Report of Human Resource Management in Microfinance Institutions: The State of Practice

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Foreword

The last three years of Microfinance Sector in India have been of introspection, strengthening, weeding out and reforms. All the stake holders, be it MFIs, investors, lenders, regulators or the clients have contributed to this..

The Code of Conduct adopted by the sector, the regulatory guidelines issued by the RBI and self regulatory measures taken up by the MFI associations have helped in shaping the future path for the sector.

One of the major lessons learnt from AP crisis has been the importance of deploying suitable manpower at the field level. Whereas MFIs in India have off late tried to cut down the costs of operations and introduced technology at all levels of operations to increase the profitability, but now there is a need to give emphasis on quality of field staff.

As we all know, dispensation of financial services of any kind has person orientation. In this, we take care of the personal needs of the clients, devise products according to the personal needs of the borrowers and there is a lot more personal interaction in credit dispensation and other transactions. Hence, long term success of an MFI depends on the quality of field staff deployed at the field level. Handling of the clients, their preferences and needs and their personal appraisal all are of crucial importance in microfinance.

In the above backdrop, this Study is an attempt to understand and record the present status of HR Practices being followed by the MFIs, needs and importance of HRM in the Indian microfinance sector. The Study has tried to address the HR issues faced by the MFIs and has attempted to give a prescription in view of the current microfinance sector scenario.

I hope this document will help the sector in identifying and addressing the important Human Resource Management issues of Indian Microfinance Sector.

K. S. Singhwan
Chief General Manager
SIDBI Foundation for Micro Credit

A study on HR practices of 25 MFIs was conducted to understand various HR practices in vogue in the microfinance sector, the challenges confronting the sector, and to recommend ways to to improve the situation. The key findings of the study are as follows.

1. HR practices are evolving along with business expansion, with bigger MFIs having better practices while the others are trying to catch up.

2. Most of the MFIs faced high attrition at field-officer level while the larger MFIs faced attrition even at Supervisory and HO level. Some practices that could be reviewed are as follows.

    a. The policy of posting staff away from their village/hometown could be reviewed, as staff that was posted in home place was found to be more satisfied than those who were not. To begin with, a few of stafsf that have been with the MFI for long could be posted near their hometown.

    b. Analysis shows that the attrition rate is low in organizations employing more women. To attract and retain women, MFIs need to have enabling policies and processes such as postings in nearby branches, secured accommodation, suitable working hours etc. As a strategy, more women could be posted in those Branch Offices which have reached maturity level and where the major part of the work involves maintaining the clients. Men could be posted in new or expanding Branch Offices or for sales in established Branch Offices.

    c. The working hours and timings for the Branch Offices, just as that in HO, are defined and adhered to. The use of technology and support staff to take care of data entry, KYC checks, cashiers job etc., could be thought of to reduce the burden of the Field Officers.

    d. Residential accommodation, which is typically in the Branch Office itself, is provided to staff at affordable rates. Although, staff benefits by this facility, it becomes difficult for them to differentiate between office and personal time and space. Proper ventilation, space for personal belongings, hygiene and cleaniess, were some important aspects of basic living that were found missing in staff accommodation. This raises a relevant question as to whether the responsibility towards the client was being discharged at the expense of the responsibility towards the staff.

    e. Attracting professionals at HO level was another challenge faced by the MFIs. But with industry in a growth trajectory, professionals were finding MFI sector a good option for career development. Initiatives from investors/ development agencies for promoting more professionals in the sector would help MFIs to attract professionals and to expand faster.

f. Compensation and benefits (C&B) system in many of the MFIs is not attractive. The effort should be to match the market standards rather than the minimum wage. The C&B in the microfinance industry have to be scientifically structured and compensated and benchmarked with other related industries like banking, insurance, NBFC, FMCG etc. It is important at this point of time for the microfinance industry to appreciate the requirement of such a study, and work towards the common cause of its members.

3. Staff felt some incentive needs to be given as it boosts morale. Performance Incentive parameters based on adhereance to processes related to attending to clients, training, feedback of clients and audit with an upper limit to avoid an adverse effect on client services, could be thought of. Protecting incentive of the Field Officer who has been transferred for a period of one or two months till he/she settles, paying incentives over and above the salary and not deducting a percentage from it and paying later as deferred payments, are some of the policies that need to be followed to keep the staff motivated.

4. Audit Staff played an important role in MFIs, ensuring that policies formulated were implemented in the field in right earnest and all systems were adhered to. However, they too were under stress and were on tour most of the time. Facilities provided while on tour were inadequate, especially wherever field staff was given accommodation; the auditors were required to share the same. Technology support was available in larger MFIs but missing in smaller and medium ones. Proper support needs to be provided to the audit staff if a quality job is to be expected.

5. Very few MFIs had clear staff grievance redressal systems. Lack of awareness among staff of such systems and where aware, unwillingness to invoke the system needs to be tackled. It would serve better to have one person as a Grievance Redressal Officer, with whom the staff has built a rapport, such as a trainer rather than some unknown person. Direct contact with the CEO and Senior Management during Branch Office or region visit or just meeting them was a great motivator for the staff and this practice needs to be continued.

6. Training was taken very seriously by some of the MFIs and the result could be seen at the field-level orientation training of just two days. This is insufficient and there should be a very structured induction programme for new employees before they are placed in the field, for on-the-job training. Refresher programmes are a must at the level of Field Officers and should be conducted on a regular basis. Similarly, values and processes of the organization must be drilled into the field staff by conducting training and programmes each year. At the same time, exposure training for all HO staff to the field is to be made mandatory, so that they are sensitized to the challenges and issues on the field.

7. Multi-skilling field staff to equip them to do multiple tasks, and also developing trainers in the system—are other needs that have been identified. MFIs could also undertake evaluation of effectiveness of training as it would help them focus and link the training efforts towards assessing the ROI and its impact on their customers.

8. A concerted effort would be required by the MFIs to ensure that the staff grows along with the organization. The staff needs to be supported to develop themselves and become eligible for taking up higher positions. In the absence of such support, their growth will get stunted and result in frustration and disillusionment.

9. The industry needs to work with academic institutions on the right type of courses and practical experience that might prepare students for microfinance sector employment. It is recommended that the microfinance industry networks form bodies similar to the Indian Institute of Bankers, to promote Diploma/Certificate programmes relevant to the microfinance industry. This will be helpful in developing skill within the industry, rather than depending on banking, NBFC etc.

10. Industry associations/ stakeholders could also set up a training center in line with other industries such as banking, insurance etc. Such a training center, with pooled investment/ cost, can support member MFIs in a big way. Organizations such as National Skill Development Corporation can support such ventures by the MFIs.

11. Performance Management System (PMS) is weak in MFIs. The prevailing PMS needs to be relooked at from the point of suitability and relevance to each of the grades rather than the same system for all grades. The relevance of forced distribution method for field staff also is to be reviewed.

12. Restructuring the existing Branch Offices, especially matured Branch Offices can help reducing infrastructure and staff cost, improving their productivity. Use of technology like networked IT systems and mobile applications would be good tools for improving productivity and efficiency. MFIs also can undertake productivity audit and management audit as a practice for improving their operations.

13. The charisma and vision of promoters are driving organizations. However, now the need is to have a strong second-in-line. Some of the MFIs have started considering this as an important requirement for the growth of the company. Accordingly, professional Boards have been appointed and strong management teams are in place to drive the organization. But this transition has not happened everywhere. In few NGOs turned MFIs, the beginning has made with induction of professional CEOs. Many of the stakeholders have reiterated the need to have a clear succession planning for sustainability and growth of the organization.

14. Variety of engagement programmes were under implementation in MFIs and each one had some unique programme which attracted the staff. Need is to attend to the MUST factors, such as hygiene, reimbursement of full expenditure on conveyance incurred during duty, and simultaneously practice other engagement policies which suits the requirement of the employees.

15. Reward and recognition were found to be high motivating factors for the staff and a transparent system for rewarding and recognizing the staff could go a long way in driving

performance this was a high motivator for the staff and a transparent system put in place could help in many ways.

16. There were MFIs with HR professionals as Board members who were taking special interest in the HR systems and practices. In some of the Boards, this representation was not so evident. The need is to constitute the Board in such manner that there is adequate representation of various professionals, women and Independent Directors who would take care of the interest of all the stakeholders.

While a host of changes have been suggested in the HR policies of the MFIs above, there are five critical areas that need immediate attention and improvement; working hours, residential accomodation and hygiene factors, training and development, performance management system and a staff grievance redresaal mechanism.

The crisis arising from AP has sent strong signals across the sector with telling effect on how staff are recruited, trained and rewarded. There is clarity among MFIs that the clients handled by them are unique. While the relationship between MFIs and customers has improved, the working conditions of the staff are yet to see similar improvements. MFIs should ensure HR policies achieve a balance between institutional interests, customer interests and employee interests.

On the regulations side, differential policies on margin cap for MFIs, based on turnover levels and geographical area of operation, should be brought out by RBI to ensure that cost is not controlled at the expense of staff.

HR is gaining importance and policies are being put in place. Medium MFIs are graduating to the next level by setting up exclusive HR departments that focus on all aspects of HR. Larger MFIs are taking the lead in benchmarking with other industries and are paving way for others to follow. With a little support, the smaller ones would also be able to take up HR initiatives in right earnest.

Treating employees in the same caring and transparent manner that the organization expects clients to be treated will go a long way to improve the staff's commitment to the institution and reinforce the customer values the institution stands for.

Over the last two decades, the microfinance sector has made significant progress in the country through the two strands of delivery viz. Self-help Group Bank Linkage Programme (SBLP) and the microfinance institutions (MFI) channel. Initially the progress made by these institutions was slow and sluggish, marked by certain skepticism on the sustainability of a model that sought to provision small unsecured loans to informal groups of largely unbanked, low-income households. In the half decade prior to 2009, both models witnessed a blistering pace.

Microfinance as an industry has come to be firmly established in the country; from a small portfolio outstanding of INR 8.97 billion in 2005, the MFI channel has grown over 20 times in five years with INR 183.44 billion in outstanding loans in 2010 (and INR 212.45 Billion as on March 31, 2013). With growth, there were apprehensions of mission drift of these institutions considering that the pressure on MFIs to produce high returns on equity could adversely affect their social orientation. The two most key resources of MFIs are financial capital and human capital. While a lot of attention was laid on raising financial resources to support the growth of MFI portfolios, the importance of effective human resource management and development was unfortunately underestimated at the time.

Major issues that led to the crisis in October 2010 in Andhra Pradesh (AP) in the sector were over-indebtedness among clients, high interest rates on loans, and inappropriate debt-collection practices being adopted by MFIs in the field. While the interest rate charged by MFIs is a strategic/policy decision, the other issues are related to practices in the field and are driven by staff understanding of organizational mission and importance of client centricity; their motivation and job satisfaction levels; and awareness of appropriate practices in dealing with clients. In addition to the fact that target clients are low-income and vulnerable, an important aspect of the HR challenge in microfinance is that the frontline staff has limited education and also belongs to a less privileged socio-economic background. These typicalities of MFI sector, call for added attention to issues related to rigour and transparency in HR practices in MFIs—acquiring, aligning, engaging and managing growth of employees in line with the organizational growth. In all, 41 reporting MFIN member MFIs (that constitute approx 85% of the total microfinance portfolio in the country) employ 60,634 persons, with an average employee currently serving 377 clients and loan officer serving 588 clients (December 2012, *MFIN Micrometer*). *Micrometer* reports that over 18,000 employees lost their jobs due to impact of AP crisis, 63 per cent of them being loan officers. There is a further reduction in staff employed by MFIs, mainly due to continued lay-offs by AP MFIs and reduction in staff strength by a few small MFIs due to funding and operational challenges.

Some MFIs such as Equitas, Ujjivan, Janalakshami and others have set up robust HR systems and practices over time; however other MFIs still need to invest in this area. Post the crisis, due to the RBI's guidelines for NBFC-MFIs to comply with (particularly the stipulated margin cap), MFIs are further constrained to reduce costs with obvious implications on costs of hiring, training and retaining human resources. While it is accepted that the most important cornerstone of responsible finance practice in microfinance sector is the HR practice, there is limited documented knowledge in this area.

As part of the Microfinance India platform, ACCESS in 2011, launched the **Microfinance India Social Performance (SP) Report**, an initiative to present a landscape of the role being played by various stakeholders in helping to internalize social performance in operations, document and showcase best practices through field-based evidence, and help to strengthen the drive towards responsible (micro) finance. The 2011 SP Report featured a chapter on HR practices based on available sector-level data, interviews with sector leaders and some best-practice case studies. The SP Report is now an annual publication of ASSIST and while in the 2012 SP Report the theme of HR practice was dropped, the review and feedback from sector stakeholders indicated that trends and issues in HR should be included as a theme year-on-year to track progress in this critical area.

Hence, a study on current human resource practices in MFIs in India, to document best practices that can enable replication/adaption, identify gaps, highlight challenges and provide recommendations on areas that need MFI as well as sector investment to bolster this agenda was thought of by ACCESS- ASSIST. They, with the support of IFC and SIDBI have instituted the study with the following objectives.

- Reviewing HR policies, systems and practices of MFIs with respect to industry as well as relevant corporate standards and highlight strengths, gaps and challenges.

- Identify best practices in HR management practices in MFIs and present brief case studies for enhanced learning and dissemination and thereby adoption within the sector.

- Establish indicative relationship between HR practices with mission alignment and client sensitivity of staff.

- Identify areas that need sector level strategies and investments for enhancing human resource management practices in MFIs.

This involved review of the following aspects and questions regarding MFI Human resource practices in line with the objectives mentioned above.

1. **Planning, staffing and organizational structure**—frequency, process and basis of Human resource planning; appropriateness of the staffing at all levels and their quality; alignment of the organization structure with objectives and current business level, productivity ratios of MFI in line with accepted benchmarks; inculcating organizational culture and core values.

2. **Hiring**—hiring practices adopted; process of appointment etc.

3. **Training**—training process for orientation and induction of staff; frequency of training; impact of training on understanding of the staff about mission and vision, ensuring clients take informed decision on products and pricing; capacity-building for delivery on non-financial services.

4. **Benefits and performance evaluation**—salary and benefit structures; additional benefits like insurance loans, profit-sharing; performance indicators and weightages which are linked to incentives and promotions; orientation of policies on incentives, evaluation of performance etc., oriented towards responsible financing principles; performance evaluation of CEO on social performance and responsible financing practices.

5. **Responsibility to staff**—HR policies in place and available to all staff; alignment of minimum salaries/ wages with legal as well industry benchmark; proportion of remuneration of top MFI executive and field staff; Working conditions of Branch Office staff; staff complaint redressal systems in place; mechanisms and disciplinary action for frauds; lay-offs if any; policy on termination and retirement; policy on hiring on women including in leadership positions; gender-sensitive HR policies.

6. **Staff development and motivation**—systems for learning and skill enhancement of staff for their professional development; systems for promotion of employees; opportunities for promising field staff to graduate to executive positions.

7. **Measurement and correction**—staff retention rates compared with industry trend; frequency of measurement; measurement of employee satisfaction; actions on the same.

Methodology Adopted

Primary Research

For the purpose of this study, a sample size of 25 MFIs was considered and visited by the team. The MFIs were selected based on geographical spread, legal status, outreach numbers and years of operation. Accordingly, NBFC MFIs, Section 25 companies, society/trust, community-owned institutions from Tier I, II and III institutions operating in four regions, including the north-east, were chosen. List of MFIs studies is furnished in **Annexure I.**

Different questionnaires, depending on the role and functions, were designed for the CEO, HR head and department, Head Office staff, Branch Office staff and supervisors. Sample questionaires administered to each category of interviewees mentioned above are placed at **Annexure II.**

Each MFI was visited and senior management i.e., MD/CEO/COO/ HR Head were interviewed to understand the management's perspective and strategy towards HR development and also the principles that drive HR practices in the institution. Besides Board-level and senior management, audit heads, IT head and other important departmental heads were also met and interviewed to understand their roles and responsibilities in the organization. Thereafter, the Branch Office was visited and all the staff in the Branch Office including Branch Manager and the Area Manager were met and interviewed to understand the practice in the field, the level of internalization of the various policies and process of the institution by staff, working condition, satisfaction level, training etc. In Tier I organizations two Branch offices were visited. Apart from the same, three training centres wherever active classes being held were observed, list of staff interviewed is furnished in **Annexure III.**

Key stakeholder interviews

Interviews with other stakeholders such as sector experts, rating agencies, industry networks were conducted to understand the overall perspective on issues, challenges and best practices in human resource management in microfinance sector. List of stakeholders interviewed is furnished in **Annexure IV.**

Secondary research

A market research was conducted to understand the prevailing wages in some of the other sectors such as FMCG, Retail, and Pharma etc. Various data available that were relevant for the study were researched from websites. The list of secondary resources relied on is given in **Annexure V.**

Any study on HR practices of a sector would be incomplete without first understanding the models and other operational aspects of the business. Hence, while studying the HR issues in the selected MFIs, business models and processes adopted by them were quickly studied, though in a limited fashion.

During the study, 25 MFIs were taken up. Though broadly all the MFIs were doing similar business and had adopted Grameen Model, they had unique features distinguishing them from each other. Some of these distinguishing features are dealt within this chapter.

1.   **Legal Framework**

Table 2.1 MFIs covered under the Study (other than NBFCs)

Name of the Institution	Legal Status
Adhikar India	Societies Registration Act, 1860
Annapurna Mahila Co-op. Credit Society	Societies Registration Act, 1860
Grameen Sahara*	Societies Registration Act, 1860
CASHPOR Micro Credit	Not for Profit Section 25 Company
Samhita Community Development Services	Not for Profit Section 25 Company
Swayamsree Micro Credit Services (SMCS)	Not for Profit Section 25 Company

* In the process of becoming NBFC

Majority of the MFIs taken up for the study had adopted the NBFC model for conducting their microfinance business. Out of 25 MFIs, 19 MFIs were NBFCs, three were Societies and three were Not-for-Profit (Section 25) Companies. Annexure I provides the list of MFIs under study.

Though the business processes for dispensing credit, adopted by all the three kinds of legal entities mentioned above, the add-ons were different. For instance in case of societies, savings was an integral part of the system. The federal structure of the society was used effectively by Annapurna to give micro insurance product to its microfinance clients. In case of 'not-for-profit' organizations, the focus was on social service and channelizing its efforts through the groups formed for financing. However, the latter found it difficult to comply with all the requirements of lenders and consequently, generating funds for expansion became a challenge for them.

It was observed that MFIs who got converted from NGO into NBFC functioned a little differently from before, but their focus remained on the activities they were conducting previously. In contrast, although the organizations formed recently with microfinance as focus area, had arms for taking up social initiatives but they were independent and not visibly part of the parent organization.

2.   **Geographical Spread**

From among the MFIs studied, six MFIs were purely urban-based MFIs and two had more than 50 per cent of their Branch Offices in urban areas. There was only one MFI which was purely rural-based i.e., Chaitanya while 12 MFIs had more than 50 per cent of its Branch Offices in rural areas. Ujjivan had more Branch Offices in semi-urban areas and urban areas

while three other MFIs had almost equal presence in rural, semi-urban and urban areas.

Within the sampled MFIs, as on September 30, 2013, Ujjivan headed the table with 326 Branch Offices followed by Equitas at 313 Branch Offices and Grama Vidiyal (281); in the north, Cashpor (270) had maximum number of Branch Offices followed by Satin Creditcare (167). In East, RGVN had 107 Branch Offices followed by VFS with 101 Branch Offices. Suryoday with 64 Branch Offices and Swadhaar with 42 Branch Offices were the MFIs visited in the west. Among the MFIs studied, Saija had the least number of Branch Offices at seven.

Due to the AP crisis, the branch expansion was negative in many cases during 2011–12. Overall among the MFIs studied, negative growth of minus five per cent was observed during 2011–12 over 2010–11 levels. Even during 2012–13 the growth was cautious and some MFIs showed negative growth due to restructuring and consolidation of Branch Offices. However, during the first six months of 2013–14, there has been a spurt in the growth in small to medium MFIs such as Fusion growing 95 per cent, Swadhaar growing 75 per cent and Sahyog growing 48 per cent. Details on the growth trends can be seen at **Annexure VI**.

3. **Business Processes**

All the MFIs studied had structured their business on the lines of the Grameen Model pioneered by Muhammad Yunus of Bangladesh. The clients were women, who were formed into groups and extended financial support. Within the group the Joint Liability concept was applied and peer pressure ensured repayment. Some of the bigger MFIs had expanded their business to include Individual loans for those clients, who had progressed to the next level. However, the business process differed from MFI to MFI. The practices have been grouped into four models and detailed below.

Model I (JLG)

This was the base model found in majority of the MFIs studied. Under this model, the Field Officer (FO) identified and formed groups of around five members each. Three to five such groups formed a Center. He/She also conducted Compulsory Group Training (CGT) to introduce the members to principles and operation of MFIs with specific reference to JLGs. The periodicity of CGT varied from MFI to MFI and was anywhere between three to four days. After the CGT was completed, the Branch Manager (BM) conducted the Group Recognition Test (GRT) and individuals/group passing the GRT was eligible to be members.
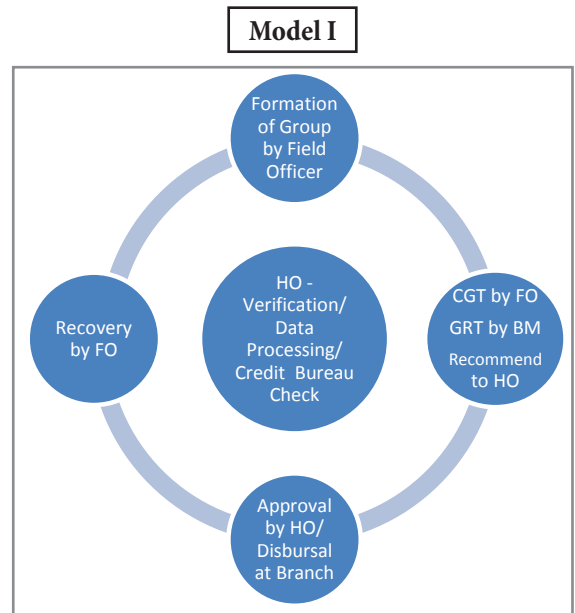
Figure 2.1 Business Process Model I

Loan applications of the Group were assessed and then verified for Know Your Customer (KYC) compliance, identity proof, etc., and the same was recommended to HO for Credit Bureau check from HIGHMARK/Equifax. The applications meeting the credit disbursal criteria were sanctioned and then forwarded to Branch Office for disbursal along with required

fund from the finance department. The loans were disbursed at the Branch Office to all the Group members at the same time on the same day. The disbursal was done to the client in the presence of their spouses in many cases. In one MFI, it was observed that the lending was to the group and not to the centre.

Model II (JLG)

Under this model, the functions of the Field Officer were divided. Mobilizing and forming the group, conducting the CGT, were the functions of the Sales Officer. After GRT by the BM was done, the loan sanctioning process was undertaken by the Operations team at HO level. At the time of disbursal of the loan, the Sales Officer introduced the Field/Recovery Officer to the Group and completed the customer/borrower hand over formalities. The Field Officer visited the Centers as per the recovery schedule and made the recovery at the Center. In the meanwhile, Call Center Executives made direct calls to the borrowers to check for any malpractice/fraud etc. Proper utilization of the loan amount was ensured through utilization checks by the Branch Office staff, usually after a month of disbursal.
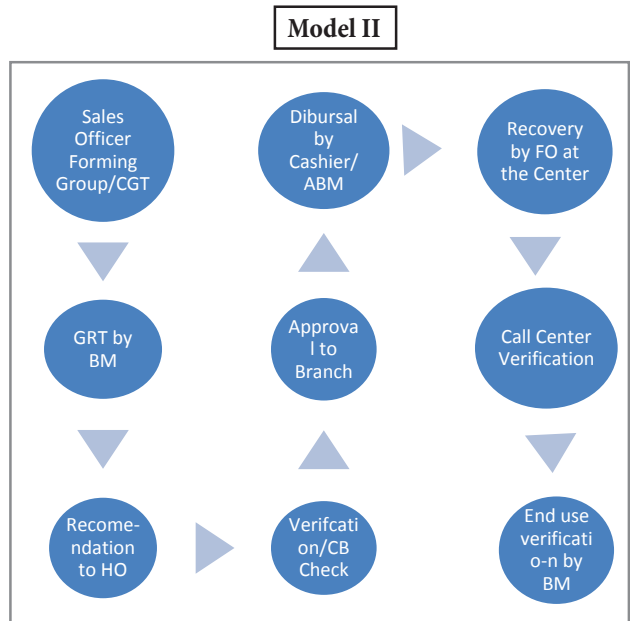
Figure 2.2 Business Process Model II

Model III (JLG)
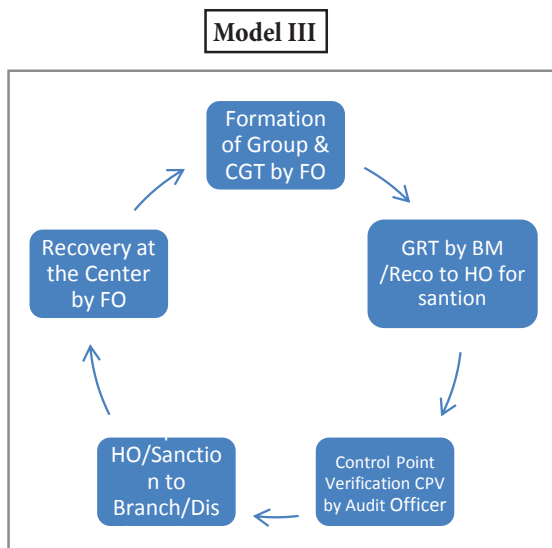
Figure 2.3 Business Process Model III

This model was similar to Model I. Nevertheless, there was an additional step of Control Point Verification (CPV) by the Audit Officer who was under the Operations Audit Department of Head Office (HO). This process ensured that the loan processing, verification and recommendation was done as per the stipulated HO process guidelines, through an independent person under the Maker – Checker principle.

Model IV (Individual Loans—Vehicle/Housing)

Individual loans were generally handled by separate Sales Officer in all the MFIs visited. Here understanding the cash flows of the client became very important and required specialization. However, giving prospective borrower leads to the Sales Officer was one of the functions of the Loan Officer. Both the Sales Officer and the Loan Officer were given the Incentives for adding new borrowers. Loans were sanctioned at Regional/ HO Level depending on the operational process and delegated authority of the Operation Managers in the hierarchy.
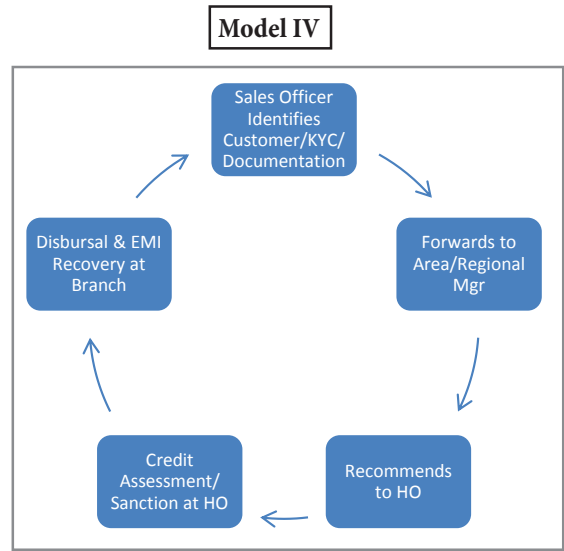
Figure 2.4 Business Process Model IV

4. **Repayment Schedules (JLG)**

During the study it was observed that different models were adopted by different MFIs for receiving repayment from the clients and cash management at Branch-Office level. Certain features observed are detailed below.

4.1. Periodicity of Repayments

The periodicity of receiving repayments varied in the MFIs studied. While the majority had either moved on to receiving monthly repayments or were in the process of doing so (13 MFIs), eight of them had weekly schedules and four had fortnightly schedules. In the case of Madura MFI, though repayments were monthly, the meetings were conducted fortnightly; in the second meeting, topics of interest to women were discussed. Interestingly, every MFI felt that they were going according to the clients' need. A study on client-preference on repayment schedules was conducted by ESAF, which showed 87 per cent of their clients were satisfied with weekly repayment. Interestingly, those MFIs adopting monthly recovery felt that weekly repayment would mean loss of wages for the clients. As appropriately put by Gama Vidiyal Chairman, the clients' needs varied and those who wanted weekly were opting to go to MFIs recovering weekly and those who preferred monthly repayments chose such MFIs.

Cash management process

Cash management was done at the branch-office level, both for disbursements and repayments. In majority of the cases, repayments took place at the centre-level while in three MFIs, a group representative deposited the cash at the Branch Office. In other MFIs, in few cases the prepayments made were brought directly to the Branch Office and deposited. In some cases, prepayments were also collected by the Field Officers but at times this led to adjustment against repayment of others and had greater risk of misappropriation.

The three models of cash management adopted by the MFIs studied are detailed below.

Model I

In this model, collection of recovery took place in the morning, and by 12 noon the recovery reached the Branch Office. At the Branch Office, the amount was collected from all Field Officers and deposited at the nearest bank where the MFI had an account. If any disbursements were to be made, cash was withdrawn separately from another account and disbursed to the clients. In such cases only cash related to undisbursed amount remained in the Branch Office overnight. There were limits up to which overnight cash holding was allowed. Special sanctions were required if higher amounts were to be kept in the locker in the Branch Office.
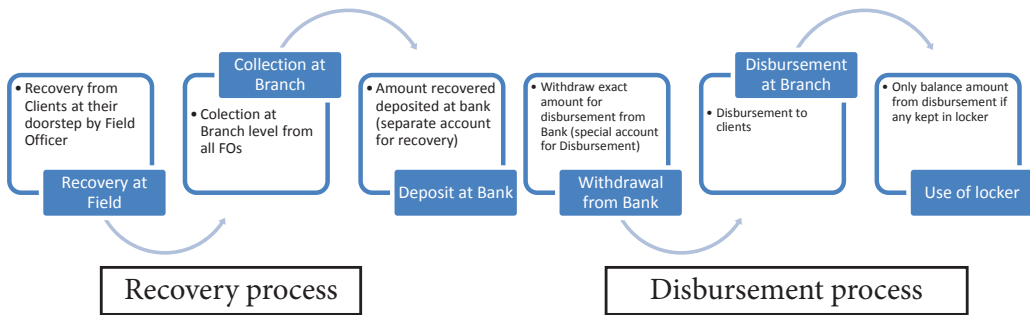
Figure 2.5 Disbursements and Recovery Process under Modle I

Model II

In some other MFIs the process involved was slightly different. At the beginning of the day, the Branch Manager was aware of the amount to be collected and the amount to be disbursed. In case the recovery was higher than the planned disbursements, the difference was deposited in the bank and in case the disbursements were more than the recovery, the amount was withdrawn from the bank. Field Officer brought the recovery by 12 noon and the
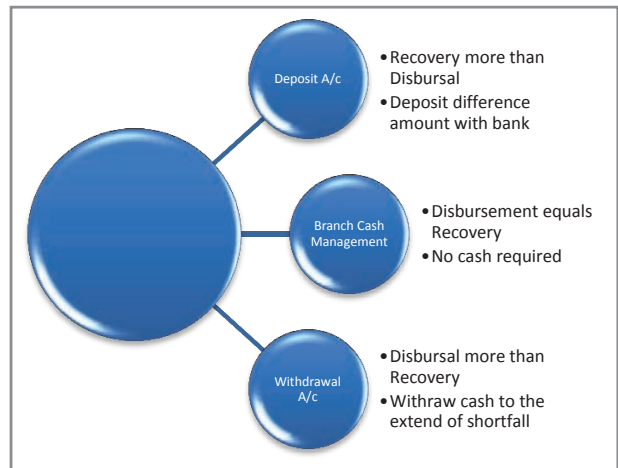
Figure 2.6 Cash Management in Branch office under Model II

> Ujjivan is moving towards cashless disbursement process and encouraging clients to open accounts. Cheques are issued to clients instead cash disbursement.

difference was first deposited or withdrawn from the bank as the case may be. In the evening the disbursements took place and if all the clients came, no amount was left as balance or a minimal amount remained as balance.

Model III

In a third model followed by Cashpor, Utkarsh and Madura MFIs, the Field Officer visited the Center as per the recovery schedule, conducted the meeting and ensured that the collection was complete as per the schedule. He/she would inform about the recovery/non-recovery as the case may be to the BM. The collected cash was then deposited at the Branch Office by one of the representatives of the Center either on the same day or latest by next day morning. The responsibility of depositing cash at the Branch Office was shared by members on rotation basis. The uniqueness was that the Field Officer did not handle cash while in field which reduced the cash-risk for the staff.
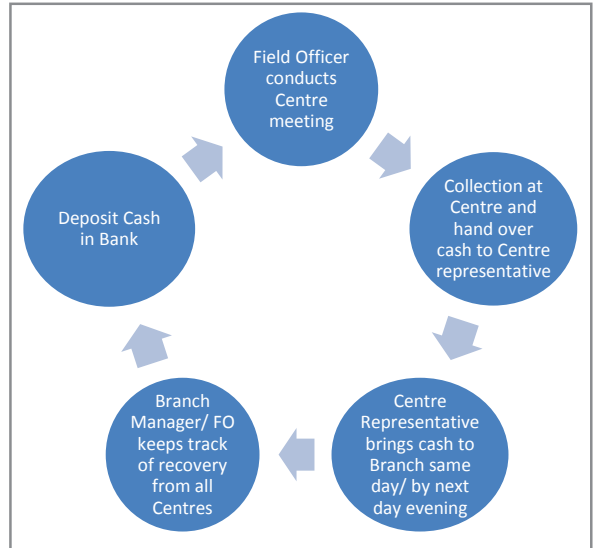
Figure 2.7 Recovery Process under Model III

5. Outsourcing Activities

Some of the MFIs had opted to outsource some of the process activities. Major activities that have been outsourced were.

- In few MFIs like Janalakshmi and Equitas the physical cash management was outsourced to other agencies that came and collected the cash recoveries from the Branch Office or delivered cash to the Branch Office for disbursement. This minimized cash movement risk at employee level but increased the cost of operations.

- SMILE had outsourced the security staff for cash delivery to the various Branch Offices.

- Data entry of information collected from the clients was outsourced by few MFIs like Swadhaar, and Janalakshmi.

- Swadhaar had also outsourced tele-calling activity where 100 per cent of the clients provided with loans were called to confirm receipt of loan and nonpayment of any commissions etc., for availing the loans.

- Pay-roll activities were outsourced in Swadhaar.

6. Business Products

All MFIs had basic loan products and the limit of the loan varied depending on the loan cycle. The major product was loan for income-generating activities. In some organization like GFSPL and ESAF, the loans were also given for specific purposes which helped improve quality of life of women, like loan for water connection, energy-efficient cooking stoves or access to clean drinking water through purifiers, education loan for kith and kin, among others.

Apart from the loan products, MFIs were also using the existing client groups for providing other services like insurance (which was mainly to cover the loan provided) and pension products. Many MFIs were also acting as Business Correspondent for banking services. Some of the products being provided to the customers were:

Table 2.2 Products Offered by MFIs

Financial Products	Livestock Loan
Income Generating Loans for small entrepreneurial activities	Individual Loan
Emergency Loan	Vehicle Loan
Consumption Loan	House repairs
Education Loan for client children	Housing Loan
Loan for availing water connection	Service Products
Loan for water purifier	Personal Accident & Life Insurance
Clean energy products like solar lamps, energy efficient cooking stoves	Pension Products
Mobile Loan	Banking service through Business Correspondent model

In most of the MFIs, the Field Officers interviewed did not find it difficult to sell the Service Products as their incentives are also linked to sale. Though they did feel it is easier to sell a loan product as clients are always in need of it.

A well designed Organizational Structure helps in driving forth the Organization's Vision and Mission. It not only helps in achieving the goals efficiently but also to serve the client to their satisfaction, while keeping the staff motivated.

Microfinance is a relatively new and evolving sector and so are MFIs especially in their NBFC avatar. During the study, it was found that a defined organization structure was at the stage of being developed. Those who are in the arena for almost a decade and/or in the fast growing mode have expanded their structure to have more defined roles. Thus, the structure of the MFIs studied was dependent on the business model, product range and also their stage of growth. The prevalent organization structures could be categorized into the following four types.

Type I

The MFIs falling under this type had lean staffing at the Head-Office level and had a flat structure at the Branch-Office level. This type of structure was found in smaller MFIs like Adhikar, Chaitanya, Saija, Grameen Sahara, among others. As and when more number of Branch Offices was opened, a Regional Office/Area Office was established to supervise the operations. Branch Offices were adequately staffed to meet the business targets. However, at Head-Office level, apart from operations, other major functions such as finance, audit, HR, and administration, among others, were being also performed by the existing management team. In cases where computerization of operations was being done from the beginning, an IT department also existed in the HO.

Typically, a Branch Office had four to five field-staff and a Branch Manager. The role of the Field Officer was to induct new clients, to process, disburse and recover loans and to ensure retention of the clients for subsequent loans cycles. Depending on the need and computerization status, MFI like Chaitanya had posted an Administrative Assistant to the Branch Office for carrying out the role of a cashier-cum-data entry operator.
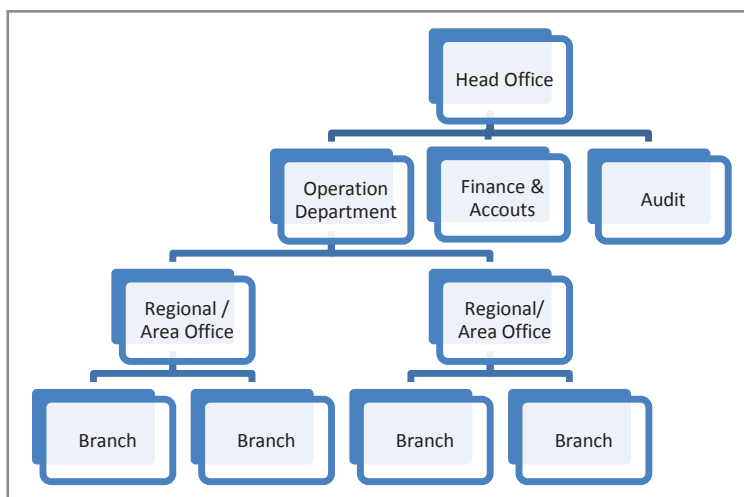
Figure: 3.1 Type I Organization Structure

Type II

Type II organization structure was more prevalent in medium level organizations. As compared to Type I, there was additional layer of a Zonal Office taking care of more than one Region. Head Office had more functional departments such as HR, finance, IT, accounts, and operations. However, all the major functions were centralized and all major decisions were taken at the Head Office. Most of the MFIs studied came under this category.
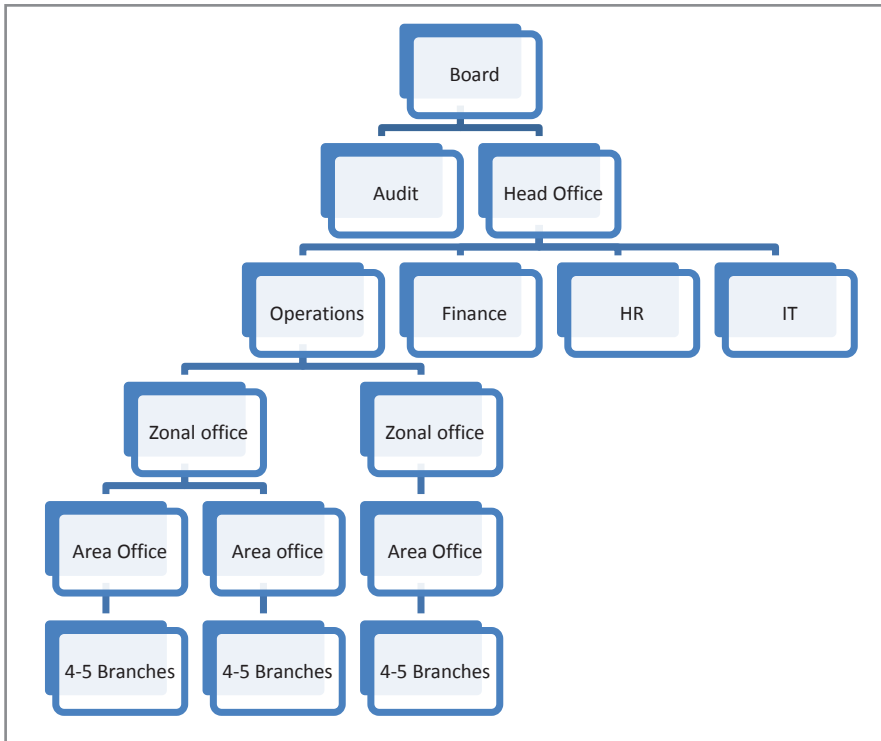
Figure: 3.2 Type II Organization Structure

The Branch-Office level structure remained flat, but in MFIs such as Suryodaya, Swadhar, VFS, among others, additional staff like cashiers or data entry operators were posted. They were responsible for internal documentation and accounting functions. Such Branch Offices typically had six to eight staff including the Branch Manager. In Suryodaya, apart from the Branch Manager, an Audit Officer reporting to the Audit Head was also posted in the Branch Office.

