Sa-Dhan
The Association of
Community Development
Finance Institutions

HUMAN RESOURCE MANUAL

A User's Guide for HR Solutions in Microfinance Institutions

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Sa-Dhan's mission is to build the field of community development finance in India to help its member and associate institutions to better serve low-income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving quality of life.

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Foreword

Microfinance has become one of the universally accepted tools for poverty alleviation. It is an emerging field. It is also a specialized field with intensive human resource requirement. Indian microfinance sector employs more than one lakh personnel as part of its workforce. The type of personnel required for microfinance institutions is unique since the clientele served are different - the poor, vulnerable, and illiterate and mostly women. Effective microfinance service delivery calls for blend of expertise in finance and social work.

Most of the microfinance institutions in India have evolved from NGO- mould and embraced financial intermediation for the first time. They have challenges in talent pool management for achieving organizational objectives-reaching the unreached through small value transactions in remote locations. The highest staff turnover is one such challenge faced by them.

Many of Sa-Dhan members, especially smaller ones, requested Sa-Dhan to design and make available a Human Resource Guide recording prevalent practices among established MFIs for their use to improve their HR system.

Keeping the members' request in view this manual is published. The inputs for the manual came from best practices followed among the established organizations including some larger MFIs. The inputs were gathered through personal visits to MFIs by the Sa-Dhan team and the consultancy firm who worked on the manual. Survey questionnaires were also used to collect data. The draft of the manual was shared with select HR managers of established MFIs and practitioners and their comments were incorporated.

I extend thanks to all Sa-Dhan members who provided data /inputs, for designing the manual. Special thanks to Dr. Sankar Datta & Mr. Bheemendran from Sanghamitra for reviewing the draft content and offering suggestions for improvement. I take this opportunity to express my sincere thanks to Cocoon Consulting for developing the draft of the manual.

Congratulations to the Sa-Dhan team consisting of Mr. K.Balasubramanyam, Mr. Kolandavel Natarajan, Mr. Punit Kumar Singh,Mr. Ardhendu Nandi,Ms.Vandana & Mr. Hemant Singh Bisht for planning, collecting data and working with the consultancy team to bring out the manual. My special thanks to Ms. Achla Savyasaachi for supervising the work.

The work has been made possible by the resource support from SEEP & CNSP (City Network Strengthening Program). I thank them for their continued encouragement and patronage.

I invite comments and suggestions for improving the content.

Mathew Titus
Executive Director

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What information does this toolkit provide?

This toolkit is a part of a complete suite of Human Resource Solutions for the Micro Finance Industry, with specific use for those which are looking at setting up HR processes and systems and do not have one in place, already. The objective of this toolkit is to enhance HR Process Capability of MFIs, with a specific focus on MFIs that are about to move from being an NGO to a commercial organization. It provides information regarding the various critical elements of HR.

- Organisation Constitution
- Staffing
- Performance Management
- Training & Development
- Compensation & Benefits
- HR Administration
- Talent Management

Who can use this toolkit?

This toolkit is designed to be used by Business Heads, Functional Managers, HR Managers, and HR teams of Micro Finance Institutions. It does not require any previous HR knowledge.

How can this toolkit be used?

This toolkit provides a step-by-step guide of the process to be followed. It contains the necessary formats, templates and a set of frequently asked questions. It also contains guidelines on how you can implement the process.

It also provides certain formats, structures, templates etc, which are suggested based on collected experience in the sector. However, each organization will need to decide on what format, template, structure would work best for them, looking at their specific business needs.

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Organisation Constitution

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Organisation Constitution

This Toolkit will help you to: -

- Evaluate your current organisation structure
- Create the organisation structure that will support your business goals and growth plans

Organisation Constitution consists of three main elements that go in to making the foundation of the organisation.

- Vision
- Values
- Organisation Structure

The vision and value of the organization need to be developed using a series of facilitated sessions and are therefore not elaborated in detail in this toolkit.

Organisation Constitution Toolkit

The Organisation constitution toolkit consists of a set of processes and corresponding templates that can be used in the Micro Finance Industry.

A. Vision

The Vision of the organisation is the stated goal of the organisation in a given situation. It is the answer to the question "where does the organisation want to be over a certain time frame". A stated Vision helps to give the organisation direction and move everybody in the same direction. The Vision is then cascaded in Business Goals, Departmental Goals and Individuals.

The Vision needs to be defined by the Organisation through a series of facilitated sessions. Inputs for the Vision need to be sought from the management, the employees, the stakeholders and the customers.

B. Values

The Values are the guiding principles on which the organisation needs to be built. If the Vision is the answer to "Where", the Values answer the question "How is the Vision going to be achieved". It answers the question "What are the acceptable behaviours that need to be exhibited by the employees of the Organisation in trying to achieve the Vision?"

The Values need to be linked to the Vision of the Organisation and should further get integrated into the various organisational processes to ensure that they are well entrenched in the system. The Values also need to be defined through a series of facilitated sessions.

C. Organisation Structure

(Suggested Reading for this section: 'Design of Organisations' by Pradeep Khandwala.)
In this component we talk about simple tips on how to build the key departments and functions in your organization to meet future requirements. You will also find tips on when and how to create key functions. The elements described here include:

- Organization Levels
- Position Descriptions
- Building a strong Management Team

Evaluating the Structure of the Organization

A series of senior management working sessions would be an effective way to evaluate the current structure of the organization and arrive at a new structure.

Senior Management Working Session

Any effort to evaluate and modify the organization structure has to start with three basic questions:

- What are the changes that the business will be going through and why?
- Changes that have been made in the workflow in the past and their consequences?
- How will the organization need to look in order to support these changes?
- What will the end state look like?

The above can be achieved through a senior management meeting. We recommend that senior managers in the NGO get in a room and actually answer the 3 questions given above. Each participant for the working session has to put together a presentation using the guidelines given below. These presentations should be mailed to the facilitator for the session and the facilitator should compile all the presentations.

The structure of the session as well as a format to record the outcomes of the session has been provided below.

(Note: this meeting should not be used to define the strategy for the organization or to create the longer-term business plan)

Guidelines for Pre-work

Content of the Presentation (Not more than 8 slides)

Organizational Purpose	▪ What is the purpose of the organization? Why do we exist? ▪ How do we propose to reach this goal? What is our strategy to actualize the vision? ▪ What are some of the opportunities and needs that our organization addresses/should address going forward?
Products and Services	▪ What kinds of products and services should our organization offer in the next few years?
Customers	▪ Who will be our customers in the next 2-3 years? ▪ Where will they be located?

Please cut and paste the following table onto a slide and use the following guidelines to fill the table:

A strategy is a description of the manner in which a company or enterprise intends to gain a competitive advantage. The strategies recommended will go a long way in ensuring the sustainability of the enterprise. Strategies describe actions aimed directly at altering the strength of the enterprise relative to that of its competitors. Strategies should allow the enterprise to gain a relative advantage through measures its competitors will find hard to follow and allow the advantage to be extended even further.

Complete the following table:

If our strategy is focused on…	Then our organization needs to be able to…

Growth	▪ What are our financial and growth targets for the next 3-5 years? ▪ How many employees will we need to support the business growth targets?
Issues with the Current Organization Structure and Workflow	▪ Is the current structure adequate to meet the needs? ▪ What are the key departments and functions missing? What are sub-functions that need to be added to the existing functions? ▪ What are key positions that need to be created?
Levels	▪ How many levels exist in the organization currently? ▪ Ideally how many levels should exist in the organization? ▪ What would be the criteria for defining these levels?

Structure of the Working Session

Activity	**Approximate Duration**
Presentation by the facilitator using all the presentations sent in as pre-work (reference material to be given – ideal organization structure and functions for an MFI)	1 hour
Building the organization chart for the future: ▪ Identification of functions and roles ▪ Deliverables for each function ▪ Profiles and roles for key positions	3 hours
Number of levels for the organization (see the section on how to create levels)	3 hours
▪ Summary ▪ Action Plan and Timelines	1 hour

Outcomes of the Working Session

- Organization Chart showing all the functions and positions for a) the current state and b) five years from now
- Broad result areas for all the functions (what should they do) and the role of the functional head
- Levels for the organization and mapping the jobs back to the levels

Defining Organizational Levels

Step 1: Baselining "As-Is" State

- Pick the largest function in the organization – the Operations or Sales function
- Review current organizational levels against following criteria:
    - Is each level distinct in terms of key deliverables or are there significant overlaps with the level above or below?
    - Is the current span of control adequate / too large / too small?
    - How many roles are there within the function (e.g. Loan Officer / Branch Manager / Area Manager / Regional Manager etc.)?
- Record all issues emerging from the above exercise and keep this aside.

Step 2: Defining Ideal Structure for the Ops Function

- Start zero base – do not look at the current structure of the Operations function.
- Define the levels for the Operations function.
- Levels should be defined taking into account **discernible** differences in skill, span of control, competence, responsibilities and could also refer to specific criteria such as level of decision-making, consequences of errors etc.
- Guidelines for defining levels:
    - Levels should be distinct in terms of the skills and/or competencies required;
    - Organized by value-adding responsibilities in the hierarchy of accountability;
    - Typically, levels ensure that job holders take decisions that could not have been taken by a lower level and which need not be taken by the next higher level;
    - Move to subsequent higher levels should be accompanied by disproportionate increase in contribution expected;
    - Typically inclusive of skills of all levels below;
    - Movement from one level to another based on attainment of skills at next level, consistent performance in current role and potential to deliver in the next level;List the jobs in the Operations function.
- Compare the description of each job to the definition of the level to allot the job to a specific level.
- Do a hygiene check at the end of the exercise to cover:
    - Jobs in a particular level have similar or comparable skills/competencies and deliverables.
    - Do the levels look simple – by building a complex multi-layered organization, one slows down decision making as well as delivery to the end customer.
    - Go back to the drawing board if you have more than 7-8 levels (starting from the entry level job to the CEO of the Company).
    - Check if you have addressed all the issues listed in Step 1. Work on any unresolved issues.
    - Ensure that the strategic focus of the levels increases as you go higher up in the function. See Figure 1.
    - At the end of Step 2 you should have:
        - Number of levels and the definition of each level in the Operations function.
        - Jobs/ positions at each level in the Operations function.

Step 3: Rollout this exercise to cover the other functions

- Present the level definitions and the Operations function exercise to the function heads.
- Have HR work with each function head and key managers from each function to allot the jobs to the levels defined using the following steps:
  - List the jobs in the function.
  - Compare the job to the jobs in the Operations function and allot the job into the level where there are comparable jobs that can be seen in the Operations function.
- At the end of the exercise – a cross functional team should review the jobs in each level to ensure there is a measure of homogeneity/comparison in terms of deliverables/impact of the job, skills, competencies and authority (or any other level defining criteria).
- Announce the structure and have each function head meet with each member to explain the new level that he/ she belongs to.

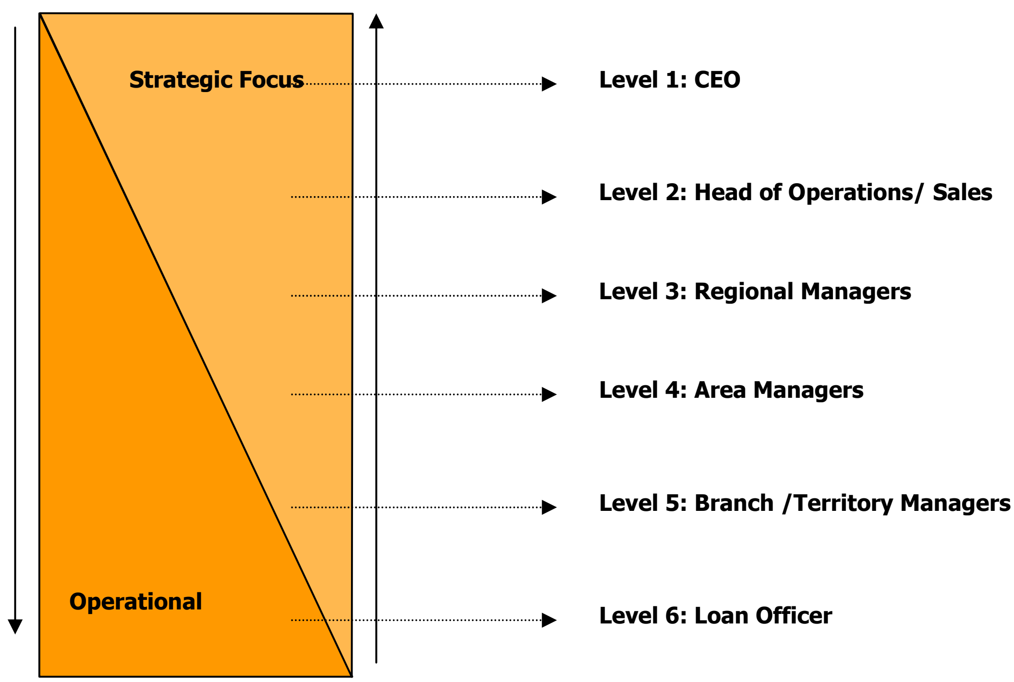


Figure 1: Sample Organisational Levels

Writing Position Descriptions

A position description is a written statement that describes the work to be performed by the job incumbent. The description includes general information, a summary sentence(s), detailed duties and responsibilities, zone definition factors and minimum qualifications.

This section covers the following:

- Process Outline
- Writing the position description – guidelines

Process Outline

- It is a good idea to start with the position description of the head of the department and then go level by level. This helps establish a clear cascade of accountabilities from one level to another and also ensures that there are no overlapping responsibilities.
- At this stage do ensure that you have the organization chart clearly defined as a reference document. Another document that will provide inputs into the position description is the workflow map.
- Position Descriptions can be written by the position-holders as well as the by people in levels above them. Ideally if the position is being created or defined for the first time, it is recommended that the description be written by the person the position is reporting into and then reviewed by the Head of the Function as well as HR. Once the description is written, it must be reviewed and validated.
- The person the position reports into reviews the descriptions. Focus groups/Interviews with current position-holders as well as peers are carried out to validate the descriptions.

Writing the position description – guidelines

The first page of the form serves to identify the job described. It includes the position title, department, supervisor's title, location etc.

1. Position Summary and Organization Chart

This section is a brief, specific statement of why the position exists -- what is the major end result.

This statement should clearly distinguish this job from all other jobs. In particular, it should differentiate this job from the job that it reports to, from jobs that report to it, and from other jobs at the same level. The summary seldom exceeds three or four lines.

The organization chart should answer the following questions:
- To whom does the position report?
- What other positions report to the same boss?
- What positions report to this position?

2. Key Accountabilities

This section describes the results for which the position has ongoing accountability.
- Accountabilities are statements of the important end results, which the job exists to achieve. Each accountability statement should answer the question - " What are the main areas in which results must be achieved in order for the job to achieve its purpose?
- Typically 7-8 statements.
- They should describe what is required (results and outputs) and not how the job is done.
- Each accountability statement should relate to a single end result which must be accomplished, and to which some measurement of performance can be applied.

- An accountability statement is written in the style – ‘ Do something in order to achieve a stated result or standard’.
- Each statement begins with an active verb such as prepare, ensure, maintain, plan, monitor, test, develop, deliver, track etc. This is followed by a measurable or observable end result.
- Do keep in mind that for some positions, a person may be accountable for an end result but may achieve the same through the team or others in the organization.

Accountabilities will not change unless the design of the job is changed even though the specific actions taken to achieve the result may vary considerably over time.

3. Profile

In this section the profile of the position-holder is described. This includes formal education, previous experience, industry background, knowledge and skills required.

4. Key Work Interfaces

Indicate the positions or persons that this position is likely to be in contact with across the organization and externally. Also indicate the frequency of such interaction and the nature of such interaction (outcome of the interaction – business development, getting a licence, internal customer etc.).

5. Authority - People, budgets and infrastructure:

This section details the decision-making authority of the position-holder with respect to people, budgets, infrastructure etc. Examples are: Limits of sanction for expenditure; Direct span of control is X, indirect span of control is Y; Can approve purchase of x to a limit of y; Can approve all international travel; can select and appoint Loan Officers etc.

Building a Strong Management Team: Questions to think about

1. Why is this critical area for attention?

Most NGOs would typically have a strong founding team but not necessarily a strong team of professionals who have the ability to lead the organization and the functions that they head. This could be a result of not having clearly broken down the vision into defined task sets. If the task sets are well-defined, then it is possible to attract the right people to head functions and form the managerial team.

Large organizations need an able Management Team that will take complete accountability to drive the vision of the organization and ensure that the annual business plan is achieved year on year. Given that this would be the mandate for the management team, it would be critical that members of the team have sound business experience as well as the expertise required to head their respective functions.

Transformation is a great opportunity to spend time on building a management team that will ensure that the organization grows and achieves its goals in a sustainable manner. It may so happen that the current Management Team members may not be appropriate to continue in the transformed organization. It is important for the founding members to recognise this and not try to "force fit" people into the organization. The Management Team can be built by a combination of external hiring and internal progression.

2. How do I know if the current management team members will fit the bill in the transformed organization?

One needs to assess the capability and skills of the current team against the demands of the roles that they would play in the future. Some areas for assessment are:

- Understanding of business and familiarity with business processes
- Functional expertise of the level required by the transformed organization
- Ability to handle the complexity and challenges that scale and exponential growth will bring to the organisation
- Experience of having worked in other organizations that have sound /mature business process and functional processes

3. What kind of options do we have for senior employees who will not be able to take up senior positions in the transformed organization?

There are different options possible here. Some of them have been outlined below:

There may be senior employees who may not be able to fit into senior roles in the transformed organization, however their experience may yet be valuable. One could explore possibilities of moving them to another function where they use their skills and knowledge but to play a different role. For instance, an Area Manager could move into internal audit or training if he has the flair for it.

There may be some senior employees who may fit the bill once they address certain development areas. An option is to invest in training such employees but communicate to them that unless the capability is built within a certain agreed period of time, they would not be able to work in the transformed organization.

There may be some employees, senior or otherwise who would not fit into the transformed organization and one may have to look at an exit option with appropriate compensation for such employees.

4. Should we recruit people externally or should promote from within?

It is important that the management has a mix of talent: people who have grown with the organization as well as lateral hires. People from other organizations bring with them knowledge and experience of best practices, successes and failures as well as business processes that would aid the transformed organization in reaching its goals.

5. What are some the parameters one should consider while bringing on board management members and senior employees from other organization?

- Are the key performance areas for each member clearly defined?
- What's in it for them: Do consider and spend time / effort trying to understand their motivation to join your organization. "What is the pull factor?"
- Would they have the ability to be flexible and adaptable to work in a "start up" / dynamic environment?
- Are they attached to the trappings of a large organization: well defined systems and processes, admin and office comforts etc?
- Do they share your excitement of making this organization grow?
- Do they identify with the vision and values of your organization?

6. How does one go about looking for the right people to come on board as management team members / senior managers?

There are a number of options here:

- You would want the management team to be close knit and to have certain chemistry between them. Therefore, a great way to look for management team members is through people who know you and your organization well – your own networks, alumni associations of management institutes, networks of your board members, tap your funding agencies as well.
- Having said this diversity is critical in a management team and so is the ability challenge one another
- Search Firms: This may be a more expensive option.
- Website: Do advertise on your website and send the vacancy brief to relevant e-groups
- Advertisement: In business magazines and key newspapers

7. How does one get the old team to integrate with the new members coming on board?

There should be a number of events that are planned that ensure that the old team and the new members get a chance to roll up their sleeves, put their thinking hats on and work together to create a plan for the organization and then go out and implement it. It may also be a good idea to have some team building / integration event(s) to bring the team together.

8. What should be the role of the Management Team in the transformed organization?

Management Team members wear two hats:

- Being part of the core team that will deliver the annual business plan and work towards achieving the vision of the organization
- Head of a function: ensuring that the function supports the achievement of the business goals through a process of achievement of key deliverables, as well building capability to meet future challenges in the longer term

Role of the Management Team

- Create the long-term business plan and formulate the strategy for the organization
- Create and ensure that the annual business plan is created and achieved
- Ensure that the values of the organization are integrated with the processes / practices
- Accountable to the Board and other stakeholders for the performance and the manner in which the organization is run
- Ensuring that the organization is being managed with appropriate / best business processes, good governance and in compliance with the laws of the land

9. What are some initiatives that one can take to develop management team members internally?

The first step would be to identify managers in the middle level who have potential. It would also help to map their competencies and skills to identify areas of strength and development. One would also need to put in place a development action plan to address these gaps.

It would also help to find mentors for these high potential managers. Another avenue for development is find opportunities that will challenge them and give them a chance to hone their skills. Some examples here are: Working on organizational level / cross-functional projects; working on creating / improving business processes across the organization; working on any large change initiative across the organization.

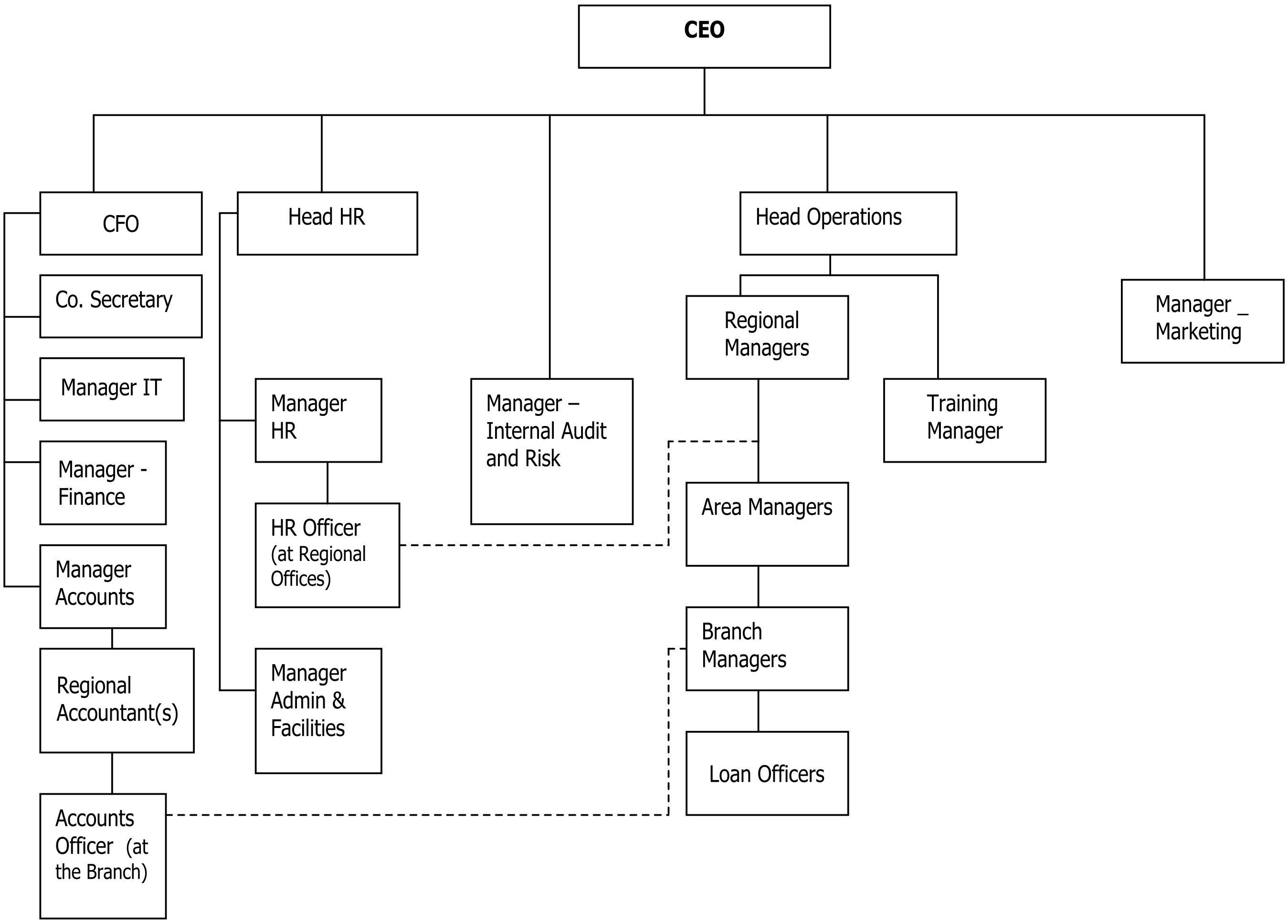
HR Strategy for Attaining Organizational Objectives..

Response	No. of MFIs	Percentage
Matching HR to Business Strategy	13	43%
Staffing Training	18	60%
Review of Performance Appraisal/Incentive /Rewards System	13	43%
Transparency/Unbiased recruitment	8	27%

*Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

Formats and Samples

Sample Organisation Chart



Sample Key Functions

Function	Delivery Areas
Operations	▪ Sales ▪ Distribution ▪ Collections ▪ Customer Service and Satisfaction
Finance	▪ Accounts ▪ MIS Reporting and Compliance ▪ Tax Management ▪ Fund Management and Treasury ▪ Banking Relationships ▪ Performance Reporting ▪ Legal and Secretarial ▪ Purchase / Procurement
Risk and Internal Audit	▪ Process Compliance ▪ Risk identification and mitigation
Marketing	▪ Promotions ▪ Brand Management and Positioning ▪ Product Innovation ▪ New Business Development
HR	▪ Recruitment and Selection ▪ Learning and Development ▪ Performance Management ▪ Compensation and Benefits ▪ Culture and Employee Engagement
Administration	▪ Travel ▪ Office Infrastructure and Supplies ▪ Transport

Position Description format

Business Division	Department	Location
Position Title	Reporting to (Title)	Level

1. Position Summary and Organisation Chart

2. Key Accountabilities: Indicate key deliverables and result areas for this position

3. Profile: Indicate the criteria to be used for hiring or moving a person into this position.

Educational Qualification	
Previous Experience	
Industry to be hired from	
Skills and Knowledge required	
Competencies (Behavioural Skills) required	
Leadership Skills and Experience	

4. Key Work Interfaces

Contact Person (mention the level/position that the position-holder will interact with)	Frequency	Nature of Interaction
Peer(s):		
Customer(s):		
Vendor(s):		
Any other external interactions:		

5. Authority - people, budgets and infrastructure

People	
Financial Budgets	
Infrastructure	

Prepared by:

Name:

Title:

Date:

Reviewed by:

Name:

Title:

Date:

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Staffing

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Staffing

This Toolkit will help you to understand: -

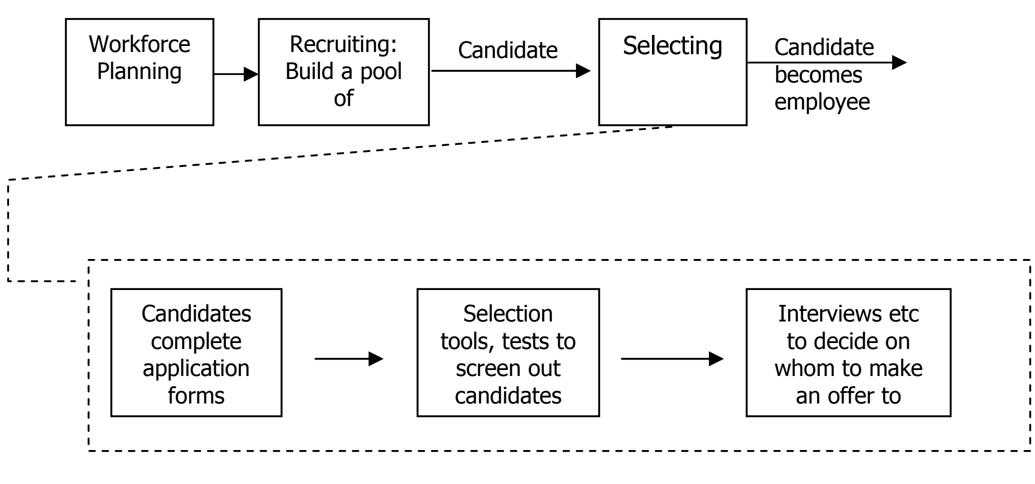
- Staffing
- How you can put in place a process to attract and select the right people
- The various elements of Staffing – Workforce Planning, Recruitment & Selection
- Understand the planning process that enables forecasting of future people requirements as well as the identification of positions that need to be created / filled in
- Various sources of recruitment
- The selection process
- How to Track & record staffing metrics

Staffing is a comprehensive system, which starts with a sound projection of workforce needs and ends with the availability of a pool of qualified candidates. It focuses on getting the best candidate for a particular job in the organisation.

Contrary to popular belief, a poor hire is worse than no hire because it reduces the staffing effort and will eventually increase turnover and training cost. By approaching staffing as a continuing process (rather than a short-term intervention), adequate resources can be budgeted to most effectively minimize total cost, including the cost of turnover and training.

Staffing consists of three main elements: Workforce Planning, Recruitment and Selection.

- **Workforce Planning** is the process of deciding what positions the organisation needs to fill and how to fill them.
- **Recruitment** is the process of generating a pool of qualified applicants for organizational jobs.
- **Selection** is the process of identifying individuals who have relevant qualifications/ experience/ skills and competencies to fill in those jobs.



Steps in Staffing Process

Staffing Toolkit

The Staffing toolkit consists of a set of processes and corresponding templates that can be used for staffing in the Micro Finance Industry.

A. Workforce Planning

This section provides processes and templates that are to be used to plan staffing needs in advance and ensure that staffing targets are met on time and within the specified budget.

A snapshot of the process is given below

Identifying the number of positions that need to be filled in during the course of the year as a result of the business plan: Workforce Plan

↓

Identifying the channels and timelines for recruitment for each vacant position for each of the departments: Staffing Plan

↓

Creating a budget to estimate the costs that will be incurred to fill in these positions: Staffing Budget

↓

Ensuring that the process is effective in getting the right candidates at the right cost within the specified timelines: Staffing Metrics

Workforce Plan

The Workforce Plan is a document that budgets the workforce required to achieve your business plans. The Plan is arrived at from the Business plans of the coming year.

