

**ADDRESSING EMPLOYMENT NEEDS:
A STUDY OF THE TRAINING SYSTEM IN HONDURAS**

A report prepared for the
United States Agency for International Development
(AID)

Bureau for Science and Technology
Directorate for Human Resources
Office of Education

by

The Graduate School, USDA
International Programs

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1985

ACKNOWLEDGEMENTS

A number of individuals contributed to this study. The Honduran study team was comprised of four individuals, and the study was conducted during July and August, 1984. Terence Kelly and David Evans investigated the demand side of the problem, and Terence Kelly wrote the draft report. Vincent Faulds and Juan Callejas prepared the supply side of the report. Dennis Herschbach compiled the combined report.

Members of the AID subsector committee on vocational training assisted with the initial design of the study. Bruce Reinhart, Marcia Bernbaum, Terence Kelly, Vincent Faulds, Juan Callejas and Ned van Steenwyk reviewed the final draft and offered many useful comments. The assistance of Ned van Steenwyk is particularly appreciated. He offered many suggestions to the study team, and both the demand and supply side chapters relied heavily on previously conducted studies by Dr. van Steenwyk. The study team was also helped by members of the AID mission in Honduras. Their gracious help is appreciated. Finally we wish to thank the many employers, educators and government officials who assisted the team and made it possible to carry out its work.

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EXECUTIVE SUMMARY

The purpose of this study is to examine the linkage between training programs and employment in Honduras. There were two points of departure for the study: a) the demand side, that is, the needs of employers and the economy for trained manpower and b) the supply side of the labor market, represented by the training institutions and programs that provide skilled manpower.

Chapter Two provides a brief economic and social overview, highlighting major characteristics of the economy as well as social factors impacting on training. Honduras is characterized by one of the poorest as well as the fastest growing populations in Central America. Unemployment is high, around 25%, with an additional 50% of the labor force considered underemployed. In addition to a deteriorating domestic economy, there has been a drop in capital inflows from abroad, and mounting deficits. Little improvement can be expected in the demand for labor, and training is probably needed to improve the quality of the existing labor force rather than increase the supply of new entrants.

The Honduran population is characterized by low educational achievement. Many students lack even the basic academic skills that are necessary to profit from vocational training. In general, the educational system simply cannot prepare students adequately, and the population growth is exerting additional demands on previously scarce social services. To add to an already poor situation, many instructors are not well prepared to teach, schools are often overcrowded, and standards have been generally relaxed.

The Honduran educational system tends to be dominated by an academic orientation. Vocational education has low status. But even within vocational programs, the emphasis is on the theoretical, with practical instruction often "added on." Many students use vocational education as a stepping stone to gain access to higher levels of education. Excessive political influence dominates almost all training programs, impacting on course offerings, staffing, promotions, training sites, and program entrance.

Chapter Three briefly discusses the function of training. It is suggested that even under conditions of 25% unemployment, training programs are needed in order to address specific skill needs, increase employee productivity, and accommodate structural adjustment in the economy. Training is also one element which can permit the content of economic growth to be labor-absorptive, rather than labor-displacing.

Organized vocational training in Honduras is a recent development. Chapter Four identifies and discusses the three basic providers of training: INFCP (Instituto Nacional de Formacion de Profesionales), formal programs administered through the Ministry of Education, and programs offered through private voluntary organizations.

The Honduran Advisory Council for Human Resource Development (CADERH) is a tripartite group formed to improve the training system in Honduras. With financing from AID, CADERH has been establishing skills certification, introducing competency-based training, and engaging in efforts to strengthen training linkages with the private sector. This innovative approach to private sector participation in training is examined in Chapter Five.

Chapter Six examines the external efficiency of training. Some employers have developed good linkages with the training system, and they rely on outside institutions to meet their training needs. A significant number of employers, however, have little faith in the system. Major problem areas appear to be the following: lack of relevance of course offerings, uncertainty about the quality of graduates, lack of coordination among training providers, limited practical experience of instructors, too much emphasis on theory and not enough practical experience, and high overhead expenses.

Chapter Seven examines the internal efficiencies of the training system. In other words, it addresses the question of how well the system performs in relation to what it says it wants to perform. There are extreme variations in the internal efficiency of the different types and kinds of training programs offered in Honduras. With two exceptions, however, specific training objectives for courses are poorly defined. In the majority of training programs, the instructional methodology also tends to be that of the traditional lecture-demonstration, and little use is made of modular organizations. Although there are certainly excellent instructors, the shortage of qualified individuals is generally a problem. Instructional facilities also vary greatly, and many instructional laboratories lack sufficient equipment, tools and supplies. In formal programs in particular, there is a tendency to expend funds for staff salaries rather than program support and maintenance.

The available training capacity in Honduras generally far exceeds the current enrollments. Some of the present training programs should probably be phased out completely, or radically revised in order to better address employment-related training needs.

Chapter Eight presents a summary of the findings of the study. The elements and costs of linkages are discussed along with alternative solutions. The major conclusions are presented next. Finally, two scenarios are presented regarding future development in Honduras: one pessimistic, the other optimistic. The role of training is examined in the context of each of these scenarios.

CHAPTER ONE

INTRODUCTION

This study provides an assessment of various aspects of the training system in Honduras. It is one in a series of related studies being conducted by the Bureau for Science and Technology, Office of Education, of the United States Agency for International Development. Its purpose is to examine the linkage between training programs and employment. It has long been recognized that one of the key ingredients in the successful implementation of training programs is that they be firmly based on the needs of the market place. There must be a well-articulated linkage -- a dialogue in a sense -- between the training institutions and the employers of the graduates of institutions. Put another way, training programs which respond to specific market needs and involve the private sector in the articulation of those needs, the structuring of course content, the selection of training materials, and the evaluation of program output, tend to be more effective than programs which are more insular.

Although it is generally recognized that a strong linkage between trainers and employers is necessary for program success, it is not always easy to determine what constitutes good linkage and how it can be achieved. For instance, while a two-way flow of information is important, merely providing more information is probably not sufficient, because other factors also appear to be involved in structuring stronger linkages. Certain types of institutional arrangements may lend themselves more readily than others to the establishment of functional relationships. Or, the social-cultural context of a particular country may act to retard or promote effective linkages. And again, national educational policy may be an influential factor. These, and others, are the general kinds of issues addressed by the studies which were conducted in Honduras, Panama, and Jordan, the purpose being to develop a better understanding of linkages and how their formation can be enhanced.

Scope of the Study

In regard to Honduras, there were two points of departure for the study: a) the demand side and b) the supply side of the labor market. By "demand side" is meant an assessment of the training systems from the perspective of the needs of employers and the economy. "Supply side" refers to the existing training institutions and programs that provide skilled manpower.

The Demand Side

The views of private sector employers and, to a certain extent, planners were elicited in order to shed light on the following questions:

- What do employers know about the training sector? How well informed are they regarding the variety of institutions, numbers of graduates, career offerings, quality of instructors, equipment, etc.?
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- What do they like and dislike about the current system? Are there any exemplary approaches to which they can point? What are the major strengths and weaknesses of the current system in Honduras?
- What needs to be changed?
- How? Are recommended changes organizational, administrative, financial, or technical? How can recommended changes best be effected, and how can they contribute to forging stronger linkages between training and employment?

Because of the existence of a tight deadline, there was no attempt to establish a "scientific" sample of employers. An attempt, however, was made to select a balanced sample representing small and large-scale employers within the formal and informal sectors of the economy. In addition, labor and public sector officials were interviewed. Again, relevant literature was reviewed, including a number of studies conducted through AID Honduras.

The Supply Side

Substantial use was made of existing reports and studies to address the following questions regarding the training system:

- What kinds of training programs are established, what populations do they serve and what kinds of training do they provide?
- How efficient are these programs? What kinds of constraints do they experience, and what is the potential for addressing employment-related skill needs in Honduras?
- What needs to be changed and how can this be done? What kinds of constraints are experienced?
- To what extent do linkages exist between training programs and employers? What are the characteristics of these linkages, and do they facilitate program effectiveness?

Within the constraints of available time, interviews were held with employers, employees, and officials of training agencies. These interviews provided a valuable source of data and an opportunity to verify and clarify much of the related data and information encountered in the literature review. Furthermore, because of the availability of comprehensive reports on a variety of investigations directly related to the theme of this study, and the opportunity to interview the individuals who had participated in the reports, the scope of the study was much wider than would ordinarily have been possible.

The reports examined provided an overview of all established training institutions and programs in Honduras, together with in-depth evaluations of the National Training Agency (INFOP) and other selected training institutions. In addition, information is included on the past

and proposed future work of the Honduran Advisory Council for Human Resource Development (CADERH).

The only elements of the national training systems not included directly in this study are in-plant training and apprenticeship. There are no valid data available on these programs, and time limitations did not permit an effective investigation of them.

Some Observations

One of the central premises of this study is that the linkage between training institutions and the private sector is inhibited by a lack of information. This being so, information gleaned from employers on this topic must be considered limited at best. The fact is, many employers do not know enough about the benefits of training, or even about the training needs of their firms, to be very informative about the subject area. In large part, this is due simply to the complex nature of the topic area. This holds for Honduras as well as for nearly every other country in the world. Not knowing what exists, employers can hardly be expected to provide penetrating insights relating to the training system.

Moreover, this study has been carried out at a time when Honduras' economic outlook never looked so dim. As will be noted in the next chapter, the current rate of unemployment in the country is around 25%, with an additional 50% of the labor force considered as "under-employed," i.e., working reduced hours or in low-paid marginal jobs. In such circumstances, it is really questionable whether there exists a general lack of skilled personnel and thus a need for a significant amount of training. Employers, like others, adjust to prevailing circumstances. Faced with an abundance of unskilled low-wage labor, they may restructure production techniques to make them more suitable for the unskilled. Assembly-line production would be one example of such a measure. In this instance, the "training problem" would be a demand-side problem, rather than an institutional problem, and improved linkages could not be expected to have much effect.

Of a more specific nature is the problem created by the fact that the very group formed to help forge a better linkage between the private sector and training establishments in Honduras -- CADERH -- is really just in the process of formation. It is simply too early to assess the validity or replicability of the CADERH strategy. Many of the questions which could be raised about this approach -- whether it might fall prey to the very bureaucratization problems it is designed to correct, whether participant energy can be sustained, how it will accommodate the needs of smaller employers, etc. -- are longer-term questions. Ideally, they should be addressed after two years, rather than two months, of operation.

Finally, this study is hampered by a problem common to most developing countries: the lack of a centralized source of statistical data. In the absence of objective data on the operation of labor markets (labor market information) it is somewhat risky to try to assess how the needs of those markets can better be attended. This is not to

argue that the country is devoid of relevant data, and indeed one must be cautious not to equate lack of statistics with lack of analytical ability on the part of investigators. The Economic Planning Agency (CONSULPLANE) has prepared a labor market plan for 1983-1986, and a separate national plan for education for 1982-1986. Estimates and projections exist for population, labor force, the distribution of employment and output by industry, wages, etc. The quality of such data is always a question, however, and limited time simply precluded the examination of this problem in sufficient detail. Two particularly serious gaps are the lack of a recent Census of Population (on which to base projections), and the absence of structured follow-up surveys of passed-through graduates of training institutions, whose experiences could be compared with those of a control group (so-called "tracer studies" or "longitudinal surveys"). The present report can therefore only raise questions about the validity of the data on which it is based. This will affect answers to such questions as whether there in fact exists a documented need for training in general, and whether the existing training efforts are appropriate and targeted on specific identifiable market needs. The margin of uncertainty regarding these particular points is thus a bit wider than desired.

Organization of the Study

In Chapter Two, a brief economic and social overview is provided, highlighting major characteristics of the economy as well as social factors impacting on training. The conflict between academic and vocational training is discussed in a section on education, along with a discussion of other factors influencing the quality of education.

The Honduran economy can be characterized by a low demand for labor, due primarily to slack and deteriorating economic growth. But what is the function of training under these conditions? Chapter Three briefly discusses this topic.

Chapter Four focuses on the training system in Honduras, including the programs offered through the Instituto Nacional de Formacion de Profesionales (INFOP), the Ministry of Education, private voluntary organizations (PVOs) and proprietary schools.

Chapter Five examines CADERH, an innovative approach to private sector participation in training. The objectives and the function of this organization are examined, along with its long-term potential to effect stronger training linkages with the private sector.

Chapter Six examines the external efficiency, and Chapter Seven concentrates on the internal efficiency of the training system. The general findings are reported in Chapter Eight.

CHAPTER TWO

THE SETTING

Honduras has one of the poorest as well as the fastest growing populations in Central America. Accompanying this unfortunate distinction are a host of all too recognizable indicators:

- Per capita gross domestic product of \$675.
- Approximately 60 percent of the population living in rural areas, with 80 percent of this group classified as living below the poverty level.
- A literacy rate of only 60 percent.
- Infant mortality of 87 per thousand.
- Life expectancy of less than 60 years.
- A population growth rate of 3.4 percent, the highest in Central America.
- Over half of the population less than 14 years of age, and a significant bulge at the peak unemployment years 16-24.
- Malnourishment, which has been estimated to affect nearly 70 percent of the population.
- Extremely low rates of school completion: only 24 percent finish the 6th grade, 14 percent complete the secondary level, and 1 percent are graduates at the university level.
- Substandard housing, with nearly three-quarters of occupied units classified as substandard by Government norms, and with half the population said not to have reasonable access to potable water.
- Rapid urbanization, with the two major cities of Tegucigalpa and San Pedro Sula experiencing particularly high growth.