Type III

In the case of matured MFIs with accelerated growth plans, apart from having various functional departments at HO, representatives of most of the functional department were also posted at the Zonal and State levels. In organization such as Grama Vidiyal and Ujjivan the Regional Office was represented by HR, audit, IT, documentation etc.; this enhanced the efficiency of the organization through expeditious support and decision making at the local level. There was a Unit Head/Area Head for every group of four to five Branch Offices that reported to the State/Regional office. The Branch-Office level structure was similar to that of Type II above.
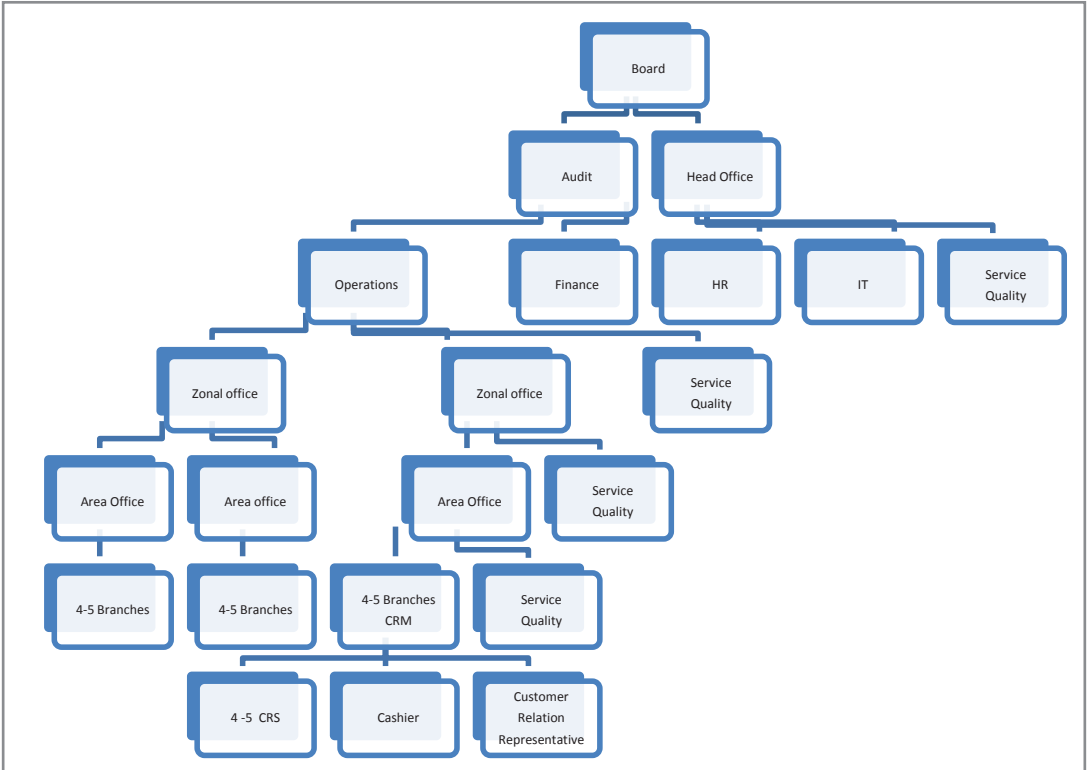
Figure 3.3 Type III Organization Structure

In Ujjivan, at the Branch-Office level, apart from the Field Officers, the Branch Manager was supported by a Cashier and Customer Relations Representative (CRR). The CRR administratively reported to the Branch Manager, but functional reporting was to the Service Quality Department at the Regional Office/ Head Office.

Type IV

Janalakshmi Financial Services Pvt. Ltd. had a unique organizational structure as compared to other MFIs. Janalakshmi had three separate Business Units for each of their product lines— Retails Financial Services (RFS) for group loans, 'Janaone' for individual loans to its existing customers and Enterprise Financial Services (EFS) for loans to the people who come under the 'missing middle' category as classified by Janalakshmi. However, the whole operational process including sanctioning of the loan was centralized and carried out at the Head Office. There were three zones, one under the RFS, each headed by a Zonal Head and each Zone had two Regional Offices. Under the Regional Head, two–three Cluster Heads were posted, who in turn were responsible for five–eight Branch Offices.

The Branch Office was headed by the Branch Manager, under whom there were two–three Area Heads responsible for different areas. Under each Area Head, there was a Credit Relation Executive–Marketing (CREM) who was supported by two Credit Relation Executives–Sales (CRES) and around eight Credit Relation Executive—Collection (CREC) who took care of collection from the clients. The role of CREM was to survey the areas for business development and carry out the preliminary process for enrolling clients. He/she then introduces the clients

to the CRES who, in turn, carries out the tasks of formation of groups, household surveys, group trainings, loan documentations, etc. Once the client loans are approved loans and disbursements conducted, the clients were transferred to the CRECs who became responsible for loan recovery. The Branch Manager had a back-end team headed by Branch-in-charge supported by two–three staff members who were Office Assistants-cum-Cashiers. Thus, the Branch Offices had a total of around 35–40 staff. Equitas too had a similar system where roles of sale, collection and administrative support were distinct and performed by different executives. Each Branch had Sales Officers, Relationship Officers and Customer Support Officers and was headed by Branch Manager. Every cluster of three–five Branch Offices was monitored by a Cluster Manager and a set of few Clusters were monitored by an Area Manager then the Divisional Manager followed by Zonal Managers.
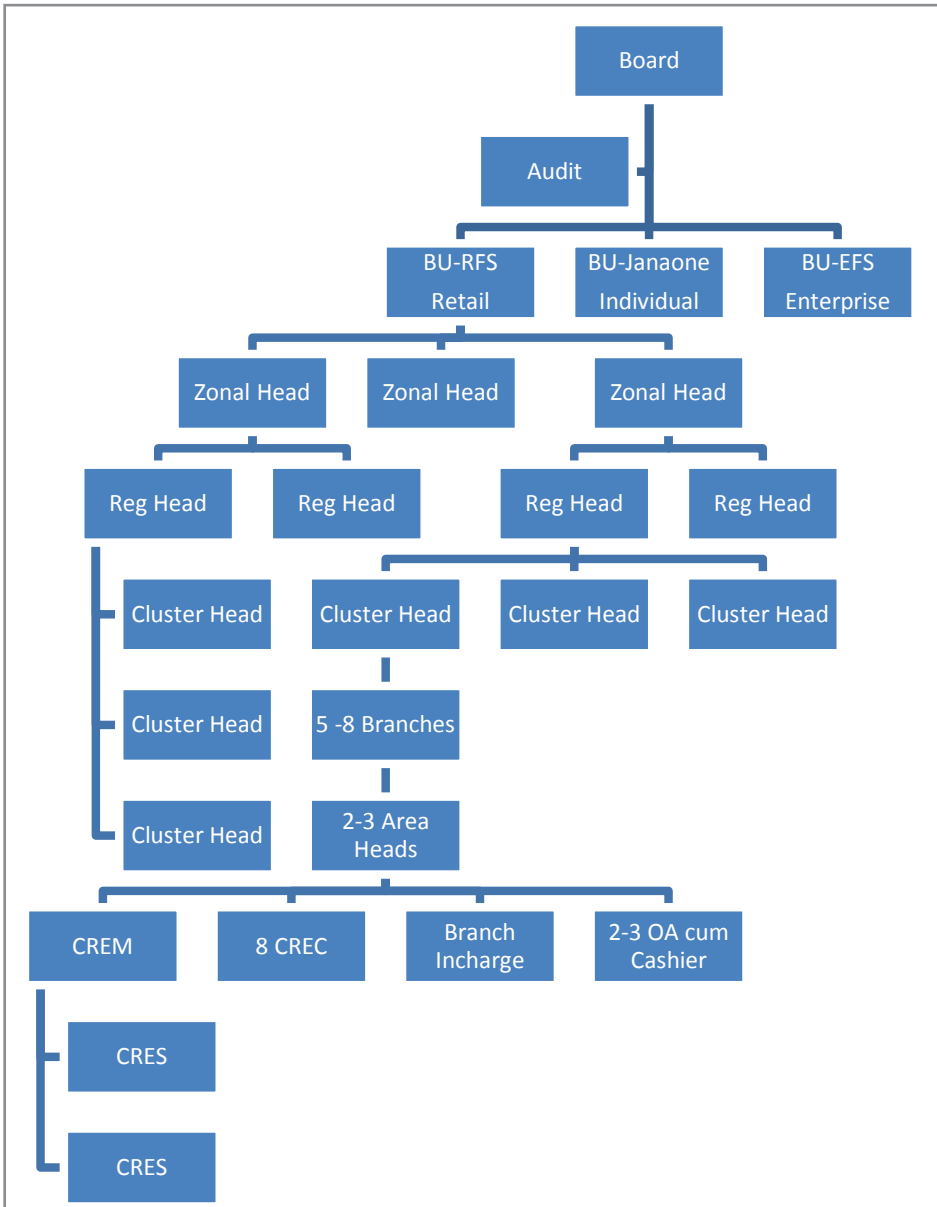
Figure 3.4 Type IV Organization Structure

Some of the organizations which evolved from an NGO structure, though having a separate legal character/status now, have continued with a not for profit wing to fulfill their social commitments. Some such instances are of Samhita, Grama Vidiyal and Annapurna; Samhita had a separate cell for conducting legal rights awareness-programme; Grama Vidiyal had an arm for providing food to needy every day etc., and Annapurna had a separate organization to undertake activities like that of micro-insurance, day-care centers, among others. Many of the newly promoted NBFC MFIs have also supported social activities through connected Foundations/ Trusts for work-related to financial literacy for the clients, health camps etc., but this has been kept separate from the main business.

It was observed that depending on the operational requirements (such as number of Branch Offices/clients, growth plans etc.), the organizational structures were evolving. The Type I was found suitable for smaller MFIs, with less than 25–30 Branch Offices, where they could afford to incur high cost on manpower or such other administrative cost at the HO level. When the MFI moved to the next level of operation, say with more than 30 Branch Offices and a proportionate increase in staff, they gradually adopted the Type II having separate departments at the HO level and additional level of supervision at the field-level. The MFIs on a high growth trajectory, adopt the more robust structure giving more thrust to customer service quality, checks and balances in the system, productivity and profitability. Type IV is unique for it caters to specialization of functions, faster growth and readiness to adopt more business units without affecting the operational efficiency.

Generally the Branch offices, the Area Offices/ Regional Offices and Operational Departments at HO level were staffed adequately. In case of smaller organizations, the HO departments are not well staffed and the CEO/ MD or other directors doubled up as other functional heads. Interactions with CEOs revealed that it is a challenge to attract persons with right experience for senior positions in a small organization as the salary package that could be offered by

ACCION has supported smaller MFIs like Swadhar and Saija by deputing staff at senior positions and bearing the cost of such staff

the small MFIs was not comparable with those offered by the large institutions. Moreover, as the microfinance sector is different from other sectors delivering financial services, in terms of customers, products and operating environment, people with right mindset have to be recruited. Here investors like ACCION have helped few MFIs such as Swadhaar and Saija by deputing officers at management level.

It was observed that in very few MFIs, a full-fledged HR department was functioning. In most of the organizations, senior management staff that was handling operations was also heading the HR department. At the same time, it is heartening to note that most of the bigger organizations were hiring HR professionals and grooming them. Some of the smaller MFIs did not have an exclusive department headed by a HR specialist and HR was taken as a sub-function of Operations Department or Administration Department. In case of small MFIs, the role of HR was more administrative in nature; training was part of operations and remunerations part of Accounts Department. Even in MFIs having separate HR Department, staff to drive the HR strategy, has been found wanting. These departments though had specialized recruitment, training and administrative divisions to take care of salary and other HR administrative issues, separate division for driving performance management systems and engagement of employees, were missing.

All the MFIs have an audit department separate from the operations department. The auditors report directly to the Board and not to the head of the institution. The audit departments generally conducted two audits: operations audit and financial audit. The Auditors were required to visit Branch Offices at set frequencies. They visited and interacted with clients at random (both through regular and surprise visits), checked whether Code of Conduct is properly complied with, at the field-level. Thus, the quality of service was also checked by the auditors.

Though most of the MFIs had a Finance Head, their major focus was in getting timely funds for the operations. After the crisis in the MFI sector in 2010, the financial institutions had shied away from lending to MFIs. This affected the medium and smaller MFIs most. Thus, major function of the Finance Head has been to liaison with bankers and other funders. Specialized functions like treasury management was not being taken up by most of the MFIs as of now.

In the bigger organizations, a separate cell for grievance redressal of clients was in existence and in some cases the same cell took care of the staff grievances too. In smaller organizations, Grievance Redressal Cell was part of one of the departments.

In Ujjivan, a separate Service Quality Department, with focus on conducting operations in a responsible manner, was operational since 2009. This department apart from looking into the complaints received from customers and staff was also responsible for improving client retention in their Branch Offices. They attend Centre Meetings and build relationship with groups to understand their needs and problems, if any. Satin Creditcare had set up a separate Social Performance Department to take care of the grievances of the clients and staff as well as to take initiatives to conduct client satisfaction survey, employee engagement, among others. In ESAF, there was a department for Research and Development where apart from SPM aspects, the impact of their initiatives were also looked into.

During the study it was observed that only few of the MFIs had a structure that was aligned with vision and mission of the organization. Organizations such as ESAF had realized this and had gone for restructuring of the organization in consultation with Ernst & Young. A well-designed organization structure helps in setting the right work culture that percolates to all levels of staff. The work environment so set produces not only satisfied clients but also motivated staff. Hence, while the MFIs are expanding and evolving, whether the structure would take care of all aspects required to achieve the mission, is a critical issue that has to be looked into.

MFIs are highly manpower-intensive especially at the field-staff level. Manpower planning process had been adopted by all MFIs studied. While in larger institutions the planning process was very structured, in smaller MFIs it was more need-based.

In MFIs where the manpower planning was a structured process, following factors were taken into account while planning:

- number of existing clients to be serviced;
- potential for new clients in existing operational areas and new areas;
- new product launches;
- annual performance plan; and
- attrition.
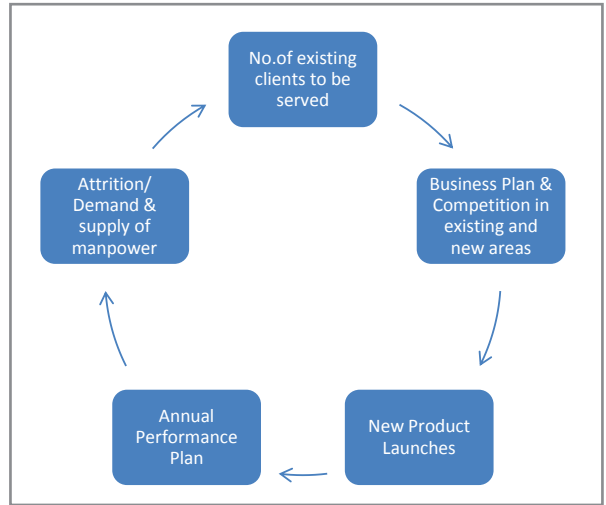
Figure 4.1 Manpower Planning Proess in MFIs

1.   Manpower Planning Process

Several parameters determine the manpower planning in MFIs. The type of organization structure (Type I/II/III or IV discussed earlier) determined the staffing pattern like the Field Officers/Cashier/ABM/BM and reporting structure of the staff in the MFIs. Some of the parameters that were influencing the planning process are given in the table below:

4.1 Manpower Planning Parameters for MFIs

General Parameters	Specific Parameters
Organization Structure	Type I/II/III or IV
Area of Operation	Rural/Semi-urban/Urban
Frequency of Repayment	Weekly/Fortnightly/Monthly
Use of Technology	Penetration of Computer and Mobile Usage
Level of Outsourcing	Functions/Activities Outsourced
Mission of the Organization	Commercial/Social & Commercial

In MFIs which had an accelerated growth plan, manpower planning was conducted on a half-

yearly basis while in others on an annual basis. In smaller MFIs, the plan was based on the need as well as the business plan of institution. The manpower needs and the planning process for rural, semi-urban, and urban Branch Offices were different and therefore they had to be dealt differently. Frequency of repayment—weekly or fortnightly or monthly had a direct bearing on the manpower requirements and productivity. Many MFIs were now shifting (wherever possible) to monthly collection instead of weekly or fortnightly.

The extent of use of technology in the operations, whether the systems, processes and operations were fully orpartially computerized, is one of the factors that influence the manpower requirements of the MFIs. In some of the MFIs, certain functions or activities were outsourced—in both Equitas and Janalakshmi, the cash management was outsourced, in Janalakshmi, file management and data entry were also outsourced, in Swadhar functions such as client calling, pay roll etc., are also outsourced.

The staff requirement also varied depending on the mission of the MFIs i.e., whether the mission was purely commercial or social and commercial both. In NGOs turned MFIs, social and commercial activities were being carried out by the same staff. In some MFIs the social service activities were handled by separate staff.

2. **Role of HO/RO/Branch Office in Manpower planning**

Manpower Planning was generally a top-down process. In some cases, a mixed approach is also followed. Where the Branch Offices are established and old (more than three years), a report on the potential of the Branch Office to grow is taken from the Branch/Area manager. Head Office prepares the annual manpower plan based on the business plan—new products, new regions, new technology, existing staff levels, attrition, termination and also the promotion plan for the year.

In very few MFIs, that had a steady growth plan (not aggressive growth plan), the bottom-up

HO
• Prepares Annual Manpower Plan based on: Growth Plan/New Products/New Regions/New Technology/Existing Staff /Attrition/Termination/Promotions
• Prepares Annual Manpower Plan

HO/RO
• Drafts Business Plan for the Area/Region
• Completes Promotions, Transfers & Replacement
• Finalizes Hiring Plan

RO/BO
• Assesses Potential of the Branch to Grow and Competiton
• Undertakes Periodical Recruitment Process Depending on the Vacancy Created from Time to Time

Figure 4.2 Role of HO/RO/BO in Manpower Plannign

approach was followed. Branch Manager and the Area Managers assess the potential of the Branch Office, taking into account factors such as uncovered areas, competition, and general business environment and so on and send their report to the Operations and HR departments at the HO for finalization of the annual business plan and the manpower plan respectively.

The manpower planning was invariably a centralized, Head Office function. However, in two organizations, a more consultative approach was followed; based on the expansion, plans were sought from the existing Branch Offices, consolidated and integrated into the business plan by the Head office in consultation with Zonal Head/ Regional Head, and finally presented to the Board for approval.

Majority of the manpower requirements of field supervisory staff (Branch Manager, Senior Field Officer, Cashier, Customer Relations Representative, Area Manager, Regional Manager, Zonal Manager) were met through internal promotions. The existing Credit Officers/ Collection staff was groomed to take up such supervisory positions. In fact, in many MFIs, pre-promotion training programmes were held for the purpose. Only if the MFIs were unable to identify suitable candidate from among the internal staff, they resorted to lateral hiring. Thus, manpower planning largely concentrated on hiring of field staff and managerial staff.

In MFIs where a structured manpower planning process is in place, not only the cost of operations is better controlled but also the growth plan is executed more effectively and efficiently. This is primarily because a structured process enables the organization to identify and put the right persons on the right job at the right time.

In Chaitanya, manpower planning was based on annual growth plans. Every region had one–two extra staff as substitutes. Based on the expansion plan, recruitment took place two months in advance of the actual requirement date. In GramaVidiyal, staffing position was updated on daily as well as weekly basis. As a strategy, five to ten per cent staff is kept as buffer to meet the future manpower demands. Similarly, in Sahayog ten per cent more than the required staff was recruited. According to GFSPL, they had planned to open 35 Branch Offices in six months and the same is under implementation. Suryodaya followed the need-based planning, and were opening up 70 new Branch Offices. Swadhar was planning to increase the zones from the present five to seven or seven zones and accordingly to increase the manpower from the present of 430 to 510 in future. In Satin Creditcare, apart from the normal manpower planning process, multi-skilling and job rotation were also used to meet the HO requirements. Ujjivan followed the annual projection plan while Utkarsh had a need-based approach to recruitment. VFS conducted quarterly review of the manpower requirements and acted on basis of that.

3. **Demography of Staff in MFI**

3.1 Trend in last three years

The details of the total number of staff in the MFIs studied have been given in **Annexure VII**. There were a total of 22,946 employees as on March 31, 2013 in 25 MFIs. Ujjivan had the maximum number of staff at 3,656 followed by Equitas (2,371), Grama Vidiyal (2,363) and Janalakshmi (2,005). Amongst the smallest were Grameen Sahara (87), SMCS & Saija (120) and Annapurna (138).

It is observed that AP crisis had a negative impact on the number of staff employed in MFIs,
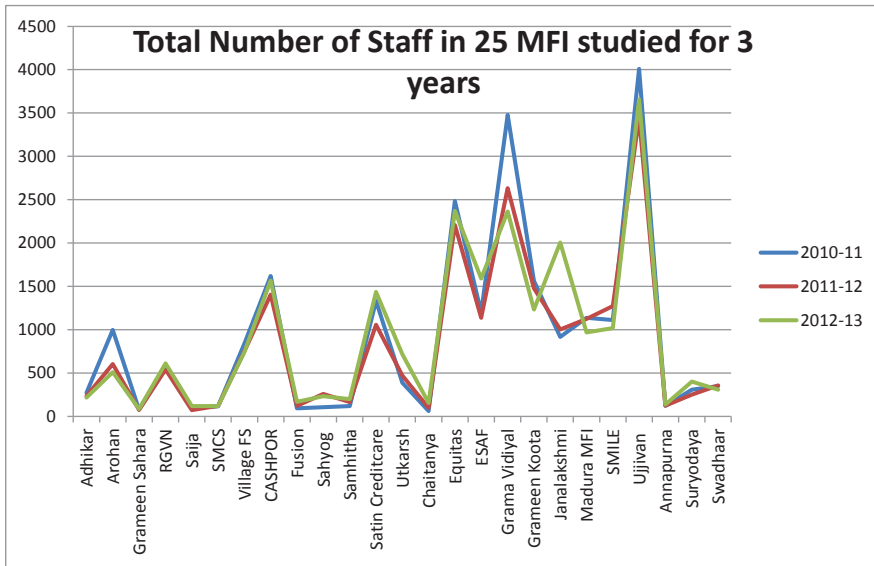
Figure 4.3 No.of MFI staffs in 2011-2013

with the numbers coming down drastically in some of the MFIs. Although during 2012–13, an uptrend in the seen employment figures, it is still to reach to the pervious levels of 2010–2011. Region-wise the impact was the highest in Southern Region followed by East. Growth rate of staff in percentage is given in **Annexure VIII**.
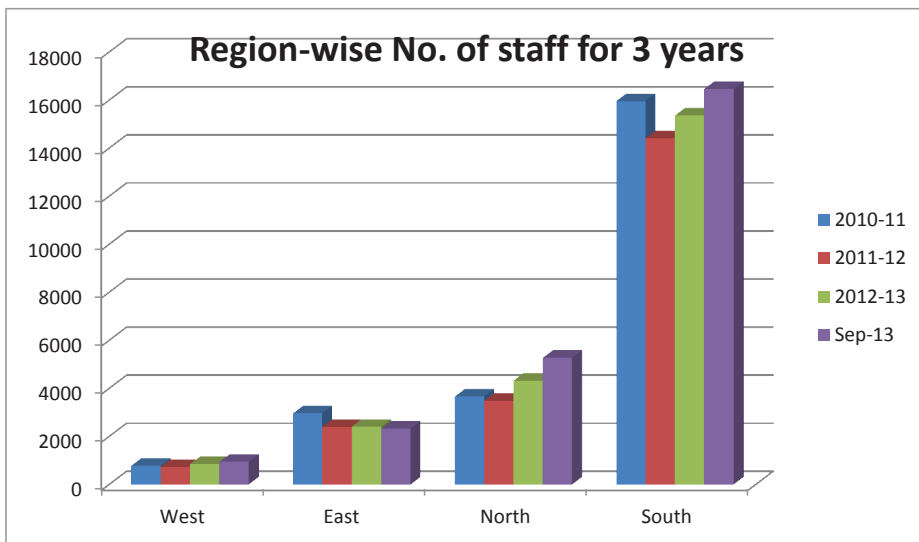
Figure 4.4 No.of staffs studied – Region wise

Among MFIs, in Arohan the staff strength reduced by 39 per cent followed by Saija (27%). In South the major reduction took place in Grama Vidyal (24%), Ujjivan (14%), and Equitas (11%). In the north, Satin Creditcare (21%) and Cashpor (13%) had the major reductions while in West, only in Suryodaya (18%) the growth in staff was seen. Some of the MFIs, though had no reduction or had faced a small percentage of reduction of staff in 2011–

12, felt a higher impact in 2012–13. For instance, in SMILE the number of staff grew in 2011–12 but came down by 20 per cent in 2012–13. Few others that exhibited similar trend are GFSPL (16%), Swadhaar (14%) Madura (14%) and Sahayog (11%). Eight of the MFIs still had less number of staff as on September 30, 2013 as compared to what was in 2010–11 and are yet to bounce back to the same level. These include Arohan, Grama Vidiyal, Madura, GFSPL, Adhikaar, VFS, SMILE and Swadhaar.
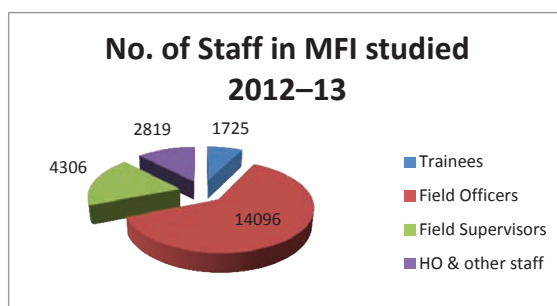
Figure 4.5 Break of staff studied

MFIs which were exceptions and continued to grow during the period 2011–2013 were Chaitanya (61% and 56%), Samhita (40% and 20%), Fusion (29% and 37%), and Utkarsh (21% and 52%). In Janalakshmi the number of staff grew by nine per cent in 2011–12 and by 100 per cent in 2012–13.

Around 70 per cent of the employees in MFIs were Field Officers including trainees. The number of Trainees was higher in the north as compared to other regions. Generally, the percentage of supervisors to total staff was around 19% but in MFIs in northern region, it was higher at around 22 per cent. On the other hand, average staff in HO was around 12 per cent for all the MFIs put together in Western Region it was higher at 19 per cent. The details are given in the table given below.

Table 4.2 Percentage of Broad Categories of Staff to Total Staff in 25 MFIs 2012-13

Region	Trainees	Field Officers	Field Supervisors	HO & Other Support Staff
Eastern Region	7	61	18	14
Northern Region	20	46	22	12
Southern Region	5	65	18	12
Western Region	1	66	14	19
Grand Total	8	61	19	12

3.2 Productivity

An analysis on Gross Loan Portfolio per employee has been made and from the same it is observed that the productivity in the southern region was high at Rs 33.80 lakh per employee followed by the western region at Rs 34.49 lakh, northern region at Rs 30.45 lakh and eastern region at Rs 14.88 lakh. At an Institutional level, Janalakshmi with Rs 47.92 lakh was at the top, closely followed by Equitas with Rs 47.86 lakh. GFSPL, Stain Creditcare and Suryodaya were the other three among the first five having high average Gross Loan Portfolio. In south-based MFIs, per employee portfolio could be higher because of more number of established branches having clients above third cycle **(Annexure IX).**

Annexure X gives the Client per Field Officer in different MFIs, *(as provided by the MFIs)*. This ration seems to have been influenced by the following factors.

- Location of the Branch Office i.e., whether the Branch Offices are predominantly Rural /Semi Urban /Urban or a combination of two or all the three.

- Span of Control of HO on Branch Offices i.e., when number of Branch Offices under direct control of HO is small, generally the ratio is better.

- New Investor and demand for restructuring.

- Type of Organization Structure I, II, III or IV as defined earlier.

- Use of Technology and Management Systems.

- Growth Plans with funding support.

- Non-financial services being offered through the same channel.

The above factors influence the ratio in a combination and therefore it is not possible to say which of them has more impact on the ratio than the other. Satin Creditcare had the highest client ratio with 1,264 clients per loan officer followed by SMILE at 713 and Suryoday at 825 *(as on September 30, 2013)*.

3.3 Women Staff
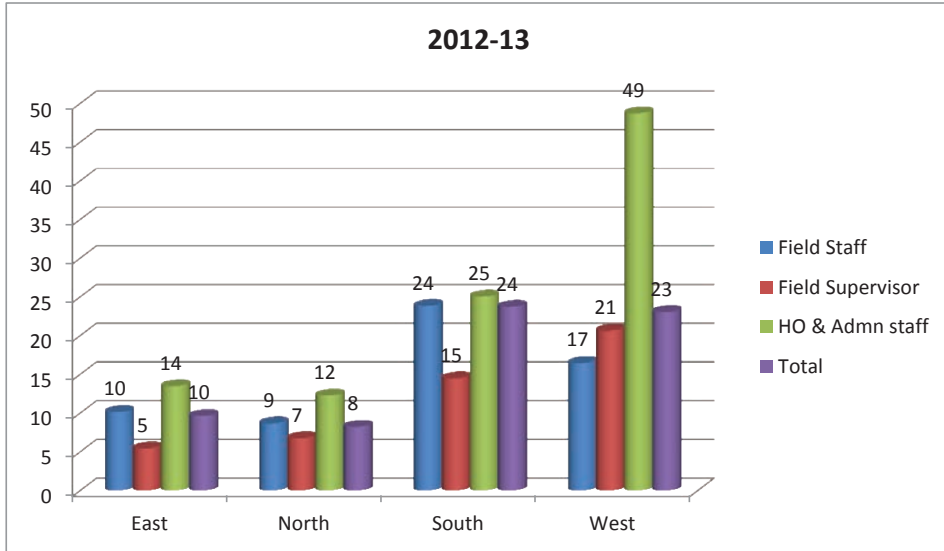
Figure 4.6 Percentage of female staff

In MFIs, the percentage of women staff is low, especially considering the fact that majority of the customers are women. On an aggregate, only 19 per cent of the staff in the sampled MFIs was women. However there were institutions that also had a high percentage of women staff such as Annapurna (94%) Madura (82%), ESAF (70%) and SMCS (56%), **(Annexure XI)**. It is pertinent to note here that all the four institutions mentioned above are NGOs turned MFIs.

Also, the ratio of women among field staff and Field Supervisors was low and more women were working in Head Offices.

3.4 Manpower Cost

The staff to operation cost, as furnished by the sample MFIs, varied from 48 per cent to 95 per cent. However, the staff to operation cost is not comparable as the basis for calculation of operation cost varied from MFI to MFI. Based on the data received from around 15 MFIs, it was observed that the staff cost was around 60–75 per cent of the operation cost.

Use of technology and manpower requirements technology, such as computer software and systems, mobile technology, videography, etc., does decide the number and type of manpower required. It is observed that MFIs with good growth plan and scale strategy had adopted technology either at the inception or immediately after finalizing the growth plan. Some of the MFIs such as Ujjivan, Janalakshmi, Suryoday, and Cashpor had invested in technology at an early stage and were reaping the benefits. Interestingly, Cashpor and Utkarsh, due to the erratic power problem in the area, made the available the mobile technology for the Field Staff before going in for the computerization of the Branch Offices. Madura also brought in mobile technology for the staff as their staff were appointed on a part-time basis from among the clients themselves and may have found it difficult to use computers effectively. A select list of various technologies used in the Operations, HR and other departments of MFIs is given below.

Table : 4.3 Select List of Technology Used in Operations, HR and Other Departments of MFIs

Operations	HR	Other Dept
COBDRE for Cash Mgt	OMNI for Staff Productivity	Tally by Accounts
Delphix- Online	HRMIS in place	TEMENOS T24 Core Banking Software
Force Ten Technologies–Bijli	Saral package–leave employee record, TDS etc	Use the data provided by Bijili for audit— they maintain their data in excel
Branch office budget software	FOLKLORE for payroll	BI TOOL–GLOBAL 3RD BEST for IT/ Back Office/Admn/Front Office
Mobile technology—true cell for Field Officer	Web-based virtual class room	CBS, FINO, Netbook–smartcard, SFD, housing loan, tally
OPEN SOURCE for Operations	Attendance Biometric for all including Branch Offices (Saviour)	
BR net	Leave application through portal- approval online	
Process and Audit Mgt.—MFTrack	Short films for training of staff & clients	
Videography during loan disbursements		
Loan Mgt.—by Atyati Ganaseva Software		
Jayam		

Attracting right talent in a cost-effective manner and nurturing it is the key to success of any organization as quality of the staff has a direct bearing on the business. This is more so in organizations such as MFIs where the largest outgo is in terms of staff cost. Nevertheless, attracting and retaining the right talent in a cost-effective manner is easier said than done.

Microfinance business requires a very high HR content. Field-staff constitutes about 60 to 70 per cent of the staff strength. In MFIs, hiring new staff is an important and almost continuous function. Hiring has been a challenge for most of the MFIs at both field/ operational level and at the management level, more so for the young and emerging MFIs.

1. Recruitment Process (Field Staff)

Although there is a large pool of educated unemployed youth in the country, it is still a challenge to recruit Field Officers who have the right attitude for this job. All the MFIs are unanimous on the point that the skills and knowledge required for the field staff can be easily imparted within a short time but developing the right attitude requires long term investment. Initially, many MFIs recruited graduates as Field Officers but they found that the attrition level went up. Since the job requires less of knowledge and more of people skill, it was found that persons having educational qualification of XIIth standard and in rare cases Xth standard could be a proper fit. Coming from the same strata of society as that of the clients, they are able to relate and empathize with the clients better. Some of the features in recruitment observed are detailed below.

1.1. Job Description and Specification (Field Staff)

Age: Generally the age-bracket for hiring field staff was 18 to 28 years. However, for experienced candidates, age limit was up to 30 years. For female candidates, age was further relaxed up to 40 years.

Education Qualification: In majority of the MFIs, the preferred qualification was 12th standard and graduate. It was felt that a 12th standard qualification was more suitable for performing the duties of the field than higher qualifications. However, in terms of career progression, it was better for the candidate to be a graduate, as it would facilitate the employer in providing a proper career growth to the saff. Some of the prevalent education qualifications for the field staff are:

- 10th (failed but passed in regional language and mathematics). For part time employment;
- 10th std;
- 12th std;
- 12th std with 50 per cent marks (female 10th with 50% marks);
- graduation (failed/passed); and
- diploma / ITI.
- apart from the above, it was observed that a few post-graduates, generally with non English medium background, were also working as field staff.

1.2. Gender Preference

Different MFIs have different policies in respect of the hiring of the field staff. Some of the MFIs preferred female staff only, while a few others preferred male staff.

In majority of the cases, a mix of both was prevalent. Some of the divergent gender related policies and practices observed were:

- only female candidates were appointed as field staff;
- only male candidates were appointed as field staff;
- both male and female candidates were appointed as field staff;
- male staff was preferred for rural jobs as it involved travel in rural and isolated areas and they used bicycle/motorcycle and could travel independently;
- married women from the local areas preferred;
- married women with two children preferred;
- married women who needed a job to support the family preferred;
- male candidate (Intermediate with 50 per cent cut-off marks), and female candidate (High School with 50 per cent cut-off marks); and
- female part-time staff preferred.

1.2.1. Women as field staff

Microfinance has historically focused on serving poor women clients and is recognized as a powerful tool for empowering women. Many institutions understand that female staff are able to establish rapport with the clients and can serve as positive role models. MFIs which have more women Field Officers, believe that women are more loyal, dedicated, sincere and dependable. Some of them had purposefully recruited women at the base-level. Out of the 25 MFIs studied, we observed that four of them had more than 70 per cent women field staff (**Table**). This trend is seen more in NGOs turned MFIs such as Annapurna, Madura, ESAF, SMCS, and Samhita etc. MFIs such as Ujjivan also realized the importance of women as field-level employees and consciously set a policy to increase their numbers in the coming years. Most of the female staff came through employee and client referral policies.

Table 5.1 Women staff as percentage at various level during 2012–13

Name of MFI	Field Staff	Field Supervisor	HO & other Staff	Total Staff
Annapurna	100%	100%	82%	94%
Madura	95%	60%	20%	82%
ESAF	71%	68%	40%	70%
SMCS	81%	30%	39%	56%

Though other MFIs were also willing to appoint more women as field staff, most of them were not able to attract enough women for the job. In the Head Office, generally situated in a city and with normal working hours, MFIs got female employees but finding suitable staff for the Branch Office level was a challenge. Details of women staff employed by the 25 MFIs studied are enclosed in **Annexure XII.** Some reasons, cited during the discussions, for the low number of women employees in MFIs are:

- in rural areas, villages were widespread and field staff was required to travel from one village to another. There was a perception that lonely routes between villages were unsafe for women;

- working time did not suit the women as they had to go very early in the morning for collection of money;

- not many women were willing to drive two-wheelers;

- perception that field jobs for women were not appropriate;

- many MFIs have a policy of not posting their staff to their own village/local area. Posting women to far-off villages create problem regarding their stay;

- even if they join as field-staff, after marriage as part of the societal norms, field job was not encouraged for women; and

- in urban areas also, similar problems exist. However, the ratio of women working in MFIs operating in urban areas was much better than in rural areas.

Having majority of Field Officers as women comes with its own set of problems. When the organization is in a growth mode, finding experienced and capable women staff that are also willing to dislocate if need be, becomes a challenge. Generally, their aspirations are low and family responsibilities outweigh their career prospects. Hence, a promotion with a transfer may not be a great motivator for them and the organization suffers as it is not able to make use of its available talent.

Therefore, there is a need to have a right strategy while recruiting. One of the strategies could be of recruiting more of women staff in mature Branch Offices where maintaining client relationship is important and of recruiting males for new Branch Offices for expansion. However, for MFIs to increase the number of female staff at all levels, institutions could analyze the factors that contribute to low representation of female staff and major challenges thereof, and explore changes in policies and practices that will enable enhanced employment. MFIs may also review their current practices of rotating Field Officers from one Branch Office to another, which is deterrent for female staff members who are not able to move far from their families. MFIs must evaluate whether the benefit of these practices outweighs the cost of losing female talent.

1.3. Fresher Vs. Experienced Field Staff

Majority of the MFIs studied preferred freshers at the entry level. Though MFIs wanted to hire experienced staff from the industry, but the baggage that such experienced staff brought along from their previous employe, was demotivating and unacceptable. MFIs feel that it was better to train and groom a fresher rather than hiring an experienced staff and spend considerable time and energy in making it unlearn and then relearn. This opinion is most rampant across the industry. What can be deduced is that every MFI has its own culture and value system for dealing with the staff and customers that they do not want to get adversely affected as a result of hiring of the experienced staff. MFIs alleged that the experienced staff, in their enthusiasm to prove their performance, often resorted to short cuts rather than imbibing the cultural and value systems of the new company. It is with this background that some of the MFIs have clear policy of not hiring experienced staff for the field

While not to hire from other MFIs was the general practice, a few MFIs, as a strategy, recruited

majority (even up to 70%) of their field staff having experience of working in other MFIs.

However, MFIs under fast growth path were required to hire experienced staff for their business expansion in the new regions as they did not have the required talent pool for internal promotions/postings. Even if they had, staff did not prefer to be transferred to different state/region/language areas. Thus, while expansion within the home state was not a big challenge, but expansion to new states and regions was.