Steps to be followed to forecast workforce requirements

- Determine **the expected volume of business** for your products (disbursement value) for the coming period.
- Consider all new territory expansions
- Estimate the size of the staff required to achieve this volume on the basis of stated assumptions
- Plan for attrition

Each of the Department Heads creates the workforce plan for their departments. The same is collated into the final master workforce plan for the organisation. The CEO signs off on the master workforce plan.

Staffing Plan

Once the master workforce plan has been approved by the CEO, a strategy and planning meeting is held by the HR team with the concerned department head to identify the staffing requirements for the year. This primarily considers the increase in workforce from one period to the other and the projected turnover. The team will also make a plan to meet the staffing requirements. This will include identifying channels of recruitment and fixing deadlines for the completion of each process. The same is captured in the Staffing Plan.

Staffing Budget

The Department Head and the HR team fills in a Staffing Budget sheet. Typically this document is also filled in the strategy and planning meeting mentioned above. This document details the costs that the organisation is expected to incur to fill these positions based on the channel of recruitment decided in the planning meeting. The CEO approves this budget and a copy of the same is given to the Head of Finance, to form a part off the overall budget of the organisation.

Staffing Metrics

In order for the plan to be effectively followed it is critical to measure performance on a continuing basis. The Staffing Metrics to be measured in the staffing process are

- Getting the right fit of the candidate
- Timely filling in of positions
- Staying within the stipulated budget

The first parameter "Right Fit" is measured after a lag on the basis of how well the candidate is doing in his/her role.

To measure the timely filling in of positions, the HR team needs to track the Staffing plan against the actual filling of positions. The same needs to be reported to the business on a monthly basis. The HR team also needs to track and report the actual spends versus the budgets.

Functional Areas requiring staff..

Response	No. of MFIs	Percentage
Operation	26	87%
Admin/HR/Finance /Audit	25	83%
MIS/Technology	17	57%
Legal	9	30%
others	8	27%

*Results of Sa-Dhan survey with 30MFIs. (Multiple responses were allowed)

B. Recruitment

This section focuses on reaching out to as many prospective candidates as possible and attracting them to apply for positions in the organisation.

Workforce Requisition

The Workforce Plan provides for the overall estimate of workforce for a year. However it is necessary to take specific approval to fill vacancies. The Manager in whose team the vacancies have arisen initiates the Workforce Request Form. The concerned Department Head as well as the HR Head must approve the form. Finally, the CEO must approve the request. Once the workforce requisition has been approved, the next step is to develop an applicant pool using one or more of the recruitment sources. It's hard to overemphasise the importance of effective recruiting. The more applicants you have, the more selective you can be in your hiring.

Employer Brand

The Organisation needs to invest in building an Employer Brand. Like the organisation invests in building its name with its potential customers, it needs to invest in building its name with potential employees as well. There needs to be a well thought out philosophy on what kind of people the organisation is looking for and where to look for these people. This way you will be able to attract the right kind of candidates.

Sources of Recruitment - Sources of recruitment are primarily of two kinds.

Internal Sources of Recruitment
Before starting the search for candidates externally, one should look within organisation for suitable candidates.

- This has various advantages:
  i. There is no substitute for knowing the candidate's strengths and the areas of development. With internal candidates you are likely to have a more accurate view.
  ii. Commitment levels of internal candidates may be higher
  iii. Internal candidates will have a better understanding of the organisation and the industry and would therefore take less time to settle down in the job. The original philosophy and mission of the organisation is ingrained in them.
  iv. Training & orientation time will therefore be saved
  v. Employee Morale will rise as they will see opportunities for job enhancement and growth

- There are however some risks which you should consider as well:
  vi. Internal candidates who apply and don't get the job may get demotivated
  vii. Telling unsuccessful candidates why they were rejected and what remedial action they need to take is critical. This needs to be done conscientiously and requires the managers' and interviewers' time.
  viii. There could be a lot of candidates who apply for the position and interviewing all of them could be a time – consuming exercise.
  ix. The person who moves into the new role may find it difficult to gain acceptance from a group of erstwhile peers.
  x. "Inbreeding" is another potential drawback. When a lot of managers come up through the ranks, they may have a tendency to maintain status quo, even when a new direction is required.

- **Finding Internal candidates** – **Internal Job Postings** means publicising the open job to employees – through the managers, e-mail, communication meetings, notice boards etc. The job posting should list the jobs attributes and the eligibility criteria for applying to the position. Internal Job Posting Format.

Organisations may decide to move people into open positions on the basis of their suitability – qualification, experience & supervisor's recommendation.

External Sources of Recruitment

You may not always be able to get all the employees that you need from your current staff and sometimes you may just want external candidates. There are various sources of hiring candidates from the external market.

Source of Recruitment	Suitability	Merits	Demerits	Cost
Advertisement (Choice of publication is critical)	For large scale recruitment For entry level positions For new markets when contacts are low	Large pool of applicants Reach a large audience – create an employer brand Can close many openings in one go	Processing of applications is time consuming There are a lot of unwanted CVs Large sunk cost if you don't fill positions Limited life span	Expensive One time payment
Placement Agencies/ Consultants	For Managerial positions For one – off positions (Head Office)	Cost is variable and to be paid only if found suitable. Specific search can be undertaken. The candidates are pre-screened and briefed (saves time)	A lot of agencies are not competent and can therefore affect results	Variable. Only if candidate is hired
Campus	For entry level positions (freshers)	Very cost effective Can recruit in large number Helps to create employer brand Can create a pipeline	Will not get experienced people Timing is a constraint – only during placement time – Dec to May	Low. Only admin cost
Referrals	For all	Quality of people may be better Candidates may have a better understanding of the job	May be required to give the referring employee a reason for rejection	None
Internet Job posting	For Bulk junior positions	Long Life span – can keep attracting people Not expensive and can be timely as well	Not suitable for senior level hiring Only reach out to those who would access the internet	Medium
Walk-ins	For junior positions, temporary jobs	Candidates will be aware of the organisation and the industry	Are not pre screened Can be time consuming	None
Temping Agencies	For Temporary jobs	Can supplement permanent workforce with temporary staff Save time and effort in finding suitable candidates	The agency is paid a fee for each staff. The morale and loyalty of this staff may not be high. Retention is an issue.	Ongoing cost

Each of the above sources has their merits and demerits. The choice of the channel is dependent on the budget, the time and the nature of positions to be filled.

Source of Recruitment	Typical Positions in the organization	Comments
Advertisement (Choice of publication is critical)	Loan Officers in New Markets / or when there are a large number of vacancies to fill Filling a number of positions across levels in a region or a branch	Regional or local papers with a wide circulation should be chosen
Placement Agencies/ Consultants	Middle Level Managers and Heads of Departments Managers from other sectors and Industries (not from the MFI sector) Managers with specialist skills	One should not work with agencies that have an exclusivity clause or those that charge a retainership irrespective of whether a person is selected or not. One can also look at a replacement clause in the contract with the agency – if the person leaves within a year a replacement will be found free of cost
Campus	Loan Officers Area Managers (MBAs)	A pre-placement talk is critical for the recruitment drive to be successful. (See the box below for what should be included in a pre-placement talk)
Referrals	All Positions May work well especially in the case of Loan Officers or even functional positions Referrals from people who know the organization well such as Board Members are a great source for recruitment of senior managers and management team members and should be used extensively for the same	One needs to ensure that diversity is maintained (there shouldn't be too many loan officers from **a** particular village)
Internet Job posting	Not too much applicability in the MFI sector	Long Life span – can keep attracting people Not expensive and can be timely as well
Walk-ins	Loan Officers: especially for new branches	See the box below for a checklist on conducting walk in interviews
Temping Agencies	Can be used for jobs in support functions especially IT, front office etc.	

Pre placement Talk:

This should be a talk for about 45 mins that helps the students get an overview of the organization and the positions being offered and should cover the following:

- History of the organization
- Products and Services
- Vision and Values
- Key Milestones
- Profile of the Management Team
- Profile of the role
- Careers and Compensation
- Q&A

Conducting Walk-in interviews: A checklist

- Venue that can accommodate large numbers (especially those who are waiting): local schools and colleges are apt venues
- Crowd Control: Appoint people for the same. Ensure that there is a process to register as soon as people enter and that they are called in the order that they came in
- Interview process: A short screening interview/ test is critical
- File all the applications received – they could be useful going forward
- Makes sure you have large number of selectors / panels ready for the day – brief them about the process well in advance
- Adequate arrangements for drinking water, restrooms, seating space etc.

We source personnel through..

Response	No. of MFIs	Percentage
Website /Advertisement/Reference	22	73%
Campus Placements	6	20%
Consultancy Arrangement	2	7%

*Results of Sa-Dhan survey with 30 MFIs. (Multiple responses were allowed)

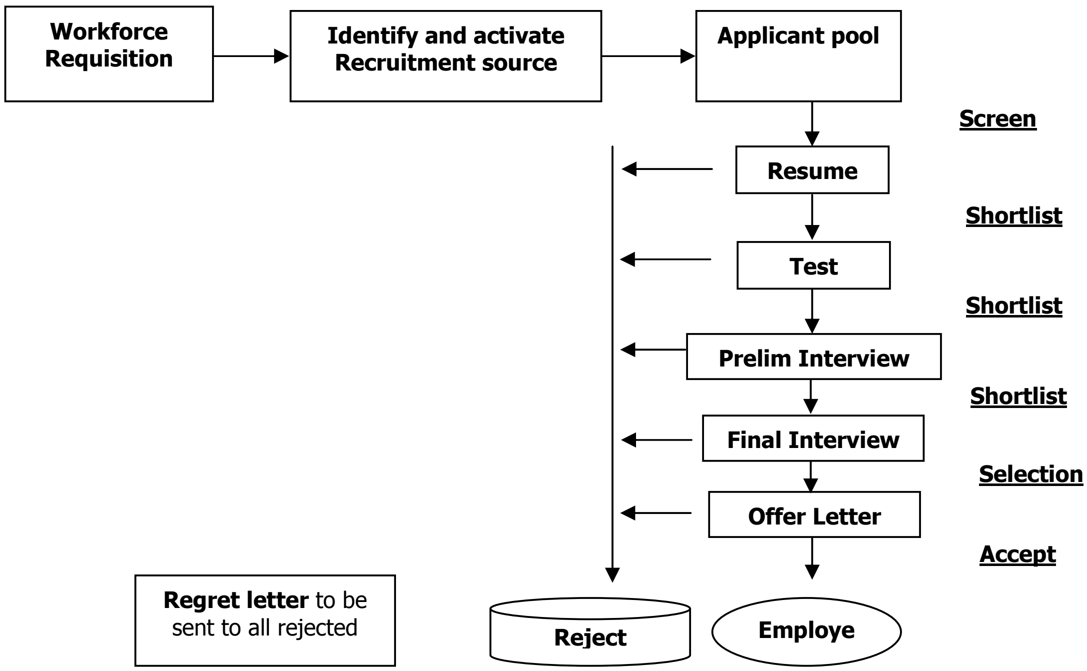
C. Selection

Once there is a pool of applicants for a job, the next step is to select the best candidates for the job. Selection is the process of identifying individuals who have relevant qualifications/ experience/ skills and competencies to fill in those jobs.

Selecting the right employees is critical because:

- The organisations performance is dependent on its employees. Employees with the right skills and attributes will do a good job.
- It is costly to recruit and hire employees. Hiring and training a new employee costs a lot of money.
- Incompetent hiring could impact the organisation in a big way. The employee may commit a wrongful act that will impact the image of the organisation adversely.

The Selection Process



Each step of the process is described below.

A. **Workforce requisitioning:** The Management or the Department Head in charge places a request for increasing manpower for a particular department with the HR Manager.

B. **Recruitment Sources:** The HR Manager, based on the requirement in terms of numbers & budget approved, selects the channel/s to be used to source the required candidates.

C. **Resume Screening:** The HR team screens candidate resumes for their profile in terms of educational qualification, years of experience etc. & shortlists the candidates.

D. **Test:** The test which checks for job specific skills & competencies is administered and scores tabulated for all short listed candidates. If the candidate passes the test, he/she is short listed for the Preliminary Interview.

   Note:
   1. The candidate completes the Application Form before he/she appears for the Preliminary Interview.
      a. Application Form – Managerial
      b. Application Form – General
      c. Application Form – Internal Job Postings

   2. A Regret Letter needs to be sent all Managerial candidates rejected at any stage after the test.

E. **Preliminary Interview:** All candidates go through at least 2 rounds of interviews.
   a. HR Round: Candidates undergo a preliminary HR interview in which the HR Team assesses them for general skills & behavioural attributes.

b. Functional Round: The candidate is assessed on functional skills by a functional interview panel. The panel for this round consists of the Department / Function head and / or a senior member of the specific function.

Note:

1. An Interview Assessment form is completed after the functional and HR round is completed.
2. The HR and Functional round can be combined in one round in case of non-availability of time or panellists.

F. **Final Interview:** Only Managerial Candidates (Area Managers and above) who clear the preliminary functional and HR interviews are called in for a final interview or a decision round with the Director of the specific function, the Head of HR and the CEO. This interview focuses on the validation of the functional skills of the individual and also probes into behavioural attributes. The decision to hire the candidate is made in this interview.

G. **Selection and Offer:** HR makes an offer to the selected candidate based on his/her experience and educational background.

Selection Matrix

The matrix given here is an example of the various stages of selection recommended for typical positions in an MFI.
Operations

Position	Selection Step 1	Selection Step 2	Selection Step 3
Loan Officers	Written Test *You may chose to use Psychometric tools for this level too. However, operational issues such as tools in local languages, may be an issue.*	Group Discussion Field Visit and presentation by candidates	Panel Interview (Branch Manager, Area Manager and HR)
Branch Managers – Internal Job Postings	Written Test and Group Discussion	Interview with Regional Manager and HR	Final Interview with the Head of Ops (optional)
Branch Manager _ External Candidates	Interview with HR (initial screening)	Functional Interview with a panel of Area Managers + Regional Managers	Final Interview with the Head of Ops (optional)
Area Manager – Internal Job Posting	Presentation on case	Panel Interview: Regional Managers + HR Manager	Final Interview with the Head of Ops + Head of HR Meeting with CEO
Area Manager – External Candidates	Interview with HR (initial screening)	Panel Interview: Regional Managers	Final Interview with the Head of Ops + Head of HR Meeting with CEO
Regional Manager	Initial Screening: Meeting with the HR Manager	Panel Interview: Head of Ops, Head of another function and the Head of HR	Meeting with the CEO

<u>Other Functions</u>

Position	Selection Step 1	Selection Step 2	Selection Step 3
Assistants and Officers	Written Test /Group Discussion	HR Interview	Panel Interview: Managers in the Function
Assistant Managers and above	Interview with HR (initial screening)	Functional Interview with a panel of Managers (should be senior to the position holder)	Final Interview with the Head of the Department and Head of HR Meeting with the CEO
Senior Managers	Panel Interview: Head of the Hiring Function + Head of HR + Head of any other function	Meeting with the CEO	

Structure of a Selection Interview

- Introductions
- Breaking ice
- Assessment of functional skills, knowledge and competencies. You may want to use a post Field Visit presentation or other methods to accurately assess functional skills at junior levels
- Examine issues in the application form or raised in the preliminary stages of the selection process
- Allow the candidate to ask questions
- Closure

Given below is a checklist that you may like to use for the various stages of the selection interview.

Step A. Before the Selection Interview	1. Study the position description and the application form / resume of the applicant(s): Review the application or resume with relation to the skills and competencies required by the jobholder. Identify gaps and issues to be addressed in the interview. 2. Plan the Interview: ▪ Identify a place for the interview well in advance ▪ Allow for enough time for each interview ▪ Make sure that your schedule ensures that candidates will not be kept waiting ▪ Make sure that you have all the assessment formats (including the filled forms for any earlier interviews that have already taken place)

Step B. Conducting the Interview	1. Opening the Interview: ▪ Welcome the candidate and thank him/her for coming ▪ Introduce yourself: including your designation and what you do ▪ Make clear the purpose of the interview and the role that he/she is being interviewed for ▪ Outline the recruitment process (especially if this is the first round of interviews) that is being followed for the position ▪ Mention that you would be making notes during the interview 2. Putting the candidate at Ease: Your goal is to get the best out of the candidate by creating a relaxed atmosphere. ▪ Open with a topic that the person would feel comfortable with ▪ A cheerful expression always goes a long way. Avoid showing boredom, irritation or disbelief. ▪ Establish understanding with an occasional nod. This indicates that you find the information useful and you would like to hear more. 3. Documenting the interview should be as close to the candidate's actual responses. 4. Closing the Interview ▪ Ask the candidate if there is anything else they would like to add. Ask if they have any questions - about the organization, the role etc. ▪ If the candidate does not have questions, please share information on the position as well as critical aspects such as the MFI sector or anything that would be very different from the current organization that they are working with ▪ Inform them of the next stage of the process and when they can hope to hear from you. Thank the candidate for attending the interview.

Step C. Post-Interview	▪ Complete the assessment forms and discussions with the other panellists and arrive at a recommendation with respect to the person who has just been interviewed.

Recruitment Status & Tracking

The HR team uses a number of sources for recruitment and could be processing anywhere between 50 to a few hundred applications at any given point in time. The Recruitment Status and Tracking Form helps to track an application as it moves through the various stages of the recruitment process. The form provides for separate tracking sheets for resumes received through consultants, advertisements and the referral scheme. It also helps in collating recruitment status at any given point in time.

We recruit personnel based on their..

Response	No. of MFIs	Percentage
Age, Education & Qualification	**26**	**87%**
Awareness/Rural work orientation	**18**	**60%**
Communication skill/Local Language	**14**	**47%**
Experience	**22**	**73%**

*Results of Sa-Dhan survey with 30 MFIs. (Multiple Responses were allowed)

Ready Reckoner

Activity	Timeline	Responsibility	Support	Status
Workforce Planning				
Create Workforce Plan				
Identify Staffing requirements				
Create Staffing Plan				
Create Staffing Budget				
Monitor Staffing Performance				
Recruitment				
Raise Workforce Request				
Identify source of recruitment				
Selection				
Conduct Selection Process				
• Resume Screening				
• Conduct Test				
• Get Application Form filled				
• Send Regret Letter				
• Conduct Preliminary Interview				
• Conduct Final Interview				
• Make Offer				
Recruitment Status & Tracking				

Formats

- 1a – Workforce Plan – Master Plan
- 1b – Workforce Plan – Operations Department
- 2a – Staffing Plan – Staffing Requirements
- 2b – Staffing Plan – Plan
- 3 – Staffing Budget
- 4a – Staffing Metrics – Staffing Plan
- 4b – Staffing Metrics – Staffing Budget
- 5 – Workforce Request Form
- 6 – Internal Job Posting
- 7a – Application Form - Managerial
- 7b – Application Form – Non – Managerial
- 7c – Application Form – Internal Job posting
- 8 – Regret Letter
- 9a – Interview Assessment Form (Supervisor)
- 9b – Interview Assessment Form (Individual contributor)
- 10 – Recruitment Status & Tracking

1a - Workforce Plan – Master Plan

	Last Year Plan	Last Year Actual	Current Year Plan	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
CEO's Office															
CEO															
Executive Assistant															
Operations															
COO															
VP - Operations															
Regional Manager															
Area Manager															
Branch Manager															
Loan Officer															
Finance															
Finance Manager															
Accounts Executive															
Internal Audit															
IA Manager															
Internal Auditors															
HR															
HR Manager															
Admin Executive															
Training															
Training Manager															
Trainers															

1b - Workforce Plan – Operations Department

	Last Year Plan	Last Year Actual	Current Year Plan	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Operations															
COO															
VP - Operations															
Regional Manager															
Area Manager															
Branch Manager															
Loan Officer															

Note: Please state assumptions/ logic used for arriving at the Workforce plan for your department

2a – Staffing Plan – Staffing Requirements

	Last Year Plan	Last Year Actual	Current Year Plan	Increase in Workforce	Turnover	Staffing Requirement
CEO's Office						
CEO						
Executive Assistant						
Operations						
COO						
VP - Operations						
Regional Manager						
Area Manager						
Branch Manager						
Field Manager						
Finance						
Finance Manager						
Accounts Executive						
Internal Audit						
IA Manager						
Internal Auditors						
HR						
HR Manager						
Admin Executive						
Training						
Training Manager						
Trainers						

2b – Staffing Plan – Plan

Sl. No.	Position	Number of Vacancies	Vacancy to be filled by	Channels	Brief to be sent on	Tests to begin on	Prelim Interviews	Final Interviews

3 – Staffing Budget

Staffing Budget for the period			
Sources and rates	**Unit Cost**	**Number of units**	**Total Cost**
Consultants			
Advertisements			
Interview Costs			
Travel			
Venue & Logistics			
Incidentals			
Total			

Signature of the HR Manager

Date :

Signature of the Department Head

Date :

Signature of the CEO

Date :

Signature of the Finance Head

Date :

4a– Staffing Metrics – Staffing Plan

Staffing Plan Status as on

Sl No.	Position	Number of Vacancies	Vacancy to be filled by	Status

4b– Staffing Metrics – Staffing Budget

Staffing Spends as on

Sources and rates	Unit Cost	Number of units	Total Cost	Utilised
Consultants				
Advertisements				
Interview Costs				
Travel				
Venue & Logistics				
Incidentals				
Total				

5 - Workforce Request Form

Position Name: ____

Department: ____

Reason for requirement (Tick whichever applicable)

- ❑ Vacancy due to Replacement
- ❑ Additional budgeted
- ❑ Additional unbudgeted

Justification for Additional		
Budgeted Nos. for this position	Current Nos. in this position in the dept. / Unit (actuals)	No. of people to be recruited

Position Description	
Qualification	
Years of experience	
Designation	
Reporting Head	
Skills Required	
Key responsibilities	

Initiated by (Signature)

Dept. Head: ________________________________**Date:** ____________________

HR Manager: ________________________________**Date:** ____________________

Approved by (Signature)

CEO: ________________________________**Date:** ____________________

6 - Internal Job Posting

Position Name: ____

Department: ____

Position Description	
Key responsibilities	
Qualification	
Years of experience	
Eligibility Criteria	
Reporting to	
Skills/ competencies Required	

Application Deadline:

7a - Application Form – Managerial (other than Loan Officers)

Name in full: ______________________________________
(In block letters)

Affix Photograph

Post Applied for: ______________________________________

Current Address	**Permanent Address**
Telephone #: **Email:**	**Telephone #:** **Email:**

Personal Details
Date of Birth: **Licence Number:**
Age: **Willingness to travel to:**Anywhere/specific areas
Sex:
Nationality:

Have you applied to our organization before: Yes / No
If Yes,
Position: **Date:**

Do you have any relatives working with our organisation: Yes / No
If Yes,
Name: **Department:** **Relationship:**

Languages Known	**Read**	**Write**	**Speak**
	(Tick mark wherever applicable)		
1..............................	**........**	**.......**	**........**
2..............................	**........**	**.......**	**........**
3..............................	**........**	**.......**	**........**
4..............................	**........**	**.......**	**........**

Educational History				
Name of Institute (start from 10th Std.) and exam passed	**From**	**To**	**Subject Specialisation**	**% Marks**

Other Courses:

Employment History				
From – To	**Name of Organization and Designation**	**Gross Salary per annum**	**Reason for leaving**	**Broad Responsibilities**

Draw below the organisation structure in your current job (please include at least one level above you and one level below you):

Compensation and benefits in current job **Please provide a complete break up (attach pay slip/ compensation structure)**
Extra Curricular Activities
Hobbies and Interests
Sports Activities

Describe your significant achievements till date:

What are your career aspirations?

Any other information that you would like to mention:

References (other than relatives):		
Name:	Name:	Name:
Address: Tel:	Address: Tel:	Address: Tel:

Declaration

I hereby affirm that the above mentioned information is true to the best of my knowledge and belief and without consequential omissions of nay kind whatsoever and understand that any wrong statements and suppression of facts will if I am employed, subject me to immediate dismissal.

Date: **Place:** **Signature:**

7b - Application Form – Non – Managerial (Officer Level)

Name in full: ______________________________
(In block letters)

Post Applied for: ______________________________

Affix Photograph

Current Address	**Permanent Address**
Telephone #: **Email:**	**Telephone #:** **Email:**

Personal Details
Date of Birth:
Age:
Sex:
Nationality:

Have you applied to our organization before: Yes / No
If Yes,
Position: **Date:**

Do you have any relatives working with our organisation: Yes / No
If Yes,
Name: **Department:** **Relationship:**

Languages Known	Read	Write	Speak
	(Tick mark wherever applicable)		
1..............................	**........**	**.......**	**........**
2..............................	**........**	**.......**	**........**
3..............................	**........**	**.......**	**........**
4..............................	**........**	**.......**	**........**

Educational History				
Name of Institute (start from 10th Std.) and exam passed	**From**	**To**	**Subject Specialisation**	**% Marks**
Other Courses:				

Employment History				
From – To	**Name of company and Designation**	**Gross Salary per annum**	**Reason for leaving**	**Broad Responsibilities**

References (other than relatives):		
Name:	Name:	Name:
Address: Tel:	Address: Tel:	Address: Tel:

Declaration

I hereby affirm that the above mentioned information is true to the best of my knowledge and belief and without consequential omissions of nay kind whatsoever and understand that any wrong statements and suppression of facts will if I am employed, subject me to immediate dismissal.

Date: **Place:** **Signature:**

--

7c - Application Form for Internal Job Postings (typically for Ops)

Name in full: ________________________________ **Employee No.**________________________
(In block letters)
Position and Department Applied for: ____

Current Position/Department: ____

Academic Record				
Name of the Institute and Exam/Qualification (Last exam passed – 10th std.)	**From**	**To**	**Subject Specialisation**	**% Marks**
Computer Knowledge and Other Courses:				

Employment History prior to ( )				
From - To (Year)	**Name of company and Designation**	**Gross Salary per annum**	**Reason for leaving**	**Broad Responsibilities**

Details of work experience at ( )			
Period From To	**Department**	**Designation**	**Broad Responsibilities**

Have you applied for the role of a _____ before? If yes, give details.	Are you willing to work anywhere in India?

What have been some of your significant achievements in the last 2 years?

What is your understanding of the role of that you are applying for? What are some of the challenges you will face in that role and how will you deal with them? (Please attach an extra sheet if required)

Hobbies, Interests, and Sports Activities:

Any other information that you would like to mention:

Date _______________ **Place** _______________ **Signature** _______________________________

8 – Regret Letter

Date: ____________

Dear ___________________________________

It was a pleasure meeting you on _______________

Owing to our specific requirements we regret that we will not be able to proceed further with your candidature.

Thank you for your interest in our organisation (Insert Name).

Sincerely,

HR Manager

9a - Interview Assessment Form (Supervisor)

Candidate's Name**: ______________________________**	**Position: ____________**
Referred By: _______________________________	**Interviewed by (round 1): ________**
Source of Recruitment: ______________________	**Interviewed by (round 2):________**

Please assess the candidate on the aspects mentioned below after the interview is over and take the whole interview into consideration rather than in parts. Try to be as rational & objective as possible. Please add supporting comments to elaborate.

Effectiveness Parameters	Round 1	Round 2
Communication *(Ability to communicate thought process with clarity, Builds rapport, makes effective presentations)|*		
Customer Focus *(Recognizes that the customer is the centre of the transaction, has an understanding of the key drivers that lead to customer satisfaction, ensure commitments are honoured)*		
Planning *(Ability to consistently meet deadlines and work under pressure, manage time well, delegates suitably)*		
Problem Solving & Decision Making *(Ability to anticipate, identify and define an issue/ problem, Ability to identify solutions, critical analysis of situations before making a decision)*		
Team Building *(Ability to work with others, promote trust & co-operation in the team, resolve & manage conflicts within the team)*		
Managing Team Performance *(Ability to set and inspire the achievement of targets, Give feedback, recognise high performance and confront underperformance)*		
Developing People *(Ability to coach & counsel team members, works with team members to develop skills)*		

Effectiveness Parameters	Round 1	Round 2
Functional knowledge / Expertise		

Reason for seeking change from current organization
Reason for seeking employment with us
Career Aspirations of the candidate
Earliest date of joining
Current Salary(CTC) **Salary Expected (CTC)**
Family Background
Any additional comments

Hire Decision: **Selected** ☐ **On Hold** ☐ **Rejected** ☐

Reason for Hire / Reject: **Date for Next Interview:**

Signature of interviewer / panel (round 1): ____________________**Date** _______________

Signature of interviewer / panel (round 2): ____________________**Date** _______________

9b - Interview Assessment Form (Individual Contributor)

Candidate's Name**: ___________________________** **Position: ____________________**

Referred By: _______________________ **Interviewed by (round 1): ___________**

Source of Recruitment: ______________ **Interviewed by (round 2): ___________**

Please assess the candidate on the aspects mentioned below after the interview is over and take the whole interview into consideration rather than in parts. Try to be as rational & objective as possible. Please add supporting comments to elaborate.

