



SPM ESSENTIALS

PRACTICAL STRATEGIES FOR
TODAY'S MANAGEMENT
CHALLENGES

TODAY'S WEBINAR:

DEVELOPING EMPLOYEE CAPACITY TO
ACHIEVE YOUR SOCIAL MISSION

OCTOBER 13, 2021



TODAY'S SPEAKERS



MODERATOR
Amelia GREENBERG
Deputy Director, SPTF
New York, USA



SPEAKER
Alia FARHAT
Partnership Manager, Al Majmoua
Lebanon



SPEAKER
Sandhya SURESH
Chief Manager of Sustainable Banking,
ESAF Small Finance Bank
India



SPEAKER
Andrija DRAGANIĆ
Human Resource Officer, MonteCredit
Montenegro

AGENDA

- Welcome and introductions (5 minutes)
- Setting the stage (10 minutes)
 - Defining SPM
 - Universal Standards for SPM; review process
 - SPM Essentials Series
- ESAF: organizational overview; approach to employee-management communication (12 minutes)
- Al Majmoua: organizational overview; approach to employee-management communication (12 minutes)
- MonteCredit organizational overview; approach to employee-management communication (12 minutes)
- Interview with speakers (24 minutes)
- Questions and answers (15 minutes)

SETTING THE STAGE (1 OF 3): DEFINITIONS

- **What is SPM?**
- Social performance management (SPM) is a continuous process of implementing management practices focused on setting and achieving social and environmental targets. The goal of SPM is to protect and benefit customers, employees, and the environment.
- **What are the elements of “good” SPM?**
- 1. Social strategy
- 2. Committed leadership
- 3. Client-centered products and services
- 4. Client protection
- 5. Human resource development
- 6. Balanced growth and returns
- 7. Environmental performance management

SETTING THE STAGE (2 OF 3): STANDARDS UPDATE AND WEBINARS

■ The Universal Standards for SPM

- A comprehensive manual of best practices created by and for people in microfinance as a resource to help financial service providers achieve their social goals.
- Managed by SPTF
- SPI social audit tool managed by CERISE

■ Universal Standards Review Process

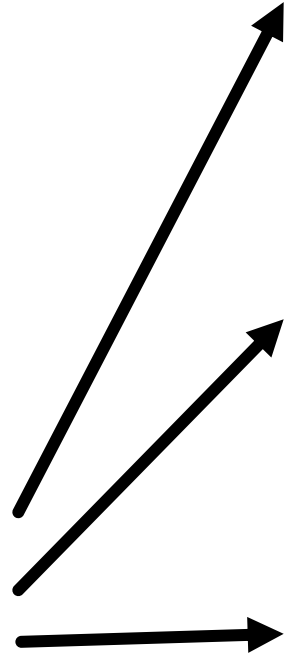
- First published in 2012; reviewed every ~5 years
- 2020 we began a review process: expert interviews, webinars, public surveys, data analysis, literature review
- New manual to be published by Jan. 2022; infrastructure updates underway

■ SPM Essentials Series

- Schedule: 1-2 webinars per month, beginning March 2021
- Content: All dimensions of the Universal Standards
- Purpose: share good practices of Universal Standards implementation, particularly those that relate to new elements of the manual
- <https://sptf.info/online-trainings-bucket/spm-essentials-2021>

SETTING THE STAGE (3 OF 3): DIM 5 – RESPONSIBLE HUMAN RESOURCE DEVELOPMENT

Standard 5A	The provider creates a safe and equitable work environment.
EP 5A1	A written Human Resources policy is available to all employees that explains and protects their rights.
EP 5A2	Employee compensation is equitable and adequate.
EP 5A3	The institution has a safety and health management system.
Standard 5B	The provider's Human Resource Development system is designed to attract and maintain a qualified and motivated workforce.
EP 5B1	The provider gives each employee complete employment documentation and training to understand their job requirements.
EP 5B2	The provider gives employees formal opportunities to communicate with management.
Standard 5C	The provider's Human Resource Development system supports the provider's social strategy.
EP 5C1	During the recruitment and hiring process, the provider assesses each candidate's commitment to achieving the provider's social goals and serving the provider's target clients.
EP 5C2	The provider trains all employees on the provider's social goals.
EP 5C3	The provider evaluates and incentivizes employees based on social and financial criteria.



