

Wages in Honduras

WageIndicator survey 2012

MSc Janna Besamusca

University of Amsterdam, AIAS, Netherlands

Dr Kea Tijdens

University of Amsterdam, AIAS, Netherlands

Silvia Irene Palma and Luis Edgar Arenas

INCEDES, Guatemala



WageIndicator.org

About WageIndicator Foundation - www.wageindicator.org

The WageIndicator concept is owned by the independent, non-profit WageIndicator Foundation, established in 2003. Its Supervisory Board is chaired by the University of Amsterdam/Amsterdam Institute of Advanced Labor Studies, the Dutch Confederation of Trade Unions (FNV) and Monster career site. The Foundation aims for transparency of the labor market by sharing and comparing wage data and labor conditions information. The Foundation operates national websites in some 70 countries. The websites have a so called 3 pillar structure: for wages, for labor law and minimum wages, and for vacancies and education related information. In more than 20 countries the national WageIndicator websites are supported with offline actions like face-to-face surveys, fact finding debates and media campaigns.

WageIndicator Foundation operates globally through a network of associated, yet independent regional and national partner organizations like universities, media houses, trade unions and employers organizations, and self-employed specialists for legal, internet, media issues, with whom the Foundation engages in long lasting relationships. WageIndicator Foundation has offices in Amsterdam (HQ), Ahmedabad, Bratislava, Buenos Aires, Cape Town, Maputo and Minsk.

Address: WageIndicator Foundation, Plantage Muidersgracht 12, 1018TV Amsterdam, The Netherlands, office@wageindicator.org

About University of Amsterdam/Amsterdam Institute for Advanced Labor Studies - www.uva-aias.net

The University of Amsterdam is a 350-years old research university. Its Amsterdam Institute for Advanced Labor Studies (AIAS) is an interdisciplinary research institute focusing on labor issues, particularly industrial relations, organization of work, working conditions, wage setting, labor-market inequalities, employment and labor market governance. AIAS maintains a large portfolio of internationally funded research projects and international data bases and data collections. Since 2003, AIAS chairs the Supervisory Board of the Wage Indicator Foundation. Kea Tjeldens (sociologist) is a Research Coordinator at AIAS and a professor of sociology at Erasmus University Rotterdam. She is the scientific coordinator of the WageIndicator web-survey on work and wages. She has analyzed the data concerning the wage ranking of health care occupations in 20 countries, the impact of short-time arrangements in Germany and the Netherlands, and the relationship of collective bargaining coverage and wage brackets. Janna Besamusca is a PhD candidate at the University of Amsterdam, researching the position of women in the labor market worldwide.

About INCEDES

The Central American Institute for Social Research and Development -INCEDES- is a civil association based in Guatemala, founded in 2005. With influence throughout the Central American region, it is dedicated to applied social research, specifically the study, promotion, and negotiation of the following issues at both the legislative and social levels: the behavior and characteristics of regional migration and their link to economic and social development, human security, the analysis of inter-regional labor markets, ensuring comprehensive protection of rights for migrants and their families, and the negotiation and promotion of these issues by citizens and legislators, among others. It has completed studies in collaboration with other entities such as the Wage Indicator union with which it conducted the Central American Labor Survey.

Special thanks to

Funding partners: CNV Internationaal. **Project partners:** Central General de Trabajadores de Honduras (CGT), Instituto Centroamericano de Estudios Sociales y Desarrollo (INCEDES), WageIndicator Foundation. **Team members:** Luis Edgar Arenas, Janna Besamusca, Angélica Flores, Lorena Ponce de León, Tomás Mamrilla, Irene Palma, Paulien Osse, Kea Tjeldens, Sanne van Zijl.

More information: WageIndicator org, Tusalarrio.org/Honduras.

Executive summary

This report presents the results of the face-to-face *WageIndicator* survey in Honduras, conducted between 10 January and 24 February 2012. In total 1,327 persons were interviewed, mostly from the Honduran capital region Francisco Morazán. The workers in the survey live in households with on average almost 4.4 members. Some 58% of men live with a partner and children. While 66% of women live with children, only 50% live with a partner. Over four in ten workers had diploma's from primary education (43%) and just a little fewer finished secondary education (36%). One in twenty workers has no formal education, 13% followed technical tertiary education and 3% have a university degree. On average, the interviewees mark their satisfaction with life as-a-whole with an 8. Nine in ten respondents rates their lives a six or higher, over two thirds even rate it an 8 or higher.

Nearly two in ten workers are self-employed (18%). Four in ten workers are employees with a permanent contract (37%). Employees with fixed-term contracts and without a contract make up around twenty per cent each. On average, the workers have worked for 17 years. Half of the people in the sample work in an organization with 10 or fewer employees and another three in ten work in an organization with 11-50 employees. Four in ten workers are covered by a collective agreement, while 52% wish to be covered.

Nearly three in ten workers are employed in elementary occupations. More than two in ten work as managers and professionals. Sizeable groups of respondents work in services and sales (17%) and craft and trades (15%). Nearly four in ten work in the public sector, health care or education; women more so than men. Three in ten work in trade, transport and hospitality. Over a quarter of all respondents work in agriculture, manufacturing and construction, which are very male dominated sectors. Only 8% work in commercial services.

Almost four in ten workers state that they are not entitled, to social security. Eight in ten people who are entitled and contribute to social security are workers with a permanent contract. Four in ten workers state that they have no agreed working hours. The average working week of respondents is almost 46 hours, which is longer than the standard 44 hours working week over six days. Ten per cent of workers report working shifts or irregular hours, 16% work evenings; Four in ten report working Saturdays, while nearly eight in ten work Sundays.

Nearly four in ten workers are in very informal jobs, whereas three in ten are in very formal jobs. Three quarters of the employees report receiving their wage on time and six in ten employees receive their wage cash in hand.

The median net hourly wage of the total sample is 33,33 Honduran Lempira. The results show that employees with a permanent contract receive higher wages compared to the group of workers with a fixed term contract, with no contract or self-employed. More education pays off, as do years of work experience. When all other controlling for the effects of other factors, like education, women earn significantly less than men. Managers and the professionals (74 HNL) have the highest median wages, followed by technicians and clerical support workers (49 HNL). The lowest paid workers are plant and machine operators (25 HNL), followed by workers in elementary occupations (26 HNL).

The analysis shows that 68% of the sample is paid on or above the minimum and 32% is paid below the minimum wage threshold. Only half of the informal workers are paid above the minimum wage, compared to 89% of the workers in formal jobs. Men are more often paid above the minimum wage than women (70% versus 62%). Workers under 30 years are also vulnerable, only 57% being paid on or above the minimum wage threshold. Workers in very small firms are more often paid below the minimum wage. Workers without a contract are most likely to be paid under the minimum wage rates, and employees with a permanent contract are most often paid above the minimum wage (43% versus 86%). Plant and machine operators as well as those in elementary occupations are least often paid on or above the minimum wage (41% and 46% respectively). Looking at education, workers with primary education are most often paid under the minimum wage threshold, whereas the workers with higher education degrees are most often paid above the minimum wage (50% versus 96%).

Table of contents

Executive summary

| | | |
|---|---|----|
| 1 | Introducing the survey | 1 |
| | Aim of the survey | 1 |
| | The questionnaire | 1 |
| | Sampling and fieldwork | 1 |
| | Weighting | 2 |
| 2 | Socio-demographic characteristics | 3 |
| | Regions | 3 |
| | Age and gender | 3 |
| | Household composition | 4 |
| | Living with partner and children | 4 |
| 3 | Employment characteristics | 5 |
| | Labor force | 5 |
| | Status in employment and labor contract | 5 |
| | Employment by educational category | 6 |
| | Years of work experience | 7 |
| | Firm size | 8 |
| | Employment by occupational category | 8 |
| | Employment by industry | 9 |
| 4 | Remuneration | 10 |
| | Wage levels | 10 |
| | Minimum wage setting | 11 |
| | Bargaining coverage | 13 |
| | Participation in schemes and receiving allowances | 13 |
| | Wages on time and cash in hand | 14 |
| 5 | Working hours | 15 |
| | Working hours agreed | 15 |
| | Usual working hours | 15 |
| | Shifts or irregular hours | 16 |
| | Average working days per week | 16 |
| 6 | Satisfaction with life-as-a-whole | 17 |
| | Appendix 1 List of occupational titles | 18 |
| | Appendix 2 Regressions | 19 |

Table of Graphs

| | | |
|----------|--|----|
| Graph 1 | Distribution of respondents and total population (2011) across regions..... | 3 |
| Graph 2 | Percentages interviewees according to age and gender | 3 |
| Graph 3 | Distribution over household size, break down by age group, gender and total..... | 4 |
| Graph 4 | Distribution over household composition, break down by age group, gender and total | 4 |
| Graph 5 | Distribution over status in employment, break down by entitlement to social security, contribution to social security, agreed working hours, wage by bank or in cash and total | 5 |
| Graph 6 | Distribution over the informality-index, breakdown by gender, age and total | 6 |
| Graph 7 | Percentage of workers according to education, by gender and total | 7 |
| Graph 8 | Distribution over years of work experience, breakdown by employment status, gender and total | 7 |
| Graph 9 | Distribution over firm size, break down by employment status, education and total..... | 8 |
| Graph 10 | Percentage interviewees according to occupational category, by gender and total | 8 |
| Graph 11 | Percentage interviewees according to industry, by gender and total | 9 |
| Graph 12 | Median net hourly wage in Honduran Lempira (HNL), break down by firm size, informal work, gender, employment status, education, occupation and total..... | 10 |
| Graph 13 | Distribution over hourly wages in HNL, break down by education, employment, gender and total | 11 |
| Graph 14 | Percentages of workers paid above the minimum wage threshold, by informality index, gender, age, firm size, employment status and total. | 12 |
| Graph 15 | Percentage of workers paid above the minimum wage threshold, by occupation, education and total. | 12 |
| Graph 16 | Percentage of workers covered by a collective agreement and percentage agreeing with the statement that it is important to be covered, breakdown by firm size and total | 13 |
| Graph 17 | Percentage of workers participating in a scheme in the past 12 months | 14 |
| Graph 18 | Percentages of employees reporting that they received their wage on time and that they received their wage in cash, by occupational group. | 14 |
| Graph 19 | Percentages of employees with agreed working hours, by employment status and occupational group. | 15 |
| Graph 20 | Average length of the working week, by employment group and occupational group | 15 |
| Graph 21 | Percentages of workers reporting to be working in the evenings, shift work or irregular hours, Saturdays or Sundays, by employment group, gender and total | 16 |
| Graph 22 | Average number of working days per week, by employment status, gender, firm size, occupation, education and total. | 16 |
| Graph 23 | Percentage of workers indicating how satisfied they are with their life-as-a-whole..... | 17 |
| Graph 24 | Average satisfaction with life-as-a-whole, breakdown by employment status, gender, wage, occupational status, educational level and total (mean scores on a scale 1-10).... | 17 |

1 Introducing the survey

Aim of the survey

This WageIndicator Data Report presents the results of the face-to-face WageIndicator survey in Honduras, conducted between 10 January and 24 February 2012. The survey aimed to measure in detail the wages earned by Honduran workers, including the self-employed. In total 1,327 persons were interviewed. This survey is part of the global WageIndicator survey on work and wages. These surveys are also posted on WageIndicator websites. The continuous, volunteer WageIndicator web-survey is an international comparable survey in the national language(s). The survey contains questions about wages, education, occupation, industry, socio-demographics, and alike.¹ Once a WageIndicator survey is created for use on a national WageIndicator website, a paper-based questionnaire for face-to-face interviews can be drafted from the web-survey. These paper-based surveys supplement the web-based surveys in countries with low Internet access rates.