Effectiveness Parameters	Round 1	Round 2
Communication *(Ability to communicate thought process with clarity and in a logical sequence)*		
Customer Focus *(Ability to understand and react to customer needs, build and maintain rapport with clients, communicate actively with internal client)*		
Problem Solving *(Ability to grasp new concepts easily, understand and interpret facts and figures related o daily work, provide solutions to simple day to day problems)*		
Team Working *(Ability to interact, cooperate and actively supports other team members, maintain a positive working relationship, take on additional responsibilities for the benefit of the team)*		
Self Management Skills *(Ability to meet deadlines and work under pressure, meet expected standards of quality, manage own time pressure and stress levels, systematic)*		
Initiative *(Ability to actively participate and own organisational events, generate ideas for improvement, take initiative to enhance learning)*		
Functional knowledge / Expertise		

Reason for seeking change from current company
Reason for seeking employment with us
Career Aspirations of the candidate
Earliest date of joining

Current Salary(CTC) **Salary Expected (CTC)**
Family Background
Any additional comments

Hire Decision: **Selected** ☐ **On Hold** ☐ **Rejected** ☐

Reason for Hire / Reject: **Date for Next Interview:**

Signature of interviewer / panel (round 1): ______________________ **Date** _________

Signature of interviewer / panel (round 2): _______________________**Date** _________

10 – Recruitment Status & Tracking – Channel

Name	Source	Role	Exp.	Resume	Test	Prelim Interview	Final Interview	Offer	Outcome and Pending Action	Action Owner

Sa-Dhan
The Association of
Community Development
Finance Institutions

Performance Management

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Performance Management

This Toolkit will help you to understand: -

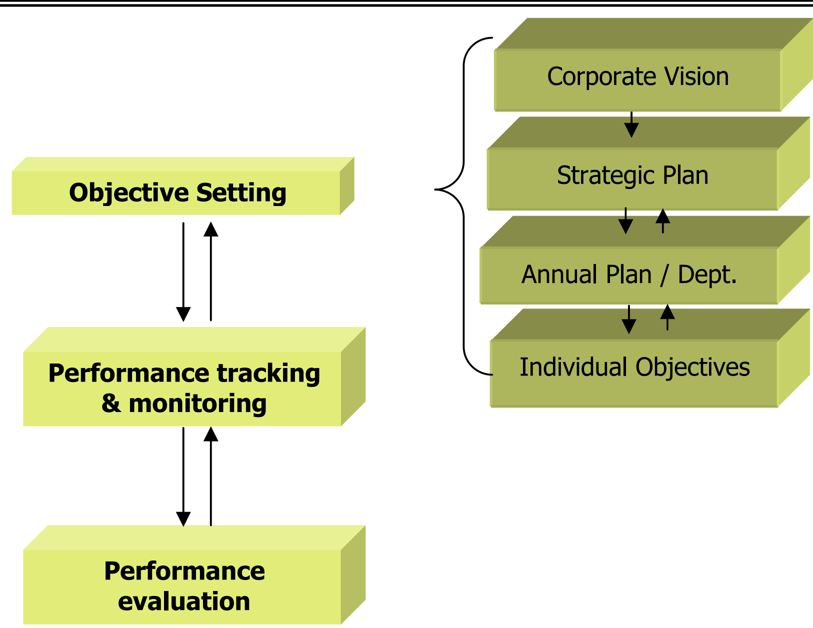
- What Performance Management is
- The various elements of Performance Management – Objective Setting, Performance Tracking & Monitoring, Performance Appraisal Discussions & Performance Review
- The Objective setting process – linkage to organisation vision, setting SMART objectives
- Understand the Performance Tracking & Monitoring process
- The Performance Appraisal process – Assessing Performance and Guidelines to conducting the Appraisal Discussion

Performance Management is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the jobs to be done. It is a comprehensive system, which involves the establishment of mutually agreed upon performance objectives, monitoring progress on objectives, and appraising actual results against the pre-determined objectives.

A Performance Management system consists of processes to identify, measure, evaluate, improve and reward employee performance at work.

Performance Management consists of four main elements: Objective Setting, Performance Tracking & Monitoring and Performance Evaluation.

- **Objective Setting** is the process of setting objectives for each employee in the organisation, which flow from the organisation's vision, the annual strategic business plan and the departmental goals.
- **Performance tracking & monitoring** is the continuous process of tracking and reviewing goals and modifying the same in light of any significant changes in the role.
- **Performance evaluation** includes the performance appraisal process, performance diagnosis and feedback.
- **Performance Support:** Providing necessary support services for filling the gaps and facilitating higher performance.



Performance Management System

Objectives

- To achieve Business Objectives
- To build sustainable organizational capabilities
- To guide activities in the process of achieving goals of organization and self
- To facilitate continuous improvement of self and organization

Philosophy

For a performance management system to be effective and successful, it is critical to foster an atmosphere of open, ongoing, two-way communication with their teams.

The performance management system recognizes **two basic principles**:
- People work more effectively if they know what they are expected to do, and can assess their performance.
- People are most likely to achieve their performance objectives if they have been personally involved in establishing them.

These processes are based on the following philosophy:
- **Participative:** Self-evaluation is a very crucial element in the performance management process. It allows for reflection on one's own performance while giving the organization an opportunity to see the individual's side of things.
- **Transparent:** Performance ratings are shared with individuals in the spirit of transparency and openness.
- **Developmental:** One of the key objectives of the performance review process is to receive and give feedback. It is to help individuals understand their areas of improvement, which are then plugged into their training and development plans
- **Confidential:** All individuals are expected to treat feedback and the ratings shared during the process and review meetings as confidential.

The Performance management process provides a medium through which discussions can take place concerning an individual's performance. This is also a tool to establish and align individual performance goals with the organizational goals.

Our HR challenges are..

Response	No. of MFIs	Percentage
Unwillingness of urban candidate to work in rural area	**16**	**53%**
Higher salary expectation/ staff reluctance to get into Finance and recovery job	**11**	**37%**
Non-availability of professional MF expert not available	**4**	**13%**

*Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

Performance Management Toolkit

The Performance Management toolkit consists of a set of processes and corresponding templates that can be used for managing performance in the Micro Finance Industry.

A. Objective Setting

Objective setting is the process in which the employee and the supervisor work together to plan what the employee should do in the upcoming year, define how performance should be measured and come to an understanding on the deliverables of the job for the defined period

Objective setting is a challenging task and it is the most critical part of the performance planning and evaluation process. Clear and well-defined objectives enable individuals to use their talents and energies in the most appropriate way.

Why set objectives?

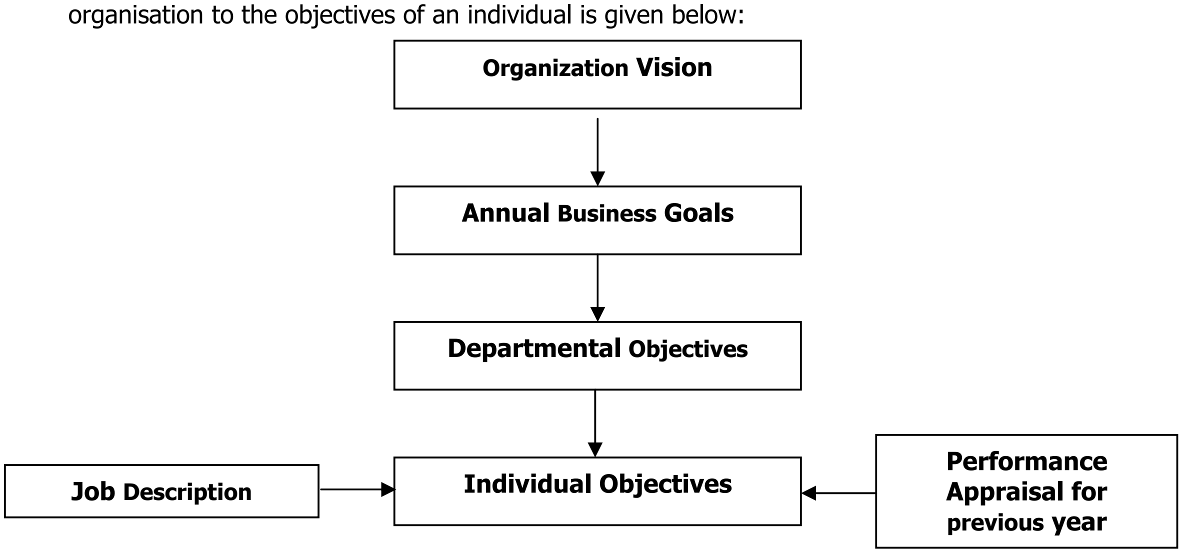
- To achieve the vision and the annual business goals
- To increase commitment to business goals by aligning individual objectives with those of the business
- To provide focus, direction and identify priorities

Inputs to Objective Setting

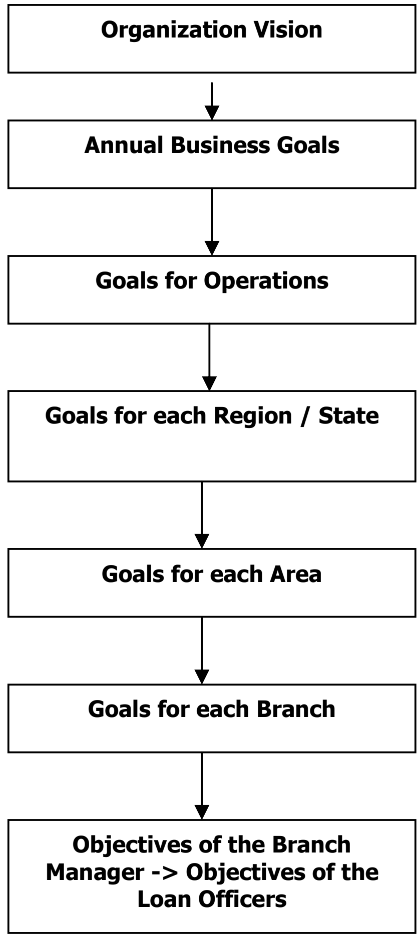
Organisational Information – the 'Big Picture'

Since part of the power of the performance management process comes from helping the organisation, its units and all its employees **pull in the same direction**, gathering information regarding where the organisation is going and how its going to get there becomes a critical first step in the process.

The Individual Objectives must cascade from the business goals and the departmental goals for the period. An illustration of how this cascade takes place from the vision of the organisation to the objectives of an individual is given below:



Example of how the organization's objectives will cascade down in Operations:



Employee Information

Apart from the 'Big Picture' information, one should refer to the updated **Job Description** of the employee. The list of responsibilities can be used to define specific objectives for each job. If done appropriately the **performance appraisal review** from the previous year is another critical input in setting the objectives for the coming year. *In case a formal appraisal was not done in the previous, the objectives/ tasks undertaken in the previous year should be listed.* Since the objective setting meeting and the appraisal discussion are often combined the objectives of the previous year are readily available

When to set Objectives

Objectives are set at the beginning of the review period i.e. in April each year at an Objective Setting Meeting. This meeting is usually conducted along with the previous years appraisal discussion

Objectives may be changed, added or deleted during a review period in the following circumstances:

- If the employee takes up additional responsibilities
- If the employee moves from one team/role/department to another
- Business priorities or customer requirements may change during the course of the review period.

For all new recruits, it is recommended objectives should be set on completion of a month with the organization.

Objective Setting Meeting

The Supervisor should make it a point to set the right climate for the objective setting meeting. One mistake supervisors often make is to treat the objective setting meeting as something that can be moved around, interrupted or cancelled. That sends the message that the process is not important. Keep the appointment and respect it. Employees will take it seriously if the Supervisors take it seriously.

Equipped with the organisational and the individual employee information, the employee and the supervisor should prepare for the objective setting meeting by reviewing all the information available and identifying draft objectives.

Once the context setting for the meeting has happened, the Supervisor should ask the employee to discuss the objectives that have been identified by the employee. The Supervisor should ensure that SMART Objectives have been set.

Two options have been given below that supervisors can adapt for the objective setting process. It would be relevant for all supervisors to note that they must not set objectives for their team members unless they have set their own objectives with their supervisor.

Events that precede individual objective setting include:

- Creation and communication of the Annual Business Plan and the previous year's results by the Management Team
- Objectives set for each Department and the Department Heads
- Communication of the Department and Organization Objectives to the employees

Communication on Organization Objectives to all employees	↓	Organization objectives and the Annual Business Plan is shared with all Department Heads and Managers
Department Heads set objectives for their respective functions and themselves	↓	Department Heads set objectives for their respective functions and themselves
Department Heads communicate the annual plan for their respective departments to their teams	↓	Department Heads communicate the annual plan for the organization and for their respective departments to their teams
Department Heads meet with their reportees to discuss and set their objectives	↓	Department Heads meet with their Managers to discuss and set their objectives
The reportees in turn meet with their team members to share own objectives and set individual objectives for each team member	↓	Managers meet with their teams to share their own objectives in a meeting, set priorities for the team for the year ahead and then meet with individual employees to discuss and set individual objectives

Note: In order to ensure that the objectives being set align with the organizational goals, are SMART and have a degree of stretch senior managers must review a cross section of objectives across their department and provide feedback if standards are found lacking in the process or the objectives.

S.M.A.R.T. Objectives

An Objective is a statement of a specific result or outcome the employee is expected to create or contribute to.

The objective must be SMART

- **Specific** statement that clearly states "what" is going to be achieved.
- **Measurable** either in qualitative or quantitative terms.
- **Ambitious** and yet
- **Realistic**. A certain amount of stretch should be built in to each objective.
- **Time-bound**.

Objectives	**How not to Set**	**How to Set**
Specific	• Initiate cost savings programmes • Conduct many staff training workshops • Provide regional Managers with continuous updates on the new expansion	• Reduce travel costs in each branch by 5% vs estimates • Conduct quarterly workshops for all the Loan Officers focusing on...... • Institutionalise a process to provide a weekly update to the RM on the outreach targets for each branch in the region beginning
Measurable	• Improve disbursements • Improve productivity • Set up a new ERP system • Ensure that employees are motivated	**Quantitative** • Achieve profit of Rs. X for the year • Reduce costs by 2% across all regions • Increase sales of product X by y % in z region **Qualitative** • Set up the Organization Intranet with a, b, c, d, e features by Q2 • Complete and employee satisfaction survey and recommend an action plan based on the same by • Create a new manager program for all recently promoted Branch Managers to cover o Managing Performance o Communicating effectively • Support Department Heads to track their budgets by providing an MIS report on the 5th of each month.
Ambitious & Realistic	" Put a 5'10" person into 6 '3" of water, and odds are that he will learn to swim.... put the same person in 7'4" of water and you may have a dead body on your hands" (Tom Peters)	• It should not be too easy to achieve • It should be attainable with effort and an element of "stretch"
Time Bound	• Increase market share in X product to 40% • Advance target date for accounts closing • Increase training man days in HO	• Increase market share in X product in the East UP markets to 40% by Q3 • Complete accounts closing & audit by June 30 • Increase training man days to 3 per employee in HO in 2005-2006

Documenting the Objectives

Once the Objectives have been agreed upon the Supervisor should fill in the Objectives in Section A of the Performance Appraisal Form for the current year. A copy of the finalised objectives should be sent to the HR department for the records.

There should be 4 – 6 Objectives for each employee of which at least 1 should be a learning/ personal development objective.

Learning/ Personal Development Objective: Every individual in an organization would have development needs that would need to be addressed to enhance their effectiveness in their current role. It is recommended that this development need (identified in an appraisal discussion with the supervisor) be taken up as a learning objective the following year. The learning objective would specifically mention the area for development, what is being done to address it and what the outcomes would be (written in the SMART format)

Objective Setting for Field Staff

There should be a different Process for Objective Setting for the Field Staff. Since the roles and responsibilities for the Field Staff are very clearly defined, the objectives for them should to be predefined. These Objectives should be identified at the time of the Annual Planning Exercise

The Guidelines to be followed while defining goals for the Field Staff

- 4 – 5 Key Metrics (Key Result Areas)
- Should be results/outcomes
- Should reflect most critical/ high impact aspects of role
- Should be different from activities e.g. updates MIS regularly, visits villages as per plan
- Broken down into monthly targets

At the Beginning of every year, the Supervisor should identify the targets for each employee after a discussion.

A sample of the Objective sheet for the field staff is enclosed. This captures the Objectives in a monthly and annual format. (These objectives are indicative and need to defined by the organisation)

B. Performance Tracking & Monitoring

The performance management cycle starts with objective setting and ends with the appraisal and review. But what makes performance management work most effectively is what goes on in between – ongoing performance tracking & monitoring.

Performance tracking & monitoring is a communication process by which the supervisor and the employee work together to share information about work progress, potential barriers and problems, possible solutions to problems and how the supervisor can help the employee. Its importance lies in its power to identify and address difficulties before they grow.

One purpose of ongoing communication is to keep the work process dynamic, flexible and responsive. It helps to cope with changes. But even if there are no changes, the communication is needed so as to get regular information needed to improve throughout the year.

Performance Review Meeting

The Individual Performance review meetings are different from the weekly department meetings. They help to do the following:

- Increases ownership
- Allows for individual feedback and recognition
- Ensure that there is a formal process (not left to the supervisor's discretion): critical when there is a large organization
- Ensures that there are no surprises during the annual appraisal: "do not agree with my rating"; "if you had told me before…"

A suggested agenda for the 1-1 meeting is given below. Typically these meetings would last about an hour:

- Review Objectives using the Goal Sheet
- Discussion on "what went well" & "what didn't go well"
- Recognising achievements
- Inputs to achieve next month's targets
- Progress on Learning Objectives
- Addressing concerns and receiving feedback

At the performance review meeting, the supervisor and the employee look at the objectives set at the beginning of the year in the performance appraisal form.

10 questions at a performance review meeting

1. What is going well? What is not going well?
2. Is the employee on track toward achieving the objectives?
3. If things are not on track, what needs to change to get things on track?
4. How can the Supervisor lend a hand to support improvement (even if everything is on track)?
5. Has anything changed that might affect the employee's role/ job/ priorities?
6. If so, what changes need to be made in the objectives?
7. What is the progress on the learning objective?
8. What are the concerns that the employee may have?
9. How are the employee's subordinates doing? Review their performance/ objectives?
10. What is the plan for next month and how will that plan be achieved (particularly for field staff)?

Frequency

The Frequency at which to conduct review meetings needs to take into consideration the need to address deviation from the expected level of performance in time. For Objectives, which have been set for a longer period of time – 6 monthly to 1 year require less frequent reviews than objectives, which have been set monthly. The frequency of the review meetings for the employees should be quarterly

Field Staff would need more frequent individual reviews than others. The Review meetings for filed staff should be held monthly. For example each Loan Officer should meet with the Branch Manager at least once a month for a 1-1 and each Branch Manager should meet with the Area Manager for a 1-1.

C. Performance Evaluation

Performance Appraisal, performance review, or performance evaluation are often used interchangeably. Generally they refer to a meeting, usually held once a year, where the supervisor and the employee discuss employee performance and document progress.

Timing

Since Performance appraisals lead into the next performance planning cycle, it's ideal to schedule the appraisals around the time that the organisation is developing its goals and objectives for the next year.

Coverage

The annual performance appraisal should cover all employees who have been in the organisation for at least 3 months prior to the review date. Therefore if the appraisal is conducted for the period April – March, all employees who have joined the organisation as on 31st December should be appraised.

Elements of the Appraisal Form

The following are the key elements of the Appraisal Process and each of these elements is addressed in different sections of the Appraisal Form:

- Achievement of Objectives
- Personal Effectiveness Assessment
- Overall Rating
- Areas for Training and Development

Achievement of Objectives

This section captures assessment of the achievement of the objectives set for the employee at the beginning of the assessment period at the objective setting meeting. It captures key incidents and comments against each objective.

If there are any key achievements or any additional information that needs to be highlighted, the same needs to be captured in the box titled "Special Achievements and Additional Comments". After completing the above a rating needs to be given to the performance for the period of review.

Rating Scale for Performance parameters

Rating	Description
1: Outstanding Performance	Performance and achievements far exceeds expectations and could be regarded as "role-model" performance for that position. Responsibilities are exceptionally met and consistently exceed requirements.
2: Exceeds Expectation	Performance is at a higher level than is expected and agreed. Objectives are exceeded.
3: Achieves Expectations	Performance and achievements consistently meets the key requirements and objectives. The individual may occasionally exceed expectations, or rarely fall short in some instances. However, overall requirements are met.
4: Partially Achieves Expectations	Performance and achievements partially meet expectations and need to be improved. Job goals and responsibilities have partially not been met, although the effort may be exhibited.
5: Not Acceptable	Performance and achievements do not meet most of the key requirements and objectives. Performance is unacceptable and requires immediate attention.

Personal Effectiveness Assessment

The second element of the appraisal process is an assessment of the personal effectiveness factors for each employee.

The effectiveness of an individual at the workplace is significantly impacted by the behaviours or competencies that the person demonstrates at the workplace. Research has helped us to identify various factors that enhance effectiveness of employees in a big way and these are what we commonly refer to as personal effectiveness factors.

The Factors listed below are indicative and the organisation needs to consider what is relevant to the current context. While defining the Personal Effectiveness Factors the organisation should consider what values and culture it wants to promote. All employees should be made to understand the Personal Effectiveness Factors along with what they mean.

Key incidents and comments need to be put against each Personal Effectiveness Factor and a rating needs to be given as well. After completing the assessment for each of the factors an overall rating for the personal effectiveness factors needs to be given.

There are different Factors and descriptors for individual contributors and supervisors.

The Factors & their Definitions for individual contributors
Typically for Loan Officers, Officers in Support Functions and Asst. Managers who do not have teams reporting to them

Behavioural Parameters for Individual Contributors		
	Factors	**Key Indicators**
1	**Communication**	Has clear, concise oral and written communication
		Expresses ideas clearly and in a logical sequence
		Is able to participate productively in discussions and meetings
2	**Customer Focus**	Understands & reacts appropriately to customer needs
		Builds and maintains a rapport with the clients
		Communicates actively with the internal customer
3	**Problem Solving**	Is able to understand and interpret facts and figures related to daily work
		Provides solutions to simple day to day problems
		Escalates problems in a timely manner
		Grasps new concepts quickly
4	**Team working**	Interacts with other members; cooperates & actively supports team members
		Takes on additional responsibilities if required for the benefit of the team
		Maintains a positive working relationship with all team members
5	**Self Management Skills**	Is systematic and Is able to clearly identify and prioritise tasks
		Able to meet deadlines and work under pressure
		Able to manage own time pressures and stress levels
		Adheres to discipline and work norms as per the requirements of the organisation
		Is persistent; is continuously able to meet the expected standards of quality
6	**Initiative**	Generates ideas for improvements
		Participates actively in organisational events
		Owns organisational initiatives
		Takes the initiative to enhance learning

The Factors & their Descriptors for supervisors
(Branch Managers, Accounts Manager, Internal Audit Manager)

Note: Additional factors or descriptors may be required for Senior Managers

Behavioural Parameters for Supervisors		
	Competency	**Key Indicators**
1	**Communication**	Takes initiative to communicate with the customer proactively
		Builds rapport to gain support and commitment
		Able to achieve consensus while facilitating presentation of different points of view
		Makes effective presentations
2	**Customer Focus**	Has an understanding of the key drivers that lead to customer satisfaction/delight
		Is able to resolve customer complaints
		Keeps the customer in mind while creating goals and plans
		Ensures that promises and commitments made to the customer are honoured
3	**Planning**	Able to consistently meet deadlines and work under pressure
		Able to manage own time pressures and stress levels
		Is able to delegate effectively
		Sets and communicates clear priorities for self and others so that deadlines and targets are consistently achieved
		Assesses resource and time requirement for tasks committed to
		Assigns tasks commensurate with member skills and capabilities
4	**Problem Solving & Decision Making**	Is able to anticipate, identify and define an issue/ problem
		Identifies solutions and takes action to solve variances and issues
5	**Team Building**	Recognises and shares credit across teams
		Takes ownership for the team's performance especially failures
		Proactively shares information with own and other teams
		Resolves and manages conflicts arising within and outside of the team
		Acts to promote trust and co-operation in the team
		Shows empathy by lending support and encouragement
6	**Managing Team Performance**	Clarifies targets and conducts reviews regularly to monitor progress on deliverables
		Gives prompt and appropriate feedback
		Motivates team members to achieve targets
		Recognises high performance and confronts underperformance
7	**Developing People**	Reviews the development plans of team members and provides support to develop skills
		Shows concern and is seen as supportive
		Coaches and counsels team members as and when required

Rating Scale for the Personal Effectiveness Factors

Rating	Description
1: Outstanding	Exhibits this behaviour in an effective manner consistently. Consistent and effective usage of this behaviour leads to benchmark performance and delivery that consistently exceeds requirements.
2: Exceeds Expectation	Exhibits this behaviour in an effective manner fairly regularly. The person uses this behaviour effectively to exceed job expectations.
3: Achieves Expectation	Exhibits this behaviour in an effective manner often. Usage of the behaviour is adequate enough for achieving set expectations dependably, as defined. Occasionally this person also exceeds expectations.
4: Partially Achieves expectations	Exhibits this behaviour in an effective manner infrequently. This results in performance being impacted such that job goals and responsibilities are often usually met, but occasionally not attained, although the effort may be exhibited.
5: Not Acceptable	Person rarely exhibits this behaviour effectively. The result is unacceptable performance that needs immediate attention.

Overall Rating

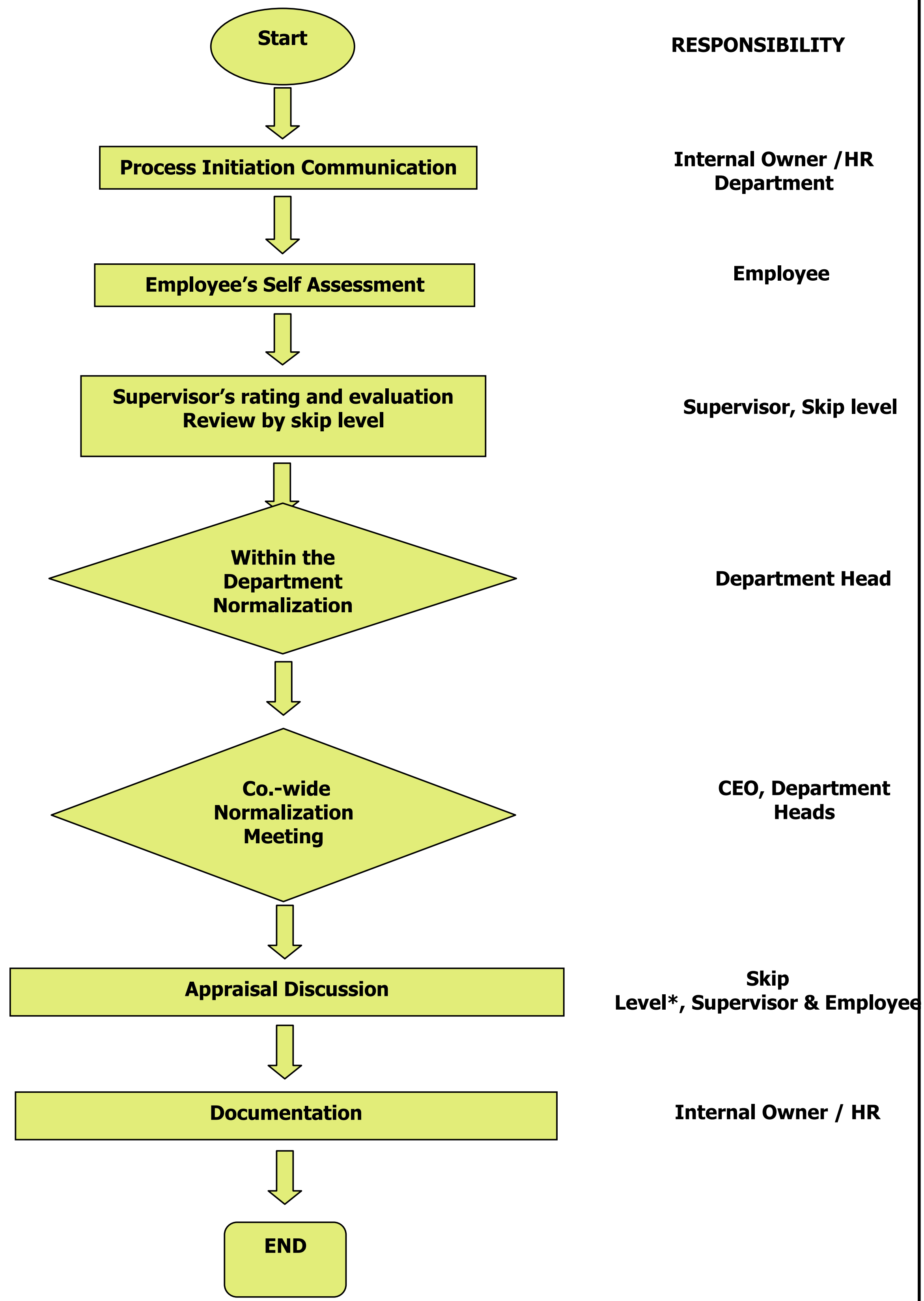
The Overall rating is a function of the performance rating and the personal effectiveness rating.

If the understanding of the personal effectiveness factors is high in the organisation, a 50 – 50 weightage can be given to each of the ratings.

Areas for Training & Development

The last element of the performance appraisal process is identifying areas of training & development for the employee. This needs to based on gaps as well as enablers identified by both the employee and his/ her supervisor.

Appraisal Process



Annual Performance Appraisal Process

Steps of the Appraisal Process

The Performance Appraisal process consists of various steps highlighted below:

Self-Appraisal

The HR Department initiates the process by sending out a communication to all employees to complete the self-appraisal. The performance appraisal form with the objectives is available with the employee. The employee needs to complete the sections marked self-appraisal.

10 steps on doing your self-appraisal

1. **Section A:** Achievement of Objectives: Against each objective set out at the beginning of the year put down the achievement.
2. Do not write " done" "completed" etc. Give data to substantiate the achievement. Describe "how" the goal was achieved and what were the barriers to achieving the objective.
3. Highlight any special achievements and any additional information in the box provided. Use this space to highlight any additional activities or tasks undertaken, which were not set out in the objectives.
4. Review the Rating scale descriptors and give a rating to the Performance for the period
5. **Section B:** Personal Effectiveness Review: Review the Personal effectiveness factors descriptors.
6. Highlight key incidents & comments pertaining to each factor.
7. Review the rating scale and give a rating to each factor
8. Give an overall rating to the personal effectiveness section
9. **Section C:** On the basis of the rating in Section A and Section B, give an overall rating for the period.
10. **Section D:** Highlight the training and development areas from the review over the last year

Once the employee completes the self-appraisal, it needs to be sent to the Supervisor.