The Economy

Honduras is, and will probably remain for sometime, an agriculturally-based economy (agriculture accounts for 30% of GDP and 55% of employment, according to most recent estimates). As in most countries, however, the importance of the agriculture sector is waning as the services sector increases its share of the GDP. The period 1976-1980 was one of relatively rapid economic growth: real GDP grew at an average annual rate of 8.5 percent between 1976-1979, falling to 3 percent the following year. Thereafter, the situation deteriorated sharply and, given a population growth rate of more than 3 percent per annum, real income per capita has fallen by more than 17 percent over the last three years.

The deterioration in the Honduran economy since 1980 is due both to internal and external factors. As with all developing countries, Honduras has been caught in the double squeeze of rising prices for imported goods, particularly for capital goods and materials, and the slackening in external demand for its exports, whose sales are required to finance the aforementioned imports. Weak external (but increasing) demand and deteriorating terms of trade have resulted in a decline of income from the traditional export sector (bananas, coffee, sugar, lumber, meat, shrimp and marine products, and mineral ores), which account for nearly 80 percent of total export earnings. Manufactured products account for less than 15 percent of total exports and are almost all sold in the protected Central American Common Market.

Political instability in the region and the weak economic position of the other Central American countries have, quite naturally, adversely affected intra-regional trade, domestic savings, private investment, and capital flight. Accompanying the deteriorating domestic economic position of Honduras has been an even sharper drop in capital inflows from abroad, with resultant ever-mounting deficits. The foreign exchange deficit as a percent of GDP amounted to nearly 15 percent in 1983.

Given the industrial structure of the Honduran economy and the age/educational profile of its population, labor force outcomes are exactly as would be predicted: a high and rising incidence of unemployment, with a preponderance of the labor force in marginal, low-wage, sectors. (See Table I)

The evidence on unemployment is admittedly scattered, and it is based on two or three surveys conducted by different agencies in the 1970s and the 1980s. But this evidence, coupled with the informed opinion of interested observers and with objective data on output trends, leaves little doubt that an increase -- in fact, a near doubling, from 10 to 20 percent -- has occurred over the last decade, with a concomitant rise in underemployment to an additional one-third of the labor force. Real wages, which appeared to have been stable during the latter part of the 1970s, are estimated to have fallen about 10% since 1980. Currently, minimum wages range from \$2.30 per day in agriculture to \$3.55 in the railroad and petroleum industries, using the official conversion rate of 2 lempiras to the U.S. dollar.

Only about 14 percent of the Honduran work force is unionized, and two-thirds of the union members are active in the agricultural sector. But unions are very vocal and influential despite their small size. They are strongest and most active on the northern coast of the country, in the industrial city of San Pedro Sula, and within the large multi-nationals, Castle & Cook and United Brands, companies which have influenced a great deal of the development of Honduras during the 20th century. Among other factors, the relatively low degree of organization of the work force is due to the low degree of organization of the productive sector: a large percentage of the "industrialized" sector is comprised of firms of fewer than 5 employers. The relatively high incidence of small establishments and self-employment presents a serious challenge to efforts to organize training activities in Honduras, an issue to be covered in a subsequent discussion.

TABLE I
HONDURAS: LABOR FORCE BY SECTORS OF ECONOMIC ACTIVITY
(Percentage Distribution)

	<u>1970-71</u>	<u>1976-77</u>	<u>1981-82</u>
Primary production	63.4	58.8	54.8
Agriculture and related	63.0	58.4	54.4
Mining	0.4	0.4	0.4
Secondary production	13.5	15.5	17.5
Manufacturing	10.1	11.8	12.9
Construction	3.1	3.4	4.2
Utilities	0.3	0.3	0.4
Services	23.1	25.7	27.7
Transport and Comm.	2.1	3.0	3.8
Commercial Services	7.0	8.3	9.3
Financial Services	0.8	0.9	0.9
Other	13.2	13.5	13.7
Total	100.0	100.0	100.0
Labor force as percentage of total population	28.6	28.7	28.9

Source: Central Bank of Honduras

Outlook

The most significant point to be noted about the economic prospects for Honduras is that, in the absence of intervening forces, they are rather bleak. Under the limited-growth, medium-term scenario facing the economy, by best accounts, little improvement can be seen for the demand for labor and thus for unemployment and underemployment. As indicated by Table II, it is unlikely, given current employment patterns, that annual replacement demand (due to deaths and retirement) will exceed more than 7,500 skilled, semiskilled, and technical workers (largely in construction, manufacturing and transportation).

The "best guess", based on available evidence, is that somewhere in the neighborhood of 400,000 new jobs will be needed through 1990 merely to lower recorded unemployment to 10 percent of the labor force. Given the current economic situation of the country, the political problems of the region, and the constraints imposed by the need to reduce the public sector and balance of payments deficits, it appears that Honduras will have a sufficiently difficult time merely to reduce the current unemployment rate to 20 percent over the period. Economists have, in fact, expressed the hope that the situation will not deteriorate further -- a hope that can only be reiterated in this study.

TABLE II
GDP, EMPLOYMENT AND ESTIMATED REPLACEMENT DEMAND
BY ECONOMIC SECTOR, 1979

	<u>GDP</u> (Millions) (1982)	<u>Labor Force</u> (Thousands) (1979)	<u>Estimated Employ- ment Demand</u> (Thousands) ^a (Annual)
Primary Production	732	598	18
Agriculture	692	595	18
Mining	40	3	0
Secondary Production	519	167	5
Manufacturing	373	129	4
Construction	110	34	1
Utilities	36	4	0
Services	977	247	7.5
Transport and Comm.	193	30	1
Commerce	291	85	2.5
Finance	94	9	0.2
Total	2228	1012	30.5

^aReplacement due to deaths, retirement and other separations from the work force estimated to be 3 percent per year for each economic sector.

The Government has, to be sure, taken a number of steps to ameliorate conditions. These include the following:

- Taxes were raised in 1981 and a number of administrative improvements introduced at that time.
- The public budget has been held level for the last three years.
- New incentives have been approved to promote exports.
- Under consideration are a revision of investment incentives and tariff legislation.
- A new International Monetary Fund (IMF) stand-by agreement is expected to be negotiated soon.

The primary bright spot, if there can be said to be one, is that Honduras is, and will probably continue to be, an attractive target for international donor agencies, due to its small size, its strategic importance within a troubled region, and to its democratic form of government. AID, for example, is planning to provide \$947 million in assistance up to 1990 by way of supporting macroeconomic stabilization, infrastructure development, and employment promotion. Of particular relevance are AID plans to assist the Government in an attempt to generate 40,000 person-years of employment between 1985 and 1987, through the development of infrastructure improvements which emphasize labor intensivity, high rates of financial returns, the utilization of domestically produced materials, and the geographic distribution of projects in accordance with the distribution of unemployment. And, of course, Honduras is part of the Caribbean Basin Initiative, meaning that it will be eligible for preferential terms of trade with the United States.

Faced with such constraints as a rapidly growing population, decreased external demand for its products, and the imperative of a strict austerity program in the near term, the country's ability to return to a path of sustained social and economic growth will depend on its ability to obtain increased external commercial and concessional financing, and to design and implement a new development strategy, substituting export promotion objectives for import substitution. How possible this will be in the face of growing competition from Caribbean neighbors and particularly from more resource-rich and more highly educated Asian countries, is a real question.

The Sociocultural Context

In 1980, Honduras had a population of about 4,000,000 individuals, half of whom were under 14 years of age and nearing the peak child-bearing years. As a result, Honduras has the highest population growth in the region (3.4 percent a year), and one of the highest in Latin America.

The Honduran population is also characterized by low educational achievement. For example, of every 100 students who enter the educational system, only an average of 24 complete elementary school, 14 finish secondary school, and 1 completes the university. Regarding literacy and the need for training, only about 60 percent of the population is able to read and write, and the rate of functional illiteracy is probably much higher. It is also estimated that 42 percent of the labor force is illiterate, while three-quarters of it needs some form of training. Training agencies, other than those involved in computer training, report that lack of basic academic skills is a problem with anywhere between 60 percent and 100 percent of their trainees. They also report that between 25 percent and 60 percent of their trainees have both learning difficulties and poor study habits.

There are two sources responsible for the low level of educational achievement: the public school system, and the home. The school simply does not prepare students adequately. The most common deficiency identified in a recent study (van Steenwyk, 1984, p. 36) was a lack of basic academic skills (reading, writing and mathematics). Almost a third of the vocational training centers and PVOs in Honduras noted that students enter with severe learning difficulties and poor study habits. This reflects the particular realities of the disadvantaged sectors of the population and requires special attention in curriculum development.

The decline in the quality of education in Honduras is partly due to the fact that the system is not prepared to cope with the demographic and socioeconomic conditions of the population. Malnourishment and undernourishment, high infant mortality, broken homes, different levels of poverty, increased use of drugs, to name only a few, are some of the factors that put an added weight on the shoulders of an already burdened public educational system.

Current demographic trends, such as high population growth and rural-to-urban migration, also seem to be impacting upon the condition of education. In San Pedro Sul for example, the population is growing at an annual rate of 8 percent. This means that previously scarce social services are not expanding fast enough to accommodate the growing demand. An additional phenomenon is the increased migration of women (without their men) from rural areas to the large urban centers, contributing to a dramatic increase in the high number of females who are heads of household (53 percent). This suggests that the incidence of poverty among single adult females may be increasing at higher rates than for the rest of the population -- as has happened in the U.S. and other MDCs (More Developed Countries). In addition, 93% of all births are by women with less than 3 years of primary education. If the "feminization of poverty" is occurring in Honduras, one can also predict an increase in the incidence of illegitimate children, broken homes, and all the social and psychological problems that these phenomena bring to the educational environment.

The educational system itself, especially at the elementary level, has many problems. Among some of its most salient difficulties are the lack of school and community coordination, a high incidence of incomplete schools, an imbalance between growing enrollments and

resources allocated, crowded classrooms, teacher strikes and absenteeism, and a lack of program supervision. To add to an already poor situation, many instructors are not well prepared to teach. Some of them, especially in rural and remote areas, have received very little formal preparation ("maestros empiricos"), yet, they may have to teach all subjects to more than one grade at a time. For the instructors who lack the pedagogical skills, there is no in-service mechanism to keep them current on the latest educational trends and techniques.

Qualitatively and quantitatively, instruction is affected by the use of shifts ("jornada unica") in the schools of the largest urban centers (Tegucigalpa and San Pedro Sula). This type of schedule was established as a result of the high number of students enrolled, and/or severe weather conditions (i.e., extreme heat).^{*} Even though students attend the same number of days a year, they are put on a reduced schedule, with each student attending only one shift (from 7 to 12 a.m., from 12:30 to 6 p.m., and from 6 to 10 p.m.). Qualitatively, the education provided suffers by having some teachers who work all year round in more than one shift. In fact, an example was given of teachers (called "profesores taxis") who work, single-handedly and without stopping, all three shifts. One wonders at the long-term effect that this type of schedule may have on the overall quality of the education process.

Finally, even though the educational system has become more systematized than it was 20 years ago, it seems that it has also relaxed some of its standards in an effort to accommodate the aspirations of disparate populations who come into the system with the hope of getting an education. Higher access to the news media, working parents, the increased confrontational posture of many parents before the school system, all seem to have eroded teacher authority and the stronger discipline of former years. This fact has frustrated many instructors who feel helpless before their ineffective means of maintaining order in their classrooms.

The main orientation of the Honduran educational system is academic in nature, and it is dominated by a classical (albeit archaic) elitist educational structure which has closely copied European models. In this system literature, law, economics, and the humanities are held in high esteem. The system also seems to espouse, although it does not foster them very successfully, some middle-class norms such as abstract and theoretical learning, respect for authority, rational thinking, achievement, coping with an environment that can be conquered, and self-restraint, all of which are important in the development of an industrial and complex society. The system is thus at the service of a very small group of students, an elite that espouses middle-class values. In contrast, whether one uses economic, occupational, educational, or social (nutrition and housing) standards, most of the population in Honduras seem to be located at the other end of the social class spectrum, among the lower and "working" classes.

* A teacher explained that in San Pedro Sula the "jornada unica" had been established, not so much because of the stated reasons, but for the convenience of a particular high ranking administrator who became used to it in Tegucigalpa.

Vocational training, traditionally associated with the lower levels of the occupational structure, has become a part of, or one could say an addition to, the educational system. In recent years, this form of training has made some inroads among the more affluent classes. However, the fact remains that the higher status of the "intellectual" and academic tradition still prevails, to the detriment of technical preparation for the requirements of industrial and economic development.

The hegemony of the academic tradition can be gleaned from some straightforward facts about vocational training in Honduras. In the first place, in most vocational programs there is an emphasis on the theoretical, with the practical being somewhat of an add-on that has not become an intricate aspect of training programs. Second, most directors of vocational and technical programs are university graduates who have been bred on an academic education. Third, approximately half of the graduates of vocational and technical schools utilize their technical training as a stepping stone to gain access to higher levels of education, namely, the university. And fourth, while 77 percent of secondary school education in Honduras is currently dedicated to academic pursuits, only 23 percent is devoted to technical education. Moreover, of the portion dedicated to technical education, 88 percent is in the area of commercial education, and just 12 percent is directed to careers related to industrial and agricultural production.

In contrast to the intellectual aims and middle-class priorities of the academic tradition, the sociocultural reality surrounding the public educational structure and the training system is dominated by the more practical and immediate material needs of an urban lower class and the poor inhabitants of the rural sector of the nation where most people live.

Then again, with the possible exception of the PVOs, politics are highly involved in almost all of the training programs in the country. The most important influences appear to be in the location of centers or schools, and in the selection and promotion of the training fields and/or course content. Training centers and schools are frequently located in areas with political influence, rather than on the basis of requirements of the job market. The course offerings and content are all too often based on political popularity and expediency, rather than on the identified needs of employers.

