



What if it had been Lehman Brothers & Sisters?

The importance of building gender diverse microfinance institutions

BY

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Organizational Gender Assessment (OGA) Methodology

WWB designed the **Organizational Gender Assessment (OGA)** methodology in 2008 in response to a decreasing trend of women in senior management and governance within its global network of microfinance institutions. An institution may undertake an OGA for any number of reasons: a belief that an institutional commitment to diversity directly relates to its mission of women's empowerment, challenges with employee attrition, investor priorities, other external pressures, or a belief that a more diverse workforce means a more innovative, dynamic organization. The assessment is designed to gather and analyze data and determine what actions need to be taken to improve and maintain workforce diversity in the organization. Drawing on best practices from the corporate and development sectors, including WWB's network member institutions, the OGA helps MFIs to diagnose the obstacles, challenges and opportunities faced by women staff members and leaders, to eliminate those obstacles and create an inclusive work environment for all.

The **OGA methodology** focuses on four areas in which women may face challenges in the workplace:

- **Recruitment**—Assess recruitment methods to understand whether there are issues that may affect the organization's ability to attract both male and female candidates.
- **Retention**—Analyze policies, organizational culture and employee experiences to understand whether there are significant differences between the way men and women experience their day-to-day work.
- **Promotion**—Review requirements for promotion and current evaluation procedures and their impact on male and female staff.
- **Professional Development**—Assess both classroom and on-the-job training offerings to understand how available and responsive they are to the needs of both male and female staff.

A Note on the Title: The idea first appeared in an article by Nicholas Kristof: "At the recent World Economic Forum in Davos, Switzerland, some of the most interesting discussions revolved around whether we would be in the same mess today if Lehman Brothers had been Lehman Sisters."



Women's World Banking (WWB) began its work in gender diversity in 2008 both in response to a declining number of women at senior levels in the industry and in recognition of the strong business case for gender diversity. Borrowing a concept from corporate marketing strategy, the business case would hold that microfinance institutions (MFIs) targeting women customers will be more successful at understanding and responding to customers' needs if they mirror their market. This is not to say that men cannot or do not grasp the needs of a female client base, but rather that having women's voices at the tables where decisions are made about which products to offer, and how, will lead to decisions that are more responsive to women clients. Differentiation in the market as a gender diverse organization attracts not only top female talent but can have corresponding benefits in attracting new women clients. Becoming an employer of choice for women can help differentiate the MFI as an organization truly committed to serving women. These concepts seem even more relevant today as the microfinance industry, particularly in South Asia, is being forced to look inward and explore what it means to focus on customers and re-examine its commitment to the mission of poverty alleviation.

Catalyst, the leading non-profit organization working globally to expand opportunities for women in the workforce, has published numerous studies linking corporate performance and gender diversity in management and governance in North American and European corporations. Catalyst's reports have consistently shown that companies with higher percentages of women board directors, on average, financially outperform companies with lower percentages of women board directors by significant margins.¹ The same relationship holds true between the percentage of women corporate officers and financial performance. Prioritization of gender diversity in many institutions can be a proxy for other positive determinants of financial performance, such as innovation, employee satisfaction, customer loyalty and an inclusive and supportive work environment. Gender diversity alone is not a cause for an improved bottom line, finds Catalyst, but rather a symptom of a healthy, vibrant organization.



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DIVERSE COUNTRIES, SIMILAR CHALLENGES



Women's World Banking conducted three **Organizational Gender Assessments** from 2008 to 2010 with microfinance institutions in India, Bangladesh and Pakistan. The intention of this cross-institutional analysis is not to minimize the significant differences amongst these three countries of South Asia, but rather to identify what similarities exist for women working in microfinance. In this way, microfinance institutions looking to diversify their labor force can better understand these shared challenges and opportunities. Each of these institutions is distinct in its organizational characteristics; there are also variances in the development of each country's microfinance industry, and of course the cultural, religious, economic and social factors that influence women's access to the formal labor market and attitudes towards women's employment. In spite of these differences, the similarities in the findings of WWB's research suggest that common solutions to achieving greater workforce diversity exist.