Supervisor Appraisal

The Supervisor reviews the self-appraisal of the employee for completeness first. If it is found to be filled appropriately, the Supervisor completes the appraisal of the employee

10 steps while appraising the performance of an employee

1. **Section A:** Achievement of Objectives: Review the employee's comments and put your comments alongside.
2. Do not write, " agree" "ok" etc. Stay focused on actual performance: Extent of achievement of the objective, how well was it achieved, Quality of work, Timeliness etc.
3. Highlight any special achievements and any additional information in the box provided. Use this space to highlight any additional activities or tasks undertaken by the employee which are over and above what were set out
4. Review the Rating scale descriptors and give a rating to the Performance for the period. Beware of ***Rater errors***
5. **Section B:** Personal Effectiveness Review: Review the Personal effectiveness factors descriptors.
6. Highlight key incidents & comments pertaining to each factor.
7. Review the rating scale and give a rating to each factor
8. Give an overall rating to the personal effectiveness.
9. **Section C:** On the basis of the rating in Section A and Section B, give an overall rating for the period.
10. **Section D:** Highlight the training and development areas for the employee

Rater Errors

There are many possible sources of errors in the performance appraisal process. One of the major sources of errors is the mistake made by the rater.

Recency Effect
Recency effect occurs when a rater gives greater weight to recent events when appraising an individual's performance. It may be difficult for a rater to remember performance that took place eight to nine months ago. Some employees may also take advantage of the recency effect by getting into the good books of the supervisor shortly before the appraisals. This problem can be avoided by regular performance tracking & monitoring. This ensures that a checkpoint is taken throughout the year rather than just at the end.

Central tendency, Leniency, Strictness
Appraisers who rate all employees within a narrow range (usually the middle) commit a central tendency error. Rating patterns may also exhibit leniency or strictness. The leniency error occurs when ratings of all employees are at the high end of the scale. The strictness error occurs when a supervisor uses only the lower part of the scale to rate employees. When performance evaluation is done for administrative purposes – pay or promotion, the tendency for the ratings is to be on the higher side. This error can be checked through the process of review and normalisation.

Problems of varying standards
When appraising employees, a supervisor should avoid using different standards and expectations for employees performing similar jobs. Even if an employee actually has been appraised on the same basis as others, his or her perception is critical. If the performance appraisal information is to be helpful, the rater must use the same standards and weights for every employee and be able to defend the appraisal

Rater Bias
Rater Bias occurs when a rater's values or prejudices distort the rating. One reason for a positive bias may exist when the supervisor is concerned about damaging a good working relation by giving an unfavourable rating. Or they may wish to avoid giving negative feedback so they inflate the ratings

Halo Effect
The Halo effect occurs when a supervisor rates an employee high or low on all objectives because of one single characteristic. A rating that shows the same rating on all objectives/ characteristics may be evidence of the halo effect. An effective review process and training raters to recognise the problem are some ways of reducing the halo effect.

Contrast Error
Ratings should be done using established standards. The contrast error is the tendency to rate people relative to other people rather than to performance standards. For example, if everyone in the team is doing a mediocre job, a person doing somewhat better may be rated excellent because of the contrast effect. But in a group performing well, the same person may have received a poor rating. Although it may be appropriate to compare people at times, the rating should reflect performance against job requirements, not against other people.

It may be useful to look at performance of Important-Not Urgent activities
Framework: Important Vs. Unimportant Tasks and second dimention Urgent Vs Not-Urgent tasks

Self-Assessment Explanation meeting

The Self-Assessment Explanation is an optional step. The Supervisor may ask for a meeting with the employee to seek clarifications on the self-assessment.

This meeting must be held after the Supervisor has gone through the self-assessment and completed the evaluation of the employee. The employee should be asked to explain the self-assessment. At this time the Supervisor can seek clarifications, ask for supporting facts and information.

Any changes to the appraisal can be made after this meeting and before meeting with the department head for the Normalisation.

The Supervisor needs to ensure that this meeting does not become a feedback session or a session where the employee is communicated his ratings.

Self Assessment vs. Self Rating

It is recommended that an employee must be given an opportunity to participate in the Appraisal process by completing a self-assessment. However, organizations should decide if they would like to also have the employees complete a self rating i.e. assigning the performance rating in addition to filling out comments on the achievements of objectives and the personal effectiveness factors.

Employees and the process need to be "mature" for a self rating process to succeed.

Normalisation

The attempt of the Performance Appraisal process is to ensure that
- There is a shared understanding of the performance standards
- Supervisor's across units assess on the same metrics/ standards
- Supervisor's are consistent & fair in their evaluation
- There is no rater Bias

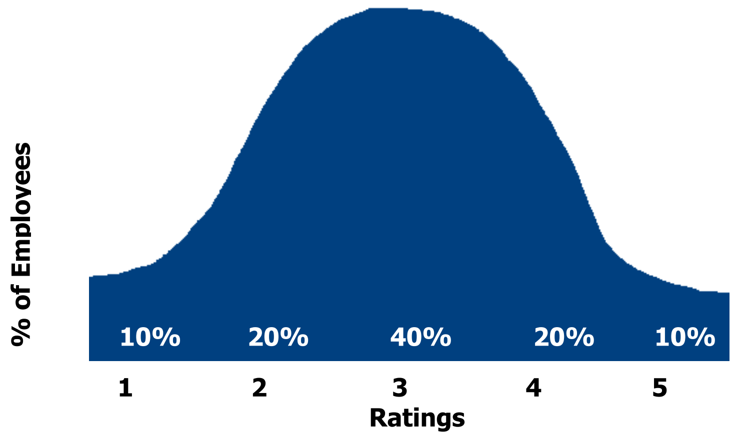
In order to ensure the above there is a need to have a review mechanism across the organisation.

Normalisation is a process through which ratings of a larger group (team/ unit/ department) are reviewed for rater biases and commonality of understanding.

The Normalisation takes place at 2 levels.
- Department wise – The Department Heads review the Appraisals of all the employees in the department
- Organisation wide – Once the Department level normalisation is complete, all the department heads along with the CEO review the ratings across departments

Forced Distribution

Forced distribution is a method in which ratings of employees' performance are distributed along a bell shaped curve.



In the absence of a forced distribution it may be very possible that entire organisation is over rated and the leniency bias may creep in. Comparing your actual scores against this curve can also give you an useful feedback about the **Quality of Performance Assessment**

The final ratings for each employee are thus frozen and kept on record with the HR Department for determining compensation adjustments.

A normalization schedule for Ops is given as an example below.

The Head of Ops presents the ratings for the entire Ops Team including the ratings/assessment of the Regional Managers to the Management Team / CEO for discussion and final approval. (Any changes are communicated to the appraisers)	
Head of Ops meets with all the Regional Manager to review the ratings of the Area Managers and to discuss trends for the branches + high performing / underperforming branch managers. (Any changes are communicated to the appraisers)	
Each Regional Manager meets with the Area Managers to review the ratings for the Branch Managers as well as the ratings / assessments of the Loan Officers in each Branch. (Any changes are communicated to the appraisers)	
Each Area Manager reviews the ratings / assessments given by each Branch Manager for the Loan Officers. (Any changes are communicated to the appraisers)	

Appraisal discussion & Feedback

The next step in the Performance Appraisal process is the Appraisal feedback discussion

Once the Appraisals have been completed, it is important to communicate the ratings to the employee

Appraisal discussion process

Prepare for the meeting:
- Read the copy of the Appraisal Form – make notes. Mark out sections that you want to discuss
- Schedule the review meeting with the employee by informing him / her time, date and the venue

During the meeting:
- Ask – " what were some of the things you did well/did not do so well? Key Learning from the previous year?"
- Share the feedback the member of his/her performance
- Ask the employee to read the appraisal form
- Throw open the meeting for discussion
- Note points raised during the discussion
- Specifically ask the employee if he/she agrees/disagrees with the Performance Appraisal and rating
- Review the Development needs written by your subordinate and yourself
- Agree on a Learning Objective
- Remember – it is critical that the Learning Objective committed to is achieved!
- Ask the subordinate write his/her comments in the Employee's comments section of the form and sign off
- Write your comments in the Appraiser's comments section of the form and sign off.
- End the meeting on a positive note – try to ensure that the member is walking out of the meeting feeling good

After the meeting:
- Set up time with the employee for the objective setting meeting
- Hand over the signed copy of the Appraisal form to HR

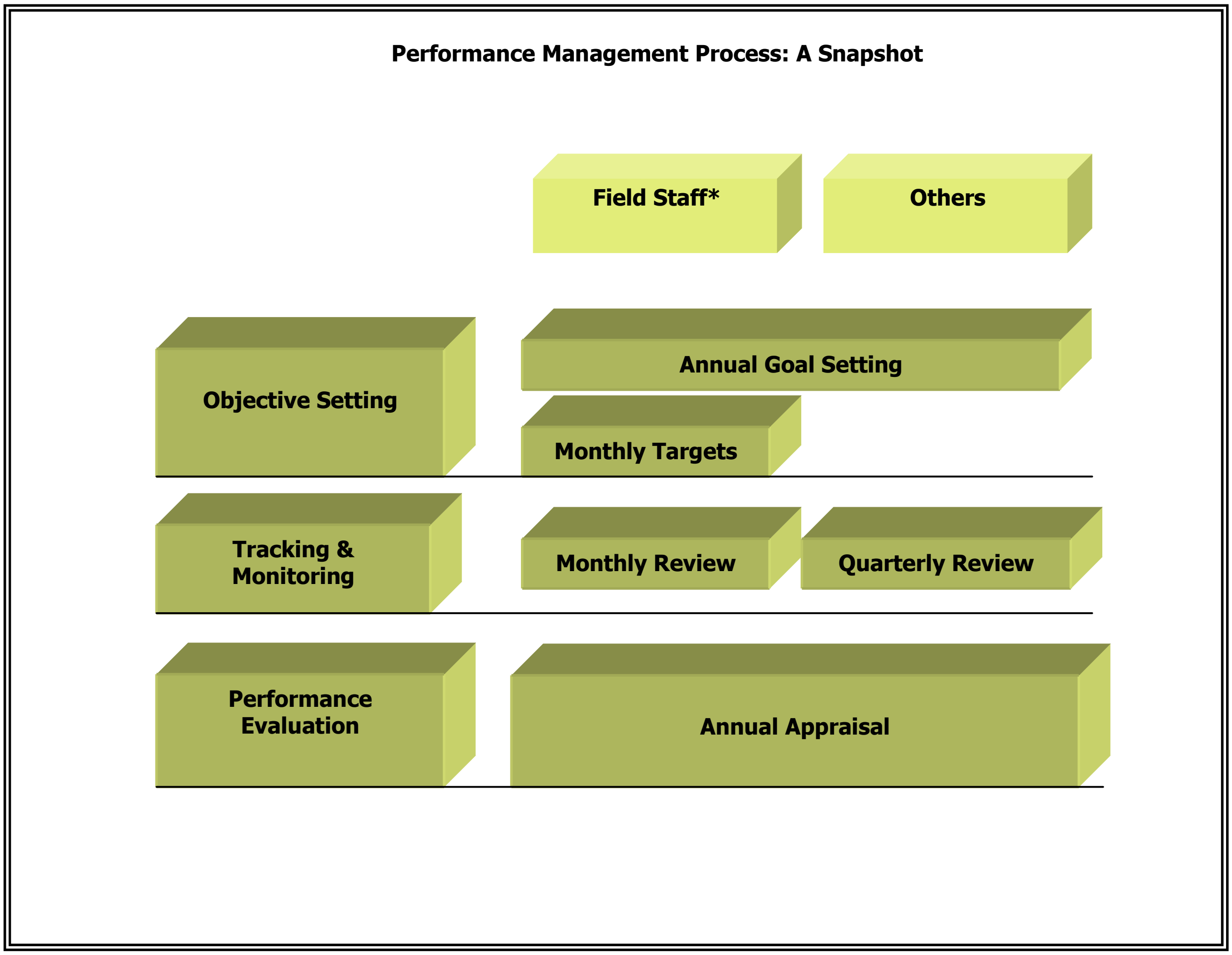
Dos & Don’ts at the appraisal discussion

Do

- Ensure that meeting is not disturbed: Close the door, Switch off the phone, Do not permit any disruption
- Focus on the worth of the performance, not the individual
- Control your personal biases in areas that do not relate to performance
- Always use critical incidents and observed demonstrated behaviour to substantiate the feedback
- Focus on what you see, not what you believe. Focus on behaviour, not personality.
- Use feedback to inform, not to advise.
- Make feedback supportive, not threatening.
- Focus on performance & development
- Be specific about reasons for ratings
- Decide on specific steps to be taken for improvement
- Consider the supervisor’s role in the subordinate’s performance
- Reinforce desired behaviours
- Focus on future performance

Don’t

- Spend more time on performance review than objective setting or ongoing performance tracking
- Compare employees with each other
- Forget appraisal is about improvement, not blame
- Believe you are in a position to accurately assess members
- Cancel or postpone review meetings
- Lecture the Employee
- Mix performance appraisal and salary or promotion issues
- Concentrate only on the negative
- Do all the talking
- Feel it is necessary that both parties agree in all areas
- Treat the appraisal discussion as an informal discussion



Performance Management Process: A Snapshot
Field Staff*
Others
Objective Setting
Annual Goal Setting
Monthly Targets
Tracking & Monitoring
Monthly Review
Quarterly Review
Performance Evaluation
Annual Appraisal

D. Probation & Confirmation Appraisal

Employees who join the organisation should be on a three-month probation. For the employee the three-month period is to understand the organisation and its working while for the organisation it is testing whether the candidate is the right fit for the organisation.

As discussed earlier the performance objectives need to be set with the employee at the beginning of the year. If the employee has joined in the middle of the year the objectives need to be set at the time of joining.

While for field staff the review is on a monthly basis for the other employees, the first instance of review is the confirmation appraisal.

At the end of three months from the date of joining all the employees should go through a confirmation appraisal.

The process and the formats for the confirmation appraisal are the same as the performance appraisal.

The Supervisor should send a copy of the completed appraisal form with the instruction to confirm or extend the probation period by three months. The form needs to be signed by the skip level manager as well.

HR would issue a confirmation/ extension letter to the employee on the basis of the above.

For Field Staff one may consider a longer probation period: Trainee Loan Officer for a period of a year.

E. Performance Improvement Plan

An integral part of the performance management process in dealing with underperformance. A Performance Improvement Plan (PIP) is process through which the focus is kept on employees who are not being able to perform because of skill/knowledge gaps.

Why have PIP?

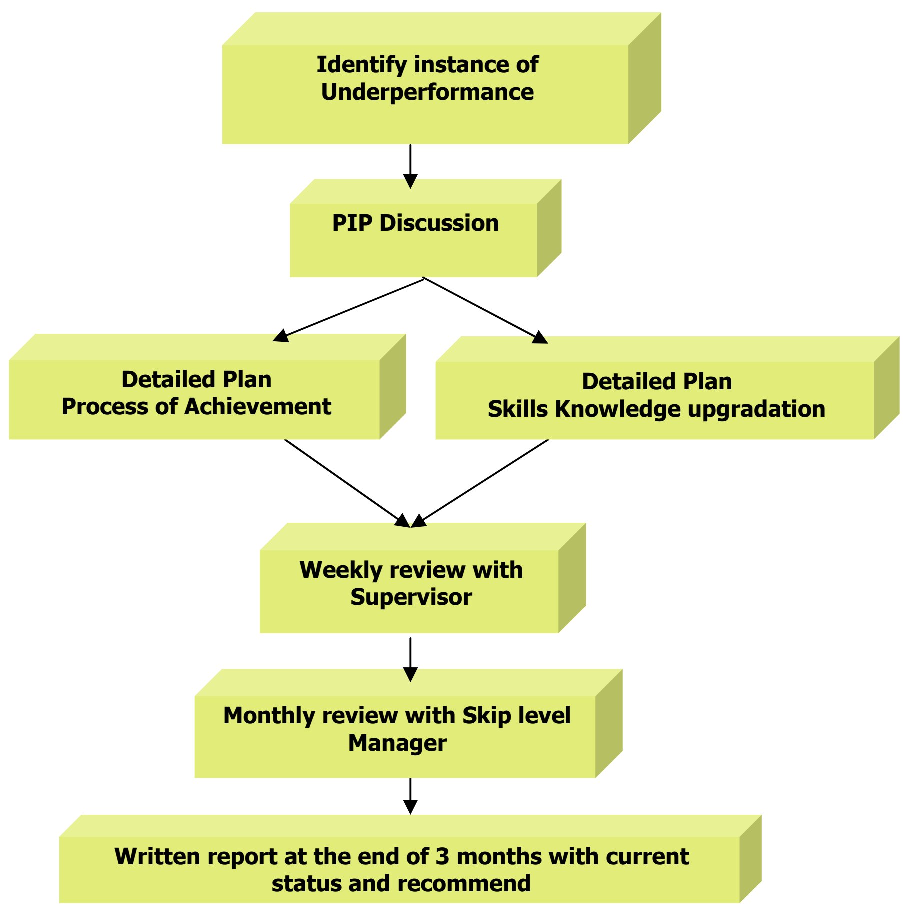
- It ensures that supervisors pay more attention to those who need it
- It ensures that supervisors take ownership for the performance of their staff
- It ensures that tough decisions are taken when necessary

The Performance Improvement Plan (PIP) is designed to facilitate constructive discussion between the employee and supervisor and to clarify work performance to be improved. It is implemented at the discretion of the supervisor.

Some instances of underperformance due to which employees may be put on a PIP:

- Not meeting targets two months in a row
- Fluctuating performance
- Serious drop in target achievement/ standards of performance
- Inability to meet many of the job responsibilities
- Repetitive errors

Performance Improvement Plan Process



The Supervisor initiates a performance improvement plan discussion with the employee, if he finds an instance of underperformance. This normally could be held along with the review meeting.

The following steps need to be followed during the PIP discussion.

1. State performance to be improved (be specific and cite examples)
2. State the level of work performance expectation and that it must be performed on a consistent basis.
3. Devise a detailed plan as to how the expectation is going to be met
4. Devise a detailed plan with activities and dates for skill and knowledge upgradation
5. Specify the support/resources you will provide to assist the employee.
6. Communicate your plan for providing feedback to the employee
    a. Weekly review with Supervisor
    b. Monthly review with Skip level
    c. Review at the end of three months and recommendations
7. Document the above in the PIP form
8. Sign the document and get employee to sign the document
9. Specify possible consequences if performance standards are not met.
10. Set up date for review meeting

Review Meeting

The Supervisor reviews the PIP with the employee every week and check on the progress being made. Any changes that are required to be made in the plan needs to be made at this meeting and signed off by the supervisor and the employee.

The skip level manager will review the PIP once in a month.

At the end of the three-month period, the supervisor will recommend a course of action, which could be one of those, mentioned below:

- Extension of PIP for another three-months (It can not be extended more than once)
- Successful completion of PIP
- Termination of employee

The Supervisor should inform the HR department as and when any employee has been put on a PIP and the status of the same.

Ready Reckoner

Activity	Timeline	Responsibility	Support	Status
Annual Business Planning				
Organisation				
Departments				
Objective Setting				
Conduct Objective Setting Meeting[1]				
Freeze Objectives for Employees				
Maintain Objectives documents for the Organisation				
Performance Tracking & Monitoring				
Conduct Performance Review Meetings				
Track & Monitor Performance for each employee				
Performance Evaluation				
Initiate Annual Appraisal Process				
Self-Assessment				
Supervisors' Appraisals				
Self-Assessment Explanation Meetings				
Departmental Normalisation Meeting				
Organisational Normalisation Meeting				
Appraisal Discussion				
Maintain Appraisal Documents for the Organisation				
Conduct Objective Setting Meeting[2]				

Formats

- 1a – Objective Setting Format for Loan Officers – Annual
- 1b – Objective Setting and reviewing format for Loan Officers – Monthly
- 2 – Performance Appraisal Form – Individual contributors
- 3 – Performance Appraisal Form – Supervisor
- 4a – Personal effectiveness factors – Individual contributors
- 4b – Personal effectiveness factors – Supervisors
- 5 – Performance Improvement Plan Form

1a – Objective Setting Format for Loan Officers – Annual

Objectives for the year:		
	Name:	**Date of Joining:**
	Designation:	**Manager's Name:**
	Department:	**Manager's Designation:**
	Location:	
	KRA	**Target**
1	Poverty Targets	
2	Portfolio Quality	
3	Number of new groups formed	
4	Number of dropouts and replacements	
5	Adherence to Sales Processes Loan Utilisation checks conducted	
6	Learning Objective	

1a – Objective Setting and reviewing format for Loan Officers – Monthly

Performance Parameters	April		May		June		July		August		September	
	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach
Clients												
New groups formed												
Replacement Rate												
Loan Disbursements												
Portfolio Quality												
Poverty Target												

Performance Parameters	October		November		December		January		February		March	
	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach	Tgt	Ach
Clients												
New groups formed												
Replacement Rate												
Loan Disbursements												
Portfolio Quality												
Poverty Target												

2 - Performance Appraisal Form – Individual Contributor

Name:		Employee Code:	
Designation:		Department:	
Date of Joining:		Manager's Name	
Location:		Period of Review:	

Section A: Achievement of Objectives

Sr. No.	Key Result Area / Objective	Self Assessment	Appraiser's Assessment

Special Achievements and Additional Comments

(To be filled by Appraisee)	(To be filled by the Appraiser)

Rating of Performance for the review period

Rating	Description
1: Outstanding Performance	Performance and achievements far exceeds expectations and could be regarded as "role-model" performance for that position. Responsibilities are exceptionally met and consistently exceed requirements.
2: Exceeds Expectation	Performance is at a higher level than is expected and agreed. Objectives are exceeded.
3: Achieves Expectations	Performance and achievements consistently meets the key requirements and objectives. The individual may occasionally exceed expectations, or rarely fall short in some instances. However, overall requirements are met.
4: Partially Achieves Expectations	Performance and achievements partially meet expectations and need to be improved. Job goals and responsibilities have partially not been met, although the effort may be exhibited.
5: Not Acceptable	Performance and achievements do not meet most of the key requirements and objectives. Performance is unacceptable and requires immediate attention.

	Self Assessment	**Appraiser's Assessment**
Rating of Performance for the Review Period:		

Section B: Personal Effectiveness Review

- Please highlight incidents and comments related to the personal effectiveness factors given below.
- Assign a rating from 1 to 5, using the scale below, in the 'Rating' column, for each factor.

Factor	**Key Incidents & Comments Self**	**Key Incidents & Comments Appraiser**	**Self Assessment Rating**	**Appraiser's Assessment Rating**
Communication				
Customer Focus				
Problem Solving				
Team Working				
Self Management Skills				
Initiative				

Rating Scale

Rating	Description
1: Outstanding	Exhibits this behaviour in an effective manner consistently. Consistent and effective usage of this behaviour leads to benchmark performance and delivery that consistently exceeds requirements.
2: Exceeds Expectation	Exhibits this behaviour in an effective manner fairly regularly. The person uses this behaviour effectively to exceed job expectations.
3: Achieves Expectation	Exhibits this behaviour in an effective manner often. Usage of the behaviour is adequate enough for achieving set expectations dependably, as defined. Occasionally this person also exceeds expectations.
4: Partially Achieves Expectations	Exhibits this behaviour in an effective manner infrequently. This results in performance being impacted such that job goals and responsibilities are often usually met, but occasionally not attained, although the effort may be exhibited.
5: Not Acceptable	Person rarely exhibits this behaviour effectively. The result is unacceptable performance that needs immediate attention.

	Self Assessment	Appraiser's Assessment
Personal Effectiveness Rating for the Review Period:		

Section C: Overall Rating

Rating Scale

1: Outstanding

2: Exceeds Expectation

3: Achieves Expectation

4: Partially Achieves Expectations

5: Not Acceptable

	Self Assessment	Appraiser's Assessment
Overall Rating for the Review Period:		

____
Signature of Employee:
Date:

____
Signature of Supervisor:
Date

____
Signature of Department Head:
Date

Section D: Appraisal Discussion

Areas for Training and Development	
Self Assessment:	**Appraiser's Assessment:**

To be filled during the Appraisal Discussion:

Learning Objectives:	
Whether the individual agrees / disagrees with the appraisal and rating:	
Comments shared by the Employee:	**Comments shared by the Supervisor:**

Signature of Employee: Date:	Signature of Supervisor: Date	Signature of Department Head: Date

3 – Performance Appraisal Form - Supervisor

Name:		Employee Code:	
Designation:		Department:	
Date of Joining:		Manager's Name	
Location:		Period of Review:	

Section A: Achievement of Objectives

Sr. No.	Key Result Area / Objective	Self Assessment	Appraiser's Assessment

Special Achievements and Additional Comments

(To be filled by Appraisee)	(To be filled by the Appraiser)

Rating of Performance for the review period

Rating	Description
1: Outstanding Performance	Performance and achievements far exceeds expectations and could be regarded as "role-model" performance for that position. Responsibilities are exceptionally met and consistently exceed requirements.
2: Exceeds Expectation	Performance is at a higher level than is expected and agreed. Objectives are exceeded.
3: Achieves Expectations	Performance and achievements consistently meets the key requirements and objectives. The individual may occasionally exceed expectations, or rarely fall short in some instances. However, overall requirements are met.
4: Partially Achieves Expectations	Performance and achievements partially meet expectations and need to be improved. Job goals and responsibilities have partially not been met, although the effort may be exhibited.
5: Not Acceptable	Performance and achievements do not meet most of the key requirements and objectives. Performance is unacceptable and requires immediate attention.

	Self Assessment	**Appraiser's Assessment**
Rating of Performance for the Review Period:		

Section B: Personal Effectiveness Review

- Please highlight incidents and comments related to the personal effectiveness factors given below.
- Assign a rating from 1 to 5, using the scale below, in the 'Rating' column, for each factor.

Factor	**Key Incidents & Comments Self**	**Key Incidents & Comments Appraiser**	**Self Assessment Rating**	**Appraiser's Assessment Rating**
Communication				
Customer Focus				
Planning				
Problem Solving & Decision Making				
Team building				
Managing Team Performance				
Developing people				

Rating Scale

Rating	Description
1: Outstanding	Exhibits this behaviour in an effective manner consistently. Consistent and effective usage of this behaviour leads to benchmark performance and delivery that consistently exceeds requirements.
2: Exceeds Expectation	Exhibits this behaviour in an effective manner fairly regularly. The person uses this behaviour effectively to exceed job expectations.
3: Achieves Expectation	Exhibits this behaviour in an effective manner often. Usage of the behaviour is adequate enough for achieving set expectations dependably, as defined. Occasionally this person also exceeds expectations.
4: Partially Achieves Expectations	Exhibits this behaviour in an effective manner infrequently. This results in performance being impacted such that job goals and responsibilities are often usually met, but occasionally not attained, although the effort may be exhibited.
5: Not Acceptable	Person rarely exhibits this behaviour effectively. The result is unacceptable performance that needs immediate attention.

	Self Assessment	**Appraiser's Assessment**
Personal Effectiveness Rating for the Review Period:		

Section C: Overall Rating

Rating Scale

1: Outstanding

2: Exceeds Expectation

3: Achieves Expectation

4: Partially Achieves Expectations

5: Not Acceptable

	Self Assessment	Appraiser's Assessment
Overall Rating for the Review Period:		

Signature of Employee: Date:	Signature of Supervisor: Date	Signature of Department Head: Date

<u>Section D: Appraisal Discussion</u>

<u>Areas for Training and Development</u>	
<u>Self Assessment:</u>	**<u>Appraiser's Assessment:</u>**

To be filled during the Appraisal Discussion:

Learning Objectives:	
Whether the individual agrees / disagrees with the appraisal and rating:	
Comments shared by the Employee:	**Comments shared by the Supervisor:**

____________________	____________________	____________________
Signature of Employee: Date:	Signature of Supervisor: Date	Signature of Department Head: Date

4a – Personal effectiveness factors – Individual contributors

Behavioural Parameters for Individual Contributors		
	Factor	**Key Indicators**
1	**Communication**	Has clear, concise oral and written communication
		Expresses ideas clearly and in a logical sequence
		Is able to participate productively in discussions and meetings
2	**Customer Focus**	Understands & reacts appropriately to customer needs
		Builds and maintains a rapport with the clients
		Communicates actively with the internal customer
3	**Problem Solving**	Is able to understand and interpret facts and figures related to daily work
		Provides solutions to simple day to day problems
		Escalates problems in a timely manner
		Grasps new concepts quickly
4	**Team working**	Interacts with other members; cooperates & actively supports team members
		Takes on additional responsibilities if required for the benefit of the team
		Maintains a positive working relationship with all team members
5	**Self Management Skills**	Is systematic and Is able to clearly identify and prioritise tasks
		Able to meet deadlines and work under pressure
		Able to manage own time pressures and stress levels
		Adheres to discipline and work norms as per the requirements of the organisation
		Is persistent; is continuously able to meet the expected standards of quality
6	**Initiative**	Generates ideas for improvements
		Participates actively in organisational events
		Owns organisational initiatives
		Takes the initiative to enhance learning

4b – Personal effectiveness factors – Supervisors

Behavioural Parameters for Supervisors		
	Factor	**Key Indicators**
1	**Communication**	Takes initiative to communicate with the customer proactively
		Builds rapport to gain support and commitment
		Able to achieve consensus while facilitating presentation of different points of view
		Makes effective presentations
2	**Customer Focus**	Has an understanding of the key drivers that lead to customer satisfaction/delight
		Is able to resolve customer complaints
		Keeps the customer in mind while creating goals and plans
		Ensures that promises and commitments made to the customer are honoured
3	**Planning**	Able to consistently meet deadlines and work under pressure
		Able to manage own time pressures and stress levels
		Is able to delegate effectively
		Sets and communicates clear priorities for self and others so that deadlines and targets are consistently achieved
		Assesses resource and time requirement for tasks committed to
		Assigns tasks commensurate with member skills and capabilities
4	**Problem Solving & Decision Making**	Is able to anticipate, identify and define an issue/ problem
		Identifies solutions and takes action to solve variances and issues
5	**Team Building**	Recognises and shares credit across teams
		Takes ownership for the team's performance especially failures
		Proactively shares information with own and other teams
		Resolves and manages conflicts arising within and outside of the team
		Acts to promote trust and co-operation in the team
		Shows empathy by lending support and encouragement
6	**Managing Team Performance**	Clarifies targets and conducts reviews regularly to monitor progress on deliverables
		Gives prompt and appropriate feedback
		Motivates team members to achieve targets
		Recognises high performance and confronts underperformance
7	**Developing People**	Reviews the development plans of team members and provides support to develop skills
		Shows concern and is seen as supportive
		Coaches and counsels team members as and when required

5 - Performance Improvement Plan Form

Name:		Employee Code:	
Designation:		Department:	
Date of Joining:		Manager's Name	
Location:		Period of Review:	

Performanc e to be improved	**The employee lists the activities they will initiate to improve performance - including skills to be improved and changes made to meet work performance expectations.**	**Targeted date for improvement – by when?**	**Expected results**	**Dates reviewed by employee and supervisor**

Date of Review							
Employee Signature							
Supervisors Signature							
Skip level Managers Signature							

Sa-Dhan

The Association of
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Finance Institutions

Training & Development

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Training & Development

This Toolkit will help you to understand: -

- How you can establish basic training and development processes for your employees
- The Process to conduct a training needs assessment for the organization
- Methods used for training evaluation
- How to put in place an effective induction program

Before we start it would be important to understand the key differences between training and development.

