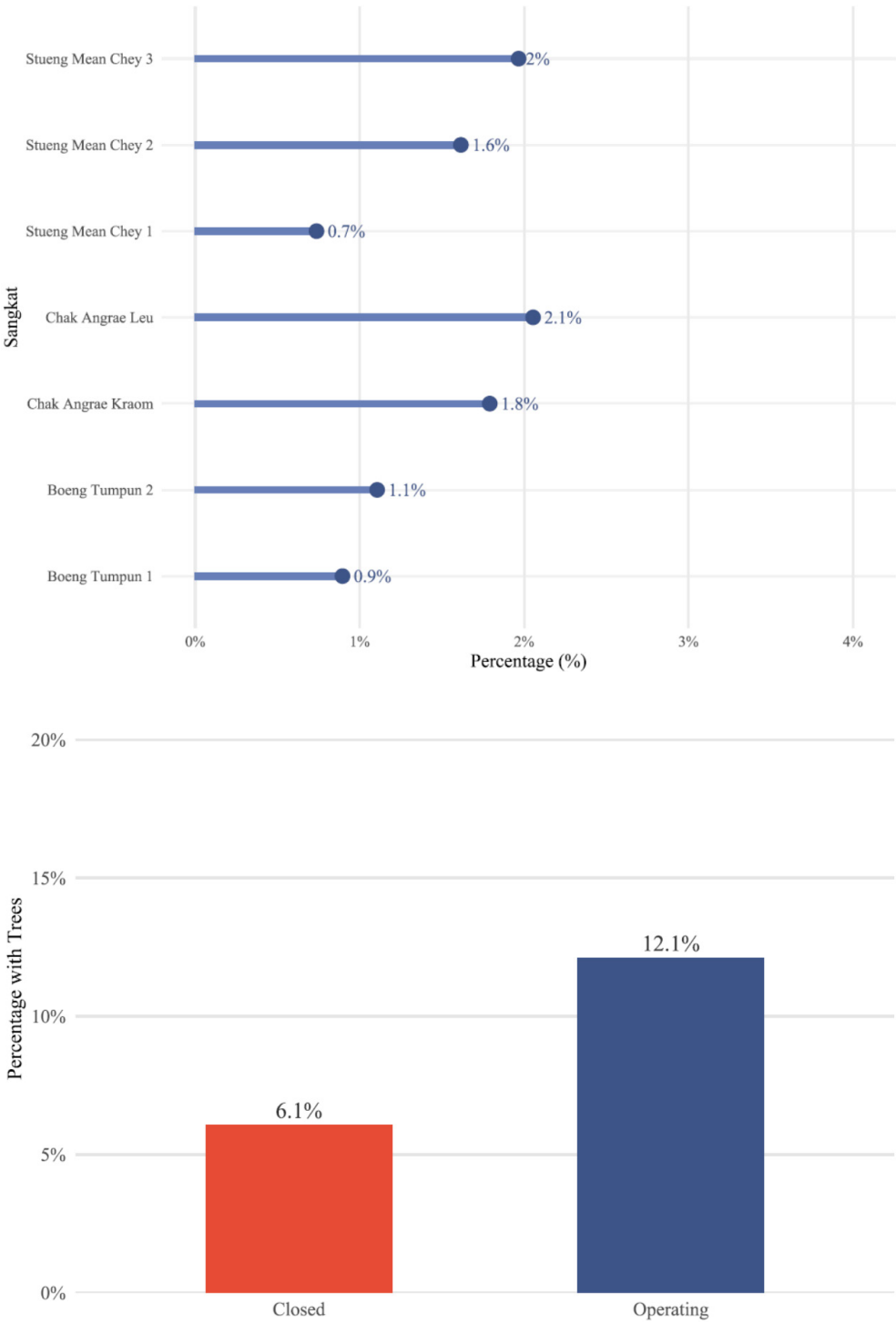
Chart C.21: Percentage of registered business establishments by village



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

C6. Green cities

Chart C.22: Trees in front of business establishments



Note: Data is based on 5,694 wholesale and retail trade MSMEs.

Appendix D:
Data report on 2,659 food and accommodation MSMEs

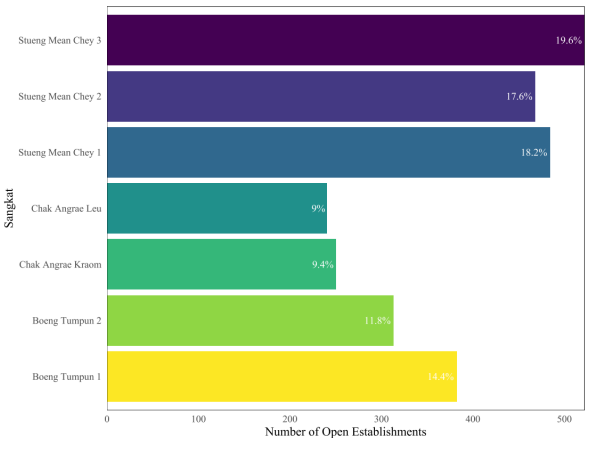
D1. Business trends: Operating and closed business establishments

Chart D.1: Mapping the operating and closed establishments in Khan Meanchey



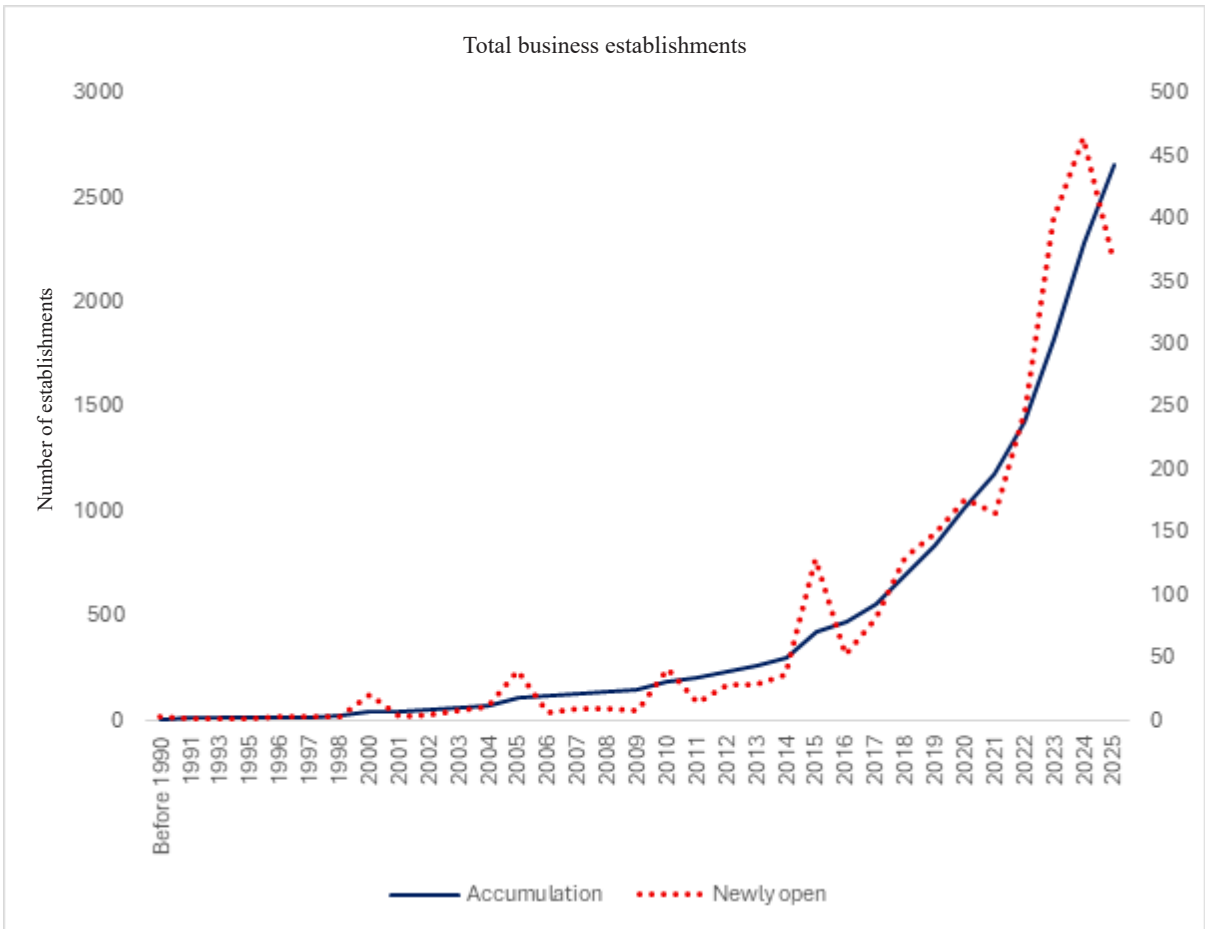
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.2: Currently operating business establishments by Sangkat in Khan Meanchey



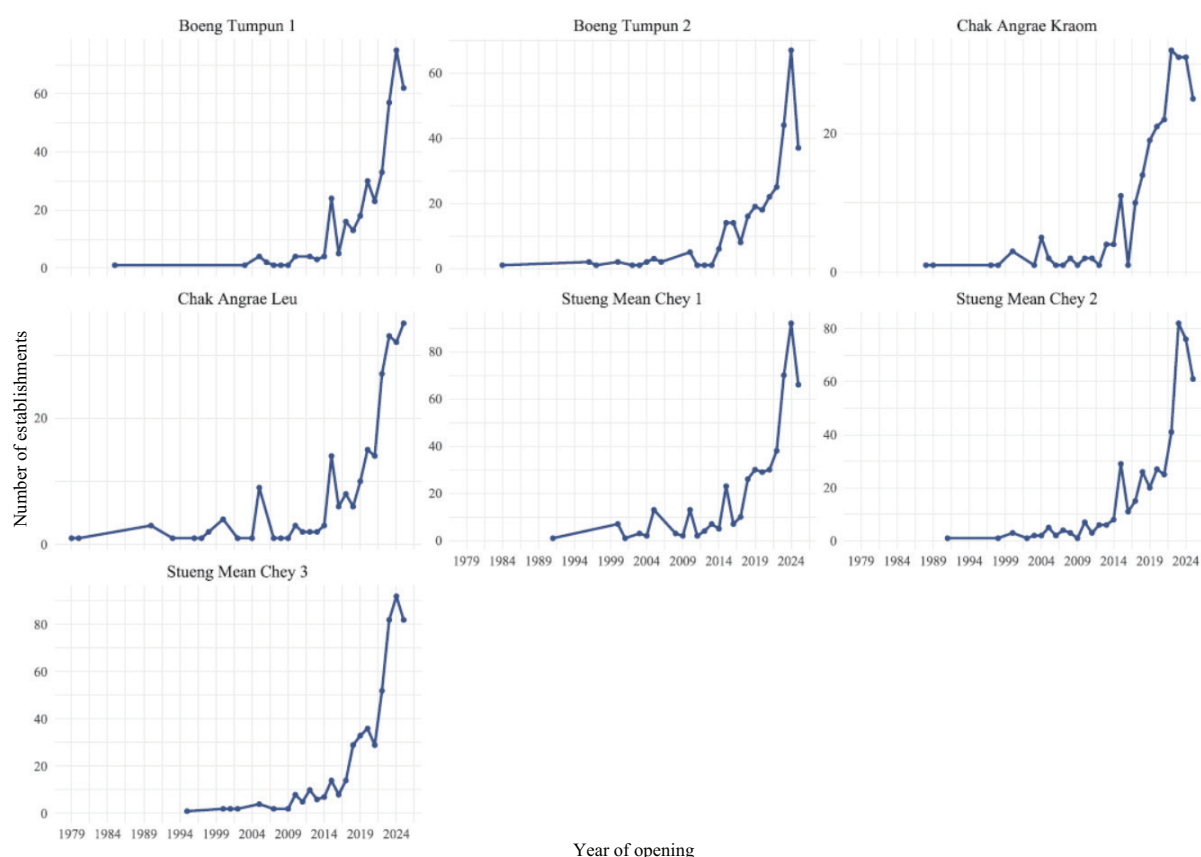
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.3: Currently operating business establishments in Khan Meanchey