The questionnaire

The WageIndicator survey was adapted from the global standard questionnaire to the Honduran setting. Most of the questions were retained without changing the intended purpose. The questionnaire is available in one language, namely Spanish, see Table 1.

Table 1 Number of respondents and language of the survey

| | Number of respondents | Percent |
|---------|-----------------------|---------|
| Spanish | 1,327 | 100% |

Source: WageIndicator face-to-face survey Honduras, 2012, unweighted data

Sampling and fieldwork

The sampling of the respondents was done by the *Instituto Centroamericano de Estudios Sociales y Desarrollo* (INCEDES). Most of the interviews were done in urban regions, although interviews with agricultural workers were conducted in rural areas. During the field work the cooperation of interviewees was good and no major problems were encountered. INCEDES also took responsibility for the data-entry. The data-entry took place in the *WageIndicator* web-based data-entry module using a range of validity checks. The data-entry typists were trained for this data-entry work.

¹ See for more information about the survey Tijdens, K.G., S. van Zijl, M. Hughie-Williams, M. van Klaveren, S. Steinmetz (2010) Codebook and explanatory note on the WageIndicator dataset, a worldwide, continuous, multilingual web-survey on work and wages with paper supplements. Amsterdam: AIAS Working Paper 10-102. www.wageindicator.org/documents/publicationslist/publications-2010/codebook-and-explanatory-note-on-the-wageindicator-dataset.pdf

Weighting

Sampling is critical in reaching a national representative survey. In order to perfect the representativeness, weighting had to be applied. ILO's Estimates And Projections of the Economically Active Population (EAPPEP 6th edition) was used for weighting according to gender and age. Table 2 shows the weights, indicating to what extent the gender/age group in the face-to-face survey was over- or underrepresented in comparison to the labour force estimates. If a weight is smaller than 1, the group is overrepresented. If the weight is larger than 1, the group is underrepresented. In this paper, all graphs and tables are derived from weighted data.

Table 2 Weights for the Honduras survey according to age and gender distribution

| | Weight | N |
|--------------------|--------|------|
| Male 14-29 years | 1,3 | 277 |
| Male 30-39 years | 1,3 | 162 |
| Male 40-80 years | 1,2 | 253 |
| Female 14-29 years | 0,9 | 207 |
| Female 30-39 years | 0,8 | 146 |
| Female 40-80 years | 0,6 | 282 |
| Total | 1,0 | 1327 |

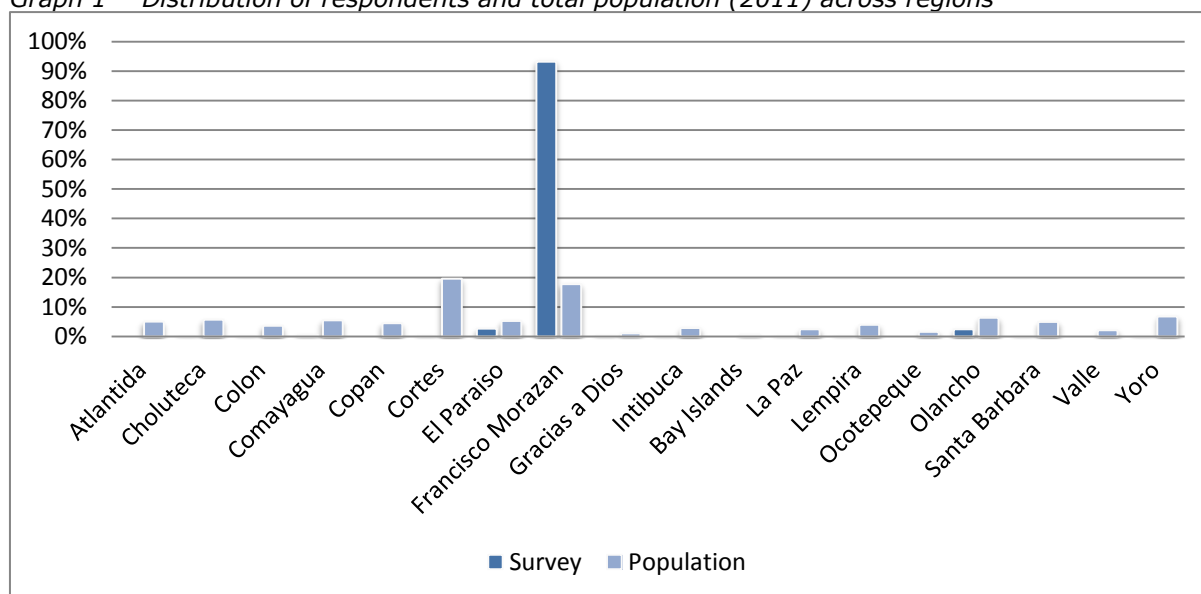
Source: The weights are based on the labour force estimates for 2012, derived from the Estimates And Projections Of The Economically Active Population (EAPPEP 6th edition) database of the International Labour Organization (ILO).

2 Socio-demographic characteristics

Regions

Almost the entire sample (93%) is drawn from the Honduran capital region Francisco Morazán. El Paraíso and Olancho are the only other regions representing over one per cent of the sample (2% each). No respondents come from the Atlántida, Copán, Bay Islands, Ocotepeque and Valle regions; in all other regions the respondents compose less than one per cent of the sample. Due to this heavy focus, the information in this survey should first and foremost be interpreted as an overview of wages in the Francisco Morazán region. Just over nine in ten respondents live in a city with over a million inhabitants; another eight per cent live either in a small city or a village.

Graph 1 Distribution of respondents and total population (2011) across regions

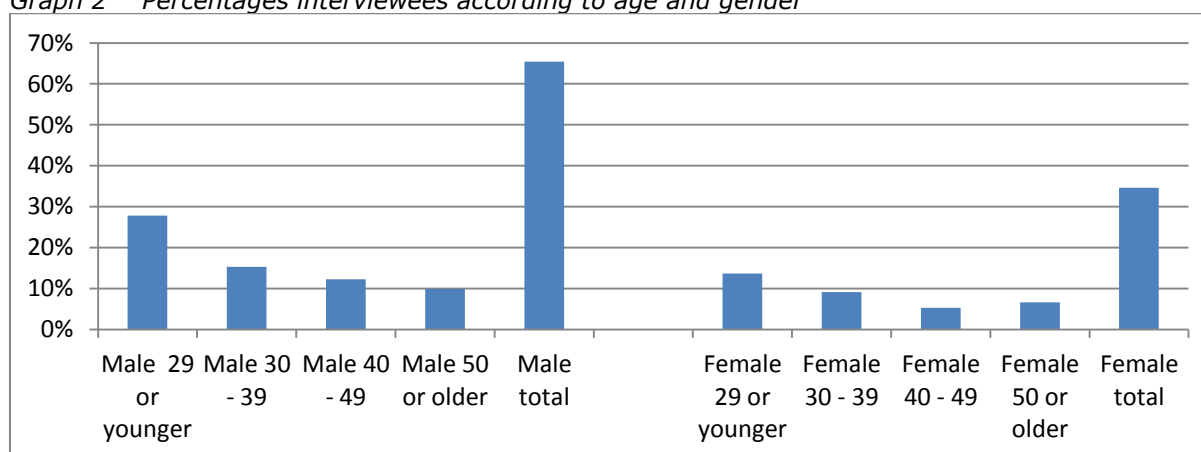


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Age and gender

Graph 2 reveals the distribution of the men and women in the survey over four age groups. More male than female workers were interviewed (65% versus 35%). Compared to older workers more young workers (men and women) aged 29 years or under were interviewed (41%).

Graph 2 Percentages interviewees according to age and gender

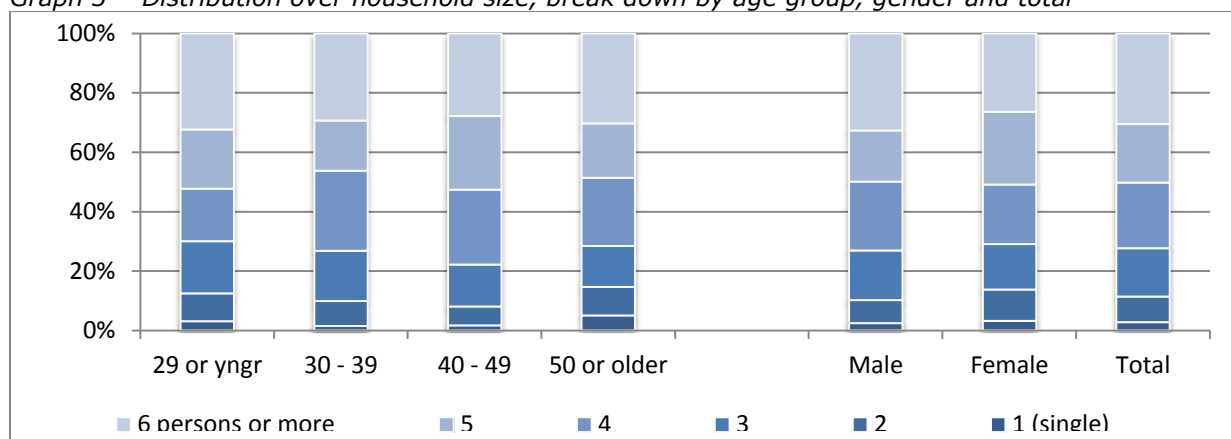


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Household composition

The workers in the survey live in households with on average almost 4.4 members, including themselves. Graph 3 shows that more than three in ten workers live in a household with six members or more, whereas only three in a hundred live in single person households (see bar total). Not surprisingly, younger workers more often live in a single-person household. On the other hand, people under 29 are also most likely to live in households of six persons or more, suggesting young people stay at home instead of forming their own households. While all age groups are most likely to live in 6 person or more households, workers between 30 and 49 are almost as likely to live in households of four members. Male workers are about 5% more likely than females to live in a household of six or more and women 1% more likely to live alone, but the two do not differ substantially in this respect.

Graph 3 Distribution over household size, break down by age group, gender and total



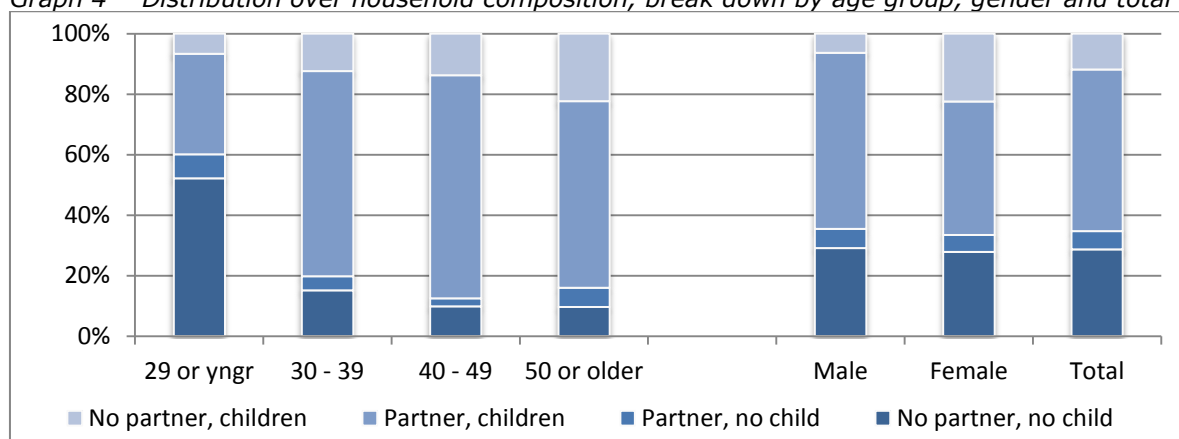
Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Living with partner and children

Graph 4 shows whether men and women from different age categories live with partners and children. The survey explicitly asks for children in the household rather than own children, assuming that the worker most likely will have to provide for them. For men these percentages are roughly equal, 65% of men live with a partner and the same share live with children (58% live with both a spouse and children). However, while 66% of women live with children, only 50% live with a partner. Twenty-nine per cent of men and 28% of women live without either a partner or children.

