



The Study of Small Businesses in Takeo Province and their Impact on Household and Community Economies in Cambodia

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Abstract

This research explores the role and impact of small businesses on household and community economies in Takeo Province, Cambodia. Small enterprises form the backbone of local economic activity, providing employment, income opportunities, and social stability. The study aims to (1) analyze the current condition and characteristics of small businesses in Takeo, (2) assess their economic and social impacts on families and communities, and (3) propose strategies for their sustainable development. A mixed-methods approach was employed, combining quantitative surveys of 120 small business owners with qualitative interviews and focus group discussions. Data analysis involved descriptive statistics and thematic analysis to identify key trends and challenges. The findings reveal that small businesses significantly enhance household income, reduce unemployment, and foster local economic resilience. They also contribute to community solidarity through mutual support and cooperation. However, the study identifies persistent constraints such as limited access to credit, lack of managerial skills, and weak marketing capacity. The research concludes that small businesses are crucial to Takeo's socio-economic development but require stronger institutional support. Recommendations include improved financial inclusion, targeted capacity-building programs, and better market connectivity. Strengthening small enterprises will not only uplift household livelihoods but also contribute to Cambodia's broader goals of inclusive and sustainable economic growth.

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Introduction

Micro and Small Enterprises (MSEs) are a key pillar of the national economy, playing a central role in job creation, improving the quality of life, and boosting the economy in rural areas. In Cambodia, the number of small businesses has increased significantly recently, as people have come to understand the value of self-employment and utilizing resources within the community. The sustainable development of a country is always linked to the capacity of its citizens to create small businesses that can transform their livelihoods and economy. Takeo Province is a region rich in cultural heritage and diverse natural resources, such as land for agriculture, water for use, and a population with strong community ties. The main economic activities of the people in Takeo include agriculture, local trade, services, and small-scale product businesses. Among these activities, small businesses have become a crucial tool for local families to generate additional income, supplementing rice farming or other jobs. Examples include village retail businesses, light manufacturing businesses, cooking food for sale, and small services like hairdressing or motorcycle repair. These factors help build the economic capacity of families and also create progress for the community as a whole. However, despite this growth, small businesses in Takeo Province face numerous problems and obstacles. These challenges include a lack of financial access, a lack of technical knowledge and business management skills, limited markets for selling products, a lack of business networking, and insufficient support from the government or local institutions. These obstacles prevent many small businesses in rural areas from achieving sustainable growth, and consequently, household economies do not improve as expected. Evidently, small businesses are not merely a means of earning extra income, but are a vital method for creating local employment, developing the capacity of the population, and forming economic networks within the community. The development of small businesses can help reduce migration for work in the cities or abroad and help people in rural areas achieve a better standard of living. From this issue, the research field emerged to study: What are the benefits and impacts of small businesses in Takeo

Province on household and community economies?

This study has three main objectives:

- To analyze the status and characteristics of small business activities in Takeo Province in order to understand the economic environment and the challenges encountered.
- To assess the impact of small businesses on household and community economies, by examining the increase in income, employment, and local development.
- To propose strategies and measures that can help develop and strengthen the capacity of small businesses to be more effective and sustainable. In conclusion, this study is highly important in demonstrating the real role and influence of small businesses in boosting household and community economies in Takeo Province.

The results of the study will be useful to local authorities, civil society organizations, and relevant institutions in identifying the direction of development and formulating effective policies or support programs for small businesses in the future.

Literature Review

The Position and Role of Small Businesses in the Economy

Micro and Small Enterprises (MSEs) are the essential foundation of the economic system in developing countries, especially in Cambodia. According to the definition by SME Cambodia (2023), small businesses employ fewer than 10 people and have an investment capital of no more than US\$50,000. Despite their small size, these businesses are a tangible part of the local economy, helping to create jobs and income for many citizens (World Bank, 2022). In Cambodia, small businesses are the primary source of employment for the rural population and an effective tool for poverty reduction. A study by the United Nations Development Programme (UNDP, 2021) shows that approximately 97% of all businesses in Cambodia are Micro, Small, and Medium Enterprises (MSMEs), which generate more than 60% of total employment. Thus, small businesses are not just an economic component, but a crucial means for social development.

