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EMPLEANDO FUTUROS PROJECT

Empleando Futuros increases citizen security for vulnerable populations in urban, high-crime areas in Honduras by supporting workforce development. In turn, those efforts will increase income and create opportunities for young people.

The project activities focus on three results:

- train 7,500 youth in vulnerable areas of Honduras and insert 3,750 into the labor market;
- strengthen the capacity of the Honduran National Institute for Professional Training (INFOP) to provide quality services and align its training services with the needs of the private sector;
- train 400 youth who have been in conflict with the law and insert 160 of them into the workforce.

To learn more about the Empleando Futuros project, follow us on social media:



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ACRONYMS AND ABBREVIATIONS

BPO+ IT	Business Process Outsourcing+Information Technology
CANATURH	National Tourism Chamber of Honduras
EAP	Economically Active Population
GDP	Gross Domestic Product
INE	National Vocational Statistical Institute
INFOP	National Vocational Training Institute
PROCINCO	Comprehensive Training Institute
USAID	United States Agency for International Development

OPPORTUNITIES AND CHALLENGES IN THE LABOR MARKET FOR YOUTH FROM VULNERABLE AREAS

Executive Summary

Through Empleando Futuros, the United States Agency for International Development (USAID)/Honduras conducted a labor market study to identify opportunities and challenges in the labor market for youth from vulnerable areas. The study was conducted between the months of July and September of 2017 and focused on the project's five target municipalities: Distrito Central, San Pedro Sula, Choloma, Tela and La Ceiba. The methodology focused on research questions. The study consisted of an extensive literature review, mixed method field work, and data analysis.

The study objectives were to identify:

- employment tendencies and opportunities in key sectors of the Honduran economy in general and specifically for youth coming from vulnerable areas
- limitations and challenges that companies face when hiring youth
- the main competencies and skills the market required and the corresponding gaps in young people's skills

- companies' employee selection criteria and processes

- recommendations for Empleando Futuros on designing and implementing of its training programs and labor-insertion activities so that youth who come from vulnerable areas can connect with the identified work opportunities.

The study included interviews and surveys with 300 small, medium and large companies in the project's five target municipalities and five economic sectors. These sectors were selected to ensure their alignment with the economic growth plans driven by the Honduran government's Plan 20/20.

The specific sectors selected were business-process outsourcing and technology (BPO+IT), agribusiness, tourism, intermediate manufacturing and textile.

- **Youth Unemployment** in Honduras reaches almost 30 percent of the population when individuals not currently employed nor seeking employment are included.¹

1. A list of the 300 companies surveyed is available in the full report.

FIGURE 1: RESEARCH METHODOLOGY



MAIN FINDINGS

Honduras has the greatest gender gap in the Northern Triangle (Honduras, Guatemala and El Salvador) in terms of number of young women employed and young men employed. Among employed youth, 68 percent are men compared to just 29 percent are women.

- **Private sector:** The businesses surveyed stated that they hire youth who come from vulnerable areas, meaning there is no generalized discrimination in their hiring practices. Agribusiness and textiles report the highest hiring rate (85 and 82 percent, respectively), followed by BPO+IT and manufacturing (77 percent each) and tourism (69 percent). Hiring largely depends on personal, references from trustworthy people or contacts known to the company.

- **Security and violence:** The lack of citizen security is one of the factors that greatly impacts productive and commercial activities, increasing operating costs and causing thousands of small businesses to close. Additionally, security problems have led to stigmatizing certain geographic areas and with it, their inhabitants, especially young women and men, affecting their educational and job placement opportunities. Furthermore, young women and men face difficulties in commuting to and from work, as well in their work schedules, because of their security concerns.

- **Required educational levels:** BPO+IT and agribusiness are the sectors that require a greater number of people with university educations. The majority of companies surveyed stated the need for employees with at least a secondary education. Previous analyses indicated that soft skills² are more valued than technical skills by employers.

- **Potential for unemployment:** An analysis of potential job growth indicated that four percent of new jobs will be in the BPO+IT sector, with 1,562 new positions projected for next year, out of an estimated total of 3,290 for all sectors surveyed.

The business survey indicates that 80 percent of the BPO+IT jobs will require a completed secondary education as a minimum requirement. At the same time, this sector has the largest turnover of unskilled jobs (out of 1,649 positions, 892 unskilled jobs opened up as a result of turnover).

- **Retention problems:** Surveyed companies stated that irresponsibility in task performance is the main reason for employee dismissal. This behavior can include a bad attitude, which was mentioned in all sectors as a reason for dismissal (average 6.7 percent), but in the BPO+IT sector, it was almost double the average (11.8 percent). This sector also had the highest dismissal rate due to non-performance of tasks: 51 percent compared to the average of 21 percent. The sector with the most employee turnover was the tourism (recognizing that this sector relies heavily on temporary services that depend on the area and/or time of year).

- **Opportunities for youth:** The skill gap in young women and men who try to enter the labor market seems to be related to the level of education; yet, a deeper analysis found that socioemotional maturity (soft skills) is a key skill area that the surveyed companies require. The study seems to indicate that if a youth has the interpersonal and intrapersonal skills that the company requires, she or he can be taught the technical skills once hired. The critical step is finding employment in the first place.

