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Termination Report

Contract AID 522-T-134.

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MANAGEMENT IMPROVEMENT ASSISTANCE

TO THE GOVERNMENT OF HONDURAS

Honduras  
1970

Clapp and Mayne, Inc.

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Consultant to Management

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August 10, 1970

Mr. Walter G. Stoneman  
Mission Director  
USAID/Honduras  
c/o American Embassy  
Tegucigalpa, Honduras

Dear Mr. Stoneman:

We take pleasure to submit the terminal report on Contract No. AID 522-T-134. The services were rendered by Clapp and Mayne, Inc. to the Government of Honduras in the development, installation and management of a position classification and pay plan for their Executive Branch employees.

The report was prepared in accordance with contract provisions. It summarizes the accomplishments and recommendations regarding unfinished and postponed work that will help in the continuation and progress of the project.

We wish to take this opportunity to acknowledge the courtesies extended and the assistance provided to our staff during the course of the project by employees and officers of the Mission.

It has been pleasant to work in the project with you and your staff and we look forward to assisting the Mission in the future.

Respectfully submitted,

CLAPP AND MAYNE, INC.

*Martin C. Clapp*  
Martin C. Clapp

## I. Project History and Analysis Report

Cooperating Government	Honduras
Contract Number	AID 522-T-134
Date Contract was Initiated	June 1, 1966
Actual Termination Date	September 30, 1969
Period Covered by the Report	June 1966 to September 30, 1969

## II. Contract Requirements

### A. Objectives

The objective of this program was to develop, install and manage position classification and pay plans for the GOH Executive Branch employees.

### B. Workscope

1. Prepare organization charts depicting position relationship based on information supplied in questionnaires completed by employees.
2. Conduct work audit interviews and on-the-job observation of activities of a large representation sample of positions, both to clarify and amplify data provided in questionnaires and to give employees a feeling of participation.
3. Make service-wide analysis of information obtained in step 2 above and establish tentative classes of positions.
4. Prepare class specifications containing descriptions of features distinguishing each class from all others, and indications of knowledge, abilities, skills, experience, and training required of candidates prior to appointment.
5. Discuss class specifications with key officials designated by the GOH and obtain agreement thereof.

6. Allocate each position to its appropriate class and obtain clearance with officials as required.

7. Notify employees of their respective position allocation; advise them in consulting copies of specifications and of their right to appeal to the survey staff if they disagree with or have questions as to their allocations.

8. Conduct individual hearings with employees as requested and effect changes if necessary with concurrence of GOH officials.

9. Determine key of "bench mark" classes for which data are needed and available.

10. Design an appropriate salary questionnaire.

11. Make salary analysis of positions in key classes in private industry and Government in competition.

12. By personal visit to a representative group follow up on distributed questionnaires to assure adequacy of returns and job comparability.

13. Compute measure of central tendency in data returned.

14. Prepare "levels charts" ranking classes in terms of requirements for entrance and relative difficulty and complexity of work.

15. Ascertain GOH policy in such matters as minimum salary to be paid, general relationship desired with other large employers, overall financial limitations, etc.

16. Prepare proposed compensation plan with salary ranges and intermediate steps, and allocate classes to ranges.

17. Compute budgetary effects of proposed plan.

18. Discuss and clear plan with designated GOH officials.

19. Advise GOH Office of Budget and other responsible offices relative to an estimated cost of salary adjustments necessitated by the position classification and pay plan installation so that the GOH may include the estimate in its 1967 budget preparation in July 1966.

III. Work Developments and Accomplishments

This project was started on June 1, 1966. At the beginning and after meeting with AID and GOH officials a detailed work plan was developed and submitted to AID and GOH.

Following the work plan, during the first few months of this contract our staff in residence worked directly with the Minister of the Presidency and the Budget Director, who was appointed by the former, the Coordinator of the project, in the organization of the office (Oficina de Clasificación) and in the selection of its personnel, including its Director.

Since the local staff including the Director of the office had had no experience in development of classification and pay plans and many of them were new in Government, a very intensive government organization and personnel administration training program with emphasis on classification and pay systems was developed and conducted by our staff. Simultaneously with this, our staff started collecting the data for the design of the basic tools to be used in the development of the classification system. Detailed position classification questionnaires, instructions for its use and technical procedures for its utilization were developed and cleared with AID and GOH officials. Also a work distribution plan was prepared and each technician assigned his load.

The classification questionnaire was then personally distributed to all 13,000 employees covered by the classification study, this included

visits to local offices throughout the Republic. Orientation was given to employees and supervisors regarding the basic purposes of the study and the way of filling out the questionnaire.

In order to insure a full understanding of each step of work by the local technicians, great care was taken that each one did follow the working procedures carefully and conscientiously. Whenever our staff noticed the slightest doubts by the local staff during the process of receiving, coding, organizing, and classifying the questionnaires, the problem was referred to the training sessions that were held every week.