Hiring from other MFIs was generally at the Branch Manager/Area Manager/Regional Manager level. The MFIs studied revealed that till recently the poaching of staff and even resorting to unethical hiring, was very rampant. Thanks to the unified code of conduct, the members follow the code of getting the reference check and No Objection Certificate from the previous employer before hiring a new employee. MFIs were very happy about this system, as they felt that following the Code of Conduct was in the best interest of all stakeholders.

1.4. Methodology for Recruitment

Different methods were used by different MFIs for attracting and creating a pool of prospective candidates for the field-staff positions.

1.4.1. Sourcing and pooling of candidates

In many MFIs, **client reference** is an important source and clients are encouraged to refer suitable candidates from their families, friends and relatives. In Madura Finance, majority of the field staff were through client reference or client themselves. Some of the MFIs such as Ujjivan, had even Referral Schemes for clients, similar to the one available to employees, where they are rewarded (Rs 500/-) for successful reference. In

> **Good Practices**
>
> Samhita efforts are made to employ candidates from families where nobody is having monthly assured income.

GFSPL too, the first option was to announce the vacancies in centre meeting and only if required, other options were resorted to. However, in some MFIs client referral was not a preferred option as a matter of internal policy of the company.

In MFIs such as Annapurna, a pool of prospective candidates was drawn out of the data base of the clients who meet the qualifying standards prescribed for recruitment of field staff. In GFSPL and Grama Vidiyal 40 to 50 per cent of the field were from the kith and kin of the customers.

Figure 5.1 Pool of Applicants - Recruitment

Employee referral is one of the major sources of getting the talent pool on a regular basis. In Janalakshmi, referral reward to employees ranges from Rs 3,000 to Rs 10,000. MFIs prefer the employee referral method as this method has proved to be more suited for MFIs in many ways. The advantages of this method, as mentioned by the MFIs include:

> MFI like ESAF, as a strategy, initially enter in to a new area/region and establish themas a social service organization. Only after two to three years of social service in the region that they start the MFI business. In such cases of expansion, for ESAF, attracting candidates, even female staff is less difficult comparing other MFIs.

- honesty and integrity check;

- need of the candidate identified;

- suitability check in terms of connection with clients of MFIs;

- availability check of the candidate for a reasonably longer period;

- verification of antecedents, since the candidate is known to the staff of the MFI; and

- traceability of the candidate in case of any untoward incidence/misappropriation.

Another method used to recruit field staff was through open **advertisements** in the local newspapers especially for expansion of business in new regions. The experience through this method was said to be unsatisfactory. Lack of awareness of the part of the prospective candidates about the MF industry and also about the brand value of the MFI was the main reason for not being able to attract the candidates. As a strategy, MFIs such as ESAF initially enter in a new area/region and establish 'themas', a social service organization. Only after two to three years of social service in the region that they start the MFI business. In such cases of expansion, for ESAF, attracting candidates, even female staff is less difficult compared to the other MFIs.

Some of the MFIs have attempted to recruit the field staff with PUC (12th standard) background from **campuses**. The response and success rate of this method of recruitment is yet to be established. MFIs such as Madura Finance, Satin Creditcare have not succeeded, so far, in hiring in numbers through their campus programmes. The learnings derived from the experiences of Madura Finance in this regard, are as under:

- numbers did not matter, quality of hiring matters;

- reporting structure for these campus hired trainees could have been different;

- best of training did not work, if the total reporting structure and operation was not aligned in the case of trainee staff;

- mentoring programme should be an integral part of their induction; and

- science graduates joined as trainees, as a stop gap arrangement.

Other MFIs such as Janalakshmi and Fusion were doing field staff hiring through campus recruitment programme on an experimental basis. In Cashpor and Ujjivan Management Trainees have been taken and are being groomed for higher positions such as Branch Manager.

In case of Management Trainees, a good mentor to hand hold and guide them through the initial stages, is very important. Failing such a support, the Management Trainees become disillusioned and leave the organization within months of entry as their expectations are very high from their work place.

> Management Trainees come with high aspirations and handled differently. They need to be assigned to exclusive trained mentors to hand hold them and guide them through the initial stages or else they become misfits.

1.4.2. Selection

MFIs follow different selection process and procedures. General processes and practices followed are shown in the diagram below **Figure**. The diagram captures the various processes followed across industry. It does not in any way suggest that all these processes together are followed in any of the MFIs.

Pre selection Orientation/PPTs/Visit to Branch/Field visit	Interview by Panel at HO	Final Interivew at HO
Written Test/Aptitude Test/Basic Maths/English	Orientation Trg/Field Trg	Offer & Joining
Interview by BM/AM/RM	Feedback from BM/AM	Induction at HO & posting at Branch
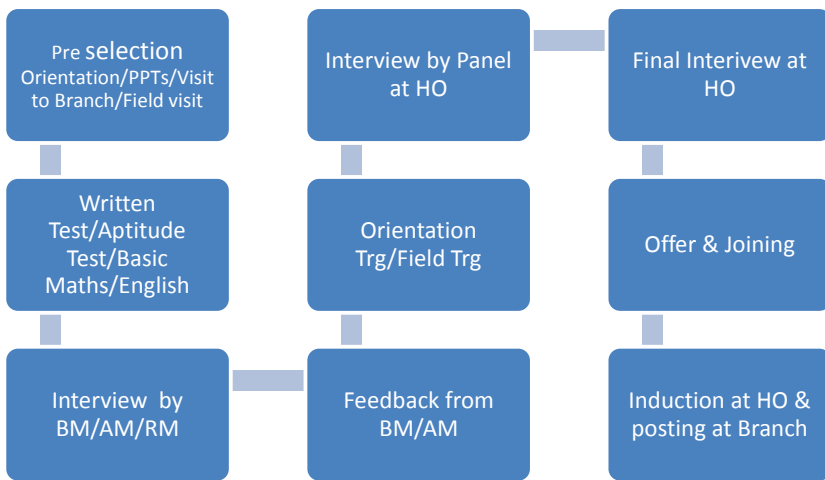
Figure 5.2 Recruitment Process and Practices in MFIs

For example, some of the MFIs such as Annapurna, Arohan, Sahayog, Samhita, Cashpor, Ujjivan etc., made it mandatory for the candidates to visit the Branch Office and the field before selection process. This is to make the candidates aware about the type of function they are required to perform and the place they are expected to work before they actually take up the test and other selection process. Shadowing the aspirant candidates with senior staff in the field for a period varying between one to seven days and getting feedback from the senior staff is part of the selection process.

> Conducting training to orient candidates to the role of field staff prior to selection and appointment is a good practice. Samhita and GFSPL find this system useful in controlling attrition.

Many MFIs conducted written tests to evaluate the aptitude, language proficiency, arithmetic proficiency etc. Minimum cut-off is prescribed for passing and moving to the next level. In some MFIs, failed candidates were encouraged to come back after three months and take up the test again.

In many cases, preliminary short listing was done at the Branch Office level by BM/AM level executive. Days were fixed for these interviews and the shortlisted candidates were referred to RO/State or HO level (depending on the delegated authority). Final interview was conducted, and the selected candidates were given offer letters either as trainee or on regular employment depending on the policy of the company.

Before issuing the appointment letter, **background check** of the candidate was done by one or more of the following methods:

- house visit and conversation with the neighbours;
- reference checks and guarantee from reputed local person or from the parents or relatives;
- in case the candidate was earlier working in MFI, NOC from earlier employer was insisted upon and referral check done. This was in line with the unified Code of Conduct;
- in rare cases, background verification is got done through outside agency for senior positions; and
- Equitas assessed employee fitment.

Equitas assessed fitment by *"Know your candidate's family well,"* where the supervisor visits the selected candidate's residence to understand the cultural aspects of and bond with the family. This also serves as a background check. Given that employees deal with customers' money, this assessment is very important. Equitas also ensures that all candidates hired are posted close to their residence to ensure a balanced work life and also enable closer supervision.

1.4.2. Probation

In majority of the MFIs, the probation period was six months. The new staff shadows a senior/ existing field staff during field training for a period of one–four weeks. Only after a period of 15 to 30 days (period varies from institution to institution) targets for acheivement were set for the new recruits. In some of the MFIs, initial targets were low and only after three months of experience, full responsibility as a field staff was given.

1.5. Recruitment Supervisory Staff

Recruitment of Supervisory Staff like the Branch Manager, Area Manager, Regional Manager etc., were done generally through internal promotions. As a policy, many MFIs, first search for resource through internal job postings and conduct subsequent selection process. Only after exhausting the internal resource pool, lateral hiring was undertaken. MFIs such as Cashpor identified and published internal pool of talent for different level on a regular basis. According to Cashpor, it has never been short of supervisory staff since it always has a pool in waiting ready to be promoted and placed

Equitas assesses fitment by *"Know your candidate's family well,"* where the supervisor visits the selected candidate's residence to understand the cultural aspects of and bond with the family. This also serves as a background check. Given that employees deal with customers' money, this assessment is very important. Equitas also ensures that all candidates hired are posted close to their residence to ensure a balanced work life and also enable closer supervision.

Lateral hiring from other MFIs and related industries such as banking, NBFC, FMCG, among others, was a general practice. In Utkarsh, MBAs are hired as Trainee Branch Manager. However, in case of candidates with MFI experience, 12th standard was the minimum qualification.

MFIs with saturated growth in a state/region find it difficult to meet the growth aspirations of the staff through promotions in the same area. Such MFIs become easy target for hiring candidates by the other MFIs.

1.6. Recruitment of Management Staff

Promoters' network and their past colleagues form a major part of the top management team. Promoters with banking background have inducted professionals (including retired) with banking experience. Some MFIs such as Madura Finance got the privilege of getting erstwhile bankers from Bank of Madura and Sec 25 MFIs inherited the top management from the respective NGOs. Retired bankers were preferred for the audit and finance functions. Networking and hiring known professionals was the general trend in hiring for top management team. At times, MFIs were engaging placement consultants and advertisements are also made as per need. However, growing MFIs find it difficult to get professionals to head HR or IT departments.

With the sector showing signs of revival, tier I MFIs such as Janalakshmi, Ujjivan and growing organizations such as Sahayog, Cashpor and Fusion were able to attract good talent including business graduates from reputed institutions. Business graduates were seen opting for MFIs as they see a career growth along with opportunity to serve social causes without much compromise on remuneration.

Training is an organized input, aimed at imparting knowledge and skill, together with developing the right attitude for attaining a defined level of competency to execute a given job effectively and efficiently. Microfinance being a staff-oriented business, the importance of training inputs can hardly be over-emphasized. Training has a direct impact on the quality of services provided to the clients. In MFIs, where structured, long-duration and effective training programmes were conducted, field staff spoke with conviction on the need for client awareness building, transparency in interactions and need for handling the clients empathetically. Though the importance of training is well understood among the MFIs studied, it was observed that the importance given to training varied from one organization to the other.

The following Training and Development (T&D) Process Diagram indicates as to how the T&D process is generally undertaken. Training Need Analysis (TNA) is done, taking into account the inputs from the growth plan, succession plan, Performance Management System, audit process, information from client survey and Employee Engagement Survey etc. Based on the TNA, training plans and programmes are worked out and then implemented.
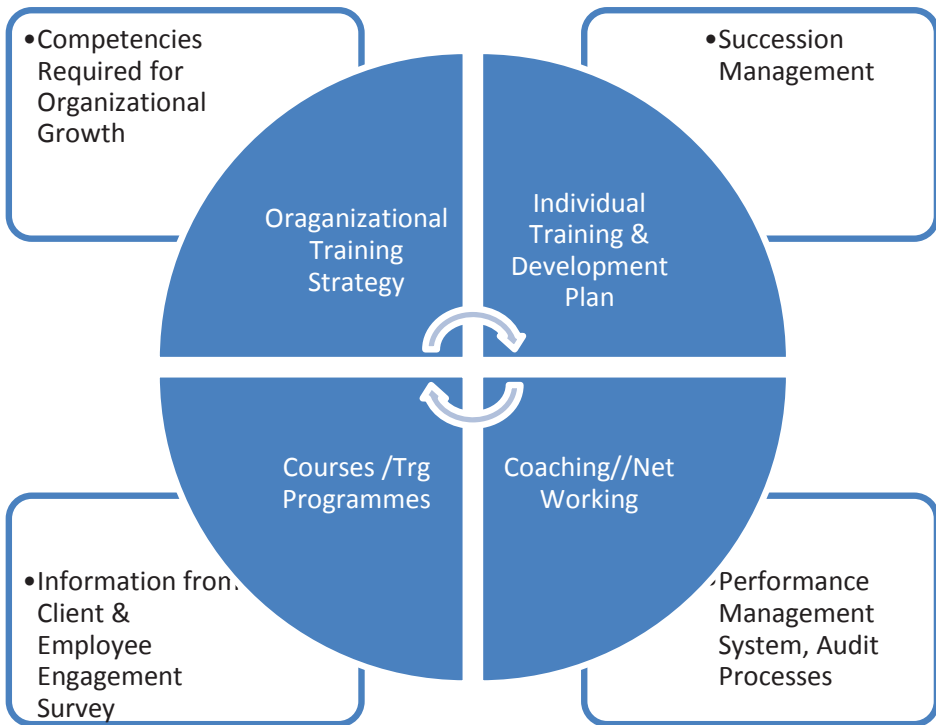
Figure 6.1 Training and Development Process

1. Training Need Analysis—Process and Practice

In MFIs, some of the processes and practices followed for indentifying the TNA are given below:

Table 6.1 Processes and Practices Followed for Identifying the TNA

Sl. No	Source	Analysis	Outcome of TNA
1	Recruitment and Interview Report	Compiling Interview Report Feedback for different categories of staff /Design and Develop contents for Induction Programme	English language, Arithmetic calculation etc are included for field staff Induction
2	On the Job Observation/Evaluation of Field Officers by BM/AM	Identifying knowledge/skill/ attitude deficiency	Weekly/Fortnightly training programmes arranged at Branch/Area Office level
3	Weekly/Monthly Review Meetings	Repeated problems/issues identified	Specific training programmes arranged by respective dept in coordination with Training team
4	Technology introduction	Computer /Mobile application	Training organized by Computer dept./Mobile Service Provider
5	New products	Features of the product; selling methodology	Training organized by respective department
6	Change in System/ Procedures	Functional training	Identified by respective department
7	Performance Mgt. System	Self-appraisal Appraiser's Report Reviewer's Report	This may be structured (choosing the training need from the given list) or unstructured
8	Client's Complaints	Repeated complaints in specific areas	Refresher Training

The above chart is to indicate the total processes and practices followed by the MFIs across the study group. Some of the MFIs such as Annapurna, Cashpor, Equitas, ESAF, GFSPL, Grama Vidiyal, Madura Finance, Janalakshmi, Samhita and Ujjivan are regularly identifying the training need (in a structured or unstructured manner) especially for the field staff, and are initiating action to cover the gaps. In many MFIs, the training need identification is more ad hoc than structured. Few of the MFIs are yet to capture the need for a proper Induction Programme for the field staff.

2. Types of Training

There are different types of training programme conducted by MFIs for different levels of staff. Some of the programmes conducted are listed below:

Table 6.2 Types of Training Programmes Conducted by MFIs for Different Levels of Staff

Sl No	Types of Training	Target Group	
		Field Staff	Management Staff
1	Induction Training	Y	Y
2	Refresher Training	Y	
3	Product Training	Y	Y
4	Computer Training	Y	
5	Mobile Application Training	Y	Y
6	Software Training	Y	Y
7	Managerial Skill Training		Y
8	Soft Skill Training	Y	Y
9	Code of Conduct Training	Y	Y
10	Communication Skill Training	Y	Y
11	Audit Training	Y	Y
12	Branch Manager's Training		Y
13	Leadership Skill Training		Y
14	Pre-Promotion Training	Y	Y
15	Post-Promotion Training	Y	Y
16	Community Based Micro Finance		Y
17	Governance of Micro Finance		Y
18	Market Research		Y
19	General & Social Analysis		Y
20	Enterprise Financing		Y
21	Social Performance Management		Y
22	Market-led Livelihood Institution		Y
23	Audit Strategy and Mgt.		Y
24	Train the Trainer		Y
25	SMART Campaign	Y	Y
26	Risk Mgt.		Y
27	Women Empowerment		Y

The above list is very impressive and elaborate. The MFIs where training and development is part of their business strategy, many of these programmes were undertaken regularly or on need basis. Some MFIs were selectively undertaking and others had minimum/basic training programme in their priority. MFIs such as Samhita, SMCS, and VFS got financial support from social development agencies for conducting specific programmes and were very happy with such support.

2. Training Methods

In MFIs, different types of training methods were used depending on the training requirements. In the case of field staff, a combination of classroom, field and on the job training is undertaken. In the case of management staff, classroom, conference, coaching etc. were followed.

Training Methods

On-the-Job-Methods

- Job Rotation
- Coaching
- Job instruction or
- Training through Step-by-step
- Committee Assignments

Off-the-Job-Methods

- Role Playing
- Lecture Methods
- Conference or Discussions
- Programmed Instructions
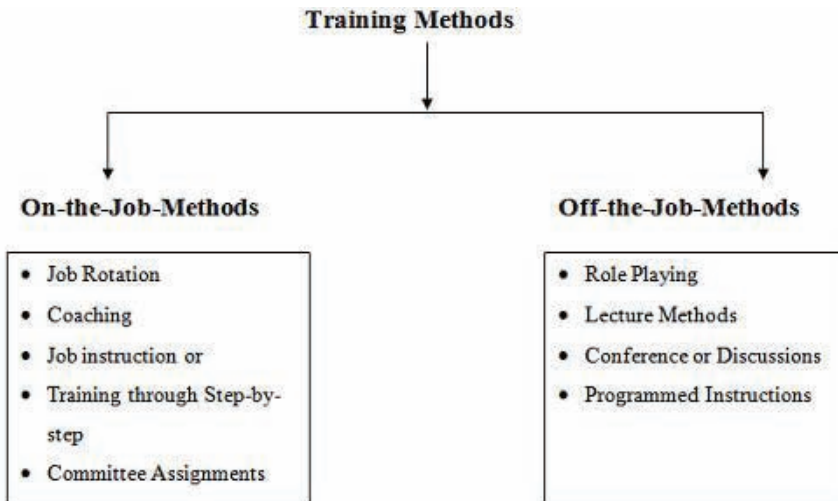
Figure 6.2 Training Methodology

In Grama Vidiyal, Outbound programme was conducted for field staff. According to the Training Head, Grama Vidiyal, they identified the training need in terms of low motivation which reduced performance level in a group of field staff, who were rated three under forced distribution. The Outbound programme was arranged for a batch of 35 to 40 staff. The results were very positive. The participants got fully involved in the programme, felt wanted and could overcome negativity. Further, some of the participants got promoted as Branch Managers and attrition was arrested amongst them. According to the training team of Grama Vidiyal, it is clearly one of their success stories as to how timely training intervention could change the employee engagement level positively.

2.1 Induction Programme for Field-level Staff

Duration and methodology adopted for Induction training of staff varied depending on the maturity level of the human resource management practices followed by the MFIs. Classroom induction course duration varied from two to 15 days. Induction training covered company's Vision, Mission, Goals and Objectives, Organization structure, Microfinance principles, Operating principles of JLGs, basic product information (financial and non-financial), Code of Conduct adopted by the MFI, internal discipline, Do's & Don'ts. The training was conducted by in-house trainers and was supported by line managers from different departments. However, in Janalakshmi and Satin Carecredit the training was mainly outsourced, with internal trainers taking sessions on some important aspects.

Table 6.3 Process and Methods of Induction Programme

Elements of Induction Training	Pre Selection	Remarks	Post Selection / Appointment	Remarks
Days	1 day to 30 days	May or may not be continuous	2 days to 21 days	May or may not be continuous
Class Room	Yes - 1 to 15 days	Lecture/Role Play/Video/Audio	2 days to 6 days	Lecture/Role Play/Video/Audio
Field Training/Shadowing with Senior	1 day to 15 days	Attending Group/Center Meeting CGT/GRT	4 days to 6 days	Attending Group/Center Meeting CGT/GRT
On the Job	1 day to 7 days	NA	2 days to 15 days	Group forming/Documentation etc
Hands on/Practical	NA	NA	2 days to 15 days	Working on small targets with Senior/BM
When Conducted	Prior to attending Written Test/Interview		- Immediately - Wait for a Batch of 15 to 20 - Within 1 to 6 months	- Majority - This is to control the cost of the programme - Very few follow this
How Conducted	At HO /BO/RO	By In house Trainers	At HO /BO/RO	By In-house Trainers & Outsourced to Trg Institute/University

The sequencing of training and Branch Office exposure varies. In some MFIs, new candidates were posted to the Branch Office and provided on-the-job training. Later, as and when sufficient number of new candidates were inducted, induction training at the HO level was conducted. In Satin Creditcare, the trainees were first placed in a Branch Office near to their residence and attached to a senior field staff. They were given on the job training for a week followed by class room training for three days at two of their regional training centers. However, in majority of organizations, on joining, the candidates go through an Induction Programme at the Head Office.

In Equitas date of joining of all candidates would be on First Monday or Third Monday and all employees across the region join respective Regional Training Centre on first day! Further, all need to be certified before joining their duty.

In Ujjivan, the Basic Level Training (BLT) is a 15-day Induction Programme for the new staff and includes information on the organization, their role, the code of conduct, the client education needs, skills in conducting Group meetings and communication skills. It also includes three days practical training in the field. This is followed by on the job training. In the case of auditors apart from BLT, they work with senior auditors for two months before being assigned independent work.

On the Job training of three to four weeks included, field visits along with the Senior Field Officer on practical aspects of identifying clients, orienting them on the principles of microfinance, formation of JLGs, sharing product information including pricing, conducting of Compulsory Group Training (CGT), recovery process, handling client grievances, loan documentation, verification of the personal and loan details, home visits, data entry and MIS.

In few organizations no targets were given during the period while in few, a very small target was given.

Employees were on probation for six months during which they were guided and monitored by Branch Manager. During probation, self-management training which includes time management, punctuality, discipline, behaviour with clients, behaviour in group meetings, was conducted by Branch Mangers and Area Managers.

2.2 Induction Programme for Management Staff

The study found that there was no structured Induction programme for management staff in many of the MFIs. After initial completion of the joining formalities, they are introduced to the department for on-the-job familiarization. Department Head/Manager explains about the job responsibilities and the staff learns the systems and procedures while doing the job.

In few MFIs, where structured Induction Programme was available,

> In GFSPL, Induction Programme is conducted for 28 days while in CASHPOR its three months. In both MFIs after initial two–three days classroom training they are sent to field where they shadow a senior. Then they come back to the classroom, discuss there experience and learn the whys and go back to field; this going to field to experience and then coming back to rightly learn exercise goes on three times and finally a written test is conducted.

a short programme (one to two days) covering topics such as organization structure, business areas of MFIs, service conditions etc were covered. Functional training is given by the respective departments. Self-learning modules were also given to the staff for further learning and in some cases they were required to take a test so as to assess their level of learning/understanding of the subject. In some MFIs, field visit was mandatory for all levels of Head Office staff to orient the new staff with the realities of microfinance operations. In few MFIs, top management met the staff as part of the induction, and reinforced the mission and values of the organization apart from clarifying the purpose of the job. This was found to be very effective as the recall of this session amongst the staff was very high.

2.3 Periodic/Refresher Training and other Capacity-building Measures

In MFIs, the clientele, the business model, and the service-delivery staff are unique in many ways. The clientele is underserved women, the business model is generally JLG, and the service-delivery staff are 10/12th standard. In a business model like this, the attitude of the staff, organizational culture and values system, knowledge of products and code of conduct, skills for right delivery etc., are of prime importance and need to be reiterated again and again. Hence, it is essential to have a robust refresher training system in auto pilot mode.
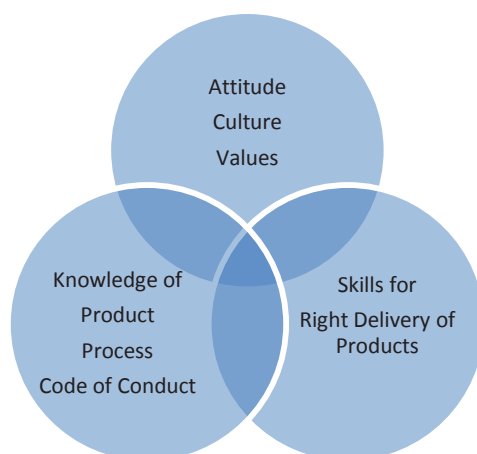
Figure 6.3 Refresher Training Process

The details of some of the refresher training programmes being held are as follows:

Table 6.4 List and Types of Refresher Training Programmes

Periodicity	Duration	Trainer
Fortnightly	Half Day	BM/AM
Monthly	Half Day	AM
Quarterly	1 Day	RM/UM/Trainers from Trg Dept
Half Yearly	1 to 2 Days	Trainers from Trg Dept/HODs
Yearly	2 to 4 Days	Trainers from Trg Dept/HODs
As per Need	1 to 2 Days	RM/UM/Trainers from Trg Dept

Some observations on the refresher trainings being held are as follows.

- Training was generally provided when new products were introduced or there were any changes/ modifications in the current products, systems or procedures. Normally, Supervisory staff trained at HO level conducted the training for the field-staff during monitoring visit to the Branch Offices. In Samhita and Sahayog trainers visited Branch Offices and conducted these trainings.

- Training about MFI Code of Conduct, Internal discipline, product details, communication with clients etc., were not repeated periodically enough. Repeat programmes based on field-level practices and practical cases will improve the performance and efficiency of the staff.

- Ujjivan gave lot of thrust on regular staff training as part of the continuous improvement programme. Apart from the initial 15 days Basic Level Training (BLT), all staff was required to undergo one week Repeat Basic Level Training (RBLT) every year. Information on new products launched, changes in systems and procedures, sharing of new learning through case studies are covered during the RBLT programme. Special programmes also have been drawn for the supervisory staff to help them build competencies on team building and leading.

- Another method adopted was weekly, fortnightly, monthly updates on the operations provided to staff in regular review meetings.

- In some MFIs, staff was subjected to special training; post the audit score of that particular Branch Office.

- Upon promotion, field staff was initially placed under an experienced staff for about two weeks prior to undertaking the new responsibilities. No other training was provided to them.

- The operational staff who have good training skills, conducted training for the field staff.

> In Annapurna, review meetings and training in a structured manner: every month training of one hour during review meetings.
>
> Training needs assessed based on Systems audit & Junior Manager's observations. Good systems followed also discussed.
>
> For Branch Managers, separate training once in two months where soft skills were given.
>
> Back office staff to get field exposure, motivational training, social messages etc.
>
> All training end with plans for improvement/implementation after training in Diary- first topic of discussion in next meeting as to what has been done on what was planned during last meeting.

- In MFIs such as Ujjivan, Annapurna use of technology such as video conferencing, MIS feedback was used extensively for imparting training. Use of technology is cost saving in terms of time and money in deployment of human resources for training.

- Janalakshmi and GFSPL had online training modules in which they took a course while Suryodaya was in the process of completing it.

2.4 Training through External Agencies/Trainers

MFIs engage external agencies/Trainers for conducting training programmes on soft skills, communication, leadership through classroom and outbound training.

- Ujjivan and Cashpor were supported by CoCoon consultancy and Grameen Foundation for developing management skills for its management staff while Satin Creditcare has taken the support of M2i.

- Grama Vidiyal had sent its Senior Mangers to Pondichery for three days for an outbound training for Leadership and Team Building conducted by Pegasus Institute of Excellence.

- In MFIs like Samhita, Janalakshmi, where training is given importance, Supervisory and Management staff were deputed for external trainings conducted by reputed institutions.

- In Ujjivan and Arohan, top management team has been nominated to Business Schools such as Harvard, Wharton, IIMs for management development programme and also to International seminars. These were funded by the respective MFIs.

However, MFIs found it difficult to get appropriate resource persons for training field staff, in local language.

Training Agencies/Institutes

Some of the training institutes/ universities where the staffs of MFIs have been deputed to were as under.

Table 6.5 Training Institutes/ Universities for Training of Staff of MFIs

SL No	Training Agencies/Institutions	SL No	Training Agencies/Institutions
1	ACCION	9	IRMA
2	APMAS	10	Manipal Institute
3	BIRD	11	MART
4	Cocoon Consulting	12	MICRO SAVE
5	Grameen Foundation	13	Nimbus Consulting
6	HARVARD	14	Pegasus Institute of Excellence
7	IFC	15	SIDBI
8	IIMs	16	WHARTON

2.5 Training on Client Responsibility

MFIs admit that regulatory intervention has helped the industry in streamlining their systems and practices in the right direction. They feel that they have better framework and systems for avoiding multiple borrowings leading to high debt levels among clients, client's education, and level-playing field through uniform regulatory guidelines. The staff was generally aware of the

> In Samhita, staff is required to undergo test after every training programme and they are required to score a minimum of 80 per cent. In case they fail to secure this score they are required to repeat the programme. Training department very closely monitors such training.

organizational code of conduct, which was in line with the industry codes. Different tools and methodologies were used to sensitize staff towards the aspects of client responsibility. In Ujjivan, training on client responsibility started from induction and was reiterated frequently at various forums, meetings, as well as audit and other checks. In many MFIs, each staff reads out aloud a pledge card at the beginning of every meeting, reminding them of their responsibility towards the clients. All operational processes for providing credit were carefully structured to ensure client protection. The focus on client protection practices and its reiteration ensured that staff imbibed and lived these values day to day. In Samhita, regular tests were conducted to check whether the staff was aware of their responsibility to clients, while in few others, knowledge on these aspects became part of the audit rating.

Skill development programmes in the areas of communication, conduct and presentation in meeting with clients, understanding and assessing group dynamics, assessment of the needy clients etc., have been undertaken by a few MFIs with the help of external agencies/trainers. Practical training through field visits covering the Dos' and Don'ts and the consequences of the negative behaviour were imparted to all. However, the training differed in its effectiveness depending on the importance given to training function as an integral part of the business operation.

2.6 Capacity-building for Delivery of other Financial Services

Most of the MFIs taken up for the study had only credit products. A few MFIs in alliance with some of the insurance companies, had insurance as a service for their clients. However, most of them discontinued this service. At present this service was limited to credit life insurance in which the client and her spouse are insured to the extent of the loan amount. A few MFIs enroll clients under National Pension Scheme (NPS) and Micro Pension from UTI. In few MFIs the Field Officers help in finding leads for their other products i.e., individual loans like housing loan, vehicle loans etc.

In general, adequate training was given to the field staff and they were equipped to explain and sell the products to the clients. In some of the MFIs such as GFSPL, a test was administered to assess their understanding of this service before the same was offered to the clients. Interestingly, in GFSPL, even the prospective clients were trained and then assessed to test their understanding and clarity on the products such as NPS in order to avoid mis-selling. Importance of payment of yearly installments, the fact that installments are being paid to MFI but pension would come from Government etc., were explained in detail.

3. Training Infrastructure

Most of the MFIs studied had training halls for conduct of induction training or any training to be conducted at Head Office level. MFIs such as Equitas, Grama Vidiyal, Ujjivan etc., had training facilities even at their Regional Office level. Trainers were mostly from the Operations Department having full knowledge on how to conduct the business at base level. In ESAF,

Adhikar India MFI has set up *Microfinance and Cooperative Development Centre* where apart from conducting internal training, it also conducts training and workshop for other MFIs. The participants include all levels in MFIs ie., promoters to field workers etc. Training programmes are held on development topics and operations of MFIs

policy was put in place to have a pool of potential trainers through 'Trainer Hunt' and developed through 'Train the Trainer' programme. The trainers were also given separate allowance for handling sessions to keep them motivated and encouraged.

4. Training Expenditure

An analysis on training expenditure of the MFIs was attempted. It was observed that the components of expenditure incurred and reported may not be very standardized. For instance, the training programme could be held in internal training hall or an external hall could be hired. Unless the cost on internal hall and other internal existing facilities were imputed the same could not be compared with facilities hired and taken into account under training expenditure by another MFI. Since the data was given by the individual MFIs, the data between the last three years were comparable and the following observations are made. The training expenditure had come down during 2011–12 as compared to 2010–11 by 26.3 per cent. This probably could have been a direct impact of the AP crisis as it increased the uncertainties and resulted in cost cutting.
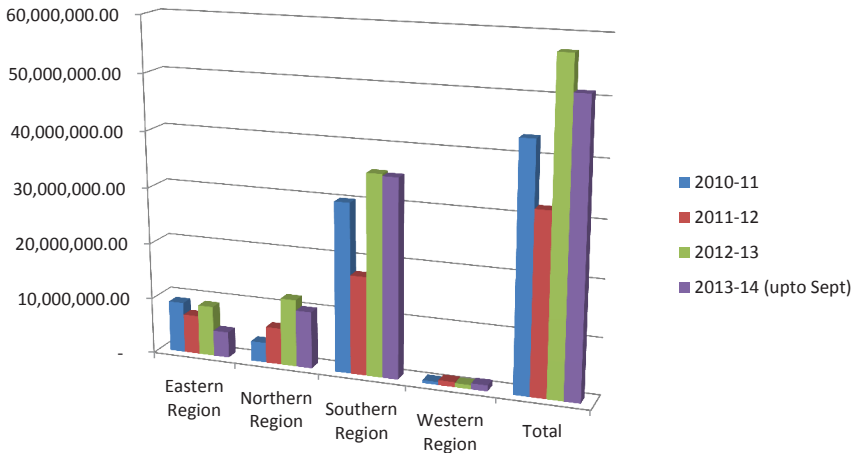
Figure 6.4 Training Expenditure of MFIs

The impact was more observed in southern region where it decreased by 41.8 per cent. The impact of AP crisis was felt probably more in this region as it happened in the neighborhood.

The Chairman of SMILE, mentioned that, as a strategy, more focus was on training during the period following crisis to keep the staff motivated and their training expenditure increased by 87.5 per cent. The other MFIs who continued to invest in training were Chaitanya (increase of 147%) and ESAF which maintained their expenditure with a nominal growth of one per cent.

MFIs from the eastern region too had a negative growth on their investment in training during 2011–12 (reduced by 23.29%). However, RGVN and Grameen Sahara continued to invest in training during the period.

In the northern region, Cashpor reduced its investment in training by 67 per cent during 2011–12. At the same time, Samhita and new institutions like Sahayog and Fusion incurred expenditure towards training during the same period.

In the Western region, there was not much impact on the investment in the three MFIs studied. In fact in Swadhaar the expenditure increased by 65.3 per cent while Annapurna maintained it with a growth of 3.9 per cent.

The investment on training had increased during 2012–13 and was 79.2 per cent more as compared to 2011–12. The heartening fact is that most of the MFIs have reached back the level at which they were in 2010–11. From the trends in investment on training during 2013–14 (up to September 13) it is clear that the focus is back on the training.

The **Annexure XII** gives the details of expenditure incurred by the 23 MFIs studied.

5.   Evaluation of Effectiveness of Training

Most of MFIs taken up for the study did have feedback systems on the training in place. Few MFIs such as Samhita and Grama Vidiyal had a system of written test after each training and if the score was not upto to the standard prescribed, they had to undergo the training again. In the e-learning module used by Janalakshmi and GFSPL, the trainees could to a self assessement after going through the module. In Janalakshmi, the employees were certified on

going through the test successfully. In Equitas each one of the employee had to undergo the process.

In ESAF one additional step has been taken. They have good policy for rewarding and recognizing employees and function heads demonstrating a high degree of application towards learning need. The selection of the department will be based on the following criteria.

- Training penetration (30% weightage)

- Percentage of training needs fulfilled (30% weightage)

- Application of learning based Function head's annual report (40% weightage)

> In ESAF policy for rewarding and recognizing function heads demonstrating a high degree of application towards learning need in place.

Evaluation of effectiveness of training is an important step in the whole training and development cycle. **Figure[1]**.

Figure 6.5 Evaluation of Effectiveness

As discussed earlier, many MFIs were putting concerted efforts in internalizing the training as an important strategic function. Many of them were yet to catch up or even make a good beginning. Even in MFIs where training was one of the core HR activities, the evaluation of effectiveness is under 'Satisfaction and Learning' level and partially at the 'Impact' level. It is time the MFIs move up the levels to 'Results and ROI' and link the whole process to the overall strategy of the company.

6. Improving Impact and Effectiveness of the Training Programmes

The Trainee, Supervisor, Trainer, Training-HR Dept and Top Management are all stakeholders for improving the impact and effectiveness of the training programmes. In many cases, the impact and effectiveness is lower than it should be because of the improper or ineffective working of the stakeholders. When the training is properly identified, and the trainee is nominated for the programme, the supervisor should brief the trainee on the objectives of the programme and on his expectations from him/her on the learning outcome. The trainer

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[1] http://leanlearning.wikispaces.com/learning_analytics
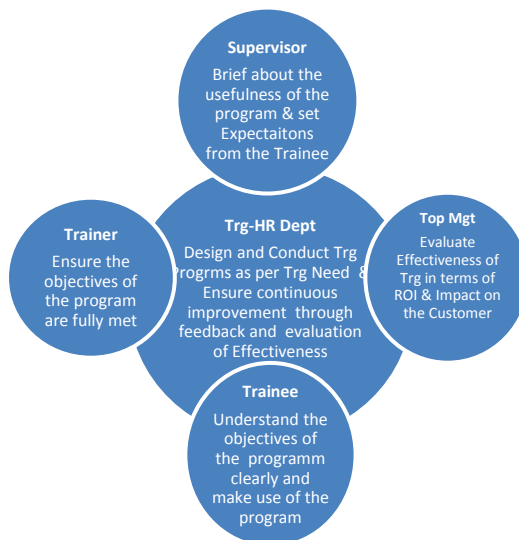
Figure 6.6 Imroving Learning maturity levels by MFIs

conducts the programme to meet the objectives/deliverables of the programme. The top management can then evaluate the programme for ROI and the impact on the customers. If these activities can be synergized, the effectiveness of the training programmes in terms of ROI and impact on customers could be improved in due course of time.
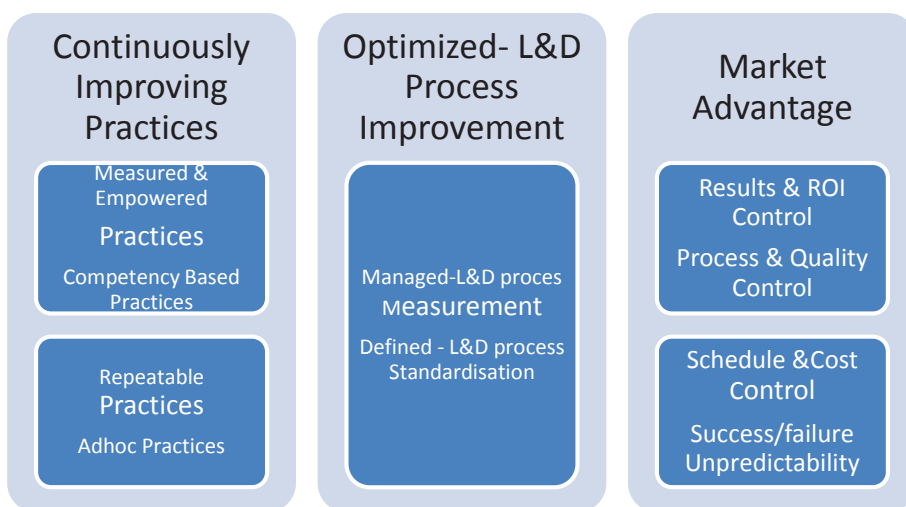
Figure 6.7 Process and Practice improvements suggested for MFIs

The **Figure** above shows how the organizational learning maturity level improves as it moves from the bottom of the level upward to the highest level of maturity. From the figure above, it can be gathered that many of the MFIs today are adopting ad hoc/repeatable practices and the success or failure of the training interventions is unpredictable. It will be better if the MFIs can direct their efforts to competency-based practices/measured and empowered practices. The expected results could be that of better process and quality control/better results and ROI control. Further up in the effort level of continuously improving practices, MFIs can get to the Market advantage.