Not surprisingly, the young workers live less often with a partner compared to the older workers. Over half of those under 29 live with neither a partner nor children, whereas two-thirds up to three-quarters of the other age groups live with both.

Graph 4 Distribution over household composition, break down by age group, gender and total



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

3 Employment characteristics

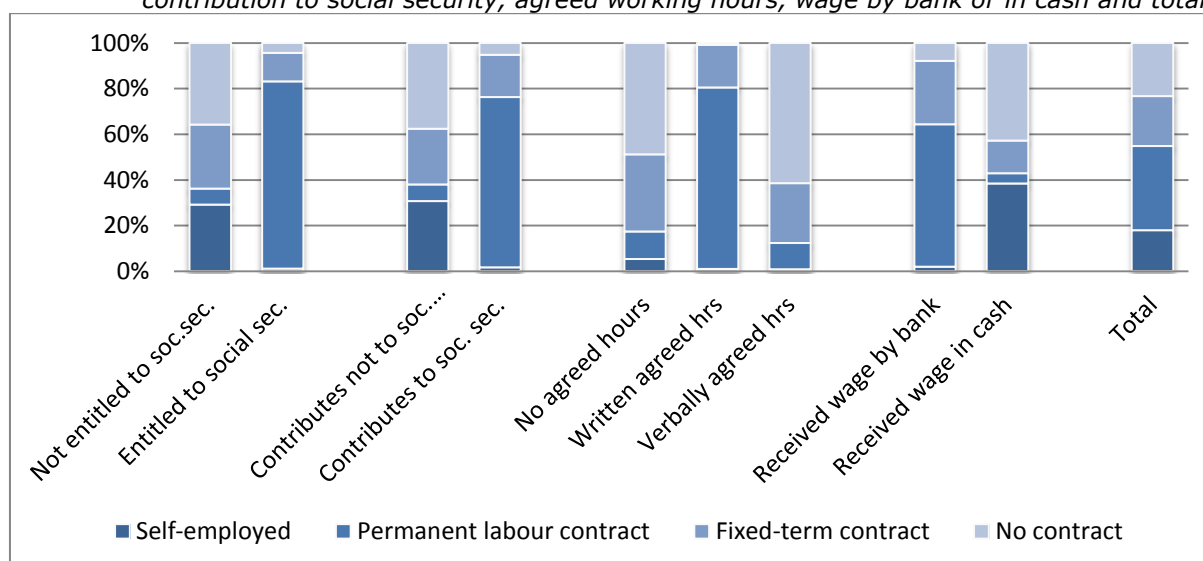
Labor force

According to the ILO economically active population estimates and projects, Honduras has an economically active population of just over 3 million people. The labor force participation rate is 83% for men and 43% for women. In urban areas the labor force participation rate was 53% and unemployment was as 6%. According to the ILO², in 2010, about 51% of the workers were employees, 37% were bosses or self-employed workers, 8% were family workers and 4% domestic servants. The ILO *Panorama Laboral* outlines that 32% of the workers were employed in commerce, 23% in services, and 18% in industry and manufacturing. Agriculture, construction, transport and communications and finance were sectors each employing between six and nine per cent of the work force. Roughly 5% of the population worked in the primary, 18% in the secondary and 67% in the tertiary sector.

Status in employment and labor contract

The survey distinguishes registered self-employed, employees with a permanent contract, with a fixed-term contract and workers without a contract. The ILO estimates that 4 in 10 workers in the formal economy work without contracts, in informal jobs. The last bar in Graph 5 shows the distribution over these four categories. Nearly two in ten workers are self-employed (18%). Almost four in ten workers are employees with a permanent contract (37%). Employees with fixed-term contracts and without a contract make up around twenty per cent each. A further breakdown (not in the Graph) reveals little gender difference between self-employed but large ones between employees. Men are much more likely than women to be employed on permanent contracts (49% and 30% respectively). Women are nearly twice as likely to work on fixed term contracts (26% versus 14%) and more often (26%) work without a contract than men (19%). Older workers are more often self-employed and they have more often a permanent contract. By contrast, young workers much more often work without an employment contract and they more often have a fixed-term contract.

Graph 5 Distribution over status in employment, break down by entitlement to social security, contribution to social security, agreed working hours, wage by bank or in cash and total



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

² For more information see ILO *Panorama Laboral 2011 América Latina y el Caribe* [http://www.ilo.org/public/libdoc/ilo/P/09577/09577\(2011\).pdf](http://www.ilo.org/public/libdoc/ilo/P/09577/09577(2011).pdf) and the *Panorama Laboral 2009* <http://www.trabajo.gob.hn/oml/PANORAMA%20LABORAL%202009%20OIT%20-%20AMERICA%20LATINA%20Y%20EL%20CARIBE.pdf>

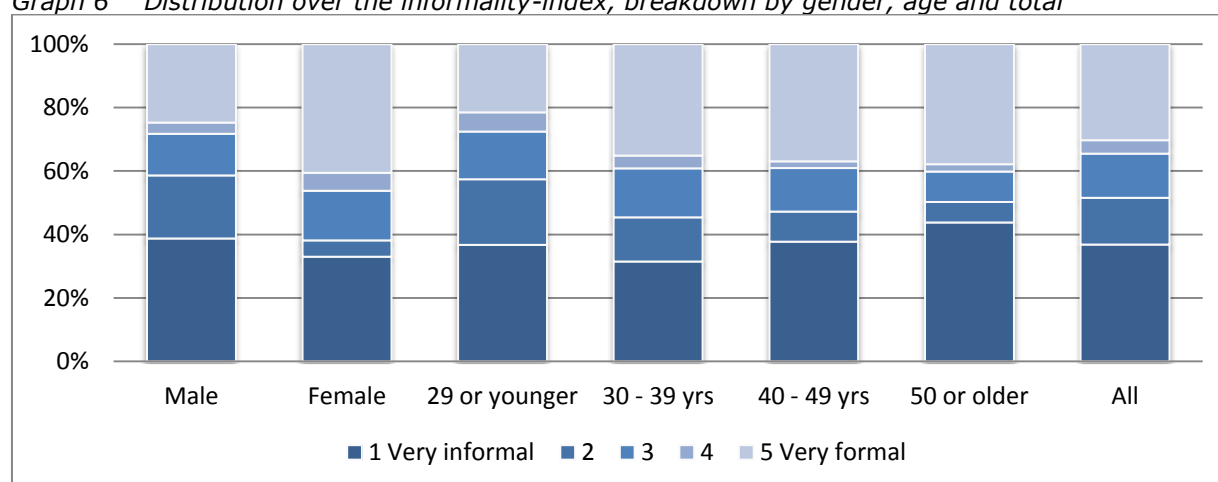
According to the *ILO Panorama Laboral*, in 2010, 32% of industry workers and 38% of services workers were entitled to social security; 18% of workers in transport and 13% in commerce were so, compared to only 4% of construction workers and 2% of agricultural workers. The survey included a question about entitlement to social security. Almost four in ten workers state that they are not entitled, to social security. Graph 6 shows that eight in ten people who are entitled to social security, are workers with a permanent contract, 12% of entitled workers are employed on fixed term contracts, 5% without a contract and one per cent is self-employed. The survey also included a question about contribution to social security. Just over half of the workers say that they do not contribute, while less than half say they do (no 56%, yes 44%). Graph 5 shows that three quarters of social security contributors are employees with a permanent contract, whereas two in ten are workers on fixed term contracts, 5% are workers without contract and 2% are self-employed.

Informal work might relate to unlimited working hours. Four in ten workers state that they have no agreed working hours, the remaining group has agreed working hours, either in writing or verbally (no 41%, in writing 48%, verbally agreed 11%). Graph 5 shows eight in ten workers with working hours agreed in writing are employees on permanent contracts and two in ten are on fixed term contracts. Workers with verbally agreed working hours tend to be employees without a contract (62%), followed by those on fixed term contracts (26%). Almost half of those without agreed working hours are workers without a contract.

One survey question asked if wages were received in a bank account or cash in hand (by bank 56%, in cash 44%). Again, workers who receive their wage in a bank account are in majority employees on permanent contracts (62%) and those who get wages in cash are most often workers without a contract (43%) and self-employed (38%).

The data allow us to investigate who the formal and the informal workers are and to compute an informality-index. We identified the workers who are not entitled to social benefits, do not contribute to social security, and have no employment contract; this group is placed at the informal end of the spectrum. The workers who are entitled, do contribute and have a permanent contract are placed at the other end of the spectrum. Graph 6 shows that nearly four in ten workers are in the lowest two categories in the index (37%), whereas three in ten are in the highest category (30%). The table shows that particularly the older workers, aged 50 and over, are found relatively often in very informal jobs and women are more likely than men to work in very formal jobs.

Graph 6 Distribution over the informality-index, breakdown by gender, age and total

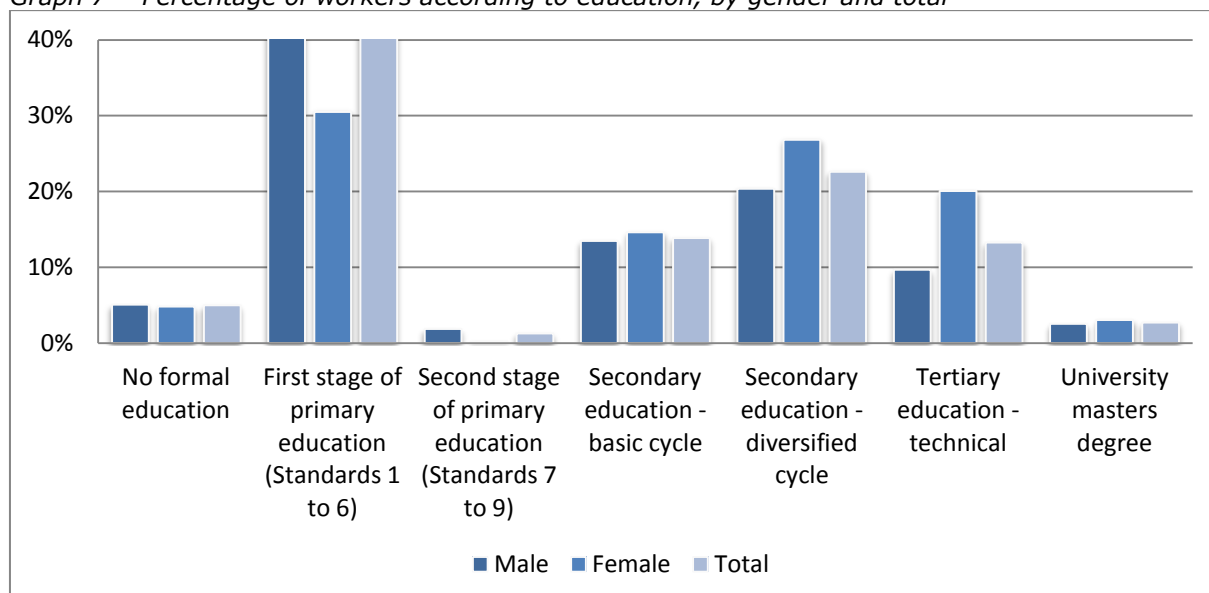


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Employment by educational category

Over four in ten workers had diploma's from primary education (43%) and just a little fewer finished secondary education (36%), as is shown in Graph 7. One in twenty workers has no formal education, 13% followed technical tertiary education and only 3% have a university degree. Some gender differences regarding education arise. Women higher educated than men, which mainly shows from the far higher levels of women finishing technical tertiary education or the diversified cycle of secondary education. Three in hundred workers report to be overqualified for their job (not in the graph). Unsurprisingly this is predominantly found among the workers with a university master's degree (28%). Only two persons in the entire sample report being underqualified.