When the time came to perform the field audit of the questionnaires against the positions our staff conducted the first series with the local staff as observers. When our staff was fully satisfied that the technicians had mastered the interview techniques they were then sent on their own to do work audits.

The work schedule was followed item by item and finally the classification plan was ready for implementation. The complete manual was submitted to the GOH.

Simultaneously as the work plan indicated, the Salary Plan was started at the time key classes could be identified in the process of classification. The salary questionnaire was developed and sent to each of the private firms that had been pre-selected to be used in the survey. Also salary data from Government agencies and institutions was obtained.

During this stage of the project our Salary Specialist developed and conducted training sessions and laboratories to teach the local staff the methodology, techniques and procedure in a wage and salary survey. Following our practice, the first visit to private firms were conducted by our staff and the locals as observers.

The salary plan was prepared with procedure for its implementation including an estimate of the cost of its application and submitted to the Minister of the Presidency and the Minister of Finance.

A series of meetings were conducted by our staff, the Director of the Budget and the Ministers of the Presidency and Finance. We had no problem in obtaining approval of the Classification Plan but with the Salary Plan the situation was different. The Minister of Finance questioned their capacity to absorb the extra cost. It was suggested by the Minister of the Presidency that the budget effect be distributed in three years, that is to implement the lower one third of the scale of the plan the first year and the other two thirds in the second and third year. This had the approval of the Minister of Finance. Since we saw a series of problems into this alternative, a possible eventual failure of the whole purpose of the plan and a reaction from two thirds of the employees affected, we tried to find a better solution and worked with the Budget Director in a reevaluation of the income budget and the possible savings that could be made with the implementation of the plans. The Budget Director found out that it was possible to make enough savings to make feasible the total implementation of the plan in one year. A memorandum was prepared to this effect and sent to the Ministers of the Presidency and of Finance. Finally a meeting was called in the office of the Ministry of the Presidency and an agreement was reached to implement the Classification and Salary Plan as of January 1, 1968.

During the period of implementation our staff worked together with the Ministries personnel and the analysts of the Central Budget Office in the preparation of the new payroll master lists and budget effects. At the same time advised the Oficina de Clasificación in their new role and helped

them in the last minute adjustments and new cases.

After the installation of the plan, Clapp and Mayne, Inc. continued providing assistance to the GOH in all aspects related with the administration and operation of the plan. Dealt with were such matters as transfers, promotions, reclassifications, and other actions and the effect of these on the salaries of the employees. In order to attain uniformity throughout the public service, detailed procedures (by means of circulars) were established. The circulars were sent to "Administrative and Personnel Officials" for their comments, and later on these officers were called for the discussion of contents of the circulars. This aspect of the administration of the plan was carried on in coordination with the Central Budget Office.

An important feature of the administration of the plan was the inclusion of some agencies or programs which were not originally covered; the original contract was extended for this purpose. The intention was to include in the original plan or to make separate plans, as it might fit into the following:

1. Public hospital employees.
2. Agricultural Extension Service (Desarrurar)
3. Malaria Eradication Program (SNEM)
4. Municipal Bank (BANMA)
5. Aqueduct and Sewer Service (SANAA)
6. Ports Administration

Of the above, work on the hospitals, Desarrurar, SNEM and Ports Administration was finalized. The hospitals are part of the Ministry of Health but prior to the classification exercise they operated completely independent as regards to personnel and budget matters; now they are

subjected to the same personnel and budget controls as the rest of the administration. Desarrural, although a part of the Ministry of Natural Resources, had administrative autonomy but it was also decided by the President that they should integrate into the Government administration. Since the Ports Administration is an autonomous institutions we developed a different but similar system for them and trained its personnel.

Although BANMA President requested assistance from the Oficina de Clasificación de Puestos to develop a C & P system for the bank, somehow the Director of the Oficina de Clasificación never found time to do it.

#### IV. Recommendations for Program Continuation

The Classification and Salary Plans have been in operation at the national level since January 1968 and it is desirable that a general review be made to determine the character of any "bugs" which may remain or new problems encountered in their administration.

Specific actions recommended for the immediate future are:

1. Conduct of special studies to identify occupational areas where difficulties have been experienced in the recruitment and retention of personnel.
2. Review general administration of the Plans to identify problems which may have developed in the course of time since their adoption and formulation of steps for their correction.
3. Follow-up on the completion and installation of the Plans for the National Ports Administration and provide whatever assistance and advice may be required to assure a satisfactory system for this organization.

4. Determine if the Municipal Bank is still interested in a classification and pay system and, if so, seek methods to assist the Bank in the development and installation of the necessary plans.

As pointed out in previous communications and in discussions with USAID, a major stumbling block to continued effective personnel administration is a weakness at the top management level of the Classification Office.

We tried our best to convince the GOH of the need to appoint a Civil Service Director, organize in full the Civil Service Office and implement the rest of the functions the Civil Service Law assigns the Civil Service Office.

In our opinion AID should not reduce their efforts to have this law implemented. A great number of GOH officials favor it.