RECRUITMENT

For microfinance institutions operating in competitive markets, recruiting new employees with the skills, education, and the stamina for what is increasingly demanding work (true for both field staff as well as headquarters positions) is a challenge. Figuring out how to attract female candidates is an important component of a successful talent management strategy in any labor market, but particularly true in South Asia where women continue to enter the workforce in increasing numbers.



Below are some of the challenges and potential solutions that emerged from WWB's research with its OGA partners

- **'One size fits all' recruiting materials don't always fit**

For most microfinance institutions marketing and recruiting materials tend to be written for and disseminated to a general audience, designed to communicate factual information relevant to the available positions. What WWB's research identified, however, is that the language and media used to deliver the message can influence whether women feel encouraged to apply. Women loan officers in Bangladesh, for instance, felt that female candidates eligible for microfinance field staff positions were less likely to read newspapers regularly, and therefore less likely to access job advertisements posted in local newspapers. Women field staff in India—both loan officers and branch managers—felt that their institution could be far more effective in recruiting women staff if they showcased the successful senior women of the organization in recruiting materials.

- ✓ **WWB Recommendation: Identify forms of media that are more likely to reach women job candidates** (for example, radio spots in addition to newspaper advertisements, and targeting women's colleges or women's clubs at universities). Knowing how to reach her audience, one woman loan officer in India explained: "We could do TV advertisements because everyone has a TV and women watch it all the time. Particularly Star World because that's where you see all the soap operas." There was also a strong recurrent theme among participants in WWB's research that there must be 'truth in advertising'; that is, women must have access to accurate information about the challenges of field work when they are considering their application. As one Indian manager expressed: "If we clearly advertise for positions and encourage women to apply but ensure that it is clear what is required, such as travel, then we will get women applying who really understand the job and are willing to take on those challenges."

- **Recruiting tactics that overlook qualified candidates**

In most markets where WWB's South Asian partners work, identifying and recruiting female candidates can be a more challenging endeavor than hiring men. This is primarily due to far fewer women entering or remaining in the formal workforce. Another factor uncovered in WWB's research is that an MFI's recruiting tactics may inadvertently discourage women from applying. One example is the use of group interviews (a group of candidates interviewed together by a team of managers) to recruit field staff. Some microfinance institutions choose this hiring mechanism for expediency; group interviews can help alleviate the pressures of ambitious hiring targets. Women employees in WWB's research sample spoke of the discomfort they felt in these interviews. In the case of ASA, an MFI in Bangladesh, for example, men could outnumber women in the group interviews for loan officer positions at more than 20 to 1. Managers at all levels in WWB's OGA partners spoke of the valuable role that women played in their teams—because of skills, access to female customers, reliability, professionalism, and the 'civilizing effect' that women bring to a coed team (a not uncommon comment from many managers across the three institutions). Given the rationale for creating diverse teams, in the field and in headquarters, HR teams must ensure that recruiting tactics are not a deterrent for potential, qualified women.

RECRUITMENT

✓ **WWB Recommendation: Design recruiting tactics that are targeted to include qualified women.** One of WWB's partners in India uses 'recruiting camps'—large recruiting events designed to identify and secure a large number of new hires—to address their recruiting needs for field positions. The institution was finding it extremely difficult to get a significant number of female candidates to attend the camps, and even lower numbers of women who proceeded with the application process. Following WWB's diversity diagnostic, the institution has identified ways to personalize the experience of the recruitment camp for female candidates, and has included an exposure program for female candidates to meet with current female employees.

- **A good reputation is the best recruitment tactic**

A critical determinant of an institution's capacity to recruit and hire qualified women is how the institution is viewed externally as an employer of women. Is the institution seen as supportive of its female employees? Does the institution have a reputation of being male-dominated and not inclusive of gender diversity? In South Asia, where family plays an important role in personal and professional decisions, for both men and women, the institution's reputation impacts how the families of potential applicants will consider a female family member's potential employment. Many of the women interviewed as part of WWB's research reported having learned about their position through a referral by a female friend. This kind of word-of-mouth referral comes with an implicit endorsement of the institution as an employer of women, and remains a particularly important recruiting mechanism for microfinance institutions, particularly in markets where women's formal employment is a relatively recent and tentatively expanding phenomenon.