2. Soft skills are a set of personality attributes, social skills communication skills, language skills, personal habits, friendship and optimism that characterizes a person's relationships with other people, including common sense and a positive, flexible attitude.

Section I: Country Context

The Economy

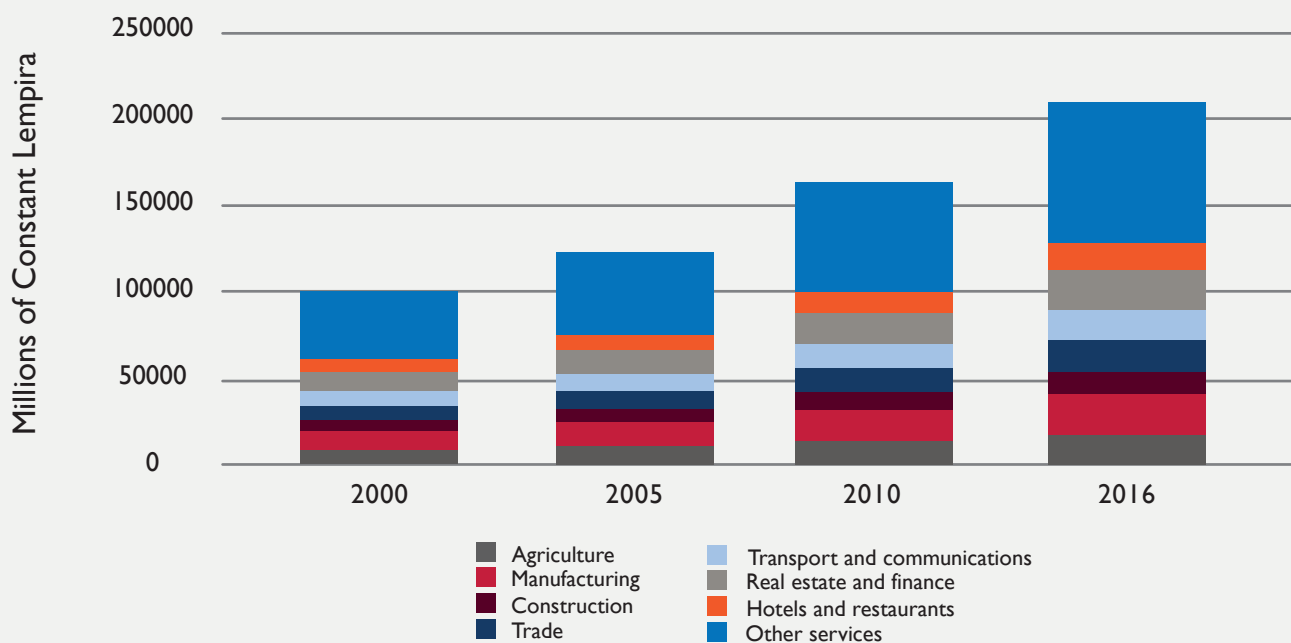
The Honduran economy registered an extraordinary growth from 2003 through 2008, during which it grew at an average annual rate of 5.8 percent. Nevertheless, starting with the international economic-financial crisis of 2008 through 2009, and the country's own internal political crisis of 2009, national economic activity entered into recession, with a stage of slow recovery beginning in 2010. During this turbulent period, income distribution problems intensified, poverty increased, labor-market indicators deteriorated (the unemployment rate grew, especially in urban areas, as did youth unemployment) and criminal-activity rates spiked.

After this crisis period, economic growth did not begin to accelerate until the last third of 2015, driven by public plans for building infrastructure, the reactivation of private construction, the growth of the electricity sector (with millions invested in solar energy generation), financial intermediation by the private sector, and a rise in agricultural activity. Factory activity also has been recovering gradually, but it still has not reached pre-crisis export and employment levels.

Plan 20/20 has high expectations for continuing this positive momentum. In 2016, the Central Bank of Honduras defined factor activity in Honduras as the most important in Central America; the sector that generates close to 165,000 direct jobs and \$3 billion in annual exports.

Traditional economic sectors, like agriculture, manufacturing, and retail trade, still controls economic activity. Nevertheless, since the new millennium, the service sector has driven growth of economic activity. In particular the real estate, finance, transport and communications industries have doubled their participation in the formation of the country's gross domestic product (GDP). (See Figure 2)

**FIGURE 2: EVOLUTION OF GDP BY SECTOR
(MILLIONS OF CONSTANT LEMPIRA) 2000–2016**



Section 2: Introduction

According to the population pyramid, Honduras is in a period of demographic dividend (from 2015 through 2045), in which the Working Age Population (WAP) will reach all-time highs. The Economically Active Population (EAP) has experienced annual growth close to 4.7 percent in recent years, meaning that approximately 169,000 youth are joining the labor market each year.

With a growing youth population, Honduras needs to generate more jobs to accommodate these people. Currently, the Honduran government is promoting a public-private initiative of economic growth through Plan 20/20, which seeks to attract new investments that create jobs and boost local economies through income generation and developing the fabric of the country's productive areas. This plan centers on the sectors that are the economy's main engines: tourism; textile; manufacturing; business-process outsourcing and technology (BPO+IT), agribusiness; and support services for businesses, agribusiness, and housing (called intermediate manufacturing). The program is projected to attract new investments in excess of \$13 billion and generate 600,000 jobs in the next five years.