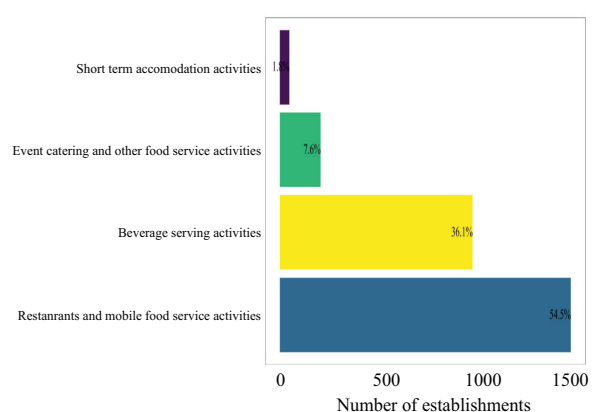
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.4: Currently operating business establishments in year by Sangkat in Khan Meanchey



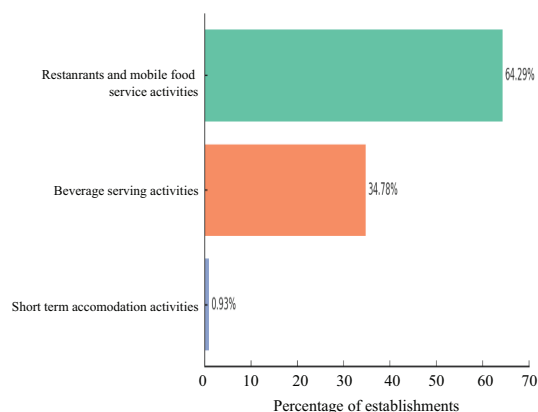
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.5: Types of currently operating business establishments in Khan Meanchey



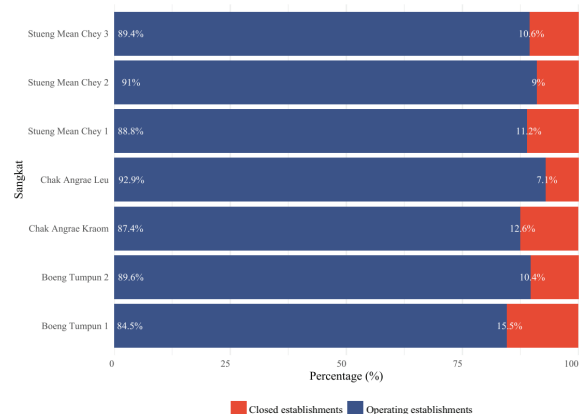
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.6: Types of closed businesses that reported being closed in Khan Meanchey



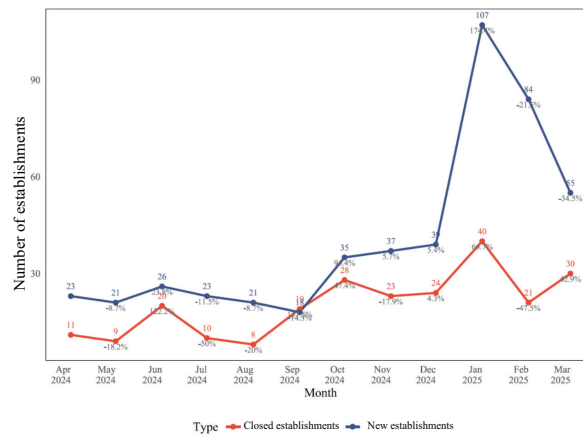
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.7: Currently operating business establishments and closed establishments by Sangkat



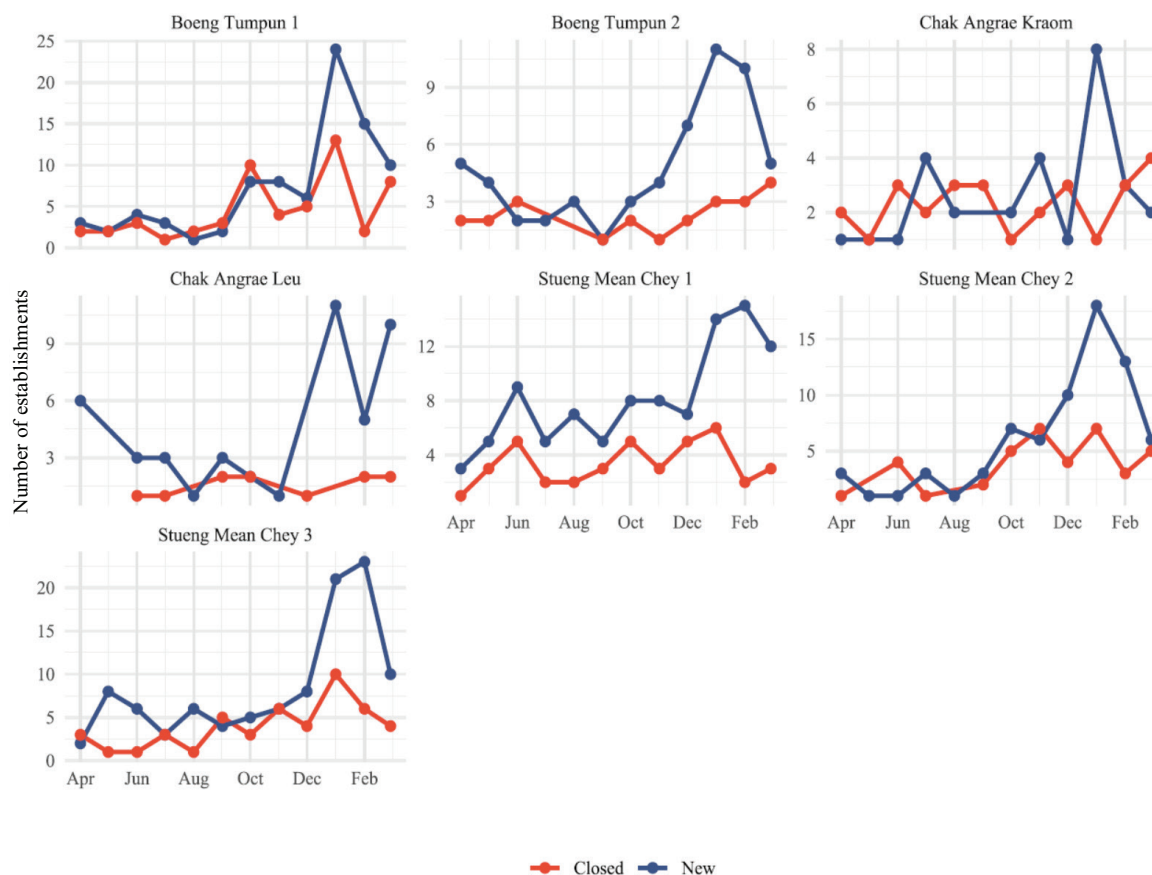
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.8: Monthly trends of newly opened businesses and closed establishments within 12 months



Note: This data is based on 2,659 food and accommodation establishments.

Chart D.9: Monthly trends of newly opened businesses and closed establishments within 12 months by Sangkat



Note: This data is based on 2,659 food and accommodation establishments.

D2. Structural constraints: Formal and informal MSME

Chart D.10: Operating businesses and registration status

(a) Currently operating establishments by Sangkat

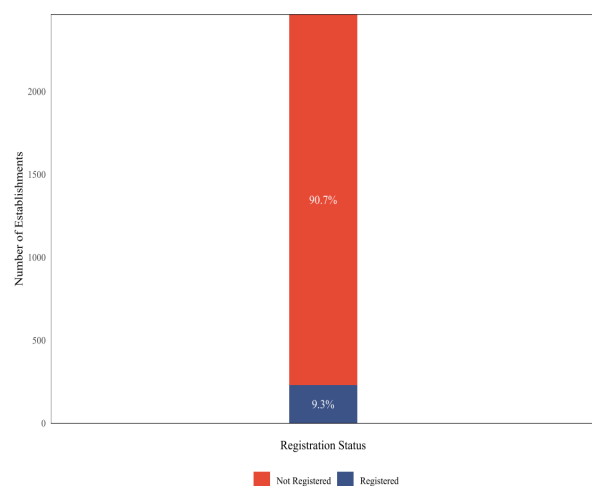


(b) Business registration status



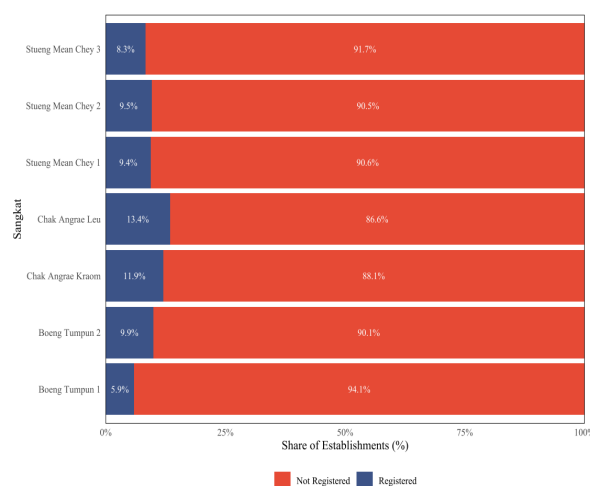
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.11: Business establishment registration status



Note: This data is based on 2,659 food and accommodation establishments.

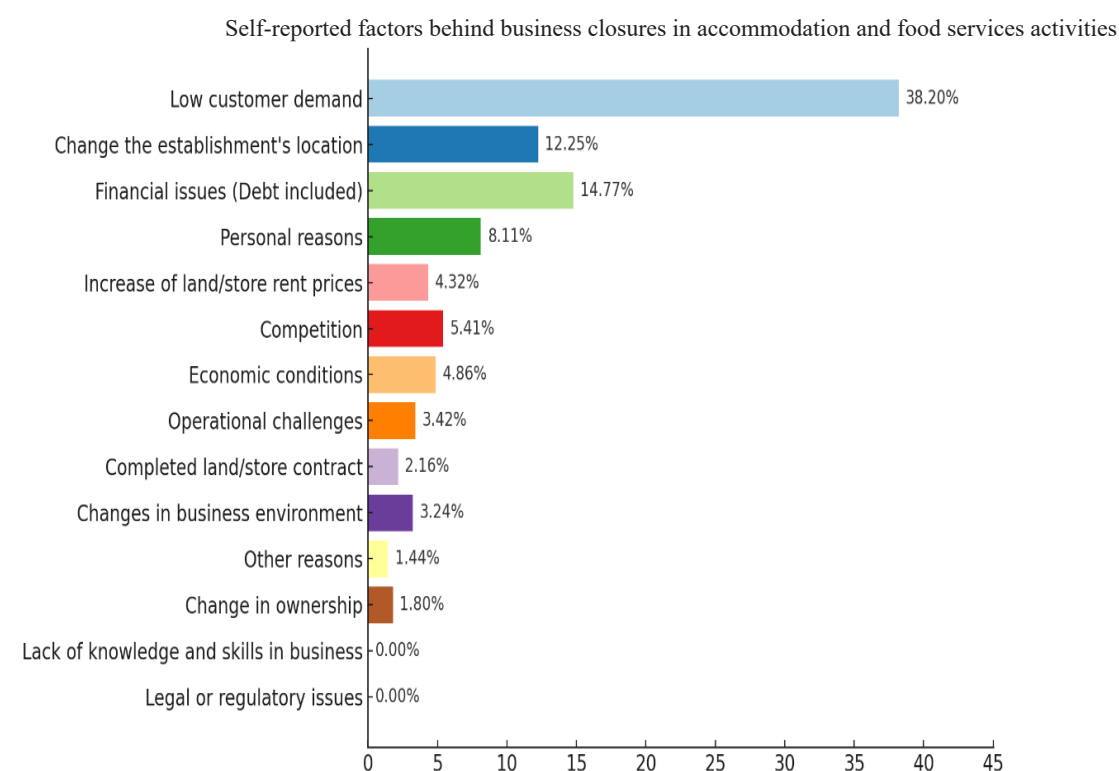
Chart D.12: Business establishment registration status



Note: This data is based on 2,659 food and accommodation establishments.

