Universal Standards Implementation Example: How Bandhan Trains and Evaluates Credit Staff

This case study demonstrates how Bandhan Financial Services Pvt. Ltd. implements Essential Practices from Dimension 5 (Treat Employees Responsibly) of the Universal Standards for SPM. Other financial service providers can use this example to improve their own Human Resources policies and practices.

This case study highlights the implementation of the following Essential Practices:

**Essential Practices 5b.2**: Each employee receives job-specific training and/or skill development necessary to perform his/her essential job functions.

**Essential Practices 5b.3**: Each employee understands how his/her performance will be evaluated and rewarded by the institution.
The mission of **Bandhan Financial Services Pvt. Ltd** (BFSPL) is “to reduce socio-economic poverty substantially and create employment by targeting low-income households across the country through providing cost-effective sustainable financial and non-financial services emphasizing on social securities.” Over the past 12 years, BFSPL has grown to 11,450 staff and a portfolio outstanding of US$4.4M. The institution is one of the largest Indian MFIs that has survived the market turmoil and test of time.

BFSPL’s Human Resources (HR) department makes strong efforts to ensure that credit staff are well prepared to execute their job responsibilities, and that they know how they will be evaluated, rewarded, and promoted by the institution. During orientation training, new staff are made aware of the career path available to them, including how they will be evaluated for promotion.

**Bandhan provides credit staff training**

All new hires go through rigorous orientation training and are tested at the end of a three-day period. The training is conducted and managed by the HR department and covers a mixture of technical and non-technical topics. BFSPL spends half the training period focusing on vision, mission, future of BFSPL, and Code of Ethics. After the classroom training, each new hire is assigned to a credit officer who grooms the new hire through on-the-job training. Branch managers and regional managers also reinforce classroom training during branch staff meetings, discussing areas in which staff need to improve.

**Bandhan communicates clearly to staff how they will be evaluated**

Bandhan provides transparent information to staff on how they will be evaluated, rewarded—including how promotions are decided. For credit staff, managers are, without exception, promoted from within the organization. The promotion evaluation has two main components. Staff are evaluated on technical, job-related factors, and “soft skills” including cooperative attitude, communication skills, adherence to rules, a observance of BFSPL core values. The two components are weighted exactly the same.

The evaluation of staff character and behavior is in line with BFSPL’s comprehensive Code of Ethics which incorporates aspects from the industry code in India, the Reserve Bank of India (RBI) Fair Practice Code, and the BSFPL core values. The core values of BSFPL are cost effectiveness, respect for all, exemplary governance, accountability, transparency, and effective teamwork commonly referred to as
“CREATE.” The code also includes a list of 79 examples of appropriate and inappropriate practices with penalties for breach clearly stated in the operations manual. Sexual harassment of women borrowers is one example of inappropriate behavior punishable by dismissal.

Credit staff appraisal captures all records of discipline or warning letters from the employee’s personal file and has a section for capturing how the employee demonstrates BFSPL values. The BFSPL HR department also administers a written test and the employee must pass a panel interview with HR, Divisional Manager, Regional Manager and Branch Manager. Each person appraised has to score a minimum of 60% in each of the three stages to be promoted.

Between financial years 2011 and 2012, a total of 4,738 (staff and managers) went through the promotion appraisal process with 64% of them earning promotions. Those who were not promoted were offered additional opportunities after continued coaching from branch managers.

BFSPL Managing Director Chandra Shekhar Gosh with a group of borrowers.