Policy Framework for improving ROI and Impact on Customers through Training

The policy frame ork suggested in the figure defines the role each of the stake holders has to play. The Board of Directors decides the ROI and the expected impact on customers as well as the training policy. Training/ HR Dept. in partnership with Operations team develop the action plan on training and implement the programmes. Continuous engagement with the staff, trainers and supporting institutions for training is another important function performed by the Training/HR Team. Most importantly, a team/agency should be given the responsibility for assessment—ROI and impact on customers. They will report to the Board/Board Committee periodically and apprise them of the progress or the correction required from time to time.
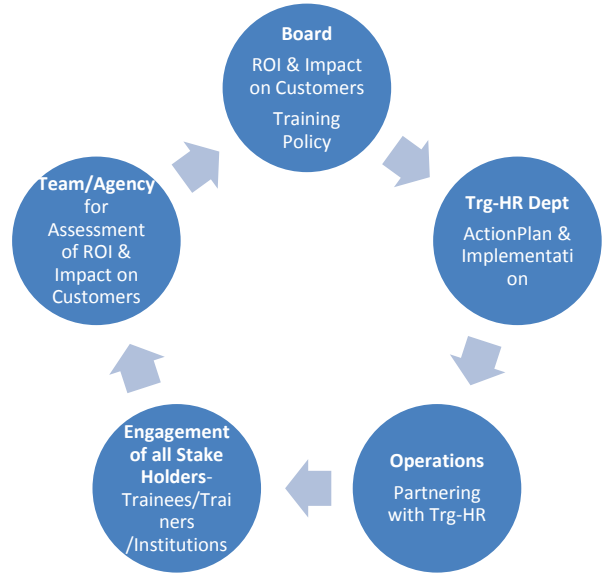
Figure 6.8 Policy Framework for RO and impact

Compensation and Benefits (C&B) system plays an important role in the total human resource management function. It is one of the basic factors which attracts' candidates to the organization. Compensation given should not only be commensurate with the effort being put by the employee but should also seem to be fair and adequate.

The C&B system is structured and interlinked with many factors and cannot be looked at in isolation. The factors influencing salary structure generally are depicted in the **Figure** below.

We have observed during the study that almost all the factors are important in the case of MFIs in India. There may be unemployment, but the jobs in MFI were not attractive enough for many job aspirants and this was alsoreflecting on the supply side of the employment situation. Cost of living in some geography, especially urban centers is so high that it is affecting the MFI's ability to pay adequate remuneration.   Psychological and social factors also influence the salary structure in MFIs. Statutory requirements governing the salary, benefits and salary administration are also determinants in structuring and disbursal of salary and benefits to the employees. The legal frame influencing the salary and benefit structure in MFIs is mentioned below.
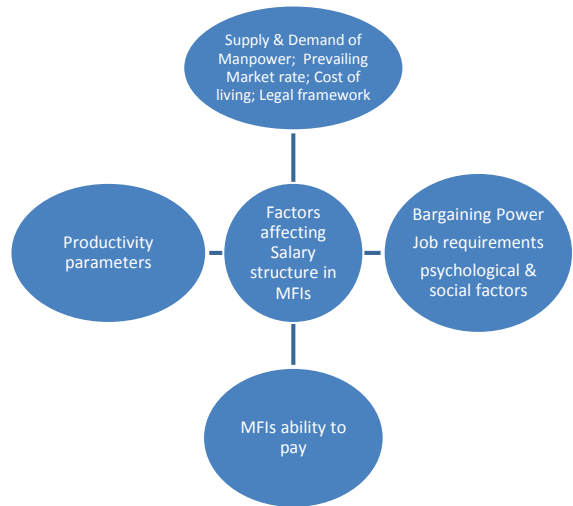
Figure 7.1 Factors influencing salary structure in MFIs

7.1 Legal Framework for Salary and Benefits

1	Payment of Wages Act 1936	6	Employee's State Insurance Act 1948
2	The Minimum Wages Act 1948	7	Income Tax Act 1961
3	The Equal Remuneration Act 1976	8	Payment of Bonus Act 1965
4	Employee's Provident Fund & Misc. Provisions Act 1952	9	
5	Employees 'Pension Scheme	10	Professional Tax Act 1975

MFIs in India have to comply with the provisions of the above Acts and salary structure is directly affected by these legal provisions. The Minimum Wages Act, for example, is the guidance for many MFIs and in majority of the cases the tendency is to comply with the provisions of law by paying the minimum wage and not to decide the wage and the structure as per the market drivers. Many MFIs, have however, structured their salary much above the minimum level fixed by the Act.

1. Compensation and Benefits system in MFIs

There are many parameters and components of C&B System in MFIs. The figure below indicates some of them.
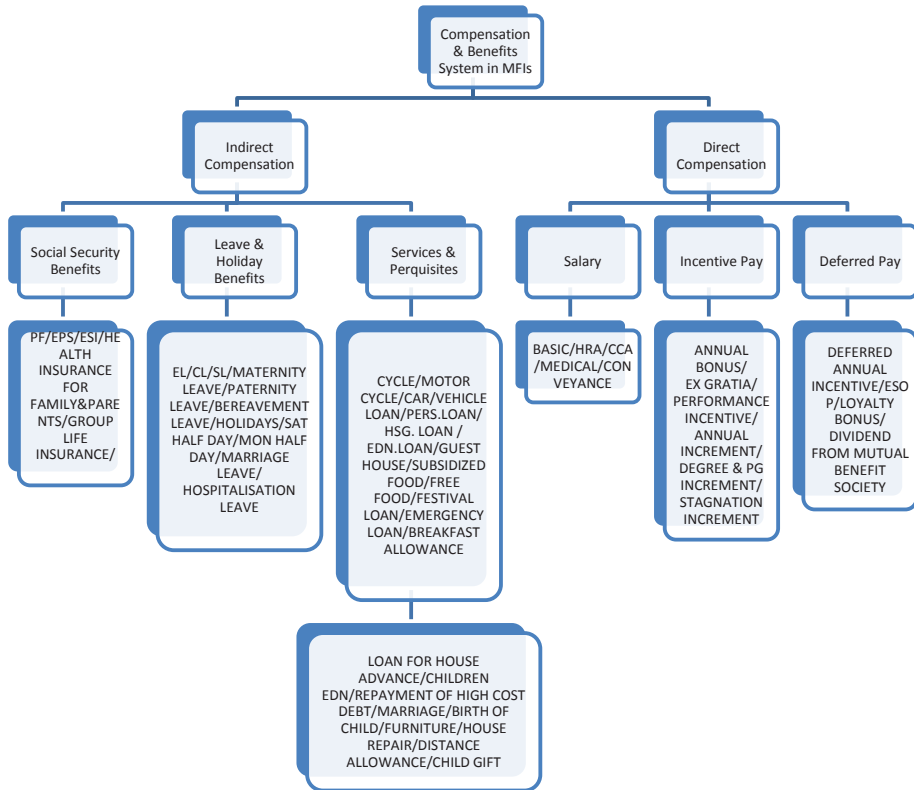
Figure 7.2 Compensation and Benefits syatem

Most MFIs were hesitant to share the salary structure and other compensation packages. Based on the discussion with the HR department and the field staff, it was observed that generally MFIs paid similar salary that was in line with the Minimum Wages Act, to the field-level functionaries. Only the incentives varied from MFI to MFI.

In all MFIs under study, employees were covered under statutory benefits like Provident Fund (PF), Employee State Insurance (ESI), and Gratuity as well as Group Gratuity in some cases. Group Personnel Accident insurance policy was also a general feature in all the MFIs. Insurance coverage, however, varied for different levels of staff and amongst different MFIs. Generally, employees not covered under ESI were covered under health insurance policies, except in GFSPL where the staff was covered under both ESI and health insurance. Personal loan, vehicle loan, education loan, emergency loan etc., are some of the loan benefits given to the staff. Vehicle loan was given to confirmed employees. Most of the field staff isencouraged to buy motorcycle for travelling to the field.

In almost all the MFIs, staffs were given the benefits of Earned Leave, Casual Leave, Sick Leave and Maternity Leave. In some cases, Paternity Leave up to 10 days and leave after childbirth were also being given to the employees. Extended lunch break for women employees for

feeding the baby was also followed by GFSPL. Employees covered under the payment of the Bonus Act were paid annual Bonus as per the provisions of the Act. Employees not covered under the Bonus Act were given Ex-Gratia on an annual basis. Performance incentive benefit is a regular feature for field staff in all MFIs.

Employees Stock Option Plan (ESOP) was another employee benefit noticed in some of the MFIs. While ESOP was given to senior management team, in Ujjivan, GFSPL and Equitas it has been given to all staff. Under ESOP, all confirmed employees are given company's share on the basis of their level, number of years of service in the company etc. The exiting employees lose the benefit of ESOP. The employees interviewed were very happy about the scheme and it appears that the scheme does promote staff loyalty and retention to a great extent. In Ujjivan, the employees are really proud of being part of such a caring and sharing organization.

Great Place to Work Award 2013

Ujjivan ranked 7th and Equitas 44th among India's Best Companies to Work for.

Among best companies for engaging the frontline staff Ujjivan stood 3rd and Equitas 4th; interestingly 1st and 2nd were Marriott Hotel and American Express India.

Industry-wise among Financial Services Ujjivan ranked 2nd next to American Express India

In VFS, similar to ESOP, a facility is extended to employees through Mutual Benefit Trust. Employees become members of the Trust, who owns share of the company and yearly dividend is paid to the employees in proportion to their membership holding in the Trust. We found that this scheme has engaged the employees very positively, if the attrition rate of 5% of VFS is any indication for such engagement.

2. Salary Increment

MFIs use many methods for giving increments to the staff. While all of them have their own merits, giving increments on the basis of the performance rating was the method used by many MFIs. In some MFIs, increments was linked to the profit of the company and paid uniformly to all staff. Some of the methodologies used are enumerated below.

Table 7.2 Salary Increment—Methods and Practice

Method	Assessment/ Rating	Periodicity	Increment Amount	Field Staff	Management Staff
Performance Appraisal	Rating 1 to 5 Scale	Yearly	% of Basic Pay	Yes	Yes
Performance Appraisal	Rating A,B,C&D	Yearly	% of Gross Pay	Confirmed Staff	All confirmed Staff
Inflation linked	Management Decision	As per need	Increase in salary	Yes	Yes
Time Scales	Successful Service	Yearly	Amount published at the beginning of the year	Yes	Yes
Based on Profit of the year	Not linked	Yearly	Same to all Staff	Yes	Yes

3. Salary Survey of Comparable Industries

A market survey of comparable industries like FMCG, pharma, banking, retail, jewellery, BPO etc., was conducted by the Study Team (at **Annexure XIV**). From the survey, it emerged that entry level salary and benefits offered by these industries, to the candidates with similar background, was much above the minimum wage level. In these industries working hours and conditions are much more favourable as compared to the MFIs. In these jobs, candidate communtes to the work place from their own place of stay. In such conditions, candidates would prefer to go to these industries and would not be interested in joining MFIs. Hence endeavour should be to make the MFI sector attractive through proper salary structure, working conditions and work–life balance.

> "Improve systems and procedures rather than cutting salaries. Efficiency in operation will save money. Saving through staff salary is short term and will have to pay on the long-term."
>
> As heard from a stakeholder.

4. Anomalies in the Salary Structure

During the study, we have come across cases/incidents where the MFIs are struggling with grievances of anomalies in salary fixation. It is observed that the staff compares a Designation of a Field/Operation staff with the Designation of HO Staff, whose salary is higher than the salary of the Field/Operation staff.
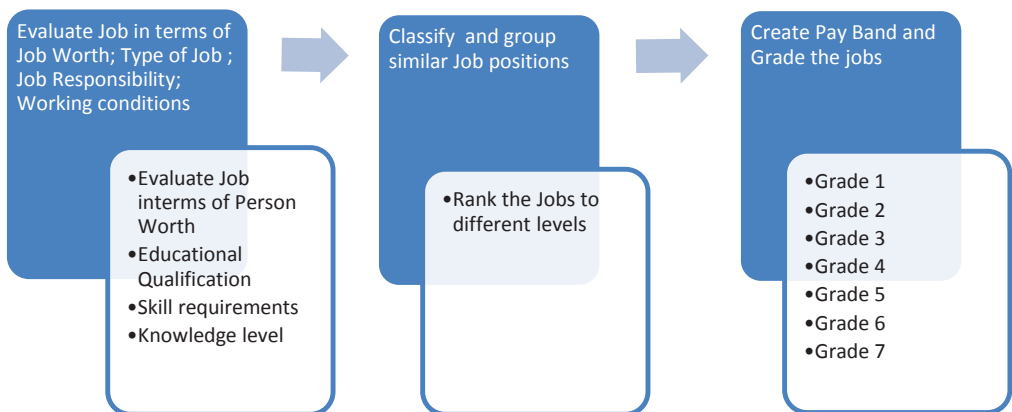
Figure 7.3 Job Evaluation and Grading Process

5. Steps in Job Evaluation and Grading Process

The anomaly is due to fact that the Designations/Grade/Salary is fixed without undertaking the Job Evaluation and grading process. Undertaking this process, as a first step, would help the MFIs in proper recruitment, compensation and benefits structuring, and also suitable employee engagement programmes. As discussed, the above steps and process can help in strategically improving the compensation and benefits structuring and linking it to other HR processes.

5.1 Performance Incentive Parameters

The Performance Incentive System in MFIs is an importance driving force both in terms of business growth and employee engagement. Different systems, parameters, and measurement and evaluation methods are used by different MFIs. Many of the MFIs, as in the case of salary structure, did not share the information regarding the performance incentive scheme. Some of the MFIs shared the information with specific instruction not to quote. Based on the information gathered we have compiled the parameters, measurement and evaluation methods which is tabulated below.

Table 7.3 Performance Incentive Parameters

Incentive Parameters	Specific Parameters	Measurement/Evaluation
Clients	Areas of Clients	No. in Rural
		No. in Urban
		No. in Metro
	Active Clients	No. of Active Clients
	Groups Formed	No. of Groups Formed
	Renewals	No. of Renewals
Disbursement	Total Disbursement	Amount Disbursed
	Disbursement as per schedule	Completion of Disbursement as Per Schedule
Collection/Recovery	On-time Collection	Time Schedule
	Overdue Collection	% of Overdue Amount Collected
	Collection	% of Actual Collection to be Made
Process	Process Adherence	Compliance of Process Documentation Client-handling inc. Attendance Loan Utilization
	Audit Score	Audit Score 1–5 or A–E
	Opening Bank Account	No. of Bank Accounts
	Photo Identity	No. of Photo Identity
Financial	Interest Income Banking Correspondent	Amount of Interest Income No. of Accounts Opened
	Maximum Incentive Limit	Amount of Incentive Earned
Non Financial Products	NPS	No. of NPS Accounts
	Life Insurance	No. of Life Ins. Accounts
Individual Loan Products	Individual Loan	No. of Leads Given to Mktg. No. of Loan Disbursed
	Housing Loan	No. of Leads Given
Deterrent Parameters	Client Drop-out	No. of Drop-outs No. of Client Drop-outs Beyond Permissible Limit
	Loans Leading to Multiple Lending	No. Loans Proved to be 3rd and Beyond
	Recovery Not on Time	Missed Timelines of Recovery
	Non Renewal of Old Groups	No. of Non Renewal of Old Groups
	Rejection Rate of Loan accounts	% of Loans Accounts Rejected

During the study, we have found that the growth plan, area of operation, type of organization structure used, whether the MFI is social, commercial or both etc., are the deciding factors in designing the Performance Incentive Scheme. We have also found that in mature MFIs, there is no incentive for performance under the JLG model, but incentives are paid for other

loan products. In many MFIs there is a cap on the maximum amount which can be paid. Cap on the incentives is expected to avoid undesired pressures to earn more at the cost of responsible financing principles. Some of the MFIs have stopped incentivizing client addition and recovery performance. Another good feature observed was giving weightage to process adherence rather than recovery or disbursements.

We were also informed that prior to the crisis in the MFI industry in 2010, the system was reckless in many ways, and led to many bad quality lending and related difficulties subsequently. Many MFIs revealed with happiness that the subsequent RBI regulations and the Code of Conduct practice have helped the industry in many ways.

 But given all the positives, the performance incentive system has its flaws that have to be remedied. Deterrent parameters like client drop-out, on time recovery are still in vogue in many MFIs. Under this system, the incentive earned is reduced if the deterrant parameters mentioned above are not performed. This, if not checked, can create the problems such as retention of clients not worth continuing with to avoid drop-out or pressurizing the clients for recovery etc.

The outcome of a business venture depends on the performance of its work-force and how it uses the resources available. In MFIs, where the nature of business demands one to one interaction with the clients, role of employees assumes greater importance. A robust Performance Management System can help in employee development which results in organization improvement and achievement of its broad goals.

During the study, we found that in majority of the MFIs Performance Management System (PMS) was at a nascent stage. Performance Appraisal Process was undertaken on an annual basis in all the MFIs studied, but in few MFIs, employees were not clear about its relevance, applicability etc. In fact, for them the targets set for achieving the incentives was the appraisal criteria.

Normally, Performance Management System in an organization is used for following purposes.

1.   Objectives of Performance Appraisals

8.1 Objectives of Performance Appraisals

Confirmations	Competency-building
Promotions	Improve communication
Training and Development	Evaluation of HR Programmes
Compensation reviews	Feedback and Grievances

Any method of Performance Management System has the cycle of process which consists of Goal Setting, Evaluation and Reward and Recognition. A pictoral depiction of such a cycle is given below.
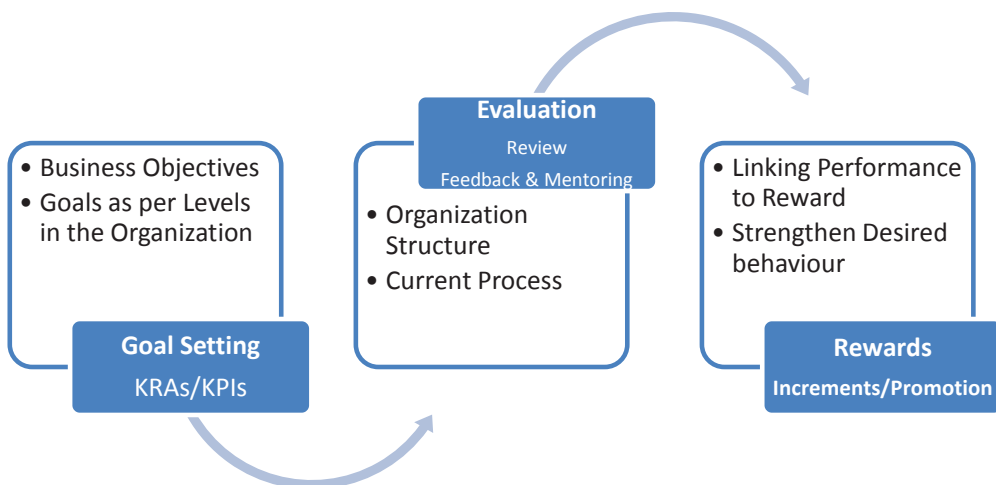
Individual's & Organization's Performance Improvement

Any PMS would need to achieve the following goals

2. Goals of Performance Management System

Table 8.2 Goals of Performance Management System

General Goals	Specific Goals
Developmental Use	Individual Needs
	Performance Feedback
	Transfers and Placements
	Development Needs
Administrative Decision/Uses	Salary/Increments
	Promotions
	Retention/Terminations
	Recognition
	Lay-offs
	Poor Performers' Identification
Organizational Maintenance	HR Planning
	Training Needs
	Organizational Goal Achievements
	HR Systems Evaluation
Documentation	Validation and Improvements
	For HR Decisions
	Legal Requirements

PMS in MFIs studied

There are different methods and combination of methods of PMS used in MFIs.

Management by Objectives: This is the most commonly used method in MFIs. Under this method, the performance is rated against the achievements stated by the management/superior. This method is more useful for managerial positions and is not applicable to all positions. If used for merit pay, it may result in setting short-term goals rather than important long-term goals. This is what is happening in the MFIs studied who are using this methodology.

Psychological Appraisals: Under this method, employee's potential for future performance is assessed through interviews, psychological tests, and discussion with superiors. It is useful to identify potential of bright young members, but it is highly dependent on the skills of the interviewers.

Assessment Centers: An Assessment center is a central location where mangers may come together to have their participation in job-related exercises evaluated by trained observers. The characteristics assessed under this process can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self-confidence, creativity and

mental ability etc. This method is not used by many of the MFIs, but Swadhar has used the assessment center method for assessing their managerial staff.

360 Degree Feedback: It is a technique which is systematic collection of performance data on an individual derived form number of stakeholders immediate supervisors, team members, customers, peers, and self. In Cashpor, 360 Degree method was used for performance evaluation. The criteria used are behaviour, managerial skills, job knowledge, communication skills, leadership qualities etc. For example the Branch Manager was evaluated by Area Manger, peers form the Branch Office and also by the Center Manager.

Balanced Scorecard: The Balanced Scorecard approach generally has four perspectives—Financial, Internal business processes, Learning and Growth, and Customers. Each of the four perspectives is interdependent—improvement in one area is not necessarily a solution for success in other areas.

Table 8.3 Balance Scorecard Factors

Department	Areas
Finance	Return on Investment Cash Flow Return on Capital Employed Financial Results (Quarterly/Yearly)
Internal Business Processes	Number of activities per function Duplicate activities across functions Process alignment
Learning & Growth	Is there the correct level of expertise for the job? Employee turnover Job satisfaction Training/Learning opportunities
Customer	Delivery performance to customer Quality performance for customer Customer satisfaction rate Customer percentage of market Customer retention rate

In Janalakshmi, for the last two years, Balanced Scorecard is being used for performance appraisal. Under this system, performance factors related to Customer, Financial aspects, internal business Processes and Learning and Growth were considered and Key Result Areas decided for each employee. In the Balanced Scorecard, 80 per cent weightage is given to Key Result Areas and 20 per cent weightage is given to managerial skills and soft skills.

Across MFIs studied, except the one mentioned separately, the general process followed, was the same. In the beginning of the year, though not all Key Result Areas (KRAs) were discussed in a structured manner, important targets were discussed and finalized with the appraisees concerned. In relatively new organizations, performance was still assessed on the basis of targets achieved. During the mid-term review, performance during the six months period were discussed and feedback given for course correction, if any. At the end of the year employee was appraised by his reporting officer and reviewed by the immediate superior of the reporting officer. On the basis of the final evaluation by the top management annual increment/ annual incentive etc., are decided.

In some cases annual increment was given uniformly to all employees, as they found it difficult to rate the performance of staff properly and objectively. Some MFIs followed mid-term review after six months.

Out of the MFIs studied, Chaitanya, Equitas, Janalakshmi, Ujjivan and VFS follow the forced distribution system to arrive at the final rating and this rating was used for rewarding the staff. The feedback on the effect of forced distribution, received from the field staff, Branch Managers and the Area Managers were not positive. Some of the comments/criticism received on the forced distribution from the field was as follows.

- Forced to find faults and rate differently even if they are similar.

- Forced distribution was having a negative effect on field staff leading to attrition.

- Performance reduces after PMS.

- Staff becomes vicious, negative and team spirit gets lost.

- Staff feels de-motivated and say, 'Even if you work hard, rating would be only 3, and not 4 or 5'.

- Superiors have to make some promises for the future for motivating them.

- The staff do not understand the lengthy system; difficult to explain to them; expecting huge increase in salary after the PMS.

- Some of the employees do not want high rating and would like to do average; this way they are safe and happy with whatever the company gives.

- Though grievance system is there people don't feel confident to use it and prefer to sulk.

- Rating 4 and above only considered for promotion, many 3-rated staff, leave because they know they cannot get promotion during the next few years.

- "Changing role of Regional Manger during PMS: at the time of Appraisal he/she would be Manager; at the time of Review he/she would be Human; but during and after forced distribution, she/he has to be HE man."

In one MFI, HR Department admitted that staff attrition increases immediately after the annual performance review is completed. They knew some of the deserving staff members were de-motivated due to the lower rating given to them by their superiors.

Even the stakeholders during their interviews mentioned that in many MFIs, the focus of the performance management systems is on measuring the quantitative performance (PAR, loan outstanding, caseload etc.) of the staff with little weightage for qualitative performance evaluation (such as customer service, client retention, people skills etc.). Due to growth pressures, sometimes staff with better business performance are promoted irrespective of their people skills and they are unable manage teams or set good examples for client interface. The feedback on implementation of the bell curve and forced distribution has raised the following questions.

1. Is it right to have a policy of bell curve and forced distribution for field staff?
2. It may be suitable for management staff and not for field staff; why not test it?
3. Is there better method for rating and rewarding field staff?

We feel the policy of forced distribution for field staff is worth reviewing. Differentiating between two Field Officers who are doing well in terms of all the targets becomes difficult and results in de-motivation. Another suggestion is to delink rating like 4 or 5 from the eligibility criterion for promotion. It can be 3 rating and above, combined with written test, interview etc.

The performance management system is also used for promotion, training need analysis, job rotation etc., in many of the MFIs. The major Key Performance Indicators based on which the various MFIs studied were making assessments for different levels of staff are as given below:

Performance Indicators	Field Staff	Field Supervisory Staff (BM, AM, RM)	Management Staff	Indicators used for salary Increment/ Promotion
No. of customers handled				Increment
No. of customers added				Increment
% of loans disbursed*				
% of recovery				Increment
No. of customer under non-financial products				Increment
No of new customers under non-financial products				Increment
Error-free documentation				Promotion
Error-free MIS / daily reports				Promotion
Self audit score				Promotion
Branch Office/Dept. Audit score				Promotion
Customer complaints and redressal				Increment
Team Building				Promotion
Hiring				Promotion
Training and Development				Promotion
Statutory Compliance				Promotion
Business Growth				Promotion
Communication and behaviour with Co staff& soft skills				Promotion
Conduct and behaviour with clients				Promotion
Polite and empathetic behaviour with client				Promotion

* In one MFI, disbursement prior to 15th of a month to avoid bunching of disbursement to end of month

3. Training on PMS

Limited capabilities of staff, especially at the field level, also restrict the use of sophisticated tools like setting of KRAs, 360 degree performance assessment etc., in the sector. Hence an important requirement for implementing PMS and to make it a success, is to train the staff on the system. The appraisee as well as the appraiser needs to know their role in the system. Appraisee needs to know how to set KRAs, how to use the system for self-development etc. On the other hand the appraiser and the review officer need to know how to appraise as well as how to counsel. The counseling as well as the mentoring techniques becomes very important to ensure the system does not de-motivate people but make them feel like improving in those indicators where they lack.

Finally PMS is not just a tool to assess the performance of the staff, but is a technique to develop the staff and motivate them to give the best so that in turn the organization surges ahead.

Career growth and promotions are integral part of almost all the MFIs. Promoting the existing staff to the next the level is the method adopted by many of the MFIs. In many MFIs Branch Managers are appointed only from the field-level staff. In some cases, about 70 per cent staff is appointed through internal promotions and the balance 30 per cent through lateral hiring.

1. Illustrative Levels of Field Staff/Operations Team in MFIs

List below indicates the illustrative levels of Field Staff/Operation team in MFIs. Depending on the process of operation and the organization structure followed by the MFIs, the field staff will be assisted by other support staff such as Cashier, Data Entry Operator, and Documentation Assistant etc.

Table 9.1 Illustrative List of Levels of Field Staff

Deputy Director Operations
Asst. Director Operations
Executive Assistant/General Manager
Regional Manger
Dy. Regional Manger
Area Manager
Branch Manager
Senior Center Manager
Center Manager /Customer Service Point
Probationary Center Manager

2. Career Growth /Promotion Prospects of Field Officers in MFIs

The **Figure** below indicates the promotion avenues available for the Field Staff, Supervisory Staff and the Operations team at HO.

Dy. Director Operationa
Asst Director Operations
General Manager

Regional Manager
Dy. Regional Manager
Area Manager

Branch Manger
Senior Center Manger
Center Manager/Customer Service Point
Probationary Center Manager
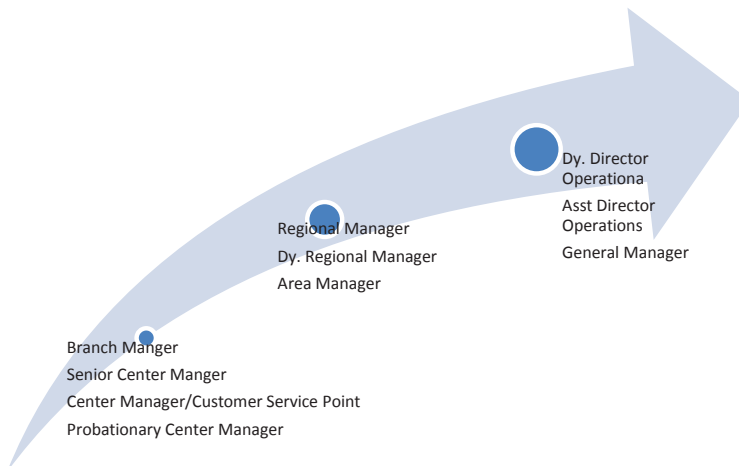
Promotion process is generally an annual event and sometimes, it is undertaken as per the need of the MFIs.

Almost all the MFIs studied had the system of Internal Job Posting (IJP) for vacant positions in the organization. The employees who have sufficient experience and qualifications for the job could apply for the same and if found suitable could get promoted. The operational positions up to Regional Manger/Zonal Manager levels are filled through internal promotions.

MFIs find that the critical position requiring focused development, in order to balance responsibility to staff and customers, is the area manager who has branch managers reporting to him/her. The area manager needs to have keen ears and listening skills to hear and understand the issues the loan officers and branch managers face. Apart from the Branch Office staff, area managers are the ones who are in touch with the clients though on a selective basis. Working to help middle management develop more empathy to better understand staff- and client-level issues can go a long way in responsible financing.

During the study, it was observed that promotion has been a great motivator for the field staff. Though many of them had completed only upto 12th standard, the fact that they are working in an organized sector itself is a motivator. When they get elevated to higher positions they feel proud.

Table 9.2 Career Growth/Promotion Prospects for Field Officers in MFIs

Criteria for Promotion	Minimum Eligibility
Educational Qualification	Minimum prescribed qualification for each grade
	12th std.
	Graduation for Branch Manager & above
Seniority	6 months
	1 year
	2 years
	1 year
	2 years
	3 years (Sometimes relaxed)
	Confirmed employees on the rolls as 30 Sept & 31 March
Written Test	Internal Promotion Opportunity Test
	60% Marks
	Only for Merit Channel
	Aptitude 25% Weightage
	Numerical Ability
Interview	25% Weightage
	Behaviour with members, colleagues, superiors
	Ability to handle team assessed
Performance Rating	Monthly Performance Assessment
	Audit Rating
	Minimum Performance Standard
	Exceeding business targets; Last two appraisal ratings should be 'exceeds all expectations' or 'exceeds most expectations'
	Size/members/loan/NPS/behaviour
	Min 80% performance evaluation
Group Discussion	Personal Skill, Interpersonal Skill

Some of the additional guidelines followed by MFIs are as under.

1. Professional graduates at Branch-Office level can be promoted in fast track.

2. Clause for demotion in case the employee is not able to take the higher role in three months time.

3. Vacancies are published on the intranet and the eligible and interested staff can apply online.

Table 9.3 Criteria for Promotions

Grade	Operational performance weightage	Written Test	360 Degree Appraisal	IAD Rating	Staff /Client Retention
Center Manger	50%	20%	12%	18%	
Branch Manager	50%	20%	12%	14%	4% (SR)
Area Manager	15% (Qualitative) Targeting Client with less than $1.5 per day 4%	50%	16%	25%	6% SR)&4% (CR)

4. **Career Growth and Promotions of Management Staff**

Management staff is generally hired laterally in almost all the MFIs, and more particularly in growing MFIs. In growing MFIs, higher positions are created due to the expansion within and across regions, leading to growth opportunities to the staff. The promotion process consists of meeting the minimum qualifying level of experience in the earlier position, minimum performance rating followed by interview by the promotion panel set up for the purpose.

Many MFIs like Ujjivan, Janalakshmi, Cashpor, Sahayog, have started hiring from B Schools, grooming them to take up higher positions. They are trained and also mentored by the Senior Management team. According to MD and CEO Ujjivan, this system of grooming the management trainees has proved successful and some of them have reached the Senior Mgt. level within a very short span of time.

5. **Succession Planning**

MFIs, at present, are promoter-driven. Their charisma and vision was driving the organization. However, now the need to have a strong second in line was felt. Some of them have started considering this as an important requirement for the growth of the company. Accordingly, professional Boards have been appointed and strong management teams put in place to help in driving the organization. But not everywhere has this transition happened. In few NGOs-turned-MFIs, some changes are taking place with first step of inducting professionals. Many of the stakeholders reiterated the need to have a clear succession planning for sustainability of the organization and its growth. Investors and funders also reiterated that instead of one predominant founder the MFIs need to have significant management pipeline and internal skill to run the business.

Employees being the drivers of the organization, they become one of the most important stakeholders in the MFI. This being an HR study some of the major aspects which affect the employees have been studied and our observations are included in this chapter.

1.   HR Manual

In large MFIs, HR Manual and policies were in place and contained almost all the important policy elements while in small MFIs, HR policies were in place covering fewer aspects. General Contents of the most HR Manuals cover the following.

Table 10.1 Contents of HR Manual

Service Conditions	Promotion Policy
Transfer Policy	Other Allowances
Wage Structure	Travel Policy
Leave Policy	Safety Policy
Incentive Policy	Grievance-Handling Procedure
Gender-Related Policy	Performance Management System
Training Policy and Procedure	Freedom of Assembly
Placement Policy	Non-Discrimination

In many MFIs, gender-related policies and safety policies are not in place. Although most of the MFIs had Grievance Cells for the clients; very few have a specific system for handling grievances of the staff. In smaller MFIs, grievance-handling procedure is limited to circulating the Email ids and telephone numbers of HR department.

In some MFIs, HR Manual is available at the Branch Office level for reference of the staff while in a few, the policies though are available, the staff are not aware of it. In a few MFIs, it is not available at all at the Branch Office level and in some cases important features of the HR Manual, such as Leave, PF, Gratuity, Medical Benefit etc., are circulated in local language as a separate hand out.

In Ujjivan the gist of major HR policies which are referred to by employees regularly, are printed as part of their Diary which is distributed among all.

Generally, minimum salaries and wages are in line with the legal requirements. However, the implementation system is different in different organizations. For instance, in none of the MFIs studied, is a policy for dealing with extra working hours being observed, though staff invariably worked long hours on substantial number of days. It would be improper to comment on the ratio of salary of Field Staff to CEO, because many MFIs have not shared the data related to salary and benefits. But it was told by MD, Equitas that they have a cap of 1:40. We also leant during discussion, that many MFIs this ratio is below 1:40.

In many MFIs, gender-related policies are available. Coming to the awareness and practice of the policy majority of the staff were not familiar with it and also that they have not come across

any such problem related to gender issues. But it was also informed by many staff across that, the company was very strict in taking disciplinary action if any such incidence is reported.

2. Working conditions of Staff at Branch Office Level

Reporting time for field staff varies across MFIs but is around 0630 to 0730 hrs and the working hours extend to 1900 hrs and beyond. In MFIs, where a separate data entry operator is not posted and where the computer systems are limited, the field staff is required to work very late which can extend up to 2200 hrs. The staff gets a break in between for two hours for lunch especially in MFIs where the field staff stays in Branch Offices.

Table 10.2 Working Hours in Branch Offices

Field /Branch Office	Related Remarks	Saturday/Monday	Head Office
0830 to 1730	In case need from 0630 to 1900 with 1 hr lunch		0930 to 1730 1 to 1.30 hr lunch
1030 to 1830			1030 to 1830
0800 to 1330 1600 to 1900 (goes up to 10 pm) For Pragati loans 0930 to 1800		1st and 3rd Sat off.	0930 1800
0930 to 1730		2nd and 4th Saturday off; other Saturdays full day	
0700 BM by 0630			
0600 to 1600 Tues to Friday (Lunch 1 hr); (Region/ Div/ Branch offices)		1000 to 1800 Monday for (Region/ Div/ Branch offices)	10OO to 1800 (1 hr lunch; provide snacks if sit beyond 7 pm)
0630 to 1100 meeting 1130 cash to Cashier /withdrawal from bank - 1430 to 1600 Lunch 1630 to 1930 Field visit (staying in Branch Office)		Monday morning attendance — not compulsory Saturday is half day	
0900 to 1715 with 45 min break (1330 to 1415) (working hrs in field may vary to a certain extent depending on meeting time of MFEs)			0900 to 1715 (lunch break 1330 to 1415)
4 hrs flexi time	they come to Branch Office thrice a month Salary and review— 15th day and last day		1000 to 1800
0700 to 1300 & 1500 to 1700		Half day	
0600 to 1930			1000 to 1800
0930 to 1800 0845 (1&4 Sat)		2 & 3 off 1 &4 Half day.	Shift at 0800 & 0930
0830 to 1730 /0930 to 0600 (goes up to 8 p.m.)			
0700		1 & 3 Off	
0700 to			0930 to 1800

We have observed that some of the MFIs such as Ujjivan, ESAF and Annapurna follow normal working hours and as a policy expect the staff to leave office after office hours. In Ujjivan, at HO level, departments require the permission of the MD & CEO to work late.

It was also observed that Branch offices which had reached maturity and the main role of the Field Officers was to get recoveries and only find replacements for drop-outs, the working hours were normal and the work could be finished within normal hours or within just an additional   hour. But in case of Branch Offices which were not established, the morning hours were used by the Field Officers to get the repayment and then they came to deposit the cash at the Branch Office, take a break for lunch and rushed back for adding new clients. Documentation and other office work were attended to after coming back in the evening. In such cases, the working time went much beyond normal working hours compared to other industries.

3.   Place of Posting

Many MFIs place their Field Officers around 100 kms away from their villages and hence residence is provided in the Branch Office. In two urban-based MFIs, the staff is posted to nearby areas and is not required to stay at the Branch Office. However, in urban Branch Offices of two other MFIs, staying in Branch Office is compulsory and the staff is uncomfortable with this compulsion. According to these MFIs, this practice is to avoid collusion with clients, fraud and malpractices related to the finance industry.

MFIs like Annapooran, Ujjivan, Equitas, ESAF, Janalakshmi and Madura Finance, have a policy not to post staff in far off places. In the case of female staff, they are posted in the nearby Branch Offices and are able to reach their home by evening. In Annapurna, where the field staff is female, they are posted within a 2 to 5 km radius of the Branch Office location, but not to a center /area they belong to.

4.   Residential Accommodation

An additional room attached to the Branch Office is converted to a living quarter and four to five of the staff share the room. In place like Mumbai, accommodation provided is separate and not attached to the Branch Office. Facilities like cook, cook-top and cooking utensils etc. are provided by the institution. The Staff is responsible for the consumables and other general provisions. In some cases, a cook is not provided. Generally, the staff is happy with an MFI that provides accommodation, as it is difficult to get accomdation especially in rural areas. Where the facility of cook is not provided, the staff felt that the facilities like gas etc., are not of much use since they do not know cooking and have to take food from hotel/mess.

During the study, it was observed that the facilities provided were inadequate as four to five staff were living together and sharing one room and other facilities. Moreover, the maintenance of the accommodation was also poor. While such residential accommodation is supportive to the needy staff, the working hours get automatically extended. The work-life balance is adversely affected since there is no separation of work and other pursuits.

5. Audit Staff

Audit staff plays an important role in the MFIs in ensuring that the policies formulated are implemented in the field in the right earnest and in ensuring that the product reaches the clients in the right manner and after adhering to all systems. Thus they are helping the organization to ensure that the 'Responsible Financing' was actually happening in the field apart from the financial and administrative audit. Auditors were mostly taken from the operation department and their responsibilities were unlimited; they had to look into all areas of functioning in Branch office. In some MFIs, they even rated the Field Officers which formed basis for the Field Officers incentive. Audit period varied from two days to a week from MFI to MFI and the auditor was required to submit reports within the stipulated time. In some MFIs, the auditors were provided with laptops but in larger MFIs technology support was available to auditors. In small and medium MFIs such facilities were found wanting.

It was found that the Audit Staff too were equally under stress and very few facilities were provided to them. They were most of the time on tour and when visiting Branch offices, wherever accommodation was provided to staff, they were required to share the same with field staff. In institutions where more women staff were Field Officers, the auditors found it difficult to travel with them to the centres and were left to fend for themselves within a tight budget.