✓ **WWB Recommendation: Leverage your employees as ambassadors.** Many microfinance institutions encourage current staff to 'refer a friend' to apply for available positions. Given the greater degree of gender segregation in many parts of South Asia as well as the power of women's informal networks for potential outreach, microfinance institutions need to strengthen their ability to mobilize their current female staff through referral programs. As one woman loan officer in India explained: "We are the ones who can tell people about our company and bring women, without any advertisements. We have friends, we can tell our friends. We are the ones who are meeting women." Current female staff who have positive experiences in the organization are the best ambassadors to communicate the organization's positive reputation to potential female candidates.

- **Hiring managers are the first filter**

For an organization to be successful at creating and sustaining a diverse workforce, it is important that individuals' beliefs or biases regarding men's and women's roles do not influence hiring decisions. In WWB's research, some male managers in each of its three partner organizations expressed concern regarding women working as field staff. These concerns ranged from safety concerns ("it's too dangerous/unsuitable for women to be working in the field in the evening") to notions of biologically determined strengths ("men are better at being tough with customers.") In one dramatic example of a manager's



assessment of women's capacities, one male area manager recounted the following quote: "When a branch manager is told that he will get a woman staff, he says 'oh I am dead.'" The assumption made by some male branch managers in this particular institution was that limitations on women's work in the field, such as an inability to travel alone at night or the risks of carrying cash from loan collections, affected the overall productivity of the branch. WWB's analysis of coed branches uncovered no such link between the presence of women staff and the decrease in productivity. While these notions were by no means universal, institutions must address the risk that perceptions, judgments and generalizations based on gender can negatively impact how managers—whether male or female—make recruiting decisions.

✓ **WWB Recommendation: Recognize potential internal biases.** WWB offers its partners a gender awareness training module that can be integrated into existing staff and managerial development training programs. The program helps staff and managers identify the way in which assumptions and perspectives on gender can influence how men and women work together, and how these assumptions can influence behaviors, which can have practical implications on the equality of opportunities available. WWB's gender awareness training helps managers identify where their perspectives and biases may influence their hiring and managerial decision-making.



RETENTION

Getting women into the organization is the first step, but institutions know well that effective employee engagement is the key to any talent management strategy. Institutions engage employees by providing for their practical needs—giving them sufficient access to tools and resources to execute efficiently in their roles—as well as their more fundamental needs—creating an organizational culture that sets the tone for what is valued and celebrated on the job, and more importantly for this work, who feels included.



- **Having the right tools to get the job done**

All employees need access to the tools and resources that enable them to perform their jobs. Loan officers need access to transportation—whether bicycle, moped or bus fare—to manage their portfolio of clients just as the credit manager needs a strong MIS system to track portfolio performance. When employees do not have access to necessary resources, performance and morale suffer. Women field staff in South Asia face a unique set of challenges that in some cases require a distinctive set of resources.

- **Safety first**

Security is a significant concern for women field staff in many regions of the world. Given mobility constraints for women in many parts of South Asia, the challenge of security for female field staff is a particular consideration. Field staff are often required to manage loan recovery after dark, some work in remote areas, and many must travel with cash.

Whereas some staff interviewed for WWB's research felt that men and women were equally susceptible to violence and muggings on the street, most women interviewed felt that female staff were far more vulnerable. Though WWB's partner institutions have put measures into place to address this issue for all staff, many women staff continued to feel that their distinctive challenges were not sufficiently understood and addressed by company policies.

