

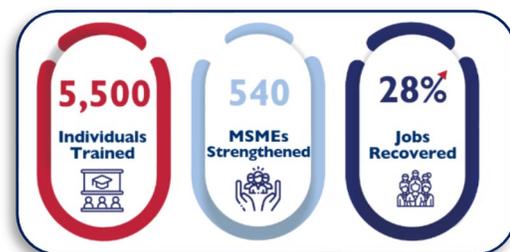
## STRENGTHENING BUSINESS RESILIENCE DURING COVID-19: LEARNING BRIEF

### INTRODUCTION

The COVID-19 pandemic had a dramatic impact on the Honduras economy. Micro, small, and medium-sized enterprises (MSMEs) form a significant pillar in the Honduran economy, contributing approximately 60 percent of the Gross Domestic Product and generating 7 out of 10 jobs. In a 2020 survey of 1,200 MSMEs across the country, 83 percent reported closing, or partially closing, their operations during the first three months of the pandemic. A flagship USAID program in Honduras, the Honduras Workforce Development project—also known as *USAID Empleando Futuros*—responded to this crisis in 2020 by launching a business strengthening intervention.

*Empleando Futuros* partnered with five business associations and chambers of commerce and industry to strengthen the business practices of their MSME members. The intervention sought to assist participating firms to pivot their operations in the face of COVID’s economic restrictions, by improving business practices to increase resiliency. Over a six-month period, the project engaged partner organizations—business development support (BDS) providers—to deliver online and hybrid business-strengthening support to targeted MSMEs, to mitigate the impact of COVID and address job displacements.

The target group of 540 MSMEs, drawn from the commerce, manufacturing, construction, technology, and service sectors, would receive specialized business trainings as well as curated business coaching. The majority were micro and small businesses (99 percent) located in three departments (Cortés, Francisco Morazán, and Atlántida); most were women-owned (59 percent). A significant number of the participating firms had laid off staff due to the economic downturn caused by COVID-19.



This learning brief highlights the methodologies used, some critical contextual considerations, and the resulting impacts, as well as key findings from this early-on economic recovery intervention.

### PARTNERS, METHODOLOGY, AND APPROACH

The project applied the following theory of change for its business-strengthening intervention:

*If we deliver training programs and technical assistance to MSMEs focused on improving business practices,  
then MSMEs will adopt and implement good business practices,  
which will improve business outcomes (e.g., profitability, productivity, survivability),  
which will increase employment, aiding the recovery of lost jobs across Honduras.*

**DIAGNOSTIC AND IMPROVEMENT PLANS:** The BDS providers used evidence-based methodologies, beginning with a diagnostic of the MSMEs’ strengths and weaknesses at project launch. These assessments developed a baseline for each MSME in four areas: **strategic planning/management, administration and finance, production and operations, marketing and sales, and human resources**. Sub-themes were addressed within each practice area, such as providing financial and business planning as part of administration and finance. Based on the diagnostic evaluation, the BDS team developed a business improvement plan in collaboration with each business. These plans guided essential firm-level support for

tailored training and business coaching, while confirming the firm's buy-in for necessary financial and human resource commitments.

**TRAINING/BUSINESS COACHING:** Virtual training was provided in the form of one- to three-hour synchronous workshops, as well as more specialized sessions. Certified trainers delivered a total of 14 business-focused training courses on a range of topics: decision-making, financial planning, marketing, human resources, productivity indicators, the role and importance of women in the MSME sector, biosafety, and digital skill-building and technology. Recognizing the diversity of the group (in size, industry, and geographic coverage), *Empleando Futuros* also delivered specialized training courses, such as How to Formalize Your Business and How to Access New Markets. Each firm had an assigned coach to provide real-time feedback following each session, relating to changes and improvements as outlined in the firm's business improvement plan.

### Youth Entrepreneurship



In collaboration with its BDS partners, the project launched a youth entrepreneurship effort to deliver direct assistance to more than 100 youth-led businesses.

A series of trainings was delivered through virtual workshops, providing technical instruction on: financial management; how to access credit; and human resource development, including socially inclusive hiring and promotion strategies.

The project supported participating youth entrepreneurs with seed capital to purchase new technologies and fixed assets, funded through public-private partnerships. Youth who participated in the training noted they used the new skills they gained to develop and expand their business operations.

**BUSINESS FAIRS AND E-COMMERCE NETWORKS:** Each BDS also organized business fairs (often using an e-commerce platform) to introduce MSMEs to new buyers and supplier networks. This approach produced new buyer/supplier networks for *all* participating firms, even attracting large buyers such as Walmart. Several MSMEs also gained access to Walmart's small business program for supply chain providers, following this initiative. These networks enabled new forms of collaboration, information sharing, and problem solving for business growth and expansion. Program funds and in-kind contributions also supported the creation of promotional materials (such as design and printing of a logo), for businesses to publicize their products through diversified channels. Program key results are detailed in Figure 1.