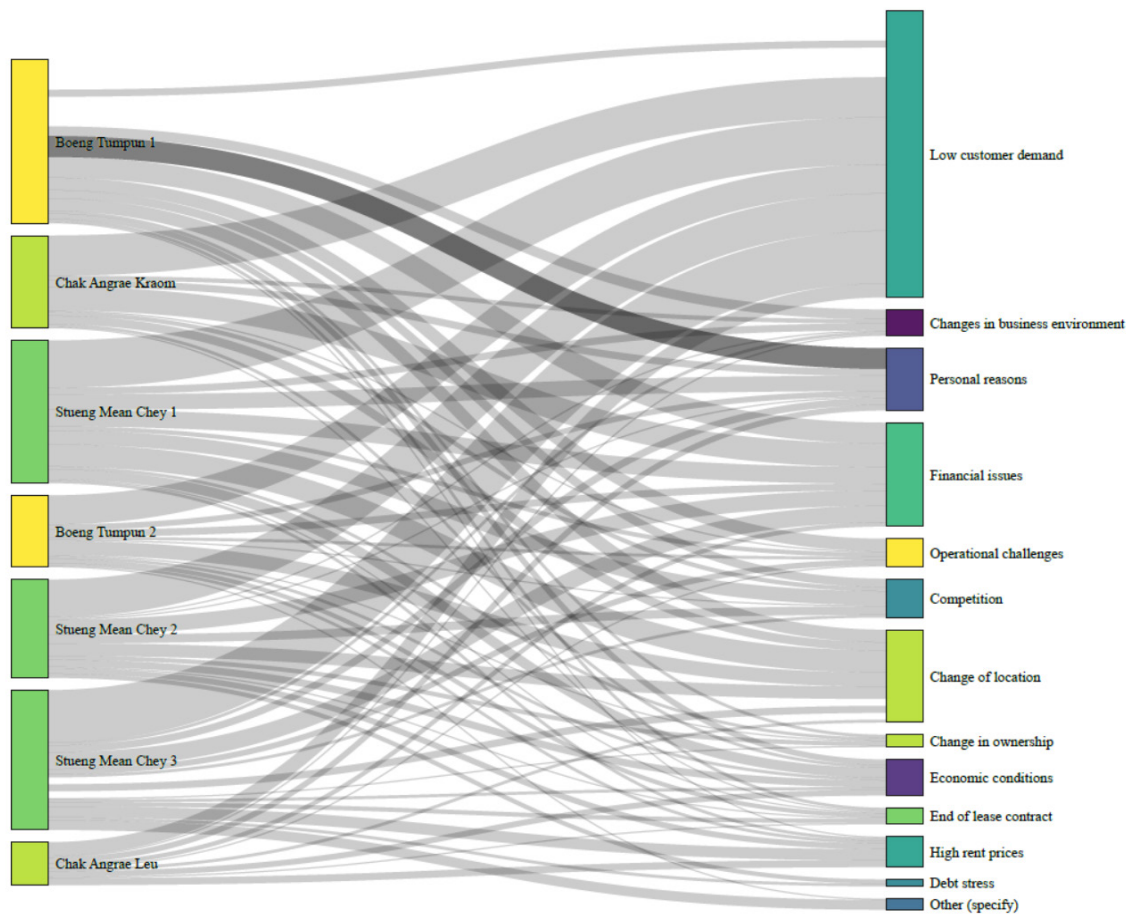
D3. Factors behind business closures and sectoral vulnerability

Chart D.13: Three most important factors that led to the closure of the business establishments



Note: This data is based on 2,659 food and accommodation establishments.

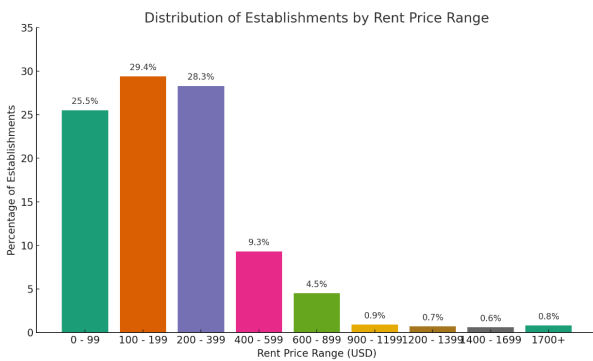
Chart D.14: Reasons for establishment closure by Sangkat



Note: This data is based on 2,659 food and accommodation establishments.

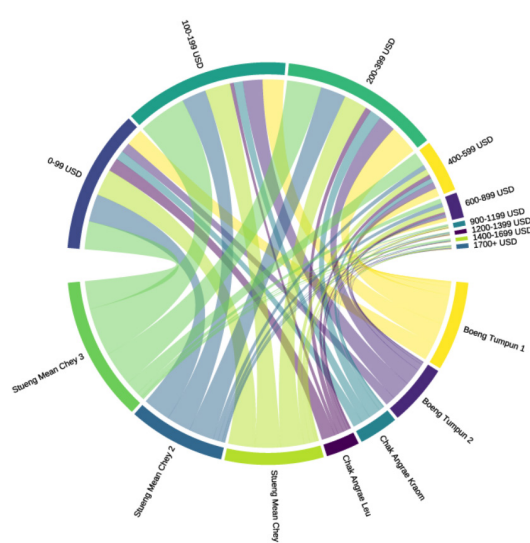
D4. Operational challenges

Chart D.15: Store/land rent prices



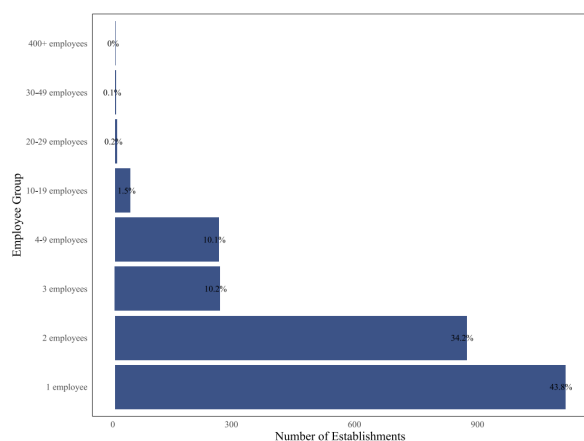
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.16: Establishment store/land rent prices by Sangkat



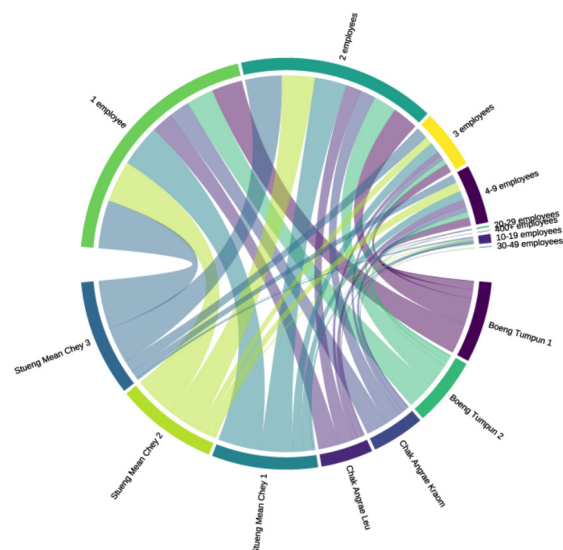
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.17: Number of employees



Note: This data is based on 2,659 food and accommodation establishments. The calculation is based on valid responses.

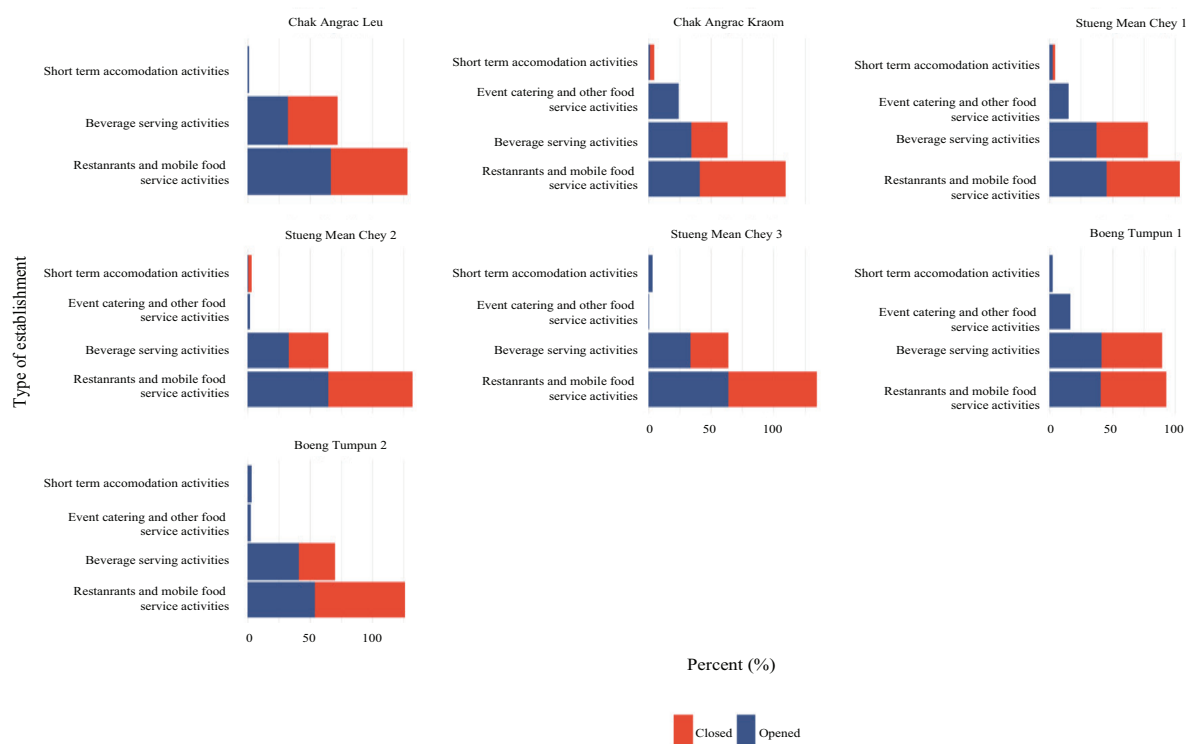
Chart D.18: Number of employees in establishments by Sangkat



Note: This data is based on 2,659 food and accommodation establishments.