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

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

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

NB:All indicators and details are in draft form and are subject to change.

OVERVIEW OF ESAF



- Founded 1992 as development organization; later became an MFI; in 2016 received a license to function as a Small Finance Bank
- Country = India; operational in 21 states
- 552 branches, approximately 4000 employees
- 4.3 million clients
 - 98% are women; more than 80% in rural areas; clients include non-resident Indians
- Variety of loan products: Income Generation, Microenterprise, House repair and Construction, Education Water and Sanitation, Agri, Clean Energy, Disaster Mitigation
- Variety of savings products: regular savings, Micro RD, Fixed and Term Deposits, Hrudaya Social Deposits
- Strong engagement with social performance management: field tested the Universal Standards, social audits with the SPI; ESAF's triple bottom line is one of the reasons the Central Bank of India licensed it as a bank

ESAF FOCUSES ON COMMITMENT TO THE SOCIAL MISSION DURING THE RECRUITMENT PROCESS

- Focus on getting the right people to do the right job; this strengthens ESAF's ability to achieve its mission
- Recruitment strategy: Consider education and relevant work experience, but give equal weight to enthusiasm, experience in customer-centric activities, environmental initiatives, services to persons with disabilities; readiness to work in rural areas
- Useful questions to ask candidates during job interviews:
 - What will you do differently as an employee of a social bank that you never did in your earlier bank?
 - Do you think a bank with triple bottom line focus of balancing profit/planet and people can be equally successful compared to any bank with the focus on profit alone?
 - Give us an example where you have successfully implemented customer centricity
- Also ask behavioural and situational model questions:
 - Share us a situation where you had failed in your professional life and you came up?
 - How did you manage a disturbed /non-performing colleague in your team?
 - Tell us about the instances where you have shown your leadership ability in any - professional / personal / educational life

ESAF INTEGRATES THE SOCIAL MISSION INTO HOW IT TRAINS NEW HIRES

- Field work is an important part of job training
 - Job advertisements mention there will be field work
 - Eligible candidates are sent as trainees for 6 month
 - Trainees follow sales officers in the field; engage with clients, experience day-to-day field challenges
- New recruit induction process includes three sessions on the social mission of the ESAF
 1. Concept of Small Finance Bank-Sustainable Banking
 2. Evolution of ESAF from an NGO to a Small Finance Bank., vision, mission, objectives, brand pillars and importance of 3 Ps (People Planet and Prosperity), impact the Bank creates in the lives of its customers.
 3. How the Bank is impacting the community.

ESAF REINFORCES COMMITMENT TO THE SOCIAL MISSION ON AN ONGOING BASIS

- Vision and mission are physically visible (e.g., printed on writing pads and calendars)
- ESAF organizes compulsory sessions for employees on Sustainable Banking-SPM,SDG and its linkage to different products.
 - Discuss case studies-testimonies of low-income customers
 - Explain how social and sustainable products bring solutions clients' problem
- Multiple ongoing communication channels
 - MD Monday morning prayer with a message to all employees
 - FB page
 - annual reports
 - Other: internal mailers, videos, success stories, news reports
- Performance management system integrates employee initiative on the triple P concept

CASE STUDY: INTRODUCING NEW STAFF WITH A BANKING BACKGROUND INTO ESAF'S CULTURE AND VALUES

- When ESAF transformed into a bank, it needed to hire bankers at senior positions
 - Existing staff had experience working only with microfinance customers
 - Bankers knew the practices for regulatory compliance had experience with retail business for other types of customers (not microfinance)
- Integrating bankers required training them on ESAF's commitment to social goals
 - Not versed in the culture, ethos, value, vision, or mission of ESAF
 - Joined with expectation of a typical bank; found it difficult to understand/agree with the triple bottom line
- Lessons learned
 - Know their entry level of attitude and aptitude towards a triple bottom line
 - Orientation and ongoing training
 - Retain previous staff as well, as they bring a social perspective to connecting with customers