Graph 7 Percentage of workers according to education, by gender and total

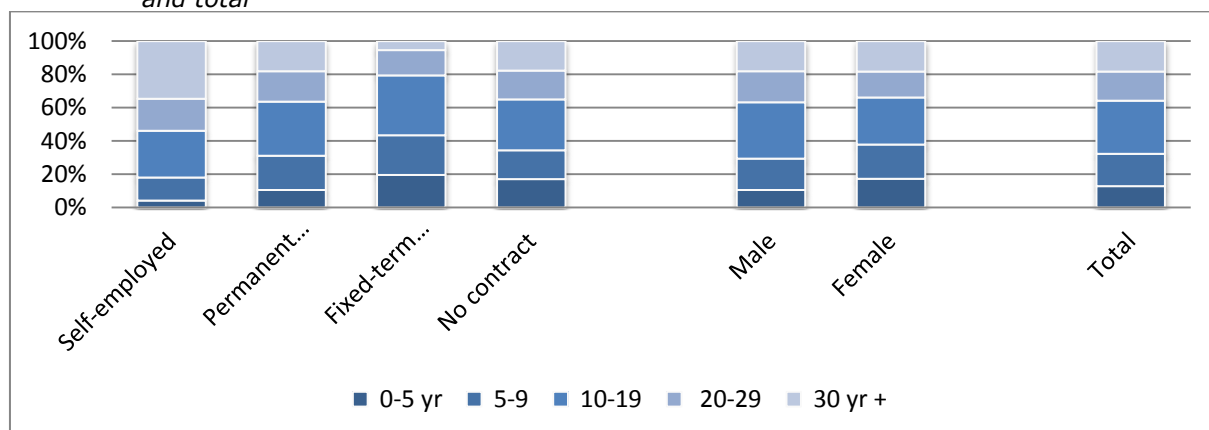


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Years of work experience

On average, the workers have worked for 17 years. One third of the sample have between 10 and 19 years of experience, as is shown in Graph 8. Thirteen per cent have worked between 5-9 years and another two in ten have worked for five to nine years. Twice 18% of respondents have either 20 to 29 or more than 30 years in the labor market. With on average almost 24 years, self-employed have more work experience than employees. Employees with fixed term contracts have the least experience (13 years), whereas those with permanent contracts or no contract at all have worked for on average 17 years. There are no big gender differences, except between those on fixed term contracts (women having 1,5 years less experience).

Graph 8 Distribution over years of work experience, breakdown by employment status, gender and total



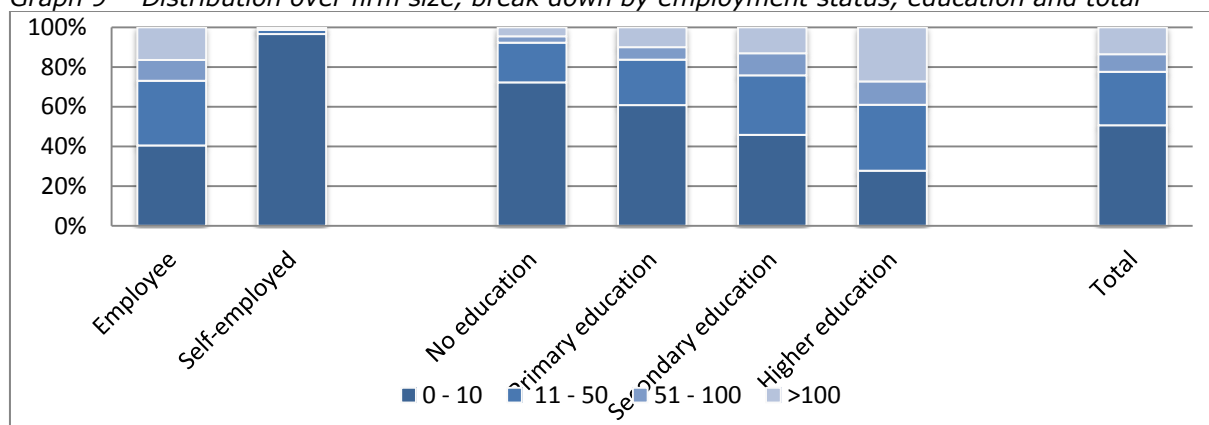
Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

The survey has a few questions about employment spells. More than four in ten workers (42%) have experienced such a spell, but only 7% have experienced a spell for more than one year. No questions were asked about the reasons for the spell, but most likely these are due to unemployment. Compared to women, men experienced more spells out of employment.

Firm size

Half of the people in the sample work in an organization with 10 or fewer employees and another three in ten work in an organization with 11-50 employees. Graph 9 shows that the self-employed work almost exclusively in small firms (97%). Furthermore, the less educated workers are, the more likely they are to work for small firms and the less likely they are to work for big firms.

Graph 9 Distribution over firm size, break down by employment status, education and total

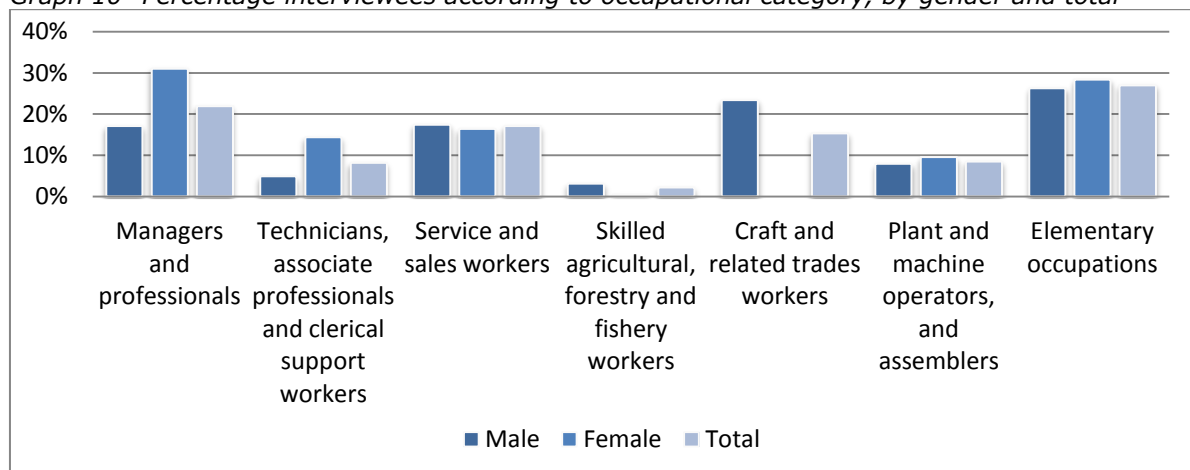


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Employment by occupational category

The sampling strategy included the selection of a subset of all occupational titles (see Chapter 1.3 and Appendix 1 List of Occupations). The Graph shows that nearly three in ten workers are employed in elementary occupations. More than two in ten workers work as managers and professionals. Sizeable groups of respondents work in services and sales (17%) and craft and trades (15%). For reasons of sample size, the managers and professionals have been recoded into a single group and technicians, associate professionals and clerical support workers into another. Women hardly ever work in agriculture or crafts and trades, while they are almost twice as likely as men to be professionals and managers (31% versus 17%). Women are also overrepresented among technicians, associate professionals and clerical support workers.

Graph 10 Percentage interviewees according to occupational category, by gender and total

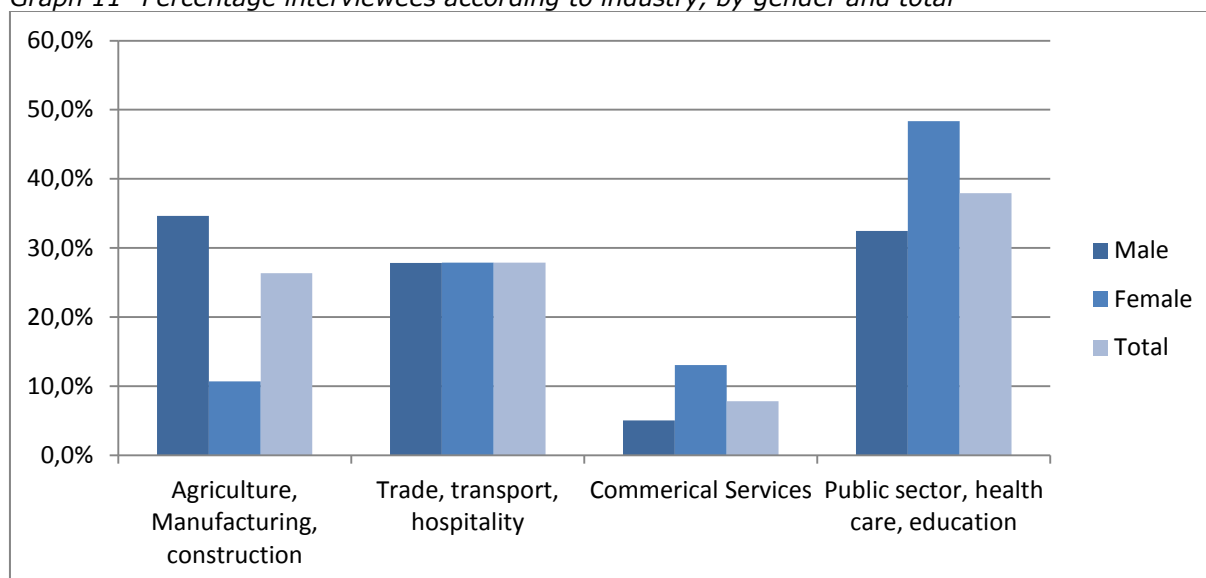


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 14 missing cases)

Employment by industry

Nearly four in ten interviewees work in the public sector, health care or education, women more so than men. Three in ten work in trade, transport and hospitality. Over a quarter of all respondents work in agriculture, manufacturing and construction, which are very male dominated sectors. Only 8% work in commercial services, while women are twice as likely to do so as men.