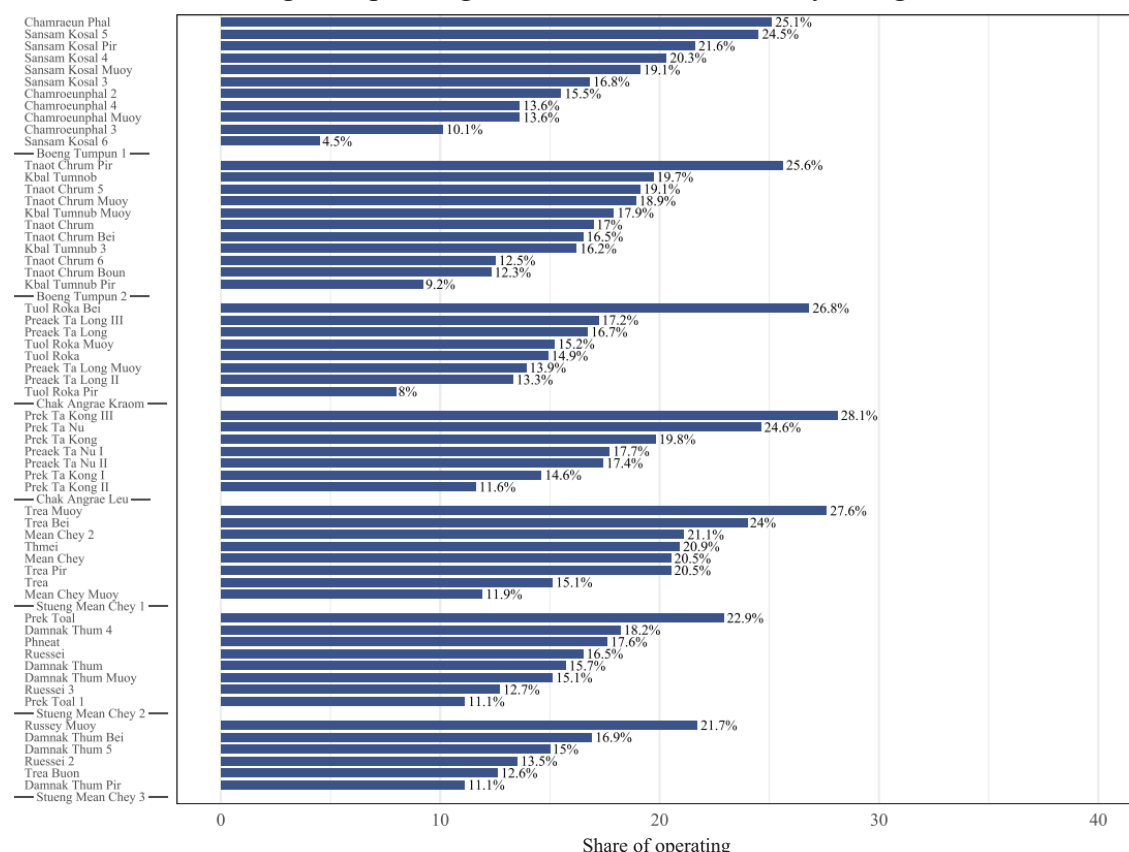
D5. Geographic disparities: Significant at villages and sub-sectors

Chart D.19: Proportion of current business operating and closed establishments by business type in Sangkat



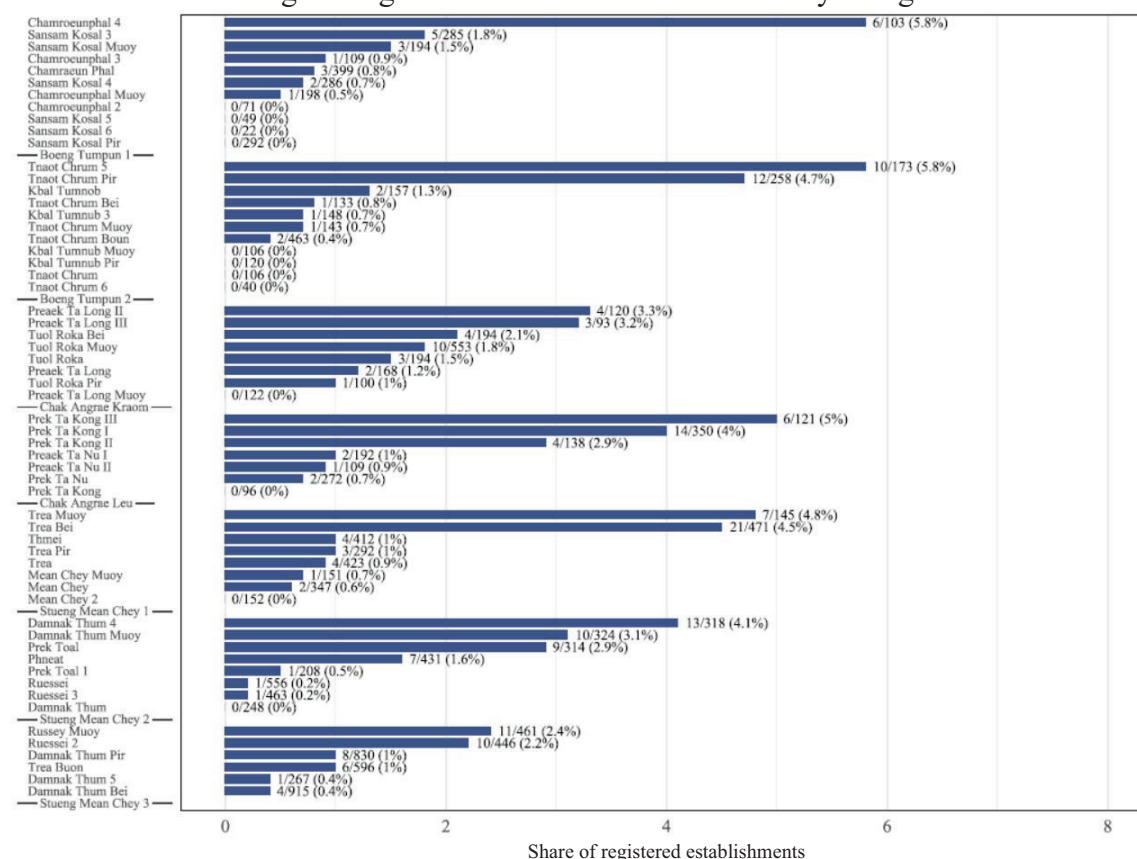
Note: This data is based on 2,659 food and accommodation establishments.

Chart D.20: Percentage of operating business establishments by villages



Note: This data is based on 2,659 Food and Accommodation establishments.

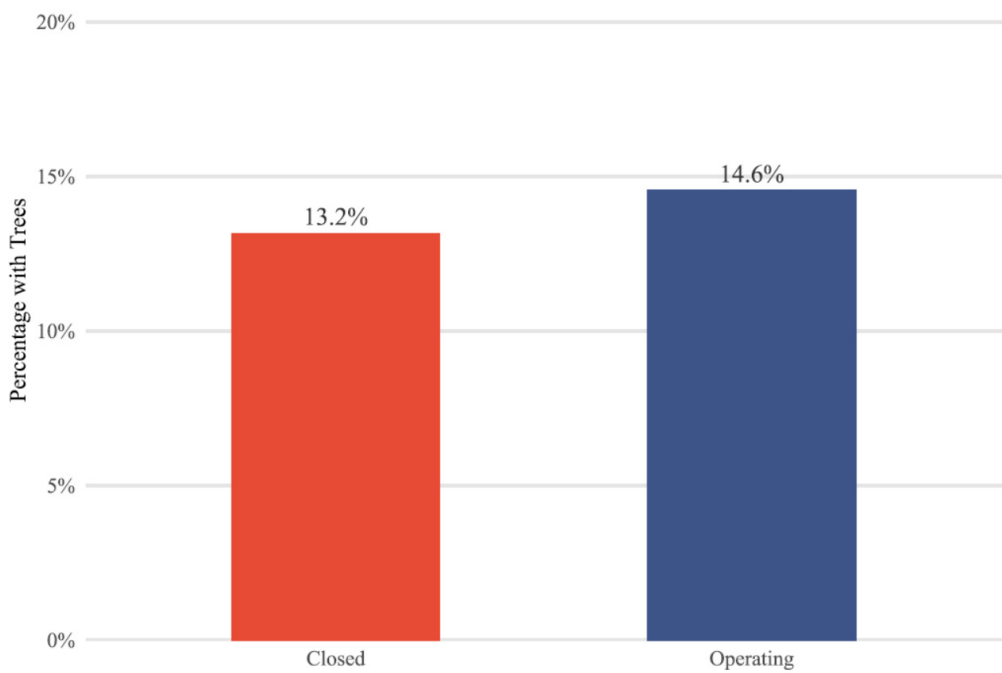
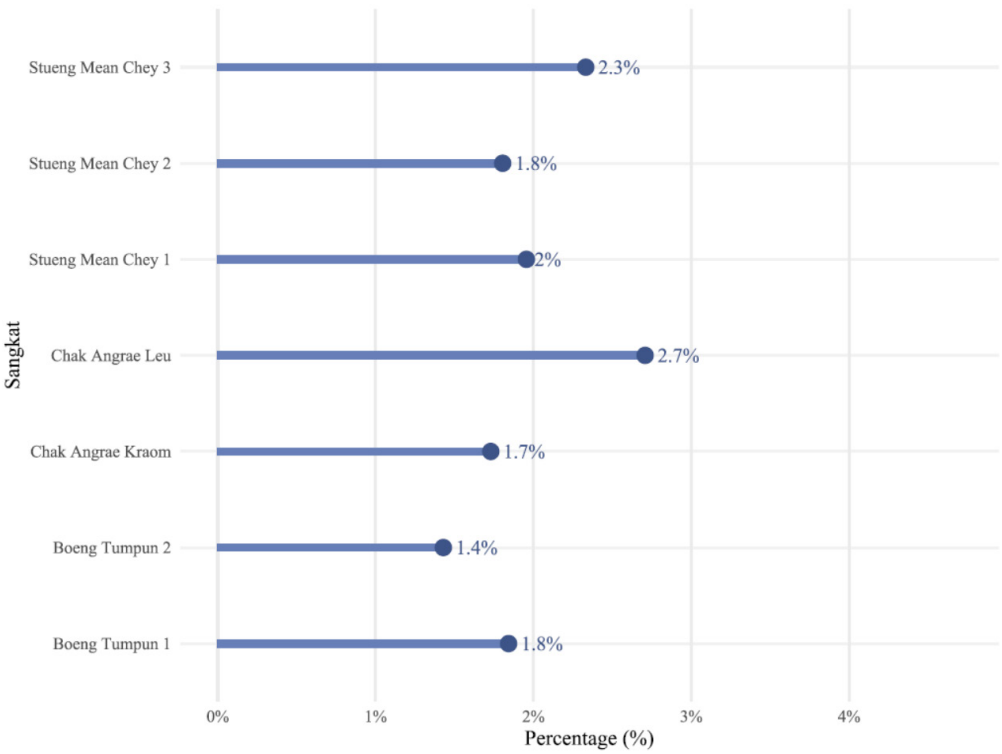
Chart D.21: Percentage of registered business establishments by village



Note: This data is based on 2,659 food and accommodation establishments.

D6. Green cities

Chart D.22: Trees in front of business establishments



Note: This data is based on 2,659 food and accommodation establishments.