According to some observers, one of the main reasons for stagnation and the absence of meaningful and practical vocational instruction in the country is the ineptitude of political appointees within the training system. Given that most of these individuals do not have the knowledge of, nor interest in, vocational training, programs are usually in the hands of persons who lack the power or the status to move things expediently within the confines of the political scene of the day. Then again, cases have been reported of unnecessary courses being taught just to accommodate somebody's needs, or to pay a political favor.

In many cases, the appointment and/or promotion of both administrators and instructional staff are based on political pressures rather

than technical competency. An evaluation of INFOP reported this to be the case in the selection of personnel. The evaluators found that many of the instructors available were clearly inadequate for providing the type and level of courses requested by private employers.

Also within INFOP, excessive political influence and orientation preclude the evaluation system for instructors from having any real value. It is well known that INFOP's labor union applies pressure to obtain the promotion of certain instructors, and that as a rule, those favored are promoted to the highest levels. It is also known that this is the "normal" means through which most instructors obtain salary increases. The protection of professional organizations and unions also seems to provide immunity to careless or incompetent teachers from reprimands or dismissals.

Similarly, students can gain access to a training program via the recommendations, or "pull," of a well placed "connection." This causes the displacement of trainees who have earned a position by passing a screening process, and at the same time it subverts the quality control of program graduates. It is also reported that some of the same arbitrary procedures are followed in the awarding of student fellowships and teacher positions.

CHAPTER THREE

THE FUNCTION OF TRAINING

The function of training is not, and never has been, to create jobs. In the short run, training allows job vacancies to be filled; it does not help to increase the number of those vacancies. Generally speaking, when aggregate demand is slack and unemployment high, the number of available jobs, i.e., the number of vacancies, is reduced as job seekers compete for the few opportunities available. This being so, it can be fairly questioned what role, if any, training has to play in an economy facing a 25% unemployment rate over the medium term.

In attempting to deal with this question, it is well to recall that aggregate demand and aggregate unemployment are macroeconomic concepts, while training is by nature microeconomic. Even with a completely stagnant economy, certain firms will be expanding and hiring. Most of these firms are likely to be operating in new product and industry lines, and to have a particular need for skilled labor. An important and difficult task for trainers in such circumstances is to "pick the winner," i.e., to train for those economic activities which are expanding or are likely to expand, and which will be needing skilled labor. This guessing game is made all the more difficult in periods of slack aggregate demand, when there are fewer winners to be picked, and fewer firms and occupations which are expanding. All this implies the need for the training sector to get constant feedback regarding private sector needs -- more so in periods of high aggregate unemployment than otherwise. Put another way, the need for articulation or linkage between training institutions and private employers is precisely greater in situations such as that being faced by Honduras in the medium term. It also follows that a case can be made for altering course content on a potentially rapid basis, given the employment outlook, and possibly, for changing the degree of course specificity as well.

As a second point, to the extent that training increases employee productivity, it provides a margin for the expansion of output with no addition to costs. Increases in productivity, other things being constant, operate to decrease unit labor costs. (Indexes of unit labor costs are, after all, merely the converse of productivity indexes multiplied by compensation costs.) Facing stiff competition from Asian labor and from that of its Caribbean neighbors, Honduras, a country where living levels are low but, by international standards, wages are not, will have to be concerned about keeping unit labor costs to a minimum. The kind of productivity enhancement afforded by training is one method to achieve this objective.

Honduras is faced with an obvious need for structural adjustment, and this is another area where training can be useful. Attempts to reorient an economy away from import substitution are never easy, even under the best of circumstances. New industries, new technologies, and new approaches, are required. Training can insure a smooth, or at least an unhindered, adjustment process. The introduction of new technology and production techniques requires an adaptable labor force, one which is capable of being complementary to capital, not merely a

substitute for it. By the nature of the problem, capital-complementary labor must be skilled labor, and this means trained labor.

Furthermore, regardless of the expected growth rate, training is, in the long term, one of the elements which can permit the content of that growth to be labor-absorptive, rather than labor-displacing. In other words, training permits the maximization of the labor content of growth, even of limited growth. Given the demographic outlook for the country, labor absorption will have to be a major objective for the foreseeable future.

Finally, there is a very pragmatic reason for recognizing the importance of training, even when the economic outlook is as dim as it now appears for Honduras. Not only do employers in Honduras say that they need it and want it, but, when assured of its relevance to their profitability, they are willing to pay for it. Evidence for this contention is provided in the next chapter, but it can be remarked that there is a surprising degree of enthusiasm for training among the Honduran employers interviewed during the course of this study, as well as those interviewed for other studies. Not that the enthusiasm is universal, but there is certainly enough of it to form a justification for efforts to improve upon what exists. One reason for employer disposition toward skill upgrading and training could be the eminently logical realization that it is precisely when business is slack that training costs are lowest. Time spent in training rather than in production is less costly when there is a slack in production. The opportunity cost of training is lower during times of slack than when orders have to be filled and production quotas have to be met. Recognizing this, a number of countries around the world -- Portugal and Sweden being but two of many examples -- have introduced efforts to expand training as a way to prevent rising unemployment, at least in the short term. It must be reiterated, however, that training is best looked on as an investment with the ultimate objective of facilitating growth, rather than as a measure for reducing unemployment.

There is in Honduras, as in many other countries, an offsetting factor to be considered, one almost political in nature even if motivated by economics. There is a group of employers here who prefer to operate with unskilled labor and who, in fact, can be said to be distrustful of the entire concept of skill upgrading, because of wage and political implications. By and large, these would be monopsonistic or oligopsonistic employers -- dominating particular industries -- who are able to set wage and working conditions in those industries. And they are resistant to the kind of change which skill upgrading could imply.

Obviously there is no objective evidence on the prevalence of this phenomenon, but hearsay suggests it to be a chief factor in distinguishing those employers who wax enthusiastic about training from those who do not.

When taken in sum, the above pluses and minuses suggest that there is a place for training in Honduras, perhaps precisely because of

its low-growth outlook. But the analysis also suggests a few particular constraints:

- Because of the relative rarity of new job openings in a low growth scenario, substantial current training activities in Honduras should probably be focused on skill upgrading rather than training for entry-level positions. On the other hand, a sound policy alternative may be to support self-employment through training. If jobs are not available through formal employment, individuals will at least have the opportunity to generate their own jobs.
- Flexibility and adaptability should be key objectives for the training establishment, given the current outlook. Curricula must be adapted to a changing and uncertain environment and, above all, trainers must receive feedback from employers as to the needs of the marketplace.
- In a tightly constrained budget situation such as will likely exist for the foreseeable future, training costs -- particularly operating costs -- must be kept to a minimum. Whatever can be done to reduce average course costs (such as more efficient utilization of existing facilities), or to share costs (e.g., between private sector employers and the public sector), should have high priority.
- Given the low opportunity costs of training in the current context, coupled with government intentions to foster the technology required for export promotion, Honduras is well-positioned to try to rationalize its training system. A key element of that rationalization, however, is the need for linkages, or communication, between growth-oriented employers and the training establishment. Whatever is decided by way of employment promotion of a social nature (such as public employment programs) should not be allowed to interfere with growth objectives, the implication being that any training system should have a strong private sector component. The training system exists here and, in the absence of legislative change, so does its budget. The imperative of the current circumstances will be to try to maximize the effectiveness of that budget.

CHAPTER FOUR

THE TRAINING SYSTEM

Organized vocational training in Honduras is a recent development, with major growth occurring since the early 1970s. As a relative newcomer to vocational education, Honduras has copied and adapted program models developed in other countries, including Brazil, Columbia, Venezuela, Germany, Japan, and the United States, in order to meet its own training priorities. Its vocational institutions, in other words, are an amalgam from other sources (Ducci, 1980).

Honduras, nevertheless, has a surprisingly well-established, well-equipped and well-financed training system, with a current operating budget on the order of \$8.5 million. The bulk of the system is publicly financed through a payroll tax. Tuition fees and loans to students are not a significant source of financing.

Dimensions of the System

On paper, at least, the system is publicly controlled (or at least coordinated) through the Instituto Nacional de Formacion de Profesionales (INFOP), which is also the largest training institute in the country. The three basic providers of training are INFOP, which has the responsibility of coordinating all training, the Ministry of Education, which handles formal vocational education, and some 14 private voluntary organizations, mostly nonprofit in nature, which offer skill training for entry-level jobs in traditional vocational areas. Last year there were some 73 training programs in operation, including 55 industrial and artisan vocational training centers, 2 correspondence courses, 2 "in-house" training programs of autonomous government enterprises, and 14 training centers which focus on computer-related training. Of the 73 programs, the majority (58) are engaged in so-called "nonformal" training, that is, their focus is on specific skills rather than on an academic orientation which would allow individuals to continue studies at high levels of education.

INFOP

The key factor in the system is of course INFOP. This operates through three regional centers in La Ceiba, San Pedro Sula, and Tegucigalpa. INFOP also operates 3 mobile centers which focus on the agricultural sector, and 5 mobile shops. It offers a number of short courses designed to upgrade existing skills (80 percent of INFOP's total offerings are of this type), and longer courses, with 800 to 3600 hours of instruction, intended to provide individuals with entry-level skills. In addition, INFOP is in charge of the apprenticeship system, which combines institutional instruction with on-the-job training in the private sector. The combined enrollment of all programs of INFOP was 30,000 trainees in 1983. This includes training given in centers, through mobile units or on the job. The receptivity of employers to hiring graduates from the longer courses (capacitacion) varies widely, but it appears to be on the negative side. The apprenticeship courses are of two types: (1) apprenticeship which provides for 2500 hours of

training in centers, followed by six months (800 hours) of training on-the-job in industry: (2) dual apprenticeship which has an average duration of 2 years with 40 hours of supervised work in industry each week and 7 hours of related technical instruction by INFOP instructors. The placement rate of program completers is around 80%, but 50-60% of the trainees drop out before completing. Both of these programs have had serious problems, but as a result of an in-depth internal evaluation in 1983 both appear to be improving in their receptivity by employers.

Almost all of the upgrading courses in Honduras are those offered by INFOP, and their designated main purpose is just that: to upgrade the skills of those who are already employed. However, the follow-up studies made by INFOP indicate that the utilization of the skills and knowledge acquired in the course varied widely.

Another principal training area is represented by the short intensive courses offered by INFOP in the fields of administration, management and agriculture.

Private Training

There are 12 private businesses and two nonprofit institutions offering short courses aimed at skill upgrading, primarily in computer training. Twelve of the 14 training centers offer only courses of short duration (80-300 hrs.), while one has courses of 800 hours, and another has two courses of 1,507 and 2,992 hours respectively. The longer duration courses would certainly be considered as entry-level or pre-employment training, whereas the shorter duration courses could be either upgrading or entry-level, depending on the status of the persons enrolling in them. These are concentrated in the two major cities of San Pedro Sula and Tegucigalpa. Additionally, there are a total of 21 nonformal training centers (six aimed at providing entry-level training, three correctional centers, and 12 small community centers focussing on artisan training), which offer programs of various lengths. Of these, only the Armed Forces Vocational School in Puerto Cortez is clearly modern-sector oriented.

The 14 private voluntary organizations (PVOs) offering nonformal technical training for job entry-level skills have a total enrollment of over 2,000 trainees in traditional vocational areas. Some of the PVOs are well integrated into the regions where they are located, and place a large percentage of their graduates in jobs in these regions. Others, however, are not so well integrated, and their trainees mostly go into the general overall labor market.

The Ministry of Education

Honduras has 17 vocational education institutions offering formal vocational instruction under the auspices of the Ministry of Education. These programs, which provide a mixture of vocational and academic training, are oriented toward students who often continue studies at higher levels of academic learning. Four types of vocational instruction are provided:

- Bachiller-Técnico. The three centers which offer this degree have a combined enrollment of 800. The purpose of instruction is to prepare trainees for employment as technicians, at levels between those of skilled workmen and engineers. Students can also continue their education at the university level, and this appears to be the preferred choice. Instruction is a combination of academic and technical subject matter, but there is generally not sufficient instruction to permit individuals to enter directly into specialized jobs. The programs appear to provide a good but expensive preparation for entry into the science or engineering fields of the university.
- Perito Industrial. Four institutions, with a combined enrollment of 500 students, offer this degree, which requires 1550 hours of instruction in a technical area but does not provide sufficient academic preparation for continuing on to the university level. Students, however, are not generally accepted as skilled workers until they have had several years of work experience. The starting wage offered them is frequently below their expectations, and this results in many of them not working in areas for which they are trained. The Honduran-German training center in San Pedro Sula has been classified as semiformal, since it provides more intensive training in four skilled areas. Of all training programs in Honduras, this has received the widest acceptance by industry, and it is unfortunate that the decision has been made to convert it into a vocational school offering the "Bachiller-Técnico".
- Circlo Comun. Prevocational training (700 hours) is provided in 9 high schools which offer traditional academic programs of study. Students can either seek employment or continue studies, but because of scant preparation and low wage offers and lack of resources or openings in higher programs, they frequently do neither. However, in rural and semi-rural areas in the schools run by PVOs, many students use the Circlo Comun as a way to gain entry level skills, since this is the only training opportunity available. Then again, rural students appear to have lower expectations, and are therefore willing to accept many of the lower-paying entry-level jobs associated with the Circlo Comun -- jobs that are often rejected by persons with more training, or individuals from urban centers. Over 1,200 students are presently enrolled in the 9 prevocational high schools.
- University. The Escuela Superior de Profesorado Francisco Morazán offers a teacher-training program to prepare vocational education instructors.