Theories Related to Small Businesses

Understanding small businesses through economic and social theories is a key point in analyzing the impact of this study's field. According to Schumpeter's theory of economic development (1934), entrepreneurs and small businesses are agents of innovation that drive economic growth through the creation of new products or services. This theory suggests that small businesses can become a major driving engine for local economic development. Furthermore, the Local Economic Development Theory emphasizes that promoting local economic activities through small businesses and communities can generate continuous progress (Blakely & Leigh, 2013). This theory indicates that local economic development depends on the proactiveness of the local population, especially entrepreneurs who have the capacity to utilize local resources.

The Role of Small Businesses in Improving Household Economy

Many studies have shown that small businesses have a strong positive impact on household economies. Research by Mead and Liedholm (1998) suggests that small businesses help increase household income, lower unemployment rates, and provide opportunities for women and youth to participate in economic activities. In Cambodia, as the rural population relies heavily on agriculture, small businesses have helped families gain additional income outside the rice season and protect against impacts from the international economy (ADB, 2020). In Takeo Province, for example, small businesses such as retail shops, snack production, or local handicraft production provide regular work for family members and create an additional source of income. A study by the Economic Institute of Cambodia (EIC, 2022) confirms that small businesses can add up to 30–40% to household income compared to families without their own business.

Small Businesses and Impact on the Community

Apart from the impact on the family, small businesses also play a vital role in improving the community generally. According to Putnam's social capital theory (1993), communities with many small business activities tend to have higher "social capital," which means greater relationships, cooperation, and mutual assistance within the community. The growth of

small businesses can spur the increase of public services, social participation, and the development of community culture. In Cambodia, small businesses are also.

a crucial part of creating unique products for tourism and developing service systems within villages (Mekong Institute, 2021). In rural areas like Takeo, small businesses have helped establish local markets, allowing people to buy and sell local products without having to travel far. This has become a starting point for community economic development with active participation from the population.

Obstacles to Small Business Development

Despite numerous benefits, the development of small businesses in Cambodia and Takeo faces many challenges. The main issues that are often reported include:

- **Lack of Access to Finance:** Many banks require appropriate collateral or official documents that small businesses cannot provide. Therefore, it becomes the biggest problem in raising capital (IFC, 2020).
- **Lack of Technical and Business Management Knowledge:** Many rural entrepreneurs do not yet have sufficient knowledge about financial management, product promotion, and business planning.
- **Lack of Access to International and Local Markets:** Many products in rural areas are of good quality but cannot penetrate large markets due to a lack of promotion and distribution networks.
- **Ineffective Government Support:** Although there are many policies for MSMEs, implementation in rural areas remains limited (Ministry of Industry, Science, Technology & Innovation, 2022). These problems cause small businesses in Takeo to grow slowly and require strong support from the government and non-governmental organizations.

Conclusion of the Literature Review

Various studies show that small businesses are the main driving engine for the national economy and a key for improving household economies. In Takeo, they can help increase household income, reduce poverty, and promote community progress. However, obstacles such as lack of finance, technical skills, and

markets remain significant challenges. Therefore, further research is needed to measure the actual impact of small businesses on household and community economies in Takeo Province and to propose appropriate strategies for future development.

Research Methodology

This chapter presents the approach and methods used for the research on "Small Businesses in Takeo Province and their Impact on Household and Community Economies." It includes the research design, determination of the study area, research population, types of data, data collection instruments, and data analysis methods.

Research Design

This research employs a Mixed Methods Research design, which combines both qualitative and quantitative data to achieve validity and accuracy.