Graph 11 Percentage interviewees according to industry, by gender and total



Source: WageIndicator paper survey Honduras, 2012, weighted data (N=1327)

4 Remuneration

Wage levels

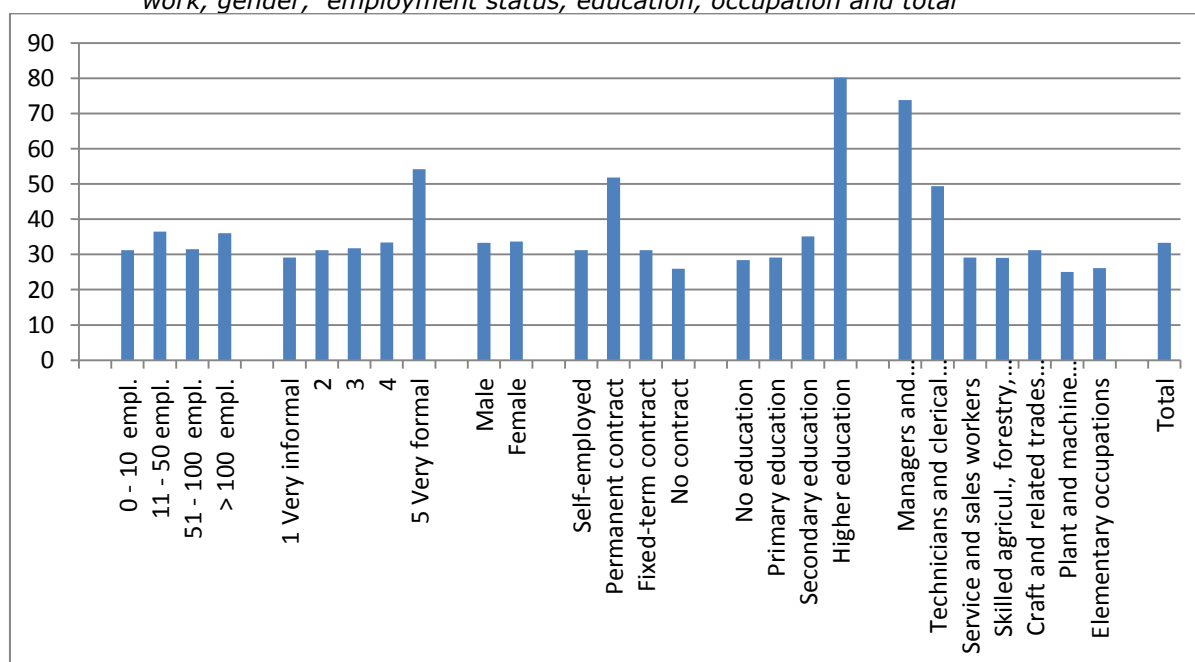
The median net hourly wage of the total sample is 33,33 Honduran Lempira, as Graph 11 shows. The median wage is the middle of all observations within a defined category, e.g. all female workers. It should not be confused with the average or mean wage, which is the sum of all wages of the individuals divided by the number of observations. The median has the advantage that it is not overly influenced by small numbers of high earners.

Graph 11 reveals some small and inconsistent wage differentials according to firm size, indicating it is not a main factor in determining wages. In the smallest firms and those employing between 51 and 100 people, the median wage is 31 Lempira, whereas in large firms and those between 11 and 50 employees, the median is at 36 HNL. The Graph does show that the lower on the informality-index, the lower the net hourly wages. Those on the lowest end of the scale earn below average wages (median is 29 HNL), whereas those in the highest end earn wages far above that (median is 54 HNL). Employees with permanent contracts have by far the highest earnings (52 Lempira), whereas the workers without a labour contract have the lowest earnings (26 Lempira). Median wages increase with every level of education. Notably, the extra years of higher education pay off far more than any previous educational step. Hardly any gender differences are found.

The graph shows the median wages by occupational category. Not surprisingly, the managers and the professionals (74 HNL) have the highest median wages, followed by technicians and clerical support workers (49 HNL). The lowest paid workers are plant and machine operators (25 HNL), followed by workers in elementary occupations (26 HNL).

The graph depicts the wage differentials for several categories of workers. The impact of each category on an individual's net hourly wage can be investigated, controlled for the impact of the other categories (see Appendix 2). The results show that employees with a permanent contract receive higher wages compared to the group of workers with a fixed term contract, with no contract or self-employed. More education pays off, as do years of work experience. When all other controlling for the effects of other factors, like education, women earn significantly less than men.

Graph 12 Median net hourly wage in Honduran Lempira (HNL), break down by firm size, informal work, gender, employment status, education, occupation and total

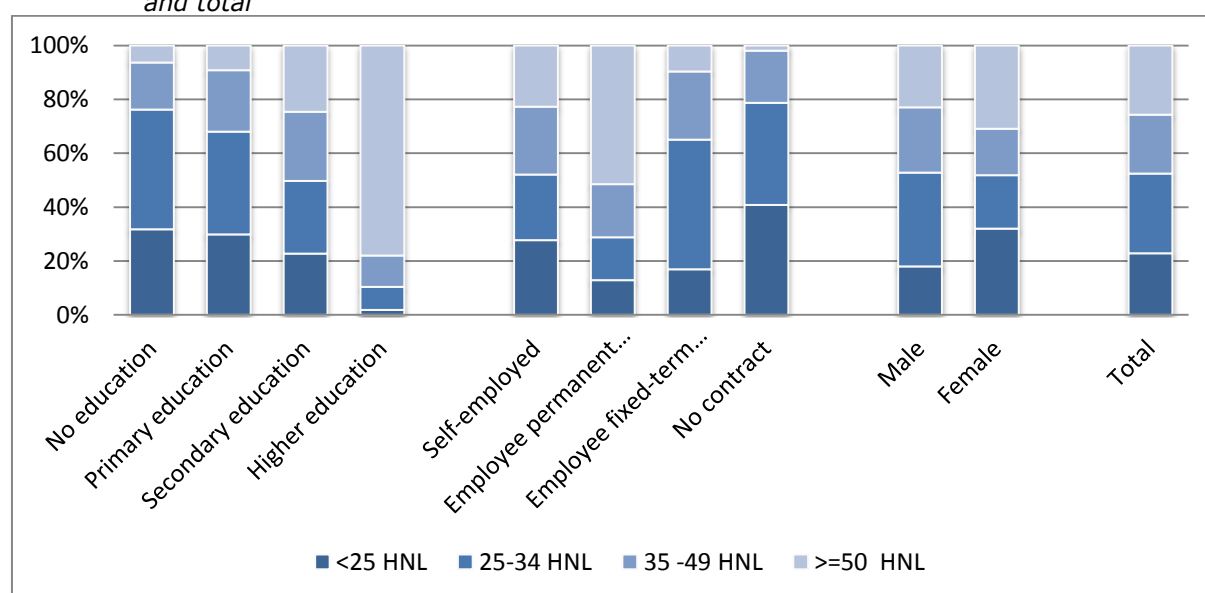


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 16 cases missing)

The graph with the median wages certainly provides a clear picture of the remuneration of the workers in the survey. However, the distribution over several wage groups is of equal importance to explore. To do so, we divide the workers in four groups of approximately equal size. The lowest category of workers corresponds to those working under the minimum wage, which is analyzed in more detail later in this chapter.

Graph 12 shows that 23% of workers in the sample earn less than 25 Lempira net per hour, whereas just over a quarter earn more than 50 Lempira (26%). Whereas three in ten workers without any formal education earn less than 25 Lempira and 44% earn between 25 and 24 HNL, 78% of workers with higher education earn more than 50 Lempira per hour. The self-employed are more or less equally distributed over the income levels, whereas over half of the employees on permanent contracts are in the highest wage group. Almost eight in ten workers without a contract are in the lowest two categories (41% less than 25 HNL, 38% 25-34 HNL), whereas the bulk of employees on fixed term contract earn wages in the middle two categories. Women are more likely to be found in both the lowest and the highest wage levels, whereas men are more spread out.

Graph 13 Distribution over hourly wages in HNL, break down by education, employment, gender and total



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 3 cases missing)

Minimum wage setting

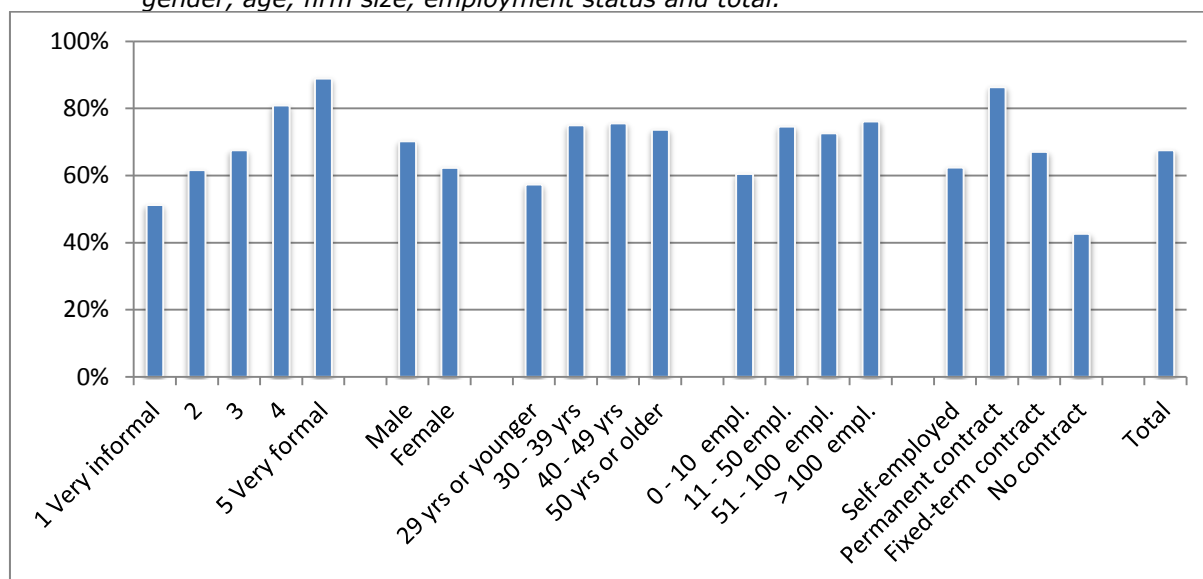
Honduras has an extensive minimum wage setting, with different minimum wages for a range of industries and firm sizes³. The minimum wages are established per month, day and hour by a tripartite committee of employers, unions and government. The minimum wage rate range from 10,27 HNL per hour for small companies (up to 10 employees) in the electricity, gas and water sector, to 29,75 HNL for people in finance, real estate and business services working for companies with more than 150 employees.

In the survey, net hourly and daily wages have been computed, based on the reported number of working hours per week. The result of the analysis shows that 68% of the sample is paid on or above the minimum and 32% is paid below the minimum wage threshold. Graph 13 shows in detail in which groups this occurs most frequently. Large differences are found according to the informality-index. Only half of the informal workers are paid above the minimum wage, compared to 89% of the formal workers. Men are more often paid above the minimum wage than women (70% versus 62%). Workers under 30 years are particularly vulnerable, only 57% being paid on or above the minimum wage threshold. Workers in very small firms are more often paid under the minimum wage threshold. Workers without a contract are most likely to be paid under the

³ See Tusalario.org/honduras/portada/salario/salario-minimo

minimum wage rates, and employees with a permanent contract are most often paid above the minimum wage (43% versus 86%).