Based on Plan 20/20 and other studies, and substantiated in interviews with labor unions, chambers of commerce, and business associations, most representatives from these organizations are optimistic about the country's economy. They believe that the situation seems to be improving beyond macroeconomic stability, and they hope that the economy is revitalized even more.

BPO+IT is the sector most valued as a job generator in coming years. Also, the recovery of investment in textile production makes this sector the one with a greater probability of generating job opportunities (given the textile cluster's development, especially in export areas, and the establishment of new companies in the vertical integration of important textile companies that are already operating).

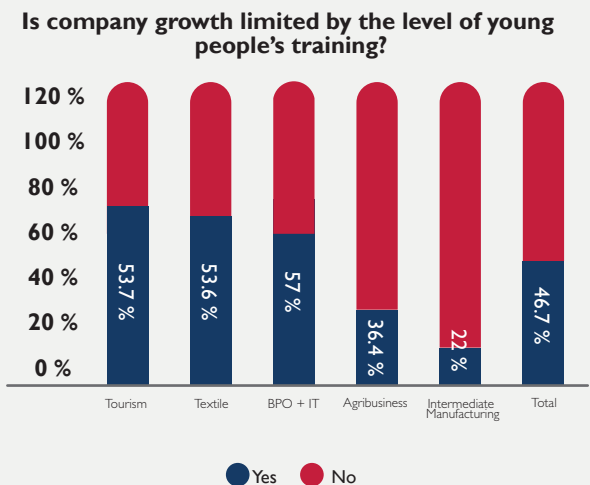
Among the companies surveyed, the recruitment projections for 2018 are estimated at almost 3,290 hires for new positions and an estimate of 3,982 hires because of turnover (with a total of 7,272). Approximately 65 percent of hires are for unskilled occupations.

In all industries, talent continues to be a decisive factor for entrepreneurial success. Nevertheless, in Honduras, there is a gap between the competencies and skills the market requires and the abilities that young people have. Only 25 percent of youth who start secondary education on a diversified level complete it, and just 8 percent finish a university education and

untapped potential exists of approximately 846,000 young adults who neither work nor study.

A significant number of the companies surveyed indicated that young employees' lack of skills limits business growth. At the sector level, BPO+IT (57 percent) and textiles (53.6 percent) most frequently expressed this concern.

FIGURE 3: MAIN FINDINGS: LIMITED BUSINESS GROWTH



At the sector level, BPO+IT (57.0%) and Tourism (53.6%) most frequently say that skills really do limit company growth.

General Employment Situation

The Honduran economy's growth in the first decade of the new century allowed job creation to grow considerably (3.8 percent annually). The crisis context in Honduras eliminated many formal jobs, especially in urban areas. It is estimated that more than 35,000 jobs were lost between 2009 and 2012 in the manufacturing, real estate, and financial sectors.

The National Statistical Institute, through its 2016 multipurpose household survey, estimated that there is a WAP³ of 6.9 million people (83.1 percent of the total population), of which 3.9 million (47 percent of the total population) are economically active. A total of 291,000 people are unemployed, which represents a national unemployment rate of 7.4 percent.

Given the composition of Honduras's population pyramid, the youth population has been joining the EAP at an accelerated pace in recent years and at a higher pace than the Honduran economy is creating jobs. This discrepancy has generated a significant increase in unemployment and underemployment among youth. In 2016, youth unemployment rates (16.2 percent for people between ages 20 and 24) more than doubled the national rate (7.4 percent).

The unemployment figures for these three age groups (between 15 and 30 years of age) are much greater if discouraged individuals are considered, meaning people who want to work but are no longer actively seeking a job. When those individuals are included, the youth unemployment rate doubles, to near 30 percent. On the other hand, the total national underemployment rate was 55.7 percent in 2016 with visible underemployment at 11.5 percent and an invisible underemployment at 44.2 percent.