- **Transport**

For many women in South Asia, their range of transportation options are far more restricted than men. In Bangladesh, for example, women interviewed complained of sexual harassment on public transportation. India, with vast regional variations, presents a mixed story with women in some regions, such as Kerala, having far more freedoms to travel on public transport or by moped than women in more conservative regions. In all three institutions, field staff are provided some form of compensation for field travel, with the size or form of compensation increasing with scope of responsibility: public transport for loan officers or gas allowance for area managers. But this tiered compensation package has gender implications when a majority of an institution's female staff is represented at the loan officer level. In the case of one institution, WWB's research uncovered that women field staff were paying from their own pockets on average double the travel allowance granted. This was due to loan officers staying at the branch until loan recovery was complete for the day. Women loan officers would travel home by taxi, due to security concerns, incurring additional costs not covered by the travel allowance.

- ✓ **WWB Recommendation:**

Identify under what conditions the institution should consider differentiated benefits packages for women and men. Fairness and equity are critical in designing benefits packages for employees, however in some instances fairness and equity does not necessarily mean a standard package for all staff regardless of circumstances. WWB works with its partners to assess whether differentiated transportation allowances, or other benefits packages, are appropriate.





CASE STUDY – UJJIVAN

Ujjivan Financial Services, a microfinance institution headquartered in Bangalore, India, was ranked number one in the Best Place to Work list in its industry in both 2009 and 2011. It also ranked among the top 15 companies in India, across all industries, in the 2011 survey. The award, given by *The Great Place to Work Institute, India* and *The Economic Times* was based on three factors:

- relationship between the employer and employee
- employee pride in his/her work, and
- teamwork among employees.

Ujjivan has placed a clear institutional emphasis on employee engagement, retention and professional development from its early days. Yet, founder Samit Ghosh recognized that there was still more to be done. The institution recognizes the value of hiring female staff and managers, particularly due to the gender composition of its client base. In the words of Mr. Ghosh: “Most of our clients are women so we definitely try to attract as many women as possible in our organization, especially in the front end in dealing with our customers. Also at the management level we feel that if we don’t have the right balance we won’t have the right sensitivity.”

Despite this recognition of the value of diversity, the institution had not previously invested efforts in explicit initiatives to hire and retain female staff. And given the challenges of operating in a highly gender-segregated labor market such as India, the representation of Ujjivan’s women employees was far less than 50 percent of the MFI’s total workforce. For instance, as of November 2010, women accounted for 23 percent of the employees in Ujjivan. Within the organization’s four tiers, women were most strongly represented in the lowest tier, Grade Four (loan officers and other junior field staff), and the highest tier, Grade One (Heads of Functions, COO, CFO, Managing Director).

Mr. Ghosh founded Ujjivan Financial Services in 2005, having identified a significant need for financial services in India’s rapidly growing urban areas, markets that traditionally have been underserved by India’s microfinance sector. The organization quickly became a model for innovation, customer insight, and commitment to strong people management. In 2010, in a continued commitment to building the most customer-centric, vibrant organization, Ujjivan invited WWB to conduct an Organizational Gender Assessment to identify where challenges and opportunities existed for women staff and managers in the organization, and where improvements could be made to provide equal opportunity for all qualified staff.

WWB conducted an assessment of the institution based on workforce statistics, policies and manuals and interviews with management and staff. The analysis highlighted some very positive trends: the institution’s significant commitment to excellence and professionalism and its strong foundation as a learning organization means that the infrastructure is in place on which to build gender-responsive policies. From the results of the research, WWB worked with management to develop a strategy for gender diversity.

Ujjivan's Strategy for Gender Diversity

Ujjivan's strategy to create an inclusive and diverse workforce has four components. Below is a sample of the organization's efforts in each of these four areas:

1. Accountability

- a. Ownership.** The organization has focused first on building ownership for its gender diversity strategy among the national and regional leadership teams. Information sharing and awareness building has been done with the national and each of the four regional teams. The leadership teams will be closely involved in the design of the communications plan for the initiative.
- b. Leading Force.** HR is responsible for refining the strategy and building a framework for accountability in the initial stages.
- c. Creating Business Relevance.** Ultimately the accountability for the success of the diversity initiative will become part of the core business of the organization, rather than remaining permanently with the HR function.