Of the more than 18,000 students enrolled in the nation's industrial and artisan vocational training programs conducted in centers and through OJT, 72 percent are enrolled in nonformal (i.e., nonacademically oriented) training programs; 28% are enrolled in formal programs

administered through the Ministry of Education. Of these, more than 50 percent (Table IV) are concentrated with two occupational areas, seamstress/tailoring and carpentry. The distribution of student enrollment by types of institution is indicated in Table III.

TABLE III
DISTRIBUTION OF VOCATIONAL TRAINING
ENROLLMENTS BY INSTITUTION, 1983

Category	Formal Min. of Ed.	INFOP	Nonformal PVOs	Other	Total
Number of Centers	17	3	14	21	55
Number of Students	5,211	8,783	2,069	2,623	18,686
Percentage of Total Students	28%	47%	11%	14%	100%

Source: van Steenwyk. Vocational Instruction in Honduras: Industrial, Artisan and Computer Training, 1984.

TABLE IV
ANNUAL GRADUATES OF VOCATIONAL TRAINING CENTERS
ENTRY-LEVEL SKILLS ONLY

Trade Areas	Formal Programs		Nonformal Programs			Total	
	Min. of Ed.	INFOP	PVO	Other	No.	%	
Industrial Mechanics	21	40	23	-	84	3.6	
Auto Mechanics	13	35	26	40	114	4.9	
Metal Fabrication	40	50	4	65	159	6.9	
Bachiller-Tecnico Mechanics	150	-	-	-	150	6.5	
Plumbers	-	45	7	8	60	2.6	
Electricians	13	45	-	61	119	5.2	
Refrigeration	-	35	-	75	110	4.8	
Radio & TV	-	30	4	42	76	3.3	
Bachiller-Tecnico Electricity	135	-	-	-	135	5.9	
Carpenters	35	50	117	159	361	15.7	
Seamstress/Tailors	40	400	160	280	880	38.3	
Shoe makers	4	40	15	-	59	2.6	
Totals	451 (19.6%)	770 (33.5%)	325 (15.5%)	385 (4.5%)	2307 (100.0)		

Source: van Steenwyk. Vocational Instruction in Honduras: Industrial, Artisan and Computer Training, 1984.

CHAPTER FIVE

THE CADERH RESPONSE

The Honduran Advisory Council for Human Resource Development (CADERH) is a tripartite group with a current membership of 15: 8 private employers from Tegucigalpa, 4 from San Pedro Sula, 2 union representatives, and 1 government official. Among others, the group includes: the Executive Secretary of the Workers' Confederation of Honduras (CTH), the President of the National Association of Industrialists (ANDOI), the President of the National Honduras Chamber of Construction (CHICO), the President of the National Association of Small and Medium Industries (ANMPI), the President of the Honduran Association of Managers and Entrepreneurs (GEMAH), a former Minister of Labor, and a former Vice-Minister of Education. It is a fairly broad-based private sector group, composed of some of the most important and influential industrialists in Honduras. Four CADERH members are on the advisory board of INFOP, comprising the entire private sector representation to that board.

CADERH grew out of what was little more than an informal discussion group formed at the request of an AID official interested in obtaining views from the private sector on how to improve the training system in Honduras. Those discussions began nearly two years ago, on a weekly basis, with the initial focus being primarily on how to improve INFOP. In the course of dealing with this question, AID financing was obtained for two CADERH-sponsored evaluations of training in Honduras, and for a study tour in the United States by some of the group members. As a result of these activities, certain specific and far-reaching questions were raised concerning the responsibilities of the private sector in helping to guide training activities, and the best means of carrying out those responsibilities.

Objectives

Private sector employers in Honduras, and certainly CADERH members, are well aware that linkages between them and the training sector have been virtually nonexistent. In fact, even contacts among employers themselves (particularly smaller employers) are minimal. There is a growing realization, however, that such contacts are crucial. In a sense, then, CADERH is a specific response to the premise on which this project is based. It is a private sector initiative aimed at creating linkages which allow employers to articulate their needs and to assist in the furtherance of activities to satisfy those needs. As one member of CADERH put it, "I came to realize that here we were criticizing the government for its failures, when we ought to be asking ourselves what we should do to help the system operate better."

Functions

For the immediate future, CADERH has set itself a specific agenda. The members seem well aware of the danger of straying too far afield, and of the need for demonstrating credibility by registering a limited number of useful accomplishments at the outset of their existence.

CADERH's first priority is in the area of introducing skills certification. Members have been reviewing certification procedures employed in U.S. training programs. A project is underway to develop testing and certification procedures in two occupational areas. In addition, modular, competency-based training materials will be developed to support training in these areas, including employer-based and institutional training activities. The general perception is that certification provides a way to reduce uncertainty about applicants' qualifications. The reduction of that uncertainty relieves the employer of the burden and the cost of trying to guess which applicant is most likely to "work out". On the other hand, certification also "forces" training institutions to respond to the technical skills and standards used in industry if the system is thoroughly grounded in objective information from employers. Right now, employers are faced with, at best, an uncertain evaluation given by an uncertain instructor regarding an uncertain course of study in an institution about which they are none too certain, either. Some sort of internal standardization and external certification could help reestablish employer confidence in the training system. Objective certification could thus be an important step toward the formation of desired linkages.

The second item on the current agenda is to inform private sector employers about the availability of training opportunities, location, scheduling, etc., through the publication of a descriptive training calendar. This would also be a second step toward the construction of a linkage, that of informing the private sector about available training activities, and leading them to believe that they have a stake in training. The only point to be noted in this regard is the need to get information out to small employers, and the admitted cost/difficulty of it.

Short-range projects are also recommended to support "local PVOs in the skills training area to upgrade the skills of their instructors, acquire up-to-date training materials, upgrade their physical facilities and equipment, and to explore ways through productive activities to finance some of their recurrent costs."

Aside from this, possible activities, including a number of suggestions from outside consultants, are under advisement: trying to push for more training within firms, assisting employers to identify their training needs (training audits), training supervisors to give training within their firms (already in progress), and a follow-up study of former INFOP graduates to determine their employment and wage experiences in comparison with those of a control group. In selecting among these options, CADERH seems to be aware of the dangers of trying to carry out too many activities at the same time, as well as of the need to act primarily as an advisory group, divorced from operational responsibilities.

Replcability

CADERH is an organizational response to what was initially perceived as an organizational problem (INFOP). It arose out of a special set of circumstances, and it is appropriate to question whether

and to what degree the CADERH experience is replicable in other settings.

In the first place, it is no mean feat merely to find private sector employers with an interest in trying to improve the system. Despite a rather sharp drop in economic activity since 1980, surveys in Honduras have consistently indicated a surprising degree of enthusiasm for training on the part of private employers, as a way to increase productivity and profitability. Without this awareness and this enthusiasm, it is doubtful whether CADERH could have come into existence. CADERH members, many of whom are busy entrepreneurs, have put in a great many unpaid hours of work to get the group in operation, and this reflects no small degree of public-spiritedness. It could also be that the economic downturn left some members with extra time on their hands.

Second, although the agenda has since been broadened, CADERH began with a very limited, specific objective: to try to help reform INFOP. At the time, INFOP was under rather shaky leadership (a new Executive Director with a private sector background had been appointed) and its deficiencies were fairly apparent to anyone who looked. Moreover, there was and there remains room for improvement: the under-utilization of facilities is extensive and costly.

Third, AID has made a fairly substantial investment in CADERH -- not so much a cash infusion as staff time devoted to encouraging and nurturing the group. For a long time, the AID liaison officer acted as the general secretariat of the group and provided a specific agenda to maintain interest among members. That liaison officer was a rather unique individual, with remarkable energy and enthusiasm, who enjoyed considerable respect within the group and who was thus able to serve as a neutral guide and catalyst. A unique individual combined with unique private sector employers is likely to generate a fairly unique outcome.

The Outlook

As already stated, CADERH is an organizational response to a perceived lack of linkage. Its ultimate success will depend on what it accomplishes, and this hinges on continued enthusiasm and energy among group members. It is unfortunate but true that the ultimate success of such endeavors usually depends on personalities. It is clear that CADERH alone will not solve all the problems of training in Honduras. This is all the more true since many of the skills problems facing employers in Honduras are fundamental educational problems. They are the fault of the schools, not of the training establishment.

One appropriate question to be raised about CADERH is whether similar results would have been obtained had the same energy been expended within INFOP itself. CADERH is an example of trying to move the private sector toward the training establishment. An alternative would be to try to move the training establishment in the direction of the private sector, e.g., through the use of instructors with more work experience, placement, and officers. Another alternative, and one probably worth trying, is to bring INFOP and CADERH together, that is,

to work both sides toward a middle ground which insures mutual collaboration and cooperation. It is interesting to note that the decision to establish CADERH was made because the task of attempting to reform INFOP was perceived as politically too difficult, given its history and current institutional structure. CADERH was, in a sense, formed to bring outside pressure to bear on INFOP, and thus perhaps create a climate for change.

A number of other questions also need to be addressed: How will the group keep in touch with its constituency, particularly the smaller employers who are not well organized? How will new members be added to the group? How will the views of the broadly based private sector be heard and channelled through CADERH? Related to these concerns is the eventual need to localize CADERH activities. Receptive to these issues, CADERH has set up a system of advisory committees. Moreover, the current membership actively recruits additional members, with a suggested quota of 10 new members yearly for each active member. The intent, then, is to establish and maintain a strong link with local employers.

The ultimate future of the group depends on the level of interest of its members. CADERH is getting itself involved in activities -- such as certification -- whose payoff will be fairly immediate. But it is also formulating other longer term activities which will not bear results until 3-5 years hence. Thus a phased plan of activities is designed, one intended to sustain interest and momentum while at the same time permitting flexibility to adjust to new training challenges. AID is fully aware that these activities will not be productive in the long run, but this is a risk considered worth taking because of the potential benefits.

CHAPTER SIX

THE TRAINING SYSTEM THROUGH THE EYES OF THE EMPLOYER

This chapter provides a brief assessment of the Honduran training system, viewed primarily through the eyes of employers, and in terms of the external efficiency of the system as it now functions. The problem of internal efficiency, i.e., how well the system performs in relation to what it says it wants to perform, is covered in the following chapter.

Employer Views -- Overview

By way of introduction to this topic, a few selected views of employers regarding training in Honduras can be listed:

- A significant number of employers have very little knowledge of the training system: which institutions are involved, what courses are offered, what type of equipment is utilized, etc. For these employers, many of whom are likely to be operating smaller firms, the lack of information is a definite obstacle to the formation of linkages.
- As in many other countries, the majority of employers have greater faith in experience than in training. Many larger employers prefer to recruit labor from smaller firms, and smaller firms from each other. A significant sentiment was voiced concerning the desirability of training new employees within the firm, the notion being that, ". . . give me someone who can read and write, who is motivated, who understands the meaning of work, and I can train him or her myself."
- This having been said, it should also be noted that some employers have developed good linkages to, and therewith trust in, the training system. This is more likely in the more industrialized area of San Pedro Sula than elsewhere (including Tegucigalpa), but it is evident enough to offer encouragement for the idea of improved linkages and information. Particularly in the area of skills upgrading, a number of employers regularly rely on outside institutions, such as INFOP, for training needs.
- Where employers have fixed views on the training system, and a number do, they seem fairly satisfied with the general level of financing, rather dissatisfied with the structure (this refers to INFOP), and concerned about a number of particulars: lack of relevance of course offerings to their needs, uncertainty about the quality of graduates, lack of coordination among training providers, high overhead expenses, excessively high level of sophistication of tools and equipment, limited practical experience of instructors, inconvenient hours of course offerings, lack of flexibility in length of course offerings, too much emphasis on theory

and not enough practical experience, too much emphasis on preparation for university and not enough on preparation for jobs in the marketplace.

In short, the situation in Honduras is not very different from elsewhere in the world: there is a fair lack of information about what the training system is, does, or can do, accompanied by a standard litany of complaints which seem to reflect the lack of private sector involvement in the design and operation of training programs. And although this report refers primarily to the views of employers, it should be noted that the same observations have been made repeatedly in other evaluations of training in Honduras, including those carried out by INFOP itself.

To give a flavor of employer viewpoints, the following quotations are perhaps useful:

"Lack of training is a real problem here. It reduces efficiency and productivity. There is also a problem that materials get stolen or machines abused."

"So many job applicants can't read or write. That's the main problem. It's a problem of the educational system, more than a problem of training."

"The main thing is that so many young people have bad attitudes."

"There is a particular lack of qualified people in such fields as maintenance mechanics and electricians."

"It's especially a problem for smaller firms which have neither money nor time for training."

"I never hire anyone from training institutions. They come in with a bad attitude and they don't know anything."

"I sent two people to INFOP. One complained that he knew more than the instructor. The training is good in theory but not in practice."

"I had a bad experience with INFOP. My workers came back with new ideas and were discontented with their work. I finally had to fire them."

"I have sent mechanics and electricians for skill upgrading with pretty good results. In part, that could have been due to the fact that the workers were accompanied by their supervisors who were then able to observe progress and the kinds of techniques that were being taught."

"I don't know much about INFOP. They don't give any courses in my field."

"I used to get good graduates from the technical institutes. Lately the quality has fallen off significantly."

"What they really ought to do is to give incentives (tax deductions) to have training provided by and within firms."

"I'd like to see INFOP instructors provide training in my plant under my supervision."

"They ought to continue and expand the 'dual apprenticeship' program."

"They ought to clean house at INFOP."