Security

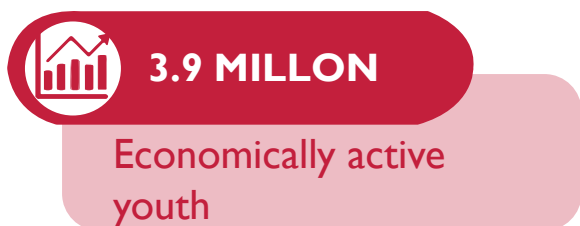
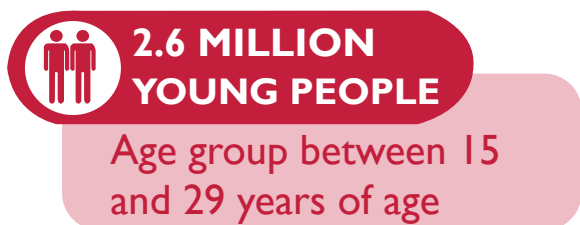
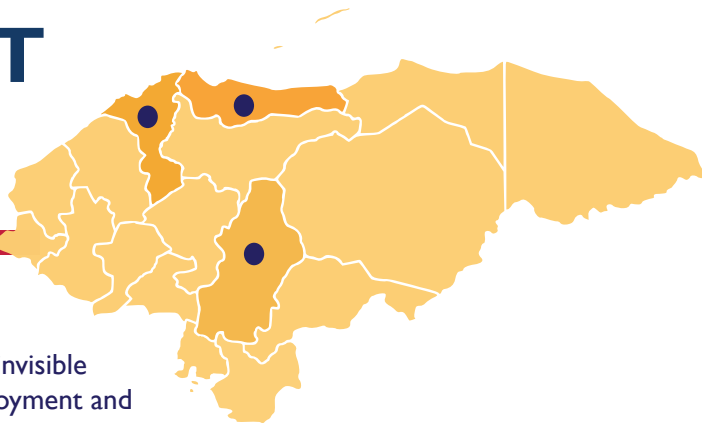
Personal security largely impacts private-sector economic activity. Chambers of commerce and labor unions alike point to the safety concerns as a main reason for increases in business' operational costs and the closing of thousands of small businesses. Organized crime as well as mara and gang activities, especially in urban areas, have generated serious citizen-security situations that broadly affect the population's activities and performance, especially those of small and medium-sized business, causing a large number of businesses to close.

Citizen security problems in high-density urban municipalities have led to the stigmatizing of certain neighborhoods and areas, and thereby the youth who live there.

Citizen-security problems in high-density urban municipalities have led to the stigmatizing of certain areas. Therefore, labor unions, companies, security entities, and certain sectors of citizens tend to stigmatize people coming from those neighborhoods and areas especially young women and men, which affects their study, training, and job placement opportunities.

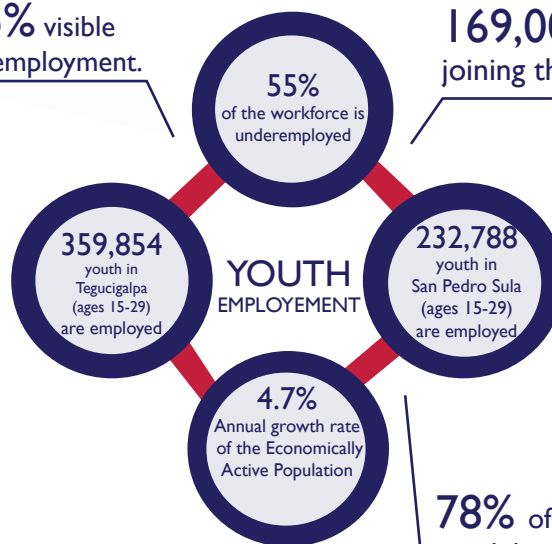
3. People between 10 and 65 years of age.

GENERAL EMPLOYMENT SITUATION IN HONDURAS

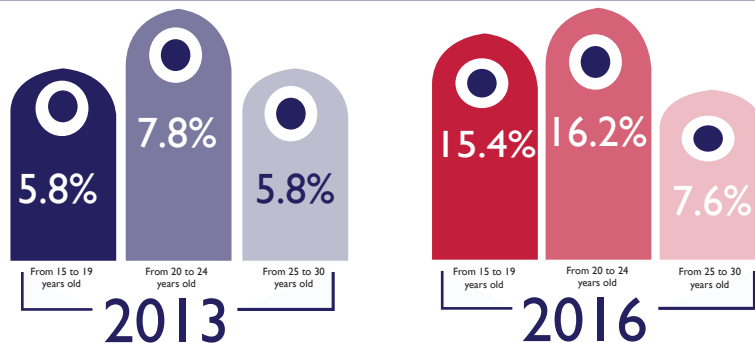


**People who are not employed, but are actively seeking work.*

44.2% invisible underemployment and 11.5% visible underemployment.

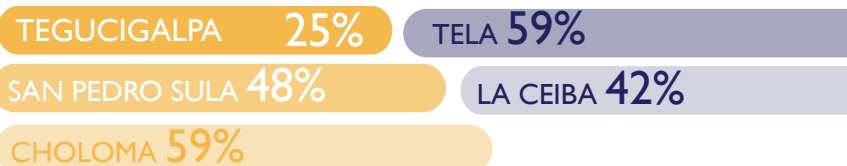


OPEN YOUTH UNEMPLOYMENT RATE



EDUCATIONAL ATTAINMENT BY MUNICIPALITY (YOUTH)

Youth with educational attainment less than the complete basic education, by municipality