- Quantitative Data was collected through a questionnaire to measure the impact of small businesses on household income, employment, and standard of living.
- Qualitative Data was collected through in-depth interviews with some business owners, community officials, and provincial economic officers to understand their real perspectives and experiences. The use of this mixed-methods approach helps ensure the comprehensiveness of the data and an in-depth analysis of the actual situation in the study area.

Study Area

The study area was selected in Takeo Province, which is part of the Southern rural area of Cambodia. Takeo is a province where many people engage in small businesses such as:

- Production of snacks and handicraft products,
- Retail shops and small services,
- Production of fresh produce for the local market. This area was chosen because it is a good representation of Cambodian rural communities where small businesses have a significant benefit for the household economy.

Population and Sample

- Research Population: Owners of small businesses in the provincial town and border districts (such as Doun Kaev District, Prey Kabbas

District, and Bati District).

- Sample Size: Approximately 100 people were selected for the questionnaire and 10 people for the in-depth interviews.
- Sampling Technique: Purposive Sampling was used to select business owners who had more than 1 year of experience and were actively engaged in economic activities in the community.

Types of Data The research used data from two sources:

- Primary Data: Collected directly through questionnaires and interviews.
- Secondary Data: Collected from government documents, organizational documents, research articles, and statistical reports from the Ministry of Industry or the National Bank.

Data Collection Instruments

Questionnaire: Included closed-ended and open-ended questions, divided into three parts:

- General information of the respondents,
- Business activities and income,
- Business impact on family and community.

In-depth Interview:

Used to collect perspectives, examples, and experiences from business owners and community officials.

Data Collection Procedures

The data collection process involved three main steps:

- Preparation of research materials, such as questionnaires and interview guides.
- Conducting a Pilot Test with approximately 10 business owners to check the ease and clarity of the questions.
- The actual distribution of questionnaires and interviews in the communities and towns in Takeo Province. Data was collected over a period of about 1 month, adhering to research ethical standards.

Data Analysis Methods

- Quantitative Data: Was entered into SPSS or Excel software for basic statistical analysis (Descriptive Statistics) such as percentages, means, and standard deviations
- Qualitative Data: Was analyzed using Thematic Analysis by organizing themes such as: impact

on household income, impact on employment, and community development. The results from both types of data were integrated to provide a complete answer to the research objectives.

Research Ethics

The research adhered to research ethical standards by:

- Obtaining consent from respondents before collecting data,
- Maintaining the confidentiality of personal information,
- Using the data only for study purposes.

Conclusion

Chapter 3 has explained in detail the structure and research methodology used to study small businesses in Takeo Province. It shows the use of the mixed-methods technique to incorporate qualitative and quantitative data for comprehensive and specific results. This methodology will help ensure that the research findings are reliable and can be used for strategies to develop small businesses and the community in Takeo.

Research Findings

This chapter presents the results of the study collected through questionnaires and in-depth interviews. The data was analyzed statistically and thematically to show the actual status of small businesses in Takeo Province and their impact on household and community economies.

General Profile of Respondents

Among the 100 respondents who are small business owners in various areas of Takeo Province, the study found that:

- Gender: 62% female and 38% male, indicating that women are actively involved in local businesses.
- Age: The majority (about 48%) are aged between 30 and 45 years old.
- Education Level: 57% completed primary or secondary education, while only 16% have education higher than secondary school.
- Business Type: 30% engage in retail business, 25% produce snacks, 20% provide small services (such as hairdressing, motorcycle repair),

and 25% produce agricultural products for sale within the community. These results indicate that small businesses in Takeo are diverse and can create opportunities for people of all skill levels.

Current Status of Small Enterprises

The study showed that most small businesses are family-based businesses, primarily using their own resources. Initial funding sources:

- 70% used their personal savings,
- 25% borrowed from friends or family,
- Only 5% received credit from banks or financial institutions.

Business activities:

Most activities are carried out at home or near the residence, with fewer than 5 employees. Approximately 65% of the businesses have been operating for more than 3 years, which indicates a certain level of stability. Main problems encountered:

- Lack of funds (82%),
- Lack of business management knowledge (64%),
- Lack of market and sales networks (56%),
- Slow growth due to high competition (43%).