2. Measurement

- a. Diversity Dashboard.** The HR team has built a diversity dashboard that includes key workforce statistics disaggregated by gender. The dashboard will be reviewed at monthly and quarterly business review meetings by the leadership teams. This is a powerful tool to build awareness of where any issues may lie, and it can introduce the discussion of gender and HR into core business conversations.

3. Aligning Processes and Behaviors

- a. Building Awareness.** WWB trained the Ujjivan team on a gender awareness module to be integrated into the organization's management development training as well as into the orientation training for all new staff. This module helps personalize some of the abstract concepts of gender and helps participants recognize how gender perspectives and relationships can impact how we interact and assess the performance of our colleagues, supervisors and teams.
- b. Supportive Policies and Processes.** The results of WWB's research identified HR policies and processes that could be modified to ensure greater responsiveness to the needs of the female segment of its employee base. A review of core talent management processes has been conducted and the HR team will ensure better alignment of these processes with the organization's gender diversity goals.

4. Leadership and Communications

- a. Internal Marketing.** The organization is committed to building the buy-in of staff for this initiative. Internal marketing tools will be designed, including features in the organization's internal newsletter and events to showcase successful women in the organization.
- b. External Marketing.** Once the organization begins to see the impact of some of the initiative's programs and changes, then it will be in a position to use its successes as part of its external marketing. A meaningful commitment to gender diversity is an important differentiator for any employer, and Ujjivan will be able to leverage this in a highly competitive market.



Ujjivan has taken the initial step in committing to gender diversity as a priority for the institution. The foundation of strong human resources management on which the diversity strategy has been launched bodes well for the strategy's success. In the words of Managing Director, Mr. Ghosh: *"It is very important to be an equal opportunity employer, for the good of the organization. We aspire to hire the best people for the best job. This is a part of our culture. Obviously there is an imbalance between genders and that we have to set right."*

- **Off ramps, on ramps and mothers-in-law: how to be a professional, a wife and a mother in South Asia**

A recent study on women in the workforce in emerging economies captured the stalemate in which many working mothers find themselves: “Family-related pulls and work-related pushes conspire to force women to either settle for dead-end jobs or leave the workforce.”² Given the relatively young age of much of the workforce in microfinance, institutions can have a tremendous impact by focusing on supporting young working mothers. Much has been written about how corporations can help women successfully rejoin the workforce after maternity leave. There is a growing consideration that a company benefits if it extends its support to its female employees beyond maternity leave to include helping them reintegrate successfully when they return. For women in WWB’s research, the challenge was not the duration or terms of the maternity leave but rather how to manage competing pressures once they returned. Many women in each of the three institutions spoke of the explicit and implicit pressures voiced by family to quit working.

- ✓ **WWB Recommendation:**
Consider a peer advisor program for women prior to their departure for maternity leave.

This would pair expectant mothers with women in the organization who have successfully managed the reintegration post-maternity leave. This advisory relationship allows expectant mothers to seek advice, ask questions and express concerns about upcoming challenges of managing motherhood, familial pressures and work obligations. In a region where women face multiple pressures to quit working after childbirth, microfinance institutions can offer pregnant women access to examples of successful working mothers. These women are valuable human resources whom the institution would do well to invest resources in retaining.

In some cases perceptions of the rates at which men and women employees leave an organization do not reflect the actual rates. In the case of Ujjivan, attrition rates from March 2008 to March 2009 were almost exactly at par for men and women. In WWB’s research, however, a widely-held perception among staff at all levels was that women were leaving at higher rates than men. What explains this difference between perception and reality? One hypothesis is that since more women leave the institution and the workforce entirely their departure is felt more significantly by managers and peers than the departure of their male colleagues who leave primarily for other job opportunities.