OVERVIEW OF AL MAJMOUA



1. Founded in 1997
2. We are in Lebanon
3. We have **29** branches and 298 number of employees
4. We have 41,480 number of clients as of August 21
 - Men/women: 48.2% / 51.8%
 - Urban/rural: 54.8% / 45.2%
5. We offer the following types of products: Group Loan, Individual micro-Loan, Individual VSE Loan
6. History of engagement with client protection / social performance management:
 - SMART certification (Dec-2019),
 - ALINUS (Mar-2019), SPI4 (2015), SP Desk Review by MIX Market (2013) CERISE SPI Audit by Planet Finance (2012)
 - SP rating by Planet Finance (2010)

AL MAJMOUA INVESTS IN STAFF TRAINING ON SOCIAL GOALS, ON AN ONGOING BASIS

- Main social goal: to improve inclusive and sustainable economic growth of the disadvantaged, with a particular focus on women.
- Recruitment focuses on a cultural match: pay attention to their previous experience in the social field, exposure to different groups, and background checks
- Invests a lot in people and trains staff on an ongoing basis
 - Induction training, where all staff receive a full package of trainings on technical skills, soft skills and social performance
 - Refresher courses each year for staff, on specific topics as per the annual individual Training Needs Assessment
- Proper recruitment and training along with a well-designed appraisal system that includes social indicators are key to promoting the social mission of the organization

AL MAJMOUA ADDRESSSED HUMAN RESOURCES CHALLENGES WHEN IT BEGAN SERVING REFUGEES

- Al Majmoua serves national clients and foreign-born residents, including refugees and migrants
- Initial discomfort among some staff about including other nationalities, but Al Majmoua felt providing access to all is as part of its mission of financial inclusion
- Al Majmoua trained staff to overcome mis-perceptions / fears / discomfort
- Positive results: new source of income and the FBR portfolio reached 15% of the total portfolio.

OVERVIEW OF MONTECREDIT



- Member of VisionFund International, a network of 28 microfinance institutions
- Operating for the past 20 years
- 4,500 active loan clients
- Located in Montenegro (Balkan peninsula); population = 620K; average GDP per capita= US\$ 8909
- Regions in Montenegro and main business activities:
 - Central region (small entrepreneurs, families business, etc.);
 - Northern region (agricultural area, small farms and families business related to agricultural)
 - Southern region – seaside (tourism, hospitality, etc.)
- Through loan activities, seeks to help social categories improve their financial status
- Focus on female clients and promoting gender equality

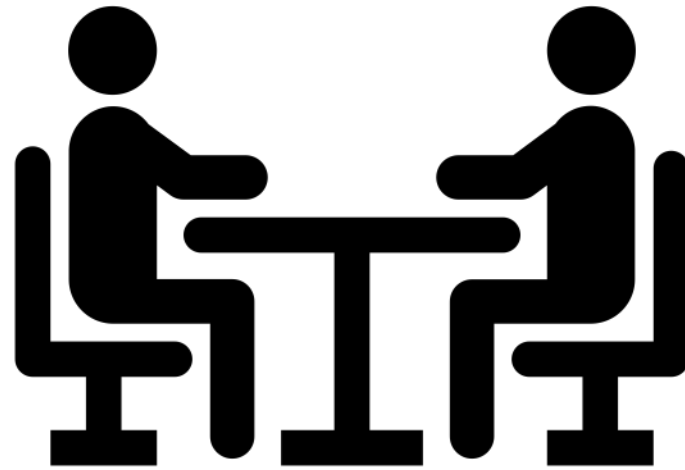
MONTECREDIT INCORPORATES THE SOCIAL MISSION INTO THE HIRING PROCESS

- During recruitment, MonteCredit communicates this to candidates
 - MonteCredit is not a profit-driven organization
 - Christian identity
 - Focus on our social targets
- If someone does not fit with the culture/mission, even if they are technically proficient, MonteCredit does not hire them.
- Three-month probation period for new hires
- Web site shares data and trainings related to our social targets and organization values
- Project officer position: implement all new policy in strategy related to social mission

MONTECREDIT INTEGRATES SOCIAL GOALS INTO EMPLOYEE PERFORMANCE CRITERIA

- Promotes outreach to MonteCredit's target clients by including the following in employees' key performance indicators (KPIs):
 - number of female clients;
 - number of children helped through loan activities;
 - number of unemployed people who would like to start their own business.
- Bonus Policy and Incentive scheme had also criteria that refer to social mission

INTERVIEW OF SPEAKERS



QUESTIONS AND ANSWERS WITH OUR AUDIENCE