Training is a process whereby people acquire capabilities to aid in the achievement of organisational goals. Since this process is tied to a variety of organisational purposes, training can be viewed either narrowly or broadly. In a limited sense, training provides employees with specific, identifiable knowledge and skills for use on their present jobs. A distinction is made between training and development, with development being broader in scope.

Development can be thought of as growing capabilities that go beyond those required by the current job; it represents efforts to improve employees' ability to handle a variety of assignments. Development is beneficial to both the organisation and the individuals. Employees and managers with appropriate experiences and abilities enhance the ability of an organisation to compete and adapt to a changing competitive environment

Training versus Development

	Training	**Development**
Focus	Learn specific behaviours and actions; Demonstrate techniques and processes	Understand information concepts and context; Develop judgment; Expand capacities for assignments
Time Frame	Shorter – term	Longer – term
Effectiveness Measure	Performance appraisals, cost/benefit analysis, passing tests or certifications	Qualified people available when needed; promotion from within possible; HR-based competitive advantage

For an NGO undergoing transformation or considering the challenge of transformation training and development become key in ensuring that employee capability and skills are built to meet challenges of new roles as well as the demands of the business. Employees who must adapt to the changes need training to update their capabilities. Also, Managers must have training and development to enhance their leadership skills and abilities.

Training & Development Toolkit

The Training & Development toolkit consists of various strategies, processes & templates that can be used for managing compensation in the Micro Finance Industry.

A. Training Responsibilities

The first question that comes to mind is who is responsible for training. Is it the responsibility of the HR team or of the Operating Manager?

The HR team serves as a source of expert training assistance and coordination. The HR team should have a more long-range view of employee careers and the development of the organisation than individual operating managers.

A division of training responsibilities in shown below.

HR team	Line Managers
• Prepares skill training material • Coordinates training efforts & Monitor training delivery • Conducts or arranges for off-the-job training • Coordinates career plans and employee development efforts • Provides inputs and expertise for organisational development	• Provide technical information • Monitor training needs • Conduct on-the-job training • Continually discuss employees' growth and future potential • Participate in organisation change effort

The HR team and operating managers must work together for training to be done well. A "training partnership" should be formed where HR serves more as a consultant and training planner with managers, rather than as an entity controlling training.

Staff Development Process..

Response	No. of MFIs	Percentage
Induction & Re-orientation training/Mentoring	**20**	**67 %**
Field visit/exposure visit to MFIs	**14**	**47 %**
Short term MF course	**2**	**7 %**

*Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

B. Training Process

Training & learning will take place, especially through informal work groups, whether an organisation has a coordinated effort or not – because employees learn from other employees. But without a well-designed, systematic approach to training, what is learned may not be what is best for the organisation. The three major phases in a training system

- Assessment Phase
- Implementation Phase
- Evaluation Phase

Assessment Phase

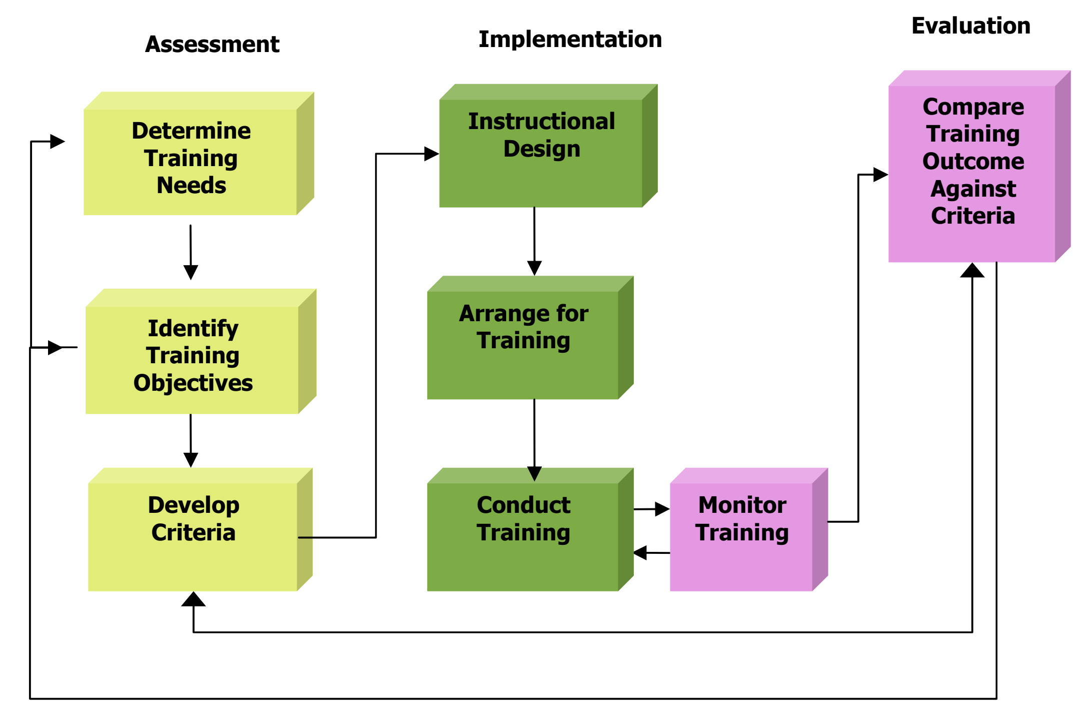
In the assessment phase, one determines the need for training and specifies the objectives of the training effort. One would then develop criteria against which training success can be measured and it represents the way in which the objective is made specific.

Implementation Phase

Using the results of the assessment, implementation can begin. This would involve instructional design, where one decides on, compiles and produces the training program content, including the workbooks, exercises and the activities. Arrangements for instructors, classrooms, materials and so on would be made at this point. Implementation occurs when training is actually conducted.

Evaluation Phase

The evaluation phase is crucial. It focuses on measuring how well the training accomplished what its originators expected. Monitoring the training serves as a bridge between the implementation & evaluation phases and provides feedback for setting future training objectives.

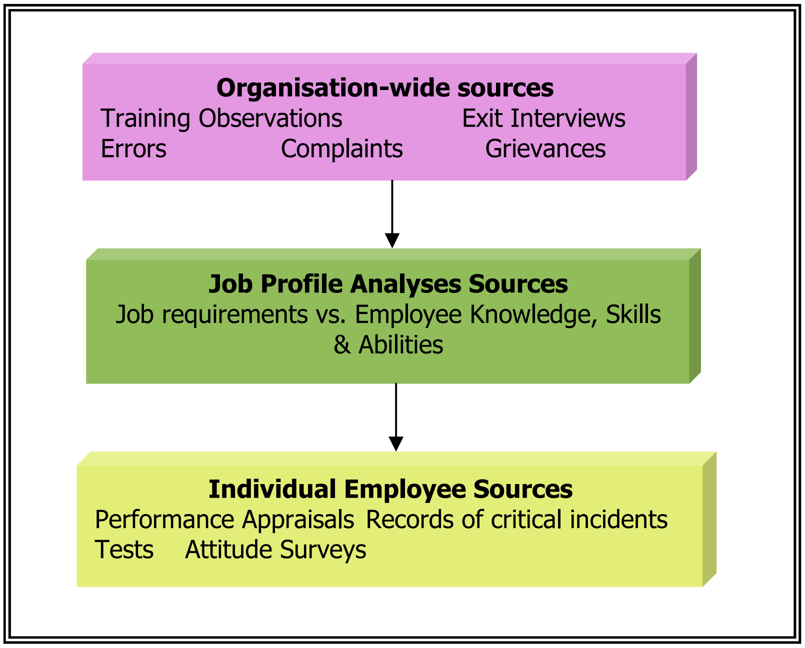


Training System

C. Training Needs Assessment

Training is designed to help the organisation accomplish its objectives. Determining organisational training needs is the diagnostic phase of setting training objectives.

Training needs can be identified by considering these three sources



Organisational Analyses

The first way to diagnose training needs is through organisational analysis, which considers the organisation as a system. An important part of the Organisation's strategic Human resource planning is the identification of the knowledge skills and abilities, which will be needed by employees as both jobs and the organisation change.

Both internal and external forces that will influence training must be considered when doing organisational analysis.

One important source for organisational analyses comes from various operational measures of organisational performance. On a continuing basis, detailed analyses of HR data can show training opportunities. Departments with high turnover, high absenteeism, low performance or other deficiencies can be identified.

Specific sources of information for an organisation-level needs analysis may include the following:

- Newly defined vision, change in strategy, business focus
- Grievance
- Observations
- Exit interviews
- Complaints from customers
- Training committee observations

Job profile analyses

The second way to diagnose training needs is through analyses of the skills profile required by each job and the actual skills of the job holder(s). To do this analysis it is necessary to know the job requirements. Job descriptions and job specifications provide information on the performance expected and skills necessary for employees to accomplish the required work. By comparing the requirements of jobs with the knowledge, skills and abilities of employees, training needs can be identified.

An example is given below to demonstrate this.

Sample Job Skill Profile of a loan officer (the list of skills given here is not exhaustive)

Rating Scale used:

AL = Awareness Level; The individual has a basic understanding of this concept/skill and will be able to participate in a discussion on this if called to do so. However, the ability to action this skill/knowledge is limited.
WL = Working Level; The individual understands the concepts well and are is able to perform in this area given clear directions and specifications. He or she will typically be able to contribute in this area as part of a team.
OL = Operational Level; The individual understands the concepts very well and is very comfortable working in this area by himself / herself. The individual, if necessary is also able to provide technical/ functional leadership to a group of people in this area.
EL = Expert Level; This level of proficiency indicates that the individual is an 'expert' in this area and is able to train others in this area. Such an individual is a reference point within this company on this skill/area as well as outside.

Skills	**AL**	**WL**	**OL**	**EL**
Knowledge of Products and Services		**X**		
Process and rules for setting up groups			**X**	
Loan disbursement and collections process		**X**		

If the above is the ideal profile, by mapping the individual's profile using the same format and then comparing both profiles for gaps, the training needs can be identified.

Individual Analyses

The third means of diagnosing training needs focuses on individuals and how they perform their jobs. The use of performance appraisal data in making these individual analyses is the most common approach.

In Section D of the performance appraisal form, the areas of training are identified by the employee and by the manager. By asking employees what training they need, managers get to know what employees believe their problems are.

A training needs survey can take the form of questionnaires or interviews with supervisors and employees on an individual or group basis. The purpose is to gather information on problems perceived by the individuals involved. The following sources are useful for individual analyses:

- Survey questionnaires
- Job knowledge tests
- Skill tests
- Records of critical incidents

Training Objectives & Priorities

Once training needs have been identified using the various analyses then training objectives and priorities must be established. All of the gathered data is used to compile a gap analysis, which identifies the distance between where an organisation is with its employee capabilities and where it needs to be. Training objectives and priorities are set to close the gap.

The success of training should be measured in terms of the objectives set. Useful objectives are measurable. Objectives for training can be set in any area by using one of the following four dimensions:

- Quantity of work resulting from training - number of groups formed
- Quality of work after training – ability to carry out a survey
- Timeliness of work after training – schedules met
- Cost savings as a result of training – sales expense

Because training seldom is an unlimited budget item and there are multiple training needs in an organisation, it is necessary to prioritise needs. Ideally training needs are ranked in importance on the basis of organisational objectives. The training most needed to improve the health of the organisation is done first in order to produce visible results more quickly.

Conducting a Training Needs Assessment Exercise: Recommended Process

During the period of high growth and transformation, training is a critical need in the organization. In order to ensure that training needs are assessed quickly and yet in a fairly comprehensive manner the following is recommended.

Pre-work: Checklist

- Make sure that you are familiar with the job descriptions of all the positions across all the functions
- Understand the business challenges for the year ahead including growth targets
- Understand the key deliverables of each function for the year ahead
- Get the org chart and the number of employees at each level for each function
- Create a sample for the training needs assessment exercise
- Send each person that you intend to meet for an interview / FGD an email informing them of the purpose of this exercise as well the date, time and venue for the meeting.

Methodology

Structured Interviews and FGDs with the Department Heads and a sample of managers in each function. Typically the structured interviews would be with the Department Heads and the FGDs would be with the Managers. You could aim for one FGD with the managers in each function.

Duration

The training needs assessment process and the final presentation of the training programs / calendar for the year should not take more than 4 weeks.

Training Needs Assessment Process

Create the Interview Schedule / Discussion Guides for the FGDs

Conduct the Structured Interviews and the FGDs

Data Analysis; Creating a list of programs that need to be designed and delivered to meet the needs and gaps

Present the recommendations along with a budget to the Management Team for approval

Freeze on the final set of programs; create a training calendar for the year

Rollout the training calendar; Review the calendar each quarter and announce the revised calendar for the next quarter

Sample Questionnaire for the Structured Interview with the Department Heads

- What are the business goals for the year? What are your department's goals in alignment with the business goals?

1. What are critical success factors for the achievement of the goals?
2. What are the areas (skills and competencies) that need to be addressed within the organization to achieve the business goals? What are the current gaps today?
3. What are key expectations from the customers today? Are there any ways that skill enhancement can improve customer satisfaction and delivery?
4. What would be the priority areas for skill and competency training and development within your department? What should these programs cover? What should be the outcomes of these programs?
5. What are the needs for supervisor and leadership development in the organization today? How should these be addressed? What are the typical issues being faced at these levels?
6. Are there any external programs that you would like managers / supervisors / employees in the organization/ your department to attend? What would be the outcomes / impact of these programs?
7. What are the top three training needs for a) the Management Team b) managers and supervisors in the department c) for the employees in your department?

Sample Discussion Guide for the FGDs

- What are the goals for your department this year?
- Based on these goals, what are areas for capability building that would help to achieve these goals?

1. What are specific training needs in the areas of skills and knowledge that exist at the different levels in your department today? How should these needs be addressed?
2. What are the competencies that need to be developed at various levels? What are the typical issues that have come up because of these various competency gaps? What are specific areas for supervisory and leadership development?
3. What kind of programs would you like to attend? How would these programs help your effectiveness at the workplace?

(Optional Questions for the interviews / FGDs:

- What were the programs that were conducted last year? To what extent were these programs useful? What would be some of the changes that you would like to see in these programs?
- Who are your internal customers? What are their expectations from you? What are areas for improvement – what kind of training can address these areas?)

Data Analysis

- o Analyse the data to arrive at the training needs and the list of programs for the year. (formats are given in the format section)
- Create a presentation for the Management Team to get an approval for training programs as well as the training budget. (Formats are given in the formats section)
- Checklist for creating the budget is given in the presentation

D. Training Implementation

Training Calendar

Once the list of training programs has been approved, one can create a calendar for the organization.

Formats have been given for creating the training calendar in the last section of this document.

Training Nomination Process

Once the employees receive the training calendar, they can approach their Manager and ask him / her to send their nomination for the program. Nominations must be approved by the Department Manager and sent by him / her for the training program.

Training Delivery

Once the nominations have been received and collated, the training programs need to be arranged for and conducted. Arrangements for instructors, classrooms, materials and so on need to be made. Implementation occurs when training is actually conducted.

Focus Areas for training and development during transformation or in the transformed organization: A sample list

- Re-orientation / re-induction of all employees to understand what being part of the new legal entity means: including Awareness and Acculturation programs on now being part of a business organization.
    - This program / session should ideally be conducted by a Senior Manager / Management Team Member
    - All employees should be covered by this session
    - The objectives for transformation and how it will help achieve the vision of the organization should be stated
    - Key Values of the organization should be reinforced in creative ways through: skits, collages, discussion around caselets etc.
    - Specific focus in the session on what will change and what will not change will be critical
    - The Session should have an open house that allows for people to express their apprehensions

- Leadership Training for the Managers including the Management Team to gear up to the challenges of scale and managing performance of large teams. Sample Content of these programs:
    - Understanding your Leadership Style
    - Managing Performance: Goal Setting, Delegation and Performance Tracking
    - Building and Developing your team: managing morale and motivation, coaching and developing team members, communicating with teams
    - Building relationships: Influencing and Assertiveness, Building internal and external networks, Managing key relationships: government / statutory authorities, stakeholders

- Building supervisory capability at the first line of leadership: Branch Manager level. Sample content of these programs:
    - Managing performance: Communicating objectives, Work Allocation, Writing appraisals, Feedback Skills, Conducting review meetings, Recognising Performance, Managing under-performers
    - Conducting on-the-job training for Loan Officers
    - Conducting effective meetings
    - Influencing Skills: Working with local authorities and communities; Managing Difficult situations
    - Managing your time effectively: work planning and personal time management

- Skill Development for people in roles where significant development in skills and knowledge is required. Some of the specific areas here would be in:
    - Accounts
    - Finance
    - Staffing
    - Quality Management
    - Customer Relations
- Grooming and developing leaders for the large number of supervisory and leadership positions that will come up as the organization scales up and grows exponentially

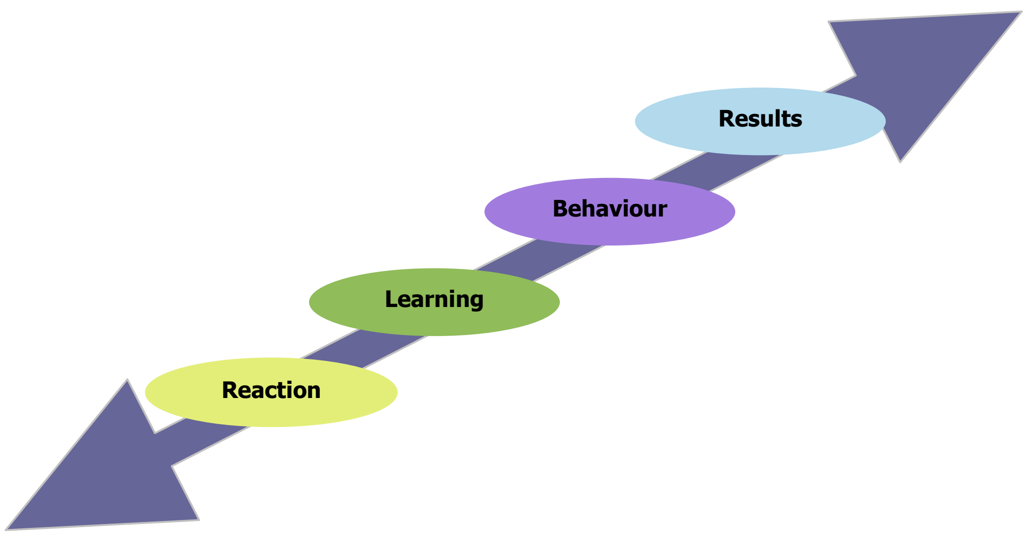
E. Evaluation of Training

Evaluation of training compares the post training results to the objectives expected by managers, trainers and trainees. Training is often done without any thought of measuring and evaluating it later to see how well it worked. Because training is time consuming and costly, evaluation should be done. The management axiom that "nothing will improve until it is measured" may apply to training assessment.

One way to evaluate training is to examine the costs associated with the training benefits received through cost/benefit analysis. Comparing costs and benefits is easy until one has to assign an actual Rupee value to some of the benefits. The best way is to measure the value of the output before and after training. Any increase represents the benefit resulting from training. However, careful measurement of both the costs and the benefits may be difficult.

Levels of evaluation

It is best to consider how to evaluate training before the training actually begins. There are four levels at which training can be evaluated.



The ease of evaluating training becomes increasingly more difficult as training is evaluated using reaction, learning, behaviour and results measure. But the value of the training increases as it can be shown to affect behaviour and results instead of reaction and learning-level evaluations.

Reaction

Organisations evaluate the reaction level of participants by conducting interviews or by administering questionnaires to the participants. A reaction level measure could be gathered by having the participants complete a questionnaire that asked them to rate the value of training, the style of the instructor, the usefulness of the training to them. The immediate reaction may measure how much the people like the training and not how much it benefited them. The merit of this level of assessment is the ease of administration.

A format to assess the reaction to training is given in the formats section.

Learning

Learning level can be evaluated by measuring how well participants have learned facts, ideas, concepts, theories and attitudes. Tests on the training material are commonly used for evaluating learning and can be given both before and after training to compare scores. Learning enough to pass a test does not however guarantee that the participant can do anything with what was learned or behave differently. Also what is remembered and answered on learning content immediately after the training is different from what may be remembered if the test is administered several months later.

Sample list of programs that tests can be created and administered for:

- Operations/ Sales/Process training for Loan Officers
- All process related programs related to accounts, IT, quality etc.
- Accounts Training Programs for Branch Managers
- New Product Training for all employees

Behaviour

Evaluating training at the behavioural level involves

- Measuring the effect of training on job performance through interviews of participants and their co-workers
- Observing job performance

However, behaviour is more difficult to measure than reaction and learning. Even if behaviours do change, the results that management desires may not be obtained.

Results

Employers evaluate results by measuring the effect of training on the achievement of organisational objectives. Since results such as productivity, turnover, quality and sales are relatively concrete, this type of evaluation can be done by comparing records before and after training.

The difficulty with measuring results is pinpointing whether it actually was training that caused the change in results. Other factors may have had a major impact as well.

F. Orientation: Training for New Employees

Recruiting and selecting high potential employees doesn't guarantee they'll perform effectively. People who don't know what to do or how to do it can't perform effectively even if they want to. Employees therefore need to know what to do and how to do it.

Orientation is a planned introduction of new employees to their jobs, co-workers and the organisation. An orientation provides new employees with the basic background information required to perform their jobs satisfactorily, such as information about company rules.

The joining date of new employees should be restricted to not more than 2 days in a month, the 1st & the 15th of the month or the 1st & 3rd Monday of the month. This makes administration of all HR processes easy. Formal Orientation Programs should be scheduled every month or 15 days dependent on the speed and the volumes of recruitment such that all new employees attend their orientation program within one month of their joining the organisation.

The HR team designs the Orientation program. The guiding question in the designing an orientation program is "what does the employee need to know now?"
An orientation program typically covers the following:

- Organisation History
- Organisation Vision & Values
- Organisation Structure
- Products and Services
- Roles & Responsibilities
- HR Policies – Employee Handbook

However on the first day that the employee joins the organisation he needs to be initiated into the organisation. The HR team performs the first part of the orientation by explaining the organisation rules and operating guidelines. The Policy Manual/ Employee Handbook is handed over / shared with the employee at this stage. The Operating Manager then explains the roles and responsibilities to the employee and introduces the new employee to his or her new colleagues. The Manager also familiarises the employee with the workplace and helps to remove any first day jitters.

A **successful orientation program** should accomplish the following things:

- The new employee should feel welcome and at ease;
- He or she should understand the organisation in a broad sense (past, present, culture & vision) as well as key facts such as policies and procedures
- The new employee should be clear about what is expected in terms of work and behaviour
- He or she should have begun the process of becoming socialised into the organisations ways acting and doing things

Purpose of Orientation

The overall goal of orientation is to help new employees learn about the organisation as soon as possible so that they can start contributing. It also assists in the following

- Productivity Enhancement
- Favourable employee impression
- Enhance interpersonal acceptance
- Turnover reduction

Sample Induction Program

Suggested Duration: 3 days
Target Audience: Loan Officers

Day 1

Time/ Duration	Session	Facilitator
1 hour	Introductions and Program Structure Icebreaker for everyone to get know each other	HR Manager
30 mins	Welcome Message Organizational Purpose and Brief History	CEO
45 mins	Corporate Presentation about the organization	Management Team Member
1 hour	Walk around the office / campus and introductions to all	HR
1 hour	The Micro Finance Sector: An overview and an industry perspective	Head of Ops
1.5 hours	Working with this organization Vision and Values of the Organization Code of Conduct Our expectations Work culture and norms	Head of HR
1 hour	Appointment Letters and Joining Formalities	HR Department

Day 2

Time/ Duration	Session	Facilitator
1 hour	Quick session to ensure that all are comfortable with all the information from the previous day.	HR / Training Manager
2 hours	Overview of Operations and Key Processes ▪ Products and Services ▪ Customers ▪ Structure ▪ Role of a Loan Officer and expectations	Regional Manager
30 mins	Working as a Loan Officer: Through the eyes of an employee (Session by a Branch Manager who joined the organization as a Loan Officer)	Branch Manager
½ day	Field Visit: attend a meeting and visit to a branch	Branch Manager

Day 3

Time/ Duration	Session	Facilitator
1 hour	Discussion on the Field Visit	Regional Manager
2 Hours	Overview of the various departments (20 mins per dept)	Manager(s) from the respective departments
1 hour	HR Policies	HR Manager
2 hours	Performance Management Process and Rewards	Regional Manager and HR Manager
30 mins	Q&A Schedule for the Ops Training	HR Manager

Ready Reckoner

Activity	Timeline	Responsibility	Support	Status
Assigning Training Responsibilities				
Training Needs Assessment				
▪ Create the Interview Schedule / Discussion Guides for the FGDs				
▪ Conduct the Structured Interviews and the FGDs				
▪ Data Analysis; Creating a list of programs that need to be designed and delivered to meet the needs and gaps				
▪ Present the recommendations along with a budget to the Management Team for approval				
Training Implementation				
▪ Design Training Programs				
▪ Create a training calendar for the year				
▪ Rollout the training calendar; Review the calendar each quarter and announce the revised calendar for the next quarter				
▪ Invite training nominations				
▪ Collate training nominations				
▪ Conduct training programs				
Training Evaluation				
Conduct Orientation/ Induction Programs				

Formats

- 1a - Training Needs Assessment - Analysis of the Structured Interviews
- 1b - Training Needs Assessment - Analysis of the Focus Group Discussions
- 2 - Format for Training Presentation to the Management Team
- 3 - Training Calendar Format
- 4 – Training Nomination Format
- 5 - Training Feedback Form

1a - Training Needs Assessment - Analysis of the Structured Interviews

Business Goals	Critical Success Factors to achieve the Business Goals	Training Needs to ensure that business goals are addressed

Training Needs for Supervisors and Managers (Mention key issues in each area)	Programs that can address these needs

Name of the Department:

Department Goals for the Year

Training Needs: Skills and Knowledge Gaps / Needs	Level of employees	Content and outcomes of the program

Training Needs: Behavioural Skills and competencies	Level of employees	Content and outcomes of the program

List of External Programs that you would recommend (mention level of the program):	Reasons for recommendations

Top three training needs:

Management Team	Managers and Supervisors in the Organization	Training Needs for the Department

1b - Training Needs Assessment - Analysis of the Focus Group Discussions

Name of the Department:

Department Goals for the Year

Training Needs: Skills and Knowledge Gaps / Needs	**Level of employees**	**Content and outcomes of the program**

Training Needs: Behavioural Skills and competencies	**Level of employees**	**Content and outcomes of the program**

Training Programs you would like to attend

Training Need	Program Content and Outcomes

2 - Format for Training Presentation to the Management Team

Training and Development
Needs Analysis

(Organization Name)

(Period Covered by the needs analysis)

Slide 2: Objectives of the Training Needs Analysis Exercise

Slide 3: Methodology

Slide 4: Sample Covered

Slide 5: The Context

Business Goals	Critical Success Factors

Slide 6: This Presentation

- Training Needs for Management Team Members
- Training Needs for Managers and Supervisors across the Organization
- Training Needs for each department

Slide 7: Training Needs for the Management Team

Current Issues and Challenges	Training Needs	Program Coverage and Outcomes

Slide 8: Training Needs for the Management Team: Top Three Areas

Slide 9: Training Needs for the Managers and Supervisors

Current Issues and Challenges	Training Needs	Program Coverage and Outcomes

Slide 10: Training Needs for the Managers and the Supervisors: Top Three Areas

Slide 11: Training Needs for the (fill in the department name) Department Skills and Knowledge

Current Issues and Challenges	Training Needs	Level of Employees to be addressed

Slide 12: Training Needs for the (fill in the department name) Department: Competencies and Behavioural Skills

Current Issues and Challenges	Training Needs	Level of Employees to be addressed

Slide 13: Training Needs across the Departments: Top Three Areas

	Area 1	Area 2	Area 3
Operations			
Finance			
Internal Audit			
HR			
IT			
Marketing			
Admin			

Slide 14: Recommended Programs for the Year Ahead

Program Name	Objectives	Level and Number of Batches	Cost per program

Slide 15: Training Budget

- Costs considered:
  - Venue and Infrastructure
  - Faculty fee, if any
  - Material
  - Food and refreshments
  - Transport
  - Accommodation, if any
- Assumptions made while putting the budget together

Slide 16: External Programs Recommended

Name of the program (+ conducted by)	Objectives	Content	Level of employees recommended for

Slide 17: Training Budget Summary (Total Amount budgeted for the year)

Management Team Programs	Supervisory and Leadership Development Programs	Skills and Knowledge / Competency Programs

3 - Training Calendar Format

Snapshot of the Training Calendar

Name of the Program	**Target Audience***	**Duration**	**Date(s) and time**	**Faculty**

***Only employees who fit in with the description of the target audience can send in their nominations for the program**

Program Details (can be filled for the programs for the next quarter)

Name of the Program:	
Target Audience:	
Duration of the Program:	Dates: Timings:
Venue:	Faculty for the Program:
Objectives of the Program:	
Coverage / Content of the Program:	
Course Pre-work if any:	Post program work if any:
Last date to receive nominations:	

4 – Training Nomination Format

To be sent by the Department Head to the Training Manager

Name of the Program		
Date of the Program		
Names of Employees being Nominated	Designation	Your reasons for nominating this employee for the program

Nomination sent on:

5 - Training Feedback Form

TRAINING PROGRAM:

Please help us measure our performance. Your feedback through the following questions will help us improve the course that you have just attended. Please enter the relevant number for each question in the box provided.

