

Managing the Growth of Microcredit Programs: Human Resource Management Including Recruiting, Training, and Motivating Staff

By Dr. Mostaq Ahmmed

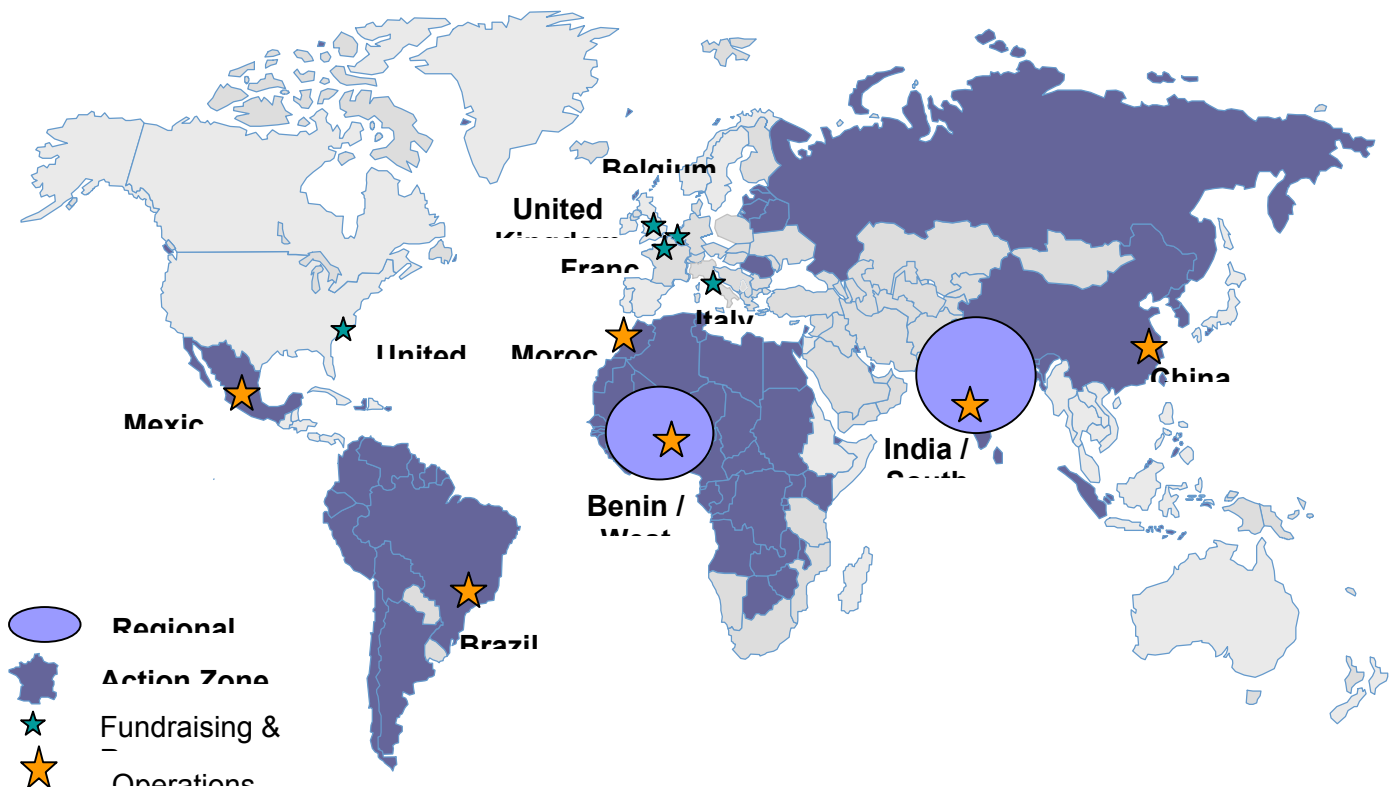
Mission of PlaNet Finance

Fight Against World Poverty !By Supporting the Development of Sustainable MicroFinance Institutions ("MFIs") Worldwide Through Human Resource Development and the Effective Use of Technology.