Appendix E:
Data report on 937 manufacturing MSMEs

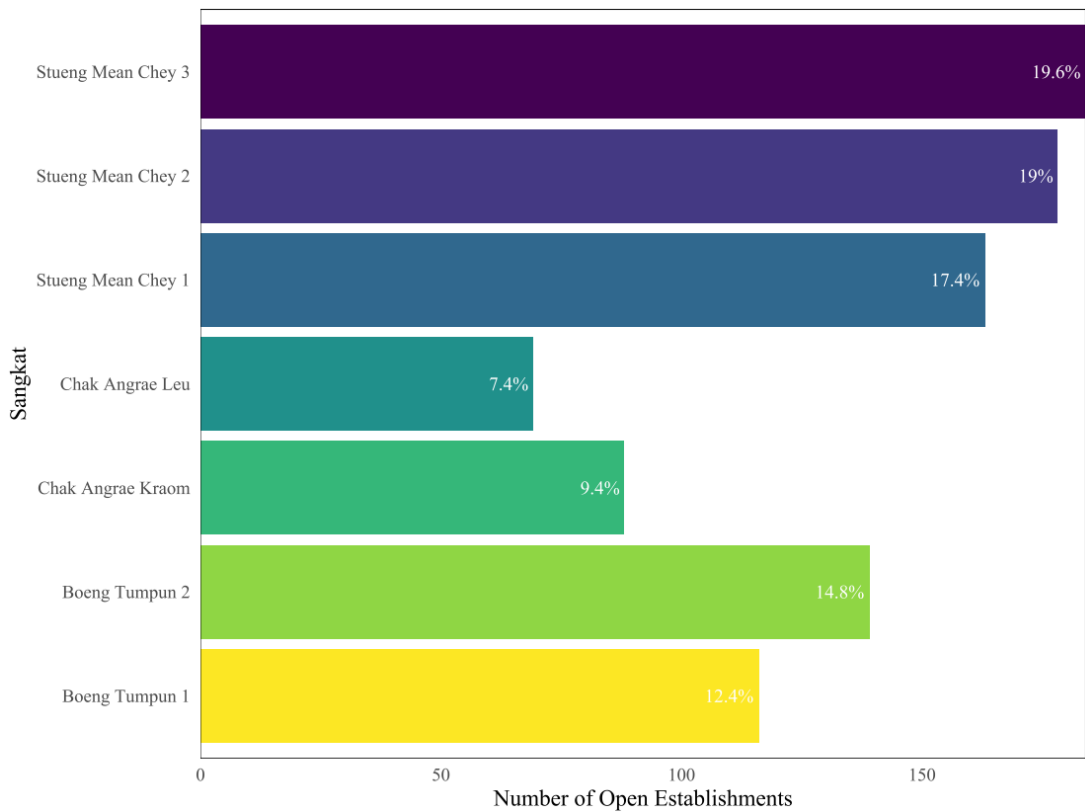
E1. Business trends: Operating and closed business establishments

Chart E.1: Mapping the operating and closed establishments in Khan Meanchey



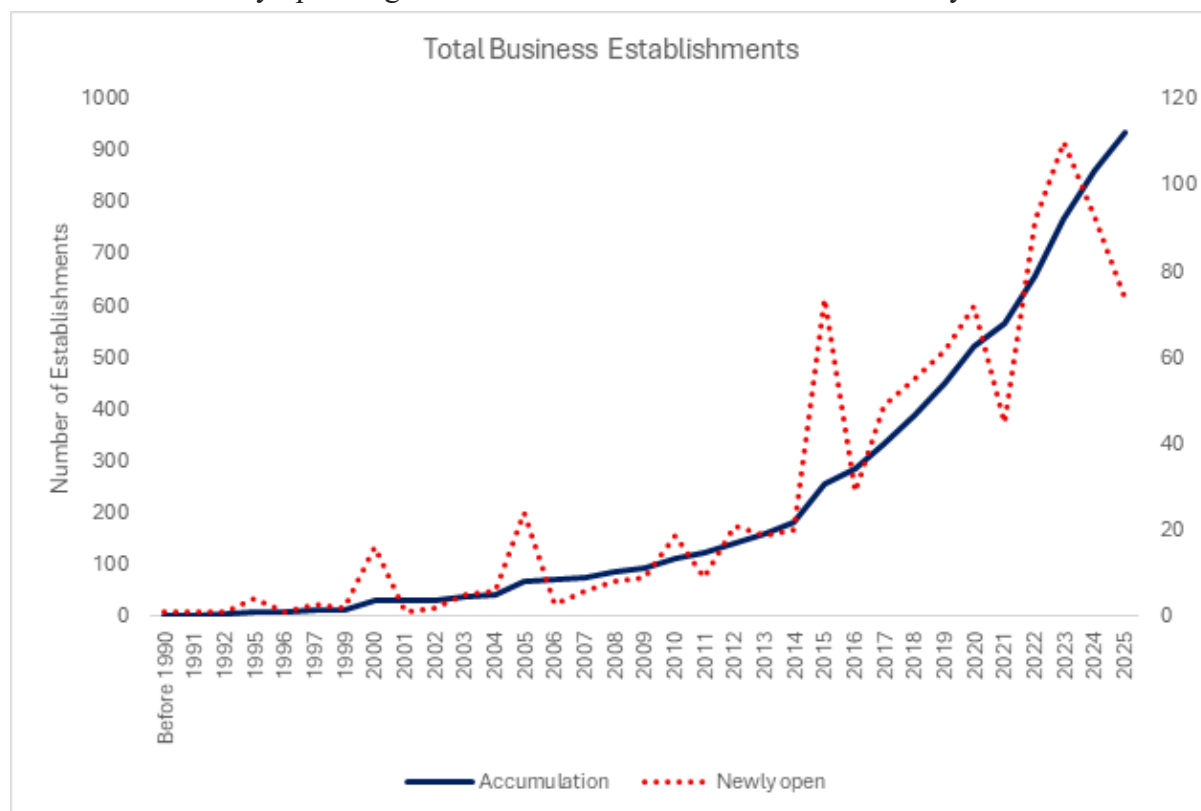
Note: This data is based on 937 manufacturing establishments.

Chart E.2: Currently operating business establishments by Sangkat in Khan Meanchey



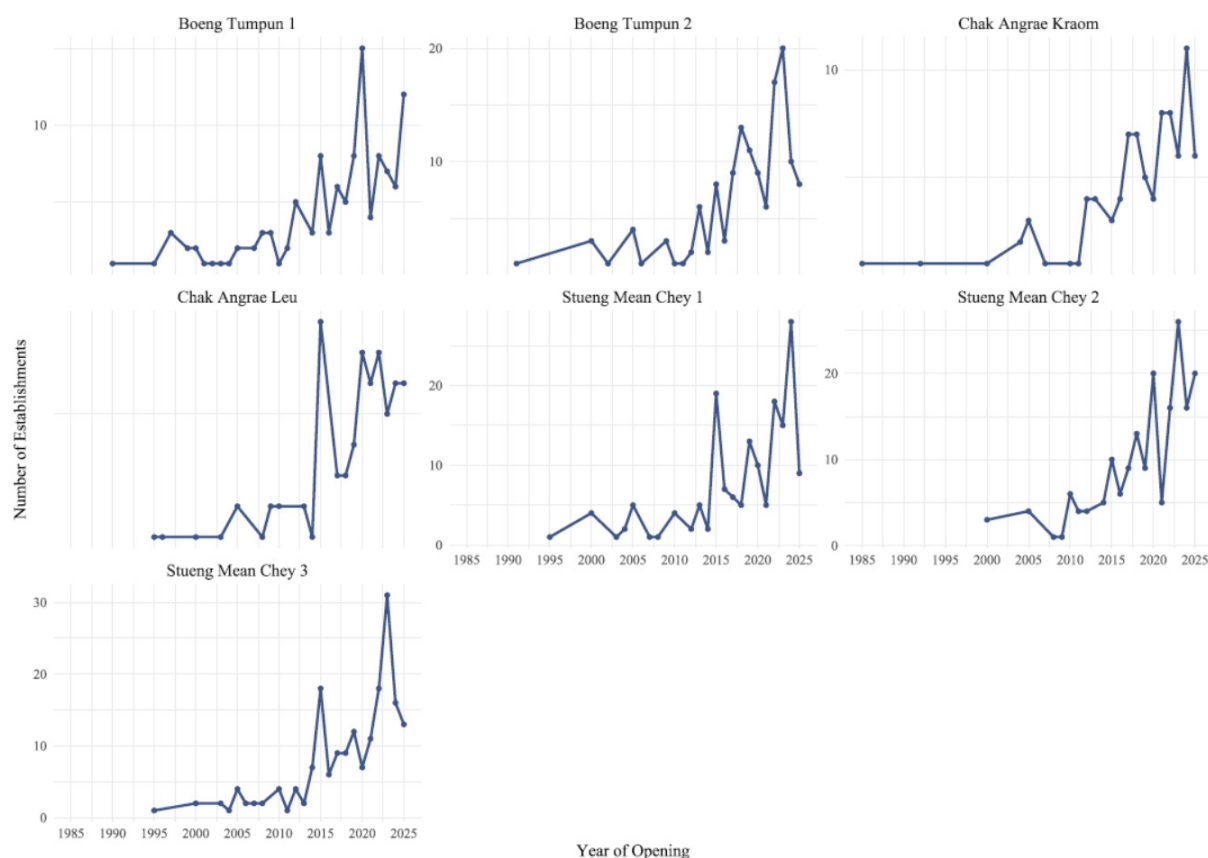
Note: This data is based on 937 manufacturing establishments.

Chart E.3: Currently operating business establishments in Khan Meanchey



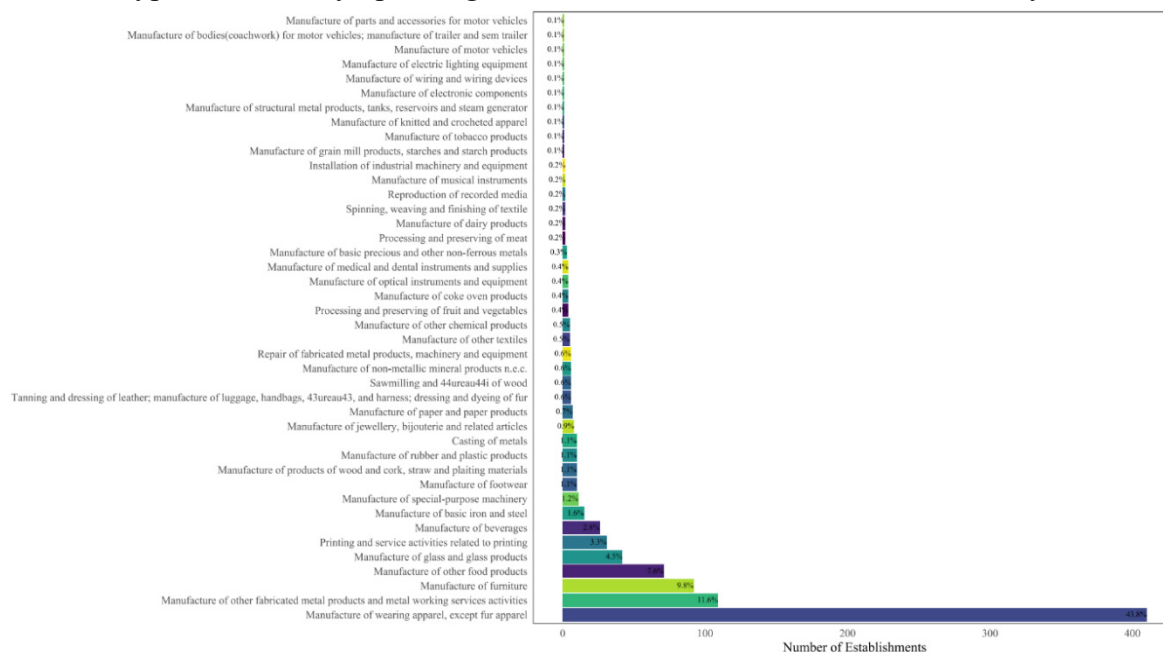
Note: This data is based on 937 manufacturing establishments.