IT IS ESTIMATED THAT



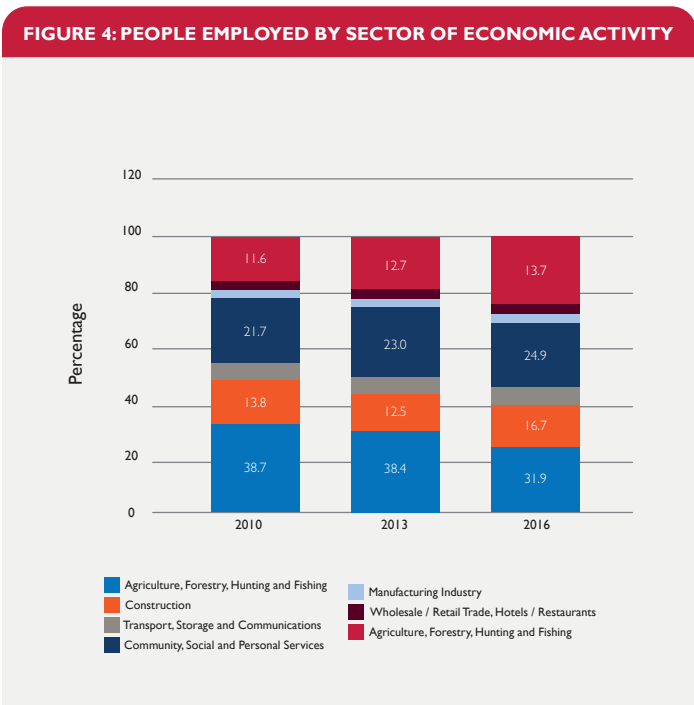
FOR EVERY



YOUTH IN HONDURAS
NEITHER WORKS NOR STUDIES

Section3: Perspectives on Economic Growth and Creation of Job Opportunities

The 2016 household survey shows that 73.5 percent of workers in the Honduran economy are employed in one of three categories: 26.7 percent work in the agricultural sector; 20 percent work in commerce, hotels, and restaurants; and 14.3 percent of Hondurans are employed in the manufacturing sector (see Figure 4). Though the agricultural sector continues to provide the most jobs, its generation of employment is declining: 38.7 percent of people were employed in 2010 compared to just 31.9 percent in 2016. Meanwhile, the manufacturing industry saw its share increase from 13.8 percent of those employed in 2010 to 16.7 percent in 2016.



Source: EPHPM 2016

Areas with the highest growth projection reported by companies interviewed

Among the companies surveyed, the recruitment projections for 2018 are estimated at almost 3,290 hires for new positions and 3,982 hires because of turnover (assuming a turnover level similar to that of 2016). Approximately 65 percent of hires are for unskilled occupations.

Table I shows the new positions projected for next year by surveyed companies, sorted by sector and municipality. Companies in the BPO+IT sector reported the highest number of new jobs, followed by the textiles sector (which expects greater investment due to the industry's vertical integration, profit reinvestment, and new companies launching). On analyzing the projected growth areas, we can see the sectors with the highest growth in each municipality.

TABLE I: NUMBER OF JOBS ACCORDING TO COMPANY PROJECTIONS						
Municipality/Sector	La Ceiba	Choloma	Distrito Central	San Pedro Sula	Tela	Overall Total
Agribusiness	63	6	80	91	2	242
BPO + IT	29	32	466	1,035	0	1,562
Manufacturing	15	0	156	104	55	330
Textiles	30	102	329	144	0	605
Tourism	66	5	307	120	110	551
Total	203	145	1,338	1,494	100	3,290

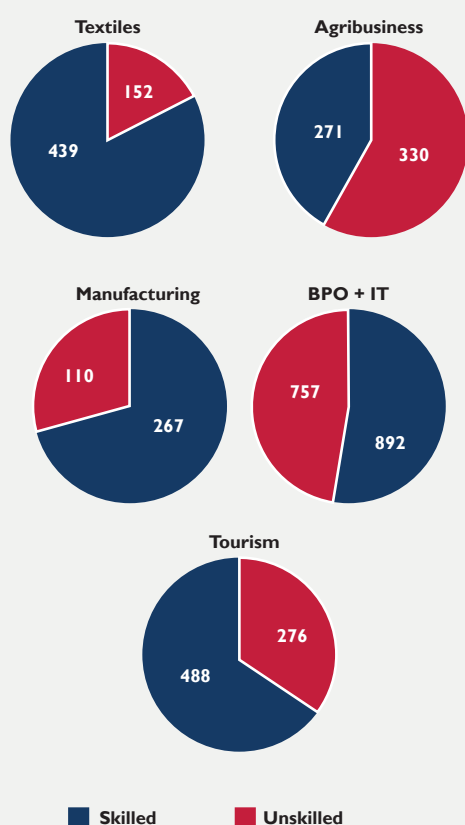
The companies surveyed expect to create 3,290 new jobs in the next year, with the highest concentrations in:

- Distrito Central: BPO+IT, textiles and tourism
- San Pedro Sula: BPO+IT
- Choloma: Textiles
- Tela: Tourism and manufacturing
- La Ceiba: Agribusiness and tourism

Hiring of New Young Employees

Labor turnover also creates meaningful opportunities for young people. The turnover of unskilled workers in 2016 provides a proxy for possible opportunities for young people. Overall, almost half (47.5 percent) of jobs open due to turnover are likely to be for unskilled positions in companies of every size if current patterns of employment and turnover remain stable. The distribution of skilled and unskilled jobs, however, varies significantly depending on the sector, as shown in Figure 5.

FIGURE 5: DISTRIBUTION OF JOBS AVAILABLE THROUGH TURNOVER



The companies surveyed expect to create around 3,290 new jobs over the next 12 months, with an average of 11 people and a maximum of 250, and it is not surprising that the municipalities with the greatest population or economic activity are the ones expected to offer the majority of these new jobs.