PlaNet Finance's activities are based on four main objectives described below, in order to provide support to MFIs, governments and the microfinance industry at large:

- ▶ **Reduce the digital divide** (technological assistance) by connecting MFIs to the rest of the world by providing them with computers, Web site creation and hosting under PlaNet Ring and specific IT training
- ▶ **Transfer knowledge and build capacity of micro-finance practitioners**, by providing training through an online university dedicated to microfinance and information technology, a virtual library on microfinance and information sharing and training activities in the field
- ▶ **Increase transparency** by establishing a rating system specific for the MFIs
- ▶ **Increase funding dedicated to MFIs and micro-entrepreneurs** via PlaNet Finance Revolving Credit Fund, an international debt fund helping young MFIs to build their own credit history.

PlaNet Finance worldwide Permanent Offices and Programs



Achievements of PlaNet Finance

Achievements

Over five years of its existence, PlaNet Finance **has supported over 708 MFIs** reaching over 3 million microentrepreneurs. **Over 29 of these MFIs have been directly funded.** 100% of the loans have been reimbursed in due time

Financing by loans

Total disbursed financing: € 295,000

Number of MFIs financed: 29

Number of individuals financed: 7, 629

Technology

Number of MFIs evaluated : 61

Financing disbursed after rating: € 2,150,000

Individuals financed after rating: 3,630

Knowledge

Number of MFIs referenced: 2,299

Number of MFIs trained: 477

Number of professionals trained: 1,698

Total number of MFIs supported with IT: 89

Number of MFIs equipped: 100

Number of MFIs in the Ring: 228

OPERATING ENVIRONMENT ASSESSMENT

- Demographic, Political-legal (population, growth rate, density, age, etc.), Socio-economic status (Education, religion, culture, ethnicity, GDP, Inflation, interest, PP, poverty rate, unemployment).
- Competition and resource availability (Com. & trans. Facilities, bank service providers)
- Support from local authorities

DEVELOP MICROFINANCE PROGRAM

- Working area and target group
- Right products and services
- Product management and service delivery mechanism
- Monitoring and supervision system

DETERMINE WORK PLAN

- Staff training and motivation
- Branch office set-up
- Staff deployment
- Recruitment of staff

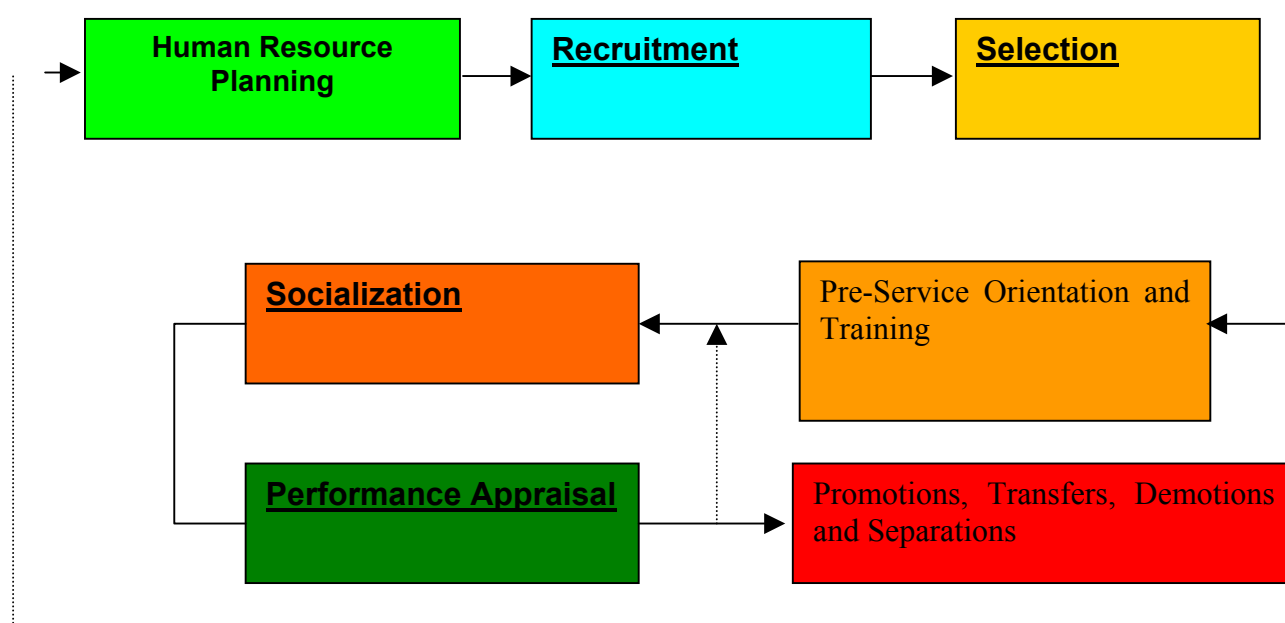
Relative Skills Needed for Efficient Performance at Different Management Levels in