### FIGURE 1. RESULTS BY THE NUMBERS



**5,500**

Individuals trained in 14 business-focused trainings thru 3 online platforms - MOODLE, EDMODO, and ACADEMY; 60% women



**97%**

Participating firms improved business practices by the end of project intervention. Improvements include:

- Digital transformation
- Business competitiveness
- Business management
- Safe re-opening



**702**

Jobs recovered; 61% occupied by men, representing operator positions with >85% in manufacturing, commerce, and services



**136**

Youth entrepreneurs trained in how to start and administer a business; 109 business plans developed and 104 entrepreneurs received in-kind seed capital investments.



**>\$260k**

In leveraged contributions (time invested, e-marketing space, in-kind seed capital, etc.). Fifty-four percent from private sector partners and forty six percent from public sector partners

Table I highlights the various business-strengthening methodologies of each BDS partner, as well as the number of sub-themes prioritized in each business practice methodology. For example, CCICH’s methodology focused on ten specific production and operations business practices, while CCIT’s methodology focused on business practices based on the diagnostic results and the prioritized areas of each firm’s business improvement plan.

TABLE I. METHODOLOGIES AND KEY PARTNER FEATURES					
DESCRIPTION	CCIC	ANDI	CCICH	CCIT	CDE LEAN
Methodology	WB Good Business Practices <sup>1</sup>	Business Model CANVAS <sup>2</sup> + Empleado Futuros tools	Núcleos Sectoriales <sup>3</sup>	Start and Improve Your Business Program (SIYB) <sup>4</sup>	Small Business Development Center Program (SBDC) <sup>5</sup>
PRIORITIZED BUSINESS PRACTICE THEMES & SUB-THEMES					
Strategic Planning / Management	6	8	1	Number of business practices not pre-defined; depends on the designed business-improvement plan.	6
Administration and Finance	8	10	3		6
Production and Operations	8	11	10		6
Marketing and Sales	7	10	2		6
Human Resources (includes gender and productivity)	5	6	1		12
Formalization/Legal	1	0	License and permits only	License and permits only	6
Total # Business Practices Measured (denominator)	35	45	17	See above	42
ADDITIONAL FEATURES					
Technical Assistance (TA) Period	3 months	5 months	3 months	5 months	5 months
Business Coaching	5 hours	10 hours	10 hours	5 hours	3 hours
Modality	Virtual & face-to-face	Virtual & face-to-face	Virtual & face-to-face	Virtual & face-to-face	Virtual & face-to-face
Business Fairs/Networking	Yes	Yes	Yes	Yes	Yes
Business Coach Qualifications	Bachelor’s degree w/ 2 yrs experience	Bachelor’s degree w/ 2 yrs experience	Bachelor’s degree w/ 2 yrs experience	Certified by ILO, IMESUN Methodology	Certified by SBDC, University of Texas

**NOTE:** Only 42 out of the 117 business practices measured in the SBDC methodology were prioritized in the *Empleado Futuros* program, which focused on short-term impacts.

<sup>1</sup> The World Bank *Good Business Practices Program* focuses on improvement interventions and measurement of business practices in four areas: marketing, record keeping, financial planning, and stock control. Implemented by Chamber of Commerce and Industry of Cortés (CCIC).

<sup>2</sup> Business Model CANVAS is a visual representation of a business model, highlighting all key strategic factors. Implemented by National Industry Association (ANDI).

<sup>3</sup> *Núcleos Sectoriales* (roughly translated as “Sector Nexus”) consists of linking businesses within a sector to form collaborative work groups. Implemented by Chamber of Commerce and Industry of Choloma (CCICH).

<sup>4</sup> International Labor Organization *Start and Improve Your Business* (SIYB) is a system of interrelated training packages and supporting materials for small-scale entrepreneurs to start and grow their businesses. Implemented by Chamber of Commerce and Industry of Tegucigalpa (CCIT).

<sup>5</sup> The SBDC program (University of Texas) focuses on supporting the growth and development of businesses by assisting in job creation, economic diversification, and expansion. Implemented by Business Development Center-Valley of Lean (CDE Lean).

## FINDINGS AND IMPACT



**Significant improvements in business practices** were identified among participating MSMEs (see Annex). These results provide a strong indication that the *Empleando Futuros* Business Strengthening Program in Honduras will have a positive impact on the recovery of participating MSMEs and may potentially improve long-term employment opportunities.<sup>6</sup>



**No clear effect on job recovery** could be discerned for specific business practices or economic sectors in this short-term evaluation. Multiple external factors contribute to job recovery that could not be measured in this early-on economic recovery intervention.



The design of the *Empleando Futuros* Business Strengthening Program was time-sensitive, developed at the onset of COVID-19 amid loosening lockdown regulations as an early-on economic recovery effort. **Time sensitivity required flexibility** among the BDS methodologies, while employing a standardized monitoring and evaluation approach.



MSME participants placed great importance on **accessing new resources, expanding their networks, and information exchanges**. These provided a “huge advantage” to their business resilience and development.



BDS' reported **sustainable increased capacity** to deliver business strengthening support through:

- **Adaptation of new and existing tools and services**, increasing online and hybrid offerings while expanding BDS partner membership and support outreach, and calibrating measurement tools to specific intervention services and population.
- **Improved quality and operations management**, improved data analysis, using key performance indicator tools; strengthened understanding of how training and support impact members' business performance; and experience with BDS services offered in real time, using a comprehensive customer relationship management (CRM) tool to ensure cost-effective service delivery.

