

DEVELOPING EMPLOYEE CAPACITY TO ACHIEVE YOUR SOCIAL MISSION

SPM Essentials Series: Practical strategies for today's management challenges

This [*webinar](#), discussed ways financial service providers can structure their human resources to support their social mission. Speakers shared ways to embed SPM throughout the employees journey - from recruitment, to onboarding, to day-to-day work, to continual appraisal.

**The ILO and SPTF jointly funded and this webinar, which is one of three webinars in the SPM Essentials Series that focuses on dimension 5 of the Universal Standards: Responsible Human Resource Development.*

The goal for FSPs

Design a human resources system that advances the social mission.

Relevant excerpts from the Universal Standards

Dimension 5: Responsible Human Resource Development

Standard 5C: The provider's Human Resource Development system supports the provider's social strategy

Essential Practice 5C1: During the recruitment and hiring process, the provider assesses each candidate's commitment to achieving the provider's social goals and serving the provider's target clients.

- The provider assesses each candidate's work and personal experience related to the provider's target clients.
- The provider assesses each candidate's motivation to achieve the provider's social goals.
- The new employee training/probation period for client-facing employees includes an assessment of a new employee's skill and commitment to serving the provider's target clients.

Essential Practice 5C2: The provider trains all employees on the provider's social goals.

- All employees are trained on the provider's social goals and how their work contributes to achieving these goals. Minimum frequency: annually.
- The provider communicates to employees data on the provider's achievement of social targets. Minimum frequency: annually.

Essential Practice 5C3: The provider evaluates and incentivizes employees based on social and financial criteria.

- Employee performance appraisals and incentives include social performance criteria.
- The provider reviews incentive schemes to check for unintended negative consequences, such as fraud, customer mistreatment, or high employee turnover.

TIPS FOR INTEGRATING YOUR SOCIAL MISSION INTO...

...Recruitment:

- Look for applicants with previous work experience related to your social goals. Particularly, see if their past work includes experience with your target clients.
- Consider non-work experience. ESAF Small Finance Bank (India) considers education and relevant work experience during the hiring process, but it gives equal weight to enthusiasm, experience in customer-centric activities, environmental initiatives, services to people with disabilities, and readiness to work in rural areas.
- Conduct background checks. Make sure applicants have not had client protection problems – such as discrimination or fraud – in previous jobs.
- Emphasize social mission during the interview. For example, ESAF's job interview questions include:
 - What will you do differently as an employee of a social bank than of your earlier bank?
 - Do you think a bank with a triple-bottom line of balancing profit, planet, and people can be equally successful as a bank with the focus on profit alone?
 - Give an example when you have successfully implemented customer centricity.

...Onboarding:

- Field work should be part of onboarding. Every ESAF employee starts with a three-day field visit before starting onboarding training. Trainees follow sales officers in the field to engage with clients and experience day-to-day field challenges. In training, they report back on lessons learned.
- Onboarding should emphasize social mission. Montecredit (Montenegro) has a three-month probation period for new hires that continually highlights the social mission. Similarly, ESAF's onboarding training includes three sessions on its social mission: 1. Sustainable banking; 2. ESAF's evolution from an NGO to a small finance bank, including the vision, mission, and importance of the 3 P's (people, planet, and prosperity); and 3. Impact on the community.

•

...Daily employee life

- Share data and progress toward social goals with employees. Continually communicate with employees about the progress toward your social goals. For example, Montecredit's website shares data and trainings related to social targets. Al Majmoua (Lebanon) has an e-learning platform for employees that shares progress toward social mission, and branches routinely look at their progress against the institution's social dashboard. FSPs also should make sure to link progress toward social goals and SDGs in their annual reports.
- Highlight success stories. It's important to showcase people, not just numbers. ESAF has client success stories – called “Joyful Stories of Transformation” – that it shares with employees via email and during training.
- Keep the social mission visible. ESAF's vision and mission are physically visible on its writing pads and calendar.
- Training on social mission should be iterative, not one point in time. Al Majmoua hosts refresher courses each year for employees on specific topics related to the social mission. ESAF has mandatory, recurring sessions for employees on sustainable banking, SPM, and SDGs. During these trainings, employees spend time in the field and report back, as they do during onboarding.

...Employee appraisal and incentives

- Include social indicators in appraisal criteria. For example, Montecredit includes number of female clients, children helped through loan activities, and unemployed people who have started their own businesses. Al Majmoua includes the number of female clients, refugees, and complaints received; including female borrowers into employee appraisal helped it reach its target of 60% female clients in its portfolio.
- Consider the whole picture when designing incentives. For example, a loan officer may have the most female clients but also may have the most delinquencies.
- Provide incentives at the branch level. ESAF conducts green audits in all branches; when branches receive “gold” status, all employees at that branch receive more points in the performance management system. The higher the score they have, the more money they receive during appraisal.
- Tie social goals to advancement. Demonstrated commitment to social goals should be required for promotion.
- Consider non-monetary incentives. While employees prefer financial incentives, Al Majmoua noted that it can be rewarding to be employee of the month or to be featured on social media for a focus on the social mission. Similarly, ESAF’s Managing Director highlights employee every week who have shown best practices in customer centricity.

FIELD EXAMPLE: SERVING REFUGEES

When the Syrian refugee crisis started, Al Majmoua decided to extend services to refugees. When the employees felt uncomfortable with the decision, management realized employees had a lot of misinformation and fear about refugees. To address this, Al Majmoua invested in training the employees about refugees

as well as how serving them would be a continuation of its social mission - which is to have full financial inclusion of all people in Lebanon, regardless of their nationality. The training led to high employee buy-in and refugees became a new source of clientele, reaching 15% of the total portfolio.

FIELD EXAMPLE: INTEGRATING COMMERCIAL EMPLOYEES INTO ESAF'S CULTURE AND VALUES

When ESAF transformed from an NGO to a bank, it had to hire employees with commercial backgrounds who could manage compliance issues. That meant it had to blend two different employee cultures: existing employees had experience working only with microfinance customers, while the new employees with banking backgrounds knew regulatory issues and had experience with retail business but had never worked with microfinance customers.

To address this, ESAF started by training the new employees on its commitment to social goals. The employees were not well-versed in the culture, ethos, value, or mission of ESAF. Many had joined with the expectation of working for a typical bank and found it difficult to understand the triple-bottom line. ESAF trained them with a blend of classroom and hands-on sessions in the field. New employees were paired with credit officers to experience their daily work with customers. Back in the classroom, the employees discussed how to serve low-income clients.

Meanwhile, existing employees had training sessions on banking and were paired with the new employees to learn compliance and regulatory issues from them.

Lessons learned:

- Make sure new employees have an entry-level understanding and appreciation for a triple-bottom line company. No matter how much training you do, if they don't have that mindset, it is hard to get them on board with the mission.
- Orientation and training should be iterative, not a one-time event.
- Retain previous employees, as they bring the social perspective.

