Report of the
First Round Table Discussion on
“Human Resource Management
in Microfinance”

Date: January 12, 2010
Time: 9:30 am – 1 pm
Venue: ASA Conference Centre, ASA Tower

Organised by
INAFI Bangladesh and ASA
Summary Report of the
Round Table Discussion on
Human Resource Management in Microfinance

INAFI had been contemplating to hold a series of round-table discussions with its member organisations (MOs) on different issues and challenges confronted by the microfinance sector for a long time. As part of this plan, INAFI organised the First Round Table Discussion on “Human Resource Management in Microfinance” on January 12, 2010 in collaboration with ASA. Representatives from 20 MOs actively participated in the discussion. Mr. Shafiqual Haque Choudhury, Founder and President, of ASA, presided over the discussion. Mr. Atigun Nabi presented a brief focus note on “Human Resource Management in Microfinance: Tracking Staff Drop-out”. 6 panellists shared their comments and the floor was opened for discussion.

The Panellists and all the other participants have acknowledged that human resource management has become a point of great concern among microfinance practitioners. Staff drop-out rate has reached a high level which has put forth the question – how to deal with this issue? INAFI has prepared and shared a brief focus note on this topic. It is considered to be the first step to initiate such dialogue to find a way forward.

In order to understand this problem thoroughly the term “drop-out” needs to be defined and nature of drop-out has to be explored. Does drop-out mean drop-out from organisation? Or does it refer to drop out from the sector altogether? In this discussion, however, it has been seen from the organisation’s point of view. Therefore, switching from one MFI to another MFI is discussed here. The bottom line albeit remains the same – why such high drop-out rate – regardless
of whether it from an organisation or from the sector as a whole.

Even after almost 30 years of providing services to the underprivileged, microfinance sector still remains an informal sector. Many MFIs cannot ensure proper working environment for the staff. MFIs are criticised if they offer high salary package to potential staff.

MFIs currently employ more than 200,000 staff. MFIs are without any doubt playing an important role in job creation. However, these jobs, especially at the field or branch level, do not have —

- Well-defined career path
- Job security
- Professional environment
- Staff motivation

In the discussion, it was mentioned that microfinance sector has evolved a lot in the last decade. In the ‘90s, the clientele group was more or less homogenous. As the sector expanded and different types of clients started availing microfinance products and services, tailor-made products were demanded. In order to offer innovative products to a large number of clients, a large number of efficient and skilled human resources are necessary. To cope with the growing need for specialised work force, sometimes MFIs hasten the recruitment process which results in hiring inefficient or at times corrupt person. Furthermore, image of the microfinance has to be developed in such a way that the field level jobs become socially respectable. Only then, it will attract highly efficient and competent human resource.

To evolve and advance with the changing demand for microfinance products and services, properly skilled human resources need to be developed. Microfinance staff, especially the field staff, should receive Foundation
Training and proper orientation about their job nature and responsibility before they join their post.

Another point discussed in the round-table was the job nature and job responsibility of the field level staff. Whether their remuneration is sufficient considering their work load, is something to be looked into. Their working hours also need to be adjusted. Organisations should provide their staff with proper incentives and rewards for their work. There should also be transparency in salary structures and additional rewards. Sometimes dissatisfaction regarding salary, additional benefits or work environment can make the field staff to become corrupt. At the field level, field level staffs are ill-treated by the Supervisor. This may cause them to hold a grudge against their superior and the organisation as a whole. The MFIs should also try to find out the real reason behind corruption.

It mentioned strongly that there has to be zero tolerance policy regarding corruption in the MFIs. It has been observed that, at times, the organisations intentionally ignores misappropriation is the amount is significantly. In order to save the sector from such events, corruption should not be endured at any cost, no matter how insignificant it may be. If there is any discrepancy in the accounts at the field level, it should be addressed immediately. Otherwise, it may be lead to some bigger problem and do more damage to the MFI later.

What complicates the matter even more is when some of these corrupt staff leave their organisation before being detected and join other MFIs. In order to prevent such incidents, MFIs recruiting experienced staff from other MFIs should be careful to check with the previous employer.

It was discussed that if an MFI detects a case of misappropriation, currently the policy is to file a case
against the staff responsible for the act. However, if rate of corruption keeps rising, then high number of cases filed may adversely affect the image of the sector. Therefore, alternative ways have to be discovered. Foundation trainings should be designed in such a way that it contributes to build a strong morals of the newly recruited staff.

One of INAFI MO, ASA, shared their experience of having the lowest staff drop-out rate among INAFI MOs. ASA has a well defined working hours at the field level which, they believe, contributes to the low drop-out rate. ASA also mentioned that they are willing to arrange exposure visits and offer trainings to other MFIs regarding this, upon request from MFIs.

At the end, everyone acknowledged that more in-depth research is needed to explore the reasons behind staff drop-out. Questionnaires can be developed for both demand side i.e. the MFIs and supply side i.e. the microfinance staff to collect necessary information from all INAFI MOs. Such extensive research will need outside funding. Member organisations can share the cost or PKSF may also provide the fund. INAFI Bangladesh will develop a concept paper to initiate the research.
Annexure: List of Participants

1. Mr. Md. Shafiqual Haque Choudhury, Founder and President, ASA
2. Mr. Enamul Haq, EVP, ASA
3. Mr. S.K Roy, EVP HR, ASA
4. Md. Toufiqul Islam, DGM, ASHRAI
5. Mr. Shabbir Ahmed Chowdhury, Director Training, BRAC
6. Ms. Anna Minj, Director, Social Development, BRAC
7. Mr. Zakir Hossain, ED, BURO Bangladesh
8. Mr. Abdul Awal, ED, CDF
9. Mr. Aftabur Rahman Jafree, ED, GHASHFUL
10. Ms. Anjum Nahid, Acting Chief Executive, GUK Gaibandha
11. Mr. Khandaker Alamgir Hossain, ED, GUK Bogra
13. Ms. Zahida Fizza Kabir, ED, Sajida Foundation
14. Mr. Shahidul Islam, SAP Bangladesh
15. Mr. Md. Ali Siddiquee, Zonal Manager, CODEC
16. Mr. Md. Gausul Azam Chowdhury, JRDM
17. Mr. Shahiduddin Mahmud, Director, VARD
18. Mr. Mahfuz Ali Quaderi, ED ASKS
19. Mr. Santosh Chandra Paul, DD, SSS
20. Mr. Emranul Hauque Chowdhury, ED, UDDIPAN
21. Mr. Atiqun Nabi, ED, INAFI Bangladesh