6. Infrastructure

At the Branch Office level, some MFIs such as Janlakshmi, Ujjivan, Swadhar, and Equitas preferred to have good premises for their Branch Offices and maintain it well. However, in some MFIs, Branch Offices are in crowded places with very little ventilation and poor facilities. Toilets are common forstaff and customers and are poorly maintained. Separate toilets are not available for women.

The job requires the staff to travel 15 to 40 kms in the field every day. Some MFIs are recruiting staffs having motorcycles while some provide vehicle loan on confirmation. In MFIs operating in Eastern India, the staffs are provided with cycles for daily travel up to 15 to 20 kms. Where motorcycles are provided, the conveyance reimbursement is given as lump sum or on per kilometer basis. As per staff, the lump-sum reimbursement is often inadequate to meet fuel and maintenance expenses.

> Equitas and SMILE have a facility of snack allowance to take care of the Field Officers need for breakfast. GramaVidiyal provides free lunch everyday to its staff including HO staff and its clients who come for disbursement!

Security risk is high for field staff since they collect and carry cash regularly to the Branch Office and the bank. Insurance policy is taken by MFIs to cover employees and the cash thus minimizing the financial loss in cash handling. Many MFIs have advised/ trained staff to take care of their personal safety rather than safeguarding cash in case of any untoward incidents of physical attack, looting etc. In one of the MFIs, 11 cases of looting have been reported from one state and more checks and balances have been put in place, which are as follows:

- Cash collected from these areas is deposited twice in a day in the Branch Office/bank to reduce the amount of cash in hand and thereby ensuring reduction of risk to its staff and cash.

- Two of the field staff are sent in the same route and to same villages if possible so that they safeguard each other.

- Maintain good rapport with clients as they know who is involved in such looting and can help warn the staff/help in recovery.

> Ujjivan has in the Diary circulated to all staff clearly mentioned "IMPORTANT: Employees carrying cash should not offer any resistance when under serious physical threat where criminals have guns, knives or other deadly weapons."

7. Mechanism for Staff Complaint and Redressal

Although most of the MFIs had Grievance Cells for the clients; very few have a specific system for handling staff grievances. In smaller MFIs, the grievance-handling procedure is limited to circulating the Email ids and telephone numbers of the HR department. However, staff was aware that they could raise a complaint with the Branch Manager/Regional Manager/Zonal Manager. The arrangement was more informal and unstructured and the staff mostly preferred not to raise a formal complaint. Although staff complaints were heard, many MFIs were yet to establish a system and procedure for staff complaint redressal.

In case of large MFIs, formal system of complaint redressal is in place. In many MFIs, a whistleblower policy and mechanism has recently been introduced. The dissemination of the policy to the grass root level and its usefulness is yet to be realized. Telephone numbers and Email id of HR department is circulated to staff through their HR Manual and related handouts.

In Equitas a Monthly Hotline, an email facility, is operational where employees can send their concerns and issues at work to the National Business Head, who is committed to resolving them within 48 hours. If the resolution is likely to take longer, the employee is kept informed. In Swadhar, under the 'Voice of Swadhar' scheme any staff can talk to the CEO once a month and give her/his complaints or suggestion directly to the CEO. This provides a channel to communicate any issues or concerns and have them addressed.

In ESAF a good system was observed wherein one of the trainers who gave training during induction was also Grievance Redressal Officer. During the period of learning, a rapport is built between the trainees and the trainer and in case of grievance or any problem even if it is at the field, the former feels free to call the latter and seek guidance.

> Cashpor has a grievance-redressal system, which is common for both clients and staff. The IVR based system with the toll-free number enables recording of all the calls. Cashpor is transparent in sharing information on staff grievance-redressal. In the annual report, details of number of clients received during the year, the nature of grievances and how quickly the grievances were resolved are shared.

Regular staff meetings are conducted for hearing and redressing the complaints. Senior Management is advised to meet and interact with the staff regularly. During the Audit process,

issues related to staff complaint are examined and reported to the Top Management/Board. In Ujjivan, Top Management/Board directly handled the FSRIP (Field Staff Representative Interaction Programme) where one representative of the Branch Office collected the complaints/suggestions of the staff and represented the same in a monthly meeting held by the Top Management/Board. At the Board-Level, HR Committees also monitored the staff complaints and its disposal by the respective functionaries.

8. Policy on Retrenchment and Lay-off

MFIs as a growing industry did not face the situation of retrenchment/ lay off. However, post the Andhra crisis, some of the MFIs had resorted to reduction of staff through different methods. Underestimating the gravity of the situation, in the initial six months, MFIs had refrained from retrenching the staff. In Arohan, later, the decisions were taken to not only reduce staff but also consolidate and merge some of the Branch Offices. Staff to be retrenched was identified on the basis of their performance-cum-merit rating. They were given two months notice-pay instead of one month pay stipulated in the conditions of service for termination. In a few cases, in Arohan, staff was helped to identify new jobs. Though the retrenchment of staff in the aftermath of the AP crisis was across all levels, number-wise it was greater at the field-staff level.

There were some examples of good HR practices in institutions who weathered the storm. Even in the time of the crisis, Equitas had a no retrenchment policy which was communicated openly to all the employees. Two additional lines of business in the form of vehicle loans and home loans were started to improve the situation without affecting the livelihood of the employees. Institutions which had been established during the period, like Chaitanya, managed without layoffs. In SMILE, the Chairman mentioned that as a strategy, more concentration was on training during the period following crisis, to keep the staff motivated.

Employee Engagement is an essential element of organizational health and is the goal of strategic initiatives designed to improve employee attitudes, and retention through leadership, co-workers, job/career satisfaction, and high performing organization. In other words, Employee Engagement is the employees' ability and willingness to contribute to organizational success, especially their willingness to give "discretionary effort" going beyond what is typically required in their position to make the organization successful. The model below highlights the elements of developing and maintaining an engaged workforce.

Figure 11.1 Model for Developing and Maintaining Engaged Work-force

1.   Credible Leadership

The leader and the quality of relationship they build with employees are at the very core of developing and sustaining a culture that fuels engagement. In MFIs studied, we observed that the charismatic leaders, who promoted the organization with a vision to serve the clients and also to meet the expectations of the stakeholders, play a major role in shaping the organization's future and achieving the mission.

2.   Supportive Coworkers

Winning teams and team-work are central to the success of any organization. The entire process of operation is interlinked and connected and it is more so applicable to MFIs. MFIs need to create and nurture teams and team work consciously. There were many programmes and initiatives promoted by MFIs, in this direction.

3.   Job and Career Satisfaction

This is an important indicator on how engaged the employees are with the job and the organization mission. While in some organization the level could be very good to excellent, in many of the organizations, it would be poor to average especially at the field-staff level. Some of the leaders in the industry such as Ujjivan, Equitas and Grameenkoota have taken steps to conduct employee satisfaction survey, either internally or through external agencies such as 'Great Place to Work'. It was nice to note that they have drawn out action plans to take corrective actions on the basis of the feedback received through the surveys.

4. Employee Engagement Practices At A Glance in MFIs

MFI industry has adopted various Employee Engagement Programmes towards creating a highly engaged work force. Some of the MFIs have succeeded in their efforts, while others are still struggling. Through this study, we have compiled and brought out programmes and practices followed by different MFIs as shown below.

Table 11.1 Employee Engagement Practices at a Glance in MFIs

Engagement Areas	Arrangements/Programmes	Remarks
HR Policy Security Policy	Published in Diary Safety while travelling with cash, Travelling after nightfall (discouraged), Wearing of helmets for two-wheelers and seatbelts for cars Covers the Non-smoking Policy No *Gutka* and *Pan Masala* Policy No Alcohol Policy	
Policy on Women	Continuous gender-sensitization for all staff	Periodic
	Women employee's travel policy	Safety to be taken care of while traveling within and outside the region. Booked only in hotels checked and approved by company
Code of Conduct	Signed by staff every year	
Working Environment		
Working Hours Work life balance	Saturday off/Half-day/2nd&4th Sat. off Monday 1st Half off Mandatory to leave office by 1900 hrs or MD's permission required Women employees not allowed to stay beyond 2000 hrs	Field Staff including Branch Manager
Accommodation/ Guest House	Bachelor Accommodation with infrastructure and facilities to cook/services of cook/free lunch	Field Staff including Branch Manager
Mobile	Mobile facility under CUG/reimbursement of expenses with limits	All staff under Operations + need based staff
Employee Welfare	Education Expense reimbursement	
	Birthday Greetings & Gift Marriage Leave Marriage Gift Marriage Anniversary Paternity Leave Maternity Leave Childbirth Leave Childbirth Gift Hospitalization leave	Leave 5 to 10 Days Gift for Rs300 to 10,000
	Naukri, Degree, *Makan*	Job, Education Loan & Housing Loan

Health Benefits	Health Insurance for Self	Rs30,000 to 500,000
	Health Insurance for Spouse and Family	
	Health Insurance for Parents	
	Health Insurance for Parents-in-law	
	Cashless Hospitalization Scheme	
	Staff Health Mutual	
	Quarterly Health Check-up	
	Personal Accident Insurance	
Recreation/Sports/ Fun activities	Founder's Day	
	Annual Day	
	Branch Office Opening Day	
	Annual Retreat and Picnics Inter-area sports activities/Deepawali /Durga Puja/Pongal/New Year Celebrations	
	Branch Manager Carnival	
Uniform	Suncoat, Raincoat, Scarf , Bag	
Reward & Recognition	Best Field Officer	
	Best Branch Manager	
	Best Cashier	
	Best Area Manager	
	Best Regional Manager	
	Best Branch Office	
Employees' Stock Option	For all Staff Only Management Staff	
Mutual Benefit Assn (Trust)	Membership to Staff joined Up to 27 Mar 12- 10% of loan amount as membership fee/ 82% Equity to MBA—Unique model in MFI/ Companies	All Staff
Grievance Redressal	By BM/AM/RM/GM/HR/MD	
Communication Programmes	BM/AM/RM Level	Weekly/Monthly/Quarterly
	COO/CEO/MD	Periodic
	HR Meeting	Periodic
	Management Meet	Every Tuesday/ Discuss/ Dissent/Bring out views
	Jana Sabha—Town Hall Meeting	Zone-wise web-based address of staff after strategy meet
	Staff Representative Meeting	Once in a month

	Meetings of mirror images-accounts manager & team of Pune with accounts manager and team of Mumbai to share experiences and come out with standard solutions—this keeps them in touch and day-to-day problems solved themselves.	
	A day in the life of our Field Staff (Newsletter)	
Mentoring	Foot Step—One mentor is attached to a mentee for guidance and advice on a regular basis	
Great Place To Work	Satisfaction Survey by external agency	Prize winners from MFIs
Training & Development	Continuous Training for self and functional development areas	
Talent Pool Creation	Talent pool creation for BM/AM/RM High performers/Directly Monitored by CEO & MD/Fast track Promotion/Training/Exposure/ESOP/Promotion	
Business Continuity Plan	Demonstrate and tell the 2nd line/Guardian of Ethics	
Employee Satisfaction Survey	Surveys conducted Action plan made for interventions	
Employee Suggestion Scheme	For getting suggestions from employees and make them participate in improvement areas for action	
Contribution to Society	Social Development Fund—Part of profit to be utilised as Social Development Fund for all mature Branch Offices—used with the help of Staff for child welfare and education, *anaganwadi*schools, Government schools, orphanages, blind schools, old age home etc	

5. Staff Motivation

It is observed that the salary and in centives were great motivators for the field staff, more so in initial stages. Since many of the staff were from lower strata of society, additional financial support, as detailed below, were proving to be a motivator.

- Provision of personal loans like vehicle loan, education loan, Exigency loans to the employees. Many of the MFIs were providing these loans at concessional rates. Some of the MFIs have set certain multiples of salary as a cap for these loans

- Though most of the field staff had been covered under ESI, some of the MFIs also provided them with the additional health insurance cover. This was very beneficial in case of staff posted to rural areas as in these areas, invariably ESI facilities were not available.

Though the financial support is crucial for the employees at lower levels, it stops being a motivator after a point of time and then the need to establish other systems arises. In MFIs, keeping the field staff motivated has been a challenge and many innovative schemes have been formulated to keep them engaged. Some such initiatives are elaborated below:

6.   Reward and Recognition

- Many of the MFIs have instituted rewards and recognition programmes which are motivating the staff. The Best Field Officer, Best Branch Office, Best Branch Manager, Best Cashier etc., were some of the awards instituted by the MFIs. The system, in most of the MFIs, was very transparent and employees were able to predict whether their Branch Office would come under the award category next time. The awardees were given either cash prizes or given recognition in an award function at Regional Office/Head Office, and also given an opportunity to interact with the senior management.

7.   Employee Communication

- In many of the MFIs, newsletters, which contain the photographs of the awardees and a small write up on their achievements, were published periodically. Regular meetings and communication programmes by Branch Manager, Area Manager, Regional Manager, Operations and HR team from HO were very good motivators. The visit of MD/CEO and their interaction with staff, were excellent staff communication events and engagement programmes. Even annual business meets at HO level or RO level were highlighted by some employees as motivating, for this is an opportunity for them to move out of their routine and meet the higher-ups in their organization.

Survey on happiest day

While conducting the study, field staff were asked as to what was their happiest moment in the organization and some of the responses were:

- First day of the new job
- The day they got first salary
- The day they got promotion
- The day they met CEO
- The day they ate with the CEO
- The day CEO enquired about their wellness
- The day COO visited him in the hospital after an accident
- The day all the went for picnic together
- The day it was felt that their clients lifestyle has improved
- The day s/he represented the branch and visited HO
- It is found that field staffs of MFIs are generally undergraduates from poor families. Their esteem needs are different from other field-level staff in corporate entities. Apart from salary and incentives on time, the greatest motivator is the need for recognition and for being treated with importance. Any programme revolving around this need was spoken about and highlighted by them again and again during interaction.

8.   Social Development Programmes

- In some MFIs, such as Ujjivan, part of their profit has been allocated to Social Development Fund for all mature Branch Offices to take up some development projects in the area of their operations. The whole Branch Office team gets involved in identification of the right cause for support and feels proud when it fructifies.

- In Utkarsh two per cent of profit before tax, is earmarked for social activities

- In Janalakshmi, a contribution of Rs 300 is made on behalf of all the employees for their welfare. The amount is required to be spent by Branch Office team together by organizing group events involving all the staff like going for a picnic. Many of the staff enjoy and look forward to such events which are a change from the routine.

9. Initiatives to Develop Staff

Apart from these motivators, MFIs are also taking initiative to develop their staff. It is found that MFIs having structured induction training programme, are in many ways helping the staff to develop themselves. Many of the field staff find, that induction training helped them to gain confidence to face a group, improved their communication skills and have given them courage to face any public situations.

Further, majority of the MFIs were encouraging their field staff to become graduates. Some of the MFIs such as Janalakshmi were tying up with the universities to provide their staff with graduate degrees. Education loan and reimbursement of the loan if they continue with the organization for a certain stipulated number of years, cash prizes for completion of their degree or any certification course were other incentives schemes that have been initiated. Equitas provided educational allowances for higher education which is almost 100% depending on the performance of the employee in the course being pursued[2].

> *Naukri, Degree, AurMakan is the slogan Janalakshmi gives to its field staff. They give jobs to undergraduates; help them become graduates by supporting through education loan; and, if they grow with the company, follow it up with a loan for a house.*

In bigger MFIs, management staff expected to grow and be strategically placed were deputed for programmes conducted by renowned universities in India as well to and abroad.

10. Promotion

Almost all the MFIs studied, had the system of Internal Job Posting (IJP) for vacant positions in the organization. The employees who have sufficient experience and qualifications for the job could apply for the same and if found suitable could get promoted. The operational positions up to Regional Manger/Zonal Manager levels were filled through internal promotions.

During the study, it was observed that promotion has been a great motivator for the field staff. Though many of them had completed only up to XIIth standard, the fact that they are working in an organized sector itself is a motivator. When they get elevated to higher positions, they feel happy and proud of their achievement.

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[2] SHRM India Case Study of great places to work created in cooperation with Great Place To Work® Institute, 2012

Common causes of dissatisfaction among staff, based on staff satisfaction survey

- Compensation level is one of the least scored areas in almost all the staff satisfaction surveys. This is despite the compensation levels of the organizations (which participated in the assessments) being mostly market oriented and competitive. One of the possible reasons for such dissatisfaction can be the comparison made by the staff with other sectors and with the workload. Such dissatisfaction is more at the Field Officers level than at the Head Office level.

- After compensation, staff was mostly dissatisfied with the promotions and performance evaluation systems. The dissatisfaction about these issues comes mainly from the perception that those who are promoted do not deserve promotions and that the performance management system is not fair.

- In most of the organizations, staff also felt that they cannot openly disagree on work-related matters with the supervisors in the meetings.

- Lack of work-life balance has emerged in few institutions, where the staff felt that work pressure is increased—especially at the time of delinquency.

- In some of the organizations, the staff gave low scores on medical benefits aspect. While most of the organizations were providing some form of the medical assistance (ESI or meeting the expenses of the hospital care in case of accidents), awareness levels about how to avail these benefits was low among the employees.

Source – Micro Save

Outcome of participating in survey conducted by 'Great Place to Work' clearly showed that MFIs can keep their staff motivated inspite of their limitations. Ujjivan and Equitas have won the 'Great Place to Work' award and it is a great achievement not only for the two institutions but also for MFI industry as a whole.

According to Great Place to Work, from the Employee's perspective, a great workplace is one where they:

- TRUST the people they work for;

- Have PRIDE in what they do; and

- ENJOY the people they work with.

- Trust is the defining principle of great workplaces — created through management's credibility, the respect with which employees feel they are treated, and the extent to which employees expect to be treated fairly. The degree of pride and levels of authentic connection and camaraderie employees feel with one are additional essential components.

Great Place to Work Award 2013

Ujjivan ranked 7thand Equitas 44th among India's Best Companies to Work for.

Among best companies for engaging the frontline staff Ujjivan stood 3rd and Equitas 4th; Interestingly 1st and 2nd were Marriott Hotel and American Express India.

Industry-wise among Financial Services Ujjivan ranked 2nd next to American Express India.

Box – what employees look for in a workplace
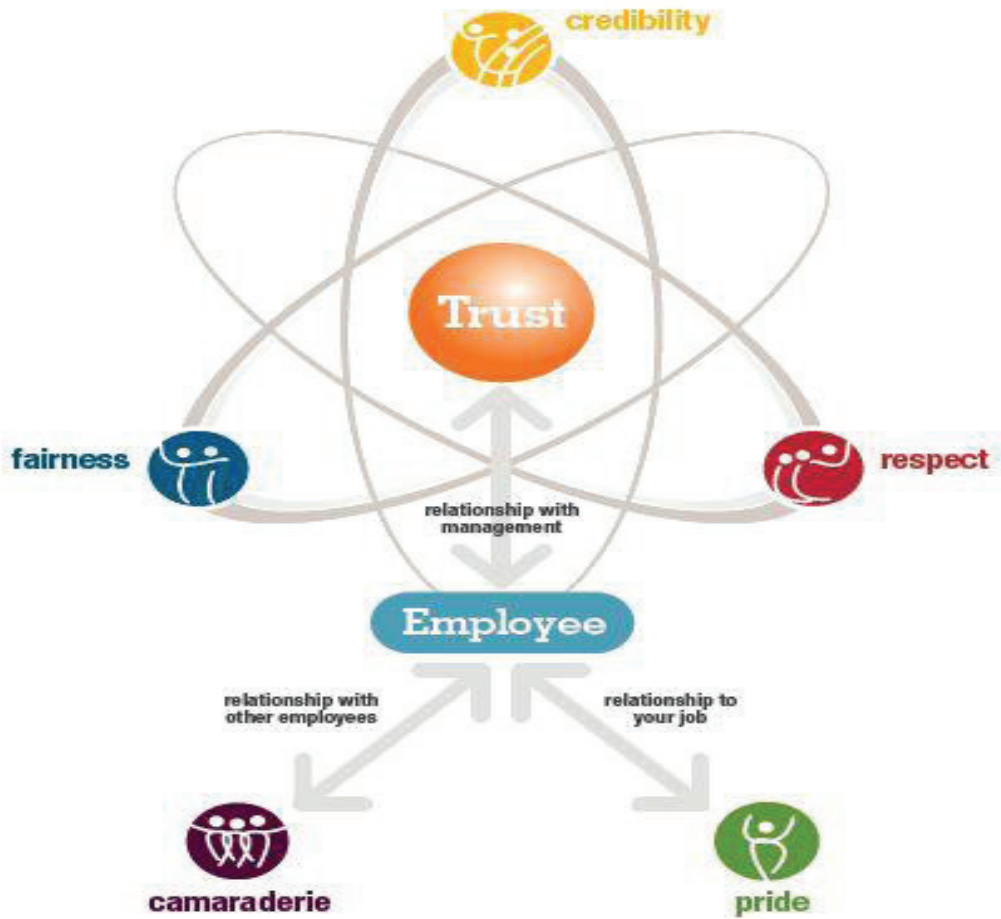
Attrition is a challenge faced by most of the industries especially in the growing economies. Here it is important to differentiate between two terminologies interchangeably used— Attrition and Employee Turnover. Both are related to employees leaving an organization but the difference lies in how it is caused. When an employee leaves the job involuntarily such as retirement or due to reduction in job reuirements in the company, which is unavoidable, it is called 'attrition'. Employee turnover includes the total number of employees who leave the organization voluntary like better opportunities or work place conflict as well as involuntary. Thus, Employee turnover is a broader term. Here in this chapter, though technically, we have analysed employee turnover, we have used the word Attrition because the MFIs usually use this terminology more often.

Another issue while analyzing the attrition is the methodology for calculating the attrition. There are different methods in which it can be calculated. The methods with example are given below.

Table 12.1 Methodology for Calculating Attrition

Meth-odol-ogy	No. of Staff at begin-ning of year- eg., on 1st April 2012	Staff who left organiza-tion during 1st April 2012 to 31st March 2013	Staff add-ed during the year 1st April to 31 March 13	No. of Staff at the end of year- 31st March 2014	% of Attri-tion	Remarks
I	100	20	70	150	20%	Attrition as % to opening No. of staff
II	100	20	70	150	13%	Attrition as % to closing no. of staff
III	100	20	70	150	16%	Attrition as % to average of open-ing and closing no. of staff
IV	100	20	70	150	12%	Attritions as % to Opening No. of staff+ staff added

Interestingly, when the information was sought on attrition for the study, it was observed that between the MFIs all the four methodologies, as given above, have been employed. The data so collated is given in **Annexure XV.** Since many of the MFIs had adopted the third method, to make it comparable, we had requested the remaining MFIs also to calculate the total attrition using same method for the year 2012–13. Data received is furnished in **Annexure XVI.**

Another dilemma that is being faced is whether trainees should be included in this data. If the trainees have been appointed as regular employee, they need to be included and in case they are appointed as apprentice, they could be excluded.

1. Analysis on Attrition in MFIs

In majority of the MFIs, attrition has been mentioned as one of the most important challenges faced by the HR Department. It is a challenge that most MFIs faced especially amongst the field staff. Attrition rates in the studied MFIs who had shared the data, ranges from 5.7 to 53 per cent. Region wise, the attrition rates during the year 2012–13, have been depicted in the charts below.
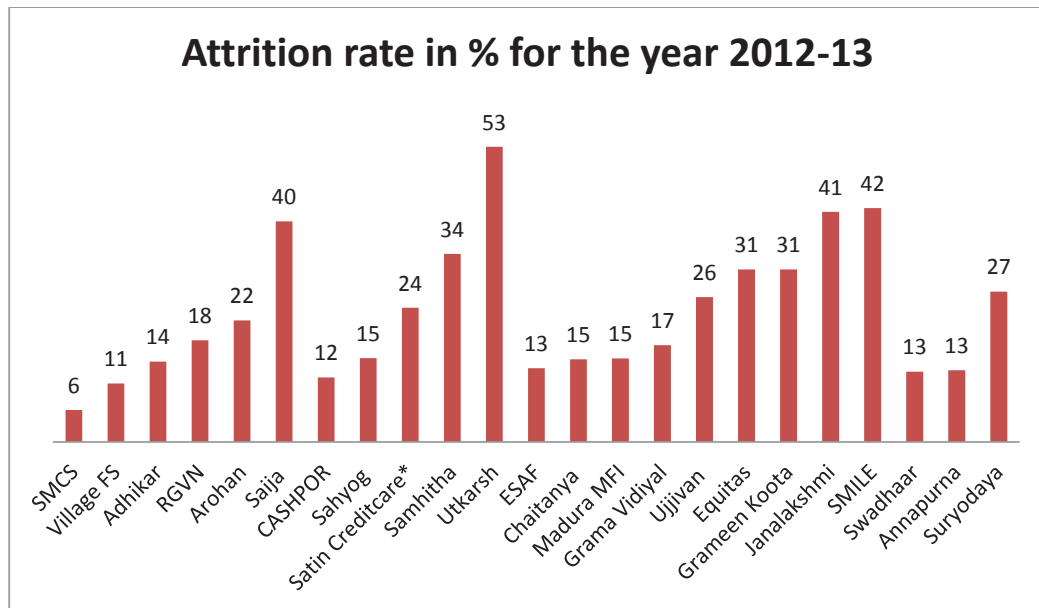
Figure 12.2 Attrition Rates during the year 2012–13

Some interesting facts observed while analyzing the data are given below.

- It is observed that in erstwhile NGOs turned MFIs like SMCS, VFS, Cashpor, Annapurna, ESAF etc., the attrition rate is generally low.

- The MFIs who had high number of women staff in their organization such as Annapurna, Madura, ESAF and SMCS had low attrition rate.

- Another observation is that the MFIs having rural presence have lesser attrition as compared to the MFIs with higher urban/semi-urban Branch Offices. Chaitanya, Madura are such examples.

- Attrition was observed at all levels in the bigger MFIs such as Equitas, Janalakshmi and Ujjivan and was not limited to the Field Officers level.

- Some of the MFIs such as SMILE are in the mode of restructuring. They are consolidating Branch Offices and such experiments would also lead to attrition, some voluntary and some not so voluntary.

Each year in Ujjivan one of the problem HR area is identified for focused solutions and in the current year focus is on reduction of attrition to 10% from the present 22 %!!

2. Employees' Reason for Exiting

The major reasons for attrition, as understood during discussion, were as follows.

- Stressful job environment (getting up early, long working hours, delinquency management, pressure from immediate supervisors / superiors).
- Dealing with poor, less-educated women to explain the MFI business is difficult.
- Transfer policy of many MFIs which stipulates posting the employees away from their own house/village.
- Compulsory system of staying in the Branch Office (in some of the MFIs).
- Marriage in case of women staff.
- Availability of better job with good service conditions.
- Better salary offered by others.

3. Meeting the challenges

MFIs are facing attrition challenges at various levels.

Trainee Level: The data on attrition at the trainee level was not shared by all the MFIs. During the study, with few exceptions, everybody felt that attrition at trainee level is the biggest challenge. Institutions such as Madura and Annapurna did not find it difficult to get staff at the field-level as they basically recruited from among their clients. However, now that Madura is expanding to other states the getting the right staff has become a challenge.

The challenge of retention of trainees stems from the nature of work itself which requires getting up very early and going to the field for collection. The job entails lot of responsibility and lacks work life balance. Also, many MFIs have the policy of putting the staff away from their home town which adds on to the stress. Such policies are deterrents for the employees who are looking for easier jobs. Hence, it is found that the initial six months of employement, the orientation period, is the crucial time. Proper handholding during this period becomes very important for the managers. In this context, the system adopted by ESAF has been found to be really working well. The trainers who are with the trainees in the initial period of induction do the handholding till the former get adjusted to the organization. Even when they have any problem in the field they call the trainers as a strong rapport is established.

Different MFIs are trying to find solutions for this issue in their unique way. Samhita has changed the procedure of hiring; prospective candidates shortlisted by the Branch Offices are given pre-employment training for 15 days at Head Office, tested for suitability and successful candidates are considered for employment. In ESAF, on the first half of the first day, the candidates are called along with their parents/ spouse and explained about the company, the role and responsibilities of the job, the facilities that are given etc. This helps in connecting the family with the organization, which in turn supports their ward whole heartedly.

Field Supervisor: Attrition level at the supervisor level was seen more in the bigger MFIs that have reached a stagnation level and are expanding in other states. Bigger MFIs lsuch as Equitas, GFSPL, Janalakshmi, Ujjivan etc., have reached an optimum level of growth in their respective

home states and are expanding in new states. This has two impacts—one, for expansion they need staff to man the Branch Offices in other states; second, the present Branch Offices have reached maturity level and the scope for new Branch Offices, Area Offices, Divisional offices has reduced. The existing staff would generally not prefer to go out of their home state and due to stagnation, would like to look for better opportunities within the state. At the same time, new MFIs entering the state would like to have experienced staff, as their own staff may not be willing to come on transfer to the new state. Hence, they hire experienced staff from other MFIs facing stagnation, by luring them with higher salaries. Since the pool of experienced staff is limited and the entry of trained staff is not commensurate with the industry growth, a lot of shift is happening within the industry. MFIs such as Arohan, where initially consolidation and then growth has been the constraint during the last three years, are finding it difficult to offer promotions, salary hike etc., and hence the staff leave for a better job/higher salary. Such MFIs are endeavouring hard to stabilize operations and post reasonable growth to retain staff.

4.   **Suggestions**

MFIs conduct exit interview and feed back is analyzed for corrective action.

Attrition level is just a symptom and the causes lie elsewhere. Hence, there is a need to give attention to the issue. Some of the steps that need to be taken are:

- ✓ the first step is to have detailed information on the attrition and its analysis, level wise;

- ✓ though Exit Policies are in place in almost all the MFIs, not much is done in a structured manner. The responsibility of getting the Exit forms filled for all the employees exiting the organization would help in getting the right feedback for the reasons of attrition. This would definitely help in the analysis of the problem;

- ✓ majority of the field staff are 12th standard and need to be helped to acquire higher degrees and develop themselves to become competent to take up higher jobs;

- ✓ many MFIs have put retention of staff as one of the KRAs for the Branch Manager and above. Employee counseling, communication skill and conflict management skills need to be imparted to the managerial levels to ensure that they handle the staff well;

- ✓ job rotations within the organization and supporting them to take up new roles could be another way of warding off the monotony related to the job; and

- ✓ already many employee-friendly policies are in place. The need is to bifurcate between hygiene factors and motivating factors. The hygiene factors, the presence of which does not motivate but the absence definitely leads to dissatisfaction, have to be tackled first.

Attrition is a natural phenomenon and is present in all industries. In a growing economy like India, many job opportunities are available and there is always a demand for the trained staff. So the challenge is to retain them. There is a school of thought that attrition to some level is good as fresh blood comes in and adds freshness. Also, the replacement would be available at a lower cost than the old employee which would decrease the operational cost. Some of the stakeholders, with whom the team had discussion, mentioned that smaller MFIs are adopting

this methodology to contain the operation costs. However, while considering this as a strategy, one has to remember that the replacement comes with a cost; recruitment cost, training cost and the administrative cost. In the meanwhile, lack of continuity could also lead to disconnect with the clients. Thus, in the long run, significant cost savings can be realized with reduction in staff turnover.

HR issues faced by small MFIs

In the interactions with MFIs in West Bengal, the small tier III MFIs shared the following issues with HR practices.

Since banks are not lending to small MFIs in the state, business is coming down. Scope for promotion is negligible and repetitive job is tiring. Salaries can't be raised to cope with inflation and to match other opportunities in other sectors. Personal aspirations of the staff are not being met. With failure of ponzi schemes creating a bad name in the state, filling up vacant positions is difficult since the perception about MFIs is that of 'chit funds'. Sector which attracted 200 candidates for a post advertised now gets about 15 applications from not so qualified persons. Motivating staff has been an issue. Well experienced staff was quitting the institution.

HR Practices to Improve Responsible Finance

Code of Conduct makes it mandatory for the MFIs to be transparent in pricing, interest rate, number of installments, other charges such as processing fee, insurance premium, place and methods of recovery, behaviour of the staff towards the clients etc. Almost all the MFIs studied admitted that the RBI guidelines for MFIs have come as a boon for the industry and felt that the adherence to the Code of Conduct has helped all the stake holders. The system of checking with Highmark and Equifax has helped in checking the defaults due to multiple lending. Many MFIs such as GFSPL (First 6 in the world), ESAF, Ujjivan, Cashpor etc have participated in the SMART Campaign certification and have got certified. This is a welcome move in strengthening and practicing client protection principles.

This study indicates that most systems and procedures necessary to safeguard the interest of the clients were in place and the MFIs had a level playing yet a competitive field for their business. In order to align to the regulatory policies, changes were made by MFIs to the HR systems.

> MFIs, are on the one hand driven by social responsibility towards its customers, responsibility to the staff and on the other its commitment of profitability to its investors. This balancing act is a challenge that is faced by the management team every single day. It is observed that consistent recovery is another balancing act. Though a small write-off of loans may seem trivial, the signal that this may trigger to other JLG members could result in mass scale overdues, undermine the morale of staff and affect profitability.

- Almost all the MFIs studied have a system of Centre Group Training (CGT) and Group Recognition Test (GRT) wherein the prospective customers are explained about the principles of MFI, JLG (Joint Liability Group) and need for financial discipline. Products and their details are being explained and their understanding counter checked by the supervisory staff during the GRTs. Product details are also displayed on the notice board. Pass Book is issued to the clients and the pass book contains all the details of the loan taken by the borrower. This also has the telephone number to raise a complaint in case of any discrepancies which the borrower may come across. This is also highlighted during Group meetings.

- MFIs have become client centric and the organizational structure expanded and new departments added in larger MFIs to give it right focus. Inclusions of departments such as Social Performance Department or Service Quality Department in some of the MFIs are some of the examples.

- Simultaneously the roles of different levels as well as departments to ensure transparent and ethical systems are put in place to serve the clients. For instance in Ujjivan, the systems are such that job role of functionaries in Operations Department, at each level, demands that they visit the centers/clients at least a certain number of times. Apart from the branch manager, who has to meet each and every the clients, the Unit head, the area manager, the COO also have to meet a certain percentage of the clients. Even the CEO has set a target for himself and visits clients every quarter. Customer Relation Representative (CRR) has been placed in Branch Offices, who are totally client focused and attend to their grievances, conduct exit interviews (in case the clients decide to drop-out) etc.

- In almost all the MFIs, the internal audit staff was playing an important role in understanding whether the Field Officers were adopting client centric process and suggesting any changes required as per the regulation. They were required to visit a sample number of centers/clients and check on the quality of delivery at the client level. In all the MFIs visited the Audit Department Head was reporting to Board directly or to a Director who was not looking after Operations. However, the audit staff faces their own challenges for they are on toes all the time.

- Training plays an important role in orienting the staff towards responsible behaviour with their clients. A direct correlation was seen between the training period, the contents of the training programmes imparted and the level of awareness at the field level. The longer the training period, with stress on the codes of conduct and other important aspects to be taken care of at the client level, the better the confidence and awareness level at the field. The frequency of training and reiteration of responsible practices improved field conduct of staff. In organizations such as Ujjivan and Samhita, considerable time and effort were spent during induction training and as a result the staff is well versed with the reasons for the code of conduct and has internalized the same. In many MFIs, Saturday meetings at the Branch Office level are used for reiterating the importance of following the code of conduct as well as other responsible finance practices. It was observed that induction training at the entry level alone was insufficient and periodic reiteration is required for internalization of the same. Further, in organizations where the methodology for reiteration and encouragement for actually practicing it have been integrated into the HR processes and into operational systems, the internalization of customer protection practices is high.

'Attrition is the major challenge faced by our MFI partners. MFIs provide space for staff to save expenses and to save commutation time. However, MFIs should ensure that work life balance is not disturbed.

'Incentives moved on from being target-driven and were on-capped at certain levels; 25 new clients are acceptable but not 100. Caps are in place for new customer acquisition for rewards. Recovery percentage is not there any more. Incentives are more towards client service.

'Most have moved on to fortnightly recovery and hope that credit officers can carry a case load of 650 borrowers. Few MFIs are moving towards 1,000 clients. That is the cause of worry. Even 600 clients, customer connect is an issue. We would like them to cap at 600.

'Training is an area where we will like to improve—initial 10 to15 days training MFIs do. What next? How do improve performance consistently. Small part of the training is on communication and soft skills. This emphasis has to improve.'

Assistant Vice President, Wholesale Banking, a private-sector bank

- Some of the aspects related to responsible finance have found its way to performance appraisal systems. Factors like giving importance to "Recovery process" and not to "Recovery percentage" signals a shift in emphasis in performance parameters. Under "Recovery process" the stress is on quality of the customer, which is assessed

based on attendance of the client, discipline in center meetings etc. In many MFIs, the performance appraisals are connected to the audit score of that particular Branch Office. However, here PAR is an important factor assessed, and has a high degree of weightage which is in a way for assessing performance based on recovery. In Janalakshmi, where collection has been assigned to one Field Officer, recovery is the major appraisal factor. The person who acquired the client is also assessed on the recovery though with lower weightage.

- Recovery management is a very important aspect for the sustainability of the MFIs. Even a single wrong message to defaulting member can trigger a situation of cascading defaults. Generally, the JLG concept gets activated when a member defaults and group take the responsibility of repayment on behalf of its member. However, given the economic condition of the group members, they are unable to afford this repayment for long. Reports by Credit Bureaus (Highmark/Equifax) have come very handy in case of willful defaulters as it has become easy to educate them on how a default will result in their getting debarred from any loan in the future. This motivates the defaulters to remain sincere to their loan commitments and repay the loans. In Utkarsh there is a Board approved delinquency policy wherein in non-coercion follow-up, client- and staff-centric approach is highlighted. Grievance redressal scheme is in place to take care of the client grievances. Monitoring is done at four levels—Operations, Audit, IT and Risk departments. Utkarsh has two per cent of PBT for social activities.

- According to MD, VFS, they are happy with 15 to 20 per cent growth. There is no external investor to pressurize and there is no need to run to break signals. Customers want to continue with VFS, even after they cross the threshold limit stipulated by RBI.

- Most of the field staff interviewed felt that the genuineness of the reasons for default can be assessed with the help of other JLG members. In case of serious sickness of the member or one of her family members, the Field Officers pay a social visit to the house to ascertain the facts. In very special cases, the loan repayment installments are re-scheduled. In all the MFIs visited, insurance cover is available to the client and their spouse. Hence, in the unfortunate event of death of a client or spouse, the loan gets repaid through the insurance claim and the excess of insurance amount is paid back to the family. In some MFIs, the interest on the loan is also written off as a goodwill gesture.

- The fact that the majority of the staff is from similar strata of the society is not an accidental occurrence. MFIs consciously recruit staff from the local areas for field work so that they are able to communicate effectively with customers and understand the nuances of their responses. Local staff is more effective in assessing the genuineness of the domestic situation of customers to a great extent. However, if the default is found to be willful, the employees felt the need to be assertive with the member. In the event they were unable to handle the situation, their branch manager arrived at the scene and in rare cases, the area manager also joined them. The arrival of a senior officer from the organization puts a moral pressure on the

client to repay. The approach generally taken was that of assertiveness sometimes turning aggressive to ensure the clients do not violate the basic financial discipline.

- Another aspect that underwent a change in MFIs is the incentive system. All the MFIs studied have incentive systems in place but the incentives varied across MFIs. While some MFIs had set the incentives on number of new clients acquired and for maintenance of the existing client, they also restricted the maximum members that can be inducted to prevent indiscriminate client acquisition. However, in some organizations the recovery aspect has been woven into the system, like the use of audit score for the incentive where recovery percentage is one of the criteria.

- One positive aspect observed was that all the clients are being given the contact numbers of the branch managers, Head Office, the toll free number for grievance cell (if available). In Karnataka, AKMI is playing an important role and the smaller MFIs are using the toll-free number set up by AKMI till the time they set up their own numbers. As per the feedback received the major complaints are regarding the need for higher loans, non-sanction of loans (which is generally due to non clearance of credit bureau rating), the Field Officer coming late for the meeting etc.

During the study many good HR practices were observed. Each time we entered an organization we came up with surprises and heard something new and different being practiced in the HR field. To capture all in detail would mean writing another book but due to the focus of this study we have captured few in brief.