SESSIONS COVERED:

TRAINER'S NAME:

CAPABILITIES OF THE TRAINER

To what extent do you agree with the following statements concerning your primary trainer? 1 Strongly Disagree · 2 Disagree · 3 Neutral · 4 Agree · 5 Strongly Agree	
Gave acceptable answers to my questions	
2. Explained new terms/ theory clearly	
3. Presented information logically in an easy-to-follow manner	
Seemed interested in whether or not I learnt	
Was attentive to my answers	
6. Encouraged me to participate in the learning process	
7. Was available to give help when needed and asked for	
8. Was available to give me performance feedback when needed / asked for	
9. Created an atmosphere that was conducive to my learning	
Please make any additional comments concerning your trainer below:	

OVERALL IMPRESSION OF THE PROGRAM

1 Decrease a lot · **2** Decrease a little · **3** Leave the same · **4** Increase a little · **5** Increase a lot	
1. The total length of time specified for the sessions	
2. The pace at which you are required to work	
3. The difficulty of the course content to you	

OVERALL PROGRAM RATING

1 Very Poor · **2** Poor · **3** Fair · **4** Good · **5** Excellent	
1. What is your overall impression of the module?	

FEEDBACK FORM

Please feel free to write down your comments. It will help us in improving the quality of training!

1. What I liked about the sessions was…

2. What I did not like about the sessions was…

3. At the end of the sessions I felt…

4. The next time, I would like…

Thank you!

Sa-Dhan
The Association of Community Development Finance Institutions

Compensation & Benefits

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Compensation & Benefits

This Toolkit will help you to understand: -

- Compensation Philosophy, Practices & Policies
- Compensation Administration & Structures
- Individual Salary fitment
- Process for Salary revisions and increments
- Various components of Compensation

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed.

Compensation systems in organizations need to be linked to organizational objectives and strategies as well need to balance the interest and the costs of the organisation with the expectations of the employees.

A compensation program should achieve the following objectives:

- Legal compliance with all laws and regulations
- Cost effectiveness for the organization
- Internal, external and individual equity for employees
- Performance enhancement for the organization.

Compensation costs should be at a level that both ensures organizational competitiveness and provides sufficient rewards to employees for their knowledge, skills, abilities and performance accomplishments. Balancing these facets becomes critical in attracting, retaining and rewarding employees.

Objectives

Compensation may be used to:

- Recruit and retain qualified employees
- Increase or maintain morale/satisfaction
- Reward and encourage peak performance
- Reduce turnover and encourage company loyalty

Recruitment and retention of qualified employees is a common goal shared by many organisations. To some extent, the availability and cost of qualified applicants for open positions is determined by market factors beyond the control of the employer. While an employer may set compensation levels for new hires and advertise those salary ranges, it does so in the context of other employers seeking to hire from the same applicant pool.

Morale and job satisfaction are affected by compensation. Often there is a balance (equity) that must be reached between the monetary value the employer is willing to pay and the sentiments of worth felt be the employee. In an attempt to save money, employers may opt to freeze salaries or salary levels at the expense of satisfaction and morale. Conversely, an employer wishing to reduce employee turnover may seek to increase salaries and salary levels.

Compensation may also be used as a reward for exceptional job performance. Examples of such plans include: bonuses, commissions, stock, profit sharing, gain sharing.

Compensation & Benefits Toolkit

The Compensation & Benefits toolkit consists of various strategies, processes & templates that can be used for managing compensation in the Micro Finance Industry.

A. Compensation Philosophy

The Compensation Philosophy is the guiding principle for defining compensation in an organisation.

There are two basic compensation philosophies, which should be seen as opposite ends of a continuum.

← **Entitlement**	**Performance** →
• Seniority based	• No raise for length of service
• Across the board raises	• No raise for longer service poor performers
• "Guaranteed" movement of scales	• Market adjusted pay structures
• Industry comparisons only	• Broader industry comparisons
• Fixed Bonus	• Performance Bonus

Entitlement Philosophy

The entitlement philosophy is seen in many organisations that traditionally have given automatic increase to their employees every year. The rate of increase that the employees receive every year is more or less the same. With this philosophy, the belief is that employees are entitled to a raise in base pay and that all benefits should continue or be increased regardless of changing industry or economic conditions. These raises are also referred to as cost-of-living on inflation-linked raises, whether or not they are tied specifically to economic indicators.

Following an entitlement philosophy ultimately means that as employees continue their employment lives, employer costs increase, regardless of employee performance or other organisational competitiveness pressures. Bonuses are determined very paternalistically and often do not reflect operating results. Instead the CEO passes out bonus checks that generally do not vary from year to year. Employees therefore "expect" to receive the bonuses as another form of entitlement.

Performance-oriented philosophy

In a performance-oriented philosophy, no one is guaranteed compensation just for adding another year to organisational service. Pay and incentives are based on performance difference among employees. Employees who perform well get larger compensation increases. Bonuses are paid based on individual, group or organisational performance results

Equity

People want to be treated fairly in all facets of compensation, including base pay, incentives and benefits. This is the concept of equity, which is the perceived fairness of the relation between what a person does (inputs) and what the person receives (outcomes).

Inputs are what a person brings to the organisation and include
- Educational level
- Age
- Experience
- Productivity
- Skills
- Effort

Outcomes are what a person receives from the organisation as rewards in exchange for inputs and include
- Salary
- Benefits
- Recognition
- Achievement
- Prestige
- Any tangible or intangible reward received

Individuals judge equity in compensation by comparing the effort and performance they give with the effort and performance of others and the rewards those others receive. These comparisons are however based on individual perceptions, not just facts.

Internal Equity

Internal equity means that employees receive compensation in relation to the knowledge, skills and abilities they use in their jobs as well as their responsibilities and accomplishments. The two key issues that relate to internal equity are procedural justice and distributive justice

Procedural justice is the perceived fairness of the process and procedures to make decisions about employees, including their pay. Procedural fairness is viewed both in terms of the policies and procedures and the actions of the managers who implement these policies. As it applies to compensation the process for determining base pay for jobs, the allocation of pay increases and the measurement of performance must be perceived as fair.

Distributive justice refers to the perceived fairness of the amount given for performance. This facet of equity refers to how pay relates to performance. For instance, if a hard working employee whose performance is outstanding receives the same across the board raise as an employee with attendance problems and average performance, then greater inequity may be perceived.

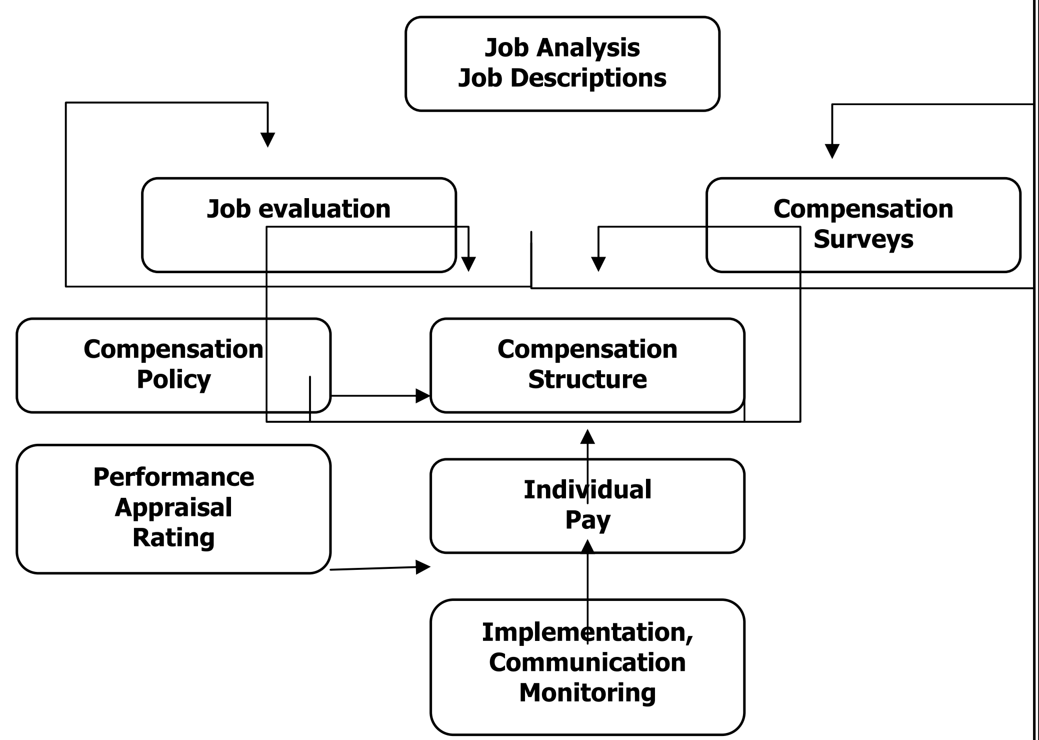
Pay Openness is another equity issue, which concerns the degree of openness or secrecy that organisations allow regarding their pay systems. Pay information kept secret in "closed" systems includes how much others make, what raises others have received and even what pay grades and ranges exist in organisation. It is crucial in an open pay system that managers are able to explain satisfactorily any pay differences that exist

External Equity

Externally, the organisation must provide compensation that is seen as equitable in relation to the compensation provided to employees performing similar jobs in other organisations. If an employer does not provide compensation that is viewed as fair by its employees, that organisation may have a higher turnover of employees, may have higher difficulty recruiting suitably qualified people. Organisations track external equity by using compensation surveys.

B. Compensation Administration

The development, implementation and ongoing maintenance of a base pay system is described as compensation administration. The purpose of compensation administration is to provide pay that is both competitive and equitable. Underlying the administered activities are compensation policies that set the overall direction of compensation within the organisation



Compensation Administration Process

C. Compensation Policies

Organisations must develop policies as general guidelines to provide for coordination, consistency and fairness in compensating employees. The Compensation Policies are derived from the compensation philosophy that the organisation wants to follow. For example, following a pay-for-performance philosophy requires incorporating performance appraisal results. However, a more entitlement-oriented philosophy will require developing policies in automatic step increase based on length of service.

Compensation Policy considerations

- Market positioning
- Affordability constraints
- Types of Job Evaluation systems
- Number of Pay Grades
- Width of Pay Ranges & Broad banding
- Linking of performance Appraisals and Pay Adjustments
- Establishing Individual Fitment Criteria

Market positioning

A major policy decision must be made about the comparative level of compensation the organisation wants to maintain. The organisation must identify how competitive it wants to be in the market for employees. Organisations may choose to pay

- **Match** – that is to match the market rates paid to employee by competitive organisations in order to ensure external equity
- **Lead** – the market by paying above-market rates. This policy aims at attracting and retaining employees
- **Lag** – the market by paying below the market. If there is an excess of qualified people for the job, people are willing to work for lower pay. This may also be because of affordability issues. If the Organisation believes that it is a "better" or "more sought after" Organisation, it may decide to pay less than the market and still attract qualified resources

Development of a Compensation System

Once pay policies have been determined, the actual development of a compensation system begins. The development of a wage and salary system assumes that accurate job descriptions and job specifications are available. The Job descriptions are used for job evaluation and compensation Surveys. These activities ensure that the compensation system is both internally equitable and externally competitive. The data compiled in these two activities are used to design compensation structures, including Pay Grades and Pay Ranges. After the Compensation Structure has been developed, individual jobs are placed in the appropriate pay grades and employees' compensation adjusted on performance. Finally the compensation system must be monitored and updated

D. Job Evaluation

Job evaluation provides a systematic basis for determining relative worth of jobs within an organisation. It flows from the job analysis process and is based on job descriptions. In a job evaluation, every job in an organisation is examined and ultimately priced according to the following features:

- Relative importance of the job
- Knowledge, Skills and Abilities needed to perform the job
- Difficulty of the job

It is important that employees perceive their pay as appropriate in relation to pay for jobs performed by others. Because job may vary widely in an organisation, it is particularly important to identify **benchmark jobs –** jobs that are found in many organisations and are performed by several individuals who have similar duties that are relatively stable and that require similar knowledge, skills and abilities

Methods of job evaluation

Ranking Method

This method is one of the simplest to administer. Jobs are compared to each other based on the overall worth of the job to the organization. The 'worth' of a job is usually based on judgements of skill, effort (physical and mental), responsibility (supervisory and fiscal), and working conditions.

Advantages	Disadvantages
• Simple. • Very effective when there are relatively few jobs to be evaluated (less than 30).	• Difficult to administer as the number of jobs increases. • Rank judgements are subjective. • Since there is no standard used for comparison, new jobs would have to be compared with the existing jobs to determine its appropriate rank. In essence, the ranking process would have to be repeated each time a new job is added to the organization.

Types of Ranking Method

1. **Ordering** - Simply place job titles on 3x5 inch index cards then order the titles by relative importance to the organization.
2. **Paired Comparison** - A paired comparison job evaluation system compares each job within a company with every other job within the company. A job's score is determined from the comparisons. The jobs are then ranked by score.

Classification Method

In the classification method of job evaluation, descriptions of each class of jobs are written and then each job in the organisation is put into one of the categories according to the class description it matches the best. The classification of a position is decided by comparing the whole job with the appropriate job-grading standard.

The standards do not attempt to describe every work assignment of each position in the occupation covered. The standards identify and describe those key characteristics of occupations, which are significant for distinguishing different levels of work. They define these key characteristics in such a way as to provide a basis for assigning the appropriate grade level to all positions in the occupation to which the standards apply.

Advantages	Disadvantages
• Simple. • The grade/category structure exists independent of the jobs. Therefore, new jobs can be classified more easily than the Ranking Method.	o Classification judgments are subjective. • The standard used for comparison (the grade/category structure) may have built in biases that would affect certain groups of employees. • Some jobs may appear to fit within more than one grade/category.

Point Method

The point method is more sophisticated than the ranking and classification method. It breaks down jobs into various compensable factors and places weights or points on them. A compensable factor is one used to identify a job value that is commonly present throughout a group of jobs. The factors are determined from the job analysis

Advantages	Disadvantages
• Relatively simple • Considers the components of a job rather than the total job • Much more comprehensive • Can be applied to a wide range of jobs. • Can be applied to newly created jobs. • Once Manual is available can be used by anyone who is not a specialist	• The pay for each factor is based on judgements that are subjective. • Time consuming to develop the system

Monetary benefits offered to staff other than salary..

Response	No. of MFIs	Percentage
PF/Insurance /Medical Allowances/Leave encashment	**17**	**57%**
Reimbursement of Mobile Bill/Education Loan/ Festival Advance	**8**	**27%**

Results of Sa-Dhan survey with 30 MFIs.(Multiple Responses were allowed)

E. Compensation Surveys

An important element of building a comprehensive compensation system is knowing what pay other organisations provide for similar jobs. A compensation survey is a collection of data on compensation rates for employees performing similar jobs in other organisations. An organisation may use surveys conducted by other organisations, or it may decide to conduct its own survey.

Using Existing Compensation Surveys

While deciding on whether to use an existing survey or not, the following questions should be answered:

- **Participants:** Is the survey a realistic sample of those employers with whom the organisation competes for employees?
- **Broad – based:** Is the survey balanced so that organisations of varying sizes, industries and locations are included?
- **Timeliness:** How current is the data (determined by the date when the survey was conducted)?
- **Methodology:** How established is the survey, and how qualified are those who conducted it?
- **Job Matches:** Does it contain job summaries so that appropriate matches to organisation job descriptions can be made?

Commissioning/ Developing a Compensation Survey

Organisations may commission their own compensation surveys or conduct one on their own. The following aspects need to considered while designing a compensation survey:

- Employers with comparable positions should be selected. Employers considered to be "representative" should also be surveyed
- Jobs to be surveyed also must be determined. Not all of the jobs in all organisations can be surveyed and therefore those jobs should be selected that can be easily compared, have common job elements and represent a broad range of jobs.
- The information to be collected needs to be decided – entry level salaries, basic pay, salary components, compensation structure, variable pay, leave policies etc. Be careful not to ask for too much information as it may discourage survey returns.

Compensation Data

Compensation data should also be collated from market information received from the following sources

- Prospective Candidates
- On ground market information (employees working in comparable jobs)
- Staffing Agencies/ Placement Consultants

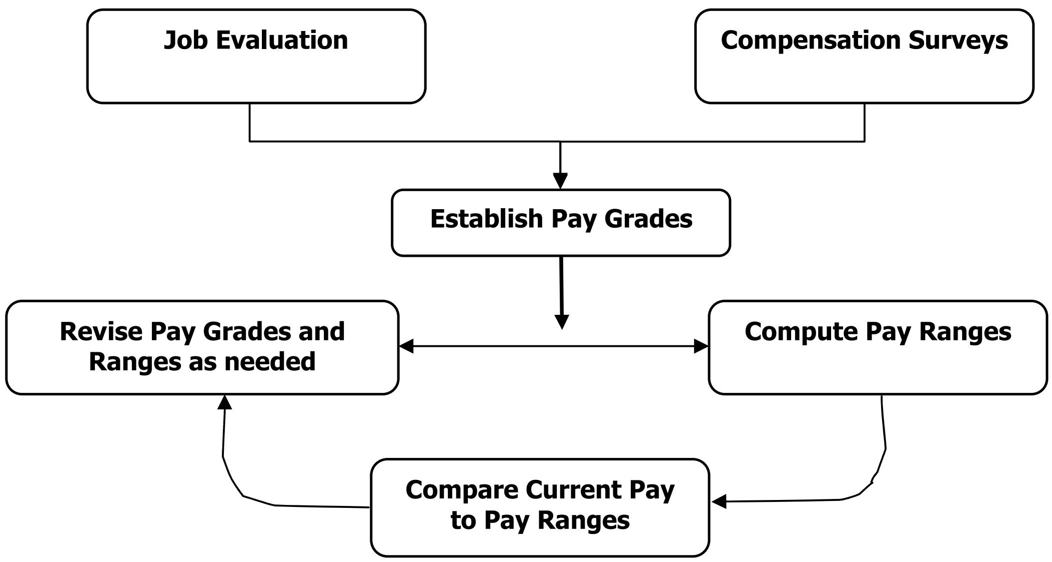
The above sources are however not accurate and can be used merely as indicative reference points.

F. Establishing Compensation Structures

Pay Grades

Once the job evaluation to determine the relative worth of each job has been done, the pay rates can be assigned to each job. However pay grades will have to be established. A pay grade is used to group individual jobs having approximately same job worth, (equal difficulty or importance as established by the job evaluation).

By using pay grades, management can develop a coordinated compensation system without having to determine a separate pay rate for each job in the organisation. If the point method was used, then the pay grade consists of jobs falling within a range of points. With the ranking method, the grade consists of jobs that fall within several - two or three - ranks.



Non-Monetary benefits to staff..

Response	No. of MFIs	Percentage
Deputation to training /Staff tour	12	40%
Performance Certificate /Maternity Leave	13	43%
Stock option /Flexi working hour	9	30%

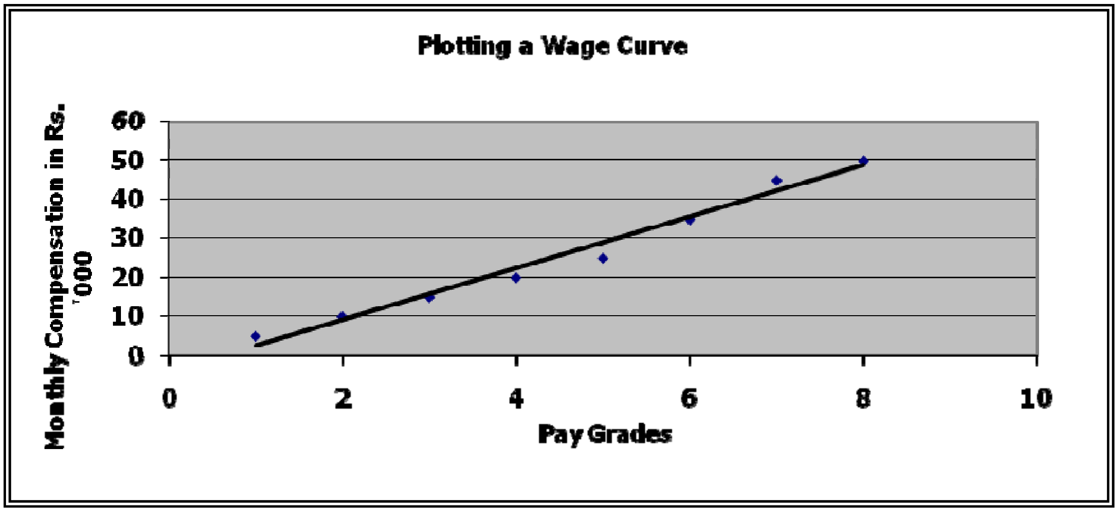
*Results of Sa-Dhan survey with 30 MFIs.(Multiple Responses allowed)

Pay Ranges

The next step is to establish pay rates and for each pay grade. A **market line or wage curve** shows the pay rates currently paid for jobs in each pay grade, relative to the points or rankings assigned to each job or grade by the job evaluation.

The purpose of wage curve/ market line is to show the relationships between

- The value of the job as determined by the job evaluation
- The current average pay rates as determined by the compensation survey



The **pay range** for each pay grade also needs to be established. Using the wage curve as a starting point, the organisation can determine the minimum and the maximum pay levels for each pay grade by making the wage curve the midpoint line of the new pay structure

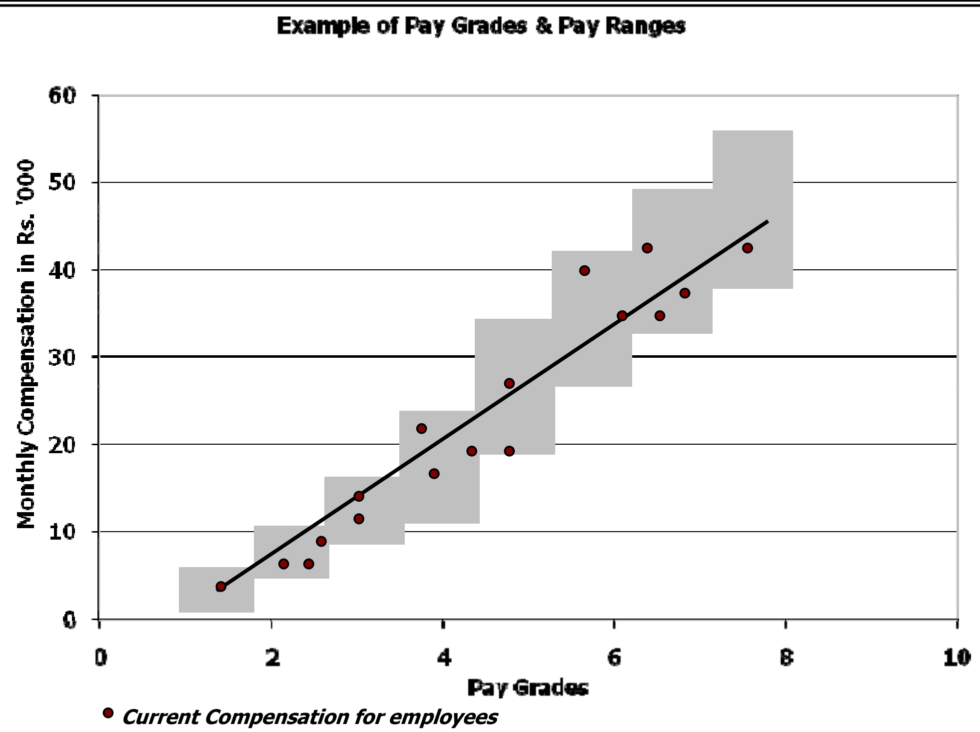
For example in a particular pay grade, the maximum value may be 20% above the mid point and the minimum value 20% below it.

As seen below, a smaller minimum-to-maximum range should be used for lower level jobs than higher-level jobs primarily because employees in lower level jobs tend to stay in them for shorter periods of time and have greater promotion possibilities. This "expanding" approach also recognises that individual performance can vary more greatly among people in upper level jobs than in lower levels jobs.

It is also recommended to have overlaps between grades. This would mean that an experienced employee in a lower grade could be paid more than a less experienced employee in a job in the next pay grade

Reasons to use pay ranges for pay grades:

- The organisation can take a more flexible stance while recruiting
- Increases flexibility of moving individuals within a grade instead of moving to a new grade every time
- It also allows for performance difference to be made between employees in the same grade



Pay Grade	Minimum Pay	Midpoint Pay	Maximum Pay
1	1000	3000	5000
2	4500	7500	10500
3	8000	12000	16000
4	11000	17500	24000
5	19000	27000	35000
6	28000	34500	41000
7	33000	42000	51000
8	39000	48000	57000

Individual Fitment

Once the Pay ranges have been determined, the compensation level for each individual needs to determined.

Recruitment

At the first instance compensation fitment needs to happen at the time of hiring/ recruiting.

Starting Fixed Compensation

For certain jobs in the organisation, the starting compensation is fixed. This would mean that everyone who joins the organisation in that job would be paid the same compensation. This philosophy assumes that everyone joining the organisation brings the same value and will therefore be compensated equally.

This approach works well in the following circumstances

- Junior level positions
- Large numbers – administrative hassle of fitting each individual separately
- Standardised job – the nature of the job is routine and repetitive

Individual Fitment

For most managerial positions however, compensation levels for each individual needs to be determined.

Steps for deciding compensation for a new hire

1. Determine which level the job for which the individual is being hired fits into. Look at the job evaluation method (described earlier) and decide on the job level.
2. Review the education, number of years of experience, relevance of experience
3. Identify existing employees with similar/ comparable profile
4. Review their compensation
5. Peg the compensation in line with above
6. Review Individuals existing compensation
7. Adjust compensation so as to give a reasonable increase
8. If existing compensation is higher than Band maximum, review the job level

Example of a compensation fitment sheet

Name:	S Shankar
Education:	Graduate
Experience:	4 years in similar role
Grade/ Level:	2
Designation:	Executive

Salary Heads		**New**		**Old**	
		Amt. p.m.	Amt. p.a.	Amt. p.m.	Amt. p.a.
Cash Salary					
Basic			**100,000**		90,000
HRA					
Special Allowance					
Conveyance Allowance					
Medical					
Performance Pay					
Others (Please Specify)					
	Gross Cash	-	**100,000**	-	90,000
Retirals					
Provident Fund (12%)					
Gratuity					
	Cost To Company	-	**100,000**	-	90,000
% Increase			**11.11**		
Bonus			**25,000**		
	Total Compensation		**125,000**	35,000	**39%**

Band Mid point 90,000
Compa-ratio **111**

Names of Comparable Employees		**Compensation**	**Compa-ratio**
A	Graduate, 4 yrs	100,000	111
B	Graduate, 6 yrs	105,000	117
C	Graduate, 5 yrs	95,000	106
D	Graduate, 5 yrs	88,000	98

G. Compensation Revisions

Decisions about compensation increases often are critical ones in the relationships among employees, their managers and the organisation. Individuals have expectations about their pay and about how much increase is "fair", especially in comparison with the increases received by other employees

Inflation linked Increases
A common compensation increase practice is the use of a standard raise or inflation adjustment. Giving all employees a standard percentage increase enables them to maintain the same real wages in a period of economic inflation. The adjustments are often tied to the Consumer Price Index (CPI).

Pay for Performance
In a Pay for Performance system, the performance appraisal rating is used to determine the compensation increase to be given to an employee. However relying only on the performance appraisal data assumes that all existing salary levels are equal and therefore increases should also be equal at a certain performance level.

The integration of the performance appraisal ratings and salary increases could be done using a Salary adjustment Matrix. The increases are based on a combination of 2 things

- Performance Appraisal rating
- **Compa-ratio**: Salary divided by the mid-point of the Pay range.

Examples of Compa-ratio
Pay Range: 2
Midpoint: Rs. 90,000
Employee A: Rs. 100,000
Compa-ratio: $\frac{100,000}{90,000} \times 100 =$ **111**

Employee D: Rs. 88,000
Compa-ratio: $\frac{88,000}{90,000} \times 100 =$ **98**

Example of a Salary Adjustment Matrix

	Performance Appraisal Rating				
Compa-ratio	**1**	**2**	**3**	**4**	**5**
112 - 120	7%	5%	3%	0%	0%
104 - 112	10%	7%	5%	0%	0%
96 - 103	**13%**	**10%**	**7%**	**3%**	**0%**
88 - 95	16%	13%	10%	3%	0%
80 - 87	20%	16%	13%	3%	0%

Appraisal Rating Key
1: Outstanding Performance; 2: Exceeds Expectation; 3: Meets Expectation; 4: Below Expectations; 5: Unsatisfactory

The Salary Adjustment Matrix has some interesting facets that illustrate the emphasis on paying for performance

- Individuals whose performance is unsatisfactory receive no increases and those below expectations receive only minimum inflationary raises. This approach sends a very strong signal that poor performers will not continue to receive increases just by completing another year of service
- As employees move up the pay range, they must exhibit higher performance to obtain the same percentage raise as those lower in the range. This approach takes into account that the organisation is paying above the market midpoint but receiving only satisfactory performance rather than above-market performance.