Key Elements to Achieve Institutional Sustainability

Institutional Strength and Efficiency are Vital to Institutional Sustainability

- Structural Strength
- Human Resource Planning and Development
- Need-Based Training
- Working Environment
- Chain of Command
- Operational Efficiency
- Good Communication and Understanding
- Management Efficiency

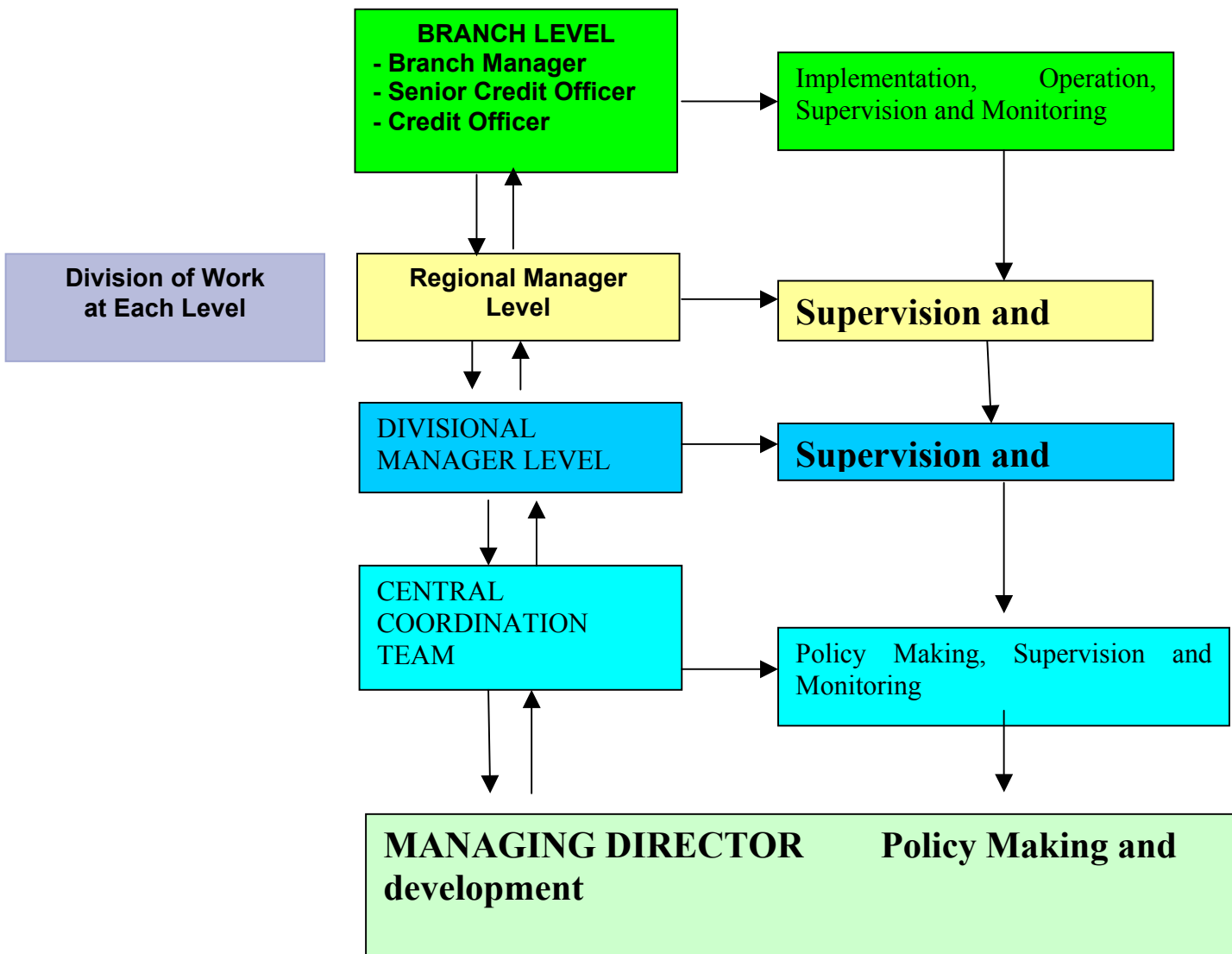
The HRM Process for MFIs



The HRM Process for MFIs

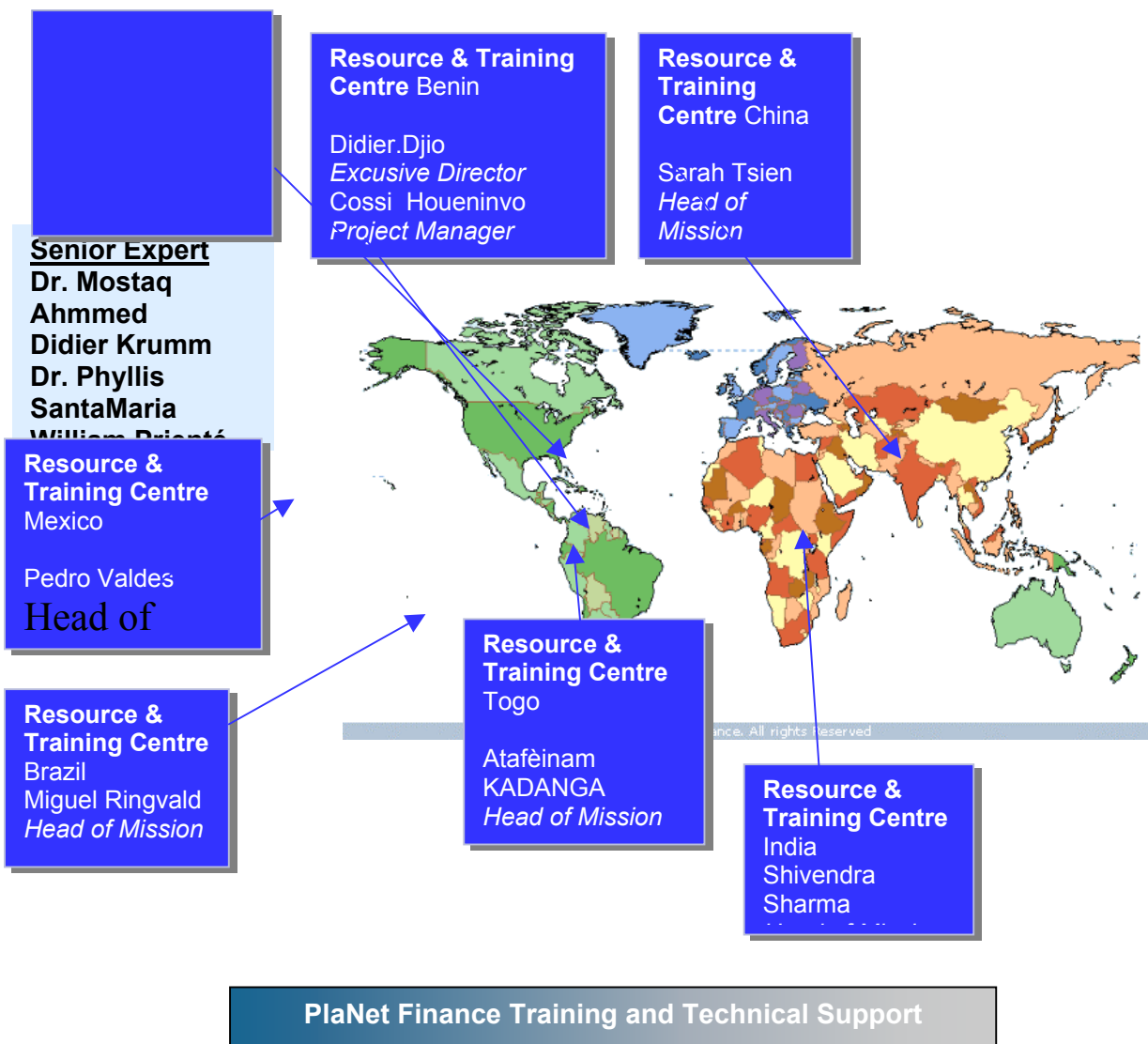
1. PLANNING FOR HUMAN RESOURCES	<ul style="list-style-type: none"> •Competitive environment •Staffs shortages and expansion plan •Changing demographics •Current and expected skill needs •Vacancies and organizational expansions and reductions, etc
2. RECRUITMENT	<ul style="list-style-type: none"> •Developing a pool of job candidates in line with the human resource plan •MFI's recruitment methodology •Non-conventional & innovative recruitment procedure
3. SELECTION PROCEDURES	<ul style="list-style-type: none"> •Application forms/resumes •Interviews •Employment and skill tests
4. PRE-SERVICE ORIENTATION & TRAINING METHODOLOGY	<ul style="list-style-type: none"> •Need basis training •“Learning by doing” and practical training module •Designed to improve skills and knowledge of field staff and mid level management