Chart E.4: Currently operating business establishments in year by Sangkat in Khan Meanchey



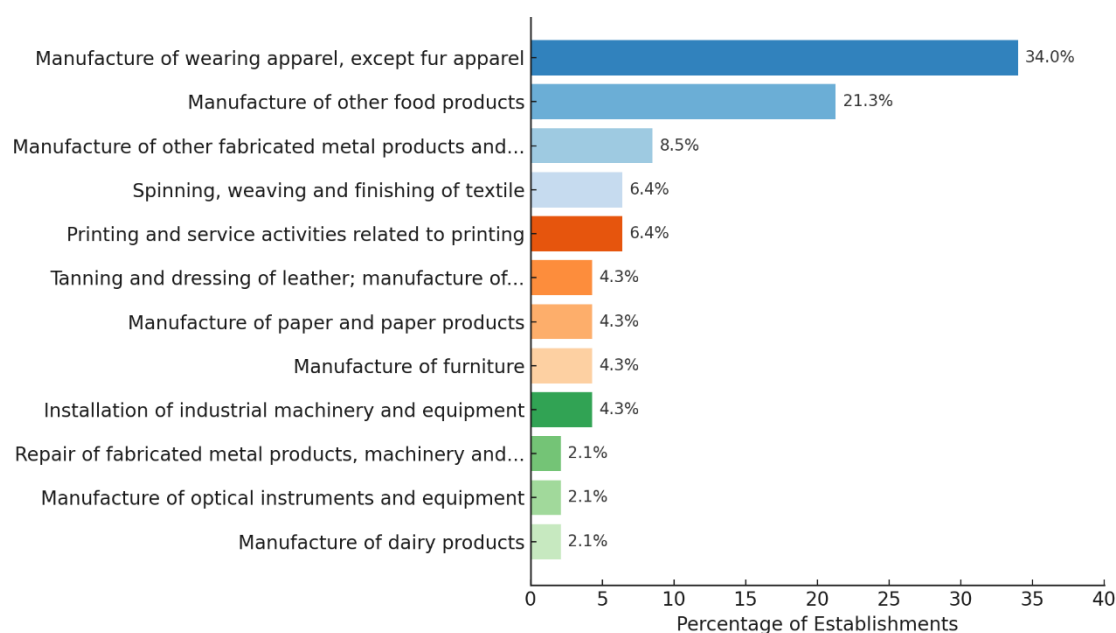
Note: This data is based on 937 manufacturing establishments.

Chart E.5: Types of currently operating business establishments in Khan Meanchey



Note: This data is based on 937 manufacturing establishments.

Chart E.6: Types of closed businesses that reported being closed in Khan Meanchey



Note: This data is based on 937 manufacturing establishments.

Chart E.7: Currently operating business establishments and closed establishments by Sangkat

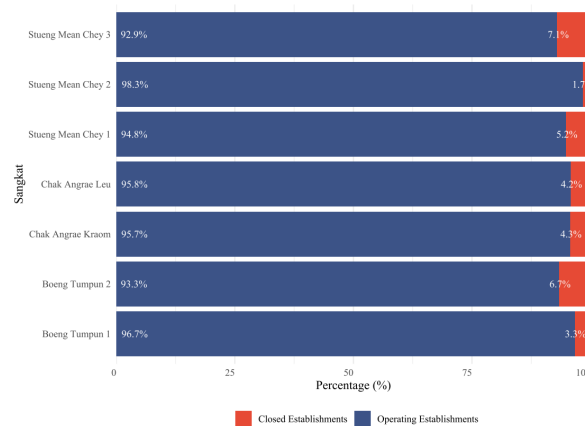
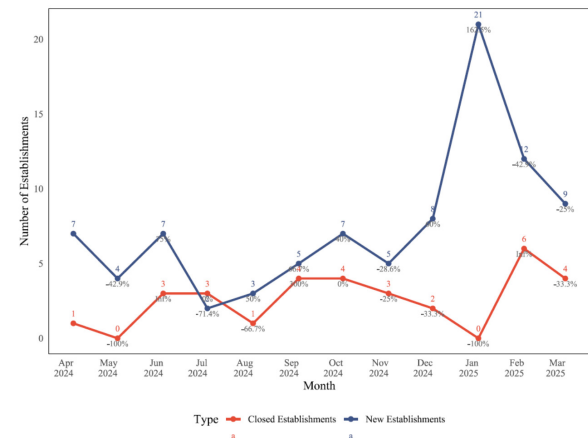


Chart E.8: Monthly trends of newly opened businesses and closed establishments within 12 months



Note: This data is based on 937 manufacturing establishments. Note: This data is based on 937 manufacturing establishments.

Chart E.9: Monthly trends of newly opened businesses and closed establishments within 12 months by Sangkat



Note: This data is based on 937 manufacturing establishments.

E2. Structural constraints: Formal and informal MSME

Chart E.10: Operating businesses and registration status

(a) Currently operating establishments by Sangkat

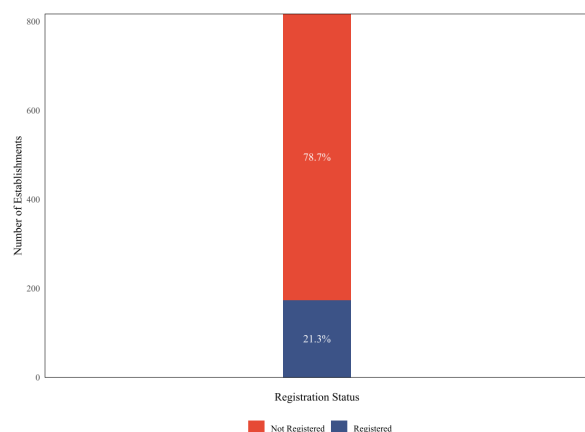


(b) Business registration status



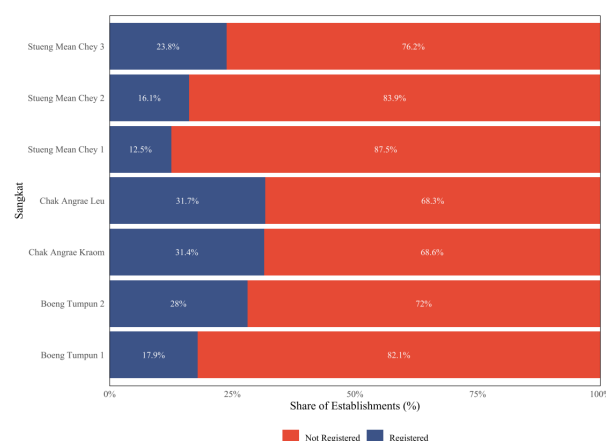
Note: This data is based on 937 manufacturing establishments.

Chart E.11: Business establishment registration status



Note: This data is based on 937 manufacturing establishments.

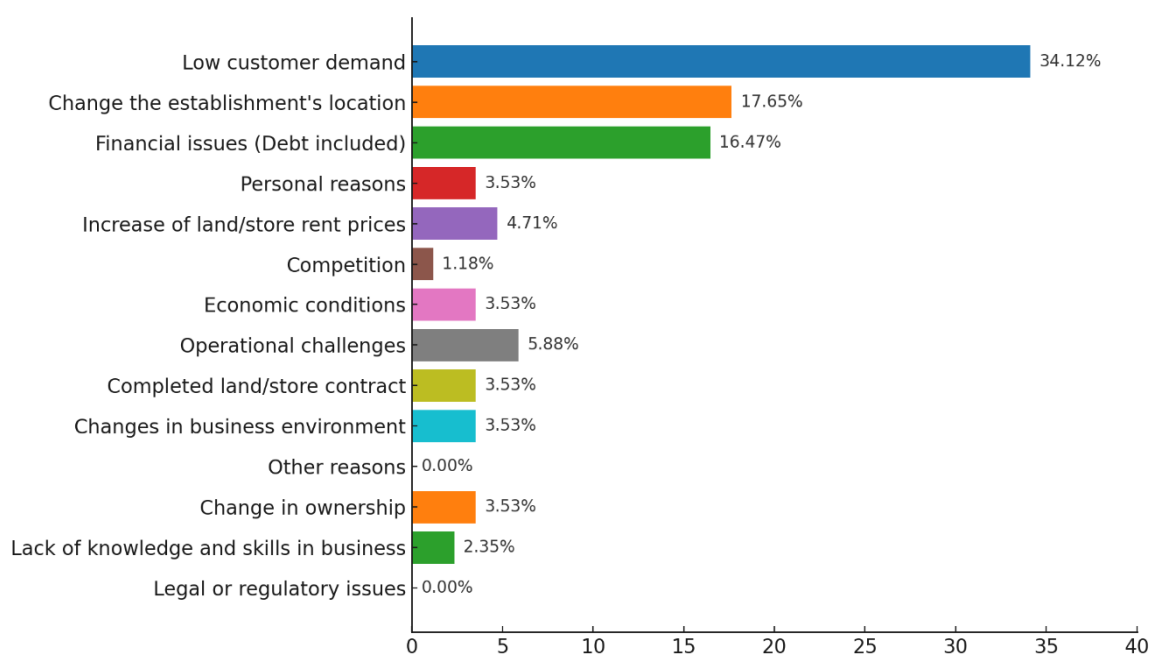
Chart E.12: Business establishment registration status



Note: This data is based on 937 manufacturing establishments.

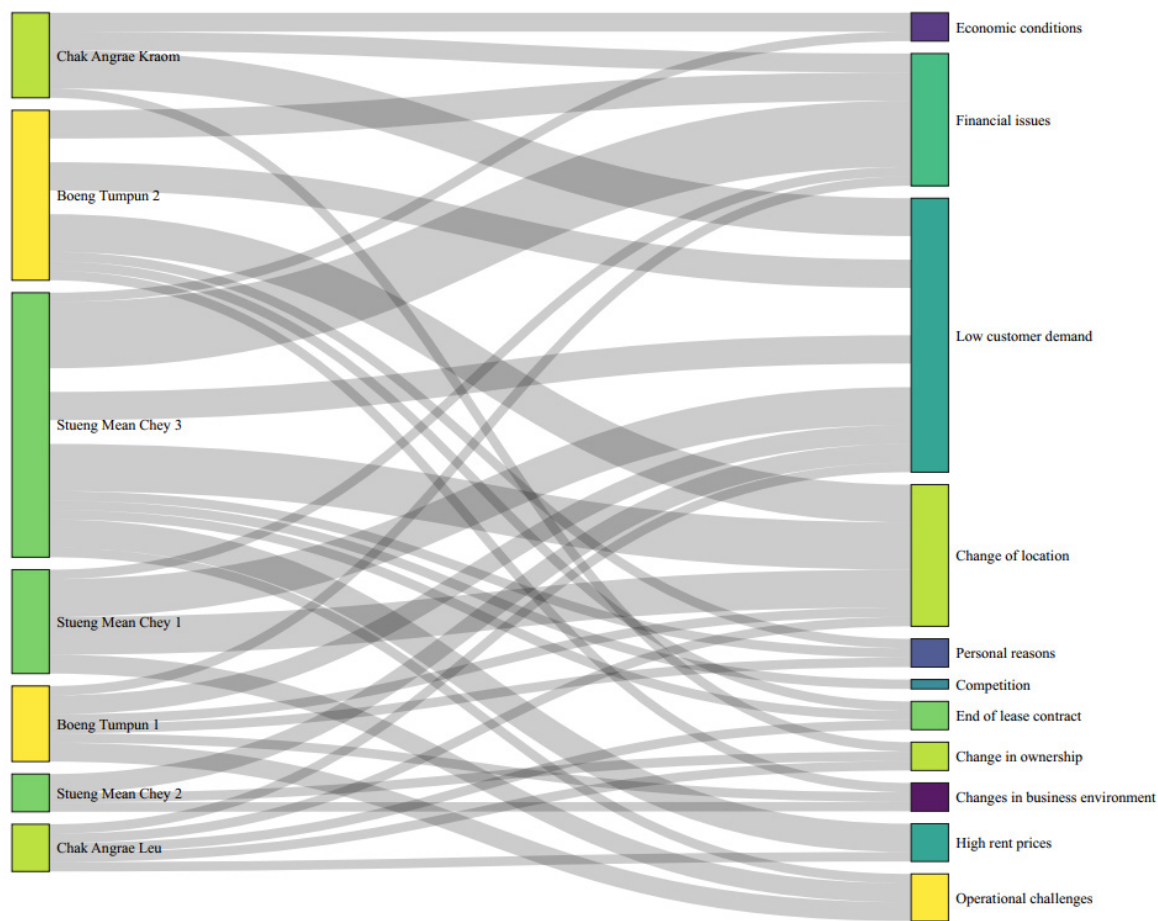
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Note: This data is based on 937 manufacturing establishments.