H. Components of Compensation

(Please note, the Income Tax laws change from time to time. Ensure that your Finance department gets the present information for each component)

The various components of the salary for employees are given below. What is, mandated by law, is specified. In some cases a particular component is given not because of law but for tax saving purpose, industry norm, candidate expectation, etc. In the case of each component one has attempted to capture the logic behind it.

Basic: This is typically the key component. Retiral benefits are clearly linked to it and in most cases the flexibility for the employer comes from this component. All other components tend to be the same for all employees at a particular level or grade and variations in salary is typically made through this component.

Dearness Allowance (DA): Mandated by law at the workmen level. Is not significant at the Managerial levels. This component is provided to offset the effect of inflation on salary.

House Rent Allowance (HRA): This is paid in order for the employee to use for his housing needs. Most organizations either provide HRA or a company owned/leased house. It is very rare that both are provided. The money paid as HRA is usually less than the value of the house (if house is provided by the organization).

Tax saving is possible under HRA. Least of the following three amounts is exempt:
(i) Actual HRA
(ii) Rent paid in excess of 10% of salary
(iii) 50% of the base salary in metro cities (40% in other cities and towns)

Hence a lot of organizations link HRA to the base salary and pay anything between 30% - 50% of base salary. More than 50% would anyway get taxed and hence does not matter if it is paid as HRA or any other component.

This component is not mandatory but psychologically an employee tends to feel that his organization is taking care of his housing needs when HRA is paid.

Conveyance Allowance: Not mandated by law. It is typically provided for individuals in jobs, which require for them to travel locally on their jobs. Rs. 800 p.m. paid as conveyance allowance is tax exempt.

All other allowances: None mandated by law. It is Industry specific. Historically there were quite a few elements, which provided for tax saving but most tax benefits have been removed. Organizations, which introduced elements, to take advantage of these tax savings could have very many allowances.

Leave Travel Allowance (LTA): Paid in order for the employee to pay for his holidays to his hometown with his family. Not mandatory. Most organizations pay this amount because it is possible for an employee to save tax on this component.

The amount exempt from tax is actual amount spent limited to economy air fare or 1st A/C rail fare or equivalent amount twice in a block of 4 calendar years. This would approximately translate to Rs. 20000 p.a. The employee would need to provide proof of travel in order to be able to avail of tax saving.

Medical: Medical varies across organizations from schemes, which are run by the organization to group insurance schemes that the organization has subscribed to. The law only mandates relief for a medical condition (accident/ illness) arising during the course of work.

Employees can be given a benefit of medical reimbursement up to Rs. 15,000 per year; this amount is tax exempt but subject to the production of bills.

Perks: Varies across organizations. Old economy organizations/industries have more perks.

Retirals: Provided to the individual to help him plan his retired life.

Provident Fund: According to Law a compulsory contributory fund is set up by the employer for the future of the employee following his retirement, or for his dependents in the case of premature death.

Monthly contribution to provident fund is at 12 per cent of basic salary and dearness (cost of living) allowance. Both the employer and the employee make an equal contribution. The employee is at a liberty to make a contribution exceeding 12% but the employer is under no obligation to match the same.

This Act is extendible to all establishments in India employing 20 persons or more. Any employer is at the liberty to set up a separate fund with the condition that the terms of this fund cannot in any manner be less than those specified under the act.

Gratuity: Covered under Law. This Act provides retirement benefits for employees who have worked for a minimum stipulated period with an employer (5 years and more). It is considered as a reward for long and faithful service. Gratuity works out to 15 days salary for each year of service. Here salary includes only the base salary (basic + DA).

This Act applies to the whole of India where over 10 employees are working for an establishment.

Pension: Varies across organizations. Not mandated by law.

Variable Pay: Not mandated by law and varies across organizations.

Suggested break up of the various components *(This is only a suggestion. The break-up will vary from organisation to organisation, based on business needs)*

	Officers	**Managers**
Basic	28%	30%
Allowances	22%	18%
☐ DA		
☐ HRA		
☐ Special Allowance		
☐ Conveyance Allowance		
Retirals	5%	6%
☐ PF		
☐ Gratuity		
Reimbursements	10%	6%
☐ Leave Travel Allowance		
☐ Medical Reimbursement		
Annual Compensation	**65%**	**60%**
☐ Monthly Incentive	35%	
☐ Variable Pay / Performance Bonus schemes		40%
Performance Pay	**35%**	**40%**
Annual Total Compensation	**100%**	**100%**

While defining the components of the Compensation structure for the Organisation one should keep the following guidelines in mind:

Keep it simple: Employees should understand their compensation and benefits structure
Make sure it all adds up: All the salary and benefits components must be added up as CTC – this will ensure that the employee has a complete picture of the package he/she is receiving as well and the organization knows exactly how much they are paying each employee

Watch the salary administration costs: Too many reimbursements/ deductions and complex incentive schemes can increase the administrative component of salary calculations and disbursements significantly

Consider the longer-term implications: Don't give anything to the employees that you may need to take away later

Incentives

The incentives that we are discussing in this section are very specific to those in the MFI sector.

We start by providing a snapshot of the kinds of incentive schemes that can exist and the specific advantages and disadvantages of the schemes. We have also made an attempt to classify the schemes based on the growth stage of the organization. (This would be specifically relevant to organizations that have started as NPOs and are now looking to transform into a commercial organization)

Incentive Scheme A: Growth Oriented Scheme in the Initial stages of the MFI-NGO

Applicable to: Loan Officers, Branch Managers, and Area Managers

<table>
<tr><th>Key Features of the Scheme</th><th></th></tr>
<tr><td>▪ Objective: of the scheme is to get the MFI started and ensure that the channel (groups) for product distribution is formed quickly and in a consistent manner with a high adherence to the laid down process

▪ This kind of a scheme would be typically considered in the early months / period of the operations of the organization

▪ Factors to be considered for the design of the scheme would broadly cover:
- Group Formation
- Enlisting members who meet the profile requirements of the target audience for the products
- Process adherence such as documentation (accuracy and completeness), keeping to time and the journey cycle allotted
- Replacement Rate or % of complete groups</td><td>Advantages
✓ Growth in terms of members can be spurred on exponentially by a scheme based on these factors
✓ Process adherence is duly monitored and rewarded
✓ In the early years, this helps to institutionalise the processes and create a strong distribution network for the products

Disadvantages
x Does not reward collections, repayment rate or loan disbursements that are key to the revenues and profits of the organization
x Difficult to arrive at a different set of criteria for urban and rural branches
x Group Formation does slow down as the branches become older and then the incentives start dropping</td></tr>
</table>

Incentive Scheme B: Revenue oriented scheme with relatively smaller operations (lower geographical spread)

Applicable to: Loan Officers, Branch Managers and Area Managers

<table>
<tr><th>Key Features of the Scheme</th><th></th></tr>
<tr><td>

- **Objective**: This kind of a scheme would serve the purpose of rewarding revenue generation and enhancing profitability / ensuring that margins are met. The purpose of such a scheme would also be to ensure that each branch achieves its targets in terms of revenues and collections.
- This scheme would be most appropriate for an organization that has seen initial success in the market or for an organization that is undergoing transformation
- Factors to be considered for the design of the scheme would broadly cover:
  - Loan Disbursement
  - Collections Target
  - Repayment Rates
  - Product Mix: Revenue Targets (for e.g. Insurance= Rs. X; Loans=Rs. Y)
  - Replacement Rate (only in order to ensure that the focus on ensuring that there are complete and active groups continues)
- This kind of a scheme can have variations for different branches. For instance in new area in the first three months, a loan officer may earn similar incentive compared to a loan officer in a more established area. After 3 months the concession being made for the loan officer in the new area may be removed.

</td><td>

Advantages

✓ Selling the products and customer focus become key success factors

✓

Disadvantages

x This scheme takes process adherence as a minimum standard that will be followed and therefore not rewarded – in reality this may not always be the case

x May be a lot of “over selling” to ensure that targets are met

</td></tr>
</table>

Incentive Scheme C: Revenue oriented scheme designed specifically around the targets

Applicable to: Loan Officers, Branch Managers and Area Managers

Key Features of the Scheme	
▪ **Objective**: The objective of this scheme would be to allow for schemes to be designed around specific targets for regions / areas. This would be particularly relevant for a large MFI spread across geographies where market factors and other external factors have to be taken into consideration while designing the scheme. ▪ These kinds of schemes would be relevant for large MFIs. The schemes would need to be designed/ implemented at a regional level and would be valid only for a limited period of time. ▪ The factors considered for building the scheme would be similar to those seen in the scheme given above	**Advantages** ✓ Regional factors taken into consideration ✓ Flexibility for creating a push for different levels of targets / factors for different regions **Disadvantages** x Schemes may become too customised and therefore while other factors should be considered, the incentive rate for a similar target across 2 regions cannot be widely different x Schemes need to revised frequently

Incentive Schemes: Frequently asked Questions

1. Should the incentive scheme be open ended?

Incentives can be open-ended if the incentive cost is built into the product cost and therefore the incentive will have to be directly linked to the sale / disbursement of the loan. A typical example of where this happens is the insurance sector, where an advisor earns a certain amount for every policy that he / she is able to enrol a client for.

If the above is not the case, in order to ensure profitability, one will have to control the incentive costs / wage costs and therefore cap the maximum incentive earnings and build this into the design of the scheme. The other option is to have a cap that is limited by the work norms. For e.g., each Loan Officer can work only work with maximum of x number of groups and therefore cannot earn more than the incentive that corresponds to the same. Over a period of time this kind of capping would not be recommended as it would limit the performance / potential of a person.

The recommended option would be to put in place a scheme where at 100% of the target the person earns a certain amount, at 98% - y and so on and so forth. One may want to consider not paying incentive below a certain 5 of target achievement.

2. Who should be paid incentive?

Incentive schemes should be applicable to those members in the field staff organization who have a direct influence on the achievement of the targets. This would include the Loan Officers, the Branch Managers and the Area Managers.

In addition to the incentives, Area Managers and Branch Managers would also be eligible for an annual variable pay / bonus. Their performance related pay earnings could be split in the following ratios:

Branch Managers: Monthly Incentive (50%) + Annual Bonus (50%)
Area Managers: Monthly Incentive (50%) + Annual Bonus (50%)

Regional Managers would not receive any monthly incentive.

3. When should incentives be paid?

While the scheme may throw up a monthly incentive amount that needs to be paid out, the payout may be at a quarterly frequency in order to ensure that the administrative work related to payout is less. Paying the incentive and the monthly salary at two different points in time also help in disassociating the salary and the incentive. It has been seen in many organizations that when incentives are paid with the salary, over a period of time, employees do associate incentives as being part of the salary.

4. What % of the total compensation should the incentive amount be?

At the loan officer level for an incentive scheme to be successful, one would recommend that the incentives form at least 30-40% of their total compensation. This % would reduce as one went higher up in the organization.

5. Guidelines for constructing an Incentive Scheme

- The employees should have significant influence as part of their role to impact the factors being considered in the incentive scheme.
- The schemes should take into account non-performance (there should be some disincentive for non-performance) (We should discuss this – for instance if someone has not earned incentive for 1 month, they need to be put on a closely monitored performance improvement plan)
- Incentive schemes should ideally reward outcomes and results and not activities or processes / effort
- It is critical to involve the field staff in the design and rollout of the scheme
- An incentive scheme cannot work without technology enabling that captures and monitors targets / factors at an individual level and aggregates the same for each branch and area respectively
- Schemes must be reviewed for relevance frequently (at least once a year) and revised accordingly
- The scheme must be simple to understand: if the loan officer cannot understand the scheme easily, the scheme will lose its ability to push officers to enhance their performance
- Care should be taken to ensure that lower levels of target achievement are not being rewarded

Ready Reckoner

Activity	Timeline	Responsibility	Support	Status
Define Compensation Philosophy				
Define Compensation Policy / Market positioning				
Conduct Job Evaluation				
Conduct Compensation Survey				
<u>Establish Compensation Structure</u>				
• Pay Grades				
• Pay Ranges				
• Individual Fitment				
Conduct Compensation Revisions				
Define Components of Compensation				
Devise Incentive Plan				

Formats

1 – Format for Compensation Fitment

Name :
Education :
Experience :
Grade/ Level:
Designation:

Salary Heads		**New**		**Old**	
		Amt. p.m.	Amt.p.a.	Amt. p.m.	Amt.p.a.
Cash Salary					
Basic					
HRA					
Special Allowance					
Conveyance Allowance					
Medical					
Performance Pay					
Others (Please Specify)					
	Gross Cash				
Retirals					
Provident Fund (12%)					
Gratuity					
	Cost To Company				
% Increase					
Bonus					

Mid point
Compa-ratio

Names of Comparable Employees **Compensation**

Sa-Dhan

The Association of
Community Development
Finance Institutions

Talent Management

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Talent Management

This Toolkit will help you to understand: -

- Progression processes
- Career Paths
- Succession planning
- Specific initiatives that you can put in place to retain talent within the organization

Talent management is a term used to describe a set of processes and practices that an organization uses to ensure that the right person is in the right job in the context of the goals of the organization. It also includes the approach and processes developed to manage the careers of employees and ensure that successors are developed for all key positions as well as for managerial positions. The objective of most talent management systems is three-fold:

- Ensure that employees are aware of the kinds of careers that they can look forward to in the organization
- Developing leaders and specialists within the organization to fill current and future positions
- Retention of talent within the organization

Talent Management will include the following:

- **Progression / Promotion** is the process of assessing employee capability for movement to the next level in the organization
- **Career Paths** are maps that provide guidelines for movement of people from one role to another within a particular function or across functions both laterally as well as from one level to another
- **Succession Planning** is a process through which as organization identifies and develops a set of successors for key roles and senior manager position in order to ensure that vacancies are filled quickly with ease when they arise
- **Retention Measures for Key Talent** is a set of initiatives and processes that specifically focus on providing hooks for people to make your organization an employer of choice

Challenges in retaining talents..

Response	No. of MFIs	Percentage
Higher salary expectation	12	40%
Competition with organization	6	20%
Personal reason (Marriage/Health/Studies)	3	10%
Promotion	3	10%

Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed

Talent Management Toolkit

This toolkit consists of a set of processes and corresponding templates that can be used for managing talent in the Micro Finance Industry.

A. Progression / Promotion

This section provides processes and templates that are to be used to assess capability of employees to promote them from one level to another.

Promotions can happen in either of the following ways:

A vacancy comes up in a function -> Managers recommend employees who they believe would be suitable for the position by writing a formal report -> The Department Head evaluates all such requests with HR and selects the right candidate.

An individual is already performing a particular job -> Additional responsibilities are added to the job that now make the job move a level higher -> The Manager, Department Head and HR make an evaluation of whether the individual is capable of performing the higher responsibilities being added to the job and give a promotion to the individual. An example of this is: An Accounts Manager's job is currently a Level 2 job. As this job is now required to handle additional responsibilities, and the person in the job is currently capable of doing the same, he/she is promoted to Senior Manager – Accounts.

A vacancy arises -> An internal job posting is created that describes the job and the experience, skills / competencies required by the job holder -> The Internal Job Posting is circulated to all employees -> Employees who wish to apply for the position send in their applications to HR -> Interviews / Assessment Process is conducted and the most appropriate person is selected for the job

Over a period of time it is recommended that the organization actively pursues the internal job posting method to fill vacancies for the following reasons:

- Ensures that the most appropriate person gets the job and not the person recommended by the manager
- Gives employees a feeling that they have a fair chance in being considered for a new role/vacancy/promotion
- Encourages movement of employees across teams and geographies

This method may not work in departments that are either too small or where the role is specialized and there are not too many people in the organization who meet the criteria for the role.

Parameters for staff performance..

Response	No. of MFIs	Percentage
Target achievement	**8**	**27%**
Loan Portfolio Quality /SHGs formed/Client Retention Loan Outstanding	**9**	**30%**
Communication Skill/Interpersonal Relationship/Team Work	**5**	**17%**
Productivity/Efficiency/Time Management and Managerial Skill/Punctuality/Attitude/ Coordination	**18**	**60%**

Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

Internal Job Posting

The internal job posting has also been discussed in the staffing toolkit.
A snapshot of the process is given below

The Manager (whom the position reports to) fills the Job Posting Form and sends it to the Department Head for approval. A job posting can be created only for a job that is an approved vacancy. All new jobs will have to be approved before they are posted.

↓

The approved job posting is sent to HR with details such as: assessment process, last date for receiving the applications etc.
HR circulates / posts the job either by sending an email to all employees or by sending a circular that is posted on the notice board at all locations.

↓

Employees who wish to apply for the position send in their filled application forms to HR.

↓

HR does an initial screening of the applications to ensure that they meet the eligibility criteria mentioned in the job posting and forwards the applications to the manager the job reports into. Employees who do not meet the eligibility criteria are informed by HR

↓

Eligible applicants are called for interviews / assessment process. The assessment process / interviews are conducted jointly by both the Manager(s) of the Department where the vacancy has arisen and by HR

↓

The selected employees are issued a promotion letter. (In some instances, the move may not be a promotion as the employee may be moving from one level to another within the same level)

Employees who do not make it are specifically given feedback on what did not go well in the interviews / assessment process – the purpose of this is to ensure that they are aware of their development areas and can go back and work on the same

The internal job posting should ideally be a one-page document that contains the following details (a format for the internal job posting has been given in the staffing toolkit):

- Position Title
- Name of the Department where the vacancy has arisen
- Location of the Vacancy
- Details of who this position reports to and the jobs that report into this position
- Key accountabilities and deliverables for the jobholder
- Profile of the ideal candidate / eligibility criteria
    - Experience (within the organization and otherwise)
    - Performance Ratings
    - Educational qualification, if any
    - Skills and competencies and level of proficiency in each
- Aspects of the job that could influence a person's decision to apply if any: travel, working hours etc.

Promotion Letter

A promotion letter is issued to an employee when the employee moves from one level to another. A promotion letter should contain the following details:

- New job title
- New organization level
- Date from which the promotion is effective
- New terms and conditions of service including changes in compensation and benefits

The letter should be prepared by HR, signed by the Department Head and issued to the Employee by the Manager and the Department Head.

Vacancy/Assessment Matrix

Given below is a matrix that provides sample of the internal assessment process that can be followed to promote employees when vacancies come up at the different levels in the organization.

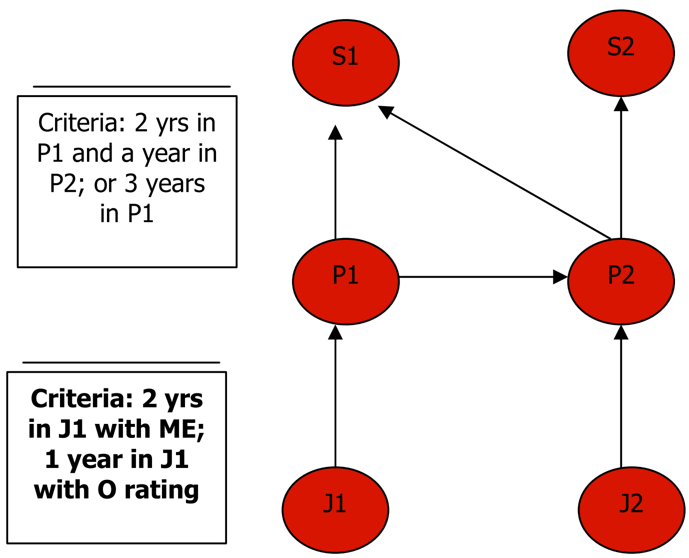
Vacancy	**Assessment Process**
Branch Manager (the assessment methods described here can be used for any position where there could be a large number of employees who may apply for the job – such as an internal audit / training position where employees from Ops also fit the criteria) Applicants: Loan Officers	**Stage 1** ▪ Written Test: to assess skills such as product knowledge, customer knowledge, accounts etc. ▪ Group Discussion: Ability to communicate, influence and solve problems in a group ▪ Presentation to the assessors: Each applicant is asked to make a presentation based on a case they are given. The case would describe a problem that a Branch Manager is facing with the supporting data and figures. **Stage 2** Interviews with HR and Regional Managers
Area Manager Applicants: Branch Manager	**Stage 1** Presentation on a case: typically an expansion plan, implementation of a new process; handling a branch where targets are not being achieved etc. Role Play: Handling a Branch Manager who has not been performing; Handling a difficult situation in one of the villages **Stage 2** Interview with HR and a panel of regional managers Interview with the Head of Ops and the Head of HR
Asst. Manager – Accounts Applicants: Accounts Officers	Functional Interview with a panel of Senior Manager(s) in Finance Final interview with the Head of HR and Head of Finance
Asst. Manager Internal Audit Applicants: From Ops as well as internal audit	Written test for all the applicants on process and product knowledge Interview with HR and Senior Managers Final Interview with the Head of HR and the Head of internal audit

B. Career Paths

This section focuses on defining career paths that will enable employees to understand the kind of career that they can look forward to and also sets guidelines for moves and promotions of employees.

The career path is best represented by a map that links movement from various roles within a function and between two functions. It defines the min. criteria for a person to move into a new role and the typical time taken for these moves.

A pictorial representation of a career path is given below:



Guidelines for creating a career path

- List all the jobs at each level in a function
- First put down the various entry level jobs
- List the jobs at the next level above the entry-level jobs
- Define the criteria for a person to be able to move into the next level jobs (rating; experience etc.)
- Link each entry level job to all the possible jobs in the next level
- Create the links for all jobs from one level another in a similar manner
- List jobs and roles from other functions also that one can move to
- Create career paths for all functions linking roles at the various levels
- Career paths should take into account what the ideal set of experience and skills would be for a particular job

In the next page a filled format has a snapshot of career paths in the Operations function.

Sample Career Path

Levels and pre-requisite criteria for movement (typically experience in the previous level(s) and performance ratings)	Within this function (Operations)			Jobs in other functions	
Level 4 (Criteria)	Area Manager	Manager – New Products and Services		Senior Manager Internal Audit	Senior Manager Training
Level 3 (Criteria)	Branch Manager – Large Branch	Manager New Projects	Manager New Channels	Manager Internal Audit	Manager Training
Level 2 (Criteria)	(Asst. Manager – could head a small branch)	(Asst. manager – Accounts and Admin: for a large branch)		(Asst. Manager - Training)	(Asst. Manager – Internal Audit)
Entry Level -> Level 1	Loan Officer				

Staff Motivation Strategy..

Response	No. of MFIs	Percentage
Encouraging high performing staff to handle projects	11	37%
Promotion/IncentiveApprecia-tion letter and Special Honour	22	73%
Higher responsibility/Good working environment	13	43%
Grievance Mechanism Strategy/Transparency/Apprai sal and Reporting System	4	13%

Results of Sa-Dhan survey with 30 MFIs.(Multiple responses allowed)

C. Succession Planning

Often organizations are left "high and dry" when a person leaves the organization especially if the person was in a senior / critical role. Similar effects are felt when individuals are promoted without successors to take their positions.

In order to reduce dependencies on individuals and to minimise the impact of moves, resignations, separations and promotions – a succession planning process is critical for an organization.

It would be difficult for organizations carry out succession planning for all the positions in the organization. It is therefore recommended that this exercise is carried out only for senior manager positions and critical / key roles in the organization.

Definition of key roles:
Key roles are –

a) Pivotal roles that coordinate the work of many others in the organization such as Branch Managers and Regional Managers
b) Specialist roles: roles where skills are scarce in the market or very specific to the organization and have therefore been developed over a period of time internally. Examples of specialist roles are Compensation and Benefits Manager for an MFI, a Senior Manager in Product Innovation etc.

Given below is a simple process for a succession planning exercise for an organization.

a) HR send an email to the Heads of all the departments asking them to submit a list of key roles in their department with specific reasons as to why the role should be considered "key".
b) The Head of HR meets with the Head of each department for a discussion:
   - Freeze the list of key roles
   - Identify the successors for the key roles and the senior manager positions in the organization
   - Identify development and retention plan for the successors
   - The discussions are recorded and filed
c) Head of HR presents a snapshot of the entire exercise in a Management Team Meeting
d) The CEO and the Head of HR lead a succession planning exercise for half a day. Each management team member has to identify at least one successor. The successor is discussed and the other team members share comments. A list of successors is documented for all the team members.
e) HR meets with the Heads of the various functions to create a development plan for each successor

Supporting data that HR would need to provide /collect for this exercise:
- Performance data of all the employees
- Education Profile
- Career Map (roles and jobs held till date)
- Competency and Skill profile

Performance Monitoring & Evaluation Methods..

Response	No. Of MFIs	Percentage
Weekly /Monthly report/Meetings	**5**	**17%**
Annual Performance Appraisal	**14**	**47%**
Assessments throughout the year by supervisory staff	**17**	**57%**
Staff Rating Standards	**3**	**10%**

Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

D. Retention Measures for Key Talent

Career Planning

- Understanding career aspirations of employees and being able to incorporate their aspirations into planning their careers
- Providing for cross functional exposure through organization-wide task forces and special projects: quality initiatives; promoting culture and values; cost management initiatives
- International exposure and head office stints

Development Initiatives

- Development and training programs for high potential employees and high performers
- Nominations to well known specialized course for those who show potential to take on specialist roles in the organization
- Mentoring for managers in the middle level (for e.g. Area Managers who can be groomed into Regional Managers) who show potential for senior manager positions
- Nomination to external events such as conferences, seminars to develop networking skills, provide exposure and well as an opportunity to represent the organization

Recognition programs

- Monetary Recognition Programs for Field Staff
    - Special Awards for high(est) growth, disbursements etc.
    - Special one-time awards for any significant achievement – team / individual
- Non Monetary Recognition Programs
    - Budget for Department Heads to take their teams out to mark any special achievement
    - Letters of commendation given out by the CEO for significant achievements
    - Mention of the top performers in the monthly communication / newsletter that is sent out to all employees

Building Higher Engagement with the Organization

- Skip Level Meetings: Ideally all employees should meet with their skip level (their supervisor's supervisor) periodically to talk about issues and address concern areas
- Open House by a Senior Manager: Senior Managers should meet with intact teams / departments without the Department Heads at fixed intervals
- HR should meet groups of employees to get feedback on how they are doing and to address concerns
- Feedback from all these interactions should be documented, an action plan should be created to address concern areas and tracked by HR and the Senior Management

Staff attrition (turnover) management strategy..

Response	No. of staff	Percentage
Motivation /Interaction to solve problems	9	30%
Keeping track of problems/Employ reorganization Schemes	9	30%
Incentive Schemes/Salary Matching the performance	2	7%

*Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

Exit policy..

Response	No. of staff	Percentage
Notice Period	13	43%
To brief the rules-regulation before the joining	1	3%
Exit Interview/No Dues/Other settlements/ Farwell/Reliving letter	13	43%

Results of Sa-Dhan survey with 30 MFIs.(Multiple responses were allowed)

Formats

Sample Career Path for Operations

(Insert as many rows and levels as necessary)

Levels and pre-requisite criteria for movement (typically experience in the previous level(s) and performance ratings)	Within this function			Jobs in other functions
Level 4 (Criteria)	(Job Title)	(Job Title)		
	(Space for the arrows that link the jobs from one level to another)			
Level 3 (Criteria)	(Job Title)	(Job Title)	(Job Title)	(Job Title and Function)
	(Space for the arrows that link the jobs from one level to another)			
Level 2 (Criteria)	(Job Title)	(Job Title)		(Job Title and Function)
	(Space for the arrows that link the jobs from one level to another)			
Entry Level -> Level 1	(Job Title)	(Job Title)		

Internal Job Posting format

Position Name: ______________________________

Department: ______________________________

Position Description	
Key responsibilities	
Qualification	
Years of experience	
Eligibility Criteria	
Reporting to	
Skills/ competencies Required	

Application Deadline:

Introduction

What information does this toolkit provide?

This toolkit is a part of a complete suite of Human Resource Solutions for the Micro Finance Industry. The objective of this toolkit is to enhance HR Process Capability of MFIs, with a specific focus on MFIs that are about to move from being an NGO to a commercial organization. It provides information regarding the various critical elements of HR.

- Organisation Constitution
- Staffing
- Performance Management
- Training & Development
- Compensation & Benefits
- HR Administration
- Talent Management

Who can use this toolkit?

This toolkit is designed to be used by Business Heads, Functional Managers, HR Managers, and HR teams of Micro Finance Institutions. It does not require any previous HR knowledge.

How can this toolkit be used?

This toolkit provides a step-by-step guide of the process to be followed. It contains the necessary formats, templates and a set of frequently asked questions. It also contains guidelines on how you can implement the process.

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HR Administration

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HR Administration

This Toolkit will help you to understand: -

- The various elements of HR Administration
- HR Policies that you would need for you organization
- Employee Information System
- Legal Compliance

Human Resources Administration covers the various policies and practices that enable the smooth functioning of the HR department.

Human Resource Administration consists of the following elements: HR Policies, Employee Information System & Legal Compliance

- **HR Policies** are the guidelines that govern the functioning of the organisation and its employees. The policies are normally available in an HR Manual/ Employee Handbook and are regularly reviewed.
- **Employee Information System** is the system through the HR Department maintains and tracks employee related information.
- **Legal Compliance** is the process through which the organisation ensures compliance with all the labour laws applicable to the organisation

HR Admin Toolkit

The HR Admin toolkit consists of a set of guidelines and templates that can be used for managing HR Administration in the Micro Finance Industry.

A. HR Policies

HR Policies are the guiding principles, which govern the employees of the organisation. They highlight the expectations from the employees. Employees work better when they know what is expected of them. They feel more secure, confident and more aligned to the organisation when policies are made clear to them.