Table 14.1 Best HR practices in MFIs

Best Practice Areas	Best Practices	Practicing MFIs
Corporate Prayer / Anthem	Daily Prayer	Annapurna, Grama Vidiyal
Manpower Planning	Branch Office Budget Software	Grama Vidiyal
	Annual Projection Plan- Need to have budget before hiring	Ujjivan
	Courier Boys on the roll of the MFI	Annapurna
	Restructuring Branch offices to improve Productivity	SMILE, Satin Creditcare, Arohan
Recruitment	A three-panel member must be available in selection committee during a personal interview including one official from HR department. For selection to Grade 3, the Regional HR Manager must be part of the selection panel. Also, a panel assessment form is to be filled by all the panel members at the time of interview.	Ujjivan
	For middle management level Management trainees from institutes are XLIB, FMS-IRM, SDM, VAMNICOM, TISS are taken from the campus.	Ujjivan
	Management Trainees from Allahabad University	Cashpor
	The field exposure/field visit is a mandatory requirement for all positions of higher grades. The candidate is required to visit one of the allocated Branch Offices, where he/she is supposed to go and understand the working environment's dynamics and culture. Post the visit, the candidate is required to submit a report/ make a presentation, which would be evaluated by the panel. The evaluation to be based on the ability of the candidate to relate to the field processes, understanding and review of the processes. The expenses incurred for the purpose of field visit to be borne by the candidate.	Ujjivan, Swaadhar,
	Pre Recruitment Orientation	Annapurna, Samhita, Arohan, Cashpor, SatinCare, Ujjivan, Utkarsh
Employment	Part Time women employees with PF/ESI Benefits	Madura Finance
Training Need Analysis	Every 25th Operations Dept. gives requirement to training dept. First week training by Training Dept.	Cashpor

Training - Induction	Induction training in three phases; In Cashpor, Introduction in HO—Send to field with a questionnaire-required to find out solution and come for first phase of training; again go back for a month; similar process is continued in three phases for the initial three months.	Cashpor GFSPL
	Outsourced to Manipal Global-Janalakshmi Manipal Institute for Financial Inclusion-Programmes exclusive for Janalakshmi- 19 days residential programme- Theory-detailed information on business; four to five days soft skills; practical four days. Seniors attend few sessions to impart the values systems and what they stand for rest take care of by professionals- this increases the scalability.	Janalakshmi
	The induction programme called the Basic Level Training (BLT) for the new staff is for 15 days which includes information on the organization, their role, the code of conduct, the client education needs, how to conduct Group meetings, how to communicate etc… as well as a three-day practical training in the field. Methodology includes class room training, visual aids, discussion, interaction, role play etc… After the training they are posted to the Branch Office where a senior CRS would take them to the field and they learn practically how to conduct of meeting, how to interact with clients, do house visits etc. During this period, the Branch Manager and the Programme Manager closely supervises on the job training and also evaluate her readiness to take up the responsibility of CRS independently. For auditors apart from BLT, they are sent with senior auditors for two months before actually assigning of work.	Ujjivan
	BLT for 15 days; MDP for Management trainees recruited from Management institutes—each new recruit assigned to a mentor from previous batches and a member of National Leadership Team as guide—In the absence of this it was found that a disconnect comes between their aspirations and the tough job ahead.	Ujjivan
	Mentoring system for Field Staff by Trainers	ESAF
	Class role plays, simulation games on-the-job training; outbound training; group training with presentation; handouts; video clips workbooks; electronic communication	Grama Vidiyal, Madura Finance
	Footstep Programme – Mentoring by Top Management team	Ujjivan
Refresher Training	Every six months Every year	RGVN Ujjivan
First Level Supervisors	Roots a training programme spread across two-levels over a three-month period focusing on developing skills of first level supervisors which consists of CRMs and programme managers—managerial skills, interpersonal communication skills, role of a coach and important principles of a coach.	Ujjivan

Pre-Promotion Training	FMs who have been with the organization for long but not getting promoted identified and special training on team building and outbound programme held; three-days training pre-promotion.	Grama Vidiyal
Development Programme	Supervisor Dev. Programme for 1st & 2nd in line; Branch Manager Training, for 3rd and 4th in line: three days residential programme zone-wise; ACCION trained trainers for SDP	Janalakshmi
Cashier Training & Certification	Cashier Training & Certification—for B.Com. graduates who had competed two years in Ujjivan—Cashiers need to undergo certification test every half year after the cashier training/refresher training certificate to be mandatorily displayed in Branch Office; CRMs who play the role of cashier in their absence also trained and certified.	Ujjivan
Certification after training	Centralized Training process for field staff- date of joining of all candidates standardized as First Monday or Third Monday and all employees across region join respective Regional Training Centre on first day. All need to be certified before joining their duty.	Equitas
Assessment of Trainers	Assessment of trainers based on quality of member training- 400 member satisfaction survey in one quarter; Test score of Field Officers need to be 70 per cent and above.	Samhita
Unit Managers and BMs training	SPM Survey—Progress Out of Poverty Index Indicators—Study of 150 Rural & 150 Urban members by Unit managers and BMs for which they were trained.	Samhita
e-learning	Thrust to e-learning to increase outreach.	Janalakshmi
Mission & Vision	Vision mission value developed through activities.	Grama Vidiyal
Salary & Benefits	Separate allowances are given for Rural, Semi-urban and Urban Branch Offices.	Grama Vidiyal
Incentive	No incentive for loan products.	Samhita, Equitas, Suryoday, Cashpor
	Maximum Limit Rs 2,000.	Arohan
Loyalty bonus	Loyalty bonus given to employees for completing five years and 10 years	SMCS
Allowance for Professional qualifications	Separate allowance for graduates & post graduates. Increment for acquiring professional qualification.	Grama Vidiyal SMCS
Profitability Based Bonus	Bonus was rated against achievement against the target. If between 85 to 120 per cent achievement pro-rata bonus on Basic pay is provided. If more than 120 per cent No bonus. This is applicable from MD down the line to Branch office. Hence overachieving target beyond a limit not an incentive.	Cashpor
Distance Allowance	Concept of Distance Allowance, for staff who were posted 100 kms and beyond to enable them to travel to their homes twice in a month. Allowance with different slabs based on the distance.	Grama Vidiyal

Leave	Different types of leave in addition to earned leave, casual leave, Marriage leave: Men 10 days; female 15 days; Study leave on case by case basis; Advance leave can be sanction on LOP to be adjusted against leave earned: hospitalization leave; bereavement leave.	Various MFIs
Compulsory Leave	Compulsory Leave six days to be taken in a year.	Chaitanya, Grama Vidiyal, Ujjivan, Utkarsh
Lunch /Food Coupon	Free Food for Field Staff	SMILE
	Free Lunch	Grama Vidiyal
	Break Fast Allowance	Equitas, SMILE
Performance Management	Out of five KRAs one is on Self Development	Ujjivan
	Goal Sheet given to all and all staff aware of the same	Janalakshmi
	Bottom of the Plan goal-setting	Utkarsh
	Win Win Agreement goal setting	Equitas
	Shakthi Sadhanai—a unique training programme on PMS. The Field Officers mostly being women on part time basis had to be taught on PMS: skit written and passed on all Regions- Conducted competition on the skit and through skit the women learnt the concepts; recall of the same at field-level was very good.	Madura Finance
	Balanced Scorecard.	Janalakshmi
	360 Degree Appraisa.l	Cashpor
Career Growth/Pro-motion	Promotion Policy with weightage to Operational Perfor-mance, Written test, 360 Degree Appraisal, Internal Audit Rating, Quality rating, staff retention, Client retention etc.	Cashpor
	Creation of Pool of selected candidates for the year in ad-vance.	Cashpor
	Promotion Policy for Professional Graduates of Branch office – Fast Track.	Grama Vidiyal
	Policy on Promotional avenues for field staff.	Janalakshmi
	Internal Job Postings for the vacancies – all eligible candi-dates can apply for the same.	Many MFIs
Working Hours	Work life Balance—Strict Adherence to Office timings.	Ujjivan
	Saturday Half Day & Monday First Half Off enabling the staff to go home and come.	Grama Vidiyal, GFSPL
Employee Development	Education Grant for microfinance education.	Ujjivan
	Education loan/subsidy.	Adhikar, Cashpor, Equitas
	Naukri, Degree , Makan—Assist in getting job, help in getting degree through tie-ups with institutions, and on continuing with the organization housing loan for building a house.	Janalakshmi

Employee Welfare	Staff Health Mutual Fund.	Annapurna
	Health Insurance for all dependents including parents irrespective of age and pre existing disease.	GFSPL
	Branch Office Opening Day Celebrations with family members.	Equitas, VFS
	Voice of Swadhar—Speak to CEO once a month.	Swadhar
	Field Staff Representative Meet—Once a month with MD/Top Management.	Ujjivan
	Female Staff Travel Policy—Hotel approved by Admin after checking for safety aspects for women.	Ujjivan
	Participation in 'Great Place To Work' Survey.	Ujjivan, Equitas
	Visit by CEO in all regions at least once in three months.	Ujjivan
ESOP	To all employees.	Ujjivan, Equitas
	Management Staff.	Janalakshmi, Satin Creditcare
	Membership of Mutual Benefit Association.	VFS
Reward & Recognition	Spot Recognition of Field Staff.	Equitas
	Identify issues, create healthy competition among staff and reward.	Ujjivan
Audit Score of Individual	Individual rating through Audit.	Cashpor, Grameenkoota, Satin care, SMILE, Ujjivan
Responsible Financing	Service Quality Dept. at HO level & Customer Service Representative at RO /Branch office Level; two movies for client education.	Ujjivan
	Movie made casting leading Cine artists and promoted among Clients.	Madura Finance
	SMART Campaign	Cashpor, Gramen Koota, Ujjivan, Equitas, ESAF
	Robust Loan Process and Monitoring System	Suryoday, Ujjivan
	Practice of appointing a representative of SHG federation on its Board as Director.	ESAF

MFIs studied were all doing similar business but had a uniqueness which differentiated them from each other. Each had its own strengths and was following policies that suited their business model. The impression gained during the study was that HR practices too have evolved with the expansion of business. There was awareness that HR was the backbone on which the whole edifice was lying as they were the face of the organization and at time of crisis they were the ones who faced the clients. This awareness is leading to changes in the HR policies. But then the cost of such interventions vis-a-vis the need to contain the cost of operations to the minimum due to the interest rates cap, weigh heavy on the MFIs.

The clients handled by the MFIs are unique and need handholding even while selling products to them. Hence, the type of staff required at the field level also need to be persons who can empathize with them and understand their point of view while being firm at the right time in the right manner. The challenge here for the MFI was to get the right type of candidate for the purpose, train them and more importantly retain them.

In this context, it was observed that there were many contradictory beliefs in MFIs which led to policies and practices that were very different from each other. Some of these policies/ practices/ beliefs that need to be reviewed along with other HR challenges faced by MFIs are mentioned below:

1.   Attracting Talent

One of the major challenges faced by MFIs, was of attracting employees with right mindset to the organization. Since the nature of job, requires starting very early, handling responsibility of cash and recovery etc., not many were getting attracted to it. Most of the MFIs gave feedback that only 15-20 per cent of the job aspirants finally took the job and remained with them. Some good systems observed during the study like pre-orientation programmes for the candidates and in one case orientation even for the family, are initiatives which could be adopted to ensure inducting only those who really feel they can take up the job.

Attracting professionals at the Head Office level was another challenge faced by the MFIs. But with industry in growth trajectory, professionals are looking at the MFI sector as a good option for growth. Support to smaller organizations from development agencies operating in the sector, to afford hiring of such professionals would go a long way. Initiative from investors like Accion for putting in place professionals has helped few MFIs. Such initiatives from other development agencies in MFI sector would help the industry to grow faster.

> *"A major part of our organization is our frontline employees who service our customers. They are not only closest to our customers but also act as their surrogates. Hence, we firmly believe in 'employees first & customers second' as a philosophy. If our employees are happy, then our customers will be happy too"*
>
> **Samit Ghosh,** *CEO, Ujjivan Financial Services Pvt. Ltd*

2.   Posting of Staff

Some of the MFIs felt that staff cannot be posted near their own hometown, as this increases the risk of unethical practices. At the same time, there were MFIs who had policies to the contrary and post their staff in nearby centers. The latter reduced many of the employee related issues especially those related to being away from families. Hence, this could be reviewed by the first set of MFIs initially in few places and with few staff who have been with the MFI for long.

3.   Representation of Women

Another issue which could be reviewed is regarding posting of women as Field Officers. It was observed that on the one hand few MFIs found it difficult to get women employees as Field Officers. On the other hand, there were institutions like Annapurna where all the field staff were women or ESAF, Madura and SMCS with high percentage of women field staff. Even in Fusion, where there is otherwise a policy of posting men away from their home town, women had been posted in the nearby Branch Offices and all women Branch Office are running very smoothly. In most of these institutions, the employees were once their client or related to clients. They know the system well and when they vouch for the system, convincing the new clients becomes easy. Attrition analysis also shows that the rate is low in organizations employing more women.

Though when high percentage of women were employed by MFIs, the challenges were different. When expansion takes place women found it difficult to go to a far off place leaving their family. So some new systems could be tried—like taking women in Branch Offices which have reached maturity levels and the major job involves maintaining the clientsand replacing the drop-outs. Men could be posted to new Branch Offices or expanding Branch Offices or for sales in established Branch Offices. In Ujjivan, policy to recruit more women was already being explored. Enabling policies and process need to be put in place to attract and retain them.

4.   Incentives

Some MFIs had stopped giving incentives; some have kept minimum target up to which incentive was given, beyond which it is merged with salary, while few have incentive systems. It was found that staff felt some incentive needs to be given as it boosts their morale. Since the salaries were low, some system to incentivize the routine but responsible job would be welcome. However, it needs to be based on the criteria which would not put unnecessary pressure, as this pressure would be passed on to the clients. Incentives on sale of non-financial services have found favour with the staff. Performance incentive parameters based on process adherence related to attendance, training, feedback of client and audit on these aspects, among others could be thought of. There should be an upper limit for the incentive scheme to avoid adverse effect on the client service.

Similarly, almost all MFIs have transfer policy and staff are rotated periodically. However, whenever such shift happens, the employees take time to settle down in the new Branch Office or area and to start achieving targets. In such cases the incentives earned by them in the earlier Branch Office could be protected.

Keeping a percentage of salary separately and then giving back to them as incentive during Diwali/festivals was another system which was found in few MFIs, appeared to be unfair. Incentives should be over and above what an employee is otherwise entitled to.

5.   Working Hours

In some MFIs, the typical Field Officers day starts around 6.30 a.m. He/she starts with recovery at the centre, then comes back by 12.00 p.m., deposits cash, eats lunch, does the disbursements on disbursement days/goes to field to canvass new clients, collect documents and does the necessary office work related to the same, enter into the system and so it goes on till 7.00 p.m. or beyond. It is disheartening to note that in most of the HR policy though working time for HO was given, the timings for the Branch office was vague and mentioned "as per requirement of the Branch Office".   The timings for the Branch offices also needs to be defined and adhered to. Review of the use of technology and providing support staff to take care of data entry, KYC checks, cashiers job etc., could be thought of to reduce the burden of the Field Officers.

6.   Residential Accommodation

In employment there are hygiene factors and motivating factors. Hygiene factors like salary commensurate to job profile, working conditions etc., if absent, could highly de-motivate the staff. It was observed that many of the field staffs were from the same strata of populations as their clients. Initially, a room to share and food would be sufficient and good motivators but as the years go by, the expectation would be for better surroundings. To cap it, the residential accommodations provided were generally in the Branch Office itself making it difficult for them to differentiate between office time and personal time. Itis time this system is looked at a little more closely. A better place with proper ventilation, space to keep their personal belongings, cleanliness etc., were some of the minimum things, found missing. It is time to pause and think, whether the responsibility towards client was being discharged at the expense of the responsibility towards staff.

7.   Staff Grievance-Redressal

There were very few MFIs who had clear cut Staff redressal systems and in few cases, even if in place, the employees were not aware of it. They always thought they could complain to their immediate senior. In some MFIs, there were schemes where the employees could write to the head of the institution directly. It was observed that these facilities were used by employees who had some confidence but the not so confident ones were not willing to take these opportunities for the fear of sanctions. In this context, the role of the trainer-cum-staff redressal cell coordinator plays an important role. During the initial weeks of induction, good rapport was built between the trainer and the employee and they were able to convey any sort of problem to the trainer. The role of trainer is important, where he can visit the Branch Office and interact with each employee as part of his assigned role. Formalizing such system and appointing people who are known to them would be a good way of connecting to the staff. This is not to undermine the systems prevailing where the CEO is approachable to all, but be over and above such programmes. In fact, it was observed that direct contact with the CEO during Branch Office or region visit or just meeting him was a great motivator for the staff and needs to be continued.

8.   Training and Development

Training has been taken very seriously by some of the MFIs and the result could be seen at the field level. But there are many MFIs who are yet to take it in the right earnestness. Training must be viewed as an investment and given due importance. An orientation of just two days and sending them to the field for on the job training is insufficient as the new employees need to imbibe the values of the organization and pass on the same in the field. This requires time and effort. Another important observation was that refresher programmes are a must at the level of Field Officers. Repetition of the value systems and the processes are a must every year. Though these aspects were said to be discussed during all review meetings, separate training programme to refresh the values of the organization in a structured way, had proven to be very effective and lack of the same could be felt at the Branch Office level. Exposure of all HO staff to the field is another important factor which could help aligning the policies to the challenges faced by the Field Officers.

Multi-skilling of the field staff is another training intervention which could be attempted by the MFIs. It can help improve the productivity and also help in the development of staff for taking up additional and enhanced roles and responsibilities in future. MFIs should have trained trainers in the system so that training process could be taken to the next level. MFIs could also undertake evaluation of effectiveness of training as it would help them focus and link the training efforts towards assessing the ROI and the effects on their customers.

9.   Performance Management System

PMS in the MFIs was a weak area. Some MFIs had PMS in place, but the system was not well understood by the employees especially at the field level. They mistook the targets given for incentives as PMS. Other MFIs had perfunctory systems which was neither implemented nor used very effectively. MFIs need to have clarity on the purpose for which they plan to use the PMS. As explained earlier, the PMS could help the organization in developing its employees, so that they can not only peform well in their present role but also equip them to take up the responsibilities of the next level in the functional hierarchy. At the same time, a robust and good PMS can help in taking administrative decisions on aspects such as increments, recognitions etc., as well as identifying organizational needs such as HR planning, training and so on.

Another area of concern noticed was the system of forced distribution especially where the ratings were 1-5 in case of Field Officers. There was not much visible difference between the performances of the '4' rated '3' rated employees. In fact, the feedback received from the superiors was that they were forced to rate somebody 3 and were unable to provide the rationale for such a rating and also to keep them motivated. The system needs to be relooked and reworked out. PMS should not only be able to assess the performance fairly but should also appear to be fair or else it fails. Here the role of training on PMS for the appraisee as well as appraiser assumes importance, which istotally absent as of now. MFIs can think of designing different PMS for different levels appropriately to improve the present system.

10.   Staff Cost-Management and Productivity Improvement

MFIs were under pressure due to the increasing cost of operation. Restructuring the existing Branch Offices, especially the mature Branch Offices, has helped some of the MFIs in reducing

the infrastructure and staff cost and has resulted in improving their productivity. Use of technology such as networked IT systems and mobile applications were helping few MFIs in improving productivity and efficiency. Productivity audit and management audit can also be undertaken by the MFIs as a practice for improving their operations.

11. Career Planning

As a majority of the Field Officers are not graduates, their growth in the organization becomes stunted after a certain extent. A concerted effort would be required by the MFIs to ensure that the Field Officers grow along with the organization and are developed to take up higher positions. Few sampled organizations were supporting their employees to take up higher education. This support needs to be given through encouragement and guidance, otherwise the field staff, who usually join at a very young age, would become frustrated and disiilusioned due to lack of growth.

12. Succession Planning

MFIs at present were promoter driven. Their charisma and vision was driving the organizations. However, now the need to have a strong second in line was being felt. Some of them had started considering this as an important requirement for the growth of the company. Accordingly, professional Boards have been appointed and strong management teams were in place to help in many of the MFIs. Involvement of Senior Management Team, in all important decisions of the institutions can be considered as one of the options to groom potential employees. But not everywhere has this transition happened. In few NGOs turned MFIs, some changes are taking place with first step of inducting the professional CEOs. Many of the stakeholders reiterated the need to have a clear succession planning for sustainability of the organization and its growth. The stakeholders also reiterated that instead of one predominant founder the MFIs need to have significant management pipeline and internal skill to run the business.

13. Employee Engagement

It was observed that variety of engagement programmes were under implementation in MFIs. In fact, each had atleast one unique programme. But then it is not one or few such programmes in isolation that can actually help in employee retention and engagement. Not reimbursing full cost of conveyance incurred by staff but giving paternity leave or such other facility may not give the results ans one benefit cannot work as a substitute for the other. It is important to note that there should not be any compromise on reimbursements of expenditure incurred by the employees for doing their duty. These are some minimum things which need to be provided for in any case. Need is to take stock of the hygiene or MUST factors, and then simultaneously look into other engagement policies which suits the need of the employees.

Reward and recognition was another differentiating factor that was found among the highly charged employees. Reward systems, though instituted, were not very structured in many MFIs. It is found that this was a high motivator for the staff and a proper system put in place could help in many ways. Here the openness and fairness in the system becomes important.

14. Governance at Board Level

There were MFIs with HR professionals as Board members who were taking special interest in the HR systems and practices. In some of the Boards, the representation was not so evident. Similarly, the representation of women on the Board was also an area worth improving, especially since MFIs primarily serve women. It is commendable to note that ESAF, though an NBFC, has a practice of appointing a representative of SHG federation on its Board as Director.

14.1 Five Areas that Need Critical Improvement

While, we have recommended a host of changes above that can be made in the HR policies and practices of the MFIs, we feel that the following areas require immediate attention and improveme

- **Working hours**

- **Residential accommodation and hygiene factors**

- **Training and Development**

- **Performance Management System**

- **Staff grievance Redressal Mechanism**

15. Conclusion

To conclude, the impression gained during the study was that HR practices in MFIs have progressed and come a long way. Apart from stressing efficiency and productivity, HR processes from recruitment to incentives focus on various aspects of customer protection, responsible finance and social performance. Training integrates conduct in the field as much as business and operational factors. The focus on customer comfort may have increased operating costs and marginally weakened the tight discipline maintained on loan recoveries, but clearly increased customer confidence in the MFIs. There is clarity among the MFIs that the clients handled by them are unique and so are the competencies and skills required by the staff to handle them. The crisis arising from AP has sent strong signals across the sector with telling effect on how staff are recruited, trained and rewarded.

While customers enjoy improved relationship with MFIs, the staff feels that their working conditions are yet to improve. Over the time, the MFIs may need to address issues relating to long working hours, sub-optimal working and living conditions and push back from customers on account of grievances, complaint handling systems and whistle blower policies. MFIs should ensure HR policies achieve a balance between institutional interests, customer interests and employee interests.

Compensation and benefits system in many of the MFIs is not such that it can attract the right talent and professionals, especially since MFIs have to compete with other industries. At the field staff level, the effort is to match the minimum wage level rather than making it attractive. Larger MFIs in the industry are benchmarking themselves with HR systems and practices followed in other industries. This practice should serve as a standard for others to follow.

An industry code of HR might induce more professionals to enter the industry. Even small MFIs need to have more professionals to manage operations. MFIs prefer to have women staff but need to have enabling policies and processes to attract and retain them. Specialized courses at diploma/degree levels might prepare university students, with a significant level of knowledge and skills, to enter the MFIs. The industry has to work with academic institutions on the right type of courses and practical experience that might prepare students for microfinance sector employment.There is a need to change the perception of training and development function from being a cost to an operational necessity. Staff feedback mechanisms and staff grievance redressal systems will require focused attention of MFIs.

Since smaller MFIs find it difficult to meet the cost of professionalization of HR systems and practices, development organizations/funding agencies can think of creating a pool of talent/ service which could be shared amongst the MFIs requiring such support. Expenses/cost of hiring experts could also be subsidized or fully funded as per norms to be prescribed for the purpose. This was also suggested by one of the Investors interviewed during this study.

The HR practices need to be balanced taking into account the comfort of the staff as well. The culture and values of the organization largely drive the balancing of the staff and client interests. For some of the institutions, clients were primary stakeholders. These institutions must, however, understand that if they have to be sustainable in long run they have to strike equilibrium between the interests of clients and that of the staff and built in systems systems to understand and address concerns of the staff as well. Senior management should have personal touch with field staff. The margin cap and interest cap were forcing institutions to be efficient and one of the easiest ways was to increase the number of clients per field staff. The workload of staff and the optimum clients to staff ratio is a social metric, that has to be monitored since larger the client base, the lessrer the time the staff gets to interact with the clients meaningfully.

It is time that the RBI brings out differential policies on margin cap for MFIs at different turn over levels and MFIs operating in different geographical areas.

Thus, HR is gaining importance and policies are being put in place. Medium MFIs are graduating to the next level by setting up exclusive HR departments focusing on all aspects of HR. Larger MFIs were taking the lead and benchmarking themselves with the other industries, which is paving way for other MFIs to follow. With a little support the smaller ones would also be able to take up HR initiatives in right earnest.

Treating employees in the same caring and transparent manner that the organization expects clients to be treated will go a long way in improving the staff commitment to the institution and reinforcing the customer values that the institution stands for.

Annexures

Annexure I

Sl. No.	Name of institution	Head office	Legal Status
	Names of Microfinance Institutions Studied		
1	Adhikar India	Bhubaneswar, Orissa	Societies Registration Act
2	Annapurna Mahila Co-op. Credit Society	Pune, Maharashtra	Societies Registration Act
3	Arohan Financial Services Private Limited	Kolkata, West Bengal	Non Banking Financial Company
4	Cashpor Micro Credit	Varanasi, Uttar Pradesh	Not for profit Section 25 Company
5	Chaitanya India Fin Credit Pvt. Ltd.	Bengaluru, Karnataka	Non Banking Financial Company
6	Equitas Micro Finance Private Limited	Chennai, Tamil Nadu	Non Banking Financial Company
7	ESAF Microfinance & Investments (P) Ltd.	Trichur, Kerala	Non Banking Financial Company
8	Fusion Microfinance Pvt. Ltd	New Delhi	Non Banking Financial Company
9	Grama Vidiyal Microfinance Limited	Trichy, Tamil Nadu	Non Banking Financial Company
10	Grameen Financial Services Pvt. Ltd. (GFSPL)	Bengaluru, Karnataka	Non Banking Financial Company
11	Grameen Sahara	Kamrup, Assam	Societies Registration Act
12	Janalakshmi Financial Services Private Limited	Bengaluru, Karnataka	Non Banking Financial Company
13	Madura Micro Finance Limited	Chennai, Tamil Nadu	Non Banking Financial Company
14	RGVN (North East) Microfinance Limited	Guwahati, Assam	Non Banking Financial Company
15	Sahyog Microfinance Limited	Bhopal, Madhya Pradesh	Non Banking Financial Company
16	Saija Finance Private Limited	Patna, Bihar	Non Banking Financial Company
17	Samhita Community Development Services (SCDS)	Bhopal, Madhya Pradesh	Not for profit Section 25 Company
18	Satin Creditcare Network Ltd.	New Delhi	Non Banking Financial Company
19	Swayamsree Micro Credit Services (SMCS)	Bhubaneswar, Orissa	Not for profit Section 25 Company
20	S.M.I.L.E. Microfinance Limited	Chennai, Tamil Nadu	Non Banking Financial Company
21	Suryoday Micro Finance Pvt. Ltd.	Navi Mumbai, Maharashtra	Non Banking Financial Company
22	Swadhaar FinServe Pvt. Ltd.	Mumbai, Maharashtra	Non Banking Financial Company
23	Ujjivan Financial Services Private Limited	Bengaluru, Karnataka	Non Banking Financial Company
24	Utkarsh Micro Finance Private Limited	Varanasi, Uttar Pradesh	Non Banking Financial Company
25	Village Financial Services Private Ltd	Kolkata, West Bengal	Non Banking Financial Company

Annexure II

Sample Questionnaires used for the Study

Questionnaire for CEOs

Name of MFI _____

Name of person _____

Current Position _____

Department_____

Organizational structure & Culture
1. What is the type and structure of your organization?
2. How long have been with this organization?
3. What are your previous experiences?
4. What are your important products and services?
a. Financial Products
b. Non-financial Products
5. What is your turnover?
6. Have you been earning profit for the last three years?
7. Whom would you define as your important stakeholders?
8. What is the mandate given to you by your Board/other stakeholders?
9. What is your personal mission in this organization?
10. How much of your mission have you achieved?
11. Are you able to visualize fulfillment of your personal mission as well as the mandate given to you by your stakeholders?
12. Can you comment on the organizational culture you have?
13. Are you cultivating it consciously? If so how?
14. Has the mission and the core values of the organization been percolated to the last in the line?
15. Have you drawn a code of conduct towards the client for your organization?
16. How much freedom is given to the staff to take decisions? –Can you comment on the delegation of powers in your organization?
17. What are the major bottlenecks in the growth of your organization?
18. What are the major challenges faced which could be attributed to HR related issues?
Responsible Financing
19. How do you balance the thin line between the profitability of the organization and the aspect of 'responsible finance'? —What are your strategies to achieve this?

20.	Have you been successful in balancing these two aspects of profitability and responsible finance? If not what were the challenges faced?
21.	What is the client protections related practices put in place by your organization?
22.	Does any of the Performance Incentive Scheme indicators lead to undue pressure on the clients to take loans/ repay?
23.	How the aspect of responsible financing is entwined in the performance appraisal system?
24.	How do you ensure that the staff is conducting their job with transparency and client takes informed decisions?
25.	Are there any reality checks being done to ensure that the same is followed at the field level? What is the system put in place for the purpose?
26.	How do you measure/verify whether responsible financing has been accepted as an organizational culture—according to you what are the indicators that helps in measuring this?
27.	Does your internal audit and risk management cover staff related aspects?
28.	Have you done any personal check as to whether the staff too believe in 'responsible financing' and practice it in true spirit?
29.	Do you have complaint redressal cell for handling complaints from clients?
30.	Do you get many complaints from the clients? If so what are the nature of such complaints?
31.	Are you getting full support from your staff at all levels?
Manpower Planning	
32.	Do you think you are correctly staffed? If not shortage/excess is at what level?
33.	Can you comment on the attrition rates in your organization?
34.	Are there functions and departments which are adding to costs and thus not very efficient?
35.	Do you conduct manpower planning exercise and if so at what frequency?
36.	What are the major aspects kept in view while preparing the manpower plan?
37.	What are the HR areas you feel your organization is good at?
Hiring	
38.	Are you able to attract right kind of talent into your organization? If so, what do you think are the aspects which are attracting the talent to your organization? If not, why you feel you are not able to attract them?
39.	Are you satisfied with the quality of your staff? If not where are the problems?
Induction & Training	
40.	Do you think training could play an important role to improve their quality?
41.	Are they presently being trained to take up the responsibility being given to them?
	How often are they being trained?

42.	Do you have in-house facilities to train your staff?
43.	How the senior staff in your organization is kept abreast with the latest changes in your field?

Staff Development & Motivation

44.	Apart from training what other strategies are adopted for staff development?
45.	How do you develop the staff to take up higher roles?
46.	Is there any career development plan for your staff and for what levels?
47.	What is the basis of promotion in your organization? Does it take care of meritorious staff?
48.	What are the major challenges you face in keeping your staff/team motivated?
49.	How do you ensure your staff is sufficiently motivated and contributing to the growth of the organization?
50.	How will you rate the level of happiness and satisfaction of your team members with their jobs, say out of 5?
51.	What according to you are the happiness & satisfaction areas and unhappiness & dissatisfaction areas?
52.	Have you been forced to take the option of layoff? If so, how many were laid off?
53.	How do you ensure that the compensation being given to your staff is comparable with compensations given in similar organizations from the industry?
54.	Do you have incentive systems for your staff at different level? What are the key indicators based on which the incentives are drawn?
55.	Do you conduct exit interviews for the employees before leaving? If so what were the major reasons given by them for leaving?
56.	Has any study been conducted in the past to understand the motivational level of your staff or veracity of HR systems put in place etc.?
57.	Do you have a HR policy manual? Has it been circulated among the staff?
58.	At what stage is the staff oriented regarding the HR policy? How are any changes in the policy communicated to the staff at all levels?
59.	Can you comment on your own leadership style?

Performance Management System

60.	Do you have a Performance Appraisal System in place? How long it has been in place?
61.	What are the guiding/underlying principles behind the design of the staff performance assessment system?
62.	What are the Key Performance Indicators and Key Performance Assessment Areas for various levels?
63.	What is the weightage given to aspects of attitudes of staff, like ethical behaviour, sensitivity to clients, colleagues etc?
64.	Which are the areas where the performance appraisal is made use of?

65.	Do you have a grievance handling system to tackle the problems arising out of expectations from Performance Appraisal?
66.	What is the productivity of your staff vis-à-vis other MFIs? Has any study been conducted for the purpose?

Grievance Handling

67.	Do you have grievance redressal cells to attend to the grievances of staff? What are the major types of grievances that had to be handled?
68.	How have you ensured that the HR policies are gender sensitive and give encouragement to women in the work place?
69.	What are the various gender sensitive features incorporated in you HR policies—safety, conduct with women etc?

General

70.	What is the level of technology usage in your organization? Which are the areas totally automated?
71.	Do you have a HR information and Management system technologically supported?
72.	How often staff satisfaction is measured? What are the major satisfaction points for the staff?
73.	How often the board is apprised of the staff-related matters? What aspects are reported to board? In the last year what decisions has the board taken regarding staff?
74.	What are your specific roles in HR management and development with respect to your team?
75.	Is the delegated powers given to you sufficient to take care of your responsibility/ KRAs?
76.	Do you have adequate freedom to handle and take decisions on HR Managers?
77.	Do you have any personal growth/ self development programme identified as part of your Professional growth plan?
78.	Can you tell us what is unique about your organization? Do you think your staff is aware of this uniqueness?
79.	What is your major achievement in this organization?
80.	What is your vision for the future, say in five years?
81.	What would be your focus area in the immediate future?

Questionnaire for Study of HR Practices in select MFIs

MFI level questionnaire

HR Department

General

    i.   Name of person –

    ii.   Current Position –

    iii.   Previous positions held in the organization –

    iv.   Month and year of joining –

    v.   Who do you report to? Position of person

    vi.   How many persons report to you? – Number and positions

    vii.   Please describe your roles and responsibilities?

Business Model

    i.   What type of MFI: NBFC MFIs, Section 25 Company, Society/trust, Community owned institutions

    ii.   What is the mission of the organization and its shared values? What are the social goals?

    iii.   Has it been communicated to the employees in letter and spirit?

    iv.   What is the methodology for communicating it?

    v.   In what frequency is it reiterated?

    vi.   Is there any reality checks conducted to see that the core values have been understood and followed by the staff? If so how is it done?

    vii.   What is the business model? (Through SHGs, JLGs, individuals etc.)

    viii.   What are your important products and services?

        a.   Financial Products

        b.   Non-financial Products

    ix.   What is the loan sanctioning process and sanctioning authority at different levels?

    x.   What is the system of Delegation of various powers and has it been communicated down the line?

Organizational Structure and Culture

     i.   What is your organizational structure?

☐   Board of Management

☐   CEO

☐   HO-

☐   Departments (indicate the depts. **Operations, Internal Audit, Finance, Accounts, MIS/technology, HR, Training, Communications, Business Analytics and no. of staff**)

☐   RO/ ZO

☐   Depts. Staff (No. of depts. and staff)

☐   Branch Manager

☐   Depts. Staff

☐   Outsourced staff

     ii.   What are the broad roles of HO à RO/ZO à Branch Office

Manpower Planning

     i.   What is the present system of Manpower Planning?

     ii.   What is the frequency of manpower planning process?

        ☐ Six months ☐ Annual ☐   Bi-annual   ☐   Others

     iii.   What is the basis of manpower planning?

        ☐   Attrition, Resignation, Retirement

        ☐   Existing competency gaps

        ☐   Annual operational targets and the performance

        ☐   Growth plan

     iv.   What is the process adopted for manpower planning? How is the process linked with the Business planning process?

     v.   Who all are involved?

vi. Who is the person/position responsible for manpower planning?

vii. What is the policy on use of technology for efficiency improvement in the organization?

viii. What is the status of introduction of technology in the organization?

ix. Which are the functional areas in HR department where computerization is completed?

x. Has this been factored into while taking manpower planning?

xi. Do you feel the organization is adequately staffed to meet the organizational objectives and business levels envisioned in the next three years?

☐ HO level ☐ RO/ ZO level ☐ Branch level

xii. How many positions are vacant at various levels as of now?

xiii. What are the additional requirements for the growth plan for the next one year?

xiv. What is the appropriate number of loan officers per client? On what basis this has been worked out?

xv. What is the Loan Officer per client ratio in your organization? If a gap why so?

xvi. What is the ideal size of a branch? How is it defined?

xvii. Are all the branches sufficiently staffed? Is there any shortages? If so what is being done about it?

xviii. How many branches exceed this size? Why?

xix. What do you think is the ideal time required by the field staff to interact with clients?

xx. Presently how much time would they be spending with them?

xxi. What would be the reason for excess/ less (as the case may be) time being spent with the clients- if so:

xxii. What do you think is the ideal ratio between the supervisory staff and the front line staff to ensure client orientation and adherence to organizational process and code of conduct?

xxiii. Presently what is the ratio?

xxiv. What are you doing about the high/low ratio (as the case may be)- if so

xxv.　What is the size of a region/zone? How is it defined – number of branches/geographical area?

xxvi.　Are there functions and departments which are adding to costs and thus not very efficient?

xxvii.　What is the competency of staff in relation to the non-financial services (if applicable)?

xxviii.　Have you outsourced any activities? If so what are they?

xxix.　Are you satisfied with their performance?

xxx.　How is their performance vis-à-vis your own staff?

xxxi.　Are you satisfied with the quality of your staff?

Quality Parameters	HO	RO	Branch	Outsourced
Education Qualification				
Experience				
Skill				
Attitude				
If not what are the gaps				
Education Qualification				
Experience				
Skill				
Attitude				

Hiring

i.　What are the hiring practices followed in your organization?

☐ Advertisement ☐ Local recruitment ☐ Portals

☐ Campus ☐ Employee referrals ☐ Other referrals

☐ Consultants ☐ Others (Specify)

What is the selection process followed? (Tick whatever is applicable)

Techniques adopted	Senior Man-agement	Middle Man-agement	Junior Man-agement	HO Staff	RO Staff	Field level staff
Test						
Group discus-sion						
Interview by middle mgmt.						
Interview by senior mgmt.						
Interview by top mgmt.						
Interview by outside panel						

iii.   What are the criteria for assessment of candidates? How far the client level interface, client outcomes are considered in the assessment?

Competencies	Senior manage-ment	Middle manage-ment	Junior manage-ment	Staff	Field staff
Knowledge					
Skills					
Attitude					

iv.   Which positions are hired from the local area (from area of operations)? Are staffs hired from families of clients?

v.   Is there any restriction in taking candidates from neighbouring/competing MFIs?

vi.   What are the terms of appointment?

vii.   Do you conduct any reference check for appointing an employee?

viii.   How it varies for different level?

ix.   What are the recruitment policies for nearby MFIs?

x.   Do you share data on HR with the other MFIs?

xi.   What is the process of reference checking?

Induction and Training

i.   Do you have the practice of conducting induction training at the time of joining?

ii.   Is it held for all levels?

iii.   Details of induction training

Particulars	Senior Management	Middle Management	Junior Management	HO/RO staff	Branch Staff	Field staff
Duration						
Venue						
Faculty						
Methodology adopted						
Contents (code of conduct, customer relations, communication….)						
Key messages						

iv.   Do you conduct Training Need Analysis? If so, how you do it?

v.   Where do you find the training need gaps generally recurring?

vi.   What are the types of training made available to your staff?

Types of Training	Senior Management	Middle Management	Junior Management	HO/RO staff	Branch Staff	Field staff

vii.   Is it in alignment with the training need analyzed?