Impacts on Household Economy The results clearly show that small businesses have helped boost the household economic situation.

- About 75% of business owners reported that their monthly income has increased by at least 20% after starting the business.
- 68% stated they could provide better educational or study expenses for their children.
- 58% have additional monthly savings (an average of 50,000 \$ to 100,000\$). Furthermore, small businesses also help increase family capacity by creating employment opportunities within the family itself. About 42% of businesses have family members helping with production or sales. This helps increase solidarity and contribution within the family.

Impacts on Community Development Small businesses have a positive impact on the community in several sectors:

- Job Creation: About 60% of business owners hired employees from the community, averaging 2–3 people per business.

- **Boosting the Local Economy:** Small businesses help increase buying and selling activities and close the gap between customers and producers in the community.
- **Changing Work Culture:** People have more confidence in their own abilities and participate more in community activities.
- **Promoting Education and Social Development:** Increased income allows families to provide additional education for their children and participate in various community projects. Additional interview results show that many business owners perceive that small businesses are not only a means of making money but a social force that helps develop confidence in the community and encourages people to have a positive view toward self-employment.

Determinant Factors of Growth Data analysis shows that the most important factors affecting the growth of small businesses include:

- **Access to Finance:** This is the most critical factor. Businesses that can obtain credit have the highest potential for rapid growth.
- **Managerial Skills:** Business owners who participated in training courses or have more than 3 years of experience tend to manage better.
- **Market Access:** Businesses that can connect with urban markets or use online networks have the highest incomes.
- **Institutional Support:** Only 25% received formal support such as training or guidance from government institutions.

Conclusion

The research findings demonstrate that small businesses in Takeo Province play a very important role in boosting the household economy and community development. Despite many obstacles, they remain a vital foundation for the rural economy. Support from the government and financial institutions, along with training in management and technical skills, can help

these businesses grow more sustainably and robustly [1-15].

Conclusion and Recommendations

Conclusion

Based on the research findings on small businesses in Takeo Province and their impact on household and community economies, it is evident that small businesses play an extremely important role in local economic development. These businesses help create jobs, generate income for families, and promote commercial activities within the community. Small traders and local producers have become a critical engine for the circulation of money and resources in the region. The study results indicate that most small businesses in Takeo are family-based, have low starting capital, but effectively utilize local resources. The creation and operation of such businesses help increase the self-employment rate for families, reduce unemployment, and contribute to a prosperous life in the community. However, these businesses also face major challenges such as: lack of financial support, lack of technical knowledge, and market promotion. Due to these challenges, the growth of small businesses in Takeo remains limited. But with support from the government and relevant institutions, these economic activities can become an important foundation for the future national economic development.

Recommendations

For Small Businesses

- They should enhance their capacity in financial management and production techniques to increase efficiency and product quality.
- Establish networking and cooperation among small businesses to share experiences and resources.
- Utilize digital technology for product promotion and market expansion.

For Local Authorities and Government

- Should create financial support programs, such as low-interest credit, to help new businesses.
- Provide skills training and entrepreneurship consulting to small business owners.
- Create market support systems, such as connecting businesses with markets outside the province or abroad.

For Communities and Educational Institutions

- Should disseminate knowledge about the benefits of small businesses and participation as partners in economic development.
- Train youth to have knowledge of entrepreneurship and business management.

For Future Research

- Should conduct further studies on the long-term impact of small businesses on the national economy.
- Analyze in-depth the role of women and youth in small businesses.
- Conduct comparative research between Takeo Province and other provinces to understand the best development model.

Overall Conclusion

This research shows that small businesses are a crucial engine for mobilizing the local economy. In Takeo Province, they have created job opportunities, increased income, and stabilized the community. Therefore, policy support, training, and the establishment of cooperative networks are key factors for developing small businesses to thrive in the future.

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