These views, as well as others presented to the demand team, suggest that there is a trifurcation of opinions about training in Honduras: some employers are fairly satisfied in general, others are markedly dissatisfied, and a great many don't know enough to express an opinion, or don't care. Furthermore, one is struck by the dichotomy in views regarding possibilities for improvement. The majority of persons interviewed, however, felt that something should and could be done, even though they differed on the question of the ease with which change could be effected.

Employer Views on Selected Topics

To be slightly more orderly regarding such observations, it is perhaps useful to consider training systems in terms of their components, namely:

- Structure and organization
- Location (of training facilities relative to target population)
- Content (subject matter and curricula)
- Effectiveness (how well the system serves the needs of the economy, graduates, and employers)
- Efficiency (how well the system combines scarce resources to achieve the objectives)
- Financing (who pays, whether levels are adequate)

Cutting across these general topic areas are such traditional indicators as outreach and intake procedures, placement rates, standards, certification, instructor quality, administrative overhead, etc. -- in short, all the elements normally associated with cost/benefit assessments. Not that this report will attempt to pursue such a rigorous approach -- the available data do not permit this -- but the categories can, at least, be useful as an ordering device for the remaining discussion.

Structure

As already mentioned, the training system in Honduras contains both private and public providers, including a considerable amount of

undocumented on-the-job training within private sector firms. Nonetheless, the system is fairly well situated in public sector hands. At the top, and dominating the system, are INFOP and the Ministry of Education, which control the informal and formal sectors respectively.

Ostensibly, INFOP is controlled by a tripartite Board of Directors. Its actual composition (4 members from the public sector, 2 from private sector employers, 2 from unions, with the (public sector) chairman given the right to cast tie-breaking votes) effectively ensures that control rests with the public sector. This is a matter of no small concern to private sector employers who feel that their recommendations go unheeded and that they have little voice in such major decisions as curriculum development, the selection of training materials and equipment, and the scheduling of classes. They also point out that public sector control implies inflexibility: it is simply too difficult to introduce change. In this case, their contention is backed by external observation. A recent evaluation of INFOP, carried out under the sponsorship of CADERH and AID, made a number of recommendations which were restatements of those made by INFOP itself over 5 years earlier. The problem seems to lie less in determining what is wrong -- that is already well-known -- than in getting corrections implemented.

Then too, INFOP and, to a slightly lesser extent, the Ministry of Education, suffer from the duality of their functions. INFOP, for instance, is charged with controlling and coordinating all training activities in the country. At the same time, however, it has operational responsibility for the bulk of training generated here. No doubt due to the press of its operational responsibilities, INFOP has rather completely neglected its coordinating role, and employers complain about this.

Location

The majority of training activities are geographically clustered in accordance with population centers -- Tegucigalpa, San Pedro Sula, La Ceiba. Some of the private voluntary organizations (such as CEVER) offer programs in more remote rural areas, and INFOP, especially through its mobile training centers, seems to be making a concerted effort to reach out to the agricultural sector which, after all, continues to be the mainstay of the economy. And although it is not a particularly sore point, some employers do point out that a tilt in activities in favor of agriculture can only come at their expense as industrialists.

INFOP itself seems gratified with the results of its "mobile program", particularly for rural areas, and plans to expand it. Such programs have had mixed success in other parts of the world, primarily due to the lack of resources and equipment, and if Honduras has found the solution to these problems, it will certainly be welcomed by others.

Aside from this, it can only be noted that if training is to be provided at the local level, efforts to forge linkages should be localized as well. This point is discussed in the following chapter.

Content

When employers discuss a course curriculum, they are generally more interested in the specifics of the subject matter than in the extensivity of course offerings. Generally speaking, they have no idea of course offerings, or even scheduling, and this is one important instance of the problem of lack of linkages. Moreover, the demand team encountered a number of employers who were unaware of specific courses which were directly related to their businesses.

Beyond this, employers were concerned that they didn't really know, or could not be exactly certain of, what course content really was. There are wide variations across institutions, concerning the total number of hours offered and the proportion of time devoted to theory versus practice. Variation also exists in the background and in the quality of instructors, as well as in teaching materials. Employers do not have time to investigate all these particulars, and repeatedly voice the desire for standards and certification. It is clear that there is an urgent need to develop a method of differentiating between job applicants on the basis of past performance so that, when employers send their workers for training, this will pay off in performance.

Two of the more common complaints are: "the training is too theoretical," and "the instructors lack sufficient practical experience", which are really just two sides of the same coin. A related observation is that too much of the preparation is used for university entrance, and too little results in improving market-place productivity.

It is certainly not uncommon for private employers to want training to be made specific to their job needs. Nor is it inappropriate for a publicly controlled training system to be concerned about the needs of industries in preference to the needs of individual firms within the industry, nor even to be concerned about extending university entrance rights more equitably. These kinds of trade-offs must be faced all the time. The only question is whether they are being faced squarely and with the interests of all affected parties in mind. One employer put it as follows: "The public sector seems to be operating as though training had no cost component."

Three specific suggestions were put forward by employers. First, mindful of the difficulty of absorbing new labor force entrants in the face of the economic outlook, they want emphasis placed on skill upgrading rather than on entry-level skills. Second, they stress the need for mechanics and related skilled operatives. Machine parts being scarce here, repairs often require the manufacture of new parts. Maintenance and repair skills must, they feel, be accorded priority, in view of current conditions. And third, they stress the need for basic educational and prevocational skills. They are concerned about things like attitude, motivation, and an acquaintance with the world of work. A basic education -- often as little as 6th grade numeracy and literacy -- is also required. Many who participated in the discussions related to this report indicated that they had trouble finding workers with even these minimal requirements.

Finally, the main point that surfaced in our discussions on this topic is that employers have a realistic view of the training-employment relation. They recognize its potential for newly created firms, but they are far more interested in training for upgrading productivity than in training for employment expansion. What they want is a better quality work force, motivated, able to respond to changing needs, and productive. Their interests lie more in reducing unit labor costs, preferably through productivity enhancement, than in waiting for aggregate demand to improve. They would argue for training, even if its employment impact were shown to be negligible.

Efficiency

INFOP is not operated as efficiently as it might be. Employers are aware of this fact and would like to see an improvement. INFOP instruction costs per pupil hour run about 30% above the average for other institutions, due to high overhead and low rates of capacity utilization. One study found that the ratio of administrators to instructors in INFOP ran about 1:1.07. Administrative costs run nearly 40% of the total, almost twice the standard rule of thumb. Be that as it may, no evidence was found to suggest that any of those administrative slots are being used to foster the kinds of linkages mentioned in this report. Curriculum development is not linked to validated needs, and placement officers are nonexistent. If these activities are being pursued by other INFOP officers, the results are escaping notice by employers.

Most existing training facilities, including those of INFOP, are vastly underutilized, with operations averaging 8 hours per day, 5 days a week, 160 days a year. In addition to raising average costs unacceptably, this creates difficulties for skill upgrading courses. Employers would definitely prefer to have classes given outside of normal working hours, but according to INFOP officials this option is precluded by the need to pay overtime premia to instructors. One would imagine that the general tightening of the public budget will put pressures on INFOP to cut back on overhead expenditures and to lower operating costs.

Financing

There is a general view that the training budget is adequate in the aggregate. In fact, a number of employers argued that it is "too high" and that they (the employers) "were not getting a fair return on their investment." The existing training facilities of INFOP and the Ministry of Education's vocational training high schools are generally considered adequate, but more than a third of the other categories of training facilities lack sufficient or appropriate shop space, and nearly one half lack adequate tools and equipment.

The costs -- capital, equipment, and operating expenses -- of industrial and artisan training centers have been covered by the central government, the private sector, and such foreign donors as the Governments of West Germany and Japan, and the IDB, the World Bank and UNDP. Recurrent costs are financed by the central government and the private sector, which, in 1983, covered 88 percent of these costs for all

training. The primary source of funds for INFOP is a 1 percent tax on payrolls. Raising the cost of labor relative to capital, however, can only serve to inhibit employment growth at the very time the government is supposedly trying to stimulate it. Consideration might therefore be given to the possibility of shifting the tax base, say, on to sales, or perhaps substituting a value-added tax for the payroll tax. The point is to share the tax between capital and labor, and not simply to put the entire burden on labor costs.

Interestingly, the private sector has used the payroll tax (levied in the first instance on employers) as an argument for having a greater say in the planning and operation of the training system. Employers argue that they provide the bulk of the financing, and that they are currently getting less than half their money back in terms of training which is useful to them. On the other hand, there is every reason to believe that, because of the industrial structure, the taxes are ultimately shifted forward to consumers in the form of higher prices, or backwards on to labor in the form of reduced wages or employment opportunities.

Program Impact

As has been stated, the effectiveness of training can be measured by comparing placement rates, earnings, and the employment patterns of graduates against those of a control group. At the present time, such comparisons are impossible to make in Honduras, in light of the void of follow-up data on the graduates of training programs. The Ministry of Education (MOE) and INFOP have conducted follow-up studies in the past which, at best, are incomplete. In INFOP's major follow-up study, for example, only graduates and dropouts from the apprenticeship program were included. INFOP does not have data on the employment record of its other graduates of entry-level training or skill upgrading, which form the majority of its graduates. Moreover, despite such studies, neither of these two institutions is sure of the job market demand for different skill areas. There is also uncertainty as to whether the training programs are meeting the needs of employers or students.

Because of the absence of adequate data, the figures utilized in this chapter are approximations of the employment records of graduates as reported by the training centers. No vocational institution in Honduras has established a formal placement system, even though 44 percent of the institutions report some form of placement services for their graduates. (See Table VI.)

Existing placement services generally benefit only the better students (who may not need assistance in finding employment anyway), while poorer students do not receive help in finding a job. Recently, some PVOs indicated that they are planning improvements in this area through the establishment of orientation services, the supervision of on-the-job practice, and the conducting of follow-up studies on graduates.

TABLE VI
NUMBER OF INSTITUTIONS OFFERING PLACEMENT SERVICES

	Type of Institution					TOTAL (55)
	INFOP INFOP (3)*	OFIS (17)	PVOs (14)	OTHER (7)	COMPUTER (14)	
Placement	-	4	6	1	14	24 (44%)

*Number of Institutions in the Category
 Source: van Steenwyk, 1984, p. 36

The average employment rates for the MOE's Bachiller-Tecnicos are very low, 45 percent. (See Table VII.) Approximately 50 percent of the Bachilleres-Tecnicos are continuing their education at the University and have no interest in seeking employment. Among government institutions where job-seeking is encouraged, placement rates are higher. A case in point is that of the Industrial Mechanics from the Instituto Tecnico Hondureno Aleman, in San Pedro Sula, who seek employment actively, and 90 percent of them are employed.

PVO training centers report that 68 percent of their graduates practice their trades. The category of other institutions (Table IV) has the highest employment rate for graduates, 73 percent. This can be attributed to the fact that six of the seven institutions are training personnel for the informal sector, with many of these individuals being self-employed.

The following is a ranking of the trades in which program completers appear to have the greatest success in obtaining employment:

- Refrigeration mechanics
- Beauticians
- Automotive electricians
- Automotive mechanics
- Seamstress/tailors
- Industrial mechanics
- Metal fabricators-welders
- Brick layers (seasonal)
- Plumbers
- Carpenters
- Electricians

TABLE VII
EXPERIENCES OF INDUSTRIAL AND ARTISAN VOCATIONAL TRAINING
CENTER GRADUATES AS REPORTED BY TRAINING CENTERS

TRADE AREA	% of Graduates Working in the Trade Area in Which They Were Trained					Average Monthly* Wage
	*INFOP/A	OFIS	PVOs	OTHR	AVERAGE	
Ind. Mechanic	71%	90%	65%	-	77%	L/400+
Auto Mechanic	100%	65%	75%	-	70%	L/400
Metal Fabric.	67%	67%	80%	75%	74%	L/350
Bach/Tec.Mechanic	-	45%	-	-	45%	L/475
Plumbers	-	-	25%	100%	62%	L/200
Electricians	30%	77%	50%	50%	59%	L/450
Refrigeration	-	-	-	85%	85%	L/425
Auto Electrician	-	-	80%	-	80%	L/450
Bach/Tec.Elect	-	45%	-	-	45%	L/475
Carpentry	70%	55%	70%	60%	64%	L/300
Brick Layer	-	-	70%	-	72%	L/240
Sewing/Tailoring	-	60%	87%	85%	77%	L/270
Shoe Maker	-	50%	25%	-	37%	L/300
Beautician	-	85%	-	80%	82%	L/300
Total	*58%	59%	68%	73%		L/360

*FOR INFOP's APPRENDIZAJE GRADUATES ONLY.
Source: van Steenwyk, 1984.

Employment rates vary, not only among institutions but also within the same trade, ranging in this latter case from 10 to 90 percent. Trainee expectations seem to account for some of this variation in employment. Some technical high school graduates have very high expectations and are not prepared to accept employment at wages as low as \$100 (U.S.) per month. In contrast, 90 percent of the graduates from one of the prevocational training centers found employment in areas related to their field of study. Even more striking is the fact that INFOP apprenticeship "dropouts" often have higher employment rates than the regular program graduates. This may be due to their more urgent need of a job, and to the lower expectations accompanying their dropout status.

Starting salaries are also related to the type of training received, with significant differences between different trade areas. The graduates of smaller vocational centers, or those in rural areas, generally receive lower beginning wages than the graduates of the major technical training centers. For some individuals salaries increased dramatically, not so much as a result of the type of training center attended, but because of individual performance and initiative.

Among computer training graduates, 79 to 82 percent had a job, although many of these individuals were previously employed. Employment rates for new job seekers in the computer field are probably lower. Even though there is a very active market for this type of training, there are no data available on the job market for new graduates of this field.