A written policy Manual/ Employee Handbook promotes consistency, continuity, and understanding within an organization. When policies are put into writing in the form of a manual, they add a visual effect to their overall purpose. Moreover, written policies help management by eliminating the need for time-consuming and expensive memos, bulletins, and announcements. Written policies also aid supervisors and managers in consistently achieving fair and equitable interpretations of policy that require action on a regular, recurring basis. Moreover, fellow employees feel a deeper understanding of their role in the organization when they realize that policies are written and thereby uniformly administered.

An indicative list of what the various elements of the HR Policies is given below.

1	**Introduction**
2	**The Organization**
3	**Rules and Regulation**
3.1	Organization Rules
3.2	Confidential Information
3.3	Dress Code/ Business Attire/ Public Image
3.4	Personal Records
3.5	Changes in Personal Information
3.6	Identification
3.7	Personal Use of Organization Resources
3.8	Equal Opportunities
3.9	Workplace Harassment
3.1	Employing Relatives
3.11	Outside Employment/ Dual Employment
3.12	Attendance
3.13	Absence Without Notice
4	**Facilities**
4.1	Security
4.2	Visitors
4.3	Safeguarding of Personal Property
4.4	Furniture and Fittings
5	**Compensation**
5.1	Work hours
5.2	Payment Practices
5.3	Deductions from Pay
6	**Benefits**
6.1	Provident Fund
6.2	Gratuity
7	**Transport Policy**
7.1	Local Conveyance
7.2	Car Hire
8	**Travel**
8.1	Domestic Travel
8.2	Mode of Travel
8.3	Details of Allowances while on travel
8.4	Travel - Conveyance

8.5	Travel Settlement
8.6	Travel Cancellation
9	**Leave**
9.1	Leave entitlement
9.2	Application for leave
9.3	Types of Leave
9.3.1	Annual Leave (AL)
9.3.2	Sick Leave (SL)
9.3.3	Casual Leave (CL)
9.3.4	Maternity Leave (ML)
9.3.5	Paid Holidays
10	**Relocation Policy**
10.1	Travel
10.2	Boarding and Lodging
11	**Confirmation**
11.1	Probation Extension
12	**Employee Separation**
12.1	Resignation
12.2	Termination
12.3	Organization Property
13	**Health & Safety**
13.1	Health & Safety Policy
13.2	Fire
13.3	Smoking
14	**Disciplinary Procedure**
14.1	Disciplinary Situations

Annexure 1 - Sample HR Policy Manual

The Sample HR Policy Manual is indicative. The actual information for the highlighted areas should be plugged in by the MFI keeping their culture and operating environment in mind.

B. Employee Information System

Employee Database

A Robust Employee Database is the backbone for maintaining accurate information pertaining to the employees of the organisation.

The Employee Database should consist of the following:

- Personal Details
    - Employee Number
    - Name
    - Address
    - Educational Qualifications
    - Date of Birth
    - Date of Joining
    - Date of Confirmation
    - Date of Movement to a new Role
    - Date of termination of employment
- Designation
- Location
- Name of Manager
- Appraisal Ratings
- Training Programs attended

Personnel Files

Maintaining Employee Records in Personnel Files is critical. The Personnel Files should have all records pertaining to an employee right from his/ her date of joining till the time of exit.

The following documents should form a part of the Employee File

- Resume
- Application Form/ Personal Data Form
- Interview Evaluation Form
- Joining Documents
    - Joining Report
    - Education Certificates
    - Proof of Last drawn Salary
    - PF/ Insurance Nomination Forms
    - Any employment related documents signed by the employee
- Offer Letter
- Appointment Letter
- Confirmation Letter
- Salary Revision Letter
- Approval of Leave
- Any correspondence to or from the employee
- Complaints about the employee that have been investigated
- Compliments about the employee (i.e., customer service)
- PIP Form
- Nominations for awards
- Performance Appraisals/Evaluations
- Record of Training Programs attended
- Resignation Letter
- Exit Interview Form
- No Dues Clearance Form

Employee Records should be maintained for employees who have left the organisation for a period of at least 1 year

Headcount Reports

Maintaining Headcount reports for the purpose of tracking reporting is an important element of maintaining the HRIS.

The Headcount is dynamic and therefore needs to be updated on an ongoing basis. There is however a need to be able to provide headcount information as of a certain date. The Headcount report should therefore be generated at regular intervals and kept for the record. The frequency of this should be at least monthly and maybe more frequently dependent on the pace of growth of the organisation

Integrated online HRIS

The Organisation may have some elements of the HR process online, for instance Payroll, Leave etc. But there may be a need to move to an integrated HRIS, which allows online real time maintenance of employee information

The decision of moving to an integrated online HRIS is governed by the following factors

- The need for real time processing of employee related transactions
- The capability of the existing employee information system
- The ability to integrate the HRIS with other existing applications – Finance, Payroll, Leave, Operations MIS
- The size of the organisation
- The Geographical spread of the organisation
- The Cost of the HRIS

The Options

There are various options that exist:

- Off the Shelf Products – SAP, People Soft, Oracle
- External customised solutions – IT Companies can create a product customised to your needs
- In built customised solutions – If the Organisation already has an IT Department who have programming capability, a customised solution could be built in house.

C. Legal Compliance

It is critical to ensure that there is compliance with all applicable labour laws applicable to the organisation.

The Labour Laws Applicable to the Micro Finance Industry would be:

Legislation of working conditions
- Shops & Establishments Act

Legislation on wages
- Payment of Wages Act
- Minimum Wages Act
- Payment of Bonus Act

Legislation on social security
- Employees' Provident Fund and Miscellaneous Provisions Act
- Employees' State Insurance Act
- Payment of Gratuity Act

The details for each of these acts would be available in the Bare Acts. It is also advisable to seek the guidance of a labour consultant who would assist in ensuring compliance to all the provisions applicable to the organisation

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Annexure
Sample HR Policy Handbook

Name of Organisation

Employee Handbook

Date

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A. Introduction

The Employee Handbook is intended to be a convenient and helpful source of information about your employment with the organisation. **This Handbook applies to all employees of Name of Organisation.**

The handbook contains information about many aspects of your employment with the organisation. These will be revived regularly and where necessary improved. However, we may need to modify or cancel some of the policies and procedures described here for reasons consistent with the requirements of the business. This Handbook will be updated as the personnel policies and procedures change.

The contents of this Handbook reflect, and are in addition to, the general conditions of employment set out in your contract of employment.

Any questions not covered in this handbook or if there is an item that is not clear to you, please speak with your supervisor, line manager or the human resources representative

Disclaimer

This handbook has been prepared to introduce employees to the organisation and to acquaint them with the policies that apply to their employment with the Organisation. It is intended to provide basic guidelines and is assumed that any decision that you make or actions that you take will be based on the values that are demonstrated by the policies described in this handbook.

This Handbook is neither intended to serve as an employment contract nor is it intended to create enforceable rights on the part of the employees. Therefore, the organisation expressly disclaims any contractual intent by the printing and distribution of this Handbook.

B. The Organization

Insert Background information about the Organisation

C. Rules and Regulation

1. Organization Rules

All employees are required to make themselves familiar with all rules, procedures and policies affecting them and work within these requirements. Any questions on rules; policies and procedures can be addressed to your Department Manager or Human Resources.

2. Confidential Information

Employees frequently have access to highly confidential information that has been provided by our clients. Proper handling of this information is a critical aspect of the Organization's continued success and therefore an essential responsibility of every employee.

For this reason, all employees are required to sign a confidentiality agreement before commencing employment. This undertaking binds employees both during and after their employment with the Organization.

3. Dress Code/ Business Attire/ Public Image

Employees should be aware that during working hours they are representing the Organization to customers and the public. For this reason, employees should be well groomed and dressed appropriately for our business and for their position in particular. A professional appearance is important anytime that you come in contact with customers or potential customers. It is particularly important that employees take care to dress in a manner not to offend local sensibilities during field visits and while working in the field.

Special care should be paid to removal of footwear wherever necessary especially while visiting homes of the customers.

Consult your supervisor if you have any questions about appropriate attire.

4. Personal Records

As per company policy, HR has to maintain employee records on all employees. This information is primarily needed for the calculations of benefits, taxes, beneficiary nomination forms etc.

At the time of joining, each employee will be required to fill in a joining report. In addition, employees would need to submit the following items at the time of joining:

- Certificates in support of education qualification (10^{th} Standard onwards)
- Experience certificates for all previous jobs
- Relieving letter from the last employer
- Most recent salary Certificate
- x copies of a recent passport size photograph

Employee personal files include the following: job application, job description, résumé, records of participation in training events, salary history, records of disciplinary action and documents related to employee performance reviews. Personal files are the property of the organisation, and access to the information is restricted. Management personnel of the organisation who have a legitimate reason to review the file are allowed to do so. Employees who wish to review their own file should contact their supervisor or HR. With reasonable advance notice, the employee may review his/her personal file at the office and in the presence of their supervisor or HR.

All information held is "in confidence" and disclosed only on a strict " need to know" basis.

5. Changes in Personal Information

Employees are responsible for immediately notifying Human Resources and the Line manager in writing of changes related to their employment including name, home address and numbers, marital status, dependent status, emergency contact information etc.

6. Identification

All employees will be issued with an Organization identity card, which must be carried at all, times while on the organization's premises and in the field at all times. The card must be produced if requested by either a member of the security staff or another employee.

On termination this identity card must be returned to the Organization.

7. Personal Use of Organizational Resources

The Organization provides a range of communication systems, computers, copiers and other office equipment for business purposes. The organization owns all information residing on these communication systems. The use of these resources is monitored by the Organization to ensure that they are being used properly and in accordance with Organization policy.

8. Equal Opportunities

The Organization does not permit unlawful discrimination of any kind against any person on grounds, which include:

- Nationality
- Religion
- Age
- Race or Ethnic Origin
- Sex
- Marital Status
- Disability

Unlawful discrimination is defined as treating a person less favourably than others are, or would be treated in the same or similar circumstances.

The Policy includes the procedures relating to all terms and conditions of employment, including recruitment, training, development, transfer and promotion of employees.

Employees with questions or concerns about discrimination in the workplace are encouraged to bring these issues to the attention of their supervisor or should contact Human Resources immediately

Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in unlawful discrimination would be subject to disciplinary action, including termination of employment.

9. Workplace Harassment

It is the policy of the Organization to promote a professional and productive work environment in which all employees are treated with dignity, courtesy and respect. The Organization prohibits all forms of harassment including any based on age, sex, religion, caste, race, mental or physical disability, pregnancy or national origin. This policy applies to all employees, supervisors, team members or subordinates, vendors or other suppliers, clients and visitors.

Employees are expected to maintain a productive work environment that is free from harassment and disruptive activity. Harassment is a form of employee misconduct that is demeaning to another person and undermines the integrity of the employment relationship.

No form of harassment will be tolerated. Special attention should be paid to the prohibition of sexual harassment. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favours or other verbal or physical conduct of a sexual nature when:

- Submission to that conduct is made either explicitly or implicitly to a term or condition of employment
- Submission to or rejection of that conduct by an individual is used as the basis of an employment decision affecting the individual; or
- The conduct has the purpose or effect or unreasonably interfering with the individual's job performance or creates an intimidating, hostile or offensive working environment.

Supervisors are responsible for keeping the workplace free from any form of harassment and in particular, sexual harassment. Supervisors must report any awareness of, suspicion of, or complain about harassment immediately to Human Resources, even if the alleged victim does not want the matter reported, particularly in the area of sexual harassment.

Any employee who feels that he/she is the victim of harassment must immediately report the situation to either

- His/her Manager or, if the complaint of harassment involves the Manager or someone in the Manager's chain of command,
- Human Resources or
- Another member of management with whom the employees feels comfortable.

Any claim of harassment will be investigated promptly and in a confidential manner. Employees are required to cooperate in an investigation.

Any employee who is found to have violated the harassment policy will be subject to appropriate corrective action, up to and including termination of employment. The organization prohibits retaliation against an employee who in good faith has made a complaint of harassment or participated in an investigation of a complaint of harassment.

However, if an investigation of a complaint shows that the complaint or information is false, the individual who provided the false information will be subject to corrective action, up to and including termination of employment.

Any questions concerning the harassment policy should be directed to Human Resources

10. Employing Relatives

Members of an employee's immediate family will be considered for employment on the basis of their relevant qualifications. However, immediate family may not be hired or promote/transferred to positions in the Organization, which would:

- Create a supervisor/subordinate relationship between the family members
- Create the potential for an actual or perceived conflict of interest; or
- Have the potential for creating an adverse impact on job performance

Immediate family includes parents, siblings, spouse, children, parents-in-law, siblings-in-law and other close personal relationships that may, in the opinion of the organization, cause conflict.

11. Outside Employment/ Dual Employment

During the term of employment with the Organization, employees may not carry on any other employment or business activities directly or indirectly, which are competitive with or otherwise, for any part during or outside the working hours of the organization with any person/organization, whether paid or honorary, of any type, for any purpose whatsoever except with the prior consent of the Organization in writing. Employees shall devote the whole time and attention to the duties assigned to promote the interests of the organization.

12. Attendance

The Organization expects that every employee will be regular and punctual in attendance. This means being in the office, ready to work, at their starting time each day. If an employee is unable to report for work for any reason, he/she must notify his/her supervisor before regular starting time. Employees are responsible for speaking directly with their supervisor about their absence. Should undue tardiness become apparent, disciplinary action may be required.

13. Absence Without Notice

This entails absence when an employee is unable to come to work owing to illness or an accident or any other reason. If an employee does not report for work and the Organization is not notified of his/her status, it will be assumed after seven consecutive days of absence that the employee has resigned, and will be removed from the Organization payroll.

D. Facilities

A. Security

All employees should follow the rules pertaining to the site in which they are based or visiting.

B. Visitors

It is the responsibility of all employees to inform the designated person in the reception/security of expected visitors/clients. All visitors must report to the reception and should be accompanied by an Organization employee while on organization premises

C. Safeguarding of Personal Property

While the Organization will take all reasonable precautions to ensure the security of the building, it does not accept the liability arising from the loss of or damage to any personal property by theft or otherwise while on the Organization's premises.

D. Furniture and Fittings

Please treat the Organization property, including furniture and equipment, with the same care and respect as you would your own. Employees should report any loss or damage immediately to the Administration department.

E. Compensation

This policy provides details about the employee's salary structure, components of the benefits the employee is eligible for, allowances that he/she may avail of, payment practices within the Organization, etc.

The compensation structure will comply with all relevant laws and regulations. The organization will not accommodate any clauses, which are not as per local government rules.

Compensation is an agreement between the Organization and the employee. This is to be treated as completely confidential.

A. Work hours

The Working hours for all employees are as mentioned below

Insert Working hours of the Organization

B. Payment Practices

Employees are paid by the *1st of every month by a direct electronic transfer into a bank account.* The Employee is required to furnish the bank account details to the Payroll and Human Resources Department at the time of joining.

C. Deductions from Pay

The Organization is required by law to make certain deductions from employee pay. Among these are income taxes, professional tax and employee contribution to PF as required by the existing income tax and other laws in operation.

These deductions will be itemized on the employee's pay slip.

F. Benefits

1. Provident Fund

All employees are eligible to be members of the organization Provident Fund Scheme. All members of the PF Scheme contribute 12% of the Basic Salary towards PF. The organization also makes an equal contribution.

Employees are required to fill up the Declaration and Nomination forms for PF on joining the organization. Those employees who were members of a PF Scheme before joining can transfer their money to the organization PF Scheme by filling up the prescribed form (Form 13).

The full contribution is payable to the member on his/her retirement. In the event of the member's death (the amount will be paid to the nominee as per the PF nomination form).

On resignation, the employee has to indicate whether they would like to withdraw their PF or transfer it to the new employer. The requisite forms will have to be filled up as part of the Full and Final Settlement.

PF can also be withdrawn in case the individual:

- Does not work for a period of 60 days post his/her last working day with the organization by making an application to Accounts for withdrawal of the balance in his/her PF Account
- Plans to settle abroad; the individual must attach a photocopy of his/her visa and flight tickets along with the application for PF withdrawal

2. Gratuity

All employees are covered under the Gratuity Scheme as per the Payment of Gratuity Act. Employees are eligible for Gratuity only after completion of 5 years of continuous service. Employees are required to fill up the Nomination forms on joining the organization.

Gratuity is payable to employees on retirement, death, resignation, or disablement leading to separation from service. The amount payable at the time of separation is 15 days Basic Salary for every completed year of service.

In case of death of a member while still in service, the benefit payable will be equal to 15 days salary as on date of death, for each year of anticipated service in addition to completed service. The amount due will be paid to the nominee.

Gratuity will be forfeited in case of termination of service of the individual due to misconduct or any other act of moral turpitude committed by the individual during the course of his/her employment. An individual entitled to claim gratuity must fill in the Gratuity Claim Form. This form, after necessary approval, is obtained from HR, and is then sent to the Life Insurance Corporation, who disburses the amount. The organization must pay the Gratuity amount along with the Full and Final Settlement of the individual.

G. Transport Policy

In this policy, information about local employee transportation is provided. Highlighted here are:

- Details on how the organization will reimburse the employee for using their own vehicles on official work
- Information on local Car Hire

1. Local Conveyance

Individuals making use of their personal vehicles for official purposes will be reimbursed for any conveyance expenses incurred on official work between the Organization office and an official destination

- The employee will be entitled to reimbursement as follows
  - For a two wheeler – Rs. XXXX /~ per km
  - For a four wheeler – Rs. XXXX/~ per km
  - For Auto/Taxi – On Actuals

A detailed statement indicating the place travelled and the kilometres covered duly authorized by the Functional Head has to be submitted to the Accounts Department in order to claim reimbursement.

All employees in the field have been provided with a two-wheeler for their work. These vehicles must be used only for official purposes and for travel to and from the branch to employee's place of residence. The complete maintenance and servicing costs of these vehicles will be borne by the organization. For all official travel in the field, each employee will be entitled to reimbursement as given below:

For a two wheeler – Rs. XXXX /~ per km

To claim this amount an employee will have to submit a conveyance statement on a weekly basis to the Branch Manager in the specified format.

H. Travel

This policy provides information on formalities that need to be adhered to when travelling within India.

It provides details about the manner in which bookings for travel need to be made, hotel-stay eligibility, allowances eligibility and other guidelines when travelling within India.

1. Domestic Travel

This section covers all formalities that need to be followed when preparing for as well as travelling on official work anywhere in India.

Any deviation from this policy has to be approved by the respective Functional Head.

- Travel – Fare/Booking - All travel should be authorized by the Functional Head or the Reporting Manager in the *Travel Requisition Form*
- Travel booking and cancellation should be requested only through the Admin Department
- The Admin Department will specifically check the mode of travel/hotel bookings vis-à-vis the eligibility of the individual.
- The employees should settle all hotel expenses at the time of checking out. This will be reimbursed on the return of the employee once supporting documents have been provided for the same

2. Details of Allowances while on travel

These allowances will be provided to employees for the purpose of

EXPENSE HEAD	MAXIMUM ELIGIBILITY PER DAY	SUPPORTING DOCUMENTS REQUIRED	REMARKS
Accommodation			
Food			
Laundry			
Local Conveyance			
Own arrangements			

- Local conveyance and telephone reimbursements will be on actuals. As far as possible, telephone calls from the hotel should be avoided
- All bookings have to be routed through the Admin Manager
- If a traveller is at a location other than the base location for greater than 12 hours, then he/she may claim against bills up to the total boarding amount eligible as mentioned above. If he/she is at any location other than his/her base location for less than 12 hours, then he/she may claim against bills up to half of the boarding eligibility
- No outstation/STD calls should be made from hotels. Employees should use their mobile phones or an STD booth to make such calls
- Laundry can be claimed at actuals
- Payments for personal expenses like liquor, cigarettes, etc., will not be entertained
- All other expenses will be reimbursed at actuals

3. Travel – Conveyance

This section provides details on the employee's conveyance eligibility when travelling within the country.

- For car hire facility while on tour in case of exceptions the Functional Head has to sign off the request
- Conveyance can be claimed on actuals for travel undertaken by taxi/autos. It is recommended that the individuals use a taxi pool when more than one employee is travelling

4. Travel Settlement

- Travel expenses must be settled within 72 hours from the end of journey or before the employee proceeds on another travel, whichever is earlier
- Bills must support all expenditure other than conveyance and non-itemised expenses

- The manager who sanctioned the travel should authorize the Travel Expenses Statement. Additional expenditure beyond the eligibility is to be specifically sanctioned by the same person

5. Travel Cancellation

- In the event of cancellation of business travel, the traveller should arrange cancel the ticket within the normal time limits so that the organization does not incur an expense for cancellation
- In extreme situations, where cancellation of business travel is on short notice, the traveller should arrange for the ticket to be cancelled before the commencement of the journey
- In the event of cancellation of business travel, one should inform the Admin Department immediately. The traveller could also cancel the ticket and intimate the Admin Department

I. Leave

1. Leave entitlement

- The employee's leave for the year is credited to his/her record, on January 1 each year
- Leave eligibility for the first year is calculated on a pro-rata basis

2. Application for leave

- Prior approval / sanction of leave is necessary. Mere application for leave does not amount to sanction of leave
- The application for leave should be made via the *Leave Request Form*
- Employees are required to plan their leave in advance. The advance period recommended is:

Number of days of leave	Advance Notice Period
1-2 days	1 week
4-6 days	2 weeks
6 – more days	1 month

- In case leave is availed for illness or for emergency the Reporting/Functional Manager should be informed immediately
- All leave must have the prior approval of the Reporting/Functional Manager

3. Types of Leave

Annual Leave (AL)

- All employees are entitled to *20* days of Annual leave every year.
- Intervening weekly-offs and declared holidays by the organization will not be included in calculating the number of days of leave availed
- A Maximum of *10* days of annual leave can be carried forward to the next year. The maximum amount of accumulation in any employee's leave account is 30 days. This includes the leave credited to the account of an Employee at the beginning of a particular year. In the event of leave accumulating beyond 30 days, the same would lapse.
- The Annual leave can be encashed only on separation. The salary for the computation is taken as basic salary.

Sick Leave (SL)

- *7* days of sick leave is credited in advance on 1st of January every year.

- In the event of all sick leave being depleted an employee can adjust his period of sickness against annual leave available in his leave account. This needs to be done with prior approval from the Human Resources Department and submission of proper medical certificates.
- For absence of sick leave for more than 3 day, an employee should produce a medical certificate. The unit is to be contacted immediately and should be followed by a letter detailing the nature of sickness.
- Sick leave can be carried forward and accumulated for a maximum of 14 days.
- Sick Leave is not encashable

Casual Leave (CL)
- Employees are entitled to up to *5* working days as Casual Leave every year.
- Casual Leave can not be encashed
- Casual Leave cannot be carried forward

Maternity Leave (ML)
- Women employees who have worked for a minimum period of 80 days, in the 12 months preceding the date of expected delivery, are eligible for maternity leave, as per the Maternity Benefits Act
- The employee will be entitled to 12 weeks of paid leave. The 12 weeks can be taken for a period preceding the day of delivery, actual day of delivery and any period following that day. However, not more than six weeks of leave can be taken prior to the date of the expected delivery.
- The leave should be continuous without any break
- All holidays and weekly-offs will be considered as part of the leave
- In case of miscarriage or medical termination of pregnancy, an employee will be entitled to paid leave for a period of six weeks immediately following the day of miscarriage.
- The salary of the employee is directly credited into the bank account as in the case with the normal monthly salary.
- The Maternity Leave will follow the rules as per the Maternity Benefits Act
- Those who wish to avail of Maternity Leave should give a month's notice prior to the date of commencement of ML along with the leave application. This will allow the employees reporting manager to make alternative arrangements for the smooth functioning of the department

Paid Holidays

- *10* days of paid holidays are available for a calendar year. Human Resource draws up this list in December every year for the following year, by considering the national and festival holidays.
- Sometimes, emergency holidays may have to be declared, depending on prevalent conditions. In such case, the organization may decide to call all employees to work on any other day, to compensate for the lost working day.

J. Relocation Policy

The Organization endeavours to make relocation as comfortable and efficient as possible. This policy provides information on formalities required when relocating an employee, where the organization requires it. It does not apply to employees who are requesting a transfer. This would cover things like travel and boarding and lodging.

1. Travel

Where an employee is required to relocate between sites

- The organization will reimburse travel costs for the employee, spouse and children from their current location to the new site as follows:
  - *Insert Conditions*
- Employees are entitled to claim the following amount as defined towards moving their personal household belongings as follows:
  - *Insert Conditions*

2. Boarding and Lodging

- Employees are entitled to a Daily Allowance of Rs. *XXXX* for *XX* Days towards Boarding & Lodging Expenses

3. Transfer Leave

- Employees can avail transfer leave of up to *XX* days to facilitate settling in. This Leave has to be utilized within 30 days of the transfer date. Transfer leaves cannot be enchased.

4. Disturbance Allowance

- Disturbance Allowance equivalent to *XXXX* will be paid to employees to compensate for any loss/ damage of effects in transfer, purchase of books, uniform and school admission for children and other house hold articles. This need not be supported by any vouchers/ receipts.

None of the above provisions are applicable to employees who are transferred on their own request.

K. Confirmation

Employees will be on probation for a period of three months from the date of joining the Organization.

Employees will be confirmed in writing at the end of three months subject to satisfactory performance. If the employee's services are confirmed, Human Resource will issue a Letter of Confirmation to the individual.

1. Probation Extension

Based on performance, this probationary period may be further extended by an additional three months, at the discretion of the Organization, which will be communicated to the employee by his/her Functional Head and HR.

The Functional Head must assign special projects during the extended probation period. At the end of three months of the extended probation period, a formal performance review must be conducted by the Functional Head in order to make a decision about confirming the individual's employment with The Organization or terminating it. This decision must be communicated to Human Resources with the supporting documentation

L. Employee Separation

Termination of employment could arise due to the following reasons

1. Resignation

This entails voluntary employment termination initiated by an employee. When an employee on probation intends to terminate his/her employment with the Organization, he/she shall give The Organization at least 1 month written notice. Confirmed employees shall give at least 3 months written notice.

2. Termination

This entails involuntary employment termination initiated by the Organization. Since employment with the Organization is based on mutual consent, both the employee and the Organization have the right to terminate employment at will, with or without cause.

3. Exit Interview

All employees who are separating from the Organisation must undergo an Exit Interview. The HR department will conduct the exit interview. The aim of the exit interview is to elicit information that might give an insight into what is right or wrong about the company. The HR department must collate the information from the exit interviews and the data analysed to ensure that feedback from separated employees is taken into consideration.

4. Organization Property

Any employee who terminates employment with the Organization shall return all files, records, keys, and any other materials that are property of the Organization. No final settlement of an employee's pay will be made until all items are returned in appropriate condition.

M. Health & Safety

The Organization is committed to the establishment of a healthy and safe workplace and treat basic safety and health legislation as the minimum standard for our health and safety practices.

1. Health & Safety Policy

The Organization is very concerned to maintain high standards in all matters relating to the health and safety of its employees in every type of work. Every effort is made to ensure the health and safety of employees and visitors to our Organization. All employees have a similar duty to take reasonable care of their own health and safety and that of their colleagues.

2. Fire

All employees should familiarize themselves with the fire exits and procedures in their area.

3. Smoking

In the interest of employees' health and welfare and to reduce the risk of fire, the Organization operates a no smoking policy within all its premises and at all times.

An employee who wishes to smoke during working hours should do so during an approved break and at a place that is not visible from any Organization occupied building.

A breach of the policy will be treated as a disciplinary matter.

N. Disciplinary Procedure

Disciplinary action will be kept to the minimum necessary to ensure good, safe and responsible conduct and performance. Every employee will be dealt with in a fair and equitable manner.

The Disciplinary Procedure is a set of guidelines that will help deal effectively and consistently in a manner that is just and fair.

When a disciplinary situation arises, the Reporting Manager must take prompt action that is fair and consistent.

1. Disciplinary Situations

Managers are required to take prompt action that is fair and consistent with the rules and regulations of the Organization.

The following list, which is not exhaustive, represents certain offences that require disciplinary action:

- Job performance that is below the required standards
- Attendance Issues
- Violation of a Organization Policy (inappropriate behaviour in the workplace, falsifying records, theft, fraud, gross misconduct)
- Unauthorised disclosure of confidential organization or client information
- An act of serious insubordination
- A breach of Organization's equal opportunities or harassment policies
- A serious breach of health & safety rules

Annexure 2 - Exit Interview Form

Employee Name ______________________________ Separation Date _____________

Employee ID ____

Eligible for Rehire [ ] Yes [ ] No

Designation ________________________________ Name of Manager ______________________

Reason for Separation

Voluntary		**Involuntary**	
[ ]	Another Position	[ ]	Performance
[ ]	Personal Reasons	[ ]	Violation of Company Policy
[ ]	Relocation	[ ]	Attendance
[ ]	Retirement	[ ]	Position Eliminated
[ ]	Return to School	[ ]	Other ______________________

[ ] Other ____

____

Employee Comments:

Interviewer Comments:

Employee's Signature____________________________**Date** ______________________________

Interviewer's Signature__________________________**Date** ______________________________

Questionnaire

- What are your primary reasons for leaving?

1. What did you find most satisfying about your job?
2. What did you find most frustrating about your job?
3. Were there any policies or procedures that made your work more difficult?
4. Would you consider returning to this organization in the future?
5. Would you recommend this organization to a friend as a good place to work?
6. Is there anything the organization could have done to prevent you from leaving?

Annexure 3 – Headcount Report Format

Headcount Report as of																								
	April		May		June		July		August		September		October		November		December		January		February		March	
	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act	Plan	Act
Operations																								
COO																								
VP - Operations																								
Regional Manager																								
Area Manager																								
Branch Manager																								
Loan Officer																								

Plan Numbers to be taken from the Workforce Plan