	through built in process
5. SOCIALIZATION PROCESS	<ul style="list-style-type: none"> •Newly recruited staff to become familiar •Share their ideas in day-to-day work •Newcomers are introduced to their colleagues •Acquainted with their responsibilities •Informed about the organization's culture, policies
6. PERFORMANCE APPRAISAL	<ul style="list-style-type: none"> •Individual's job performance •Objectives developed for the individual's position •Low performance may prompt corrective action - such as additional training •Promotion

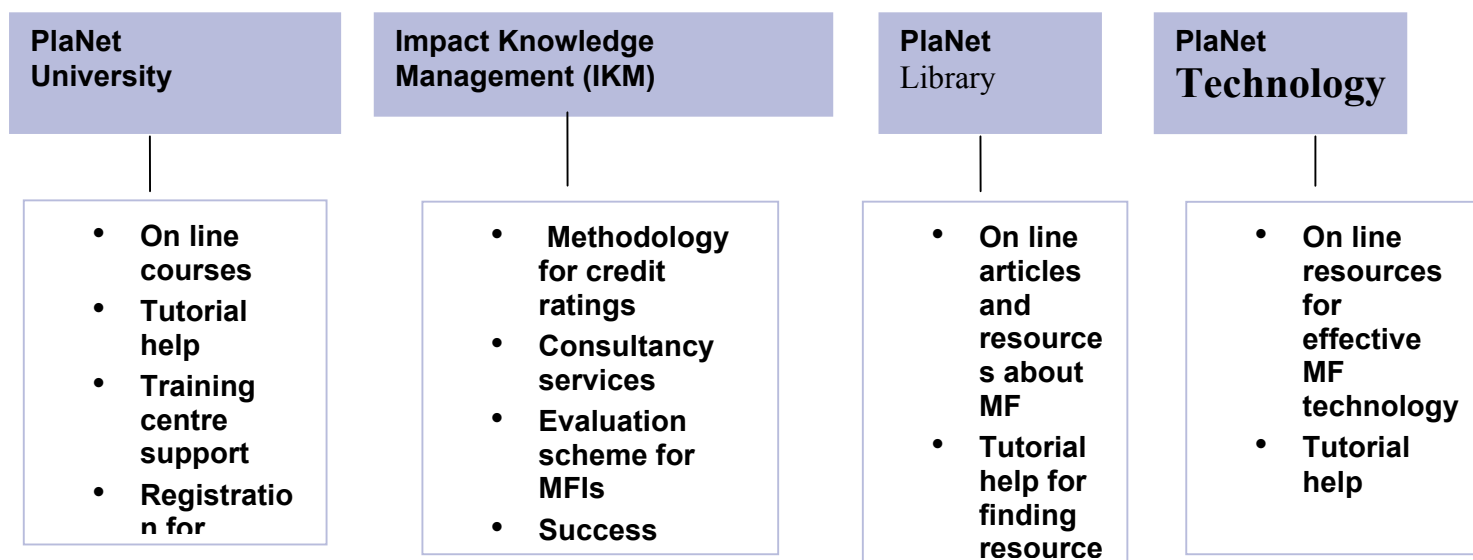


Why MFIs Need Micro Finance :Training and Technical Support ?

- Maximizing efficiency
- Standardize and improve its services through the need- based training
- Maximum utilisation of manpower
- Integrate its experts and training tools to manage growth
- Develop a cost-effective and user-friendly methodology for training and the use of technology
- Develop a professional expertise through
 - Sharing best practices
 - Increasing the opportunities to network on a regular basis
 - Evaluating training systematically
 - Developing a built in training process for human resource development

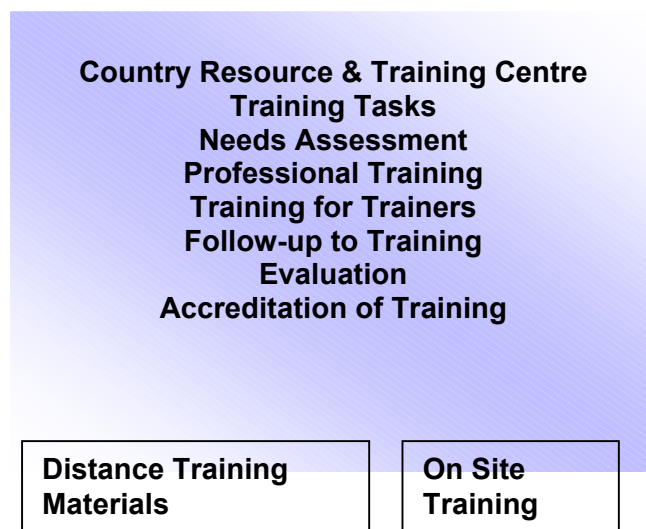


Structure and Functions of PFTTS Training & Technical Support



PFTTS Head Office

- Develops guidelines, training and support together with the Country Resource & Training Centre, Training Tasks, Resources & Library and Technical Services & Consultancy



Global Structure

What are the



Benefits of Effective Training?

IMPROVED WORKING

MF practitioners learn how to improve their working practices through exploring best practices in Micro Finance from around the world and case studies from their local .

TECHNOLOGY TRANSFER