In considering potential areas of employment, it is interesting to note that employment opportunities also exist in micro-businesses of less than 5 employees, or in the informal or nontraditional sectors of the economy -- a fact that is not widely known among training institutions. Those institutions that have, in fact, geared their instruction toward this sector and towards self-employment report that high percentages of their graduates are working in the trades for which they were trained. Prime examples of successful fields in this sector are those of electricians, carpenters, metal workers and refrigeration repairmen. Table VII shows that 64 percent of carpenter/cabinet-maker graduates are employed. These individuals are often self-employed in small shops or work with another more experienced shop owner.

In contrast, institutions that have not prepared their trainees for the informal or nontraditional sectors report little success in placing graduates in training-related jobs. A case in point is the Instituto Tecnico Hondureno Aleman (ITHA), which reports that carpentry/cabinet-making graduates obtain employment in the informal sector at a rate of only 10 percent. On the other hand, PVOs report an average employment rate of 70% for carpenters and cabinet makers. Also, while INFOP administrators reported that the sewing/tailoring field was being over-supplied, some training centers reported that 77 percent of their graduates were practicing their trades. Again, the informal sector of the economy absorbed these graduates.

Whether placement takes place in the formal, nonformal, or informal sector of the Honduran economy, vocational program graduates have some difficulties in finding employment. The problem was highlighted during a 1983-1984 study in which training centers were presented with a list of possible private sector activities which might be of help to them. The area which received the most interest among respondents (96 percent) was in the placement of graduates in business and industry.

Along with the lack of sufficient employment opportunities, trainees are also affected by the breadth of the training they receive. Students in the MOE's three major technical training centers do not specialize in a specific technical field, and the amount of training and hands-on practice received is insufficient to find employment in any one area.

At the vocational education high schools, which offer the degree of "Perito Industrial", trainees are supposedly prepared to enter the labor market at the skilled-supervisory level. Regardless of the instruction provided in their skill areas, the graduates from these schools are generally not accepted as skilled workers until they have had several years of work experience in their field of expertise. At a lower educational level, prevocational high school graduates can either continue their studies or seek employment. However, because of different factors (i.e., low wage offers, poor preparation, lack of openings in higher programs), they frequently do neither. This point becomes even more crucial when one considers that, in some regions of Honduras, this is the only training which many students may obtain, especially in semi-rural and rural sectors of the nation.

INFOP entry-level skill graduates fare no better than other program leavers. The receptivity of employers to hiring these graduates varies widely, and even though it is improving, it still leans toward the negative side.

A number of PVOs also offer entry-level training in Honduras, and the receptivity of program graduates varies extensively, according to the PVO's degree of integration in the labor market. The better integrated PVOs place a large number of their graduates in jobs in their local or regional markets; the ones that are not so well integrated place their trainees in the general labor market.

Finally, those graduates not immediately placed in direct employment may continue their education, or else join the ranks of the unemployed. A 1984 follow-up study of graduates of 4 major technical institutes administered through the Ministry of Education shows that of a total of 121 completers, 45 of them (37 percent) were studying either full-time (21), or part-time (24). Most of these graduates (71 percent) attended either the University of Honduras or the institution where high school teachers are prepared (La Escuela Superior del Profesorado Francisco Morazan). Among the same group of graduates, 71 (58 percent) worked, and the rest (50) were unemployed.

Among students not immediately placed in training-related employment, many worked in unrelated areas, or were unemployed. According to a 1983 follow-up study of INFOP graduates, of the 93 program completers who were interviewed, 43 (46 percent) did not work in the occupation in which they were trained, and 30 of them were unemployed; only 20 (21 percent) were employed in the area for which they were trained.

CHAPTER SEVEN

THE STATE OF TRAINING

There appear to be extreme variations in the internal efficiency of the different types and kinds of training programs offered in Honduras. Despite these wide variations, which even extend to different courses within the same institution, there are some elements which seem to be common throughout most of the programs. An attempt will be made to identify both the common and divergent elements, and the positive and negative aspects as they relate to the different programs.

Training Objectives

With few exceptions, the specific training objectives of most training courses in Honduras are rather nebulous and poorly defined. Some instructors may have rather clear ideas of what they expect to teach, but all too often the trainees are not given a clear and detailed definition of what they are expected to know upon completion of the training. Even in cases where objectives are better defined, they frequently have little relationship to the specific knowledge and skills desired or required by employers. This is especially true for most of the institutions in the formal training sector, with the most realistic objectives being found in some of the PVOs and some of the upgrading courses.

As has been stated previously in this report, INFOP makes market studies of all brand new courses, but these do not seem to be comprehensive enough on numbers, and contain little specific content. They also do some follow-up of training, but, with the exception of apprenticeship, there is almost no translation of findings and recommendations into course modifications. A few courses have been organized by INFOP and other programs at the specific request of employers. However, except for the recent "dual apprenticeship" training and the training done within industry itself, these few courses are the exception rather than the rule.

A major reason for this divergence of objectives is that they are almost always formulated from individual experience, or taken from a text or training manual, frequently from outside the country. The private sector has generally remained outside the curriculum development process. The objectives are almost never validated. A parallel reason for the lack of realistic objectives is the complete lack of established standards for either training or employment on a national or occupational level. An initial effort in establishing standards is being undertaken by the principal training agencies of Honduras. It is anticipated that, once performance standards are established, the training institutions will be expected to modify and improve their training objectives to conform with these standards.

Vocational and technical programs in Honduras lack adequate feedback mechanisms, such as longitudinal evaluations, follow-up activities, impact studies, and the like. Without these elements, training programs have difficulty generating clear signals about employers' needs

and preferences, and therefore jeopardize from the outset their chances of success. Undoubtedly, this lack of feedback calls for the establishment and institutionalization of linkages between vocational institutions and the private sector, in order to update and revise existing training programs.

Instructional Methodologies

While there is a rather wide range of instructional methodology being used in the different training programs, the majority tend to be of a very traditional type of lecture demonstration, with the emphasis usually on the lecture portion. With the exception of the Armed Forces Vocational School, some of the computer training programs, and the correspondence courses, there appears to be very little utilization of individualized or competency-based training materials. Many programs do not have any prepared training materials, and the trainees are required to learn and work from notes made from instructors' lectures, or copied from blackboards.

There is also very little use made of a modular approach to training. Some upgrading courses are broken into relatively small units to meet individual needs, but most training is lumped into large comprehensive programs which require up to 3 or 4 years to complete, and in which all trainees are required to cover all elements of the program, regardless of previous preparation, interests, and other individual differences.

Training methodologies are also influenced by the availability of audiovisual equipment and materials, and by the extent of training received by instructors in the effective utilization of such material. INFOP, the Armed Forces Vocational School, and the larger technical schools and institutions, appear to have reasonably adequate quantities and types of this equipment and materials, but the majority of the others do not. Even where equipment is available, there is often a problem of maintenance and replacement parts. Many instructors do not utilize equipment frequently or effectively, even when it is available, because they have not had adequate training in its use.

Another factor strongly influencing training methodology is the availability of adequate quantities of consumable materials and supplies for trainee practice. The INFOP evaluation revealed that the lack of these materials and supplies was a common complaint, even though financing was not a problem. The Ministry of Education budget for consumable materials and supplies has been drastically reduced over the last three years. As a result, the practical applicability of courses, inadequate to begin with, has decreased significantly, and, in some cases, is now virtually nonexistent. Many of the PVOs and a few other training institutions have resolved this problem, at least to a degree, by integrating production activities with vocational instruction, with goods and services being sold to recover costs.

Instructional Staff

The qualifications of the instructional staff of the Honduran training programs vary as widely, if not more so, as do the methodologies employed. Some of the instructors are highly qualified, with extensive work experience and pedagogical training in Honduras and other countries, plus on-the-job training by foreign experts. These also tend to be the ones who use the most modern methodologies and make the most use of audiovisual and other instructional aids. Unfortunately, these highly qualified instructors are in the minority, with the bulk of the others being far too poorly qualified.

The academic and/or technical education of Honduran instructors leaves a great deal to be desired. Only 19% of them have completed university training, and 16% have not even completed secondary school. A number of instructors are teaching in the same institutions from which they graduated, without further education. Many institutions find that a good number of their instructors, with good technical backgrounds, have had little or no pedagogical training, and are therefore unable to effectively transmit their knowledge and skill to their trainees.

The picture does not improve when the practical or work experience involved in training programs for industrial occupations is considered. Only 34% have had five years or more experience -- generally considered to be the minimum for a qualified instructor. At the other extreme, 17% have had no experience, and another 4% have had less than one year. This lack of work experience is concentrated in INFOP, which has 32% with less than one year, and the Ministry of Education with 20%.

With these low levels of both education and practical work experience, one must assume that the quality of much of the instruction given in Honduras is marginal at best. In the interviews held with both employers and workers, the most common complaints and major suggestions for improvement dealt with the poor qualifications of instructors. Ensuring a supply of instructors with a desirable combination of work experience and pedagogical training, then, is one of the more critical problems facing the Honduran training system.

Instructional Facilities

Here again, the range of both quality and quantity is very wide, with variations from small, poorly equipped, and even rustic workshops, to the large, well equipped workshops and support facilities of the Ministry of Education. The evaluation made by van Steenwyk (1984) indicated that, of the 137 workshops surveyed, only 69% are adequate in design, with 93% in an acceptable state for the type and level of instruction which was being attempted in them.

With regard to equipment, tools and furniture, the picture is even worse. Of the 137 workshops surveyed, 63 or 46% do not have sufficient quantities of equipment, 51 or 37% lack sufficient hand tools, and 61 or 45% do not have enough work benches. The physical state of the equipment, tools, and furniture was somewhat better, with 79% of the

equipment, 73% of the tools, and 63% of the furniture considered to be in adequate condition. These shortages of equipment, tools, and furniture must, of necessity, have an adverse effect on the quality and effectiveness of the training, while the inadequacy in both size and design of the workshops further complicates the situation.

Preparation and Selection of Trainees

An important factor impacting on efficiency is the preparation of trainees to receive the training offered. The rate of illiteracy is estimated to be around 40%, but the rate of functional illiteracy is probably much higher. Interviews with both trainers and employers indicate that this is an important problem. Although this is not directly the responsibility of vocational training, and few people recommend that this should be the case, the fact remains a major deterrent to effective training. Training agencies, other than those which provide computer training, report that the lack of basic academic skills is a problem for 67% to 100% of their trainees. They also report that between 25% and 60% of their trainees have learning difficulties and poor study habits. Only 25% of all trainees were considered well prepared, with INFOP rating none of theirs in this category. As is to be expected, the computer trainees were rated highest, with 60% being considered good. A total of 17% were rated as poor or unsatisfactory by all institutions, ranging from a low of 11% for the Ministry of Education institutions, to a high of 20% for INFOP.

The selection of trainees and entry requirements for various programs has a direct influence on the effectiveness of training. Since performance standards have not been established, and competency-based materials and methodologies are not widely in use, the criteria used for selection frequently have very little relationship to actual requirements for effective learning. High academic standards have been set for some courses, especially in the higher level institutes of the Ministry of Education. While this may make for higher retention and completion rates, it appears to be counterproductive, since a large percentage go on to further education instead of working at the skilled trade level. Clearly, then, appropriate levels of academic achievement must be identified, levels that are not too high, but that do insure the success of trainees.

The lack of prevocational orientation was listed as a high frequency trainee deficiency by INFOP (67%) and the institutions in the "other" training category (86%). This factor is important in selection, and those persons with a deficiency of orientation frequently make poor choices of training fields. The deficiencies reported by INFOP may be reflected in the relatively low retention rates in some of their programs.

Some kind of selection is made by all training institutions, but the relevancy of the criteria appears to be highly suspect in most cases. This must, in turn, have a negative impact on the efficiency of the training given.

Training Capacity and Enrollment

The available training capacity in Honduras generally far exceeds the current enrollments. For example, as a direct result of the recent evaluation of INFOP, the Technical Department conducted a study of the utilization of facilities and found that enrollment in the training centers could be doubled without adding staff or expanding facilities by using open entry/exit, competency-based instruction. A similar situation exists, to a greater or lesser degree, in most, if not all, of the other training centers and institutions. Some workshops have as few as 3 or 4 trainees with a full-time instructor.

There are many and varied reasons for this low level of training capacity utilization. Among the more important of these reasons appear to be the following:

1. Lack of knowledge of availability of training by potential trainees.
2. Poor quality of facilities and/or staff.
3. Inappropriateness of training to job market.
4. Poor trainee selection resulting in high desertion rate.
5. Inappropriate scheduling of time with relation to desires of trainees.
6. Low wages and/or low social status of occupation.
7. Declining employment in occupation.
8. Poor location of centers with regard to potential trainees.
9. Excessive training capacity with regard to job openings.

There frequently exists a combination of these factors, or one of these combined with other unlisted factors.

The low utilization rate does not necessarily mean that enrollments should be increased to capacity, with the present course configuration, content, methodology, etc. On the contrary, some of the present training programs should be closed out completely, or radically revised to meet the realistic needs of the labor market. As previously noted, the vast majority of training offered in institutions and organized programs in Honduras is concentrated in a relatively few and rather traditional occupational areas. As indicated in Table VIII, a total of 12,806 trainees out of a grand total of 18,000 enrolled in all programs in all institutions are concentrated in twelve occupational areas. Broader occupational representation is probably desirable.