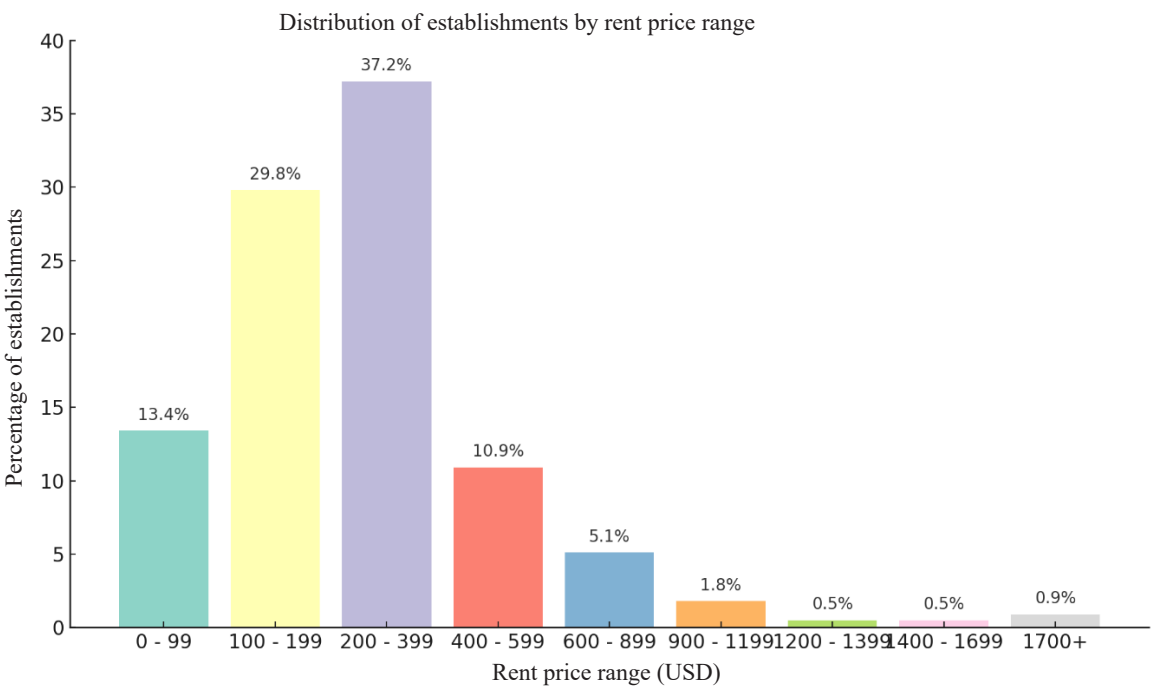
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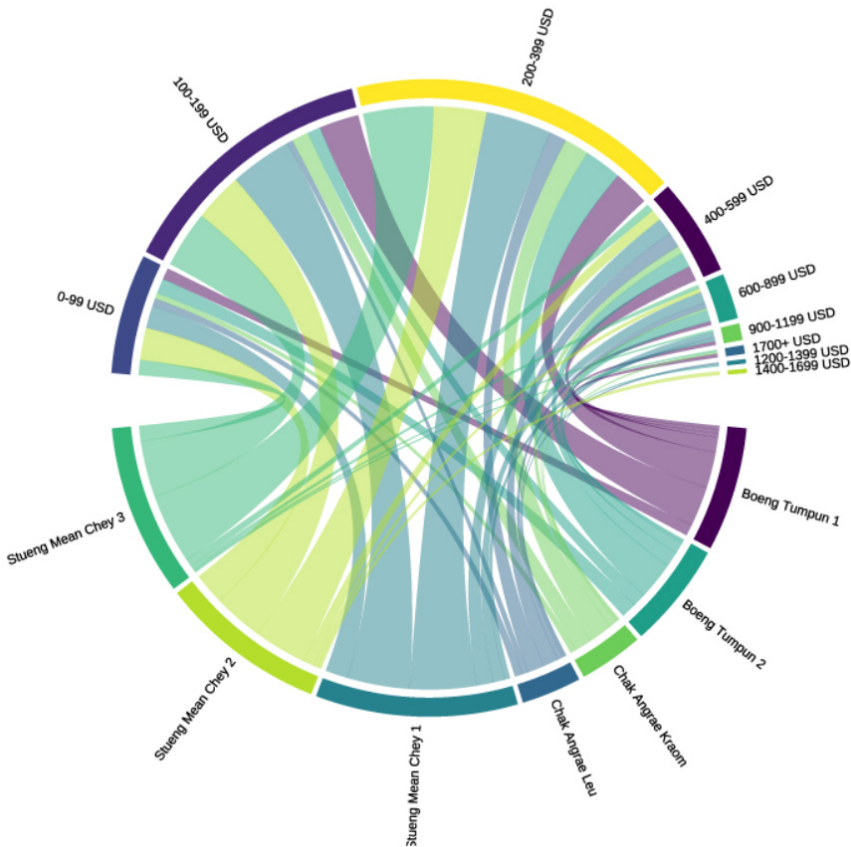
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Chart E.15: Store/land rent prices



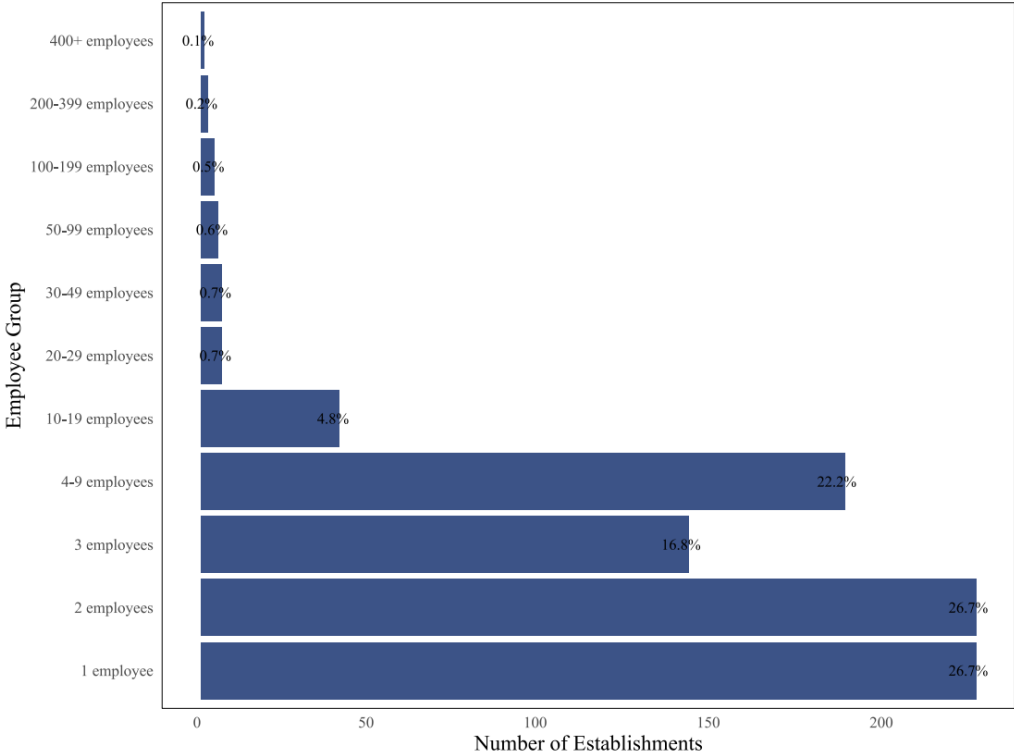
Note: This data is based on 937 manufacturing establishments.

Chart E.16: Establishment store/land rent prices by Sangkat



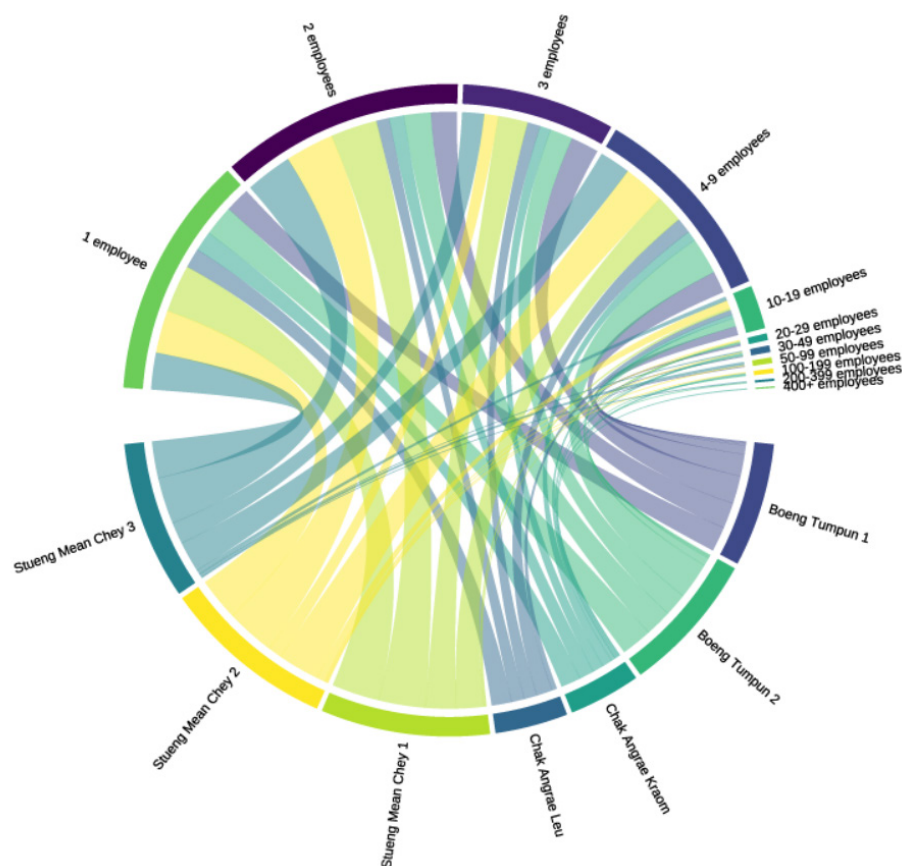
Note: This data is based on 937 manufacturing establishments.

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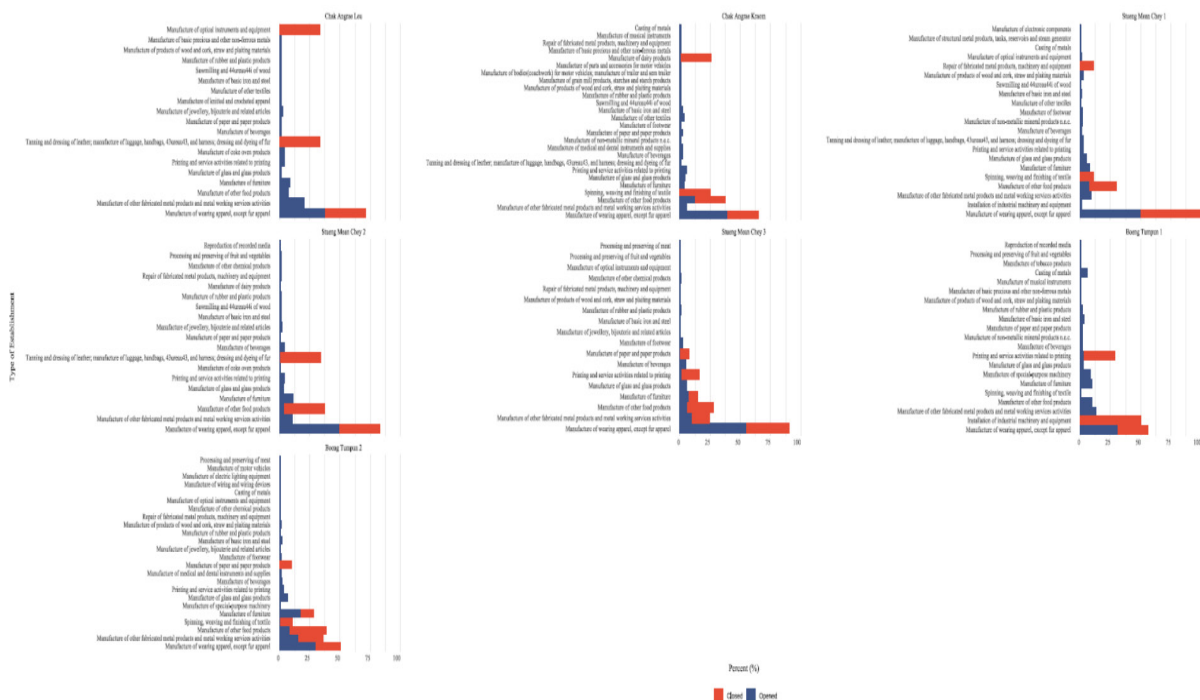
Chart E.18: Number of employees in establishments by Sangkat



Note: This data is based on 937 manufacturing establishments.