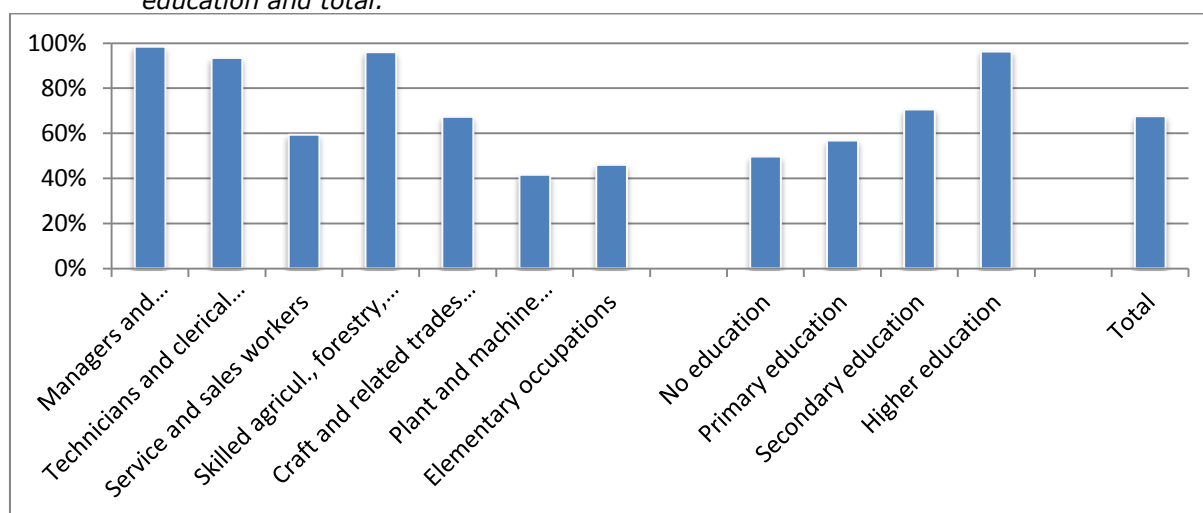
Graph 14 Percentages of workers paid above the minimum wage threshold, by informality index, gender, age, firm size, employment status and total.



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 15 cases missing)

Occupations vary widely with respect to which the workers are paid above the minimum wage threshold. Managers and professionals, technicians, clerical support workers and skilled agricultural workers are almost always paid above the minimum wage (98%, 93% and 95% respectively). Plant and machine operators as well as those in elementary occupations are least often paid on or above the minimum wage (41% and 46% respectively). Looking at education, Graph 14 shows that the workers with primary education are most often paid under the minimum wage threshold, whereas the workers with higher education degrees are most often paid above the minimum wage (50% versus 96%). The impact of each category on an individual's outcome can be investigated, controlled for the impact of the other categories (see Appendix 2). This shows that particularly the formality of the job, gender, occupational status affect the likelihood of being paid on or above the minimum wage.

Graph 15 Percentage of workers paid above the minimum wage threshold, by occupation, education and total.



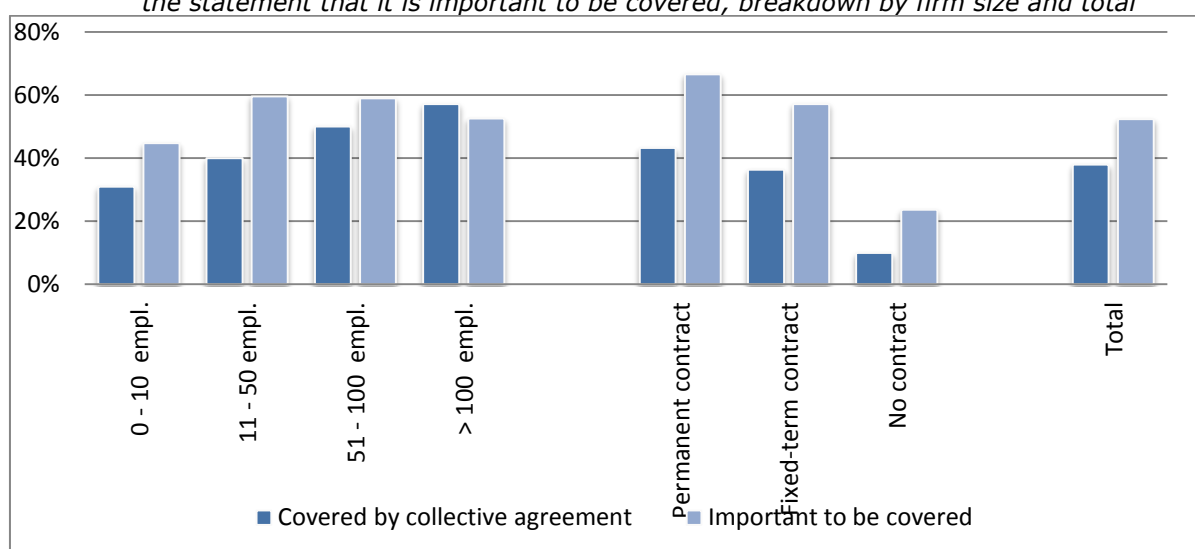
Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 15 cases missing)

Bargaining coverage

Collective agreements are a main instrument for wage setting. This raises the question to what extent the workers in the survey are covered by an agreement. Slightly less than four in ten are covered (see graph 15). Compared to workers in small firms, workers in large firms are far more often covered (31% of employees in firm of less than 10 employees, compared to 58% of those in firms of more than 100 employees). The workers with a permanent contract (43%) are more often covered than employees with a fixed-term contract (36%) and much more often than the workers without a contract (10%). The Appendix holds an analysis which workers are covered by an agreement if controlled for other characteristics. It shows that more highly educated workers are more likely to be covered.

The survey has a question asking whether workers think that it is important to be covered by a collective agreement. Whereas four in ten workers are covered, 52% wish to be covered. This percentage is highest for employees on permanent contracts (66%) and lowest for those without contract (24%).

Graph 16 Percentage of workers covered by a collective agreement and percentage agreeing with the statement that it is important to be covered, breakdown by firm size and total

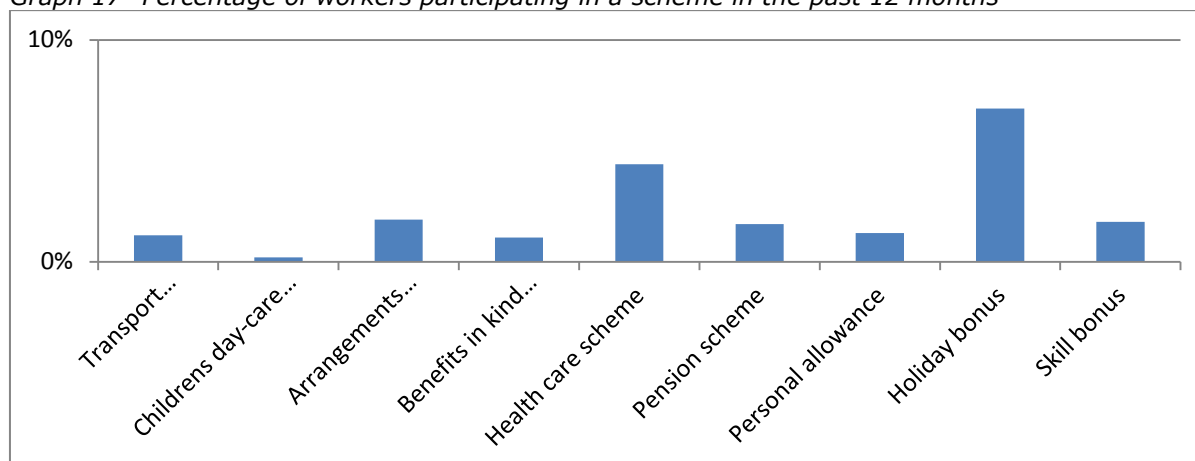


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 249 cases missing)

Participation in schemes and receiving allowances

The survey has several questions about participation in schemes and bonuses. These questions are asked to both the employees and the self-employed. Graph 16 shows that participation is generally low and that participation in health insurance schemes and holiday bonuses are most common. Less than 5% participate in a health insurance scheme and only 2% in a pension scheme. Slightly less than 7% of workers receive holiday payments.

Graph 17 Percentage of workers participating in a scheme in the past 12 months



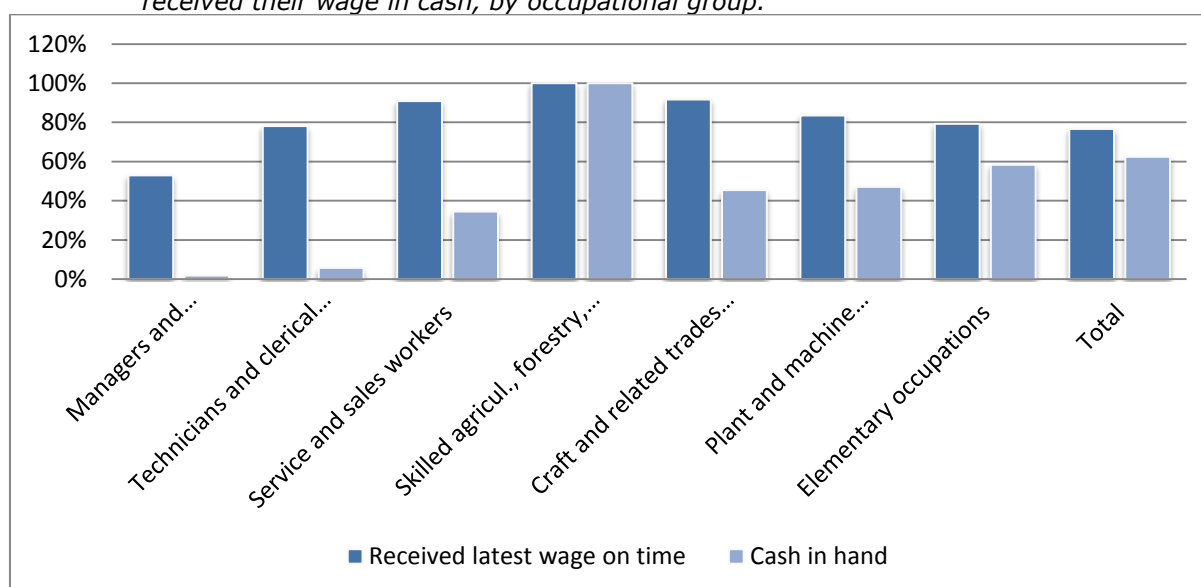
Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Wages on time and cash in hand

The survey asks employees whether they received their wage on time and whether they received it by a bank draft or cash in hand. Graph 17 shows that three quarters of the employees report receiving their wage on time. Only just over half of the managers and professionals received their wages in time, whereas almost all agricultural workers, service and sales workers and crafts and trades workers did.

More than six in ten employees receive their wage cash in hand. There are large differences between the occupational categories. Agricultural workers always receive wages in cash, whereas hardly any managers and professionals do.

Graph 18 Percentages of employees reporting that they received their wage on time and that they received their wage in cash, by occupational group.