TABLE VIII

Occupational Area	Number of Institutions Offering			Enrollments
	Formal	Semiformal	Informal	
Industrial Mechanics	3	1	8	1,524
Welding and Metal Shops	7	1	18	1,880
Carpentry and Cabinet Making	4	1	28	811
Automotive Mechanics	3	1	10	1,621
Wood Carving	2	0	3	52
Construction	0	0	9	840
Electronics	1	0	8	141
Refrigeration and Air Conditioning	3	0	9	1,249
Electricity and Electrical Maintenance	4	1	14	2,216
Plumbing	0	0	6	252
Shoemaking and Leather Working	0	0	4	249
Sewing and Tailoring	1	0	24	2,071
			TOTAL	12,806

Financing of Training

The major sources of financing, for both the formal and non-formal training, stem from the government, either directly, as with the Ministry of Education institutions, or indirectly from a payroll tax on industry, as is the case with INFOP. The PVOs and related training programs are financed from private sources and make an important, but in size a relatively small, part of the total training effort.

The training provided by individual employers, while largely unorganized and loosely structured, appears to be a large and very important part of the total training in Honduras. Unfortunately, there are almost no data available on any element of this type of training, other than apprenticeship.

An informed estimate of sources of revenue for all forms of training includes the following: Central Government -- 49%; Private Sector -- 39%; Donations -- 4.6%; Production Centers -- 3.5%; Fees and Tuition -- 2.3% and Student Loans and Grants -- 1.1% (van Steenwyk, 1984). These figures do not include the INFOP budget items for administrative and agricultural training.

In the computer training and some other high technology training, student fees account for 98% or more of costs, while at the vocational and artisan training level they account for only about 3.3%. Almost all of the donations, and the vast majority of the income from production centers, are concentrated in the PVOs.

Detailed data on investment costs in training are not available, but 69% of the institutions report that they have received some assistance in this area from sources outside Honduras. The available data also indicate that the capital investment in training over the last 15 years has been less than the locally financed recurrent costs (approximately \$124 million) over the same period.

The lack of funding does not appear to be a major problem in either the formal or nonformal training, given the present demand and the limited occupational coverage. In fact, some observers state that they are overfunded, in view of the low placement rates and the numbers of job openings in the covered occupations. On the other hand, the recent large budget cuts in funds for expendable materials and supplies, especially by the Ministry of Education, are having a distinctly negative effect on training. This is rapidly pushing training programs with an already disproportionate emphasis on theory much further in that direction. For instance, seventy percent of the instruction offered by the formal programs of the Ministry of Education consists of subjects which can be taught in classrooms, at a much lower cost than that incurred by courses which must be taught in workshops.

It would appear, then, that funds should be reallocated, with less expended on instructor salaries, and more on instructional programs.

Comparative Training Costs

In view of the vast range of types and kinds of training courses offered and the variations in duration from about 20 hours to almost 4,000 hours, the only relatively valid measure of comparison is that of the cost of instruction per trainee hour. Even this measure is only relative, given the different kinds of content and instruction. As suggested above, the instruction offered by the formal programs of the Ministry of Education in many subjects, including language, social studies, mathematics, science, etc., is conducted in classrooms at a much lower cost than that incurred by courses taught in workshops. The nonformal programs of the PVOs, on the other hand, contain little or no academic training.

Table 2 gives an indication of the average and the range of per pupil hour cost of instruction in the different types of training institutions in Honduras.

TABLE 2

<u>Type of Institutions</u>	<u>Per Pupil Hour Cost</u>	
	<u>Average</u>	<u>Range</u>
INFOP	L.4.27	L.4.46-4.41
Official	1.05	0.38-2.30
PVOs	1.77	0.50-3.55
Others	1.06	0.44-1.52
Computer Schools	6.22	0.83-25.00

Source: van Steenwyk, Vocational Instruction in Honduras: Industrial, Artisan and Computer Training, 1984

Caution must be used in interpreting these costs, because of internal variations in the training programs. They do, nevertheless, give some indication of the relative quality and pertinence of the instruction given within the different groups. The decidedly higher costs of computer training reflect the higher technical level, equipment costs, and the fact that most are profit-making institutions. As previously noted in Chapter Five, the variation of the ratio of administrative to instructional staff is one of the factors which account for differences in per pupil hour costs of instruction. Other factors are the teacher/pupil ratios, and the salary costs of the instructors. In the artisan type courses, for example, the instructor salaries tend to be much lower than in INFOP and the major technical schools.

Adequate data are not available to break down the recurrent training costs into salaries, materials and supplies, maintenance and repair, and other costs, but it is clear that the bulk of the costs are in personnel. This is even more true since the budget reductions due to the economic recession; while personnel have been generally retained, other expenses have been reduced. Given that the major portion of the budget is spent on personnel, a major element in cost variations is the degree to which personnel are effectively used in institutions. This includes the number of trainees per instructor, the number of hours per week taught, and the number of days per year taught for a given salary level.

On the other hand, excessive numbers of trainees and excessive hours of instruction can seriously reduce the effectiveness of instruction, even if it does reduce per unit costs. No standards appear to exist in Honduras, by which these can be measured in an effort to obtain a balance between cost and effectiveness.

Accurate comparative data on the level of instructional salaries are also nonexistent, as compared with comparable jobs in other fields of work. The personnel department of INFOP states that low relative salaries are a major reason for the lack of qualifications of many of their instructors. Other sources, on the other hand, claim that the salaries in the major training centers are comparable or even higher than those outside, with reference to qualifications, and especially to the hours and days per year worked.

Administrative vs. Instructional Costs

In the training institutions of industrialized countries it is generally considered that the ratio of administrative to instructional staff should be about 0.25 to 0.33. In the training institutions (other than those in correctional institutions) surveyed in Honduras, this range was from 0.30 to a high of 1.07 in INFOP. This high ratio was clearly pointed out as a major problem in the INFOP evaluation. While these ratios represent only one of the elements affecting training costs, they do seem to be parallel to the per hour costs of INFOP, ranging from two to four, or more, times the per hour costs of other institutions which provide training in the same occupational fields. While it is recognized that the social and cultural patterns in Honduras tend to make these ratios of administrative vs. instructional staff higher than in industrialized countries, there still appears to be a great deal of room for improvement. Such improvement should impact positively on the efficiency of the training program.

Relation of Training to Demand and Trends

The response of formal and most nonformal training to changing demands is very slow. Notable exceptions are the profit making institutions, as is to be expected, since they live or die on their ability to forecast demand. Other exceptions are some of the PVOs who have fitted and continue to fit their programs to the demands of a local market.

The bureaucratic structure of the formal and principal non-formal training institutions is, in a large measure, responsible for this slow response. There is also a large measure of inbreeding in many institutions where former trainees are brought back as instructors. A major factor, of course, as previously noted, is the lack of data on specific, or in some cases even general demand. Most of the formal training tends to be based on "desk analysis," or even on the content found in textbooks or training manuals prepared outside the country.

INFOP does make market studies for all newly proposed courses, but these do not appear to be comprehensive enough on numbers, and contain almost nothing on specific content. They also do some follow-up of training, but with the exception of apprenticeship, there is almost no translation of findings and recommendations into course modifications. A few courses in INFOP and elsewhere, have been organized at the specific request of employers, but except for the training being done within industry itself, these are the rare exceptions. Another factor is that of student demand which is almost always behind the changes in market demand and is greatly influenced by social and cultural factors rather than economic ones.

With few exceptions, the trends are rather difficult to identify. The strongest single trend has been the rapid expansion in the computer training field, from almost nothing to 3,000 trainees in 14 institutions, in a few years' time. There has also been a very rapid growth of training by INFOP and several agencies and institutions in the area of agriculture related training. The effectiveness of this training in many, if not most, cases appears to be rather dubious. The recent study of vocational training indicated that 62% of the training centers are planning to offer new courses of study, while 67% are updating present courses (van Steenwyk, 1984). The changes are not consistent, however, as some of the schools at the "Perito Industrial" level are dropping carpentry, while most FUDs report that the majority of their graduates seek and find employment in this field. There appears to be a healthy trend toward trying to improve methodology and levels of instructional competency. There is also a trend toward expansion of training activity in both the formal and nonformal sectors. The latter does not agree with the employer demand, which has dropped due to the economic recession and shows little signs of a rapid recovery. The result of this divergence could well be an increase in the number of educated unemployed. Much of the available data on employment rates of graduates from the various programs are based on the opinions of officials of the various institutions, and only a relatively small amount on actual follow-up surveys. Interviews with employers, and even unofficial interviews with many training officials, indicate that these estimates are well above actual employment. The projections for the modern sector of the economy indicate that there will be an over-supply in five of the seven occupational areas studied. Indications are that most training institutions should direct their efforts toward preparing their trainees for alternative occupations and levels, and upgrading training in close reference to the identified and defined needs of employers.

Training Coordination

As previously noted, the INFOP basic law gives it the authority and responsibility to not only coordinate all training at the vocational and technical level, but to control it as well. Some attempts were made in this direction rather early in its 10-year history. Despite the provisions of the law, the entrenched political pressures from the established institutions were such that they had to quickly retreat, and very few efforts in this direction have been made since. A few informal attempts appear to have been made by INFOP and several government agencies to develop coordination activities. Foremost among these are the efforts of the "Consejo Superior de Planificacion Economica" (CONSUPLANE). Another, which is in the rural area, is the "Comite para la Formacion y Capacitacion Campesina de Honduras" (COFOCACH). There is also a "Comite Nacional para la Coordinacion Interinstitucional" (CONACI). These, and other agencies, are supposed to coordinate various aspects of training, but insofar as we have been able to ascertain, the net results have been more cosmetic than actual, and all agencies and institutions do pretty well whatever suits them in the way of training.

The recently created CADERH seems to show great promise in coordinating training efforts and establishing recognized standards for them on the basis of nationally recognized trade certification standards controlled by the private sector, but it is far too early to know what the long range success of this organization will be.

CHAPTER EIGHT

DISCUSSION

This study began with the question of linkages -- what they are and whether they matter. The fact was established that there is a lack of linkages in Honduras. Some employers have a general view of training programs, and they knowingly select employees from different programs, but in general employers tend to rely on personal contacts for recruitment purposes, and they do not have a good understanding of the training sources that are available. That the lack of linkages presents a serious obstacle to program efficiency and effectiveness is apparent -- at least to private sector employers in Honduras. What constitutes effective linkages, however, is not as readily apparent.

Linkages: Elements, Alternatives, Costs

The term "linkage" is deceptively simple because it is both imprecise and overworked, at least in the context of labor market and organizational theory. There are many potential linkages within labor markets, ranging from general contacts among the social environment, schools, and students (the formation of occupational aspirations, for example) to specific links between firms and employees at the point of hire. At every point of interaction between the supply and demand sides of labor markets, there is a potential for linkage. This study, though, is designed to focus on the actual and potential linkages between trainers and employers, with the supposition that such links will result in a more effective utilization of skills and an improvement in employability prospects.

At the heart of the concept lies a flow of information and influence. We say that a system in which employers participate in the making of decisions regarding the production of training and are fully informed regarding the output of that production process, is one which contains the necessary linkages. Trainers, for their part, are informed of the needs of employers (and by inference, of the needs of the economy). They are also willing and able to act on this knowledge. There are a lot of critical elements necessary for this kind of linkage:

- A correspondence between the needs of employees and those of the economy. If training is restricted to the modern industrial sector while most job expansion is taking place in informal and agro-business sectors, the training-employment link will be weak, even though the training-employer link may be strong.
- A correspondence between the needs of employers and their articulation by representatives. This is particularly problematic for smaller employers whose needs are specialized, who don't have time to go around articulating them, and whose representation is in consequence costly.

- A mechanism for channelling the above information to the training sector, which is one of the questions to which the project is addressed.
- A method for disseminating the information among individual institutions within the training sector.
- A willingness and an ability among institutions to act positively on the information. Producers of training face the same constraints as producers of anything else: the political environment, an available investment budget, a market for their product. The majority of training institutes being public sector or nonprofit operated, they face the additional problem of generating and recognizing market signals. The point is, adapting to the changing needs of employers can be pretty difficult, even when those needs are well-articulated. Training involves a lot of fixed costs (overhead), and reorienting such a system can be time-consuming, at best. In Honduras, one of the chief constraints is political. Personal influence and contacts gain entry to training institutions and jobs, including jobs for instructors. In other countries, the most binding constraint could be budgetary or legal (restrictions, objectives set by charter, etc.).

The term "needs," such as "needs of employers or of the economy," is not very useful from a decision-making or planning perspective, since it is devoid of any notion of costs. The more relevant concept would be "demand," implying that employers or society would be willing to pay to satisfy unmet needs. The transfer of information, such as that required for training-employment linkages, involves a variety of nontrivial costs which must ultimately be paid. There are costs involved in acquiring information, processing it, storing it, and retrieving it. The channelling of information regarding the skill requirements of small employers to a training institution could necessitate the formation of an association, printing costs, travel time, or time taken from production and spent on discussion. The establishment of adequate contacts by training institutions within the private sector could necessitate the hiring of placement or curriculum development officers. Put another way, the importance of linkages can easily be overblown, if viewed in isolation from accompanying costs. To say that linkages are desirable is one thing (the condition of being necessary); to say how much effort and resources should be invested in such an activity, quite another (which relates to the condition of sufficiency). Moreover, there are further sufficiency questions regarding who should bear the costs, and who should be entrusted with the responsibility of creating the desired linkages. These are separate issues; one could easily finance a private sector representative (to voice employer concerns about training) with public sector revenues.

When referring to linkages, one is usually speaking of a somewhat permanent structure characterized by a high fixed cost component, such as the creation of a job placement office, an association of

employers, or a private industry council. The justification and objective of such an overhead activity is to reduce specific future-variable costs -- unfilled vacancies for employers, unplaced graduates for training institutes.