Numbers on new young employees by sector are useful indicators of the extent that young people can access different opportunities in each sector. Companies in all municipalities reported having hired young staff, with the largest number of young hires being in San Pedro Sula and Distrito Central. Analyzed by sector and industry, companies in BPO+IT have the greatest territorial presence based on the number of branches reported (40.2 percent of total branches), as well as the largest number of workers and new young employees (see table 2). Agribusiness employed a large number of workers (26.1 percent), yet it had the smallest percentage of new young employees (5.9 percent). Tourism, however employed the highest percentage of new young employees in 2016.

TABLE 2: COMPANIES SURVEYED BY NUMBER OF BRANCHES AND STAFF (SORTED BY SECTOR)

Sector	Branches	Employees	Young Employees	
			# New Employees (2016)	% New Young Employees (2016)
BPO + IT	536	18,539	3,734	20.1 %
Agribusiness	186	11,791	696	5.9 %
Textiles	65	5,626	719	12.8 %
Tourism	379	5,336	1,076	19.4 %
Intermediate Manufacturing	168	3,836	598	15.6 %
Total	1,334	45,128	6,823	15.1 %

Source: Honduras Labor Market Study, 2017.

When we review the information by company size (Table 3), the employment data show that new young employees make up the largest percentage of workers in small businesses, but the large enterprises employ a lot more youth. On average, each small company that participated in the survey employed 5.5 new young people in 2016, while each large participating company employed 97.5.

Most of the companies surveyed reported that they do indeed hire young people from vulnerable areas. According to the survey, firms in the agribusiness and textile sectors were the most likely to hire youth from vulnerable areas (85 and 82 percent, respectively), followed by the BPO+IT and the manufacturing sectors with 77 percent each, and the textile sector with 69 percent.

TABLE 3: COMPANIES INTERVIEWED BY NUMBER OF BRANCHES AND STAFF (SORTED BY SIZE)

Sector	Branches	Employees	Young Employees	
			# New Employees (2016)	% New Young Employees (2016)
Small	374	3,977	988	25 %
Medium	248	5,776	957	17 %
Large	712	35,375	4,878	14 %
Total	1,334	45,128	6,823	15 %

Source: Honduras Labor Market Study, 2017.

Hiring Processes and Policies of Companies Surveyed

We also looked at the mechanisms companies used most frequently by companies for hiring personnel. As table 4 shows, personal contacts or referrals is the most frequently used method, being the mechanism with the greatest effectiveness according to the companies.

TABLE 4: HIRING MECHANISMS

Hiring Mechanisms	#	% Use	High Frequency	High Effectiveness
Personal Contacts or Referrals	248	83 %	131	147
Online Job Sites	104	35 %	52	43
Social Networks	99	33 %	50	43
Media Ads	95	32 %	22	30
Human Resources Firms	78	26 %	22	24

Section 4: Gaps in Young people's Knowledge and Skills

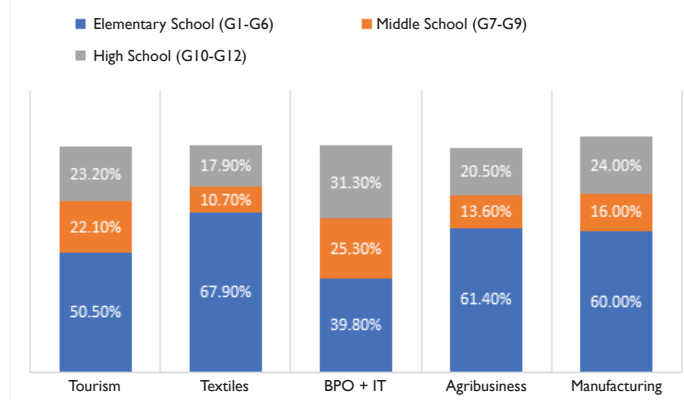
Knowledge and Skills Required by the Private Sector

The BPO+IT and agribusiness sectors are the ones that require a greater proportion of university-educated people (university majors or college technicians), based on answers the companies provided. For skilled positions, however most companies in almost all sectors in the study said that the personnel they need must have at least a high school diploma.

From the perspective of economic activity, each sector has its own profile of personnel demand by educational level. In the sample of enterprises, textile companies expressed a greater demand for personnel having at least a university bachelor's degree (31 percent).

Most companies in all sectors of activity, however, reported that they will employ personnel with a high school diploma as a minimum academic level: agribusiness (57 percent), tourism (56 percent), BPO+IT (51 percent) and manufacturing (39 percent) (see Figure 6).