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<sup>6</sup> Refer to Impact Brief: USAID *Empleando Futuros* Business Strengthening Program <https://banyanglobal.com/resource/impact-brief-usaid-empleando-futuros-business-strengthening-program>.

## ANNEX: PERCENTAGE CHANGE IN BUSINESS PRACTICES (BP) AND JOBS

**Note:** Although all data is considered reliable, please note that CDE Lean–SBDC’s measurement tool was not adaptable during intervention and therefore did not reflect all changes in business practices. The figures and tables show percentage change relative to the baseline.

FIGURE A1. BP CHANGE — PER FIRM SIZE

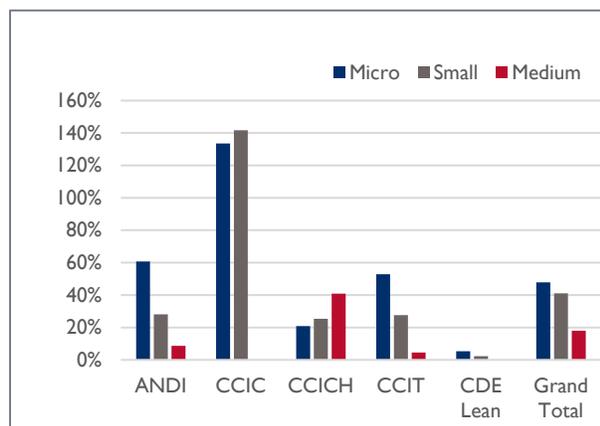


FIGURE A2. BP CHANGE — PER BUSINESS AREA

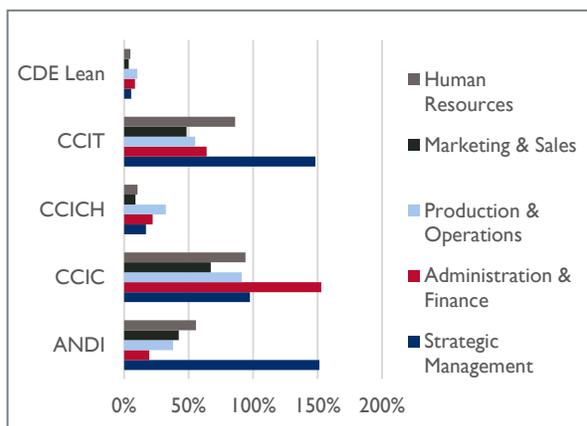


FIGURE A3. BP CHANGE — PER ECONOMIC SECTOR

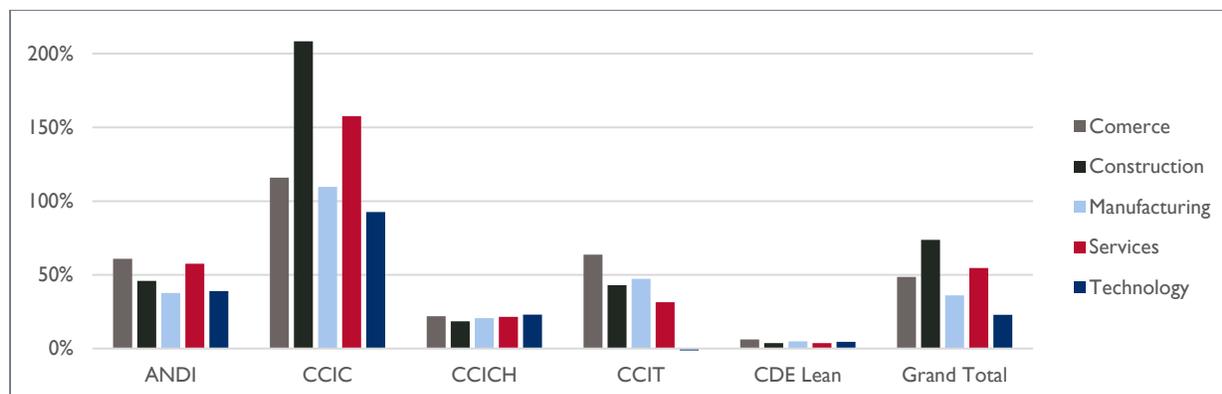


TABLE A1. PERCENT CHANGE BY METHODOLOGY

BDS	METHODOLOGY	PERCENT CHANGE IN BP	PERCENT CHANGE IN JOBS
CCIC	WB Good Business Practice	135%	31%
ANDI	CANVAS+Empleando Futuros	53%	16%
CCICH	Núcleos Sectoriales	21%	23%
CCIT	SIYB	50%	107%
CDE Lean	SBDC	5%	58%

**FINDING:** No clear relationship emerges between BP increases and job increases. CDE Lean, with the lowest percent increase in BP, had the second-best percentage increase in jobs; conversely, ANDI was the second-best performer at increasing BP but had the lowest percentage increase in jobs. *Multiple external factors that affect job recovery could not be measured in this intervention.*