There seem to be three broad options for assigning the responsibility for linkages: the institutional approach, the private sector approach, and the mixed approach. These alternatives combine with the same sorts of options for the provision of training -- i.e., public sector institutions, private sector training, or a mixed system. In Honduras, for example, the training system is ostensibly mixed -- public funds from a payroll tax are used to finance a system under tripartite control -- and so is the responsibility for linkages. The reality is that control of the training system rests mostly with the government, and the group recently formed to promote linkages, CADERH, although including public sector representation, is really a private sector initiative.

The point is, there are a great many alternatives to be considered, and a great many elements are necessary for the ultimate creation of linkages: local level activities, national level private sector linkages with training institutions, linkages between trainers and students, etc. At the outset, it should be questioned whether any single response, such as the creation of a new organization, can ever be expected to cover the full range of necessary linkage elements. Moreover, any assessment of the existing system will be hampered by the fact that it is difficult to differentiate program effects from linkage efforts. Complaints about training could reflect weak programs, weak linkages, or most likely, weak programs because of weak linkages. No single case study can be expected to cover all these complexities adequately.

Next, it should be recalled that there always exists the option of doing nothing, or at least of not committing a significant level of funds to the creation of linkages. In a truly private sector oriented economy, linkages are built into the system, since trainers and employers are the same group. The only required information and skill flows are among various employers. Those searching for skills create their own linkages by paying higher wages or lowering job requirements. Actually, a lot of this kind of informal linkage goes on all the time. Most employment results from informal contacts -- job-seekers hear about openings through friends and relatives, and employers often ask for referrals from their workers. Thus, the essential "linkage" questions are two: whether to invest in creating a more formalized linkage structure, and how best to effect the investment.

Finally, to fulfill the sufficiency conditions required to justify investments in linkages within the confines of project guidelines, it should be shown that there exists a significant interdependency among training linkages and employment. This is a stringent requirement in an economy saddled with high unemployment and a bleak economic outlook. The fact is, if training raises productivity during a period of deficient demand, the result could be an initial contraction in employment. But training can reduce unit labor costs -- a perfectly

desirable objective, even if demand conditions do not permit the improvement to be reflected in increased employment. In other words, while the supposed value of linkages can be oversold, it can also be undersold if objectives are too narrowly defined in terms of training-employment connections. Training can raise productivity while not augmenting employment, and linkages can give the private sector a voice in a number of labor market decisions, not merely training. In dealing with the linkage question, the fact that there exist external costs and benefits must be borne in mind.

Summary of Major Conclusions

1. In Honduras, linkages between training programs and employers are weak, if they exist at all. If it is desired to promote the private sector and to recognize that sector's potential in promoting growth and employment, then employers must, among other things, be given some kind of voice in shaping the training system in order to make the system effective.

2. The crucial problem facing the Honduran labor market is not with the supply side (the availability of labor) but with demand (employment opportunities). More employment opportunities simply need to be created. But it is also true that there are "pockets" of skills that are needed, requiring an organized and sustained training effort.

The low level of economic activity and the high unemployment rate have a double impact on training: a low number of new entry jobs are available for persons entering the job market from preparatory programs, and there is increasing pressure from employers and employers' organizations to provide upgrading courses instead of initial training. Similarly, training policy should probably be pursued in tandem with policy, to generate employment and expand the economy, since the former is constrained by the latter.

3. A great many employers in Honduras have little need for contacts with the training sector and thus little need for direct linkages. Yet they seem willing to support a linkage structure with money, so long as someone else puts in the necessary time and effort. Thus, there is a "reservation demand" for linkages. People are willing to support a service or structure, not so much because they expect to use it as because they wish to insure its availability should an unexpected need arise; that is, they pay a fee to reserve the service.

4. The form which linkages take -- whether they are publicly or privately initiated or financed, for example -- appears much less important than the basic fact that they need to work. In Honduras, however, public sector programs have a poor record. Advisory committees formed to promote linkages have not worked, because of bureaucratic inertia, politics, or the lack of credibility. Furthermore, there is considerable distrust of "government services" on the part of the private sector. Employers in Honduras, like those in many other countries, are apparently willing to pay to have a more direct voice in labor market decisions, but they want assurance that their voice will, indeed, be heard.

5. More important than the creation of linkages, of whatever form, is their support. Linkages require leverage, and this implies energetic staff, facilities, and ideas are more important than the structure of the linkage framework.

6. This having been said, it is nonetheless obvious that certain linkage elements are more important, or more difficult to create, than others. From the Honduras experience, four such elements appear noteworthy.

- Standards for training and certification of results, to reduce employer costs of locating qualified workers. Employers want to reduce uncertainty about the value of training and the quality of graduates, but they are mindful of the difficulties of certification -- those trained on one type of machine may not be proficient on another, and so forth.
- Addressing the needs of recently formed establishments, yet to be formed industries, and smaller firms, is extremely important, since that is where skill needs emerge, but it is also extremely difficult. Some of the most crucial information flows happen to be the costliest to promote.
- A fair amount of coordination is required within the training system, to maximize scarce resources. This coordination, perhaps even including the creation of teams to provide "training audits," can be a costly but necessary component of a properly linked training system.
- It would also be desirable to improve coordination among international donors, who occasionally appear to be supporting competing approaches. Better information flows within the donor community can serve to improve national linkages.

7. Within the above framework and in the context of Honduras, the CADERH approach appears as good as any and superior to most. Whether it will be successful in meeting its stated objectives depends on internal and external factors whose course is anybody's guess. CADERH will have to be judged by its accomplishments rather than by its structure.

8. The two key institutional suppliers of trainees, INFOP and the vocational technical high schools, which account for 70% of enrollments and over 80% of recurrent costs, are reasonably well equipped but vastly underutilized, they lack flexibility, and they provide training of questionable quality and relevance to employers' needs.

Given current employment demands, the level of financial support for training is adequate. Priorities, however, need to be adjusted. Programs underutilizing capacity need to be consolidated, phased-out, or shifted to new training tasks. Course offerings need to be realigned to correspond closer to the skill requirements of the labor market. Presently, there are too few courses concentrated in too few areas.

Institutional expenditures also need to be realigned. Administrative costs relative to instructional costs need to be reduced. Similarly, the proportion of staff costs needs to be reduced in relation to maintenance and instructional supply expenditures. Programs are "starved" of instructional support materials, while they are overloaded with instructional and administrative staff.

9. There is no mechanism for controlling the quality of training, for allowing the participation of users of training services to guide the content and scope of training, and for appraising users of training services of the availability of services.

Working cooperatively among formal organizations and particular groups of key people is something that has not been common in the social context of Honduras; thus, there is no formal long-term precedent of linkage programs and no prior successful model that could be utilized. INFOP used advisory committees in the 1970s, but these generally were not successful.

Some of the participating elements have also been at odds with each other at some point in recent history: workers or their union representatives, who have fears of being exploited, and employers; the private sector, "the rich," and the autocratic and highly bureaucratized government institutions that supposedly represent "the poor"; employers interested in training, and those who prefer the use of unskilled workers; employers who pay and others who do not pay the 1 percent payroll tax for training; and others.

10. Vocational programs operate within a social and cultural framework, yet there is almost no information available about the social dynamics in Honduras to facilitate the inclusion of these factors in the development of occupational or linkage programs. Program design is almost solely based on economic information. The absence of an organized body of knowledge and of insights about how the social system operates could have an adverse effect, or could nullify, the potentially positive results of any type of program.

Although the greater part of the economically active population in Honduras is employed in micro-enterprises (less than 5 employees) and small enterprises (from 5 to 20 employees), to date only fragmented information exists to assist in bringing this sector of the economy into the sphere of coordination activity.

More flexible methods must be found to attend to the growing needs of the informal sector which, even though it provides the majority of employment opportunities in the nation, has remained on the fringes of training programs. Entrepreneurial education should be provided to encourage self-employment and independent modes of production, cooperatives, and arrangements that strengthen the network between the informal and other sectors of the economy. Gaining more information on the size, productive capacity, and location of these enterprises is going to be crucial, not only for increasing linkage activity, but also for systematizing the planning of economic development in the nation.

The Possible Future

If one were to revisit Honduras in 5 years, to carry out a proper assessment of the training system at that time -- an activity strongly recommended by this report -- either of two situations might be confronted. Taking first the pessimistic scenario, CADERH would have probably withered away or been absorbed into just another layer of the bureaucracy. External events, such as slow growth and increasing unemployment, could have caused the training issue to be moot. Constraints on the public budget would have led to a curtailment of the training programs, and employers, lacking job vacancies, would probably not care. Linkages between training and employers would be weak or nonexistent, since there would be little worth linking -- a weakened demand sector facing redundant supply. The basic educational system could be overwhelmed by demographic trends beyond the coping capacity of public funds.

On the other hand, the optimistic scenario cannot be ruled out. The key to this chain of events would be sufficient economic growth to spur the demand for skilled labor. CADERH, or its next incarnation, would be playing a pivotal role in channelling communication between employers and trainers. The system would be characterized by an availability of information regarding employer requirements, training opportunities, and the qualifications of trained graduates. Standards and certification would be developed to the point where employers could be relieved of the uncertainty that now accompanies new hires. Technical assistance to help firms identify their training needs and how best to satisfy them -- "training audits" -- would be the rule rather than the exception.

Under the optimistic view, the system would be of sufficient scale to permit the linking of training to the needs of industry rather than to the needs of individual firms within industries. Employers, aware of the availability of a pool of skilled job seekers, would not have to guard their few trained operatives jealously and could structure production techniques to take advantage of skills rather than worrying about how to find them. They would complement the external training system by providing experience and learning on the job. The hoarding and pirating of skills would be virtually nonexistent, and yet job opportunities for trained individuals would be of sufficient number to ensure a payoff to the training investment. The needs of smaller employers would be given higher priority within such a system.

From the current vantage point, it cannot be determined which of the above two scenarios is most likely, even though it is clear that both are extreme in the particulars. In such a situation, planners, including AID program officers, must be concerned as much with trying to avoid incorrect investment decisions as with searching for a uniquely "correct" decision. When the outlook is uncertain, errors and their costs are just as important as expected returns. Thus, uncertainty produces risk, and this must be incorporated into strategy and investment decisions.

To illustrate, it can be noted that one of the advantages of a system of in-plant training (as compared with an institutional approach) is that overhead costs, particularly those to be paid by the public sector, are minimized. Continued slow growth and slack labor demand imply less resource wastage than might occur when costly institutional facilities have to be amortized. In general, one of the values of involving employers and unions in training, especially in periods of an uncertain economic outlook, is that risks are shared between the private and public sectors. On the other hand, one of the disadvantages of an organizational approach such as CADERH is that it implies overhead expenditures which may or may not have a positive payoff, depending on the level of labor market activity. Fortunately, in the case of CADERH, the level of AID's investment is modest. CADERH may not be able to do much if the economy continues to stagnate, but then it does not cost much either. And if conditions improve, CADERH is positioned to forge the linkages necessary for positive labor market adjustment.

Regarding linkages in general, three broad options seem relevant. First, investments could be made in the public sector (e.g., INFOP) to enhance its ability to gauge the needs of employers and to channel information about training availability and content to them. Historically, AID has not invested in INFOP, so this option is untried. This might include funding for curriculum development and placement officers, for publicity, and in fact for some of the very activities in which CADERH itself plans to engage (standards and certification). It might also include funds for the upgrading of labor market information to provide better signals of marketplace needs, subject to two caveats. Building a labor market information system virtually from scratch, which is what would be required in Honduras, can be an extremely expensive proposition, the costs of which would be difficult to justify if only trainers used that information.

Second, Honduras is a small, relatively open economy, whose labor market operations are super-sensitive to world conditions. It is doubtful whether even the most sophisticated projections of manpower requirements could ever be imbued with the level of validity and accuracy necessary to justify the effort. There may be room for an improvement of labor market signalling at the micro-level of the economy (i.e., for individual firms or occupations), but macro-level aggregative manpower projections would doubtless be a waste of money and effort. Besides, they are probably not even necessary. That is one of the main problems with the public sector approach -- the need to generate artificial signals of doubtful validity to represent missing indicators of marketplace activities.

Another alternative would be to go beyond the CADERH approach and to invest full authority and responsibility for training within the private sector. This would imply in-plant training, with or without public sector subsidization (tax write-offs, low-interest loans). A system of apprenticeship would fit into this approach, which has a built-in form of linkage: training providers and employers are the same group. The system can thus be quite flexible and responsive to changing needs -- much more so than with the public sector approach. Furthermore, overhead costs are generally lower than under an

institutional approach. A potential disadvantage is the danger that training might become too specific to the needs of individual firms and not general enough for industry-level or economy-wide needs. Under this approach, standards and certification would be particularly important, in order to permit the flow of skills from firms where they are in excess to those where they are in shortage. Generally, well-developed apprenticeship systems include provision for strong standards and certification components. In-plant training is of little use to many small firms and to emerging industries, such as those of the type the government says it wants to encourage for export promotion.

Finally, a variety of mixed approaches is possible. To illustrate, a core of in-plant training (say, through apprenticeship) could be supplemented with institutional facilities provided with government funds (for smaller employers), perhaps with some rental of space and equipment from larger firms. Instructors could be recruited from the private sector. The key, however, is that operating costs would generally be covered by fees. Direct public subsidies would be reserved for overhead costs, and training courses would be offered on a "pay-as-you-go" basis. This would introduce the kinds of accountability and responsiveness employers say they need, and it offers the penultimate form of linkage: marketplace signals. Such a system of contracting is particularly appropriate for periods of economic uncertainty, since overhead expenditures are minimized and market needs are expressed in the form of "cash and carry."

It is beyond the scope and objectives of this report to recommend any one of the hypothetical options. It appears that differences are more a matter of emphasis than of substance and, as noted, combinations are possible. In any case, the time seems right to explore different options.

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