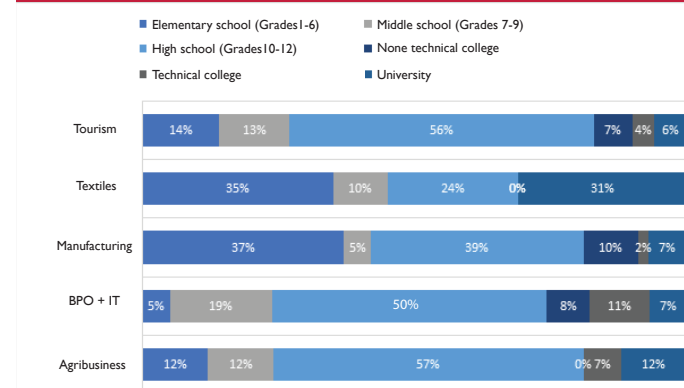
FIGURE 6: SCHOOL LEVEL REQUIRED BY COMPANIES FOR UNSKILLED STAFF



Source: Honduras Labor Market Study, 2017.

For unskilled positions, 55.9 percent of enterprises stated that the hires should have at least an elementary level education (grades one to six). Figure 7 shows that there are more opportunities for young people with just a basic education in the textile, agribusiness, and intermediate manufacturing sectors. Although the tourism sector also offers opportunities for people with a basic level of education, many of these positions require a level of English that young people from vulnerable areas do not usually have.

FIGURE 7: SCHOOL LEVEL REQUIRED BY SECTOR



Professional Training

Regarding the professional or technical training that companies offer their new employees (not necessarily as part of the induction process), 59 percent of companies stated that they provide some type of professional training. The prevalence of in-company professional training increases with the size of the business: 55 percent of small enterprises report giving professional training to their new employees, compared to 61 percent for medium-sized enterprises and 75 percent for large ones. Moreover, 71 percent of companies claim to provide continuous training to their employees. This proportion grows with the size of the business as well: 66 percent of small businesses report offering it, 69 percent of medium-sized businesses, and 90 percent of large businesses.

Companies point out that the training they provide to employees comes mostly from their own internal training programs (33 percent); chambers of commerce (27 percent); external suppliers, such as consultants (7 percent), and, to a lesser extent, training programs offered by PROCINCO (5 percent) and CANATURH (5 percent).

In terms of the type of services or the type of training given, the most frequent ones are related to customer service (15 percent), training specific to the job post (13 percent), technical training (9 percent), job induction, safety training (5 percent), and hygiene training and technology courses (4 percent).

100 percent of companies provide professional training to new employees:

- Small 57.3 percent
- Medium 21.3 percent
- Large 21.3 percent

"INFOP's curriculum is very long, 100 or more hours, which hurts the employee's work in the company. In this sense the company wants faster, more practical courses."

Gaps in Skills Demand and Supply

TABLE 5: LEVEL OF SKILLS SOUGHT BY COMPANIES (SORTED BY SECTOR)

	Tourism	Textiles	BPO + IT	Agribusiness	Tourism	Tourism
	Companies' Priority Scale (1 = Not a priority - 5 = Essential)					
	Scale (1 - 5)	Scale (1 - 5)	Scale (1 - 5)	Scale (1 - 5)	Scale (1 - 5)	Scale (1 - 5)
Basic Skills	4.14	4.22	4.22	3.88	3.90	4.09
Interpersonal Skills	4.58	4.28	4.56	4.52	4.49	4.53
Intrapersonal Skills	4.36	4.21	4.35	4.30	4.36	4.33
Technical Skills	3.14	2.69	3.17	2.94	2.81	3.02

According to table 5, basic skills (reading and writing), interpersonal skills (teamwork, communication, proactivity, work under pressure, verbal and written communication, honesty, and responsibility), and intrapersonal skills (reliability, problem-solving, self-teaching, and leadership) are essential for the candidate who aims to secure a job (except for numerical skills, which have a medium priority for agribusiness and manufacturing).

Technical skills (English, finance, and information and communications technology) are the lowest priority for companies.

An analysis of the gaps between what skills companies look for and which ones young people actually have reveals important gaps that need to be closed through education and training, especially in terms of basic, interpersonal, and intrapersonal skills (see table 6). An interesting finding, as it is counterintuitive, is that the gaps are smaller in relation to technical skills for entry positions. Many of the companies indicate that they can train new employees in technical skills if they already have the soft skills.

The skills most sought after by the companies surveyed are soft skills.

TABLE 6: LEVEL OF SKILLS SOUGHT BY COMPANIES (SORTED BY SECTOR) (GAP IN PARENTHESSES)

	Tourism	Textiles	BPO+IT	Agribusiness	Intermediate manufacturing	Average
	Skills Placement Scale (1 = Very weak - 5 = Very strong)					
	Scale (1-5)	Scale (1-5)	Scale (1-5)	Scale (1-5)	Scale (1-5)	Scale (1-5)
Basic skills	3.62 (0.52)	3.18 (1.04)	3.44 (0.78)	3.16 (0.72)	3.44 (0.46)	3.43
Interpersonal skills	3.62 (0.96)	3.43 (0.85)	3.47 (1.09)	3.17 (1.35)	3.70 (0.79)	3.51
Intrapersonal skills	3.48 (0.88)	3.42 (0.79)	3.33 (1.02)	3.12 (1.18)	3.66 (0.70)	3.41
Technical skills	2.81 (0.17)	2.48 (0.11)	2.60 (0.17)	2.55 (0.19)	2.65 (0.14)	2.66

Between 3 and 4 strong 3= neither strong nor weak Between 2 and 1 weak

Section 5: Barriers to Employment for Youth Coming from Vulnerable Areas

Lack of Employment Opportunities

Although an increase in the number of jobs is foreseen, an opportunity gap still exists because the youth population has been entering the labor market at a higher rate than employment is created in the Honduran economy. With a rate of youth unemployment of 16.2 percent (for young people between 20 and 24 years old, in 2016) and of almost 30 percent if we include individuals who feel unmotivated, the outlook for young people is discouraging.