Training courses use a range of technologies such as the Internet, computing programs and the case study method, so trainees learn new technical skills and subject matter in an integrated approach

LONG-TERM TRAINING AND BUSINESS RESULTS

Three-phased approach 'PAP' can (Preparation, Active Group Work and Practice) ensures

- Solid retention of the training
- Improved job performance and
- A positive impact on business results

CONFIDENCE

Trainees and their trainers work together using clear, easy-to-use materials that have been developed by leading subject matter and training methodology experts and adapted to the local needs

Cost-effectiveness and Sustainability

Time, money and resources are used to greatest benefit through the use of skilled and efficient manpower

Human Resource Development & Institutional Sustainability

- Institutional planning should aim institutional sustainability - business plan provides the means to reach institutional sustainability
- An organization is institutionally sustainable when it is run smoothly, fulfills its mission and goal, and is financially self-sufficient
- Sustainable institutional development enables an organization to introduce effective products and mechanisms which in turn lead to profit earning and financial self-sufficiency
- Institutional sustainability can be achieved by enhancing 1.structural, 2.managerial, and 3.operational efficiencies
- Structural efficiencies : Decentralization and standardization of institutional structure
- Managerial efficiencies: Incentive systems, good communication between staff, clearly defined responsibilities
- Operational efficiencies: Effective MIS linked computer systems and uncomplicated processes, typified by product specialization and simplicity