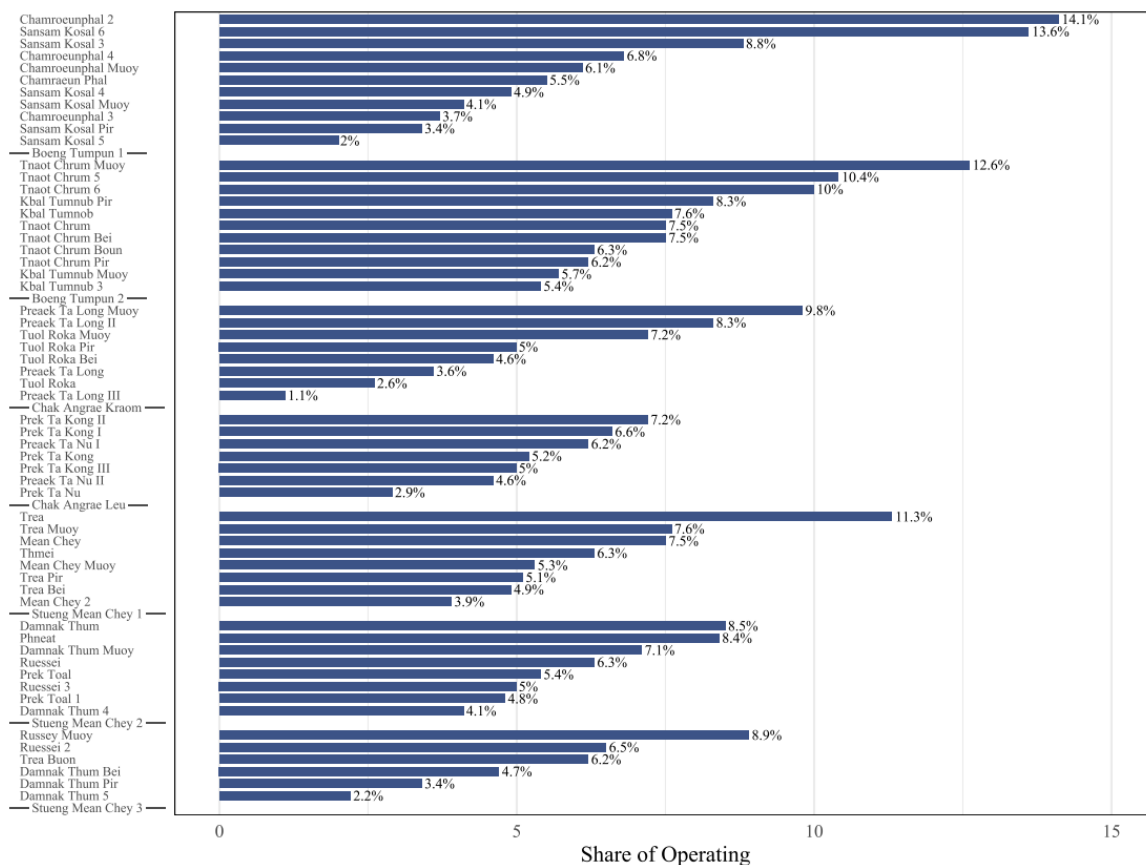
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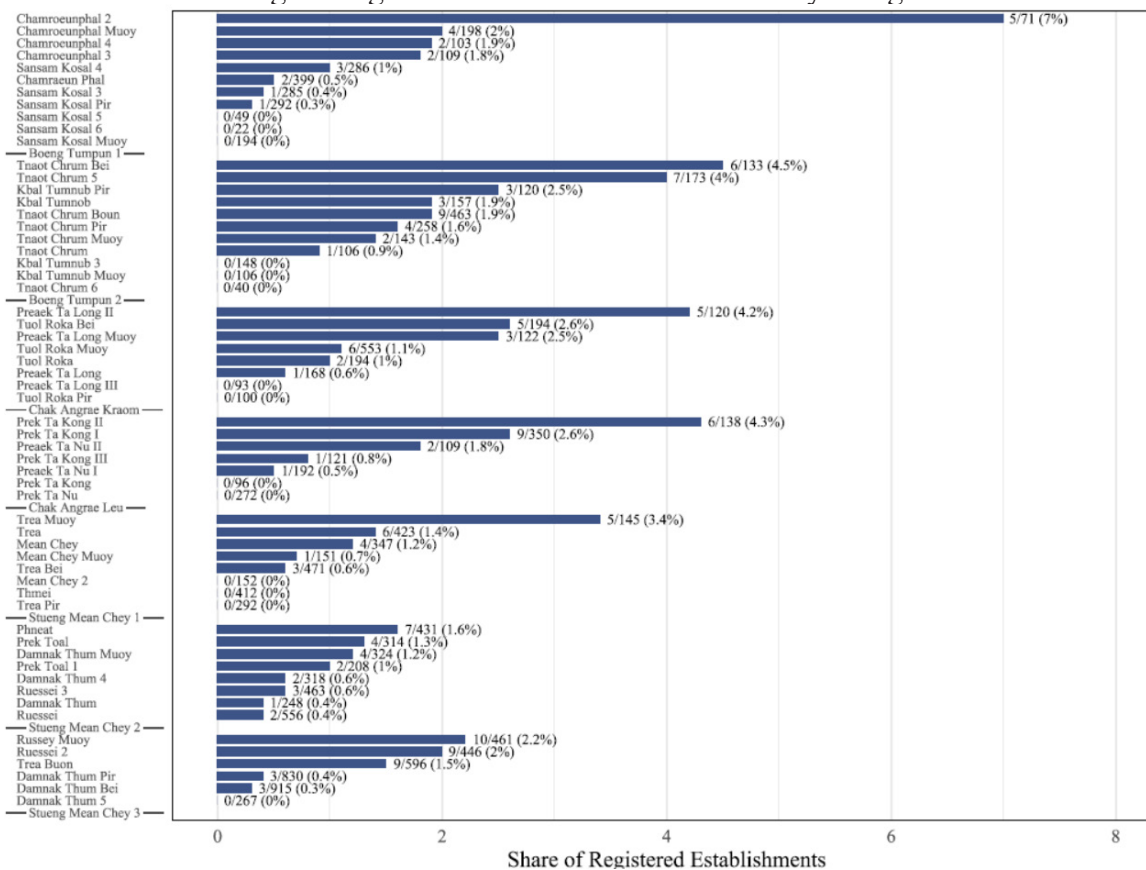
Note: This data is based on 937 Manufacturing establishments.

Chart E.20: Percentage of operating business establishments by villages



Note: This data is based on 937 manufacturing establishments.

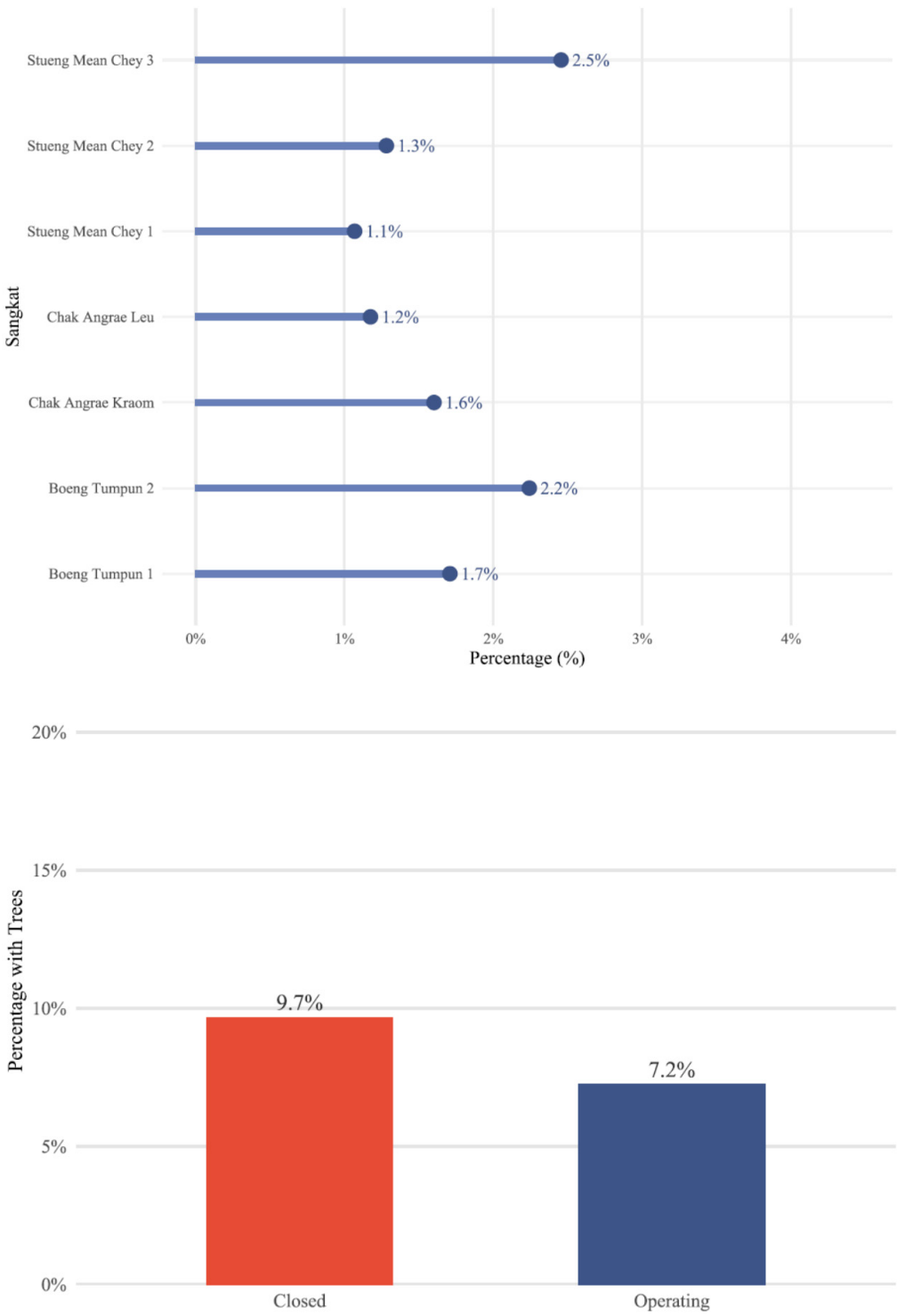
Chart E.21: Percentage of registered business establishments by village



Note: This data is based on 937 manufacturing establishments.

E6. Green cities

Chart E.22: Trees in front of business establishments



Note: This data is based on 937 manufacturing establishments.

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