Hiring Policies and Processes

Among the most important questions asked in this research are those relating to the hiring policies that companies implement and how those policies may discriminate against or affect young people from vulnerable areas. The literature review and the analysis of the experiences of previous interventions shows that, so far, for entry-level positions, companies are more inclined to hire young people from geographical areas that will not cause them problems than young people with a soft-skills base that will allow them to learn quickly, work as a team, and make a commitment, but are from vulnerable areas.

Of the companies surveyed, 27 percent said that if the person interviewed comes from a vulnerable area, that is a reason for not hiring him or her. Furthermore, 56 percent of the companies stated that if the person’s physical appearance does not suit the requirements of the organization in terms of the type of haircut, the presence of tattoos or the type of clothing, for example, then that appearance constitutes a reason for rejecting the candidate.

27 percent of companies surveyed consider the area where young people live to be important, while 56 percent said that young people should have a professional physical appearance to be considered for a job.

Weakness in Skills According to Company Requirements

As described in the previous section, young people from vulnerable areas have few job opportunities due to their low educational levels and poor work abilities and skills. Companies point to the development of soft skills (46 percent) as the area young people need to work on more, followed by professional training (28 percent), especially specific to their sectors.

The rest of the skills are focused on customer service, English language, and computer work, among others.

Gang Presence

The presence of these groups affects young people who aspire to a job located in other municipalities or neighborhoods, seeing as they will have to consider whether the job location is under the control of a gang rival to the one where they live. This challenge to mobility often impacts the level of unemployment. Young people reassess the presence of gangs and maras as an imminent trigger to abandoning the job search because the context makes them feel vulnerable.

Lack of Government Programs and Support Policies for Youth Coming from Vulnerable Areas

Given the employment issues facing a broad spectrum of the Honduran population, especially in terms of the high unemployment rates among young people who are just entering the labor market, governments in recent years have tried to implement various alternatives to improve young people’s access to the labor market. These programs (such as Con Chamba Vivís Mejor, Chamba Comunitaria, Empleo por Hora and Chambita), however, have a modest coverage that reaches only a limited number of people seeking employment. Moreover, they do not set the job placement of young people from vulnerable areas as a primary objective.

TABLE 7: EMPLOYER REJECTION CRITERIA		
Rejection Criteria	Frequency	%
From at-risk zone	81	27%
Lacking required school level	188	63%
Older than job-specific age	103	34%
Younger than required age	182	61%
Inappropriate physical appearance	168	56%
Has some disability	119	40%

Source: Honduras Labor Market Study, 2017.

Government training programs for the unemployed and young people in the most peripheral urban areas are very limited or nonexistent. Most budgetary resources are allocated to active policies that focus on training adults or that have been designed in generic terms without there being programs specifically aimed at young people in precarious, at-risk situations.

Section 6: Study recommendations for the Project

1. Strengthening of soft skills: The study shows that the companies surveyed require young people with strong interpersonal and intrapersonal skills to fill their job vacancies. Training and activities to develop these skills should be provided so that young people may develop and strengthen the skills companies demand.

2. Strengthening of contact networks: Of the companies surveyed, 83 percent indicated that personal contacts or referrals are the most frequently used method for filling vacant positions, and it is considered the most effective mechanism based on the assessments made. This finding implies that young people coming from vulnerable areas, even if they may have the required skills, will have difficulty finding employment without a network of contacts. Empleando Futuros can be the link and the reliable reference for these young people, offering companies qualified candidates who have gone through a full process of selection, evaluation and training.

3. Prioritize sectors with high demand: Manufacturing, textiles and BPO+IT are priority sectors for Empleando Futuros because of the importance of these sectors for the Honduran economy and its potential job growth. The commerce and hotel/restaurant sectors also have shown growth in recent years, as evidenced by the increase in the percentage of workers employed in these industries, and could be important sources of employment for young people from vulnerable areas. In all sectors, most of the new jobs are in production, sales, operations, and customer service

4. Physical appearance is important: Of the companies surveyed, 56 percent stated that if the person's physical appearance does not suit the requirements of the organization in terms of the type of haircut, the presence of tattoos, or the type of clothing, then that appearance constitutes a reason for rejecting the candidate. Empleando Futuros can guide young people in their training

process, ensuring that they have a suitable appearance in order to enter the labor market.

5. Work and technical training: Empleando Futuros could partner with the private sector and vocational centers to identify the technical training needs required for job placement, ensuring the relevance and effectiveness of the programs.

“The aim of the labor market study is to identify trends and employment opportunities in key sectors in the five municipalities (Distrito Central, San Pedro Sula, Choloma, Tela and La Ceiba) where Empleando Futuros is operating. In addition, it identifies paths and obstacles to job placement for young people who come from vulnerable areas in Honduras.”



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