Details of Trg	Senior / middle mgmt	Jr mgmt	Branch staff	Field staff
Where training is conducted				
Who conducts trg.				
Methodology adopted				
Contents				
On the job trg.				
Designating mentors				

viii. Do you invite external trainers/resource persons in internal staff trainings? If yes give examples of trainers invited in the past.

ix. Do you depute staff for training to external training institutes/programmes? If so, to which institutes and at what level of staff? Give details of last three years

x. Do you conduct training impact evaluations?

xi. What is the methodology used for the purpose?

xii. How frequently is it conducted?

xiii. What is the training budget for training of staff? What is the ratio of the training expenditure to administrative expenditure?

xiv. Which of the staff handle client training? How are they trained? How is their effectiveness measured?

Responsible Financing

i. Does the organization have a staff code of conduct?

ii. How are the staff at various levels made aware of the code of conduct and how it should be implemented in practice?

iii. How do you ensure that they follow the same while discharging their duties?

iv. How do you ensure that the staff is conducting themselves responsibly towards clients?

v. How do you ensure that the staff is conducting their job with transparency and client takes informed decisions?

vi. What according to you are the indicators on responsible financing to be measured for this organizational structure?

vii. How does your organization fare against these indicators?

viii. What is the system put in place to test check the above?

ix. Do you have complaint redressal cell for handling complaints from clients? Who deals with it?

x. Do you get many complaints from the clients? If so what are the nature of such complaints?

xi. Does internal audit and risk management cover staff related aspects?

Salary Structure

    i.   What are the salary and benefit structures for different levels of Staff?

    ii.   Is Minimum wages act, PF Act, ESI Act etc., followed while structuring wages?/ What are the applicable minimum wages as per state laws? What are the other laws applicable to your organization relating to salaries and benefits to employees? How are these followed?

    iii.   What are the incentives available to the staff at different levels? How is the staff incentive designed? Which are the major drivers? Does this promote any behaviour which will cause client discomfort? Such as over selling, undue pressure for repayment?

    iv.   What are the other benefits provided for different levels- (such as profit sharing, health insurance, education loans etc)?

Components of compensation	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Staff	Field Staff
Salary range					
Field Allowances					
Incentives					
Conveyance facility					
Canteen facility/ subsidized food facility					
Loan facility					
Insurance facility					
Benefits to family and children					
Retirement benefits					
Other benefits life profit sharing, ESOP etc.					

    v.   What would be the highest salary paid and the lowest salary paid?

    vi.   Has any comparison been made with wage structure and facilities made available by other MFIs? If yes, when was this done? What were the key findings?

Performance Management System

    i.   Do you have a performance appraisal system?

    ii.   What are the guiding/underlying principles behind the design of the staff performance assessment system?

    iii.   What is the system being followed?

    iv.   What are the Key Performance Indicators and Key Performance Assessment Areas for various levels?

    v.   What is the weightage given to different Key Performance Assessment Areas?

    vi.   What is the weightage given to aspects of Attitudes of staff, like ethical behaviour, sensitivity to clients, colleagues etc

    vii.   What is the system of performance assessment of top management including CEO?

    viii. What is the weightage for social performance and responsible financing practices in their KPAs?

    ix.   Which are the areas where the performance appraisal is made use of?

Purpose	Key Performance Areas considered
Incentives	
Promotion	
Training	
Placement	
Others (specify)	

    x.   What are the KPAs which you feel could lead to indiscriminate lending or pressure on clients?

    xi.   How are these issues taken care of in the performance management system?

    xii.   Do you have a grievance handling system to tackle the problems arising out of expectations from Performance Appraisal?

    xiii. Has the performance assessment and incentive system been revised in the last three years? If yes, why? What changes were made?

Responsibility to Staff

i.   Do you have an HR manual?

ii.   What are the areas covered under the manual? Refer respective manual sections

- ☐ Service conditions
- ☐ Placement policy
- ☐ Transfer policy
- ☐ Promotion policy
- ☐ Wage structure
- ☐ Other allowances
- ☐ Leave Policy
- ☐ Travel Policy
- ☐ Incentive policy
- ☐ Safety policy
- ☐ Gender related policy
- ☐ Grievance Handling Procedure
- ☐ Training Policy & Procedure
- ☐ Performance Management System
- ☐ Policy related to issue of items such as PCs, workspace etc
- ☐ Conduct rules
- ☐ Discipline and Appeal Rules
- ☐ Any other?

iii.   In which languages is the HR manual and Operations manual available?

iv.   Are the staffs aware of the HR policy? At what stage is the staff oriented regarding the HR policy? How are any changes in the policy communicated to the staff at all levels?

v.   Does the HR Policy manual take care of various labour laws to be complied with?

vi.   What are the basic facilities made available to the staff? If branch staffs are expected to stay in the branch, how do they maintain work-life balance?

vii.   How hygienically are the offices maintained?/Does the organization policy prescribe minimum standards for facilities, hygiene etc. for Branch Offices? How are these monitored? Adequate expenses allowed for office maintenance?

viii.   How often is staff satisfaction measured? What are the major satisfaction points for the staff?

ix.   How often is the board apprised of staff-related matters? What aspects are reported to board? In the last year what decisions has the board taken regarding staff?

x.   What are the minimum and maximum salaries in the organization? What is the ratio of CEO salary to that of credit officer?

Policies specifically for the field staff

    i.   What are the facilities made available to the field staff to enable them to handle their work efficiently?

    ii.   How their security risks are taken care of?

    iii.   How their health concerns are taken care of?

Gender Sensitive Policies

    i.   Is there a conscious policy related to hiring and promotion of women in your organization? If so, what is the policy? Is the policy documented?

    ii.   How effective has this policy been?

    iii.   What are the various gender sensitive features incorporated in you HR policies – safety, conduct with women etc?

Disciplinary policies

Particulars	2010–11	2011–12	2012–13	Remarks
Disciplinary proceedings initiated				
– Frauds				
– Corruption				
– Minor Misconduct				
– Major Misconduct				
Disciplinary Actions taken				
– Frauds				
– Corruption				
– Minor Misconduct				
– Major Misconduct				
The punishment awarded				
Warnings				
Reduction in Financial Facilities				
Suspensions				
Dismissals/Termination				
Others				

    i.   Have you been forced to take the option of layoff? If so, how many were laid off?

    ii.   What is the policy related to retirement?

Grievance-handling

  i.   What is the grievance-handling system prevailing in the organization?

  ii.   What is the process?

  iii. Who is the competent authority to decide on the grievance-settlement?

  iv.   Is there a separate grievance handling system for looking into women's grievances?

  v.   How many grievances were handled during last three years?

Particulars	2010-11	2011-12	2012-13	Remarks
No. of grievances recd.				
Greivances related to performance mgmt. (No.s)				
Grievance related to facilities available in office (No.s)				
Grievance related to interpersonal relationships (No.s)				
Grievance related to gender discrimination (No.s)				
Sexual harassment				

Staff development and motivation

  i.   Apart from training what other strategies are adopted for staff development?

  ii.   What are the policies which you feel contribute to enhance the motivational drive in your staff?

  iii. How do you develop the staff to take up higher roles?

  iv.   Is there any career development plan for your staff and for what levels?

  v.   How many positions were filled up through promotion during last three years?

  vi.   Were there too quick promotions in order to meet the branch expansion and growth targets?

  vii. Was there adequate time and experience for the field staff to become branch staff and for branch staff to be supervisors?

No. of promotions	2010–11	2011–12	2012–13	Remarks
Field staff				
Other staff				
Jr. Mgmt.				
Middle Mgmt.				
Sr. Mgmt.				
Women				

viii.   Is the promotion policy resulting in motivation to the meritorious staff?

ix.   Any complaints received on this aspect?

x.   Do you have any awards and recognition policies for staff?

xi.   How many people left your organization during last three years?

No. of persons left	2010–11	2011–12	2012–13	Remarks
Field staff				
Other staff				
Jr. Mgmt.				
Middle Mgmt.				
Sr. Mgmt.				
Women				
Left after completing proper resignation procedures				
Absconded				

xii.   Is there any exit interviews conducted for staff leaving the organization? How is this information/data used?

xiii.   What are the major reasons for leaving?

xiv.   Have the staff that left your organization return back to join? If so, how many? What were the reasons given for rejoining?

xv.   How do you ensure your staff is sufficiently motivated and contributing to the growth of the organization?

xvi.   What are the major challenges you face in keeping your staff/team motivated?

xvii.   Has any structured review/assessment of the HR systems of the organization been

conducted internally or through external consultant? When? What were the key results? At what level was the report presented? Any specific actions taken, based on the report?

xviii. According to you, which are the higher happiness and satisfaction areas and lower happiness and satisfaction areas of your staff members? Please give reasons for your response—negative aspects as well as positive aspects.

xix. What are your special contributions to this organization?/What are your most significant achievements in the organization? How do you monitor/ensure whether your team is following client protection related practices in the field?

xx. What are the three areas which you feel need to be focused on to ensure team spirit and improving the productivity while keeping the mission and social objectives in mind?

xxi. How is your MFI unique? Do staffs understand this?

*****

Base Data of MFI

a) Name of MFI:

b) HO Address

      a. NO. of ROs/ ZOs

      b. No. of Branches

c) Formed under: NBFC MFIs/Section 25 Company/Society/Trust/Community-owned institutions

d) Model of financing JLGs/ SHGs/Individual

e) Details of business area:

f) Major Business indicators

Particulars	31 March 2011	31 March 2012	31 March 2013	Remarks
No. of Financial products with details				
No. of Non-financial products with details				
Turnover (in Rs.)				
Loans disbursed (in Rs.)				
Repayments (in Rs.)				
Operating Expense				
Administrative Expenses				
Total Assets				
Operating margin				
Profit (Loss)				
No. of clients				
No. of Active clients				
Clients per staff				
Clients per field staff				
Loans per field staff				
Recovery per field staff				

g) Staff Profile

Particulars	HO			RO/ZO			Branch			Outsourced	
	Sr. Mgmt.	Jr Mgmt.	Other staff	Sr. Mgmt.	Jr. Mgmt.	Other staff	Sr. Mgmt.	Jr. Mgmt.	Field staff	Field staff	Others
Educational qualification											
Non-metric											
Metric											
Graduate											
Post-graduate											
Specialists (CA, CS etc)											
Experience											
Intake of staff with previous experience in MFI											
Intake of staff without experience											
No. of staff from local area											
No. of staff from client families											
No. of staff who are non locals											
No. of female staff											
Average age of staff											
Average no. of years with your MFI											
Average training hrs. per person											

List of departments in the MFI with no. of staff (obtain as annexure)

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Questionnaire for Study of HR Practices in select MFIs

MFI level questionnaire for Heads of Other Depts./RO/Branch

Note: Questions in red for operational departments

General

    i.   Department/ RO/ Branch

    ii.   Name of person –

    iii.   Current Position –

    iv.   Previous positions held in the organization –

    v.   Month and year of joining –

    vi.   Who do you report to? Position of person

    vii.   Please describe your roles and responsibilities?

    viii.   How many persons report to you? – Number and positions

Mission Core values and Organizational culture

    i.   What is the mission of the organization and its shared values? What are the social goals?

    ii.   Has it been communicated to the employees in letter and spirit?

    iii.   Is there any reality checks conducted to see that the core values have been understood and followed by your team? If so how is it done?

    iv.   Can you comment on the organizational culture? Do you feel happy in this culture?

    v.   Do your team members contribute to planning through suggestions/ ideas? any recent examples for the same?

For operational dept./ Branches/ RO/ZO heads

    i.   What are your important products and services?

        a.   Financial Products

        b.   Non-financial Products

ii. What is the loan sanctioning process and sanctioning authority at different levels?

iii. What is the system of Delegation of various powers and has it been communicated down the line?

Manpower Planning

iv. Do you think there is Manpower planning in your organization? Are you associated with it? Do you feel the organization is adequately staffed to meet the organizational objectives and business levels envisioned in the next 3 years

☐ HO level   ☐ RO/ ZO level   ☐ Branch level

v. Is your dept./RO/ZO/ branch adequately staffed? If not where are the gaps? If excess where are the excesses?

vi. Does the present staffing ratio ensure that the front line staff spends adequate time in interacting with clients?

vii. Are you able to ensure that the front line staff are client oriented and adhere to organizational processes and code of conduct? How do you do it?

viii. Is there undue stress on staff due to the present staffing ratios?

ix. Are you satisfied with the quality of your staff?

Quality Parameters	HO	RO	Branch	Outsourced
Education Qualification				
Experience				
Skill				
Attitude				
If not what are the gaps?				
Education Qualification				
Experience				
Skill				
Attitude				

HIRING

i. Do you think your organization is able to attract right kind of talent? If yes, what attracts them and if not why they don't opt for your organization?

ii. Are you satisfied with the selection criteria—are the right persons being posted at the right place?

iii. Does the staff come from local areas of operation? Are staff at times hired from families of clients?

iv. Is there any restriction in taking candidates from neighbouring/competing MFIs?

Induction and Training

i. Have you been given induction training?

ii. Who gave it and what were the contents?

iii. Did you find it useful?

iv. Did all your staff undergo the induction training?

v. Is there a system of conducting Training Need Analysis? If so, how are you involved in it?

vi. Where do you find the training-need gaps generally recurring?

vii. What are the types of training made available to your staff?

viii. Is it in alignment with the training need analyzed?

ix. Are you aware of training impact evaluations conducted?

x. What is your experience regarding the usefulness of training to your staff?

Responsible Financing

i. Does the organization have a staff code of conduct?

ii. Are the staff aware of industry code of conduct and organization code of conduct?/ How do you ensure that the staff at various levels is made aware of the code of conduct?

iii. How do you ensure that the staff is conducting their job with transparency and client takes informed decisions?

iv. What is the system put in place to test check the above? How often do you monitor/ ensure whether your team is following client protection related practices in the field?

v. Do you have complaint redressal cell for handling complaints from clients?

vi. Do you get many complaints from the clients? If so what are the nature of such complaints?

vii.   Are the staffs aware of all the financial and non financial products offered by your MFI?

viii. How much importance is given to delivery of non-financial services?/ What are the responsibilities of each level of field staff in delivery of non-financial services? Is it well integrated? Does this create any behavioural issues in dealing with clients?

ix.   Do you conduct reality checks to ensure that they are followed? If so how?

Salary Structure

i.   Are you satisfied with the salary structure in your organization?

ii.   What are the incentives available to you and your staff?

iii. Do you think the incentives given are motivating your staff to give their best?

iv.   Does providing incentives promote any behaviour which will cause client discomfort? Such as over selling, undue pressure for repayment?

v.   What are the other benefits provided for different levels- (such as profit sharing, health insurance, education loans etc.)? Do you think what you are getting is comparable with other MFIs?

Performance Management System

vi.   Do you have a performance appraisal system?

vii. What are your Key Performance Indicators and Key Performance Assessment Areas?

viii. Are the KPIs and KPAs of your staff identified based on their Role and Responsibilities? If not what are the important missing KPIs and KPAs?

ix.   Is the weightage given to aspects of Attitudes of staff, like ethical behaviour, sensitivity to clients, colleagues etc appropriate?I If not why?

x.   Is the system able to recognize performers and motivate them? If not what are the lacunae?

xi.   What are the KPAs you feel may lead to indiscriminate lending or pressure in clients?

xii. How are these issues taken care of in the performance management system?

xiii. Do you have a grievance-handling system to tackle the problems arising out of expectations from Performance Appraisal?

Technology Usage

      i.   What is the level of usage of technology in your department/ RO/ZO/ Branches?

      ii.   Has technology helped in improving the efficiency?

      iii.   What are the areas which need to be computerized/technologically upgraded?

Responsibility to Staff

i.   Are you aware of any HR manual for the organization? Have you read it?

ii.   Do you feel it is comprehensive and takes care of all employee issues? If not what changes can be done?

iii.   Are you happy with the basic amenities made available to you and your staff

iv.   How hygienically the offices are maintained? What is the monitoring mechanism for the same?

v.   Are the safety aspects of staff taken care off? Is there a system in place to take care of staff safety?

vi.   How often staff satisfaction is measured? What are the major satisfaction points for the staff?

Women Employees: Gender-Sensitive Policies

vii.   How many women are there in your dept./ RO/ZO/ branch–how many field staff?

viii.   Is there a conscious policy related to hiring and promotion of women in your organization? If so, what is the policy?

ix.   How you take care of gender sensitive issues like their—safety, conduct with women etc.?

Grievance-Handling

  vi.   Are you aware that a grievance-handling system is prevailing in the organization?

 vii.   Do you think it is functional—Do you have any suggestion do you have to improve it?

viii.   **Is there a separate grievance-handling system for looking into Women's grievances?**

  ix.   **How many grievances were handled by you during the last year? What was the nature of these grievances?**

Staff Development and Motivation

i   What do you think are the policies that are helping staff to be motivated?

ii   What is the promotion process—are you satisfied with it—do you have any suggestions for improvement?

iii   Is there a conscious policy to develop your competencies to take up higher roles?

iv   Is there any career development plan for you?

v   Are there any Awards and recognition policies for staff? Have you received any awards/ recognition? Has any of your staff members received it?

vi   What were the major reasons for leaving?

vii   Has any staff satisfaction and feedback study been conducted? If so, are you aware of their findings?

viii According to you, which are the higher happiness and satisfaction areas and lower happiness and satisfaction areas of your staff members? Please give reasons for your response—negative aspects as well as positive aspects.

ix   How do you ensure your staff is sufficiently motivated and contributing to the growth of the organization?

x   What are the major challenges you face in keeping your staff/team motivated?

xi   What do you think is your leadership style?

xii   What is your vision for your Dept/ RO/ ZO/Branch in the next 3 years?

Questionnaire for Other Dept. Staff—Study of HR Practices in Select MFIs

1) Name

2) Designation

3) Date of joining the organization

4) Previous positions

5) Date of promotion if received

6) Date of birth

7) Qualification

HIRING

8) Are you from local area?

9) Is anyone from your family a client of this organization?

10) Experience before joining organization

11) What was the process of your recruitment?

12) How many interviews were conducted?

13) Who all were there in the interview panel?

TRAINING

14) Did you attend any induction programme on joining the organization?

15) Briefly describe the nature, process and content of the induction programme?

16) Who guided you to actually do the work? How long was the on the job training?

17) What are the other training programmes attended by you in the last one year?

18) Would you like to get more training? If so, on what aspects? IF no, why no?

19) How your organization comes to know that you need training?

JOB-RELATED

20) Who is your reporting officer?

21) What is your role and responsibility?

22) Are you happy with your roles and responsibilities? If yes what role makes you happy? If no, why?

23) Do you know whether your organization is running in profit or not?

24) How many internal clients are you handling?

25) What are the challenges you face in conduct of your job?

26) What are the powers you have which helps you to do your job efficiently?

27) What more of the powers could be delegated to you to make your job more effective?

28) What is the role of technology in your day to day work?

29) Do you use technology for your day to day operations like computers, internet mobiles etc?

30) In which way it is helping you to conduct your job efficiently?

31) Were you trained on these technologies?

SALARY AND OTHER FACILITIES

32) What are the kinds of support you get from your superiors?

33) What is your salary?

34) Do you get pay slips?

35) Apart from salary what are the other facilities that you get?

36) Is there a staff incentive system in your mFI? Give details

37) Do you get any incentive? What did you achieve to get the incentive? Did this achievement put any pressure on you?

38) What happens when you don't achieve target?

39) Do you get any medical facilities?

PERFORMANCE APPRAISAL SYSTEM

40) Is there a performance appraisal system in place?

41) Are you happy with the performance indicators through which your performance is assessed?

42) Do you have targets which you have to achieve? / What are the different targets assigned to you and at what frequency?

43) What are the indicators which assesses your performance?

44) Do you know the weightages being given to various Key Performance Assessment Areas?

45) Are you aware that weightage is also given for Attitudes like ethical behaviour, sensitivity to clients, colleagues etc.

46) How happy you are with your performance?

PROMOTION

47) Are you happy with the promotion policy? / Is there a promotion policy applicable for your profile?

48) Are you aware of the criteria based on which promotions are given?

49) Do you think merit is given due importance while promoting people?

50) Any suggestions on improving the policy?

MISSION, SHARED VALUES AND ORGANIZATION CULTURE

51) What do you think is the mission of your organization?

52) What do you think is the shared values of your organization?

53) How did you come to know about it?

54) Do you think it's a practical values system?

55) Do you think everybody from top to bottom follows it?

56) Are you aware of a code of conduct for staff for interaction with clients and other aspects?

57) Who has taught you these codes?

58) What are the main codes related to client interaction?

59) Why do you think these codes have been put in place?

RESPONSIBILITY TO STAFF

60) Is there an HR Manual for the organization giving details of all HR Policies? Have you seen it and read it?

61) Does the organization follow the policies mentioned in the HR manual?

62) Do you think the policies put in place takes care of majority of your needs?

63) Do you have any grievance handling system for staff?/What would you do if you had to report a complaint to the organization management?

64) Have you ever complained about anything in the organization and your grievance settled?

65) Are the office maintained hygienically with basic amenities?

66) Is there any specific policy for women?

67) Do you think they face different type of problems and need support accordingly?

68) Is the disciplinary process in your organization effective?

69) Do meritorious people get recognition and those who are unethical get punished?

70) How secure do you feel in this organization?

71) Has anybody been laid off in this organization? If so, why do you think it happened?

72) Do you think many people are leaving this organization?

73) Why do you think people leave this organization?

74) What is the policy related to retirement?

75) Do you think there is any career development plan in your organization? / What is your future career plan? How do you think the organization is able to/will be able to support your plan?

76) Are you trained specifically to take up higher roles before promotion?

ORGANIZATION CULTURE

77) What do you think about the organistional culture? Does it encourage suggestions and listen to ideas from people who are in the field?

78) Do you and your fellow colleagues discuss feedback and ideas on the organization's products, practices, competition etc.? How are you able to share these with the management?

79) Do you feel motivated to give your best in the organization?

80) What is it that you like best about the organization?

81) What do you think of the leadership in the organization?

82) Do you feel happy coming to office and doing what you are required to do?

83) Which was your happiest day in this organization

84) What are the things you don't like about this organization? Have you told anybody about this?

85) Do you interact with staff from other MFIs?

86) Do you think the facilities made available are comparable with other MFIs and other similar industries?

87) What do you think are the systems prevalent there which could be adopted in your organization?

88) What are the good aspects of your organization vis-à-vis other MFIs?

*****

Questionnaire for Field Staff Study of HR Practices in select MFI

1) Name

2) Designation

3) Date of joining the organization

4) Previous positions

5) Date of promotion if received

6) Date of birth

7) Qualification

HIRING

8) Are you from local area?

9) Is anyone from your family a client of this organization?

10) Experience before joining organization

11) What was the process of your recruitment?

12) How many interviews were conducted?

13) Who all were there in the interview panel?

TRAINING

14) Did you attend any induction programme on joining the organization?

15) Did the training programme cover the following?
    a) communication with clients, b) behaviour with clients – dos and don'ts, c) how to market the products and services – dos and don'ts, d) punishments in case of misbehaviour,

16) What were the other contents? How it was taught (role play etc.)?

17) Who guided you to actually work in the field? How long was the on the job training?

18) What are the other training programmes attended by you in the last one year?

19) Would you like to get more training? If so, on what aspects? IF no, why no?

20) How your organization comes to know that you need training?

JOB-RELATED

21) Who is your reporting officer?

22) What are the different products and services you are dealing with?

23) What are the non financial products that you deal with?

24) Which is easier to handle—financial products or non financial products and why?

25) Have you been given specific training to handle these products?

26) Are you happy with the business model? Are you comfortable with the nature of products and services and the associated delivery processes? If no, why?

27) Do you know whether your organization is running in profit or not?

28) How many clients are you handling? How many clients were you handling last year?

29) What is the drop-out rate?

30) Are you able to understand what clients' need? Do you have enough time for such interaction?

31) How much is the loan disbursed through you during 2012–13?

32) How much was the recovery during 2012–13?

33) How many people defaulted during 2012–13? Did you enforce joint liability mechanism? If other group members repay on behalf of a defaulter do you report this formally to office?

34) Who sanctions the loans?

35) What are the powers you have which helps you to do your job efficiently?

36) What more of the powers could be delegated to you to make your job more effective?

37) What is the role of technology in your day to day work? Do you use technology for your day to day operations like computers, internet mobiles etc.?

38) In which way it is helping you to conduct your job efficiently?

39) Were you trained on these technologies?

RESPONSIBLE FINANCING

40)   What are the challenges you face in the field?

41)   What are the things you have to keep in mind while interacting with the clients?

42)   Do you think that if you are transparent you will be able to get clients? / What do you do to retain your clients and keep them happy?

43)   Do you give full information on the product before selling?/What are the different information/details that you provide to clients about the MFI, products and processes?

44)   Why do you think the client comes to you for services and not take it from banks or other MFIs?

45)   Are the clients able to take informed decisions?

46)   How do you ensure the recovery comes on time?

47)   How often do you visit the clients for relationship building?

48)   Do you know that there are some codes of conduct while interacting with clients? / Does your organization have a code of conduct for staff for interaction with clients and other aspects?

49)   Who has taught you these codes?

50)   What are the main codes related to client interaction?

51)   Are you able to adhere to all these codes?

52)   Are these codes practical?

53)   Why do you think these codes have been put in place?

SALARY AND OTHER FACILITIES

54)   What are the kinds of support you get from your superiors?

55)   What are the physical facilities you get for going to the field?

56)   What is your salary?

57)   Do you get pay slips?

58) Apart from salary what are the other facilities that you get?

59) Is there a staff incentive system in your mFI? Give details

60) Do you get any incentive?

61) What did you achieve to get the incentive? Did this achievement put any pressure on you? Did it create any issues with clients?

62) What happens when you don't achieve target?

63) Do you get any medical facilities?

64) Are your security aspects taken care of adequately, while in field? / Are there any safety and security issues associated with your work responsibilities? If yes, what are these?

65) Are there policies related to these issues in the organization?

66) If you are staying in the Branch Office, how do you balance work and life?

PERFORMANCE APPRAISAL SYSTEM

67) Is there a performance appraisal system in place?

68) Are you happy with the performance indicators through which your performance is assessed?

69) Do you have targets which you have to achieve? / What are the different targets assigned to you and at what frequency?

70) Is there target for recovering loans from the clients?
71) What are the indicators which assesses your performance?
72) Do you know the weightages being given to various Key Performance Assessment Areas?
73) Are you aware that weightage is also given for Attitudes like ethical behaviour, sensitivity to clients, colleagues etc
74) How happy you are with your performance?

PROMOTION

75) Is there a promotion policy applicable for your profile? Are you happy with the promotion policy?

76) Are you aware of the criteria based on which promotions are given?

77)   Do you think merit is given due importance while promoting people?

78)   Any suggestions on improving the policy?

MISSION AND SHARED VALUES

79)   What do you think is the mission of your organization?

80)   What do you think is the shared values of your organization?

81)   How did you come to know about it?

82)   Do you think it's a practical values system?

83)   Do you think everybody from top to bottom follows it?

RESPONSIBILITY TO STAFF

84)   Is there an HR Manual for the organization giving details of all HR Policies? Have you seen it and read it?

85)   Does the organization follow the policies mentioned in the HR manual?

86)   Do you think the policies put in place takes care of majority of your needs?

87)   Do you have any grievance handling system for staff? / What would you do if you had to report a complaint to the organization management?

88)   Have you ever complained about anything in the organization and your grievance settled?

89)   Are the office maintained hygienically with basic amenities?

90)   Is there any specific policy for women?

91)   Do you think they face different type of problems and need support accordingly?

92)   Is the disciplinary process in your organization effective?

93)   Do meritorious people get recognition and those who are unethical get punished?

94)   How secure do you feel in this organization?

95)   Has anybody been laid off in this organization? If so, why do you think it happened?

96)   Do you think many people are leaving this organization?

97) Why do you think people leave this organization?

98) What is the policy related to retirement?

99) Do you think there is any career development plan in your organization? / What is your future career plan? How do you think the organization is able to/will be able to support your plan?

100) Are you trained specifically to take up higher roles before promotion?

ORGANIZATION CULTURE

101) What do you think about the organizational culture? Does it encourage suggestions and listen to ideas from people who are in the field?

102) Do you and your fellow colleagues discuss feedback and ideas on the organization's products, practices, competition etc? How are you able to share these with the management?

103) Do you feel motivated to give your best in the organization?

104) What is it that you like best about the organization?

105) What do you think of the leadership in the organization?

106) Do you feel happy coming to office and doing what you are required to do?

107) Which was your happiest day in this organization?

108) What are the things you don't like about this organization? Have you told anybody about this?

109) Do you interact with staff from other MFIs?

110) What do you think are the systems prevalent there which could be adopted in your organization?

111) Do you think the facilities made available are comparable with other MFIs and other similar industries?

112) What are the good aspects of your organization vis-à-vis other MFIs?

Annexure III

List of Staff Interviewed			
Sl. No.	**Name of Institution**	**Name of Staff Interviewed**	**Designation**
1	Adhikar	Md. Amin	MD
		Mr Amrjit Mohanty	Manager (HR)
		Mr Lingaraj Sahu	Manager (Operations)
		Mr Nihar Ranjan Swain	Auditor
		Mr. Sharada Prassad	Area Manager
		Mr. Gautam Sahu	Branch Manager
		Mr. Monoj Kumar Das	Credit Officer
		Mr.Prafulla Behera	Branch Accountant
2	Annapurna	Ms. Medha Purao Samant	Chair Person
		Ms Ujjwala	Senior Manager
		Ms. Sujata Bhat	Secretary Board
		Ms. Anita	Community Service Mananger
		Ms Sheetak Kadam	Branch Manager
		Ms Anjali	Loan & Saving Officer
		Ms Rupali Sawant	Loan & Saving Officer
		Ms Shubhangi Raut	Loan & Saving Officer
		Ms Lata Shilvante	Service Executive
3	Arohan	Mr. Manoj Nambiar	MD
		Mr. Shubhankar Sengupta	CEO
		Mr Ujwal Kundu	Area Manager
		Ms. Shushmita	Area Manager t HR
		Mr. Saurab	AM (Internal Audit)
		Mr Praveen	Executive (Int Audit)
		Mr. Sanjay Chaudhary	Business Executive
		Ms. Tanya	Operation Manager
		Mr. Abhijit Saha	Branch Head
		Ms. Masuni Burman	Field Officer
		Ms. Jubily Khatun	Field Officer
		Mr. Sukhdeb Das	Field Officer
		Mr. Suraji	Field Officer
		Mr. Surojit	Field Officer
		Mr. Samim	Field Officer
4	Cashpor Micro Credit	Mr. Mukul Jaiswal	MD
		Mr. Niraj Kumar Sinha	Head (IAD)
		Mr. Pyare Lal	Dy. Head (IAD)
		Mr. Sanjay Srivastava	HR Head
		Ms Swati	HR Dept
		Ms. Aditi Singh	HR Dept

		Mr. Naveen Sharma	Training Dept
		Ms Yogita Singh	Training Dept
		Ms. Sushmita Roy	Training Dept
		Mr. Bharat Lal Srivastava	Training Dept
		Ms. Ujma Begum	Training Dept
		Mr. Ranand Yadav	Area Manager
		Mr. Neeraj Kumar	Branch Manager
		Mr. Sanjay Kumar	CM
		Mr. Naresh Ram	CM
		Mr. Ajit Kumar Yadav	CM
		Mr. Prakash Srivastava	Management Trainee
		Mr. Shailendra Kumar	TCM
5	Chaitanya India Financial Services Pvt Ltd	Mr. Anand Rao	MD
		Mr. Samit	Director
		Mr. Vasudeva S.D	Finance Controller
		Mr. Jignesh Bhalani	IT Manager
		Mr. Rakesh Mattar	Accounts . Manager
		Mr. Vinayak Patil	Reg. Mgr.
		Mr. Vishwanath	Branch Manager
		Ms. Shilpa	Admin Asst.
		Mr. Saranappa	CO
		Mr. Somasekhar	CO
6	Equitas	Mr. P.N. Vasudevan	MD
		Mr. Raghavan HKN	COO
		Mr. S. Murlidharan	Head HR
		Mr. Sethupati	Head – CPC
		Mr. N Srinivasan	DGM HR
		Mr. Ganesh Kumar	Regional Training Manager
		Mr. Sivasubramanium	Dy. Area Manager
		Mr. P Kannan	Cluster Manager
		Mr. R Devendran	Cluster Manager
		Mr. Paramaguru.V	Branch Manager
		Mr. Manishwaran	Branch Manager
		Ms. Rajalakshmi	Customer Support Officer
		Ms. Shanthi S	Customer Support Officer
		Mr. R. Chandrashekhar	Senior Relation Officer
		Mr. Jaya Kumar M.	Senior Sales Officer
		Mr. Jaya Kumar S.	Senior Sales Officer
		Mr. Muthu Pandiaraja	Sales Officer

		Mr. Dharmaraj	Sales Officer
		Mr. Bala Murugan	Relationship Officer
		Mr. Deepak Kumar	Relationship Officer
		Mr. Jagan	Relationship Officer
		Mr. Anbu	Relationship Officer
		Mr. L Jaiprakash	Relationship Officer
7	ESAF Micro Finance	Mr. K. Paul Thomas	CMD
		Mr. George Thomas	Director (Ops)
		Ms. Mereena Paul	General Manager – HR
		Mr. George K. Jhon	General Manager (Ops)
		Mr. Jacob Samuel	Director Programmes
		Mr C.P. Simon	Head - Audit
		Mr. Soy	Dy. Chief Mgr – Audit
		Ms. Sandhya	Research & Development Dept.
		Mr. J. Clement Selvaraj	Sr Mgr (L&D)
		Mr. Skaria Baby	Sr. Manager
		Ms. Selvi Babu	Asst Mgr (Trg)
		Ms. Shiela Bijoy	Area Manager
		Mr. Shibu Vargheese	Branch Manager
		Ms. Lissy Daniel	Asst Branch Manager
		Ms. Rema Mohan Das	CO
		Ms. Shinitha	CO
		Ms. Ambika	CO
		Ms. Shuby	CO
8	Fusion	Mr. Devesh Sachdev	CEO
		Mr. Lalit Mishra	AVP- HR
		Mr. Ankur Singhal	Head- Strategy, Innovation
		Mr. Md Modaswer Hossain	Manager Ops
		Mr. Rajkumar sharma	Senior Branch Manager
		Ms. Renu	Branch Manager
		Ms. Rasheeda	Branch Manager
		Ms. Madhuri	RO
		Ms. Shailaja	RO
		Ms. Rashiha Khatoon	RO
9	Grama Vidiyal	Mr. Devaraj	CMD
		Mr. Pattabhiraman	President
		Mr. Arjun Muralidhara n	CEO
		Mr. Senthil Nathan	General Manager (Operations)
		Mr. Subheesh Kumar	General Manager (Operations)
		Mr. Praveen	General Manager (Internal Audit)
		Mr. Satish Devaraj	Head - Trg/CSR & Rectt.