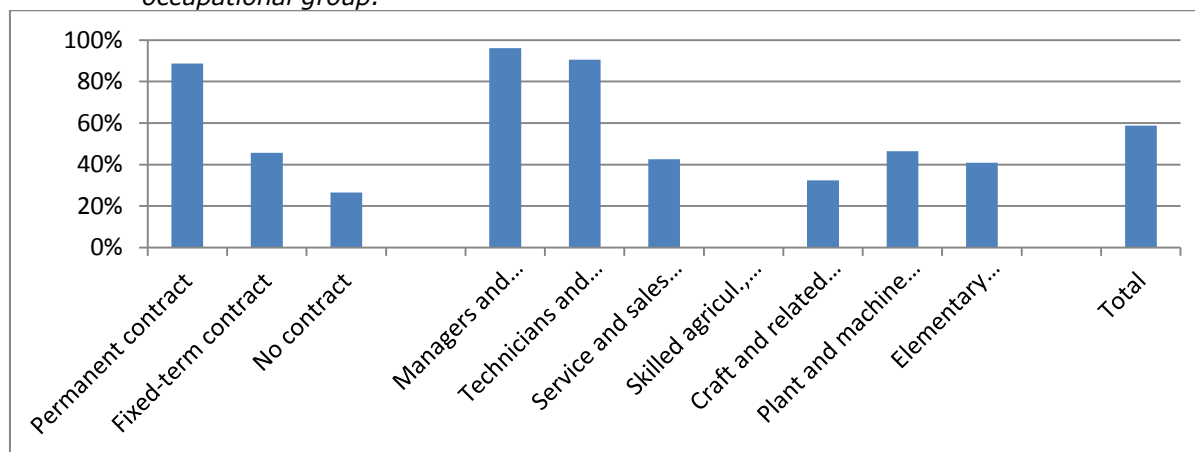
Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 250 cases missing)

5 Working hours

Working hours agreed

One survey question asks if the respondents have agreed their working hours with their employer, either in writing or verbally. Only six in ten workers have agreed working hours, as Graph 18 shows. This is highest for the employees with a permanent contract (eight out of ten) and lowest for the workers without a contract (26%). Managers and professionals (96%), followed by technicians and clerical support workers (90%), most often have agreed working hours. Agricultural workers do not tend to have agreed working hours; for craft and trades workers it is also relatively uncommon (32%).

Graph 19 Percentages of employees with agreed working hours, by employment status and occupational group.

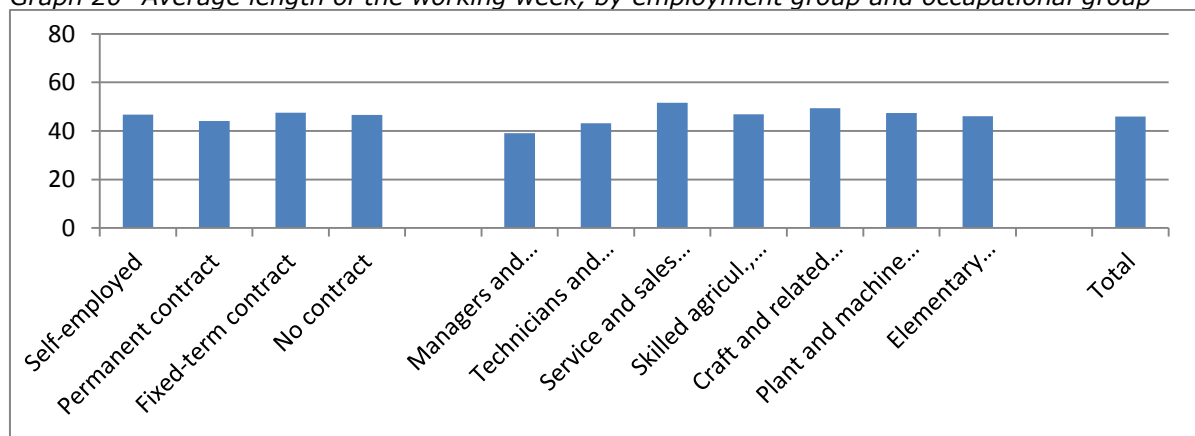


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data, (N=1327, of which 223 cases missing)

Usual working hours

What is the average length of the working week? Graph 19 shows that the average working week of respondents is almost 46 hours, which is longer than the standard 44 hours working week. Employees on fixed term contracts work the longest hours (47) and those on permanent contracts the shortest (44 hours). The service and sales workers work on average 52 hours per week, whereas managers and professionals work 39.

Graph 20 Average length of the working week, by employment group and occupational group



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 15 cases missing)

Shifts or irregular hours

The survey includes a question asking if the respondent works shifts or irregular hours. Graph 20 shows that 10% of workers report doing so. The incidence of shift work or irregular hours is lowest for the self-employed and highest for the employees with a permanent contract. Men do so more often than women. Working in the evenings is reported by 16% of workers in the sample, most frequently by employees on permanent contracts and more so by men than by women. Four in ten workers report working Saturdays, while nearly eight in ten work Sundays. Working regularly on Saturdays occurs most often among the self-employed and men. Self-employed and workers without a contract most often work Sundays; again, men do so more often than women.

Graph 21 Percentages of workers reporting to be working in the evenings, shift work or irregular hours, Saturdays or Sundays, by employment group, gender and total.

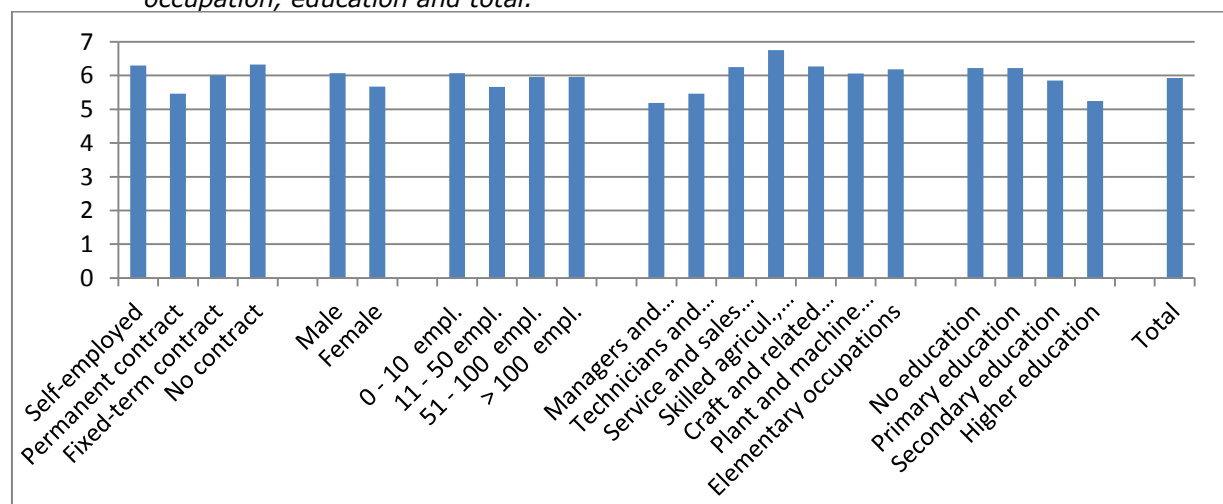


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 5-16 cases missing)

Average working days per week

On average, the workers in Honduras report to be working nearly six days a week. Graph 21 shows that the employees without a contract work and the self-employed more days than the average, as so do the men, the workers in small firms, agricultural workers and workers with no or just primary education.

Graph 22 Average number of working days per week, by employment status, gender, firm size, occupation, education and total.

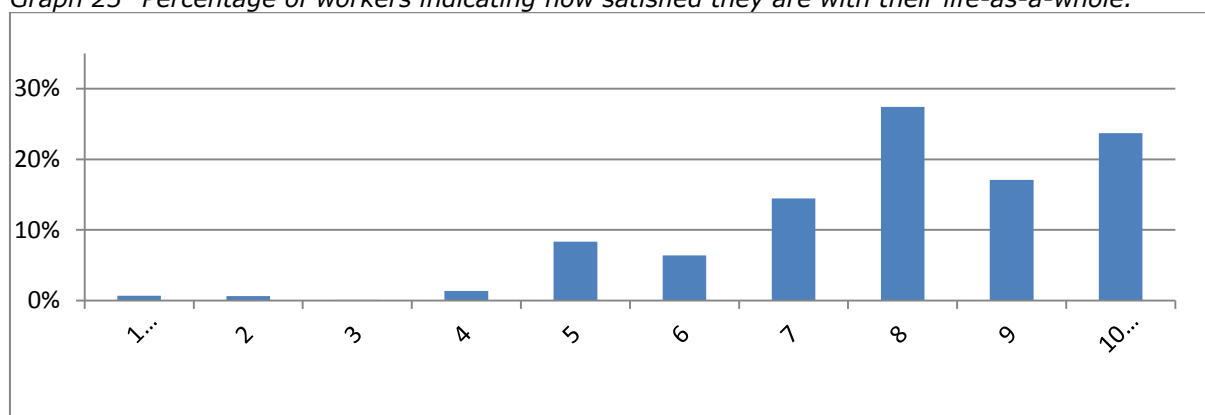


Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 0-15 cases missing)

6 Satisfaction with life-as-a-whole

The survey includes a question about satisfaction with life-as-a-whole, to be judged on a scale from 1 – dissatisfied - to 10 – satisfied. As the graph shows, nine in ten respondents rates their lives a six or higher, over two thirds even rate it an 8 or higher. On average, the interviewees score an 8.

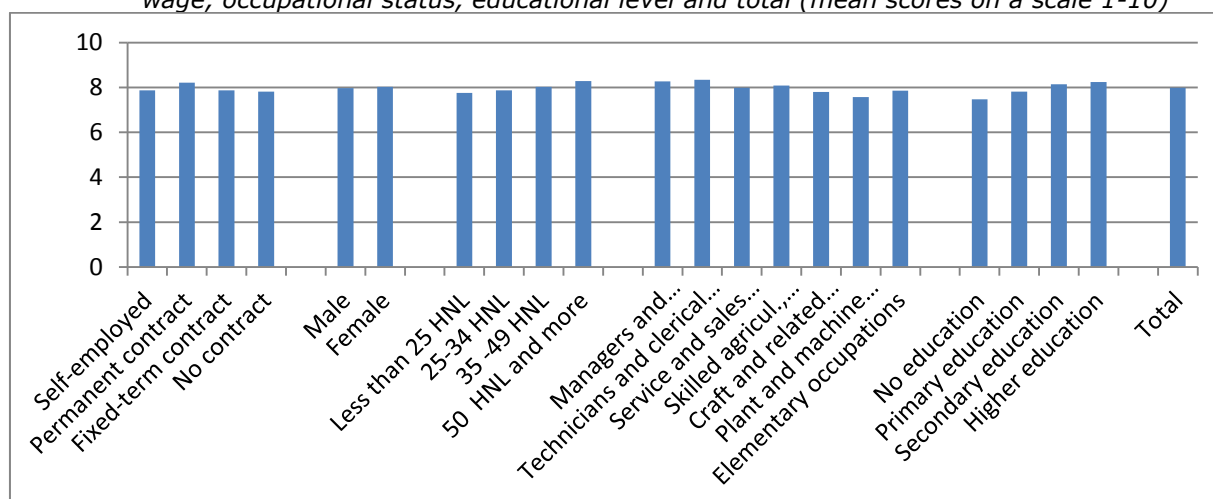
Graph 23 Percentage of workers indicating how satisfied they are with their life-as-a-whole.



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327)

Groups do differ with respect to their life satisfaction as a whole, although all groups have average scores above 7. Graph 23 shows a breakdown for several groups. Employees with a permanent contract are on average more satisfied with life than the other workers. Women seem slightly more satisfied than men. Workers with earnings above 35 HNL per hour are more satisfied than those with lower wages. Managers, professionals, technicians, clerical support workers and agricultural workers all have above-average scores. Workers with a higher education are more satisfied than the groups without or with primary education only. When explaining the variance in life satisfaction, however, only educational level and wages are significantly contributing to the explanation (model included in the appendix).