PROMOTION

Microfinance institutions across the world place considerable value and emphasis on internal promotion, particularly as institutions grow and expand into new regions, new neighborhoods, and new markets. A talented branch manager with great potential is the ideal candidate to serve as an area manager in a new region. He or she brings institutional knowledge, technical capacity and alignment to the mission that is required to lead the new region. But how can microfinance institutions ensure that the promotion process encourages and rewards all qualified employees? And how can institutions manage their pipeline of high potential talent to ensure increased diversity?

PROMOTION

- **Identifying and addressing the subjective**

Though organizations set objective standards for promotion eligibility, human resource decisions are inevitably influenced by subjectivity. Just as it is important for hiring managers to be aware of any biases or preconceptions they may bring to the hiring process, institutions must be aware of the possibility that gender biases may influence promotion decisions. In South Asia, it is quite common for male and female managers to express assumptions about an individual's career future based on gender: i.e., "he may leave the organization to work for another microfinance institution; she may stop working once she has children." These assumptions of employees' future choices based on gender are common and seemingly innocuous but can have considerable influence on how managers make promotion decisions. Suppose there are two equally qualified candidates for promotion—a man and a woman—and the manager believes that most women find it hard to continue working, particularly in the field, once they have children. Will she be less likely to select the female candidate? Chances are the answer will be yes.

- ✓ **WWB Recommendation:**

Implement a gender awareness training program. Gender awareness training is a powerful and important tool for institutions committed to building a culture of diversity and inclusion, particularly in traditional, gender segregated societies. Gender diverse promotion review panels are another mechanism institutions can use to address the risk of gender bias in the talent management process. Creating a review panel to oversee promotion decisions ensures that a range of perspectives and opinions are incorporated, which can address the risk of stereotyping and resulting bias.



- **Not all imposed restrictions are external**

In the course of WWB's research in the region, many managers expressed frustration with the challenge of diversity. "Women are given every opportunity," they would exclaim, "and it is they who choose to opt out of the race." There is an important element of truth in this statement; that is, the restrictions placed on women are not all externally imposed. Each of us, whether a man or a woman, internalizes the explicit and implicit lessons from childhood of what we can and cannot do, what we should and should not do, and this informs how we behave as adults. Women who have been raised to define themselves by their familial roles—sister, wife, mother—may not think of themselves as equally able to compete in a professional context.


- ✓ **WWB Recommendation:**

Establish a women's network for employees. Depending on the needs of female employees in a given institution, this initiative could include leadership development programs, mentoring partners, or a working mothers' support group (as mentioned earlier). This initiative can also evolve from one organized and led by the organization to an employee-led resource group that continues to have the sponsorship of the organization.

- **Building a pipeline, starting with a drop**

The reality in WWB's three partner organizations included in this research is that women make up a minority of the staff at the bottom of the organizational ladder—as small as 17 percent in the case of the women field staff in Bangladesh. This poses a challenge to efforts to ensure diversity in the high potential pipeline of talent. Of course it is paramount that merit never be sacrificed in the name of diversity; candidates must be selected for high potential programs, whether men or women, only if they meet the qualifications. But given the smaller numbers of women throughout the organization's ranks, extra attention must be paid to supporting and developing women with potential for professional growth.





Microfinance as an industry is still quite young, and when it comes to addressing institutional support for gender diversity, the efforts are nascent. Much has been learned—both about what has worked and what has failed—in the corporate world about engaging women professionals. The question to the microfinance industry is how well can we take advantage of these inroads, these tested efforts and do even better at building inclusive institutions? Can the microfinance industry leapfrog the corporate world’s stages of evolution by incorporating gender best practices into the way of doing business, before business becomes too entrenched? WWB’s hope is that an industry known as a pioneer in bringing economic solutions to address poverty will continue to differentiate itself as one that supports and celebrates its gender diversity.

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ENDNOTES

1. Lois Joy, "Advancing Women Leaders: The connection between women board directors and women corporate officers," Catalyst, 2008, p. 2.
2. Hewlett, Sylvia Ann and Ripa Rashid, "The Battle for Female Talent in Emerging Market", Harvard Business Review, May 2010, pp.101-106.