		Mr. M.V. Subramanayam	Head HR
		P.P Jerry Vergheese	Sr Mgr – HR
		Mr. Ravi Kumar	Manager (Training)
		Mr. V. Senthl	HR
		Mr. Perumal	Networking & Federation
		M. Ramesh Rajamani	IT
		Mr Maraippan	Finance
		Mr. Subhaiah	Admn.
		Mr. A. Singarayar	Div Mgr
		Mr. Sathiya Narayanan.P	Regional Manager Trichy
		Mr. Nelson J.	Regional HR Trichy
		Mr. Sathish Kumar T.	Branch Manager
		Mr. M. Ramesh	Branch Manager
		Mr. S. Anandam	Accouts Manager
		Ms. Sivakala	Accouts Manager
		Mr. Mahakrishnan	FM
		Mr. Pukalenthi	FM
		Mr. S. Mahalingam	FM
		Ms. R. Chitra	FM
		Ms. Thenmozhi	FM
		Mr. Poovindran	FM
		Mr. Karthikey	FM
		Mr. Gopalan	FM
		Ms. Bhoovaneshwari	FM
10	GFSPL	Mr. Suresh Krishna	MD
		Mr. Uday Kumar	CEO
		Mr. Gururaja Rao	VP(Internal Audit & Risk Management
		Mr. Kishore Kumar	AVP Product Operations
		Mr. Amritesh Shukla	DGM HR
		Ms. Marina	AGM (Pay Roll & Compliance)
		Ms. Reshma	Training Dept.
		Ms. Sree Vidya	Regional HR
		Mr. Raju R.V.	Asst Area Manager
		Mr. Mahadev	Kendra Manager
		Mr. Manju M.	Kendra Manager
		Mr. Gurupala Swamy	Kendra Manager
		Mr. Manu K.M.	Kendra Manager
		Mr. Ananda Raj	Kendra Manager
		Mr. Nisarga S.R.	Kendra Manager

11	Grameen Sahara	Mr. Sarat Chandra Das	MD
		Mr. S.S. Mohan	Manager-Operations
		Mr. Prabhat Kalita	Advisor (HR)
		Mr. Pradeep	Internal Auditor
		Mr. Mitul	Internal Auditor
		Mr. Dilip Kumar Das	Area Manager
		Mr. Pup K. Das	Branch Manager
12	Janalakshmi	Mr. V.S. Radhakrishnan	M D
		Mr. Trishuli	Head – HR
		Mr. Cecil	Vice President (Trg)
		Mr. K.V. Kustagi	Vice President (Operations)
		Mr. H. Satyamurthy	Audit Head
		Mr. Ramesh L.	Dy Audit Head
		Ms. Geeshma	HR Executive
		Mr. Nageshappa	Cluster Head
		Mr. Rangaswamy	Branch Manager
		Ms. Renuka	Area Head
		Mr. Parthibhan	Area Head
		Mr. Anoop S.K.	Branch In-charge
		Ms. Sushama	Operation Asst cum Cashier
		Mr. Shiva Kumar	CREM
		Mr. Nitin	CRES
		Mr. B. Srinivas	CRES
		Mr. Sriram Gawda	CREC
13	Madura Finance	Mr. M. Narayanan	CEO
		Mr L. Narayanan	Regional Manager
		Mr. L.N. Meyyappan	Regional Manager
		Mr. Manoharan	AGM (Training)
		Mr. Kamalesh	Manager (talent Acquisition)
		Mr. M. Kumarappan	Audit Manager
		Ms. M. Pushpam	Cluster Manager
		Ms. M. Thenkodi	MWA
		Ms. T. Adilakshmi	MWA
		Ms. U. Meenakshi	MWA
		Ms. V. Meghada	Computer Asst

14	Sahayog	Mr. Amul Urdhwareshe	CEO
		Mr. Anand Patidar	ED – Operations
		Mr. Praveen	Head – Operations
		Mr. V.R. Verulkar	Audit Head
		Mr. Surya Prakash Mall	CTO
		Ms. Manisha Salunke	HR Executive
		Mr. Naveen	Area Manager
		Mr. Vijay Bandewar	Asst Branch Manager
		Mr. Amit Kant	MFO
		Mr. Brajesh Athiya	Area Asst
		Mr. Rakesh Kumar Ahirwal	MFO
		Mr. Manish Upadhya	MFO
		Mr. Radhey Shyam Dhankar	MFO
15	Saija	Mr. S.R. Sinha	CEO & MD
		Mrs. Rashmi Sinha	
		Mr. Vijay Kumar	
		Mr. Pravin Kumar	
		Ms. Nishi Sinha	Manager, HR and Admin
16	Samhita	Ms. Praseeda	CEO
		Mr. Pallav Sarkar	Head (Operations)
		Mr. Azad Jain	Director (Finance)
		Mr. Abhishek Patro	Manager (Trg)
		Ms. Bharathi	AM(HR)
		Mr. Kamal	Unit Manager
		Ms. Lekha Khairnar	Branch Manager
		Ms. Radha	Trainee Branch Manager
		Mr. Afak Khan	Sr MFE
		Ms. Narmada Viswakarma	SMFE
17	Satin Creditcare	Vivek Tiwari	Chief Operating Officer
		Ajay Sharma	Head HR& Training
		Shirish Chandra Panda	Head Internal Audit & Risk Management
		Ms. Preeti Jha	Deputy Manager, SPM Dept.
		Mr Bhuvanesh Dubey	Regional manger
		Mr. Praminder Kumar	Branch Manager
		Mr. Deepak	CSO
		Mr. Upender Singh Yadav	CSO
		Mr. Ranjit Kumar Kherar	CSO
		Mr. Yashvir Singh	CSO

18	SMCS	Mr. Parshuram Nayak	Whole Time Director
		Ms. Amiya Balapatnayak	Head (Operations)
		Mr. B.C. Khuntia	Internal Auditor
		Mr. Venudhar Sahoo	Assistant Chief Credit Officer
		Ms. Suryakanti Nayak	Branch Manager
		Mr. Sujaya K. Chaudhury	Credit Officer
		Ms. Holi Das	Office Assistant
19	SMILE	Mr. Satya Murthy	CEO & MD
		Mr. V T. Prabhakaran	GM Finance
		Mr. V. Babu Ram	GM Ops
		Mr. Raja Raman	DGM (Internal Audit)
		Mr. Shiva Kumar	AGM (System)
		Mr. Sumanth Kumar	AGM HR/Admin
		Mr. Johnson	Chief Mgr (Trg)
		Mr. Krishnan	Chief Mgr (Expansion)
		Mr. Dharma Rajan	Chief Manager
		Mr. K.Rajan	Div. Manager
		Mr. Prabhu Milton Jim	Branch Manger
		Mr. Shivasakthi RV	Branch Manger
		Mr. Anbu raj	FDO
		Mr. K Sudhakar	FDO
		Mr.U. Paun Raj	FDO
		Mr. C Eswaran	FDO
20	Suryoday	R. Bhaskar Babu	CEO & Director
		Mr. Vikranth Bhagath	COO
		Ms. Shewtha	AVP - HR Initiatives
		Ms. Vrushali	HR Department
		Mr. Wasim Pathan	Sr. Area Manager
		Mr. Imran Dawood	Branch Manger
		Mr. Amith Kale	Audit Officer
		Mr. Abdul Jaleel	Relationship Officer
		Mr. Dinesh	Relationship Officer
		Mr. Prashanth Khare	Relationship Officer
		Mr. Manoj	Relationship Officer

21	Swadhaar	Mr. Rajaram Kamath	CEO
		Ms. Preeti	CEO Swadhar FinAccess
		Mr. Abhishek Agrawal	CFO
		Mr. Mukesh Manjkhola	GM, Operations
		Ms. Venkateshwara Prabhu	GM, HR & Product Development
		Mr. Premal Brahmbhatt	Audit
		Mr. Atanu Bhaumik	Head IT
		Mr. Jyoti Gujaran	AGM HR
		Mr. Nashanth Guptha	Asst GM (commercial)
		Mr. Arun Tiwari	Area Manager
		Mr. Naveen Kumar Shukla	Branch Manager
		Mr. Yeshwanth	Loan Officer
		Mr. Sanjay Arjun Gavas	Loan Officer
		Naval Kishore Salvi	Loan Officer
		Mr. Arjun Govind Roge	Loan Officer
		Mr. Sunil Jaiswal	Loan Officer
		Ms. Sheetal Sawant	BOE
		Ms. Sheetal Lade	Special Trainer (Airtel)
22	RGVN	Mr Rupali Kalita	CEO
		Mr SP Phukan	Head (Internal Audit and HR)
		Mr T Goswami	Zonal Manager
		Mr Chandan Deka	Area Manager
		Mr Biraj Dutta	Branch Manager
23	Ujjivan	Mr. Samit Ghosh	CEO
		Mr. Vittal Rangan S	HR Head
		Mr. A P Alagarsamy	Audit Head
		Mr. Suresha C	Social Perf. M
		Ms. Chandraprabha	Regional HR Manager (Kolkotta)
		Ms. Manju Nandy	Distribution Manager
		Mr. Narasimha	Programme Manager
		Mr. Rajat	Programme Manager
		Mr. Raghunandan	CRM (Branch Manager)
		Ms. Samnath Karan	CRM (Branch Manager)
		Ms. Vijaya BV	Senior CRS
		Ms. Radha	CRS
		Ms. Leelavati	CRS
		Mr. Naveen Kumar H	CRS
		Ms. Hemavati	CCR
		Mr. Prasanjith Ghosh	CCR
		Mr. Nethranath	Cashier
		Mr. Ranjit Pal	Cashier

24	Utkarsh	Mr. Govind Singh	CEO
		Mr. Trilok Nath	Director & COO
		Mr. Sulab Jain	Head - HR & Trg
		Mr. Rahul Dey	Head MEC & IT
		Mr. Vivek Kashyap	Head - Internal Audit
		Mr. S.K. Mishra	Risk & Compliance
		Mr. Sanjay Kumar Mishra	Audit Regional Manager
		Mr. Ajay Pratap Singh	Area Manager
		Mr. Brijesh Pratap Yadav	Sr. Branch Manager
		Mr. Govind Prasad	CO
25	Village Financial Services	Mr. Kuldip Maity	CEO & MD
		Mr. Jitendra Naik Mahato	Manager(Internal Audit)
		Ms. Sasknati Samanto	HR Executive
		Mr. Shubham Vineet	Chief Zonal Manager
		Mr. Shankar Prasad Chattopadhya	Area Deputy Manager
		Mr. Surabh Dey	Branch Manager
		Mr. Arijit Kundu	Transaction Assistant
		Mr. Bidhan Howlader	Credit Assistant
		Mr. Shyamasri Dalui	Credit Executive
		Mr. Sapan Pradhan	CSR
		Mr. Anup Dowavi	CSR
		Mr. Priyavroto Deyashi	CSR
		Mr. Rajkumar Gayan	CSR
		Mr. Utpal Kumar Das	CSR
		Mr. Rajkumar Sadhukhan	CSR

Annexure IV

List of Stakeholders Interviewed

Sl No	Name	Organization
1	Mr Saneesh Singh	Dia Vikas
2	Ms Revathy	MCRIL
3	Mr Vivek Malhotra	SIDBI
4	MrSwapnilkant Neeraj	IFC
5	Ms Pallavi	MFIN
6	Mr Priyanshu Gupta	Lok Capital
7	Ms Madhavi	Oiko Credit
8	Mr Aseem Gandhi	Ratnakar Bank
9	Mr Hariharan	Yes Bank
10	Ms Yamini	Micro Save
11	Ms Hema Bansal	ACCION
12	Mr Balaji Iyer	Standard Chartered Bank

Annexure V

List of Secondary Research Conducted

1. Women's World banking, 2007, Building Human Resources Capacity: Developing Competencies for Microfinance Institutions, WWB, New York

2. Way Forward: Future of Financial Services for the Poor, http://www.microsave.net/files/pdf/Future_of_Microfinance_by_Graham_Wright.pdf

3. Capacity Building – Needs and Challenges in India, http://www.microsave.net/files/pdf/IFN_11_Capacity_Building_Needs_and_Challenges_in_India.pdf

4. Being Strategic about Human Resource Management, http://www.microsave.net/files/pdf/BN_75_Being_Strategic_about_HR.pdf

5. Recruiting and Retaining a Large Workforce – Lessons from the BPO Sectorhttp://www.microsave.net/files/pdf/BN_76_Recruiting_and_Retaining_A_Large_Workforce_Lessons_from_the_BPO_Sector.pdf**IFC, Grameen capital, Micro save.**

6. Great Place to Work: http://www.greatplacetowork.in/best-companies/indias-best-companies-to-work-for

Region-wise Category-wise Branches in the MFIs studied

Sl No.	Name of institution	Rural				Semi urban				Urban				Total				Growth rate in %		
		2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)	Growth in 2011-12 over 2010-11	Growth in 2012-13 over 2011-12	Growth in 2013-14 (upto Sept) over 2012-13
1	Adhikar	32	28	28	28	8	8	8	8	5	5	5	5	45	41	41	41	-9%	0%	0%
2	Arohan	0	0	25	25	0	0	5	5	0	0	36	34	0	0	66	64	0%	0%	-3%
3	Grameen Sahara	8	8	10	10	1	1	1	1	4	4	4	4	13	13	15	15	0%	15%	0%
4	RGVN	53	54	73	73	23	24	16	16	16	17	17	18	92	95	106	107	3%	12%	1%
5	Saija	0	0	0	0	0	0	0	0	4	7	7	7	4	7	7	7	75%	0%	0%
6	SMCS	11	11	11	11	0	0	0	0	5	5	5	5	16	16	16	16	0%	0%	0%
7	VFS	55	56	58	58	11	11	13	13	27	29	30	30	93	96	101	101	3%	5%	0%
		159	**157**	**205**	**205**	**43**	**44**	**43**	**43**	**61**	**67**	**104**	**103**	**263**	**268**	**352**	**351**	**2%**	**31%**	**0%**
	East Region																			
8	Cashpor	239	216	226	239	0	0	0	0	37	48	38	31	276	264	264	270	-4%	0%	2%
9	Fusion	9	15	18	38	0	0	0	0	4	4	3	3	13	19	21	41	46%	11%	95%
10	Sahyog	9	10	11	15	0	0	0	0	7	16	18	28	16	26	29	43	63%	12%	48%
11	Samhita	23	18	20	26	15	15	16	16	8	8	8	9	46	41	44	51	-11%	7%	16%
12	Satin Creditcare	48	35	47	57	60	55	62	68	30	29	35	42	138	119	144	167	-14%	21%	16%
13	Utkarsh	42	60	82	90	10	15	20	22					52	75	102	112	44%	36%	10%
		370	**354**	**404**	**465**	**85**	**85**	**98**	**106**	**86**	**105**	**102**	**113**	**541**	**544**	**604**	**684**	**1%**	**11%**	**13%**
	North Region																			

#	Institution																			
14	Chaitanya	8	14	23	23	0	0	0	0	0	0	0	0	8	14	23	23	75%	64%	0%
15	Equitas	0	0	0	0	0	0	0	0	293	265	286	313	293	265	286	313	-10%	8%	9%
16	ESAF	118	116	120	123	12	12	12	12	20	20	16	18	150	148	148	153	-1%	0%	3%
17	Grama Vidiyal	123	120	98	96	124	122	114	112	80	79	73	73	327	321	285	281	-2%	-11%	-1%
18	GFSPL	136	111	112	112	0	0	0	0	79	57	49	49	215	168	161	161	-22%	-4%	0%
19	Janalakshmi	0	0	0	4	0	0	0	0	67	66	96	99	67	66	96	103	-1%	45%	7%
20	Madura MFI	112	111	95	100	34	32	32	30	16	14	14	16	162	157	141	146	-3%	-10%	4%
21	SMILE	76	82	84	85	34	35	34	35	33	33	33	32	143	150	151	152	5%	1%	1%
22	Ujjivan	0	0	0	0	236	192	190	194	123	107	109	132	359	299	299	326	-17%	0%	9%
	South Region total	**573**	**554**	**532**	**543**	**440**	**393**	**382**	**383**	**711**	**641**	**676**	**732**	**1724**	**1588**	**1590**	**1658**	**-8%**	**0%**	**4%**
	South Region																			
23	Annapurna	0	0	0	0	0	0	0	0	13	14	15	16	13	14	15	16	8%	7%	7%
24	Suryoday	0	0	0	0	0	0	0	0	31	27	46	52	31	27	46	52	-13%	70%	13%
25	Swadhaar	0	0	0	0	0	0	0	0	38	39	24	42	38	39	24	42	3%	-38%	75%
	West Region total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**82**	**80**	**85**	**110**	**82**	**80**	**85**	**110**	**-2%**	**6%**	**29%**
	West Region																			
	GRAND TOTAL	**1102**	**1065**	**1141**	**1213**	**568**	**522**	**523**	**532**	**940**	**893**	**967**	**1058**	**2610**	**2480**	**2631**	**2803**	**-5%**	**6%**	**7%**

Annexure VII

Number of Staff Broad Category-wise in MFIs studied

Sl No.	Name of institution	2010-11					2011-12					2012-13					2013-14 (Upto Sept)				
		Trainees	Field officers	Field supervisors	HO Staff and other staff	Total	Trainees	Field officers	Field supervisors	HO Staff and other staff	Total	Trainees	Field officers	Field supervisors	HO Staff and other staff	Total	Trainees	Field officers	Field supervisors	HO Staff and other staff	Total
1	Adhikar	6	157	69	41	273	8	131	61	37	237	13	119	58	28	218	19	114	52	26	211
2	Arohan	184	587	152	74	997	0	455	100	50	605	20	354	84	53	511	36	270	79	54	439
3	Grameen Sahara	37	17	15	10	79	12	32	15	17	76	29	27	16	15	87	11	40	16	19	86
4	RGVN	66	265	90	140	561	40	256	96	149	541	62	271	106	172	611	57	316	103	173	649
5	Saija	23	38	13	24	98	0	46	11	15	72	10	67	18	25	120	2	67	21	27	117
6	SMCS	0	50	44	22	116	0	50	51	22	123	0	57	40	23	120	0	57	45	24	126
7	VFS	92	593	120	34	839	19	581	116	37	753	25	570	116	32	743	4	556	112	33	705
		408	**1,707**	**503**	**345**	**2,963**	**79**	**1,551**	**450**	**327**	**2,407**	**159**	**1,465**	**438**	**348**	**2,410**	**129**	**1,420**	**428**	**356**	**2,333**
8	Cashpor	0	1,071	439	111	1,621	74	792	383	157	1,406	131	879	392	164	1,566	251	912	402	198	1,763
9	Fusion	10	50	19	16	95	8	68	28	19	123	31	82	31	24	168	15	166	61	38	280
10	Sahyog	43	35	4	26	108	102	98	24	37	261	61	113	33	26	233	141	138	50	65	394
11	Samhita	0	60	34	25	119	0	96	41	30	167	0	108	48	44	200	0	172	70	39	281
12	Satin Creditcare	360	525	255	193	1,333	283	451	197	127	1,058	537	483	270	147	1,437	691	542	285	156	1,674

No.	Name																				
13	Utkarsh	64	196	83	46	389	64	216	120	72	472	95	342	167	115	719	117	402	193	173	885
		477	**1,937**	**834**	**417**	**3,665**	**531**	**1,721**	**793**	**442**	**3,487**	**855**	**2,007**	**941**	**520**	**4,323**	**1,215**	**2,332**	**1,061**	**669**	**5,277**
14	Chaitanya	0	32	12	18	62	0	49	23	28	100	0	86	35	35	156	0	109	43	45	197
15	Equitas	2	1,842	382	260	2,486	1	1,620	374	214	2,209	1	1,718	411	241	2,371	1	1,934	463	257	2,655
16	ESAF	330	575	108	184	1,197	251	588	107	193	1,139	481	779	150	181	1,591	470	775	187	200	1,632
17	Grama Vidiyal	224	2,533	559	161	3,477	404	1,627	448	153	2,632	137	1,696	408	122	2,363	173	1,499	372	110	2,154
18	GFSPL	112	1,102	207	141	1,562	196	903	215	163	1,477	67	800	199	168	1,234	202	649	227	181	1,259
19	Janalak-shmi	0	456	345	118	919	0	501	350	153	1,004	17	1,135	670	183	2,005	0	1,586	906	137	2,629
20	Madura MFI	0	876	192	71	1,139	0	835	223	67	1,125	0	693	211	66	970	0	589	213	66	868
21	SMILE	0	655	216	241	1,112	0	724	257	292	1,273	0	578	234	206	1,018	0	616	239	204	1,059
22	Ujjivan	0	2,810	587	612	4,009	0	2,264	456	729	3,449	0	2,576	493	587	3,656	0	2,848	544	625	4,017
		668	**10,881**	**2,608**	**1,806**	**15,963**	**852**	**9,111**	**2,453**	**1,992**	**14,408**	**703**	**10,061**	**2,811**	**1,789**	**15,364**	**846**	**10,605**	**3,194**	**1,825**	**16,470**
23	Annapurna	0	70	20	32	122	0	69	22	33	124	0	70	24	44	138	0	66	25	61	152
24	Suryoday	0	223	44	41	308	6	168	39	39	252	8	278	59	57	402	7	303	78	68	456
25	Swadhaar	0	254	46	50	350	0	247	44	68	359	0	215	33	61	309	0	248	45	40	333
		0	**547**	**110**	**123**	**780**	**6**	**484**	**105**	**140**	**735**	**8**	**563**	**116**	**162**	**849**	**7**	**617**	**148**	**169**	**941**
	Grand Total	**1,553**	**15,072**	**4,055**	**2,691**	**23,371**	**1,468**	**12,867**	**3,801**	**2,901**	**21,037**	**1,725**	**14,096**	**4,306**	**2,819**	**22,946**	**2,197**	**14,974**	**4,831**	**3,019**	**25,021**

Annexure VIII

		Total Number of Staff				% of Growth over last year		
Growth of Staff over the last two years (in %)								
Sl No.	Name of institution	2010-11	2011-12	2012-13	Sep-13	2011-12	2012-13	Sep-13
1	Adhikar	273	237	218	211	-13%	-8%	-3%
2	Arohan	997	605	511	439	-39%	-16%	-14%
3	Grameen Sahara	79	76	87	86	-4%	14%	-1%
4	RGVN	561	541	611	649	-4%	13%	6%
5	Saija	98	72	120	117	-27%	67%	-3%
6	SMCS	116	123	120	126	6%	-2%	5%
7	VFS	839	753	743	705	-10%	-1%	-5%
		2,963	**2,407**	**2,410**	**2,333**	**-19%**	**0%**	**-3%**
8	Cashpor	1,621	1,406	1,566	1,763	-13%	11%	13%
9	Fusion	95	123	168	280	29%	37%	67%
10	Sahyog	108	261	233	394	142%	-11%	69%
11	Samhita	119	167	200	281	40%	20%	41%
12	Satin Credit-care	1,333	1,058	1,437	1,674	-21%	36%	16%
13	Utkarsh	389	472	719	885	21%	52%	23%
		3,665	**3,487**	**4,323**	**5,277**	**-5%**	**24%**	**22%**
14	Chaitanya	62	100	156	197	61%	56%	26%
15	Equitas	2,486	2,209	2,371	2,655	-11%	7%	12%
16	ESAF	1,197	1,139	1,591	1,632	-5%	40%	3%
17	Grama Vidiyal	3,477	2,632	2,363	2,154	-24%	-10%	-9%
18	GFSPL	1,562	1,477	1,234	1,259	-5%	-16%	2%
19	Janalakshmi	919	1,004	2,005	2,629	9%	100%	31%
20	Madura MFI	1,139	1,125	970	868	-1%	-14%	-11%
21	SMILE	1,112	1,273	1,018	1,059	14%	-20%	4%
22	Ujjivan	4,009	3,449	3,656	4,017	-14%	6%	10%
		15,963	**14,408**	**15,364**	**16,470**	**-10%**	**7%**	**7%**
23	Annapurna	122	124	138	152	2%	11%	10%
24	Suryoday	308	252	402	456	-18%	60%	13%
25	Swadhaar	350	359	309	333	3%	-14%	8%
		780	**735**	**849**	**941**	**-6%**	**16%**	**11%**
	Grand Total	**23,371**	**21,037**	**22,946**	**25,021**	**-10%**	**9%**	**9%**

Annexure IX

Productivity of Staff during 2012-13						
Sl No.	Name of Institution	No of Empoyees 2012-13	Number of active No. of borrowers @	Gross Loan Portfolio (Rs)@	Per Employee Gross Loan Portfolio (Rs)	Per employee Active No. of Borrowers
1	Adhikar	218	31,052	168,178,122	771,459	142
2	Arohan	511	113,665	904,271,630	1,769,612	222
3	Grameen Sahara	87	NA	NA	NA	NA
4	RGVN	611	155,026	1,171,290,763	1,917,006	254
5	Saija	120	30,489	245,819,588	2,048,497	254
6	SMCS	120	NA	NA	NA	NA
7	VFS	743	165,479	1,097,180,403	1,476,690	223
	Eastern Region	**2,410**	**495,711**	**3,586,740,506**	**1,488,274**	**206**
8	Cashpor	1,566	548,934	4,683,655,191	2,990,840	351
9	Fusion	168	66,806	567,561,300	3,378,341	398
10	Sahyog	233	NA	NA	NA	NA
11	Samhita	200	45,552	327,915,808	1,639,579	228
12	Satin Creditcare	1,437	485,033	5,800,255,534	4,036,364	338
13	Utkarsh	719	198,181	1,782,518,505	2,479,163	276
	Northern Region	**4,323**	**1,344,506**	**13,161,906,338**	**3,044,623**	**311**
14	Chaitanya	156	28,097	318,697,474	2,042,933	180
15	Equitas	2,371	1,344,361	11,346,607,353	4,785,579	567
16	ESAF	1,591	384,250	4,215,698,110	2,649,716	242
17	Grama Vidiyal	2,363	738,218	5,411,394,265	2,290,053	312
18	GFSPL	1,234	346,519	5,238,988,264	4,245,533	281
19	Janalakshmi	2,005	695,974	9,608,262,200	4,792,151	347
20	Madura MFI	970	173,029	1,515,561,845	1,562,435	178
21	SMILE	1,018	360,271	3,016,442,403	2,963,106	354
22	Ujjivan	3,656	1,006,052	11,259,973,668	3,079,862	275
	Southern Region	**15,364**	**5,076,771**	**51,931,625,582**	**3,380,085**	**330**
23	Annapurna	138	27,016	250,559,285	1,815,647	196
24	Suryoday	402	156,204	1,525,620,590	3,795,076	389
25	Swadhaar	309	96,600	1,151,943,307	3,727,972	313
	Western Region	**849**	**279,820**	**2,928,123,182**	**3,448,908**	**330**
	Grand Total	**22,946**	**7,196,808**	**71,608,395,608**	**3,120,735**	**314**

Annexure X

| Sl. No. | Name of the Institution | Ratio of loan officers to Clients | | | | Ideal ratio |
		2010-11	2011-12	2012-13	2013-14 (upto Sept)	2012-13
1	Adhikar	382	452	456	469	500
2	Arohan	294	253	339	563	500
3	Grameen Sahara	326	370	415	417	500
4	RGVN	515	542	600	503	650
5	Saija	267	124	396	463	900
6	SMCS	260	239	326	340	0
7	VFS	452	397	405	405	500
8	Cashpor	403	542	550	530	0
9	Fusion	430	595	751	558	0
10	Sahayog	353	293	266	295	600
11	Samhita	431	395	422	306	400
12	Satin Creditcare	424	664	1,167	1,264	1,000
13	Utkarsh	285	492	580	618	0
14	Chaitanya	380	374	327	322	500
15	Equitas	$	$	$	$	$
16	ESAF	322	396	460	464	0
17	Grama Vidiyal	429	477	484	576	0
18	GFSPL	558	425	477	508	700
19	Janalakshmi	$	$	$	$	$
20	Madura	430	324	347	407	500
21	SMILE	652	618	706	713	650
22	Ujjivan	350	437	525	527	700
23	Annapurna	328	392	386	523	0
24	Suryoday	512	733	723	825	0
25	Swadhaar	223	318	471	460	0

Client to Loan officer Ratio

Analysis of women staff in MFIs studied for the year 2012-13

Sl. No.	Name of Institution	Women Staff at various levels					Total Staff at various levels					% of women staff to total staff				
		Trainees	Field staff	Field su-pervisors*	HO and other Staff	Total	Trainees	Field staff	Field su-pervisors*	HO and other Staff	Total	Trainees	Field staff	Field su-pervisors*	HO and other Staff	Total
1	Adhikar	2	27	5	3	37	13	119	58	28	218	15	23	9	11	17
2	Arohan	2	9	3	8	22	20	354	84	53	511	10	3	4	15	4
3	Garmen Sahara	3	1	0	3	7	29	27	16	15	87	10	4	0	20	8
4	RGVN	6	17	0	15	38	62	271	106	172	611	10	6	0	9	6
5	Saija	0	8	0	5	13	10	67	18	25	120	0	12	0	20	11
6	SMCS	0	46	12	9	67	0	57	40	23	120	0	81	30	39	56
7	VFS	0	41	4	4	49	25	570	116	32	743	0	7	3	13	7
	Eastern Region	**13**	**149**	**24**	**47**	**233**	**159**	**1,465**	**438**	**348**	**2,410**	**8**	**10**	**5**	**14**	**10**
8	Cashpor	22	125	40	23	210	131	879	392	164	1,566	17	14	10	14	13
9	Fusion	3	5	2	3	13	31	82	31	24	168	10	6	6	13	8
10	Sahayog	3	5	1	3	12	61	113	33	26	233	5	4	3	12	5
11	Samhita	0	20	5	7	32	0	108	48	44	200	0	19	10	16	16
12	Satin Cred-itcare	23	14	11	22	70	537	483	270	147	1,437	4	3	4	15	5
13	Utkarsh	3	6	5	6	20	95	342	167	115	719	3	2	3	5	3
	Northern Region	**54**	**175**	**64**	**64**	**357**	**855**	**2,007**	**941**	**520**	**4,323**	**6**	**9**	**7**	**12**	**8**
14	Chaitanya	0	1	1	15	17	0	86	35	35	156	0	1	3	43	11

15	Equitas	0	284	3	71	358	1	1,718	411	241	2,371	0	17	1	29	15
16	ESAF	379	556	102	72	1,109	481	779	150	181	1,591	79	71	68	40	70
17	Grama Vidiyal	7	196	18	28	249	137	1,696	408	122	2,363	5	12	4	23	11
18	GFSPL	7	15	3	29	54	67	800	199	168	1,234	10	2	2	17	4
19	Janalak-shmi	0	52	129	72	253	17	1,135	670	183	2,005	0	5	19	39	13
20	Madura	0	655	126	13	794	0	693	211	66	970	0	95	60	20	82
21	SMILE	0	0	0	24	24	0	578	234	206	1,018	0	0	0	12	2
22	Ujjivan	0	656	27	111	794	0	2,576	493	587	3,656	0	25	5	19	22
	Southern Region	**393**	**2,415**	**409**	**435**	**3,652**	**703**	**10,061**	**2,811**	**1,789**	**15,364**	**56**	**24**	**15**	**24**	**24**
23	Annapurna	0	70	24	36	130	0	70	24	44	138	0	100	100	82	94
24	Suryoday	0	11	0	14	25	8	278	59	57	402	0	4	0	25	6
25	Swadhar	0	12	0	29	41	0	215	33	61	309	0	6	0	48	13
	Western Region	**0**	**93**	**24**	**79**	**196**	**8**	**563**	**116**	**162**	**849**	**0**	**17**	**21**	**49**	**23**
	Grand Total	460	2,832	521	625	4,438	1,725	14,096	4,306	2,819	22,946	27	20	12	22	19

Investment in Training - Some insight

Sl No.	Name of Institution	Training Cost incurred (In Rupees)				% Growth in training cost			% of Training Cost to Staff Cost				Per Employee Training Cost incurred (in rupees)			
		2010-11	2011-12	2012-13	2013-14 (upto Sept)	2011-12	2012-13	2012-13 Over 2010-11	2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)
1	Adhikar	204,205.00	135,046.00	102,447.00	52,488.00	(33.87)	(24.14)	(0.50)	1.53%	0.89%	0.88%	0.91%	748.00	569.81	469.94	248.76
2	Arohan	2,900,000.00	500,000.00	100,000.00	200,000.00	(82.76)	(80.00)	(0.97)	3.33%	0.50%	0.20%	0.40%	2,908.73	826.45	195.69	455.58
3	Grameen Sahara	83,618.00	109,134.00	81,825.00	17,107.00	30.51	(25.02)	(0.02)	1.60%	1.45%	0.86%	0.21%	1,058.46	1,435.97	940.52	198.92
4	RGVN	200,127.00	615,506.00	452,761.00	701,374.00	207.56	(26.44)	1.26	0.71%	0.96%	0.61%	2.16%	356.73	1,137.72	741.02	1,080.70
5	Saija	216,413.00	152,570.00	285,375.00	150,324.00	(29.50)	87.05	0.32	1.39%	1.15%	1.45%	1.20%	2,208.30	2,119.03	2,378.13	1,284.82
6	SMCS	134,347.00	115,067.00	314,687.00	39,862.00	(14.35)	173.48	1.34	1.64%	1.34%	3.55%	0.84%	1,158.16	935.50	2,622.39	316.37
7	VFS	5,354,736.00	5,348,660.00	7,661,381.00	3,496,746.00	(0.11)	43.24	0.43	5.91%	5.96%	7.99%	7.49%	6,382.28	7,103.13	10,311.41	4,959.92
		9,093,446.00	6,975,983.00	8,998,476.00	4,657,901.00	(23.29)	28.99	(0.01)					3,069.00	2,898.21	3,733.81	1,996.53
8	Cashpor	1,790,870.00	593,553.00	4,281,596.00	3,581,111.00	(66.86)	621.35	1.39	0.81%	0.35%	2.05%	2.41%	1,104.79	422.16	2,734.10	2,031.26
9	Fusion	-	2,800,000.00	3,400,000.00	2,100,000.00		21.43	-	NA	10.50%	9.90%	7.50%	-	22,764.23	20,238.10	7,500.00
10	Sahayog	900,082.00	2,000,043.00	2,399,085.00	2,815,923.00	122.21	19.95	1.67	13.05%	15.73%	16.57%	35.40%	8,334.09	7,663.00	10,296.50	7,147.01
11	Samhita	903,891.00	1,147,093.00	1,940,725.00	1,675,906.00	26.91	69.19	1.15	5.81%	7.41%	9.14%	12.04%	7,595.72	6,868.82	9,703.63	5,964.08
12	Satin Credicare*	-	-	-	-	-	-	-					-	-	-	-
13	Utkarsh*	-	-	-	-	-	-	-					-	-	-	-

		3,594,843.00	6,540,689.00	12,021,406.00	10,172,940.00	81.95	83.79	2.34					980.86	1,875.74	2,780.80	1,927.79
14	Chaitanya	195,098.00	481,877.00	773,003.00	578,719.00	146.99	60.42	2.96	2.71%	3.36%	3.76%	3.71%	3,146.74	4,818.77	4,955.15	2,937.66
15	Equitas	8,200,582.00	5,884,728.00	7,282,521.00	4,747,264.00	(28.24)	23.75	(0.11)	1.87%	1.22%	1.37%	1.55%	3,298.71	2,663.98	3,071.50	1,788.05
16	ESAF	681,244.00	688,280.00	634,406.00	415,000.00	1.03	(7.83)	(0.07)	0.39%	0.33%	0.26%	0.33%	569.13	604.28	398.75	254.29
17	Grama Vidiyal	1,950,000.00	1,240,000.00	2,430,000.00	1,020,000.00	(36.41)	95.97	0.25	0.32%	0.27%	0.53%	0.43%	560.83	471.12	1,028.35	473.54
18	GFSPL	8,109,532.00	1,217,359.00	4,157,625.00	3,881,543.00	(84.99)	241.53	(0.49)	3.50%	0.56%	1.86%	3.15%	5,191.76	824.21	3,369.23	3,083.04
19	Janalakshmi	2,629,098.00	2,585,950.00	10,694,261.00	15,507,602.00	(1.64)	313.55	3.07	1.47%	1.03%	2.65%	4.83%	2,860.82	2,575.65	5,333.80	5,898.67
20	Madura MFI	1,212,194.00	680,114.00	708,523.00	318,737.00	(43.89)	4.18	(0.42)	1.60%	1%	1.20%	0.90%	1,064.26	604.55	730.44	367.21
21	SMILE	357,335.00	669,830.00	439,894.00	403,961.00	87.45	(34.33)	0.23	0.27%	0.37%	0.24%	0.41%	321.34	526.18	432.12	381.46
22	Ujjivan	6,800,000.00	4,100,000.00	8,400,000.00	8,300,000.00	(39.71)	104.88	0.24	1.20%	0.70%	1.30%	2.10%	1,696.18	1,188.75	2,297.59	2,066.22
		30,135,083.00	**17,548,138.00**	**35,520,233.00**	**35,172,826.00**	**(41.77)**	**102.42**	**0.18**					1,887.81	1,217.94	2,311.91	2,135.57
23	Annapurna	331,000.00	344,000.00	478,000.00	450,000.00	3.93	38.95	0.44	3.04%	2.25%	2.65%	4.35%	2,713.11	2,774.19	3,463.77	2,960.53
24	Suryoday	-	12,492.00	7,601.00	267,788.00		(39.15)	-	-	0.02%	0.01%	0.46%	-	49.57	18.91	587.25
25	Swadhar	218,679.00	551,950.00	275,713.00	373,949.00	152.40	(50.05)	0.26	0.68%	0.64%	0.31%	0.84%	624.80	1,537.47	892.28	1,122.97
		549,679.00	**908,442.00**	**761,314.00**	**1,091,737.00**	**65.27**	**(16.20)**	**0.39**					704.72	1,235.98	896.72	1,160.19
		43,373,051.00	**31,973,252.00**	**57,301,429.00**	**51,095,404.00**	**(26.28)**	**79.22**	**0.32**					1,855.85	1,519.86	2,497.23	2,042.10

Annexure XIII

Salary Survey of Comparable Industries

Sl. No.	Name of the Company	Designation	Edu qualification	Areas	Salary	Incentives
1	Indian MNC Pharama	Pharma Sales Representatives (0 - 6yrs)	Any Graduate, preferabley science graduate	All metros and Chandigarh, NOIDA, Gurgaon, Faridabad, Ghaziabad, Tumkur, Hubli, Bellary, Mysore, Mangalore, Coimbatore, Cuddalore, Erode, Madurai, Nagercoil, Salem, Tanjavur, Tirunelveli, Trichi, Tuticorin, Vellore, Nasik, Dhuliya, Khollapur, Borivelli, South Mumbai, Sangli, Thane	1.5 Lpa - 2.2 Lpa	Target incentives
		Sales Management Trainees	12th Standard	As above	1.8 Lpa+ Accommadation	Performance Incentives
2	FMCG	Sales Incharge	Any Graduate	All metros Tumkur/Bijapur/Hubli/Bellary/ Devengiri/Hospet/Mysore/Manglore/Madurai/Warangal/Rajamundry/Kurnool	2.2 Lpa (including Incentives)	40,000/-pa
3	Jwellery	Sales executive	Any Graduate	Almost all locations	0.72 Lpa + Accomadation + Food	Target based incentive
4	Retail	Sales Executive	12th Standard	All Southern areas	0.96Lpa	commision on sale (Example: if 10,000 saree is sold on that percentage of amount is paid)
5	Retail	Sales Executive (0-6 months)	12th/Graduate	Almost all locations	0.66 Lpa	Commision on sale
		Sales Executive (1-1.6yrs)	12th/Graduate		0.96 Lpa	Commision on sale
6	Electronic Goods	Sales Executive (1-5yrs)	Any graduate	All over india	1.4 Lpa - 2.4Lpa	Target based incentives
7	Shopping Malls/ Shops	Sales person	10th, 12th, Graduate	Almost all locations	0.6Lpa - 1.2 Lpa	Commision on Sale
8	Courier Services	Courier boy, courier exe (0-3yrs)	12th standard/graduate	All Metros/cities/small towns	0.72 Lpa - 2 Lpa	
9	Credit Card & Insurance Sales	Sales exe, marketing exe(0-5yrs)	12th standard/graduate	All Metros/cities/small towns	1.5Lpa - 3.5 Lpa	Target Incentives
10	BPO National & International (Back end operations)	Data entry, analyst, process associates etc (0-5yrs)	12th standard/Graduate	All Metros/cities/major town	1Lpa - 3.2 Lpa	performance incentives
11	BPO(voice process/other process) -	Process associate, Customer service associate, Process analyst, etc.) (0-6yrs)	12th standard/Graduate	All Metros/cities/majortowns	1.5 Lpa - 4.5 Lpa	Performance incentives

Annexure XIV

		Attrition Level in percentage*											
		Field Officers				Field Supervisors				HO Staff			
Sl. No.	Name of Institutions	2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)	2010-11	2011-12	2012-13	2013-14 (upto Sept)
1	Adhikar	Nil	10.2	15.6	4.2	Nil	4.3	12.1	10.3	Nil	9.8	17.3	7.1
2	Arohan	0.0	36.5	35.6	23.3	0.0	39.5	19.1	20.2	0.0	28.6	27.1	9.7
3	Grameen Sahara	7.0	12.7	13.0	9.0	1.0	0.0	1.0	0.0	2.0	5.3	4.0	1.0
4	SMCS	Nil	3.0	Nil	Nil	7.0	2.0	2.0	3.0	Nil	1.0	1.0	2.0
5	VFS	10.2	8.5	9.8	4.8	15.0	8.7	10.9	5.7	19.6	5.1	5.7	2.9
6	Cashpor	8.0	27.0	9.0	1.0	8.0	11.0	5.0	0.0	2.0	15.0	7.0	1.0
7	Fusion	NA	49.1	39.1	24.3	NA	29.5	34.7	18.9	NA	5.5	6.3	6.3
8	Sahayog	18.1	28.0	30.0	18.2	5.0	5.0	7.0	4.0	6.7	12.2	23.3	6.7
9	Samhita	47.0	19.0	16.0	5.0	32.0	5.0	8.0	3.0	12.0	20.0	14.0	0.0
10	Chaitanya	25.3	18.4	15.5	16.3	0.0	20.5	18.1	13.7	0.0	18.9	0.0	8.1
11	Equitas	23.0	31.0	32.0	15.0	13.0	16.0	23.0	18.0	31.0	38.0	31.0	13.0
12	ESAF	4.1	5.4	7.9	8.8	0.9	1.3	1.2	1.3	0.8	1.0	1.0	1.0
13	Grama Vidiyal	-	38.0	22.0	20.0	-	13.0	9.0	5.0	-	13.0	19.0	11.0
14	GFSPL	22.0	24.0	30.0	17.0	26.0	18.0	16.0	11.0	76.0	69.0	23.0	11.0
15	Janalakshmi	0.0	50.0	46.0	20.0		51.0	39.0	18.0	-	32.0	31.0	11.0
16	Madura MFI	0.0	5.0	19.0	16.0	8.0	0.0	6.0	12.0	0.0	6.0	2.0	0.0
17	SMILE	18.4	20.4	33.5	8.4	0.5	1.5	3.1	1.1	2.0	2.2	6.4	1.3
18	Ujjivan	21.0	24.0	21.0	11.0	20.0	27.0	23.0	9.0	19.0	23.0	18.0	10.0
19	Annapurna	9.0	8.0	12.0	9.0	1.0	1.0	1.0	5.0	4.0	5.0	4.0	3.0
20	Suryoday	NA	NA	NA	4.0	NA	NA	NA	2.0	NA	NA	NA	2.0

* Methodology adopted are different by different MFIs

Annexure XV

Attrition rates in MFIs during 2012-13		
Sl No.	**Name of institution**	**Attrition for 2012-13 (as %)**
1	Adhikar	14.46
2	Arohan	21.86
3	Grameen Sahara	NA
4	RGVN	18.28
5	Saija	39.6
6	SMCS	5.78
7	VFS	10.51
8	Cashpor	11.6
9	Fusion	NA
10	Sahyog	15.08
11	Samhita	33.78
12	Satin Creditcare*	24.1
13	Utkarsh	53
14	Chaitanya	14.84
15	Equitas	31
16	ESAF	13.23
17	Grama Vidiyal	17.37
18	GFSPL	31
19	Janalakshmi	41.34
20	Madura MFI	15
21	SMILE	42
22	Ujjivan	26
23	Annapurna	12.9
24	Suryoday	27
25	Swadhaar	12.64
* Methodology not known		

Annexure XVI

Client drop out ratio (%)				
Sl. No.	Name of the Institution	2010-11	2011-12	2012-13	2013-14 (upto Sept)
1	Adhikar	9%	7%	6%	3%
2	Arohan	28%	35%	55%	55%
3	Grameen Sahara	14%	25%	18%	11%
4	RGVN	52%	18%	18%	14%
5	Saija	5%	17%	8%	7%
6	SMCS	0%	1%	0%	0%
7	VFS	3%	4%	4%	4%
8	Cashpor	11%	20%	15%	5%
9	Fusion	NA	NA	NA	NA
10	Sahayog	NA	NA	NA	NA
11	Samhita	34%	65%	18%	6%
12	Satin Creditcare	31%	45%	36%	34%
13	Utkarsh	0%	0%	30%	31%
14	Chaitanya	4%	23%	22%	14%
15	Equitas	32%	59%	58%	48%
16	ESAF	10%	25%	22%	14%
17	Grama Vidiyal	13%	27%	16%	3%
18	GFSPL	21%	39%	23%	14%
19	Janalakshmi	0%	52%	49%	37%
20	Madura	27%	29%	26%	25%
21	SMILE	11%	28%	21%	9%
22	Ujjivan	18%	22%	30%	16%
23	Annapurna	Negligible	Negligible	Negligible	Negligible
24	Suryoday	33%	80%	51%	50%
25	Swadhar	26%	25%	27%	12%

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