Graph 24 Average satisfaction with life-as-a-whole, breakdown by employment status, gender, wage, occupational status, educational level and total (mean scores on a scale 1-10)



Source: WageIndicator face-to-face survey Honduras, 2012, weighted data (N=1327, of which 0-16 cases missing)

Appendix 1 List of occupational titles

| CODE ISCO0813 | Occupational title | Frequency |
|---------------|--|-----------|
| 1219050000000 | Administrative services department manager | 1 |
| 1330010000000 | IT manager | 1 |
| 1345030000000 | Secondary school manager | 5 |
| 2166010000000 | Graphic designer | 1 |
| 2221990000000 | Nurse, all other | 50 |
| 2310120000000 | Post-secondary education teacher, other subjects | 30 |
| 2310260000000 | University lecturer, other subjects | 3 |
| 2320990000000 | Vocational education teacher, other subjects | 22 |
| 2330990000000 | Secondary education teacher, other subjects | 81 |
| 2341010000000 | Primary school teacher | 54 |
| 2411010000000 | Accountant | 72 |
| 2423010000000 | Careers advisor | 1 |
| 2522010000000 | IT systems administrator | 1 |
| 2631010000000 | Economist | 1 |
| 3313990000000 | Account manager, all other clients | 35 |
| 3343010000000 | Administrative secretary | 1 |
| 4110040000000 | Marketing clerk | 2 |
| 4120060000000 | Secretary | 55 |
| 4211010000000 | Bank teller (front-office) | 25 |
| 4312020000000 | Finance clerk | 1 |
| 5142010000000 | Beautician | 1 |
| 5211010000000 | Stall sales person, kiosk sales person | 57 |
| 5211020000000 | Market vendor | 44 |
| 5212010000000 | Street vendor (food products) | 55 |
| 5414010000000 | Security guard | 66 |
| 6111030000000 | Field crop or vegetable farm worker | 25 |
| 7112010000000 | Bricklayer | 52 |
| 7113070000000 | Stone mason | 49 |
| 7115010000000 | Carpenter | 55 |
| 7511010000000 | Butcher | 1 |
| 8189990000000 | Stationary plant and machine operator, all other | 55 |
| 8331010000000 | Bus driver public transport | 52 |
| 9111010000000 | Domestic cleaner | 93 |
| 9520010000000 | Street vendor, non-food products | 55 |
| 9520130000000 | Newspapers vendor | 51 |
| 9611010000000 | Refuse collector | 55 |
| 9613010000000 | Sweeper, street cleaner | 53 |
| 9622010000000 | Handyperson | 51 |
| | Missing | 15 |
| | Total | 1327 |

Appendix 2 Regressions

Dependent variable: log net hourly wages

| | B | Std. Error | Beta | t | Sig. |
|--------------------------------|--------|------------|-------|--------|------|
| Constant | 4,839 | 2,231 | | 2,169 | ,030 |
| Employee on permanent contract | 13,106 | 2,011 | ,183 | 6,516 | ,000 |
| Educational level | 13,964 | ,828 | ,449 | 16,871 | ,000 |
| Female | -4,566 | 1,663 | -,063 | -2,745 | ,006 |
| Firm size 1-5 empl | -,276 | 1,929 | -,004 | -,143 | ,886 |
| Firm size 6-10 empl | 3,273 | 2,481 | ,032 | 1,319 | ,187 |
| Firm size 11-20 empl | 6,258 | 2,613 | ,057 | 2,395 | ,017 |
| tenure | ,556 | ,062 | ,204 | 9,030 | ,000 |
| N | 1317 | | | | |
| R-square | 0,355 | | | | |

Dependent variable: Paid up or above the applicable minimum wage threshold yes/no

| | B | S.E. | Wald | df | Sig. | Exp(B) |
|---|---------|------|--------|----|------|--------|
| informality index | ,206 | ,061 | 11,371 | 1 | ,001 | 1,229 |
| Firm size 1-5 empl | -,194 | ,188 | 1,060 | 1 | ,303 | ,824 |
| Firm size 6-10 empl | ,508 | ,248 | 4,192 | 1 | ,041 | 1,663 |
| Firm size 11-20 empl | ,349 | ,279 | 1,566 | 1 | ,211 | 1,417 |
| Employee on permanent contract | -,325 | ,067 | 23,228 | 1 | ,000 | ,722 |
| Educational level | ,183 | ,124 | 2,175 | 1 | ,140 | 1,201 |
| Female | -,892 | ,160 | 31,090 | 1 | ,000 | ,410 |
| Lives with partner | ,042 | ,181 | ,053 | 1 | ,818 | 1,042 |
| Lives with child | ,616 | ,197 | 9,820 | 1 | ,002 | 1,852 |
| Age | ,007 | ,006 | 1,480 | 1 | ,224 | 1,007 |
| Socio-Econ. Index of occ. status (ISEI 11-76) | ,055 | ,008 | 49,447 | 1 | ,000 | 1,056 |
| Constant | -1,828 | ,410 | 19,896 | 1 | ,000 | ,161 |
| N | 1273 | | | | | |
| -2 Log Likelihood | 1251,35 | | | | | |

Dependent variable: Covered by a collective agreement yes/no (excl. don't know answers)

| | B | S.E. | Wald | df | Sig. | Exp(B) |
|---|---------|------|-------|----|------|--------|
| Employee on permanent contract | ,503 | ,514 | ,958 | 1 | ,328 | 1,654 |
| Educational level | ,649 | ,230 | 7,920 | 1 | ,005 | 1,913 |
| Female | -,002 | ,321 | ,000 | 1 | ,996 | ,998 |
| Firm size 1-5 empl | ,224 | ,520 | ,186 | 1 | ,667 | 1,251 |
| Firm size 6-10 empl | ,084 | ,473 | ,032 | 1 | ,859 | 1,088 |
| Firm size 11-20 empl | ,880 | ,430 | 4,193 | 1 | ,041 | 2,410 |
| Tenure | ,000 | ,012 | ,001 | 1 | ,978 | 1,000 |
| Socio-Econ. Index of occ. status (ISEI 11-76) | -,023 | ,015 | 2,386 | 1 | ,122 | ,977 |
| Constant | -1,596 | ,785 | 4,132 | 1 | ,042 | ,203 |
| N | 256 | | | | | |
| -2 Log Likelihood | 264,909 | | | | | |

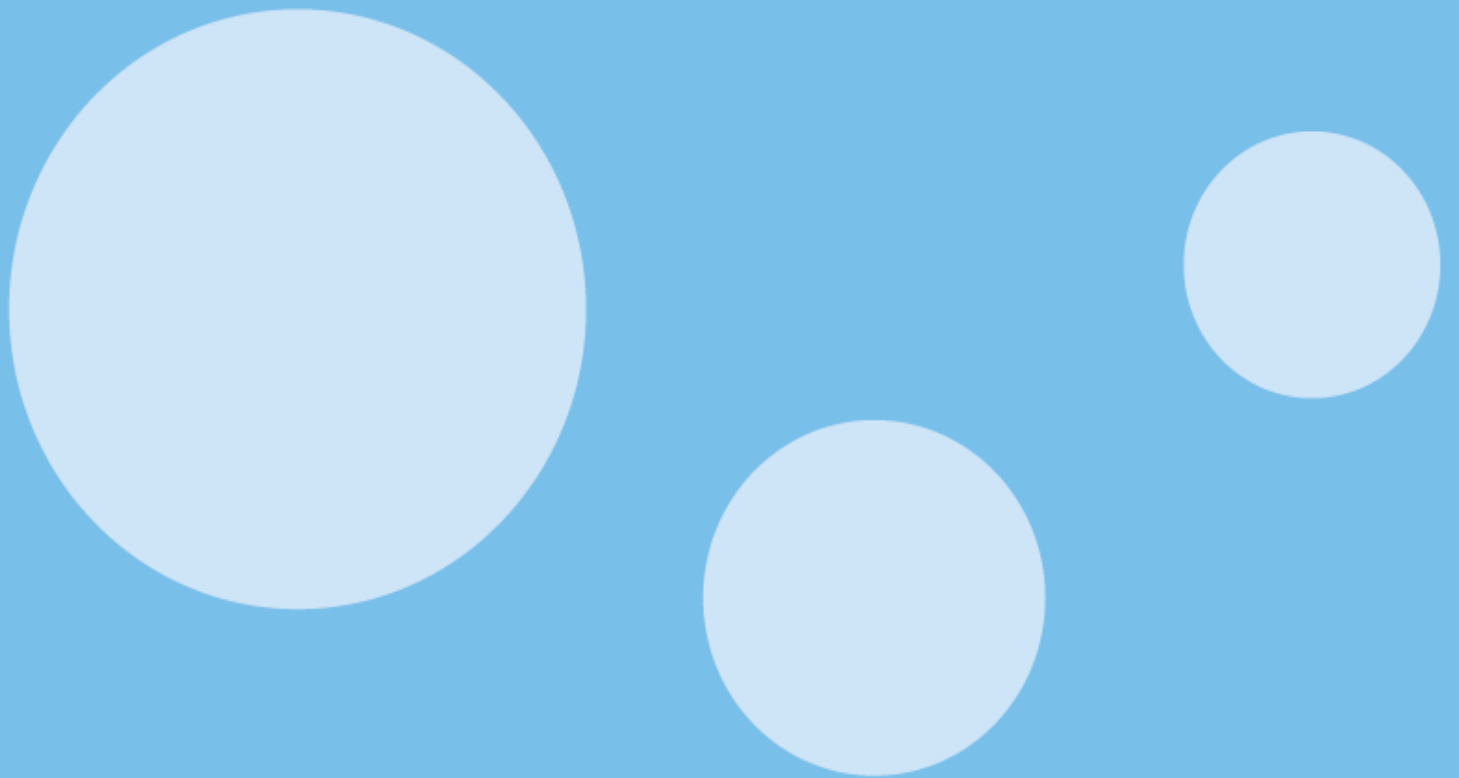
Dependent variable: Satisfaction with life as-a-whole (1 – dissatisfied to 10 – satisfied, excluding values 1 and 10 in the analyses)

| | B | Std. Error | Beta | t | Sig. |
|---------------------------------|-------|------------|-------|--------|------|
| (Constant) | 7,388 | ,218 | | 33,953 | ,000 |
| Employee permanent contract | -,027 | ,118 | -,009 | -,227 | ,821 |
| Educational level | ,109 | ,054 | ,086 | 2,033 | ,042 |
| Female | -,038 | ,101 | -,013 | -,371 | ,710 |
| Earns less than 25 HNL per hour | -,349 | ,159 | -,105 | -2,199 | ,028 |
| Earns 25-34 HNL oer hour | -,317 | ,153 | -,102 | -2,079 | ,038 |
| Earns 35-49 HNL per hour | -,219 | ,154 | -,064 | -1,426 | ,154 |
| Lives with partner | -,032 | ,120 | -,011 | -,265 | ,791 |
| Lives with children | ,052 | ,130 | ,018 | ,405 | ,686 |
| Age 29 or younger | ,015 | ,116 | ,005 | ,131 | ,896 |
| Age 30-39 | ,096 | ,073 | ,120 | 1,303 | ,193 |
| Age 40-49 | -,059 | ,071 | -,075 | -,837 | ,403 |
| N | 988 | | | | |
| R-squared | ,029 | | | | |

Wage Indicator Foundation

Plantage Muidersgracht 12
1018 TV Amsterdam
The Netherlands

office@wageindicator.org



WageIndicator.org